

Tapping China logistics software market Ipacs e-Solutions' tenacity pays off handsomely

By TANG WENG FAI

LOCAL logistics software provider Ipacs e-Solutions has come a long way since it started selling software for \$5,000 a pop to its China customers.

Ipacs develops and sells logistics software covering multi-modal (air, sea and land) freight and also offers an intelligent workflow management system for customs and quarantine declaration in the shipping and freight forwarder market.

The local Ipacs Chinese office - part of the Ipacs Asia group of companies - started its foray into China about three years ago, says Tan Seow Meng, its Singapore-based group general manager.

By Mr Tan's own admission, that maiden effort was a poor one. Foremost among its problems was a made-in-Singapore product that didn't meet Chinese requirements in price and functions.

'There were a lot of challenges; initially we were only able to sell only \$5,000 type of product per deal,' he recalls in embarrassment.

Ipacs quickly changed course and has since sunk over US\$1 million to create a new product tuned to the Chinese market and also changed the way it charges for its solutions.

Initially the practice was to sell the software solutions with a base licence that allowed a fixed number of 5 or 10 users for the software, which the Chinese did not like. Mr Tan said Ipacs then switched to a much more flexible model with no fixed number of user licences.

'We've changed strategy and now can fetch up to one million renminbi (S\$202,000) per deal,' Mr Tan says, adding that today a typical sized deal would be in the range of \$300,000.

Another 15-22 per cent of the initial deal size would be charged three months after implementation as a yearly maintenance fee.

Recently, Ipacs has become more ambitious, getting up to US\$550,000 in a single deal with an international logistics player with multiple sites in China which it will implement this year.



Mr Tan: Ipacs is now looking at doubling the \$2.5m it gets from the China market within the next 12 months

It counts companies like China's Sinotrans, Shanghai ADP, Shanghai Rainbow Logistics, EAS (Datong), Syntime and foreign ones like Maersk Logistics, Sony, Atlantic, Baltrans, Damco and ST Logistics-ANDA as clients.

Ipacs has also realised the value of 'hunting in packs'; working with partners to fill in gaps where they know they don't have a suitable product for the customer.

They are going into China with fellow Singapore companies like Boons Software and Logipolis to sell to each other's customers.

'Yes, we cannot do everything. Instead of waiting years to develop our own solutions, we can go and sell other people's solutions,' says Mr Tan. 'Then adding our own will definitely give the customer some value.'

Competitors offering the same services in China include Dichain, Bokesoft, EVIN, Sealink and Egisitics.

The company is now looking at doubling the modest \$2.5 million it gets from the China market within the next 12 months, says Mr Tan. China accounted for about 25 per cent of its \$10 million revenues last financial year ended December.

Ipacs has offices in Shanghai, Dalian, Beijing, Fuzhou, Guangzhou, Chengdu, Shenyang and Wuhan which now accounts for 230 of Ipacs' 300-strong Asian headcount.

Meanwhile Mr Tan is hoping that the days of selling \$5,000 software are well behind him.

Modestly he says, 'The market is pretty good because logistics is one of the big areas, with the opening up of (trade thanks to) the World Trade Organization in China.'