

**seda** 

**SMALL ENTERPRISE DEVELOPMENT AGENCY**

an agency of the dsbd



**ANNUAL REVIEW 2016/17**  
**SEDA TECHNOLOGY PROGRAMME**



## MISSION

To promote entrepreneurship and develop small enterprises by providing customised non-financial business support services that results in business growth and sustainability in collaboration with other role players

Seda's mission gives a clear-cut framework for everything Seda does. This is exhibited through its product range as well as the approach, attitude and work ethic of its staff.

**The success of Seda is ultimately measured against this mission:**

*How well Seda is ensuring the growth and sustainability of the small enterprises it has interacted with.*

## VISION

To be the centre of excellence for small enterprise development in South Africa.

The vision is translated into the high level areas of competency, motivation, accountability as well as customer drive. In order to become the centre of excellence, we must strive towards improvement in all these critical areas.



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# FROM THE DESK OF THE CHIEF EXECUTIVE OFFICER

## Dear Reader,

It is my pleasure to present the 2016/17 Seda Technology Programme (Stp) Annual Review, highlighting the activities and successes of the programme during the past year.

The business strategy for Stp is centred on three main delivery areas, namely:

- Technology Business Incubation;
- Quality and Standards, and
- Technology Transfer.

The incubation programme is the main pillar and, in the year under review, the incubation budget constituted about 77% of the total Stp budget and included CfEs and Rapid Incubators. The budget supported 54 existing technology business incubators and the establishment of three new incubators. Key initiatives implemented in the year under review to improve the performance of Stp include:

- Introduction of a performance-based tranche payment system for incubators;
- A benchmarking study on incubation governance and funding models, and
- Process improvement for reducing technology transfer fund turnaround time.

The success of Stp also lies on its ability to establish value-adding partnership. This year saw the launch of a strategic partnership between Seda and the French Embassy, which resulted in matched funding for the establishment of French South Africa Tech Labs (FSATLabs), an incubator focusing on commercialising disruptive digital innovations. A private sector partner, Methys Ltd, came on board as funder and host partner for the labs.

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*“Seda will continue to leverage on strategic partnerships, ensure that small enterprises and cooperatives have access to market-ready technologies and continue to use incubators as a commercialisation platform.”*

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This project is another demonstration of Seda’s success in moving forward by forging more partnerships with the private sector to increase its reach.

Seda, through the Stp, continued to contribute to building a strong South African entrepreneurial ecosystem and has signed a partnership agreement with the Southern Africa Business and Technology Incubation Association (SABTIA). This partnership will revitalise SABTIA and ensure that incubation practitioners in South Africa have access to incubation knowledge and capacity-building programmes, and are working towards a common service delivery standard. Another initiative powered by Seda is the South African Incubation Conference (SABIC), which started in March 2015. This year, preference was given to Seda’s participation in the Global Entrepreneurship Congress (GEC), but SABIC is scheduled to take place in 2018 to build on the successes of the inaugural Incubation Thought Leadership event.

Stp’s contribution to the ecosystem is also through its innovation forums, which promote a pull approach to innovation, facilitating links between industry challenges and solutions by innovative small enterprises within incubators.

The Quality and Standards, and Technology Transfer programmes provide streamlined technical support to small enterprises and cooperatives throughout Seda branches and incubators’ networks. The programmes’ mandate is to uplift the absorption of technology and innovation by women and clients in the second economy. We are proud to report that 43%

of all enterprises and cooperatives that benefited from the Technology Transfer Fund (TTF) during the year under review were women-owned, 27% were youth-owned enterprises and 20% were enterprises in rural areas. The assessment of completed quality and standards interventions showed that, in general, clients who implemented management systems grew their revenue over the period. Most beneficiaries attribute the growth in revenue to compliance with standards and applying quality management principles.

Seda will continue to leverage on strategic partnerships, ensure that small enterprises and cooperatives have access to market-ready technologies and continue to use incubators as a commercialisation platform.

I urge the private sector to invest with Seda and expand the incubation footprint to ensure a thriving entrepreneurial ecosystem and a stronger South Africa for all.

Sincerely,



**MANDISA TSHIKWATAMBA - CEO**



## EXECUTIVE MANAGER'S SUMMARY

### Dear Reader,

I am pleased to present the synopsis of the performance of Stp between 1 April 2016 to and 31 March 2017. Stp exceeded all its annual targets, with the exception of the number of clients accessing the Technology Transfer Fund, which was due to inadequate budget allocation. Below are some of the Stp key milestones achieved during the period under review:

### Strengthening South Africa's business incubation ecosystem

We closed the 2016/17 financial year with 57 incubators. Three of these were new, with two aligned to our objective of improving Seda's focus on high technology/High Tech Incubation.

- Launch of French South African tech labs focusing on disruptive innovative technologies targeting fintech, smart cities, healthtech and edutech. This was possible through a 50/50 partnership between Seda and a Cape Town software development company, Methys.
- Tuksnovation, focusing on commercialising innovative technologies in information and communications technology (ICT) and engineering, was funded through dti's Rapid Incubator special funding.
- Lovedale technical and vocational education and training (TVET) College Rapid, focusing on agriculture and agroprocessing and based in Alice, Eastern Cape, was funded through dti's Rapid Incubator special funding.

### Wider technology transfer scope

- Stp now facilitates technology match-making and enables access to intellectual property in support of innovation-based enterprises. Twelve enterprises were assisted in 2016/17.

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*“Stp creating a conducive environment for the fourth industrial wave innovative startups.”*

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- Stp innovation forums enable sector-specific knowledge sharing and networking for small, medium and micro enterprises (SMMEs), to improve their businesses and market linkages.
- ‘Prepare and Pitch’ master classes for clients of Seda-supported incubators.

#### **Remodelling of DSBD Centres for Entrepreneurship (CfEs)**

The remodelling of centres for entrepreneurship (CfEs) into Rapid Incubators has started to yield results. Youth in TVET colleges and surrounding catchments have started to commercialise their knowledge and are assisted by the CfE Rapid Incubators to establish enterprises.

The remodeled CfEs created 38 enterprises and 72 jobs in 2016/17 financial year.

#### **Value-adding partnerships**

Progress on the implementation of a memorandum of agreements (MoA) between Seda and the Technology Innovation Agency (TIA) is gaining traction. Three Seda-supported incubators with high-tech focus are fund managers or Seed Fund Implementation Partners (SFP's) of the TIA Seed Fund.

#### **Enhanced impact**

- Clients of the incubation programme created 2 582 jobs and these incubated SMMEs generated a collective revenue of R825 million, indicating a 766% return on investment for the period under review. Investment in the incubation programme continues to provide good returns and our analysis indicates that every R36 909 invested in the 2016/17 FY created a new job.
- The Technology Transfer Fund budget continues to be inadequate. I am however pleased to report that the programme continues to provide better returns for Seda's investments and the analysis on the successful completed projects in the year under review indicated that every R70 000 spent in an enterprise results in at least one new direct job.

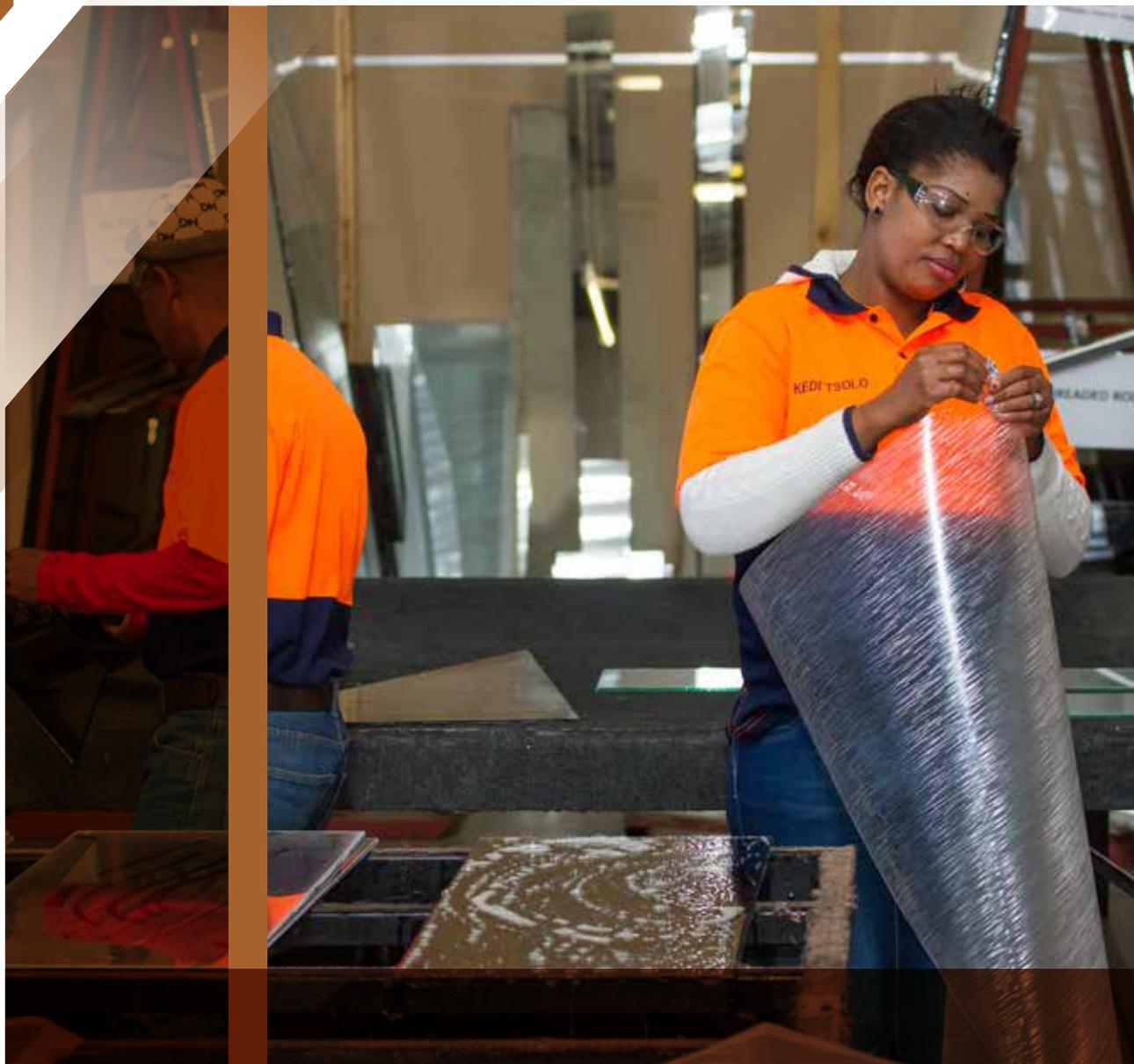
In closing, I would like to thank all members of the Stp team for their dedication and positive team spirit.

