

# Malaysia Digital Industry Report (MDIR) | 2021-H1 2022

A comparative analysis

# Malaysia Digital Status Industry Clusters



## INFORMATION TECHNOLOGY (INFOTECH)

Companies involved in the design, development, implementation and technical services of any computing based information systems, e.g. businesses in software development, systems integration, artificial intelligence, internet-of-things, and data analytics.



## DIGITAL CREATIVE CONTENT (DCC)

Companies engaged in the creation, delivery and enhancement of digital content. This includes the use of creative technologies for the development, production and distribution of digital contents, and complimentary tools, products, services and platforms. For e.g. companies in broadcasting, content distribution, game development, animation, interactive comics and edutainment content.



## GLOBAL BUSINESS SERVICES (GBS)

Companies that manage centralised and integrated service delivery models that encompass shared services, knowledge-based and business process outsourcing services, and centres of excellence for multiple business units located in geographically dispersed locations.

### Analysis derived from the following:

**2021  
MDIR Survey**

Sample size of 2,556  
MD companies

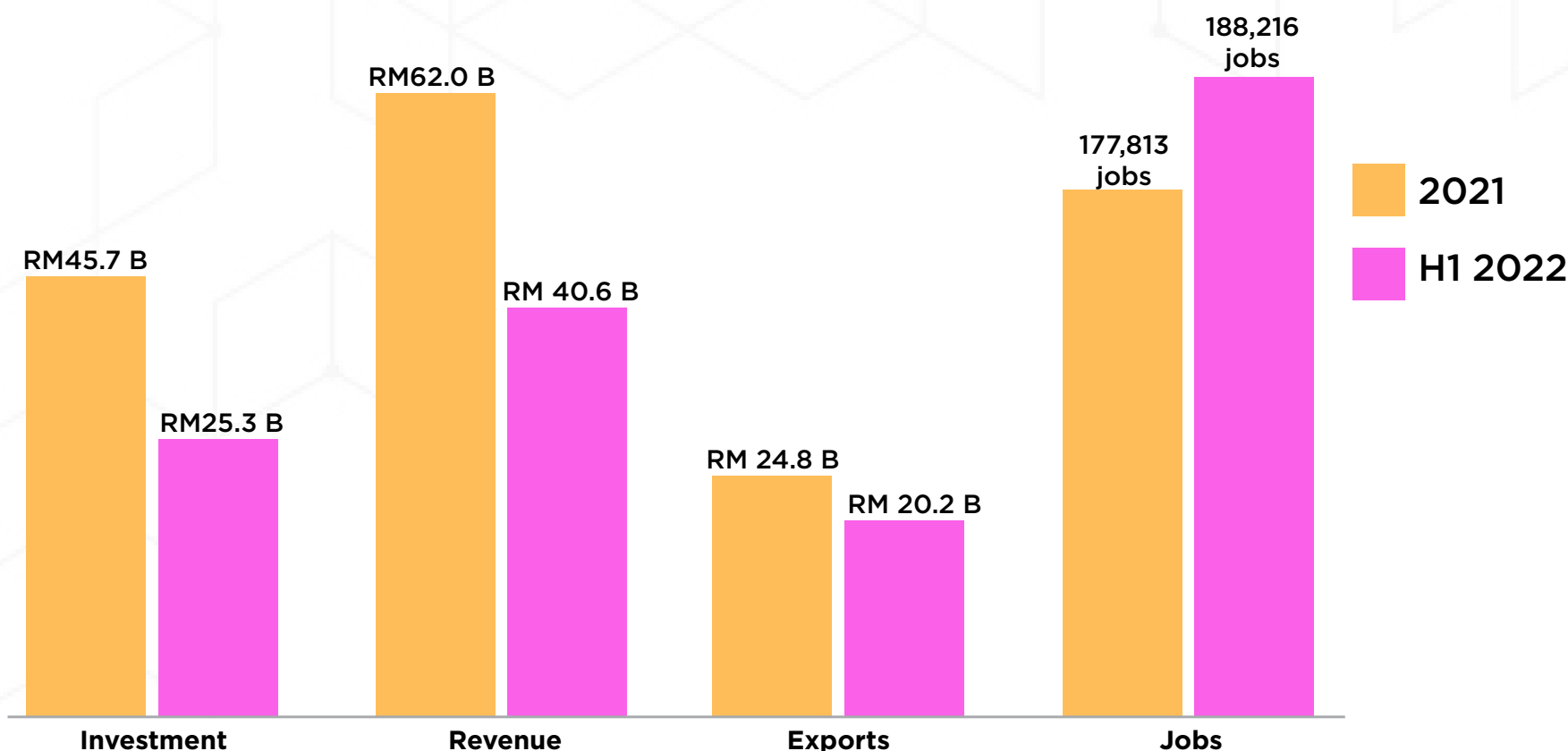
**H1 2022\*  
MDIR Survey**

Sample size of 2,498 companies  
MD companies

\*interim figures

Note: All figures in the MDIR survey are actual as reported by MD companies

## Overall Malaysia Digital Industry Report (MDIR) Performance, 2021 - H1 2022



**Investment**  
**25.3 B**  
 55% of 2021 performance

**Revenue**  
**40.6 B**  
 65% of 2021 performance

**Exports**  
**20.2 B**  
 81% of 2021 performance

**Jobs**  
**188,216**  
 106% of 2021 performance

The digital economy has been resilient in post-covid, highlighted by data from H1 2022 that is projecting strong economic recovery.

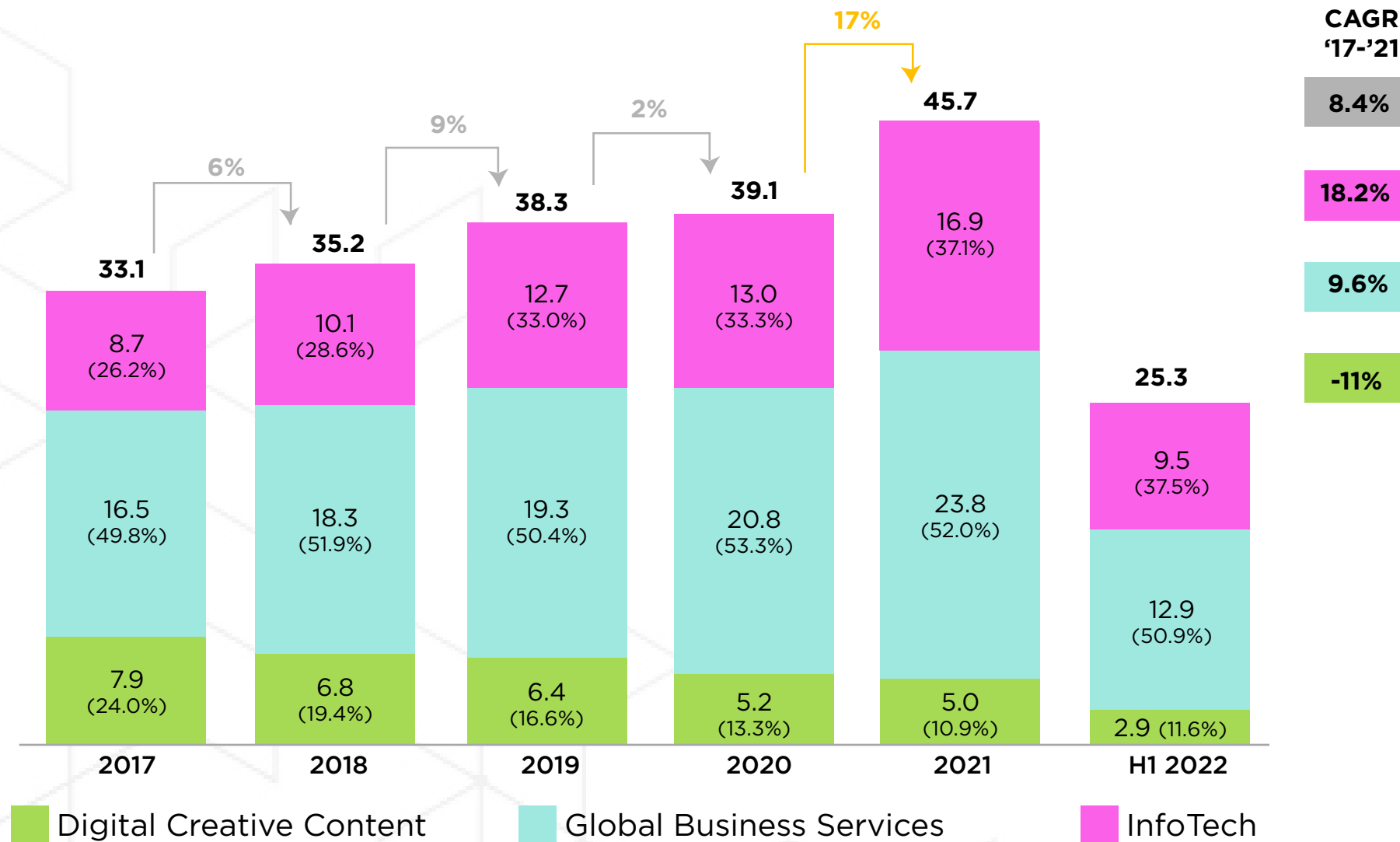
Generally, positive performance growth is observed across the four metrics of Investment, Revenue, Exports and Jobs in MD companies.

