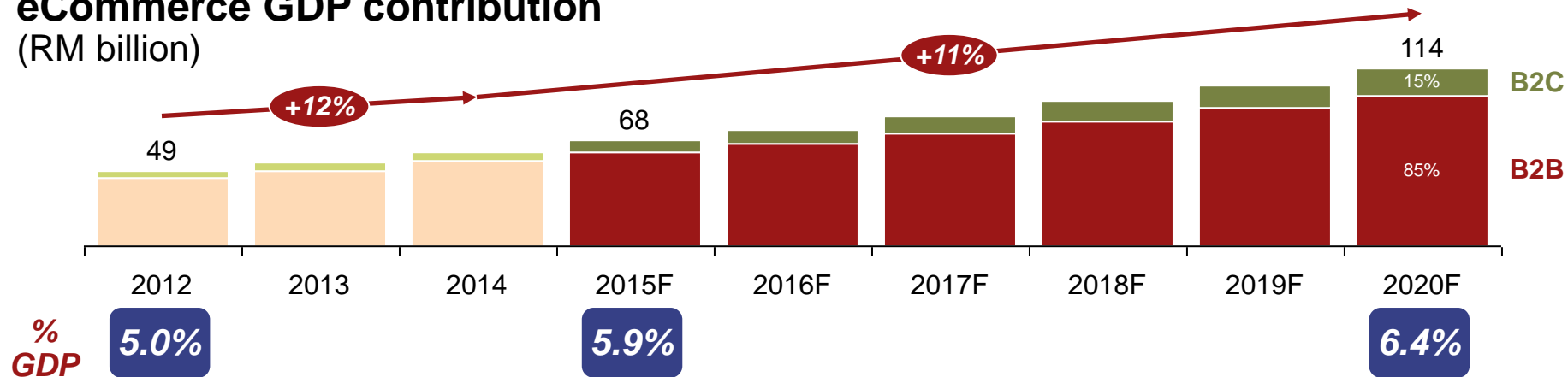


National eCommerce Strategic Roadmap Overview

Page 1 2 3 4

In this context, Malaysian eCommerce is projected to grow at 11% CAGR. However, there is potential to double this growth

eCommerce GDP contribution (RM billion)



Additional government interventions will drive higher GDP contribution

Critical Success Factors

Favorable demographic & economic trends



Ready infrastructure and ecosystem



Specific government interventions

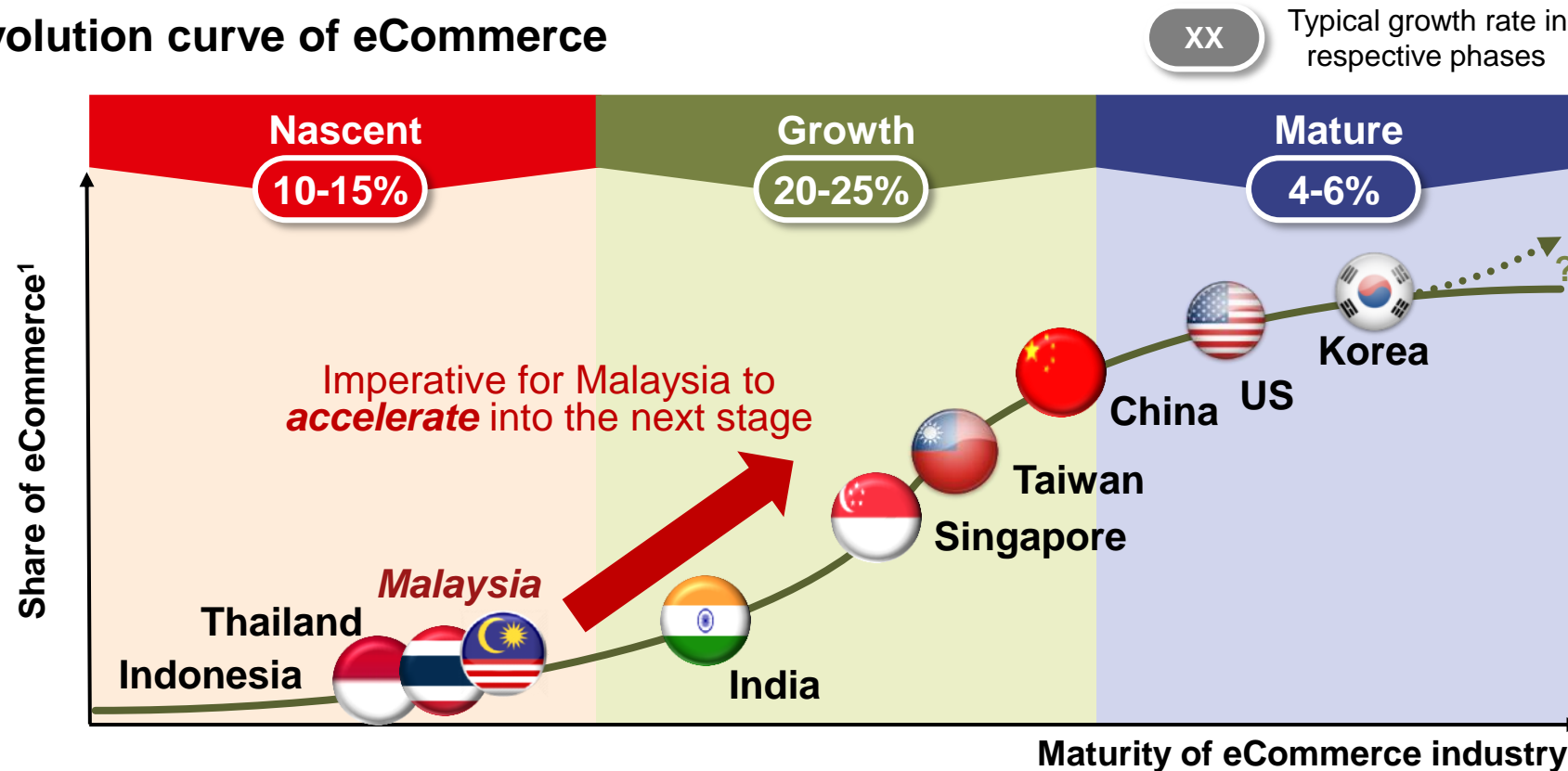


National eCommerce Strategic Roadmap Overview

Page 1 2 3 4

Malaysian eCommerce is now at an inflection point; growth can be accelerated with focused interventions