Sincerely,



**NOSIPHO KHONKWANE** - Executive Manager

### 3 BACKGROUND



## INTRODUCTION



Stp is a Seda division that focuses on sustainable enterprise development through business incubation; monitoring, evaluation and improvement of service and product offerings; quality and standards, and technology transfer funding services and support.

Stp was created in 2006 as a special ring-fenced programme of **the dti** as part of the Government's National strategy of consolidating small enterprise support interventions across Government Departments and Agencies.

The programme, therefore, seeks to stimulate economic growth and development through facilitating technological innovation and increasing access to, and use of, technologies and technical support for small enterprises, whilst improving their sustainability and international competitiveness. Specifically, Stp strives to:

1. Increase accessibility to, and use of, technologies and management support for small enterprises, through structured platforms such as technology business centres (TBCs);
2. Facilitate the acquisition and transfer of technology to small enterprises, particularly those operating in the second economy;
3. Promote quality and standards among small enterprises;
4. Improve small enterprise performance and productivity;
5. Improve the competitiveness of small enterprises;
6. Promote the entrepreneurial activity and success of identified target groups, particularly women and youth; and
7. Reduce failure rates of small enterprises.

*All services are provided with the above seven objectives in mind, and take place through the three units of Stp: Incubation, Technology Transfer, and Quality and Standards.*



### VISION

To be the Centre of Excellence for small enterprise development in South Africa.



### MISSION

To promote entrepreneurship and develop small enterprises by providing customised non-financial business support services that results in business growth and sustainability in collaboration with other role players

## 4 THE SEDA TECHNOLOGY PROGRAMME TEAM



**From left to right:** Elizabeth Matshega, Theresa Breytenbach, Mfundi Maku, Fhatuwani Tshikovhi, Bahwelang Mahlangu, Mduduzi Khumalo, Tervern Jaftha - Senior Manger Incubation, Nosipho Ndamane, Elia Netshisaulu, Justine Mogashoa, Kgaugelo Modise, Amantle Phalane, Kgaladi Thema



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**From left to right:** Mandisa Mlawuza, Ishmael Mmbadi, Nonhlanhla Shembe, Hilda Ndala, Malembe Mtsweni, Can-See Masilela, Nosipho khonkwane - Executive Manager, Maritza Atkinson, Reabetawe Makhwiliri, Bongani Ntombela, Horst Weinert - Senior Manager QS and TT, Rhulane Ngoveni

# 5 THE YEAR AT A GLANCE

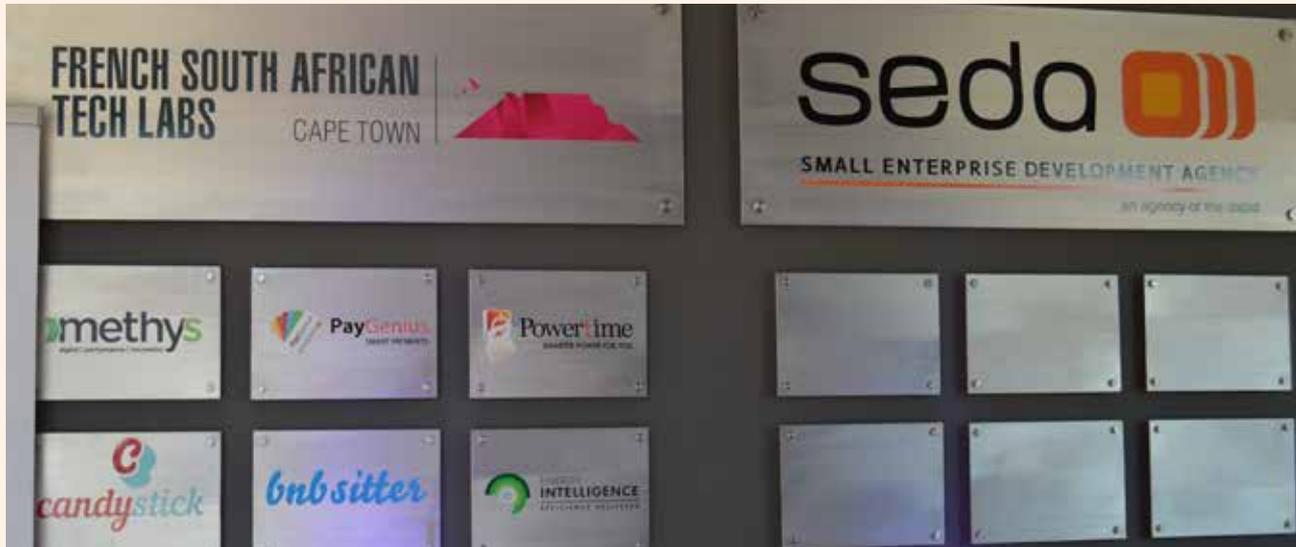
## 5.1 A new Incubator with French flair

This year saw the creation of a new high-tech incubator initiative, the French South African Tech Labs (FSATLabs), in partnership with Methys Consulting, a private software development company. Methys is a French company based in Cape Town and this incubator was created using a match-funding approach by both Seda and Methys. This incubator was officially launched by the Honourable

Minister, Lindiwe Zulu, and the French Ambassador in South Africa, His Excellency Christophe Farnaud, on 21 February 2017 in Cape Town. FSATLabs is dedicated to entrepreneurs in the digital sector and serves as a matchmaking and softlanding platform to both South African and French SMMEs.



*Honourable Minister Lindiwe Zulu, His Excellency Christopher Farnaud and Chairperson of the Department of Small Business Development (DSBD) Portfolio Committee, Ruth Bhengu, at the official launch of FSATLabs.*



*Some of the incubated start-ups at FSATLabs.*

This incubator will focus on the following key areas:

- Smartcity: Utility management, risk management, mobility issues, creating smart cities that will improve the lives of people in emerging countries;
- Smart homes: Smart home utilities, clean tech;
- Smart commerce: Mobile-based commerce user experience and engagement model, and fintech;
- Smart education: Digital technologies applied to learning;
- Smart media: Video game design, media, 3D animation, 3D printers, connected objects.



## 5 THE YEAR AT A GLANCE

### 5.2 Incubation Day a celebration day

Incubation Day is an annual global celebration of the impact and success of business incubation. In South Africa, the 2016/17 event was hosted concurrently by three provinces on 8 December 2016: Limpopo (Biofuels Business Incubator - BBI), Free State (Motheo TVET College) and North West (Orbit TVET College). Seda-supported incubators were in attendance to promote their product and service offerings, and showcase their successes to entrepreneurs and stakeholders. The event was graced by the presence of guests from all spheres of the economy, including government, the private sector and institutions of higher learning. The BBI took the opportunity to launch its name change from Mapfura-Makhura Incubator (MMI) and its new corporate identity.

This event also provided a platform to discuss frameworks for the development of provincial incubation strategies that will foster partnerships with provincial stakeholders to drive support of SMMEs in the provinces.

*Incubation Day: Orbit College, North West.*



*Incubation Day: Motheo TVET, Bloemfontein.*



*Incubation Day: Marble Hall, Limpopo Province*

*Entrepreneurs from the Food and technology incubator Bakery and Food Technology Incubator (BICSA) interact with visitors.*





### 5.3 Pitching disruptive innovation at GEC

Seda is proud to have been a partner of the annual Global Entrepreneurship Congress (GEC), one of the world's biggest conferences in the entrepreneurship ecosystem, which came this year to South Africa, with the theme "digital disruption". It was held at the Sandton Convention Centre in Johannesburg, on 14 and 15 March 2017, attracted over 8,000 delegates. The large exhibition space included three arenas for pitching sessions.

Stp assisted with the DSBD/Seda/Sefa pavilion with exhibitors of SMMEs and Business Incubators; and in arranging the pitching competitions on the exhibition floor.

In the lead-up to the GEC, the Stp technology transfer and innovation team conducted 'Prepare and Pitch' master classes with entrepreneurs and mentors from Seda-supported incubators focusing on how to pitch



to investors and effectively showcase ideas, business models and markets.

