

Stepping up for Digital Sarawak

Over the past few years, under the stewardship of Chief Minister Datuk Patinggi Abang Johari Tun Openg, Sarawak has been placed on the fast track to developing its digital economy as part of the government's effort to further boost Sarawak's economic position in Malaysia.

As Sarawak syncs itself with a world that's growing constantly more digitally connected and tech-savvy, information and communications technology (ICT) companies and telecommunications operators such as Digi.com Bhd (Digi) have become vital components in its digital transformation.

For decades, Digi has invested a lot in growing its markets in Sarawak, and now with its digital drive, Digi has upped its game to meet the surging demand for data and new technologies in the state.

Beyond Sarawak, Digi has already seen an increase in its network reach. As at July 1, 2018, Digi's nationwide 4G LTE network has reached 88 per cent of Malaysians in 300 cities and major towns while its LTE-A network has reached 57 per cent of populated areas in the country covering 130 cities and towns.

For Sarawak, Digi has made impressive in-roads in the state by connecting 74 per cent of populated areas in Sarawak with 4G LTE network while its LTE-A network has reached 39 per cent of populated areas in the state.

"Telecommunications services remain essential to 32 million people in the country. Malaysia continues very much to be a mobile-oriented society with close to 70 per cent smartphone penetration and over 131 per cent mobile penetration over population; numbers that are expected to continue rising at a rapid pace.

"In the past year, the mobile industry generated around RM21.5 billion in service revenue, a major portion of which was derived from the increasing demand for and monetisation of data," Digi said in its 2017 Annual Report.

"With digital life converging on the smartphone, we already see customers expect to do more than just communications and commerce with their internet services," it added.

With that in mind, Digi is growing beyond its core business with new digital capabilities to activate more growth opportunities for the group.

"In the last couple of years, we have spent a lot more time on looking at new digital services and initiatives that we can bring out to the market.

"The goal is to continue to serve all types of customers such as individual users, companies, small businesses," Digi's chief digital officer and head of Digi's digital arm, Digi-X, Praveen Rajan told BizHive Weekly in a recent interview.

Already, under Digi's newly established digital division, Digi-X, four new digital services have been launched in the last couple of years; namely iFleet, vcash, Omni, and ijual – most of which have already reached Sarawak's shores.

Backed by its strong coverage and distribution in Sarawak, Praveen had pointed out that because of this, Digi is able to bring its digital initiatives into Sarawak.

“Sarawak has always been a key focus for Digi. Our customers in the state are amongst the most passionate Digi users we have in Malaysia,” he said.

He added, “We have been bringing in digital initiatives in Sarawak, which are focused more for small and medium enterprises (SME) and businesses in the state.

“From iFleet to vcash, to what we hope to bring in such as Omni, we are committed to spending more time on bringing in more digital initiatives into Sarawak.”

With that, BizHive Weekly speaks to the head of Digi’s digital division to discover more about the telco’s digital initiatives in Sarawak and its growing commitment to boost the digital economy here.

iFleet: An ideal digital solution for businesses in Sarawak

Launched in June last year, Digi’s latest iFleet is an intelligent fleet tracking internet of things (IoT) solution targeted at commercial vehicles that require high mobility and rapid response.

Digi believes that machine-to-machine (M2M) connectivity is the next frontier for businesses today as it is not only a prerequisite for maximising business performance but a decisive factor for gaining competitive edge.

Solutions that layer intelligence on top of M2M connectivity are poised to become a key driver in this ‘new normal’ business environment of IoT and so, Digi has introduced the new iFleet system for businesses. iFleet is a B2B solution targeted at commercial vehicles, the first IoT solution Digi is introducing from its range of Connected Vehicle offerings.

How did the idea of iFleet came to be?

According to Praveen, iFleet was first conceptualise from a problem Digi had previously faced with its on-the-ground field force. With numerous communication towers across the nation which needs to be taken care of constantly and 150 field force trucks nationwide, Digi had once faced challenges in deploying engineers as soon as possible to these towers when there is a need for it.

Hence, came iFleet, an all-in-one fleet tracking solution for vehicles, backed by Digi’s high-speed network connectivity across the nation. With iFleet, Digi reported 58 to 91 per cent increase in good driver behaviour over 30 days for its fleet.

Some of iFleet’s key benefits include:

- Ease of subscription and installation
- Advanced tracking technology
- Driver behaviour insights/scoring
- Continuously evolving value-adds
- Proven use cases in many different scenarios

In Sarawak, Digi believes that iFleet will be able to help SMEs in Sarawak in tracking and managing their fleet of vehicles. It also believes that iFleet could help improve business efficiency especially given the state’s large and unique topography.

Furthermore, with the Sarawak Government's mandate to boost the eCommerce industry in Sarawak, Digi sees the solution as ideal for Sarawak businesses looking to leverage on the strong digital force, sweeping through the state.

