

DON'T JUST MAKE A MARK ... MAKE A

difference

THE FUNDING LANDSCAPE

Bio2Biz Sep 2007

Ela Romanowska - Seed Fund Manager



The South African nation has carved a profile of innovation on all levels, from politics to economics. Now showcasing its potential on the world stage, South Africa is the continent's leading source of technology solutions that are home-grown and globally recognised as world-class.

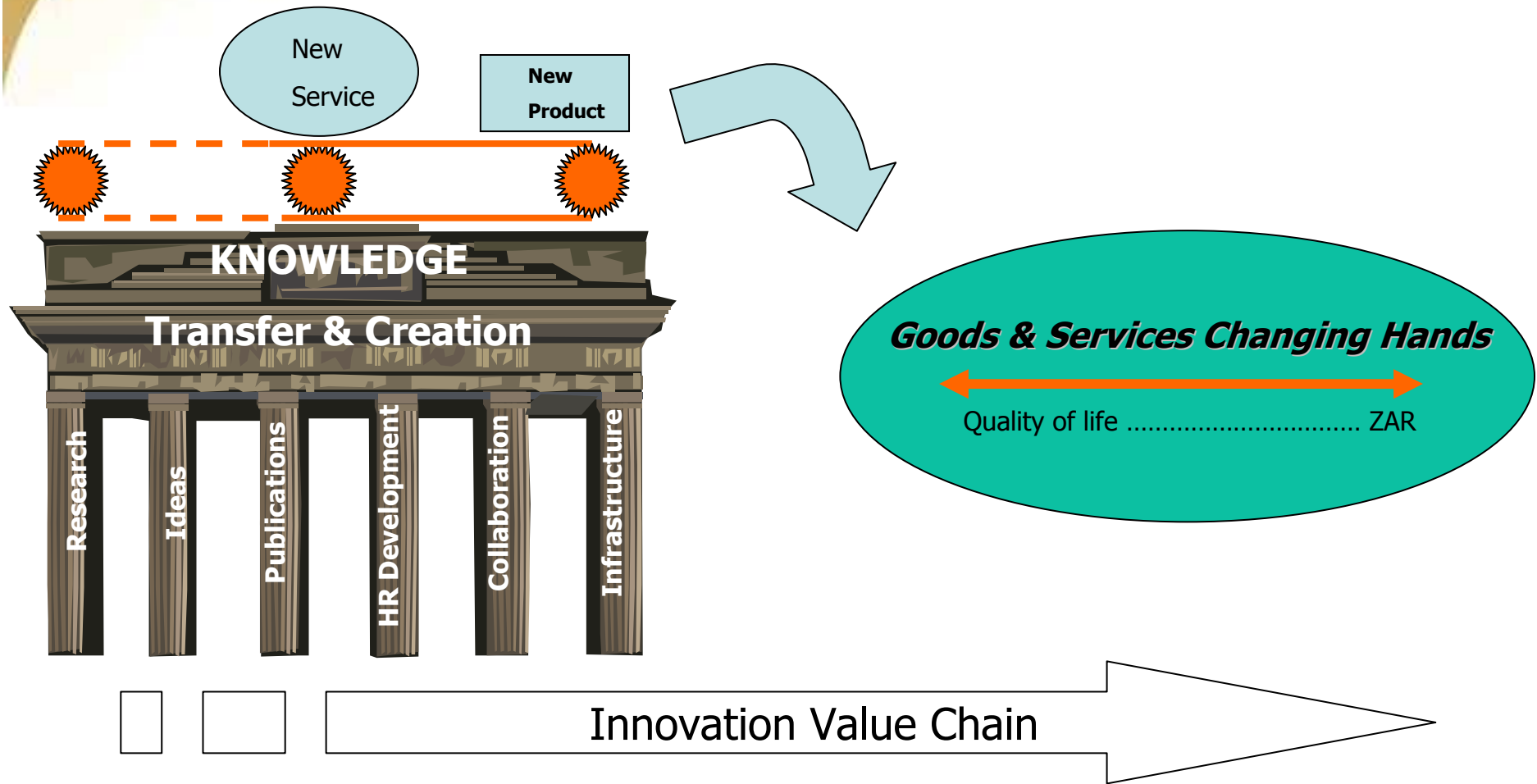
Presentation Outline....



