

don't have a VC industry in Malaysia! I realised prior to joining MSCVC that venture capitalism was a problem child in Malaysia.

For the VC industry to succeed, we need to think out of the box. I am not sure how the MSCVC is going to fulfil its mission without thinking outside the box. We need to remember that the MSCVC has a dual agenda of investment philosophy. First, it has an obligation towards the national agenda – to set the MSC on a firm financial footing. Secondly, MSCVC needs to make money. These two are not necessarily mutually exclusive.

Datuk Arif has given me a free hand in running the operations here. He is a very open man and has agreed to my radical ideas. Again, time is critical when dealing with technology investments. Typically it should take about one to three months to invest. But here, it appears to take about three to nine months! We need to change this fast. By the time we make an investment offer at the ninth month, the ICT industry would have shifted dramatically and the rules of the game altered.

#### What are some of the speed bumps you face in venture investments here?

I didn't realise how hot the seat was until I came here. There is a lot of expectation on me. But we need to focus.

First, one needs to remember that complete information about any investment portfolio is not possible. If a VC takes three months to invest, it is just too long. By then, the industry would have moved forward and the opportunity missed.

Things are different here. To make an investment decision, we first need to schedule a board meeting. Scheduling board meetings isn't an easy task. In the United States, managers are empowered to make the investment decision. Here, the board makes the decision.

Secondly, by American standards, we don't have sufficient VCs operating locally. But by local standards, we have too many VCs. We need to strike a balance here.

Fund size is of key importance. If we are looking to invest in Malaysian companies, we have enough money. However, if we



Esmond, surrounded by his 'merry men' at MSCVC.

want to invest in global companies we don't have enough money. Generally speaking, we would need about RM50 to RM100 million to invest in a single global company. Compared to a typical Malaysian deal, before turning into a self-funding public company, one would need about RM10 million to RM20 million.

In its history, MSCVC has seen over 500 business deals, of which about 20 per cent are foreign company deals.

Thirdly, we need all levels of VC funding. What we failed to learn is that we need a VC ecosystem to succeed. The Malaysian VC ecosystem is not all that well developed.

Mavcap's Cradle Investment Programme is an essential component of the ecosystem. We have to see the big picture. We need to ask what will happen after the recipients get the RM50,000. Indeed, the hardest thing is to come up with an idea. But we have to wait and nurture all these ideas.

#### Where are we now?

We are still struggling! The work is by no means done! We still don't have multiple success entrepreneurs. We are trying to develop leading edge companies. We also need to recognise where the market lies. Who is the biggest consumer of technological products? It is the USA.

One of my mandates is to develop the

VC industry as a national agenda. We are ready to step into that. We want to share our deals with other VCs. This is also part of our effort to promote the local VC industry.

#### Can you reveal your strategy to do all that?

Firstly, like I said earlier, we want to share our deals with other VCs. If one compares MSCVC with other local VCs, we are doing great.

Secondly, we need to attract more Malaysians abroad to come back and help us build the technology industry here. There are tremendous innovation capabilities in Malaysia. We are probably better than South Korea and Taiwan in terms of innovative potential. I want to find Malaysians in the United States to come back. Part of our ecosystem-building plan is to launch an association in the US to call these Malaysians to come back. I believe that once these Malaysians come back, they will inevitably get others to get involved as well.

Thirdly, I am accelerating my team to be involved in the investment process. I am encouraging them to do deals with VCs in the US. I want my investment team to be exposed to the big deals. I am training and empowering my staff to make decisions. I allow them to make mistakes, but always tell them not to make the same mistake twice! 