

**SHAH ALAM:** Progressive Impact Corporation Bhd (Picorp) is poised for a promising future, buoyed by growth in its lab testing services (LTS) segment and steady recovery for environmental monitoring, consultancy and services (EMCS) segment.

Group executive director Datuk Dr Lukman Ibrahim said despite an unpredictable and challenging economic landscape, Picorp will continuously observe its strategies and implement measures to grow its business.

"We maintain a cautiously positive outlook on the company. We believe that both of our EMCS and LTS segments will continue to thrive and grow, driven by sustained demand for their products and services," he told the Business Times in an interview.

### **LTS Continues Upward Trajectory Despite Global Headwinds**

LTS has emerged as a cornerstone of the company's stability and growth, demonstrating remarkable resilience throughout the Covid-19 pandemic.

Classified as an essential service, the segment continued operations uninterrupted, even as other sectors faced disruptions.

During this period, Lukman said Picorp's subsidiary ALS Technichem (Malaysia) Sdn Bhd had capitalised on the situation by absorbing work left by competitors, further solidifying its market position.

In a strategic move to diversify and strengthen its service offerings, he said Picorp recently completed the acquisition of ALS Penang, formerly known as Mérieux NutriSciences.

"This acquisition has opened new avenues for ALS to enter sectors such as agrochemicals and semiconductors. Notably, ALS has become the sole holder of Good Laboratory Practice (GLP) certification in Malaysia for these sectors, allowing it to provide specialised services that meet stringent international standards.

"Given that the Malaysian market for LTS is quite saturated, the acquisition enables further growth for the segment by adding new services to the aforementioned sectors, thereby attracting a new customer base and increasing our market share," said Lukman.

By incorporating the agrochemical and semiconductor sectors into its portfolio, Lukman said Picorp believes that this contributes to its single-digit growth in the Malaysian market.

In Indonesia, Lukman said the LTS segment's growth surpasses that of the Malaysian market, owing to the country's favourable conditions for expansion.

Prior to the ALS Penang acquisition, he said the growth of the LTS for the company was primarily driven by the Indonesian market.

"The future looks promising, as Indonesia continues to enhance its policies in environmental and food safety, positioning the segment for foreseeable success.

"Additionally, the potential to export agrochemical testing expertise from Malaysia to Indonesia presents new growth opportunities, especially as some of the biggest agrochemical producers are located in Indonesia," he said.

### **LTS to Focus on Halal Development**

In addition to its existing LTS services, Picorp is also expanding into the Halal industry through the integration of Halal activities. Picorp's parent company, Zaiyadal Sdn Bhd, has acquired Serunai Commerce Sdn Bhd, aiming to facilitate Halal assurance.

Lukman said this acquisition synergistically complements the LTS segment by integrating LTS services into Halal assurance purposes specifically for certification applications.

The integration not only enhances Serunai's comprehensive Halal digital ecosystem solutions, creating a seamless end-to-end offering, but also contributes to the growth of Picorp's LTS business.

"For Picorp, we had entered into a software distributorship agreement with Serunai on Dec 8 last year, making us the authorised global distributor of Serunai solutions.

"This milestone marks an exciting juncture for both companies, setting the stage to delve into opportunities that can be unlocked through our synergistic strengths and reciprocal collaboration," he said.

Commenting on the halal market in Indonesia, Lukman said Picorp through Serunai is set to offer its comprehensive Halal certification system to the government of Indonesia to support the implementation of its new law for Halal products.

"In Indonesia, we anticipate a surge in demand for Halal lab services as the country plans to implement its Halal law in a few years.

Although Indonesia has announced a two-year postponement of its mandate for all its food and beverage to be certified halal, we believe when the law is implemented, there will be increased demand not only for Halal lab services but also for other Halal-related services," said Lukman.

### **EMCS Segment Shows Strong Signs of Recovery**

The EMCS segment of Picorp, which faced significant challenges during the pandemic, is now on a steady path to recovery.

After a period of impairment, the segment is returning to normalcy, buoyed by a growing demand for environmental monitoring services.

Lukman said this trend aligns with the global emphasis on environmental, social, and governance (ESG) criteria and the imposition of robust environmental regulations.

He highlighted the crucial need for improved monitoring services (air, water, noise, and vibration) and managing water quality throughout the nation.

"Picorp sees this as an opportunity to collaborate with authorities and businesses through our subsidiary, Alam Sekitar Malaysia Sdn Bhd.

