Negeri Sembilan, Malaysia
Smarter Cities Challenge executive summary

Introduction
The state of Negeri Sembilan in Malaysia received a Smarter Cities Challenge® grant from IBM as part of its citizenship efforts to build a Smarter Planet®. During three weeks between 30 September 2013 and 17 October 2013, a team of six IBM experts from different disciplines and geographies worked with the Menteri Besar (Chief Minister), Dato’ Seri Utama Haji Mohamad Haji Hasan, and his team to tackle their goal of achieving a “developed state” status.

The challenge
The Chief Minister has proclaimed aggressive growth targets for his constituents and their supporting government agencies to achieve by 2020. Negeri Sembilan is in a unique situation because of its proximity to Kuala Lumpur (KL), but it does not want to be defined by this. The State wants and needs to create its own distinct identity. This process of identity definition will become the macro-strategy and overall concrete roadmap for achieving economic growth and prosperity.

The State’s 2020 targets are listed below:
• Grow gross domestic product (GDP) by 37% from RM27.7 billion to RM38 billion
• Grow per capita income by 23% from RM32,500 to RM40,000
• Maintain manufacturing as a core GDP contributor, mitigating risk on low-skill/labor-intensive industries
• Diversify the GDP mix to ensure development in domains that are sustainable and not subject to volatility from marketplace conditions
• Transform the State to be “front-office centric” rather than “back-office centric”

The challenge handed to the IBM Smarter Cities Challenge team was the following:
• Assess current plans against the goal to achieve “developed state” status
• Identify gaps and hurdles that would prevent the State from achieving its 2020 objectives
• Provide recommendations or a roadmap to close the gaps and identify new plans if needed

Findings and recommendations
Negeri Sembilan has numerous initiatives and projects directed at achieving the aggressive objectives of its 2020 goal of becoming a developed state. However, having studied the breadth and range of these projects, the Smarter Cities Challenge team observed that a more cohesive plan is required at the State level. Within the various projects, there is a need to define focused targets. The State wishes to sustain the manufacturing industry, which is a key contributor to its GDP, while simultaneously developing the service sector, specifically tourism.

These GDP-centric goals must be balanced with the needs of citizens, including respecting the importance of agriculture to the state. Growth activities must be carried out within the social context of the state, which is steeped in traditions. That said, despite its rich cultural heritage, the state lacks a defining identity that would help set forth a macro-strategy, especially in its current contributing GDP sectors of manufacturing, services and agriculture.
Once the chosen areas are determined, action must be taken to proactively hunt down the desired targets and execute upon them in a coordinated, collaborative approach that puts the client, whether that be citizens, investors or tourists, clearly at the center of an exceptional experience. Wherever possible, quick wins should be executed to build a portfolio of success. These quick wins should be leveraged by further targeting and building brand identity and competence.

**Conclusion**

By focusing on targeted initiatives, hunting for opportunities and ensuring collaborative, client-centric execution, Negeri Sembilan will transform into a state with a distinct identity, build the capacity to meet its targets and successfully contribute toward Malaysia’s overall 2020 objectives. In doing so, the State also will satisfy its citizens, becoming a place they want to live, learn, work and raise families. The path toward these goals will not always be easy, but with sustained focus and the commitment of leaders, it is achievable.

**For more information**

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The State has been successful in developing investment in various business segments, but the approach has largely been reactionary without specific objectives or industry targets. The State should target growth in domains that leverage its strengths, specifically the following:

- Proximity to Kuala Lumpur and the international airport
- Low cost of doing business
- Good infrastructure, particularly in roads and broadband penetration
- Unique cultural attractions
- Well-established educational hub in Nilai
- Availability of land

The team observed that the State’s agencies are very clear on the 2020 targets but lack a cohesive plan in terms of what contributions are needed by which agency and in what timeframe. The State has established good practices around research and extensive macro-level planning.

A critical step forward would be for the various agencies to break down these macro-plans into smaller, targeted “quick wins” and move into execution mode with an emphasis on measuring impact and success criteria.

Since the Chief Minister has taken office, there is strong emphasis on becoming a front-office-centric, e-government-based State. The various agencies should ensure they define processes and interactions with constituents in a manner that ensures a positive client experience as opposed to an internal agency process-based experience.

The team also observed a good set of broad ideas among the various agencies. The team highly recommends that the agencies narrow this down to a focused set of ideas based on an assessment of strengths and advantage points. Often, organizations try to tackle many initiatives through the fear of “leaving money on the table.” By focusing, the State will leverage efficiencies across infrastructure, budget and skills, which, if executed well, will result in higher growth.

The State’s organizational structure covers many of the finite needs of its citizens, and each agency or department has clear executable roadmaps. The challenge in this structure is that collaboration does not happen naturally. In the case of the 2020 goals, collaboration among the various agencies is critical.

The team’s principal recommendations are to focus efforts and resources around a core set of key initiatives and collaborate across various domains. The team offers a blueprint by which to gather and analyze data, allowing for the selection of specific areas that are best suited for the attributes of the State and its citizens.