"Sarawak has a very aggressive mandate in terms of digital transformation by the state government, which makes Sarawak on the leading side, on the digital ambition level.

"There are businesses of various sizes in Sarawak; from SMEs and large companies, all of which are involved in a large range of sectors including oil and gas, timber and others, which few other states in Peninsular Malaysia are involved in.

"There's also the topography and geography of Sarawak which affects things like logistics, transportation, and other key services that businesses need for eCommerce and other digital initiatives to take off.

"eCommerce in Sarawak won't work if the logistics and transportation is not all sorted. With all these factors, we see Sarawak as a very important market for iFleet," Praveen shared.

So far, in East Malaysia, Digi's iFleet has partnered with companies such as Atlas Edible Ice Sarawak, Trienekens Sarawak, RL Group Transport, Wah Len Enterprise, Heinekens (installation currently in progress), and Sime Darby – East Malaysia's branch.

iFleet's reliability is further strengthened with its recently established partnership with one of Sarawak's largest corporation; Sarawak Energy Bhd (SEB). While Digi has yet to announce further details on the partnership, Digi's iFleet solution is expected to be equipped in SEB's large on-the-field fleet force.

Digi has now 800 vehicles equipped with iFleet solutions in Sarawak.

"Overall, in the last 12 months, we have been growing iFleet and we're happy with the progress so far," Praveen said.

"The goal for Sarawak is to grow iFleet's customer base by 10-folds. We want to help more SMEs to bring more value and grow their businesses with high speed Internet connectivity and advanced digital solutions," he added.

On the performance of iFleet, the system is capable of navigating, tracking and monitoring driving behaviour. It is also capable of elevating challenges such as theft as iFleet's hardware is designed, engineered and manufactured in Europe that complies with the highest ISO standards.

Working similarly to an airplane's 'Black Box', iFleet's devices are sealed with an IP rating of IP65 to ensure enhanced resistance to external elements and continuous operation even in the harshest conditions while its integrated rechargeable battery ensures the device continues to transmit information in the event of vehicle theft or battery failure.

While these features might seem costly, Digi ensures that with its already long-established network, the cost of installing iFleet is low.

"A service like iFleet, in the past, would require a lot of investments for software and hardware and to pay the telco connectivity charge.

“For iFleet, it is a low investment. It has a monthly service fee but businesses can predict how much they should pay every month, based on how many vehicles they have iFleet installed in.

“They don’t have to take up any additional capital expenses, they only have to pay for the amount of vehicles they’ve installed ifleet in,” Praveen said.

He highlighted that is a very flexible tech solution as iFleet could still support businesses with large fleets to just a handful of vehicles, at a low cost.

Expanding digital services to SMEs

With the flexibility of iFleet, Digi is also looking to empower small and medium businesses. There has been a rise in small logistic deliveries particularly here in Kuching.

Based on feedback Digi has received in Sarawak’s markets, it is also looking to bring in solutions such as iFleet to smaller-sized vehicles such as motorcycles.

“We’ve also been talking with logistic companies which are looking to bring in some interesting things in Kuching with motorcycling deliveries. For motorcycles, the solution is very different, so we are looking to explore what we can do with this vehicle,” Praveen shared.

Aside from that, Sarawak has also become a learning ground for Digi as based on its experience with iFleet here, several of its customers have expressed their need for things like wifi for buses, transports, and others.

“Some of the companies in Sarawak are also talking about fuel problems, whereby people are stealing fuel, diesel. Via iFleet, we are looking to introduce a technology that could detect and monitor this problem.

“I believe, with Sarawak, there are plenty of opportunities for us to test these kinds of digital initiatives,” he added.

Partnering with the Insurance Sector

While iFleet is currently mainly tailor-made for large, small and medium businesses, individual consumers might soon get a taste of iFleet’s technology as Digi is looking to partner with more insurance companies to provide its Usage-Based Insurance (UBI) platform which is based on iFleet’s telematic capabilities.

Last year, Bank Negara Malaysia (BNM) announced the liberalisation of the motor insurance industry. The detariffication of the motor insurance industry was announced to boost competition in the insurance sector as well as to offer consumers better insurance choices that fit their needs.

While so far, the insurance sector is slowly adopting these changes, Digi is offering its UBI solutions to insurance companies.

“We are working with several insurance companies to bring the benefit of iFleet in order to reduce your cost of insurance.

“If the drivers are driving safely, and so on, some insurance companies might very soon, give lower insurance premiums for their customers,” Praveen revealed.

Exploring more digital opportunities in Sarawak

Aside from iFleet, under Digi-X's programme, Digi also has various other digital services.

In the third quarter of 2017 last year, heeding BNM's call to accelerate Malaysia's migration to e-payments, Digi officially marked its entry into the fintech sector with the launch its first mobile payment application; vcash.

In partnership with Valyou Sdn Bhd, an e-money issuer authorised by BNM, vcash offers a secure and fast payment service using QR codes and it also enables fund transfers between vcash users.

