



GDEX REJUVENATES SYSTEMS AND PROCESSES

Parcel delivery company to maintain consistency of providing services without much disruption

HOMEGROWN parcel delivery giant GD Express Carrier Bhd's (GDex) does not need much introduction.

Its brand has been visible to consumers throughout the country for the last 20 years.

And for the investment community, GDex has given its early investors spectacular returns since its listing in 2005.

However, going forward, the last-mile delivery space has been decimated by intense competition, not helped by the aggressive issuance of licences by the Malaysian authorities as well as the entry of large foreign players throwing prices to earn market share.

Against this backdrop, GDex is embarking its own re-transformation to rejuvenate its systems and processes – beginning with a new philosophy, to scale to new heights.

GDex was established in 1997 as a small courier service provider focusing on document delivery.

When managing director and group CEO Teong Teck Lean first entered GDex as a controlling shareholder in 2000, many had regarded it as an unconventional move for Teong to buy into a loss-making company.

Being an engineer by training and subsequently a stockbroker with OSK Securities dealing with institutional clients, the logistics ecosystem was a whole new world for Teong.

But, Teong was firm in his conviction that Malaysia would follow suit in the e-commerce boom that unfolded in the United States and Japan, as he set out to make GDex the local multinational express carrier of choice, meeting the needs of its customers in parcel delivery and fulfillment services.

"I had friends and acquaintances asking me if I was out of my mind to leave my investment banking job for GDex, which was then making losses. When I entered GDex, I was expecting the e-commerce boom to happen in Malaysia soon, but little did I know that it would take more than 10 years," says Teong.

His perseverance and tenacity played a part in driving GDex on the road to recovery and thereafter, growth.

He overhauled GDex's business model along with his team, turning the company's financials into the black.

Five years later, GDex was successfully listed on the Ace Market of Bursa Malaysia.

However, Teong notes that it took the entry of Singapore Post as a substantial shareholder of GDex in 2011, for the market to begin recognising GDex as a serious player in the last-mile delivery space.

In 2016, Japan's Yamato Asia entered as another strategic partner of GDex, stoking renewed interest in the market.

To date, GDex has expanded its presence and network to Singapore, Indonesia and Vietnam.

GDex prides itself as a player that consistently provides services without much disruption, in spite of challenges.

For example, the recent movement control order (MCO) had resulted in grounded passenger flights.

Undeterred, GDex chartered flights to the main cities in Sabah and Sarawak and relied on its linehaul to ensure that there was no disruption for deliveries to the two states.

Additionally, GDex continued to deliver to other parts of the world, while providing real-time parcel tracking services globally through its international partners.

At GDex's headquarters in the heart of Petaling Jaya, Teong shares about the group's renewed vigour to take on what the new decade brings and his aspiration for GDex to be a regional player.

StarBizWeek: Why is there a need for GDex to have a new philosophy?

Teong: I believe a company's philosophy shapes the work culture.

When the two components are intact, a company can pretty much run on its own.

GDex's previous philosophy was set in 2000, so there is a need for a transformation

"GDex's previous philosophy was set in 2000, so there is a need for a transformation now."

Teong Teck Lean



GDex's new philosophy



now, to take into account new trends and ways of running the business.

Some of the key considerations that GDex has to prepare for in the next decade are scalability, being more mobile and better serving the community.

With new startups entering the industry, we do not want to be complacent; we want to be ahead of the curve.

Hence, we need to be competitive in order to deliver customer expectations.

What does the new philosophy encompass?

The new philosophy comprises core values, management principles, corporate qualities and goal.

Corporate qualities is also how the GDex brand is perceived by the market; we strive to be the brand that is cost-effective, reliable and speedy.

The pillars of GDex's corporate qualities are 4P's and 1S, namely People, Process, Platform, Product and Speed.

Our People (employees) are the most important assets as competent people execute strategies, plans and processes efficiently to make the business thrive.

Additionally, our Process has to be thoroughly planned and streamlined in order to be more cost-effective.

Our Platform and Product must also be

reliable to provide transparent and consistent results, which will lead to quality service.

The Platform and Product should include scalability and innovative features to meet customers' expectations.

As we learn to move fast and maintain speed to stay productive, a culture of Speed will naturally be formed within the company.

