# TABLE OF CONTENTS

- INTRODUCTION TO SMME INCUBATION SUPPORT
- EASTERN CAPE SMME INCUBATION STRATEGY
- EASTERN CAPE INFORMATION TECHNOLOGY INITIATIVE - CASE
- STP AT THE ELIDZ AS A CASE
- EXAMPLES OF INCUBATED SMMEs
ICUBATION SUPPORT & RELEVANCE

• Business incubators have proven to be an effective way for fostering sustainable business growth and stimulating entrepreneurship.
• Business incubators can also be an effective pilot and stepping stone for a potential larger investment, for instance in a technology or science park.
• Business incubation is the process of providing growth-oriented start-up enterprises with a set of services designed to help them increase their competitiveness and grow.
EXPECTED BENEFITS

• Creation of decent jobs in targeted sectors
• Skills development in targeted sectors
• Establishment of new growth enterprises
• Commercialization of innovations in targeted sectors developed by regional institutions & universities
• Co-branding of SMMEs with a credible brand
• Affordable services e.g. legal, financial, marketing, ICT
• Access to funding
• Access to business opportunities
• Access to professional facilities/meeting rooms etc
• Access to peer networks for learning/sharing
• Strategic guidance in establishing and growing a business
• Access to technical assistance
EC SMME INCUBATION STRATEGY

• Business incubation emerged as an economic development tool in the early and mid 1980s, initially in the USA and Europe, subsequently spreading around the world.
• Today, observers and the ‘global business incubation community’ estimate about 5,000 business incubators in the world, depending on definitions and without accurate ‘audit’ data, of which:
  o at least 1,000 are in Asia (approximately half in China),
  o 1,000 in North America,
  o 900 in Europe and
  o close to 400 in Latin America (with a sizeable and robust industry in Brazil).
• While South Africa has started with Business Incubation, it is still a relatively new concept
SMME 3. Roll out of Business incubation support programmes

Key activities

1. There is a general lack of infrastructure for enterprises and Business Incubators should also be rolled out to rural Municipalities in the Province. Expansion of the existing business incubator is encouraged as well set up of new one must be explored.

2. Business Incubation to assist with developing the needed capabilities for the local SMME’s through supplier development programmes and facilitation of markets for incubates.
KEY SUCCESS FACTORS

• Produce results that not only have an impact on the business incubator’s regional location but which are also relevant to that region.

• Create a clear, successful competitive strategy within a specific technological and market segment - business incubators must be focused, with well-defined markets, areas of activity and technology segments.

• Create an environment favorable to business incubation – the business incubator must be ‘wanted’ and ‘owned’ by the community in which it is located, at the same time, it must generate competitive companies that contribute to the region’s development.

• Contribute to public policies attuned to the reality and perspectives of an increasingly globalized world - a challenge, faced by business incubators, is to serve as ‘laboratories’ which identify and test public policy solutions to increase business survival and success.

• Structure competent, innovative, sustainable management for the business incubator – Business incubators must in their own right be examples of innovation, entrepreneurship and business, because their job is to contribute to the development of other companies.
VISION & PURPOSE OF STRATEGY

VISION: Through an open and inclusive strategy, create relevant Business Incubation Centers across the length and breadth of the Eastern Cape Province providing Small, Medium and Micro Enterprises with relevant assistance to make them sustainable.

PURPOSE: Create a strategy that would:

• Lobby the Executive Authority to support the incubation movement in the Province
• Secure strategic support from the Department of Small Business Development ensuring that:
  – Financial and technical support for the development of the provincial incubation strategy; and
  – Funding of operational implementation programmes; and
  – Continued monitoring and improvement ensuring that appropriate partnersps are drawn to the initiative
• Have DEDEAT being the coordinating and operational entity for execution of the strategy once completed
KEY PARTNERS

The following stakeholders have been identified as key to the strategy development:

- DEDEAT (project managers)
  - SEDA incubators:
    - Chemin
    - SNII
    - ELIDZ based Construction Incubator
      - Eastern Cape IT Initiative (ECITI)
      - Department of Small Business Development
      - Eastern Cape Development Corporation
TYPICAL INCUBATION MODEL

Target Market → Entry Criteria → Incubation → Exit Criteria → Graduates

Pre-Incubation, Training, Business Advice, Financial Support, Technology Support, After Care

Physical Space

Networks
<table>
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<th>TYPE</th>
<th>DESCRIPTION</th>
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| Mixed Portfolio Business Incubation            | • Targets high-growth firms in a range of sectors  
|                                                | • May select sectors that align with the overall regional or national competitiveness strategy  
|                                                | • May exist in environments where there is little entrepreneurial activity                                                                                                                                 |
| Technology Business Incubation                 | • Targets high-growth technology companies  
|                                                | • Require foundation of strong technology and human capital infrastructure  
|                                                | • Where this infrastructure and human capital are weak, may require extensive pre-incubation activities  
|                                                | • May exist in economies in transition                                                                                                                                                                    |
| Business Incubation with University Relationships | • Frequently the university or academic institution has a role as founder and is a source of resources such as research, expertise, space and/or funds  
|                                                | • Typically targets technology enterprises, but may work with other sectors                                                                                                                                 |
| Agri-Business Incubation                       | • Targets firms in the agriculture sector  
|                                                | • Aim is to commercialize innovative practices or transform sector enterprises from slow-growth to growth                                                                                                                                                      |
| Social Business Incubation                     | • Uses entrepreneurship and innovation as a mechanism for social impact  
|                                                | • Engages entrepreneurs who may be disenfranchised or where illegal economies are prominent  
|                                                | • May focus on socially valuable products and services                                                                                                                                                   |
| Technology Parks                               | • Designed to accelerate growth of relatively mature businesses  
|                                                | • Focus on range of technology firms, but may target specific industries  
|                                                | • May use incubation as way to source future clients                                                                                                                                                     |
MONITORING & EVALUATION

