

# GREATER AUTOMATION FOR TOP GLOVE

07 March 2018 / 12:03



*Digital boost: (from left) Chee, Top Glove MD Datuk Lee Kim Meow and Malaysia Digital Economy Corp COO Datuk Ng Wan Peng at the briefing.*

SHAH ALAM: Digital adoption is set to take centre stage in [Top Glove Corp Bhd](#) 's operations as the glove maker plans to reduce manual labour, driven by greater automation and digitalisation of its production lines.

The world's largest glove manufacturer projects significant production cost savings moving forward, given its plan to cut its total number of foreign workers to about 50% of its total workforce in the medium term.

Currently, foreign workers comprise about 75% of Top Glove's workforce of 14,000 employees.

According to Top Glove general manager for information technology Chee Yih Tzuen, the company will accelerate its digital adoption, which has been ongoing for the past three years.

“Greater automation allows for improved efficiency and productivity, apart from reducing the need to utilise manual labour. Over the last three years in our digital adoption journey, Top Glove has successfully reduced nearly 1,000 foreign workers.

“We continue to embrace technological advancements to produce high-quality gloves at an efficient low cost. It has also helped us to mitigate rising costs as wages will only continue to rise year after year, while the cost of automation and digitalisation will decrease over time.

“Not only that, over the next two years, we will be looking at various measures to further improve

our ways of disseminating information to our customers. We aim to have a more integrated relationship with our customers as well as our vendors,” he told reporters during a media briefing yesterday.

Meanwhile, Top Glove managing director Datuk Lee Kim Meow said wages alone represented 10% of the company’s overall production cost.

“We have definitely reduced costs significantly with the reduction of foreign workers. If we run the calculations, given a monthly salary of RM2,000 per foreign worker in Top Glove, we have saved about RM2mil per month given the reduction of 1,000 foreign workers over the last three years.

“In a year alone, that could translate to nearly RM24mil. As we continuously digitalise our production lines, we expect cost savings to only increase going forward,” he said.

Top Glove has consistently allocated 1% of its yearly revenue for its digital adoption strategy. Chee said the company’s overall expenditure to automate its production will continue to increase, in line with the improvement in its top line.

“As for the current financial year of 2018 ending Aug 31 (FY18), we have allocated 1% of our RM3.4bil revenue in FY17 for digital adoption measures,” said Chee.

This means that the group may spend a total of RM34mil to further automate and digitalise its rubber glove production facilities.

Top Glove’s momentum in digital adoption started to accelerate following its partnership with the Malaysia Digital Economy Corp (MDEC) in August 2016.

The government agency, which oversees the country’s digital economy transformation, has been facilitating the glove maker to gradually automate the production lines in its 33 factories.

MDEC chief operating officer Datuk Ng Wan Peng commended Top Glove’s move to voluntarily embrace digitalisation in line with the government’s call for greater automation in the manufacturing sector.

“Companies must continuously adopt new technologies in order to stay relevant in an increasingly competitive market. On our part, MDEC will push for more aggressive digital adoption among Malaysian businesses this year,” she said.

As a result of the group’s increased digital adoption in recent years, Top Glove has witnessed about 70% reduction in dependency on foreign workers for chemical testing and about 67% reduction in overall lab testing.

Additionally, manual top-up for Top Glove's chemical topping-up system in production lines is no longer needed, following the automation introduced in its factories. Glove weight consistency has also increased from 80% to 100%.

The Main Market-listed Top Glove, which has a production capacity of 51.9 billion gloves per annum, supplies its products to about 2,000 customers in 195 countries.

The glove manufacturer aims to increase its global market share to 30% by 2020, from about 25% currently.

*The Star*