- Context
- Funding landscape:
 - public sector, private sector, other/offshore
 - framework : high tech innovation landscape
 - ‘landscape architecture’
 - good news stories
- Innovation Fund
- Closing thoughts...sourcing funding

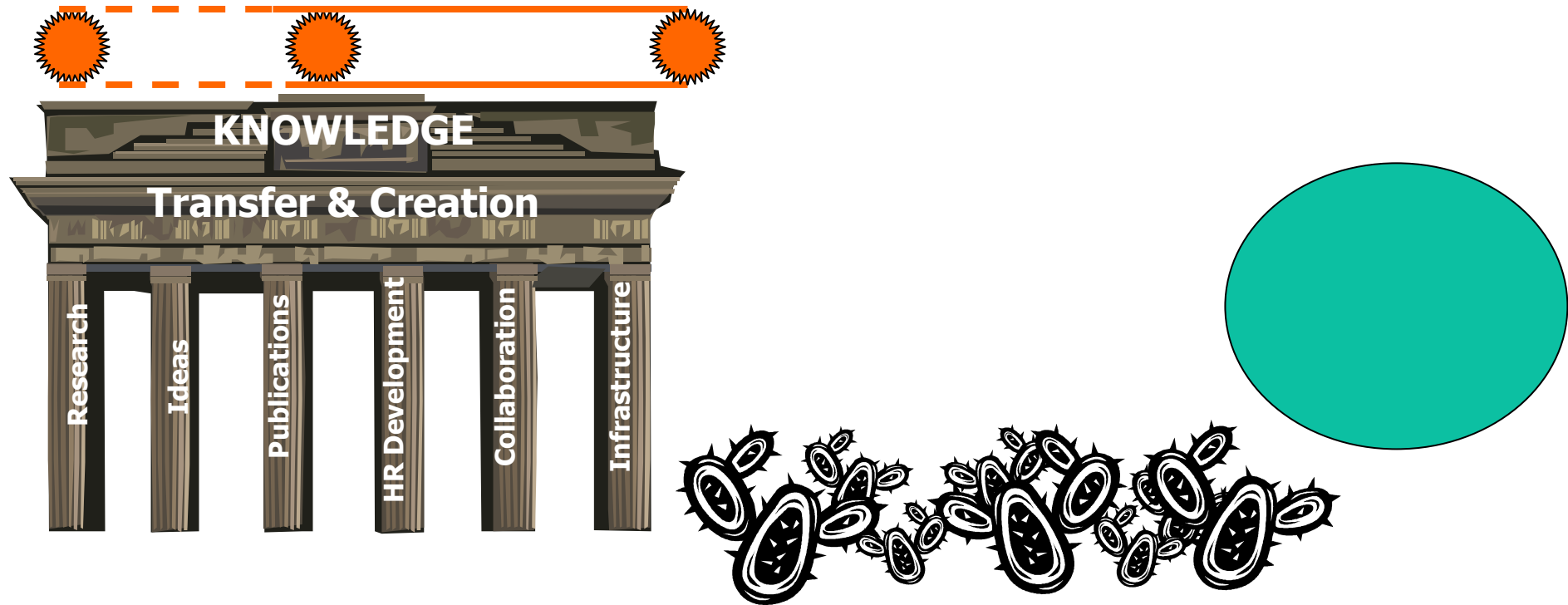


The Innovation Challenge





The Reality



Public sector (1)



- **Department of Science and Technology**
 - Research Grants (NRF – for HEIs, www.nrf.ac.za)
 - **Innovation ‘agencies’**
 - Innovation Fund (managed by NRF, www.innovationfund.ac.za)
 - BRICs
 - Discretionary Fund

Public sector (2)



- **Department of Trade & Industry**
 - THRIP (www.nrf.ac.za/thrip/index.htm)
 - managed by NRF
 - Skills/capacity development through R&D in partnership with industry
 - **SPII** (www.spii.co.za) – managed by IDC
 - matching scheme (SMMEs) – GRANT up to 75% of up to R1.5m
 - partnership scheme – >R1.5m repayable through royalties
 - Product process dev scheme: GRANT, <R500k
 - Others: DTI/SEDA websites

Public sector (3)



- **Other:**
 - DME, Central Energy Fund
 - DoH etc
- **Initiatives**
 - SEDA Incubators (prev Godisa trust)
 - Technology centres (Tshumisano etc)
 - (Don't have significant investment funds....)
- **Provincial** e.g. GEP, Blue Catalyst

Private sector : SA VC



- HBD – post sales
- Fully subscribed:
 - “Tech Funds”
 - Bioventures
- SAIP Fund (Triumph Venture Capital)
- Business Partners
- **IDC : new fund**
- Later Stage – Treacle, Horizon, others...

