

# Thai startups target e-commerce logistics

*The number of active startups in Thailand is expected to double to 1,500 this year*

by SHAHEERA AZNAM SHAH

**BOOMING** e-commerce logistics providers seems to be the buzzword for the startup scene in neighbouring Thailand, backed by the growth of online shopping as it drives the demand for online logistics services.

The number of active startups in Thailand is expected to double to 1,500 this year, compared to 700 in 2016, backed with the increased startups funding over the past three years.

## Some Relevant Statistics

The total disclosed startups funding in Thailand increased to more than US\$108 million (RM463.1 million) in the second-quarter of 2016 from US\$89 million in 2015. The median value of funding deals in Thailand's startup ecosystem has increased from US\$60,000 in 2012 to US\$1.1 million in 2016, according to a report in *Tech in Asia* portal.

One prominent logistics provider for online merchants is Shippop Co Ltd. An online-based service that links transportation of goods into a single system, Shippop allows customers to compare prices, track online payment status and manage the entire shipping process without being at the company's premise.

It has partnered with logistics companies to offer a single system that helps online merchants to connect with logistics providers.

In the past year, the company said it had forged collaboration with 1,300 online merchants that do business through the social media.

According to Thailand's Electronic Transactions Development Agency, e-commerce logistics services grew 9.6% to 70 billion baht (RM9.03 billion) in 2016 from 64 billion baht in 2015.

Another startup in the sector is MyCloudFulfillment, a Bangkok-based supply chain management solution for e-commerce and omnichannel businesses. It provides services include storing, packaging and shipping goods from its warehouse.

Financial technology (fintech) startup UTU is also reaching out to



Some of the team members in Shippop. Shippop allows customers to compare prices, track online payment status and manage the entire shipping process without being at the company's premise

a global audience with its loyalty rewards platform. Brands registered with the platform are promised to a better reach to their customers and leverage on their marketing and sales campaigns.

Shippop and MyCloudFulfillment are just some of the companies shaping Thailand's startup landscape. Thailand is indeed moving aggressively to help its startup companies. It has identified nine different startup branches: Agriculture and food technology, health technology, fintech, education and government technology, travel technology, lifestyle and entertainment, business services, industrial technology and property, and urban technology.

To complement the burgeoning logistics businesses, Thailand's food technology has also become more

pronounced.

As Thailand is in the early stage of food startups, the businesses are bent on using social media for communication. With the advent of new technology, food startups are expected to be driven by technology.

One such example is FoodStory. Developed by Thailand's startup Living Mobile, it is a mobile application designed for food business owner to manage their restaurants from afar. The application also allows customers to better connect with the restaurant owners.

## Banks, Stock Market

On the banking front, major local banks — Bangkok Bank plc, Siam Commercial Bank and Kasikornbank — have established venture capital funds to support startups,

particularly those involved in the fintech sector, with a total capital up to two billion baht.

On the stock market front, the Stock Exchange of Thailand (SET) has its own game plan for startup enterprises. It will be rolling out a new fundraising platform to improve the liquidity of the startup market in the country.

The new platform, called Live, will enable registered startups to gain easier access to the capital market and provide investors with more options for their exit strategies.

To be operated by SET's subsidiary, Live Fin Corp Co Ltd, the platform is scheduled to be launched by the year-end. Live Fin serves as an advisor for startup businesses and aid their financial services to expand venture.



'Startup Thailand, Scale up Asia'. The plan is to showcase Thailand and Asia as the world's leading region for future growth



MyCloudFulfillment ED Nithi Satchatippavarn wins a Thai pitching competition

Another source of support for Thai startups is Startup Thailand, a creation of the nation's Ministry of Science and Technology, and badged as an "open platform". This year, they have adopted the theme "Startup Thailand, Scale up Asia". The plan is to showcase Thailand and Asia as the world's leading region for future growth.

