



## **MR TOBY KOH: AN HONOUREE OF THE SOE AWARD 2013**

Managing Director Mr Toby Koh is a family man whose success story centres around value-adding to his customer, and keeping ahead on the technological front. He is a self-proclaimed “people’s person” who believes a company is only as good as the people who make it.

### **Business Profile:**

Ademco (Far East) Pte Ltd is a full-fledged electronic security plus man guarding business that also leverages on security platforms for the purposes of business and operations management. Incorporated in 1977, it provides security solutions and services to businesses and governments across Asia.

### **Interviewer's Comments:**

Mr Toby Koh inspired me with both his humble demeanor and bulletproof business sense. He taught me not to compromise on my priorities even when it would be easy to do so. His diverse work experiences also exposed important truths about human relations in the workplace.

## **INTERVIEW**

### **1. Could you please tell me more about Ademco?**

We cover all aspects of security systems – from intrusion detection systems, CCTV systems, biometrics, and access control right down to road blockers to deny would-be terrorists on a bus. We specialize in these, integrated or security, plus manpower, *ie* security guards in Singapore. We also leverage on security platforms and use them for the purposes of business and operational management. The idea is this. If someone is going to invest a dollar on a security platform, this platform can be leveraged to increase efficiency, improve accountability and be able to better allocate resources (although most people do not recognize this!). A very short example would be this. We have a retail customer who has, say, 10 shops across Singapore. There are 2 challenges he or she will face: rental and manpower. He would ask himself, “How do I anticipate when I may have high traffic at any time during the week?” Suddenly, on a Tuesday, there is a sudden influx of customers in his Paragon outlet—but he only has 2 staff members there trying to deal with 20 people. Now, we know that service is of utmost importance in a retail shop – we don’t want people to wait. So imagine this. We have a full-fledged camera system, access control, burglar alarm system for the shop but what we have also is cameras with an intelligent video system which is able to detect that there are many people in the store. It sends an alert to the area manager who is able to visually see from his mobile phone or iPad that there are many people in the store. Now, he has business data. He can manage his people and send additional staff members over to the Paragon outlet to handle the surge in clients.

With his security system, the manager was able to make timely decisions and make maximum bang for his buck. In the past people thought of security as something to be put in place in case somebody shoplifts. We have taken 2 steps forward with our value-added service.

### **2. Is Ademco a pioneer in its field?**

We like to think that we have always been on the forefront of technology.

In the early 90s the Singapore government decided to install very expensive speed-trap cameras around the island. You might have noticed one outside the Botanical Gardens. That is a first-generation speed-trap camera. One time, someone vandalized the camera and it became a big issue. You can just imagine the scene it caused . . . However, they could not have sent a security guard to be stationed in front of the camera 24/7. What happened next was the police called Ademco and a few other security companies. At the end of the day Ademco’s proposal was the only one which they *considered*. You see, the University of Edinburgh had just invented the camera on the chip and it was revolutionary – the predecessor to camera phones. We had this product, as well as a video transmission system via a phone line. Hence, you’d notice on top of the speed-track camera there lies a little box with sensors and cameras. If someone were to approach it, it’ll detect him or her, take several photographs, and send them to us via a phone line. We will then verify them, print them and fax them to the police. We were the only ones who had that technology.

### **3. How else do we know that Ademco is a leader on the technological front?**

This is what you might call a “David and Goliath” story.

We do fire-alarm monitoring, *eg* at hotels and factories. They are connected to our central monitoring stations. If an alarm sounds, a signal is sent to us and we will activate SCDF, the police, *etc*. We also monitor lifts, pumps, chillers, or whatever requires 24/7 monitoring. The fire alarm system is an important business for Ademco. There are 3,000 buildings in Singapore connected to us as compared with our nearest competitor which boasts around 1,600. Under the law, you would need to have 2 means of communication: a phone line and a lease line, *ie* a physical phone line that connects the premise and runs through the city and comes all the way to our central monitoring station. One day, we ran out of lease lines. Singtel was the only company which provided lease lines; so we called them. The company came down, did a survey, and emailed us 2 weeks later saying, “You would have to pay a few hundred thousand dollars.” I replied, “Are you saying I would need to pay you so you can run your infrastructure in, as a result of which I will get you customers, who would pay you money for the phone line and the lease line? The guy said, “It’s up to you.” I felt really disappointed because there was nobody else to go to. This was a state-owned enterprise and we were pretty much held ransom. If there was an open market, we would have a choice, but in this case there was not. The

next day, I wrote a letter to the Prime Minister to express my situation, explaining that I ran a very small company in relation to Singapore Telecomms. There was a very real reaction. A few days later, Singtel called me and performed the job at no cost.

