

Watch this RFID player

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| BY KARAMJIT SINGH |

“Not many had heard of our company,” acknowledges Liew Choon Lian, chairman and CEO of MDT Group of companies which is in the radio frequency identification device (RFID) sector. However, that changed when its subsidiary MDT Innovations (MDTI), an MSC-status company, was awarded the MSC Malaysia Apicta 2007 Prime Minister's Best of the Best Award for its RFID Reader Module.

Not only did MDT win the overall prize, three of its other submissions were also winners in three other categories in the same year, namely, Best of Communications, Best of Security and Best of Research & Development for RFID-related applications. This was enough for it to get noticed locally even though it was playing in a specialised niche that is not well known in Malaysia.

Prior to this, MDT was already well known in the Asian RFID sector, thanks to Liew's active participation with various RFID bodies in the region and his collaborations with Japanese and Chinese companies in this sector.

The company's main business activities include component engineering, systems design, software



We are very good at leveraging our partners capabilities. — Liew

development, and application solutions in RFID, advanced display devices, and mobile information technologies.

MDTI's core RFID activities are in design, R&D, implementation, and maintenance of RFID key components and systems integration.

Liew says the company's engineering team focuses on developing full-fledged RFID key components, comprising RFID inlays, tags, readers/scanners, antennae, and software tools. It is one of the pioneers in the passive 2.45GHz RFID systems. It already has two patents to its name, which were granted in Japan and China. The same patent application is pending from the Malaysian patent authority, MyIPO. It is also applying for four more patents.

He says that since winning the Malaysia Apicta award, the management has more confidence, staff morale has gone up and the company has gained regional exposure as the company builds its overseas revenue base. Local sales have risen too with one of its products, the Vehicle Autogate Security System (VASS), tested in 30 pilot sites. This particular product won an Apicta Merit Award for 2006. Two live sites are at the MegaSteel cement plant in Banting, Selangor where VASS is used to monitor the trucks, while YTL Cement is using RFID to track its cement transported by rail.

Liew acknowledges that while there are many other RFID players around, MDT's strength is the extremely high quality of its products coupled with cost advantage. "Our RFID readers and chips consume

very low power but deliver great performance in terms of distance and cost a lot less than our competitors in China or those from the West," he says. He is bullish on the revenue growth for 2010, especially if a few overseas projects come through. Currently, revenue comes from Japan, China, India, Indonesia and Malaysia, with the Philippines and Vietnam promising potentially large deals.

Liew says with only a small team of 10 — almost all software engineers — MDT can manage the new business because manufacturing is outsourced to companies in Taiwan and China. "We are very good at leveraging our partners capabilities," he adds.

MDTI is also looking at acquiring a RFID company in Shenzhen, China with 33 engineers. It will have a majority stake once the deal goes through, says Liew. "It is a synergistic deal and when it happens, we will shift our R&D and manufacturing base to Shenzhen, which is where almost 70% of China's RFID plants are located," he adds.

With the platform the Apicta win has accorded, Liew aims to ride on the momentum of his national win and go global. He won't be able to say then that not many have heard of MDT.

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Boost from being a winner

| BY AISHAH MUSTAPHA |

“The recognition we received at the 2001 Apicta motivated our team to come up with more innovative services and products,” says Zainal Amanshah, REDtone International Bhd Group CEO when asked to comment what impact winning the 2001 MSC Apicta Awards has had. Indeed, since then REDtone has gone on to reinvent its business model and moved from being product-centric to a services company, with revenue of RM87 million for FY2009. He shares more on the impact from winning the award.

net@lue: What was your revenue and profit when you won the award and what is it today?

Zainal: REDtone won the Best Of Communications Applications at the 2001 Apicta. At that time, the company was just beginning to transform from a solutions provider to a discounted call service provider. The revenue then was about RM10 million and the profit was about RM2 million.

Today, eight years later and following our listing in 2004, REDtone has evolved from a voice service provider to a full-fledged communications service provider, with

data and broadband services as its core offerings in addition to voice. For FY2009 ended May 31, our revenue was RM86.6 million. However, due to the discontinued operations in Pakistan and new investment in IPTV (Internet Protocol TV), among others, there was a RM5.9 million loss.

What is the key to your success?

Since winning the 2001 Apicta award, REDtone has continuously innovated and introduced new services starting with discounted calls and now covering data, mobile and content services. The ability to constantly come up with relevant products that meet and exceed customer expectations is one of the primary reasons behind the company's success.

What has been your investment in R&D in the years following the award and what has been the tangible outcome of R&D in terms of revenue increase attributed to R&D?

R&D is a top priority at REDtone. Our ability to continuously innovate is one of the reasons we've been able to weather the competitive telco landscape. To date, we've invested more than RM25 million in R&D and we will continue to allocate between RM2 million and



Zainal: Our ability to innovate is why we've been able to compete

RM3 million yearly to sharpen our R&D edge.

We don't have breakdowns as to how much R&D has directly contributed to group revenue, but suffice to say, it plays a major part in ensuring that our services continue to remain relevant and appealing to customers. It is also through R&D that we will continue to help our customers save money while enhancing efficiency and productivity.

What has been the biggest impact from winning the award?

The recognition we received at the 2001 Apicta motivated our team to

come up with more innovative services and products, and in the process of doing so, REDtone has won more than 10 information and community technology awards (locally and internationally) since 2001.

From your existing customers and prospective customers' view, how big a deal is it being an award winner?

The APICTA and other awards that we've picked up have definitely given the REDtone branding a big boost. I believe that customers, both existing and potential, are more confident and comfortable when dealing with a company that has won recognition as this demonstrates the company's ability and commitment to excel. But having said this, we still need to ensure that we deliver as promised and maintain customer service at its best.

Since winning the award for TECS, REDtone has diversified its portfolio. As the current market is competitive, is TECS, an office communicating system, still a priority product? If so, why?

As a full service communications provider now, REDtone's core offerings are data, broadband, voice and value-added services. TECS is no longer part of our services. ■