


## Global Business Services in Malaysia

*Why is Malaysia an Attractive Location for your GBS?*



 As companies expand internationally, they face a variety of operational challenges, such as expensive and disparate support functions, more complex customer service delivery and disconnected business intelligence tools, etc. To achieve operational optimisation, a possible approach is to establish a Global Business Services. Malaysia has emerged as attractive location to serve regional and global service outsourcing needs.

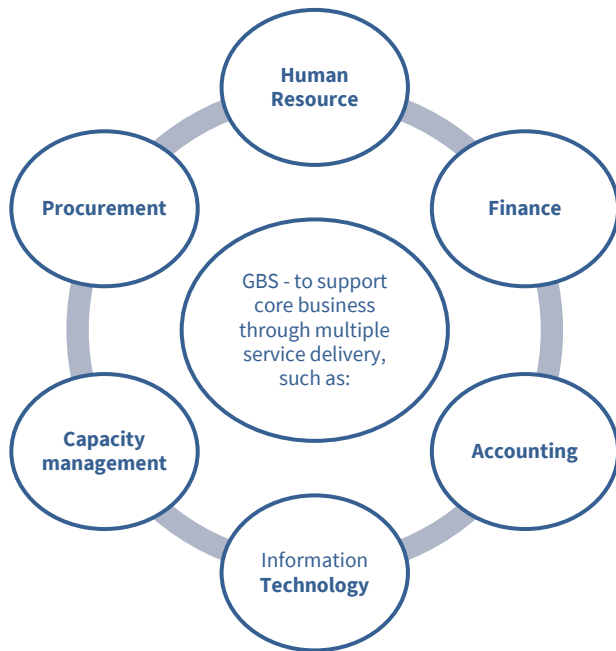


## Unlocking the value of GBS in Malaysia

### What is a Global Business Services (GBS) Solution

**GBS** is a more advanced version of the traditional shared services and outsourcing (SSO) model. It refers to the centralisation of a broader range of non-core business. Both internal as well as client and vendor facing functions.

#### Typical Advantages



#### EFFICIENCY

- ✓ By centralizing non-core business functions into GBS solution, companies can streamline their operations, improve efficiency and focus on the core competencies.

#### COST-EFFECTIVENESS

- ✓ To reduce costs by eliminating duplicated efforts and leveraging economies of scale.

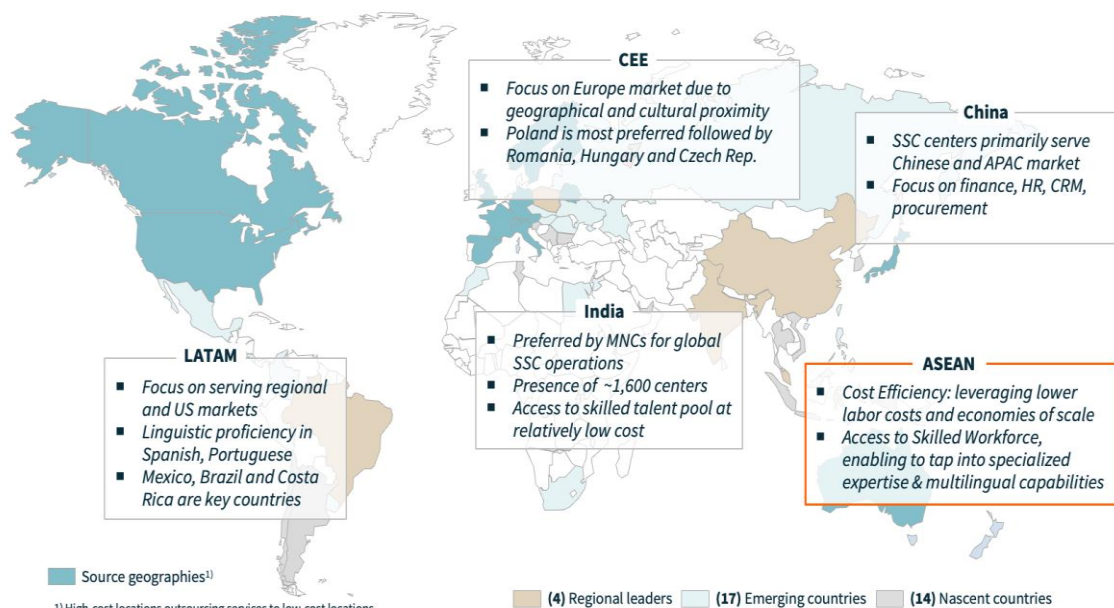
#### ACCESS TO THE SKILLED WORKFORCE

- ✓ GBS centers typically require a large number of skilled and educated employees, this allows the companies to access to a wide range of highly qualified employees, which can be critical for the success of operations.

