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MONETISING MYANMAR'S POTENTIAL

The recent opening up of the country presents an opportunity for technology leap-frogging, even as the burgeoning IT sector is increasingly looking for investments and expertise from foreign companies

BY CHESTER TOH

HERE is little doubt that we are entering the golden era of the information age where innovation is continuing to disrupt a number of industries. At the same time, it gives rise to tremendous opportunities for home-grown businesses. As our technology businesses look further afield, one may be inclined to look at bigger markets with similar characteristics. However, developed markets such as the US, EU, Japan and South Korea are not necessarily easy nuts to crack, with their own sets of entry barriers and potentially a more crowded field of competitors.

Closer to home, as our technology businesses look for growth markets, there is one market that is often overlooked – Myanmar.

It would appear counter-intuitive to most as Myanmar is still associated with a reclusive regime plagued by draconian censorship laws and infrastructure bottlenecks. Visitors in the past faced a country struggling under years of military rule where SIM cards can run into thousands of dollars with Internet access severely limited.

This is no longer the case. Travellers of late now find the country in a very different state after the previous government opened up the telecommunications sector to two foreign telco operators, Telenor and Ooredoo.

Spanking new retail malls and imported cars now line the streets, bringing the ills of urban traffic to the commercial capital of Yangon. With a population of 54 million, of which over 70 per cent is under the age of 40, the potential of Myanmar is tremendous.

The entry of new telecommunications operators has sparked fierce competition, bringing down the prices for voice and mobile data. These days, it is not uncommon to see youths in Yangon flaunting their latest smartphones which can cost a few months of an average worker's salary.

Social media has truly caught on in Myanmar with Facebook, Line, Viber and Instagram among the big names that are enjoying popularity with users in Myanmar. The next question on investors' mind is naturally, how to monetise all that potential.

For a first-time visitor to Yangon, the city looks like any other major city in South-east Asia – and one may be tempted to ask what is so different about Myanmar that merits a second look for technology businesses.

For one thing, due to years of isolation, the recent opening up of the country presents an opportunity for technology leap-frogging. Take the man in the street for example, the smartphone may represent his first and only device connecting to the Internet and the vast amount of information out there. Many would not have previously come across a tablet, let alone a desktop computer or laptop.

It also means that the market is ripe for experimenting, and the sizeable population of youths in the country can be fast learners and quick to take to new technologies. The burgeoning information technology (IT) sector is increasingly looking for investments and expertise from foreign companies.

Many will need seed funding or angel financing to commercialise their offerings. The window is closing

on them as more foreign technology companies look to unearth this hidden gem of a market.

Even with e-commerce at its infancy in Myanmar, we are already seeing strong interest from some global players who are keen on a slice of this growing pie, particularly as logistics and infrastructure improve over time.

Entrepreneurs working in the Myanmar market, especially the technology sector, are often buoyed by a lack of regulation given that most of the existing laws – such as the Myanmar Telegraph Act – were drafted during the pre-Internet era.

However, that is often a dangerous assumption, as Myanmar does have a number of laws that can apply to the technology sector, including laws on electronic transactions and telecommunications. It is also a myth that laws that were drafted for the offline brick-and-mortar world cannot be applied to the online space.

Increasingly, Myanmar is also putting in place stronger consumer laws and regulations. At this juncture, the Myanmar government is still taking a relatively light-touch approach towards regulating the technology sector, recognising that IT has the capacity to bring benefits to its people and improve daily lives.

Given that the population is largely unbanked, the Myanmar government is actively promoting mobile banking to bring the convenience of banking transactions to the rural masses.

Financial institutions are rapidly adopting information and communication technology (ICT) and investing in related infrastructure such as electronic payment gateways and mobile gateways. Technology can also possess the ability to revitalise the agricultural sector, which still employs approximately 60 per cent of the workforce in Myanmar.

As the telecommunications roll-out extends to the more remote areas of the country, mobile applications such as Green Way and Golden Paddy that are targeted at the agricultural sector are poised to grow their user base.

As a resource-rich country, Myanmar is poised to continue its upward trajectory of economic development in the coming years. Besides the resource and agricultural sectors, technology can be harnessed to better serve many other industries, including in the areas of education, health care and tourism.

Opportunities abound for those who are prepared to take the plunge into this exciting market. Notwithstanding, investors and businesses looking to tap into the Myanmar market are advised to set aside sufficient time to study the market.

No two markets are identical, and one will need to better understand the local culture as well as specific characteristics of the Myanmar general public when developing products for the mass market.

As more foreign businesses enter the Myanmar market following the historic end-2015 elections, enterprise business is also another potential area of growth. As with any new market, it pays to make adequate preparations before making the leap. Businesses new to Myanmar should also be aware that getting a business started takes considerably longer than what one might be used to in Singapore.

All in all, investors will need to balance the risks and rewards when approaching the opportunities on offer in Myanmar. With a sizeable market and an IT sector that is on the cusp of a boom, the window for interested IT businesses to seize the opportunities on offer may well be fast closing. ■

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