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Headline: Innoveller transforms bus industry, but faces payment, policy roadblocks

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Ko Kyaw Kyaw Win, co-founder of Innoveller, wants to transform and grow the express bus industry. Aung Khant/The Myanmar Times

For Ko Kyaw Kyaw Win, co-founder of Innoveller Co Ltd, the opportunity to digitise and expand the Myanmar bus services industry was obvious. With hundreds of express buses departing across the country each day and no central platform to aggregate those routes, the solution to clearing up operator inefficiencies and passenger frustrations was clear.

“There are around 300 bus operators and hundreds of routes between more than 140 destinations across Myanmar. Three years ago, we started building the first digital aggregator to bring all the seats on these routes onto a common platform,” said Ko Kyaw Kyaw Win, who graduated from the Singapore Management University.

Today, Innoveller facilitates the sale of around 800,000- 1 million bus tickets per month on websites and mobile apps like mmbusticket.com, and shwemandalarexpress.com, which utilise the Innoveller platform, generating monthly revenues amounting to around K6 billion. Last month, BOD Tech Ventures, a Myanmar-based venture capital firm, invested a six digit sum in Series A funding in Innoveller, valuing the company at a seven-digit US dollar amount.

Innoveller is led by Ko Kyaw Kyaw Win and his partners, Ko Wai Phyo, former Oracle financial senior application engineer and Ko Kyaw Soe, Hendrix College alumnus. After working overseas for a few years, the trio returned to Yangon and started Innoveller.

The company is now aiming to monetise mmbusticket.com by facilitating and growing online payments. “We will get a cut when people start making payments on the platform. We are also waiting for people to start buying tickets directly from the bus operators’ websites, which we have also helped to build. As more use the platform to book and pay for tickets, we will start making money,” Ko Kyaw Kyaw Win said.

Payment issues

But getting people to purchase tickets online has proven to be a formidable task due to the lack of payment facilities and infrastructure in Myanmar.

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“On one hand, the whole industry is really hungry for technological advancement. But on the other hand, we are being held back by limitations in payment infrastructure. This is developing slower than we expect,” said Ko Kyaw Kyaw Win.

The way he tells it, “only cards issued by the Myanmar Payment Union (MPU) and CB Bank are currently ready to process online payments. Even WaveMoney is not yet ready. Even though payments are immediate, it is still unreliable as they have a 15pc failure rate.”

Despite its lead in the digital payments space, MPU itself has failed to meet the needs of the market. “When MPU issues customers with a card, they need to inform them that their cards must be enabled for e-commerce, or online payments will not go through. Meanwhile, MPU has also been sending one-time passwords used for online transactions to peoples’ emails and not via SMS. MPU is the biggest and strongest payments institute in Myanmar, but it is still not meeting the market’s needs. That is the bottleneck for us,” said Ko Kyaw Kyaw Win.

Policy paralysis

Growth is also inhibited by outdated government policies, which places a ceiling on bus fares. The coach fare for a Yangon-Nay Pyi Taw journey is between just \$6 ad \$9, for example. As a result, profit margins on many routes are narrow or loss-making, which deters operators, particularly the smaller ones, from opening up new routes or adding buses to existing ones.

The ceilings on bus fares were actually implemented in 1993, which had also provided operators with fuel subsidies to justify the lower fares. Currently, ticket prices are still fixed even though the subsidies have been removed, The Myanmar Times understands.

“Unlike the airlines, ticket fares in the bus industry are not allowed to fluctuate during periods of high demand, like Thingyan. In the meantime, seat availability is fixed because operators have no incentive to raise supply,” said Ko Kyaw Kyaw Win. “The existing government policy of fixing prices instead of letting the market adjust freely to supply and demand is killing growth in this industry.”

Trying affair

Nevertheless, Innoveller has helped to improve operational efficiencies, reduce discrepancies and provide operators with better access to the market. “We have succeeded in transforming the industry despite the current constraints,” said Ko Kyaw Kyaw Win.

Buying bus tickets for intercity travel in Myanmar is typically a trying affair. To book seats from Yangon for example, passengers typically go to the Aung San Stadium in downtown Yangon, where authorised agents have set up shop. Upon enquiry by a passenger, the agent then rings the operator to check for seat availability on a given route.

Sometimes, agents hold seats for passengers who call to book tickets. As a result, double bookings are common. “There are dozens of agents for the same operator across Yangon. The agents record transactions manually on a log book. Information is not synchronised in real time and errors happen. As such, bus operators usually block at least 10 percent of their seats for such situations. These seats are loss-making and it is not efficient,” said Ko Kyaw Kyaw Win.

Meanwhile, passengers were forced to physically pay for and pick up their tickets at the agent’s office within hours of calling to book their ticket. Once the passengers arrive at the ticket office, the agent makes a final call to the operator for confirmation before issuing a ticket.

More recently, passengers have had the option to check timings and seat availability online. “But the operators still need 24-48 hours to process the booking and passengers still must physically show up to pay. These websites were not solving the operators’ problems,” said Ko Kyaw Kyaw Win.

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Improving ecosystem

Now, the ticket booking process is evolving quickly. The main difference is the digitisation of seat inventories on a common platform. With bus operators availing their seat plans on websites like mmbusticket.com and shwemandalarexpress.com, information can be synchronised and updated immediately and passengers are now able to choose, book, change and eventually pay for their seats instantly.

“In the past, when you wanted to change tickets, you had to call the bus operators, whose lines were always busy. Now, you can change tickets instantly on websites utilising our platform. It is less tiresome for passengers, discrepancy rates for operators have dropped and agents’ telephone bills have fallen,” said Ko Kyaw Kyaw Win.

More importantly, market expansion is now possible. As the ecosystem becomes more efficient, operators can now authorise more agents to reach a larger volume of passengers.

“One of the operators told us the cost of dealing with delinquent agents who run off with ticket revenues has fallen sharply since they started using our system. Now, they can expand their points of sale because they can keep track of and control the number of agents on the system. As a result, the agent base has expanded from below 100 to around 300 now,” Ko Kyaw Kyaw Win said.

With fresh venture capital funds in its coffers, Innoveller is now working on doubling ticket sales on its platform by getting operators who service routes between tier 2 destinations onboard.

“While we are still losing money now, we are in this for the long term. With venture capital backing, we hope to further transform and grow this industry in Myanmar,” he said.