#### TECHNOLOGY AND INNOVATION

- ✓ GBS's impact on the companies' digital ecosystem and technology transformation journey can be immense, providing a best practice platform the right scale to introduce AI and Digitalisation based solutions.

## GLOBAL OVERVIEW OF KEY GBS/SSO LOCATIONS



1) High-cost locations outsourcing services to low-cost locations



## Unlocking the value of GBS in Malaysia GBS Service Scope & Define the Value Delivers to Companies

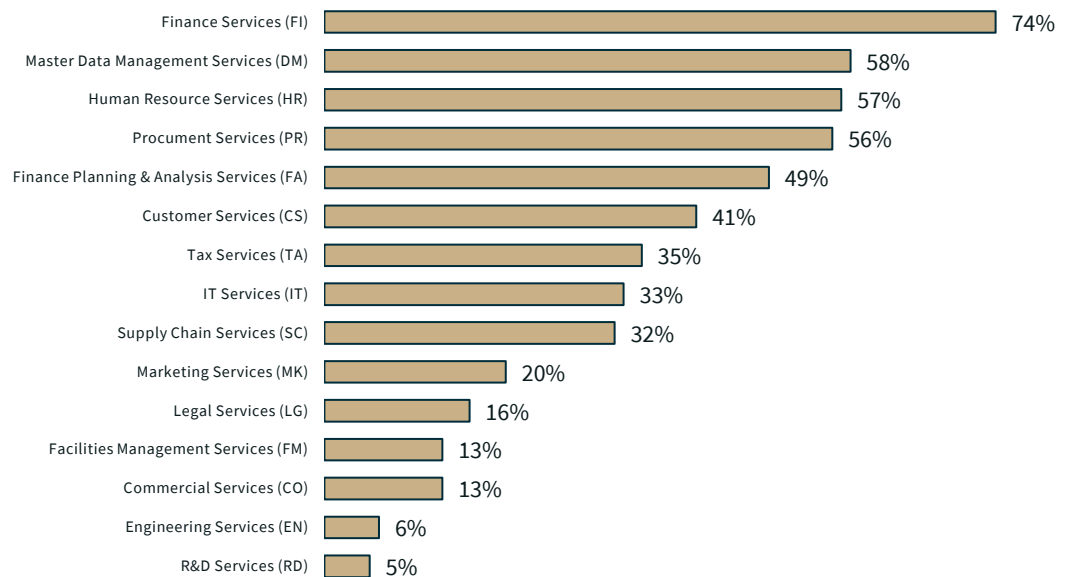
### GBS SERVICE SCOPE

The scope of services offered by GBS has been expanding.

In the early years, the main focus was on finance, accounting & HR.

