JASON MARINE GROUP
GOING INTO UNCHARTERED WATERS TO STAY RELEVANT?

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Introduction
After 40 years, Jason Marine Group has remained a leading communication, navigation and automation company serving the marine and offshore oil and gas industries.

Like the ebb and flow of tide, the company has its highs and lows over the years, having to overcome various challenges and learning from each experience. Since its public listing in 2009, the market situations have changed much. It has remained relevant as an ongoing business through technology and innovation by forging and leveraging on its good relationships with the many innovative manufacturers of technology products that it has partnered and represented. It has drawn on its strong reserves accumulated over the years to tide over its difficult 2015/16 financial year and is expected to do the same for another challenging 12 months in 2016/17.

Jason Marine Group’s founder and executive chairman Joseph Foo believes that achieving another business breakthrough will see his company into the future. He hopes to leverage on digitalisation and information and communication technology to help it stay relevant and to realise his next vision for the business. However, he has to reconcile the long-term need for strategic development with the urgent need to meet short-term objectives. Whether he will be able to strike an equitable balance between the two needs and to sustain Jason Marine Group in the long run will depend on external factors that are beyond his control.

The company has weathered economic storms and the winds of change since it started in 1976, and has emerged stronger while remaining anchored in its core businesses, competitive advantages and established markets. It has harnessed technology and innovation to revitalise its business, reposition the company and rechart its strategy to overcome future challenges. It has been continually upgrading its technical skills and broadening its product offerings to serve its customers better. It has also applied advanced technology in its processes, services and market development, while watching the ebbs and flows in the economy.

Looking ahead, to secure his listed company’s future, Joseph needs a big breakthrough not those small breaks that he required when he started Jason Electronics as a small enterprise. Jason Marine Group urgently has to find the right course to sustain its business after two years of consecutive losses in its last two financial years. Should it stay the same course after 40 years and risk becoming unsustainable, or should it change its course and get into uncharted waters, and risk getting deeper into the red?

The difficult short term became apparent when it reported its first-ever loss for 2015/16 financial year. However, it can rely on its financial resources accumulated over the years to remain shipshape on an even keel as it navigates its way through yet another storm. To be expected would be another loss-making year in FY 2016/17 albeit to a smaller extent.

Its vision to be a global world-class company in marine electronics by 2020 has thus become a real question mark.
How it all started

After completing his national service in the army in the early 1970s, Joseph preferred to get a job instead of pursuing further education. Although he wanted to embark on a sales and marketing career, he had no idea which particular industry to get into. Eventually his application led him to selling pilot ships at Port & Marine Services in Singapore. That job required him to travel to Malaysia to visit port authorities. After the company went into the marine electronics business, his customers included shipping agents as well. While working in Malaysia, Joseph saw the opportunities that Singapore’s strategic position would offer the marine business. He aspired to create a business of his own that he could grow. (See appendix 1.) In 1976, when only 25, he started Jason Electronics as a sole proprietorship with a small working capital. Sole proprietorship was to him the cheapest and fastest way to start a business, and he picked Jason as his company’s name as it was easy to pronounce and remember.

As he was not technically trained, he hired two engineers initially to provide repair services for marine electronic equipment on board vessels calling at Singapore. He quickly learnt to trust his staff to provide good repair services. His first customers included many shipping agents with whom he had established contacts from his previous job at Port & Marine Services. In the early days, he would assist in repair work with his engineer’s guidance as part of his own on-the-job training, and learnt to repair marine communication equipment and navigational aids.

Overcoming start-up challenges

As a new and small enterprise, Jason Electronics faced difficulties in gaining customers’ confidence in its ability to deliver the services expected and in getting suppliers’ credit for its purchase of spare parts and electronic components. Joseph and his team worked hard to build a reputation for providing high-quality services and paid personal attention to customers’ needs. As a result, he was able to get referrals from existing customers. Much effort was also spent on securing the support of suppliers and the banks. During the start-up stage, keeping overheads small and seeing as many potential customers as possible were crucial in expanding his fledgling business. Joseph believed in its potential and was motivated by the thought of building up a successful company and realising its positive impact on society regardless of its size.

The company wanted to provide excellent service even for small jobs. Over time, Jason Electronics was recognised for its reliability and competence, and succeeded in building trust among its customers, who began to give it bigger projects. As its business grew while remaining focused on repair services, the enterprise moved to a bigger office in Delta House on Alexandra Road and hired more engineers.

Developing a sustainable business

Since it started as a sole proprietorship in 1976, Jason Electronics had transformed itself from being a repairer for marine electronic equipment to becoming a supplier of these equipment (while continuing to offer repair services) in the 1980s. It expanded to being an integrator of marine electronic systems and solutions (while still repairing and supplying equipment and systems) in the
2000s, and an investor and partner to its customers and suppliers (while remaining a repairer, supplier and systems integrator) in the 2010s.

The enterprise was incorporated as Jason Electronics Private Limited in 1978 and as Jason Marine Group Private Limited in 2007. It was publicly listed as Jason Marine Group Limited in 2009, in its continuing efforts to raise its profile as a trusted and reliable company with high standards. It received the Enterprise 50 Award in 2004 for being one of the top 50 Singapore companies, based on profitability, growth rate and sustainability.

Its three core businesses are provision of marine electronic systems for communication, navigation and automation (design, supply, integration, installation and commissioning), maintenance and support services (repair and replacement, operational and maintenance training, radio survey, annual performance test and certification), and airtime services (with wide geographical coverage and fixed and flexible plans).

Jason Marine Group’s key customers in the regional marine and offshore oil and gas industries are ship owners, shipyards, offshore rig and platform builders, and telecommunication companies. Other customers include cruise liners, ship managers, leisure and fishing boat owners and government agencies. It supplies products of leading international manufacturers, including Raytheon Anschütz, Thrane & Thrane, Seatel, Navico, Federal Signal, Samyung and Koden, through its ‘best-of-breed’ solutions to customers.

