GUIDELINES AND CRITERIA ON
MSC MALAYSIA CYBERCITY/CYBERCENTRE
STATUS APPLICATION AND PROCESS

CONTENTS

1. Introduction

This document aims to guide and provide an overview of the MSC Malaysia Cybercity/Cybercentre requirements and application process.

1.1 MDEC in brief

Malaysia Digital Economy Corporation (MDEC) is a unique high powered government-owned corporation, established to facilitate the development and promotion of MSC Malaysia, the premier Malaysian ICT initiative. MDEC is tasked to advise the Malaysian Government on ICT legislation and policies, develop MSC Malaysia as a key growth driver of the economy and set breakthrough standards for ICT and multimedia operations. MDEC also promotes MSC Malaysia locally and globally, as well as supports companies which are located within the MSC Malaysia designated areas.

MDEC works closely with various organizations and government agencies to ensure that MSC Malaysia offers and enabling environment for companies to harness the full potential of ICT and multimedia technologies.

1.2 MSC Malaysia

MSC Malaysia, is a national initiative spearheaded by the Malaysian Government to promote both the national Information and Communication Technology (ICT) industry and provide a test-bed for the global ICT industry. MSC Malaysia provides an enabling environment designed to facilitate companies to harness the full potential of ICT and multimedia technologies. With its ideal business environment coupled with availability of talent resources, MSC Malaysia has attracted participation from major global ICT companies to develop and host their leading-edge technologies in the designated MSC Malaysia Cybercities and Cybercentres. MSC Malaysia also provides the ideal growth environment for Malaysian ICT SMEs to transform themselves into world-class companies.

1.3 MSC Malaysia National Rollout
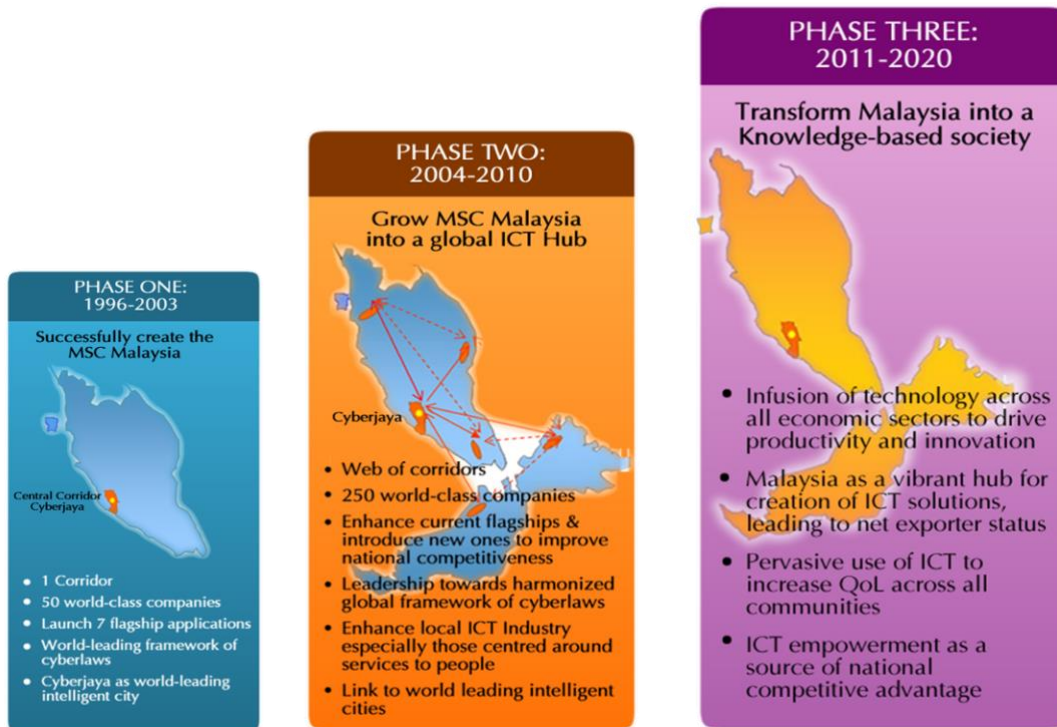
1.4 MSC Malaysia Bill of Guarantees (BoGs)

MSC Malaysia Bill of Guarantees (BoGs) is a set of incentives, rights and privileges to MSC Malaysia status entities. The BoGs reflects the Government's intention to provide an environment in MSC Malaysia that is conducive to the development of MSC Malaysia status entities. The BoGs are as follows:

1. To provide a world-class physical and information infrastructure.
2. To allow unrestricted employment of knowledge workers.
3. To ensure freedom of ownership.
4. To give the freedom to source capital globally for MSC infrastructure and the rights to borrow funds globally.
5. To provide competitive financial incentives including no income tax or an investment tax allowance for up to ten years and no duties on the import of multimedia equipment.
6. To become a regional leader in intellectual property protection and cyber laws.
7. To ensure no censorship of Internet.
8. To provide globally competitive telecommunications tariffs.
9. To tender key MSC Malaysia infrastructure contracts to leading companies willing to use the MSC Malaysia as their regional hub.
10. To provide a high-powered implementation agency to act as an effective one-stop super shop.

1.5 MSC Malaysia Cybercity and Cybercentre

MSC Malaysia Cybercity and Cybercentre are designated MSC Malaysia area with conducive business environment that provides the ecosystem to attract ICT investors and promote the growth of local ICT companies. MSC Malaysia Bill of Guarantees No.1 is offered to MSC Malaysia status companies located in the designated premises within MSC Malaysia Cybercities and Cybercentres.

MSC Malaysia Cybercity and Cybercentre serve as the physical location and environment to catalyse and support the growth of ICT and ICT-enabled industries, and in tandem extend the benefits of ICT to the local community.

2. **MSC Malaysia Cybercity/Cybercentre Qualifying Criteria**

To be eligible for MSC Malaysia Cybercity/Cybercentre status, the applicants must fulfill the eight qualifying criteria as shown below:

2.1 Driven by State Government or Cybercity/Cybercentre Stakeholders

2.1.1 Strong commitment and support from Cybercity/Cybercentre stakeholders i.e. Cybercity/Cybercentre Manager (CCM) and building owners.
2.1.2 Single accountable party for the implementation of the Cybercity/Cybercentre and designated premises status i.e. single ownership (at least 70% owned) by an incorporated entity.
2.1.3 Have financial capability and resources for the infrastructure development, maintenance, upgrades, and implement other Cybercity/Cybercentre related requirements such as establishment of One-Stop-Centre.

2.2 Broadband and Infrastructure Readiness

2.2.1 Comply with the MSC Malaysia Cybercity/Cybercentre Performance Standards in order to deliver the MSC Malaysia Bill of Guarantee No. 1, which is "To provide world class physical and information infrastructure" to MSC Malaysia status companies.
2.2.2 CCM or building owners must have full access and control over the proposed designated premises, particularly the common infrastructure facilities and utility services in order to ensure continuous compliance to the Performance Standards.

2.3 Customer Focus Management with KPIs

2.3.1 Establish a dedicated CCM team or One-Stop-Centre to handle the day-to-day operations of the MSC Malaysia Cybercity/Cybercentre, with main tasks include provide customer service to MSC Malaysia status companies, ensure continuous delivery of BoG1, marketing and promotion, and implementation of value adding programmes.

2.4 Competitive Environment to Attract Investment, Nurture Start-ups / SMEs and House Knowledge Workers

2.4.1 The Cybercity/Cybercentre and its designated premises must provide a conducive and competitive business environment for ICT and MSC Malaysia status companies.
2.4.2 MSC Malaysia designated premises must be a commercial premises suitable for the operation of ICT businesses, where at least 70% of the

premises must comprise of office space. Only the following types of buildings can qualify as designated premises in MSC Malaysia Cybercity/Cybercentre:

(a) Commercial office building, which includes:
  i. Office building within factory compound
  ii. Office building within Institute of learning (schools, colleges and universities)
  iii. Office building within a mixed development area

(b) "Hybrid" building – an office building or commercial premises which also contains retail, hotel or other non-office areas/components inside the building, where 70% of the premises must comprise of office space.