Evolution curve of eCommerce

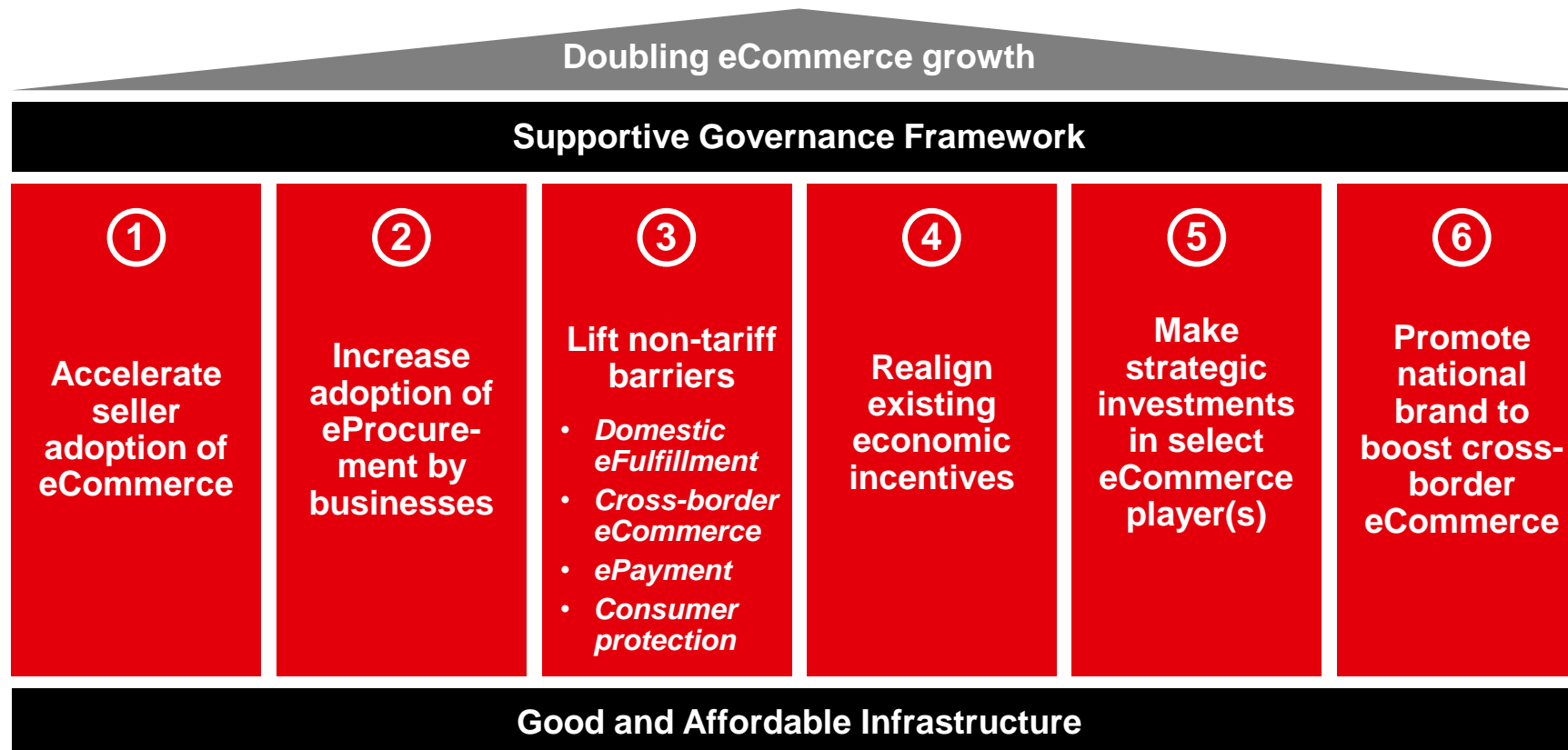


1. Estimated transactions in B2C and B2B
Source: A.T. Kearney

National eCommerce Strategic Roadmap Overview

Page 1 2 3 4

To accelerate eCommerce growth, 6 thrust areas have been identified under the National eCommerce Strategic Roadmap
Malaysia's National eCommerce Strategic Roadmap

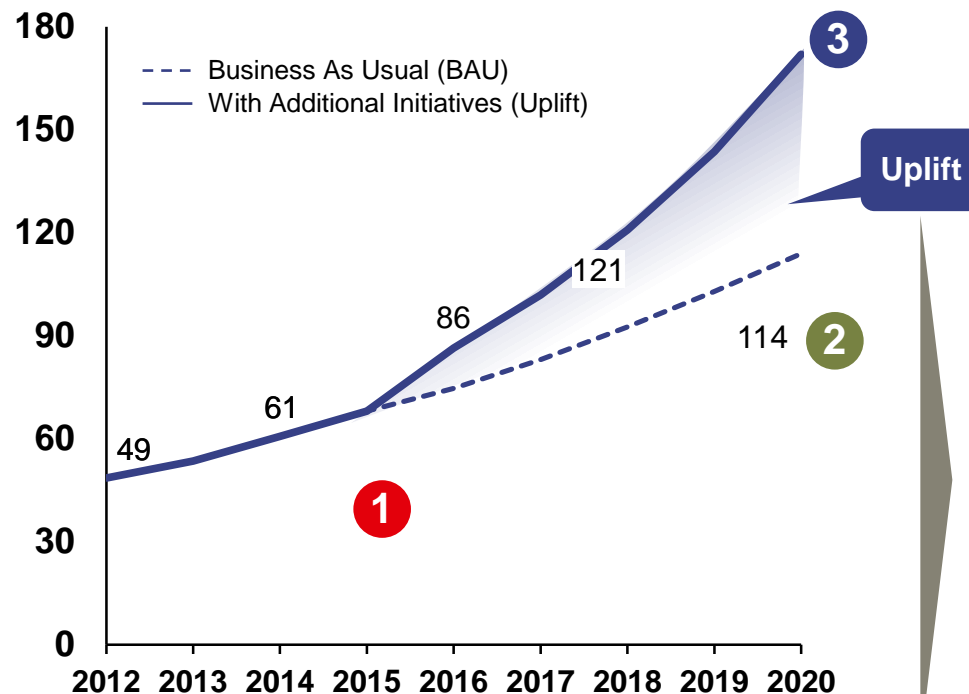


National eCommerce Strategic Roadmap Overview

Page 1 2 3 4

These interventions can double eCommerce growth and drive eCommerce GDP contribution to cross RM 170 Bn by 2020

The trajectory path of eCommerce
(MYR Bn.)



	1	2	uplift → 3
	2015 Current	2020 Business As Usual	2020 With Intervention
eCommerce contribution, MYR Bn.	68	114	170+
eCommerce growth ¹ , CAGR %	12.8 2012–15	10.8 2015–20	20.8 2015–20

