



Digi: Stepping up for Digital Sarawak

The digital drive in Sarawak is in high gear, with the Sarawak government maintaining its goal to boost its economic position through the development of its Digital Economy. As a backbone to the digital economy, ICT and telcos such as Digi.com Bhd are vital components for Sarawak's digital transformation. Over the years, Digi has enhanced its commitment to further support Sarawak in its digital drive by expanding its investments and its digital initiatives here. BizHive explores these initiatives:

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Stepping up for Digital Sarawak

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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 eyes 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 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 Malaysian in 390 cities and major towns while its LTE-A network has reached 57 per cent of populated areas in the country covering 138 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 28 per cent of populated areas in the state.

"Telecommunications services remain essential to 33 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 RM21.3 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

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DiGi

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, Pravien Rajar 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, iCash, iDenti, and iDeal - most of which have already reached Sarawak's shores.

Backed by its strong coverage and distribution in Sarawak, Pravien 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 iCash, to what we hope to bring in such as iDenti, 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 bus

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 maintaining business performance but a decisive factor for attaining competitive edge.

Solutions that lever 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 come to be?

According to Praveen, iFleet was first conceptualised from a problem Digi had previously faced with its on-the-ground field force. With numerous commercial customers across the nation which needs to be taken care of consistently and 130 field force trucks nationwide, Digi had some hard challenges in deploying engineers as soon as possible to these hotspots when there is a need for it.

Hence, came iFleet, small in size but tracking solution for vehicles, backed by Digi's high-speed network connectivity across the nation. With iFleet, Digi reported 88 to 91 per cent increase in good driver behaviour over 30 days for a fleet.

Some of iFleet's key benefits include:

- Ease of subscription and installation
- Advanced tracking technology
- Driver behaviour insights/alerting



How iFleet works



• 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 e-commerce 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 for 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 e-commerce and other digital initiatives to take off.

"e-Commerce 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

Oil Sarawak, Trismekes Sarawak, RL Group Transport, Wuh Len Enterprise (Sarawak) (installation currently in progress), and Sinar 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 largest on-the-road 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 19 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 other hand, iFleet, the system is capable of navigating, tracking and monitoring driving behaviour. It is also capable of detecting challenges such as theft as iFleet's hardware is designed, engineered and manufactured in Europe that complies with the highest ISO standards.

Working in partnership with Sarawak's 'Black Box', iFleet's services are sealed with an IP rating of IP68 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 assures 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 teleconnectivity charge.

"For iFleet, it's a low investment. It has a monthly service fee but businesses can prefer low such fee 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 solution as iFleet could still support businesses with large fleets to just a handful of vehicles, at a low cost.

Businesses in Sarawak



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

low in Kuching. Based on feedback Digi has received in Sarawak's markets, it is also looking to bring its solution 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 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. "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 de-riskification 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 soon, 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 programs, Digi also has various other digital services.

In the third quarter of 2021 last year, heading BNM's call to accelerate Malaysia's migration to e-payments, Digi officially marked its entry into the fintech sector with the launch of its first mobile payment application, vCash.

In partnership with Valyeu Sdn Bhd, an e-money issuer authorised by BNM, vCash offers a secured 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 use it 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.



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 address what it wants to do, it may be able to do a lot of these things (digital transformation) much faster than other states," Praves 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," Praves opined.

He pointed out that now, the take-up rate of mobile internet is more than 80 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, Praves 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.

"Two main 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," Praves 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

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



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 eCash 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," Praves concluded.

As it is, 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-Wallet known as eCash, and dual, oneCommerce 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 Telekom Group has allowed it to leverage on scale

Digi's outlook for 2018 and beyond



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.