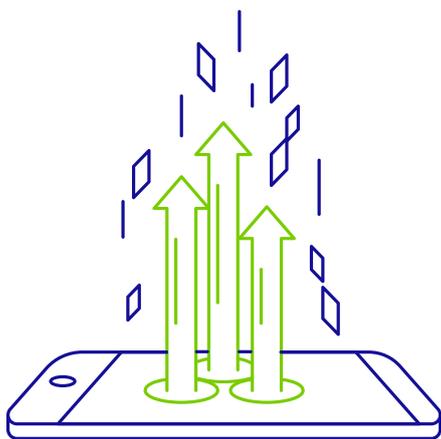


Harnessing the power of data

In today's world, digital transformation and making sense of big data are no longer optional strategies and nice-to-haves. In order to thrive in the new normal, businesses have to set themselves up for success by being able to use data to make forecasts accurately and empower their decision-making to be swift and decisive. To put things into perspective by looking at smaller-sized companies, the digitalisation of SMEs in Malaysia could add as much as US\$24 billion (RM102 billion) to the nation's GDP by 2024⁸. By leveraging cloud technology and new technologies such as artificial intelligence and machine learning to make sense of their data, SMEs will be able to optimise processes, increase productivity and mine actionable insights that will help to inform overall business strategy and improve their overall performance.



Increasing cloud adoption has been an integral part of the Malaysia Digital Economy blueprint⁹. Cloud technology carries several benefits for businesses to increase their agility and build resilience - it is scalable, cost-efficient and accessible, all highly desirable features when attempting to harness the power of data in today's business landscape. With the rise in remote working during the pandemic, the demand for cloud-based services has grown remarkably, underscoring the need for a nationwide strategy to prepare for this shift. As such, the Malaysian government has announced its plans to expand cloud capabilities across the country and incentivise businesses to make this shift to the cloud.

However, cloud adoption among Malaysian SMEs has been less than optimal thus far. While about half of SMEs are using cloud computing, most of them are not utilising the full power of cloud (i.e. cloud Software-as-a-Service), and instead merely use basic cloud storage solutions¹⁰. Further, only 46% of businesses are currently implementing digital strategies, with many citing budget issues as a significant roadblock in their digitalisation plans.

However, more business leaders are realising the critical importance of a digital and cloud-first strategy today, and by the end of 2021, it is projected that 80% of firms will be expanding their digitalisation efforts¹¹.

RISKS & SOLUTIONS

As companies reprioritise their digital transformation efforts in the next normal, the use of cloud platforms and storage technologies also present new risk exposures. Cyber incidents are on the rise and customer information is more at risk from cyber criminals and state-of-the-art malware. An organisation's directors and officers are also exposed to an increasingly wide range of potential third-party claims. Companies need to understand the additional liability challenges they face in order to ensure adequate protection is in place.

- The Malaysian government aims to move **80%** of its services to the cloud by 2022¹².
- **46%** of Malaysian firms are on a digital transformation journey, with **34%** planning to start because of COVID-19¹³.
- **More than half** say they increased their spending on digital transformation in 2020, despite the economic downturn¹⁴.

Potential business risks	Chubb insurance products/ services to consider
Collection of large data sets creates legal risks.	Cyber Professional Liability/Errors & Omissions
Liability from misuse or misinterpretation of client data for any consultation.	Professional Liability/Errors & Omissions
A cyber breach can lead to reputational risk and a need for incident response services, such as public relations, crisis communications and more.	Cyber
Liability exposures can arise from failure of a product to perform.	Professional Liability/Errors & Omissions
Incorporating the use of new digital technologies without proper due diligence may lead to an actual or alleged impact on services offered to customers, leading to costly lawsuits.	Professional Liability/Errors & Omissions
Machine errors arising from technology failures can result in property damage or bodily injury.	General Liability

⁸ <https://www.malaysiasme.com.my/digitalisation-of-smbs-could-see-malaysia-adding-as-much-as-us24-billion-rm99-billion-to-its-gdp-by-2024-accelerating-economy-recovery/>