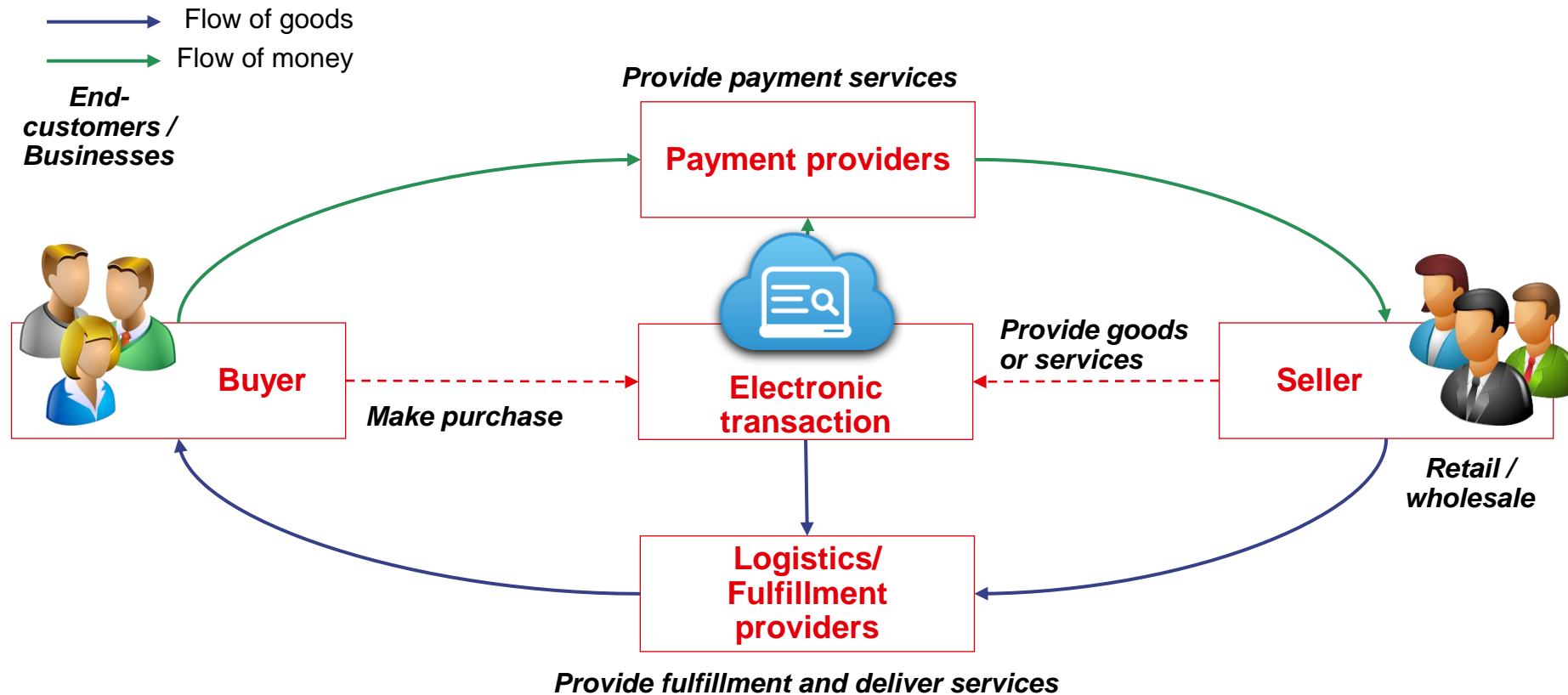
DOUBLE current growth projection

eCommerce for SME

Page 1 2 3

eCommerce is a new way of doing business – to conduct transactions electronically

eCommerce ecosystem



eCommerce for SME

Page 1 2 3

eCommerce brings tremendous benefits for SME

Build capabilities



eCommerce outgrow offline
business by...

13X
(2013-14)

Boost productivity



eCommerce
productivity¹
vs. traditional

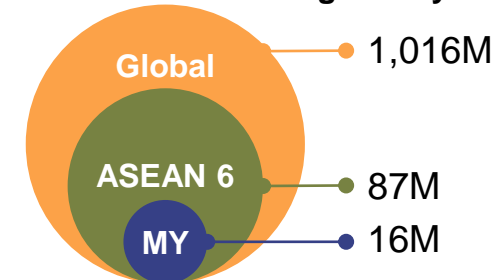
+15%
B2B

+80%
B2C

Expand market access



of digital buyer²



1. Total sales revenue divided by employment

2. 2013 estimates. 2013 estimates; ASEAN 6: Philippines 25M, Vietnam 24M, Malaysia 16M, Thailand 14M, Indonesia 5M, Singapore 3M

Sources: Euromonitor, The Star, HBR, CEER, Company websites and annual reports, A.T. Kearney analysis

eCommerce for SME

Page **1** 2 3

What should you as an SME do?

Study the opportunities!



Learn more about various eCommerce channels and decide which is most suitable

Take action!



Try selling your best product and build capability from there

Reach out for support!



Connect with partners and agencies to support your eCommerce ambition

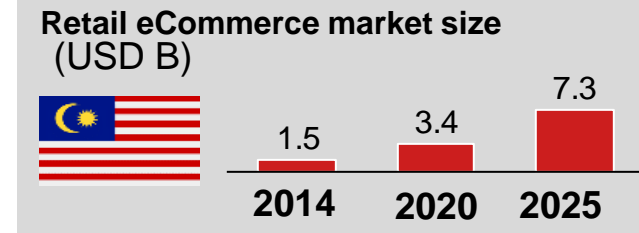
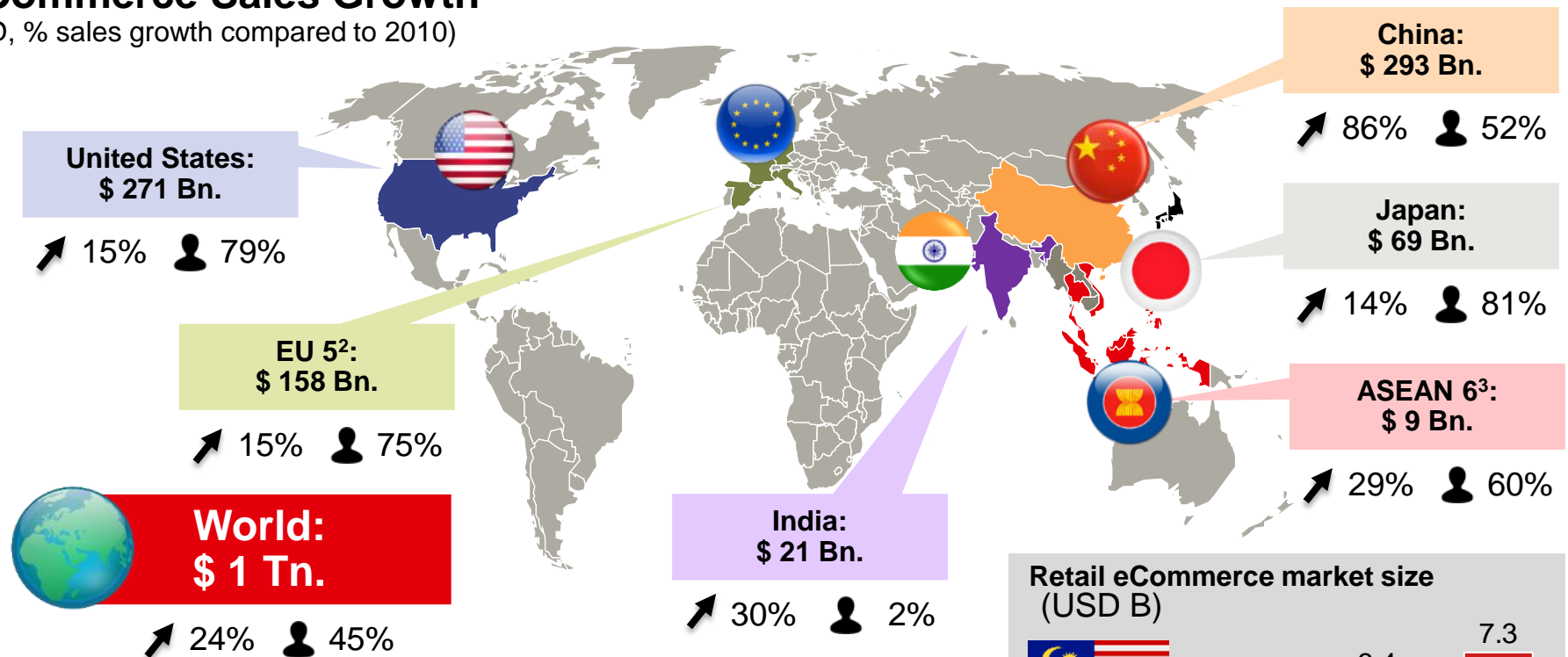
eCommerce for Consumer

