MDEC®
100 Go Digital

SME DIGITAL
QUICK GUIDE

FOOD & BEVERAGE

CONTENTS

PREFACE

The goal of the Small and Medium-sized Enterprises (SME) Digital Quick Guide is to help SMEs in the Food & Beverage (F&B) sector to re-assess their digital opportunities and readiness, by providing a step-by-step guide on how to enhance their current digital capabilities.

SMEs will be empowered to drive new digitalization efforts in growing their business, through the insights and guidance gained from the guidebook. Effectively improving customer experience, operational efficiency, and business functionality, making it more competitive and agile in Malaysia's growing F&B sector.

The "SME Digital Quick Guide" is a summarized version of the "SME Digital Guidebook F&B" (Guidebook), providing a high-level view only. For the full document please refer to the Guidebook. The purpose of the "Quick Guide" is to be an easy-to-read document for quick reference.

For the development of the Quick Guide and Guidebook, the Malaysia Digital Economy Corporation (MDEC) commissioned International Data Corporation (IDC) for the analysis of market and technology insights.

1.0 - TOP EMERGING DIGITAL TRENDS IN THE F&B SECTOR

The F&B industry is digitally transforming, changing how business operates as well as how customers are being served. To respond to these changes, investments into the following technologies are essential:

Cloud Kitchen
A cloud kitchen is a centralized commercial cooking facility set up specifically for takeout meals. The benefits of a cloud kitchen are low startup cost, elimination of furniture cost as well as the building maintenance cost and waiter's pay.
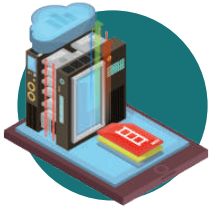
Cloud POS System
A cloud based Point of Sales (POS) system allows restaurants to track sales and inventory data in real-time, remotely across all outlets, from anywhere. This enables F&B outlets to make more reactive and informed business decisions.

Omni-channel
An omni-channel platform is the integration of offline and online customers touchpoints. By integrating both it allows to derive data insights on customer behavior to offer personalized services and create focused marketing promotions.

Curbside Pickup
Curbside pickup is when customers order their food online or via a mobile app to pick up their order from the restaurant. This reduces waiting time for customers and F&B outlets dependency on third-party applications.

2.0 - FOUR REASONS WHY DIGITAL ADOPTION MATTERS

More and more SMEs are adding new digital capabilities to their business. Adopting digital technologies has the following benefits:

Reasons to Digitalize

1 **Improved Customer Engagement**
Increase interactions with customers by integrating online and offline solutions that offer a customized experience.

2 **Optimize Operations**
Streamline operations by gaining real-time visibility of sales transactions, delivery of orders and inventory.

3 **Product Focus**
Use data insights of customer demographics and behavior to promote personalized and targeted products.

4 **Scaling of Business**
Leverage on the digital intelligence to identify new revenue sources and growth opportunity to scale business.

For an SME to transition to digital tools or services, the first step is to understand its current digital readiness as the needs and requirements might vary.

To understand where it ranks in readiness, the guidebook has summarized the types of personas in Table 1.0.

2.0 - FOUR REASONS WHY DIGITAL ADOPTION MATTERS

For an SME to enhance its digital capabilities, the first step is to understand its current digital awareness and digital maturity as the needs and requirements may vary. To understand where it ranks, Table 1.0 shows the characteristics of four different SME personas, with Amateur being the lowest in digital readiness and Empowered being the most advanced.

