

Research on the Role and Policy of Venture Capital on Bio-medical and Health Enterprises

Min Tian

Vision Plus Capital, Shanghai 200031, China.

Abstract: The development of bio-medical and health field is a special industry of the national economy and people's livelihood. The government pays great attention to and actively supports it. However, due to its high investment and high risk characteristics, the financing problem has always been a key problem restricting the healthy development of enterprises. This paper will analyze the financing situation and related policies of bio-medical and health enterprises, deeply explore the role of venture capital in the industry, and provide relevant suggestions for enterprises for reference.

Keywords: Venture Capital; Biomedical; Health; Impact

Introduction

Bio-medical and health industry is an important part of domestic science and technology innovation enterprises, belonging to the high-tech cross-field and knowledge-intensive industry, and is also a capital-intensive industry. In recent years, the status of bio-medical health industry in the national strategy has gradually highlighted, and the introduction of venture capital can help solve the problems of the shortage of funds, and provide a solid foundation for the sustainable development of the industry.

1. Financing status and related policy background of biological, medical and health enterprises

1.1 Characteristics of bio-medical and health enterprises

First of all, the r & d and innovation cycle of biomedical and health enterprises is long. This is because research and clinical trials in the biomedical field require time and require multiple stages to verify efficacy and safety. This has led to companies requiring significant financial support to sustain research and development efforts. Second, biomedical and health companies usually face high risks. These businesses risk failure due to uncertainty about new drugs and medical technologies. This makes investors more cautious about investing these companies, making it more difficult to raise money. In addition, biomedical and health enterprises need a large amount of money for clinical trials and registration applications. These trials and applications need to meet regulatory requirements and need to meet high standards of quality and safety. Therefore, the financing demand is relatively high. Moreover, the intellectual property rights and patent issues of bio-medical and health enterprises are crucial. Protecting unique technologies and inventions is critical to the competitiveness of businesses, but maintaining these intellectual property rights requires additional funding^[1].

1.2 Loans provided by commercial banks cannot meet the needs of industrial development

First, biomedical health companies usually need substantial long-term financial support. Due to the long cycle of research and development and clinical trials in the biomedical field, enterprises need large-scale investment to maintain research and development work. However, the loans provided by commercial banks are usually short-term, which is difficult to meet the long-term capital needs of enterprises. Secondly, bio-medical and health enterprises face high risks. These businesses risk failure due to uncertainty about new drugs and medical technologies. Commercial banks are usually more cautious when facing high-risk projects and tend to provide lower-risk financing solutions, which may not be flexible enough for biomedical and health enterprises. In addition, the capital needs of biomedical and health companies often grow. As research and development projects advance and clinical trials proceed, enterprises need to continuously raise funds to support the continuous development of projects. Loans from commercial banks may not meet this growing demand for capital. In addition, biomed-

cal health companies need to meet regulatory requirements. Clinical trials and registration applications need to meet high standards of quality and safety, which require additional funding. Commercial banks often struggle with meeting these requirements when making their loans.

1.3 Difficulties in attracting government investment

First, the government needs to face the needs of various fields in the allocation of funds. The government has limited financial resources and need to be allocated to a variety of different fields, including education, health care, infrastructure, etc. Therefore, biomedical health enterprises need to compete with other fields to win government attention and financial support. Second, governments are often more focused on investment in infrastructure and public services. These areas are directly related to national infrastructure and well-being, so governments may be more inclined to invest in these areas, and using limited resources for biological medical health may be relatively difficult. In addition, the government needs a strict audit and supervision on the use of funds. Biomedicine and health companies often require long-term R & D and clinical trials, which may take a long time to see the rewards. Governments need to ensure transparency and efficiency in the use of funds, and may be cautious about the financial needs of biomedical health companies. In addition, government policies and the allocation of funds are also influenced by political and economic factors. Government policy priorities may change from time to time and may be influenced by various political and economic factors, which may also lead to differences in government funding for the biomedical health sector^[2].