Earlier this year, vcash officially took off in Sarawak with its launch at the Kuching International Airport.

"The experience we have from having vcash at the Kuching International Airport is just one part of what we have planned for Sarawak. We are happy with the progress of it, now.

"We are also trying to educate more people on what is 'cashless payment' and why they should you use but this is for over the long-term.

"We are also learning from what we've done at the Kuching International Airport and we are exploring more opportunities to take this into specific communities in Sarawak such as universities and colleges," Praveen elaborated.

He noted that this was based on Digi's experience when experimenting the cashless system in several local private universities in Peninsular Malaysia.

"Based on our experience in Peninsular Malaysia, we are also looking to implement this in campuses in East Malaysia," he added.

Sarawak's digital development from Digi's point of view

With all these ambitious digital solutions and services Digi plans to bring into Sarawak's market, the question now is whether Sarawak's market is ready to adopt these new technologies.

According to Digi, Sarawak has what it takes to start doing more on for the development of digital economy.

"If we look at the eCommerce market, in most developed countries, it has taken five to seven years to really reach the mass market.

"For Sarawak, if it truly focuses on this development, and achieves what it wants to do, it may be able to do a lot of these things (digital transformation) much faster than other states," Praveen said.

He believed that there are two prime ingredients that are required for the development of the digital economy – infrastructure and education.

"When we look at infrastructures, Sarawak has allowed a lot of development to take place in the state as well as for the digital economy to grow.

"For the digital economy to take-off, internet infrastructure needs to be really rock solid and I think, operators like Digi have made sufficient investments to ensure that

this happens. This is also because the Sarawak state government have allowed for this to happen,” Praveen opined.

He pointed out that now, the take-up rate of mobile internet is more than 50 per cent, as a lot more people are using smartphones in Malaysia. Hence, there is still a lot more room to grow the infrastructures here.

Besides infrastructure, Praveen highlighted that one of the biggest problem in Sarawak, currently, is on the education side.

Given Sarawak’s large geographical scale and scattered population, the adoption of urban technology required to push the digital economy forward is still at an early stage, as most of Sarawakians live in rural areas and are still unaware of the availability of such technologies.

“If we want things like ‘cashless payments’ to take off, a lot more initiatives need to be done to educate people about what it is and how does it work.

“But this is not something the state government can do alone, and it also not what operators like us can do alone. It is a consolidated effort by many different parties,” Praveen added.

Overall, he viewed that the building blocks are there for Sarawak.

“Digi is interested to continue to invest in Sarawak. Our core is connectivity, and with that, we will continue driving the internet connectivity and infrastructures in Sarawak.

“On top of that, we really want to help drive Sarawak’s economy through the digital side.

“Initiatives like iFleet and vcash are amongst the early things that we are doing now for Sarawak. There is still a lot more that we want to bring in for Sarawak especially for businesses and enterprises which we want to help to go on this digital journey with us,” Praveen concluded.

Digi’s outlook for 2018 and beyond

All in, Digi has been recording steady performance in Malaysia’s new digital economy.

In its 2017 Annual Report, Digi’s chief executive officer (CEO) Albern Murty said: “To drive future growth, we have developed platforms and solutions that will enable increased usage on our network and monetise our investments in advanced network infrastructure. In particular, we have introduced telematics or connected vehicles solution named iFleet, a QR-based e-Walled known as vcash, and ijual, an eCommerce platform for micro sellers.

“These new initiatives are aimed at creating new growth engines for us and our focus now is to gain scale and adoption for each of these businesses so they can contribute meaningfully to our future.

“We expect that these digital ventures, in tandem with our digital services offerings, will contribute 10 per cent to our revenues by year 2020.”

Digi also pointed out that being part of Telenor Group has allowed it to leverage on scale and opportunities in areas such as acquisition of global platforms and

capabilities, strategic partnerships with global digital players and the development of adjacent digital businesses opportunities.

“This includes being able to tap into potential areas for growth in financial and cloud storage services, as well as analytics capabilities for personalisation of digital services, and recommendation engines for product development and digital distribution. With this, we believe we have the necessary resources to support our digital transformation journey,” it added.

Aside from that, it pointed out that the stronger internet and digital services positioning and robust infrastructure capability in 2017 will establish strong foundations for Digi in 2018 to pursue innovations amid customers’ evolving needs in their digital life.

“We will continue our relentless focus to drive resilient performance and sustainable returns in 2018,” it said.

It highlighted that for 2018, some of Digi’s key priorities are to focus on accelerating consumer postpaid and enterprise revenue growth, growing Malaysian prepaid and postpaid opportunities whilst increasing internet adoption and usage amongst migrant subscribers.

As Digi continues to strengthen its commitment to drive its digital growth across the nation, Sarawak will also soon see some of new and exciting developments coming into the state to help boost its digital economy.