iKnow finds it profitable to play a whole new ball game

With an ‘entrepreneurial mindset’, the firm adopted a new business model – and an innovative distribution channel for its products. By Antonio Maria D’Orey Belmar Da Costa, Aurelie Stephanie Nathalie Arnaud and Derya Ay

MR GOH
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@iKnow
Arthur Lee

FACED with sky-rocketing real estate prices and the rising power of shopping mall landlords, many retail businesses would have quit and closed doors – but iKnow, a market leader in the IT educational products market and well known for its electronic dictionary tools, saw things differently.

“We just needed to find an alternative way to do business,” said Alvin Goh, CEO of iKnow. “And, with our IT expertise, it only made sense to integrate technology into all our businesses.”

iKnow started distributing electronic dictionaries in 1991 but has grown considerably since with its product portfolio including UMPCs, computers, peripherals, MP3/MP4 players, e-learning products and video cameras. The company has been growing steadily in terms of sales and profits as well as in terms of geographical expansion, having set up a distributor in Jakarta.

Traditionally, it has distributed its products via bookstores and, as time went on, it built its own network of stores. However, both of these channels did not come without problems: whereas the former lacked trained staff who could answer clients’ technical questions, the latter became more and more expensive to maintain as the limited product portfolio of the group did not justify the costs of owning multiple store outlets.

Furthermore, as Mr Goh states, with the current developments in Singapore, “the relationship with landlords in big malls is almost comparable to the one you would have with one of your shareholders – they have big pressure and urgency power, as they have changed from rental to a revenue-sharing scheme”.

These challenges led to a change in the business model as well as to the addition of a different distribution channel – which had not been thought of until then. Initially, in order to keep its own outlets profitable, iKnow expanded its product portfolio to include cameras, video recorders and electronic diaries, thus becoming a distributor/reseller and being trained by the manufacturers of these complementary products.

Furthermore, it allowed for competitors’ products to be available in these stores, to provide an alternative to the customer. This resulted in an increase in revenues, which justified the presence of a big number of stores. However, the main breakthrough for the company came when it diversified into Mandarin language classes, which added a service component to its current product portfolio while serving as a driver for its electronic dictionaries.

There are other specialised language centres offering the same level of classes but iKnow manages to differentiate itself by combining the classes with a very IT-oriented approach and the sale and use of its electronic dictionaries. This allows for a more interactive classroom experience as well as more autodidactic learning.

The classes became a success, but soon enough Mr Goh became aware of a new trend in the market: virtual learning.

With the advancement of technology and changing of the learning landscape, learning has become dynamic and interactive, and no longer classroom bound,” he said, as he introduced the idea of the company’s new innovation: “Learning can take place anytime, anywhere.”

By leveraging on its IT background, iKnow developed a VioVoice e-tutor which offers tuition students the opportunity to seek extra help in addition to the regular classes.

When signing up for language classes, students receive a VioVoice videophone device which is then installed at home. It can be used anytime and from anywhere; it operates via the Internet and connects hundreds of students to a specialist teacher, who is then able to answer any queries they may have. This means that students can ask for help for tomorrow’s homework without waiting for the next class and also that they are able to do this from the comfort of their own homes.

While this facility provides excellent service to students, the benefits don’t end here for iKnow. The VioVoice e-tutor also has many other features to explore, such as a built-in camera and the possibility to order takeaways or even do some online shopping, as well as the possibility to inter-communicate between users, meaning that language students could be in touch quite easily outside of class.

Lastly, and perhaps most importantly, by allowing students to learn from anywhere, iKnow can expand its tuition class services across countries – which not only increases revenues but also allows for a reliable and safe distribution channel for its current products.

These possibilities do not come without challenges, such as time differences or marketing efforts in the new markets. However, as Mr Goh says, “it is your spirit that counts and not the capital or material you have invested”. With this “entrepreneurial mindset”, iKnow is thus ready to tackle new markets while fostering innovation, assuring top-notch quality in their products.

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