As at June 2022, Jobs has the highest uplift, already surpassing the performance of 2021 at 106%.

The performance of MD companies' Investment, Revenue and Exports is already ahead of schedule to surpass 2021 numbers. This offers a positive outlook for the digital economy in Malaysia.

# Investment

Investment by Segment, RM billion (%), 2017 - H1 2022



As at H1 2022, MD companies have registered RM25.3 billion in investments, which is about 55% compared to the previous year. This figure is encouraging as investments in 2021 grew significantly due to the pandemic-driven demand for digital goods and services.

In 2021, digital investments grew at 17% YoY, largely driven by the increased investments from the GBS and InfoTech clusters.

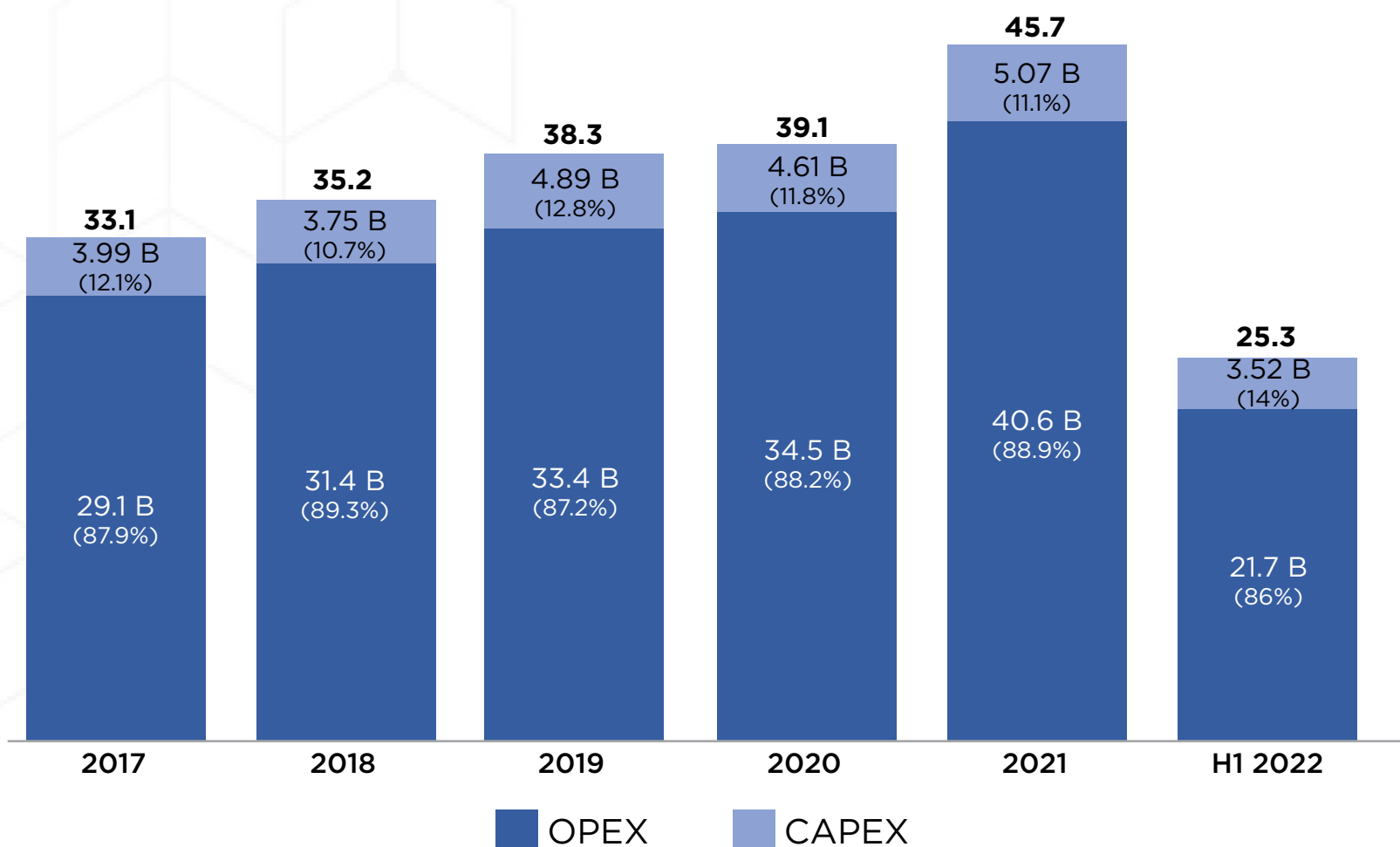
The GBS cluster continues to contribute more than half of the total investments, or almost 51% as at H1 2022.

