

Should an Indian enterprise-software company enter Malaysia?

Market-entry feasibility, entry-strategy comparison
and executive investment recommendation



Market attractiveness | Competition | Customer segmentation | Regulation
Entry strategy | Three-year financial model | Risk | Roadmap

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How to use this report

Section 1 gives the answer and the decision requested. Sections 3-6 cover the market, competition, customers and regulation. Sections 7-8 compare entry modes and present the three-year financial model. Sections 9-11 cover risk, the roadmap with stage gates, and the investment recommendation. The Excel workbook (**Malaysia_Market_Entry_Financial_Model.xlsx**) contains every number in this report as a live formula; a two-page **Executive Investment Recommendation** is provided separately.

1. Executive summary

The answer in one paragraph

Yes, enter Malaysia, but only through a partner-led, stage-gated entry, and only once four specific conditions are secured. Malaysia is a growing, digitising market (GDP +5.2% in 2025, +6.0% in 2Q26) with a RM 1,452m annual enterprise-software spend pool, but it is also a crowded one: the local SME leader AutoCount has more than 240,000 customers, Zoho opened a Kuala Lumpur office in January 2026, and SAP and Microsoft partners own the premium end. As first drawn, **none of the three entry modes clears the hurdle.** The local partnership (Option B) is clearly the best of the three and is almost exactly at break-even (Base NPV -RM 0.5m, IRR 10.5% against a 12% discount rate). Direct entry (A) and distributor-led entry (C) destroy value (-RM 2.6m and -RM 3.9m). Four conditions precedent, worth RM 6.2m of NPV together, lift the partnership plan to **Option B+: Base NPV RM 5.7m, IRR 28.5%, peak cash at risk RM 6.8m.**

RM 5.7m Option B+ Base-case NPV (INR 13.4 crore)	28.5% Option B+ IRR vs 12% hurdle	RM 6.8m Peak cash at risk (Base case)	RM 6.3m Year-3 net ARR (349 customers)	RM 2.2m Condition-weighted expected NPV (p = 50%)
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What we found, objective by objective

Objective	Finding	So what
1. Market attractiveness	1.1 million MSMEs; GDP +5.2% (2025) and +6.0% (2Q26); e-invoicing mandate and SME digitalisation grants drive demand. Bottom-up TAM RM 1,452m, SAM RM 478m in focus corridors, only ~RM 57m a year genuinely contestable.	Attractive and growing, but the prize is the mid-market, not mass SME accounting.
2. Competition	Crowded. AutoCount and SQL Account lead SMEs through ~300-dealer ecosystems; SAP/Dynamics own the premium tier; Zoho now has a local office. Client scores 2.35/5 on Day 1 versus AutoCount 4.40.	Win in the price-to-depth gap (mid-market ERP) with partners. Do not fight an SME price war.
3. Customer segments	Wholesale/distribution (4.10/5) and manufacturing (4.05/5) are Tier-1 verticals; logistics and construction Tier 2. Mid-market (ACV ~RM65k) and Core SME (~RM22k) are the targets; Starter tier is opportunistic.	Narrow focus: Klang Valley, Penang, Johor (~55% of firms) and two lead verticals.
4. Regulation	No show-stoppers. 100% foreign-owned Sdn Bhd is available; 24% corporate tax with no SME rate for foreign-owned firms; 10% withholding tax on royalties/fees; 8% service tax; MyInvois e-invoicing and the 2024 PDPA amendments (DPO, breach notification) are mandatory.	Compliance is a ~RM0.6m cost of entry and a product requirement, not a barrier. Do not bank on the Malaysia Digital tax incentive.
5. Entry strategy	Weighted strategic score: B 4.02, C 2.93, A 2.20 (of 5). Risk-adjusted NPV: B -RM 1.1m, C -RM 4.5m, A -RM 4.6m.	Partnership dominates on value, capital at risk and reversibility.
6. Financial feasibility	B+ revenue RM 0.7m / RM 2.4m / RM 5.5m in Years 1-3; EBITDA turns positive in Year 4; cumulative funding trough RM 6.8m; Base NPV RM 5.7m; breaks even at 70% of planned volume.	Value is created only after Year 3; the 3-year explicit NPV is negative for every option.
7. Risk	26 risks assessed: 3 Critical and 10 High inherent; 0 Critical and 0 High after mitigation. Top risks: incumbent lock-in, slow trust-building, dependence on value beyond Year 3, partner under-performance.	Manage through partner scorecards, KPI-gated capital release and a cap on cash at risk.
8. Recommendation	CONDITIONAL GO on Option B+. Release RM 1.6m at Gate 0 and the rest only as each gate is passed; stop-loss at Gate 2 if Year-1 ARR is below RM 0.61m.	Approve Phase 1 now; hold the balance until the conditions are evidenced.

The four conditions precedent (what makes the plan work)

Condition	What it requires	Worth to Base NPV
Reuse the core product	Build the MyInvois / statutory-payroll layer once as configuration (also serving other ASEAN e-invoice regimes): India localisation team -30%.	RM 0.86m
Partner co-selling	Anchor-partner co-selling, certification bootcamps and a pre-sales bench: +20% deals per active partner. Proven at Gate 2.	RM 3.06m
Price discipline	Value-based packaging and floor pricing; no price-led competition with AutoCount or SQL: +5% price realisation.	RM 0.78m
Cost discipline	Board-approved opex cap per gate and partner-delivered implementation: -10% operating cost.	RM 1.46m
Combined (incl. interaction)	All four secured = Option B+	RM 6.22m

How much weight can these numbers bear?

The market data (establishment counts, GDP, tax rates, regulatory dates) are sourced. The funnel percentages, sales productivity, prices and scenario probabilities are our judgements and are flagged as such; Phase 0 (25 customer and 10 partner interviews) exists to test them. The client is an illustrative mid-sized Indian ERP vendor: replace the RM12m risk-appetite placeholder and cost inputs with actuals. Because the Base plan sits so close to break-even, small input changes move the answer, which is why we recommend **gated capital rather than a full commitment**. The condition-weighted expected NPV (assuming only a 50% chance that all four conditions are secured) is still positive at RM 2.2m.

2. Context, approach and client profile

The central question. Should an Indian enterprise-software company enter the Malaysian market and, if so, which entry strategy offers the strongest risk-adjusted financial and strategic return? The client does not yet know whether the opportunity justifies the investment, so this report is built to give the Board a decision, not a catalogue of facts.

2.1 Approach

Workstream	What we did	Where in the report / model
Market attractiveness	Official statistics, macro outlook, demand drivers; bottom-up TAM/SAM/contestable sizing triangulated against the local leader	Section 3; Market_Sizing
Competition	Weighted capability benchmark of 10 vendors; positioning map; sourced profiles	Section 4; Competitors
Customer segmentation	Sector facts, 11-vertical weighted scoring, three customer tiers	Section 5; Segmentation
Regulation	Incorporation, tax, e-invoicing, PDPA, service tax, incentives, employment	Section 6
Entry strategy	Three modes compared quantitatively and on a weighted strategic scorecard	Section 7; Strategy_Compare
Financial feasibility	Driver-based 3-year model per mode, three scenarios each, Year 4-6 fade, NPV/IRR, sensitivities, break-even	Section 8; Model_A/B/C/B_Plus
Risk and roadmap	26-risk register, heat map, stage gates with live capital-release thresholds	Sections 9-10; Risk_Register; Roadmap

2.2 Reference client profile (illustrative)

No client data was supplied, so we modelled a representative company. **Every item below should be replaced with the client's actuals** before the Board relies on the absolute numbers; the relative ranking of entry modes is far less sensitive to these choices than the absolute NPVs.

Attribute	Assumed profile
Business	Mid-sized Indian enterprise-software vendor: cloud-capable ERP suite (finance, inventory/distribution, manufacturing, HRMS/payroll) with a mature e-invoicing/GST compliance engine built for India
Customer base	Existing SME and mid-market customers in India; no presence or brand in Malaysia
Investment appetite	Cumulative cash at risk of up to RM 12m (about INR 28 crore); placeholder to be confirmed by the Board
Funding and currency	Parent-funded in RM; no external debt; INR translation at 23.5 INR per RM (52-week range 20.7-24.4)
Decision horizon	Three-year plan (Years 1-3), preceded by ~6 months of pre-launch; value beyond Year 3 assessed with an explicit Year 4-6 fade

3. Market attractiveness

Verdict

Attractive, growing and digitising, but moderate in size and heavily contested. The accessible prize is the mid-market and upper-SME tier in three corridors, not the RM 1,452m headline. Only about RM 57m of annual demand is genuinely contestable (new buyers or replacements), and the compliance-driven demand wave is already being absorbed by incumbents.

3.1 Macro backdrop

Malaysia's economy grew 5.2% in 2025 and accelerated to 6.0% year on year in the second quarter of 2026 (first-half growth 5.7%). Bank Negara Malaysia guides to 4-5% for 2026, with a policy rate of 2.75% and inflation of roughly 1.5-2.5%. Micro, small and medium enterprises contributed an estimated RM690 billion (39.7% of GDP) in 2025, growing 5.7%. This is a stable, English-friendly, upper-middle-income market with a currency and rate environment that supports multi-year software investment decisions.

3.2 The business base

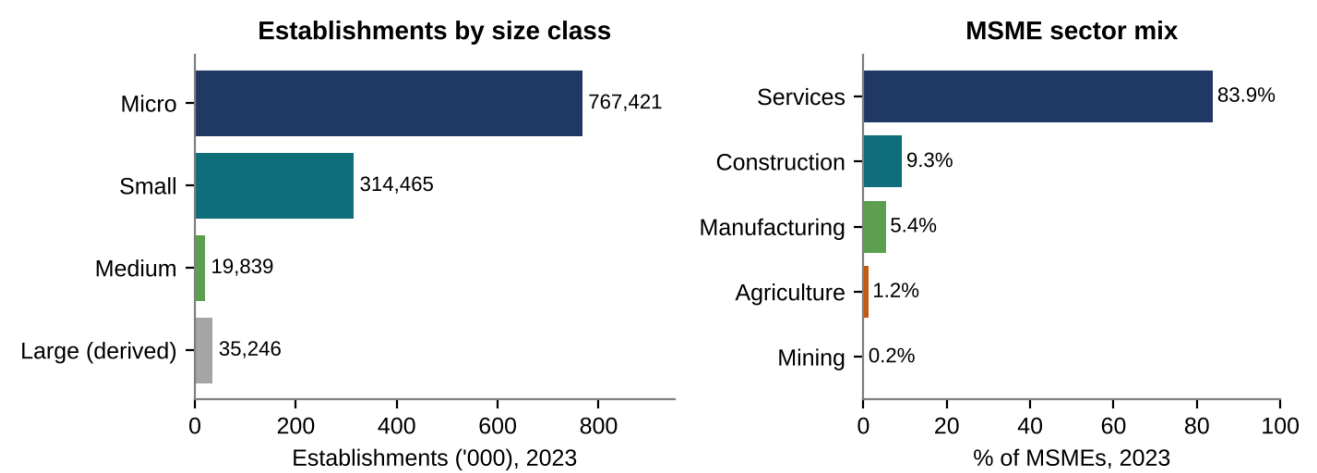


Figure 1. Malaysia's establishment base and sector mix. Source: DOSM Economic Census 2023 via SME Corp (Sep 2024). Large firms derived from the 96.9% MSME share.

