

Narrowing the Gender Gap in Asia's Biotech Sector: Venture Capital's pivotal role

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The United States celebrates August 26 as “Women's Equality Day”. In the Asia Pacific (APAC) life sciences industry, women have made significant contributions, and Venture Capital (VC) is an important player in increasing the women's representation in the region's biotech sector.



Christine Brennan, Managing Director, Vertex Ventures HC (LEFT)

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The Asia Pacific (APAC) region, representing 60% of the global population, is becoming a hub for the burgeoning biotech and life sciences industry. According to Labiotech publication, this ascendancy is attributed to increased research and development endeavours, a surge in mergers and acquisitions, and the confluence of a large population and market demand from ageing societies.

From personalised medicine to innovative solutions for complex diseases such as Alzheimer's Disease and cancer, the biotech sector is rapidly emerging as a focal point of interest in the APAC region. Despite its remarkable potential, the industry is still at a nascent stage, which provides opportunities for the establishment of strong foundational practices, to ensure sustainable growth.

One important foundational practice is the area of diversity and inclusion, particularly where there is an underrepresentation of women leaders in the field. This gender gap mirrors the broader challenges faced by women entrepreneurs and leaders in the healthcare industry. Regardless of the industry, it is widely recognised that diverse leadership and management teams result in higher performance and outcomes.

Venture Capital (VC) can play a vital role in increasing women representation in the biotech industry. By helping women entrepreneurs overcome the challenges of fundraising for their businesses and giving women-led businesses a chance to scale and thrive, VCs can ensure that a conducive environment is created for more women representation in the industry.

Venture Capital as Catalyst for Change

VC investors contribute capital to portfolio companies as well as share best practices and industry knowledge to assist them in creating the right culture within their organizations. We have worked closely with several portfolio companies as Managing Directors at Vertex Ventures HC (VVHC) a US-based early-stage healthcare venture capital firm with \$550 million assets that is funded by Vertex Holdings, a Singapore-based investment holding company. We noticed that more than 80% of our investments have been made in companies with female leadership, such as founders, C-suite, and board members and we strive for our investment in women to increase. Vertex Ventures HC is part of the Vertex global network of venture capital funds affiliates in China, Israel, Japan, Southeast Asia and India, and the US.

VCs across Asia should emulate VVHC's actions to benefit current and future biotech companies. After all, insights from DSA Data Vantage reveal a trend in Southeast Asia (SEA), similar to the US, where there is a lack of funding for women-led startups. Startups founded or co-founded by women in 2022 secured approximately \$2 billion in private funding, constituting 12.6% of the total capital raised throughout the year. This unfortunately marks a decline from the prior two years with 17.2% in 2021 and 16.5% in 2020, signifying a concerning trend.

Apart from fundraising, an ecosystem approach is also needed to promote diversity and inclusion across boards, management and founders of start-ups. To really make a long-lasting change, organisations need to educate themselves on the benefits of a diverse workforce, rather than just acknowledging it. Education is key, not just for individuals but for management teams and boards. One way to test whether your organisation is supportive of women is to take proactively track metrics relating to gender diversity. For example, uncovering reasons for employee turnover as it's not just enough to hire diverse talent – the company must foster an environment where diverse employees feel belonging, ambitious and inspired.

Ecosystem: Changing Policies, Fostering Inclusivity and Mentorship and Networking

Through legislations like gender pay gap reporting in the United Kingdom (UK) and efforts to increase women's representation among the leadership levels, we are witnessing more progressive diversity efforts in the West as compared to APAC. While it is important to learn from our Western counterparts, considering how global markets have vastly different policy landscapes, there is a need to approach diversity and inclusion with a local perspective and engage with governments to implement progressive policies that are localised for the respective communities.

Within VC, mentorship and support for women managers is important. It is these connections that inspire conversations and drive change. In addition, by fostering a mentorship programme, one creates an environment where people are encouraged to discuss complex ideas and their solutions. At VVHC, we have formed a Fellowship Programme that aims to provide MD, PhD and PharmD students and recent graduates exposure to healthcare venture investing and entrepreneurship. Similarly, the same approach can be adopted at biotech startups to ensure women and diverse talent is constantly nurtured from the ground up.

To create a diverse talent pool, proactive networking is crucial across all levels. For women in senior positions, conducting fellowship programmes will help boost opportunities to broaden their network amongst diverse candidates, which in turn can inspire and open these candidates to what positions are available to people who look like them.. Amongst the industry we are seeing more of these groups and networks appear. We are a member of Breaking 7% which aims to connect women in healthcare investment, business development and deal-making roles to foster strong connections and ultimately be a driving force to making change. After experiencing first-hand the successes that such initiatives can have, Christine co-founded an initiative called Series 2X, a group of senior-level women in healthcare VCs to support deal flow and discuss ways to increase funding for women-led companies.

We are also witnessing industry bodies increasing their involvement, highlighting the true value of supporting women in building their network. For instance, the Singapore Business Federation launched the Singapore Women Entrepreneurs Network to bring together women entrepreneurs across the APAC region.

We believe the support from such networks will also help drive the hiring cycle by availing new opportunities for women to

take on leadership roles. By way of illustration, when one seeks new hires at the board level, he/she would typically tap into their existing network to find the ideal candidate. However, when these pools are heavily male dominated, an unintentional circle begins to form. Unless there is a concerted effort to expand beyond that network, it's challenging to expect natural evolution to take place.

Change is happening, now is the time to increase efforts

The journey toward diversity and inclusion within Asia's biotech ecosystem necessitates a collective, multifaceted approach. Trust-building and a willingness to take calculated risks are pivotal in advancing inclusion. A VC's commitment to investing in women-led start-ups, fostering diverse talent, advocating policy changes, and active engagement in networking groups can help propel the biotech sector forward.

As it stands in Asia, we are seeing change as more and more women become generation founders or entrepreneurs. It is evident that they are adding value, however there is still work to be done. A recent report from J.P. Morgan found that across 12 Asia Pacific Markets, where women are founders or hold C-Suite management positions, Singapore had the second-highest proportion of women-founded businesses at 13%. While this is not a statistic we are aspiring to, it's one that shows movement in the right direction and underscores the importance of having proactive initiatives in place to continue this progress.

This is not a transition that we expect to happen overnight but now that the framework for progress exists, implementation is paramount. Translating intentions into action demands steadfast commitment from all stakeholders to develop and sustain these strategies to build a diverse and inclusive biotech landscape.