

UEM Edgenta Berhad Recognized as the

2021

Company of the Year

Malaysia Facilities Management Industry

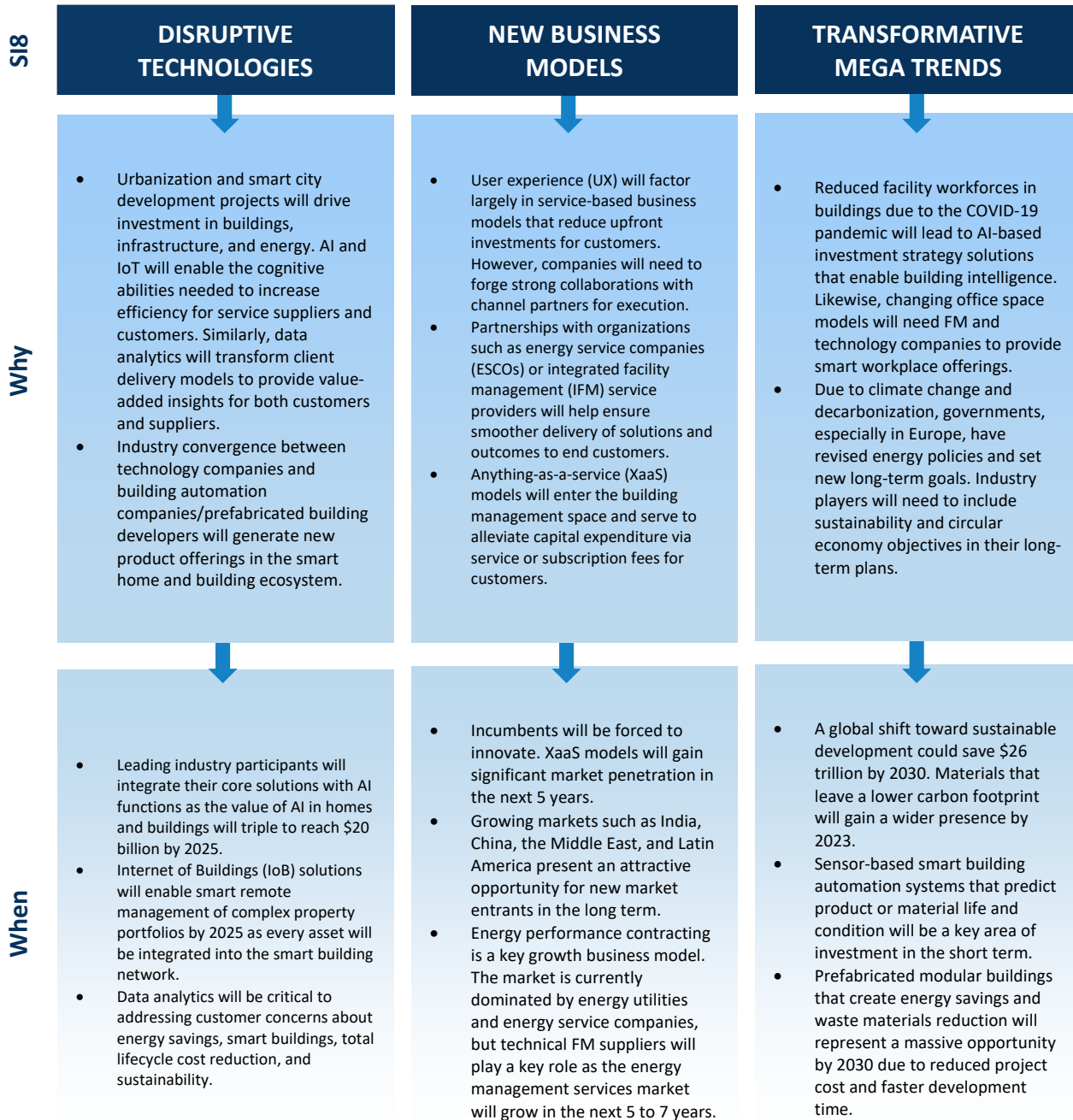
Excellence in Best Practices



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Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the building services and technologies industry: disruptive technologies, new business models, and transformative mega trends. Every Company that is competing in the building services and technologies space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of UEM Edgenta Berhad is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. UEM Edgenta Berhad excels in many of the criteria in the facilities management space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Implementation of Best Practices

COVID-19 has had a high impact on the facilities management (FM) services industry. Significant changes are occurring as companies digitize their entire operations and employ digital platforms to enhance the user experience.

With new norms such as social distancing, remote work, and the loss of open public spaces due to the closing of schools and organizations, companies are exploring how FM can address such environments. Moreover, as more software providers commit to innovation and state-of-the-art technologies such as artificial intelligence (AI) and robotics, FM can employ technical solutions to spur digitization and modern management methodologies.

Customers hence seek solution vendors that can deliver a full suite of services, including asset tracking, energy use control, security, inventory management, HVAC, and mobile capability, under one roof. To cope with the growing number of industry needs and streamline FM processes efficiently, UEM Edgenta Berhad is engaging in smart digital transformation.

