

# ***AKN MTECH Designing New Products, Services to Lift Earnings***

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AKN Messaging Technologies (AKN MTECH) hopes to stay profitable this financial year despite the restrictive operating guidelines on subscription-based services, said managing director Lim Seng Boon.

Its net profit plunged 91% to RM1.5mil for the financial year ended June 30 last year, which it attributed to guidelines introduced by the Malaysian Communications and Multimedia Commission (MCMC). Revenue was RM30.8mil, down 27.2% from RM42.3mil earlier.

"AKN MTECH has been through its most difficult period when MCMC implemented the new guidelines, which all service providers are required to practise. Under these guidelines, we are required to send reminder short messaging service (SMS) aimed for final confirmation to users. This practice hit our bottom line significantly in the last financial year," Lim told StarBiz .

He said the company was in the midst of designing additional products and services to boost earnings for the financial year ending June 30, 2007. Lim said the company intended to upgrade its downloadable mobile contents, such as having more appealing interactive mobile games and offering the latest global entertainment news. He also added that AKN Mtech was currently working closely with partners to develop JAVA games that offered users interactive and online games (single and multiplayer).

"We anticipate to see better revenue this fiscal year as we have already adapted to the guidelines and we hope to develop additional services to soften the impact in the upcoming years.

"Although we foresee a challenging outlook for AKN MTECH, those guidelines will not stop us on rebuilding our position by designing more products and services to compete in the market," Lim said, adding that the cellular messaging solutions industry had become more competitive as there were players in the market that did not practise the guidelines.

"The guidelines known as the Anti-Spam Toolkit, launched in May, had created a big hoo-ha among all service providers in the country as MCMC found out that there were some players that abused charging mechanism locally, as well as overseas and got caught by the country's communications ministry.

"Therefore, MCMC designed the toolkit to prevent spamming activities in the country, as well as overseas. However, there are still loopholes in the charging mechanism and deceptive advertising strategies, which have allowed some content providers to take advantage of unsuspecting subscribers," he said but declined to elaborate further.

Lim hoped that MCMC would tighten its regulations and policy to improve the anti-spamming situation in the country to have a fair business environment.

The Anti-Spam Toolkit was intended to be a "source book" containing the policy and regulatory framework, as well as the approach in curbing spam.

It includes best practices and technical guidelines for organisations and users to take preventive and precautionary measures against spammers.

Meanwhile, director of National Complaints Centre Darshah Singh said: "There are two forms of SMS spamming - advertisement text is sent to users free of charge or it can come in the form of discriminatory charges on each advertisement that users receive via SMS."

He added that international statistics showed that fewer than 0.3% of consumers would lodge complaint reports as most of them were unaware that they could be charged micro amounts.

On AKN Mtech's business outlook, Lim said apart from strengthening its position locally, the company also intended to gain a stronger foothold in its overseas operations.

"We will expand our business in the Pakistan market by offering rich mobile content SMS-based services, as well as providing interactive voice response services to widen our customer database in the country," Lim said.

He anticipated that the Pakistan market would drive the company revenue, going forward.

AKN Mtech also has a presence in China, Hong Kong and Thailand, and overseas sales contributed RM8.2mil to total revenue in the last financial year. "We plan to design additional products and services to extend our overseas market reach," Lim added.

The company's distribution channels are in four segments - telecommunications services, mobile entertainment services, corporate clients (including Hong Leong Bank, Bank Islam and HSBC), as well as regional expansion division, which is the partnership with search engine Yahoo! by powering the latter's mobile value-added services.