Stp held regional provincial pitching competitions in Durban, Cape Town, Polokwane and Midrand, attracting 55 pitchers from 26 incubators. Stp then worked with GEC and Vodacom to run the Pre-GEC Pitching Competition on

## 5 THE YEAR AT A GLANCE

13 March 2017, with 50 pitchers from GEC Partners. At the GEC itself on 14-15 March, Stp assisted in running the "Stage 2" semi-finals and "Stage 3" finals, drawing 190 contestants from 11 countries. The highly engaged audiences during the pitching sessions included policy-makers, investors, researchers and fellow entrepreneurs. Extensive networking was the order of the day during and after the sessions.

From the Seda regional competitions, judging panels selected the top 12 which competed at the Pre-GEC competition against pitchers from other GEC Partners. After this, 10 pitchers from Seda went through to the semi-final stage and some of these to the final stage at GEC, where they competed against international pitchers in front of high-ranking international judging panels, including Gil Ovid of Shark Tank.

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The top 3 winners of the GEC final pitching competition, as rated by the judges, were all from Seda-supported incubators, which serves to underline the effectiveness of Stp programmes.

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### 5.3.1 The top three pitchers



#### **Entrepreneur**

**Dineo Lioma,**

Chief Operating Officer of INCITECH



#### **Start-up company**

Incitech



#### **Pitch**

HIV/Aids Rapid testing kits



#### **Seda incubator**

Savant





**Entrepreneur**  
**Bandile Dlabantu,**  
 Founder of Khepri Innovations



**Start-up company**  
 Khepri



**Pitch**  
 Animal feed from renewable sources



**Seda incubator**  
 EgoiBio



**Entrepreneur**  
**Khathutshelo Mufamadi,**  
 Chief Executive Officer of Droppa



**Start-up company**  
 Droppa



**Pitch**  
 Mobile delivery app



**Seda incubator**  
 SoftStartBTI



## 5 THE YEAR AT A GLANCE

### 5.4 Innovation to the fore through forums

Three sector-specific innovation forums were held in 2016/17 in collaboration with numerous partners from the public and private sector.

#### 5.4.1 The beauty of innovation



*Sharing knowledge in the cosmeceuticals sector*

This knowledge-sharing forum on the cosmeceuticals sector, held at the Seda national offices in Gauteng, featured speakers from the Council for Scientific and Industrial Research (CSIR) Biosciences and Bio-Manufacturing Industry Development Centre, Cosmetic Export Council of SA, TIA Technology Station in Chemicals, Tshwane University of Technology Marketing Department, EgoliBio Incubator, and the Cosmetics Desk of **the dti**.



*SMMEs exhibiting*

The forum included an exhibition of the products and services offered by small enterprises active in the sector.

Kerryne Neufeldt, founder of Eye Slices, a successfully exporting SMME, shared her story of determination and innovation in commercialising intellectual property in the face of significant hurdles.

#### 5.4.2 A wealth of minerals beneficiation

The Platinum Innovation Expo was held at Mahikeng, North West, in cooperation with the Seda North West provincial office, the North West Development Corporation and the provincial Department of Finance, Economy and Enterprise Development.

It included an innovation forum for the minerals beneficiation sector, for which Stp invited speakers from Lonmin, Mintek, Women in Mining SA, CSIR, State Diamond Trader and the Seda Platinum Incubator.

Some of the captivating innovations discussed was the evolving use of 3D-printing for making of jewellery.



*A model takes to the ramp*

#### 5.4.3 Designers take their style to the stage

The Textile and Fashion Forum was held in tandem with an event arranged by the Seda Free State provincial and branch offices; Free State Department of Economic Development, Tourism and Environmental Affairs; Dihlabeng Local Municipality and Thabo Mofutsanyana District Municipality, and included a fashion show unveiling the talents of emerging designers.

Industry-specific speakers invited by STP included CSIR, TIA, **the dti**, Retailers from the private sector, and SMME success stories. Attendees were over 200, of which a large majority were SMMEs, who were highly appreciative of the valuable information and technology presented.



*Distinctive rainbow nation designs on display.*

## 5 THE YEAR AT A GLANCE

### 5.5 Excellence at a rapid pace

During the 2016/17 financial year, Seda launched five Rapid Incubation centres at Educational Institutions. Details of some of them:



Centre Name



Town & Province



Sector



Officially launched by



Launch Date

#### Centre 1



*Seda CEO Mandisa Tshikwatamba and Principal of Esayidi TVET, Dr Siphon Nzimande.*

1. Esayidi
2. Port Shepstone, KwaZulu-Natal
3. Mixed sector focus
4. Seda CEO Mandisa Tshikwatamba
5. 12 August 2016

## Centre 2



*Honourable Deputy Minister Elizabeth Thabethe at Vhembe official opening.*



1. Vhembe TVET College
2. Sibasa, Limpopo
3. Engineering
4. Honourable Deputy Minister Elizabeth Thabethe
5. October 2016

## 5 THE YEAR AT A GLANCE

### Centre 3



*Honourable Deputy Minister, Elizabeth Thabethe launches the False Bay Rapid Incubator*

1. False Bay
2. Westlake, Western Cape
3. Engineering and furniture making
4. Honourable Deputy Minister Elizabeth Thabethe
5. 23 November 2016



## Centre 4



*Honourable Minister Lindiwe Zulu officially launches Orbit.*



1. Orbit TVET College
2. Mogwase, North West
3. Automotive
4. Honourable Minister Lindiwe Zulu
5. 23 March 2016



## 5 THE YEAR AT A GLANCE

### Centre 5



*Seda CEO, Mandisa Tshikwatamba launches the Northern Cape Rural Tvet Centre*

1. Northern Cape Rural Tvet Centre
2. De Aar, Northern Cape
3. Construction
4. Seda CEO, Ms Mandisa Tshikwatamba and MEC for Public Works Northern Cape, Mr MS Sokatsha
5. 17 November 2016







# THE INCUBATION UNIT

*Senior Manager Tervern Jaftha*

## 6.1 Highlights

The Incubation Unit met all its targeted key performance indicators for the 2016/17 financial year. Under the theme 'modernisation, commercialisation and innovative industrialisation', the year was categorised by our commitment to continuous improvement of technology business incubation as an integral part of the South African enterprise development ecosystem.

During the year under review, three new incubators were created - a Rapid youth incubator in Alice, Eastern Cape Province, a high-tech Rapid Incubator at the University of Pretoria, Gauteng, and the FSATLAB in Cape Town, Western Cape.

To enhance incubation technical support to incubated SMMEs and cooperatives, Seda established five sector testing labs in supported incubators. For the period under review, these labs reported the following successes and results.

### Incubatees Receiving Technical Support

- **SAREBI Renewable Energy** test lab for solar water heating (SWH) was redesigned in line with changes to the compulsory specifications and standards at the South African Bureau of Standards (SABS) and National Regulator for Compulsory Specifications (NRCS). The light-emitting diode (LED) lab is being used in the main for early stage research and development (R&D) and for design of bespoke LED industrial lamps.

The SMME lab, ledZshine, successfully designed a grow lamp for a local customer at Atlantis Industrial Hub. The new light has enabled the company to grow edible household herbs with indoor hydroponic growing systems.



The herbs are germinated and grown to a specific stage before being planted out to soil and shipped to nurseries such as Stodels and Starke Ayres. During the year, 100 grow lamps were successfully installed at local customers.

- **The Soshanguve Manufacturing Technology Demonstration Centre (SMTDC) FabLab** was created to help aspiring entrepreneurs to think creatively and come up with practical, innovative solutions to everyday challenges. The platform assists participants to crystallise their ideas from concept sketching to technical drawing, through the use of computer-aided design (CAD) software, eventually producing a product prototype. In the current cycle, the FabLab assisted Sizwe Mgandi a participant of the SAB Kickstart Ignite programme. The client worked in the lab casing unit to develop a new unit for his innovation.



Sizwe's design can be used as a photo booth and a security camera. The casing was developed through the CAD programme in the lab, and has been machined through the use of the 3D printing technologies at the FabLab.

- **Seda/Furntech Furniture Testing Facility.** The facility uses testing procedures based predominantly on European Union standards, as local standards are still in development. During the review period, Furntech made changes to the standards for school furniture aligned to SABS standards for school furniture. To date, the facility has been used by five SMME clients:

| Client     | Location  | Product range  | Tests conducted  |
|------------|-----------|--|--|
| Five SMMEs | Cape Town | Custom-made furniture (tables, loungers, daybeds), Lounge furniture, tables and patio umbrellas, cupboards | <ul style="list-style-type: none"> <li>• Testing of materials for export market</li> <li>• Durability testing</li> <li>• Functional testing for new designs</li> </ul> |

## 6 THE INCUBATION UNIT

- **Seda Mobile Agriculture Testing Lab.** Although severe and persistent rainfall at the Lowveld site of the mobile lab made it difficult to continue with soil and water sampling, the lab managed to collect and test, a number of samples. The soil had to be dried before

analysis and water samples were collected from farmers using borehole water to determine whether there was any contamination from the surface run-off. The following tests were done for SMMEs and cooperatives during the 2016/17 financial year.

