

M3Tech expects to turn around in coming financial year

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KUALA LUMPUR: Having been in the IT industry for 17 years since the dotCom boom at the start of the millennium, M3 Technologies (Asia) Bhd (M3Tech) has established a foothold in the mobile value-added services segment.

The loss-making IT outfit believes that it will soon reap the fruits of its hard work after having gone through several failed attempts in the past.

M3Tech is expected to return to the black after being in the red for five financial years, M3Tech general manager Kevin Ng Chen Lok told The Edge Financial Daily. "Last time, people were not really interested in technology. The activities that M3Tech does, nobody knew. Now when we do something, people know [and that's] because people [have] started deploying technologies [more often than before]," says Ng.

The group, which has remained relatively low-profile in the past few years, have in recent months been making announcements on new partnerships. In its latest announcement in April it partnered with MNC Wireless Bhd to develop an e-commerce platform with integrated payment gateway solutions to operate in the newly launched Malaysia Digital Free Trade Zone.

According to Ng, the group had spent some time and effort in restructuring its loss-making operations that had been bleeding over the years, due to unfavourable market conditions and increased competition.

For its third quarter ended March 31, 2017 (3QFY17), it posted a net loss of RM574,000 against RM316,000 in the previous year. Quarter-on-quarter, however, it improved slightly from a net loss of RM739,000 in 2QFY17. Its net loss was also slightly wider at RM2.25 million for the nine-month period ended March 31, 2017 compared with RM1.98 million. Revenue dropped RM26.6 million against RM32 million in the previous corresponding period.

The company had accumulated losses of RM5.59 million as at March 31, 2017. However, few may know that M3Tech is, in fact, in a net cash position despite it has been loss-making since the financial year ended June 30, 2013.

It has a rather strong balance sheet with a cash pile of RM31.7 million against total borrowings of RM1.18 million as at March 31.

M3Tech's core business is providing mobile value-added services. Its Pakistan subsidiary is currently the biggest revenue generator currently contributing approximately 70% to total revenue.

"In Pakistan, for mobile added-value services, we still get a lot of revenue compared with other advanced countries that now offer many different alternatives. There (Pakistan) they have less options," said Ng.

The group, however, hopes to increase revenue contributions from other overseas subsidiaries in Thailand, Singapore, China, Indonesia and Hong Kong in the future. Given that there are increasing competition for mobile added-value services in Southeast Asia, the group moved away from it back home and worked towards diversifying its offerings. Three years ago it launched its "i3 series" platform comprising four different product offerings of various business solution services. The group initially experienced a slow pickup from this, but is now beginning to see the light at the end of the tunnel.

The platforms are i3Display — providing interactive digital displays, i3Teamworks — providing business solution management software, i3Apps 0i51 a mobile app creator, and i3Tracker — a mobile tracking devices. "i3Teamworks is the most valuable and in demand in the market now. A lot of companies do not know which software to [use to] manage the company, task, staff, sales. So the i3Teamworks helps with that," said Ng.

According to Ng, the group is targeting to enter into more international markets as it believes prospects are better abroad. He cites the i3Teamworks and i3Display products having the most potential for M3Tech.

Some of M3 Tech's clients are Tesco Stores (M) Sdn Bhd, BMW Malaysia Sdn Bhd and Institut Jantung Negara Sdn Bhd. Recently, as part of the i3Tracker product platform, the group partnered with Indonesia's largest mobile operator Telkomsel to distribute M3Tech's T-Bike Smart Assistant for Vehicles devices which allows vehicle owners to monitor, guide and control their vehicles directly from a smartphone.

Ng said he hopes to launch the tracker device to other Asean countries this year. The company aims to enter the Thai market in the 4Q. "Because Thailand is near us and our tracker platform now mainly targets motorbike vehicles in countries with a lot of stolen/hijacked vehicles. Thailand is another country after Indonesia with a lot of motorbikes," explained Ng.

Ng said with current trends of increased crime and lost airline luggage, consumers may use the devices for purposes such as tracking down their children and also lost luggage. More are expected to jump onto this tracking devices bandwagon but Ng said M3 Tech is ahead as it started three years ago to develop the technology. "Our platform is much more complex and we know the feedback from customers. There is always competition, but I do believe we are ahead of a lot of people," he said.

The group projects steady growth for the next financial quarter despite still being in the red.