Malaysia had 1,101,725 MSMEs in 2023 (96.9% of establishments): 767,421 micro, 314,465 small and 19,839 medium enterprises. About 35,000 large firms complete the picture. Services dominate (83.9% of MSMEs); within services, wholesale and retail trade alone are 47% of establishments and food and beverage another 14.4%. Manufacturing is only 5.4% of MSMEs (59,316 firms) but is the most ERP-intensive. Selangor, Kuala Lumpur and Johor together hold 50.5% of active establishments, which makes a three-corridor go-to-market (Klang Valley, Penang, Johor) a realistic way to reach about 55% of the market.

3.3 Digital adoption and demand drivers

Driver	Evidence	Effect on demand
E-invoicing mandate (MyInvois)	Phased rollout from Aug 2024 by turnover band; Phase 4 (RM1m-5m) began 1 Jan 2026; businesses below RM1m are exempt. Relaxation periods have shifted repeatedly (sources differ: verify with LHDN).	Strong, but front-loaded: AutoCount reported record FY2025 results, then falling revenue as demand normalised in 2026.
SME digitalisation grants and financing	RM50m digital matching grants announced (May 2025); Budget 2026 commentary cites RM1bn of financing/grants via development financial institutions for SME automation.	Positive for adoption; vendor listing on grant schemes is a go-to-market requirement.
Cloud and ERP adoption among mid-tier SMEs	SME bodies reported improved cloud/ERP adoption in 2025; government ministers still describe SMEs as lagging in digital adoption.	Real headroom, but slow, price-sensitive buyers.
Economic growth and supply-chain relocation	GDP growth of 5-6%; MSME exports +10.5% in 2025.	Supports mid-market manufacturers and distributors (our target).

Driver	Evidence	Effect on demand
Counter-force: incumbent lock-in	AutoCount >240,000 companies; ~300 dealers; SQL Account similar dealer model.	Raises the cost of acquiring each switcher.

3.4 Market sizing: TAM, SAM and the contestable pool

We sized the market bottom-up because published ERP market-size estimates for Malaysia come from low-reliability vendor sources. The funnel multiplies official establishment counts (grown 2.4% a year to 2026) by the share in ERP-relevant verticals, the share with ERP-grade need and readiness, and an annual spend per firm that matches our price points. Product fit and geographic reach then narrow TAM to a serviceable market (SAM), and an annual new-buyer/replacement rate of 12% gives the contestable pool.

Size class	Firms 2026E	Vertical fit	ERP-grade need	Spend / firm (RM)	TAM (RM m)	Product fit	SAM (RM m)	Contestabl e p.a. (RM m)
Large (mid-large tier only)	37,845	45%	20%	65,000	221	35%	43	5.1
Medium enterprises	21,302	60%	70%	65,000	582	70%	224	26.9
Small enterprises	337,654	45%	18%	22,000	602	60%	199	23.8
Micro enterprises	824,012	30%	4%	4,800	47	50%	13	1.6
Total	1,220,813				1,452		478	57.4

Geographic reach is 55% for every row (Selangor, Kuala Lumpur, Johor and Penang). Percentages are consultant assumptions to be validated in Phase 0; establishment counts are official.

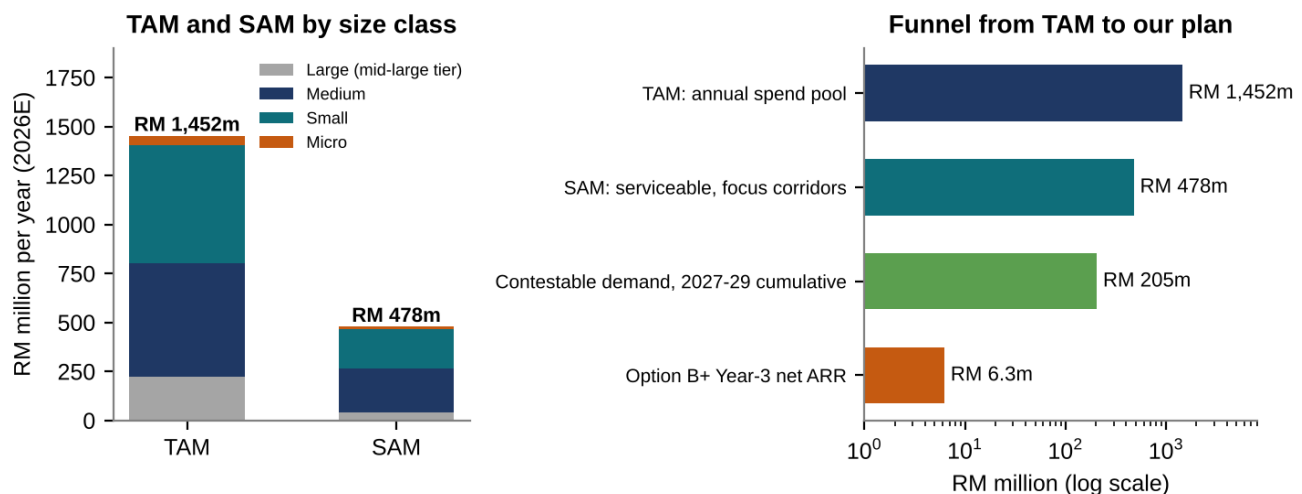


Figure 2. From the RM1.45 billion spend pool to the plan's Year-3 ARR. Source: Market_Sizing sheet; Option B+ Base case.

Growth. Assuming 9% annual growth (bracketed by 7.5-10.4% in secondary sources, plus e-invoicing-led digitalisation), TAM reaches RM 1,881m and SAM RM 619m by 2029. Cumulative contestable demand over 2027-29 is RM 205m. Option B+ reaches RM 6.3m of net ARR by Year 3, a 3.1% share of that contestable pool: the plan is limited by trust and execution, not by market size.

Reality check against the local leader

AutoCount's FY2025 revenue was RM75.5m (+24.6%) across more than 240,000 customer companies, an implied RM315 of revenue per customer. The SME accounting pool is therefore high-volume and low-ARPU (the average also includes perpetual-licence and dormant accounts, so it is not like-for-like with cloud subscriptions). An entrant cannot out-price this tier; it must win where price per customer is 10-20x higher, which is the mid-market.

4. Competitive analysis

Verdict

Highly competitive at the bottom and top, with a gap in the middle. Local dealer-led accounting suites own the SME tier; SAP, Microsoft and Oracle own the premium tier. The opening is mid-market ERP with vertical depth at 25-40% below premium vendors, delivered through partners. Zoho, the nearest Indian peer, has just localised and will contest price-sensitive buyers.

4.1 Who the client will meet

Vendor	Model and positioning	Evidence of strength	Implication
AutoCount	Malaysian, Bursa-listed (2023); SME accounting, POS, payroll; e-invoicing leader	>240k companies; ~300 dealers; FY25 revenue RM75.5m; recurring ~30% of Q4 revenue	Do not attack head-on; dealer loyalty is the barrier
SQL Account	Malaysian; reseller network; trading/manufacturing SMEs	Resellers claim >600k users (unverified)	Strongest in our Tier-1 vertical (distribution)
Zoho	India; cloud suite; Zoho Books e-invoice extension	Kuala Lumpur office opened 27 Jan 2026; ManageEngine Malaysia +25% in 2025	Direct Indian peer, now locally resourced; compete on depth and implementation, not breadth or price
SAP / Dynamics 365 BC / NetSuite	Global, partner-delivered, mid-market to large	Dynamics 365 listed from ~US\$65+/user/month; extensive partner channels	Price umbrella to undercut by 25-40% while matching compliance
Odoo, HashMicro, ECOUNT	Customisable or flat-fee cloud ERPs	Frequently recommended in Malaysian buyer guides	Compete for upper-SME and mid-market on price and flexibility
Xero, Bukku	Cloud accounting for service SMEs	Strong in startups and service firms	Low ERP depth; price anchor only

Source: company and press releases (AutoCount, The Sun, ManageEngine, Zoho), buyer guides. Reseller and blog claims are flagged as low reliability on the Sources sheet.

4.2 Capability benchmark

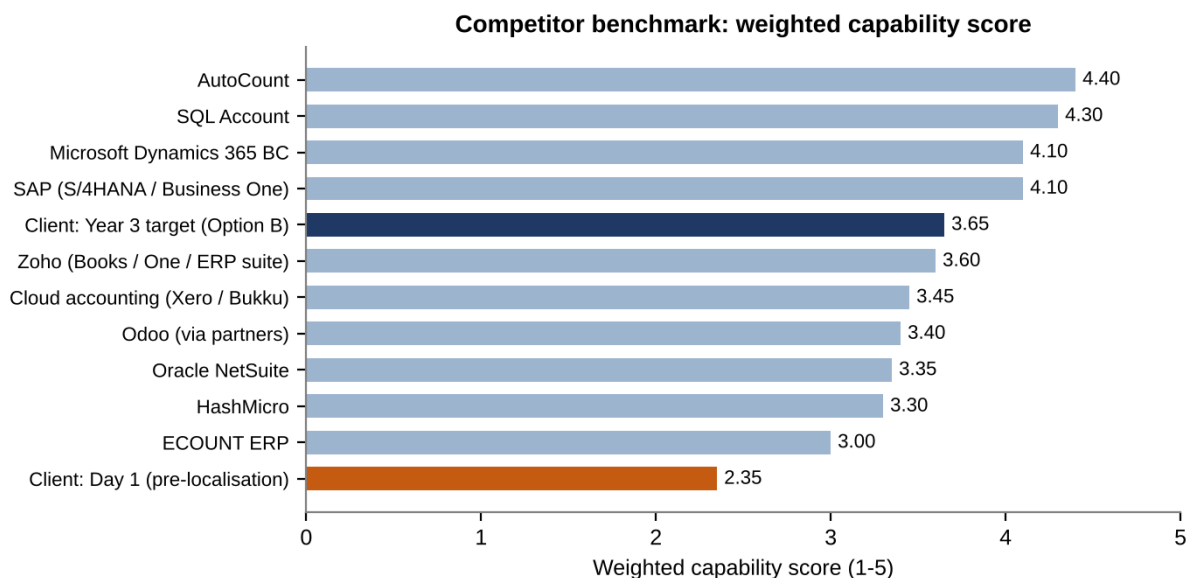


Figure 3. Weighted capability score (7 criteria; weights: compliance readiness 20%, local channel 20%, product breadth 15%, price accessibility 15%, brand trust 15%, cloud 10%, vertical depth 5%). Source: Consultant scoring from public positioning (Competitors sheet). Scores are judgements, not audited data.

On Day 1 the client scores 2.35 out of 5, the lowest of any vendor: strong product breadth and cloud architecture, but no Malaysian compliance, channel or brand. With localisation and a partner network the Year-3 target is 3.65, mid-pack and still well behind AutoCount (4.40) and SQL (4.30) on trust and reach. That is acceptable only if the plan competes where those leaders are weakest.