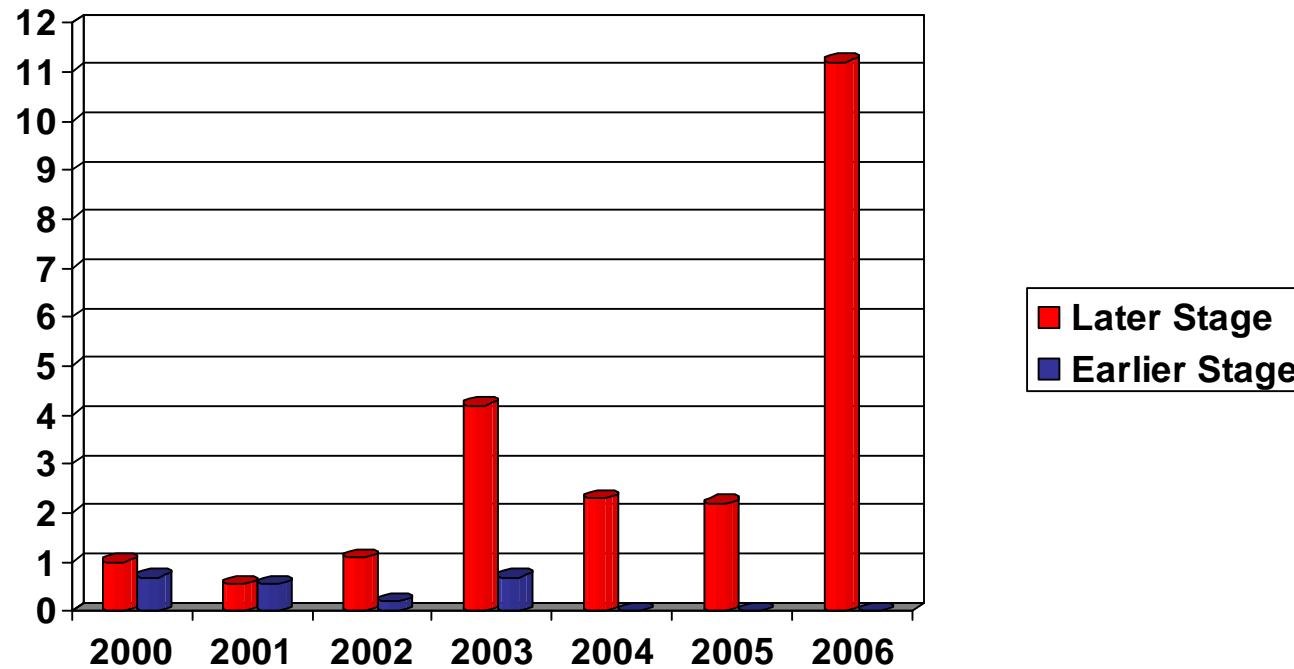
See www.savca.co.za – distinguish between funds & ‘brokers’

