MYDIGITAL - MALAYSIA DIGITAL ECONOMY BLUEPRINT

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The Prime Minister of Malaysia, YAB Tan Sri Dato' Haji Muhyiddin bin Haji Mohd. Yassin, has on 19 February 2021 announced the MyDIGITAL initiative, which aims to transform Malaysia into a digitally-driven, high income nation and a regional leader in digital economy. The Malaysia Digital Economy Blueprint (the "Blueprint"), as its name suggests, is a document that sets out the Government's efforts and initiatives to deliver the aspirations of MyDIGITAL. It introduces 6 strategic thrusts encompassing a total of 48 national initiatives in building the country towards digital economy:

THRUST 1	**THRUST 2**	**THRUST 3**	**THRUST 4**	**THRUST 5**	**THRUST 6**
Drive digital transformation in the public sector	Boost economic competitiveness through digitalisation	Build enabling digital infrastructure	Build agile and competent digital talent	Create an inclusive digital society	Build trusted, secure and ethical digital environment

In addition to the national initiatives, 28 sectoral initiatives have also been introduced to facilitate the adoption of technologies in 4 specific sectors. This article summarises the initiatives introduced under the Blueprint. For more information, readers are advised to refer to the Blueprint itself.

1. NATIONAL INITIATIVES

(i) Thrust 1 – Drive Digital Transformation in the Public Sector

This thrust aims to implement, adopt and integrate digital technologies and data in the public service. The following five strategies are in place to assist the fulfilment of this thrust:

(a) <u>Managing change for effective digital transition</u>

The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) will be positioned as the sole agency to manage the digital transformation in the public sector. At the government ministry and agency level, all current Chief Information Officers will assume the role of Chief Digital Officer and will be the primary responsible person in managing the implementation of digital technologies in their respective ministries and agencies.

(b) <u>Leveraging digital technology to improve workflow efficiency and productivity</u>

An in-house expert will be introduced in every ministry to identify and increase digital technology usage in everyday work processes, including use of AI to fight cyber-attacks, chatbots for customer service, blockchain to streamline medical records, as well as adoption of cloud storage to enable paper-free workflows and transactions.

(c) <u>Enhancing digital skill sets of civil servants</u>

To ensure all civil servants will have the necessary skillsets to effectively utilise the digital technologies to be adopted, upskill and reskill of civil servants will be carried out. Government also aims to develop 2 pools of in-house talent moving forward, namely (1) specialised technical talents; and (2) subject matter experts, in order to reduce dependency on external vendors or experts in technical services.

(d) <u>Establish data-driven policy development and improve the data sharing environment to ensure data quality</u>

Big data analytics will be employed for improved policy analysis and development. To facilitate this, ministries and agencies will move towards sharing of data real-time among themselves.

(e) <u>Increasing scope and quality of online services for better user experience</u>

There is intention to enhance the Government Online Services Gateway, which will include the adoption of cashless payments and digital signature across public sector online services. A National Digital Identity will also be introduced in the future as digital identification for individual verification.

(ii) Thrust 2 – Boost Economic Competitiveness Through Digitalisation

Thrust 2 aims to accelerate digital adoption among businesses as well as shaping new and emerging business models that embrace digital technologies, in hopes of boosting Malaysia's economy through healthy competitions among these new era businesses.

(a) <u>Facilitating digital adoption, access and effective use of digital technology across all firm sizes and digital maturity level</u>

"Digital Compass", which is a mechanism that handholds businesses through digital technologies adoption will be introduced.

(b) <u>Accelerating industry development by enhancing local participation</u>

Government will also be grooming local digital champions capable of solving social and environmental issues through effective use of technologies.
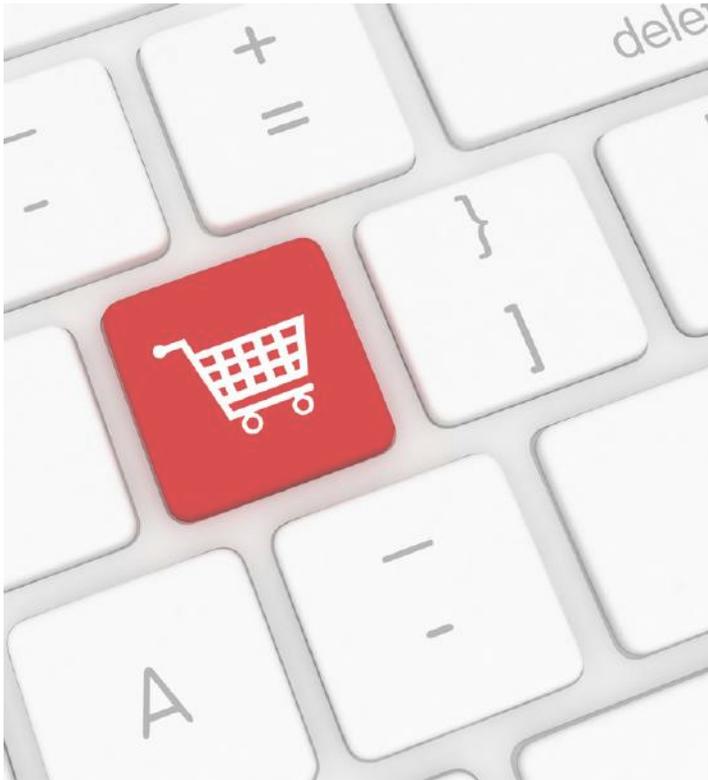
(c) <u>Streamlining regulatory requirements to respond to digital economy and encourage innovative business models</u>