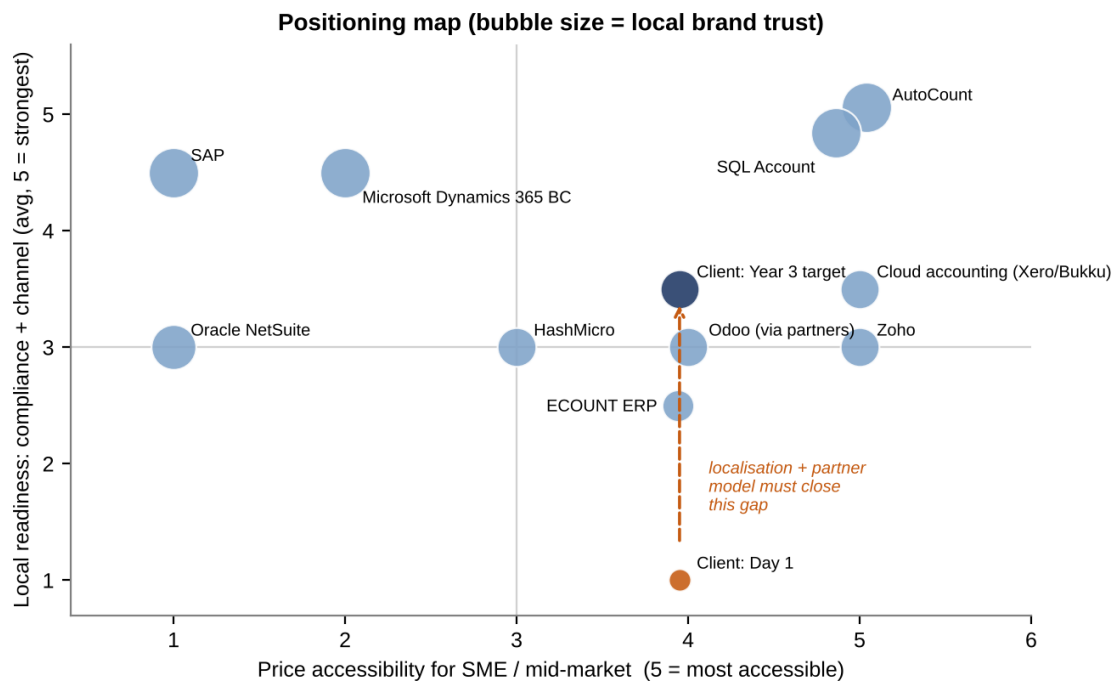


Figure 4. Positioning map: price accessibility versus local readiness. Source: Competitors sheet scores.

4.3 Potential competitive advantages and how durable they are

Potential advantage	Why it could matter in Malaysia	Durability
Price-to-depth gap	Mid-market ERP depth (multi-warehouse, costing, multi-entity) at 25-40% below SAP/Microsoft equivalents, above the bookkeeping depth of SQL/AutoCount	Medium: incumbents can add modules or discount
E-invoicing engine heritage	India operates one of the world's largest e-invoicing regimes; a proven engine shortens MyInvois certification and could be reused across ASEAN regimes. (Assumes the client's engine is as mature as profiled; verify.)	Medium: compliance is table stakes once built
Vertical workflows	Distribution and manufacturing depth matches the two Tier-1 verticals	Medium-High if packaged as vertical solutions
Implementation economics	Partner-delivered implementation at lower cost than SAP/Dynamics integrators	Medium: depends on partner quality
In-country hosting and security posture	Answers data-residency and PDPA concerns of mid-market buyers	Low: matched by global clouds
Weakness to close	No local references, brand, or channel; Zoho competing for the same price-sensitive buyers	Must be closed in Years 1-2

5. Customer segmentation

Verdict

Focus on mid-market and upper-SME firms in distribution and manufacturing, in the Klang Valley, Penang and Johor. These buyers have ERP-grade complexity, sit inside the e-invoice mandate, and are under-served between bookkeeping tools and premium ERP. Treat Starter-tier micro firms and POS-centric retail/F&B as opportunistic.

5.1 Vertical attractiveness

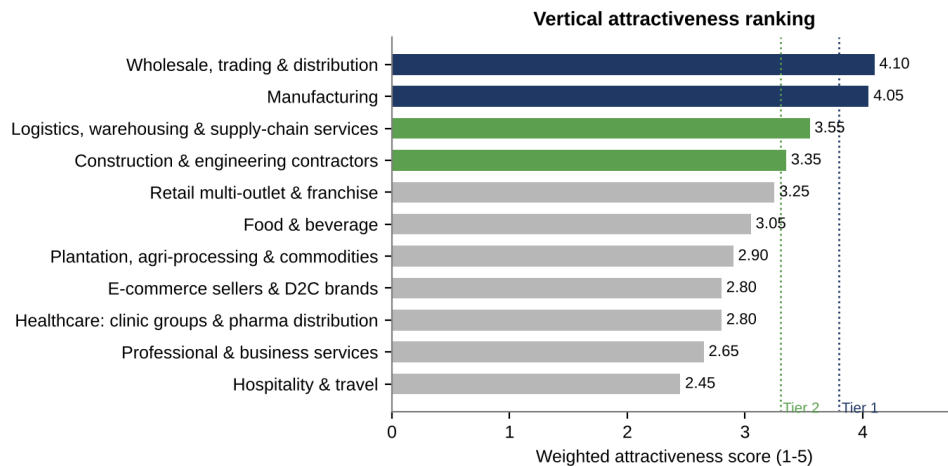


Figure 5. Vertical attractiveness (6 weighted criteria: market size 20%, ERP need 20%, product fit 20%, e-invoice readiness 15%, competitive whitespace 15%, channel access 10%). Source: Segmentation sheet; DOSM sector data; consultant scoring.

Rank	Vertical	Score	Tier	Why
1	Wholesale, trading & distribution	4.10	Tier 1	Largest services sub-sector (47% of services firms); stock, credit and multi-branch needs; dense dealer coverage so partners are essential
2	Manufacturing	4.05	Tier 1	Costing, BOM and multi-warehouse needs; strongest product fit; e-invoice pressure from MNC customers
3	Logistics, warehousing & supply-chain services	3.55	Tier 2	Billing-heavy workflows; fewer entrenched ERP incumbents
4	Construction & engineering contractors	3.35	Tier 2	Project costing and progress billing; many micro firms; lower readiness
5	Retail multi-outlet & franchise	3.25	Tier 3	POS-centric; AutoCount POS and others entrenched
6	Food & beverage	3.05	Tier 3	Price-driven; POS/F&B apps dominate

Top six of eleven verticals shown; the full scoring (including healthcare, plantation, e-commerce, professional services and hospitality) is in the Segmentation sheet.

5.2 Customer tiers and the ideal customer profile

Tier	Profile	Buying trigger and decision-maker	Sales motion	ACV	Priority
Mid-market	30-200 staff; RM15-150m revenue; multi-warehouse or multi-entity; manufacturing, distribution, logistics	Outgrown accounting package; e-invoice + SST audit trail; stock/costing control. Owner-director + Finance Director	Partner-led solution selling with Company pre-sales; 4-9 month cycle	RM65k	1
Core SME	10-50 staff; RM1-15m turnover; inside e-invoice mandate	Compliance plus integration of inventory, sales and payroll. Owner / accountant	Partner and accountant referrals; 1-3 month cycle	RM22k	2
Starter	<10 staff; mostly below the RM1m exemption	Cost and basic compliance. Owner	Self-serve or dealer	RM4.8k	3 (opportunistic)

Ideal customer profile (ICP) for the first 18 months

Malaysian manufacturers and distributors with 30-200 staff and RM15-150m revenue, located in Klang Valley, Penang or Johor, already inside the e-invoice mandate, running on a legacy accounting package plus spreadsheets, and with multiple warehouses or entities. **Lighthouse seeds (hypothesis to test in Phase 0):** Indian-owned and India-linked subsidiaries and suppliers in Malaysia, and firms in MNC supply chains that face e-invoice and audit-trail pressure.

5.3 Geographic focus

Three corridors hold most of the addressable base, and the partner candidates (distributors, systems integrators, accountants) cluster in the same places. Shares are of active establishments (DOSM Economic Census 2023); the launch sequence is our hypothesis to be tested in Phase 0.

Corridor	Share of establishments	Why it matters	Launch wave
Klang Valley (Selangor + Kuala Lumpur)	39.1% (25.3% + 13.8%)	Headquarters of distributors, systems integrators and accountants; densest pool of mid-market firms; easiest place to find an anchor partner	Wave 1: launch (Q2-27)
Penang (with Melaka)	n/a (assumed ~4.5 pts together)	Electrical and electronics, precision-engineering and supply-chain manufacturers with costing and traceability needs	Wave 2: via a Penang-based partner (Year 1-2)
Johor	11.4%	Manufacturing, logistics and Singapore-linked supply chains	Wave 2-3: Year 2
Rest of Malaysia	~45%	Lower density; reach through national partners and cloud delivery only	Opportunistic

Source: DOSM Economic Census 2023 (Bernama / Malay Mail, 29 Dec 2023) for Selangor, Kuala Lumpur and Johor; Penang and Melaka are an assumption in the Market_Sizing sheet.

6. Regulatory assessment

Verdict

No regulatory show-stoppers. A 100%-foreign-owned Malaysian company can sell enterprise software. The real regulatory impact is on the product (MyInvois e-invoicing, statutory payroll) and on operating obligations (PDPA, service tax), which we budget at about RM 0.6m of Year-0 set-up spend for the partnership mode. Tax is not a Year 1-6 value driver in the Base case because accumulated losses shelter profits.

Rules below reflect our October 2026 research. Items marked *verify* had conflicting or secondary sources and must be confirmed with Malaysian counsel and the relevant agency before commitment.

Area	Requirement	Implication and action
Market access and ownership	Software and IT services are generally open to 100% foreign ownership with no equity condition for this activity (verify with MIDA/MDEC).	A wholly-owned subsidiary is legally possible; using a partner is a commercial choice, not a legal necessity.
Incorporation	Private limited company (Sdn Bhd) registered with SSM under the Companies Act 2016: at least one director ordinarily resident in Malaysia, a licensed company secretary and a Malaysian registered office. A foreign-company branch is possible but separates liability less cleanly.	Incorporate a Sdn Bhd (allow 4-6 weeks including banking); appoint the Country GM as resident director. Budget RM120k legal and set-up.
Corporate income tax	24% on chargeable income. Foreign-owned companies generally cannot use the reduced SME rates. Tax losses can be carried forward (reported up to 10 years; verify). Single-tier dividends: no further Malaysian tax on dividends.	Model applies 24% with loss carry-forward. In the Base case no cash tax is paid before Year 6 because cumulative losses exceed profits.
Withholding tax and transfer pricing	10% withholding tax on royalties and technical-service fees paid to non-residents; the India-Malaysia treaty caps these at 10%. Related-party charges must be arm's length with transfer-pricing documentation.	Charge India for nothing beyond cost in the model (conservative). Any IP royalty to the parent attracts 10% WHT; confirm credit in India with tax advisers.
Service tax (SST)	8% service tax on taxable IT and digital services; registration once taxable turnover passes RM500,000, with foreign digital-service providers treated similarly. RMCD updated its IT-services guide in Feb 2026.	Revenue is modelled net of SST. Register early and separate licence, SaaS and services lines in contracts.
E-invoicing (MyInvois)	Phased mandate by turnover band from Aug 2024; Phase 4 (RM1m-5m) from 1 Jan 2026; firms below RM1m exempt; relaxation periods have moved (verify at hasil.gov.my).	Product requirement: certified integration with the LHDN MyInvois API before launch (Gate 1). It is also the sales hook for the Core SME tier.
Data protection (PDPA 2024 amendments)	Data processors directly liable (from 1 Apr 2025); mandatory Data Protection Officer and breach notification (from 1 Jun 2025); risk-based cross-border transfer test; materially higher penalties (reported up to RM1m).	Appoint a DPO, sign data-processing agreements, build a breach playbook, pursue ISO 27001. Budgeted in Year-0 security spend (RM350k).
Cybersecurity	The Cyber Security Act 2024 places duties on designated critical-infrastructure entities; obligations may flow down to suppliers.	In-country hosting and security attestation make flow-down requirements easier to meet.
Investment incentives	MDEC Malaysia Digital status: New Investment 0% tax on IP income and 5%/10% on non-IP income for up to 10 years; Expansion 15% for 5 years. Approval and conditions (local hiring and spend) apply.	Apply in parallel but exclude from the Base case. Because losses shelter income until after Year 6, the incentive adds no NPV within the modelled horizon; it matters for the long run.
Employment and immigration	Employer EPF (12-13%), SOCSO, EIS and HRD Corp levies; Employment Act protections; Employment Pass for foreign secondees subject to salary thresholds and approval (verify current thresholds).	Model uses a 15% statutory load and 13 months of pay. Limit India secondees to 1-2, start pass applications early.
Public-sector access	Government and linked-company buyers may favour locally-owned or Bumiputera-status suppliers (to be validated).	Treat public sector as Phase 2; include at least one eligible partner in the programme.