The company tenders for new projects and seeks out new customers at international maritime trade fairs and exhibitions, where it holds seminars, explores innovative technology, conducts market research and promotes its brand. See Appendix 2 for diagram on how it has clinched contracts and Appendix 3 for list of international trade fairs and exhibitions that it has participated in.

Jason Marine Group has grown through strategic development since its public listing. Not only has it continued to overcome the challenges of navigating its business through the relentless advances in technology, continuing changes in market needs and expectations, evolving regulatory requirements in countries that it has served, and the volatile world political, economic and social situations, it has been transforming itself to stay relevant.

Developing a sustainable business means Joseph has to manage risks related to his company and the industry in which it operates, including those less impactful and beyond its control. As the company is expanding to other countries, there are also risks related to its overseas operations. These may be general in nature or specific to the countries it has entered into.

Given the harsh conditions out at sea, its engineers on the ground face possible risks that can be very intimidating. Overcoming the challenge of attracting and retaining competent staff is even more critical for its business. Their technical expertise needs to be up-to-date with the rapid advancement in marine technology. The company seeks to be an employer of choice and a developer of people by implementing a framework of operational protocol to minimise work hazards. It has also provided opportunities for staff training and exposure for learning the latest technology. In addition, regular reviews of compensation schemes and benefits have ensured that
employees are appropriately remunerated and rewarded, with work-life balance being given priority. Joseph is conscious of the need for a small and medium-sized enterprise like Jason Marine Group to compete with the multinational companies for talent.

After the company had been listed on the Singapore Exchange as Jason Marine Group Limited in 2009, its plan was to grow over the next few years by looking for new suppliers and widening its product range, expanding its geographical network, and exploring investments and joint ventures. In 2013, its business operations were reorganised as Marine (under Jason Electronics), Offshore Oil & Gas (under Jason Energy) and China (under Jason Asia), to focus on different sets of skills that are required for the marine and the offshore oil and gas industries. The former provides distribution and maintenance services for bulk carriers, container ships and other vessels, while the latter is involved systems integration for semi-submersibles, jack-up rigs and other structures that require deeper system design expertise and broader product knowledge. China presents a potential huge market for both sectors. While the new corporate structure supports the company’s revitalised business strategy to sharpen its business focus and drive revenue growth, the three wholly-owned subsidiaries operate separately and implement their own business development strategies while sharing common corporate services and resources.

Prudent capital management over the years resulted in a strong net cash position for the company in 2013. That year, Joseph envisioned Jason Marine Group collaborating with other segments of the marine industry to maximise the impact of their collective corporate sustainability efforts, as their synergy would lead to a “1 + 1 = 11” outcome. Such synergy could also be applied within the company, with different departments coming together to resolve problems through team work. The “1 + 1 = 11” synergy was evident in its investment in technology start-up Sense Infosys that broadened the scope of its supply business. Joseph saw its relevance to his company’s future development and its potential to be a scalable business like Grab and Uber in the taxi business.

In 2014, the company’s vision was to become a global world-class player in marine electronics by strengthening its existing businesses, seeking new opportunities and leveraging on technologies.

Between 2007 and 2015, marine electronic systems (integrated solutions and standalone equipment) accounted for the bulk of the company’s revenue, with maintenance and support services contributing around 20 percent and airtime services below 10 percent. The key geographical markets were Singapore, China and the rest of Southeast Asia.

To continue to stay relevant through technology and innovation, it invested in Sense Infosys, which developed customised analytics solutions for the maritime and security sectors, in 2015. That year, it incorporated Marine Innovation as a wholly-owned subsidiary to sell and service marine communication, navigation and automation equipment based on the leasing model, in its efforts to widen its customer base and product portfolio. Marine Innovation’s team developed new services or new business models with manufacturers.

The company was further reorganised into five divisions in 2016. (See Appendix 4.) Underpinning these developments was its focus on business growth. It wanted to form strategic alliances with businesses that it had synergy with and which could help it grow in the process. As a business
practice, it continuously reviewed its business model to remain relevant, viable and sustainable – from centralised to decentralised organisation to get closer to customers, and from process-driven (efficiency) to results-driven (effectiveness), where relevant and applicable. It also had to grapple with the shortage of qualified skilled staff due to Singapore’s tightening of the employment of foreign manpower.

China’s rising share of the world marine market was evident since 2014. (See Appendices 5 and 6.) It was listed as the largest shipbuilding nation in 2015, with South Korea coming a close second and Japan a distant third. (See Appendix 7.) Joseph had noted in 2016 that China had become an important market for the marine and shipbuilding industries. For example, Shanghai had overtaken Singapore and Hong Kong in container throughput, while China had become the largest shipbuilding country in the world.

In Joseph’s view, the most important factor affecting Jason Marine Group’s long-term prospects is the price of crude oil, as this determines the type and size of investments in oil and gas-related companies. Other important factors are the Organization of the Petroleum Exporting Countries (OPEC) agreement, behaviours of other oil-producing countries, price of shale oil, political stability, government restrictions and impact of nationalism.

**As a supplier of marine electronic equipment since the 1980s**

Towards the end of the 1970s, Jason Electronics started to supply marine electronic equipment to replace those that could not be repaired. These were initially sourced from Japan, which has internationally known manufacturers. When Singapore played host to MarinTech Asia ’79, where major US marine equipment manufacturers met customers from Asia, Joseph seized the opportunity to exhibit and showcase his company’s expertise and capabilities at its first participation in a large-scale international maritime exhibition. As overseas manufacturers wanted to sell their equipment to owners of vessels calling at Singapore, he sought to represent them in Singapore. At the event, his company has learnt that it is important to visit the country or region that it is targeting, and to obtain referrals through its existing contacts.