What are the changes that GDex needs to make? What new products and services can we expect from GDex?

Over the past five to six years, we have been making changes in our abilities to serve our evolving customer base, particularly with the emergence of ecommerce platform players.

We see a requirement for greater system integration via a more seamless application programming interface (API) with real-time tracking.

As for products and services, we will have to cater to our customers' needs and be an all-in-one solutions provider, going forward.

We plan to grow our suite of offerings to include specific solutions such as insurance and technology.

For starters, we expect more demand for insurance products as there is growing confidence of customers delivering higher value products through last-mile delivery providers.

There is also a need to integrate worldwide parcel tracking derived from our

network of international partners, into GDex's API system.

Besides that, GDex can perform cash collection services, or even payment collections via ewallet and other payment systems.

GDex, as an order fulfillment partner, can assist businesses in managing inventories, by handling shipping, warehousing and order processing.

To achieve this, GDex will work on enhancing our customs clearance ability as well as refining the APU platform to link the processes from fulfillment centre to last-mile delivery, with seamless reporting.

Each of the tasks has its respective roadmap, spearheaded by a team of business development personnel.

Given the need for greater digitalisation and adoption of new technology, what is the value of investment or capital expenditure that GDex is allocating each year?

We have been allocating more capex since two years ago and we intend to set aside more funds as things speed up.

Our allocation for capex amounts to RM5mil to RM8mil each year.

As GDex embraces and gets on board with cloud and mobile app capabilities, we will concurrently maintain our legacy system for our customers who have been well-acquainted to the legacy system.

We understand that the digital conversion journey will need easing in, hence, we will ensure that the digital platform is user-friend-

ly and offers rebate incentives for our customers to go onboard GDex's digital platform.

What is the breakdown of GDex's customer base today? Do the business-to-business (B2B) customers continue to make up the majority of GDex's customers?

The line that separates our B2B customers and business-to-consumer (B2C) customers have blurred as businesses are increasingly combining both offline and online strategies.

For example, a company that previously sells its products through 100 stockists and sells directly to consumers via ecommerce platforms.

The online shift of businesses was also expedited during the MCO.

The segment of pure B2B customers has shrunk, and by estimations, B2C probably makes up 60% of GDex's business compared with 36% previously.

What is the biggest challenge for the local last-mile delivery industry?

The most dire challenge is the price dumping for parcel deliveries by new startups who want to chomp up market share.

GDex is unfazed by this. We will not engage in a price war and GDex shall maintain its focus on providing specific and customised solutions.

Our promise is quality of service and value-for-money – that is sustainable for us and beneficial to our customers.

Businesses have to operate sustainably in order to not only survive, but grow.

As such, I believe unreasonable competition will phase out over time.

Apart from that, there is now a neutral body to oversee the logistics industry, as the Malaysian Communications and Multimedia Commission (MCMC) has recently granted permission to the Association of Malaysian Express Carriers (Amec) to hire a full time chief secretariat to manage a postal forum that will encompass regulators, consumers and industry players.

What do you see as the future of last-mile delivery in Malaysia?

Convergence. Not just amongst last-mile delivery players, but the convergence with other businesses and industries.

Essentially, GDex is in a business that serves a large group of customers – we serve the population, the community.

Just like telecommunications, banking, technology, payments and social commerce, these are businesses that work with each other and revolve around the community.

Hence, I see convergence amongst these businesses and I believe partnerships among the players could be formed in the near future. This is already happening in the United States. Software giant Microsoft has inked a memorandum of understanding to work with last-mile delivery provider FedEx.

Are mergers and acquisitions on the cards for GDex in the near term?

The Covid-19 pandemic and MCO have certainly stalled our growth plans, but GDex continues to be on the lookout for opportunities in the region, with a focus on the larger economies in Asean.

GDex first set up operations in Singapore back in 2007.

In 2016, GDex embarked on a regional expansion, venturing into Indonesia via its investment in associate company PT Satria Antaran Prima Tbk (SAP Express), which was eventually listed on the Indonesian stock exchange in 2018.

Most recently, GDex completed the acquisition of a 50% stake in Vietnam's Noi Bai Express and Trading Joint Stock (Netco) last December.