KPMG & SAVCA



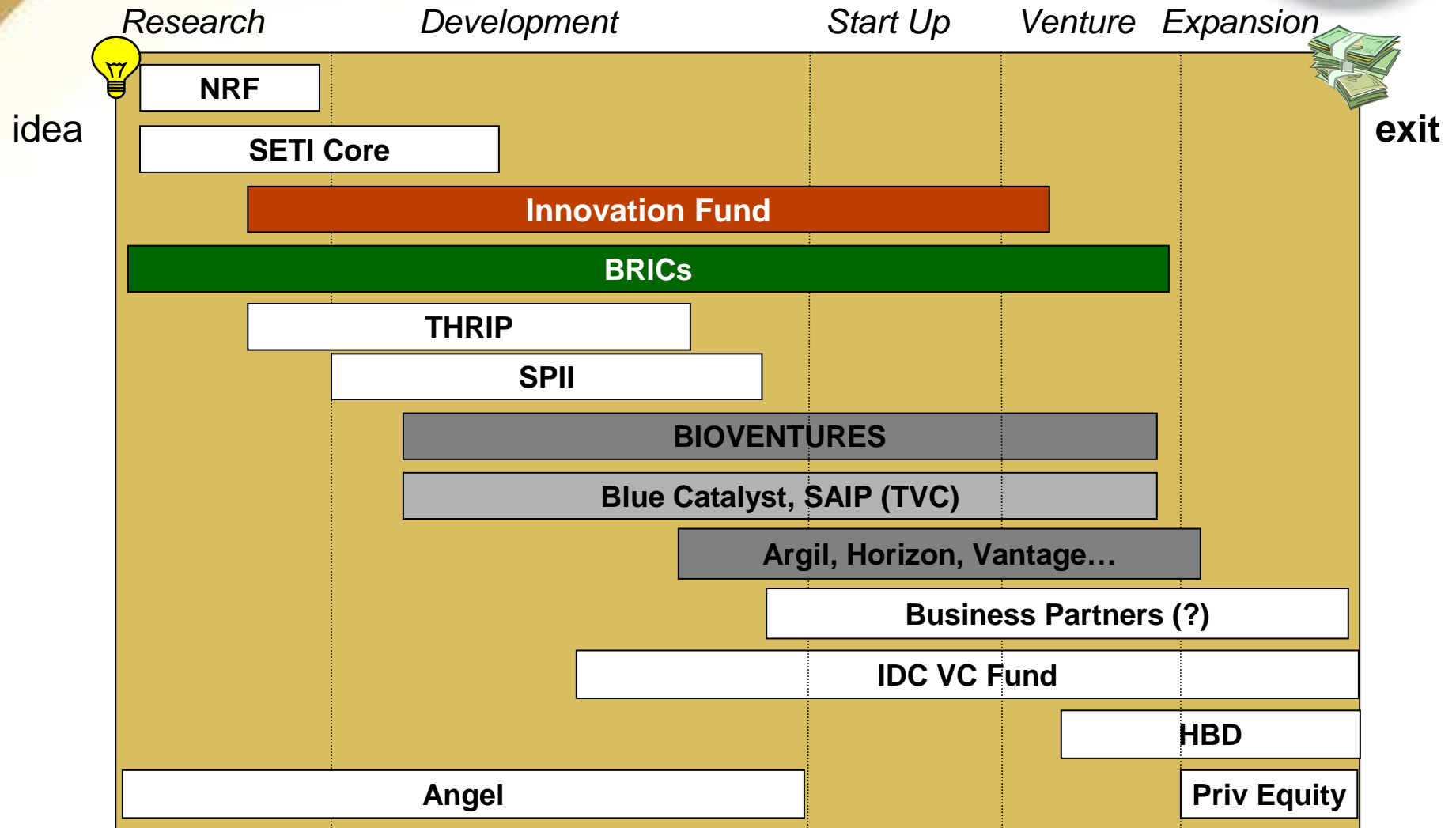
PRIVATE EQUITY AND VENTURE CAPITAL SURVEY - 2006

Funds raised by Fund Stage (R billions)



In 2005, R14bn-R15bn uninvested

SA TECH INNOVATION FUNDING



Other/Offshore



- US, Europe.....
 - E.g. SwedFund
 - Location oriented:
 - Relocate business
 - Relocate IP (!)
- Local presence: e.g. Adlevo Capital
- “Donor”/Global interventions:
 - Gates Foundation
 - Global TB alliance
 - etc

Landscape 'architecting' ...



- SAVCA Sub-committee
 - VC industry development stage
 - Possible interventions like Yozma, tax regime for investors, exchange control regime etc
 - Angels
- TIA (?)
- Market mechanisms
 - Offshore interest
 - Angels

