

# BURSA INSTI SECTORIAL SERIES DIGITALISATION – SHAKING THINGS UP!

The digital revolution is upon us, forcing telecommunications and media companies to rethink their business models to remain competitive in an increasingly saturated market where speed is crucial. Bursa Malaysia, together with Hong Leong Investment Bank, had invited speakers from the telecommunication and media companies to talk about their respective company's developments and plans.

## **MCMC: Opportunity for the new Media platforms (Mr Gerard Lim Kim Meng, Chief Digital Officer)**



- Current broadband penetration rate per 100 inhabitants is 129.8% as at 3Q19, driven by improved network coverage and demand for mobile data while 4G LTE population coverage in Malaysia is at 80.1%
- The increasing use of broadband saw internet ADEX overtaking traditional TV in 2016, and increasing exponentially by 52% in 2019. This is due to the shift in audience behaviour, driven by more online content, more internet users, pervasive mobile access, availability of higher internet speeds and shifts of spending by advertisers.

- Despite the dip in broadcasting sector's revenue from 1H 2018 to 1H 2019 on the back of OTT services, the Pay TV sector maintains its healthy position as the preferred medium of television viewers as it constitutes 85% of the total broadcast sector revenue.
- Broadcasters continue to offer compelling content across multi-platforms to maintain and enhance viewership.
- While Pay-TV service dominated the broadcasting revenue, Free-to-Air (FTA) TV service provider, Media Prima garners the largest audience market share.
- Media Prima is the leading FTA broadcaster, with its channel portfolio accounting for 35.2% of audience market share, while Astro constitutes 19.9% and RTM commands 8.4% of audience market share.
- Malaysia has completed its analogue switch off on 31 October 2019 and is fully transitioned into digital.
- Digital TV brings an improved quality of content and innovative digital services that will open new horizons in the broadcasting industry.
- Digital TV is spectrum efficient, with the ability to roll out more channels and introduce new applications. It also has a broader audience reach, and higher quality picture and sound.

## **Media Prima: Digital Roadmap (En Rafiq Razali, Chief Executive Officer)**

- Media Prima is undergoing a transformation which focuses on 3 areas - (1) transform into a data-driven business, (2) expand the audience base and (3) focus on content.
- Investments are bearing fruit, from <1% of Group ADEX revenue to 10% of Group ADEX revenue. Now it has a combined reach of >14m Malaysians.
- It also has the largest mobile audience in Malaysia with an 8x growth in revenue.
- To capture the digital space, Media Prima acquired Rev Asia in 2018 and signed partnerships with YouTube for all catch-up content to be available offline on YouTube.
- Since then, it has garnered 170m views and more than 4m subscribers on YouTube. This has resulted in a spike in viewing as audiences catch up on the following episodes on TV.
- Media Prima is looking forward to Esports, given its revenue growth potential of an expected 5-year forward CAGR of 22.3%. It has so far produced and live-streamed Kejohanan E-Sukan Kampus which has >5m Livestream views and has attracted 26m viewers on social media. They have signed partnerships with digital content providers from Mygameon and IGN Southeast Asia. This is in line with supporting the government's initiatives on Esports.



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Telecommunication companies are at the forefront of digitalisation and Industrial 4.0 (I4). External pressures (i.e. hyper-competition and high capex) impacting the industry in the last few years have coerced the telcos to transition into a digital solutions provider to help businesses improve productivity as well as efficiency. Some of the initiatives taken by the telcos during this transition:

**TM:**  
*(En Asmadi Mohd Salleh, Chief Strategy Officer)*

While TM ONE strengthens its core (i.e. fixed connectivity and enterprise mobile), it has expanded its ICT/BPO services and IoT/Smart Services with expected 3-year forward CAGR of 10.7% and 10.9% respectively. It provides vertical digital solutions (B2B and B2B2X) connecting multiple users via TM One’s ICT/BPO/IoT solutions and seamless connectivity.



**Axiata:**  
*(Mr Dominic Paul Arena, Group Chief Strategy and Marketing Officer)*

Set a vision to be the next generation digital champion by 2022 by innovating both their business model and operating model with data and analytics at the core. Axiata created a centralised Axiata Analytics Center (AAC) for (1) scaling data science capacity (2) building analytics maturity and (3) establishing Proof Point vis-à-vis ROI and established DevOps execution capabilities through Axiata Digital Lab.



**Maxis:**  
*(Mr Paul McManus, Chief Enterprise Officer)*

Maxis repositioned as the preferred ICT solutions provider in Malaysia by establishing key focus areas that resolve business needs such as predictive analysis, data security, IoT, cloud services and transforming sales by introducing segment-focused and consultative solution selling. In 2019, it turbocharged its managed services and offered IoT services. This year, it will offer hybrid/multi-cloud services and expand its digital business portfolios such as analytics, e-commerce and payment solutions.

