

MVCA recognises industry players

| BY LEE WEI LIAN |

The Malaysian Venture Capital Association (MVCA) presented awards to several key players earlier this month for their efforts in supporting the investment community and raising the industry's profile. "There are many VC companies out there laying the groundwork for the next generation of entrepreneurs. And we want to showcase them," says MVCA committee member William Du. netv@lue2.0 managed to catch up with some of the winners to talk about what they do.

Malaysian Life Sciences Fund (MLSCF) — a window to global R&D

MLSCF started at the end of 2006 with a fund size of US\$150 million and twin objectives of providing investors with an attractive financial return as well as to assist the local life sciences industry. It is a joint venture between the Malaysian government — through the Malaysian Technology Development Corporation (MTDC) — and San Francisco-based life sciences merchant bank, Burrill & Co. "When we invest, we try to bring back some of the technology to Malaysia," says Datuk Azlin Alias, CEO of MTDC. So far, between US\$15 million and US\$18 million has been invested in three companies which are involved in biofuels and light-therapy oncology. Another US\$45 million has been invested in Burrill & Co's Fund III.

Azlin admits that it was not easy raising money for the fund. "Many people told us: Why invest in you when we can invest ourselves?" he says.

But he remains optimistic about the future of VCs. "The industry is



Azlin: Our fund is a window to global biotech R&D

still young and has the support of the government," says Azlin, adding that he wants to show success to generate interest in biotech investing. He also urged Malaysian companies, especially those which could benefit from biotech, like IOI and Sime Darby, to weigh the non-financial benefits of putting money into funds such as his. These include a chance to measure the pulse of the global tech industry. "As an investor in a global fund, you get to see the deal flow in the biotech space," points out Azlin. "A corporation should treat it as a window to global R&D." He says many companies, such as Bayer and Mitsubishi, invest in Burrill's Fund III for exactly that reason. "They want to see the deal flows."

MDeC — seeing early results

The MSC Malaysia Technopreneur Pre-Seed Fund (TechnoFund) under the Multimedia Development Corporation was started in December 2006 to nurture ICT start-ups. The Ministry of Finance allocated



Roslan: We want to help recipients cut deals

RM80 million to the fund, of which RM60 million is reserved as grant money. The remaining RM20 million has been allocated for support programmes such as labs. Some RM13 million has been disbursed so far to fund 100 new ideas, with each idea getting about RM150,000 over 12 months.

"We're now looking to get more applicants from outside the Klang Valley so we're now focusing on other states," says Roslan Bakri, general manager of the Technopreneur Development Division. While it is still early days for the fund, there are already some early harvests. At one meeting with prominent US venture capitalists in December last year, 13 of the 22 Techno Fund recipients were singled out for their potential. "One VC told me that he was taken aback at how many cool ideas we were presenting to them," says Roslan. "We're now working with them on how to take things further. We don't just give out funds but we also want to help the recipients cut deals."



Wong: We plan to list our incubator by end-2008

MIRC — aiming to be first listed incubator

While MCA's IT Resource Centre (MIRC) is technically not a fund and actually started off as a free service to help small and medium enterprises become more IT savvy, it nevertheless aims to facilitate the funding process. It has also started a small fund of its own that has invested in mobile marketing companies. Further ahead, it is even looking at investing in biotech companies. "We hope to hit a fund size of RM20 million," says its CEO, Andrew Wong. It collaborated with *The Star* newspaper to create The Star IT investment fund. It has an incubator unit and plans to list it on either the Mesdaq market or Singapore's Catalist. If successful, MIRC's incubator will be the first Malaysian incubator to be listed. "Our business model is to provide multi-facilities and services for a fee," says Wong. "We are the next stage for companies such as Techno Fund recipients. Through the incubation process, we will help minimise the risk for investors."



Nazrin: We want to help our grant recipients to commercialise

Cradle — helping with commercialisation

Nazrin Hassan, CEO of the Cradle Investment Programme, says that the award is a significant recognition that development funding for ideas fills an important gap in the funding lifecycle. Since its inception, Cradle has helped the prototyping of 251 innovative start-up ideas via grants of RM50,000 each. Nazrin says he wants to take Cradle beyond developmental funding to commercialisation by helping companies obtain their first contracts.

