

INVESTKL'S VDP TO BOOST TIES BETWEEN MNCS AND SMES

IN its efforts to attract investments, InvestKL has been actively promoting a Vendor Development Program (VDP) to bring together global multinational companies (MNCs) and small and medium enterprises (SME) in the country.

According to InvestKL's acting chief executive officer Muhammad Azmi Zulkifli, the initiative started a few years ago and has been yielding results.

"In our effort to attract investments, we found that over the years that we need to diversify the number of activities that a company engages in. That's where we went into an area to build the ecosystem around MNCs.

"These ecosystems that we have been developing over the past three years include talent development and the VDP. The main purpose of these programmes is to support the MNCs," he told StarBiz.

While progress with the VDP has been good, Azmi said more can and needs to be done.

"The acceptance of the MNCs, this is where they see where they can create greater value, incorporate themselves and work together with local vendors.

"This also allows them to develop the vendor as well as be a player within their value chain. This has gone very well and the MNCs are seeing the benefits of not just setting up a business hub, but also expanding into areas where they can look at or explore even a single source vendor for their particular type of product."

"On the flip side, it is also about helping to develop the local vendors," said Azmi.

"We had to find and engage the



Yielding results: Azmi says InvestKL's VDP program has had a positive spill over effect on the economy.

better ones and see how they can leverage upon the MNCs to improve on their standards and business, as well as their connectivity with the VDP and the whole value chain of activities."

"Finding a perfect match between MNC and vendor isn't always easy," Azmi noted.

"This is where we have to work with our strategic partners on both sides. On the vendors' side, that's where we have to leverage on the existing agencies that have a database of these vendors, such as Matrade and other agencies.

"We look at companies ready to go to the next phase, namely firms that have a footing within Malaysia and have some business in the region. This would be the oppor-

tune time to introduce them as a potential global supplier to a particular MNC. Clearly, it opens up opportunities to the vendors and the SMEs."

On the MNC side, Azmi said it's really about understanding what they are looking for.

"How can we help improve their cost effectiveness in their operations? Then, we see if we can find a middle ground to bring two, like-minded companies (MNC and vendor) and for them to explore these types of opportunities."

The Halfen Moment group, which has participated in InvestKL's VDP, said having a network of local partners is the key to success in local Asian markets.

"Since the acquisition of Halfen-



Strong ties: Rob van Haaren says having a network of local partners is the key to success in local Asian markets.

Moment in 2012, we have been structurally setting up local suppliers in Malaysia and diverted the import from overseas to local production in Malaysia.

"This has enabled us to better control quality levels. In terms of lead-time and service, there were clear advantages," said managing director Rob van Haaren.

With its headquarters in Greater KL, the Halfen Moment group is a supplier of premium construction accessories and has subsidiaries in South-East Asia and India.

Van Haaren said InvestKL had been a great partner for many years and has helped connect the firm with several local suppliers that resulted in a win-win situation.

"It is very important to have a big network of quality driven suppliers and a partner like InvestKL who can guide us to these suppliers," he said.

InvestKL is an investment promotion agency under the International Trade and Industry Ministry. It is tasked to attract large global MNCs to establish regional business services headquarters in Greater Kuala Lumpur and strategically grow their business in Asia.

Azmi said the VDP has had a positive spill over effect on the economy.

"For SMEs, they would be able to learn, adapt and benefit from a transfer of technology from these foreign MNCs.

"Furthermore, the training that the MNCs offer to their people are also then accessible to the potential vendors and this increases the competitiveness of a SME. We have also seen situations where these vendors are developed by the MNCs over here in Malaysia and they are also able to access the markets abroad."

Azmi said the aviation and aerospace, medical devices, and electronics and electrical sectors are among the beneficiaries of InvestKL's VDP.

He added that the VDP is also in line with the government's Shared Prosperity Vision 2030 (SPV).

"We are talking about SMEs partnering with MNCs not only in Kuala Lumpur. They could be in the north, east coast, south and Sabah and Sarawak as well. That's why it's important to establish the right partnership going up the value chain, as this would result in better productivity, as well as a better competitive advantage within their industry.

"This will create the right type of jobs as we also drive towards ensuring that everybody has a share in the economy," said Azmi.