(c) Office building connected to other buildings. The proposed designated building must have:
  i. Dedicated entrance.
  ii. Unique building name and address.
  iii. Clear demarcation from other connected buildings.

2.4.3 Special purpose ICT building such as Data Centre, Network Operating Centre with office space can be considered as MSC Malaysia Designated Premises on case by case basis.

2.4.4 Provision of incubator centre or facilities for start-up companies located within the approved boundary of Cybercity/Cybercentre (not applicable for special purpose ICT building and for own-use building).

2.4.5 Implement programmes to nurture the growth of start-ups and SMEs, such as business matching, mentoring, funding assistance etc.

2.4.6 Availability of amenities (eateries, banks, hotels etc) in the surrounding area of the proposed Cybercity/Cybercentre.

2.5 <u>Talent Pool Availability</u>

2.5.1 Availability of sufficient talent pool in the surrounding area of the proposed Cybercity/Cybercentre location to cater for the target niche industry

2.6 <u>Proximity and linkages with Universities and Research Centres</u>

2.6.1 Availability of universities and research centres located in proximity to the proposed Cybercity/Cybercentre

2.6.2 Proposed programmes to establish collaboration between MSC Malaysia companies and universities or research centres

2.7 <u>Adoption of Relevant e-Applications to Enhance Service Delivery</u>

2.7.1 Highlight the current and planned e-applications programmes or implementations of MSC Malaysia Flagship applications, such as smart card, e-Government, tele-health, e-business, technopreneur and R&D cluster.

2.8 <u>Niche Value Proposition for Local Economy</u>

2.8.1 Proposed value proposition for MSC Malaysia status companies located in the proposed Cybercity/Cybercentre - The value proposition must be in the form of programmes or initiatives offered by the Cybercity/Cybercentre that can directly benefit MSC Malaysia companies located in the designated premises.

2.8.2 Highlight the target niche sector.

2.8.3 Availability of State ICT Blueprint or provision of value proposition in terms of value-added services / incentives / special programmes that can be

offered in the proposed MSC Malaysia Cybercity / Cybercentre for the benefit of MSC Malaysia Status Companies and/or ICT Industry.

3. MSC Malaysia Performance Standards

MSC Malaysia Performance Standards are the prevailing standards developed, set and maintained by MDEC, towards the delivery of MSC Malaysia Bill of Guarantee (BoG) No. 1, which is "To provide a world-class physical and information infrastructure". The Performance Standards encompasses parameters in relation to infostructure, utilities (electricity service quality, water), transportation, environment, security and safety and customer service quality.

The Performance Standards are subject to periodic review to ensure that MSC Malaysia Cybercities and Cybercentres remain globally competitive in comparison with other international science and technology parks around the world.

4. Roles of MSC Malaysia Cybercity/Cybercentre

MSC Malaysia Cybercity/Cybercentre plays an important role in developing the MSC Malaysia agenda especially in developing and providing the ecosystem to attract ICT investors and promote the growth of local ICT companies. In essence, MSC Malaysia Cybercity/Cybercentre is meant to house MSC Malaysia status companies.

MSC Malaysia Cybercity/Cybercentre will also be the partner to MDEC and Government in delivery the MSC Malaysia Bill of Guarantees (BoGs) to the MSC Malaysia status companies.

5. Benefits to Stakeholders

MSC Malaysia Cybercity/Cybercentre status will benefit the following major stakeholders:

5.1 <u>State Government</u>

The MSC Malaysia Cybercity/Cybercentre can be a new magnet to draw investments into the state, which will help to fuel local economic growth. MSC Malaysia Cybercity/Cybercentre will not only attract MNCs into the state, but will also encourage many new technopreneurs within the designated areas.

5.2 <u>Community</u>

In line with the benefits offered to MSC Malaysia status companies under the BoGs, all MSC Malaysia Cybercities/Cybercentres have to adhere to certain standards of infra and infostructure, level of service quality, as well as living and working conditions. Through these requirements, the residing communities will gain the benefits of improved and high quality standards of living through the enhancement and development of new infrastructure.

