

POS MALAYSIA:
ADAPTING TO THE DIGITAL SHIFT IN
POSTAL AND LOGISTICS SERVICES

ACKNOWLEDGEMENT

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EXECUTIVE SUMMARY

This case study examines Pos Malaysia, Malaysia's national postal service provider, with a focus on its challenges in adapting to the digital transformation era. As e-commerce continues to grow rapidly in Malaysia, logistics companies are under increasing pressure to modernize operations, improve delivery speed, and enhance customer experience through technology-driven solutions.

Despite efforts toward diversification and digitization, Pos Malaysia continues to face internal inefficiencies, particularly in outdated filing systems, poor system integration, and slow adoption of automation. The company recorded a net loss of RM196.5 million in FY2024, primarily due to high operating costs and restructuring efforts related to digital transformation.

Using technology entrepreneurship principles, this study analyzed Pos Malaysia's business model through frameworks such as SWOT Analysis. A detailed review of the company's background, organizational structure, products/services, technology usage, and financial performance revealed that while Pos Malaysia maintains a strong nationwide network and trusted brand reputation, it faces serious internal weaknesses and external threats that must be addressed.

The findings suggest that strategic investments in digital tools, automation, and customer-centric innovation will determine Pos Malaysia's ability to remain relevant and competitive in the evolving logistics landscape.

1 - INTRODUCTION

1.1 Background of Study

In an era dominated by rapid technological advancements, traditional postal services face increasing pressure to evolve and adapt to modern customer expectations. Pos Malaysia, established as the national postal service provider, has undergone significant transformation from a government agency to a publicly listed company on Bursa Malaysia in 2012. Over the years, the company has expanded its operations beyond traditional mail delivery to include logistics services, e-commerce fulfillment, digital solutions, and financial services through its subsidiaries. As a key player in the Malaysian logistics industry, Pos Malaysia plays a vital role in connecting businesses and individuals across the country. Over the years, Pos Malaysia has expanded its offerings beyond conventional mail delivery to include logistics, parcel services, e-commerce fulfillment, and digital solutions.

With the rapid growth of e-commerce in Malaysia, driven by platforms such as Shopee, Lazada, and Amazon, the demand for efficient parcel delivery services has surged. This shift has prompted many logistics companies to adopt advanced technologies such as automation, artificial intelligence (AI), and cloud-based tracking systems to improve operational efficiency and customer satisfaction. However, Pos Malaysia continues to face challenges related to outdated internal processes, particularly in document management and filing systems. These inefficiencies hinder productivity, increase processing time, and reduce the company's ability to scale effectively in response to growing market demands. Competitors like Ninja Van, J&T Express, and DHL have capitalized on this shift by adopting advanced technologies, automation, and real-time tracking systems.

This case study explores Pos Malaysia's journey in embracing technology entrepreneurship, focusing on how it can overcome operational inefficiencies caused by outdated processes and remain competitive in the evolving logistics landscape. By applying relevant theories and frameworks in technology entrepreneurship, this study aims to evaluate Pos Malaysia's current state and propose strategic interventions.

1.2 Problem Statement

Despite its long-standing presence in the Malaysian market, Pos Malaysia faces significant challenges from outdated filing and documentation processes. Several departments within the organization still rely heavily on manual handling and paper-based systems, which result in delays, higher labor costs, and increased error rates. Lack of integration between various operational systems complicates data visibility and decision-making, affecting overall performance.

In addition, the surge in e-commerce activity has significantly increased parcel volumes, placing additional pressure on Pos Malaysia's infrastructure and human resources. Compared to private logistics providers like Ninja Van, J&T Express, and DHL which have embraced automation and digital workflows. On the other hand, Pos Malaysia appears to lag in terms of technological advancement. This gap not only affects internal efficiency but also impacts customer satisfaction and competitiveness.

The issue at hand is primarily process and technology-oriented, highlighting the need for a comprehensive review of current practices and the implementation of digital transformation strategies to ensure sustainability and scalability in the logistics sector.

1.3 Purpose of the Study

The primary purpose of this case study is to examine Pos Malaysia through the lens of technology entrepreneurship. Specifically, this study aims to:

- To identify and analyze the business problems related to outdated filing systems and inefficient internal processes.
- To evaluate the extent of technology adoption within Pos Malaysia's operations.
- To apply relevant theories and models such as the SWOT Analysis to assess the company's current situation.
- To propose practical and entrepreneurial-driven recommendations to enhance Pos Malaysia's operational efficiency and competitiveness.
- To provide insights into how traditional postal services can evolve through innovation and strategic use of technology.

Through this analysis, the case study seeks to contribute valuable knowledge on the application of technology entrepreneurship principles in addressing real-world business challenges faced by legacy organizations.

2 - COMPANY INFORMATION

2.1 Background

Pos Malaysia is Malaysia's national postal service provider, with a history dating back to 1785, making it one of the oldest institutions in the country. Initially established as a government agency under the Ministry of Finance, it was corporatized in 1992 and later listed on Bursa Malaysia in 2012 under the ticker symbol POS MALAYSIA (5617).

Over the years, Pos Malaysia has evolved from a traditional mail delivery service into a comprehensive logistics and digital solutions provider. Its transformation reflects the changing needs of consumers and businesses in an increasingly digital economy. The company operates across multiple segments, including postal services, express delivery, e-commerce fulfillment, financial services through subsidiaries like Pos Ar-Rahnu, and digital payment solutions such as POSPAY.

As the country's largest postal network, Pos Malaysia serves both urban and rural areas, ensuring nationwide connectivity. It plays a crucial role in supporting small and medium enterprises (SMEs) by providing affordable logistics solutions and enabling them to reach broader markets through its integrated services.

Despite its long-standing reputation and extensive network, Pos Malaysia faces increasing competition from private logistics companies such as Ninja Van, J&T Express and DHL, which have leveraged technology to improve efficiency and customer experience.

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Main Market of Bursa Malaysia Securities
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Stock Code: 4634

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Bank Simpanan Nasional

CIMB Bank Berhad

HSBC Amanah Malaysia Berhad

Maybank Islamic Berhad

2.2 Organizational Structure

Pos Malaysia operates under a formal hierarchical organizational structure that reflects its status as a publicly listed company on Bursa Malaysia.

BOARD OF DIRECTORS	Tan Sri Syed Faisal Albar bin Syed A.R Albar Chairman/Non-Independent Non-Executive Director	Dato' Mohamed Sharil bin Mohamed Tarmizi Independent Non-Executive Director
	Datuk Mohamad Fauzi bin Md Isa Non-Independent Non-Executive Director	Roshidah binti Abdullah Independent Non-Executive Director
	Datuk Idris bin Abdullah @ Das Murthy Independent Non-Executive Director	Sabarina Laila binti Mohd Hashim Non-Independent Non-Executive Director
	Dato' Dr. Mohd Ali bin Mohamad Nor Independent Non-Executive Director	Mohd Fariszan bin Ahmad Non-Independent Non-Executive Director
	Dato' Jezilee bin Mohamad Ramli Non-Independent Non-Executive Director	Mano A/L Verabathran Alternate Director to Datuk Mohamad Fauzi bin Md Isa

Figure 2.2.1 Pos Malaysia Board of Directors

- Board of Directors*

At the top of the hierarchy is the Board of Directors, which oversees corporate governance, strategic planning, and compliance with regulatory requirements.