Table 1.0: Summary of SMEs Persona and Characteristics

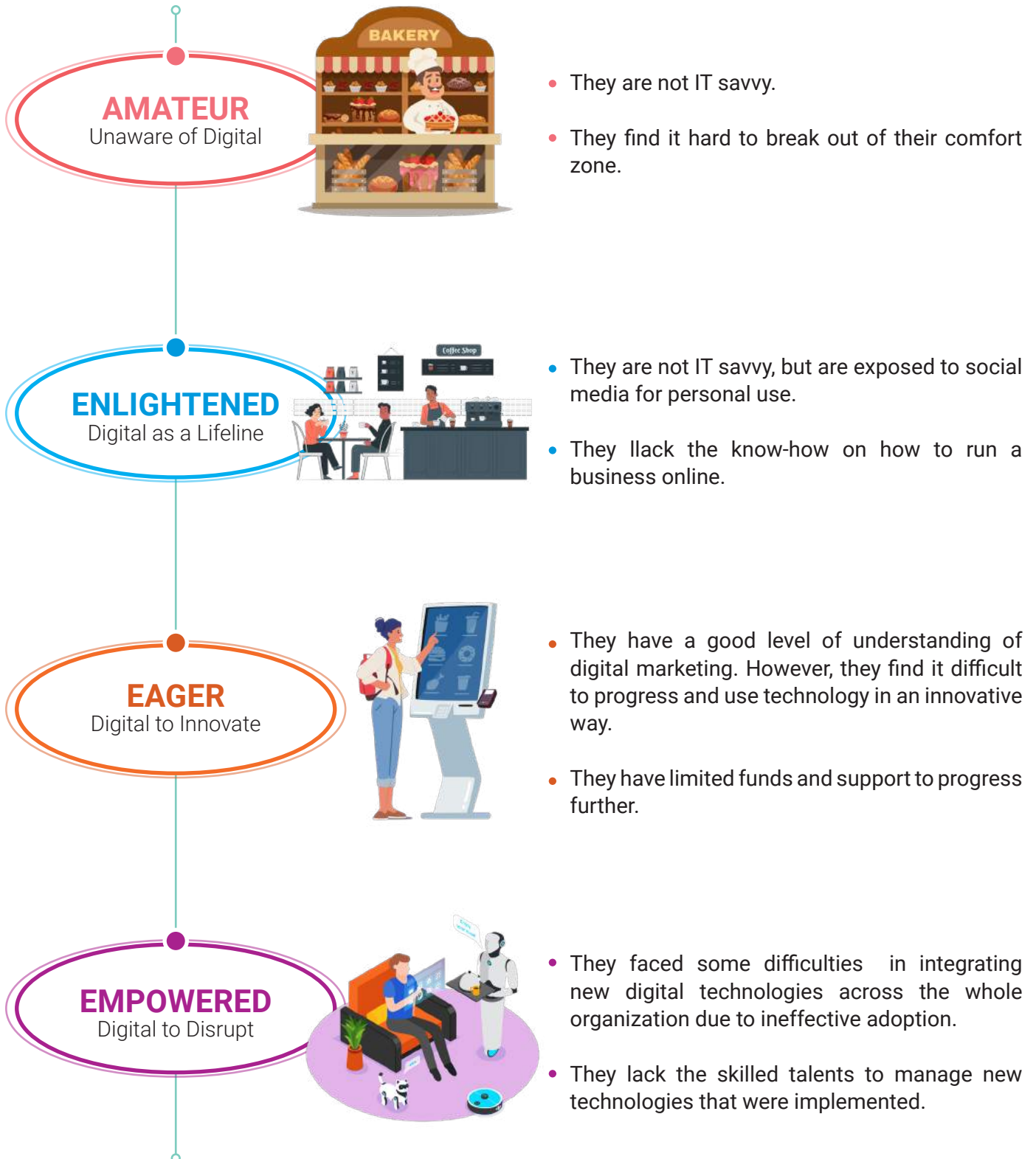| Persona	Digital Awareness	Digital Maturity	Digital Needs	Common Questions Posed
01 **Amateur** Unaware of Digital	**Very low** Knows about digital tools for communication purposes only	**Very low** Curious to explore the digital world for businesses yet finds it complicated	Needs to be convinced on the benefits of digitalizing their businesses and to be coached throughout the process	a. What is digital? b. Why do I need to go digital? c. Why is it so complicated to even understand digital?
02 **Enlightened** Digital as a Lifeline	**Medium** Knows about the existence of various digital solutions but only as a lifestyle/ social tool and not as a business tool	**Low** Their business is mainly driven through nondigital means but has started utilizing some digital channels to generate sales	Needs to be guided and coached how to continue in their digitalization process	a. How can my business survive post-COVID-19? b. Where can I get help? c. Where do I start if I want to be digitalized?
03 **Eager** Digital to Innovate	**Above Average** Knows about the existence of various digital solutions but remains wary in fear of disrupting current business flow and model	**Medium** Uses limited digital means to generate sales, improve brand awareness and make transactions	Requires assistance in moving forward in their digitalization journey to improve business processes and networking	a. How can I transform my business further? b. How can my operations be improved and still be secured? c. How can I do more with going digital?
04 **Empowered** Digital to Disrupt	**High** Knows the existence of many digital solutions and is up-to-date on the current digital advancements	**High** Utilizes the latest digital implementations, such as data analytics, and is still seeking out the latest digital tools for business improvements	Requires advance digital solutions, such as artificial intelligence (AI) and machine learning (ML), and networking to be implemented	a. What unique experiences can I create for my customers? b. How can I disrupt the current industry to my advantage? c. Who can I collaborate with to advance my ideas?

