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**MALAYSIA SME™**  
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# Ignoring the weather forecast

The facilities are present, services offered and incentives provided, but Cloud technology adoption is still coming up short among local organisations

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As a result of being constantly connected via wireless technologies and the gadgets that we carry with us everywhere, the current business climate is one of constant flux. To cope with incessant work demands, an increasing amount of Malaysian companies are looking for new technologies.

Despite the various benefits of Cloud computing, many small and medium enterprises (SMEs) have still not yet adopted this new technology. There has been no lack of opportunities for companies to do so and the pros outweigh the cons in terms of saving time and costs.

"We hear time and again that running your own business with Cloud solutions helps you sell better and provide better services to your customers. The industry is changing rapidly and those of us who want to succeed in the long-term must change with it," said Azizah Ali.

The Microsoft Malaysia small and midmarket solutions and partners general manager told MALAYSIA SME® that Cloud adoption in Malaysia is on an upward trend, as can be seen with local SMEs starting to embrace the idea of subscription-based business solutions delivered over the Internet.

When asked how SMEs have been encouraged in regards to Cloud adoption, Azizah mentioned how the MSC Malaysia Cloud Computing Enablement Initiative was introduced in 2011 as the key driver in the development of the Cloud computing ecosystem in Malaysia.

"According to the Multimedia Development Corporation (MDeC), there are now 233 independent software vendors (ISVs) and 3,900 new SMEs taking part in Cloud programs under MSC Malaysia. These ISVs contributed to RM20.3 million in revenue as of 2013," she said.

Microsoft International president Jean-Philippe Courtois shared how by 2017, public Cloud IT will reach close to US\$107 billion (RM350 bil-



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— Chan

lion), which is five times the growth of the IT industry and represents huge opportunities for businesses that embrace the new technology.

"In this industry, things change at incredible rates when innovation takes hold and before you know it, this [Cloud computing] won't be a trend any longer; it will be the new norm. If you are not prepared to take advantage of it, you will be left behind," Courtois cautioned.

Exabytes CEO and founder Chan Kee Siak elaborated to MALAYSIA SME® that the scope and coverage of Cloud computing is very broad, from day-to-day business requirements like company emails, websites and data storage being basic cloud infrastructure.

Other functions include cloud-based accounting software, customer relationship management software, cloud-based helpdesk solutions and other types of horizontal and vertical Cloud computing solutions already available in the market.

He said that unlike typical solution providers who sell software in DVD boxes and have robust sales teams to market their products, Cloud-based solution providers face a chicken and egg scenario.

They do not have enough of sales volume to fund their marketing efforts, which result in lower sales.

"What's missing is a lot of these solutions need users to do it themselves, to find out the services for themselves and subscribe. This is not like conventional marketing teams and sales teams who knock on doors and introduce services. That gap is delaying the adoption of signups," Chan said.

He insisted that SMEs stand to gain from adopting Cloud technology with flexibility and cost-savings being big factors. The traditional approach would have had organisations engaging consultants, buying new hardware and installing new software to implement a new accounting system.

Using the Cloud-computing approach, SMEs will just need to find a Cloud-based accounting service provider, sign up for their services, and payment will depend on their usage of the software.

"Another reason [for SMEs to adopt Cloud technology] is that nowadays, in Malaysia, it is getting more difficult to hire technologically-competent staff. There is a shortage of IT graduates. Using the conventional way, you have to maintain your own IT experts," Chan said.

He explained that instead of worrying about hiring and training technical experts, companies could instead opt for subscribing to Cloud service providers to significantly cut down on implementation time, if they were to implement anything from new accounting software to enterprise resource planning (ERP) systems.

"Cloud computing is not that new but it is new to a lot of SMEs. They've probably heard of it but they haven't really experienced it. In terms of infrastructure and affordability, SMEs are quite ready. In terms of solutions available locally, there is probably still a gap

in market access," Chan surmised.

He observed that there does not seem to be many advertisements and promotions urging SMEs to subscribe to Cloud-based services. However, he foresaw a high adoption of Cloud technologies by 2020 as six years is a long enough time.

"Six years in the digital world is a long time period. Nowadays more SMEs have heard and know about Cloud computing. What they need is a kick. They need to see solution providers offering their services. The period of skepticism has passed already," he said.

He added that because Cloud-based services are easy to subscribe to, once SMEs come across suitable solutions which they need for their businesses, it will be very easy for them to adopt the services naturally.

Chan also urged for greater incentives for SMEs which adopt Cloud technologies and for the government to streamline the reimbursement process.

He hoped that instead of sub-

mitting additional documentation as proof of Cloud adoption, companies could just attach the proof of purchase in their annual tax filing, to then get automatic allowances or deductions.

IT consultancy organisation Redynamics regional managing director Raymond Chou commented that a big challenge faced by companies in implementing Cloud technology was that they were afraid of data security.

"The biggest challenge is the whole 'putting my data somewhere where I cannot see' and 'how to ensure that it is safe'. Business-wise, cloud services would bring significant benefits to our customers operationally but that would make things technically new and adopting these new strategies and changing to this concept will have to take time," he said.

He added that from a consulting practice perspective, the cloud is still fairly new and still provides some technical challenges businesses still need to figure out.

Infrastructure Consulting & Managed Services (ICMS) managing director Desmond Chan said that there would be a greater focus on services with the adoption of Cloud technology.

"For some, there will be a reduction in the traditional supply and installation of hardware, servers and storage equipment..."

For others, it will accelerate the delivery of business value," he added.

MSME



Courtois