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Mavcap's Cradle plan is no mousetrap

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AFTER nearly eight years of waiting, the Ministry of Finance, through Malaysia Venture Capital Management Bhd (Mavcap), has introduced a grandnovel plan to fund pre-seed business plans. Finally! Perhaps it is a case of better late than never.

While the local ICT industry, through the Technopreneur Association of Malaysia (TeAM) and New Economy Forum (NEF), has long been persuading the Government to pay attention to angel funding bottleneck, naysayers have been predicting the death of innovation and creativity in the local scene. They now will have to eat humble pie.

Funding is critical to tech-based firms. This is especially true since most Multimedia Super Corridor (MSC) companies are still either in seed stage or early stage of growth.

This time around, Mavcap acted on the increasing calls for more angel funds, by allocating RM100 million for its unique Cradle Investment Programme (CIP, www.cradle.com.my). Apparently, the RM100 million is part of the original RM500 million which was provided to Mavcap in 2001.

Under the grand scheme of things, Mavcap says it is willing to go to great lengths to provide a maximum of RM50,000 to technopreneurs - all that within 10 weeks of an application is received under the CIP.

The best part of the news is not the fact that Mavcap is institutionalising angel funds. Rather, it is the focus of the plan, which is intriguing and attractive. CIP aims specially to go beyond what the ICT industry has been asking. By engaging industry associations, they have yielded to demands to focus on the all-important pre-seed funding. And get this: all it takes to lay hands on the CIP funds is to provide proof of concept on paper to Mavcap.

This is no mousetrap. Technopreneurs should find it easier to get access to the funds with a good concept plan on paper, says Mavcap. 'Yes, we are trying to institutionalise the (local) angel funding industry. We are trying to embrace this,' admits Mohd Azwar Mahmud, chief executive officer of Mavcap, during a press briefing on CIP.

With the CIP move, business ideas, quality aside, are receiving due attention from the venture financing industry. 'Every bit of knowledge gained is important to the nation. We understand that with ideas from entrepreneurs, they can help shape the future,' says Mirzan Mahathir, president of NEF, who was also present at the briefing. 'It does encourage us. It makes one come up with something tangible and ultimately allows us to market the ideas,' he adds.

While the plan is unique and highly tenable, it is not a new development. Also present at the event was Tan Sri G. Gnanalingam, executive chairman of Westport Malaysia Sdn Bhd. 'This is about the journey of an idea. It cannot be seen as a singularly Malaysian thing,' Gnanalingam says, explaining that the Silicon Valley started with this sort of funding method decades ago.

The CIP is by far the most ambitious plan to save local technopreneurship. Technopreneurial innovations can once again flourish or die trying. 'It is all a matter of definitions. We are strictly focusing on pre-seed stage. This way innovation can once again be encouraged,' explains Mirzan.

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