



LOCA EV Fast Charging Stations

ICT, transport and logistics

ທຶນສົມທົບເພື່ອສ້າງເສີມທຸລະກິດ



Business Assistance Facility

CASE STUDY N° 06

**LOCA CO. LTD.**

**PIONEERING RIDE-HAILING IN LAOS**





**LOCA CO. LTD.**

 loca.la



No. of BAF II matching grants received: **9 grants**

### Types of BDS activity undertaken

- ✘ Marketing and branding
- ✘ Software development
- ✘ Video production
- ✘ Cybersecurity testing
- ✘ Accounting and auditing

### BDS providers used

- ✘ J&C Marketing
- ✘ Khamphai Khounnavongsa, Phouvanh Kongchansavath and Thepsoulin Singsavathdy
- ✘ LSM Co. Ltd.
- ✘ CQ Co. Ltd.
- ✘ AAS Lao Co. Ltd.
- ✘ Lailaolab ICT Solutions Co. Ltd.
- ✘ P&F Co. Ltd.
- ✘ Aeknarin Sirisub

## **Pioneering ride-hailing in Laos**

Recent years have seen a revolution in the provision of many kinds of services, largely driven by advances in technology and the increasing use of digitalisation. This has presented small and start-up companies with opportunities to enter businesses that were previously dominated by much larger and established firms. This trend has been depicted as 'disruption', and has spanned financial services, media, retail, transport and logistics, health, education... the list goes on and on.

This disruption in established business models has created opportunities for people to generate new and additional ways of earning income, either as full-time jobs or part-time work. One of the positive attributes of this kind of 'gig work' is that people who may not be able to pursue a 'normal' 9-to-5 job, working Monday to Friday, can instead take on work that better suits their particular circumstances, such as the need to be a care-giver to someone in their immediate family, or studying.

And for consumers, the disruption trend also provides opportunities for greater competition between providers, which can result in improved service quality and lower prices in a more transparent market.

It can also reward companies that are able to introduce new service offerings that will be attractive to retail customers and/or corporate clients. For a lot of service sectors, including business development services (BDS), we have entered a new age of 'business as unusual'.

## **A disruptive new entrant**

Established in 2018, LOCA is Laos' first and most successful ride-hailing service. The company's core business model broadly mirrors that of Uber, Lyft and Grab, allowing customers to book a car and driver for a pre-agreed fare, using an app on their mobile phone. Led by co-founder and CEO Mr. Souliyo Vongdala, LOCA has a young and talented management team, and prides itself on transparency, standard pricing, real-time tracking systems, and detailed trip histories for its customers.

As a first and fast mover in the tech sector, LOCA's innovative business model has helped to disrupt the traditional market for taxi services, bringing significant benefits to consumers, and additional income to its growing cohort of drivers, many of whom work

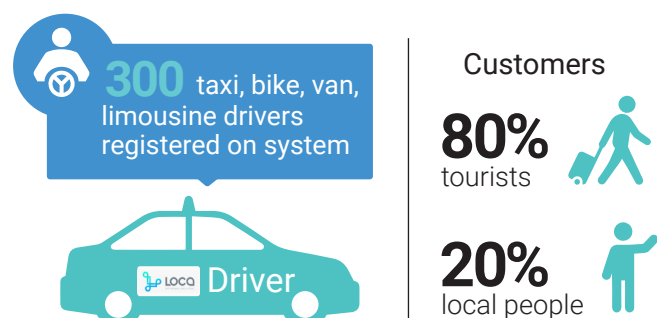


part-time to supplement their income. At the time of writing, LOCA remains the only licensed Laos-based ride-hailing service, thereby maintaining a strong market position. However, ever since it began, LOCA has sought to innovate and differentiate itself from impending competition, conscious that foreign competitors have plans to enter the Lao market. Mr. Souliyo is not resting on his laurels, or allowing the company to become complacent.



