

SEDA TECHNOLOGY PROGRAMME

TECHNOLOGY TRANSFER AND INNOVATION - INFORMATION SHEET

Introduction

The Seda Technology Programme (Stp) provides a range of services that promote entrepreneurship in industry, particularly in enabling small enterprises to access appropriate technology to become more competitive and grow their businesses. The services include:

- Technology Business Incubation
- Quality Systems and Conformity Standards
- Technology Transfer and Innovation Support

The *Technology Transfer and Innovation* Unit of Stp promotes and facilitates the transfer of industrially-relevant technologies and innovations, which are cost-effective, productive and competitive.

Innovation Support

Non-financial support, which aims to promote the use of innovation to enhance the local, national and international competitive ability of small and micro enterprises.

Opportunities are created for innovation dissemination, sharing sector-specific knowledge and skills for entrepreneurs, facilitating awareness and introduction to appropriate technology and intellectual property, peer-networking and forming of productive partnerships. Innovative entrepreneurship is also promoted by arranging and preparing SMMEs for investor pitching competitions.

Links are formed with technology networks in various sectors, such as universities, research institutions, science councils, intellectual property and innovation agencies, local and international industrial technology suppliers, and networks formed with corresponding SMMEs.

Technology Transfer Fund

Support

Besides the non-financial support, such as links with the Technology Transfer Offices of universities, and advice on relevant technology to upscale production, the unit also provides financial support to acquire innovative, production-enhancing technology, which aims to assist small and micro enterprises in the second economy to grow, and propel them to start competing in the mainstream economy.

The Technology Transfer Fund (TTF) has defined the “second economy”, as broadly referring to small and micro enterprises, mostly with informal processes, with unskilled to semi-skilled human resources, limited sales turnover, limited assets, and thus limited capacity to obtain financing for equipment through commercial loans. In cases where annual turnover is over five million Rand, the applicant may be referred to other relevant institutions.

The Fund aims to achieve return on investment by creating growth in revenue and sustainable jobs, which drive the national economy. The amount of funding annually available is limited, and grants are thus awarded judiciously according to the business case for potential return on investment.

Applications are screened, assessed and selected, with the projects having the highest impact on revenue growth and job creation being prioritised for presentation to the adjudication panel.

Application Guidelines

The focus of the Fund is on the manufacturing sector, as the core of a globally-competitive economy creating multiple further downstream opportunities, and the ability of an enterprise to grow and create jobs in this sector. Applicants should provide evidence of ability to grow turnover and create jobs, show existing products with proven market demand, established pricing, and demonstrate how channels to market are accessed.

Approved applicants are required to commit by contract into 3 years of continuous performance monitoring and reporting, to deliver impact and return on the investment of the Fund through jobs and turnover.

Funding is granted irrespective of race, age or gender of the entrepreneur, although preference will be given to women-owned and operational manufacturing enterprises with high job creation potential in under-served areas. A limited number of new start-ups with exceptional proven potential can also be considered.

The Fund is open for applications during a window period, usually between April and June annually. Since high volumes of applications are received every year, the estimated waiting period for administration, assessment and adjudication can be 12 months or more after application, depending on the quantity and quality of applications, the current backlog, and the availability of funding. Processing includes registration, screening, business case assessment, before presentation to an adjudication panel. After approval by the panel, further processes include contracting, supplier vetting and collation of documents for procurement.

When an applicant is approved for funding, the approved disbursement will be paid directly to suppliers, who are vetted and registered on the National Treasury Central Supplier Database (CSD), and the Seda database. No cash will be available to an applicant, since the focus is on equipment and technology.

Process Steps from Application to Implementation

1. Annual application window
2. Screening for completeness of application
3. Screening for policy fit
4. TT-Number registration if within policy and all accompanying documents available
5. Initial assessment and selection according to documentary Return on Investment
6. Shortlisting for site visit and business case verification
7. Further assessment and selection according to Business Case
8. Presentation to Adjudication Panel
9. Selection and funding approval by the panel
10. Client contracting for 3 year impact
11. Supplier vetting, CSD tax compliance, SBD bid documents
12. Collation of documents for procurement
13. Supplier delivery and installation
14. Equipment verification and supplier payment
15. Bi-annual impact reporting by client

Applicants are urged to submit well before the end of the application window, since it leaves no time for submission of additional documents in case the application is incomplete. Additional information cannot be accepted after the deadline, since it delays implementation for all applicants.

Due to the high volumes that need to be administrated, applicants are usually not contacted after TT-Number registration until they are either shortlisted for site visits in preparation for the Adjudication Panel, or declined due to insufficient impact and return on investment for the Fund in comparison to other applicants.