The community will enjoy the benefits of local economic growth directly and indirectly through the ICT based clusters development, as well as high value employment and entrepreneurial opportunities. The community's adoption of ICT usage as a way of life will help reduce digital divide and improve their quality of life.

5.3 Technology Companies

Technology companies would benefit from the conducive business environment with world class infrastructure offered in Cybercity/Cybercentre. In addition, technology companies could leverage on the value-adding services and support by the Cybercity/Cybercentre Managers (CCM). Locating in a cluster of similar companies would also promote accelerated growth through collaborative networking among technology companies and industry-university linkups.

5.4 Cybercity/Cybercentre Managers (CCM)

The MSC Malaysia Cybercity/Cybercentre status is expected to result in more high value entities locating in the designated premises. The CCM will be able to leverage on the marketing effort and other services offered by MDEC in attracting potential MSC Malaysia status companies. Future linkup and collaborative networks with other MSC Malaysia Cybercities/Cybercentres will enable best practices to be developed and implemented towards enhancing the Cybercity/Cybercentre's competitiveness.

6. Application process

MSC Malaysia Cybercity/Cybercentre application process was approved by the Cabinet in March 2009, as shown below:
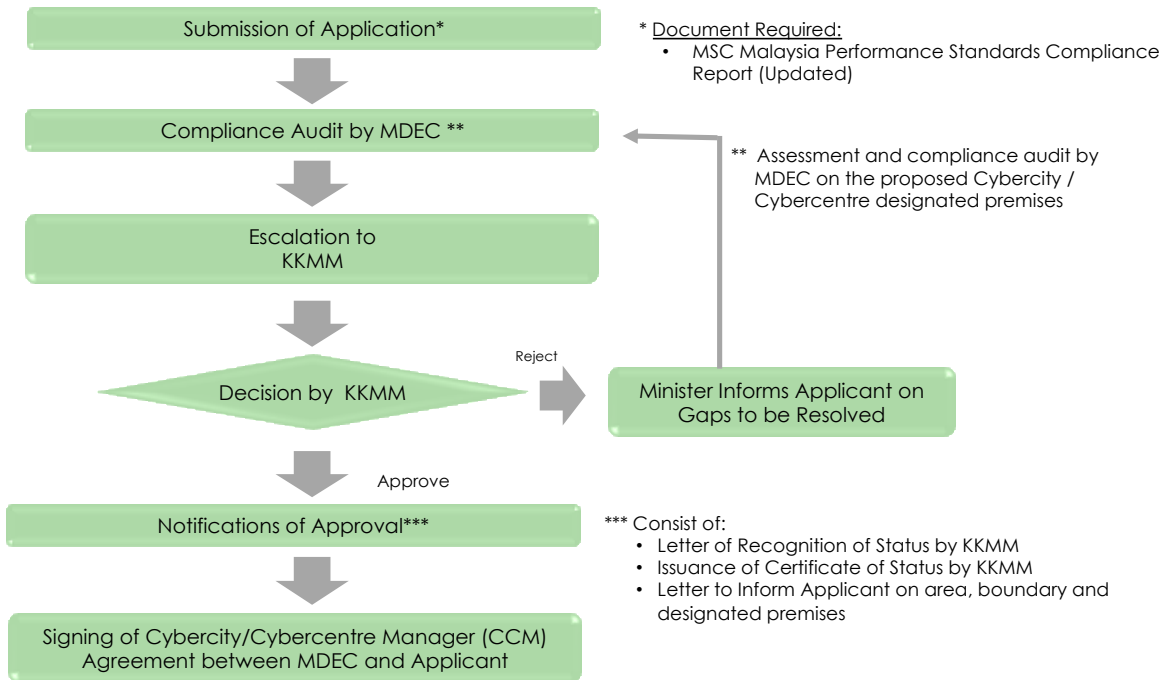
For Cybercities / Cybercentres application in the State, applicants have the option to apply either directly to MDEC or through the State Cybercity/Cybercentre Manager (State CCM) of the respective State, where applicable.