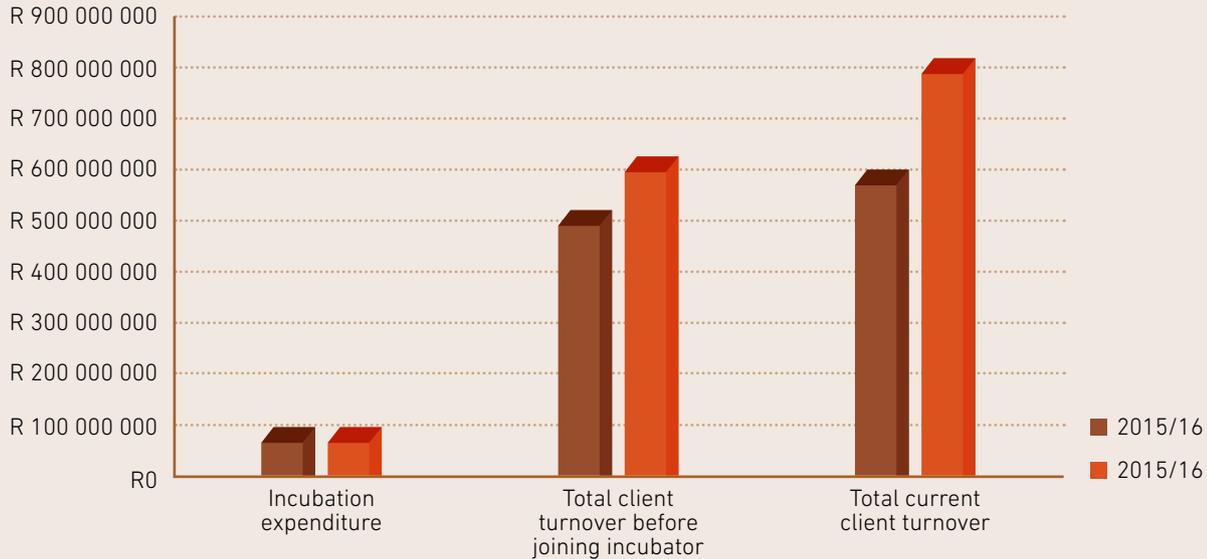
| Number of soil analyses | Number of irrigation water analyses | Number of SMMEs supported by the lab | Areas where samples were collected   |
|-------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| 6                       | 5                                   | 11                                   | Barberton, Tzaneen and Bushbuckridge |

- **Deriving Value From Incubation**

| INDICATOR                   | 2015/16      | 2016/17      |
|-----------------------------|--------------|--------------|
| Number of clients supported | 2 492        | 2 663        |
| Jobs created                | 2 331        | 2 582        |
| New enterprises established | 497          | 441          |
| Incubation expenditure      | R95 800 000  | R96 300 000  |
| Total client turnover       | R605 908 829 | R825 688 064 |
| Return on investment        | 532%         | 766%         |
| Average Rand per job        | R41 098      | R36 909      |

*\*40% of clients supported are in the technology development phase and are not yet trading.*

### INCUBATION EXPENDITURE VS CLIENT TURNOVER



### CfEs and Rapid performance highlights

During the 2016/17 financial year, extensive work was done to align the CfEs to the new Seda Rapid incubation programme and to best practice models that Stp has studied over the past two years. CfEs are dedicated to promoting entrepreneurship, venture-creation and economic development through universities and TVETs. They achieve these objectives through

extensive research, teaching and service activities, and drive the creation of early stage youth-owned enterprises.

The new approach aims to support 14 university and college-based CfE Rapid Incubators and entrench the model in universities and TVET colleges.

The following performance results were achieved by CfEs during the year:

**2 181**  
Final year students trained

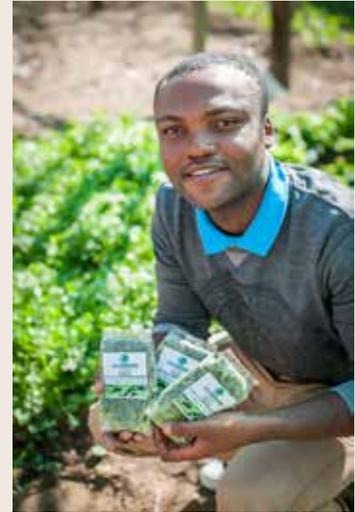
**142**  
Youth SMME / Cooperatives established

**1 016**  
Community SMMEs / Cooperatives supported

**176**  
Jobs Created

## 6.2 SUCCESS STORY





## 6.2 Success Stories

### PLANTING THE SEEDS OF SUCCESS

Gert Sibande TVET College's 21-year-old electrical engineering student Philani Simelani turned a simple idea into a brilliant business concept. One day he asked his grandmother for some pocket money. She didn't have any, but gave him coriander seeds to sell. Instead of feeling sorry for himself, he planted the seeds and, later, sold the leaves.

Philani is now director of Dwellers Agri-actives, a company that is reaping what it sows by harvesting coriander leaves for cooking.

He distributes his product to the local Pick n Pay in Ermelo and other household consumers especially Indian households.



*The CfE assisted Dwellers Agri-actives with market research and business planning. It placed Philani and his team in programmes that taught them the basics of running a successful business. In 2016, Philani beat six fellow competitors to win R10 000 in the Ultimate Pitch competition at Global Week.*





## TOOLMAKER TURNED ENGINEERING WHIZZ

Qualified artisan turned engineering firm owner, Andre Williams, offers engineering services in toolmaking, conventional milling, turning, sharpening, gear cutting and cutting blades, to mention a few. Andre's experience as a toolmaker gave him courage to resign from his job to start Awengineering.

He joined the first 2017 cohort of the Rapid incubator programme, which gives trainees access to the mini factories and learning support using the GrowthWheel tool. He

registered Awengineering with SwiftReg through the CfE in March 2017 and, thanks to the support he had received, his business excelled. His turnover in the first month was more than R8 000 and he has maintained this since. He has been linked to a Rotary International mentor, who is a specialist in the engineering field and will guide him on his plan to open his own workshop when he graduates from the Rapid Incubator.





# THE QUALITY, STANDARDS AND TECHNOLOGY TRANSFER UNIT

*Senior Manager Horst Weinert*

## 7.1 Highlights

During the 2016/17 period, this unit provided a wide range of technical support, innovation initiatives and technology funding to SMMEs to improve their competitiveness, assure conformity to national and international standards, increase the commercialisation of their innovative business ideas, and, ultimately, scale up their capabilities to grow employment and revenue and enhance the South African economy.

### 7.1.1 Quality and Standards

The work of the Quality and Standards team included conformity pre-audits and development of management systems, to improve market access by achieving International Standards Organisation (ISO) and South African National Standards (SANS) certification. Other interventions included product testing and certification, and product and packaging design. These are crucial intervention factors that assist small businesses to overcome 'technical barriers to trade'. This work is based on strong partnerships with service providers and certification bodies, such as the South African Bureau of Standards (SABS).

There is growing national and international pressure on manufacturers and suppliers of products and services not only to provide products and services that meet customer requirements at all times, but also to ensure that safety, health and environmental standards are not compromised during production. By equipping our clients with these interventions, ultimately they are able to gain technological, economic and societal benefits.

Even with limited resources, the team has performed well in support of clients during the past year:

- 161 clients were assisted with quality health checks, standards guidelines, and certification readiness gap audits.
- 46 clients were assisted with the development and implementation of quality, health, environmental, food safety, and other management systems.
- 25 clients were assisted with product testing and certification.
- 22 clients were assisted with product and packaging design support interventions.
- 3 clients were supported with management systems certification.

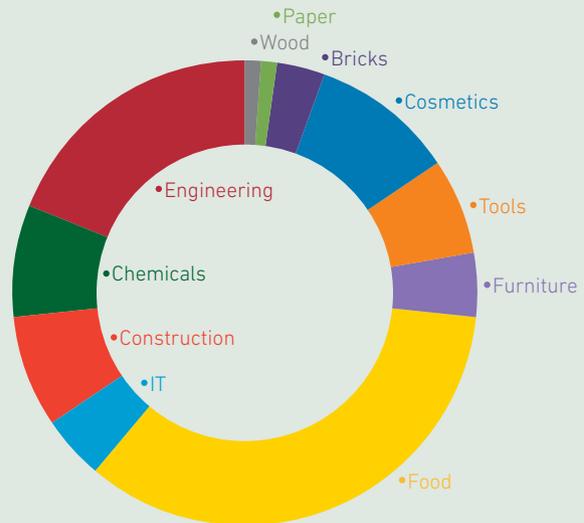
An impact analysis study showed that most of the clients who implemented business management systems showed positive growth in revenue after the interventions. Most of the beneficiaries attribute the growth to improvements in the effectiveness of their businesses processes by applying productive quality management principles, and to significantly improved market access through compliance with prevailing regulations.

The adjacent is data of the interventions for Management Systems, Product Testing and Product Design. The gender demographic compares favourably to current statistics by the Bureau for Economic Research that show a nationwide average of 38% female ownership of SMMEs.



### SMMEs ASSISTED BY SECTOR

Breakdown per sector



## 7 THE QUALITY, STANDARDS AND TECHNOLOGY TRANSFER UNIT

### 7.1.2 Technology Transfer and Innovation

The Stp Technology Transfer and Innovation Unit provides funding for the acquisition of appropriate technologies. It also provides a conducive environment for innovation to enable the transfer of relevant and effective technologies. The technologies provided by Seda are designed to assist SMMEs in scaling up production to grow existing markets or enter new markets.

Through these interventions, the Technology Transfer Unit has provided appropriate technologies to small enterprises who mostly operate in the 2nd or informal economy. These technologies have enabled small enterprises to enhance productivity, product quality and profitability. As a result, new markets which were previously inaccessible, have been established with a great potential to accelerate SMMEs into the formal economy.

#### Technology Transfer

Incentives for technology acquisition include the sourcing and supply of specialised equipment for manufacturing and production.

