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Malaysia biotech captures investors' fancy

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Rich in natural resources, Malaysia is beefing up its strategies to attract investments into the country. If analysts are to be believed, this South East Asian country has the potential to make its investors happy, and barring major unforeseen developments, there is every reason to believe that it can repeat a growth story like that of South Korea in the next ten years. Pushing its bioeconomy agenda, Malaysian government has intensified national efforts to maximize economic benefits for the biotechnology ecosystem. Mr Ganesh Kishore, managing director at Burrill & Company Venture Group, says the political leadership of Malaysia and its business institutions have recognized the importance of innovation and that they are working to ensure that a decent portion of the country's GDP be based on bioindustries in a not too distant future.

"While its abundant natural resources will continue to serve the country well, deployment of innovation in this space as well as frontier areas of agriculture, food and nutrition, environment, healthcare, renewable energy and materials will make the country even more competitive and a player of consequence at the global level," he adds.

According to Malaysian Biotechnology Corp (BiotechCorp), the prime agency that drives biotech industry in Malaysia, the Malaysian Bioeconomy Initiative is expected to generate 20,000 job opportunities by 2020. The country is also looking at a variety of areas under biotechnology to drive growth.

A US-based renewable chemicals and biofuel company, Gevo, has decided to start a cellulosic biomass isobutanol facility in Malaysia after a joint consent from Malaysian government's East Coast Economic Region Development Council (ECERD), BiotechCorp and the state government of Terengganu. The collaboration offers a diversified feedstock, organized approach and opportunity to develop an economically advantaged business plan to meet this expanding market.

Gevo is converting existing ethanol plants into biorefineries to make renewable building block products for the chemical and fuel industries. The company plans to convert renewable raw materials into isobutanol and renewable hydrocarbons that can be directly integrated into existing chemical and fuel products to deliver environmental and economic benefits.In another recent initiative, Malaysian chemical company Duopharma is exploring potentials in biosimilars and has tied up with Korea's PanGen Biotech for clinical trial of Erythropoietin (EPO) to treat end-stage renal failure patients. This will propel Duopharma to

compete for high value-added partnership projects in the commercialization of biosimilars, while eliminating the need to invest in very expensive clinical trials and long gestation periods to deliver the product to the market.

Duopharma has already invested $2.2 million (RM7 million) to establish Malaysia's first National Pharmaceutical Control Bureau-certified GMP Biological Fill & Finish facility. It will invest an additional $2.8 million (RM9 million) for a pre-filled syringe suite should phase III trials prove successful.

Similarly, US-based Electrocore, a developer of innovative technologies in healthcare, has decided to establish a research and development facility in Malaysia for conducting clinical evaluation of its products. The company has entered into a collaboration with Malaysian sterile synthetic bone grafts manufacturer Granulab."These partnerships magnify the value proposition that Malaysia offers and are attractive, especially in nurturing and driving global entrepreneurship and partnerships with foreign companies," says Dr Mohd Nazlee Kamal, CEO of BiotechCorp. "Together with the ministry and our new partners, we will work towards building the collaborative strengths to drive this industry forward."

Good infrastructure and connectivity with other neighbouring countries, cheaper costs of doing business and better facilities and support from the government are making Malaysia an attractive destination for investments.

"Malaysian biotechnology industry has progressed from capacity building to global business over the past five years. The conducive business environment in the country, along with political stability, will give higher returns to multinational companies operating in Malaysia," points out Dr Prashanth Bagali, CEO and founder of Geneflux. "The country has positioned itself in the ASEAN region with the best infrastructure and stream-lined policies (grants, funding, green lane facilities, fast-track approvals and product registration) for both local and international companies."

He adds that he expects a sustainable growth and about 30-35 percent returns on investment in healthcare and molecular diagnostics industries.

Need for qualified talent

There are certain key areas where Malaysia needs to build on, such as human resource and qualified talent, participation of domestic companies and higher innovation.

"Malaysia lacks biotechnologists and qualified staff with PhDs in genetics, biochemistry, molecular biology, medical microbiology and post-doctoral research experience. More focus on building human capital in the biotechnology industry requires training in the manufacturing and production cycle to achieve or accomplish international standards. This will become a great hindrance to expansion plans of healthcare biotechnology in the country," points out Dr Bagali.

Mr Kishore says Malaysia will have to beef up the extent and rate at which the big corporations within the country are sponsoring innovation. "Initial investments in R&D appear as an expense and are a drain on profit, and institutions have done extraordinarily well with a very focused 'near term' oriented R&D. But the global technological landscape has changed dramatically during the last decade and the pace of innovation will only accelerate," he says. "For companies to attract investors and deliver a superior return on investment, it will be important to leverage on R&D - both internal and external and acquisitions that boost innovation intensity of both products and processes within the company, and tap into innovation irrespective of its origins."

He opined that the country has to attract both foreign and knowledge capital in a globally competitive manner and the established institutions within the country will have to pay greater attention to these aspects. Policies that are not conducive to investments in innovation and rapid deployment of innovation have to be routinely addressed at both national and regional levels.

Malaysia is working hard to make the country an attractive destination and this will require leadership execution at political, business and educational institutions, patience and perseverance.