



MEDIA RELEASE

GOVERNMENT URGES GLCs, GLICs, MKDs AND VCs TO FINANCE START-UP FUND TO GROW MALAYSIA'S DIGITAL ECONOMY

The government have called on Government Linked Corporations (GLCs), Government Linked Investment Companies (GLICs), Minister of Finance Incorporated (MKD) and venture capitalists (VCs) to finance local technology start-ups and scale-ups.

The digital economy which now accounts for over 17% of Malaysia's GDP represents the future and more needs to be done to drive growth for Malaysian companies and SMEs in this sector. One of the most critical elements in building a vibrant and sustainable ecosystem in this sector is access to ready capital. To date, local GLCs have made initial investments into this area but more is needed as compared to other countries.

Creating a new funding platform for start-ups and scale-ups with the support of various regulators and ministries is in line with the government's efforts to drive the national agenda for growing the digital economy. It will also spur the GLCs, GLICs, MKDs and VCs to collaborate with each other as they work to nurture businesses that are starting up or moving to the next level of growth.

Malaysia is looking to step up its role in the start-up and scale-up space and move up the ranks to become more relevant and prevalent for funding efforts. This will not only complement its diverse investor space, but also attract those seeking new funding ventures that are not limited to their home/host nation.

The Ministry of International Trade and Industry (MITI) in collaboration with the Ministry of Communications and Multimedia (KKMM), Ministry of Finance (MOF), Malaysia Digital Economy Corporation (MDEC) and SME Corp jointly organised a first of its kind pitching session on 22 June 2017 to enable local technology start-ups and scale-ups to pitch their business ideas directly for the purpose of securing capital funding from the GLCs, GLICs, MKDs and VCs.

According to Dato' Sri Mustapa Mohamed, the Minister of International Trade and Industry, the establishment of this new funding platform with the support of GLCs, GLICs, MKDs and VCs is an important milestone for Malaysia. *"The Government intends to facilitate those who want to scale up and even local start-ups by further accelerating their growth to potentially become regional and, eventually, global players. Therefore, the commitment and support from local GLCs, GLICs and VCs is crucial to avoid potential local start-ups and scale-ups from going abroad to seek financial assistance provided by foreign companies and consequently set-up their businesses outside the country"*, he said.



Two companies planning to scale-up and two other start-ups have been selected to take part in this special pitching session. The four – Forest Interactive, MDT Innovations, The Lorry, and Fave – proposed their business plans to a panel of prospective investors comprising 12 GLCs, six GLICs, nine MKDs, and six local VCs.

Currently, there are over 400 local start-ups and scale-ups, most of which are primarily grouped as Digital Economy components. This includes eCommerce, Big Data Analytics (BDA), Internet of Things (IoT), and Financial Technology (Fintech) sectors. Examples include Touristly, iPay88, Avana Asia, Go Get and MyCash Online.

According to Dato' Jailani Johari, Deputy Minister at Ministry of Communications and Multimedia, the added benefits for local companies and the investing companies who participate in this programme would include networking opportunities to further their business objectives and partnerships, capability building programs to enhance their competitive edge and market access programmes to assist local companies to compete globally. *"Malaysian GLCs and GLICs should play a bigger role in the Digital Economy. They should look into raising capital in technology investment"*, he said.

This funding platform is expected to grow with more GLCs, GLICs, MKDs and VCs participating. Two more pitching sessions are being planned in the next 3 months tentatively in July and August 2017 respectively.

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Ministry of International Trade and Industry (MITI)

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About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .

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