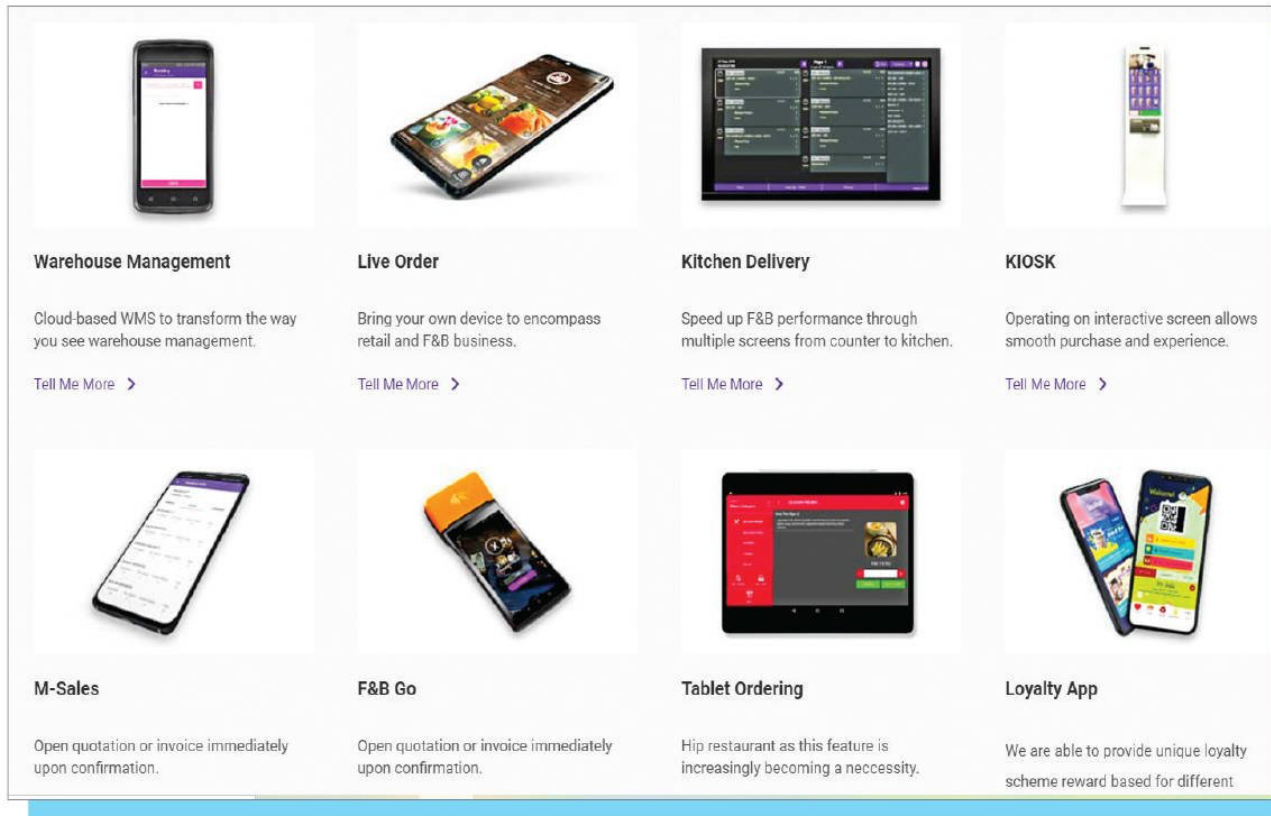










# Digital Solutions: Building a regional POS digital champion | The Edge Markets



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 <p><b>M-Sales</b></p> <p>Open quotation or invoice immediately upon confirmation.</p>	 <p><b>F&amp;B Go</b></p> <p>Open quotation or invoice immediately upon confirmation.</p>	 <p><b>Tablet Ordering</b></p> <p>Hip restaurant as this feature is increasingly becoming a necessity.</p>	 <p><b>Loyalty App</b></p> <p>We are able to provide unique loyalty scheme reward based for different</p>

webbytes

When Ooi Boon Sheng started Web Bytes Sdn Bhd, a cloud-based point-of-sale (POS) service provider in 2007, it was not common for businesses to have internet access.

“It was a luxury. Some of our customers used one internet account for a couple of outlets. When we entered the market, we had to make our solution offline and build a client/server-based model,” says Ooi. He co-founded the company in Penang after joining the Microsoft Imagine Cup, a technology competition for students.

Back then, individual outlets were often run independently, with little to no data sharing. “A lot of times, the bosses let their relatives or people they knew run the outlets, because they couldn’t manage the store if they didn’t trust the branch manager,” he adds.

Getting their customers to put their data on the server also required a fair bit of convincing. “We only started to see growth in the third year of our business, when people were able to accept the fact that the data doesn’t sit with them physically,” says Ooi.

Things are, of course, vastly different now. Since then, Web Bytes has expanded to Cambodia, Thailand, Vietnam, Indonesia and even Canada, and counts huge chain stores like Texas Chicken, Tealive, Mydin, MBG Fruit Shop and Marrybrown as its customers. The company achieved profitability five years ago, according to Ooi.



