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**SMART FACTORY TRANSFORMATION PROGRAM POISED TO
REVOLUTIONISE DIGITALISATION IN THE M&E SUBSECTOR**

8 May 2023, Kuala Lumpur – The Smart Factory Transformation Programme (SFTP) aims to enhance the productivity and competitiveness of Machinery and Equipment (M&E) subsector by adopting smart manufacturing technologies in their transformation journey towards Industry 4.0.

The Machinery and Equipment Productivity Nexus (MEPN) fully supported by Malaysia Productivity Corporation (MPC) has initiated SFTP to accelerate the Industry 4.0 transformation in the Machinery and Equipment (M&E) subsector.

According to MPC Director General, Dato' Abdul Latif Haji Abu Seman, M&E subsector in Malaysia has the potential to enter the high-value-added market segments with quality products by embracing digitalisation, automation, robotics, artificial intelligence, and mechanisation in their operations to enhance processes and boost production capabilities.

“Productivity is crucial to increase competitiveness, create employment opportunities, generate high income, and improve the well-being of the people. Malaysia aspires to drive 3.6% productivity growth, and digital technologies offer vast potential to enhance the productivity of firms”, he said.

Abdul Latif explained that the main objective of this program is to accelerate Industry 4.0 transformation journey in the manufacturing and related service sectors. This will position Malaysia as the hub of the high-tech industry, a strategic partner for smart

manufacturing and related service sector in Asia Pacific with a total solution provider for advanced technology.

“Manufacturing sector recorded strong productivity growth in value added per employment at 4.1%, in the fourth quarter 2022. The M&E subsector, one of the significant contributors to the manufacturing sector, remained firm in its productivity growth at 4.7% with value added of RM98,383 per employee, exceed the national productivity level”, he added.

Meanwhile the MEPN Champion which also President of the Machinery & Engineering Industries Federation (MEIF), Mac Ngan Boon emphasized the importance of automation and digitisation for a company's growth and long-term survival, particularly in the manufacturing industry.

He added, to remain competitive, manufacturers need to adopt Industry 4.0 technologies and practices that can help them optimise their processes, lower production costs, and improve product quality. By embracing such technologies, industries can also respond more quickly to the needs and changing market demands. “Automation and digitalisation have become essential elements for the growth and sustainability of businesses, especially in the manufacturing sector”, he said.

According to Mac, digitalisation comes with its own set of challenges, including limited technical expertise and lack of sufficient financing. The challenge of integrating Information Technology (IT) and Operational Technology (OT) infrastructure may also stifle businesses aspiration due to issues such as legacy systems, complexity, interoperability, and adoption costs.

The MEPN has garnered full support from MPC in collaborating with DSC Consulting Sdn. Bhd. (DSCC) and Malaysia Automation Technology Association (MATA) in organising the SFTP to assist M&E companies that adopt advanced manufacturing technology to improve their productivity and competitiveness.

SFTP is intended to foster the advancement of the Malaysian manufacturing sector towards IR4.0 and help a group of selected companies in adopting smart manufacturing technologies can assist the M&E industry players in growing their businesses more efficiently.

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About Malaysia Productivity Corporation (MPC)

MPC is a statutory body under the Ministry of Investment, Trade and Industry (MITI). It drives national productivity holistically at the national, sectoral, and enterprise levels through five main thrusts: developing future talent, driving digitization and innovation, ensuring industry accountability for productivity, building a robust ecosystem, and fostering productive mindset. It collaborates strategically with the private and public sectors by emphasising productivity as a key agenda to boost productivity growth and national competitiveness, ultimately leading to shared well-being and prosperity.