Figure 2.2.2: Pos Malaysia Corporate Governance Framework

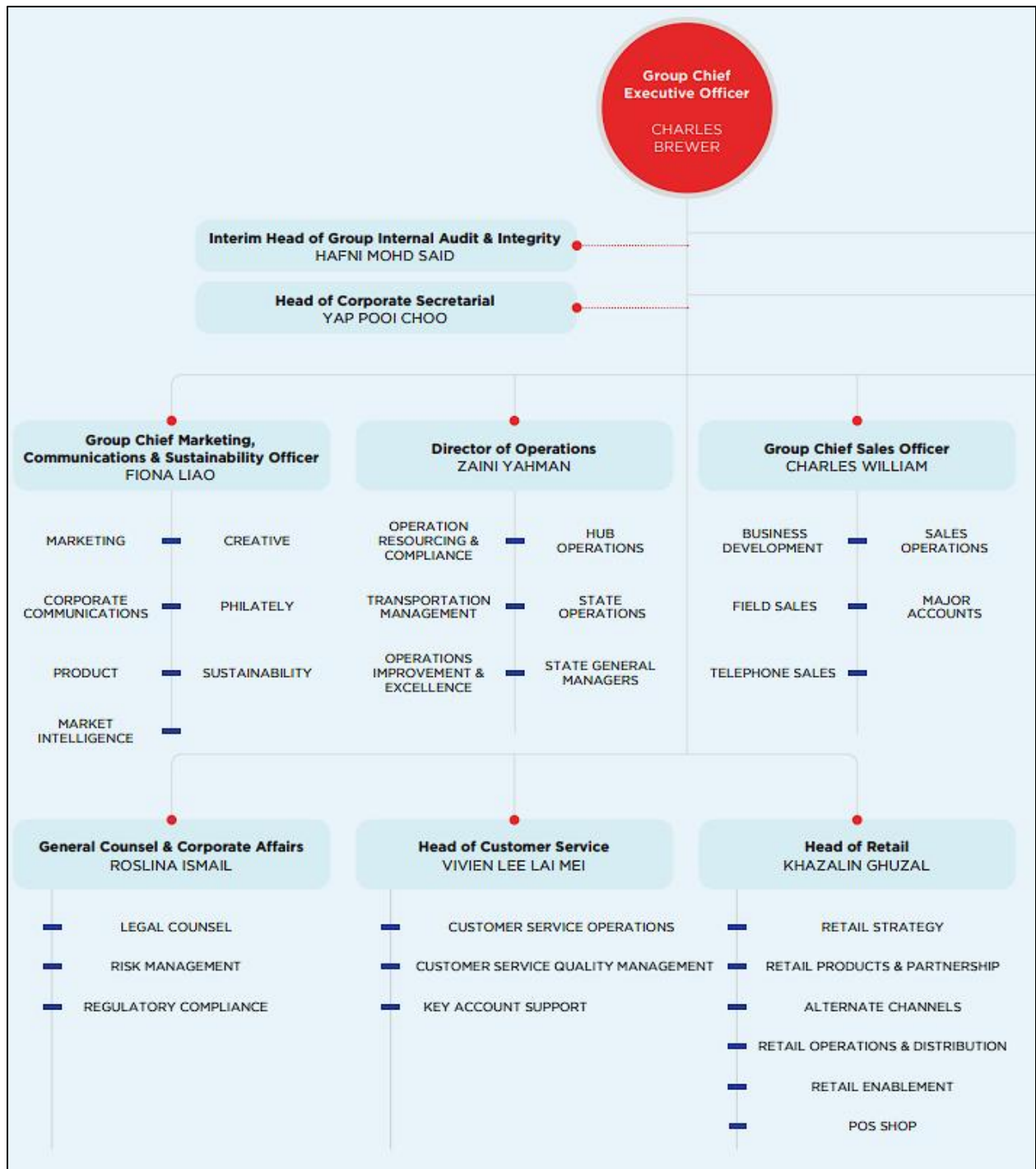


Figure 2.2.3: Pos Malaysia Group Organizational Structure

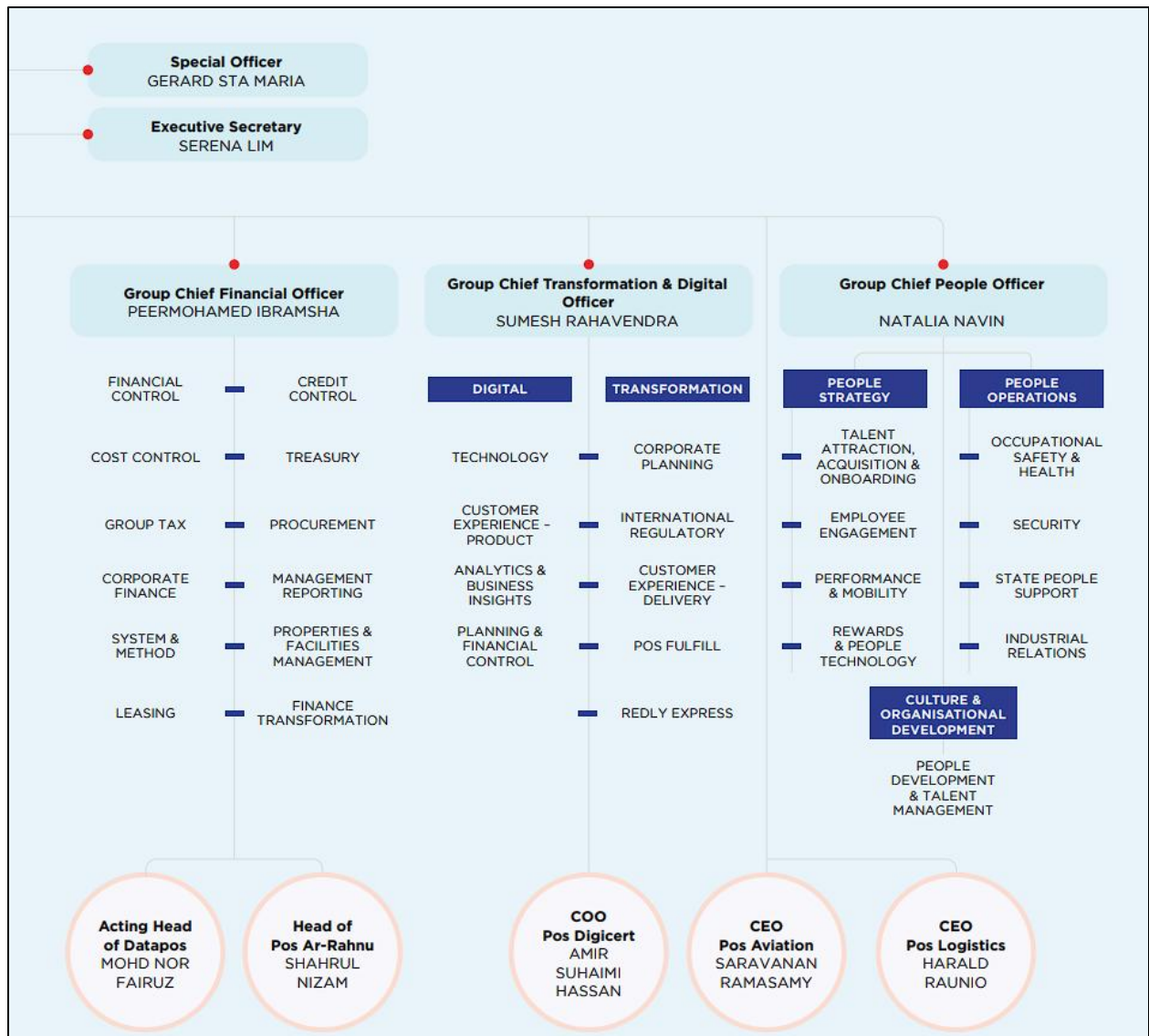


Figure 2.2.4: Continuation of Pos Malaysia Group Organizational Structure

Pos Malaysia follows a formal hierarchical structure typical of a publicly listed company, led by a Board of Directors and a CEO who oversees daily operations. Key executives like the CFO, COO, and CIO manage finance, operations, and technology, respectively, with department heads supporting specialized functions. While this structure ensures clear accountability, it may slow decision-making and responsiveness to market shifts. The presence of a CIO signals recognition of digital transformation, though implementation across departments is uneven. This setup influences how effectively Pos Malaysia addresses challenges in tech adoption and operational efficiency.

2.3 Product/Services

Pos Malaysia has evolved from a traditional postal service provider into a diversified logistics and digital solutions company. It offers a wide range of services tailored for both individual consumers and businesses across various sectors. The company's product portfolio reflects its strategic shift toward supporting e-commerce growth, financial inclusion, and digital transformation in Malaysia.

1. Postal & Mail Services

- Domestic and International Mail: Traditional letter and parcel delivery services for individuals and businesses.
- Registered Mail & Courier: Enhanced security for valuable documents and parcels.
- EMS (Express Mail Service): Fast and reliable international courier service in collaboration with Universal Postal Union (UPU) members.

