
MEDIA CLIPPING

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ECS ICT aims to be a top three distributor of smartphones in Malaysia



Foo: Our IT retail channel is strong

PETALING JAYA: ECS ICT Bhd aims to be a top three distributor of smartphones in Malaysia by this year and double sales from its mobility division.

The company, Malaysia's largest distributor of ICT products, saw its sales of smartphones and tablets, which come under its mobility arm, account for 10% of group sales last year.

It only began distributing smartphones in April 2013, debuting with Lenovo, then a little-known brand in the smartphone world, and later Asus.

"Our target is to double that or more in the 2014 financial year (FY14)," managing director Foo Sen Chin told StarBiz.



Based on its total sales of RM1.33bil last year, this could mean sales upwards of RM260mil from its mobility segment in FY14, back-of-the-envelope calculations show.

ECS – which also distributes notebooks, personal computers, printers and servers – will book its first full-year sales of smartphones this year.

“Our IT retail channel is strong, but smartphones sales are still new to the group, and it is a different ball game. This is a big new market for us,” Foo said.

The company will bank on smartphones to drive its growth this year as tablets sales have slowed down and hit market saturation, he pointed out. It rolled out the Asus Zenfone nationwide in April.

“As of the first quarter, our smartphone sales already overtook tablets for the first time ever, due to the popularity of Lenovo,” Foo said.

A recent report by On Device Research indicated that smartphones made up only 35% of total mobile phone penetration in Malaysia, with the balance 65% contributed by basic feature phones, presenting huge opportunities for the smartphone market.

According to the International Data Corp, local smartphone sales are poised to grow by 21.3% this year.

Industry data showed that Lenovo phones were No. 2 by sales in the first quarter.

Besides Lenovo and Asus, Foo also said ECS was “in talks with many parties” to introduce more brands into Malaysia in the near term.

He noted that the top 10 affordable smartphone brands from China, including Oppo, would make their debut here soon. ECS was in discussions with some of them, said Foo.

But the group has no immediate plans to distribute China’s top-selling Xiaomi brand, which has taken markets in Asia by storm.

Xiaomi, now the world’s sixth largest smartphone vendor, also sells its products in Hong Kong and Taiwan, and will enter 10 new markets this year. It outsells Apple in China.

The firm keeps costs low by selling devices directly to consumers online.

“We have spoken to them a couple of times but Xiaomi’s business model is online direct sales only. They will not need a distributor like ECS,” Foo said.

He added that ECS was hopeful of gaining distribution rights for brands that had been taken over by Google and Microsoft over the past year.



“Microsoft bought Nokia, and ECS is a distributor for Microsoft. We had courted Nokia in the past, but we didn’t ink a deal as ECS was not yet a serious contender in smartphone distribution then.”

Google had sold Motorola Mobility in January for US\$2.91bil to Lenovo, giving the electronics firm a fast-track entry in the US smartphone market.

“These are opportunities for us,” Foo said.