Some good news stories



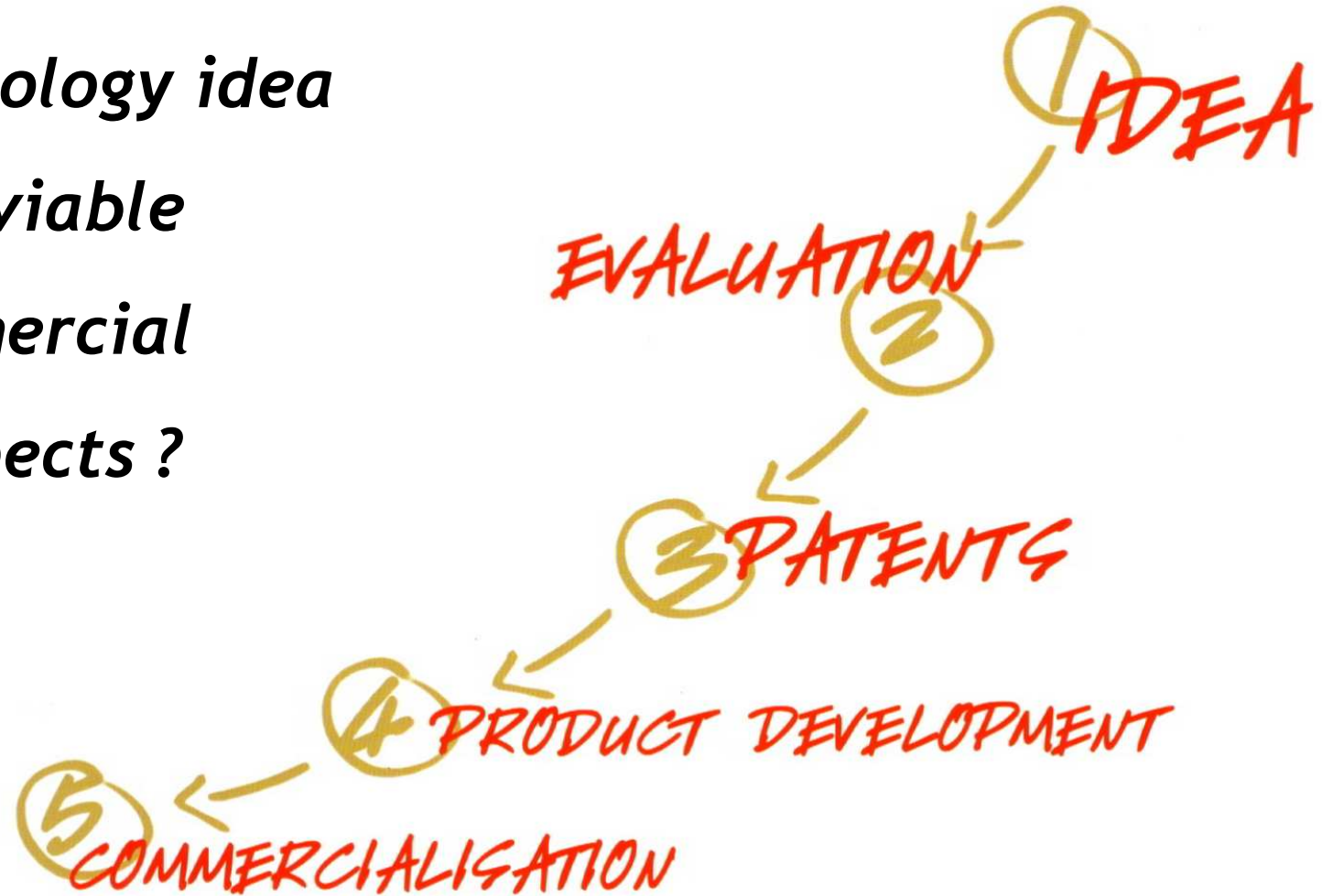
- Geratech : SwedFund
- Justick : Licence agreement
-
- Key Lessons:
 - possible to leverage offshore capital without losing crown jewels
 - Compelling technology + tough skin == cash generating deals



INNOVATION FUND



Do **YOU** have a novel
technology idea
with viable
commercial
prospects ?



IF Suite of Funds



Platforms
[MiTech]

"Proof of Concept"
[TAP]



Licensing, Start-ups
[Seed Fund]



IP Protection

[Patent Support Fund, Incentive Scheme]

Other: National Innovation Competition [Prize money]

To get funding...



- Identify prospective funds/partners
- Do your **HOMework**
 - research fund criteria
 - position IP appropriately
 - prepare elevator pitch
 - Source a great *TEAM*
- **BUILD** a **RELATIONSHIP**
- **Patience & Perseverance & Patience & Perseverance....**

THINK DIFFERENTLY

Lateral thinking. Sometimes that's all it takes to achieve the breakthroughs we strive for. At the Innovation Fund, we identify original ideas that have the potential to boost South Africa's people and economy. We fund the research to develop the ideas, and – in partnership with local industry – help to put them to commercial use in South Africa.

If you're ready to lead the way as an innovator, or if your company is prepared to invest in competitive technological innovations, then you should be talking to us.

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