2. Logistics & Parcel Delivery

- Pos Laju: Express delivery service offering same-day, next-day, and time-definite delivery options.
- MyParcel: E-commerce-focused delivery solution designed for online sellers and marketplaces like Shopee and Lazada.
- Last-Mile Delivery: Comprehensive delivery solutions to both urban and rural areas across Malaysia.

3. E-Commerce Fulfillment

- Pos Warehouse & Fulfillment: End-to-end warehousing, inventory management, and order fulfillment services for SMEs and large enterprises.
- Integrated Logistics Solutions: Partnerships with major e-commerce platforms to provide seamless shipping and tracking capabilities.

4. Digital & Financial Services

- POSPAY: A digital wallet and payment platform that allows users to make online payments, reload mobile credit, and transfer funds.
- Pos Ar-Rahnu: Islamic-compliant pawnbroking service that provides short-term financing using gold as collateral.
- Bill Payment Services: Utility bill payments, insurance premiums, and government-related transactions through physical counters and digital channels.

5. Government & Corporate Services

- Official Correspondence Handling: Secure and timely delivery of government documents.
- Corporate Mailroom Solutions: Outsourced mail handling and logistics for large organizations.

6. Retail & Customer Touchpoints

- Pos Malaysia Counters Nationwide: Over 700 post offices across Malaysia serving as access points for postal, financial, and logistics services.
- Mobile App (Pos Malaysia Mobile): Allows customers to track shipments, locate post offices, and manage deliveries.

Pos Malaysia has transformed from a traditional postal service into a diversified logistics and digital solutions company, offering services such as postal delivery, express shipping (Pos Laju), e-commerce fulfillment (MyParcel), financial services (POSPAY, Pos Ar-Rahnu), and integrated logistics. It serves both individuals and businesses, supported by over 700 post offices nationwide. While its diverse portfolio positions it well in the market, internal inefficiencies and limited use of automation and AI hinder its competitiveness against private logistics players like Ninja Van and J&T Express. The company needs to enhance operational efficiency and digital capabilities to better compete in the evolving logistics industry.

2.4 Technology

Pos Malaysia has been gradually adopting technology to support its transformation from a traditional postal service into a modern logistics and digital services provider. However, the pace and depth of adoption vary across departments, with some still relying heavily on manual processes and legacy systems.

1. Parcel Tracking System

- Pos Malaysia uses a barcode-based tracking system to monitor parcel movement throughout the delivery chain.
- Customers can track their shipments via the official website or mobile app using a unique tracking number.
- Despite this, internal document handling and filing in certain departments remain partially paper-based, leading to inefficiencies.

2. MyParcel Platform

- MyParcel is Pos Malaysia's e-commerce-focused logistics platform, designed to integrate with online marketplaces like Shopee and Lazada.
- It allows sellers to generate shipping labels, manage inventory, and track orders in real-time.
- This system demonstrates Pos Malaysia's effort to embrace digital tools tailored for SMEs and online businesses.

3. POSPAY Digital Wallet

- POSPAY is a digital payment solution that enables users to perform transactions such as bill payments, mobile top-ups, and money transfers.
- The platform supports financial inclusion by providing accessible digital services through both online and offline (post office) channels.
- It reflects Pos Malaysia's attempt to diversify beyond logistics into financial technology (FinTech).

4. ERP Systems (Enterprise Resource Planning)

- Based on industry norms and annual reports, it is assumed that Pos Malaysia uses an ERP system to manage core business functions such as finance, human resources, and supply chain operations.
- These systems help centralize data and streamline workflows, though integration challenges may exist between different departments.

5. Customer Relationship Management (CRM) Tools

- CRM tools are likely used to manage customer interactions, complaints, and feedback.
- However, limited automation and integration with backend systems may result in delayed responses and inefficient case resolution.

6. Warehouse & Inventory Management Systems

- For its fulfillment centers, Pos Malaysia employs basic warehouse management systems (WMS) to track inventory levels and manage order processing.
- Automation levels are relatively low compared to private competitors who use AI-driven sorting systems and robotics.

7. Internal Communication Platforms

- Internal communication likely relies on email systems, shared drives, and possibly collaboration tools like Microsoft Teams or Slack.
- However, manual filing and physical documentation are still reported in some departments, contributing to operational delays.

While Pos Malaysia has made progress in customer-facing technologies like e-commerce logistics and digital payments, internal processes remain largely manual and fragmented. Despite using ERP, CRM, and WMS systems, limited integration and modernization hinder efficiency and data flow. Compared to competitors like Ninja Van and J&T Express, it lags in AI, cloud-based tools, and real-time analytics. To stay competitive, Pos Malaysia needs to accelerate end-to-end digital transformation, focusing on both external services and internal process optimization through technology-driven solutions.

2.5 Business, Marketing and Operational Strategy

1. Business Strategy

Pos Malaysia has been transitioning from a traditional postal service provider to a modern integrated logistics and digital solutions company. Its business strategy focuses on three main pillars:

- **Diversification:** Expanding beyond mail delivery into logistics, e-commerce fulfillment, and financial services.
- **Digital Transformation:** Investing in digital platforms like MyParcel and POSPAY to meet changing consumer demands and support SMEs.
- **National Connectivity:** Leveraging its extensive network of over 700 post offices to serve both urban and rural communities, ensuring last-mile delivery capabilities across Malaysia.

The company also emphasizes partnerships with e-commerce platforms such as Shopee and Lazada to increase parcel volumes and strengthen its market presence.

2. Marketing Strategy

Pos Malaysia's marketing strategy is primarily focused on brand visibility, customer retention, and service promotion, especially for its newer digital offerings.

Key elements include:

- **E-Commerce Integration:** Promoting MyParcel as a preferred shipping solution for online sellers on major marketplaces.
- **Multi-Channel Promotion:** Using social media, website content, and physical counters to inform customers about new services like POSPAY and warehouse fulfillment.
- **Customer Loyalty Programs:** Offering incentives to frequent users and business clients to encourage long-term engagement.
- **Corporate Partnerships:** Collaborating with government agencies and private companies for official document handling and corporate mailing needs.

However, compared to private logistics firms, Pos Malaysia's digital marketing efforts appear less aggressive, potentially limiting brand awareness among younger or tech-savvy consumers.

3. Operational Strategy

Operationally, Pos Malaysia aims to maintain efficiency through its nationwide infrastructure and centralized systems.

Key aspects include:

- **Hub-and-Spoke Distribution Network:** Utilizing central hubs in major cities (e.g., Kuala Lumpur, Johor Bahru) and regional spokes for efficient parcel sorting and distribution.
- **Last-Mile Delivery Focus:** Ensuring accessibility to remote areas, which many private logistics players avoid due to cost inefficiencies.
- **Integrated Logistics Solutions:** Providing end-to-end services including warehousing, packaging, and delivery tailored for e-commerce businesses.
- **Workforce Management:** Relying on a large workforce for manual sorting and delivery, though automation remains limited in certain departments.

Despite these strengths, internal inefficiencies such as manual filing systems, lack of workflow automation, and limited integration between systems pose challenges to scalability and customer satisfaction.

Pos Malaysia's strategy emphasizes digitalization and service diversification in line with market trends, but execution is inconsistent, especially in tech adoption and internal efficiency. Its marketing lacks aggressiveness, particularly in engaging younger audiences and promoting FinTech offerings like POSPAY. While the company has strong physical infrastructure, outdated processes and poor system integration hinder performance. To improve competitiveness, Pos Malaysia needs greater investment in automation, data-driven decisions, and modern customer engagement, along with a more entrepreneurial and agile approach.

2.6 Financial Achievements

In 2024, Pos Malaysia reported total revenue of RM1.85 billion, reflecting steady growth compared to previous years. However, the company recorded a net loss of RM196.5 million, primarily due to high operating costs, restructuring efforts, and ongoing investments in digital transformation. The logistics sector remains under pressure from rising fuel prices, labor costs, and increasing competition from private logistics players such as Ninja Van and J&T Express.

Despite these challenges, Pos Malaysia has taken significant steps toward modernization, including the implementation of telematics systems, adoption of AI-powered customer engagement tools, and plans for fleet electrification to reduce long-term operational expenses.

