



Too much funds?

Maybe so. Perhaps it's now the right time to focus on research and building world-class business plans

By Prathaban V.

DURING the initial years of the Multimedia Super Corridor, many MSC-status companies that set up operations in the technology hub were beginning to murmur that lack of tech and venture funds were hampering speedy development of local indigenous technology.

The Government acted fast by establishing the MSC Venture Corporation with an initial fund size of RM120 million for venture investment in 1999. A year earlier, the Government, via the National IT Council, launched the Demonstrator Application Grant Scheme (DAGS) offering funds totalling RM50 million. DAGS was supposed to fund the demonstration of technology solutions benefiting various communities to spur innovations and creativity. Under the Eighth Malaysia Plan, DAGS received a further RM100 million for investment purposes.

Then in 2001, the Government set up Malaysia Venture Capital Management Berhad (Mavcap) with a fund size of RM500 million to further assist in providing access to venture capital and seed fund for tech-based firms.

If this is not enough, the Government through Mavcap recently set up the Cradle Investment Programme (CIP) under which RM100 million is made available for pre-seed funding opportunities. Last month, the Prime Minister proposed that an additional RM300 million be allocated to Mavcap for further technology investment under Budget 2004.

And all this does not include other investment and grant instruments available from various Government ministries. They include the Industrial Grant Scheme (IGS), Multimedia Grant Scheme (MGS), Technology Acquisition Fund (TAF), Technology Acquisition Fund-Women (TAF-W) and even grant funds to help market products and services abroad.

With all these grants and venture funds, have we now gone overboard in trying to jumpstart the MSC as an innovation hub? Are we trying too hard and spoiling the technopreneurs? Why then are technopreneurs not aggressive in applying for these funds? Full report inside.

Lack of research culture

'There are a lot of grants today, but technopreneurs do not appear to be reaching out for them,' laments Dr Wilson Tay, chief executive officer of Technopreneur Development Flagship (TDF), Multimedia Development Corporation (MDC).

Tay observes that part of the reason is that we are predominantly not a research-based society. This lack of a research culture does not encourage technopreneurs to develop critical thinking and write world-class business plans. Instead, says Tay, we are better at 'doing' than researching.

'We are not a research-based society. Hence we don't cherish the idea of filing up forms to apply for grants and venture funds,' he says. 'We are not a writing society. We are a doing society. Malaysian technopreneurs just dive straight to the "doing" part and get to the action. I must say, we are quite good at it.'

Saibal Chowdhury, director of TDF, agrees with Tay. 'Technopreneurs here don't have ambition. We still don't have sufficient ideas going around,' he notes. Still, Saibal recommends that the Government spends more money on people and not venture capitalists. However, he cautions that paying too much attention to the entrepreneur is not good either.

'If grants are given and the project fails, you can be certain that the entrepreneur will not receive funding again,' Saibal says. According to him, entrepreneurs should not merely be chasing the funds, but also the business idea, which should be able to transform the way we work, live and play.

This, says Saibal, is part of TDF's task and mission. MDC should be able to transform ideas into enterprises. And in order to transform ideas into enterprises, there needs to be a proper management team, a product and a solid business plan. 'The whole process requires mentors, coaches, tech experts and marketing gurus,' explains Saibal. 'But it's a Catch-22 situation. Our industries are not

mature and our universities objections are not aligned.'

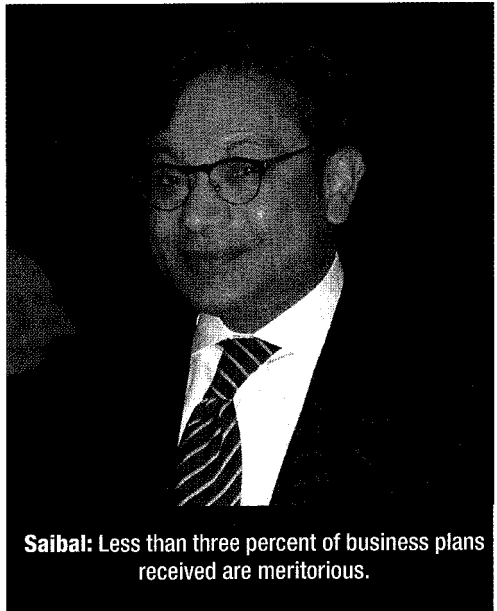
Saibal may have struck the nail on the head. At the last MSC International Advisory Panel meeting, the Prime Minister too admitted that industry-university cooperation is still found to be wanting.

Both Tay and Saibal agree that local universities and the ICT industry should be working closely to find solutions to common industrial and technological snags. They note that in most developed countries, it is the universities which teach the industries and not vice versa. Unfortunately, lack of university participation in the creative and innovation process locally has created a chasm, which is being filled by foreign research products and services.

