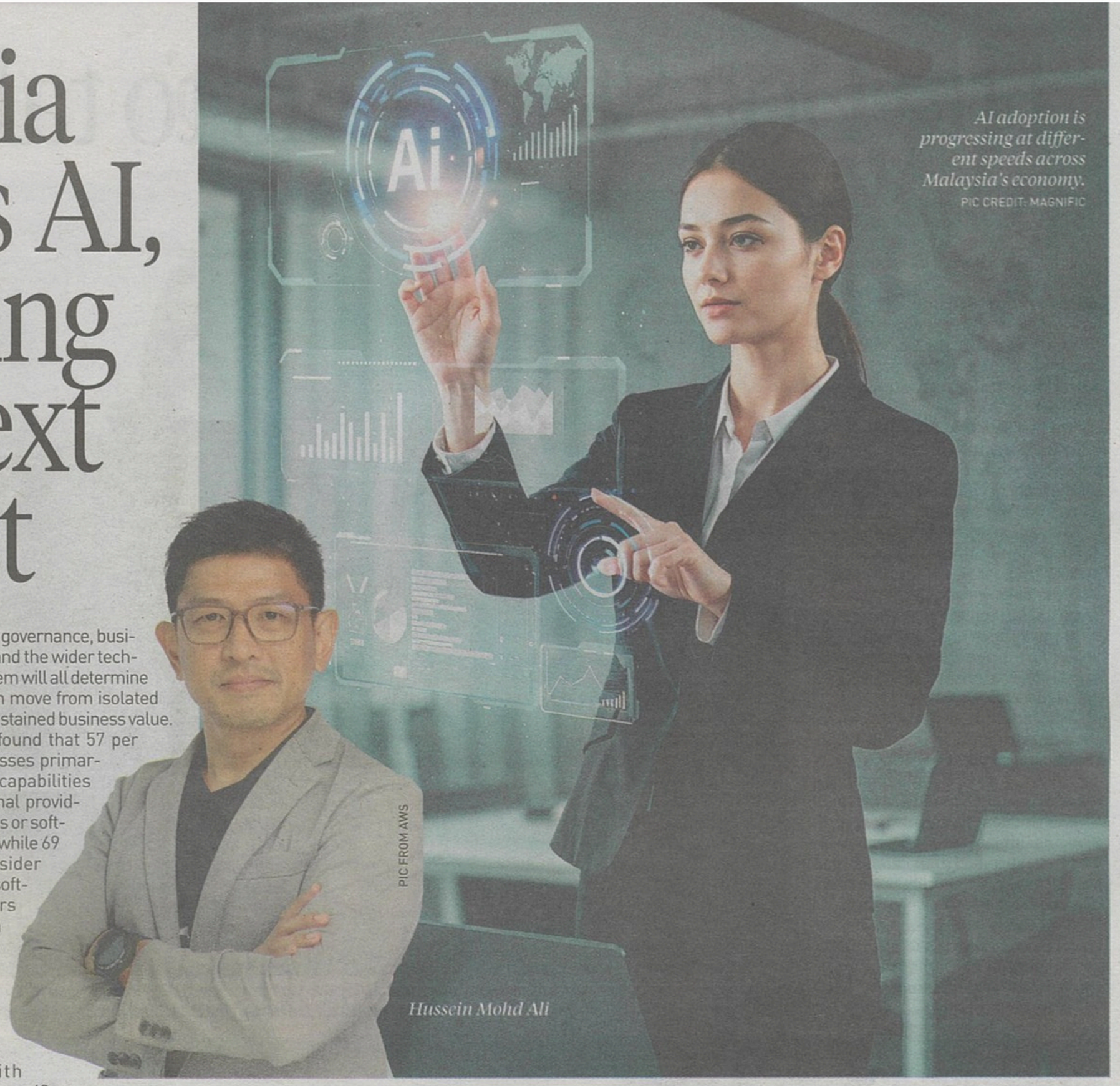
Malaysia embraces AI, but scaling is the next big test



AI adoption is progressing at different speeds across Malaysia's economy.
PIC CREDIT: MAGNIFIC

PIC FROM AWS

Hussein Mohd Ali

MALAYSIA'S artificial intelligence (AI) adoption is accelerating, with more than 3.4 million businesses now consistently using at least one AI tool.

But the country's bigger challenge is turning experimentation into meaningful, repeatable and organisation-wide capability.

A study commissioned by Amazon Web Services (AWS) and conducted by Strand Partners found that 38 per cent of Malaysian businesses now consistently use at least one AI tool, up from 27 per cent last year.

The increase represents almost one million additional businesses adopting AI over the past year, equivalent to nearly two businesses every minute.

However, the findings point to a significant gap between adopting AI and using it to transform organisations.

While 84 per cent of businesses believe AI will transform their industry, only 16 per cent have a formal AI strategy and 19 per cent have a roadmap to scale AI across multiple functions.