In 1980, Jason Electronics repositioned itself as a one-stop solution provider based on what it could offer with existing suppliers. During the 1980s, it was appointed non-exclusive distributor and representative of two internationally renowned marine electronic products manufacturers – Anritsu Electronic Works and Shipmate AS of Denmark.

In the 1990s, the company established its presence in China, Indonesia, Malaysia and Thailand serving its customers directly. Joseph saw huge opportunities in China, with Shanghai’s busy port as the gateway. It was a natural decision to enter the three ASEAN countries as his staff are familiar with their ports and business environments. Owners prefer to repair their vessels in Singapore with its duty-free port, available spare parts and skilled manpower.

In 1991, the company secured its first contract to design, install and integrate a wide range of marine electronic products and systems for a major customer, after building up its technical and project management capabilities over the years. In 1997, it set up its first representative office in
Jakarta, Indonesia to handle marketing. The staff there had to find out what the local authorities required and to adapt to the local culture and way of conducting business. The second representative office was opened in Shanghai, China two years later. Again, the company had to grapple with a different culture and unfamiliar business practices, like those in relationship building, which requires conscientious efforts and much patience.

In 2000, the company was accredited as a certified service centre for Thrane & Thrane in Singapore and as an authorised service centre for Raytheon Anschutz in China, to provide maintenance and after-sales support services to Jason Marine Group’s customers who have purchased their products. Such facilities assure customers that there is always support available whenever they need help with the products they have purchased. The accreditation has offered Jason Electronics a steady revenue stream and helped it to grow its customer base. Being the official service centre is an advantage as customers prefer suppliers they can trust to provide quality support services.

In 2004, the company clinched an agreement from Samsung Heavy Industries of South Korea to distribute its marine automation products despite stiff competition from many other contenders. It has convinced the manufacturer of its ability to deliver the results expected based on its track records and past marketing activities.

By 2009, Jason Marine Group was sourcing products directly from European, American, Japanese and Korean manufacturers or through their agents or representatives. It concluded distributorship agreements with internationally well-known manufacturers like Raytheon Anschutz, Thrane & Thrane, Seatel, Navico, Federal Signal, Samyung and Koden that have enabled it to offer ‘best-of-breed’ solutions to its customers. It has been involved in the entire distribution value chain that serves the equipment manufacturers/brand owners and end-users – as main distributor, sub-distributors, system designer and installer, and service and maintenance provider. (See Appendix 8.)

**Overcoming distributorship challenges**

Many of the company’s distributorship agreements are not exclusive. Maintaining them has been a challenge as the principals expect to see growth in sales volume over time as well as the target profit margin consistently, although more similar products at competitive prices are entering the market. As the company’s share of the principals’ business is not sizeable enough, it cannot influence the prices, terms and conditions. It competes with the other non-exclusive distributors by providing better customer service and offering a better package with extra benefits. It also has invested in substantial resources to market the products.

Differences in expectations between Jason Marine Group and its principals on the terms of agreement, consignment of stock, purchase of spare parts and warranty conditions have been resolved through consultation and compromise.

**Overcoming distribution challenges in different countries**

Hiring the right staff in its overseas offices is a major challenge for the company but it persists in its search. Staff’s local knowledge and expertise are crucial in getting its brand recognised and in penetrating the markets.
The company has to keep up with technology in order to stay relevant to its customers. It has to grapple with how best to do so, and how to respond to customers when it lacks the necessary technical knowledge. In its efforts to move up the value chain as a provider of many products, how should it position itself in the market? What steps can it take to handle more complex and high-yield projects?

Setting up the Jakarta office in 1997 has been another learning experience for Joseph. Would it be better to work with local dealers who could promote his company’s products to end-users and provide after-sales service, or for the company to sell directly to customers in Indonesia? During the Asian economic crisis that year, he had to learn how to tackle both short-term and long-term goals at the same time, while adapting to the economic cycle and doing what were necessary to sustain the business and look after its staff.

**Sustaining the business**
Marine electronic equipment manufacturers usually offer their distributors one-year contracts, which are subject to renewal each year. Thus Jason Marine Group had to depend on a number of suppliers, although most of them will usually renew their distributorship agreements with it.

In the early 1990s, the company wanted to streamline its business and to focus on businesses that yielded higher profit margin and better return on investment. It repositioned itself as a one-stop solution provider of marine communication, navigation and automation systems based on customers’ actual requirements and sourcing from many suppliers. That ‘end-to-end’ total service meant that it could provide whatever the customers needed.

During the 1997 Asian financial crisis, the company’s loss of revenue was mitigated by demand for its maintenance services. Any vessel that was operating would still need to maintain its systems. By being vigilant to the needs and requirements of customers, the company was able to stay the course. It continues to look out for other opportunities outside Singapore and to see beyond the current difficulties while keeping its vision of becoming a world-class player in marine electronics in mind.

During that downturn, the company sent its engineers and technicians for technical training by its principals and for generic courses by professional institutions so that they could remain relevant to the business. Its financial prudence, and its loyal and dedicated staff also helped it to pull through the Asian financial crisis.

**As an integrator of marine electronic systems and solutions since the 2000s**
Providing information and entertainment systems has become important to Jason Marine Group’s business development since it became a systems integrator. Entertainment is essential for crew welfare and it has worked with suppliers on content development.
In 2006, the company opened its representative office in Vietnam, after a long search for an English-speaking local manager. However, finding staff and customers who could understand the English language turned out to be a huge problem and it had to close the office in 2008. In the following year, it took a 49 percent stake in Jason Thailand, which was formed in partnership with its former Thailand dealer.

In late 2007, the company took a 10 percent stake in Penta Electromec, an Indian company that supplies electrical and electronic equipment to the marine industry, through which it provides local support to ship owners in India. In December that year, iProMar (International Process and Marine Consortium) was incorporated in Singapore under International Enterprise Singapore’s International Partners Programme to provide a suite of turnkey engineering, procurement and construction services, as well as supply chain solutions for the downstream marine and offshore oil and gas industries in the Middle East. The company took a 25 percent stake in it, foreseeing that the oil-producing region to be a potentially important market that needs marine supporting services.