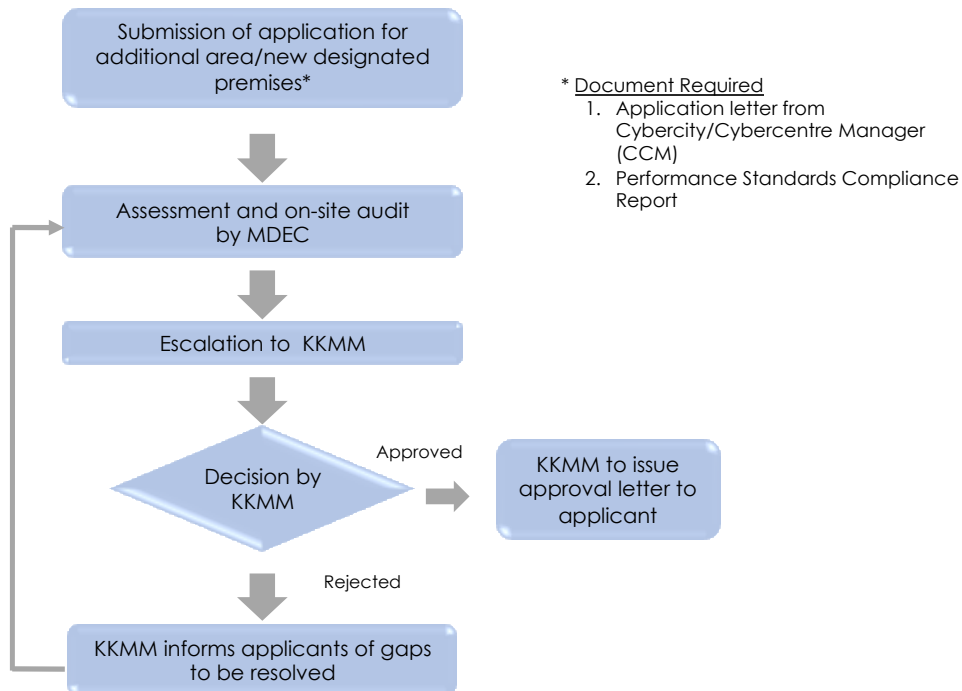### 6.1 Stage 1 – Development of MSC Malaysia Cybercity/Cybercentre
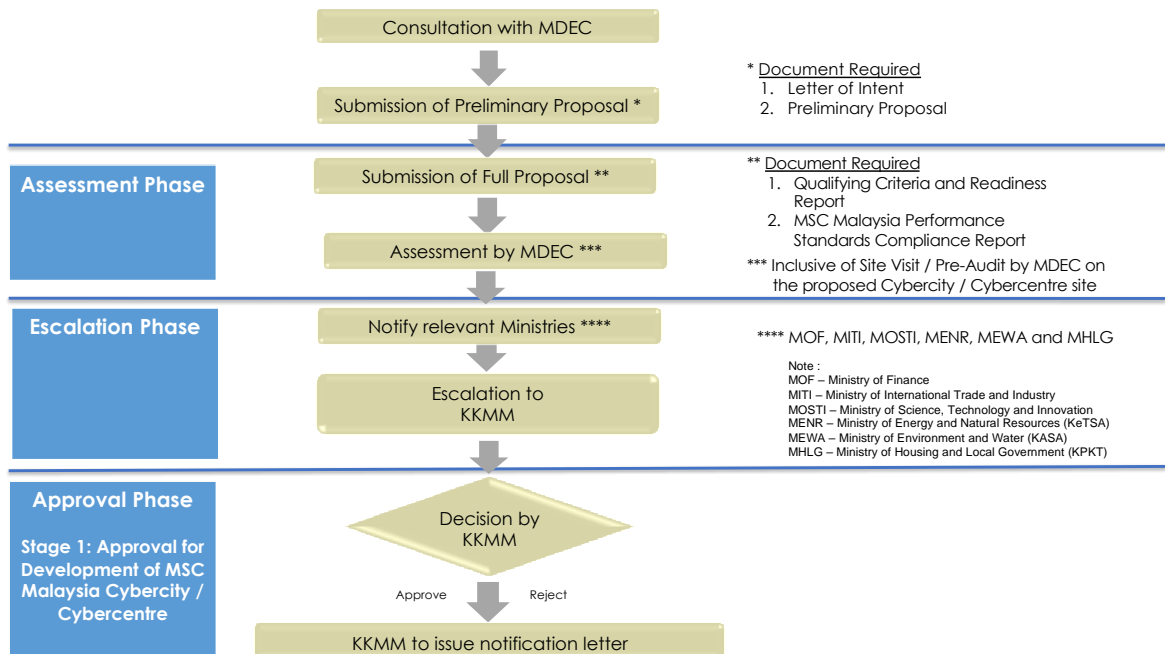
6.2 Stage 2 – Recognition and operationalisation of MSC Malaysia Cybercity/ Cybercentre Status

