

Forum on Outsourcing

9th – 10th August, 2007, Sheraton Utama Hotel

Press Release

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Outsourcing Potential For Small Enterprises

By P Marilyn

[Bandar Seri Begawan](#) - The Ministry of Industry and Primary Resources is working with other government bodies in partnership with the private sector to further improve the policy, regulatory and administrative environment and to identify and allocate niche areas that will facilitate the development of competitive enterprises, especially those engaged in outsourcing activities.

Deputy Minister of Industry and Primary Resources, Dato Paduka Haji Hamdillah bin Haji Abdul Wallah, said this in his keynote address during the outsourcing forum held yesterday at the Mutiara Ballroom, Sheraton Utama Hotel in the capital.

The estimated global outsourcing industry has been valued between USD 600 billion and USD one trillion per year. Based on this figure, I would say that there is indeed a huge market potential in the outsourcing industry," said Dato Paduka Haji Hamdillah.

"Many countries have looked at the outsourcing industry as an avenue for growing their respective economies as well as enhancing their competitiveness," he said, naming India, China, the Philippines and the United States as some of the thriving players in the outsourcing industry.

He highlighted that outsourcing has become an important tool for governments, corporations or any institution in achieving their respective short and long-term objectives, fuelled by several factors such as developments in ICT the increasing liberalisation of trade, improving logistics and transportation.

Brunei Darussalam has a tradition of outsourcing in both government and corporations, he said, adding that in 2005-2006, outsourcing in both Special Expenditures (mm\$525) and RKN expenditures (mm\$485) amounted to about \$1 billion per year.

"On the domestic front, the government and large corporations in Brunei present the greatest avenues of outsourcing For SMEs. In my view, they can support the growth of SMEs by continually reviewing their long term strategies and objectives with a view to reducing costs further, increasing efficiency and the quality of products or services they provide," said Dato Paduka Haji Hamdillah.

"Such reviews will lead to outsourcing opportunities for SMEs as companies and the government zero-in on their core business and outsource the non-core elements of their business or function."

Another way of utilising outsourcing for developing SMEs is by taking advantage of the outsourcing potential in the regional and international market, that is, exporting

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of Brunei-made products or services as well as attracting outsourcing activities into Brunei, said the Deputy Minister.

He stated that the relatively high cost of exporting from Brunei should not be a limitation to develop competitive enterprises in that industry.

"We just have to work harder and smarter at finding niche markets that make use of our current strengths. That would include the Halal industry, specific industry sectors as in the tourism industry like nature tourism as well as in Islamic financial services," he said.

Noting the experience gained by Brunei oil and gas contractors from BSP, BLNG and Total Elf in Brunei as well as those already servicing companies abroad, the Deputy Minister believed that Brunei can grow a network of businesses that can meet the requirements of overseas customers.

"But we need to work together, identify the niche market, consolidate our resources and develop an economy of scale so that we stand a better chance of competing against the low cost service provider," he highlighted.

However, he also identified many challenges that will be faced by all stakeholders. Among them are questions on the transfer of intellectual property rights legal framework, capability of local SMEs to meet the requirements of outsourcer and individual capacity to deliver and work together.

"But in my view, those challenges present to us an opportunity to strengthen public-private sector partnership that is an essential foundation to achieving economic diversification," said Dato Paduka Haji Hamdillah. -- *Courtesy of Borneo Bulletin*

Outsourcing For Growth, Development Of SMEs

By P Marilyn

[Bandar Seri Begawan](#) - Over 130 small and medium entrepreneurs and senior corporate and government figures are discussing how outsourcing can be used in the growth and development of SME's.

To nurture and develop Brunei SMEs, the Ministry of Industry and Primary Resources in collaboration with Asia Inc Forum are holding the two-day forum on outsourcing that opened yesterday.

Deputy Minister at the Ministry of Industry and Primary Resources, Dato Paduka Haji Hamdillah bin Haji Abdul Wahab emphasised how outsourcing can contribute to the growth of SMEs.

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This forum is advantageous in terms of renewing or strengthening business links and in gaining new ideas and knowledge that can strengthen businesses and help open new windows of opportunity, said the deputy minister and guest of honour.

A guest speaker from Singapore, Mr Tan Tzann Chang, Programme Director, Institute of Systems Science, National University of Singapore, shared with the participants the key principles of outsourcing.

He said the benefits of outsourcing are lower cost, gaining access to talent, farming out activities that others can do better, increase business model flexibility, developing new products or services, developing new market segment expansion as well as geographical expansion.

He defined outsourcing as the 'delegation of non-core operations or jobs from internal production within an organisation to an external entity that specialises in that operation'. It is also 'a business decision that is often made to lower costs or focus on core competencies'.

A panel discussion brought together senior government and private sector figures who explored how outsourcing is being carried out in Brunei and what are the future areas, of its growth.

The forum followed with a one and a half day workshop for selected SMEs led by Mr Tan Tzann Chang.

The Outsourcing Forum is partnered by Baiduri Bank, BEDB, Brunei Shell Petroleum Company Sdn Bhd and Microsoft and supported by the Young Entrepreneur Association Brunei, organisations actively involved in nurturing SMEs to get to the next level. -- ***Courtesy of Borneo Bulletin***