"We have completed a water treatment project in Kelantan using our proprietary technology.

"Given the challenging water conditions in Kelantan, completing this project is a significant milestone for us. It positions Kelantan as a benchmark for water parameters in Malaysia, and we are optimistic that this achievement will lead to more opportunities to expand our offerings across the country," he said.

### **Picorp's EMCS Confident in Delivering Top Water Purification Solutions**

Picorp is confident in its ability to deliver the best solutions for water purification. Despite the country's abundance of raw water resources, many cannot be used as clean and drinkable water due to complex treatment issues.

Lukman said Picorp's innovative solutions aim to tackle these challenges, with promising prospects for exporting their technology globally.

"Currently, Malaysia has an abundance of raw water resources, but many cannot be used as clean and drinkable water due to challenging water treatment issues.

This is where our solutions come into play, with a promising prospect of exporting these solutions worldwide," he said

According to Lukman, Picorp is planning on working with the Islamic Development Bank (IsDB).

There are numerous socioeconomic projects spearheaded by IsDB for their OIC member countries, one of which is focused on access to clean water.

He said the company is looking forward to a strategic arrangement with IsDB to bring our water solutions to their member countries.

"This strategic alliance is a win-win formula for all parties involved. For IsDB, it helps meet their objectives, and for the receiving countries, it provides much-needed solutions," he said.

Beyond seizing opportunities from global trends and robust regulations, Lukman said Picorp also creates its own opportunities by expanding offerings for both industrial and domestic wastewater.

"For industrial wastewater management, we have developed a ready-made product specifically for managing palm oil effluent compliance," he said.

On the domestic side, Lukman said Picorp is tackling wastewater issues differently than the conventional methods.

"Malaysia has many oxidation ponds (OP) for sewage treatment, but over time, these can become odorous, affecting the surrounding communities.

"Furthermore, the OPs require a larger footprint and consume more power. Our solutions tackle these challenges by offering enclosed systems for sewage treatment plants.

"These systems not only eliminate the odours but are also more compact, allowing for redevelopment opportunities by utilising the freed-up land for housing purposes," he said.

### **Navigating Challenges: Picorp's Strategic Approach to Growth and Innovation**

Picorp is actively addressing the challenges associated with its growth trajectory, encompassing people, technology, and financial management.

As the company transitions from its first generation of employees to the second, Lukman said Picorp has implemented several initiatives to ensure a smooth transition.

From the technological side, Lukman noted that it is important for the company to be technologically innovative if they want to compete effectively.

"By adopting and embracing technologies, the company is set to address the technological challenges, supported by their sister companies.

"Currently, for our products, Picorp is focusing on technological integration. This technologically innovative mindset extends to process innovation and office automation as well," he said.

Furthermore, Lukman said Picorp is also taking proactive steps to manage the financial impact under their well-planned cost optimisation plan.

He noted that the company needs to be very prudent in managing its spending to address the financial challenges.

"This requires us to be very disciplined about financial management and opt for the best financing in order to pursue our business undertaking.

"I think one of the things that reflects this for the company is the current strategic initiative to work with IsDB and other agencies, where they could provide the fund.

"In return, the collaboration can help them achieve their objectives whilst the company can achieve ours. This will also strategically resolve some of the funding issues," he said.

### **Strategic Measures to Counter Ringgit Depreciation Impact**

In response to the ringgit's depreciation on its operation, Lukman stated that Picorp is taking effective measures to manage the issue.

The company, which relies heavily on imported products, raw materials, and components, is facing significant cost increases due to foreign currency fluctuations.

"Any company that imports products, raw materials, or components, like us, will face the consequences of the depreciation of the ringgit.

"We need to purchase from our principal suppliers in foreign currencies, which exposes us to currency fluctuations. As a result, we have seen cost increases and have been advised by suppliers of impending price hikes," he said.

However, to mitigate this, Lukman said Picorp has innovatively improved its expenses by developing its own solutions for water and wastewater treatment.

He said the company is also focusing on value analysis (VA), value engineering (VE), and other management tools to reduce costs.

In addition, Lukman said Picorp's cost optimisation measures include renegotiating supplier contracts, improving project management effectiveness and efficiency, improving project delivery cost, and streamlining operations.

"These efforts aim to reduce expenses and enhance operational efficiency. Our operational efficiency has improved through lean management and the adoption of new technologies,"

"We cannot simply pass on the increased costs to our customers," he added.