Submission of Application*

* Document Required:
  • MSC Malaysia Performance Standards Compliance Report (Updated)

Compliance Audit by MDEC **

** Assessment and compliance audit by MDEC on the proposed Cybercity / Cybercentre designated premises

Escalation to KKMM

Decision by KKMM — Reject → Minister Informs Applicant on Gaps to be Resolved

Approve

Notifications of Approval***

*** Consist of:
  • Letter of Recognition of Status by KKMM
  • Issuance of Certificate of Status by KKMM
  • Letter to Inform Applicant on area, boundary and designated premises

Signing of Cybercity/Cybercentre Manager (CCM) Agreement between MDEC and Applicant

6.3 Stage 3 - Expansion of boundary and new designated premises in existing MSC Malaysia Cybercity/Cybercentre

Submission of application for additional area/new designated premises*

* Document Required
  1. Application letter from Cybercity/Cybercentre Manager (CCM)
  2. Performance Standards Compliance Report

Assessment and on-site audit by MDEC

Escalation to KKMM

Decision by KKMM — Approved → KKMM to issue approval letter to applicant

Rejected

KKMM informs applicants of gaps to be resolved

7. Post Approval Obligations

The Cybercity/Cybercentre Manager (CCM) need to fulfill the following post approval obligations:

- Continuously fulfill the Qualifying Criteria and Performance Standards, particularly in delivering BoG1 and ensure delivery of Telcos' and Utilities' Performance Guarantees to MSC Malaysia Status Companies
  - Participate and provide assistance to MDEC in the periodic audit on compliance to the Performance Standards

- Setup a dedicated One-Stop-Centre (OSC) that will manage the day-to-day operations of the Cybercity / Cybercentre. Main roles of the OSC are:
  - Attract MSC Malaysia status companies and ICT investors to relocate their business to the Cybercity / Cybercentre
  - Ensure continuous compliance of BoG1 and Performance Standards
  - Formulate and implement value adding ICT programmes to MSC Malaysia status companies

- ISO 9001 Certification for Cybercity/Cybercentre Manager or One Stop Centre
  - The Cybercity/Cybercentre Manager or One Stop Centre to obtain the ISO 9001 certification or similar recognized international certification by recognised certification bodies, or management tools and process for Cybercity / Cybercentre Management endorsed by MDEC. The certification or management tools and process shall incorporate the MSC Malaysia Cybercity / Cybercentre Management Framework in its processes.
  - The cost of the certification to be borne by CCM/OSC. The indicative cost of the ISO 9001 certification are as follows:
    - Consultation - RM18,000 – RM40,000 (for number of staff <10)
    - Certification – RM7,000 – RM14,000 (for 3 years certification)

- Implementation of Customer Relationship Management (CRM) System
  - CCM/OSC to adopt and implement the Customer Relationship Management System to manage the Cybercity/Cybercentre. This is to enhance the operations of MSC Malaysia Cybercity / Cybercentre, and to promote linkages and networking among of Cybercities and Cybercentres nationwide.
  - The CRM system shall incorporate the MSC Malaysia Cybercity / Cybercentre Management Framework in its functionalities.

For further enquiries related to the MSC Malaysia Cybercity/Cybercentre or information required for the application, please contact:

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E-mail : clic@mdec.com.my