• Bi-Annual reports to Department of Small Business Development, DEDEAT and other Stakeholders however M&E to be included from the start as a priority
ECITI Introduction

- Non-profit company founded by the ECDC in 2004
- Sector stimulator for ICT based economic development
- Accelerator for ICT based development through:
  - Incubation
  - Innovation
  - Partnerships
  - Advocacy
“Building ICT ecosystems for economic development”
ICT ECOSYSTEM FOR DEVELOPMENT

CHALLENGES

Agriculture and Rural Development

Education

Health
SOLUTIONS

- Incubated Enterprises
- Access to markets
- Innovation stimulus funding
- Enterprise promotion
- Investments
Champion ICT penetration through active advocacy role
• Positions the ECITI as a leading institution in support of rolling out ICT services in the Eastern Cape
• Ensure diffusion of ICT into rural areas, establishing e-learning in schools and making e-government a reality
• Help improve inter and intra government communication through provision of common infrastructure
• Promote the ICT sector in the Province.
## Economic Development Opportunities

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<tr>
<th>ECITI Strategic Focus Area</th>
<th>Collaborators</th>
<th>Opportunities</th>
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| • Incubation               | • ECDC and The DTI  
  • *(Chris Hani District Municipality)* | • Development of local ICT and Mass Media enterprises (cooperatives and SMMEs)  
• Local servicing of ICT initiatives |
| • Innovation               | • *(Chris Hani DM)*  
  • Department of Science and Technology  
  • ELIDZ Science and Technology Park  
  • Regional Technology Transfer Office  
  • Technology Innovation Agency  
  • Knowledge Institutions | • Research, development and innovation – local solutions  
• Manufacturing linked to Special Economic Zone |
ELIDZ STP INCUBATION PROGRAM

- Chemin - semi private – (Focus - Chemical entrepreneurs)
- Cortex Hub – Private initiative (Focus – Post Grad – ICT)
- ECITI – Local Government funded (Focus – ICT)
- CEDA Construction Incubator. (CEDA – Initiative)
- Prototype development Program (ELIDZ Initiative)
SUCCESS STORIES

• Pre-revenue Programme (Prototypes developed):
  – Twerly
  – Heat Raider / Hot Spot
  – Dual Drain System
• Post-revenue Programme (currently developing):
  – Cluster development
  – Commercialising of Products
  – IP protection
  – Revenue streams
SUNRAIDER ENERGY

• The project has been incubated at a TIA Tech Centre in Cambridge to design & develop a solar thermal panel (flat plate solar thermal collector), a geyser (circulates water through thermos syphon), batch collector (solar panel & a geyser all in one), & a heat exchanger (used under freeze pressure & high pressure conditions)

• The modular unit has been designed for hands on assembly

• Testing the performance of the unit has commenced at the TIA Incubation centre in Cambridge
Pictures of Sunraider Products
Sunraider Control Panel
Sunraider Batch Collector
TWERLY STREET LIGHTS

- The SMME is being incubated to develop Twerly Streetlights that is powered through both wind and solar energy.
- The lights are fitted with GSM, GPS, Wi-Fi Sim facility and a security camera
- Twerly Street Lights is incubated at the ELIDZ STP
- Twerlies are being manufactured at a factory in King Williams Town (KWT) and plans for further development to include e-wallet facility for Wi-Fi are afoot
Picture of a Twerly Street Light
Dual Drain & Solid Waste Removal System

- This SMME is currently based at the East London IDZ (ELIDZ) for the design, development and testing of a Dual Drain and Solid Waste Removal System (DDSWRS)
- The prototype is complete with a pool, a pump, filters & reverse osmosis plant which is used in testing performance of the DDSWRS
- The whole system runs on solar power and gravity and pressure comes from a valve working on centrifugal force providing a sustainable solution to solid waste removal & water filtration
- The project initially targeted fish farms as a market but due to the versatility of the product, target market has been expanded to include commercial aquaponics & municipal solid waste treatment systems
Picture of a DDSWRS
HEAT RAIDER SYSTEM

- Heat Raider System is a system that is designed to collect waste heat emitted by refrigerated systems in homes, supermarkets, abattoirs etc.
- The SMME is currently incubated at the ELIDZ STP.
- Two heat-raider prototypes were developed and tested on two sites, which are the Spar refrigeration in Stutterheim, & at a containerized cooling facility at the ELIDZ. Through the Seed Fund, the project has acquired temporal patents, have completed a business plan & signed an agreement with a technology partner from Bulgaria.
- The project has since developed 3 new products, heat sock/hot spot (improve geyser efficiency), Luvre (geyser heat regulator), and a household heat pump.
Pictures of Heat Raider Drivers & Prototype
END OF PRESENTATION

• THANK YOU