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# HOW DO YOU CONSTRUCT A THRIVING BUSINESS?

## 4 COMPANIES SHARE THEIR JOURNEY FROM HUMBLE BEGINNINGS TO SUCCESS

By PRETHIBA ESVARY  
prethiba.esvarya@leaderonomics.com

**W**HILE Malaysia's corporate landscape is largely comprised of small and medium enterprises (SMEs), they only contribute 36% to the country's gross domestic product. *Why is this the case?*

With limited resources, it is a challenge for SMEs to boost profit margins, let alone expand their business. This is even more so in the technology industry where the challenge lies in keeping up with the continually evolving technology sphere.

Gopi Ganesalingam, vice president of Enterprise Development, Malaysia Digital Economy Corporation (MDEC) said: "Whilst we have some really good, successful and visionary entrepreneurs here in Malaysia, a majority of them do not cast their nets wider than the Malaysian markets, for which visibility and third party validation would be key components to boost their credibility."

With an aim of addressing this pertinent issue, strategic government-owned agency, MDEC, developed the Global Acceleration and Innovation Network (GAIN) programme. The programme seeks to catalyse the expansion of local technology SMEs that have the potential to become global players through market access, leadership and capability development, technology disruption and scale-up capital.

Elaborating on this, Gopi emphasised the importance of looking beyond the Malaysian market. He said, "GAIN companies who are big in the brick-and-mortar world are already re-inventing their businesses by going onto digital platforms in order to reach global markets."

To gain further insights on turning a great idea into a thriving business and how to scale it up successfully, **Leaderonomics** spoke to **four award-winning tech SMEs** under MDEC's **GAIN** programme.

**TRANGLO**

A decade ago, Tranglo observed a growing trend amongst migrant workers in Malaysia, particularly Indonesian workers, many of whom purchased mobile airtime vouchers (prepaid scratch cards), to send to their families back home.

Aware of the disorganised process, voucher expiry issues and numerous denominations involved, Tranglo pioneered a ground-breaking solution to connect mobile network operators across the globe through a *single* transaction hub.

Chief executive officer (CEO) of Tranglo, Sia Hui Yong, gave an example: "Say I'm a Bangaladeshi worker in Malaysia and I want to send certain amount of mobile airtime to my mother back home. Regardless of which mobile operator I use, I can make a direct transfer to another mobile operator in Bangladesh."

Tapping into the needs of their target market, Tranglo later expanded its prod-

uct offerings to include money transfer. Incepted in 2008, the company now boasts a vast network of over 230 mobile operators in 82 countries for mobile airtime and has established partnerships with more than 400 banks and 7,000 cash pick up points in multiple countries for its money transfer services. In 2015, the company recorded an annual revenue of RM114mil, and in 2016 it increased to RM131mil.

One of the biggest challenges faced by Tranglo is the foreign exchange market. Sia said the volatility of the ringgit in the last two years has posed challenges in cross-border transactions, which require currency conversion. Another obstacle, he said, is the regulatory framework whereby regulations are interpreted differently in different countries and banks are becoming more stringent in doing business with remittance companies.

Looking ahead, Tranglo is planning to expand its research and development (R&D) team, and is evaluating new tech-



Sia Hui Yong, CEO of Tranglo

nologies such as blockchain technologies, as they believe innovation is key to stand out in today's globalised economy. "SMEs should invest in technology and creativity to stay ahead. They don't have to develop a new technology, but they can adopt the right technology at the right time to enhance cost-efficiency," Sia advised.

**KAT TECHNOLOGIES**

When Celcom experienced issues with their prepaid card distribution some years ago, they approached Datuk Khairul Anuar Mohamad Tawi, owing to his experience in pioneering the nation's first prepaid card service.

Khairul took the opportunity, and decided to start KAT Technologies, a distribution solution for clients. Its business model is to bring principals' (clients) products to the market in the most cost-effective manner, while achieving maximum market reach and penetration.

Aware of the pain points within the logistics and distribution sector, especially in transaction accuracy, KAT developed its own system, KATsys. Khairul says the sophisticated software system allows for stock tracking from the point of receipt up to the point of sale, thereby saving time, energy and resources.

Due to the company's innovative capabilities, they are now the nation's biggest prepaid distributor. From its

humble beginnings in 2006 when the company recorded a total sale per annum of RM176mil, they have grown to reach its highest recorded figure in 2015 at RM839mil.

To be sustainable, Khairul asserted that adaptability is crucial, even if it requires heavy investments. This is evident when KAT observed a dip in its total sales last year; this, he said, was partly due to investments into enhancing the KATsys software to be more digital-friendly, and the development of retail solutions to ease transactions.

While the company does admit to having difficulties with resource allocation due to budget limitations, this is where leadership capabilities come into play to ensure there is little room for error.

Khairul says, "It's not easy to run a business. You have to have the confidence and belief that things can be done."

