

SME digitalisation the main focus

BY LIEW JIA TENG

One of the important aspects of Budget 2020 is to boost economic growth in the new economy and digital era, which comes as a pleasant surprise for small and medium enterprises (SMEs). In a move to accelerate the digital economy and build more digital companies, the government has made it clear that the private sector must come on board.

"More Malaysian SMEs need to adopt digitalisation measures for their business operations, including electronic point-of-sale systems (e-POS), enterprise resource planning (ERP) and electronic payroll systems," Finance Minister Lim Guan Eng said when tabling the budget last Friday.

According to him, the government will provide a 50% matching grant of up to RM5,000 per company for subscription to the aforesaid services. This matching grant will be worth RM500 million over five years — limited to the first 100,000 SMEs applying to upgrade their systems.

The government will also allocate RM550 million to provide smart automation matching grants to 1,000 manufacturing and 1,000 services companies to automate their business processes. This grant will

be given on a matching basis of up to RM2 million per company.

Export-Import Bank of Malaysia Bhd (EXIM Bank) chairman Datuk Feizal Mustapha acknowledges that it is a pleasant surprise that SME digitalisation is one of the main focus areas in Budget 2020.

"This is indeed an inclusive budget to bring our SMEs to the next level. Although the pre-budget was pretty quiet on SMEs and the digital space, the announcements on Friday turned out to be very impactful. I suppose this is a government that talks less but does more," he tells *The Edge*.

Feizal says given that businesses are operating in a challenging environment — considering the ongoing US-China trade war — these government initiatives are timely and could help SMEs expand their export markets.

"All these initiatives are meant to make businesses more efficient in terms of reaching out to the market. You cannot follow the traditional way anymore. You need to think out of the box. You have to be disruptive. The government is providing that sort of support. It forces SMEs to wake up and realise that both the domestic and international markets are within reach," he explains.

Bursa Malaysia Bhd CEO Datuk Muhammad Umar Swift is of the view that Budget 2020 solidly offers a

wide range of programmes and incentives to help ensure businesses and Malaysians from all walks of life have the opportunity for wealth creation and well-being under the Shared Prosperity Vision 2030.

"Given the significance of the SME sector to the Malaysian economy, incentives to broaden the funding ecosystem for SMEs and start-ups, which complement our LEAP Market in bridging the funding gap, provide a continuum of capital raising avenues that promote the growth of SMEs," he says in a statement.

"Furthermore, we believe the government's strong developmental and investment focus in the new economy and digital era will bring large multiplier effects, to transform and lift our economy up the value chain."

Umar says the special investment incentives to attract Fortune 500 companies and "global unicorns" in the high-tech, manufacturing, creative and economic sectors can help accelerate Malaysia's growth by contributing innovation, strategic alliances and the transfer of technology and knowledge that can increase the competitiveness of Malaysian companies.

"The government's emphasis on laying future-focused strategies, driven by technology, innovation and entrepreneurship,

bodes well in the long term to boost investor confidence in the country's sustainable growth. The capital market is a ready platform to support companies with aspirations to take their business to the next level," he adds.

Meanwhile, to significantly increase the number of e-wallet users — Malaysians, participating merchants and SMEs — the government will offer a one-time RM30 digital stimulus to qualified Malaysians aged 18 and above with an annual income of less than RM100,000.

The one-time digital stimulus per person can be redeemed and used for a two-month period, commencing Jan 1, 2020, and expiring on Feb 29, 2020. The government will allocate up to RM450 million to Khazanah Nasional Bhd to implement this digital stimulus, which will benefit up to 15 million Malaysians.

Green Packet Bhd founder and CEO Puan Chan Cheong says Budget 2020 looks "really good" as the government is pushing for digital transformation and preparing Malaysian companies for technology adoption.

"All the matching grants will help Malaysian SMEs to really look into digital transformation and technology adoption. Obviously, a lot of thought has been put into these areas for development considerations," he tells *The Edge*.

Puan says the RM30 digital stimulus is also encouraging news for Green Packet's kiplePay.

"This budget is a good start. It is a good way for the country to move forward," he adds.

PUC Bhd managing director Cheong Chia Chou concurs, saying that Budget 2020 shows an encouraging and concerted effort by the government to further drive the digital economy.

Key focuses include a budget allocation to the national fibreisation and connectivity plan, developing 5G ecosystem, supporting e-wallet payments and encouraging more digital entrepreneurs.

"These proposed investments will accelerate the adoption of digital technologies to improve Malaysian's quality of life, promote digital businesses and a cashless environment," says Cheong.

PUC's Presto mobile app has an e-wallet feature, known as PrestoPay — launched in September last year and thereafter integrated into PrestoMall.

"Presto Universe is aligned with the government's overall direction to digitise Malaysia's lifestyle. Presto is positioned as an ecosystem that encompasses multiple digital services in one mobile application, creating a seamless digital experience for users to live a faster, cooler and richer life," says Cheong. ■