Application Criteria

Evidence and documents to be submitted, to be accepted for registration towards assessment:

1. Fully completed TTF application forms, describing the business, employees, customers, innovative technology required, financial growth and job creation potential.
2. 3 comparable quotations for each item requested, from reputable South African suppliers, who are:
 - a. Registered on the Central Supplier Database of the National Treasury (CSD).
 - b. Tax compliant on CSD (this status is updated daily by SARS on CSD), since Tax Clearance Certificates are no longer used for supplier verification.
 - c. Willing to complete the Standard Bid Documents (SBD) confirming business information.
3. Access to secure premises and appropriate production infrastructure, e.g. free from dust and damp, lockable, single phase or 3-phase electrical supply with sufficient Amp rating corresponding to the machine requirement.
4. Proof of business registration
5. Tax clearance certificate
6. Financial records
7. Fully developed product with proof of a highly viable market and competitive advantage
8. Business plan, including marketing plan, competitor analysis, and 3-year cost/revenue projections.
9. Owners and employees must have proven knowledge and skills relevant to the industry sector.

Sectors within the scope of the Fund policy:

- Manufacturing and processing sectors, which are under-supplied, and where a competitive edge can be gained through productive technology
- Service-related industries that have an integrated and competitive manufacturing component

Sectors outside the scope of the Fund policy:

- *Services sectors*
 - Retail trade sales
 - Personal care
 - Cleaning and gardening
 - Laundry and dry-cleaning
 - Financial and legal services, support or training
 - Entertainment and events management
 - Consulting services
- *Manufacturing sectors that are over-supplied*
 - Toilet paper, diapers and other tissue processing

Activities assisted by the Fund:

- Costs directly associated with the Technology Transfer process
- Designs, equipment, systems, machinery and tooling directly related to the technology
- Process design, formulation, materials and methods transfer, improvement and optimisation
- Expert knowledge, skills and expertise transfer, training and mentoring related to the technology
- For new start-ups only: installation and raw materials, up to 10% of the total amount approved

Activities not assisted by the Fund:

- Research, development, testing of technology, prototypes and software applications
- Commercialisation processes, and registration of patents and trademarks
- Annual license payments, ongoing license or rental fees, franchise agreements
- Costs pertaining to other parties e.g. licensee or licensor
- Marketing and market feasibility studies
- Business systems unrelated to the manufacturing technologies
- Buildings, roads, vehicles or major civil works
- Major utility installations, high voltage, three-phase electricity, main water supply
- Working capital, staff salaries, raw materials or trading stock
- All costs not directly related to the acquisition of technology
- Re-imbursalment of own money to acquire technology before or after approval of an application
- Direct importing costs, e.g. freight, insurance, foreign exchange, customs, storage, transport

Funding Amounts and Co-Payments

A maximum amount of R600 000 can be requested, and needs to be motivated by demonstrating return on investment. Funding is limited, only approximately the top 10% of all applications received annually can be funded, so there is a rigorous and competitive evaluation process to assess impact and return on investment, and applications are not automatically approved.

The higher the amount applied for, the more capable the business and its cash-flow has to be, and the more impact is expected in return. Lower applications often demonstrate better impact return on investment for the Fund, and particularly applications below R 150 000 are encouraged.

There is a sliding scale in terms of the amount applied for and the contribution by the client:

<i>Amount applied for, including VAT</i>	<i>% Contribution by the client</i>
R 1 - R 150 000	0% contribution
R 150 001 - R 600 000	10% contribution

Approved applicants above the R150,000 threshold will be required to *first* pay the 10% contribution to their supplier (or the corresponding amount split among multiple suppliers), before Seda will release any payments.

Application Forms - Seda Branches and Seda Incubators

Applicants are required to work with their nearest Seda branch or Seda-supported incubator nationwide in obtaining and submitting TTF application forms, and not submit directly to the Technology Transfer Unit at the national office. Applications not coming via branches or incubators will not be accepted.

Working with a Seda branch or incubator usually increases applicants' potential for funding approval, since experience has shown that TTF interventions are frequently more successful in creating jobs and turnover when supported by branches and incubators, than when applying directly without this support.

Applications received via branches and incubators are also usually more detailed and comprehensive, with improved business planning, more accurate market forecasting, better supporting documentation and financial records.

Further, upon approval, applicants working via Seda branches and incubators are often faster in procuring equipment, and more successful in creating impact. The Business Advisors at the branches and incubators are geographically much closer, and more available to the client than the TTF Project Specialists can be, to assist with documentation, networking, business skills, and the ongoing support for the many hurdles that occur daily in small business.

A list of branches and incubators is available on the Seda website: www.seda.org.za