Malaysia: The Digital Economy

Empowering the Digital Wave to Enhance National Competitiveness and Productivity

FOUNDATIONS FOR A DIGITAL ECONOMY

The digital revolution of a country is no longer an option but a much-needed necessity when it comes to uplifting a nation to rank amongst the top and outline its appeal to foreign investors. It is undeniable that broadband and the internet have an impact on a nation's economy. Many countries have embraced the Internet and have spent billions on building the infrastructure. There is obviously a return on investment for the billions spent. There is a unique synergy between the growth of a country's economy and the development of its information and communications technology (ICT) sector.

Hence, Malaysia has placed a great importance on the development of its ICT sector by actively injecting investments and spearheading programmes and efforts to boost the ICT talent and market in all parts of the country. The country's ICT sector is currently standing at an interesting crux of its cycle, whereby it is mid-way through its charge forward into a new and faster digital world.

Over the past decades, the digital revolution in Malaysia have possibly gone beyond what former Prime Minister, Tun Mahathir Mohamad could have imagined back in 1996,when he first launched the Multimedia Super Corridor Malaysia (MSC Malaysia). Almost two decades later, smart devices are no longer a thing of luxury for the average-income Malaysians.

Personal computers are in almost every urban household in Malaysia, and faster internet connection is constantly in demand by the country's discerning consumers. "The ICT industry has been charting an impressive 10 per cent average growth yearly for the last five years, and is now an industry worth RM55 billion and is targeted to hit RM100 billion by 2017. Hence, the growth of the ICT industry will, in turn, drive the demand for robust digital infrastructure which is fundamental to Malaysia's competitiveness where accessibility and affordability are equally critical in uplifting the economy and narrowing the socio-economic gap through the provision of digital opportunities.

ELEVENTH MALAYSIA PLAN

The Eleventh Malaysia Plan focuses on ICT as an imperative enabler for a knowledge economy, especially in the areas of industry, infrastructure, human capital and digital inclusion. These enablers increases productivity through innovation hence enhances competitiveness and wealth creation.

Re-energizing ICT industry, developing high quality ICT talent, improving digital infrastructure and pursuing digital inclusion are among the focal points and it is vital for a knowledge economy to be highly skilled and to have a capable workforce to drive innovation, creativity and productivity that not only benefits the nation but also contributes to global ICT advancements.

Any sufficiently advanced Technology is indistinguishable from Magic"

—By Arthur C. Clarke

MALAYSIA, STATE OF THE INTERNET

Originating with National Broadband Initiative (NBI) and High Speed Broadband (HSBB) the primary goal was to achieve a broadband household penetration of at least 50% by 2010 with intended outcome of 1% contribution to GDP for each 10% broadband penetration.

Malaysian government has undergone various efforts to step up its game in the ICT sector which include efforts to push the country's data centre sector in order to make Malaysia a regional data centre hub. Within the business world, local organisations have been receptive and experimental in some cases, towards 'transformational technologies' such as cloud computing and analytics to harness the big data, the ICT developments that fuelled by the on-going enterprise mobility trend.

MDEC recently launched an alliance for data center industry called the Malaysian Data Centre Alliance (MDCA) in line with the government's development of the Entry Point Project 3 (EPP3) which aims to position Malaysia as a world class data centre hub. The data center industry is thriving with the current trends and push for it that are so pervasive in today's businesses, with its services for enterprises and consumers that include social media, cloud, big data and mobility.

Digital Malaysia is a national agenda that draws huge opportunities created by the digital world to harness the country's ICT capabilities. It is built upon a vibrant domestic ICT industry, transformative use of digital solutions by government, businesses and citizens, as well as a robust enabling ecosystem.

Malaysia sailed into the first wave of IT economy the wave of IT transformation which automated individual activities in the value chain, from order processing to manufacturing resource planning. Productivity increased dramatically and we also saw the standardization of processes across companies.

The second wave represented the Internet economy to which unleashed the second wave of IT-driven transformation. Consumers have access to computers and computers are all connected, changing how we communicate and transact.

Malaysia now stands at the brink of the third IT transformation, the Digital Economy after the rate of adoption of new technologies has accelerated over the past decade, we have 3 times the economic opportunity now through the digital economy than what have seen over the last 20 years.

Against today's borderless global economy, Malaysia and enterprises have the opportunity to further leapfrog ahead over other countries if we are able to reimagine our business models and proactively evolve to stay relevant.

THE TALE OF TWO ECOSYSTEMS

An isolated nation can be self-sufficient in their own right, but economic growth will stagnate without active interactions with their nations. Naturally the converse is that nations who actively interact with other nations will grow, which also means the more trading partners, the greater the volume of trade and the grater the opportunity for growth.

Digital innovation has started to revolutionize another industry, Telecommunications. Malaysia's telecoms infrastructure is almost entirely domestically funded and that has meant our connectivity diversity and capacity has not been able to keep up with demand resulting in a supply constriction.

Foreign investment in telecommunications has not been promoted and in some cases discouraged. None of the Internet content giants have a major presence here and are happy to serve Malaysian users from Singapore. Malaysia content and services companies have also chosen to be based in Singapore where they too can leverage on the ecosystem. This would be a good stand to have a more detailed look at how the ecosystems in Malaysia and Singapore compare after 20 years , both starting at the point.

Singapore's early de-regulation and open telecoms policies have attracted most of the major global telecommunications, data centre and cloud players to invest there, thereby leveraging foreign investment to build their ecosystems. For instance, global data centre and cloud companies like Amazon, Google, HP, Savvis, Equinix, Global Switch, Microsoft and others have invested in Singapore but have little or no investments in Malaysia. This attracts further investments from MNCs in all other verticals.

Malaysia on the other hand continues largely where we started in 1996, the contents and services Malaysians consume are almost all outside Malaysia. In conclusion, in striving towards our vision of a Digital Economy; Digital Malaysia, it is time to go back to basics, back to fundamentals to relook at our foundations.

	Malaysia	Singapore
Content and Services	Maybank, maybank2u.com, myeg	YAHOO!, astro, LinkedIn, SAP
Internet Content & Cloud		Google, amazon, ORACLE
Data Centre Infrastructure	MDCA	TelecityGroup, SAVVIS
Telecoms, Fibre & Submarine Facilities	TIME, TM	SingTel, PACNET, TATA, StarHub, KDDI, verizon
Mobility Infrastructure	yes, U, DiGi, maxis, celcom	SingTel, StarHub, m1
Consumer Devices	Apple, SAMSUNG	NOKIA