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AUTHOR: Hayatun Razak SECTION: BUSINESS AUDIENCE : 297,582 PAGE: 13
PRINTED SIZE: 542.00cm² REGION: KL MARKET: Malaysia PHOTO: Full Color ASR: MYR 14,567
WORDS: 1246 ITEM ID: DP0121843161

03 SEP, 2026

Aveva sees data centre sector as growth opportunity

The Sun, Malaysia

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Power utilities and infrastructure providers ramp up efforts to meet surging electricity demand

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KUALA LUMPUR: Industrial software company Aveva sees Malaysia's fast-growing data-centre sector as a new growth opportunity as power utilities and infrastructure providers ramp up efforts to meet surging electricity demand.

Aveva vice-president of sales and Southeast Asia market leader Dr Thomas Phang (***pic***) said the company sees opportunities from data centre growth across the region, although its current exposure in Malaysia is mainly through the power sector rather than direct work with data-centre operators.

"Data centre right now is the buzzword, because of the AI push that all the giant brands are heading towards, and they are all building data centres across Malaysia, Indonesia," he said in an exclusive interview with *SunBiz*.

Phang said the rapid build-out was driving higher power consumption, creating opportunities for Aveva to support utilities and other companies supplying electricity to the facilities.

"It is so important to be abreast with all this development simply because that also brings up a lot of power utilisation," he said.

"We have a lot of customers that are in the power sector that serve the data centre as well. Tenaga Nasional Bhd (TNB) is one."

Phang said power utilities were facing growing pressure to meet demand, with urbanisation and the expansion of data centres adding to electricity requirements.

"Most of the power utility companies are saying that they cannot provide enough [for] the demand out there," he said.

"For a couple of reasons, urbanisation is one, (and) now the big-time data centre is going to also require a surge of power to start their operations."

He said Aveva was already working with customers in the power sector and intended to continue supporting them as electricity demand grew.

"These are customers that we have been working with, and this is something that we will continue to want to walk this journey together," he said.

However, Phang said that Aveva is not working directly with data-centre operators in Malaysia.

"Not data centre per se," he said, when asked whether the company was already serving the sector directly.

Instead, he said, Aveva was working with "the power sector that works together with the data centre, or provides the electricity".

Malaysia is Aveva's largest market in Southeast Asia, according to Phang, and it also hosts the company's biggest office in the region.

"Malaysia is the top number one in Southeast Asia. Our biggest office in Southeast Asia is based in KL. We have about 200-plus employees based in KL in Petronas Tower 3," he said.

He said this reflected the company's commitment to Malaysia and its role in serving the wider Southeast Asian market.

Malaysia's longstanding oil and gas industry remains central to Aveva's business, however.

Phang said oil and gas was still the company's largest industry in Southeast Asia, supported by more than three decades of collaboration with customers including Petronas.

"If I look at Southeast Asia, there are a couple of industries that we see as key growth areas. First, obviously, is oil and gas," he said.

"This is an area that we have been very strong in, and we will continue to focus on this industry to help our customers to grow."

He noted that Aveva and Petronas had worked together for more than 30 years, with the focus now shifting to how the companies could address future challenges in the industry.

"Today's discussion is not about what happened in the past, but more on how we can move forward. That's how I see oil and gas will continue to grow, particularly in Malaysia."

He said that it does not disclose specific revenue percentages by country, but said oil and gas remained "a foundational pillar" of its business in Malaysia and across Southeast Asia.

Before Schneider Electric acquired Aveva, the company disclosed in its FY22 annual report that about 33% of group revenue came from customers in the energy sector, particularly oil and gas companies.

Its business mix has also diversified as digital transformation accelerates across other industrial sectors, including power and utilities.

"As Malaysia's data centre sector and broader industrial landscape expanded, we have seen continued growth within the power and utilities sector across Malaysia," he said.

He said it works with key players including TNB to support grid reliability and Air Selangor in municipal water management.

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Beyond oil and gas and power, Phang said engineering, procurement and construction, or EPC, was another important growth area for Aveva.

"We have been in the engineering sector for many, many years. This is another industry that we see will continue to grow, particularly with the developments that are happening in the region," he said.

He said the company was continuing to develop technologies to help EPC customers become more productive and improve collaboration between stakeholders, pointing to its Connect platform.

Phang said Aveva's approach was increasingly centred on helping customers generate tangible business outcomes rather than simply selling technology.

"Every customer, every EVP, every CEO or CIO I've met, the word is business value. So, no more talking about technology."

He said customer discussions increasingly focused on operational challenges and priorities.

"How can I bring you business value? We go beyond just talking about what technology you have or what technology you need. Look at the overall scheme of things. What are their challenges? What are their priorities?"

Aveva's role, he said, was to provide technology that could improve processes, productivity and efficiency and, ultimately, lead to bottom-line savings.

Artificial intelligence is also becoming a growing part of those conversations, although Phang cautioned against companies adopting the technology without a clear business case.

"We do not get a customer to go on AI for the sake of AI. We want to make sure that they find a use case for it."

For AI to work effectively, he said, companies first needed to ensure that their underlying data was properly managed.

"For AI to work in any of our customers, the data layer needs to be very well addressed.

"If you don't have enough information or good enough information to feed into the AI algorithm, nothing intelligent, nothing insightful will come out."

He said companies needed not only to acquire and securely store data, but also to contextualise it before applying AI effectively.

"It's not just about collating the data, but it's also about making sure that we are able to help them contextualise the data, which is very important.

"That is where AI can be applied effectively in companies that we work with."

Looking ahead, Phang said Aveva was considering how it could deepen its contribution to Malaysia's industrial ecosystem, although it has yet to commit to establishing engineering or research and development operations in the country.

"As of now, we have not started anything yet, but that doesn't mean that in the future, there will not be any future consideration," he said.

He said the company's priorities included helping the industry, strengthening the local ecosystem through partnerships and expanding talent capabilities through collaboration with educational institutions.

"We want to make sure that whatever thing we do in Malaysia will benefit Malaysia or benefit the industry as a whole," he said.