Sources: SME Corp, LHDN/Bernama, Baker McKenzie and Wong & Partners (PDPA), PwC Malaysian Tax Booklet 2025/26, MDEC (31 May 2024), ASEAN Briefing, Nishith Desai Associates. See Appendix B. Not legal or tax advice.

7. Market-entry strategy comparison

Verdict

Partnership (Option B) is the strongest risk-adjusted route, but only as Option B+. It scores 4.02/5 on the strategic scorecard versus 2.93 for distributor-led and 2.20 for direct entry, and it has the least negative risk-adjusted NPV (-RM 1.1m versus -RM 4.5m and -RM 4.6m). As drawn it is merely break-even; with four conditions precedent secured it becomes clearly value-creating (RM 5.0m risk-adjusted).

7.1 The options

	A: Direct subsidiary	B: Local partnership	C: Distributor-led	B+: B with conditions
Structure	Wholly-owned Sdn Bhd with own sales, pre-sales, implementation and support teams	Lean Sdn Bhd plus alliance with an anchor Malaysian systems integrator and 10-14 certified partners (revenue share)	Light presence; non-exclusive distributor plus 20-35 dealers who sell, implement and support	B plus four conditions secured before capital release
Who sells	Company AEs (3 / 6 / 9)	Partners (4 / 9 / 14 active) with Company pre-sales	Dealers (8 / 20 / 35 active)	As B with +20% partner productivity
Margin to channel	0%	22% of subscription	35% of subscription	22%; +5% price realisation
Typical mix	Mid-market + Core SME	Mid-market + Core + selective Starter	Mostly Core + Starter	As B
Main failure mode	Trust built from zero; fixed costs outrun revenue	Partner under-performance, channel conflict	Dealer inertia, low ACV, price war	Conditions not delivered
Fixed-cost base	Highest	Moderate	Lowest	Moderate (localisation -30%, opex -10%)

7.2 Financial head-to-head (Base case unless stated)

Metric (RM m)	A: Direct	B: Partner	C: Distributor	B+: with conditions
Year-3 revenue	6.40	4.43	2.31	5.49
Year-3 closing net ARR	6.24	4.96	2.88	6.25
Year-3 closing customers (#)	202	291	353	349
Year-3 EBITDA	(3.39)	(2.08)	(1.31)	(0.61)
First year with positive EBITDA	After Year 3	After Year 3	After Year 3	After Year 3
Peak funding within Years 0-3	13.54	10.18	7.93	6.84
Peak funding incl. Year 4-6 fade (cash at risk)	15.81	11.31	8.90	6.84
NPV, explicit 3 years only	(11.28)	(8.62)	(6.76)	(6.01)
PV of value beyond Year 3	8.66	8.10	2.88	11.71
NPV including value beyond Year 3	(2.62)	(0.52)	(3.88)	5.70
Memo: NPV with no-fade conservative TV	(4.60)	(2.86)	(4.45)	1.24
IRR (hurdle 12%)	5.9%	10.5%	-5.9%	28.5%
Profitability index (NPV / peak funding)	-0.17x	-0.05x	-0.44x	0.83x
NPV in INR crore	(6.2)	(1.2)	(9.1)	13.4
Risk-adjusted NPV (probability-weighted)	(4.62)	(1.07)	(4.50)	5.01
Stage-gate-adjusted risk-adjusted NPV	(3.19)	(0.61)	(3.80)	5.01
Probability of negative NPV	85%	80%	100%	25%
Expected peak funding	17.61	11.97	9.52	7.81
Worst-case cash at risk (Downside)	22.77	16.40	11.89	11.69

Source: Strategy_Compare and Model_* sheets. Options A-C use plan-as-drawn inputs; B+ applies the four conditions precedent to the partnership plan. Negative values in brackets.

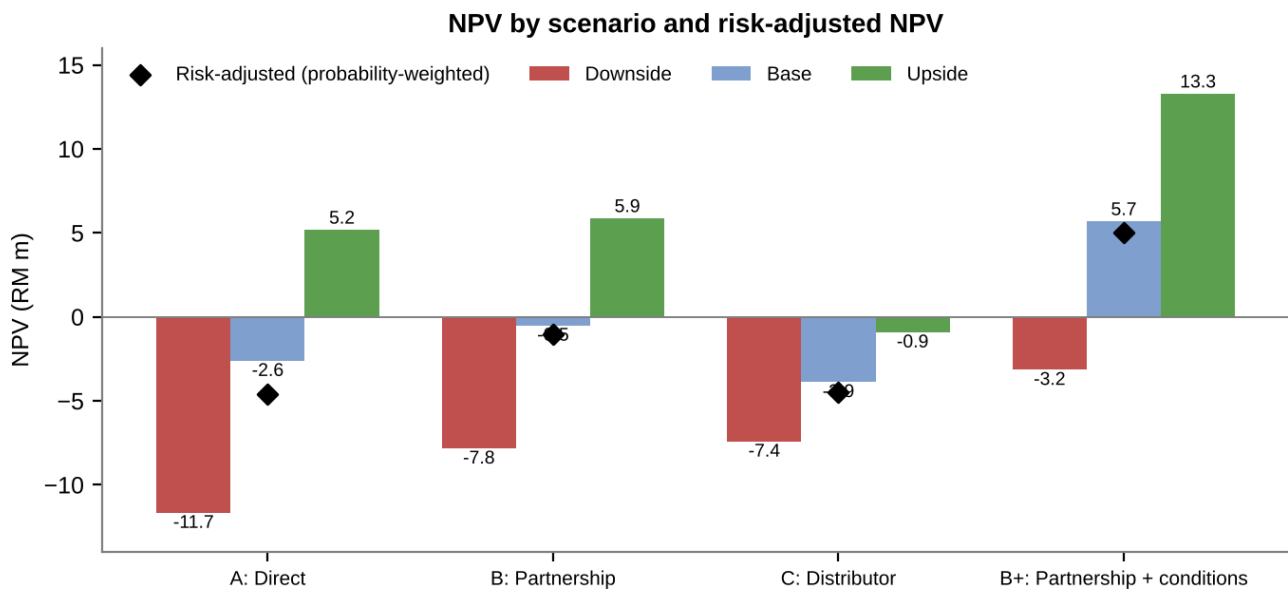


Figure 6. NPV by scenario (Downside / Base / Upside) and probability-weighted NPV. Source: Strategy_Compare sheet.

7.3 Strategic scorecard

Criterion	Weight	A	B	C
Risk-adjusted value	25%	1.0	5.0	1.1
Capital at risk - expected peak funding	15%	1.0	3.8	5.0
Speed to market & ramp	10%	2.0	4.0	4.0
Customer ownership, pricing power & brand control	10%	5.0	3.0	2.0
Mid-market positioning / ACV quality	10%	4.0	4.0	2.0
Scalability & ASEAN launchpad	10%	3.0	4.0	3.0
Execution simplicity (5 = easiest)	10%	2.0	3.0	4.0
Reversibility / exit flexibility	10%	2.0	4.0	4.0
Weighted score (out of 5)	100%	2.20	4.02	2.93

Value and capital-at-risk scores are computed from the model (min-max scaled 1-5); the other six are judgements and can be edited in the workbook. B+ is a variant of B and is not scored separately.

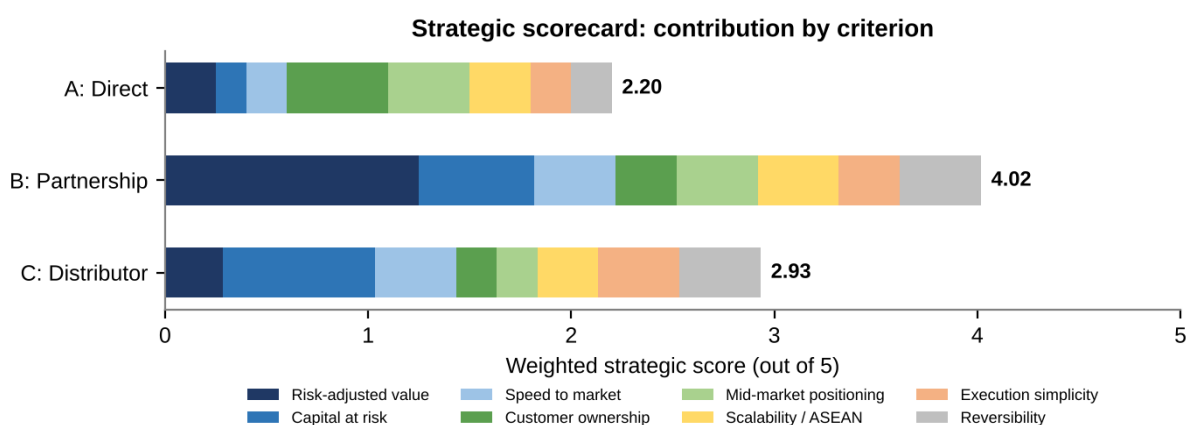


Figure 7. Contribution of each criterion to the weighted strategic score.

7.4 Why partnership, and why not the alternatives

- **Why not direct (A).** It buys control and the highest margin per customer, but a foreign entrant has no references, so ramp is slow while fixed cost (AEs, secondees, facilities) is front-loaded. Peak cash at risk is RM 15.8m (worst case RM 22.8m) and it needs 114% of planned volume just to break even. Base NPV -RM 2.6m.

- **Why not distributor-led (C).** It is the cheapest (RM 8.9m peak funding) but incumbents already hold the dealer ecosystems, the 35% dealer margin and low-ACV customers (Core/Starter) cap revenue at RM 2.9m of ARR, and it would need 155% of planned volume to break even, which is not credible. It also leaves the Company with weak ownership of customers and pricing.
- **Why partnership (B).** A credible local partner supplies trust, installed-base access and implementation capacity without a large fixed-cost base. It keeps peak funding at RM 11.3m, is the most reversible after distributor-led entry, and can be extended later with a direct key-account desk for large customers.
- **Sequencing.** Start with B+. Add distributor-led channels for the Starter tier only if Gate 3 shows the product works at low touch, and add a direct key-account desk only after Gate 3 proves the mid-market motion.

8. Financial feasibility

Verdict

The three-year cash view is negative for every option; value is created from Year 4. Option B+ needs RM 6.8m of cumulative funding and turns EBITDA- and free-cash-flow-positive in Year 4, inside the fade period. Its Base-case NPV including value beyond Year 3 is RM 5.7m (INR 13.4 crore) at a 12% discount rate, IRR 28.5%, and it breaks even at 70% of planned volume. Even the conservative no-fade valuation is positive (RM 1.2m). Option B as drawn is -RM 0.5m.

8.1 How the model works

The workbook contains one driver-based model per entry mode (plus B+), each run in Downside, Base and Upside scenarios. **Volume** is capacity-driven: sellers (AEs, certified partners or dealers) times deals per seller times a scenario multiplier, split across three customer tiers with tier-specific churn. **Revenue** is average customers times ACV (with 3% price escalation and 3% module uplift), net of channel margin, plus implementation and enablement fees. **Costs** include hosting, services delivery, support, role-based payroll with 15% statutory load and 4% wage inflation, India engineering, commissions, marketing, facilities, G&A, bad debt and 5% contingency. **Cash flow** adds Malaysian tax with loss carry-forward, receivables (60 days), deferred revenue and capex. **Valuation** discounts Years 0-3 at 12% and adds a Year 4-6 fade (ARR growth decays by a factor of 0.6 a year from a capped 60% start; EBITDA margin converges to a steady state by Year 6) and a Year-6 terminal value with a 20% haircut. We verified the workbook by re-computing all 12 option-scenario combinations independently in code; results agree to the cent.