From 2017 to 2021, total investments grew by a CAGR of 8.4%. The Infotech and GBS clusters registered strong growth at 18.2% and 9.6% CAGR, respectively.

DCC companies remained cautious during the pandemic with decreased investments to sustain economic cashflow. The sub-sectors that were most affected were those in broadcasting and traditional media. Moving forward, this could lead to more efforts to spur investments in trending spaces of games and animation.

# Investment

**Investment by Type, RM billion (%), 2017 - H1 2022**



**CAGR '17-'21**

**8.4%**

**6.1%**

**8.7%**

Over the last 5 years from 2017 - 2021, the growth in operational expenditure (OPEX) investments has outpaced CAPEX, at 8.7% against 6.1%, respectively. This trend continues in H1 2022, with OPEX representing 86% of the total investments.

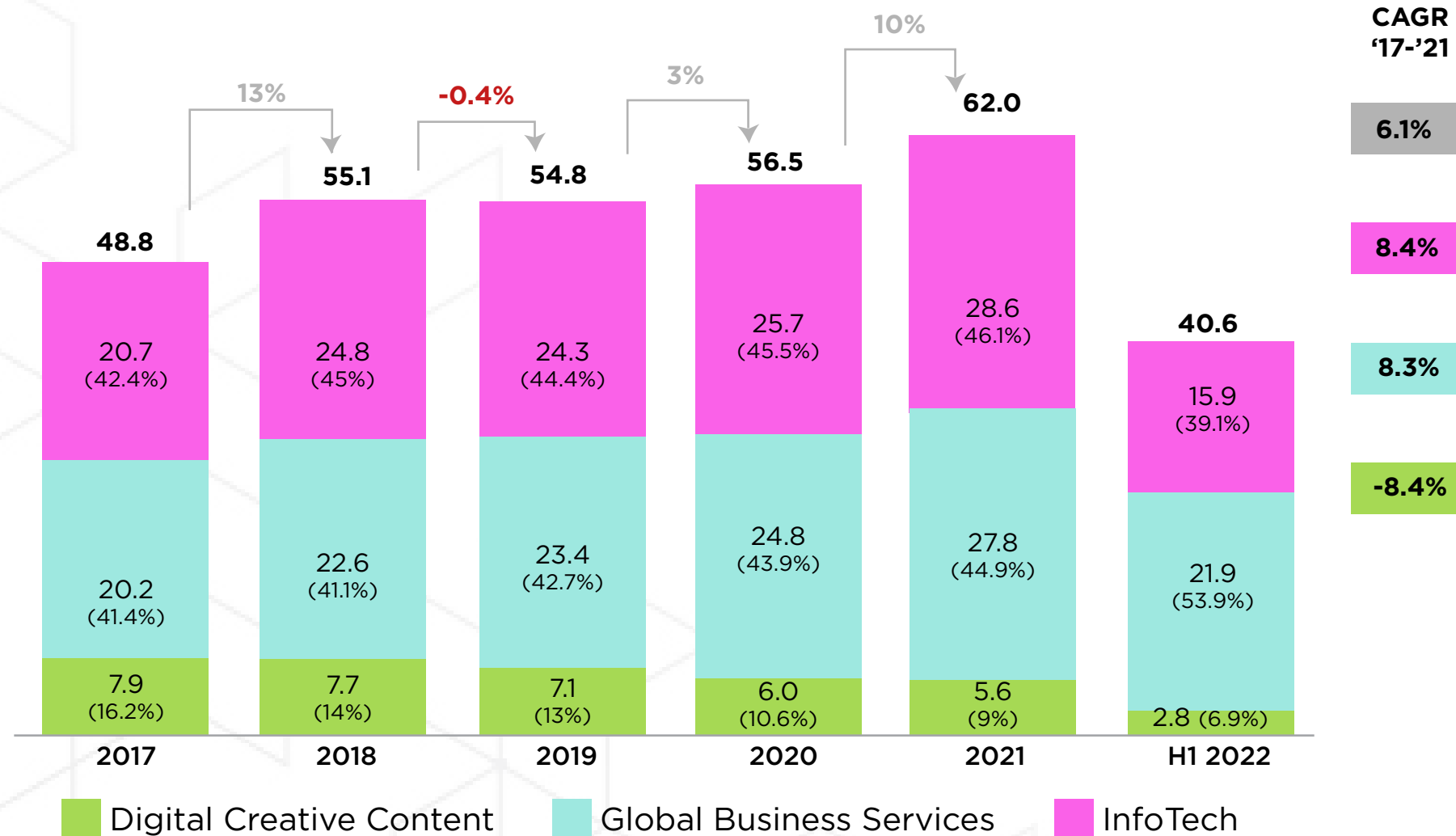
As a breakdown of total OPEX contributions by cluster, GBS contributed more than half of the total OPEX as at H1 2022, while InfoTech (35.1%) and DCC (10.2%) follow suit.