**4. What lesson did you pick out from this experience?**

A company is vulnerable when it stands against larger monopolistic businesses. And if a company is vulnerable, so is its staff – it's a chain reaction. I decided I had to find another way such that I could be in control of the situation. The better solution was to set up my own network. I found a technology -- an intelligent radio network system -- from America. Now, the allocation of frequency in Singapore, or spectrum management, is very tight, it being a small island. Many of my peers in the industry told me, "You've got to be out of your mind!" It took us two years to convince ID A to allocate a frequency to us. After that, we set up a network. Today, we have several thousand customers on this network – it is very secure and it is our prime network. If we used 3G or 4G networks, and if it were to flood, the cellular network cable that runs back to the telecommunications company may be affected. In that case, the cables being underwater, you would not get a signal. Whereas our system, being fully wireless, would likely not be affected.

We were put into a disadvantaged position by a much larger company, and we thought of a solution to get around it and came out well.

**5. What does Ademco value?**

We think that keeping ahead on the technological curve is vital. It is our responsibility not only to our shareholders but also to our staff because it is important to be ahead of the curve to ensure the company is progressive, profitable and competitive. More importantly, customers have certain expectations of us. They put their faith in us that whatever we create for them is applicable and helps them build efficiency, mitigate risk, and increase their level of security. It may or may not be cutting-edge technology.

**6. What are some risks have you taken with your company and how did they turn out?**

We went on cloud computing 3 years ago when it was in its infancy. We made a decision, we assessed it, and we decided this was the way to go. Cloud computing would give us availability in all the countries we operate in. In another country, any one of our staff will get on the system with just a login name and password. In the case of any disaster, recovery procedures or business continuing planning will be facilitated with cloud computing. More than half of our staff can function from wherever they can get Internet connection with their laptops. We need to be resilient because our customers expect us to be resilient.

**7. Being on the forefront means you have to skilled at pre-empting. We know now that cloud computing is effective. However, how would you have known it back then?**

The cloud computing platform we are currently on is SalesForce.com. The first time I looked at the platform was 10 years ago, and it took me about 6.5 years to say, "Man, the company is still around after so long," and decide to invest in it. As you can see, I had already thought of using salesforce.com years prior to the decision.

**8. Were there any problems made in trying to embrace new technologies and how did you overcome those?**

This is part and parcel of business – you have to try things out, and you never know until you try. There are a lot of manufacturers that promise you heaven and earth, but until you try it yourself and do your own evaluation you are never assured whether it actually works a lot.

For the past 20 years, we have been trying to find a reliable wireless security and signal system within a house. This means that sensors would not have cables attached to them for power, unlike the traditional method. However, to date, we have not been able to find a reliable one. The systems we could find in other countries are not meant to be used in SG because of the difference in frequency. Hence, up to today, we have not implemented or recommended a wireless burglar alarm system because we have not found one that have fit the standards and criteria we have set for ourselves. This comes at a great expense. A number of competitors have implemented the wireless system, and I

understand why they would do so - wiring and cabling is expensive. However, we would rather not embark a project that is so risky and with questionable reliability.

**9. Do you also cater to small-scale consumers?**

We do the whole range of project sizes. We could cater to a little HDB flat, to a small little store in Ang Mo Kio, to a larger retailer like Tiffany and Co., to larger customers like a factory for Motorola, to the entire IRAS building and even Resorts World Sentosa. We do not discriminate. However we generally tend to focus on the government and commercial, industrial, leisure sector. The only sector we do not have a keen focus on is residential. That is just one area in which we don't have an ongoing push into; most of our residential customers are actually from our existing client base. Either that or they enlist our services by word of mouth – the user wants *us* to do the job for him for whatever reason – maybe it's way we run our business, or a particular technology we have. In most cases they have faith and trust that we will do a good job at a fair price.

**10. What is Ademco's approach in recommending technologies to its customers?**

Ademco is not a box-pusher. Our focus is always on risk assessment and risk tolerance. We ask the owner who is going to invest in the system what he needs. If he does not have the right perception of this it is our job to educate him on what the pros and cons are. The process becomes one of trust-building. For example, if a small retail owner comes to me, I might ask him, "What do you think you need? What your store layout like? Where are you going to keep your cash? Is your stall within a mall that has another layer of protection, or is it facing the main road, like a shop-house? What is your frontage like? Do you need an entry-level sensor or a very sophisticated one?" His choice could be affected by environmental conditions like temperature and room position. There are also issues concerning both internal and external pilferage. This is the level of thought required by a professional company that chooses to educate their customers on their available choices.