In 2008, the company decided to invest in e-MLX, a company incorporated in South Korea that is principally engaged in hydrography and navigation through the production, distribution and application of electronic navigational charts, navigational equipment and aids for safe and sound navigation. That was in line with Joseph’s vision for Jason Marine Group to become a regional player first before going global. The following year, its subsidiary in Indonesia started its trading business and consulting services.

**Overcoming challenges as a systems integrator**

The company’s customers do not usually sign long-term contracts with their service providers. However, it has been able to secure repeat orders after establishing good relationships with the customers. It has also earned revenue from the sales of products and services for projects that it has undertaken for customers.

It is difficult to terminate the services of employees in Indonesia due to the country’s labour laws. Thus the company has to consider how best to recruit staff there. Will it be possible to proceed according to its business plan without enough qualified people to execute it? What adjustments will it need to make?

**Sustaining the business during the 2008-2009 global recession**

Jason Marine Group’s business has depended on the growth of shipping traffic in Singapore, shipbuilding and ship-repair services in Singapore and China, and oil and gas exploration and production activities. These factors, in turn, are influenced by the world economy, which the International Monetary Fund noted in July 2009 was beginning to recover from the deep global recession, although it was expected to be sluggish.

The company experienced a severe business slowdown during that period, as its customers delayed the maintenance and repair of existing equipment and investment in new equipment. To mitigate the effects of the downturn, it deepened its relationships with existing customers by giving key accounts more attention and engaging their management and operational staff.
It also explored potential new markets and customers through referrals from its existing business contacts.

The good working relationships Jason Marine Group had forged with its suppliers and customers were especially important during an economic downturn. Those were the key reasons it was able to weather difficult periods in the past and to emerge stronger and more resilient each time. It has continued to invest in its people through staff engagement activities and staff development programmes.

**As an investor or partner with its customers and suppliers since the 2010s**

In addition to representing major manufacturers in various regional markets, the company has also entered into joint ventures with some of its principals.

The year 2011 saw the company launching a joint venture, Baze Marine & Offshore Pte Ltd (in which it had a 51 percent stake), with Norway-based provider of fact-based operations management software Baze Technology AS, to distribute and service Baze Technology’s BazePort infotainment products in Asia. In 2014, it divested its entire stake to Baze Technology AS following the latter’s change of business direction.

In 2013, Jason Marine Group attained the SS540 and BS2525999 certification for business continuity management, realising that business disruption could greatly impact its sustainability. It looked at various possible disruptive scenarios and considered viable solutions to mitigate the risks identified. For example, when the system broke down in one location, it was switched to another location without affecting its operations.

In 2015, the company invested in its first technology start-up in a complementary business as part of its strategic business development, seeing itself playing an important role in the digital age and thinking such a partnership would be the faster way to acquire the necessary expertise and enter a new market segment. Besides seeing the emerging trend of using big data and data analytics for better monitoring and decision-making, it expected information communication technology to provide it with a competitive advantage. It decided on buying new shares for a minority stake in the start-up Sense Infosys, after considering its management’s expertise and technological know-how, the market potential of its proprietary products, and its future plans and business prospects, based on the start-up’s revenue forecasts and the financial support of various government agencies for its product development. Founded in 2013, Sense Infosys is in the business of providing analytics, situation awareness and decision-support technology solutions and consulting services, based on its proprietary products for maritime, port and logistics solutions.

Sense Infosys is expected to ‘sharpen’ Jason Marine Group’s competitive edge and add value to its business by widening its product/service offerings to both its existing and new customers. The company is expecting to realise its investment objectives in 2018.

In 2015, Sense Infosys was developing intelligent enterprise, smart maritime, port and logistics products in collaboration with the private and public sectors, with the support of funding from
several Singapore government grants. That year, it rolled out the Digital and Intelligent Fleet software for the untapped maritime small and medium-sized enterprise market, to complement the higher-end market segment being served by Jason Marine Group. The following year, it launched its smart port platforms – TW for Teraweave.com and Teraweave Mobile. TW aims to provide a one-stop portal for maritime enterprises to network and collaborate, get news content and applications, and shop for products and services. Incorporated in the TW marketplace is Jason Marine Group’s own e-commerce initiative for online sale and purchase of sea communication and navigation products, called Mariners Outlet.

In 2016, the company increased its investment in Sense Infosys, as Joseph foretold the digital transformation in the maritime being increasingly led by enterprises that could harness data growth and connectivity. He also foresaw that the company’s entire business model and processes would need to be transformed to increase productivity and for ease of doing business. Anticipating that disruptive technology would affect the marine industry in an unprecedented manner, he reckoned that enterprises would have to embrace technology changes to stay relevant. Cybersecurity would be another area that he expected to impact his business significantly.

**Overcoming challenges in joint ventures and strategic redevelopment**

The BazePort infotainment products being distributed by the joint venture Baze Marine & Offshore were targeted at systems integrators, which included Jason Marine Group’s competitors. They did not want to buy from the joint venture when they had learnt of the company’s stake in it.

Following the company’s restructuring in 2013 into three strategic business units – Jason Electronics, Jason Energy, and Jason Asia – internal conflicts arose due to overlapping territories and customers, with each business unit seeking to minimise its own operating costs. The same customers might be serving both marine and offshore oil and gas industries, and different teams from Jason Electronics and Jason Energy would be calling on them. Such conflicts were resolved internally through constant communications, mutual respect, enhancement of capabilities and accountability. While each business unit has its own charter to follow, strategy to develop, and contribution to make to Jason Marine Group, the company’s shared services regard the business units as their internal customers and are required to set acceptable prices and achieve their own key performance indicators. Any operational issues surfaced are resolved through strategic review, budgeting adjustment, use of common templates and a distinctive performance culture. Over time, business performance has been enhanced with better accountability by all internal stakeholders concerned.