Why a growth fade (and why we show both views)

Our first-pass valuation assumed ARR growth falls to 3% immediately after Year 3. That is internally inconsistent: Year-3 ARR is still growing more than 100% year on year, so the approach understates any business that is still scaling. We therefore model a three-year fade. Because this choice is judgemental, the workbook keeps a switch and reports the no-fade NPV as a conservative bound: B+ is RM 1.2m without the fade, versus RM 5.7m with it; B as drawn is -RM 2.9m versus -RM 0.5m.

8.2 Key operating assumptions by option

Driver	A: Direct	B: Partner	C: Distributor	B+
Sellers, Year 1 / 2 / 3	3 / 6 / 9 AEs	4 / 9 / 14 partners	8 / 20 / 35 dealers	as B
Deals per seller-year: Mid / Core / Starter	3.0 / 5.0 / 4.0	1.6 / 4.0 / 6.0	0.2 / 1.5 / 4.5	+20%
ACV: Mid-market / Core / Starter (RM)	65,000 / 22,000 / 4,800	same	same	+5%
Channel margin on subscription	0%	22%	35%	22%
Own-delivered implementation share	100%	30%	0%	30%
Annual logo churn: Mid / Core / Starter	6% / 9% / 15%	6% / 9% / 15%	8% / 12% / 20%	as B
Malaysia FTE, Year 3 (incl. secondees)	21.0	12.5	7.0	12.5
India localisation engineers Y1 / Y2 / Y3	12 / 8 / 6	10 / 7 / 5	8 / 5 / 4	-30%
Year-0 set-up cost (RM m)	(1.69)	(1.59)	(1.30)	(1.59)
Steady-state EBITDA margin (terminal)	24%	26%	18%	26%

8.3 Option B+ three-year projections (Base case)

RM thousand	Year 0	Year 1	Year 2	Year 3
New logos (#)	0	56	125	195
Closing customers (#)	0	56	174	349
Net subscription revenue		434	1,918	4,674
Implementation and onboarding		174	392	610
Partner enablement fees		60	135	210
TOTAL REVENUE	0	668	2,445	5,494
Cost of revenue (hosting, services, support)	0	(210)	(660)	(1,360)
GROSS PROFIT	0	458	1,785	4,134
Payroll: Malaysia team	0	(1,137)	(1,616)	(2,077)
India engineering and secondees	0	(1,080)	(887)	(759)
Commissions and marketing programmes	0	(450)	(736)	(985)
Facilities, professional fees, G&A	0	(403)	(513)	(616)
Bad debt and contingency	0	(164)	(226)	(308)
Year-0 set-up and pre-launch	(1,590)	0	0	0
EBITDA	(1,590)	(2,775)	(2,194)	(612)
Cash tax	0	0	0	0
Increase in working capital	0	69	121	238
Capital expenditure	0	(56)	(24)	(20)
FREE CASH FLOW	(1,590)	(2,762)	(2,096)	(394)
Cumulative free cash flow	(1,590)	(4,352)	(6,449)	(6,843)

Source: Model_B_Plus sheet, Base block. Net income and the depreciation schedule are in the workbook; no cash tax is payable in Years 0-3 because of tax losses.

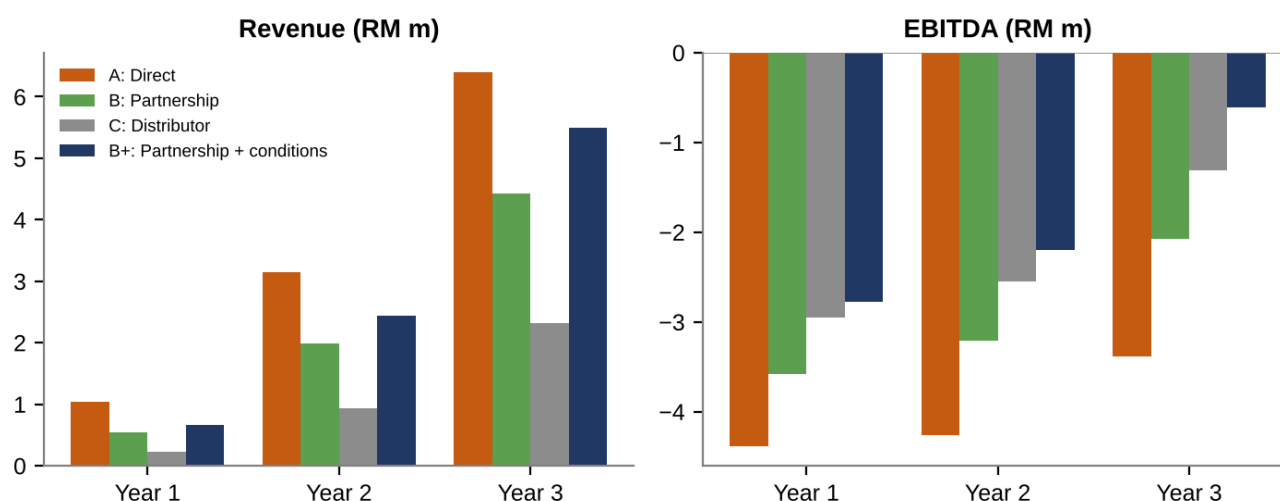


Figure 8. Revenue and EBITDA by option (Base case, RM m). Source: Model sheets.

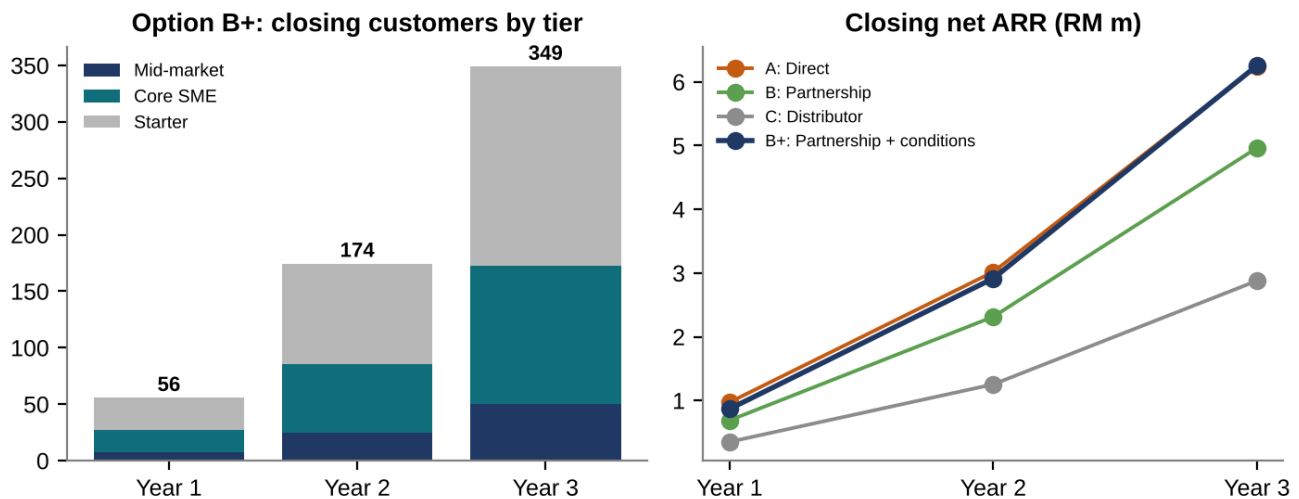


Figure 9. Option B+ customer build by tier, and closing net ARR for all options. Source: Model sheets.

Revenue is RM 0.7m, RM 2.4m and RM 5.5m in Years 1-3. Mid-market customers are only about 50 of 349 Year-3 logos but contribute roughly half of ARR; the Starter tier is 177 logos but only about 12% of ARR, so the plan does not depend on winning the price war (though Starter logos still add support load). Year-3 EBITDA is -RM 0.6m (margin -11.1%); it turns positive in Year 4 in the fade period.

8.4 Cash flow and funding

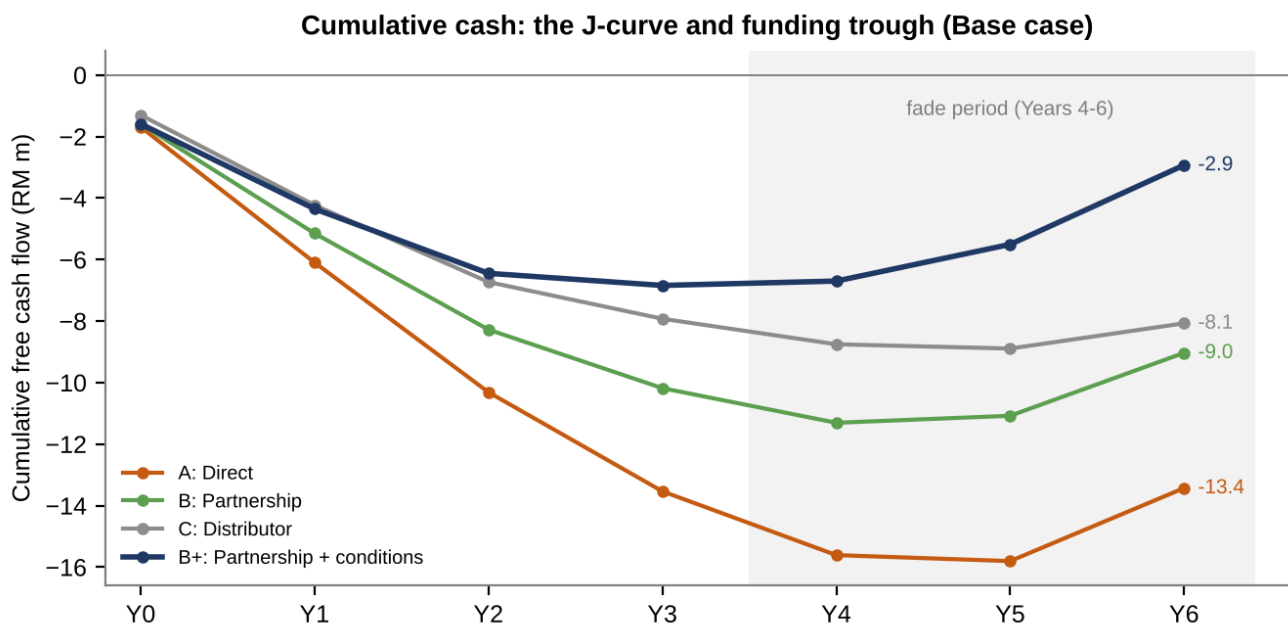


Figure 10. Cumulative free cash flow, Years 0-6 (excluding terminal value). Source: Model sheets; Years 4-6 from the fade block.

Option B+ reaches its funding trough of RM 6.8m at the end of Year 3, then recovers; Option B (as drawn) keeps burning into Year 4 and troughs at RM 11.3m, and Option A needs RM 15.8m. Cash out by the end of Year 1, the exposure at the first hard commercial gate, is only RM 4.4m for B+. Worst-case cash at risk across the Downside scenario is RM 11.7m, within the RM 12m placeholder appetite.

