



## CEO's laptop

BY Rajen M

# What now BioNexus companies?

**A**s the first phase of our biotech policy progresses from the "capacity building" stage to "commercialisation", BioNexus companies need to take stock of their situation to plough ahead. In many ways, it is payback time for all concerned — Biotech Corp and of course, the grant-receiving BioNexus companies. The government and public at large are watching.

The BioNexus status, grants and incentives have been dished out. Indeed, with the initial buzz gone, there is even some disillusionment among all concerned.

Few BioNexus companies have gone big (even to the point of being listed on the stock exchange here and abroad), most are still at sea and some have even gone bust. That is the way things move in a messy and increasingly complex local and international marketplace.

Where do we go from here? What do we need to do? What has been learnt? What needs to be forgotten? What needs to be applied? What do we need to do to take the biotech ecosystem up a notch? What do we need to do to give BioNexus companies that extra boost? How do we maximise our returns on our biotechnological investment?

## Creating markets

The tendency is to go back for more from Biotech Corp, the Ministry of Science, Technology and Innovation and of course, the government itself. After all, we are talking about moving to a "high-income economy" and beating the "middle-income trap". We are talking about ascending the value chain.

Still, for most BioNexus companies, it is the challenge of passing through the "valley of death". The issues are largely about funding, but not about the highly volatile "seed capital" anymore.

I think all parties can do more. And here is the best part, we can do a lot more without really spending a sen — by leveraging on the massive and powerful government infrastructure and resources.

Let's issue some simple top-down "instructions" to all government agencies and ministries, telling them how important BioNexus companies are in driving the development of a new higher value-add, innovation economy which is the future of Malaysia as envisioned in the New Economic Model. This will help

create awareness of their existence and hopefully encourage the extension of appropriate assistance and support, which is sometimes woefully lacking.

The sad reality is that BioNexus companies still report that some agencies and ministries are unaware of the value and content of the BioNexus status despite the intensive public awareness programmes that Biotech Corp has undertaken through all forms of media.

## Getting the word out

If the officer at the Ministry of Energy, Green Technology and Water knows about BioNexus, and understands what it is all about and its significance to the economy, he would perhaps do a little extra to assist the BioNexus company in preparing its GTFS application. You don't have to spend anything on a programme for this. No money is needed.

We could look into the creation of special allocations for BioNexus in government procurement programmes — BioNexus companies produce and provide a wide variety of products and services, some of which will have relevance in government procurement programmes, say in health-care-related products and services.

## Supporting the investment

There is a BioNexus company that we work with which has developed a patented all-natural insect repellent that is proudly homegrown. The company has received government assistance in the form of grants and tax incentives.

In fact, it is in the process of drawing down Biotech Corp's Seed Grant. It is therefore appropriate and even necessary, that the government ensures the success of its initial investment.

Don't get me wrong. I am not asking that BioNexus companies be given a free pass. In fact, they must compete like the rest. The same

requirements could be imposed in terms of certifications, quality and related standards.

We made Tesco — a private and foreign entity — make room for Malaysian-made products on its shelves. How about if the government does the same? The US government spends billions on products that US companies make. Some became successful because

of this initial start. Being a success at home helps the company when expanding overseas later. We did say that we want global players, didn't we?

There are also instances where before you go global, like getting quality and certification marks, you simply have to establish yourself at home first.

What about getting Matrade's offices all over the world involved? The initial phase for an insect repellent rollout is simply registration with the various authorities around the world. This is not easy. It can be time consuming as well. Thus, the initial investments can be heavy for a small company coming out of the woods.

But Matrade can create a BioNexus desk at all its offices, which could assist and facilitate the registration process. This will reduce the need for BioNexus companies to invest in registration at the starting gate itself.

In fact, the more markets that the product gets registered in, the more value the BioNexus company creates in terms of venture capitalists, stock markets and potential investors.

## Government demand

The government will effectively create a demand for biotech products and services if it does just this. This in turn enhances BioNexus bankability. Suddenly BioNexus companies are hot again. This will then spur the banks. Now, the money people are in the game.

Why stop there? Bring the whole might of the government to bear. How about the gov-

ernment-linked companies (GLCs) — a huge untapped market that is outside of government procurement?

I imagine the day when BioNexus companies sell lots of natural repellents to Felda, Sime Darby or even state governments, and promote eco-tourism at all airports. The government has been known to use its muscle to dictate terms to GLCs.

## Tough challenge

Again it shouldn't be a free ride. BioNexus companies have to meet the challenge. Here, Biotech Corp can come in to spruce things up and get BioNexus companies up to speed.

An extension to the above is the development of policies and regulations that will have the same effect of creating demand for biotech products and services. Such policies (or even regulations) could, through their introduction, create a ready market for biotech products and services, for example a policy (or regulation) that prohibits the use of chemical fertilisers within a certain radius of rivers will create demand for biofertilisers.

Similarly, a policy that imposes a requirement on plantation companies to utilise green technology in the disposal of effluent discharged from their mills will create a ready market for BioNexus companies.

This is do-able. The Americans do it all the time. All their policies and regulations have US interests in mind. Why can't we do the same thing?

Since it is always about the money, the government could also spur some move where banks give out soft loans, like MIDF (Malaysian Industrial Development Finance Bhd) and MDV (Malaysia Debt Ventures Bhd). Perhaps a scheme like a "CGC guarantee-like mechanism". There is some work to be done here and maybe some risks to be addressed but we are talking about moving into the "innovation economy" — higher risks and higher returns. After all, we are now working to secure BioNexus companies that we have invested in and have potential for growth.

Again, Biotech Corp can help the powers that be drive Malaysia's biotech initiative to the next level. ■

**Datuk Dr Rajen M is CEO of Holista CollTech Ltd, a BioNexus company listed on Australia's ASX**