**11. Have you faced any legal or social implications concerning privacy?**

I have a few thoughts on this. An honest person and an honest employee couldn't be bothered. In fact, he would be impressed because he knows the boss is willing to invest in his and his colleagues' security. It is the dishonest employee who is perturbed that he is constantly under surveillance.

**12. How do you feel about corporate social responsibility?**

My personal opinion is that what goes around comes around. There is responsibility, not just by organisations, but by individuals, to give back. And I always believe that if you contribute, you actually get back something more. For us, we donate a fair bit of resources to non-profit organisations, not just in monies but in time. But that is not something that we publicise; it is more for the staff, to remind everybody that we each have something to contribute.

On corporate social responsibility per se, so far as I am concerned, it is nice to hope that everybody does it. However, it is more important for corporations to hit the bare minimum. At the very least, companies should try to run themselves properly, be fair to their employees, and give their employees a stable job. First, set up a successful corporation helps the economy. And if you can go beyond that and contribute back to society, that's a bonus.

**13. What has Ademco done to give back to society?**

At this point in time I'll let you in on a secret which very few people know of. I read in the papers a few years ago about a young lady who doesn't come from a very well-to-do background. She is studying in England and had requested to the Singapore Sports Council for funding. However, nobody was prepared to help her. As I read that story, I said to myself, "This is ridiculous! Singapore is not a poor country. We're talking about a young girl who has shown a lot of promise." This lady was spotted by the ex-national weightlifting coach of England, who said to her, "I'll train you for free!" This meant she had to journey about 90 kilometres to his gymnasium every time she wanted to train. She had requested support on transport, fuel and medical expenses. She got nothing. Coincidentally, I was to go to London the next month. So, I contacted the journalist who got in touch with the young lady and I set up a meeting with her. She was very nice, determined young lady. She expressed her frustration on acquiring no help from

Singapore Weightlifting Federation or the Singapore Sports Council. I told her, "I'll sponsor you." Every month, we send some money over. But that is something we never publicise. I just felt that people need some support – that's very important in life. At the end of our journey, how much have we affected somebody else's life? That's important. You can't bring money with you; your Porsche, Ferrari, or nice house. The only thing you bring with you are your memories and what you leave behind are memories of you and what people think of you.

**14. What qualities do you have that have helped you succeed at your job?**

I like to think that I am a "peoples' person". Most of my time is not spent on business per se, but rather on human capital. I'm like a HR manager. In a business, you really can't do everything by yourself; and you need a unique team. You have to make sure you have the right policies, and treat people fairly. It will not do to feel like I am just doing a job here and going home, and I'm not going to put in my best. In this day and age, in order to be competitive, you have to try to have more people within the organization who are trying their best. It is not realistic to have 100% but I would be happy with 50%. There are many decisions that come with running a business that I have made solely for the benefit of the staff. We have actually decided that some customers are not worth having and we terminated such customers – very politely – before. We run a 24-hour central monitoring station. There was this customer when we called him up the man would verbally abuse my staff member. When it came to my attention I had someone to have a look at the customer and found out what happened. When I had confirmation that he was begin difficult and literally put my staff member to tears, I told my staff member to tell the client we are not the right company for him. This was a very profitable account. But because he verbally abused our team, I decided forget it: we can work a bit harder to get other customers to replace this one.

Many human beings are not good at keeping secrets. They spread them; good or bad. "You know what boss did? Boss FIRED the customer! Why? Because he scolded S until she cried!" My initial intention was to terminate because I didn't believe this guy was being fair to us. But as word spread between the various departments, the staff felt encouraged: "Let's work a bit harder to make up for this account with new clients."

**15. Was there ever an ethical dilemma you had to face in your line of work?**

We came this close to selling our business to a very large American company in a multi-million dollar deed. We were just one week away from signing the deal when M&A director of the American company called. At the 11<sup>th</sup> hour, I learned there were 2 conditions which they needed to change. First, they would have to withhold several million dollars until we set up the wireless network to a certain size. Secondly, as part of the acquisition, they wanted to lay off not 10%, as originally agreed, but 40% of the team.

I decided the deal was not going to go through because it was not fair to many of my team members. And to his credit he agreed, even though he already spent \$200000 on legal fees and such. But I just couldn't follow through with the deal. Money is not everything. As I grow older, I see this truth more clearly. And that is life.

