

Funding the Transformation of Industrial Revolution 4.0 in Malaysia

The world is undergoing a technological transformation in Industrial Revolution 4.0, and the way we live and work will be changed forever. Moreover, each industry will be affected differently according to the nature of their products, services, processes and many other factors. The development and adoption of Industry 4.0 technologies and processes may require substantial investments by manufacturing firms.

Therefore, government agencies and private entities are offering incentives and funding options aimed at encouraging companies to adopt new manufacturing technologies and processes and invest in R&D, especially to develop local solutions for Malaysia's needs and priorities. Special attention will be given to collaborative efforts in developing and deploying Industry 4.0 technologies. The incentives will be linked to specific outcomes to encourage progress and producing the desired impacts.

These strategies are applicable to both manufacturing firms as the users and adopters, and to service providers of Industry 4.0 technologies and solutions. Government Funding Allocation From 2019 to 2021, the government will allocate RM 210 million to support the transition and migration of companies to Industry 4.0. The Malaysia Productivity Corporation has been entrusted with the responsibility to carry out Readiness Assessments (RAs) to assist up to 500 small and medium enterprises (SMEs) to migrate to Industry 4.0 technologies. Industry4WRD financial incentives are also available in the form of grants, loans and guarantees.

Bank Pembangunan has allocated RM3 billion to aid manufacturers in their quest to adopt Industry 4.0 related technologies, through its Industry Digitalisation Transformation Fund (IDTF). Introduced on 1 January 2019, IDTF will be available until 31 December 2020.

Syarikat Jaminan Pembiayaan Perniagaan (SJPP) has an Automation & Digital Guarantee Scheme (ADGS) to help SMEs by providing guarantees to banks which loans them funds to automate, digitise and modernise their facilities and operations towards achieving Industry 4.0, provided the borrower's credit worthiness is clear. It will charge 1% for its services. However, only companies which are at least 51% Malaysian owned are eligible.

Malaysian Industrial Development Finance Bhd (MIDF) offers the Soft Loan Scheme for Automation and Modernisation (SLSAM). It offers manufacturing companies (from small to large) that need funds up to 100% financing for their Industry4WRD transformation through MITI. MIDF will charge SMEs 4% interest per annum on yearly rest and large companies 5% per annum on yearly rest, for its services.

Malaysian Investment Development Authority (MIDA) has a range of incentives to assist companies in their Industry4WRD journey. There is a fund provided on a matching basis (70:30) based on eligible expenditures, up to a maximum grant of Ringgit Malaysia Five Hundred Thousand (RM500,000.00) available, but the companies must first go through an RA.

There are various peer-to-peer (P2P) and crowdfunding options available too. Visit www.alixco.com and <https://equity.pitchin.my> to find out more.

The Ministry of International Trade and Industry (MITI) is driving the Industry4WRD initiative to transform the manufacturing industry in Malaysia towards Industry 4.0 adoption. To find out how you can be ready for industry 4.0, visit MITI's website at <https://www.miti.gov.my/index.php/pages/view/4832>.