Metric	Financial Report 2024
Total Revenue	1,850.3
Net Loss	196.5
EBITDA	107.6
Operating Expenses	1,948.0
Total Assets	2,685.9
Total Liabilities	1,702.6
Shareholders' Equity	983.3

Table 2.6.1 Key Financial Highlights (2024)

Segment	Revenue (RM Million)	% of Total Revenue	Operating Profit/Loss (RM Million)
Postal	1,030.0	55.7%	196.5
Aviation	373.7	20.2%	11.9
Logistics	255.8	13.8%	28.5
Other Operations	190.8	10.3%	23.5
Total	1850.3	100%	189.6

Table 2.6.2 Revenue by Segment (2024)

Segment	Revenue (RM Million)	Cost of Sales (RM Millions)	Gross Profit (RM Millions)	Operating Expense (RM Millions)	Operating Profit/Loss (RM Million)
Postal	1,030.0	896.0	134.0	330.5	196.5
Aviation	373.7	261.8	111.9	100.0	11.9
Logistics	255.8	187.5	68.3	96.8	28.5
Other Operations	190.8	113.2	77.6	54.1	23.5
Total	1,850.3	1,458.5	391.8	581.4	189.6

Table 2.6.3 Operating Performance by Segment (2024)

Year	Revenue (RM Millions)	Net Profit/Loss (RM Million)	EBITDA (RM Million)
2020	1,389.7	13.1	118.3
2021	1,472.2	28.4	132.5
2022	1,490.1	31.1	112.4
2023	1,527.4	15.9	107.6
2024	1,850.3	196.5	107.6

Table 2.6.4 Revenue and Net Profit Trend (2020–2024)

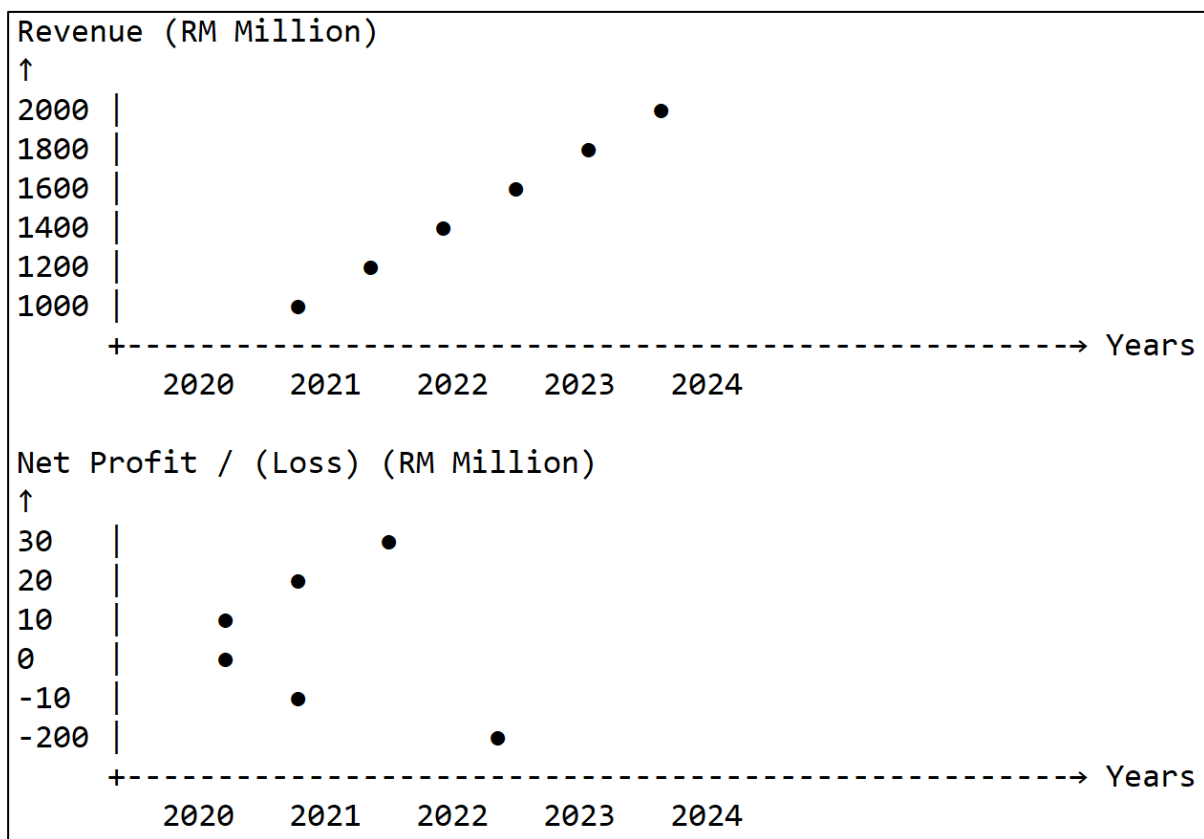


Figure 2.6.1 Line Graph Representation of Pos Malaysia Revenue and Net Profit (2020-2024)

Revenue Streams:

Pos Malaysia generates revenue from the following key segments:

1. Logistics & Express Delivery (Pos Laju, MyParcel)
 - Largest contributor to revenue.
 - Growth driven by e-commerce expansion and partnerships with Shopee, Lazada, and others.
2. Postal Services
 - Includes traditional mail and official correspondence.
 - Steady but declining trend due to digitization of communication.
3. Digital & Financial Services (POSPAY, Pos Ar-Rahnu)
 - Growing segment, though still a smaller portion of overall revenue.
 - Aims to diversify income beyond logistics.
4. Other Services
 - Includes warehousing, fulfillment, and corporate solutions.

Challenges Affecting Financial Performance

- High Operating Costs: Manual processes and labor-intensive operations increase cost per parcel.
- Investment in Digital Transformation: Significant capital expenditures on IT infrastructure have affected short-term profitability.
- Intense Competition: Price wars with private logistics players have compressed margins.
- Legacy Infrastructure: Maintaining outdated systems adds to maintenance and training costs.

Strategic Financial Moves

Initiative	Description	Impact
Fleet Electrification	Conversion of 1,092 bikes and 136 vans to electric vehicles planned by FY2025	Expected to reduce fuel costs and maintenance expenses
Telematics Implementation	Real-time tracking of delivery vehicles to optimize routes and reduce idle time	Improved efficiency and cost control
Sprinklr CRM Integration	AI-powered platform for improved customer service	Enhanced user experience and faster resolution times
Debt Restructuring	Refinancing through Commodity Murabahah Term Financing-i and revolving credit facilities Financing-i and revolving credit facilities	Reduced interest burden and improved liquidity
Retail Network Optimization	Closure of underperforming branches; transition of some locations to franchise model	Reduced overheads and improved retail efficiency
Digital Transformation	Investments in cloud-based document management, automation, and e-commerce fulfillment	Long-term cost savings and scalability

Table 2.6.5 Pos Malaysia Strategic Financial Moves

Pos Malaysia has grown revenue from 2020 to 2024 but faces financial strain due to high costs and digital investments. Diversification into logistics, payments, and e-commerce has broadened income sources, yet profitability lags. The company must accelerate automation and efficiency improvements to stay competitive. Balancing cost control with innovation is key to long-term stability and growth.

