

# Why Kuala Lumpur is SRKay's perfect launch pad into Asean region

When private equity firm SRKay Consulting Group chose to set up its first overseas office in Kuala Lumpur in 2019, it was not for sentimental reasons. The business case, from the company's perspective, was clear and compelling.

"Asean is growing fast. Asia alone offers a 3.2 billion middle-class population as a humongous addressable market by 2030 and about one-fifth or 664 million of them live in the Asean region," says SRKay spokesman Karunjit Kumar Dhir.

And that gigantic market is matched by US\$8 trillion (RM34.2 trillion) in new infrastructure across Asia by 2020, with the Asean economy alone worth a whopping US\$2.7 trillion, he adds.

The rapid growth presents many opportunities for innovation and disruptive ideas that SRKay looks to invest in. Its key focus areas include talent, employability, employee productivity, rapid reskilling and automation.

SRKay is the private equity arm of SRK Exports, India's largest diamond exporter. Its office in Kuala Lumpur, opened in April 2019, adds to a global presence spanning five countries across three continents.

For SRKay to tap the potential of the next global growth engine, it requires the perfect launch pad. Kuala Lumpur ticked all the boxes.

Logistically, Kuala Lumpur, with its excellent regional connectivity and good local infrastructure, made perfect sense, Karunjit says.

He adds that a stable socio-economic environment, healthy economy and a multilingual talent pool made the city "a natural choice for us". A well-developed legal framework that protects intellectual property and investors was also a key factor.

"Speaking from a purely business



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perspective, our base in Kuala Lumpur is a gateway for us to the region and will help us realise better returns on our investment and scale faster within Asean," Karunjit explains.

"Kuala Lumpur fits in very well with our global strategy, paving the way for our rapid expansion into Asean."

## KL to benefit from SRKay investment

While it is early days yet for SRKay in Kuala Lumpur, the signs are promising. Its team is growing fast, with local talent making up 90% of the workforce, says SRKay.

Most of the team members are working on advanced technology stacks — including design, cloud and artificial intelligence — and project management. The work profile exemplifies the mutually beneficial relationship that SRKay expects to develop with Kuala Lumpur.

"Investment is just a number. Rather than mere investment, it is the impact of the investment on the lives of the people that really matters," says Karunjit.

"So, ideally, Malaysians can benefit from the thousands of jobs, projects and e-lancing work assignments as well as

e-learning opportunities created by our flagship portfolio venture, SCIKEY Talent Commerce," he adds.

SRKay acknowledges that none of what has happened would have been possible without investment promotion agency InvestKL's assistance and facilitation efforts. Karunjit summarises the group's experience with InvestKL as simply "fantastic".

"I still remember when we had all our global stakeholders from India and Europe fly to Malaysia for our first meeting with InvestKL. They really made us feel very comfortable and genuinely cared about our business," he says.

According to Karunjit, the agency also followed through on the strong first impression with clear and responsive guidance to steer SRKay through numerous investing hurdles.

It gave information on the local culture and business climate, the key government agencies to engage with, potential challenges — such as taxes — and solutions and even the right location for its office.

Karunjit stresses that as the Kuala Lumpur office was only launched in April 2019, the best days of its win-win relationship with the city are yet to come.

"With SRKay based in Kuala Lumpur, the city will reap the benefits of the employment, work and e-learning opportunities that our portfolio ventures will create over time," he says.

"And once we are more settled in the city,

with a better understanding of local market dynamics as well as the start-up scene, we may also start evaluating opportunities for investing in promising local start-ups," he adds.

## SRKay's strategy

SRKay's underlying strategy is to play its part in growing Kuala Lumpur while expanding its own business.

Karunjit says the company seeks to leverage on Greater Kuala Lumpur to grow and consolidate its technical expertise, product development and other functions as it scales its business in Asean.

"Further, with our large and impactful presence in India — whose consumer market is one of the largest in the world — we are also quite excited about the

opportunity to help Malaysian or even regional start-ups that might be considering entering or expanding into the Indian market," he adds.

Karunjit has been based in Malaysia since 2014. He joined SRKay in 2018. He is also the co-founder of SCIKEY — a talent commerce platform that is the flagship investment of SRKay — and its head of global business operations.

Even for SCIKEY itself, the industry growth trajectory in the region is promising. The market for human resources management is expected to reach US\$40 billion in value by 2027, representing a compound annual growth rate of 11.7%, says Karunjit.

