



Mr Koh San Joo, director and founder of iHub Solutions, a home-grown customised supply Chain service provider

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WITH high rental costs persistently on the minds of many SMEs, iHub hopes to help retailers by providing warehouse space, order processing and daily deliveries to retail outlets, says director and founder, Koh San Joo.

"Doing this would minimise the space needed for retailers to keep goods at their stores . . . It can be expensive for retailers to keep stuff. One square foot of retail space can cost up to \$20 per month. But if retailers keep their extra stock in the warehouse, they just need to pay about a tenth of the cost."

Homegrown iHub Solutions is a customised supply chain services provider established in 2000 that operates in Singapore, Malaysia, Bangkok, Hong Kong, Shanghai and Beijing. About two-thirds of its revenue comes from Singapore.

The retail industry is one of iHub's six vertical segments. Other markets include fashion and lifestyle, infocomm & telecommunications, financial industries and furniture for the home, office, kitchen and hotel.

To strengthen its market position, iHub has also developed a banquet furniture rental business. Firms or hotels can rent furniture for events instead of buying the furniture and storing them after the event.

"By doing so, hotels can convert the space used to store the furniture into another hotel room. As a result, they can maximise their space and increase their revenue," says Mr Koh. But in order to provide such a solution for its customers, the company must continue improving its customised business models, information technology, integrated processes and key performance indicators, he adds.

"My business has a lot to do with data management. This means we need a fair bit of IT and good integrated process management. So over the years, we have developed our own unique IT solutions, which include a Virtual Logistics System (VLS), Order Processing System (OPS), and Virtual Asset Management System (VAMS).

iHub's VLS is a secured B2B website that accepts customer orders. The VLS can be accessed any time by key customers and even some customers and suppliers of iHub's customers.

The OPS receives data from customers' accounts systems and is able to print invoices and delivery orders at any location while the VAMS manages inventory on customers' premises and provides product loan management.

"iHub's key mission is to develop customised supply chain logistics solutions to handle industries that are complex in nature . . . We don't want to be just storing stuff for people - such a service is commoditised and we would be competing on price. What we want to do is compete on solutions, and this is enabled by our IT systems, processes and deep product and domain knowledge."

IT systems are so integral to iHub that the company sets aside about 10-20 per cent of its profits for investment in IT hardware and software. The Capability Development Grant (CDG) from Spring Singapore helped as well, says Mr Koh.

The CDG is a financial assistance programme aimed at helping SMEs defray up to 70 per cent of qualifying project costs. However, even without grants, companies should go ahead with IT investments if it is important to them.

"You cannot do something just because there is a grant available for it. You must do something because you believe in it, and you know that it is going to reduce workloads, deliver increased customer-centric services and new business capabilities for you."

Citing iHub's recent IT developments, Mr Koh says that the company is in the midst of working with Republic Polytechnic's Centre of Innovation to develop a mobile application for warehouses although it has yet to receive any grant for it.

"With this application, staff can tap and capture data on the device, which goes into the system in real time, so the customer service team no longer has to re-type the data into the system and customers can receive the data immediately."

All of this is motivated by the push to increase productivity, says Mr Koh. "We are growing very fast and we face the challenges of manpower and infrastructure. So in response, we have to consistently increase our productivity."

Hence, iHub is also looking to secure land to build its own warehouse, says Mr Koh. "Every three years or so, we may have to move our warehouses due to rental increases. This incurs very high cost and discourages productivity investments in the warehouse. Moreover, managing multiple warehouse locations means we can't be as productive as our business expands."

"Getting land now is not an easy task, but as we grow, we need to consolidate all these spaces," says Mr Koh, adding that iHub is planning to start talks with relevant government agencies.

Besides plans to increase productivity, iHub is also planning to develop its furniture installation business. "It makes sense because we are already in the furniture industry, so this is just a step further. The business is very dynamic, so we constantly identify opportunities that have synergy with existing operations."

With all of this in place, Mr Koh believes that iHub would be on its way to achieve its goal of 20 per cent compounded growth per year. "There is a demand for highly customised logistics services. Our competitors may be the big boys, but we are very reliable, cost-effective and technologically advanced. We are like a Toyota delivering a Mercedes service."

The company has an annual compounded growth of 15 per cent. Most of the growth is driven by value-added services such as kitting, assembly and loan management. And as the company grows, staff should have more career growth opportunities.

"Business is about people," says Mr Koh, "so I really want to take care of the people who work for me. So we train them, continually emphasising our vision and core values, and deploy them to work in areas which exploit their natural strengths. Hence, most of them have a passion for their jobs."

"We have a group in which people are average individually, but together, they make an excellent team. A bunch of nobodies becoming somebody together - that's what I like about iHub."