Source: MDEC

Top Challenges in Adopting Digitalization According to Each Persona

As SMEs advances in their digital journey, each persona faces a different set of challenges based on their digital awareness and maturity. Therefore, it is essential that the identified challenges in Table 1.1 have been addressed before transitioning to the next level of digital adoption.

Table 1.1: Top Digitalization Challenges According to Persona

AMATEUR
Unaware of Digital

- They are not IT savvy.
- They find it hard to break out of their comfort zone.

ENLIGHTENED
Digital as a Lifeline

- They are not IT savvy, but are exposed to social media for personal use.
- They llack the know-how on how to run a business online.

EAGER
Digital to Innovate

- They have a good level of understanding of digital marketing. However, they find it difficult to progress and use technology in an innovative way.
- They have limited funds and support to progress further.

EMPOWERED
Digital to Disrupt

- They faced some difficulties in integrating new digital technologies across the whole organization due to ineffective adoption.
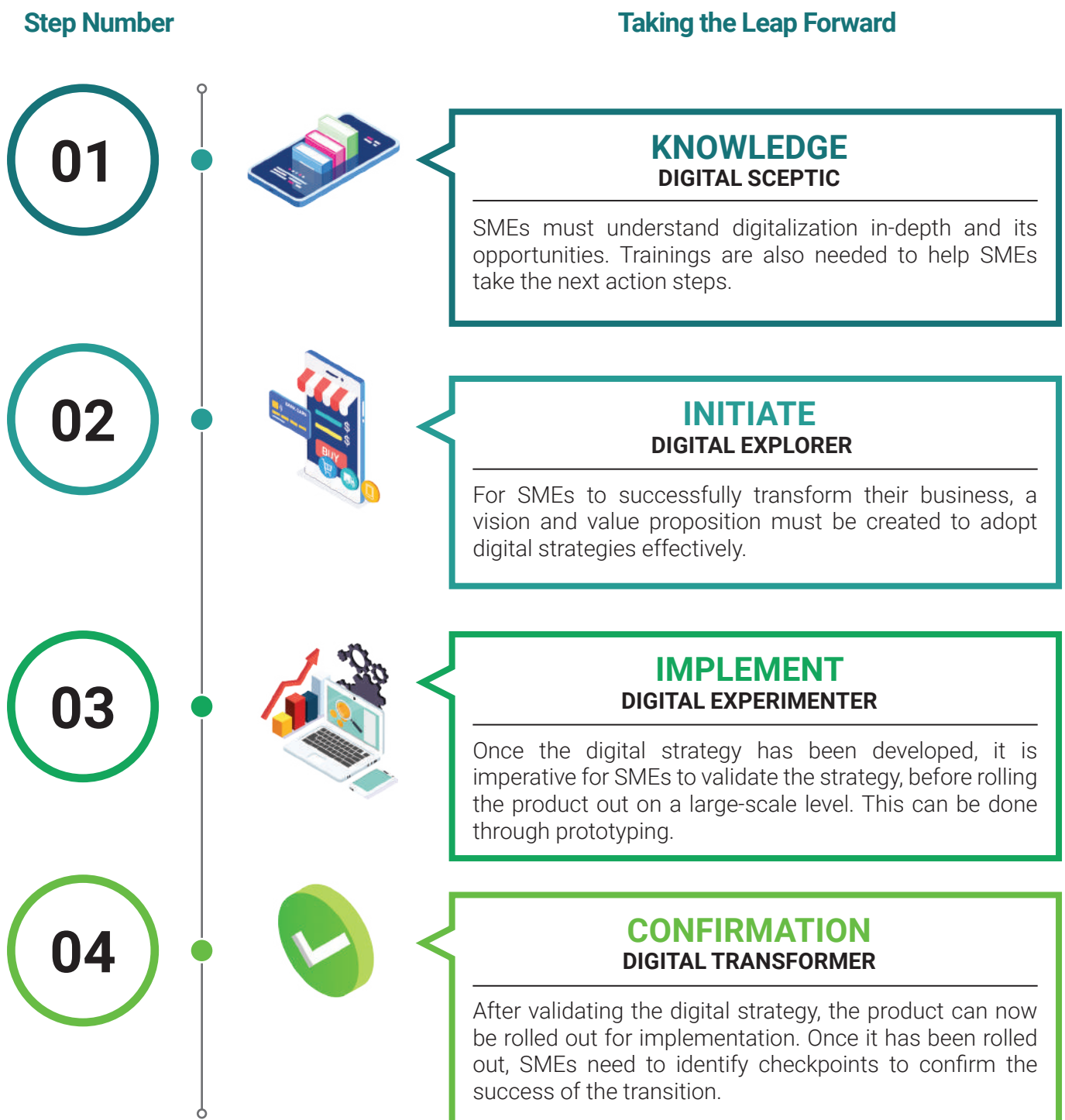- They lack the skilled talents to manage new technologies that were implemented.

3.0 - STEP BY STEP GUIDE FOR DIGITAL ACCELERATION

For F&B SMEs to enhance their digital capabilities, it is necessary to innovate their current business models and adapt to the changes beyond current practices.

To provide guidance on how to digitally transform from one persona to another, the Guidebook has identified four steps of that all personas need to go through to accelerate their digital adoption (refer Table 2.0).

Table 2.0 Digital Acceleration Steps

Step Number	Taking the Leap Forward
01	**KNOWLEDGE** **DIGITAL SCEPTIC** SMEs must understand digitalization in-depth and its opportunities. Trainings are also needed to help SMEs take the next action steps.
02	**INITIATE** **DIGITAL EXPLORER** For SMEs to successfully transform their business, a vision and value proposition must be created to adopt digital strategies effectively.
03	**IMPLEMENT** **DIGITAL EXPERIMENTER** Once the digital strategy has been developed, it is imperative for SMEs to validate the strategy, before rolling the product out on a large-scale level. This can be done through prototyping.
04	**CONFIRMATION** **DIGITAL TRANSFORMER** After validating the digital strategy, the product can now be rolled out for implementation. Once it has been rolled out, SMEs need to identify checkpoints to confirm the success of the transition.