### Introduction to BAF II

Mr. Souliyo first approached BAF II in December 2019, seeking a grant to support LOCA (then part of Bizgital, a digital marketing company) in developing and implementing a strategy to attract more clients and promote loyalty among existing customers, at a time when new competitors were anticipated to begin entering the market very soon. At the time, Bizgital had about 300 taxi, bike, van and limousine drivers registered on its system. Its main customers were in-bound tourists (80%) and local people (20%), and the service was available only in Vientiane Capital and Luang Prabang province.



### Reducing dependence on 'big tech'

A key challenge for LOCA in its early days was its dependence on Google Maps for the mapping data needed to generate route calculations, and direction planning for drivers. The costs associated with the service were substantial, and limitations like the absence of residential addresses on Google Maps created additional difficulties for drivers pocking up or dropping off passengers in locations other than offices. This dependency on a third-party service also limited LOCA's ability to directly address errors arising in the map integration.

Supported by a BAF II grant, LOCA was able to hire a specialist BDS provider to develop its own proprietary map information engine, using open-source data. The engine provides route and direction information, a distance and time matrix, location search in hybrid with Google Maps, and a digital address system to find residential locations on maps. This solution turned out to be hugely beneficial for LOCA, allowing the company to adjust features and systems to better fit actual practices, the specificities of the Lao market and bringing greater convenience for their clients. It also significantly reduced LOCA's operational costs, by about US\$100,000 annually (the amount previously spent on using Google Maps). Significantly, this technological advance also helped the company position itself favourably against anticipated foreign competitors, by creating a competitive hurdle over which any new entrant would have to jump.

The engine help LOCA to save operational costs

**US\$ 100,000** annually

\*\* (the amount previously spent on using Google Maps)

### Innovation during the pandemic: expanding beyond ride-hailing

LOCA was heavily impacted by the COVID-19 pandemic and the imposition of extensive travel restrictions. It lost practically all its expatriate and in-bound tourist clients during the first pandemic wave in the spring of 2020.

Recognizing the need for strategic solutions to ensure business resilience and continuity, Mr. Souliyo expanded LOCA's offerings, transforming it into a much broader eco-system than simply a ride-hailing app. Looking back, this new phase of product development proved crucial for the company's sustained growth.

With BAF II support, LOCA developed an online platform for selling insurance, which helped the company to secure another source of revenue and created an alternative means of earning an income for its drivers. BAF II also supported LOCA to conduct a cyber security diagnostic, to identify weaknesses in the company’s security protections, strengthen preventative measures, and bolster security capabilities. As a result, LOCA can now securely protect its user’s data, thereby increasing levels of customer trust.

Mr. Souliyo identified a need to raise additional capital for a speedy post-pandemic recovery, which meant attracting long-term equity investors to support business expansion. One of the common obstacles that private equity investors face in frontier markets like Laos is poor financial records held by potential investee companies. This can considerably increase the risks and transaction costs of making investments, resulting in fewer deals and lower valuations (to mitigate the increased risks), or even prevent investments occurring altogether.



**Mr. Souliyo Vongdala**

Co-founder and CEO of LOCA

Recognising this, LOCA applied for another matching grant from BAF II to develop standard operating procedures for accounting and financial management, making the company more attractive to potential investors. It also helped the company to improve its own financial planning, particularly as it started to diversify its income streams, resulting in much more complex financial reporting and compliance.

Mr. Souliyo hired an international accountancy firm to carry out an audit in which LOCA achieved nearly 100% compliance, giving future equity investors more confidence in the business. Reflecting on the experience, Mr. Souliyo says he found the process useful because he learned about what problems needed to be fixed and received helpful advice on how best to fix them. This activity has also borne fruit as the Asian Development Bank’s frontier private equity fund made an investment in the company.

An important change for LOCA during the pandemic and the resulting exodus of expatriates and in-bound tourists from Laos was to pivot its business strategy

to focus more on local customers. With this in mind, Mr. Souliyo used a matching grant from BAF II to develop a long distance, province-to-province ride sharing feature. This allowed people in Laos, planning to travel on longer distances, to plan and share rides, thereby reducing the costs of doing so.