This can only come once you have developed strong decision-making skills,



Datuk Khairul Anuar Mohamad Tawi, founder of KAT Technologies

relationship-building capabilities, the ability to analyse the market and predict the future, he added.

"You need to understand where your costs are going and where and how revenue is captured. For that, you need to have the right processes and systems in place," he advised.

**MERCHANTRADE**

For cross-border money transfers, what do we Malaysians normally do? Visit a bank of course! As an alternative to such traditional payment methods, Merchantrade developed their own online portal and mobile app, eRemit, that enables cashless and seamless money transfer to 200 countries at any time and day, all without having to step out of your house.

*The best part?* Your money gets remitted within five minutes if it's sent directly to the recipient's bank account, for certain banks and countries only of course!

Operationalised in 2001 by Ramasamy K. Veeran, Merchantrade started off by supplying telco equipment to IDD providers across Malaysia. Today,

the company is a pioneer and the largest non-bank remittance service provider in Malaysia.

According to Ramasamy, the company's direct tie-up with international wire transfer operators, foreign banks and other established payment centres has resulted in a money remittance service that is cheaper and faster than traditional bank remittance services.

Back when Merchantrade was smaller, one of the biggest challenges they faced was liquidity. Fortunately, due to the company's strong USP and innovative capabilities, they won the backing of two investors. Aware of the needs of migrant workers and Malaysians, they expanded their money transfer branches and agent network, dived into the money exchange and wholesale currency business, and

developed digital fintech solutions, eRemit (people-to-people and business-to-business portals) and eForex.

In 2016, the company's total outbound remittance value was slightly above RM5bil, making up 23% market share of the Malaysian money services business (MSB) industry.

Looking ahead, the company is in the midst of investing in artificial intelligence as well as IT security solutions to bring the business to the next level in the digital space.

Ramasamy's advice to SME businesses is this: "Life cycles of businesses are getting shorter today. They must look at accessing other markets and gaining more market share, and consistently transform. If they don't think big, it's going to be very challenging."



Ramasamy K. Veeran, managing director of Merchantrade

**"IF A COMPANY WANTS TO GROW BIG, THEN THE MALAYSIAN MARKET IS NOT ENOUGH, ONE HAS TO GLOBALISE. GAIN COMPANIES WHO ARE BIG IN THE BRICK-AND-MORTAR WORLD ARE ALREADY RE-INVENTING THEIR BUSINESSES BY GOING ONTO DIGITAL PLATFORMS IN ORDER TO REACH GLOBAL MARKETS."**



Gopi Ganesalingam, VP of Enterprise Development, MDEC

**IN A NUTSHELL**

What these four SMEs have in common are their unique product offerings that not only addresses a need in the market but also has a high demand; and their focus on consistently creating solutions that fulfil customer needs and preferences. What we can also gather is that no matter how great a company's product is, without key elements such as market access, funding, strong leadership, and innovation, the company may remain as it is and never see its true potential.

By **BRIAN WONG KEE MUN**  
editor@leaderonomics.com

**MOST** people have the perception that marketing is about selling to customers, the 4Ps (product, price, place, promotion), and profit – a concept which has evolved through the years of observing customers.

We now understand that by producing in large quantities and selling at a low price, one will not be guaranteed of sales. Market forces have rejected the economies of scale theory to a certain extent.

Businesses realise that competing on price will only get themselves into the commodity trap. Profits will eventually fade off and business will start to deteriorate. So how can marketing assist a company to sail through the harsh market environment?

**CONNECTING THE DOTS**

The answer lies in the capability of the marketer to connect the dots between the company and the market. Both the company and the market are entities without any connection. Thus, to connect these entities, a marketer will need to match the attributes of both entities.

However, the connection may not last long as the attributes change over time. Sales might surge during a marketing campaign period. But once the campaign is over, both the company and the market are no longer connected, causing a fall in sales. As emotional connection never exists among such entities, loyalty hardly develops. This is a case of an unsustainable marketing.

To ensure the dots are always connected, the marketer needs to build both associative and emotional rela-

**SECUREMETRIC TECHNOLOGY**

The growing use of the internet along with ever-evolving digital technology, has inadvertently made systems more susceptible to security attacks.

Enter SecureMetric Technology, a digital security solutions provider, well known for their public key infrastructure (PKI) domain expertise in Southeast Asia.

Co-founder Edward Law explains: "We started as a trading business distributing third party IT products. A few years later, we (Law and co-founder Nioo Yu Siong) realised that in order to survive in the highly competitive IT security space, we must create our own innovation and thus started a new company."

Incorporated in 2007, SecureMetric's key domain expertise lies in software licensing protection, identity and access management (IAM), and PKI. With 13 years of experience under their belt, the company remains unique as they develop localised and customised enterprise security solutions for organisations of any size, in a cost and time-effective manner.

