

Venture capital funding for 99 in 2009

At its recent annual dinner and awards night, the Malaysian Venture Capital and Private Equity Association (MVCA) honoured innovative companies and the venture capital firms behind them, and for the first time added a special category recognising civil servants who had played a key role in the development of the sector.

Its chairman David Fong touched on a number of points in his speech. The theme "Venture Capital & Private Equity Industry's Initiatives and Support Towards Promoting Innovation in Malaysia" was in support of the avowed innovation push by the government, he said. "It is without doubt that innovation is a critical element of any knowledge ecosystem. The futurist writer Alvin Toffler has described the essence of Silicon Valley as being its creative and innovative drive with large numbers of people racing to create new ideas," he added.

He pointed out, however, that there is little use in creating new ideas if they cannot be transformed into commercially successful products. This is where the venture capitalists (VCs) come in with their risk capital injection.

He said governments are racing to emulate the model of Silicon Valley in an effort to move up the value chain. As for Malaysia, he added, "it is clear we cannot continue to rely on natural resources or cheap labour alone — the first is not forever while the second is certainly gone. It is widely accepted now that a country's economic strength in the future will depend on its ability to harness brain power or intellectual capital".

The venture capital industry in Malaysia has grown tremendously over the last 11 years. There are between 15 and 20 organisations, ranging from venture capital firms to government bodies such as Mavcap and MTDC, making venture capital investments. According to the Securities Commission Malaysia's latest annual report, total committed funds at the end of 2009 amounted to RM5.4 billion, which was an increase of 17% from 2008.

KENNY YAP/THE EDGE



Fong: It is time the private sector stepped up its involvement in the venture capital industry

Total venture capital investments also rose 34% to RM2.6 billion from RM1.9 billion in 2008. Venture capital investments given out grew from RM477 million in 2008 to RM597 million in 2009 — a 25% increase year on year.

Fong said a total of 99 companies received venture capital funding in 2009. He acknowledged the key role the government continues to play in the sector, contributing 52.9%, or RM2.8 billion, to total committed funds in 2009.

"However, in contrast to many developed countries, the role played by the private sector and, in particular, long-term investors such as pension and provident funds and insurance companies continues to be minimal in Malaysia. The latter category contributed only 2.7% to total committed funds in 2009," he observed.

After 11 years, it is time the private sector stepped up its involvement, Fong said, which will allow public funds to be utilised for more essential developments.

"The MVCA is working closely with the relevant government bodies, such as Malaysian Venture Capital Development Corp, towards this goal," he added.

Minister of Science, Technology and Innovation Datuk Seri Maximus Johny Ongkili was the guest of honour at the event.

Recognition awards for supporting and contributing to the venture capital and private equity industry

Government organisations

Ministry of Finance Malaysia

Name Wong Wen Mlin

Designation Senior deputy secretary for loan management, financial markets and actuary

Ministry of Science, Technology and Innovation Malaysia

Name Datin Nur Wahidah Wong Abdullah

Designation Head of the Innovation and Commercialisation Division

Regulatory bodies

Securities Commission Malaysia

Name Goh Ching Yin

Designation Executive director — Strategy and Development Division

Bursa Malaysia

Name Devaneson Evanson

Designation Chief market operations officer

Government-linked organisations

Malaysia Venture Capital Management Bhd

Amiruddin Azahar, senior vice-president, investment

Malaysian Technology Development Corp

Datuk Dr Ariffin Haji Aton, senior director

Technology Park Malaysia,

Datuk Mohd Azman Shahidin, CEO

Multimedia Development Corp

Ng Wan Peng, COO

Cradle Fund

Nazrin Hassan, COO

Private organisations

PricewaterhouseCoopers

Datuk Mohd Anwar Yahya, senior executive director

Funds raised in 2009

CIMB Standard Strategic Asset Advisors Sdn Bhd

Adrian Ong, head of the Islamic Infrastructure Fund

The Islamic Infrastructure Fund Limited Partnership raised US\$262 million (RM882.4 million) in 2009

Recognition award for innovative venture capital-backed companies

ARAHE SOLUTIONS SDN BHD

Arahe Solutions Sdn Bhd specialises in the provision of web acceleration systems and rich Internet applications solutions. Core products are SiteCelerate, which speeds up web applications and websites and can increase download speed by 30% to 1,000%, and NetCelerate. This automatically and intelligently speeds up web browsing by accelerating all inbound HTTP traffic.