Compared to the previous year, Capital Expenditure (CAPEX) investments by MD companies reached almost 70% by the first half of 2022, fuelled by greater investor confidence during the period. OPEX, on the other hand has achieved 53.5% of the previous year as at H1 2022.

# Revenue



Revenue by Segment, RM billion (%), 2017 - H1 2022



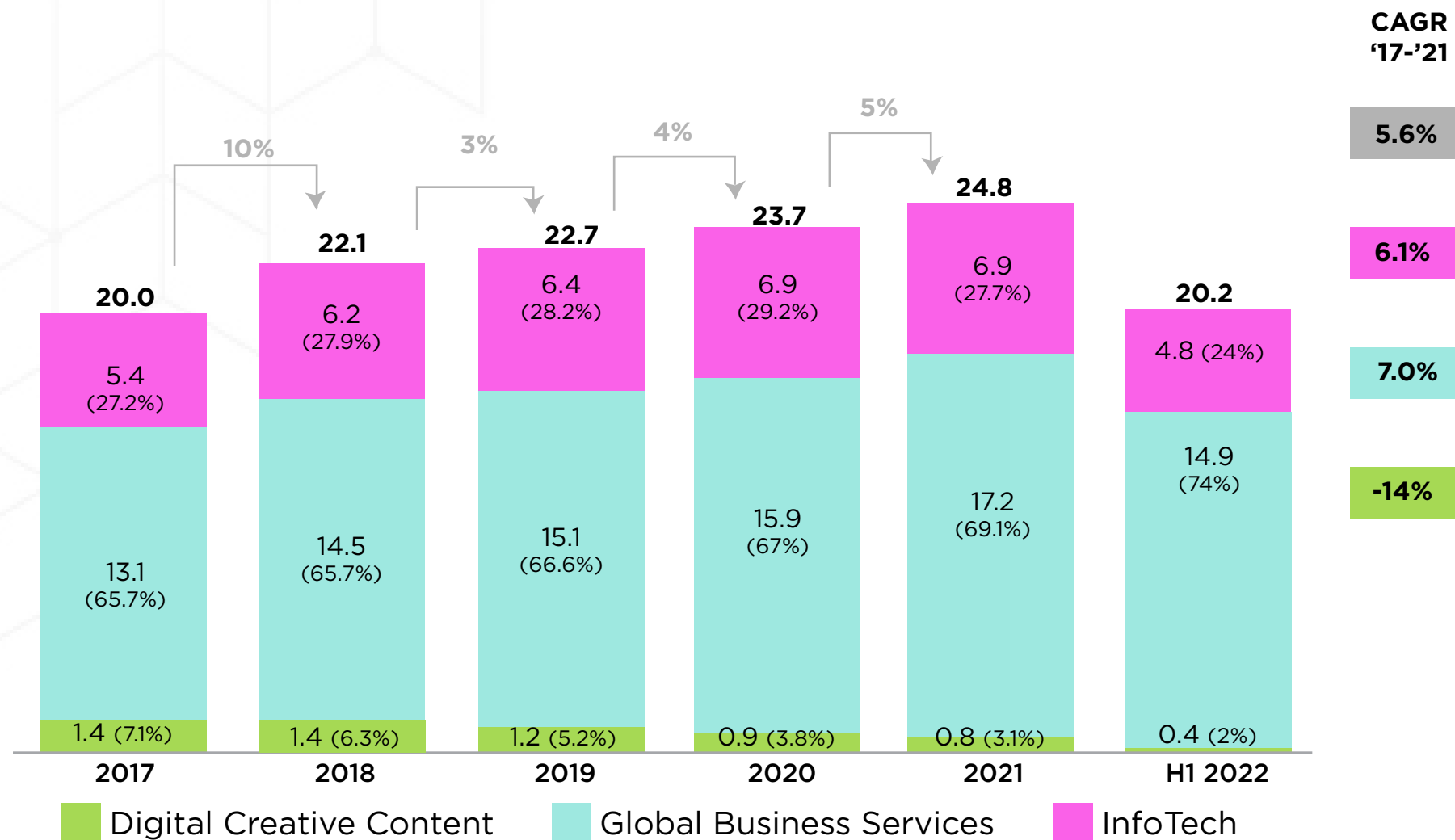
A total of RM40.6 billion in revenue was recorded by MD companies as at H1 2022. This represents more than 65% of the total revenue generated in the previous year.

