

Dataprep sees profit by 2Q13

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PETALING JAYA (Dec 12, 2011): Dataprep Holdings Bhd, which has been making losses in the past four financial years, has put in place several strategies to return to profitability by the second quarter of its next financial year ending March 31, 2013.

The strategies include moving away from low-margin businesses, being less dependent on government projects and going abroad.

For the first six months ended Sept 30, 2011, Dataprep posted a net loss of RM693,000 on revenue of RM37.8 million.

Its recently appointed CEO Ahmad Rizan Ibrahim has outlined new plans to turn the group around, which include changing the revenue mix between government and private sector in the group's business from 60:40 to 50:50 as well as bringing in revenue from overseas to make up for 10% of its revenue for a start.

"One hundred percent of our revenue now comes from the local market. We think it's time to venture abroad and we're looking at China and countries in Indochina. We are in the process of clinching some contracts and if successful, the revenue should be realised during the 2013 financial year," he told *SunBiz* in an interview. He joined the company in June this year.

Ahmad Rizan declined to disclose the value of the contracts, except to say that they are "reasonably-sized projects" and will happen soon.

The group will also shift its focus to higher-margin businesses that are concession-based.

"The information and communication technology (ICT) business is a very competitive market, generating less than 5% (profit) margin and even less (2-3% margin) for hardware sales. As such, we don't intend to compete in that space in the long term.

"We need to move into recurring revenue businesses such as IT outsourcing contracts of long duration and projects that we can also invest in, with concessions for 10 years. We are looking at a few right now, which will involve working with companies in the private sector as well as government-linked companies," he added.

Dataprep will also shift its business focus towards offering higher-margin smart solution products for areas like smart cities, buildings, and the tourism and transport industries.

"We probably will not have all the expertise now, so we plan to team up with other solution partners to offer these smart solution products," said Ahmad Rizan.

And as part of plans to achieve a 50:50 mix of private and public projects, Dataprep wants to tap into the private higher education market, apart from the existing markets of banks, education, transport and telecommunications.

Meanwhile, Ahmad Rizan said there are no plans to take the company private. Its shares now hover at 30 sen.

He also said plans to rope in strategic investors or for mergers and acquisitions have been put on the back burner.

"Not at this moment. At the end of the day, we want to make sure we don't change our business directions, at least not for the next three years. That's because if you keep changing it, it will be difficult to realise the benefits of the plan."