3.0 - STEP BY STEP GUIDE FOR DIGITAL ACCELERATION

To achieve better business outcome for each of the four steps, it is important to review the company priorities by engaging in the following actions (highlighted in Table 2.1):

Table 2.1 Digital Acceleration Action Steps

Step Number	Priorities Moving Forward			
01 KNOWLEDGE DIGITAL SCEPTIC	• To understand trends, conduct research on the internet, watch videos or read newsletters, etc.	• Attend workshops or conference to distinguish available options in the industry	• Meet with vendors and familiarize with their offerings	• Identify key players in the industry and study their core competencies for being successful
02 INITIATE DIGITAL EXPLORER	• Examine the implications of not maintaining the current business status quo	• Develop hypotheses on the benefits of deploying specific technologies	• Narrow down and prioritise potential initiatives to support the new vision	• Establish a guiding team and assign specific tasks for key people to drive the new initiatives
03 IMPLEMENT DIGITAL EXPERIMENTER	• Identify and select ecosystem partners, such as solution providers and service providers	• Start small prototypes, to test out desired results against expected outcomes	• Conduct feedback sessions, i.e., workshop, interviews, etc., to validate product/ service	• Convert successful prototypes into initiatives to scale
04 CONFIRMATION DIGITAL TRANSFORMER	• Help employees understand their new roles through training and briefing sessions	• Create short-term milestone and celebrate each win to keep the organization on track	• Streamline technology across organization/other outlets	• Leverage on ecosystem partners to scale faster and gain results

3.0 - STEP BY STEP GUIDE FOR DIGITAL ACCELERATION

Building a Digital Roadmap According to Each Persona

As the four personas rank differently in digital awareness and digital maturity, the Guidebook has identified specific technologies that can complement their current business capabilities based on their digital readiness.

Empowered
Digital to Disrupt
- Omni-channel
- Curbside Pickup
- eCommerce
- Food Delivery Platform
- Cloud Kitchen
- Cloud POS System
- Food Delivery Services
- Social Media

Eager
Digital to Innovate
- eCommerce
- Food Delivery Platform
- Cloud Kitchen
- Cloud POS System
- Food Delivery Services
- Social Media

Enlightened
Digital as a Lifeline
- Cloud POS System
- Cashless Payment System (e.g., QR Code, e-wallet)
- Food Delivery Services
- Social Media

Amateur
Unaware of Digital
- Cashless Payment System (e.g., QR Code, e-wallet)
- Food Delivery Services
- Social Media

4.0 - START THE DIGITAL ACCELERATION JOURNEY NOW

Program Guidelines for SMEs

As more SMEs in Malaysia are ramping up their digitalization effort, it is imperative for them to develop clear implementation measures to successfully execute it. To embrace the full benefits of digitalization is vital that the supporting infrastructure and skill set are available to implement it.

Subject to the SMEs current digital maturity and digital needs these requirements might vary. Therefore, it is important for the SME to understand current digital readiness and map it to the persona outlined in this document. Once a clear vision and roadmap have been identified, as next step explore and leverage on publicly available programs.

01	Innovation and Digital Literacy

Why digitalization matters?

To integrate and deploy digital technologies it is vital to have the technical know-how. Otherwise, this creates dependency on external parties or vendors. To address this issue, SMEs can tap into their existing employees and upskill their digital skill set and knowledge.

BENEFITS

▶ Diversifies employee's skill set
▶ Employee understands the company products and services
▶ Faster than hiring a new person

4.0 - START THE DIGITAL ACCELERATION JOURNEY NOW

02

Digital Solutions-Specific-Based Programs

How does digitalization help?

While digital literacy is important to gain a better understanding on the benefits and implementation processes of a product, a more in-depth knowledge is required to further transition up in digital maturity. By leveraging on solutions-specific-based programs, this gives access to more target training. Most solutions-specific-based programs are conducted in collaboration with industry ecosystems players.

BENEFITS

▶ Accelerate talent development
▶ Optimize usage of digital solution deployed
▶ Gain access to industry experts

03

Government Financial Asistance Programs

What are the available assistance?

The Malaysian government is a strong advocate of digitalization and has introduced various financing programs (i.e., grants, funds) over the years. Through these financing programs SMEs can get access to additional CAPEX in digitally transforming their business, making them more competitive and digital resilient.

BENEFITS

▶ Accelerates digitalization
▶ Long repayment tenure
▶ Low repayment fee

To view the available programs of the aforementioned categories, please refer to the appendix section of the Guidebook (Table 3.0 to Table 3.2). In the list, each program has been mapped to applicable persons that would benefit from it.