Page 1 2 3

B2C eCommerce experience high growth in the past 5 years, Malaysia market is expected to grow to US\$ 3.4 billion by 2020

B2C eCommerce Sales Growth

(2015, USD, % sales growth compared to 2010)



\$ eCommerce Sales ↗ Sales Growth 👤 Online Buyer Penetration

1. Retail value RSP excluding sales tax

2. Includes Germany, France, U.K., Italy and Spain

3. Includes Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

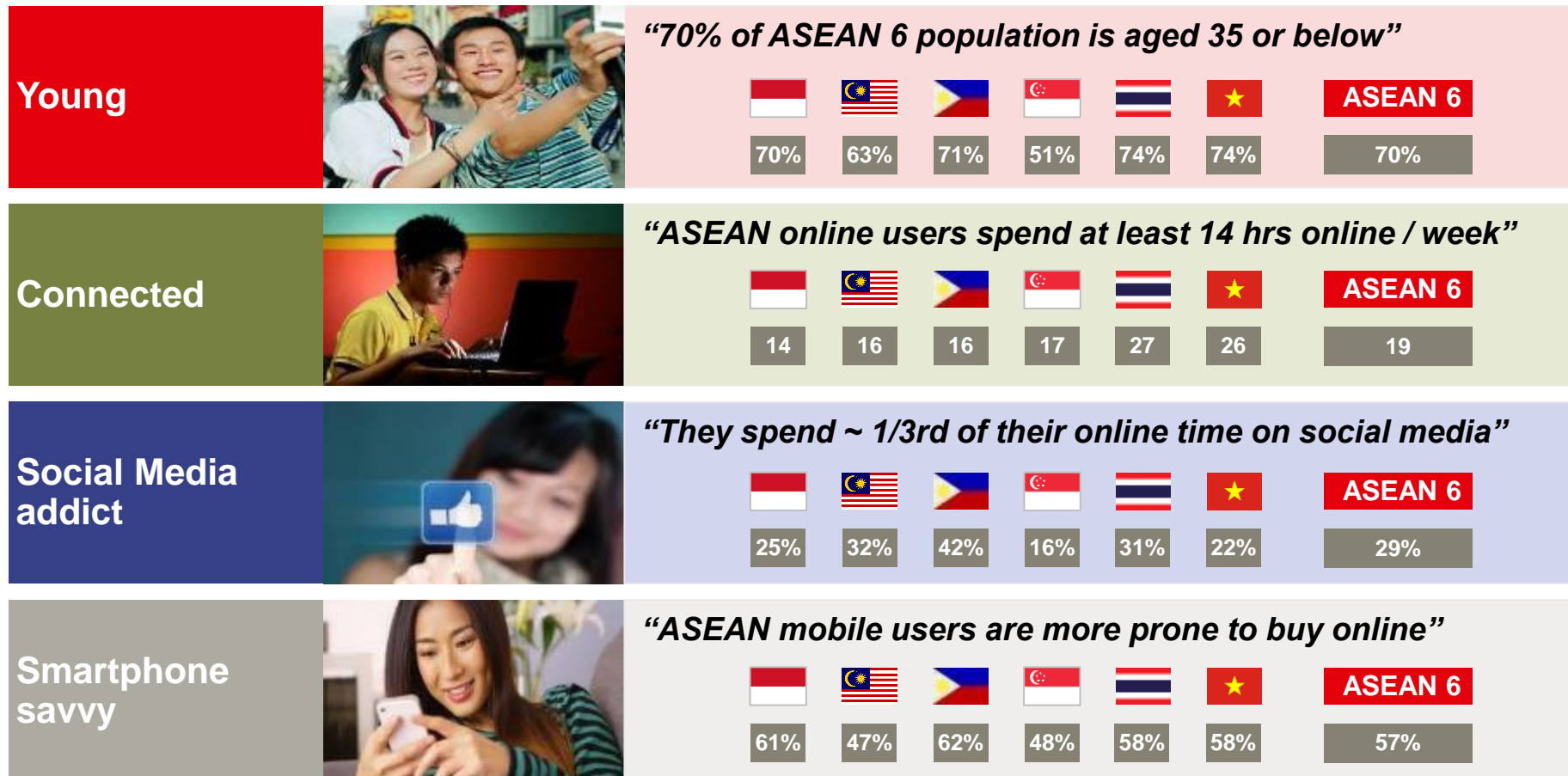
Source: Euromonitor, Statistica, A.T. Kearney estimates

eCommerce for Consumer

Page 1 2 3

Southeast Asia's strong online culture is driving consumer behavior towards eCommerce

Internet culture in Southeast Asia



eCommerce for Consumer

Page 1 2 3

While eCommerce offers lower cost and higher convenience, consumers should be careful to transact online

Best practices in transacting online

	Compare prices	Know the market rate and be-careful with low pricing
---	-----------------------	--

	Choose reliable websites	Make purchase only through a secure and trustworthy website
---	---------------------------------	---

	Check the business's background	Verify business activities through address/ license number with CCM ¹
--	--	--

	Consider the hidden costs	Consider the total cost and value of goods in local currency
--	----------------------------------	--


	Check testimonials	Get feedback from other customers to ensure reliability of the seller
---	---------------------------	---

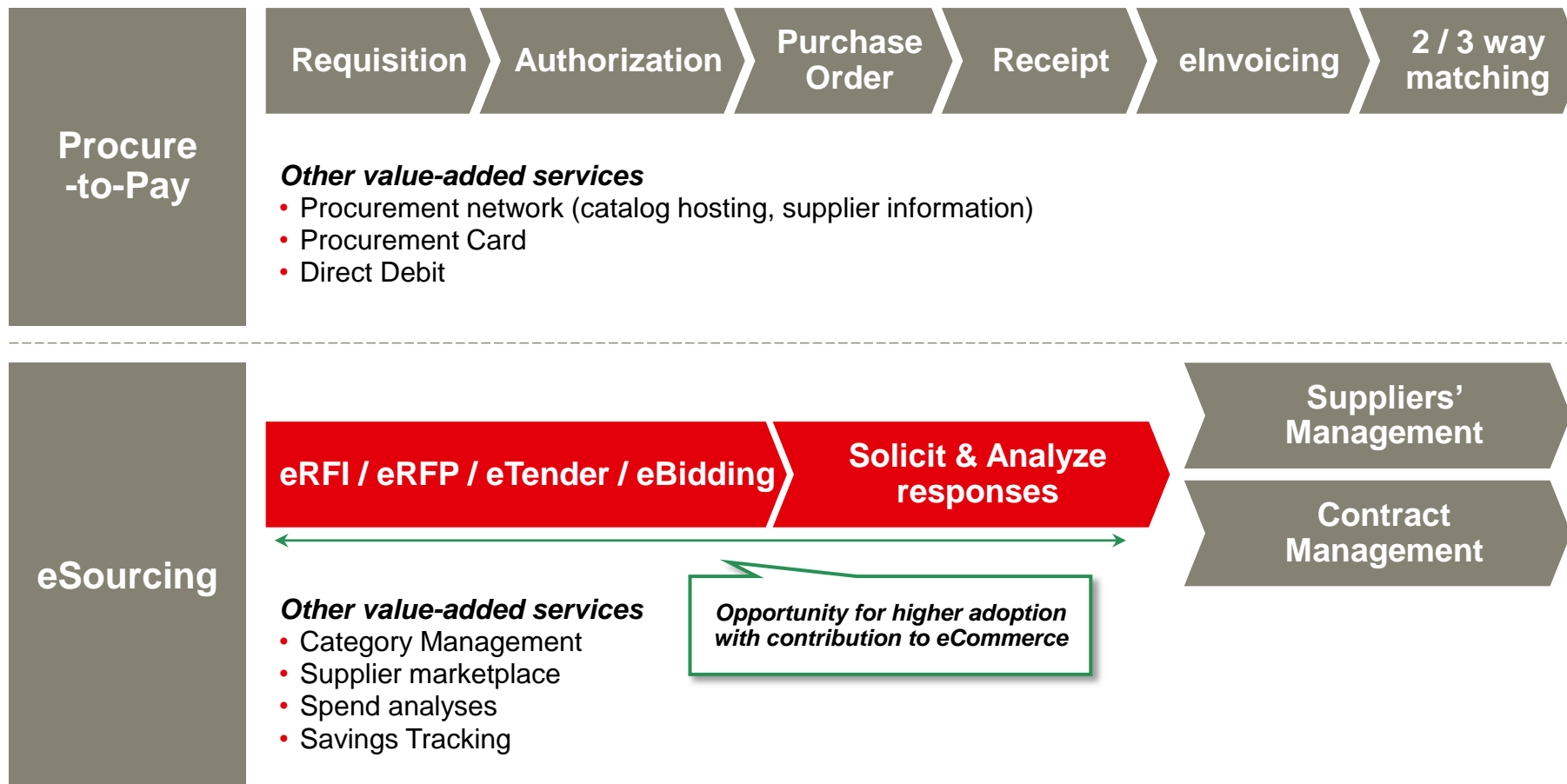
	Obtain seller's personal details	Contact the seller to confirm purchases
---	---	---

