

Bootstrapped but profitable now, SGeBiz finally ready for VC-funded growth

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FOR three years, Singapore E-Business (SGeBiz) founders Edmund Nathan and Ernie Heng did not draw a salary. They struggled to provide for their families, and in the darkest of days the company had just S\$5 in the bank.

The persistence is paying off. After five bootstrapped years, the one-stop electronic procurement-to-payment platform for both retail and food and beverage businesses is profitable. The company is now in advanced stages for its first external fund-raising from major venture capital (VC) investors to expand into South-east Asia. The amount of capital it is aiming for would be comparable to a Series B round.

"Bootstrapping gave us the freedom to make our own choices. To fall, learn from our mistakes and rise again," said chief commercial officer Benjamin Tay. "But now, our ambitious plans need more fuel in the rocket to blast off."

Simply getting to this stage has been a long journey for the founders, who said that they were driven by their belief that their product solved one of the most common inefficiencies faced by small and medium enterprises (SMEs).

Consider a restaurant. The restaurant requires a range of goods and services like ingredients and foodware. Managing orders and payments to various suppliers is extremely burdensome, because much of it is manual and every supplier has its own communication channel.

"Restaurants will have to place orders with suppliers through many different Whatsapp groups and then key in data word by word into their systems from hard copy invoices," said Mr Nathan, who holds the chief executive title at SGeBiz.



CEO Edmund Nathan's SGeBiz is now in advanced stages for its first external fund-raising to expand into S-E Asia. BT PHOTO: YEN MENG JIIN

The same issue exists throughout the supply chain.

"The current model has a huge margin of error, and orders get mixed up all the time," Mr Nathan said.

SGeBiz's main solution is EzyProcure, a single platform that connects buyers and suppliers. Within EzyProcure are modular components for payment, sourcing and documentation and resource planning.

Using the platform, restaurants and catering companies can place their orders directly with suppliers and even automate certain purchases. The cloud-based system also provides electronic documentation, and can even convert photos of paper invoices into digital versions.

The platform is not simply a classifieds forum. SGeBiz has partnered with United Overseas Bank, Visa and MasterCard to allow buyers to have

SGeBiz at a glance

■ **Co-founder and CEO:** Edmund Nathan. Former air crew with the Republic of Singapore Airforce

■ **Business:** B2B e-procurement management system

■ **HQ:** Singapore

■ **Backers:** None yet, currently in the market for funding comparable to a Series B round

extended credit terms for up to 60 days interest free, and to allow suppliers to be paid within two to three days, said Mr Nathan, who said this improved businesses' cash flows.

EzyProcure was also designed so that suppliers have full control over their own pricing, and can keep their prices private to their customers, unlike in a public marketplace forum.

SGeBiz charges a one-time fee of S\$5,000 for the first two years for businesses that join the platform. Subsequently, businesses with more than S\$25,000 of annual business value pay S\$1,000 per year or S\$100 per month, per outlet (for buyers) or business (for suppliers). The annual fee is waived at the moment for small businesses with annual business value below S\$25,000.

Mr Nathan said the solutions were developed and fine-tuned after dedicating time and resources to understand the problem by constantly reaching out to businesses on the ground. But having a good solution was not the same as persuading customers to go through the trouble of switching to a new system.

After initially struggling to onboard small, individual restaurants as customers, SGeBiz finally got a breakthrough in 2017 when it got Creative Eateries, which runs brands

such as Bangkok Jam and Suki-ya, to sign up its numerous outlets.

It also helped that SGeBiz was pre-approved by Spring Singapore in 2016, which allowed customers to apply Innovation and Capability Vouchers to the cost of signing up. Today, SGeBiz's solution is eligible for the Infocomm Media Development Authority's Productivity Solutions Grant, which subsidises 70 per cent of the joining rate for new customers.

So far, customers who have had a taste of SGeBiz seem to like it. Mr Tay said that SGeBiz has a 100 per cent retention rate, and companies have stayed on even after the first two grant-subsidised years.

Today, SGeBiz's platform hosts more than 2,000 active businesses, including the outlets of Naiise, The Soup Spoon and Creative Eateries.

Having found its footing, SGeBiz is now ramping up its plans. Indonesia, Thailand and the Philippines are at the top of the geographical expansion strategy.

"There is already a demand in these countries for our platform," Mr Tay said. "It is just a matter of digesting this demand and getting enough resources to make it happen."

Product-wise, the company is preparing to launch a negotiation bot by the first quarter of 2020 that helps buyers to seek quotes from likely supplier candidates based on the buyer's requirements.

"But to further develop these technologies, our current 25-man team is not enough," Mr Tay said.

"Right now, we don't have the manpower and resource to operate at a scale large enough to meet demand," he added.

"We want to partner a suitable VC for that explosive growth. One that can bring us into the region and open doors with their existing networks. One in which our technology and networks are complementary to so we can work as a team."