A key challenge facing the company is finding ways to streamline its operations for better efficiency and effectiveness through the application of technological innovations to serve new niche markets.

The company has formed a joint venture with a manufacturer, Koden Electronics of Japan, to leverage on Jason Marine Group’s presence in Malaysia and Indonesia. It has to consider the advantages that such partners, whose main businesses in manufacturing need a distribution
platform, bring to the joint ventures compared with those partners that require systems integration or project work.

**Sustaining the business after sharp fall in oil prices**
The overall operating conditions for the company in 2012 were difficult, with weak demand, intense price competition and rising costs, notably in skilled manpower. With continued stagnation experienced in the shipping, the company’s marine business has remained in the doldrums. Prospects in the offshore oil and gas sector have appeared brighter, and sales and marketing efforts have thus focused on its offshore business. However, this segment was later affected by the sharp drop in oil price from USD 110 to USD 28 per barrel, as most of the capital and operating budgets of major oil companies and drilling contractors were cut drastically.

In 2014 and 2015, Jason Marine Group’s operating environment remained challenging and competitive, as weaker oil prices continued to soften market demand.

In 2016, operating conditions for the company and the marine industry continued to be difficult due to factors beyond its control. As a result, it took further steps to manage and minimise its operating costs, like combining support services for cost-efficiency. Such rationalisation resulted in some job redundancies. In 2017, further corporate restructuring is being considered to prevent duplication of services and for more efficient deployment of the company’s resources, while seeking to develop new competencies to take on new business opportunities. Better management of its limited resources has become crucial to its sustainability during the prevailing economic slowdown.

Jason Marine Group’s vision is “to be a global world-class company in marine electronics” by 2020. By that year, more creativity and innovation will be needed amid ever-changing market conditions, with the goal posts shifting positions in a field that has not changed in size. It has intended to become truly global through partnership, by working with local business associates in Europe and the Americas while setting up subsidiaries in countries where it wants to develop the markets.

**Growing from strength to strength**
After 40 years, Jason Marine Group’s strengths and competitive advantages include:

- Capability to provide integrated solutions for a comprehensive range of marine communication, navigation and automation systems
- Experienced management team led by veterans who are able to read and ride on industry trends and to transform the company from a local equipment repairer to regional distributor and systems integrator (its executive chairman strategised the company’s growth while its CEO oversaw implementation of strategies and entry into new overseas markets)
- Extensive regional presence and global reach – it is represented in key shipbuilding and maritime hubs (Singapore, Malaysia, Indonesia, Thailand, China, South Korea)
- Broad technical expertise and deep product knowledge – it has received the Outstanding Consistent Performer Award from Cobham
• Partnership with many trusted and established international manufacturers and brands (see Appendix 9)
• Diversified customer base and high customer retention (80 percent of company’s 2009 revenue came from repeat sales)
• Established brand name (that stood for reliability, relevance and resilience) and corporate reputation – it received the Singapore Heritage Brand Award in 2010, 2011, 2012 and 2015, and
• Committed and competent staff who work as a team – it has received the Customer Service Award Pro from Navico

These strengths and competitive advantages are underpinned by the company’s core values of character (integrity and honesty, positive attitude and excellent teamwork), competence (excellent quality work, delivery of expected results, innovation and creativity) and commitment (passion and drive, walking the extra mile and seeking new opportunities).

**Leading a sustainable business**

When the MarinTech Asia ‘79 opportunity came knocking on Joseph’s door, he heard it and seized it, believing in going out into the field in search of new business opportunities and being open to exploring possible collaboration with potential partners. He and his team regularly attend marine-related exhibitions, seminars and workshops around the world to learn and to look for opportunities and partners.

Ten years after starting his own company, Joseph saw the need to return to the classroom to learn new knowledge, skills and tools to remain relevant in his company and its business. This personal pursuit required him to juggle between work and study, and to spend time after office hours on his part-time courses over several years. It was a struggle for him to find the time for study after a full day work. He diligently applied and adapted the business principles and models he had learnt in his business. He restarted his learning journey with the Diploma in Marketing from the Chartered Institute of Marketing, UK in 1987, knowing that every business needs to market its products and services. The following year, he decided to study for a science degree in business from Oklahoma City University to gain a wider perspective of business management. Lessons in history has taught him to learn from the past mistakes of others, while geography provided him with knowledge of different countries. Soon after graduating from Oklahoma City University, Joseph took up its master programme in business administration. During the part-time course, he spent weekends working on projects with his classmates. He gained an overview of business management and learnt more about business planning, budgeting, cash flow, strategic thinking and problem solving, which were all relevant to his business.

Joseph prefers to be proactive and to reach out to prospective customers. For him, networking and building a reputation of excellence and reliability are important. Showing a good track record of achievements will gain customers’ confidence. His passion for his business was evident when he spoke at the event marking the company’s debut on the Singapore Exchange in 2009. He sees his business as contributing to the well-being of society, as it provides connectivity and safety for people who are out at sea. Besides providing radio, satellite and international communication services, his
company also offers public address, cabin-to-cabin communication and entertainment systems on board vessels.

One of Joseph’s biggest challenges as a business leader has been in getting the whole company to embrace a set of lasting principles founded on his personal beliefs. Another big challenge has been finding the people to share the company’s values and to work on its goals. In 2013, he took the bold but creative step of commissioning the writing of a corporate poem to capture the essence of the company’s values. (See appendices 10 to 12.) This was shared with the staff during a company ‘townhall’ meeting that year. As an employer, Joseph believes in living the values of his company.