Existing regulatory framework will be reviewed and enhanced in order to meet the needs of digital economy businesses. We can expect some form of changes in the intellectual property (IP) and competition regulatory landscape under the Blueprint since IP and competition go hand-in-hand with technologies and innovations.

(d) <u>Developing digital industry cluster and driving entrepreneurial activity</u>

The Government aspire to establish digital industry clusters in Malaysia with the objective of better positioning the country on the global digital radar. This can then be leveraged to incorporate digital economy elements in international trade arrangements and cooperation. Fit-for-purpose tax framework will also be introduced vis-à-vis cross-border digital activities to generate new income stream for Malaysia.

(**iii) Thrust 3 - Build Enabling Digital Infrastructure**

Digital infrastructures are crucial in advancing the digital economy as they enable effective use and operation of information and communication technologies (ICT). To advance the digital economy in the country, access to extensive and high-quality digital infrastructures will have to be secured.

(a) <u>Utilising regulatory measures to expand infrastructure coverage</u>

Existing legislations and regulations regarding digital infrastructure development will be reviewed to ensure supportive regulatory framework for telcos to accelerate digital infrastructure rollout. Requirement to include broadband as basic infrastructure for new residential and commercial buildings in Malaysia may also be introduced in the future to ensure the public's access to internet

(b) <u>Leveraging digitalisation to address legacy challenges</u>

A digital platform on broadband demand will be enhanced for planning and monitoring purposes to coordinate measures in addressing coverage and speed gaps issues for fixed and mobile services. The OSC 3.0 Plus Online system will also be expanded to more local authorities to speed up processing for approvals and permits for broadband infrastructure projects.

(c) <u>Enhancing digital technology infrastructure capabilities</u>

To make available digital infrastructure of higher quality, the Government sets out to provide enabling environment to attract more local data centre companies to specialise in high-end cloud computing services as well as to promote investment in international submarine cables landing station.

(iv) Thrust 4 - Build Agile and Competent Digital Talent

The objective of this thrust is to equip the current and future workforces with digital skills to thrive in the digital economy by focusing on upskilling, reskilling and talent development at various levels of education.

(a) Integrating digital skills into education at primary and secondary level

Digital learning will be implemented and rolled out in all schools through adoption of digital technologies. An open access knowledge bank will be developed to house online teaching materials. Educators will be trained to embrace the use of these digital tools and technologies in their teaching, while programme will be introduced to ensure students from various household income levels will have access to IT devices for online learning.

(b) Shifting focus of vocational and tertiary education from job-specific skills to competencies and adaptability

There will be a shift in the focus of curriculum design of higher education institutions in Malaysia, from job-specific skills to more emphasis on competencies and adaptability of students in general to ensure that they are more agile in becoming quality workforce.

(c) Reskilling current workforce with the digital skills needed to stay relevant

The tide of digital economy will make certain existing job functions obsolete, while at the same time creating employment opportunities that require digital skillsets. Part of the initiatives under the Blueprint are to cushion the impact that digital economy will bring, by introducing training programme to reskill and upskill workforce to equip them with skillsets that are relevant to the digital economy.