**16. Would you call yours a success story?**

In certain areas I like to think that I'm successful. My family is good. I'm very blessed because I have a really great wife. This is that part of my life where – when bad things happen to me, it always heralds something good which is why I'm such an optimist. For instance, I met my wife was because something negative happened. It's very strange. As far as family is concerned, I have a great wife and three kids. Business-wise, business is good we're always profitable, I have a good team to support me, I can actually go on vacation and things can just run without me being around. Lastly, I like to think most of my staff is happy working with me.

**17. What are your priorities?**

I have a pretty warped sense of what is important. For example, for the longest time we've had old furniture in the office. However, I'd much rather have us go on a company holiday than to buy furniture. We'd go out to HK, Macau, for 6 days. Last year, around 75 staff members went to Taiwan for a week! Each person paid \$200, and the company subsidised \$1000. I'm very happy to pay for holidays and meals because the team-building experienced is invaluable.

I was in the pantry one day when I heard somebody say wistfully how she was at her friend's office and they had some really nice furniture there. At that time, the staff had just come back from Shanghai. I emerged; she saw me and she was a bit shocked. I came up to her and I said, "I agree. Our tables look a bit old. But...they're still functional, right? OK, tell you what...for our next trip, why don't we allocate the budget to tables instead?" Everyone started to laugh.

I just wanted to push the point across. Going out there for a week to spend time together is so much better than buying new tables. Although I guess if the staff is happy, that's when they go all out and make sure the company runs well.

**18. How important is your staff to your business?**

We bid for the Resorts World Sentosa ("RWS") contract against very large MNCs. We met some of our competitors there. One guy sniggered, "Eh, Toby! You all come and bid large project also ah? I hope it's not a waste of your time." My team was livid! I had to calm them down. But at the end of the day, we had the best, though not the cheapest, solution. In fact when the first round of results came out and we were not the lowest 3, we thought we were out. But the actual result proved that RWS is very progressive. They made a thorough consideration of our proposal and whether or not it was worth it. Hence, at the end of the day, we got the job. I'm very proud of my team that we competed among the largest of global companies and very large Singaporean companies like Singapore Technology. So at the end of the day it's people that are the most important asset that a company has.

**19. Did you always aspire to be a managing director?**

I think MD is just a title which really doesn't matter. Call me a handyman for all I care. When I was young, I always been involved in business. When I was a kid I would go to exhibitions that Ademco would go to. My sister and I would go there and hand out flyers and brochures; drag some people into our booth. So I had exposure from a very young age. But whether it was Ademco or anything else, I wanted to do business. I felt it was interesting.

**20. Did you have any solid business experience?**

We weren't really that well off; I grew up in a 3-room flat in Queenstown. We had 3 meals, but Dad didn't have a nice BMW or Mercedes when I was young. I used to sell T-shirts to make money! I realized that aside from our tank top, we didn't have a school T-shirt. I decided to go to this lady who owned a little shirt-printing factory out in Pasir Panjang. I asked her for a sample of a shirt I wanted to print. So I took it and went to my classmates and they got very excited. I had no money to print my shirts, though. But I managed to convince the *aunty* to print \$1,000 worth of shirts on credit. I sold the shirts for \$10 each and made \$1000 within a week. I went back to pay the *aunty*.

Even in university in San Francisco, I worked 2 jobs. I was an audio-video technician and a public address technician. It's all different experiences. Life is nothing unless you have experiences and experience life. It's not just about books.

**21. What have you observed about doing business in Singapore specifically?**

In my generation, there were very few entrepreneurs. Many of my peers would desire to do a stable job in an MNC, rather than to grow a business. It seems like an increasing percentage of the younger ones who are in their 20s now want to be entrepreneurs. Perhaps it's just more publicity, or that their families have the resources to allow them to venture out – I don't know if there's a study being done. Anyway, I think it's a good thing.

Let's look at Singapore in comparison to Hong Kong. If you were to go to Hong Kong and look across the sky, you would see that so many of those buildings are owned by businesses started up by private enterprises from Hong Kong or China. If you were to stand at Marina Barrage and look at the Singapore skyline, how many buildings in comparison are owned by private Singaporean companies? Both are islands, and both are trading ports, but Hong Kong has so many more entrepreneurs who have built conglomerates. I think that is something to think about and hopefully the situation has changed.

**22. Do you have any words of advice for entrepreneurs who would like to enter the business world?**

It's vital for an entrepreneur to have clarity on his offering. Plan, plan, plan. Be realistic; seek views from experienced business people. Don't stop learning.

**SOE Website:** [www.soe.org.sg](http://www.soe.org.sg)