

Digitalisation, automation key to enabling firms to be competitive

PETALING JAYA: The pandemic has accelerated the need for companies to leverage digital technology to develop better business practices as they come under pressure to adapt to the new normal.

Given the current situation, Malaysian Investment Development Authority (MIDA) chief executive officer Datuk Azman Mahmud said digitalisation and automation are key to enabling firms to be more resilient and competitive.

"There is a consensus that Industry Revolution (IR) 4.0 provides unlimited opportunities to overcome challenges and bring businesses forward. This is even more apparent given the shift in consumer behaviour, business model, regulations and supply chain disruptions brought upon by Covid-19.

"Companies that prioritise optimising their operations and innovating their products and services to offer new value to their customers will be true winners," he said in his keynote address at the recent #cXo2020 live virtual conference.

MIDA was the strategic investment partner of #cXo2020.

He noted that a new generation of entrepreneurs has learned to seize the advantages of a low-touch economy to drive new marketplace expectations in areas such as surveillance and tracking, payments and manufacturing of digital products.

"Being open to new technologies and praxis is a critical competitive differentiator. Businesses not only need to be agile, but also need to have the foresight to overcome challenges and seize opportunities in today's environment of disruptive technologies and innovation," he added.

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Datuk Azman Mahmud



However, many companies are still unsure about how or where to start their venture into new technology.

In this regard, Azman said the government has introduced various initiatives and incentives to assist businesses in making the switch towards automation.

One of these includes the automation capital allowance rolled out since 2015. The incentive, meant to help manufacturing companies to accelerate the adoption of automation, has also been expanded to include the services sector.

As of July 23, MIDA has approved 292 applications for the automation capital allowance. Based on the impact analysis of 245 projects approved as of last December, these compa-

nies have invested more than RM430mil in automation, machinery and equipment.

"As a result of these investments, companies reported cost savings due to the reduction of over 3,600 unskilled workers and contributed an average of 180% improvement in production volume.

"Clearly, automation can bring numerous benefits to companies. We encourage more companies to take advantage of this incentive to scale up their business processes. Furthermore, it will bring higher value to companies to develop an overall strategy to achieve sustainable impact for their organisation," said Azman.

The Industry4WRD policy has also provided the industry with a comprehensive guide

to help firms assess their capabilities and readiness to adopt IR4.0 technologies and processes, understand their present capabilities and gaps, and prepare feasible strategies and plans to move towards IR4.0.

Azman also emphasised the importance of strategic cooperation and public-private collaborations to ensure best success in the long run.

In May, MIDA also launched the Malaysia's Lighthouse Project to highlight industry players that have taken smart manufacturing technology from the pilot stage to large-scale integration stage. These companies may be examples to others looking to apply technologies such as artificial intelligence, additive manufacturing and advanced analytics.

Through the Lighthouse programme, the government intends not only to highlight the transformational efforts of advanced manufacturers but also create a shared learning journey platform that will help manufacturers of all sizes in Malaysia to benefit from the positive potentials of Industry 4.0.

The ultimate goal is to have more local companies to be integrated into the wider value chain operations network of MNCs. This will drive Malaysia's industries towards innovation and operational efficiency, benefiting Malaysia's production ecosystem, as a whole.

The Lighthouse programme is now open for registration. To-date, MIDA has received interest from 53 companies in various industries like food, healthcare, oil and gas, chemicals, and machinery.

Companies who are interested in being part of the Lighthouse programme are welcome to register their interest at mida.gov.my/home/malysias-lighthouse-project/posts/