

# How MNCs make a difference to SMEs

*How do MNCs make a difference to SMEs? Do they actually help SMEs or zap the juices out of the smaller businesses in places they venture forth?*

by HABHAJAN SINGH

**MULTINATIONAL** corporations (MNCs) are large entities with footprints spanning over many jurisdictions. No denying that. However, small and medium enterprises (SMEs) are the real bloodline of many economies.

In Malaysia, SMEs play a critical role in moving forward the economy. The sector contributes more than a third of gross domestic product and provides job opportunities to more than four million workers, according to official statistics.

Definition wise, since 2014, SMEs in Malaysia have been lumped into two categories. For the manufacturer category, companies with a sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers are considered SMEs. In the services and other sectors, the threshold is RM20 million or 75 workers.

On their part, MNCs have been present in Malaysia for a long time. They are welcome to open shop here. In fact, government agencies like InvestKL actively seek to attract MNCs to set up their regional bases in Greater Kuala Lumpur (KL).

The *Malaysian Reserve* (TMR) spoke to two MNCs to get an idea how they have made a difference to the local landscape.

## Atalian Global Services

Atalian Global Services, the French-based provider of facility management services, believes it has made a difference to SMEs in places where it operates.

“Through our regional hub in KL, we support our SME partners throughout Asia in transforming their business processes through digitisation and the use of e-commerce,” the company told TMR in an email response.

“This helps to future-proof the business while ensuring we maintain a competitive edge. Achieving this is not a simple task but with our experience in other parts of the world, our support brings expertise,” the statement added.

In Malaysia, Atalian has partnered Harta Maintenance Sdn Bhd, an integrated facility management provider for more than 35 years. The Selangor-based local partner offers five core



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service lines: Facility management, cleaning, technical maintenance, landscaping and energy management.

Atalian is present in more than 50 countries with over 150,000 employees and an annual run rate turnover of US\$3.5 billion (RM14 billion). What sets it apart from the other MNCs is its unique partnerships across the globe.

“We have many different forms of partnership depending on specific circumstances, but all of them are built on the principle of win-win for all parties,” it said.

Atalian entered the Asian market in 2013. It now operates in eight countries through 27 operating companies.

## Hitachi Sunway Information Systems

On its part, Hitachi Sunway Information Systems Sdn Bhd, an MNC present in Malaysia via a joint venture (JV), said their presence has been a boon to SMEs.

The company noted that today, more and more SMEs are outsourcing critical business applications to data centre partners. Hence, the onus is on the data centres to ensure the continual expertise and necessary certifications when it comes to building, designing and maintaining the data centre facilities.

“When SMEs engage us, they are not just engaging our services. They are engaging our experience and expertise, which come from the years in the industry and from Hitachi as a whole,” said Hitachi Sunway group CEO Cheah Kok Hoong.

He added: “SMEs based locally can also be assured that data and information housed with us are kept



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Hitachi Sunway is a one-stop information and communication technology solutions and services provider in Asean with a local presence in 16 locations across nine countries: Malaysia, Singapore, Indonesia, Thailand, Vietnam, Myanmar, Cambodia, Laos and the Philippines. It is a JV between Hitachi Systems Ltd and Sunway Technology Sdn Bhd.

## What Should SMEs Do?

But SMEs must also step up their game if they want to make the best of the MNCs present locally. There is no skipping this part of the deal. It is abundantly clear that the local SMEs have to weigh up the risks and rewards.

“Working with larger international companies will impact — to a greater or lesser extent — the amount of freedom the local entre-

preneur has in managing his business,” Atalian said when asked what SMEs need to do for them to really take advantage of the presence of MNCs.

“Inevitably, the more investment the MNC has, the more reporting will be required and to some extent, control.

“As with all marriages, there is an element of give and take, but fundamentally both parties should trust each other and work with goal congruence as much as possible. Whether it be an MNC or not, the company that does not collaborate and evolve will be isolated and irrelevant to its customers in the near future,” the company added.

How true. It takes two to tango. Hence, the owners of SMEs must also take heed of what is expected of them if they truly desire to move up the value chain.

## How MNCs benefit SMEs

### 1 HITACHI SUNWAY ON A CHEMICAL SOLVENTS DISTRIBUTOR IN ASEAN:

Hitachi Sunway provided information technology (IT) monitoring and management solutions and services to help customer minimise system downtime. We successfully completed the project in less than two months, which is ahead of time. And, achieved 40% cost savings and return on investment of 360%. The customer is now able to manage IT operations cost effectively, and be more agile and flexible, and with the ability to scale the business.

### 2 HITACHI SUNWAY ON A REGIONAL PAYMENT GATEWAY SERVICE PROVIDER:

We resolved the issue of increasing operations cost with unknown and unpredictable charges they faced with a popular public cloud service provider. We gave them better control of costs. We also resolved issue of downtime when the public cloud service provider had to upgrade resources, which affected the business uptime. Currently, they no longer experience downtime due to maintenance and upgrade of the service provider, which is currently Hitachi Sunway.

### 3 ATALIAN GLOBAL SERVICES IN CAMBODIA:

We take for example our business in Cambodia — a small market, but an exciting future. When we originally entered the market, the business was a small family-run cleaning enterprise with high levels of debt, and while a great service delivery company, it was restricted in how it could grow due to the necessity to service high interest payments coupled with a lack of international industry know-how. Atalian took an equity stake in the company in 2016 and having strengthened the balance sheet with the repayment of loans, we embarked on a programme to build a solid structure ensuring competent local management was in place in all key positions. Now the company has transformed to a multi-services provider with an international customer portfolio. We collaborated with our partners in Thailand in the project and we now have a thriving technical maintenance, pest control and security business. All with double-digit growth and well placed to take advantage of a thriving local market.

# Quantifeed raises RM40m Series B funding from Cathay Financial, Legg Mason

**QUANTIFEED**, a Hong Kong-based business-to-business (B2B) robo-advice provider, has closed US\$10 million (RM40 million) in a Series B funding round.

The investment was led by Taiwan's largest financial holding company Cathay Financial Holdings Co Ltd with the participation of US-based global asset manager Legg Mason Inc.

The Series B round will enable Quantifeed to fuel its regional growth in Asia and that it will support the opening of an office in Singapore, it said in a statement.

The funds will also accelerate research and development in areas such as behavioural analytics and data science to improve customer engagement.

“We are bringing about wealthcare, a service aimed at helping everyone

make the most of their savings to achieve their financial goals.

“Our mission is to enable financial institutions transform themselves into providers of this service on a large scale. The additional funding allows us to fulfil this mission,” said Quantifeed CEO/co-founder Alex Ypsilanti.

Quantifeed provides B2B robo-advice services to nine financial institutions across Asia, including Cathay United Bank, a wholly owned subsidiary of Cathay Financial.

Quantifeed currently has operations in Hong Kong, Taiwan, Malaysia, Singapore and Australia.

Demand for digital wealth management solutions is accelerating rapidly in Asia as financial institutions respond to customer expectations for more personalised solutions and engaging relationships, it said. — TMR



Quantifeed's management team includes (from left) chief commercial officer John Robson, Ypsilanti, CFO and COO Audrey Wong, and CTO Ross Milward

Source: Quantifeed