Joseph’s keen sense of observation has been brought to bear on the future. He has noted that with the advent of sophisticated monitoring systems in the new millennium, fewer crew members are required on board vessels with complex communication systems to patrol and safeguard them. He has also observed that demand for Internet connection on vessels out at sea has grown, due to the more efficient communications with headquarters on shore and with family and friends at home that the facility offers.

Over the years, Joseph’s entrepreneurial vision and foresight has showed the way forward for the company. He has envisioned expanding its portfolio of offerings to add value to its services to customers, including the distribution of products for overseas manufacturers. For example, if a faulty equipment could not be repaired, it could solve the customer’s problem by supplying a new one. That strategy was tested and proven to be successful. In the early 1990s, he was acutely aware that the company had to do more to stay ahead of the competition. Following his observation that customers prefer a single point of contact over sourcing from different suppliers, Joseph repositioned his company as a systems integrator and a one-stop solution provider of marine communication, navigation and automation systems. The repositioning has been an anticipative and astute move for the company to remain relevant to its customers’ needs.

Changing leadership roles
As executive director of the fledgling Jason Electronics when it started, Joseph was handling sales, repair, accounting, building relationships with stakeholders, suppliers, representation of new principals, and new market development. While learning by trial and error, he also attended short courses on marketing and financial management.

When he became executive chairman of the larger Jason Marine Group in 2007, Joseph has taken on a more strategic role in charting the company’s future. His responsibilities have covered general management (including mentoring of senior managers), overall business development (including identification of new growth areas, partnership with manufacturers and investment in related businesses), risk assessment, corporate governance and compliance, and strategic planning. His strategic business development responsibility in 2010 has included assessing market conditions and trends for future business growth. This involves gathering feedback from the company’s key customers on their challenges and market developments, and identifying future needs of the marine industry. He has led the team’s efforts to expand the business by broadening the range of suppliers, offering customers more products and services, and focusing on key overseas markets.
Over the years, Joseph has worked tirelessly in navigating his company towards his vision. In 2014, he envisioned Jason Marine Group becoming a global world-class player in marine electronics by 2020, with him playing an advisory role as a director. Before that, succession planning has been an ongoing process. He would also consider partnering another company that could bring Jason Marine Group to the next level, or for it to become part of a larger global company.

As the company’s founder and executive chairman, Joseph has taken a personal interest in the welfare of its employees. He views his staff as the greatest assets and having the right people as a critical success factor. He spares no efforts in creating a conducive working environment that will allow them to pursue a rewarding career and balanced lifestyle. To realise these objectives, the company’s initiatives include flexible work arrangements, health talks, fitness sessions, friendly creative competitions, team-building workshops and other staff activities. His approach is three-pronged – compensation (performance-based), staff training and development (competence building), and career advancement (planning and succession). His fatherly disposition has brought all the staff together in his Jason Marine family, while his pursuit of excellence unifies and motivates them to strive for product quality and service excellence. When the company celebrated its 40th anniversary in 2016, many of its staff had served 10 or more years- three of them having 30 years of service in the company, nine with 20 years and 17 with 10 years. Between 2013 and 2015, 20 employees on average each year received the long-service award for five or more years of service.

In 2010, Joseph received the Outstanding Entrepreneur Award from the organiser of the Asia Pacific Entrepreneurship Awards for his exemplary leadership and outstanding achievement in realising his vision for Jason Marine Group. Under his leadership, the company was named SME Employer of the Year at the HRM Awards 2014 for creating “an exceptionally supportive work environment that encourages every member of its team to excel”. It received the award for Leading HR Practices, Recruitment and Selection, Learning and Development, and Compensation and Benefits in the SME category from the Singapore Human Resources Institute. His care for others has extended to society at large, and in 2007 he received the Pingat Bakti Masyarakat (PBM) award from the President of Singapore for his community service.

**Overcoming leadership challenges**
Joseph has found explaining the company’s objectives directly to staff to be one of the most challenging aspects of his job. There are always the unknown and differences in opinion. Managing them requires patience, and he realises that constant communication with team members is essential for close co-operation to achieve the company’s business goals. Another challenge is getting staff’s buy-in emotionally and not merely their lip service.

It is also a challenge to train and develop the company’s employees with the right competencies and skills needed for a technology-based business in the future economy, which may turn out to be volatile, uncertain and complex.

The profit centres located in different countries have their own goals and objectives to achieve. During the annual strategic planning meeting with his country managers, Joseph will ensure that their goals and objectives are aligned with those of the whole company. He also
discusses their action plans and budgets before they are finalised for review and approval by the board of directors.

**Personal philosophy on people management**
Joseph believes that people and their capabilities will define the success of a business. “When a company has the right people, the business will be taken care of. If you take care of the people, they will take care of the business.” For him, caring for employees means meeting their needs and helping them to grow. From his experience, their tenacity and loyalty will sustain the company through the economic cycle. “If we engage them through partnership and collaboration, they will help us build our future. Without human capital, there will be no future.”

From his experience as an entrepreneur, business developer and leader, Joseph defines his company’s resilience as its ability to increase the bandwidth of its staff (in taking on more responsibilities) and business (in withstanding market turbulence). He believes in the importance of hard work and perseverance in never giving up in the face of seemingly insurmountable difficulties. He also believes that success depends on many factors but a single major oversight can ruin a business. He has to constantly bear in mind how critical relevant technical capabilities, impactful innovations and a strong financial position are to Jason Marine Group’s future success.

**Leadership for the future**
In 2017, Joseph foresees a number of key challenges emerging for the marine and offshore industries. These include keener price competition and customers seeking more value for money, as well as global events beyond its control, such as decline in oil prices, political unrest and disruptive technologies. For the marine sector, consolidation from mergers and acquisitions will result in economy of scale. As customers become more organised, there will be keener market competition, according to Joseph. He is expecting the offshore sector to recover in 2020. In China, he foresees Chinese manufacturers competing directly and indirectly with his company and using their channel partners to distribute their products.