3 - COMPANY ANALYSIS

3.1 SWOT

STRENGTHS	WEAKNESS
<p>Extensive Nationwide Network: Over 700 post offices across Malaysia, providing unmatched last-mile delivery coverage, especially in rural areas.</p> <p>Government-Backed Legacy: Long-standing reputation as Malaysia's national postal service provider, trusted by individuals and government agencies.</p> <p>Diversified Service Portfolio: Offers logistics (Pos Laju, MyParcel), financial services (POSPAY, Pos Ar-Rahnu), e-commerce fulfillment, and digital payment solutions.</p> <p>Commitment to Sustainability: Fleet electrification plans (1,092 bikes and 136 vans to be converted to EVs by FY2025) and telematics integration for route optimization</p>	<p>Outdated Filing and Documentation Systems: Manual handling of documents and paper-based processes slow down operations and increase error rates.</p> <p>High Operating Costs: Labor-intensive operations and legacy infrastructure increase cost per parcel.</p> <p>Postal Segment Underperformance: The Postal segment reported a net loss of RM196.5 million in FY2024 due to declining mail volumes and high fixed costs.</p> <p>Limited Automation: Compared to private logistics players, Pos Malaysia has slower adoption of AI-powered sorting systems and cloud-based document management.</p>
OPPORTUNITIES	THREATS
<p>Growing E-Commerce Sector in Malaysia: Increasing online shopping trends offer potential for expanded logistics services and fulfillment partnerships.</p> <p>Digital Transformation Initiatives: Government support for digitalization offers funding and collaboration opportunities.</p> <p>Expansion into FinTech Services: POSPAY can be further developed to compete with mobile wallets like Touch 'n Go and GrabPay.</p>	<p>Intense Competition from Private Logistics Companies: Players like Ninja Van, J&T Express, and DHL offer faster, cheaper, and more tech-integrated services.</p> <p>Technological Disruption: Rapid advancements in logistics tech may render current systems obsolete if not upgraded.</p> <p>Declining Mail Volumes: Continued digitization of communication reduces demand for traditional postal services.</p>

Adoption of Smart Logistics Technologies: Implementing cloud-based document management, robotic process automation (RPA), and AI-powered analytics can significantly enhance efficiency	Economic Uncertainty: Rising fuel prices, inflation, and labor shortages impact operating margins
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Table 3.1 SWOT Analysis

The SWOT analysis highlights that while Pos Malaysia possesses significant strengths, particularly its nationwide reach, diversified offerings, and commitment to sustainability. Pos Malaysia faces serious internal weaknesses and external threats that must be addressed through strategic digital transformation and entrepreneurial innovation.

- Technology entrepreneurship plays a vital role in overcoming current limitations, particularly in automating workflows, improving system integration, and enhancing customer experience.
- Sustainability initiatives (like fleet electrification and telematics) present both an opportunity to reduce long-term costs and a way to align with global environmental goals.
- However, the continued losses in the postal segment, combined with rising competition and economic pressures, indicate that business-as-usual strategies are no longer viable.
- Strategic investment in digital tools, automation, and customer-centric innovation will determine Pos Malaysia's ability to remain relevant and competitive in the evolving logistics landscape.

4 - FINDINGS AND DISCUSSION

4.1 Findings

Problem 1: Outdated Filing and Documentation Systems

One of the most pressing internal challenges facing Pos Malaysia is its continued reliance on manual filing systems and paper-based documentation processes in several departments. Despite having digital platforms like MyParcel and POSPAY for customer-facing services, internal operations still involve significant manual handling of documents, approvals, and record keeping. This results in delays, increased labor costs, and higher error rates.

Supporting Facts:

- The Postal segment reported a net loss of RM196.5 million in FY2024 due to high fixed costs and inefficiencies.
- Limited automation in back-office operations was highlighted as a major barrier to scalability.
- Integration between logistics tracking, CRM, and ERP functions remains inconsistent

Problem 2: Operational Inefficiencies Due to Poor System Integration

Another critical issue identified is the lack of integration between various operational systems. This results in data silos, delayed decision-making, and poor visibility across departments.

Supporting Facts:

- Separate systems for logistics tracking, CRM, and ERP functions were noted in the 2024 Annual Report.
- Manual data transfer between departments slows down response times and increases the likelihood of errors.
- Customer service improvements via Sprinklr have been implemented but are not fully integrated with backend systems.

Problem 3: Rising Competition from Private Logistics Players

Pos Malaysia faces increasing pressure from private logistics companies such as Ninja Van, J&T Express, and DHL, which have embraced automation, AI-driven sorting, and real-time tracking.

Supporting Facts:

- The Logistics segment recorded an operating loss of RM28.5 million in FY2024.

- Competitors offer faster delivery times and more advanced digital tools for sellers and customers.
- Price wars with these players compress margins and strain profitability

4.2 Discussion

In summary, the three main challenges affecting Pos Malaysia's performance are:

1. Outdated filing systems and manual documentation processes
2. Poor system integration and inefficient workflows
3. Intense competition from digitally advanced logistics providers

Each of these problems negatively impacts Pos Malaysia's ability to scale efficiently and maintain relevance in the evolving e-commerce landscape. While the company has made efforts toward diversification and digitalization such as implementing Sprinklr for customer engagement, investing in telematics, and planning fleet electrification. These initiatives remain fragmented and insufficient to reverse declining profitability.

Therefore, here are several alternative solutions can be considered for each key problem:

Solution for Problem 1:

Alternative Solution	Description	Advantages	Disadvantages
Implement a Cloud-Based Document Management System (DMS)	Migrate all internal document handling to a centralized cloud platform with automated workflows.	<ul style="list-style-type: none"> • Reduces physical storage needs. • Improves accessibility and retrieval speed • Enables version control and audit trails. 	<ul style="list-style-type: none"> • High initial implementation cost. • Requires staff training and change management • Potential resistance from employees accustomed to manual processes.

Table 4.2.1 Suggested solution and its advantages and disadvantages for Problem 1

Solution for Problem 2:

Alternative Solution	Description	Advantages	Disadvantages
Adopt a Unified ERP System	Integrate all departments under a single Enterprise Resource Planning (ERP) platform for logistics, finance, HR, and CRM.	<ul style="list-style-type: none"> • Centralized data improves transparency • Streamlines communication between departments • Enables real-time analytics and forecasting 	<ul style="list-style-type: none"> • Expensive and complex to implement • Requires extensive employee training • Risk of disruption during migration

Table 4.2.2 Suggested solution and its advantages and disadvantages for Problem 2

Solution for Problem 3:

Alternative Solution	Description	Advantages	Disadvantages
Form Strategic Alliances with FinTech and Logistics Startups	Partner with startups for co-innovation in digital payments, smart logistics, and automation.	<ul style="list-style-type: none"> • Access to cutting-edge technology • Shared R&D costs and risk • Builds innovation culture within the company 	<ul style="list-style-type: none"> • Loss of control over product development • Potential conflicts of interest • Integration challenges with legacy systems

Table 4.2.3 Suggested solution and its advantages and disadvantages for Problem 3

5 – CONCLUSIONS

Pos Malaysia remains a critical player in Malaysia's logistics and postal services sector, supported by its extensive nationwide network and trusted brand reputation. However, the company faces significant challenges that threaten its long-term sustainability and competitiveness. As highlighted in the 2024 Annual Report, Pos Malaysia recorded a net loss of RM196.5 million, primarily due to high operating costs, declining performance in the postal segment, and slow adoption of automation and digital tools.

The analysis conducted in this report revealed three core problems:

1. Outdated filing systems and manual documentation processes
2. Poor system integration leading to inefficiencies
3. Intense competition from digitally advanced logistics providers

These issues have been exacerbated by rapid changes in consumer behavior, particularly the rise of e-commerce and demand for faster, more transparent delivery services. While Pos Malaysia has taken steps toward modernization such as implementing the Sprinklr CRM platform, adopting telematics systems, and planning fleet electrification. These initiatives remain fragmented and insufficient to reverse current trends.

From a technology entrepreneurship perspective, the ability to innovate, adapt, and scale quickly will determine Pos Malaysia's future success. The company must move beyond basic digitization and embrace end-to-end digital transformation, focusing not only on external service enhancements but also on internal process optimization.

Ultimately, the findings suggest that Pos Malaysia stands at a critical juncture, where strategic investment in digital infrastructure, automation, and AI-powered logistics can significantly enhance its market position. The next section will present specific recommendations aimed at addressing these core issues and guiding Pos Malaysia toward a more efficient and entrepreneurial future.

6 – RECOMMENDATION AND IMPROVEMENT

Based on the findings and discussions presented earlier, it is clear that Pos Malaysia must undergo strategic transformation to remain competitive in an increasingly digital and e-commerce-driven logistics landscape. However, these initiatives are not enough to address deeper issues related to internal inefficiencies, poor system integration and intense market competition.

Recommendation: Implement a Cloud-Based Document Management System (DMS)

Problem Addressed:

Outdated filing systems and manual documentation processes causing delays, increased labor costs, and errors.