The Fund has a very limited budget and thus needs to be very selective in sourcing, assessing and approving enterprises in the second economy with the highest potential to make significant impact in their areas, with highly entrepreneurial owners, driven to grow their business and staff, showing a compelling competitive edge and strong market demand for their products.

The success of the Technology Transfer Fund is reflected in the following highlights during the 2016/17 financial year:

 30 high-potential small enterprises were approved for TTF incentives, with the nation-wide applications technically and commercially evaluated and selected for the highest impact and return-on-investment for the fund.



R16 million was committed to approved projects.



43% of these enterprises were women-owned.



27% were youth-owned businesses.



27% were township-based.



20% were based in rural areas.

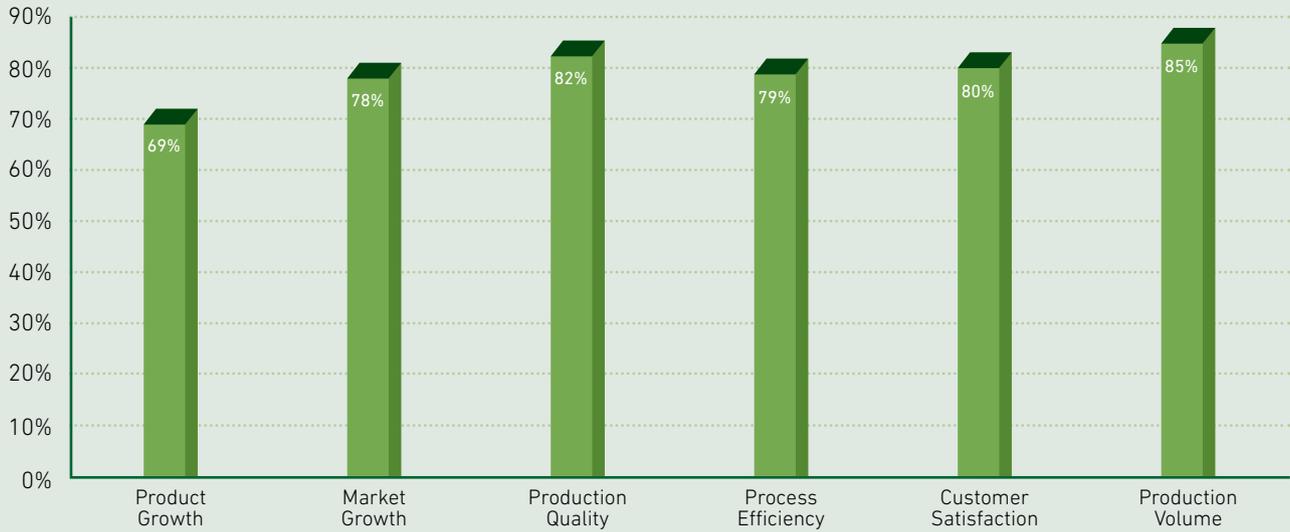


Funding was spread across most provinces, with Gauteng leading the number of recipients, followed by Limpopo and KwaZulu-Natal.

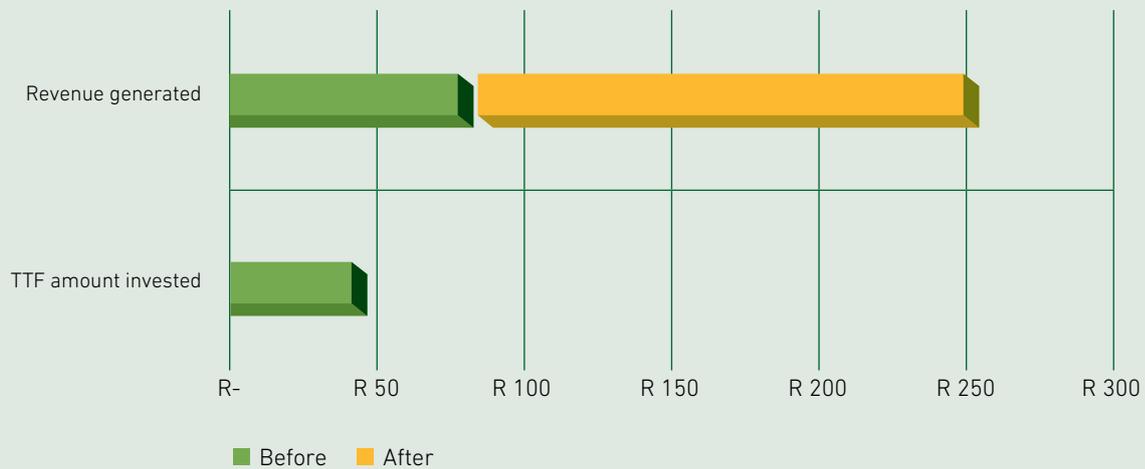
Through the technical and commercial expertise of the team, and strong co-operation for pre- and post-intervention support with the local Seda branches, the fund achieves exceptional return on investment through impact in growth of employment and turnover ranging from 100% to 500% in the portfolio of assisted companies over the 3-year contract period.

Below is data from a multi-year impact study of clients assisted through TTF, which illustrates the business impact that the intervention is able to achieve:

**TTF IMPACT: CLIENT BUSINESS IMPROVEMENTS**



**TTF IMPACT: TOTAL CLIENT REVENUE INCREASE**



## 7 THE QUALITY, STANDARDS AND TECHNOLOGY TRANSFER UNIT

### Innovation Forums

A further initiative of the unit is Innovation Forums, which enable sector-specific knowledge sharing and networking for SMMEs, to improve their businesses and market linkages. SMMEs benefit from concentrated information and discussions related to their sectors, which often they were not aware of, and creates opportunities for expansion.

### Investor Pitching and Preparing

The GEDI Global Entrepreneurship Index rates South Africa highly on growth and innovation, compared to the rest of the world, but very low on start-up skills and risk capital.

Pitching sessions serve to close this gap between skills and capital, and between what SMMEs present and what investors are looking for. STP assists entrepreneurs in gaining a presentation platform for honing the critical skills of distilling and articulating their business case to an investor audience, to make access to funding easier.

An example is the high-profile pitching masterclass and competition with expert judges that was held on 13 March 2017 in Johannesburg. It attracted 50 contestants from other GEC Partner organisations, and the winners gained entrance to pitch to investors at GEC 2017. The event was arranged by STP together with the GEC-organisers SEA Africa, and partners ThinkRoom Consultants and Vodacom. It included a key-note address by the Minister of the Department of Small Business Development, and was also attended by her counterpart from the Small Business Administration of the USA, who both commended the passion and innovation showcased by the entrepreneurs.

### Technology Match-Making

This initiative provides various platforms to access new technology developments, innovations and intellectual property through partnerships with research universities and science councils.

It creates a dialogue between inventors and scientists that are able to create opportunities for enhancing the competitive edge of a business; and the businesspeople that are able to implement and commercialise such opportunities.





## 7.2 SUCCESS STORIES



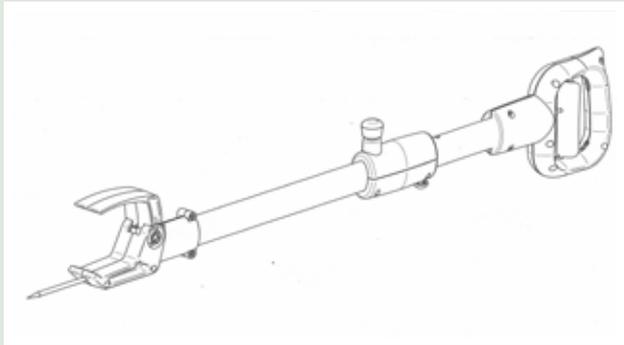
*Business Name*  
**Balezi Trading**



*Province*  
**KwaZulu Natal**



*District/Branch Name*  
**eThekwini/ Seda Technology Programme**



*Litter Picker prototype before intervention*

## A LITTER PICKER WITH BIG PROSPECTS

Balezi Trading set out to design a litter picker to be used by roadside cleaners to pick up papers, cans and organic litter with little or no hand contact. The product enables users to retrieve of litter from hard-to-reach areas, and pick up unhygienic waste without fear of infection, eliminate accidental glass cuts and avoid snake bites.



*Final product after product testing and design intervention*

The following challenges were experienced with the prototype:

- It was a fairly complex mechanism, which included many different components and materials requiring individual tooling. Thus, production and assembly complexity resulted in high manufacturing cost.
- Ergonomics – ease of use was not considered during the initial design stage, so the product was not comfortable to use.
- The metal tube made the product heavy and unpleasant to carry for prolonged periods.

To fine-tune the design for ease of production and workability, Stp collaborated with the SABS Design Institute. The following improvements were made:

- The mechanism was redesigned to reduce the number of components without sacrificing function.
- Metal was replaced by plastic to reduce the weight of the product.
- Production costs are now far less than with the original design.

eThekweni Municipality has given a letter of intent, and Durban University of Technology has also placed an order.

The Small Enterprise Funding Agency (Sefa) has approved a multi-million Rand loan and Stp has linked Balezi Trading with Seda Agricultural Mining and Tooling Incubator (SAMTI) to investigate mass production of the Litter Picker.

The client is very pleased with the ongoing support she is receiving from the Stp and the SABS Design Institute, and the markets it is opening.

Susan Nene has impressed eThekweni Municipality with her innovation and the municipality gave her a letter of intent in May 2017 to buy 4000 pieces.