8.5 NPV, IRR and what drives the value

RM m, Base case	A: Direct	B: Partner	C: Distributor	B+
PV of free cash flow, Years 0-3	(11.28)	(8.62)	(6.76)	(6.01)
PV of Year 4-6 fade cash flows	(0.23)	0.45	(0.19)	2.07
PV of Year-6 terminal value (after 20% haircut)	8.88	7.65	3.07	9.64
NPV including value beyond Year 3	(2.62)	(0.52)	(3.88)	5.70

RM m, Base case	A: Direct	B: Partner	C: Distributor	B+
Memo: NPV, conservative no-fade method	(4.60)	(2.86)	(4.45)	1.24
IRR	5.9%	10.5%	-5.9%	28.5%
Terminal value as multiple of Year-3 ARR	2.8x	3.0x	2.1x	3.0x

The terminal value is 3.0x Year-3 ARR for B and B+ (a conservative multiple for recurring software revenue after a 20% haircut), so the valuation is not resting on an aggressive exit assumption, but it does rest on Year-3 ARR being reached.

8.6 Scenarios and risk-adjusted value

Scenario	Volume	Price	Churn	Opex	Prob. A / B / C
Downside	x0.65	x0.90	+3 pts	x1.05	35% / 25% / 30%
Base	x1.00	x1.00	0	x1.00	50% / 55% / 55%
Upside	x1.30	x1.08	-1.5 pts	x1.00	15% / 20% / 15%

	A	B	C	B+
NPV Downside (RM m)	(11.67)	(7.84)	(7.42)	(3.15)
NPV Base (RM m)	(2.62)	(0.52)	(3.88)	5.70
NPV Upside (RM m)	5.20	5.89	(0.92)	13.30
Risk-adjusted NPV (RM m)	(4.62)	(1.07)	(4.50)	5.01
Stage-gate-adjusted risk-adjusted NPV (RM m)	(3.19)	(0.61)	(3.80)	5.01
Year-3 net ARR: Downside / Upside (RM m)	3.6 / 8.9	2.8 / 7.0	1.7 / 4.1	3.6 / 8.9

Stage-gate adjustment: if a Downside is detected at Gate 2 (80% effectiveness assumed), the programme stops with a loss limited to Year 0-1 cash plus 10% wind-down cost. The same logic is applied to all options. B+ condition-weighted expected NPV (50% chance all conditions are secured; otherwise B as drawn, gated): RM 2.2m.

8.7 Sensitivity and break-even

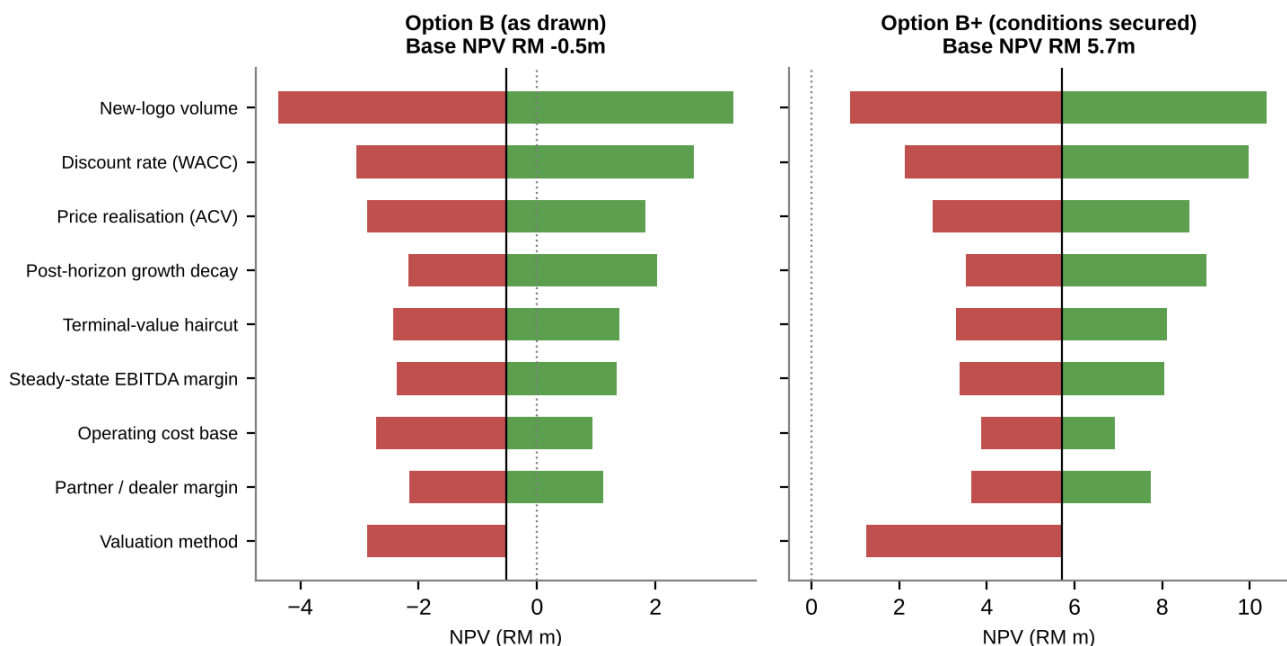


Figure 11. Tornado: change in Base NPV from adverse (red) and favourable (green) shocks. Source: Workbook re-run under each shock (Sensitivity sheet). Volume x0.75/x1.25; price -15%/+15%; WACC 15%/10%; growth decay 0.45/0.75; TV haircut 40%/0%; margin +/-5 pts; opex +15%/-10%; partner margin +/-8 pts.

Volume and the discount rate matter most. New-logo volume swings Option B+ NPV from RM0.9m to RM10.4m; WACC from RM2.1m to RM10.0m. Pricing, growth decay and the terminal assumptions come next. Logo churn and the Malaysia Digital incentive barely move the answer within this horizon. Option B as drawn is negative under most adverse shocks and only modestly positive under favourable ones, which is exactly why the conditions precedent matter.

		A: Direct	B: Partner	C: Distributor	B+	
Volume needed for Base NPV = 0 (Base plan = 1.00x)		1.14x	1.03x	1.55x	0.70x	
Implied Year-3 net ARR at break-even (RM m)		7.11	5.13	4.46	4.41	
Implied Year-3 closing customers at break-even		230	301	547	246	
B+ NPV (RM m): WACC \ terminal growth		1%	2%	3%	4%	5%
10%		6.7	8.1	10.0	12.4	15.9
11%		5.1	6.2	7.6	9.3	11.7
12%		3.8	4.7	5.7	7.0	8.7
14%		1.9	2.4	3.1	3.9	4.8
16%		0.5	0.9	1.3	1.8	2.4

Option B+ Base NPV across discount rates and terminal growth rates (highlighted row = 12% base). Positive in every cell, from RM0.5m (16% WACC, 1% growth) to RM15.9m (10% WACC, 5% growth).

8.8 Path to value: what each condition precedent is worth

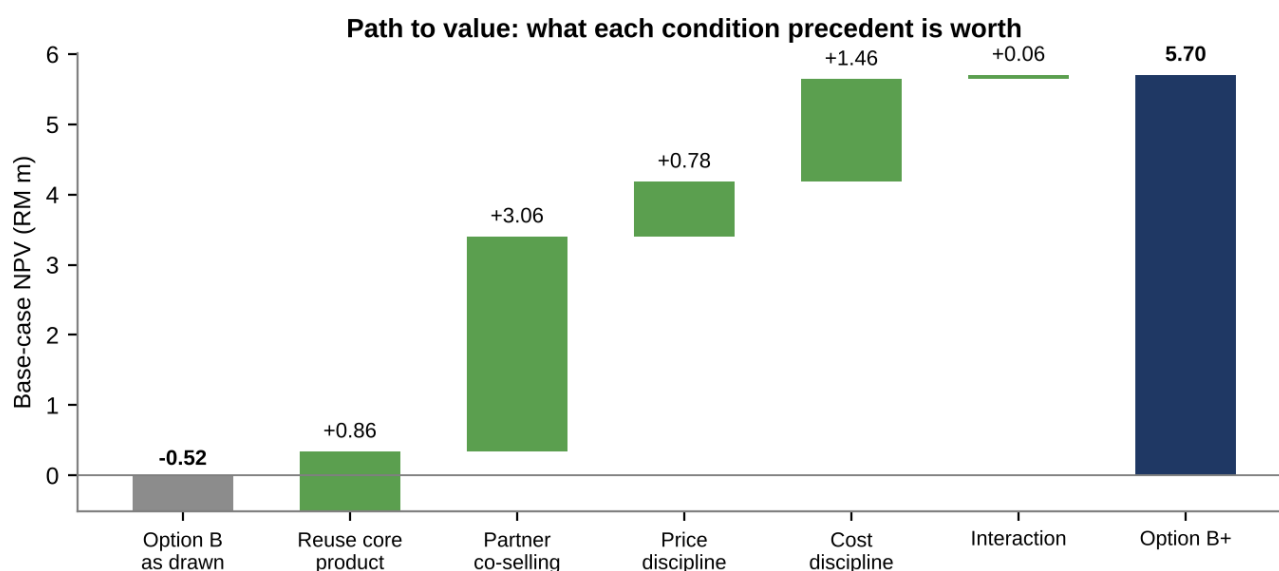


Figure 12. Walk from Option B as drawn to Option B+ (Base NPV, RM m). Source: Workbook runs, one lever at a time (Sensitivity sheet section E); combined result equals the live Model_B_Plus sheet.

Partner co-selling is the lever that matters (RM 3.1m of the RM 6.2m total). It is also the least certain, because it depends on partner behaviour rather than Company decisions. We deliberately did not combine it with a cut in partner margin, which would work against partner motivation. Cost discipline is the next-largest and most controllable. Localisation reuse and price discipline are smaller but cheap to secure. Gate 2 is designed to test the co-selling condition directly (at least three partners with two or more closed deals).

8.9 What you need to believe

- Year-3 net ARR of at least RM 4.4m (about 246 customers) for B+ to break even on NPV, versus Base-case RM 6.3m: a 30% cushion.
- Partners close roughly 1.9 mid-market, 4.8 core-SME and 7.2 starter deals per active partner per year at steady state (+20% vs. the initial assumption), supported by a Company pre-sales bench.
- Gross logo retention of at least 91% in mid-market and 85% in Core SME.
- At least 14 active certified partners by Year 3 (9 by Year 2), recruited at an average of about three a quarter.
- Hosting, support and statutory-compliance costs stay at or below 12% of net subscription revenue plus RM5-6k per mid-market customer a year.

9. Risk assessment

Verdict

26 risks assessed across commercial, financial, regulatory, operational and strategic categories: 3 Critical and 10 High before mitigation, 0 Critical and 0 High after. The two risks that matter most are commercial (incumbent lock-in and slow trust-building) and one financial risk specific to this plan: its value depends on events after Year 3. Mitigation is built into the structure (partners, stage gates, capital cap) rather than relying on monitoring alone.