**DR. NICK FREEMAN**  
BAF II Team Leader

“We have been greatly impressed by LOCA’s ability to plan and execute an ambitious business plan that has seen its range of business offerings widen considerably”

“The company’s management was able to turn the existential threat posed by the pandemic into a business opportunity, by pivoting quickly and effectively. It also recognised the need to embed a range of complementary service offerings into a coherent ecosystem. Mr. Souliyo and his team are to be saluted for its ambition, its execution and its constant evolution.”

## Post-pandemic recovery and new features

However, as international tourists started returning to Laos, BAF II supported LOCA in developing new services aimed at foreign customers, bringing new sources of revenue for the company. These included an add-on function for selling data packages and mobile phone top-ups, and a groundbreaking cross-border QR payment system, called LOCA PAY. This allows inbound tourists to make payments in Laos using their credit or debit card. The QR system also enables payments to local micro and small businesses that do not have a credit card terminal, making it convenient for tourists and local businesses alike, and minimizing transaction costs. By 2023, LOCA PAY had served over 200,000 tourists, thereby playing an important role in boosting Laos’s tourism industry, as well as LOCA’s own revenues.



Say goodbye to carrying cash with **LOCA PAY** and **Lao QR codes!**



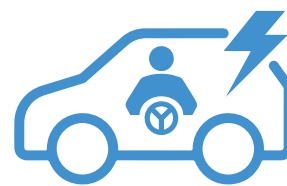
LOCA also received support from BAF II to attract specific groups of potential customers. One recent initiative was a marketing plan and campaign to increase awareness of LOCA's services among South Korean customers, who make up a significant proportion of tourist inflows to Laos. BAF II also supported LOCA to integrate its app into the popular Thai-based 'Line Mobile' messenger app, which has over 500 million downloads on the Google Play store. This means that LINE users no longer need to download the LOCA app or complete a separate registration process to use its services in Laos.



Based on LOCA's own estimates, its Thai customers are expected to increase by 15-25% as a result, and the company's overall customer base is expected to increase by 60%. Creating mini apps in a super app that is already widely used and trusted in multiple countries should increase sales traffic and awareness that ride hailing is available in Laos. By integrating their service into LINE, LOCA is astutely improving its brand value and equity.

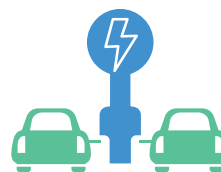
## Green initiatives and future plans

Besides developing its digital platform and product offering, LOCA has set itself an ambitious goal of shifting to a 100% Electric Vehicles (EVs) fleet by 2030. Currently, the company has 330 EV drivers, representing over a third of its total fleet. Besides being more environmentally friendly, EVs are cheaper to operate, with the cost of (locally generated) electricity being a fraction of the cost of (imported) gasoline for an equivalent distance - especially in the context of the Kip's devaluation against the USD. Investing in EVs was therefore an easy decision for LOCA, creating a larger profit margin for its drivers and allowing the company to expand further.

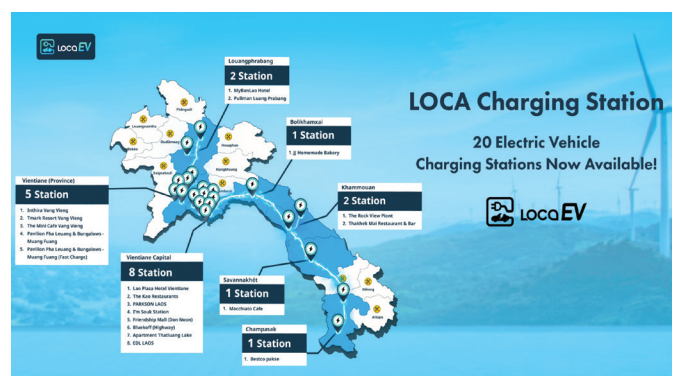


Currently, LOCA has **330** EV drivers

In addition to the EVs themselves, LOCA also operates 20 charging stations nationwide, with plans to have 30 stations before too long, ensuring comprehensive coverage across the nation. Conveniently, customers using the charging stations can pay using LOCA PAY on the app. An integrated, multi-service ecosystem is steadily being developed that will help LOCA to consolidate its position in the Lao market. This so-called 'fly wheel' approach to business growth allows a company to build on its successes in a way that generates momentum at a compound rate. LOCA also has plans to enter the ride hailing market in neighbouring Cambodia.