Recommended Solution:

Adopt a centralized cloud-based Document Management System (DMS) across all departments to replace paper-based workflows and improve internal efficiency.

Justification:

A DMS would eliminate the need for physical storage, reduce document retrieval time, and allow real-time access to critical information. This aligns with modern digital transformation principles, enabling scalability and agility—key traits for competing in today’s fast-evolving business environment.

According to the Digital Transformation Framework, organizations must evolve from basic digitization to full process automation. Pos Malaysia is currently at the early stage; implementing a DMS would mark a significant step forward.

Benefits:

- Reduces administrative overhead
- Improves transparency and auditability
- Enhances collaboration between departments
- Supports remote and hybrid work environments

Implementation Strategy:

- Conduct a needs assessment to choose the most suitable platform (e.g., Microsoft SharePoint, DocuWare)
- Train employees on system usage and establish clear digital filing protocols
- Migrate existing documents into the system and enforce mandatory digital workflows

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8 – APPENDICES

Appendix A: Organizational Structure of Pos Malaysia

BOARD OF DIRECTORS	Tan Sri Syed Faisal Albar bin Syed A.R Albar Chairman/Non-Independent Non-Executive Director	Dato' Mohamed Sharil bin Mohamed Tarmizi Independent Non-Executive Director
	Datuk Mohamad Fauzi bin Md Isa Non-Independent Non-Executive Director	Roshidah binti Abdullah Independent Non-Executive Director
	Datuk Idris bin Abdullah @ Das Murthy Independent Non-Executive Director	Sabarina Laila binti Mohd Hashim Non-Independent Non-Executive Director
	Dato' Dr. Mohd Ali bin Mohamad Nor Independent Non-Executive Director	Mohd Fariszan bin Ahmad Non-Independent Non-Executive Director
	Dato' Jezilee bin Mohamad Ramli Non-Independent Non-Executive Director	Mano A/L Verabathran Alternate Director to Datuk Mohamad Fauzi bin Md Isa