BIOALPHA INTERNATIONAL SDN BHD

Bioalpha International Sdn Bhd is principally engaged in the manufacturing of functional and dietary food, health supplements, herbal products and fermenting and producing natural raw materials such as cordyceps sinensis, LingZhi and dragon fruit extract. Among its accreditations and licences:

- Halal certification from The Islamic Affairs Department (JAKIM) and international halal bodies
- Herbs and Supplements product Malaysia licences

CENTURY SOFTWARE SDN BHD

Century Software (M) Sdn Bhd is a financial management software solutions provider to government agencies and the corporate sector. Last year, it was awarded the National Award for Management Accounting under the SME Best Practice Awards.

CORE COMPETENCIES SDN BHD

Core Competencies is a technology patent owner, technology developer, and technology provider for municipal solid waste (MSW) treatment, processing, and the production of renewable energy from MSW. It also provides consultancy services in the development of an integrated solid waste management solution and other related downstream activities, such as waste water treatment, landfill mining and rehabilitation, and clean development mechanisms.

DELPHAX SDN BHD

Delphax Sdn Bhd specialises in R&D and the design, manufacturing and marketing of comprehensive biomed-

ical and dental solutions. Its proprietary homegrown spinal implant system is called Delphax. Its one-piece dental implant system for flapless dental implant placement and immediate loading procedure is called Novella UltimaTM.

IGENE (I-JEAN) SDN BHD

The principal business of iGene Sdn Bhd is developing products and solutions utilising high-intensity computing and high definition visualisation platform technology specialising in advanced medical informatics. It built the world's first custom digital autopsy facility for Hospital Kuala Lumpur. iGene's holding company, Infovalley, was the top finalist in the prestigious Asian Innovation Awards 2007 and Global Entrepolis @ Singapore Award 2007, organised by The Wall Street Journal.

HOPETECH SDN BHD

Hopetech Sdn Bhd is a solutions provider and developer of transportation revenue collection systems (toll, busfare, railfares and parking), road telematics and

smartcard applications (identification, payment, electronic purse). The government recently appointed it the lead firm to implement the Central Tolling Agency using multi-lane free-flow gantry tolling.

IN-FUSION SOLUTIONS SDN BHD

In-Fusion Solutions is an education, education technology and edutainment company established out of Cyberjaya University College of Medical Sciences. It produced a number of animated series for local broadcast including *Sirah Anbiya*, *Wira Merdeka* and *Sarjana Muslim* between 2006 and 2008.

KELINGTON (Care-lington) GROUP BHD

Kelington Group Bhd is a specialist engineering services company in the ultra-high purity gas and chemical delivery solutions niche for hi-tech companies. Its strategic investors include the Taiwan Semiconductor Manufacturing Co Ltd, United Microelectronics Corp and Bolch (a joint venture between The Linde Group and Lien Hwa of Taiwan). It was listed on the ACE Market last November.

MALAYSIAN AGRI HI-TECH SDN BHD

Malaysian Agri Hi-Tech Sdn Bhd specialises in R&D, technology development, bio-manufacturing and distribution of beneficial microbes for agriculture and the environment. It has filed three patents in Malaysia and PCT (Patent Cooperation Treaty) countries for its products. In December 2009, it received the 38th International Award for excellence in products and services, New Millennium Award, in Madrid, Spain.

MY FLEXITANK INDUSTRIES SDN BHD

My Flexitank Industries Sdn Bhd is a bulk packaging specialist and manufacturer of flexitanks. It is an approved supplier to shipping giant Maersk Line.

OPENSYS (M) BHD

OpenSys (M) Bhd is a 9-year-old company which provides image-based total cheque processing solutions (both hardware and software) to financial institutions and end-to-end self-service bill payment via cheque, cash and credit card to telecommunications and insur-