**CASE STUDY 1**

# MOBIAPPS: STARTING-UP A NEW BUSINESS VENTURE

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## 1. Searching for Meaningful Work

Sarah started her business, called MobiApps in January 2008. Her company was in the business of creating contents for mobile phones. By June 2008, the company was in the process of developing three mobile applications, with one was at the pre-launch stage, while the second was only 20% done, and her last project was just started. However, by this time, the company also had run out of its seed money, and Sarah had to make an urgent decision on how to proceed to avoid further decline in its product development progress. She knew that she had to act fast to obtain new sources of funding, and was well aware that a small company like hers only had about 15% chance to survive.

Sarah binti Ali graduated from Universiti Teknologi Malaysia (UTM) in 1998 with a degree in Computer Science. While working, she continued her education and completed her masters' degree in IT from Universiti Kebangsaan Malaysia (UKM) in 2006. She was the youngest child in her family. Her dad was a welding inspector and, growing up with three brothers, she developed a love for anything related to machine and technology. By 2008, she was married with two children with ages of five and two.

She became serious to consider her own mobile content business soon after she accepted the Voluntary Separation Scheme (VSS) offered by her previous employer, a multinational telecommunications company. She had worked there for about eight years. Two reasons made her decided to take up the VSS. One was the dissatisfaction she had while working there as she felt her transfer to another department was without a reasonable cause with her request for its postponement was ignored by the management. This left her frustrated as she had two small children to take care of and she knew the transfer would make it difficult for her to balance her work and family life. The other reason for leaving her previous company was that she was searching for something more "meaningful" in her work. She felt that her work should contribute toward increasing the welfare of the society in general. Sarah believed that technologies developed and commercialized by businesses should not only provide financial returns to them, but also, be reasonably priced to allow everyone to own these technologies. She thought that, in this way it could help in bridging the gaps between those who had access to information (via the technologies) and those who hadn't. However, such projects that address this need could rarely be pursued while working under her past employer, which led her to feel dissatisfied.

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While applying for other jobs, she enrolled into the startup program offered by Multimedia Development Corporation (MDeC) and was able to secure a seed grant in December 2007. This happened after she had resigned from her job several months later, and it strengthened her will to start her venture. MDeC was a premier support organization for innovation and entrepreneurship in Malaysia; it conducted and organized various entrepreneurship programs and operated the MSC Central Incubator located in Cyberjaya.

## 2. Starting Up Mobiapps

Sarah utilized monies from the VSS and the grant as seed funding to finance the development of her new company, MobiApps. The idea for her first content product, a mobile job application support system called MobiJOB was originated from Damia, an ex-colleague of hers. The latter worked as a telecommunication network engineer at one of the local mobile telecommunication service providers. Sarah and Damia had been in communication on how to build and commercialize the mobile apps before the former left her company. The application was designed to support mobile tracking of job application at online job market portals. Observing the current trends of direct online information access gave Sarah and Damia the idea to develop mobile content software that provided job application tracking information through the mobile phones. Having this mobile-app would help job applicants to obtain latest information on potential job opportunities more easily as they normally owned a mobile phone. Sarah and Damia believed everybody in Malaysia would soon possess a mobile phone as the rate of its usage in the country was increasing annually. The idea of creating MobiJOB began to progress further when Sarah quit her job, met with MDeC officials, and was informed about the facilities availability within the MSC Central Incubator, in which she could capitalize to develop MobiJOB. She was later invited to join the MDeC incubator program, which she agreed to and this was her "official" introduction into the business of mobile content.

Having her business operated in the incubator enabled Sarah to have access to the lab facilities located within the MCI Incubator. Up to June 2008, Sarah and her programmers were operating from two labs at the incubating center. She also had free accesses to the incubator's structured mentoring program and many training programs. While trying to build her mobile content venture, she attended business, marketing, accounting and financial-planning programs organized by MDeC. Moreover, the agency would also provide legal help and consultancy to Malaysian entrepreneurs under its guidance, if the needs for such services aroused and these would be provided for free. The programs also helped Sarah identified other useful programs that were offered by other agencies and institutions that were related to MDeC, such as those provided by Technopreneurs Association of Malaysia (TeAM), which supported the development of technology-intensive industries in Malaysia. She could also attend them without paying any fees.

