

Finalist in the Association of Computer Industry Malaysia IT Product



Being a finalist in the Association of Computer Industry Malaysia (Pikom)'s IT Product of the Year for software application last year, says much for MySoft Sdn Bhd (MySoft)'s flagship product Mr.Accounting, considering its relatively fresh emergence in the local scene.

However this achievement is not without due credit to MySoft, which is driving its business efforts towards an 'information technology (IT) evolution' among local small businesses. The reason for this effort is that the company's ultimate success will depend on the extent of computerization in accounting systems.

"About 80 to 90 per cent of small local businesses still either operate their finances manually or do not keep any accounts at all," says Law Tien Son, MySoft's managing director. Such companies include many small trading enterprises; professional service providers such as solicitors, architects, and doctors; and individual businesses such as beauty salons and petrol kiosks.

Apparently, this situation is attributed to two major factors: accounting illiteracy and the conventional mindset of doing things manually.

And it doesn't help that most foreign accounting software require a higher set of IT knowledge for implementation, making it difficult for these computerized accounting systems to be run successfully by first time users.

"With these observations in mind, Mr.Accounting was cleverly designed to integrate user friendliness with full conformity to official accounting requirements, in order to reach out user audiences with minimal accounting background and with little knowledge of a computerized accounting system," explains Law on the uniqueness of MySoft's sole product.

Mr. Accounting's simplicity is in its design which moves away from the traditional double-entry bookkeeping methods of similar competing software. It is based on a fill-the-blanks structure where actual double entries are automatically done behind the scenes without any user interference at all.

THE RIGHT ELEMENTS



The success of MySoft has so far depended heavily on the company's foresight of having the right elements to make Mr.Accounting attractive to its targeted audience.

“Being priced at less than RM1,000 is definitely a plus point,” says Law. He adds that many high-end accounting software providers are quickly following suit with below RM1,000 offerings upon realizing the huge business potential in the small enterprise market.

Nevertheless, Law points out that earning a lower profit margin from its accounting software is not an issue as compared to bigger concerns faced by the business.

“People will not mind purchasing applications if there is good after-sales support – something which is especially essential in the accounting software industry,” says Law.

He adds that there will surely be a learning curve period for accounting software users. Therefore, it is MySoft's utmost concern to provide sufficient training and support to both its end-customers and dealers through the company's dealer training centres and hotlines support.

In addition to six major dealer training centres in Kuala Lumpur, Johor Baru, Kelantan, Sabah, Sarawak, and Brunei, MySoft also intends to set up a localized training centre for every Asean country it has penetrated.

Yet, these short-term efforts alone are not enough to drive the success of MySoft. “Mr.Accounting is just a product while computerization is an entire process. Thus, marketing the concept of computerization is essential for MySoft's success,” say Law.

He says that accounting courses need to incorporate the practical skills of using computers to perform accounting tasks in their syllabus, in addition to the conventional chalk-and-talk tutoring method.

In line with this effort, some of the learning institutions that MySoft is partnering to drive this specific skill exposure are Universiti Tun Abdul Razak (Unitar), Institut Technology Mara, and Universiti Malaysia Sabah (UMS).

A contract has also been signed with the Malaysian Entrepreneur Development Corporation (MEDC) to set up a training centre for Malaysian entrepreneurs to master computerized accounting.

“Ideally, computerized accounting should be introduced to students as early as Form Four as there are many who start off as account clerks,” says Law.

He adds that this skill should not just be limited to accounting students, but as a basic know-how for all since others such as “managers should also know how to retrieve information from their accounting systems.”

EXPANSION PLANS



Hungry for more success, MySoft has ambitious plans to widen its horizons. The company’s immediate plans mainly embody strategies for market expansion into neighbouring Asean countries such as Thailand, Indonesia, Vietnam, and Cambodia. The company has its eyes set on penetrating into China, Taiwan, Japan, and Australia with suitably tailored versions of Mr.Accounting five years down the road.

However, shadowing MySoft’s plans is the issue of venture capital. “We can survive in the business software market in Malaysia, but up to RM400,000 is needed to set up an initial business [in every new country], and to promote it,” says Law.

According to him, MySoft does not see competition from foreign software providers as the regional market is still currently largely untapped.

“In fact, we estimate that within 10 years, the Asian market will have more than five million small businesses that can afford inexpensive accounting systems,” says Law.

However, he also points out that MySoft has to work out its plans fast enough to succeed. “If we wait another two years, foreign software competitors would have poured their marketing investments into these [Asean] markets, making it very difficult for us to have a head start,” stresses Law.

As such, MySoft is hoping for speedy approval of the venture capital funds that it has applied from a local financial institution and the MSC Venture Corporation.

Apparently, a big part of any capital funds received will need to be channeled into the marketing of Mr. Accounting. Currently, MySoft allocates about 30 per cent of its revenue for the purpose of marketing and promotion.

Another healthy business factor that helps ease MySoft's expansion plans is that, so far, no country has levied import duty or quota on the import of business software such as accounting packages.

On the importance of venture capital for business success, Law says, "Although there are many good software developers locally, they either do not know how to market their products properly or lack the necessary funds to get them off the ground."

He adds that the local accounting software industry is such that there are many small software houses (between 300 to 400) which have so far managed to survive, mainly by customising enterprise accounting software for a handful of clients.

SHORT HISTORY

MySoft Sdn Bhd was formed in 1998 with the purpose of taking over the marketing and sales functions for Mr.Accounting from Usage Technology Sdn Bhd (now its sister company) which developed the software in 1996.

"The development of Mr.Accounting, which took about three years, is partly based on the years of experience obtained while implementing an accounting software for a UK-based company called Sage," says Law.

MySoft's current business model includes some 500 local dealers, of which 30 per cent are audit/accounting firms, signed up within 16 months of the company's formation. The company currently has more than 3,000 registered organizational users, of which 60 per cent comprise first-time users.

To build product credibility, part of MySoft's marketing strategy includes mass distribution of free Mr.Accounting software to accountants and auditors. So far, approximately 13,000 CD-ROMs containing Mr.Accounting (with limited transactions) have been freely distributed for evaluation.

On product development, an upgrade version of Mr.Accounting is released every four to six months. MySoft has also completed the Singaporean version of the accounting software and is currently working on its Indonesian and Thai version.

All country versions are localized to their respective language and tax systems, and pricing is based on the different economic affordability. To counter parallel import to different countries, MySoft has created different regional access codes for its software.

Built on a commitment for a truly home grown product, Law hopes that Mr.Accounting will continue to climb the ladder of user acceptance.

He says, “MySoft intends to become a key player in a sector still dominated by foreign brand names such as QuickBook, Sage, and MYOB.”