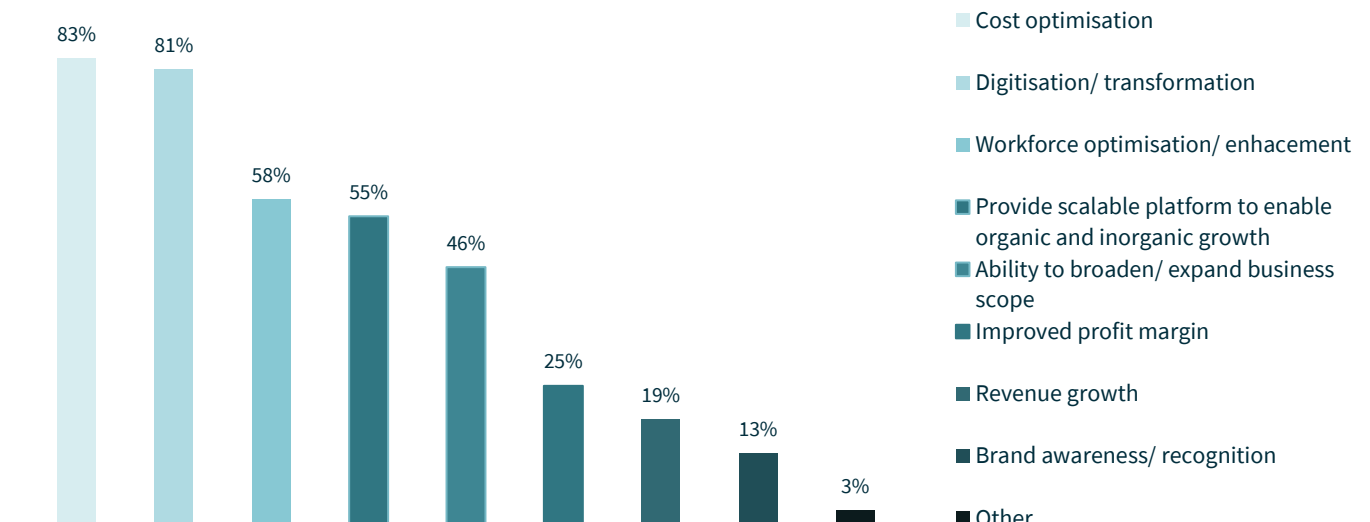
The current scope expands typically into other service lines, such as:

- ❖ Data management (58%)
- ❖ Procurement (56%)
- ❖ Customer service (41%)
- ❖ IT services (33%)
- ❖ Supply chain service (32%)



### VALUE DELIVERS TO THE COMPANIES

Globally outsourced GBS providers are still primarily focused on delivering cost optimisation. However, GBS are also delivering significant support and value through the ability to drive transformation, digitalisation and workforce optimisation.



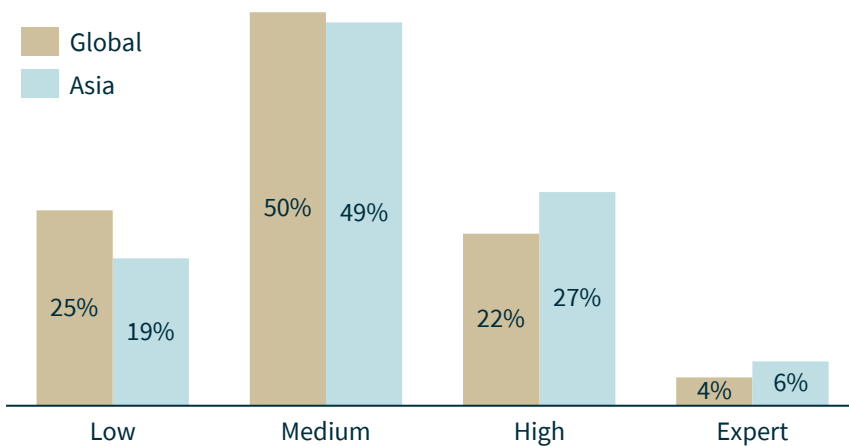


## Unlocking the value of GBS in Malaysia

### GBS Status in Asia

## THE STATUS OF GBS/SSO IN ASIA

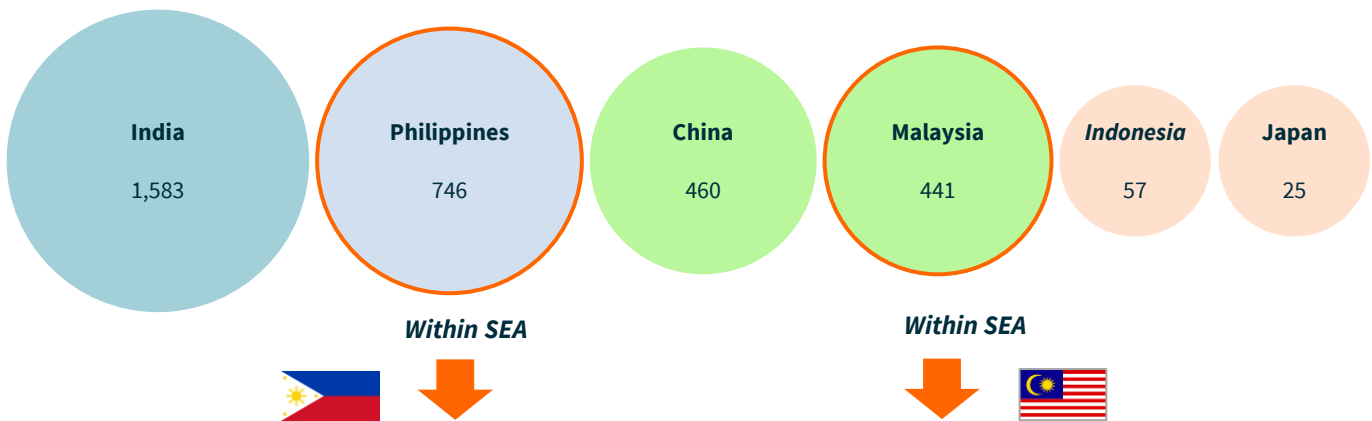
Perceived Maturity Levels of GBS/SSO Organizations



