

Go online to go global, SMEs urged

BY OLIVER CHRISTOPHER GOMEZ

Malaysian businesses are missing out on a multibillion-dollar social media economy by not using social media marketing and e-commerce sales channels. While it has become easier than ever for businesses to set up an online presence and start selling relatively quickly, a staggering number of them have refused to engage in either thus far. But getting started with social media and e-commerce sales channels are not nearly as complicated as they may fear.

These were some of the key takeaways from Ficus Venture Capital Sdn Bhd co-founder Baiza Bain's recent talk on "Digitalisation of SMEs for Regional Market Access and Scale-Up". He was one of the speakers at *The Edge-Digi* forum on Digital Transformation: Myths, Reality and Relevance.

Incredibly, Malaysians spent nearly US\$2 billion on online purchases last year, he said. "According to SME Corp Malaysia data, Malaysians clearly love to shop online and they spend primarily on travel, accommodation, flights, fashion and, of course, electronics. The local online economy is worth billions."

Baiza is working with Malaysia Digital Economy Corporation (MDEC) to provide key training support for the government agency's rural entrepreneurship programme. The benefits that these small companies have seen for taking on social media marketing and e-commerce channels have been immense, he said.

"We ran a programme for MDEC's rural entrepreneurship efforts. There were 50 companies in the programme and our objective was to accelerate their sales by 70% within three months. We helped these businesses create and manage their social media presence," he added.

"By the end of the programme, the lowest sales increase we saw was 100%. Other companies registered increases of between 200% and 400%. This was clear evidence that when you give businesses the right exposure, platform and marketing tools, they will see tremendous growth in sales."

E-COMMERCE A PATH TO SCALE

Local opportunities notwithstanding, businesses in Malaysia risk losing out on sales to the burgeoning Asean middle class. With a 600 million-strong population, it is an unprecedented selling opportunity for countless local businesses that previously would have focused primarily on home soil.

"I run a venture capital firm and we do not run a Malaysian fund at all. In fact, we run an Asean fund. When we look at investment opportunities, we always evaluate it from a regional perspective," said Baiza.

"There is a 61% social media penetration rate (in the region). That is a huge opportunity to reach the roughly 600 million-strong Asean population. Just imagine the scale-up that your business would be capable of if you tried going regional.

"By all means, start with the Malaysian market. Tap the local market and once you have established yourself here, go for the regional market."

Despite the outsized increases seen by adopting social media marketing and e-commerce sales channels, SME Corp data revealed that just 44% of Malaysian businesses

provided an e-commerce solution for customers, said Baiza. "What I find disheartening is that in addition to this statistic, a further 33% of respondents do not plan to include an e-commerce element into their business."

There are a number of possible reasons for this. Having engaged with countless businesses in the course of his venture capital career and previously as the head of private equity at a large, locally founded, international bank, Baiza has learnt that business owners tend to be put off by the so-called "techno-babble" that they have come to associate with the technology and start-up scene.

"But in truth, e-commerce is not at all difficult to understand or implement in your business. If you ever intend to venture into the e-commerce space, I recommend that you attend the host of free, e-commerce workshops conducted by major online marketplaces like Lazada and Shopee. A lot of these courses are free of charge because they are constantly trying to attract more vendors to sell on their platforms," he said.

Over the longer term, however, businesses will have to increase their digital footprints, not just to capture more customers but also to reduce back-end costs and their reliance on legacy hardware. Businesses must be more open to company-wide cloud server adoption, said Baiza.

"I run a small team of just six people and manage tens of millions of ringgit while juggling my time between two companies [he is also co-founder of local accelerator Fintech Lab]. This could only have been possible by using various cloud-based tools," he added.

"For instance, our accounting and human resources software are all cloud-based and so are all our office files and records. We tend to be digital nomads ourselves and like to try out various co-working spaces. So, when we move from one location to another, we do not have to worry about transporting boxes of files. Everything is stored in the cloud."