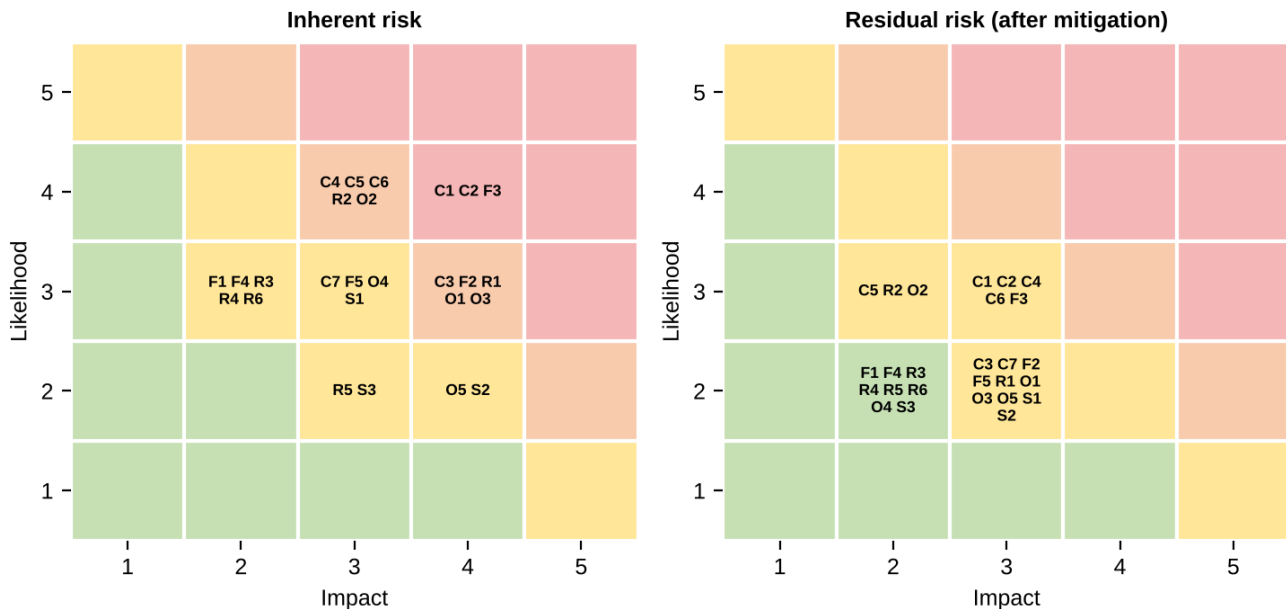


Figure 13. Risk heat map before and after mitigation (risk IDs placed at likelihood x impact). Source: Risk_Register sheet.

9.1 The ten highest inherent risks

ID	Risk	Score	Mitigation	Residual	Early-warning KPI
C1	Incumbent lock-in and price response (AutoCount, SQL Account, SAP/Microsoft partners)	16	Avoid head-on SME accounting; lead with mid-market distribution/manufacturing where Tier-1 vertical scores are highest; value-based bundles; partner exclusivity by vertical.	9 (Medium)	Win rate vs named incumbents; average discount %
C2	Slow trust-building: no local references or brand	16	5-8 lighthouse customers via anchor partner with reference rights; in-country hosting; ISO 27001; MDEC/chamber endorsement.	9 (Medium)	Reference customers live; pipeline coverage 3x
F3	Valuation depends heavily on value beyond Year 3	16	Gate on ARR milestones; present NPV with and without TV; 20% TV haircut; break-even volume analysis.	9 (Medium)	ARR vs gate thresholds
C3	Partner under-performance or channel conflict	12	Tiered partner programme, minimum quota & certification, scorecards, 90-day activation test, vertical exclusivity swaps.	6 (Medium)	Active partners; deals per partner
C4	e-Invoicing demand pull-forward fades	12	Reposition from compliance to operational ERP value (inventory, costing, credit control); land with e-invoicing but expand modules.	9 (Medium)	Share of deals won on non-compliance value
C5	Price erosion and SME price sensitivity	12	Tiered packaging; annual prepay discount; avoid Starter-led volume plan.	6 (Medium)	ACV vs plan; discount depth
C6	Local scale-up by Indian peer (Zoho office opened Jan 2026) and global SaaS	12	Differentiate on mid-market depth, vertical workflows and implementation quality; consider joint ecosystem plays.	9 (Medium)	Competitive loss reasons
F2	Cost overrun and later break-even	12	Stage-gated capital release; 5% contingency; monthly burn review; opex cap per gate.	6 (Medium)	Burn vs plan; months to breakeven
O1	Localisation quality or delay (MyInvois, EPF/SOCISO/EIS/PCB payroll, Bahasa Melayu)	12	Local compliance advisor; certified test packs; design-partner testing before launch (Gate 1).	6 (Medium)	Defects in compliance modules
O2	Talent attraction and attrition (pre-sales, implementation)	12	Partners deliver most implementations (Option B/C); retention bonuses; India secondees for ramp.	6 (Medium)	Attrition %

9.2 Risk by category

Category	# risks	Avg inherent score	Avg residual score	Critical/High before	Critical/High after
Commercial	7	12.7	7.7	6	0
Financial	5	9.8	5.8	2	0
Regulatory	6	8.0	4.7	2	0
Operational	5	10.6	5.6	3	0
Strategic	3	7.7	5.3	0	0

Financial risk in practice. Because all of the value of B+ arises after Year 3 (PV of RM11.7m beyond Year 3 against a 3-year NPV of -RM6.0m), the financial risk that matters is not currency or working capital but failure to reach the Year-3 ARR needed to support that value. We manage it through ARR-based gates, a RM 12m cap on cash at risk and a break-even volume of 70% that gives a 30% cushion. Currency risk is modest: the 52-week range of 20.7-24.4 INR per RM moves the INR translation of value, not the RM value, and funding in RM provides a natural hedge for RM costs.

Regulatory risk in practice. The e-invoicing timetable has shifted several times; a dedicated compliance squad and sandbox testing are therefore a standing cost, not a one-off. The PDPA amendments are already law, so the DPO and breach process belong in Phase 1 rather than later.

10. Implementation roadmap and stage gates

Verdict

Release capital in four tranches, each tied to evidence. Only RM1.59m is committed at Board approval; a Year-1 stop-loss caps the programme if early traction is below 70% of plan.

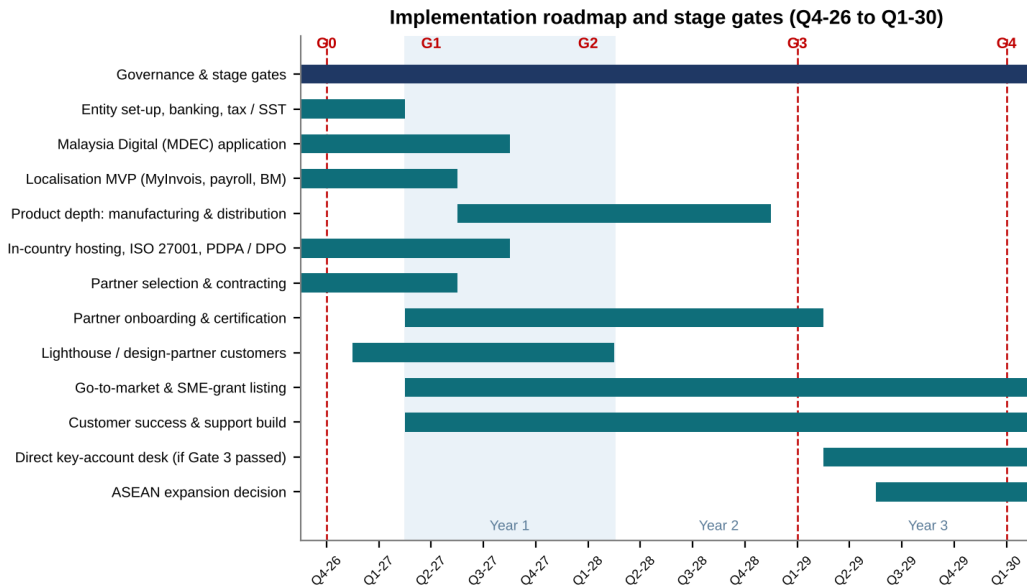


Figure 14. Roadmap and stage gates (G0 Board approval, G1 launch readiness, G2 Year-1 review, G3 Year-2 review, G4 Year-3 review).
Source: Roadmap sheet.

10.1 Phases

Phase	Timing	Objectives and key activities
Phase 0: Validate	Q4-26 (before Gate 0)	25 customer and 10 partner interviews; survey of ~150 firms in the three corridors; anchor-partner term sheet; confirm client profile, risk appetite and regulatory points marked verify.
Phase 1: Foundation	Q4-26 to Q2-27	Incorporate Sdn Bhd; MDEC application; MyInvois-certified localisation MVP; in-country hosting, ISO 27001 plan, DPO; sign anchor partner and first partners; secure 5-8 design-partner customers.
Phase 2: Launch and prove	Q2-27 to Q1-28	Commercial launch; partner certification waves; reference customers; first manufacturing/distribution vertical packs; SME-grant vendor listing. Gate 2 tests ARR, churn and partner co-selling.
Phase 3: Scale partners	Q2-28 to Q1-29	Grow to 9 active partners; invest in vertical depth; evaluate direct key-account desk. Gate 3 tests ARR, CAC payback and partner-sourced pipeline.
Phase 4: Decide	Q2-29 to Q1-30	Reach 14 partners; EBITDA break-even in sight; ASEAN expansion decision (reuse of the localisation layer). Gate 4: scale, hold or exit.

10.2 Stage gates and capital release (Option B+, Base case)

Gate	Timing	Capital released (RM m)	Go criteria (all must hold)
Gate 0: Board approval to start Phase 1 (foundation)	Q4-26	1.59	Board accepts the stage-gated envelope; Phase-0 customer/partner interviews (25 + 10) confirm funnel assumptions; anchor-partner term sheet agreed.
Gate 1: Launch readiness	Q2-27	2.76	MyInvois-certified release; ≥ 4 partners signed incl. anchor; ≥ 5 design-partner customers committed; in-country hosting + ISO 27001 plan on track; DPO appointed.
Gate 2: Year-1 review (scale partner programme)	Q1-28	2.10	Closing net ARR $\geq$ RM 0.61m (70% of Base Y1); customers ≥ 39 ; logo churn $\leq 12\%$; ≥ 3 partners with 2+ closed deals.
Gate 3: Year-2 review (invest in depth / consider direct key-account desk)	Q1-29	0.39	Closing net ARR $\geq$ RM 2.04m (70% of Base Y2); ≥ 9 active partners; CAC payback ≤ 24 months; partner-sourced pipeline $\geq 70\%$.

Gate	Timing	Capital released (RM m)	Go criteria (all must hold)
Gate 4: Year-3 review (scale / ASEAN / hold / exit)	Q1-30	Scale / hold / exit	Closing net ARR $\geq$ RM 6.25m (Base Y3) and EBITDA break-even within 12 months; otherwise hold or exit (stop-loss).

Thresholds are live formulas in the Roadmap sheet: 70% of Base-case ARR/customers is the minimum to continue; below 50% triggers stop or pivot. Capital released is the next period's net cash outflow in the B+ Base model.

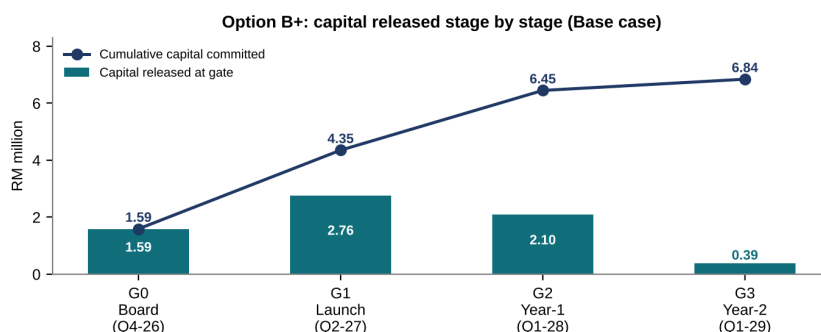


Figure 15. Capital released and cumulative capital committed by gate. Source: Roadmap sheet; Model_B_Plus.