Through the use of innovative technologies such as AI and the Internet of Things (IoT), the company promotes sustainability and the opportunity to enhance the end-user experience with convenient and tailored services. For example, its automated offerings support digital capabilities that enhance productivity (e.g., building supply-chain redundancies and improving data security) in everyday operations.

“With strong capabilities, a well-diversified portfolio, continual investment in advanced technologies, and the implementation of innovative solutions and strategies, the company is set apart from competitors in the Malaysian FM space.”

- Norazah Bachok, Analyst

The company has also developed an online vendor portal to replace previous manual registration and renewal processes and heightened operational digitalization. The company believes its constant effort to enhance its technology-driven offerings provides the competitive advantage needed to stay ahead, spurring long-term growth. Furthermore, shifting to automation and mechanization for service delivery positively impacts the overall financial performance, reducing overhead costs and ultimately improving profitability.

An example of UEM Edgenta Berhad’s digital transformation success in Malaysia involves its developing the country’s first digitized epidemic management system. The system allows for efficient data and inventory management for the Crisis Preparedness and Response Centre, enabling Malaysia to effectively manage the pandemic by connecting hospitals and quarantine centers across the country. In 2020, the company also collaborated with Malaysia’s Ministry of Healthcare to introduce hybrid intensive care units (ICU) as an alternative to traditional ICU facilities, the latter of which is in high demand due to the pandemic. The hybrid facility can accommodate up to 10 people and is equipped with an airborne infection isolation room built from aluminum and steel frames. It takes approximately three weeks to set up.

UEM Edgenta Berhad understands a company’s success depends on an excellent internal structure and the ability to produce high-performing human resources. To that end, UEM Edgenta Berhad supports its employees through its Edgenta Academy. The academy delivers world-class training to develop competencies and programs relevant to today’s business climate and industry expectations. Moreover, UEM Edgenta Berhad ensures employees are comfortable with new technologies through reskilling, which is further supported by a rich tech culture with programs such as “Hackathon”. Such initiatives ensure innovation and digital skills are at the heart of the company’s training. As a result, The company can utilize resources effectively and continually improve process efficiency. It also reduces quality issues by building a culture and mindset that is highly service and safety-focused.

Frost & Sullivan observes that UEM Edgenta Berhad is successfully addressing challenging industry demands during the pandemic by implementing various best practices. To that end, the company continuously invests in advanced technologies to support innovative solutions and strategies, differentiating UEM Edgenta Berhad from its competitors in the Malaysian FM space. Implementing focused strategies and initiatives employing superior techniques and advanced digital tools results in consistent, high-quality delivery output while improving its overall performance.

Financial Performance

Globally, FM industries report a growth slowdown due to the COVID-19 pandemic. FY2020 was an unprecedented year for many companies, including UEM Edgenta Berhad. It was impacted by cost escalation in healthcare settings while lockdowns reduced non-critical FM maintenance work. Nonetheless, Frost & Sullivan is confident UEM Edgenta Berhad will weather such short-term challenges and re-emerge stronger under the new normal as solid fundamentals underpin it. Unlike competitors

struggling to establish contracts during this challenging period, UEM Edgenta continues to win contracts, with revenue of RM12.2 billion as of December 2020 and a new order book secured of RM1.4 billion in FY2020. Contracts worth RM1.0 billion have been won in the healthcare support services sector alone, with 90% of those driven by the need for increased mechanization and technology. As a precaution, the company will nevertheless continue to protect and preserve its position and margins by undertaking prudent cash flow management initiatives and Lean Six Sigma operating measures while delivering essential services to clients. The Lean Six Sigma initiative is specifically for process improvement, vital to achieving a high-performance work system and eradicating waste in the end-to-end supply chain network.

Leadership Focus

UEM Edgenta Berhad is at the forefront of technology and fast to adopt or invest in state-of-the-art FM innovations. As a result, it is known as a strong market participant.

Frost & Sullivan identifies several leadership initiatives that contribute to the company's remarkable performance:

- **Continuous expansion plans.** The company is pivoting to a Pan-Malaysia business strategy to diversify risks and find new growth markets in Sarawak, Sabah, and Kalimantan (specific project examples include the Pan Borneo Highway and Coastal Road Network). The company is also working on expanding to Saudi Arabia, with UEM Edgenta Berhad engaging in exploratory outreaches since the last quarter of 2020. It has since drawn up a list of potential hospital projects.
- **Partnerships to strengthen tech-supported solutions.** UEM Edgenta Berhad has established partnerships with global tech vendors such as Microsoft to bring its proprietary tech-enabled solutions to the broader market. Solutions include work order management systems, FM systems, and digital healthcare solutions.
- **Subscription-based services.** UEM Edgenta Berhad is positioning many of its in-house solutions, including UETrack, UECare, Road Asset Management System, and Smart Connect as a subscription-based service to clients to drive annual recurring revenues.

Frost & Sullivan believes UEM Edgenta Berhad will continue to be Malaysia's leading FM provider due to its strategic business plans that diversify risk and include continual exploration of new growth markets.