Asia is a particularly fertile region for SSC/GBS, the maturity of Asian GBS/SSO are generally strong, through SSON's survey, most respondents noting a medium-level maturity (48.6%) within their organisation.

GBS/SSO organizations in the region have identified three key priorities for the coming year: cost efficiency, service excellence, and operational effectiveness.

As to the geographical trends, according to SSON's research, there are total of 3,542 delivery centres within the Asia's region, which is over 31% of the global number of centres recorded.



- ❖ **Focus on customer service:** Philippines is renowned for its strong customer service capabilities, particularly in the Business Process Outsourcing (BPO) sector. Many SSCs in the Philippines specialize in customer care, technical support, and other client-facing services
- ❖ **Cultural Affinity:** The Filipino workforce is known for its cultural affinity with Western countries, particularly the United States, making it easier to handle customer interactions
- ❖ **BPO Dominance:** The GBS/SSO landscape in the Philippines is heavily dominated by BPO services, including call centres, back-office support, and IT services

- ❖ **Diverse Service Lines:** Malaysia's SSCs tend to offer a broader range of services beyond customer care, including finance and accounting, human resources, IT services, and supply chain management
- ❖ **Strategic Location:** Malaysia's geographical location in Southeast Asia makes it an attractive hub for companies looking to serve both regional and global markets
- ❖ **Government Support:** The Malaysian government actively promotes the development of SSCs through incentives and policies aimed at attracting foreign investment and enhancing the country's service capabilities



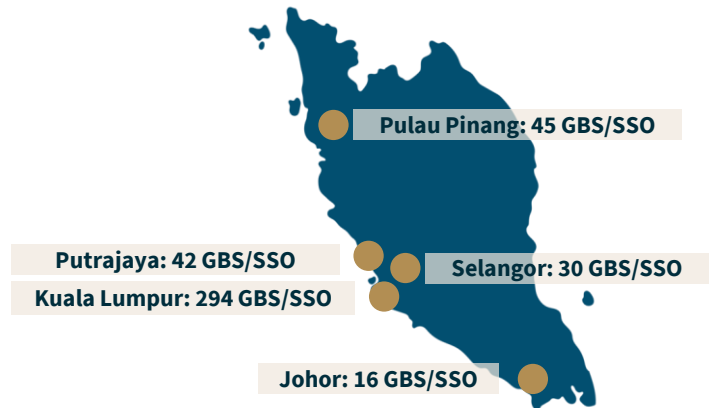
## Unlocking the value of GBS in Malaysia

### Why is Malaysia an attractive location for GBS?

Malaysia has established itself as a significant player in the GBS/SSO, ranking **7th globally** with 445 shared service centres, some key points:

- 3% growth in SSCs from 2023 to 2024 (428 to 441 centres)
- Outperforming regional competitors:
  - China: 0.7% decrease
  - Philippines: Minimal growth at 0.27%

This trend suggests Malaysia is becoming an increasingly attractive destination for shared services, potentially drawing attention away from more established markets in the region.



Malaysian states with the most GBS/SSO, please note the map only presents Peninsular Malaysia.