"Commercialisation is not all about venture capital," he says. "If you get a contract, that really helps. Therefore, we are looking for commercialisation partners and building up our mentor bank to help us in our commercialisation quest." Cradle is awaiting approval from the Ministry of Finance to increase the size of the grants and accelerate its commercialisation efforts. Nazrin is confident that if the proposals are approved, the commercialisation rate of Cradle



The winners (from left): Husni Salleh (Mavcap), Mohd Azam Ali (Malaysian Biotech Corp), Mohd Zubir Ansori (MDV), Azam Azman (MVCA), Datuk Zarinah Anwar (Malaysian Venture Capital Development Council), Tan Sri Abdul Halim Ali (Multimedia Development Corporation), Andrew Wong (MIRC), Tiffany Marilyn Lim (LimKokWing University), Nazrin Hassan (Cradle) and Wong Mei Shyuan (HSBC)

Chance to showcase to global audience

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According to Khoo, the move to get the backing of policymakers was based on feedback from the organisers of WCIT Texas. "When we asked them for some of their challenges, the lack of policymakers from the government was cited as a major missing component in the success of the event," he says.

Fortunately for Malaysia, government support has always been a major plus point in global events organised here. For instance, former Science, Technology and Innovation Minister Datuk Seri Jamaludin Jarjis went to Davos, Switzerland, to promote WCIT Malaysia during the World Economic Forum in January. MDeC CEO Datuk Badlisham Ghazali, who was with him then, also said Malaysia's strategic location at the crossroads between East

and West makes it an ideal gateway to Asia, offering global businesses a springboard to the lucrative Asian markets of China, India and Southeast Asia.

ident of the J. Craig Venter Institute and the J. Craig Venter Science Foundation; Intel's Dr Craig Barrett; Dr Robert Bishop, chairman of the Blue Brain Project; Dr Hamadoun Toure, secretary-general of the International Telecommunication Union; Dr Robert Atkinson of the Information Technology and Innovation Foundation, and chief information of-

cers Robert Carter of FedEx and Douglas Merrill of Google. Among the Malaysian CEOs who will share the stage with their global counterparts are Ganesh Kumar of MOL Portal, Wei Chuan Beng of REDtone and Tan Sri Lim Kok Wing.

For Malaysian companies, the congress will provide an unparalleled opportunity to

showcase themselves to a global audience. With CNBC as media partner, a wide audience is assured.

Those interested in participating can obtain information at www.WCIT2008.org or email registration@wcit2008.org.

Comments: feedback@bizedge.com



HARIS HASSAN/THE EDGE

Malaysia's strategic location at the crossroads between East and West makes it an ideal gateway to Asia, offering global businesses a springboard to the lucrative Asian markets of China, India and Southeast Asia.

— Badlisham

and West makes it an ideal gateway to Asia, offering global businesses "a springboard to the lucrative Asian markets of China, India and Southeast Asia".

"Indeed, that is the position Malaysia has taken and aims to hammer home during the gathering of these smart, powerful and influential people at (WCIT) Malaysia," says Khoo.

Delegates will also have the chance to visit other states that may want to show their various IT and biotech initiatives to attract investments. Of course, a trip to Cyberjaya is in the itinerary. However, no event has been planned in Cyberjaya. Khoo says this is because they want to keep all the activities centred around the various venues in KL. "It is for the convenience of the delegates," he adds.

One new feature in WCIT Malaysia is the creation of a chief information officer panel to enable vendors to hear from key buyers of technology their thoughts and challenges.

A host of eminent global personalities have been lined up as speakers and panellists, including Dr J Craig Venter, founder and pres-



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recipients will be between 50% and 60% "There will be more emphasis on refinement of the business model," he says. "You can do a lot with small money if you are clever. And if you use small money effectively, you can do better with big money."

Mavcap — looking to specialise

Malaysian Venture Capital Sdn Bhd (Mavcap) has invested over 50% of its money in companies at the seed stage. And of the RM300 million that it plans to invest during the Ninth Malaysia Plan, between 30% and 40% has been allocated for early-stage companies. Husni Salleh, Mavcap's CEO, says besides investing, Mavcap also helps its clients secure business. "We also try to use their products ourselves," he adds.

