



The Digital Playbook: Essential Strategies for Malaysian MSMEs to Thrive

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Micro, Small and Medium enterprises (MSMEs) are the lifeblood of Malaysia's economy, representing over 97% of all businesses. In 2022, they contributed over RM 580.4 billion (38.4%) to the country's GDP and employed approximately 7.59 million Malaysians. Rooted deeply in local communities, MSMEs drive regional development and economic prosperity at the grassroots level. In urban areas like the Klang Valley, they fill the gaps in niche markets often overlooked by larger organisations while promoting inclusivity and healthy market competition.

Despite their importance, MSMEs face significant challenges in digitalising operations to meet evolving consumer behaviours. Rising costs due to global inflation however, have made digitalisation a necessity for their survival and growth. Although the Covid-19 pandemic accelerated digital transformation efforts among MSMEs, a substantial digital divide still remains between current business practices and next-generation consumer expectations.

While large corporations have reaped significant benefits from adopting advanced technologies like AI and data analytics that has allowed them to improve efficiency and achieve greater economies of scale, many MSMEs still question the value of such investments for their operations. However, our experience shows that MSMEs, due to their agility and lean operations, stand to gain immensely from digital solutions that enhance efficiency without overwhelming complexity or cost.

Unfortunately, digitalisation is often perceived as a highly complex and expensive process, with low immediate impact. The truth is, according to studies by the University Consortium of Malaysia and Huawei, adopting technologies such as social media, e-media, e-commerce platforms, and data management solutions can boost productivity by an average of 45%! Despite these clear benefits:

- Nearly 70% of MSMEs have yet to embark on their digital journey.
- Only 26% have developed a clear strategy for digitisation.
- Digital adoption is concentrated mainly in sectors within more developed regions namely the Klang Valley, Johor, and Penang.

From what we've seen, notable barriers to MSME digitalisation include:

- Difficulty in securing sufficient funding while maintaining daily operations, as many solutions are designed for larger enterprises and are difficult to scale down for smaller businesses.
- Lack of digital literacy among owners and employees to support digitalisation efforts, with around 65% indicating that their teams require further digital and technical skills training, such as database management and digital marketing.
- Competitive market conditions that make it challenging to attract and retain skilled digital talent.
- Complexities in integrating new technologies into existing processes, leading to system incompatibility and operational disruptions

Finding the path to digital success

The imperatives facing local MSMEs have become more pronounced as the world shifts to its next normal. To ensure sustainable nationwide digitalisation efforts, here are five key strategies for MSMEs to seize emerging opportunities and pull ahead in today's digital shift:

Assess and prioritise digital needs

Many of the MSMEs we work with have excelled in one crucial area; recognising that digitalisation is no longer optional. However, to successfully get started on this journey, business owners must initiate a thorough assessment of their current operations and use cases within wider domains to identify areas where digitalisation is most needed — for example, customer journey management, opportunity management, and product development — which will yield the most tangible benefits.

After completing a digital audit to identify existing gaps, leaders must set firm objectives and a clear purpose for digital investments. Whether the goal is to improve customer experience, enhance operational efficiency or expand market reach, having a well-documented definition of desired outcomes will enable continuous assessment of investment returns. Once MSMEs have a clear vision, initiatives can be effectively prioritised based on potential impact, available capabilities and how they align with business goals.

Leverage government grants and incentives.

To accelerate the process, MSMEs should make full use of government grants and incentives available to reduce financial barriers. Programmes like MSME Digital Grant MADANI 2024 are designed to jumpstart the MSME digitalisation process by allocating up to RM5,000 for digitalisation through MDEC. Additionally, the Smart Automation Grant under the PENJANA initiative funds eligible expenditures up to RM1 million to incentivise the digitalisation of operations, production processes, and trade channels.

