

SPEECH BY
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INTEL'S NEXT GEN MANUFACTURER CONFERENCE 2018

12 APRIL 2018, 11.00 am
DEWAN PERDANA, MITI TOWER

Distinguished Guests,
Ladies and Gentlemen,
Salam Sejahtera and Good Morning everyone.

1. It gives me great honour and pleasure to join all of you here this morning. I am happy to welcome you to MITI once again, with this being the second conference organized by Intel here in MITI. I remember we had the Internet of Things 2017 event co-organised by INTEL and MIDA in this hall last November. In keeping with the same spirit of discussion on the evolution of technology and business solutions, I wish to thank the organisers for inviting me to **Intel's Next Gen Manufacturer Conference 2018** today. So a warm welcome and thank you to all participants who took time off to attend this event.

Ladies and Gentlemen,

2. The Malaysia Productivity Blueprint (MPB) which was launched by the Honorable Prime Minister on 8 May 2017 is one of the strategies under the 11th Malaysia Plan to unlock productivity for the country. The blueprint serves as a holistic measure to target initiatives to open up potential productivity at national, sectoral and industrial levels. Recommendations in the blueprint serves to raise productivity and address the common challenges in many sectors – talent, technology, incentive structure, business environment, and productivity mindset.

3. MPB has identified nine (9) priority subsectors based on the following areas productivity gap, impact on GDP, percentage of workforce, readiness of subsector and existing Government Plans. One of the priority sub-sectors is Electrical and Electronics, which is the backbone OF the manufacturing industry and a major contributor to the country's exports and GDP. In 2017, the E&E sector contributed RM343 billion i.e. 36.7% of total exports and 27.8% GDP share of total manufacturing.

4. In an effort to further boost E&E's contribution to the economy, the MPB recommended the formation of the Electrical & Electronics Productivity Nexus (EEPN) led by industries and supported by the government. EEPN's key strategies include enhancing higher value-added activities, nurture the E&E talent pool, accelerate the adoption of Industry 4.0 and strengthening the development of local E&E small medium enterprise (SMEs).

Ladies and Gentlemen,

5. As many are aware, the Fourth Industrial Revolution has now become a global megatrend. Whether we like it or not, changes are already happening worldwide and people everywhere are talking about the challenges associated with this new industrial revolution – as connectivity and automation will impact the way a business is run today. Machines, computers and robots will be performing many of the human jobs we have today. Whether we are ready for it or not, technology is going to disrupt our lives as we know it now. Hence, to remain relevant and competitive, we have to embrace change. Many businesses and industry players in developed countries have leaped into the Industry 4.0 sphere, utilizing the cyber-physical system holistically, ahead of us. Countries such as Germany, United States, France and Japan have forged right ahead, propelled strongly by their industries.

6. Our ASEAN neighbours Singapore, Thailand, Vietnam and more recently Indonesia have also adopted Industry 4.0. Similarly, for Malaysia, the Government through MITI is leading efforts in developing a National Industry 4.0 policy with the collaboration of other key ministries such as MOSTI, MOHR, MOHE, MOF and KKMM. The policy outlines several broad strategies for Malaysia to embark on the journey that will transform the manufacturing industry landscape over the next decade, anchored on three shift factors to encourage Industry 4.0 adoption i.e. People, Process and Technology. Targeted to be completed and launched by the middle of this year, it is hoped that this policy will be able to leverage on existing initiatives and further enhance it to ensure resources are managed efficiently.

7. To achieve this, we need both the private industry players and public sector to collaborate to drive this agenda for the country forward. Most importantly, adoption of Industry 4.0 should be a bottom-up approach instead of top-down and industry players themselves need to take charge and push for rapid adoption. The role of Government is more of an enabler for Industry 4.0 transformation to be realized. In this context, I am pleased to note EEPN and INTEL's active role in creating awareness programmes to drive the adoption of Industry 4.0, in the same direction with the Government.

8. As a developing country that has aspirations to become a high income nation by 2020, the greatest challenge that we need to overcome in facing this disruptive revolution is that of mindset change. Thinking that Smart Manufacturing, Industry 4.0 and factory modernization are only for large multinational companies is a general misconception. It is in this spirit of changing the mindset towards embracing Industry 4.0 that this conference is held today.

9. Businesses can benefit from adopting high technology as research has shown tangible results where adoption of high technology have helped them accomplish increase in productivity, products variation and faster time to market within the first year of adoption. Low labour cost offered by developing countries will soon be irrelevant as Industry 4.0 phases out routine jobs that require minimal human cognitive involvements with robots and artificial intelligence. With the race towards Industry 4.0 on, all companies need to think ahead and "future proof" their businesses. Our industry especially SMEs must be more innovative and creative to continue moving up the global value chain with the help of new edge technology.

Ladies and Gentlemen,

10. The Objective of this event is to accelerate the Industry 4.0 adoption by bringing key industry players, industry ecosystem (including the System Integrators) together with the key government agencies to create awareness of Industry 4.0, the solutions and tools. Benefits of adopting Industry 4.0 technology at firm level are real. We have

seen proof that adoption of high technology such as smart factory transformations is delivering critical business results. Process optimizations are enabled, machine usage and performance are increased, productivity from both workers and machines are also enhanced through responsive supply chains, improved asset management and many more.

11. The uncertainty about the means and how to apply Industry 4.0 technologies to business operations is the main deterrent for many companies contemplating to embark on this journey. Many companies are still getting to grips with the concept and are less certain about what it actually entails. It is undeniable that new technologies arising from Industry 4.0 can be overwhelming for those who are unfamiliar. Undoubtedly, technology and its application will be the enabler. And while there is a widespread expectation among companies that investment in new technology will be required, the most manufacturers say they could be using current digital technologies more effectively to boost their levels of productivity.

Ladies and Gentlemen,

12. For Malaysia's next generation of manufacturers, adopting Industry 4.0 is a must, going forward. Forums, seminars and conferences such as this, both domestic and international, not only emphasize but also create awareness on the need for firms to become more connected. I understand that Intel is leading the Accelerating of the Industry 4.0 Adoption pillar for EEPN and is the main driver for this conference. Besides the sharing of thoughts and views from our esteemed panelists and technical experts, this conference today features a unique workshop that will take our participants through a to-do list for embarking on the Industry 4.0 journey. This has never been done before and is the right step forward in moving towards Industry 4.0 adoption.

13. I wish to once again thank and congratulate EEPN and INTEL for having this conference here today. Indeed, besides providing a platform for our electrical and electronics ecosystem to network, it is hoped that through events and seminars such as

these, our Malaysian electrical and electronics manufacturers will find the impetus to quantum leap to become the main driver of Industry 4.0 adoption.

14. Therefore, I greatly hope that this seminar will benefit all who are attending today, be it from the industry or other stakeholders. I believe strong collaborations between stakeholders from multiple expertise and backgrounds are essential towards ensuring Malaysia is able to propel its global industry leaders towards this new revolution. As daunting as the challenges of the Fourth Industrial Revolution may be, together and connected, we can march towards factory modernization and make it work.

Thank you.