

All (/)

Burmese business

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Ping - an email arrives with the headline: "in the land of the internet virgins".

Now, before readers start to get the wrong idea let me explain this email contains one of the first bits of equity research on a company based in Myanmar, which has been emerging from five decades of military dictatorship.

In fact, Harriet Agnew over at the *Financial Times* wrote a piece a few weeks ago on the business - MySQUAR, Myanmar's only social media platform - and its plans to raise \$2.5 million by floating on London's AIM market. Here is a link to Harriet's excellent piece:

<http://www.ft.com/cms/s/0/d6811094-cf25-11e4-b761-00144feab7de.html#axzz3XSvxb1aI>
(<http://www.ft.com/cms/s/0/d6811094-cf25-11e4-b761-00144feab7de.html#axzz3XSvxb1aI>)

Anyway, this note has been written by Beaufort Securities, broker to MySQUAR, as part of the IPO roadshow, which is expected to start next week, according to my source.

The note is interesting but rather long, so I have pasted the summary below:

MySquar is a technology Group focussed on internet-content build in Myanmar. In the online world timing, of course, is everything. The Group has quite clearly seized the country's 'first mover' advantage but also, seemingly uniquely, has recognised that offering local language and locally-derived content, is the only route to acquisition and retention of massed users still very new to the worldwide web. Within a short 15 months its services will be accessible by over 40m residents. MySQUAR is positioned to be the local platform of choice in what will shortly become southeast Asia's fastest growing online territory.

□ Myanmar is unique. Amongst the world's 25 most populous countries, it is the last major territory to emerge from an extended period of enforced isolationism. In 2011, a pro-democracy government wrested power from a series of military juntas that had contrived to suffocate and intellectually deprive a young, but surprisingly literate population, similar in size to the UK, for the previous 50 years.

□ With a view to rapidly propelling the nation into the twenty-first century, a series of economic and political reforms are now being implemented. Importantly, this includes opening up hitherto domestic monopolies and key markets to international investors. With this in mind, it has recognised that a comprehensive, high speed, nationwide and competitive 3G mobile network is one of the keys to rapidly unlocking the country's potential.

□ A rigorous and transparent 'beauty parade' saw two 15-year licences allocated to international telcos (Norway's Telenor and Qatar-based Ooredoo), alongside the incumbent Myanmar Posts and Telecommunications ('MPT') and second domestic licensee, Yatanarpon Teleport Co. ('YPT'). MPT has since announced a development and technology partnership with Japan's KDDI and Sumitomo Corporation.

□ Without the encumbrance of legacy equipment, technology and cabling, Myanmar is positioned to take one mighty leap from being the world's third least penetrated mobile market (summer 2013) to having 75% to 80% national 3G/4G-ready coverage by March 2016 (Government target). Tumbling prices of both Android-based smartphones and SIM cards will clearly see Myanmar's population of 'internet virgins' shortly undertake a very rapid catch up with the rest of the APAC.

□ If the first task is to recognise the available scale of this 'land grab' opportunity, the second must be to understand exactly how to capture and engender loyalty within a dramatically expanding and hungry online user base. There is clearly much more to making content relevant to a local, hitherto isolated population, than simply generic translation of what to them are largely irrelevant western files. Taking a cue from its more developed neighbours, MySQUAR has recognised that localisation is the route to rapid acquisition, loyalty and monetisation of massed users in APAC territories still new to the World Wide Web. Having seized first-mover advantage and created a 'bullet proof', bespoke platform, MySquar is developing as the venue of choice within Myanmar's dramatically expanding mobile ecosystem.

□ User acquisition has already started to inflate dramatically. Realistically, MySQUAR is positioned to capture and retain as much as 30% of the country's total connected population as early as 2019, as its social networking and gaming offer expands to include a standard portfolio of news, information, financial and payment services. The value of MySQUAR's opportunity, in what is set to become southeast Asia's fastest expanding online territory, will then become quite considerable.

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