In steering Jason Marine Group through the economic slowdown in 2016, what mattered most to Joseph was focus on its core businesses. At times, that proved challenging as other business opportunities beckoned while he looked for other revenue streams to improve the company’s financial performance.

Joseph sees the development of an eco-system to protect the world’s natural resources and conserve the environment as a priority for Jason Marine Group’s business sustainability. He believes that “a successful corporation is founded not only on its business achievements, but also on the positive role it plays in the community and in promoting environmental sustainability”. After starting, developing, sustaining and leading the company for over 40 years, it is all about living a balanced life for Joseph, in terms of his family, finance, personal growth, physical care, professional development, social interaction and spiritual wellbeing. For him, succession planning in his successful enterprise is still work in progress.
Concluding remarks
Jason Marine Group has stayed relevant and buoyant in the marine and offshore oil and gas industries by harnessing the power of technology and leveraging on the innovations of its business partners. It does not develop, manufacture or own any of the products that it offers. Its business depends very much on building lasting business relationships with manufacturers and main distributors of marine technology products, and with its corporate customers. The good working relationships it has forged with them has helped the company to grow in good times and to weather the difficult periods.

After 40 years in business, Jason Marine Group can choose to stay the course and wait for the prolonged global slowdown in the marine and offshore industries to end, or it can change course while still leveraging on technology and innovation to stay relevant. Whichever course it decides to take, it may run the risk of becoming unsustainable in future.

End-of-Case Questions

**Question 1**
What leadership qualities have helped Joseph Foo to develop, sustain and lead Jason Marine Group as an entrepreneur for over 40 years? Provide relevant evidence from the case, where applicable, for your answer.

**Question 2**
Business sustainability is also about managing risks at all times. What do you think are some of the business risks that Jason Marine Group has faced since its incorporation?

**Question 3**
What are the strategic options that Jason Marine Group can consider to stay relevant and sustainable after 40 years?
References

Business Times. (2011, March 15). In the hunt for more partners: Homegrown company Jason Marine aims to become a one-stop marine electronics provider

Business Times. (2013, April 9). Always seeking a larger footprint: Jason Marine Group does not sit on its laurels and is constantly expanding and reinventing

Edge Singapore. (2009, October 19). Jason Marine takes IPO route to expand offerings and markets


Appendix 1
Singapore as a world-class maritime hub

Singapore, World-Class Maritime Hub

- Port of Singapore, one of the world’s busiest port, registers good growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Vessel Arrival Tonnage</th>
<th>Container Throughput</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2.0 Tnes</td>
<td>29.9 Million TEUs</td>
</tr>
<tr>
<td>2012</td>
<td>2.12 Tnes</td>
<td>31.6 Million TEUs</td>
</tr>
<tr>
<td>2013</td>
<td>2.25 Tnes</td>
<td>32.6 Million TEUs</td>
</tr>
</tbody>
</table>

- Singapore is now home to about 130 shipping groups
  - Strong shipping infrastructure in Singapore will attract more companies to set up here and eventually list in Singapore (1)
  - Total tonnage flagged under the Singapore Registry rose to 73.6 million gross tonnage as of 31 December 2013, from 57.4 million gross tonnage from end 2011

Long term demand for the Group’s services and products to remain firm; upward trend in demand for technologically-advanced products.

(1) Business Times, “Singapore eyes more listings by shipping, offshore companies $5b away”, 24 April 2014

Source: Jason Marine Group Limited
Appendix 2
How Jason Marine Group clinched contracts

Source: Jason Marine Group Limited’s corporate website
Appendix 3

Jason Marine Group’s participation in international trade fairs and exhibitions

<table>
<thead>
<tr>
<th>Maritime Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific Maritime</td>
<td>Singapore</td>
</tr>
<tr>
<td>GASTECH</td>
<td>Singapore</td>
</tr>
<tr>
<td>Indonesia Maritime Expo</td>
<td>Singapore</td>
</tr>
<tr>
<td>Kormarine</td>
<td>Busan, South Korea</td>
</tr>
<tr>
<td>Marintec China</td>
<td>Shanghai, China</td>
</tr>
<tr>
<td>Maritime Vietnam</td>
<td>Ho Chi Minh City, Vietnam</td>
</tr>
<tr>
<td>Vietship</td>
<td>Hanoi, Vietnam</td>
</tr>
<tr>
<td>OSEA</td>
<td>Singapore</td>
</tr>
<tr>
<td>OTC, Offshore Technology Conference</td>
<td>Houston, USA</td>
</tr>
<tr>
<td>Posidonia</td>
<td>Greece</td>
</tr>
<tr>
<td>Sea Asia</td>
<td>Singapore</td>
</tr>
<tr>
<td>TUNA</td>
<td>Bangkok, Thailand</td>
</tr>
</tbody>
</table>

Source: Jason Marine Group Limited
Appendix 4
Jason Marine Group’s corporate structure (2016)

Jason Marine Group (Singapore)

- **Jason Electronics** (Singapore, 100 percent)
  - Jason Electronics (Thailand) (Thailand, 49 percent)

- **Jason Asia** (Singapore, 100 percent)
  - PT Jason Elektronika (Indonesia, 1 percent)

- **Jason Venture** (Singapore, 100 percent)
  - PT Jason Elektronika (Indonesia, 99 percent)
  - Jason Elektronik (Malaysia, 100 percent)
  - Jason (Shanghai) (China, 100 percent)
  - Jason Korea (South Korea, 51 percent)
  - Koden Singapore (Singapore, 60 percent) (with Koden Electronics of Japan as partner)
  - iProMar (Singapore, 25 percent)
  - Sense Infosys (Singapore, 24.4 percent)

- **Jason Energy** (Singapore, 100 percent) - focus on the offshore oil & gas business

- **Marine Innovation** (Singapore, 100 percent) - sell and service marine communication, navigation and automation equipment

