MDV Speed Read

With

VECHNOLOGY

Technavio reported in 2020 that the global growth for the vending machine market is set to increase to a market value of USD$10 billion by 2024; with an estimated CAGR of 17% for the period 2019-2023 but a predicted growth rate of over 26% for 2023. The encouraging growth for the vending machines is partly due to the availability of a wide range of payment solutions for the exchange of goods; as well as the flexibility of items sold via these machines that is no longer limited to just food, drinks or snacks.

Another factor that encourages the growth for the market is the implementation of AI, or Artificial Intelligence. AI, utilises computer systems to perform tasks typically once requiring human intelligence — from visual perception to speech recognition to decision-making; of which will allow for larger use of the traditional vending machines. AI also allows for automated retail to work, especially so for vending machines, which is highly crucial in these days of Covid-19 and the pandemic.

Introducing Vechnology Sdn. Bhd.; short for "Vending Technology", a company based in Penang that was incorporated in 2015. Vechnology focusses in providing their customers smart vending machines that incorporates internet of things (IoT) solutions, software as a service (SaaS) cloud application, and mechanical design that able to cater to a wide range of consumer-packaged goods and industrial tools. Vechnology started as an enterprise providing proprietary OEM-assembled vending machines but have since grown in leaps and bounds. If nothing, their various accolades and awards bears testimony to their growth. Vechnology was shortlisted in the Top 30 Start-Up in the Global Accelerator Programme by Malaysian Global Innovation and Creativity Centre (MaGIC) in 2019. A year later, Vechnology garnered one of the top three start-ups at the Korean Start-up Grand Challenge ("KSGC"), amongst 2648 applicants from 118 countries. Quite an achievement for our home-grown vending machine heroes!

Vechnology was built with the sole target to design, manufacture and export to the global market. This purpose to have its own proprietary solution offerings provides the raison d'être for the entire Vechnology team.

Vechnology key value proposition is that their machines allow for business operators to better streamlining their business operations by automating their retail business for better revenue generation. Making the vending machines smarter opens the avenue for the machines to be used in many ways such as identification and verification to facilitate and monitor better inventory to disseminate of high-ticket items such as PPE suits. Vechnology machines go to rigorous rounds of R&D to be able to create higher value proposition to their customers and its external stakeholders. This, along with a smart and inclusive marketing and branding strategy to the right target audience, is the key winning formula that makes Vechnology products stand out from its competitors, according to Lance, CEO & Founder. Currently, Vechnology machines accepts 9 types of e-Payments via their flagship "unified QR e-wallet" machines which improves user experience by speeding, ease and convenience of transaction. They're equipped with their in-house proprietary software, the VECloud and VEProUX which "housekeeps" the machines for better sales and inventory tracking; fix minor errors, adjust prices and control the digital signages. A sweet spot to the machines is that it also comes with an anti-theft mechanical framework to deter theft and vandalism problems.

We spoke to Lance and Evelyn, the co-founders and CEO/COO respectively, about the "dream team" that they assembled to ensure Vechnology's success. They replied that the team has a unified and mutual drive to create their own proprietary solution and bring to the global market. This, Lance explained, cannot happen without a strong and determined leader. Lance continued that this quality is important for a founder of a start-up to be able to steer the company to a greater success.

We also coaxed them into sharing their experience and tips that garnered them a 2nd runner-up placement during KSGC. Key takeaway points from that experience is that 99% of the time is to create a sustainable, long-term value for the product offerings that is put in a concise and info-packed power point pitch deck to illustrate concisely and comprehensively the company's products, value and directions. This will inadvertently attract potential investors to the company. Compelling story telling as well as competent management remains the two qualities that can attract investors in the subsequent rounds of fundraising.

Rigorous planning and strategising for the products help visualise the anticipated risks and manage the pitfalls to ensure a profitable run for the company. This can be better managed when the founder is a subject matter expert of the product. Thus, the founder of a start-up must be truly immersed and understand their products and the encompassing technology, market, and other drive factors.

While the pandemic put a spanner on businesses generally, impacting its operations and revenue, Vechnology was one of the lucky few to be able to wade through these trying times of the pandemic. Vechnology solutions was exceptionally useful during the pandemic due to its cashless and automation abilities; as such Vechnology was still able to grow steadily, revenue-wise, since 2019. In the near future, Vechnology has in their plans to raise funds to accelerate its R&D to scale up its production at economical prices to stay competitive.

Moving to the topic of creating a holistic, robust ecosystem for technopreneurs, Lance feels that while each country is unique in it's technology foot print and make up. However, he believes that for a thriving ecosystem for technology start-ups in Malaysia, it can emulate our South Korea brethren in its implementation and focus. Firstly, South Korea's emphasis on innovation and technology is embedded from the very beginning by incorporating the same into its education system. This, he explains, creates a long-term pool of talents that can sustain and grow the technology ecosystem.

Secondly, the industry players work closely with both public and private R&D centres. This ensures the technology meeting the market demands to stay competitive. The emphasis on R&D bears testimony to South Korea's rise to success in their escalation to power in the tech retail market since the 1980s. South Korean products such as Samsung, Hyundai, LG and Kia Motors are some of the top leaders in their categories.

Lastly, appreciation for local talents and products are also crucial to stimulate the growth. South Korea implements import tariffs to encourage the purchase and use for local products adoption.

That said, Lance felt that Malaysia has the right impetus and environs for a robust tech ecosystem given the stimuli from the government and its agencies. For example, MDV's flexible and innovative financing provides for technology start-ups access for its next stage funding from the initial private investors fund-raising. In Vechnology's case, MDV funds helped buffer the resources by providing liquidity to the company's cash flow, which is especially essential during the multiple lockdowns.
Thank you for your time, Lance & Evelyn. We wish you the very best for all your endeavours!

Source:

1. *https://blog.technavio.org/blog/innovative-vending-machine-companies*
2. *https://www.vendingtimes.com/articles/how-why-ai-is-driving-innovative-vending-operations/*
3. *Vechnology website.*