Sarah designed the MobiJOB's support system blueprint with some inputs from Damia and had the programming of the application assigned to three hired interns. The three were students in multimedia design program in Multimedia University (MMU), which was a neighboring university to the MSC Central Incubator. She paid small allowances to them, who stayed in their university dormitories and could come to work irrespective of the working hours as their places of stay were within a walking distance from the MSC Central Incubator building. Sarah proceeded with the system development based on her own intuition of the needs and experience of dealing with system users, without conducting any structured market research. By March 2008, the system development was completed, but it had not yet been tested on actual customers or marketed to targeted customers.

At that time, Sarah was in the process of preparing a proposal to MMU to test market the mobile apps at its campus.

In implementing the system, Sarah planned to collaborate with another company that was also involved in the mobile communication business called GateRite. Similar to MobiApps, the company also operated within the incubator and had developed a mobile-payment gateway system, which enabled service providers to assign and collect service charges delivered via mobile phones. The gateway system was the core system that was required to support the usage of a mobile content application such as MobiJOB. Sarah also needed one dedicated administrative person to handle customer requests and services. In marketing the mobile apps, Sarah planned to participate in electronic industry forums, through which the system would gain a lot of visibility.

The development of Sarah's second product called MobiCONS, which was a mobile discussion and consultation application and equipped with direct-and-reverse charge system, would require a significant amount of funds because the system needed the integration of voice recording and playing functions. During her previous employment, Sarah had participated in many projects involving text and voice messaging integrated systems, which became the source of idea for the project and formed the basis for her expertise in the systems.

The MobiCONS application would allow a user to receive information in text or voice format from a service provider and in turn he or she had to pay a certain amount of fee for the requested information and also for the telephone service charges. For this project, Sarah would require the use of a voice over IP (VoIP) technology, which was available for purchase from system vendors, but would cost her a substantial amount of money. The lack of funds in financing her business forced Sarah to resort to writing MobiCONS application on her own. She considered this as a cheaper option but this would also result in a longer developmental time. By late June 2008, the development of MobiCONS application was only about 20% completed. During this time, Sarah had continuously researched the appropriate markets for the product, and tried to gather the necessary research data and statistics to create a competitive plan for the product.

Similar to her MobiJOB system, she also needed to have a collaborative partner that would operate a mobile gateway to support the MobiCONS system operation, and, for this need, Sarah had planned to utilize the same arrangement as for her first product. At the same time, Sarah was also in the process of developing her third system, MobiABLE, which was a mobile system designed to meet the needs of disabled people.

## 3. Sinking Deeper?

After a few months of hard work, Sarah realized that it was impossible to grow the business alone and she had discussions with several MMU interns to persuade them to join her company. Sarah planned to compensate them by allocating a certain percentage of her company's shares to them. But then, given her company's financial and product development situations, she had doubt if her effort to entice the interns to join her company would be successful. At the end of June 2008, on her way back from work, Sarah reflected that she had been spending more time at work now compared to when she was working for her previous employer. Her seed money was almost run out, while none of her mobile apps had been commercialized yet. Sarah was also well aware of the rampant imitation/copycat behaviors in the world of mobile content. And so, delaying her product launches

could cause grate problems should the systems' concepts caught the attention of other application developers with big money.

Even more so by middle of the year 2008, smartphones had become the technological guide post, and smartphone companies had gotten stronger in establishing their platforms, and were going aggressively with their own mobile application developments. A small independent developer like MobiApps would certainly be easily "crushed" by these multinational giants. Of late, the local independent mobile apps developers were already be put under pressure by nearly everyone in the market, including the telecommunications service providers, the gateways middlemen, and the customers, who had many choices of web content offered. The telecommunications service providers were also moving strongly to conquer the mobile apps markets. And so, a small new venture like MobiApps would likely to become entangled in the competitive mess between the smartphone and telecommunication giants. Sarah pondered what actions were needed for her company to survive the situation and bring it to the growth stage.

## SOURCE OF INFORMATION

This case is written based on primary data. The interview was conducted with the entrepreneur Sarah Ali.