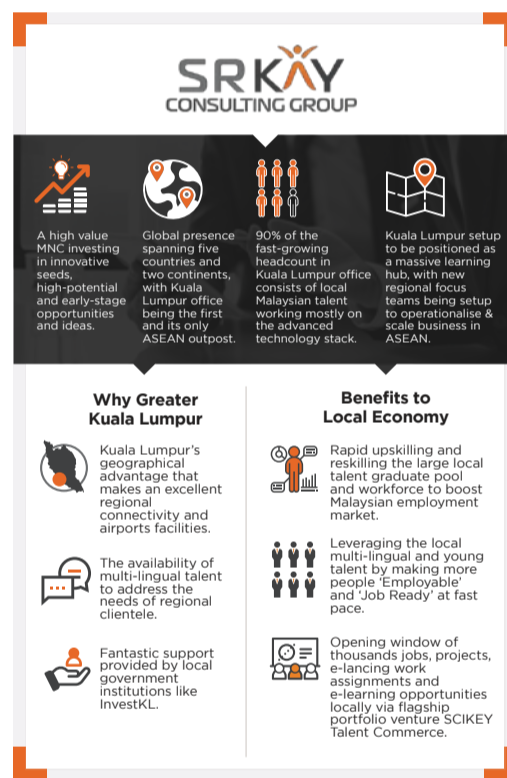
Looking ahead, he expects SCIKEY's growth to be driven by its two main markets, namely India and Malaysia. In India, it counts some of the best local brands as clients.

"The talent industry has been waiting for a holistic and meaningful disruption. This long-overdue disruption has been further accelerated by the Covid-19 pandemic, during which traditional businesses and HR models have been challenged in a big way, Karunjit says.

"In the post-Covid scenario, it is not about permanent employees anymore but a workforce comprising full-time, contract and gig workers and even a partner ecosystem that helps your company grow," he explains.

SCIKEY is preparing to launch an e-learning platform that it expects will play a big role in the rapid reskilling and upskilling of the Malaysian workforce in a post-Covid world.

"This new investment in the e-learning initiative will help us position our Kuala Lumpur set-up as a massive learning hub, giving a boost to the Malaysian economy and employment market by making people more employable and job-ready at a fast pace," says Karunjit.



## InvestKL works hard to keep Kuala Lumpur on top of investors' minds

Greater Kuala Lumpur has been one of the key locations that global multinational companies (MNCs) consider, especially when they embark on expansion to gain market access to Southeast Asia. A testament to this is that investment promotion agency InvestKL surpassed its initial Key Performance Indicators (KPIs) and achieved RM2.22 billion in approved and committed investments in 2019.

According to data provided by Worldometer, Southeast Asia's population totals 655 million, more than North America's or the European Union's. Coupled with its steadily growing GDP per capita, more businesses are finding it appealing to build a stronger foothold in the region.

At the heart of Southeast Asia is Kuala Lumpur, a melting pot of culture and city of opportunity for business and innovation. InvestKL, which seeks to attract foreign direct investment to the city, has explained why it remains

the preferred investment destination for FDI.

Not only did the MNCs brought in by InvestKL to set up business in Kuala Lumpur produce a critical impact in terms of investment numbers but their stories created a multiplier effect on the business ecosystem that would directly uplift the lives of Malaysians.

India-based SRKay Consulting Group was among 13 high-value MNC investors that committed to Kuala Lumpur in 2019 after being approached by InvestKL. The company says if the agency had not stepped into the picture, it might have overlooked the Malaysian capital and gone elsewhere instead.

"Had it not been for the expert guidance, fast and meaningful response to our queries and concerns, and comforting facilitation from the InvestKL team, we would probably have gone ahead and set up our regional hub in a neighbouring country," says SRKay spokesman Karunjit Kumar Dhir.

He adds that from an extensively evaluated shortlist of five Asean cities, SRKay ended up with two finalists — including Kuala Lumpur — and that it was the outstanding support from the InvestKL team that tipped the scales.

According to InvestKL CEO Muhammad Azmi Zulkifli, that is the feedback it usually receives. Since 2011, the agency has brought 91 MNCs to invest in Kuala Lumpur.

InvestKL, reporting to the Ministry of International Trade and Industry, had targeted services-oriented MNCs looking for a regional base to tap the Asean or Asia-Pacific regions. Its focus sectors are smart technologies, consumer technologies, e-commerce, medical devices, industrial automation and energy and renewables.

Azmi explains that these sectors were carefully selected to maximise the impact to the nation. In the larger scheme of things, InvestKL is also consciously pursuing MNC profiles that

support the national economic agenda, which will hinge crucially on digitalisation and disruptive technologies.

"It is not simply numbers and dollar value per se, though these are not irrelevant. Ultimately, the goal is to ensure the right fit between MNC investors and what Kuala Lumpur has to offer," says Azmi.

"Only then can we deliver meaningful and sustainable long-term economic benefits to Malaysia, Malaysians and also the investors — a real win-win situation," he adds.

So far, the 91 MNCs have brought RM13.95 billion in approved and committed investments. Of that amount, RM8.1 billion or 58% have been realised to create 12,584 regional high-skilled jobs.

And Malaysians are clearly reaping the rewards as 8,858 or 70% of those jobs command an average annual pay of RM141,622. For perspective, that is more than double the median household income in the nation.



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"We're playing a long game, not just to create employment for Malaysians now but also opportunities for them to continuously upskill and grow, which will benefit Malaysia now and in the long term," says Azmi.