Meanwhile, 67 per cent of adopters remain focused on basic applications, such as public chatbots for routine tasks and ready-made tools to streamline existing processes.

AWS country manager for Malaysia Hussein Mohd Ali outlined the opportunities and challenges facing the country's AI ecosystem.

The study surveyed 1,000 business leaders, including founders, chief executive officers and C-suite executives, alongside 1,000 members of the public.

FROM ADOPTION TO TRANSFORMATION

Hussein said Malaysia's next AI challenge was no longer convincing businesses to experiment with the technology, but helping them turn those experiments into repeatable capabilities that could be deployed across their organisations.

That will require more than access to AI models and cloud infrastructure.

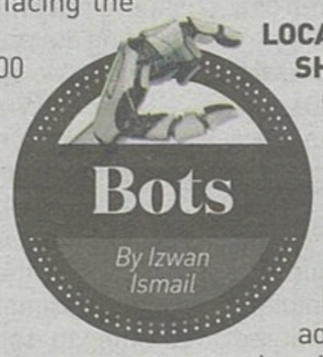
Data, skills, governance, business strategy and the wider technology ecosystem will all determine whether AI can move from isolated use cases to sustained business value.

The study found that 57 per cent of businesses primarily source AI capabilities through external providers, consultants or software vendors, while 69 per cent consider locally based software providers and AI solution developers important to their adoption.

Among businesses working with external providers, 43 per cent rely on them to develop AI strategies, 40 per cent for systems integration and maintenance, and 31 per cent for workforce training.

Hussein said software providers could become a key engine for scaling AI adoption across the economy.

"Software providers are the scaling engine Malaysia needs. Sector-focused providers that embed AI into the tools businesses already use are the fastest way to move an entire economy from experimentation to real capability."



LOCAL SOLUTIONS SHOW THE WAY

One example highlighted during the presentation was Malaysian healthcare technology company CareDoct, which developed an AI operating layer designed to reduce administrative workloads in hospitals.

Its ambient AI technology provides doctors with real-time transcription, hands-free voice orders and automated consultation notes.

The company said its technology could reduce documentation time per consultation by 40 per cent, while its AI agents could cut average insurance claim processing time to less than two hours.

CareDoct now serves hospitals in Malaysia and Brunei, including facilities within the IHH Healthcare Group, with an expansion into Indonesia planned.

The example illustrates how locally developed software can translate AI capabilities into practical applications tailored to specific industries.

Such sector-focused solutions could be particularly important for businesses that lack the resources, technical expertise or workforce to build AI systems internally.

DIFFERENT SECTORS, DIFFERENT CHALLENGES

AI adoption is also progressing at different speeds across Malaysia's economy.

Financial services and manufacturing recorded some of the highest adoption rates, at 53 per cent and 50 per cent respectively, compared with 38 per cent across the wider business landscape.

In financial services, 64 per cent of businesses have moved beyond experimentation, while 39 per cent have a formal AI governance framework, compared with 24 per cent across all businesses.

The sector's experience suggests regulation and governance do not necessarily have to slow AI adoption.

Instead, clear accountability, secure data foundations, monitoring and defined processes for managing AI-related risks can give businesses greater confidence to scale.

Manufacturing, meanwhile, has strong expectations about AI, but remains earlier in its adoption journey.

About 80 per cent of manufacturers expect AI to transform the sector, yet 57 per cent are still exploring or experimenting with the technology.

The barriers include technical or data challenges, cited by 44 per cent, workforce capability at 41 per cent and limited resources at 37 per cent.

Only 15 per cent of manufacturers have a formal AI strategy, while just 13 per cent, feel fully prepared for the next generation of AI.

The contrasting experiences suggest Malaysia may need sector-specific approaches rather than a single model for AI adoption.

GOVERNANCE BUILDS CONFIDENCE

Across the wider business community, only 30 per cent have clearly defined accountability for AI initiatives, while 27 per cent conduct regular monitoring or audits.

Only 18 per cent have documented escalation processes, while 47 per cent want practical frameworks or templates to help implement AI governance.

Effective governance should, therefore, be more than a compliance exercise.

Businesses need clear answers on who owns an AI system, when human intervention is required, how outputs are reviewed and how risks are monitored and escalated.

The public sector could also help accelerate adoption. The study found that 74 per cent of businesses believe government leadership will be important, while 72 per cent said greater public-sector adoption would make their organisations more likely to increase their use of AI.

For Malaysia, the next phase of the AI journey is, therefore, not simply about getting more businesses to use the technology.

It is about creating the conditions for AI to deliver sustained value through stronger local technology ecosystems, wider digital skills, practical governance and visible public-sector leadership.

The bigger test now is whether Malaysia can turn its rapid adoption into capabilities that improve productivity, strengthen businesses and create lasting economic value.