(d) Ensuring that gig workers are protected and equipped with the right skills

As evident from the varying degrees of Movement Control Orders implemented since 2020, there has been an increased reliance on gig workers, in particular food delivers, in maintaining the country's economy. The "GigUp" programme will be introduced under the Blueprint to improve their employability and mitigate the precarity of their job. At the same time, long-term social protection will also be introduced for gig workers.
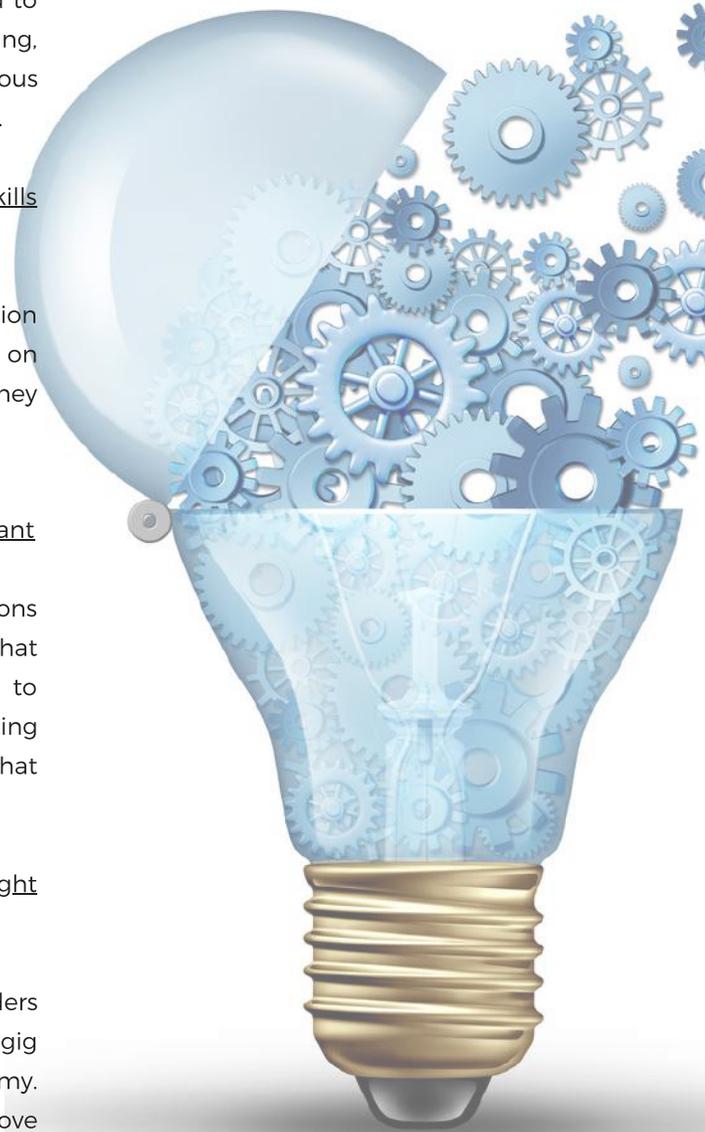
(v) Thrust 5 - Create an Inclusive Digital Society

While the nation moves toward a digital future, there is a need to ensure that all segments of the population are provided equal opportunities to take advantage of the digital economy by narrowing the current digital divide.

(a) Increasing inclusivity of all Malaysian in digital activities

The "My Ikrar" programme will be introduced to encourage volunteerism in conducting digital training to local communities. A centralised database will be established to measure digital inclusion levels in Malaysia in order to facilitate the development of data-driven policies to bridge the digital divide. Incentives will also be introduced to expand electronic payments adoption by small merchants as well as to increase electronic payments usage by consumers.

(b) Empowering special target groups in the society to participate in the digital economy through entrepreneurship

A one-stop online platform catered specifically for vulnerable groups such as the B40, women and people with disabilities, will be set up to provide information and resources helpful for them to grow their online businesses.

(vi) Thrust 6 - Build Trusted, Secure and Ethical Digital Environment

A safe digital environment for businesses and society is needed to ensure the sustainability of digital economy.

(a) Strengthening safety and ethics in digital activities and transactions

Government will enhance education module to equip students with the knowledge and skills on correct or acceptable ways of using the internet. Programme will also be introduced to raise cyber security awareness and ensure that all Malaysians have the skills and knowledge to combat cyber-attacks and cybercrimes.

(b) Enhancing institutions commitment to personal data protection and privacy

Existing legislations and regulatory framework relating to data protection and privacy will be reviewed to ensure that they are comprehensive, fit-for-purpose and timely.

(c) Improving cross-border data transfer

The Government will also enhance cross-border data transfer mechanisms to ensure that cross-border data flows for commerce are seamless, safe and secure.

(d) Increasing cyber security uptake among businesses

Incentives will be provided to encourage MSMEs to invest in cyber security products and services to ensure a safe digital ecosystem in Malaysia.

2. SECTORAL INITIATIVES

(i) Agriculture

The Government will be promoting adoption of digital technologies in farming as well as creating more local digital platforms to enable access to "Farm to Table" digital marketplace.