LOCA also operates **20** charging stations





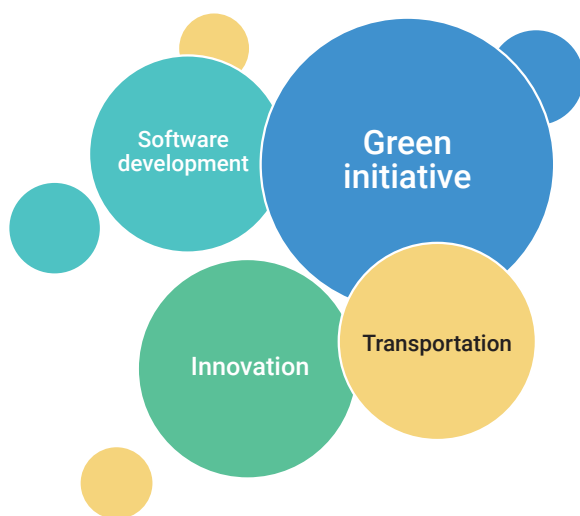
## Achievements and recognition

From its early days as an exclusively ride-hailing app with just three employees, LOCA has achieved tremendous success through the expansion and continued development of its services. According to Mr. Souliyo, the key to LOCA's growth has been a step-by-step approach, rather than trying to achieve many objectives at the same time. The strategy has served LOCA well – as of early 2024, LOCA has created over 900 jobs for its cohort of drivers and expanded its permanent staff to 40.



As a testament to its innovation and sustainable business practices, LOCA was the first and only Lao firm in Forbes Asia's '100 to Watch' rankings in August 2021, and awarded the ASEAN Business Award 2023 for 'The Best Customer Experience'. For Mr. Souliyo, these accolades reflect the company's unwavering commitment to redefining travel and payments. More broadly, they are a statement of intent for Lao innovation and its emerging start up scene on the global stage.

## Key themes



## Resources

### Lao startup LOCA secures top honours at Asean Business Award 2023 (The Star) – Sept. 2023

<https://www.thestar.com.my/aseanplus/aseanplus-news/2023/09/06/lao-startup-loca-secures-top-honours-at-asean-business-award-2023>

### Laotian Super-App Gears up for Cambodia Expansion (Fintech Singapore) – Aug. 2023

<https://fintechnews.sg/77804/laos/laotian-super-app-gears-up-for-cambodia-expansion/>

### Ride-hailing firm's EV answer to inflation in Laos (The Straits Times) – Aug. 2022

<https://www.straitstimes.com/asia/se-asia/ride-hailing-firms-ev-answer-to-inflation-in-laos>

### Forbes Asia 100 To Watch – May 2022

<https://www.forbes.com/sites/forbesasiateam/2021/08/09/forbes-asia-100-to-watch/>

<https://www.forbes.com/sites/forbesasiateam/2024/08/26/forbes-asia-100-to-watch-2024/>

<https://line.me/th>

<https://www.cosmico.org/business-momentum-applying-the-flywheel-effect>

[https://www.khmertimeskh.com/501355350/laos-ride-hailing-app-loca-plans-cambodia-expansion/#google\\_vignette](https://www.khmertimeskh.com/501355350/laos-ride-hailing-app-loca-plans-cambodia-expansion/#google_vignette)

<https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-the-gig-economy>

### BAF II short video on Loca

<https://www.youtube.com/watch?v=3DJtsPvwVqo>

### Adding some vroom! To ride hailing in Laos

[https://www.baflaos.com/uploads/BAF%20II\\_case%20study\\_Loca\\_Final\\_English.pdf](https://www.baflaos.com/uploads/BAF%20II_case%20study_Loca_Final_English.pdf)



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