To do this, MSMEs should first understand the eligibility criteria and application processes for these grants by consulting official documentation from the relevant agency websites. While local chambers of commerce and business associations can provide valuable assistance, technology partners, including Unifi Business, also offer professional advice and guidance to eligible MSMEs intending to apply for these funds. Often, this support is integrated into special campaigns that feature complementary digital solution packages — a win-win scenario for business owners looking to modernise their operations.

Build a digital culture and continuous learning mindset.

Successful digital transformation is not just about technology; it's also about people. Cultivating a culture that embraces change is crucial for smooth integration, encompassing both the skills needed to adopt new technologies and the mindset that views digitalisation as a collaborative means to achieve business goals more effectively.

Change comes from the top, with leadership being the essential exemplar of a commitment to digitalisation. MSME leaders must champion this commitment, setting the tone for a 'fail fast, learn faster' culture within their organisation. Often, the fear of making mistakes with technology is the largest impediment to adoption and progress. Removing this fear requires a culture and environment that encourages employees to suggest new ideas and experiment without fear of failure, which can lead to significant performance improvements and rapid learning growth.

To minimise risks associated with this approach, leaders should invest in continuous learning opportunities for all employees. Encourage the development of new capabilities and skills across all levels and functions through workshops, certification programmes, and micro learning courses. This investment not only equips teams with the necessary tools but also fosters an innovative culture ready to tackle future challenges head-on.

Lean on your local business community.

To further build knowledge and accelerate business development, networking within local business communities can provide invaluable support, especially when navigating the complexities of digitalisation. Engaging with a tight-knit community of business owners, local chambers of commerce or industry-specific associations through sharing sessions and outcome-oriented events can offer a rich source of learning. Participating in programmes and platforms where businesses share their digital transformation experiences may prove to be enlightening. Who knows? What worked for them might work for you too!

Along with the potential learning opportunity, this additional network allows owners to explore potential collaborations and opportunities to pool resources together, leading to more effective solutions. The Unifi Business Club (UBC) supports these endeavours by offering all existing customers free access to educational content through a digital portal that is accessible on-the-go. This includes webinars, talk shows, business tips, and live chats designed to help owners gain insights to navigate their digitalisation journey.

Explore and partner with trusted technology providers.

MSMEs often require expert guidance early on to identify the right solutions for their business problems and to conduct detailed assessments of available options in the market. A sustainable partnership model, rather than a transactional relationship, can prevent MSMEs from feeling overwhelmed and stuck in their digitalisation efforts.

MSME owners should proactively seek to understand the available digital solutions from both technological and business perspectives. Choosing a partner that offers a consultative approach is crucial for identifying the most suitable options for your specific business challenges. Leading technology providers operate extensive solution portfolios that go beyond traditional connectivity and IT services, complemented by active after-sales support. Reliable partners further enhance their technology offerings by integrating various solutions through leading partnerships and collaborative ecosystems with service providers from other industries. This one-stop approach enables MSMEs to effectively grow their businesses by leveraging comprehensive, tailored solutions.

Unifi Business is dedicated to supporting MSMEs in Malaysia by providing accessible digital solutions that drive tangible business results. Our commitment stems from a belief in the transformative power of digitalisation for MSMEs, which are crucial to the nation's economic growth and prosperity. By empowering MSMEs with digital capabilities, we aim to inspire business owners with local success stories, such as Sue & Mie Serunding Kg Laut and MJ by Mus, to highlight how even modest investments in technology can yield significant benefits.

Supporting MSMEs is not just about enhancing individual businesses; it's about strengthening the entire economic fabric of Malaysia. As these enterprises overcome the initial digitalisation inertia, they unlock their potential to contribute an estimated 41% to national GDP by 2025. This progress not only benefits business owners but also fosters job creation, innovation, and overall societal well-being.

Digitalising your business may seem like a daunting journey, but with Unifi Business as your partner, you can confidently take those first steps towards a brighter future for your enterprise and in contributing to making Malaysia a digital nation.

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Source:

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