1. CCM = Companies Commission of Malaysia
Source: kpdnkk.gov, A.T. Kearney

Conducting eSourcing is critical to increase B2B eCommerce

Typical capabilities in eProcurement Solutions

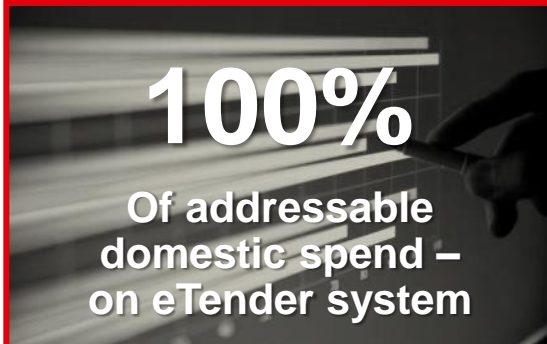
 Electronic Process /
Contributes to eCommerce



eCommerce for B2B Buyer

Page 1 2 3 4

Case study: Tenaga Nasional Berhad has on-boarded >9,000 of its suppliers since 2014
Scaling eProcurement adoption successfully

**Mandating eTender spend...**

- **Key success factor** for high adoption rate is simple - **making this process mandatory**, without a parallel manual submission option
- eTender is mandatory for procurement with value of RM20k and above
- 35% - 40% of overall procurement spend through eTender

...while on-boarding large supplier base...

- **Key challenges** to overcome :
 - **SMEs' mindset** & level of ICT adoption
 - Internal & external **process change management**, and
 - Ensuring **system interoperability**
- On-boarded via general info sessions, with follow-up hands-on training (nominal fee of RM 700).

...to achieve greater savings and productivity

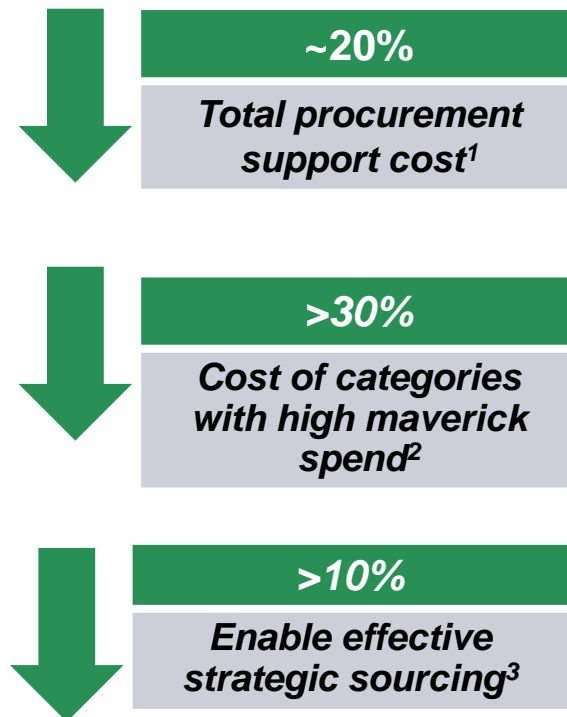
- Overall, **increased productivity**, **reduced paper workload**
- On **switching to ePO system** alone, estimated savings of RM 7.2 Mn:
 - RM 60 per PO saved (**factoring in paper, handling and time delay costs**) for ~120K POs annually

eCommerce for B2B Buyer

Page 1 2 3 4

Benefits from eProcurement adoption from both global and local adopters are well documented

Benefits from eProcurement solutions – global benchmark



Benefits from eProcurement solutions – local adopters

"We have **already launched our eProcurement initiative** back in 2014 – and took specific measures to ensure our active supplier base (8,000 – majority of which are SMEs) are **onboarded to the mandatory program**. ... Our savings just from switching to ePO itself is >RM 5 Mn per year"

Chief Procurement Officer, GLC



"We embarked on eProcurement Transformation journey to drive:

- **Single policy, process, system and tool** for our entire group
- **Integrated platform** for subsidiaries in multiple countries
- Ability to conduct **integrated spend analysis**, and drive strategic sourcing

Chief Procurement Officer, GLC

1. Global, automated, processes incorporating best practices and eliminating unnecessary activities
2. Better management information and adherence to pre-negotiated supplier agreements
3. High quality detailed management information enables identification of cost saving opportunities through supplier spend consolidation
Source: Gartner, PWC, A.T. Kearney

What should you as an B2B 'buyer' do?

Study the opportunities!


1



Learn more about various eProcurement solution provider and decide which is most suitable for your business

Reach out for support!