⁹ <https://www.theedgemarkets.com/article/cloud-adoption-pivotal-malaysias-digital-leadership-goals>

¹⁰ <https://www.huawei.com/minisite/accelerating-malaysia-digital-smes/img/sme-corp-malaysia-huawei.pdf>

¹¹ <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>

¹² <https://www.theedgemarkets.com/article/cloud-adoption-pivotal-malaysias-digital-leadership-goals>

¹³ <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>

¹⁴ <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>

CASE STUDY

Meet Anusha from EduWorld Online

HER BUSINESS

Anusha manages an online education portal that offers specialised learning courses and tuition for children from the ages of 6 to 16. The rapid growth of her business led her to migrate all her user's data to the cloud, which also contains student and parent profiles, contact information and payment details.

WHAT HAPPENED

A disgruntled former employee from Anusha's staff illegally accessed her cloud database and made an unauthorised copy, which he had then sold to competitor companies. Upon discovery, it was found that the former employee had breached Malaysia's Personal Data Protection Act and Anusha's customers were notified that their data was exposed.

Chubb's Coverage

Chubb helped Anusha by retaining a crisis communications professional locally and a forensics firm from its cyber incident response team. A call centre was also established, and credit monitoring was offered to all affected customers.



Please contact your insurance intermediary or Chubb for a tailored solution for your business.

chubb.com/digitalbusiness/my

This example is illustrative only. The claim scenarios described here are hypothetical and are intended to show the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to an actual claim.

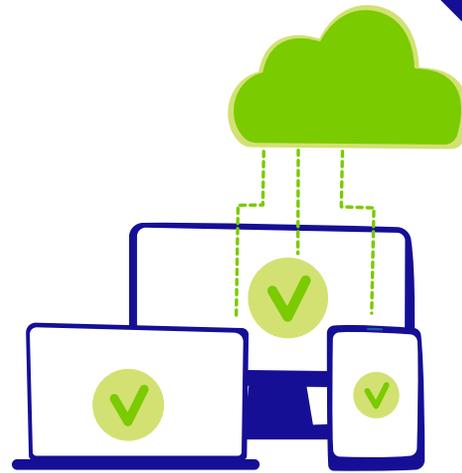
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Digital Business Accelerated

KEY THEME 2:

Harnessing the power of data

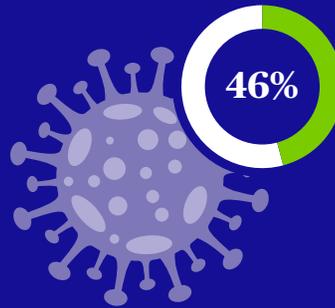
Digital transformation and making sense of big data are no longer optional strategies and nice-to-haves. Adopting cloud and other advanced technologies, such as AI and machine learning, enable companies to refine their business strategy and improve overall performance.



By the numbers



The Malaysian government aims to move **80%** of its services to the cloud by 2022 ⁵



46% of Malaysian firms are on a digital transformation journey, with 34% planning to start because of COVID-19 ⁶



More than 50% say they increased their spending on digital transformation in 2020, despite the economic downturn ⁷

Leveraging Artificial Intelligence (AI) & Cloud Technology



Opportunities

- Increase overall efficiency with online solutions
- Access insights to identify gaps and improve product offerings
- Data-driven insights also enable effective customer engagement to support customer retention and new customer acquisition

5 - <https://www.theedgemarkets.com/article/cloud-adoption-pivotal-malaysia-digital-leadership-goals>

6 - <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>

7 - <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>



Challenges & Risks

- Reliance on the use of IoT increases risk of cyber breaches, technology failures, and disruption to business processes
- Customer information is more at risk from cyber criminals and state-of-the-art malware
- Businesses need to understand the additional liability challenges they face and protect themselves

Refer to Risk and Product Factsheet for solutions
Visit chubb.com/digitalbusiness/my