The industries operating GBS/SSO in Malaysia are quite diverse. **Manufacturing**, particularly in the industrial sector, is the most common, though only slightly more prevalent than others. Additional industries include **healthcare, travel and hospitality, agriculture, forestry, fishing and hunting, banking, financial services and insurance, chemicals, pharmaceuticals and life sciences, retail trade, and technology.**

## MALAYSIA'S ATTRACTIVENESS FOR GBS



Multicultural, multilingual and digitally skilled talent. Cultural diversity with command of languages including English, Bahasa Malaysia, Chinese and Tamil.



Competitive location especially due to cost effectiveness, with talent pool to support GBS industry and relevant low business operation cost.



Mature technology infrastructure with robust and inclusive digital environment, reliable and affordable high-speed connectivity.



Geographic stability with least affected by natural disasters, relevantly stable political and economic climate, well connected to major Asian markets.



A wide range of tax incentives, competitive corporate and personal tax rates, strong government support.

According to Kearney's Global Services Location Index (GSLI), Malaysia ranks as top 3 in 2023

Country	2023	2021
India 	1	1
China 	2	2
Malaysia 	3	3
Brazil 	4	5
UK 	5	8

Malaysia stands prominently as a key player in the global shared services landscape, with 428 delivery centres and a 2023 market size of almost US\$6 billion.

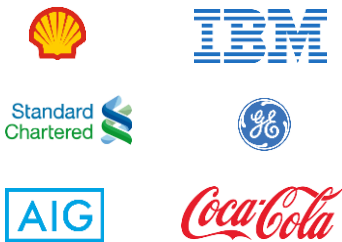
Projections indicate that this thriving industry is poised for further growth thanks to a concerted Government / Private sector focus on Technology Transformation, Digitalisation, AI and Specialised Education.



## Unlocking the value of GBS in Malaysia Project Case & EAC's Service Offering

**PROJECT CASE-** Many MNCs and second tier companies have established shared service centres in Malaysia to improve various aspects of their operations.

### MNCs' shared services presence



### Tier 2 shared services presence



### Overview of outsourced providers in Malaysia (top 25 providers, 2023)



## EAC GBS CENTRE – OUR SERVICE OFFERING

### 1 Feasibility Check & Location Analysis



- ❖ EAC supports the **strategic assessment** on the decision to establish a new GBS Centre
- ❖ Conduction of **feasibility study** to assess clients' **options** generating the most **value**
- ❖ Conduction of **process-cost analyses** to evaluate the **optimal** number of **FTE** positions in new GBS
- ❖ **Macro-** and **micro** level **cost analysis** of & **comparison** against **BPO** are created
- ❖ EAC also conducts **location analysis** to find the best site for the development of a new GBS, including:
  - Cost metrics
  - Labor availability and quality
  - Location attractiveness
  - Travelling time and costs
- ❖ EAC will assist in assessment of the technological infrastructure required for the establishment of the GBS centre

### 2 GBS Concept



- ❖ EAC supports the **establishment of new GBS Center**. Phased approached is applied:
  1. As-is assessment
  2. Knowledge transfer preparation
  3. Knowledge transfer
  4. Pilot and go-live
  5. Stabilisation
- ❖ EAC can support in every of the five phases which have different **depth** and **time requirements**
- ❖ Furthermore, embracing **Change Management** and providing **PMO** is required along all phases
- ❖ A sixth phase describes the **transformation** and **continuous improvement** of the GBS and is closely connected to our third offering – GBS sanity check

### 3 GBS Sanity Check



- ❖ As several GBS Center are experiencing **challenges**, EAC supports the **evaluation** of the **current state of GBS** and provide an **assessment** on the current state and situation, including:
  - SWOT analysis
  - Maturity assessment
  - Process gaps and mapping
  - KPI benchmarking
  - Business Case logic, evaluation and calculation
  - Roadmap development
  - Analysis of potential future carve-ins of further activities/ locations
- ❖ **Improvement levers** (e.g., harmonisation, standardisation, automation) and immediate **next steps** are identified



**Unlocking the value of GBS in Malaysia**  
**Benefit from our local network**

**Contact our experts directly to explore growth opportunities for your business**

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**EAC – YOUR PARTNER OF CHOICE IN ASIA**

YEARS OF EXPERIENCE	IN OVER COUNTRIES AROUND THE GLOBE	MORE THAN PROJECTS IN GROWTH MARKETS
30	50	2,500



For four years in a row, EAC has been one of the best management consultancies in Germany.



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