Figure A1: Pos Malaysia Board of Directors



Figure A2: Pos Malaysia Corporate Governance Framework

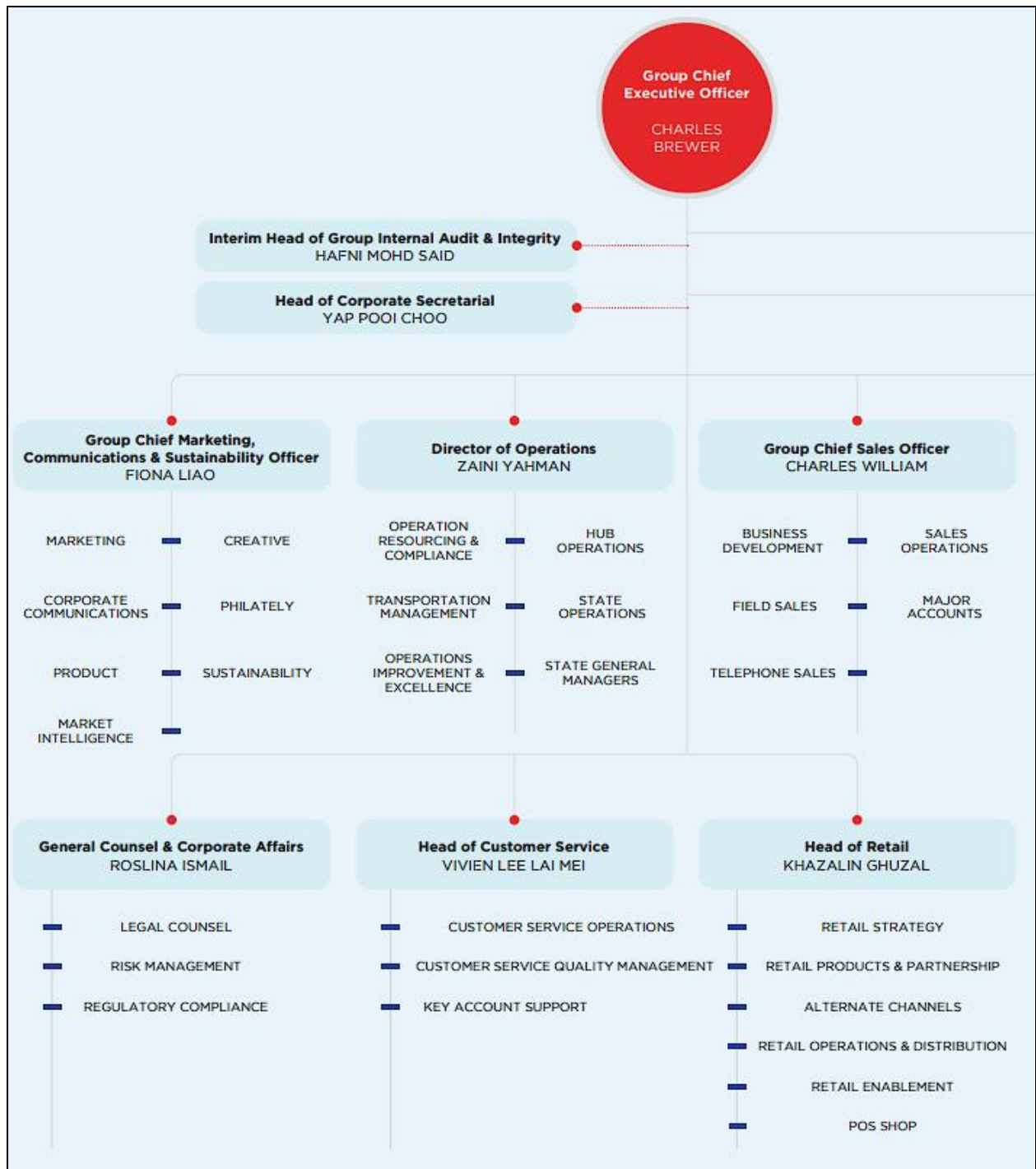


Figure A3: Pos Malaysia Group Organizational Structure

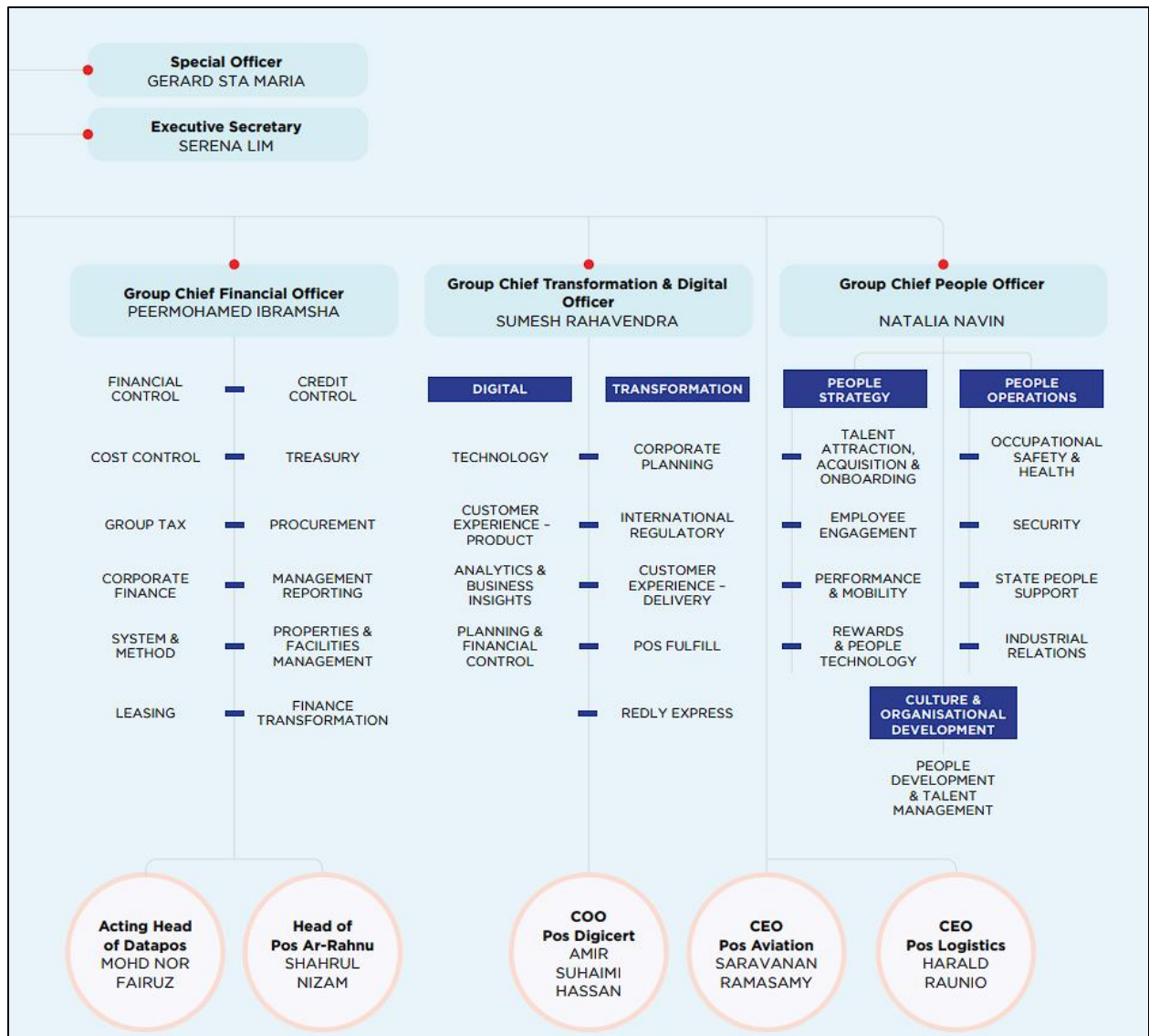


Figure A4: Continuation of Pos Malaysia Group Organizational Structure

Appendix B: Financial Performance (2020-2024)

	FY2020	FY2021	FY2022	FY2023	FY2024
Profit/(Loss) Before Tax (RM' million)	(303.5)	(331.4)	(169.8)	(140.7)	(180.2)
Profit/(Loss) Before Tax Margin (%)	(13.0)	(15.1)	(8.7)	(7.5)	(9.7)
EBITDA Margin (%)	(0.1)	(2.3)	3.4	3.8	1.6
Return on Assets (%)	(9.7)	(12.5)	(7.1)	(7.3)	(10.1)
Return on Equity (%)	(26.9)	(41.4)	(25.9)	(31.8)	(67.7)
BALANCE SHEET					
Total Assets (RM' million)	3,169.5	2,688.8	2,375.5	2,174.1	2,004.1
Total Equity (RM' million)	1,143.4	811.6	646.3	499.5	297.6
Equity attributable to Owners of the Company (RM' million)	1,143.4	811.6	646.3	495.2	292.2
Current Ratio (Times)	0.9	0.9	0.8	0.7	0.6
STAFF INFORMATION					
No of Staff (No.)	21,626	19,071	17,825	17,194	16,307
Revenue per Employee (RM'000)	107.8	115.0	110.0	108.8	113.6
<small>Notes: FY = Financial Year FP = Financial Period</small>					