All clusters are on track to improve their performance in 2022 with positive percentage progress recorded for GBS (79%), Infotech (56%) and DCC (51%) when compared against overall 2021 figures.

Over the previous 5 years, the total annual revenue has grown at a CAGR of 6.2%. GBS and InfoTech clusters continue to grow at a similar rate of 8.3% and 8.4% CAGR, respectively, while the revenue generated by the DCC cluster has been decreasing at an average rate of 8.4% over the period due to the tech disruption affecting linear broadcasters and traditional distribution, leading to competition from Over The Top (OTT) platforms and an increasingly crowded broadcast market.

# Exports

**Export by Segment, RM billion (%), 2017 - H1 2022**



MD companies derived close to half of their total revenues from export sales.

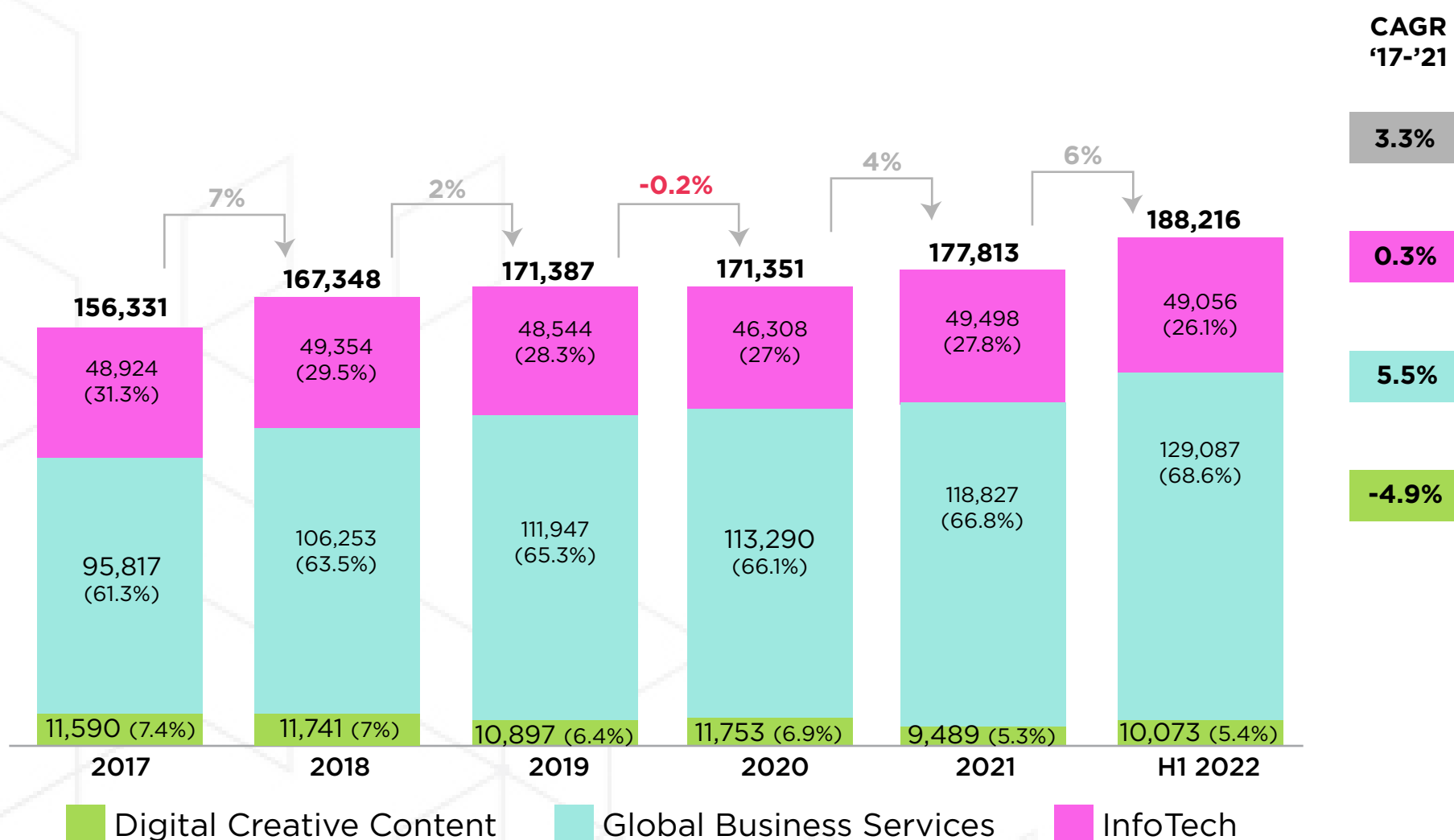
The GBS cluster continued to contribute the lion's share of the total export value at RM14.9 billion, or 74% of the total.

