

# Interview with Faridah Habib Shah, President, Malaysian Biotech Organisation (MBO)

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**Kebangsaan Malaysia (UKM). Singapore and Taiwan are known for their high level of basic research and their focus on Biotechnology. Philip Yeo, Chairman of Spring Singapore told us that Biomedical science was an undisputed pillar of Singapore's economy. How do you situate Malaysia in terms of R&D compared to other ASEAN countries?**

It is clear that Malaysia has the potential to be in the forefront in South East Asia. There is a lot of research being done in the country, especially at a university level. The country focuses a lot on healthcare and many companies have recently been set up in Biotech, whether they are government run or in the private sector. The establishment of Biotech Corp. is also a good example of how the sector is being promoted. Nevertheless, the main problem remaining in Malaysia is the inability to transfer the research conducted at the universities or in various institutions through the different stages of the Biotech pipeline to the marketplace. MBO is planning to organize a workshop next year to address this issue. The lack of funding is a factor in this problem.

Although Malaysia does venture capitalists, available funds and grants, investors are willing to place resources only in projects ready for commercialization. Some of the investors do not even want the businesses in which they invest to have an R&D component. From my personal experience, if investors do not put faith in projects from the beginning all the way through to commercialization, we miss out on many potential innovations. In this regard, there is no doubt we are behind Taiwan and Singapore. However, if we put our efforts together, we can be a significant force in South East Asia. We have the technologies to be competitive.

**In an interview published on the official website of MOSTI in 2005, you said: "For biotechnology to succeed as an industry, we need investment from both the public and private sectors." How do you attract investors in an industry where ROI are reached often 20 years after investment?**

The investment going into biotechnology has increased from the public sector, however the private sector has changed very little. There is a mindset in Malaysia that investors must see the potential returns from a project and the way to make profits within three years before they commit. If profits will be generated after more than five years, investors are often not interested. Awareness is needed among different stakeholders in the industry, such as bankers and fund managers on the benefits of Biotech in the long term. The sooner this is done, the better. Biotech Corp. can be the main player in this initiative, along with MBO.

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A lack of faith in the work of Malaysian scientists from investing organisations prevents success. To address this issue, some small companies are being helped by the government, especially through the Bionexus project. Nonetheless, the promotion of these companies has not been that extensive.

**You stated in a previous interview: “Every year, I see some of my students, who are good research candidates, go down to Singapore”. As Malaysia is facing tough competition from Singapore brain gain initiatives, how can MBIO help the country keep its skilled workforce?**

At the end of the day, remuneration to individual scientists is not enough. To convince a researcher full of ideas to stay in the country other incentives should be used. What government offers to students and researchers in Malaysia should represent a complete package. Whereas the country works on brain gain or how to attract a foreign competent workforce, the brain drain is not fully appreciated. Every year, more Malaysian graduates carry on their professional careers overseas. Most of my post graduates students are now in Singapore. This phenomenon is mainly due to the failure from the government to create specific career paths as part of a “package”.

**This issue is highly related to branding as well. What is needed in Malaysia to encourage students and researchers to set up a business in this country?**

I have had colleagues from overseas who have come and left because we have the physical infrastructure within the university and the research institutes, however we lack the funding and tailored career paths. The brain gain Malaysia is currently fostering is not only for R&D but also for business, especially in Biotech. In this context, the government should be encouraging the private sector to get involved in the whole mechanism of bringing people into the country. China has succeeded in this initiative, so has India and Pakistan to some extent, not only by offering high salaries, but also the right infrastructure and the right partners to work with. The communication of the government with the Malaysian Diaspora around the world has not produced results so far.

**You are talking about turning science into business, which is the core of the second phase of the National Biotechnology Policy beginning next year. Do you feel phase 1 has been completed and that Malaysia is ready to start phase 2?**

Personally, I think phases 1 and 2 could have been implemented simultaneously. In many sectors, everything was already set up ready for commercialization. Biotechnology has existed in Malaysia for twenty years. There is however no national coordination of projects, engaging all the different players who contribute to the development of the project and its translation into commercial success. In my opinion, a good strategy consists in a holistic approach considering the whole system across the whole pipeline. The players responsible for developing the product, the ones engaged in marketing and lastly those who promote products at an international level must be brought together in order for a business to succeed. This takes a lot of political will and the involvement of many private players.