Figure B1: 5 Year Group Financial Summary

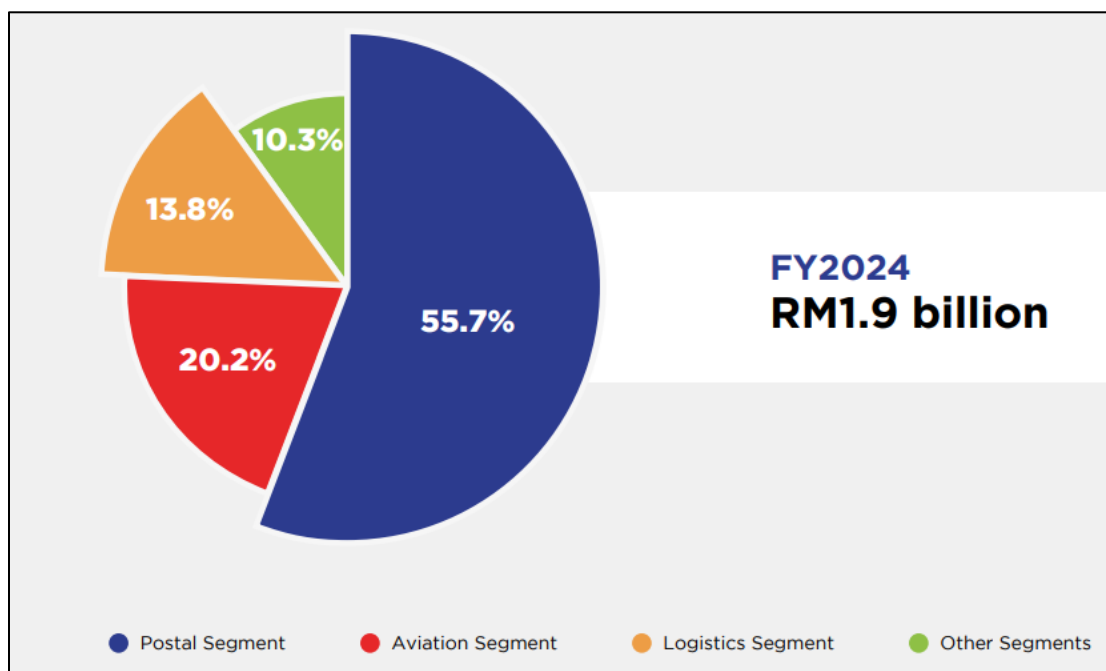


Figure B2: Segment Analysis of Total Revenue

2024 KEY HIGHLIGHTS

NON-FINANCIAL HIGHLIGHTS

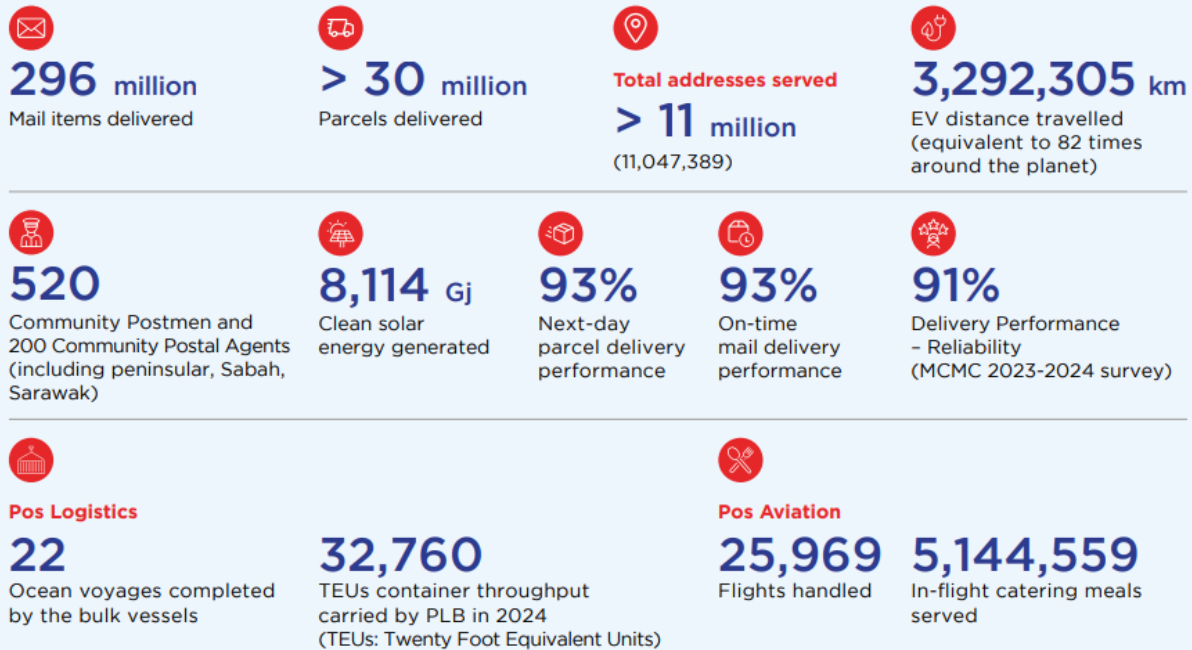


Figure B3: 2024 Non-Financial Highlights

FINANCIAL HIGHLIGHTS

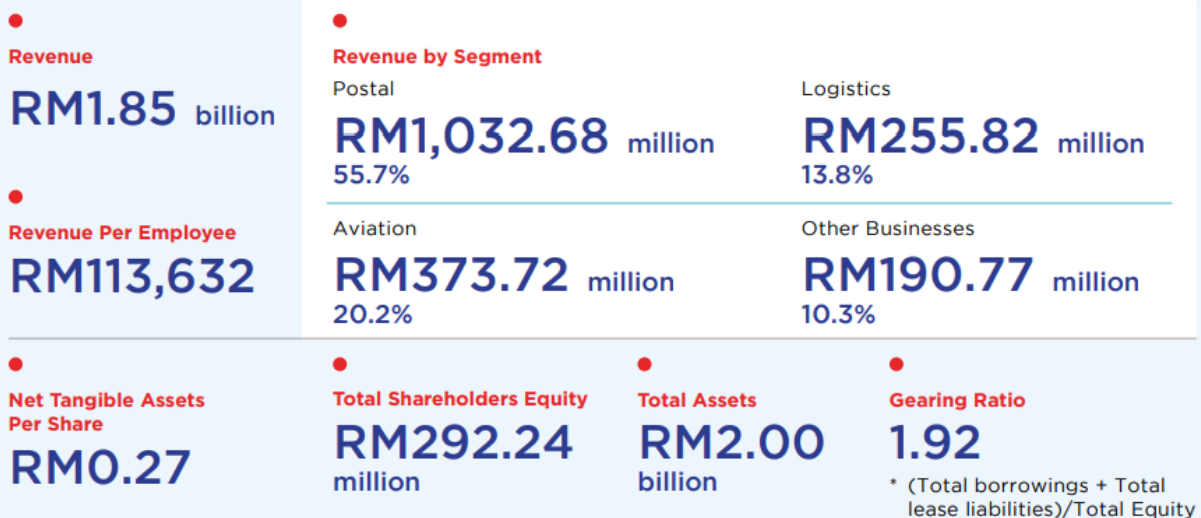


Figure B4: 2024 Financial Highlights

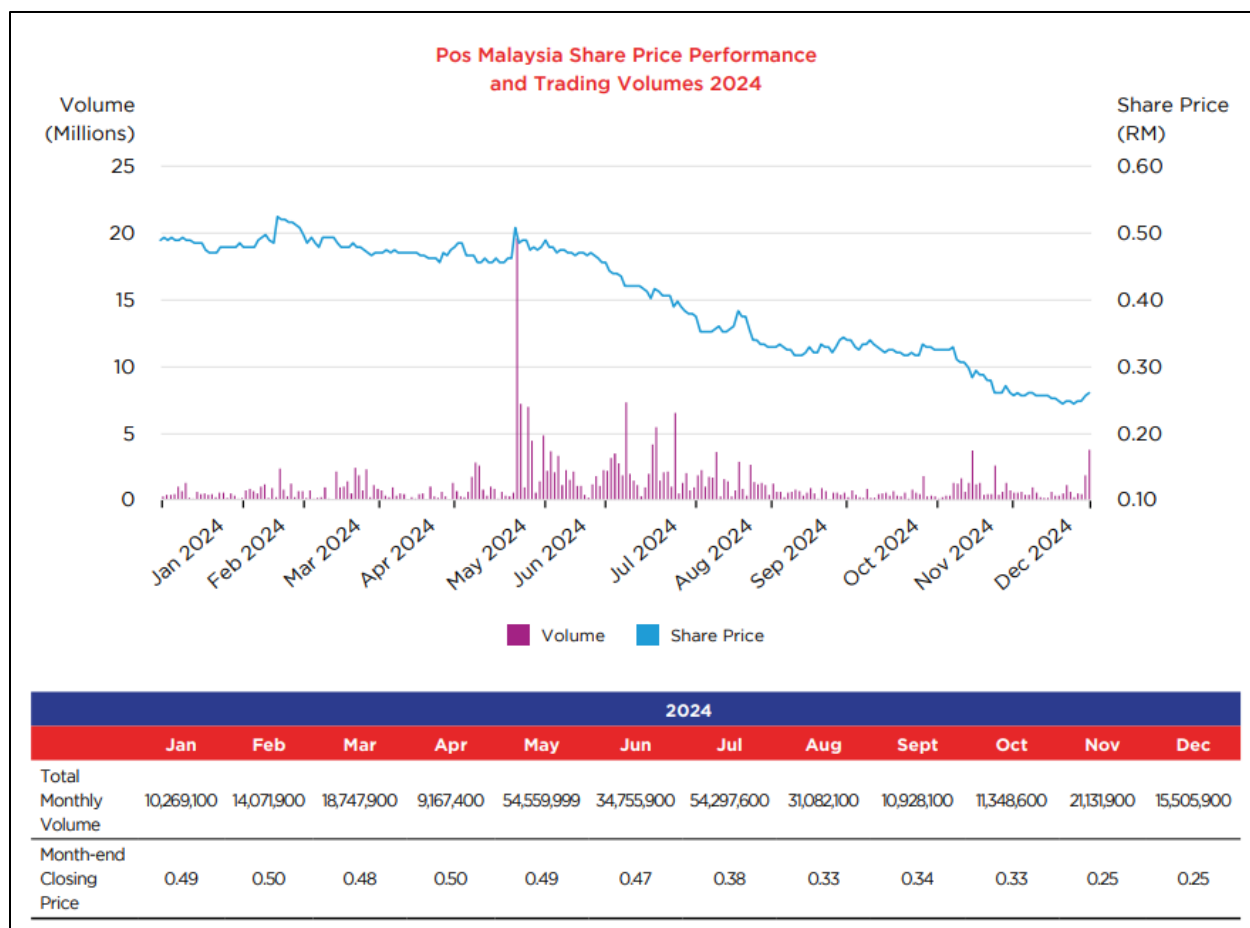


Figure B5: Pos Malaysia Share Price Movement and Trading Volumes

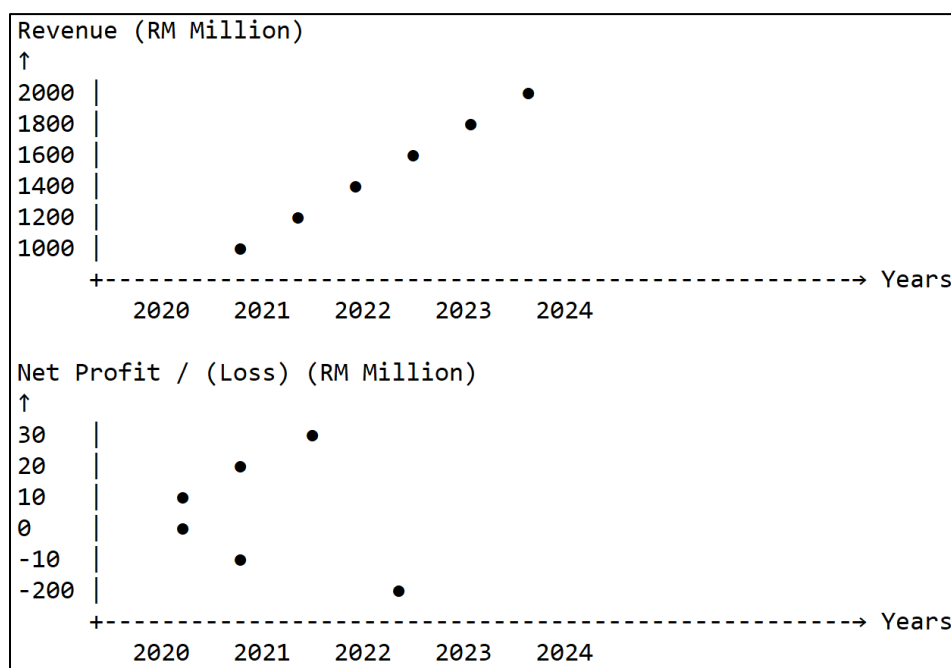


Figure B6: Line Graph Representation of Pos Malaysia Revenue and Net Profit (2020-2024)