Customer Ownership and Purchase Experience

UEM Edgenta Berhad is accelerating its agenda to become a fully technology-enabled solutions company by 2025. The vision involves digitizing its businesses by shifting from conventional ways of doing business to a more advanced software and platform-based approach. To that end, the company has invested substantially in developing in-house modules for FM services throughout the years, translating into increased asset management service efficiency.

“UEM Edgenta Berhad excels at offering comprehensive and customized services, and has successfully implemented solutions that enable the company to maintain existing clients while attracting more new customers.”

- Norazah Bachok, Analyst

UEM Edgenta Berhad’s digital ecosystem comprises the Edgenta cloud and marketplace platform. The ecosystem houses many of its products and solutions and more than 2,000 contractors and sub-contractors as part of its marketplace, with the end mission of having a transparent and competitive price environment to enhance its service delivery further.

The company is also developing asset-light and scalable solutions to disrupt the way the traditional FM business operates. The digital team is currently working on offerings that will allow remote management of buildings and assets through modularized Software-as-a-Service solutions (e.g., Elevator-as-a-Service, Chiller management-as-a-Service, Lighting-as-a-Service). Such scalable offerings will allow the company to expand regionally without the need to increase operational capacity. It will also create opportunities for the company to partner with existing competitors who still operate using a traditional, labor-intensive model.

Moving forward, the company will be acquiring new technologies in the asset management and healthcare space to augment its existing capabilities and strengthen its commercial position. Frost & Sullivan recognizes that the company’s ongoing dedication to enhancing its operational efficiency has resulted in an excellent customer journey experience. UEM Edgenta Berhad excels at offering comprehensive services and has successfully implemented its customized solutions to meet clients’ needs. The creation of such tailored services, coupled with advanced technology systems and applications, highlights the company’s commitment to providing customers with a superior ownership and purchase experience.

As part of its strategy to excel in this area, UEM Edgenta Berhad has a dedicated manager for key accounts, allowing it to provide customers with a problem-solver who will drive new proposals and help develop and retain a strong relationship. The account manager will develop continuous improvement initiatives to ensure innovative solutions for customers. UEM Edgenta Berhad maintains active client engagement with the government and private sectors through various forums, industry conferences, and events, helping build customer networks and develop groundbreaking solutions.

Additionally, UEM Edgenta Berhad ensures client satisfaction through a combination of performance measurement, tracking, and benchmarking, thus improving the overall quality of its FM services while highlighting customers’ strengths and weaknesses to support better operational control. The company engages in continuous improvement initiatives through interviews, brainstorming, and workshops to help customers understand any grievances being reported. UEM Edgenta Berhad’s customer satisfaction survey rates significantly above average in FY2019 and FY2020.

Brand Equity

Green buildings and sustainable building practices are growing trends. As a result, customers are increasingly demanding to engage with FM partners who provide sustainable equipment and solutions to reduce the carbon footprint. UEM Edgenta Berhad is considered a market leader in the energy efficiency space and supports the Malaysian Ministry of Energy, Science, Technology, Environment, and Climate Change (MESTECC) agenda (i.e., reducing greenhouse gas emissions to achieve 8% energy

efficiency savings by 2025). The company provides various green solutions for clients, including energy performance certificates and cutting-edge solutions to deliver more efficient and sustainable built environments. The company has more than 10 GBI-certified green buildings, including the Kuala Lumpur City Centre, KLIA2 hotel, Grade-A government complexes, high-rise residential buildings, and the Tun Hussein Onn Memorial.

Due to the company's strong efforts concerning green sustainability practices, UEM Edgenta Berhad has received numerous recognitions from local and overseas stakeholders. Awards received in 2020 alone include:

- The Leadership in Energy and Environment Design (LEED) designation for the Sultanah Maliha Hospital, Langkawi
- ASEAN Energy Management Scheme Energy Management Gold Standard (3-Star) for Batu Gajah and Selama hospitals
- Singapore National Environment Agency's Enhanced Clean Mark Accreditation Scheme (Gold) Award

The company is leveraging its remarkable capabilities and extensive energy-related service offerings to expand its green products and solutions portfolio. UEM Edgenta Berhad successfully adds value to customer assets by optimizing workplace productivity and minimizing environmental impact, thereby creating a sustainable energy future as a total asset solutions provider.

Conclusion

UEM Edgenta Berhad is regarded as a market leader in Malaysia's overall facilities management (FM) market due to its strong capabilities, advanced technology adoption, and implementation excellence. The company is expected to continue to set the benchmark in the industry through its customized offerings, tech-oriented focus, and commitment to innovation to defend its leadership positioning. Moreover, its strategic business growth plans, proven service offerings, and FM value propositions such as employing green buildings practices contribute to the company's growth. It is well on its way to achieving its mission of becoming a fully and uniquely technology-enabled solutions company by 2025.

With its strong overall performance, UEM Edgenta Berhad earns Frost & Sullivan's 2021 Company of the Year Award in the Malaysian facilities management industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first to market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