*Business Name*  
Malaba Joinery



*Province*  
Mpumalanga



*District/Branch Name*  
Nelspruit (Platsak)



*"I would also like to thank TTF for its support as well as Seda and Furntech for grooming and upskilling our team."* - Bongani Sibanda, Owner

## BONGANI CRAFTS A BOOMING BUSINESS

Malaba Joinery, which started operations in 2006, specialises in wood processing, including manufacturing and supplying of high-quality wooden doors and frames for garages, stable doors and sliding, folding and pivot applications, and saw milling of pallet planks.

Before Stp become involved, the business was using manual hand tools, which meant that even simple tasks were time-consuming. As a result, the business was not able to produce enough stock to meet market demands nor achieve a quick turnaround of orders.

TTF provided the business with automated tools and equipment to the value of R600 000. These included a mobile sawmill, wood-planer, spindle moulder, rip saw, cross-cut saw, band saw and compressor.

The business has improved its turnover greatly, from R80 000 to R1 million a year. Currently, the business has 27 employees, including log cutters and wood processors. It even attracted the attention of the Richard Branson School of Entrepreneurship, which sponsored business training that was completed in April 2017, as well as the Tony Elumelu Foundation, which offered a sponsored mentorship programme. The mentorship package included US\$10 000 seed capital to be injected into the business at the end of the 12-week business boot camp.



## 8 KEY FINANCIAL INFORMATION

### For year ended 31 March 2017

For Seda to comply with its audit requirements for the Auditor-General, the Seda Technology Programme's finances have been audited as part of Seda for the 2016/17 financial

year. Therefore no separate audited financial statement for Stp exists and the audit opinion of Stp is covered by the Seda audit opinion, which is unqualified.

|                               | 31 March 2017 | 31 March 2016 |
|-------------------------------|---------------|---------------|
|                               | ZAR           | ZAR           |
| Total revenue                 | 185 808 147   | 142 586 734   |
| Personnel expenditure         | (16 234 941)  | (14 208 417)  |
| Project and admin expenditure | (167 841 226) | (155 050 316) |
| Depreciation                  | -             | (36 260)      |

Stp has conscientiously applied the allocated funds in an efficient and transparent manner, enabling the organisation to effectively support various projects and interventions mandated to it.



# 9 LIST OF ACRONYMS

## LIST OF ACRONYMS AND ABBREVIATIONS

|                   |  |
|-------------------|--|
| <b>CEO</b>        | Chief Executive Officer                        |
| <b>CfE</b>        | Centre for Entrepreneurship                    |
| <b>COTII</b>      | Council of Trade and Industry Institutions     |
| <b>CPPP</b>       | Community Public Private Partnership Programme |
| <b>DSBD</b>       | Department of Small Business Development       |
| <b>dti</b>        | Department of Trade and Industry               |
| <b>DUT</b>        | Durban University of Technology                |
| <b>ECDC</b>       | Eastern Cape Development Corporation           |
| <b>EDD</b>        | Economic Development Department                |
| <b>EIC</b>        | Enterprise Information Centre                  |
| <b>Esayidi</b>    | Esayidi TVET College                           |
| <b>EWC</b>        | Ekurhuleni West TVET College                   |
| <b>False Bay</b>  | False Bay TVET College                         |
| <b>FY</b>         | Financial Year                                 |
| <b>Goldfields</b> | Goldfields TVET College                        |

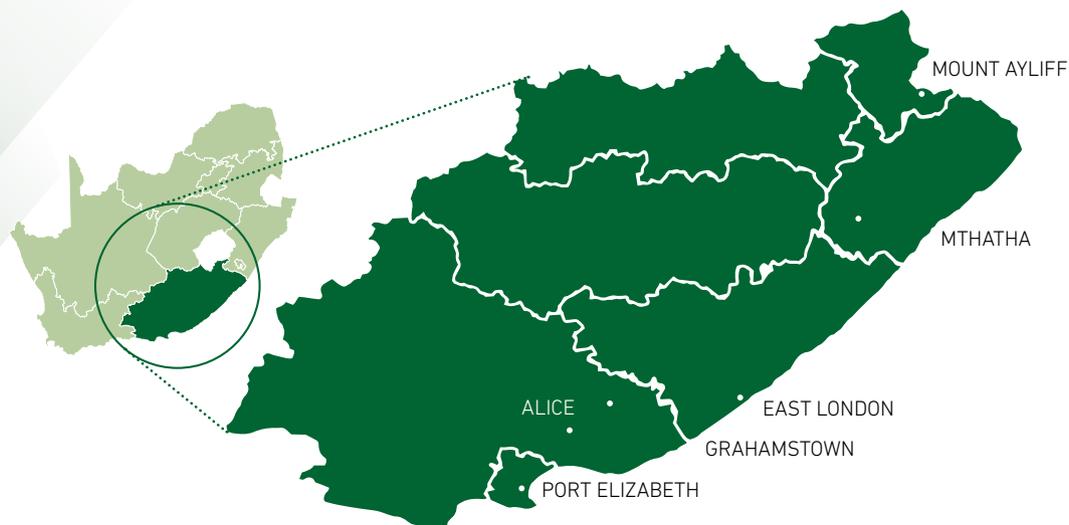
|                |  |
|----------------|--|
| <b>GS</b>      | Gert Sibande TVET College                |
| <b>HR</b>      | Human Resources                          |
| <b>ICFE</b>    | Incubator Centre for Entrepreneurship    |
| <b>ICT</b>     | Information and Communication Technology |
| <b>IPAP</b>    | Industrial Policy Action Plan            |
| <b>ISO</b>     | International Organisation for Standards |
| <b>KPIs</b>    | Key Performance Indicators               |
| <b>LEDA</b>    | Limpopo Economic Development Agency      |
| <b>M&amp;E</b> | Monitoring and Evaluation                |
| <b>MOA</b>     | Memorandum of Agreement                  |
| <b>MoVs</b>    | Means of Verification                    |
| <b>MTEF</b>    | Medium Term Expenditure Framework        |
| <b>NAMAC</b>   | National Manufacturing Advisory Centre   |
| <b>NGP</b>     | New Growth Path                          |
| <b>Orbit</b>   | Orbit TVET College                       |

|             |                                     |
|-------------|-------------------------------------|
| <b>PFMA</b> | Public Finance Management Act       |
| <b>PSC</b>  | Project Steering Committee          |
| <b>SA</b>   | South Africa                        |
| <b>SAQI</b> | South African Quality Institute     |
| <b>Seda</b> | Small Enterprise Development Agency |
| <b>Sefa</b> | Small Enterprise Finance Agency     |
| <b>SMME</b> | Small, Medium, and Micro Enterprise |

|               |   |
|---------------|---|
| <b>Stp</b>    | Seda Technology Programme                   |
| <b>TIA</b>    | Technology Innovation Agency                |
| <b>TLIU</b>   | Technology Localisation Implementation Unit |
| <b>TVET</b>   | Technical Vocational Education & Training   |
| <b>TWIB</b>   | Technology for Women in Business            |
| <b>Vhembe</b> | Vhembe TVET College                         |
| <b>VUT</b>    | Vaal University of Technology               |

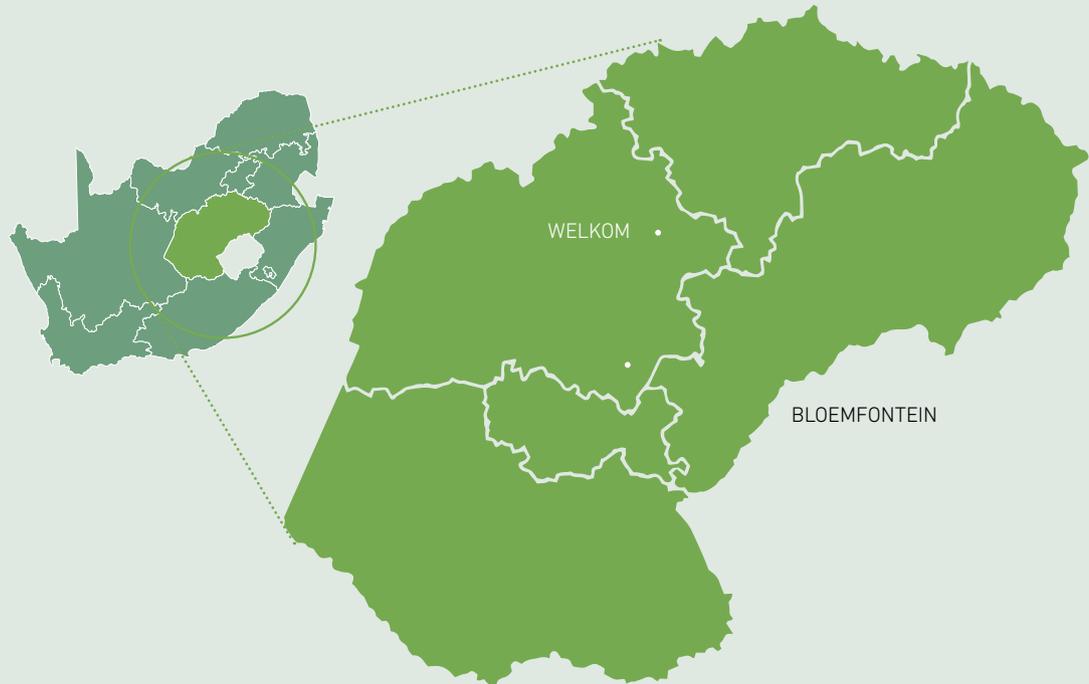


# 10 INCUBATION CENTRES



## EASTERN CAPE

| CENTRE  | SECTOR                          | LOCATION       |
|---|---------------------------------|----------------|
| Chemin  | Chemical Industry               | Port Elizabeth |
| Chemin  | Chemical Industry               | East London    |
| Furntech  | Furniture Manufacturing         | Mthatha        |
| Lovedale TVET College (Rapid)                         | Agriculture and Agro-processing | Alice          |
| Seda Alfred Nzo Agro Manufacturing Incubator (SANAMI) | Agro Processing                 | Mount Ayliff   |
| Seda Construction Incubator (SCI)                     | Construction                    | East London    |
| Seda Construction Incubator (SCI)                     | Construction                    | Mthatha        |
| Seda Construction Incubator (SCI)                     | Construction                    | Port Elizabeth |
| Seda Nelson Mandela Bay ICT Incubator (SNII)          | ICT                             | Port Elizabeth |