**We interviewed Mr Leonard Ariff Shatar, president of MOPI, who said: most of the developments in Biotech are being driven by agriculture rather than pharmaceuticals. What is your assessment and how do you see this situation evolving?**

I have to respectfully disagree with him. The pharmaceutical industry is a great success and enjoys good funding relatively to Bio agriculture. As manager of Melaka Biotech, I worked on many agriculture-based projects, and these projects had difficulties in finding adequate funding. It is only over the last Malaysian Plan that we observed a shift towards Agri Biotech in order to spur on the Agriculture industry in the country.

Unfortunately, there is a misunderstanding over the right application of biotechnology to the agriculture. The agriculture industry needs regulatory processes and only recently has “Bio

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Safety has been put in place. There also is no clear distinction between healthcare and bio agriculture. As the chairman of MBIO, one of my objectives is to develop the Agri business, however I need defined agendas, strategies and a framework to carry out my work. There is no clear line anymore between agriculture and healthcare.

**You said that historically the focus was on healthcare and now it has shifted towards agriculture. What has been achieved so far in the Biotech pharmaceutical industry and in healthcare?**

People have different definitions of Biotechnology. For me, it is about developing a technology and making a business out of this technology. Unfortunately, no one in Malaysia can afford to develop Bio pharma. What we consider in Malaysia as pharmaceutical is often contract manufacturing, which for me is not real Biotech. In addition to supplying and manufacturing, small businesses in Malaysia are starting to offer services to the pharma industry: I would call them the true small Biotech companies, and they are growing in number. Among them, two companies have distinguished themselves: Inno Biologics, a government-linked company, which started off in production and is now going more into R&D, and Alpha Biologics. These are the two government associated companies playing the biggest role in Biotech in the country.

**The healthcare industry has been highlighted by the government as one of the key economic drivers for sustainable economic development in Malaysia: what are the implications for MBIO in real terms?**

MBIO wants to be the main player for the government in Biotech. We have been active for ten years, yet partners still do not fully realise our advisory capacity. The target for MBIO today is having a higher profile, to advice various government bodies and different agencies.

**MBIO operates as the important 'missing link' between the public and the private sectors: what are the challenges that come with this distinction?**

MBIO's activities are mainly voluntary for the moment. MBIO deserves to benefit from a stronger support to be an NGO with proper executive directors, so that we can play a more effective role in advising the government as well as the industry. My responsibilities at MBIO demand a lot of my time though and actually prevent me from developing in parallel my own consultancy company. My commitment to MBIO is high and takes precedence over personal projects.

Strategically incorporating traditional Chinese medicine and indigenous medicines into modern pharmaceuticals is a good direction for Malaysia. Another successful strategy would be making the country as a Halal hub, with a global market which is worth billions. The developments of these sectors must be done in a proper cohesive manner. Unfortunately, most agencies in Malaysia do not work as an integrated network.

**What is your vision for MBIO over the next ten years and are you optimistic about the Biotech sector, despite all the problems you identified?**

I am optimistic, only if we find 'biotech champions'. It needs to be a company able to gather all the pieces of the puzzle required to make a business in Biotech work. Otherwise, it will not happen. Of course I hope it will, after all we have been working in this sector for twenty years now.

**What would it take for a company to become the long awaited 'champion' of the Biotech sector?**

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The tendency so far in Malaysian Biotechnology has dictated that the sector should be in the hands of businessmen rather than scientists because the latter know little about business. This thinking is not correct, and whether it is in healthcare or in the agriculture, mindsets need to be changed. Malaysian biotechnology needs players who understand both the scientific and business elements: they should have strong scientific understanding as well as a sound knowledge of business.

Science is what drives the Biotech industry. I regret that people in the industry who evaluate the potential of different projects are not well chosen. If nothing changes in this environment Malaysia will be overtaken by Thailand, the Philippines and Indonesia.

Finally I would add that I would like to see a more open competitive bid for funds, private or public. There is a critical lack of accountability and transparency in this system. For instance, banks have a budget for new technologies but are highly conservative in their decisions. I hope this will change.

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