Too many funds, too little quality ideas

It seems that the same ugly issue is reappearing. Venture and grant fund managers often deride the fact there is a lack of quality business ideas coming their way. Venture capitalists say technopreneurs are querulous about the lack of easy access to the money to the point of sounding ludicrous in their arguments. To the venture capitalists, not all business plans deserve to be funded.

'We have a lack of bright ideas and



Saibal: Less than three percent of business plans received are meritorious.

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NAME	PURPOSE	TOTAL ALLOCATION	CONTACT DETAILS
Commercialisation of R&D Fund (CRDF)	Partial funding for the commercialisation of R&D projects	RM100 million	Government-Industry Technology Services, Malaysian Technology Development Corporation Tel:03-2161 2000 email: grant@mtdc.com.my
Demonstrator Application Grant Scheme (DAGS)	To encourage participation in ICT-based projects.	RM100 million	DAGS Secretariat, MIMOS Bhd, Tel:03-8996 5000 email: dags@mimos.my
E-Manufacturing Grant	To assist SMEs to improve competitiveness and productivity.	N/A	SMIDEC Tel:03-7628 7400 email: smidec@smidec.gov.my
Engineering Design Grant	Assist SMIs to enhance engineering capabilities.	N/A	SMIDEC Tel:03-7628 7400 email: smidec@smidec.gov.my
Industry R&D Grant Scheme	To build innovative industrial technology capability.	N/A	IGS Secretariat, MOSTE, Tel:03-8885 8065 email: ogl@moste.gov.my
Market Development Grant	Assist SMEs to develop export markets.	N/A	MATRADE, Export Support & Client Services Unit, Tel:03-2692 8122 email: info@hq.matrade.gov.my
MSC R&D Grant Scheme (MGS)	To develop multimedia technologies and applications, for the development for the MSC.	RM100 million	MGS Unit, MDC, Tel:03-8315 3000 email: mgs@mdc.com.my
Technology Acquisition Fund (TAF)	To facilitate acquisition of strategic technology.	N/A	Government-Industry Technology Services, Malaysian Technology Development Corporation Tel:03-2161 2000 email: grant@mtdc.com.my
Technology Acquisition Fund for Women (TAF-W)	To facilitate acquisition of strategic technology by women-owned and women-run organisations.	N/A	Government-Industry Technology Services, Malaysian Technology Development Corporation Tel:03-2161 2000 email: grant@mtdc.com.my

Source: Multimedia Development Corporation.

concepts. Applicants are not getting the grants mainly because their ideas don't have sufficient merit,' says Saibal. However, the TDF director, who claims to have personally reviewed over 100 business plans from Malaysians, concedes that he has received some good proposals. But he laments that the technopreneurs fail to articulate their ideas well. 'Their command of the English Language is bad. Only less than three per cent of the plans I have received are meritorious.'

Badrul Hisham Jaafar, manager of DAGS at MIMOS, agrees. 'Based on our experience, the quality of application we receive is still weak,' he says. 'Because of the limited fund size we are now very selective and careful in our evaluation process.'

Awareness issues

Clearly, availability of funds is no longer an issue among technopreneurs today. With such a fund size waiting to be dis-

bursed, the big question is: Why is it that not many seem to be aware of the grants and venture available for the technopreneurs? For instance, under the Eight Malaysia Plan, the Government allocated RM10 million for Indigenous Content Development grant fund. However, there appears to be little information on where to apply and how to access the fund.

According to the Eight Plan, the ICD grant was to be used to help spawn more local language web sites to disseminate accurate information to the various ethnic groups in the country. The intentions were noble, and the aim to reach out to all races is to be lauded. However, it is the execution and awareness raising of the grant funds which still seem to be a problem. After all, with all the money and yet people not being aware about it, what's the point in making the funds available in the first place?

Despite this, Badrul disagrees that aware-

ness is a problem. 'Technopreneurs are aware (of the availability of grants) but do not venture further than that,' he asserts. 'Instead they claim not to know anything about it. In the information era, all information on grants is just a click away.'

DAGS has thus far approved grants totalling RM65 million for 45 projects under the Eight Plan. A further RM10 million worth of projects are awaiting approval. In a typical week, the DAGS secretariat at MIMOS receives about five executive summaries before processing that application further.

Badrul seems quite satisfied with the way technopreneurs are applying for the grant. 'We are running close to 75 per cent utilisation of the fund, and we should be able to manage its disbursement

target by 2005. The applications are coming in, but the quality of the applications is the most important element in getting the grants,' he explains.

What now?

From venture funds the focus has now rightfully moved on to grants. But the same problems seem to plague the grant managers too. Lack of quality application, little awareness on the grants and insufficient research are still cited as the core reasons why technopreneurs fail to get the grants.

To solve these recurring problems, TDF is now embarking on various initiatives. This includes programmes to help them in research, provision of multimedia labs and even business plan coaching and mentoring programmes.

Will the situation change anytime soon? 'All this will take time. Unfortunately, impatient as we are, we all unfairly seek immediate results,' quips Tay. **mb**