## FREE STATE

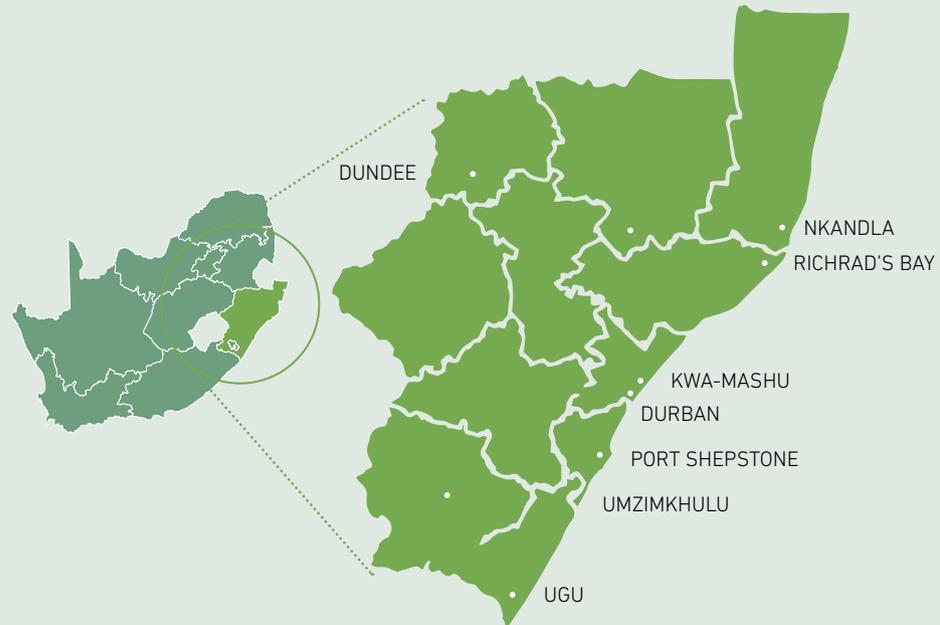
| CENTRE   | SECTOR                        | LOCATION     |
|--|-------------------------------|--------------|
| Gold Fields TVET College (CFE)                       | Renewable Energy              | Welkom       |
| Motheo TVET (Rapid)                                  | Mixed Manufacturing           | Bloemfontein |
| Seda Agricultural & Mining Tooling Incubator (SAMTI) | Mining & Agricultural tooling | Bloemfontein |

## 10 INCUBATION CENTRES



### GAUTENG

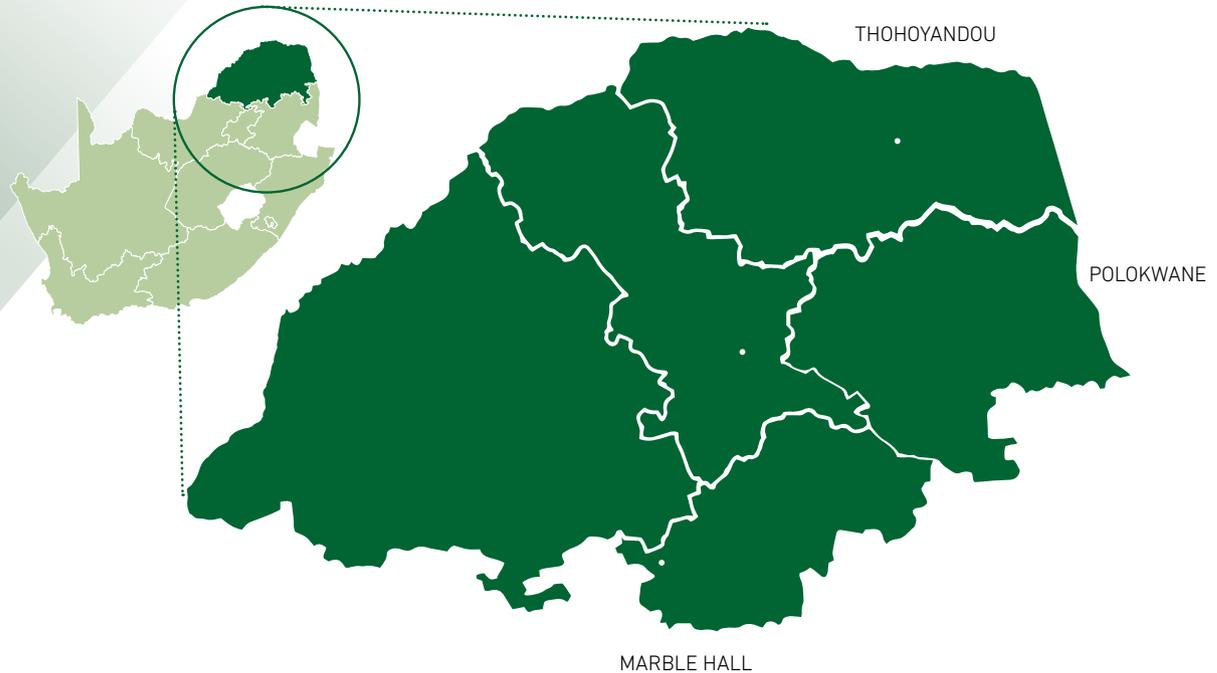
| CENTRE   | SECTOR                                | LOCATION         |
|--|---------------------------------------|------------------|
| Bakery Incubation Centre of South Africa (BICSA)                 | Baking and Food Technology            | Tshwane, Gauteng |
| Chemin   | Chemical Industry                     | Mogale City      |
| Ekurhuleni Jewellery Incubator                                   | Jewellery                             | East Rand        |
| EgoliBio   | Biotech                               | Pretoria         |
| EWC – Ekurhuleni West (Rapid and CFE)                            | Mixed Manufacturing                   | Katlehong        |
| Furntech   | Furniture Manufacturing               | Johannesburg     |
| Global Jewellery Academy   | Jewellery Manufacturing               | Lenasia          |
| Lepharo  | Copper, Zinc and Base Metals          | Springs          |
| Seda Construction Incubator (SCI)                                | Construction                          | Ekurhuleni       |
| Seda Construction Incubator (SCI)                                | Construction                          | Pretoria West    |
| Seda Construction Incubator (SCI)                                | Construction                          | Mogale City      |
| Seda Construction Incubator (SCI)                                | Construction                          | Nelmaphius       |
| Seda Automotive Technology Centre (SATEC)                        | Automotive Industry                   | Rossllyn         |
| Seda Essential Oils Business Incubator (SEOBI)                   | Essential Oils                        | Pretoria         |
| SoftstartBTI (SBTI)  | ICT                                   | Midrand          |
| Soshanguve Manufacturing Technology Demonstration Centre (SMTDC) | Small-Scale Manufacturing             | Soshanguve       |
| TuksNovation (Rapid)   | TuksNovation – University of Pretoria | Pretoria         |