2



Contact the solution providers to walk you through their systems

eCommerce for Logistic & eFulfillment Player

Page 1 2 3 4

eFulfillment plays a critical role in shaping the customer and end-consumer experience
eCommerce value chain



1 Domestic eFulfillment

To improve domestic eFulfillment service levels that are aligned with customer expectations

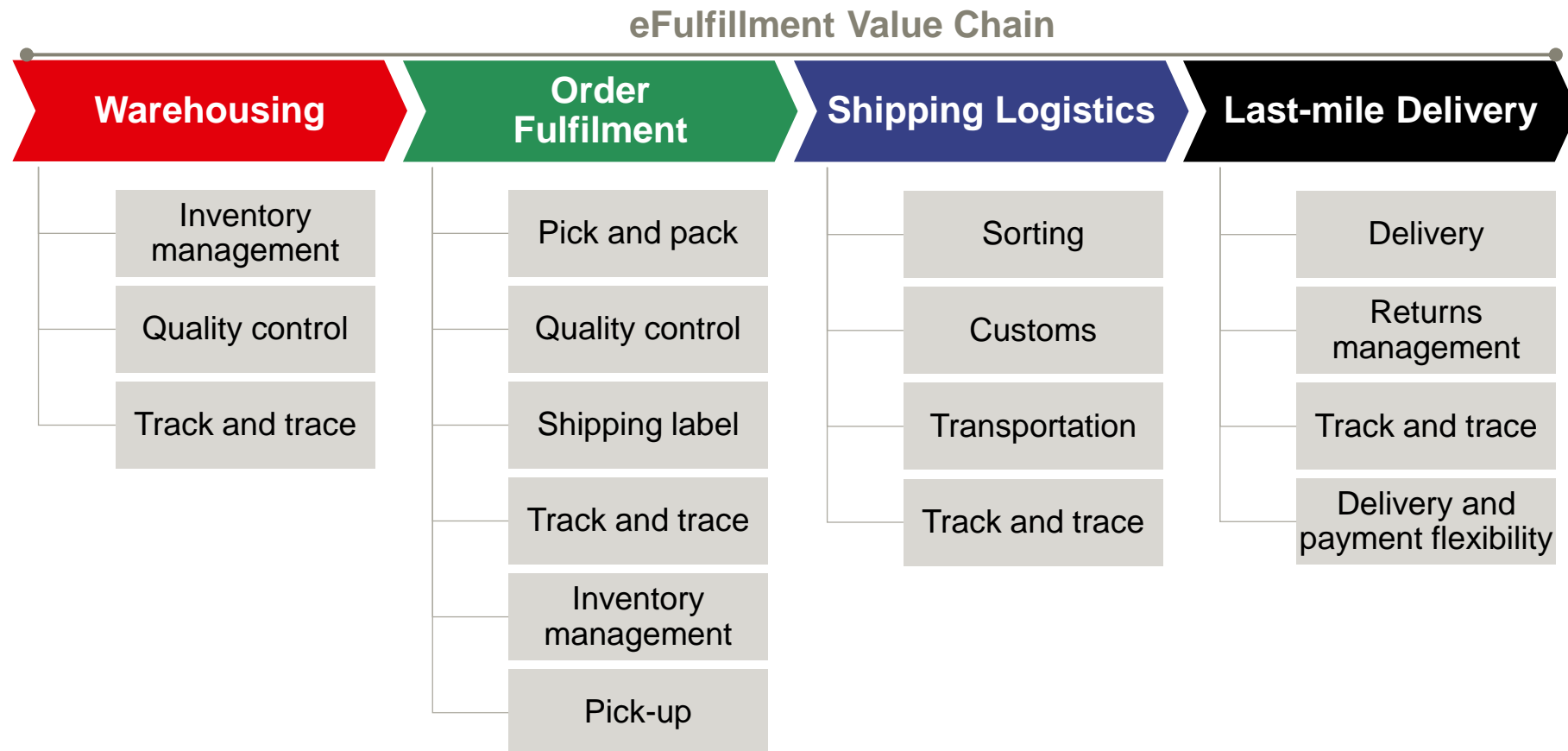
2 Cross-Border eCommerce

To improve service levels to ensure swift and efficient flow of cross-border goods

eCommerce for Logistic & eFulfillment Player

Page 1 2 3 4

To facilitate eCommerce growth, eFulfillment players need to invest across warehousing to last-mile



End-to-end fulfillment players can potentially provide three key benefits for Malaysia eCommerce

Case Study

Provide end-to-end eFulfillment capabilities



- Flexible Pick-Up Timings
- Packing Solutions
- Inventory Management and Fulfillment Solutions
- Transportation and Warehousing
- Flexible Last-Mile Delivery Options
- Payments on Delivery
- Returns Management

Enable cross-border eCommerce



- SMEs to **extend their reach towards new markets**
- **Network of partnership** to ease the burden of cross-border fulfillment

Value-added services to help merchants sell online

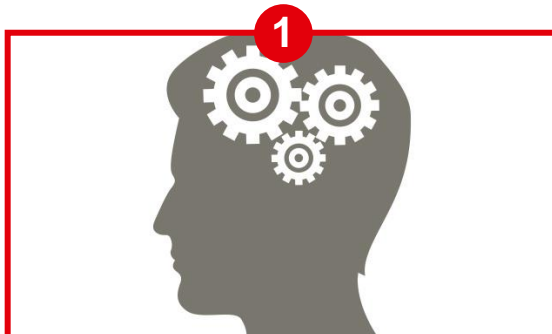


- Web-Hosting Services
- Training / Consulting Services for getting products online (e.g. Product Cataloguing)
- Customer Care
- Digital Marketing

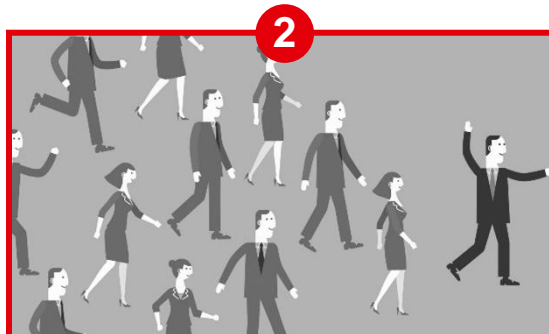
eCommerce for Logistic & eFulfillment Player

Page 1 2 3 4

What should you as a Logistics & Fulfillment Player do?

Study the opportunities!

Learn more about the best-in-class capabilities required to succeed in eCommerce

Take action!

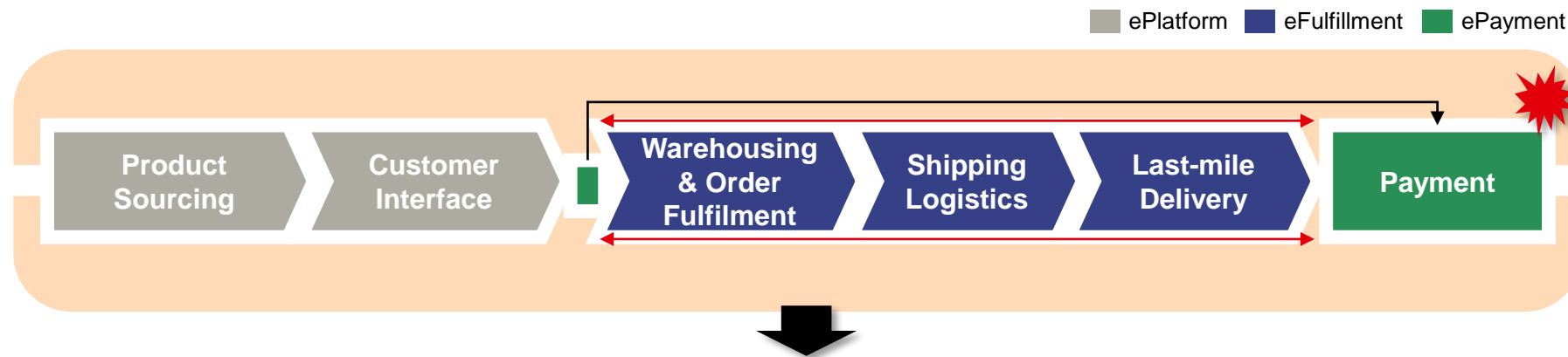
Kick start strategic intent and pilot key initiatives in your respective organizations

Reach out for support!