2. The role of venture capital investment in bio-medical and health enterprises

2.1 Increase investment confidence through certification

First, venture capital provides financial support for biomedical and health enterprises. The bio-medical health sector usually requires a large amount of money for the development of new drugs, medical devices and clinical trials. The investment of venture investors can make up for the capital gap of the enterprise in the early stage and support its research and development work. Secondly, the investment of venture investors can increase business confidence. Due to the high-risk nature of the biomedical health field, other traditional financing routes may be more cautious and difficult to provide adequate financial support. However, once a venture investor invests, the enterprise will gain external recognition and trust, which can increase the confidence of the enterprise and make it more motivated to move forward. In addition, venture investors usually have rich experience and resources. They not only provide funding, they can also provide strategic guidance, industry connections and market insight. These resources can help enterprises to better plan their development strategies and further increase investors' confidence. In addition, the investment of venture investors can also provide sufficient proof for enterprises to attract more investment. Once an influential venture investor decides to invest in a biomedical health enterprise, other investors may be more confident to follow the investment, thus further providing the required financial support needed.

2.2 Use the market to enhance the financing capacity

First, venture capital has improved the popularity of biomedical and health enterprises through market recognition. Once a business has received an investment from a venture investor, this is often seen as recognition and trust by the market. This recognition can increase the company's reputation in the industry, make it more compelling and attract more potential investors and partners. Second, venture capital investment can provide market insight for enterprises. Risk investors usually have rich industry experience and market understanding, and they can provide enterprises with important information about market trends, competitors and business opportunities. This information can help enterprises to better develop strategies and improve their competitiveness in the market, and thus enhance their financing capacity. In addition, venture capital is usually accompanied by marketing and strategic support. Venture investors can not only provide funds, but also can help enterprises to develop marketing strategies, expand customer groups, and accelerate the process of product listing. These initiatives could help companies achieve their business goals faster and increase their market value, thus increasing financing opportunities. Moreover, venture capital often introduce elements of market competition. Once a business gets venture capital, other investors may be interested and hoping to share the opportunity. This kind of market competition can increase the bargaining power of enterprises and provide favorable con-

ditions for their financing negotiation^[3].

2.3 Promote technological innovation with the help of capital

First, the biomedical health sector is a highly technology-intensive industry. The development of new drugs, medical devices and diagnostic tools requires a lot of scientific research and innovation. However, these research projects often require huge financial support, and venture capital provides this source of capital support. Second, venture investors usually have a high tolerance for high-risk and high-return investments. R & D programs in biomedical health areas often face the risk of technical uncertainty and clinical trial failure. Venture investors are willing to take these risks because they believe that if they succeed, they will get rich returns. This risk appetite encourages technological innovation, as companies can more boldly pursue high-risk projects with potential. In addition, venture investor participation is often accompanied by technical and industry expertise. They often have extensive industry connections and experience that can provide businesses with important information about the latest technology trends and market needs. This knowledge transfer helps enterprises to better position the direction of their technological innovation and improve the probability of success of R & D projects. Moreover, the injection of venture capital investment can accelerate the pace of technological innovation. Biomedicine and health enterprises can use the investment funds to expand their research and development teams, improve the level of experimental equipment and technology platforms, and accelerate the project progress. This helps to bring innovation to the market more quickly and thus improve the competitiveness of companies.

Epilogue

In conclusion, the role of venture capital in biomedical and health enterprises is indispensable, and it provides capital support, market recognition and strategic guidance for scientific innovation and business development in this field. The participation of venture investors can not only help solve the financing difficulties of bio-medical and health enterprises, but also promote the progress of technological innovation, new drug research and development and medical device innovation, so as to improve the quality of life of patients and improve the quality of medical services. Venture capital and policy research are the dual engines of sustainable development in biomedical health. They support each other and jointly promote the progress and innovation of the industry. Through the injection of venture capital and informed policy making, we can expect the biomedical health sector to continue to make more meaningful contributions to human health and well-being in the future.

References

- [1] Qi DD. The cold industry prompted pharmaceutical companies to find a way out capital hot new opportunities for medical and health investment [N]. Shanghai Securities News, 2022-09-02 (006).
- [2] Li WJ. Study on the influence of human capital investment on skill premium [D]. East China Jiaotong University, 2022.
- [3] Zhang MY. Analysis of the investment decision elements of the private equity fund in the medical and health industry [D]. Southwestern University of Finance and Economics, 2022.