10.3 Team plan (Option B+)

Role (average FTE)	Year 1	Year 2	Year 3
Country GM (resident director)	1.0	1.0	1.0
Partner / channel managers	2.0	3.0	4.0
Pre-sales / solution consultants	1.0	2.0	3.0
Marketing	1.0	2.0	2.0
Finance, compliance and DPO	1.0	1.0	1.5
India secondees in Malaysia	1.0	1.0	1.0
India-based localisation engineers (before -30% reuse lever)	10.0	7.0	5.0
Active certified partners (sellers)	4	9	14

10.4 First 100 days after Board approval

- **Days 1-30:** appoint programme lead and Country GM; start Phase-0 interviews; open legal, banking and company-secretary workstreams; shortlist 6 candidate anchor partners; begin MyInvois sandbox testing.
- **Days 31-60:** negotiate anchor-partner term sheet (co-selling, exclusivity by vertical, margin tiers); file MDEC application; appoint DPO; finalise localisation backlog; recruit partner manager and pre-sales lead.
- **Days 61-100:** incorporate entity; sign anchor partner; shortlist 5-8 design-partner customers with reference rights; complete security gap assessment; confirm validated assumptions and re-run the model before Gate 1.

10.5 Governance and KPI dashboard

KPI	Cadence	Owner	Trigger
Net ARR vs plan; closing customers	Monthly	Country GM	< 70% of plan at any gate = stop-loss review
Active partners; deals per partner; partner-sourced pipeline	Monthly	Head of Partners	Fewer than 3 partners with 2+ deals at Gate 2
Win rate vs AutoCount/SQL/Zoho; average discount	Quarterly	Country GM	Discount > 15% off list
Gross logo retention; implementation go-live on time	Quarterly	Customer Success	Mid-market retention < 91%
Burn vs envelope; months to EBITDA break-even	Monthly	Group CFO	Cumulative cash out > 110% of gate plan
Compliance: MyInvois defects, PDPA incidents, SST filings	Monthly	Compliance lead	Any reportable breach

A monthly steering committee (CEO, CFO, product head, Country GM) reviews the dashboard; the Board decides at each gate. The Country GM holds delegated authority within the gate envelope.

11. Executive investment recommendation

Decision requested

Approve a **CONDITIONAL GO on Option B+ (partner-led entry)** and **release Gate 0 funding of RM 1.6m**. Commit the balance only as each stage gate is passed; total Base-case cash at risk is RM 6.8m, worst-case RM 11.7m, inside the RM 12m placeholder envelope.

Central question: should the company enter, and how?

Should it enter? Yes, conditionally. The market is large enough (RM 478m serviceable, RM 57m contestable each year), growing, and the regulatory path is open, but the plan as first drawn clears a 12% hurdle in no entry mode, so we recommend against a full-commitment entry. **Which strategy?** Local partnership: best risk-adjusted value, lowest regret and highest strategic score, with the option to add direct or dealer channels later.

Test	Option B as drawn	Option B+ (recommended)	Hurdle / limit
Base-case NPV	-RM 0.5m	RM 5.7m	> 0
Risk-adjusted NPV	-RM 1.1m	RM 5.0m	> 0
IRR	10.5%	28.5%	> 12%
Peak cash at risk (Base / worst case)	RM 11.3m / RM 16.4m	RM 6.8m / RM 11.7m	<= RM 12m
Break-even volume vs plan	103%	70%	< 100%
Condition-weighted expected NPV (p = 50%)	n/a	RM 2.2m	> 0

Conditions under which we recommend entry

- **Partner:** an anchor Malaysian systems integrator signed with co-selling commitments and reference rights, plus at least three further certified partners by launch (Gate 1).
- **Product:** MyInvois-certified release, statutory payroll and in-country hosting live before launch; localisation built as a reusable layer (-30% India engineering).
- **Commercials:** price floors and value-based packaging; average discount no more than 15% off list; Starter tier opportunistic only.
- **Capital:** opex cap per gate (-10% vs the initial plan); capital released only against gate evidence; hard cap on cash at risk.

What would change our recommendation

If we learn that...	Then...
No credible anchor partner will sign co-selling terms by Gate 1	Do not launch: partner economics are the foundation. Revisit direct entry only for a narrow vertical with a funded customer commitment.
Year-1 net ARR is below RM 0.61m or logo churn exceeds 12%	Stop-loss at Gate 2: cumulative exposure is RM 4.4m.
Phase-0 shows mid-market ACV or win rates >20% below assumption	Re-run the model; if B+ Base NPV falls below zero, pause.
LHDN extends relaxation periods so e-invoicing demand fades faster	Lead with operational ERP value rather than compliance; cut Year-1 marketing spend.

Next steps (next 30 days)

- Board approves Gate 0 and the cash-at-risk envelope; confirm the client profile, risk appetite and parent funding mechanics.
- Launch Phase-0 validation (confirm funnel percentages, mid-market ACV and partner productivity are no more than 20% worse than assumed) and re-run the workbook with real inputs; open talks with MDEC and two or three candidate anchor partners.
- Instruct Malaysian counsel and tax advisers on items marked *verify* (e-invoicing relaxation period, foreign equity position, Employment Pass thresholds, loss carry-forward).

Appendix A: Key assumptions register

Assumption	Value	Basis / status
Discount rate (WACC)	12.0%	Judgement; sensitised 10-16%
Terminal growth / TV haircut	3.0% / 20%	Judgement; haircut sensitised 0-40%
Post-Year-3 fade: decay factor / growth cap / margin convergence	0.60 / 60% / linear by Year 6	Judgement; no-fade view shown as conservative bound
Corporate tax rate	24%	Sourced (statutory); no SME rate for foreign-owned
FX	23.5 INR per RM	Sourced (Aug 2026); range 20.7-24.4
ACV: Mid-market / Core / Starter	RM65,000 / 22,000 / 4,800	Judgement from competitor price signals; test in Phase 0
Implementation fee per new logo	RM40,000 / 12,000 / 1,500	Judgement
Price escalation / module uplift	3% / 3%	Judgement
Channel margin: B / C	22% / 35%	Judgement from channel norms
Deals per seller-year (B): Mid / Core / Starter	1.6 / 4.0 / 6.0	Judgement; validate with partner interviews
Logo churn (A,B): Mid / Core / Starter	6% / 9% / 15%	Judgement
Salaries (Country GM / AE / channel manager / pre-sales), RM per month	32,000 / 9,000 / 13,000 / 10,000	Market guides (AJobThing, StashAway, Ined Jobs)
Statutory load / wage inflation / months paid	15% / 4% / 13	Assumption
Receivable days / deferred revenue / payable days	60 / 25% / 30	Assumption
Hosting and third-party cost	12% of net subscription revenue	Assumption
Contingency / bad debt	5% / 1.5%	Assumption
Scenario probabilities (Down / Base / Up): A, B, C	35%/50%/15%; 25%/55%/20%; 30%/55%/15%	Judgement
Stage-gate effectiveness / wind-down cost	80% / 10%	Judgement
Probability all B+ conditions secured	50%	Deliberately conservative judgement
Cash-at-risk appetite	RM 12m	PLACEHOLDER; replace with Board envelope
B+ levers: localisation / productivity / price / opex	-30% / +20% / +5% / -10%	Conditions precedent, not forecasts

Appendix B: Sources and evidence quality

Source	Used for	Reliability	Domain
DOSM via SME Corp: Profile and Importance to the Economy (Sep 2024)	MSME counts, size and sector mix	High	smecorp.gov.my
OECD Financing SMEs and Entrepreneurs 2026: Malaysia	MSMEs 96.1% of establishments in 2024	High	oecd.org
DOSM Economic Census 2023 (Bernama / Malay Mail, 29 Dec 2023)	Services share; wholesale/retail 47.0%; state shares	High	malaymail.com
Malay Mail, 31 Jul 2026 (SME Corp / DOSM)	MSME GDP RM690bn; 2025 GDP +5.2%	High	malaymail.com
Bernama / The Edge / Business Today, Aug 2026	2Q26 GDP +6.0%; BNM 4-5% guidance; OPR 2.75%	High	bernama.com
LHDN via Bernama / NST (Jun 2025); secondary guides	MyInvois phases; RM1m threshold; relaxation periods differ across sources	Medium-High (verify)	hasil.gov.my
Baker McKenzie; Wong & Partners; Legal 500	PDPA Amendment Act 2024 timetable and obligations	High	bakermckenzie.com
PwC Malaysian Tax Booklet 2025/26; Wolters Kluwer (Jul 2026)	Service tax 8%; digital-service registration; IT services guide	High	pwc.com/my
MDEC media release, 31 May 2024	Malaysia Digital incentive structure	High	mdec.my
ASEAN Briefing; Horizon Hub; Nishith Desai Associates	CIT 24%; foreign-owned companies; withholding tax; India-Malaysia DTA	Medium-High (confirm)	aseanbriefing.com
The Sun (Feb 2026); Quartr	AutoCount FY25 results and 2026 normalisation	High / Medium	thesun.my
AutoCount company pages	>240k companies; ~300 dealers; Bursa ACE listing	Medium-High	autocountsoft.com
KC Group reseller guide (2026)	SQL Account >600k users (claim)	Low	kcgroup.biz
ManageEngine / Zoho; CRN Asia; Zoho Marketplace	Zoho Malaysia office (27 Jan 2026); e-invoice extension	High	manageengine.com
Kladana, SearchNEasy, ECOUNT, BigSeller buyer guides	ERP options, price ranges, CAGR brackets	Low (marketing)	various
Malay Mail (Dec 2025); Business Today (Oct 2025); The Vibes (May 2025)	SME digitalisation, grants, Budget 2026	Medium-High	malaymail.com
AJobThing; StashAway; Ined Jobs; Second Talent	Salary benchmarks	Medium	ajobthing.com
ValutaFX; xe-style rate pages (Aug 2026)	MYR/INR 23.3-23.6; 52-week 20.72-24.39	Medium-High	valutafx.com

Appendix C: Methodology notes and limitations

- **Illustrative client.** Absolute values scale with the client's actual prices, cost base and risk appetite; the relative ranking of entry modes is more robust than the absolute NPVs.
- **Judgement inputs.** Funnel percentages, productivity, ACVs, churn and scenario probabilities are our estimates. They are blue input cells in the workbook and listed in the judgement register with a validation plan.
- **Valuation.** The Year 4-6 fade and terminal value carry all of B+'s positive value (3-year NPV is negative); we show NPV with and without the fade, plus break-even volume, to make that dependency explicit.
- **Scenarios are not forecasts.** Downside/Base/Upside differ by volume, price, churn and cost multipliers; they do not model competitor reaction explicitly.
- **Stage-gate adjustment.** Assumes management actually stops at Gate 2 when the criteria are missed; the value of the option depends on that discipline.
- **Regulatory content.** Summarised for decision support; items marked verify had conflicting or secondary sources. It is not legal or tax advice.
- **Verification.** The Excel model is formula-driven (about 4,900 formulas, no errors), cross-checked against an independent Python re-computation of all 12 option-scenario cases, and its sensitivity snapshots are produced by re-running the workbook itself.

Appendix D: Workbook guide

Sheet	Content
Dashboard	Decision panel, key metrics, scenarios, charts, integrity checks
Assumptions	All inputs (blue), key drivers highlighted yellow, rationale column
Market_Sizing / Segmentation / Competitors	Funnel and growth; vertical scoring; capability benchmark and sourced profiles
Model_A_Direct / B_Partner / C_Distributor / B_Plus	Driver-based three-year models, three scenario blocks each, Year 4-6 fade, NPV, IRR
Strategy_Compare	Entry-mode definitions, financial comparison, risk-adjusted value, scorecard, recommendation
Sensitivity	Live WACC x growth grids and FX table; static tornado, break-even and path-to-value snapshots
Risk_Register / Roadmap / Sources	26 risks with heat map; Gantt and stage gates; evidence and judgement register