# It's a matter of quality versus quantity



## KL Street Wise

by DATUK ZAINAL AMANSHAH

**HOW** time flies — our fasting month has flown by and the Hari Raya celebration with numerous open houses is over. It has been really enjoyable meeting so many family, friends and business associates at these gatherings.

I was often asked at the various open houses about the progress of investments into Greater Kuala Lumpur (KL), our competitiveness and ultimately, whether we are attracting the right quality investment. I sensed a level of scepticism when I responded that investments remain steady, our city livability has improved tremendously and we are very competitive vis-a-vis our regional peers.

So, let's do a quick analysis of where we stand at mid year.

## Livability

From a livability standpoint, Malaysia is now ranked 11th among 138 nations in the Global Competi-

tive Index 2016-2017 in transport infrastructure development.

This month marked the launch of the game-changing, Mass Rapid Transit (MRT) Sungai Buloh-Kajang Line. I was lucky to be a part of the launch and the train ride to Kajang, and I must say the service is high quality and world class. It is no doubt a huge blessing to urbanites who commute frequently between the two townships. The good news is, we can expect more MRT users or, in fact, users of public transport increasing with the completion of this line.

I am certain that having a sound, quality public transportation system such as the integrated MRT system will help improve KL's charm when it comes to attracting foreign direct investments.

The River of Life project is slowly taking shape, while the taxi and bus issues are being tackled and the legislation of the ride-sharing is due soon.

Other transportation infrastructure projects within KL such as the high-speed rail and the upcoming MRT2 are also on-track. Hence, good progress and more to look forward to.

## Competitiveness

Of late, questions of Malaysia's competitiveness and even the news of closures of major global factories in Malaysia (of various industries) have made its rounds in the social media.

Unfortunately, many people get excited over rumours and apparent bad news, whereas the good deeds and positive news within the country — whether it is the launch of a new multinational company in the country or a new investment win, may not attract so much positive attention and ravings.

Perhaps, it is only human nature. Despite the global economic challenges, investments into the country and Greater KL continues to be steady. Recently, we have seen great announcements from a number of multinational corporations (MNCs) such as Air Liquide SA, Linde AG, China Construction Bank Corp (CCB) and HSBC Holdings plc for example, all of whom are expanding their regional business from here. While InvestKL has a mandate to attract 100 MNCs by 2020, we have always focused on getting high quality investments, not so much on quantity.

We signed an memorandum of understanding (MoU) with Air Liquide to create a talent pipeline and support technical collaboration with startup companies in Malaysia. We were also excited to have exchanged an MoU with CCB at its grand opening, witnessed by Prime Minister Datuk Seri Mohd Najib Razak. The MoU will allow both parties to cooperate and exchange information towards promoting investment opportunities and activities between Greater KL and China.

We also witnessed Linde Malaysia Sdn Bhd's launch of their first automated gas filling plant in Banting, which is also the first in Asean. Furthermore, in the past two years alone, Linde has invested over RM1 billion to strengthen its position and leadership in the industrial gas industry and to support its customers in their growth plans, while delivering sustainable and profitable growth for its shareholders in Asia. According to Linde, the Banting plant serves as a Centre of Excellence for the industrial gases industry in Malaysia. If you want to see Industry 4.0 in action, just visit Linde.

HSBC Bank Malaysia Bhd has

committed to develop Malaysia as a financial hub in the Asean region, with a RM1.06 billion (US\$250 million) investment announced to construct HSBC's future headquarter office in the Tun Razak Exchange site.

I am confident that with more high quality foreign direct investments from MNCs in Greater KL, job opportunities will grow and with the rapid development of the city landscape and connectivity, our *rakyat* will continue to benefit.

In the high technology and information exchange era, it is crucial that we continue looking forward to improvement and advancements for the betterment of our cities and the quality of life for everyone who continues to call KL home. I'm looking forward to more high quality activities in the second-half of 2017.

*Datuk Zainal Amanshah, InvestKL CEO since 2011, brings with him 20 years of private sector experience in senior positions at MNCs, Malaysian companies and startups. You can follow Zainal on Twitter: @Zainalamanshah.*