(ii) Construction

In addition to promoting the adoption of digital technologies in the construction industry, the Government will also be introducing incentives to encourage employers to provide digital skills training programmes. Emphasis will also be placed on research, development, commercialisation and innovation in emerging digital technologies for sustainable construction as well as an enhanced mechanism to accelerate the roll out of smart cities.

(iii) Manufacturing

The Government will be establishing technology labs and collaborative platforms in ensuring local companies' access to key enabling Industry 4.0 technologies. Customised national development programmes for specific manufacturing subsectors will also be developed to increase overall labour productivity and skills of workers to mitigate potential job losses.

(iv) Services

(a) Tourism

Use of digital marketing activities is encouraged. A comprehensive tourism database will be established to allow stakeholders to make accurate and informed decision based on big data.

(b) Arts, entertainment and recreation

The Blueprint encourages the usage of digital technologies in arts, entertainment and recreation industry, for example, virtual access to cultural products and services via virtual reality and augmented reality. Efforts will also be placed in nurturing and upskilling digital talent in Malaysia for creation of creative digital content.

(c) Education

In addition to the national initiatives to be rolled out in all schools, there will also be sectoral specific initiatives in promoting the adoption of education technologies.

(d) Financial and Insurance

Initiatives will be established to introduce Fintech Innovation Accelerator Programme to accelerate the growth of fintech start-ups in Malaysia.

(e) Healthcare

A framework will be developed and introduced for rapid adoption of technology for healthcare-related products. The data collected by the Malaysian Health Data Warehouse will be utilised for efficient policy making.

(f) Information and Communication Technology

The Government intends to promote open access and centralised database among the players in the ICT industry so that accurate and informed decision making based on big data can be made by stakeholders in the industry.

(g) Professional Services

Sectoral-based digital skills development scheme, sector-specific digital toolkit, as well as ethical guidelines for the usage of digital technologies within the professional services industry will be introduced to increase digital adoption by professionals.

(h) Transportation and Logistics

Government plans to establish a centralised and open transport database for analytics, monitoring and evaluation purposes in order to facilitate efficient and smart mobility of people and goods. There is also plan to expedite the implementation of uCustoms system for efficient customs clearance in logistics services.

(i) Wholesale and Retail Trade

Open API system will be introduced to facilitate collaboration between retailers and last-mile delivery services providers. Workforce in existing wholesale and retail subsector will also be upskilled and reskilled with digital skill sets.

(j) Food and Beverages

Offline F&B businesses will be encouraged to onboard eCommerce to optimise customer reach.

3. IMPLEMENTATION

According to the Blueprint, the initiatives as summarised above are intended to be rollout across 3 phases:

How?

PHASE 1: 2021-2022
Accelerate adoption towards strengthening the digital foundation

PHASE 2: 2023-2025
Drive digital transformation and inclusion

PHASE 3: 2026-2030
Become a regional market producer for digital products and digital solutions provider

The implementation of the initiatives will be spearheaded by five key players:

(a) **National Digital Economy and 4IR Council** chaired by the Prime Minister;
(b) **Clusters** that provide expert and technical support for policy development and direction;
(c) **Steering Committee** to coordinate and monitor effective implementation;
(d) **Strategic Change Management Office** that acts as the change management driver, overall monitoring and evaluation unit as well as secretariat to the Council; and
(e) **Working Groups** as lead implementers of the initiatives to provide technical expertise.

4. CONCLUSION

In our opinion, the MyDIGITAL initiative is indeed a great move to kickstart our nation's journey towards digitalisation. Although it is still in its infancy, the Blueprint encompasses many strategies and/or initiatives to address issues that some developed countries are facing or dealing with today, such as the fundamental protection of gig workers (just last week on 19 February 2021, the highest court in the UK decided that a group of 25 Uber drivers should not be treated as independent contractors and should be entitled to national minimum wage, paid leave, rest breaks, and discrimination protection), environmental issues that follow the advancement of digital technologies (France has just rolled out a "repair index" for simple electronic appliances to rate how easily and inexpensively the appliances can be repaired, in hopes of incentivising manufacturers to produce appliances with high repair index, thereby reducing wastage caused by forced decommissioning of electronic appliances), digital divide across demographics, enhancement and expansion of local cloud computing services, 5G deployments, etc.

The Blueprint also seeks out to review and address shortcomings in our existing legislations, e.g., the Personal Data Protection Act 2010 (perhaps with the introduction of data portability requirement similar to the EU GDPR), Competition Act 2010, as well as the IP laws in Malaysia. All in all, successful implementation of the MyDIGITAL initiative will see a boost in our country's economy, and hopefully the future with 5,000 start-ups by 2025 envisioned by the Blueprint can be realised, with possibility of a few homegrown mythical beasts too.

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