Web Bytes’ solutions are sold under the Xilnex brand. The company provides end-to-end solutions that cover e-payments and ordering, sales tracking, customer relationship management, e-commerce and stock management. During the pandemic, Web Bytes added the online food ordering function to its solution, allowing restaurants to reach customers directly.

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**“Malaysians often have this habit of putting down Malaysian products. I always tell my team that we are in a position to do something good. Instead of complaining, think about what we can do to make a world-class solution.”**

Ooi

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Ooi says Web Bytes is the first cloud subscription-based POS service provider in Malaysia and owns the trademark of the cloud POS.

As Web Bytes mainly serves larger enterprise customers with multiple outlets, its solutions need to be comprehensive, detailed and robust, he says. “For instance, [the manager] needs to know how many pieces of chicken are left in the fridge of each fried chicken outlet. It will be tough to

manage the outlets if these companies don't have an end-to-end solution."

Web Bytes serves a different market from companies like Slurp and StoreHub, which tend to help smaller businesses digitalise and focus on the retail market.

"If you are operating a single store, you will stress on the convenience of the solution because the boss is sometimes also the cashier and therefore needs something that is easy to use. But in the enterprise market, we talk about scalability, control and whether you have a fraud detection system," Ooi explains.

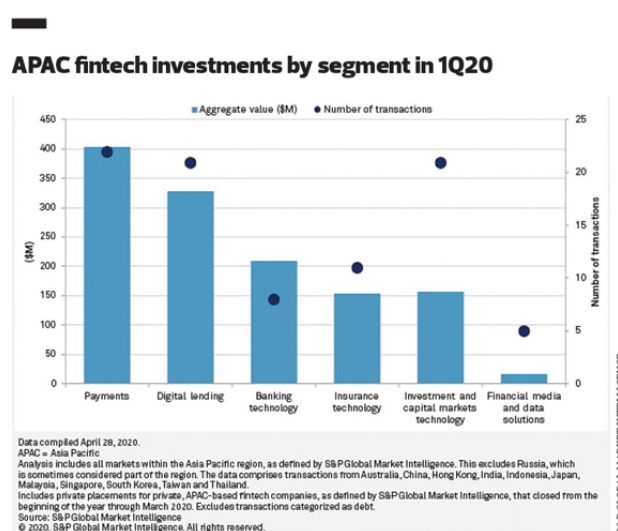
## How to build a competitive Malaysian digital business?

POS and payment players are expected to see accelerated growth given the expansion of the digital economy and rise in cashless payments globally.

Direct competition for enterprise POS players in the region is not as prevalent currently, Ooi observes. In Malaysia, Cuscapi Bhd could be considered a competitor, while in the region, there are international players like NCR Corporation.

Serving enterprise clients requires more investment and know-how, Ooi says, so there are fewer players in the field. But they may not experience the exponential growth that retail players enjoy, given the higher number of small and medium enterprises in the market.

How can a company like Web Bytes prevail against competitors? The company recently won a contract from an international brand that is opening a store in Malaysia soon, edging out international competitors.



“Being a locally built solution, we have the pricing advantage. Our labour and software engineering costs are relatively low. Also, an international player has to integrate its system with local companies like GrabFood, Foodpanda and e-wallets,” says Ooi.

“Another factor is that a lot of the US players are very segmented. For instance, NCR only provides the POS, and the rest of the solutions are provided by its partners. If [these players] want to come to Malaysia, they might have to bring a bunch of partners.”

By contrast, Web Bytes offers an end-to-end solution, he says. “If you open a fast food restaurant, you don’t want to have your inventory, cost, online ordering and delivery management systems managed by different solution providers.”

In the last two years, Web Bytes has expanded into regional markets by working with local partners. This expansion is crucial, Ooi believes, to build a strong Malaysian brand.

Web Bytes has received grants from the likes of Cradle Fund and Malaysia Digital Economy Corporation to grow. In 2013, venture capital firm Teak Capital took a 30% stake in Web Bytes. This stake was bought out by GD Express Carrier Bhd (GDex) in 2016.

“As an entrepreneur, it’s up to us how we make use of our opportunities. Malaysians often have this habit of putting down Malaysian products. I always tell my team that we are in a position to do something good. Instead of complaining, think about what we can do to make a world-class solution,” says Ooi.

Although Web Bytes does not face discrimination from local companies, it does have to deal with the scepticism of foreign companies. “It takes a lot of effort to get them to look at what we have. When they do, they are really surprised,” he says.

Going forward, Ooi wants to go beyond offering POS solutions and use technologies like artificial intelligence to help businesses engage

customers effectively. This could be done by sending targeted promotions to customers who are most likely to respond, based on their purchase history and behaviour.

“We have to move beyond customer analytics and automate customer engagement. We are doing proof-of-concept projects with a few clients and the results have been interesting. In the past, they would give a 20% discount voucher to everyone, but we found this approach ineffective. So, we try to only do it for selected customers who are most likely to take advantage of the vouchers,” says Ooi, adding that he will continue to focus on growing the company’s profit margins sustainably.

Is it possible for Web Bytes to achieve a unicorn status? Ooi says it is unrealistic, given its business-to-business focus. “Unicorns need to have solutions that can address a large market. That’s why they are usually business-to-consumer companies, because they have more customers and it’s easier to deploy [their solutions],” he says.