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NUHS, ARIA to launch S\$50m fund for medtech startups

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AN INNOVATION centre under the National University Health System (NUHS) on Thursday inked a memorandum of understanding (MOU) with Asia Research & Innovation Alliance Limited (ARIA), a non-profit research and innovation institute, to set up a S\$50 million venture capital fund and a commercialisation programme.

The new Shenton Healthtech Venture Capital Fund will invest in startups and spin-offs that require funding for adoption and commercialisation of medtech. It will be managed by

Shenton Ventures and ICH Capital, while NUHS' Centre for Innovation in Healthcare (CIH) will act as an adviser to the fund and help refer deals.

Investments will be made across Asean and North Asia in the areas of software-as-a-service and digital healthcare platforms, telehealth and remote monitoring, detection and diagnostics, and digital therapeutics.

Up to 20 per cent of capital will be deployed to seed-stage startups, up to 40 per cent will go to Series A and follow-on investments, and up to 40 per cent will be set aside for opportunistic deals.

The fund, which has a life span of five to seven years, has a target closing date of Jan 31 next year.

It is targeting an internal rate of return of 20 per cent, and charges a performance fee of 20 per cent of the investment return above an 8 per cent hurdle rate. A hurdle rate is the minimum amount of returns a fund must earn before it can charge a performance fee.

Given the shorter fund life – VC funds in South-east Asia normally last 10 years – the fund managers will avoid investments in biotech due to its longer gestation period, said ARIA co-founder and director Timothy Chen, who is also executive director of financial services group ICH Group and partner at investment firm Shenton Financial Group.

Most of the seed investments de-

ployed out of the new fund is likely to go to startups that come out of ARIA and NUHS CIH's commercialisation programme.

The five-month programme will bring 10 startups through the process of market and regulatory analysis, scaling up operations and launching the product. At the end of it, startups will pitch to investors for funding.

NUHS CIH has supported more than 20 medtech innovations in clinical trials, product adoption and assessments since April 2018. These ventures have attracted more than S\$100 million in funding from 30 investors.

Its MOU with ARIA is aimed at helping Singapore's medtech startups

gain market entry to healthcare sectors in the Asia-Pacific.

Singapore-based ARIA's strategic partners include innovation centre collaborators from Korea, Australia, China and Taiwan's National Tsing Hua University.

For instance, the Chongqing Connectivity Initiative is setting up a healthcare innovation and incubator lab that will be accessible to Singapore's medtech innovators. C&R Healthcare Global, the first Korea-Singapore healthcare business incubator, will connect C&R Research's global clinical business team with startups and spin-offs in Singapore to help them conduct clinical trials with Korean researchers.

Healthtech companies in the Asia-Pacific expanding into Singapore can also use ARIA and NUHS as platforms to spur commercialisation of their technologies.

"Being able to create value is foremost in a product. Clinically validating the merits of an innovation in a hospital setting adds tremendous value to the market readiness of the product," said CIH's director Lawrence Ho.

The centre has assisted 20 companies in their different stages, from prototype development and clinical trials to applying for regulatory approval. It also provides a 2,000 sq ft co-working space for these companies.