The GBS and InfoTech cluster looks set to exceed the previous year's performance, with the clusters already achieving 87% and 70.4% of their 2021 export sales, respectively, in the first half of the year.

Over the previous 5 years from 2017 to 2021, total export sales grew by a CAGR of 5.6%, driven by the moderately strong growth of GBS, and InfoTech.

Export sales in the DCC cluster were clearly affected by stricter border controls and increased regulations during the pandemic period. In addition, there was also the Children's Online Privacy Protection Rule (COPPA) that impacted the content industry for YouTube distribution of studios largely catering to the children segment. However, figures in H1 2022 seems to indicate that export sales in DCC is starting to recover again, particularly in the trending sub-sectors of games and animation.

**Total Jobs by Segment, Number of Persons (%), 2017 - H1 2022**



MD companies employed a total of 188,216 talents as at H1 2022.

From 2021 to H1 2022, there was an increase of 10,403 jobs, representing a growth of almost 6% over a 6-month period. This is significantly higher than the 5-year (2017-2021) CAGR of 3.3%. GBS took the lead, thanks to investor-friendly policies and availability of skilled talents.

Consistent with workforce contraction trends among tech firms globally, Infotech companies have been conservative in their hiring in H1 2022.

The reduction of employees at a rate of 4.9% CAGR in the DCC cluster was primarily due to the negative effect of the pandemic on some large companies in the broadcasting and traditional media space. The prolonged lockdown has also increased the dependency of companies on hiring freelancers to support their operations. However, the slight increase of employees in H1 2022 indicates positive signs of hiring in this space again.



**Total Jobs by Type, Number of Persons (%), 2017 - H1 2022**



Out of the total 188,216 jobs recorded by MD companies in H1 2022, 87% are Malaysian talents, while 13% are foreign talents.