Source: Jason Marine Group Limited’s 2016 annual report
Appendix 5
China as world’s no. 1 shipbuilder

China, World’s No. 1 Shipbuilder

<table>
<thead>
<tr>
<th>Million Deadweight Tonnes</th>
<th>2013</th>
<th>%Chg</th>
<th>Jan-Feb 2014</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed vessels for exports</td>
<td>35.73</td>
<td>(27.9%)</td>
<td>3.65</td>
<td>25.8%</td>
</tr>
<tr>
<td>New orders for vessel exports</td>
<td>64.74</td>
<td>333.0%</td>
<td>15.87</td>
<td>307.0%</td>
</tr>
<tr>
<td>Total orders for vessel exports (at end of period)</td>
<td>115.41</td>
<td>30.5%</td>
<td>128.99</td>
<td>41.9%</td>
</tr>
</tbody>
</table>

Sources: ChinaMarketResearchReports.com, 30 March 2014; and Chinese Association of the National Shipbuilding Industry

- China’s rising market share:
  - New vessel orders for 2013 accounted for 47.6% of the world total, which ranked first in the world for five consecutive years
  - Vessels delivered for 2013 accounted for 40.3% of the world total, which ranked first in the world for four consecutive years

- China’s new vessel orders gain momentum in Jan-Feb 2014.
  China Association of the National Shipbuilding Industry expects steel demand from the domestic shipbuilding industry to total 13 million tonnes in 2014, up 18.2% yoy

Source: Jason Marine Group Limited
Appendix 6
China as a growing offshore support vessel and rig builder

China, A Growing OSV & Rig Builder

- Chinese yards’ market share of newbuild jackup rigs has risen – 45% in 2013 from less than 20% in the previous years
  (According to Rigzone, 62 newbuild jackup rigs were ordered in 2013 vs 44 new orders in 2011)


China, A Growing OSV & Rig Builder

Supply vessel newbuilding by country in 2013, 2014 & 2015*

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>China</th>
<th>India</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Norway</th>
<th>Singapore</th>
<th>U.S.</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHTS 4-7,999bhp</td>
<td>2</td>
<td>62</td>
<td>2</td>
<td>10</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>97</td>
</tr>
<tr>
<td>AHTS 8-9,999bhp</td>
<td>0</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>AHTS 10-15,999bhp</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>AHTS 16-19,999bhp</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>AHTS 20,000+ bhp</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>AHTS Total</td>
<td>7</td>
<td>85</td>
<td>4</td>
<td>19</td>
<td>9</td>
<td>4</td>
<td>14</td>
<td>1</td>
<td>15</td>
<td>158</td>
</tr>
<tr>
<td>PSV &lt; 500 m2</td>
<td>2</td>
<td>41</td>
<td>9</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>61</td>
</tr>
<tr>
<td>PSV 500-749 m2</td>
<td>6</td>
<td>41</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>67</td>
</tr>
<tr>
<td>PSV 750-999 m2</td>
<td>2</td>
<td>56</td>
<td>8</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>11</td>
<td>98</td>
</tr>
<tr>
<td>PSV 1000+ m2</td>
<td>27</td>
<td>32</td>
<td>11</td>
<td>1</td>
<td>1</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>69</td>
<td>141</td>
</tr>
<tr>
<td>PSV Total</td>
<td>37</td>
<td>170</td>
<td>22</td>
<td>19</td>
<td>7</td>
<td>15</td>
<td>19</td>
<td>15</td>
<td>62</td>
<td>359</td>
</tr>
</tbody>
</table>

Total: 44, 255

* Chinese shipyards account for half of the global OSV order book

Demand for the provision of marine electronics equipment and related services in the PRC to remain healthy

Source: Jason Marine Group Limited
Appendix 7
China as world’s largest shipbuilding nation

Source: Jason Marine Group Limited
Appendix 8

Jason Marine Group’s involvement in the distribution value chain

Source: Jason Marine Group’s 2009 IPO prospectus
Appendix 9
Jason Marine Group’s international partners

Source: Jason Marine Group Limited
Appendix 10
Jason Marine Group’s core values and practices – I

WHAT WE CARE

At Jason Marine, we are guided by what we believe in.

Character
Our core values have steered us in the right direction:
Character, where integrity and reliability matter most;
competence and creativity; and commitment to a higher calling.

Competence

Commitment
Our moral compass gives direction to our business decisions,
as we strive to be a world-class player in marine electronics.

Source: Jason Marine Group Limited
WHERE WE CARE

On choppy sea or calm water, we’re steadfast in our pursuits.

Together we’ll weather any storm that may come our way.

We cannot direct the sea current but we can adjust our rudder.

At work we constantly face challenges, obstacles and setbacks, but we stay true to our beliefs, values and sense of mission, keeping our faith strong and doing what’s right and ethical.

HOW WE CARE

Doing business with a heart of gold and the spirit of giving, Jason Marine is like a resilient ship that stays the course, showing the way in entrepreneurship, leadership and partnership.

We work hard, at times far away from home and our families; we act beyond the call of duty, make sacrifices, run the extra mile.

At work and at play, we care for one another like we’re a family.

Source: Jason Marine Group Limited
Appendix 12
Jason Marine Group’s core values and practices - III

WHO WE CARE

Jason Marine is a company that cares deeply for its employees, ensuring their safety at the workplace and on board vessels at all times, providing constant communications with colleagues and loved ones.

We're dependable and passionate about serving our customers better.

To all other stakeholders, we thank you for your advice and guidance: directors, suppliers, bankers, business associates and many more.

WHY WE CARE

All of us with our God-given talents can serve others in any way we can, to help make our society a better place for everyone, now and in future.

Each contribution may be small, together we can make a big difference.

In helping others, we become the best that we can and want to be, and realise our hopes and our dreams for a better tomorrow.

Helping humanity is loving and serving God our Creator.

Source: Jason Marine Group Limited