

# G3 Global aims to break even by 2021, riding smart mobility

BY LIEW JIA TENG

Jeanswear maker turned internet-of-things (IoT) firm G3 Global Bhd — previously known as Yen Global Bhd — has been in the red in all but two years in the past decade.

But group chairman Michael Lai Chin Tak maintains that smart mobility has put the company on track to return to the black within three years.

G3 Global's new growth engine offers connected advanced driver assistance systems (ADAS), including active accident prevention, life-saving warnings and alerts, forward collision warning, lane departure warning and speed limit warning.

A distributor of the Edwin and Mustang brand jeans, G3 Global's apparel business has been unprofitable since 2010, bar 2013, mainly due to intense competition and weak consumer spending.

This prompted G3 Global's diversification into the ICT business upon the acquisition of Atilze Digital Sdn Bhd in December 2015. Now the ICT arm of G3 Global, Atilze is an IoT solutions provider as well as supplier of IoT and connected objects hardware devices.

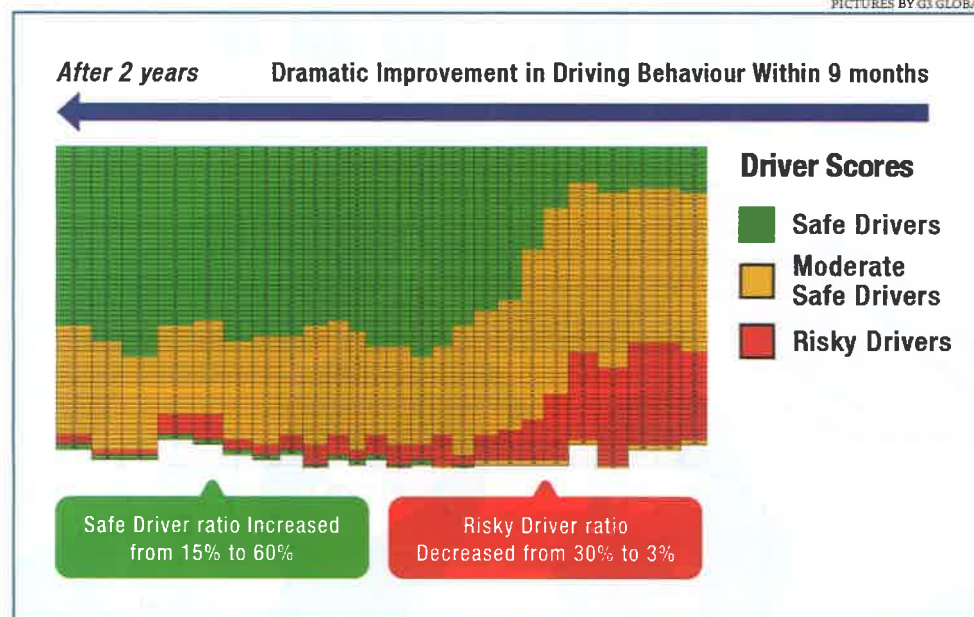
"In the last few years, (the) revenue of our tech business has grown about six to seven times, albeit from a small base. Moving forward, smart mobility will definitely be one of our major focus areas," Lai tells *The Edge*.

"Looking at where we are right now, the break-even could happen as early as this year. But if we don't, give us another two years. Realistically, we should be able to return to the black by 2021."

G3 Global's net losses narrowed from RM14.3 million in its financial year ended July 31, 2016 (FY2016), to RM12.8 million in the 17-month period ended Dec 31, 2017 (FY2017).

Losses have mounted, amounting to RM9.33 million in the nine months ended Sept 30, 2018. This was attributed to poor market conditions for the apparel industry as well as start-up costs incurred by the ICT division.

However, Lai is confident revenue will increase in the next three years and financial losses will narrow. "We are working really hard towards that direction (of breaking



even). Bear in mind that we will continue to invest in R&D and pilot projects. We need to test our system and convince the users."

The 58-year-old is a seasoned telecommunications executive, previously a senior vice-president of Celcom before helming Packet One Networks (M) Sdn Bhd (P1) as its chief executive from 2007 to 2013.

Between 2013 and 2017, he led Innovate Indonesia and Singapore-based MyRepublic Group, before returning as independent

and non-executive chairman of G3 Global in August last year.

Green Packet Bhd — founded by technopreneur Puan Chan Cheong in 2000 — owns 32% of G3 Global and is its single largest shareholder.

A technology developer of fourth-generation long-term evolution (4G LTE) and WiMAX software solutions, Green Packet established telecommunications company P1, now known as Webe Digital Sdn Bhd.

The founding Goh family, which has expertise in the apparel business, remains a major shareholder of G3 Global, owning 24.24% of the company.

## Smart mobility the next big thing

Lai maintains that smart mobility could be the first step towards autonomous driving but for now, he says it is important to reshape the behaviour of drivers. "We believe technology has a huge impact on a country's economy. Let me ask you a question, how much is a life worth from a monetary point of view? Malaysia's accident rate is not low. Big or small, accidents happen.

"We lose at least 7,000 lives in road accidents every year. According to studies, each life lost in a road accident is worth RM2.3 million. That's (just on) fatalities, we are not even talking about the injuries."

He says global research reports show advanced driver assistance systems to be proven technology that can reduce accident rates by up to 82%. Through the early warning system, drivers will be able to immediately take corrective action to prevent collisions and accidents.

A research report by government agency, Malaysian Institute of Road Safety Research



Lai (right) and Radzi hope that their devices will improve the country's road safety

(MIROS), found the device to be applicable to the country and that it does have an impact on driving behaviour, he adds.

G3 Global executive director Md Radzi Din explains that connected objects hardware devices will be installed in vehicles to monitor the tyre pressure, fuel consumption, engine condition and driving behaviour.

"We have done quite a number of projects on commercial vehicles with certain stakeholders, including MIROS. We work with them, we provide them with devices and we capture the data. From there, we come up with a proper system, which could drastically reduce the number of accidents and improve driving behaviour."

Radzi acknowledges that ADAS (advanced driver-assistance system) is still new in Malaysia and that G3 Global will need to work closely with MIROS to bring it to the attention of the transport ministry. "Most of the time, technology moves ahead of regulatory. We still need a lot of education and publicity to make people realise that this device could actually play an important role in road safety."

G3 Global is also working closely with MIROS, utilising its devices to come up with a standard called Malaysian Driving Score.

"If you are a good driver, you get a five-star rating. In the future, as a commuter, you could even check the rating of the bus driver before you board the vehicle. We hope that our devices will improve the country's road safety," Radzi says.

Lai concurs, saying Malaysia will probably be the first country in the world to have its own National Driver Score, which would indirectly impact the insurance industry. "Today, insurance companies work in a way that everyone pays the same. But once you have the National Driver Score, the insurance companies would know whether a driver is good or bad. Eighty per cent of the good drivers shouldn't be subsidising 20% of the bad drivers. If you are a bad driver, you have got to pay for it, which is only fair."

Lai believes G3 Global's smart mobility business is gaining traction and at the "harvesting stage" as a lot of effort has been put into shoring up the division over the past few years.

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More information:  
Contact Ms Sashi Bala +614 34 428 078 (whatsapp)  
sashi@infinitygatesrealty.com.au  
www.infinitygatesrealty.com.au

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