In 2015, the company recorded a revenue of RM17mil and in 2016 it increased to RM23mil.

One of the hurdles faced by SecureMetric is a lack of expertise in cyber security in Malaysia – a situation that has prompted them to recruit foreign experts. Aside from that, hiring talents remains an ongoing issue due to competition from multinational and



Edward Law, co-founder of SecureMetric Technology

Singapore-based companies.

In response to this, Law said, "We constantly engage with several reputable ICT universities for internship and recruitment roadshows. Also, our overseas branches recruit and train the best local talents to avoid dependency on Malaysia's resources."

With each overseas expansion that SecureMetric undertook, they faced the challenge of investing a huge chunk of their internal funds for three to four years before it could self-sustain, Law conveyed.

He advised: "SMEs should only consider to set up local offices when their business is stable as managing overseas branches can be highly challenging."

With innovation as a key focus for SecureMetric, the company's next step is to expand their R&D capacity into fintech and IoT, and to venture into cloud-based security.

## HOW IS THE GAIN PROGRAMME AIDING LOCAL TECH SMES?



**1 Elevating visibility and branding**

"We never really did any marketing prior to this because we don't face consumers. But GAIN programme has given us some insights and exposure on how better to do corporate branding ourselves. This includes media and marketing exposure." –**Sia Hui Yong, CEO of Tranglo**

"The thing is, the Malaysian market doesn't know us well enough, and our business is based on trust. GAIN is a platform that can give us a lot of exposure, as a non-bank locally and globally." –**Ramasamy K. Veeran, MD of Merchantrade**



**2 Getting insights from market leaders**

"Exposure to thought leaders of respective industries where we can get good advice from is one of them. The capability to sustain your business means you need to have the capability to see the future. For this, you need to be plugged in with experts as they know what's happening in the future or are preparing for the future." –**Datuk Khairul Anuar Mohamad Tawi, founder of KAT Technologies**



**3 Market access**

"They have been very supportive in organising various market access activities and events that has proven to be able to help us to expand our market reach." –**Edward Law, co-founder of SecureMetric Technology**

## THE HUMAN FACE OF MARKETING



Marketing today is no longer about price, product, promotion and place. Human connections matter more.

relationships between both entities. To do so, we will first need to translate the human side of these entities. It sounds absurd, but that is how relationships are built over time.

With reference to the etymological interpretation of the word 'marketing', we note that marketing is to connect the seller (who plays a role in the sale) and the buyer (who plays a role in the market) in a specific space (i.e. marketplace). And it must be realised that both seller and buyer are in fact, human.

That space in a hologram will not exist if either the seller or the buyer does not exist. Thus, marketers must

understand that they are not dealing with the marketplace per se, but humans who are playing the roles of sellers and buyers.

**CASE STUDY: COCA-COLA**

However, instead of reviving Coca-Cola's sales, 'New Coke' received complaints and protests from the existing Coca-Cola lovers. Pressured by consumers, Coca-Cola brought back the original formula and re-launched it as Coca-Cola Classic on July 11, 1985.

This is a classic case of a company being unaware of the emotional attachment of existing consumers.

The study failed to acknowledge the bonding between consumers and Coca-Cola. It failed to see the brand as it were human.

**HUMANISING 21ST CENTURY MARKETING**

In the 21st century, marketing may no longer be just about the sales, 4Ps, and profit, which is driven by the marketplace. It is heading towards a more humanistic view of the business.

To build an effective downstream-approach marketing plan, a marketer needs to challenge the existing market assumptions and connect to the human side of the business. To do so,

it requires special training with a set of guiding principles. It may or may not involve a high level education.

Marketers need to see themselves as professionals and not just as implementers of sales and marketing tactics. Most importantly, a marketer shouldn't be viewed as a salesperson but a professional.

**MAKING MARKETER A PROFESSION**

Educational institutions, professional bodies, and training centres may need to revisit their teaching pedagogy in marketing courses in order to assist graduates to be professional marketers who know what it means to be human. The role of an institution, therefore, should be to transmit and not just transfer the proper marketing knowledge to the new breed of marketers.

Also, if a marketer believes that marketing is a job, he will do no more than what is required from him. But if the marketer believes that marketing is a profession, he will be governed by a set of principles. As marketing is not regulated like the accounting and legal professions, the marketer needs to govern himself. It all has to start from within.

■ **Brian is a marketing enthusiast based in Kuala Lumpur, Malaysia. His experiences from both the academic and the industry developed his expertise within the marketing, strategy, and management areas. To learn how to build and sustain peak performing sales teams in your organisation, e-mail us at training@leaderonomics.com for more information.**

■ **MDEC was launched in 1996 to pioneer the transformation of Malaysia's digital economy. With one of its goals to help SMEs overcome their challenges in expansion, GAIN was incepted. To find out more about the programme and its success stories, visit www.mdec.my**