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5.0 - APPENDIX

List of Key Programs and Initiatives

The available programs in Malaysia are highlighted in Tables 3.0, 3.1, and 3.2.

Note: These programs are listed based on their availability as of the time of writing. Their availability may vary over time. For the latest updates please visit their websites.

Table 3.0 Innovation and Digital Literacy-Based Programs

Training Program	Agency	Details	Applicable for Persona
Microenterprise Digital Transformer Starter Pack	SME Corp	https://www.smecorp.gov.my/index.php/en/	1, 2
Business Innovation	INSKEN	https://www.insken.gov.my/	1,2,3
Kursus Pemasaran Online	TEKUN	https://www.tekun.gov.my/	1,2
Sales and Marketing	SME Bank	https://www.smebank.com.my/en/	1,2,3,4
Web Development Bootcamp	The Next Academy	https://www.nextacademy.com/	1,2,3,4
edX courses	edX	https://www.edx.org/	1,2,3,4
100 Go Digital	MDEC	https://mdec.my/100-go-digital/	1,2,3,4

Table 3.1 Solutions-Specific-Based Programs

Training Program	Agency	Details	Applicable for Persona
Go-eCommerce	MDEC	https://mdec.my/go-ecommerce/	1, 2, 3
MDEC WeChat Mini Program	MDEC	https://mdec.my/go-ecommerce/mdec-wechat-mini-program/	1,2
Women Netpreneur Programme	SME Corp	https://www.smecorp.gov.my/index.php/en/	1,2
Facebook Marketing	INSKEN	https://www.insken.gov.my/	1,2
Google Application for Productivity	Institut Koperasi Malaysia	https://www.ikkm.edu.my/ms/	1,2,3,4
SME Digital Quickwins	MDEC	http://bit.ly.SME quickwins	1,2,3,4
Quorse	Quorse	https://quorse.com/	1,2,3,4
GrowthX	GrowthX	https://growthx.com/	1,2,3,4
Beyond4	Beyoud4	https://www.beyond4.tech/	1,2,3,4
Cybiant	Cybiant	https://www.cybiant.com/	1,2,3,4
PMO Innovations	PMO Innovation	https://www.pmoinnovations.com/	1,2,3,4
GAIN	MDEC	https://mdec.my/gain/mentor-plus/	1,2,3,4

Table 3.2 Government Financial Assistance Programs

Financial Assistance Programmes	Agency	Details	Persona
SME Technology Transformation Fund (STTF)	SME Bank	https://www.smebank.com.my/en/sttf	1,2,3
PENJANA SME Digitalization Grant	MDEC	https://mdec.my/digital-economy-initiatives/for-the-industry/sme-digitalisation-grant/	1,2,3
Working Capital Guarantee Scheme (SJMK)	Participating Banks such as CIMB Bank, Public Islamic Bank and Affin Bank	Participating banks' websites	1,2,3,4

About Malaysia Digital Economy Corporation (MDEC)

Malaysia Digital Economy Corporation (MDEC) is the agency under the Ministry of Communications and Multimedia Malaysia leading the nation's digital adoption for 25 years. MDEC's agenda is Malaysia 5.0, enabling a nation deeply integrated with technology, providing equitable digital opportunities to the people and businesses.

In order to achieve this, we will focus on NADI Digital encompassing the four key thrusts of New skills, Adoption, Disruptors and Investments. This forms the basis of our overarching brand campaign that will drive our core programmes for the rakyat, business and investors. MDEC's objective is for Malaysia to become a globally competitive digital nation, anchored on inclusivity, sustainability and shared prosperity, firmly establishing Malaysia as the Heart of Digital ASEAN.

#Malaysia5.0 #NadiDigital #SayaDigital #MHODA #MyMDEC #RadicalTransparency

To find out more about MDEC's Digital Economy initiatives, please visit us at www.mdec.my or follow us on: Facebook:https://www.facebook.com/MyMDEC/ Twitter: @mymdec