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Malaysia Budget 2015: the ICT industry reacts

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Ivan Tjahjadi, country manager, ASEAN & Indo China for the video solutions provider Axis Communications, pointed to the government's renewed focus on enhancing Malaysia's national security and public order by strengthening surveillance and upgrading defence equipment.

"It is encouraging to note that the government has allocated RM9.1 [US\$2.79] billion to the Royal Malaysia Police (PDRM) and RM17.7 [US\$5.43] billion to the Malaysian Armed Forces (ATM), marking an increase of about 3.4 percent from the last fiscal budget," said Tjahjadi. "We support the Government's commitment to reduce the crime rate as part of Malaysia's National Key Results Area (NKRA), which will lead to an increasing demand for new IP surveillance technology to provide more effective frontline policing and crime prevention. The additional allocation of RM7 [US\$2.15] billion to purchase and maintain defense assets have the potential to have a significant impact in tackling crime across Malaysia."

"Today's crime fighting team includes technologically advanced cameras which help authorities to move from a reactive to a preventative strategy," he said. "Not only does video surveillance identify suspects and clear up cases, the rapid response to incidents deter criminal intent as well. With Intelligent Video, today's cameras can adopt a more proactive approach to video surveillance - for example it is possible to get instant alerts when pre-set parameters have been breached, thus delivering early warnings to staff."

Industry leading bytes

Carlos Lacerda, managing director of Microsoft Malaysia, applauded the announcement of the new Malaysian National Development Strategy (MyNDS) as the basis to plan and implement programmes and projects under the 11th Malaysia Plan, which will begin in May 2015. "The strategic focus particularly on the people's well-being and strengthening economic growth is a positive step forward, building on the local impact Microsoft Malaysia has already achieved in partnership with the Government in our shared vision of a better, brighter Malaysia."

"Ninety-nine-point-two (99.2) percent of businesses in Malaysia are SMEs, which presently employs 56 percent of the Malaysian workforce and generates 33 percent of the national GDP," said Lacerda. "Many SMEs are not really aware of the necessity of building a solid IT platform which enables them to improve effectiveness and increase productivity. The allocation [in the Budget] is an opportunity to support SMEs in setting up a modern IT platform based on advanced, innovative solutions and services to build their business and improve their competitiveness. The SME Investment Partner initiative, where SMEs will be given financing assistance in the form of loans, equity or both, is a step forward to support SMEs to become strong GDP contributors."

"Every nation knows that the future well-being of a country lies with the younger generation – this is the same with Malaysia. We've seen the government collaborate with various parties over the years to empower entrepreneurialism and leadership amongst the young. A prime example of such collaboration is launch of the National Youth Transformation Programme, and as a technology company, we too share that responsibility," he said.

Albert Chai, country manager, Cisco Malaysia, welcomed the prime minister's announcement to promote high-quality and focused investment with specialised incentive packages for projects based on technology, innovation and knowledge. "This will be a catalyst to increased investor confidence and will encourage greater investments by technology multinationals across various industries in Malaysia. Our country is at the cusp of embracing an era of Big Data and the Internet of Everything. The allocations under Budget 2015 for technology and infrastructure development will place Malaysia in great stead to embrace the opportunities and capabilities present from connecting devices, things, processes and people."

"Given that SMEs form the back bone of Malaysia's economy, efforts to spur SME's growth and transformation is also timely," said Chai. "The allocations under the Sustainable Mobility Fund, SME Implementation Partner, the SME soft loan scheme for automation and modernisation as well as the Business Accelerator Programme for SME are great initiatives that will spur Malaysia's holistic advancement into a developed economy."

"I'm particularly enthusiastic about the Prime Minister's efforts to enhance talent development by intensifying upskilling and reskilling programs and certifications. Cisco has, over the last 20 years in Malaysia, trained more than 44,000 students and 242 trainers through our Cisco Networking Academy programme and we are looking forward to working with the government and other private sector partners on the Globally Recognised Industry and Professional Certification Programme or 1MalaysiaGRIP," he said. In my future, Malaysia will reach a developed nation status with these government policies that will: create a robust foundation and infrastructure; encourage a thriving public-private partnership and embrace a visionary approach to industry and talent development."

Chua I-Pin, vice president, Asia South, CA Technologies, said the proposed measures focused on transforming Malaysia into a startup hub. "The development of many Asian nations, including Malaysia, is underpinned by the creativity, progressiveness and dynamism of its industry. This has become increasingly evident in the application economy, where everything is enabled by software. Retail, news, entertainment, banking, education, government, and communications, for example, are being driven by a connected, mobile, application-based world where consumers are far more likely to interact with the government, organizations and businesses through a software application rather than with someone face-to-face."

"In this landscape, companies are realising that development of innovative and quality applications is core to their future success," said Chua. "Those who invest in new innovation and develop capabilities are growing revenues at more than twice the rate of those who don't, creating an application divide in the marketplace. In fact, over 50 percent of companies that participated in a recent global survey, "How to Survive and Thrive in the Application Economy", either have made, or will make in the next year, an acquisition specifically to add talent and strengthen their development capabilities."

Tan Choon Sang (CS Tan), country manager, Autodesk Malaysia, said there was a need to place "great emphasis on moving towards an economy that is knowledge-based and focused on creativity and innovation. The Government continues to recognise the creative industry as a strategic growth sector, with the allocation of RM100 [US\$30.7] million under a Digital Content Industry Fund set up under the Communications and Multimedia Commission. As we step into a new phase of more immersive and engaging content, aspiring Malaysian artists should look at utilising the best design and entertainment tools that allows them to unlock their creativity to its best capabilities."

"We look forward to more Malaysian designers moving up the value chain to compete in this industry that is truly global," said Tan. "[However], we strongly urge the Government to look into adopting next generation technology in building these infrastructures such as BIM (Building Information Modelling) to minimise lifecycle building costs and improving the design quality of the built asset. We need to ensure future infrastructure developments are designed and built sustainably – without leaving metric tons of construction waste, irresponsibly use precious resources and contaminate our environment."

Bernie Ooi, executive director of mechanical and electrical engineering firm George Kent (Malaysia) [established Penang in 1936], said the Budget proposals appeared "to tie up loose ends and lay down the foundation for longer-term sustainable economic growth, which the 11MP 2016 – 2020 [11th Malaysia Plan] sets out to do."

"George Kent is especially encouraged by the government's emphasis on infrastructure growth and economic development – we see this as an impetus to strengthen our investment drive in our core businesses in engineering and meter manufacturing," said Ooi. "The RM48.5 [US\$14.89] billion investment in development and infrastructure projects puts Malaysia on a stable footing to prosper in the global economy."

Masaya Ueno, vice president of Regional Management Group for ecommerce firm Rakuten welcomed the initiatives to boost the country's SME sector by allocating RM375 [US\$115.14] million towards the implementation of the SME Investment Partner programme as well as reducing the income tax rate to 19 percent from 20 percent for the 2016 assessment year.

"The Government's continued focus on High-Speed Broadband (HSBB) has the potential to change the way many Malaysians live and work," said Ueno. "The investment of RM2.7 billion [US\$830 million], over the next three years to build 1,000 new telecommunication towers and laying of undersea cables, is expected to provide more coverage in urban areas. This initiative can be an important catalyst for the ecommerce industry, accelerating Internet penetration and easing the adoption of ecommerce and other Internet services across the country."