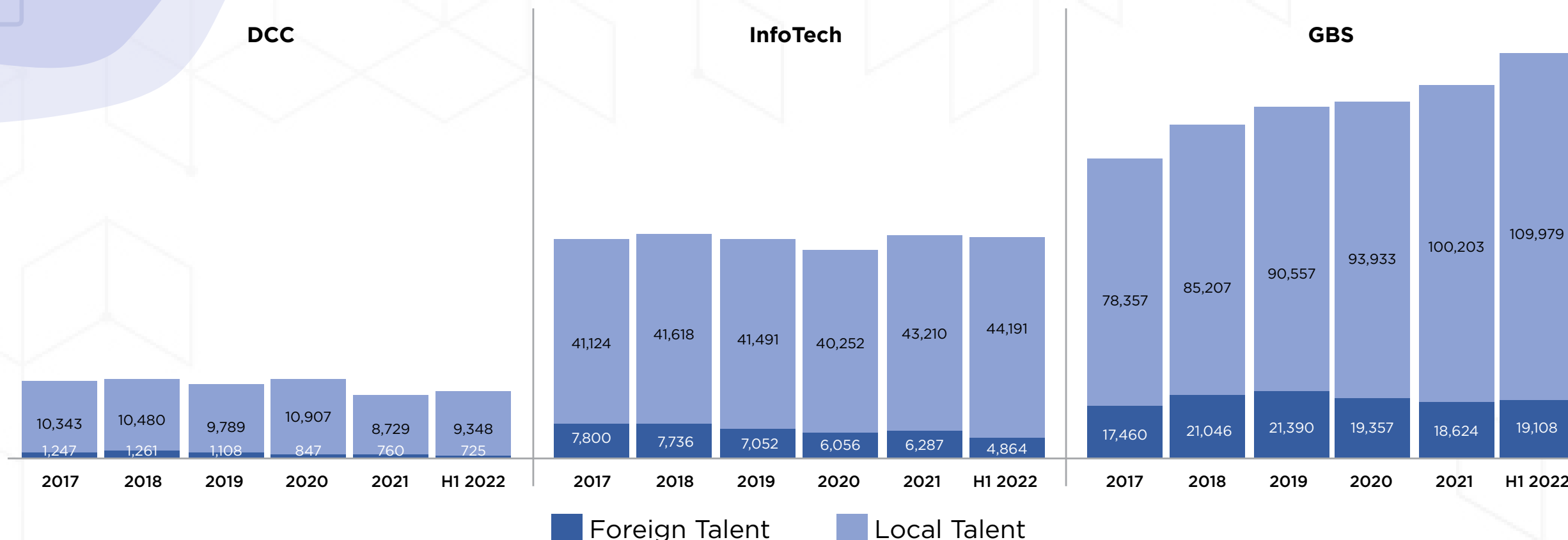
H1 2022 saw a sustained trend in the hiring of more local versus foreign talents. In fact, the net increase in MD Status workforce between 2021 and H1 2022 was made up entirely by Malaysian talents. This is attributed to extended border closures coupled with hiring incentives by the government.

The growth in local talents in MD companies has been a consistent trend with a healthy 4% CAGR in 2017-2021, while the number of foreign talents has been declining at a CAGR of 0.8%. This is a testimony of the Malaysian government's long term commitment to developing industry-relevant local talents.

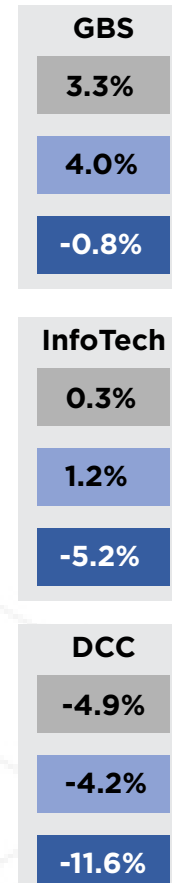
# Jobs



**Total Jobs by Type and Cluster, Number of Persons (%), 2017 - H1 2022**



CAGR '17-'21



Diving deeper into the data, H1 2022 saw an increase in the number of local talents being employed across all clusters. A total of 11,377 new local jobs were created, driven primarily by the rapid hiring in the GBS cluster which contributed 86% of the total, followed by InfoTech and DCC at 8.6% and 5.4%, respectively.

Job growth as at H1 2022 has shown promising trends of recovery post-Covid as MD companies begin to re-hire to accommodate for increased demand for digital goods and services.

Encouragingly, increased government efforts on developing digital skills have resulted in increased job opportunities for local talent.

Across the 5 years between 2017-2021, the reliance on foreign talent has reduced across InfoTech and DCC. While the GBS cluster shows a positive CAGR of 1.6%, we begin to see a decline in their foreign talent reliance from 2019 onwards.

[www.mdec.my](http://www.mdec.my)



Malaysia Digital Economy Corporation Sdn Bhd 199601016995 (389346 - D)

2360 Persiaran APEC, 63000  
Cyberjaya,  
Selangor Darul Ehsan, Malaysia

Tel: +603-8315 3000  
Email: [clic@mdec.com.my](mailto:clic@mdec.com.my)  
Toll Free No: 1-800-88-8338  
Fax: +603-8315 3115



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