Connect with partners and agencies to support your eFulfillment ambition

ePayment plays a critical role in shaping the customer and end-consumer experience

eCommerce value chain



Payment

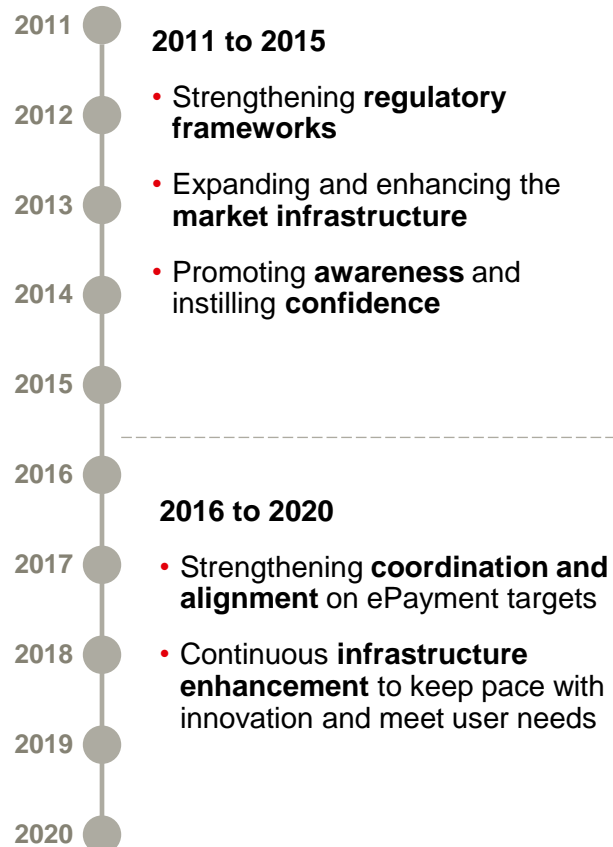
To further encourage consumers to **migrate from cash to secured ePayments**

eCommerce for Payment Provider

Page 1 2 3 4






Malaysia has launched efforts to increase the use of IBG and debit cards to spur migration to ePayment

ePayment National Agenda



Note: IBG – Inter-Bank Giro; MDR – Merchant Discount Rate
Source: Bank Negara Malaysia, A.T. Kearney

Key instruments to migrate to ePayment

Levers	Credit transfer to displace cheques	Debit card to displace cash
 Price signal	<ul style="list-style-type: none"> • IBG (Max. of 10 sen) • IBFT (Max. of 50 sen) 	<ul style="list-style-type: none"> • Ceilings for interchange fee • Unbundling of MDR
 Quality & value proposition	<ul style="list-style-type: none"> • Faster crediting time for IBG • Payment details in bank statement • Future-dated IBG 	<ul style="list-style-type: none"> • Contactless feature • Added security with the adoption of chip & pin verification
 Access points	<ul style="list-style-type: none"> • Credit transfer accessible via online banking and ATM 	<ul style="list-style-type: none"> • 800,000 terminals by 2020
 Market incentive structure	<ul style="list-style-type: none"> • ePayment Incentive Fund 	<ul style="list-style-type: none"> • Market Development Fund
 Awareness & confidence	<ul style="list-style-type: none"> • ePayment roadshows • Media engagements • Workshops • Strengthening security requirements 	<ul style="list-style-type: none"> • ePayment roadshows • Media engagements • Township campaigns • Strengthening security requirements

eCommerce for Payment Provider

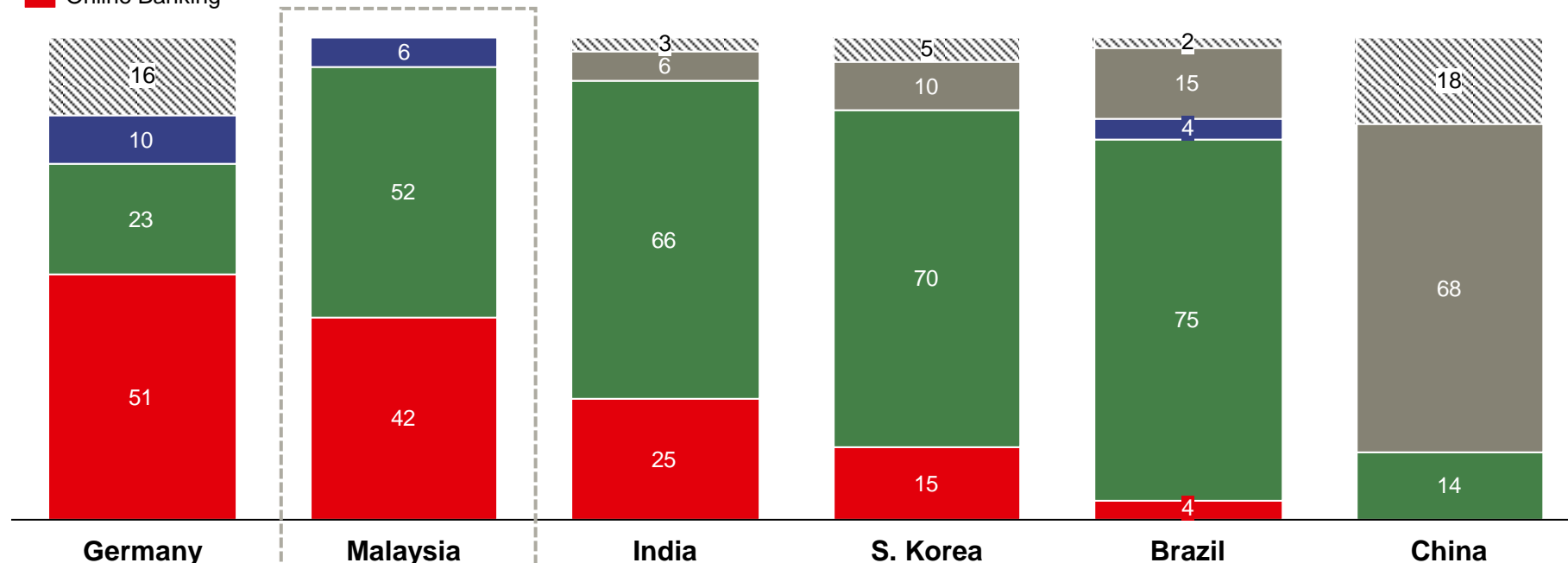
Page 1 2 3 4

Malaysia's eCommerce transactions is largely around online banking and credit/ debit card transaction

Payment methods for eCommerce transactions

%, 2015

- Others
- Local Offerings (e.g. eWallets)
- PayPal
- Credit / Debit Card
- Online Banking



Source: Company websites, Press releases, The World Bank, Adyen Research, A.T. Kearney

eCommerce for Payment Provider

Page 1 2 3 4

What should you as a Payment Provider do?

Study the opportunities!




Learn more about the latest innovations in ePayment required to succeed in eCommerce

Take action!



Kick start strategic intent and pilot key initiatives in your respective organizations

Reach out for support!