He says growth does not have to be organic all the time and Mavcap will help investees make acquisitions. In terms of internal operations, he has created "mini-outsourcing teams", with each focusing on its own field such as content, telecoms and enterprise software. "We want to specialise in order to counter critics who say VCs are not focused," explains Husni. "With specialisation, we will be able to screen deals better and build domain knowledge." New schemes will also be introduced to tie compensation to deals. He is also recruiting more staff and expects to have 50 investment professionals from the current 30.

HSBC — nurturing new green entrepreneurs

The "world's local bank" has committed itself to nurture entrepreneurial thinking in the younger generation via its HSBC Young Entrepreneur's



More winners (from left): Datuk Richard Curtis (CMS Opus), Zainnurain Othman (Mayban Ventures), Darawati Hussain (CIMB Private Equity & Venture Capital), Cik Rohana Tan Sri Mahmood (Ethos Capital), Azam, Zarinah, Jean Christophe Marti (Navis Capital), Datuk Azlin Alias (MTDC), Roger Wyse (Burrill Malaysia), Jason Ng (Expedient Equity) and Francis Ng (AM Private Equity)

Award. The emphasis of the award is on creativity, viability and potential of the idea with the ultimate aim of cultivating business acumen among participants. "The bank believes that enterprising creations will propel the country to the next economic level," says Elizabeth Wee, HSBC's head of group communications. "The competition has been an effective learning platform for students attending workshops on business plan writing and presentation skills."

In response to the increased concerns over environmental protection, HSBC introduced the Eco-Business Innovation Award. "This is in line with our continued global efforts to preserve the environment. Participants are encouraged to integrate environmental practices into their business models," says Wee. The HSBC Young Entrepreneur's Award was initiated in Hong Kong in 2000. It was introduced one year later in Malaysia. It is also held in Thailand,

Bangladesh, Vietnam and Brunei. The top three teams are sent for an educational trip to Hong Kong and the winner has a chance to win the regional grand prize of HK\$100,000 (about RM41,022).

LimKokWing University — transforming SMEs through design

LimKokWing University was recognised for its Malaysian Design and Innovation Centre, which provides facilities for young businesses. It also helps small and medium enterprises (SMEs) fully grasp the fundamentals of design innovation. Some examples of this is its Brand Packaging Gallery, which features over 1,000 new designs and brand names to illustrate how packaging influences consumer perceptions of made-in-Malaysia products. Matrade (Malaysia External Trade Development Corporation) uses the gallery as part of its training programmes for SMEs. It also helps its students. "We are

assisting the government in transforming SMEs," says associate prof Dr Jayles Yeoh. The university also helped the Terengganu government repackaging the state's products for nationwide marketing and is working with the Penang Regional Development Authority to develop products for the global halal trade.

CMS Opus — a focus on oil and gas

Opus Capital Private Equity Sdn Bhd is a private equity firm that invests in top-tier oil and gas-related companies. It provides expansion and development capital to mid and late-stage companies which need additional funding to go to the next level of growth. It also takes an interest in operationally viable companies with distressed equity situations. The company embodies the traditional risk-taking merchant banking culture and combines it with risk capital. "We will continue to invest in the oil and gas sec-

tor," says Azam Azman, a partner with CMS Opus.

MDV — debt-financing lifeline for young companies

Malaysia Debt Ventures Bhd, better known as MDV, bridges the gap between equity financing by venture capitalists and securitised term loans provided by commercial banks. "We complement the role of venture capitalists. We do not compete with them," says MDV's managing director and CEO Md Zubir Ansori Yahaya. "Many of our clients face difficulty in obtaining financing from financial institutions due to their young age. Through our unique and proprietary assessment methods and industry knowledge, we were able to provide them financing to facilitate their growth and become players in the ICT industry."

He says many of the clients have "graduated" and are now able to secure financing from commercial banks that had shied away from them during their early years. He adds that MDV's assistance has also been instrumental in helping some clients achieve listing on the stock market. MDV has approved RM2.8 billion in loans to more than 200 companies.

"Going forward, we intend to expand our marketing channels and ensure that the industry has full and complete access to our funds," says Zubir. "MDV's internal processes have been revamped to enhance service and customer experience and ensure accountability of account managers and operations personnel. We have also implemented a risk management framework to become a well-organised, risk-based organisation with appropriate checks and balances." ■

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