## KWAZULU-NATAL

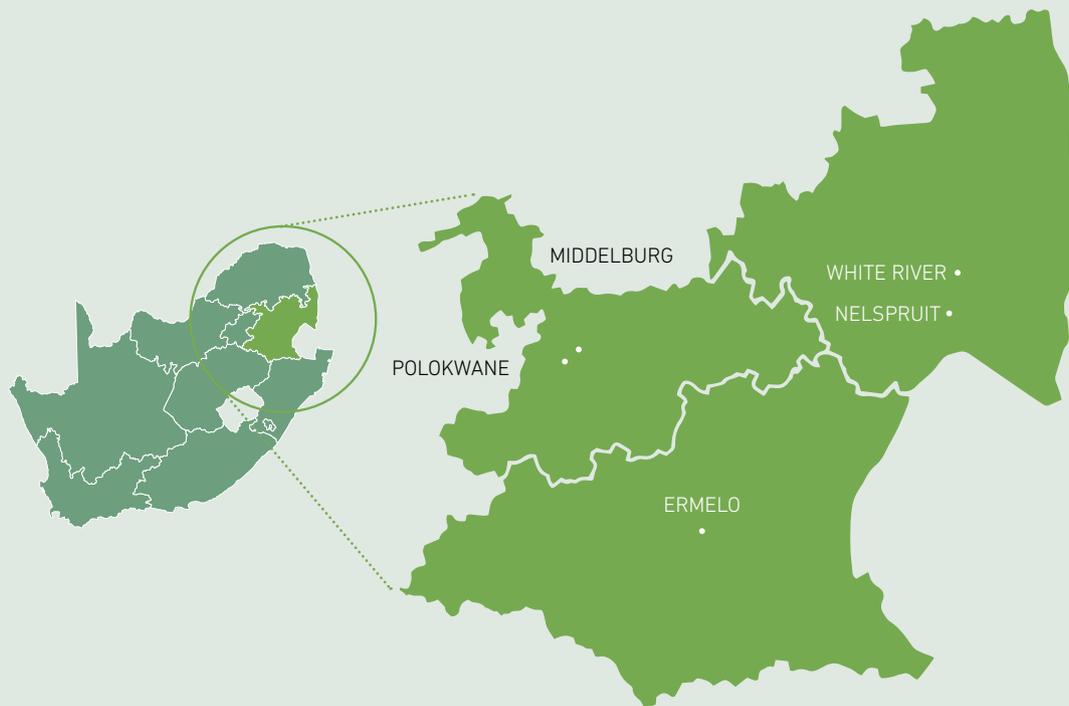
| CENTRE  | SECTOR                          | LOCATION       |
|---|---------------------------------|----------------|
| Chemin  | Chemicals Industry              | Durban         |
| Downstream Aluminium Centre for Technology (DACT) | Aluminium Fabrication & Casting | Richard's Bay  |
| DuT - Durban University of Technology (CFE)       | Centre: Social Entrepreneurship | Port Shepstone |
| Esayidi TVET College (Rapid and CFE)              | ICT                             | Durban         |
| Furntech  | Furniture Manufacturing         | Durban         |
| Furntech  | Furniture Manufacturing         | Umzimkhulu     |
| INVOTECH  | Mixed High-Tech                 | Durban         |
| Seda Construction Incubator (SCI), Durban         | Construction                    | Durban         |
| Seda Construction Incubator (SCI) Kwa-Mashu       | Construction                    | Kwa-Mashu      |
| Seda Construction Incubator                       | Construction                    | Umzimkhulu     |
| Seda Essential Oils Business Incubator (SEOBI)    | Essential Oils                  | Nkandla        |
| Smartxchange                                      | ICT                             | Durban         |
| Smartxchange                                      | ICT                             | Ugu            |

## 10 INCUBATION CENTRES



### LIMPOPO

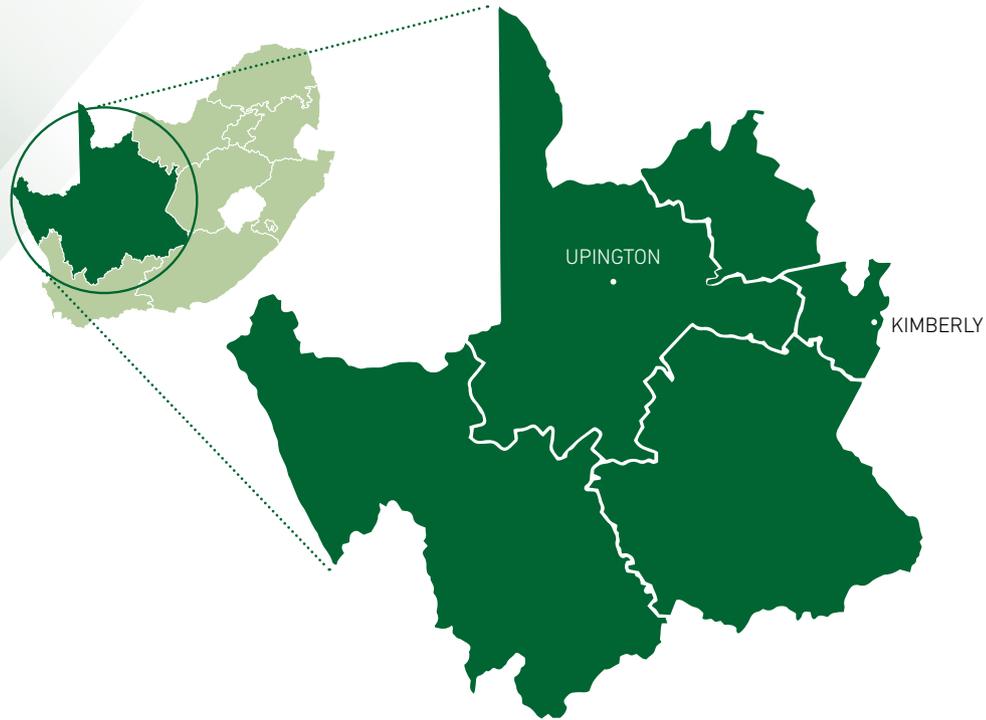
| CENTRE                                  | SECTOR                                  | LOCATION    |
|---|---|-------------|
| Biofuels Business Incubator (BBI)       | Bio-fuels plant production & processing | Marble Hall |
| Seda Limpopo Jewellery Incubator (SLJI) | Jewellery Manufacturing                 | Polokwane   |
| Vhembe TVET College (Rapid and CFE)     | Mixed Manufacturing                     | Thohoyandou |



## MPUMALANGA

| CENTRE  | SECTOR                         | LOCATION    |
|---|--------------------------------|-------------|
| Ehlanzeni TVET College (Rapid)                        | Renewable Energy Technologies  | Nelspruit   |
| Furntech  | Furniture Manufacturing        | White River |
| Gert Sibande TVET College (CFE)                       | Hospitality                    | Ermelo      |
| Mpumalanga Agri-Skills Development & Training (MASDT) | Agricultural Capacity Building | Nelspruit   |
| Mpumalanga Stainless Steel Initiative (MSI)           | Stainless Steel Processing     | Middelburg  |
| Timbali   | Floriculture                   | Nelspruit   |

## 10 INCUBATION CENTRES



### NORTHERN CAPE

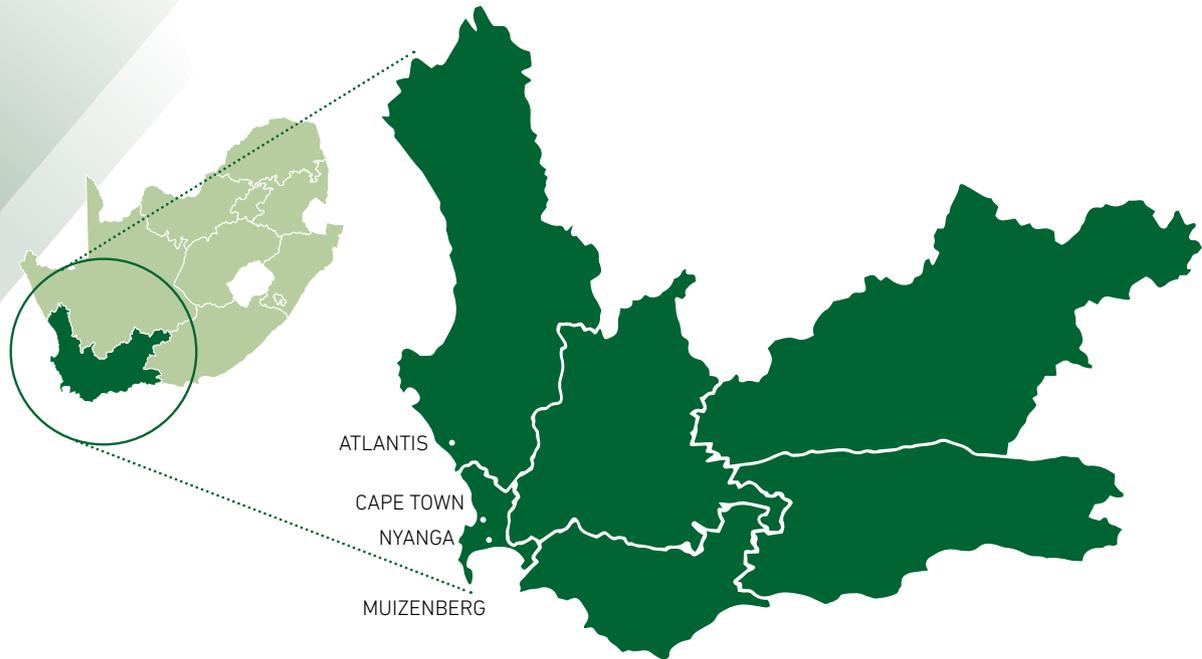
| CENTRE  | SECTOR                                  | LOCATION  |
|---|---|-----------|
| Northern Cape Diamond and Jewellery Incubator | Jewellery                               | Kimberley |
| Northern Cape Rural TVET College (Rapid)      | Construction                            | Upington  |
| VuT - Vaal University of Technology (CFE)     | Leather, Food ware industry and welding | Upington  |



## NORTH WEST

| CENTRE                             | SECTOR             | LOCATION   |
|------------------------------------|--------------------|------------|
| Orbit TVET College (Rapid and CFE) | Automotive         | Rustenburg |
| Seda Platinum Incubator (SPI)      | Platinum Jewellery | Rustenburg |

## 10 INCUBATION CENTRES



### WESTERN CAPE

| CENTRE  | SECTOR                            | LOCATION   |
|---|-----------------------------------|------------|
| False Bay College (Rapid and CFE)                   | Metal fabrication and furniture   | Muizenberg |
| Furntech  | Furniture Manufacturing           | Nyanga     |
| Furntech  | Furniture Manufacturing           | Cape Town  |
| SAVANT Technology Incubator                         | Advanced Technology Manufacturing | Cape Town  |
| Seda Atlantis Renewable Business Incubator (SAREBI) | Renewable Energy                  | Atlantis   |
| South Africa French Tech Labs                       | French Tech Labs - French Embassy | Cape Town  |







seda 

SMALL ENTERPRISE DEVELOPMENT AGENCY

an agency of the dsbd



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