Connect with partners and agencies to support your ePayment ambition

eCommerce for Platform Player

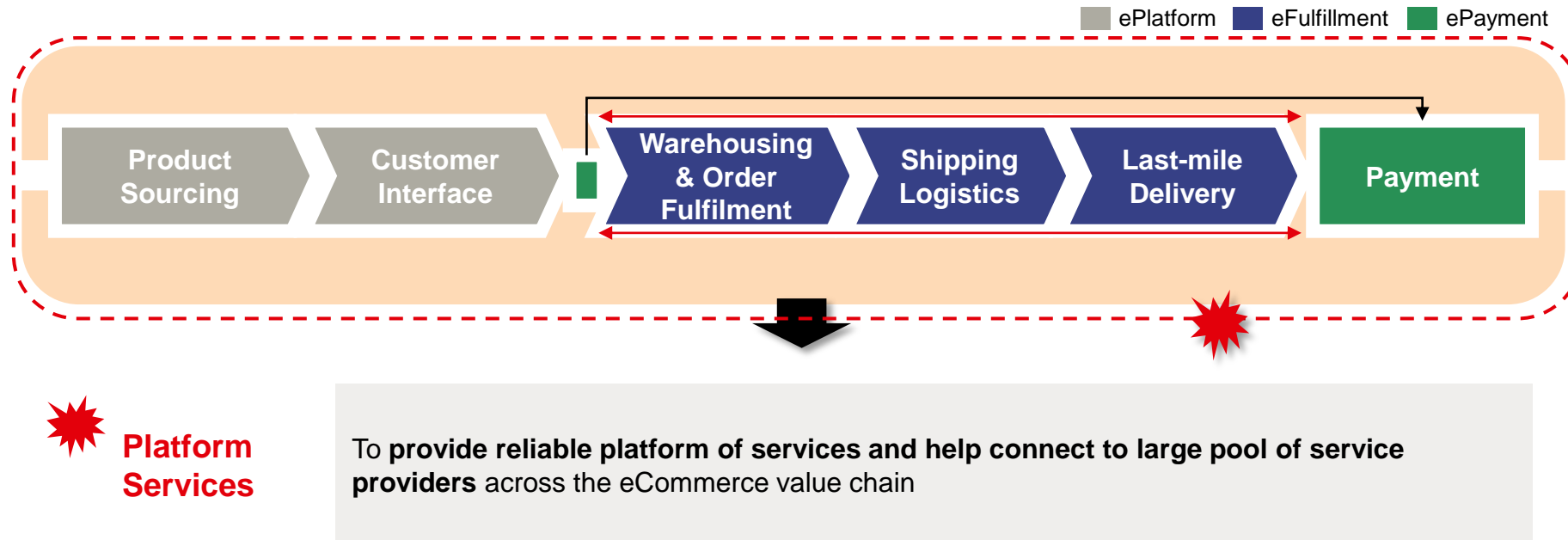
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Platform Player plays a critical role in shaping the customer and end-consumer experience

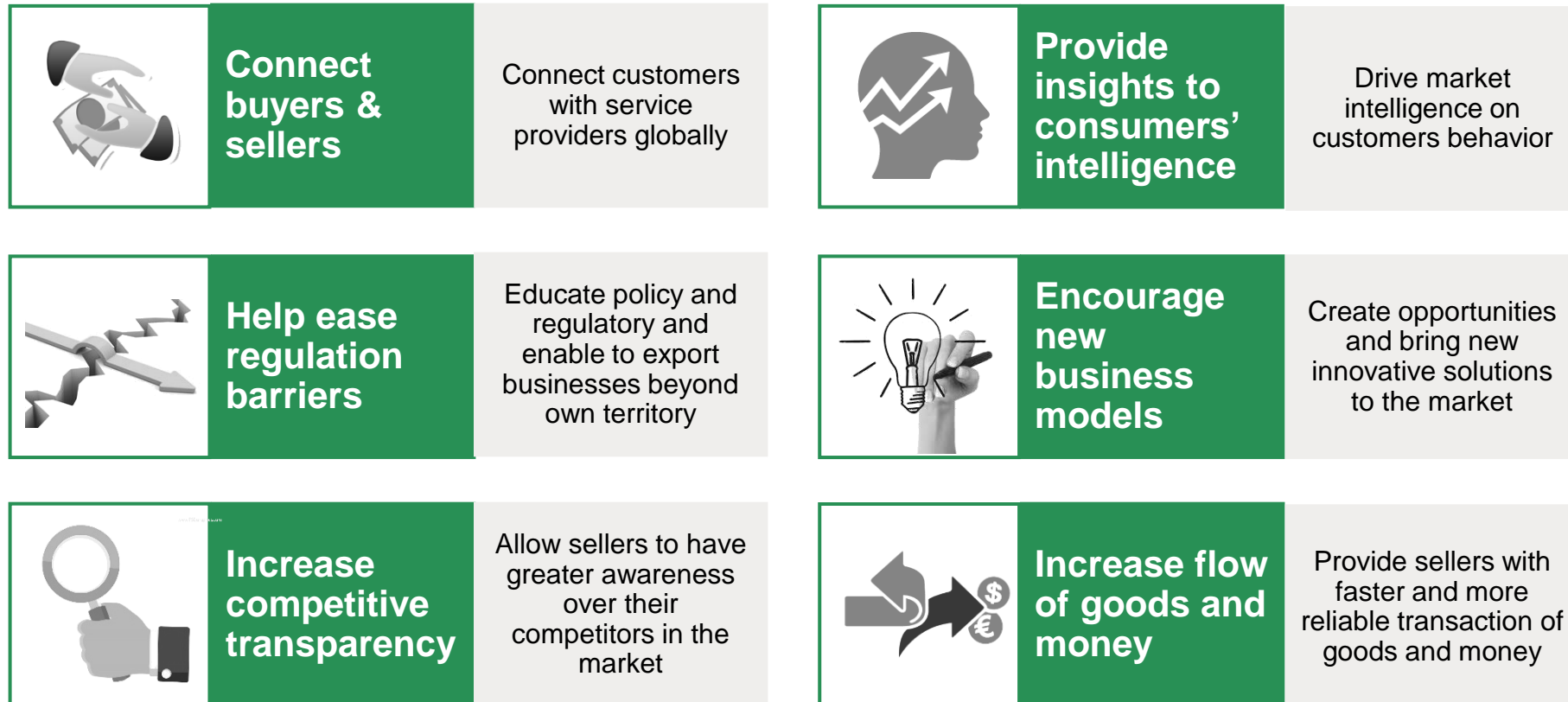
eCommerce value chain

eCommerce for Platform Player

Page 1 2 3

Platform Players are especially important to support SMEs to embrace the 'new way of business'

Value added services from Platform Players



eCommerce for Platform Player

Page 1 2 3

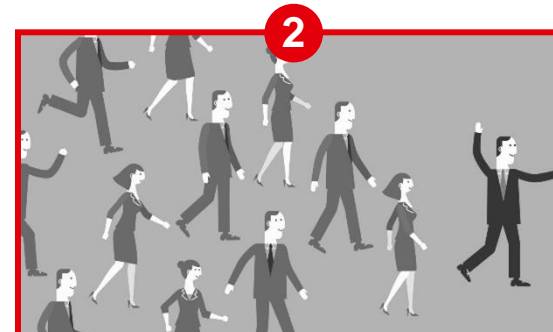
What should you as a Platform Player do?

Reach out for support!



Connect with partners and agencies to reach out to and equip SMEs

Take action!



Kick-start strategic intent and pilot key initiatives to improve customer experience in your respective organizations



**Any ideas, feedback or potential collaboration
write to myecommerce@mdec.com.my**