



# The EC pre-investment conference engagement of the SMME industry

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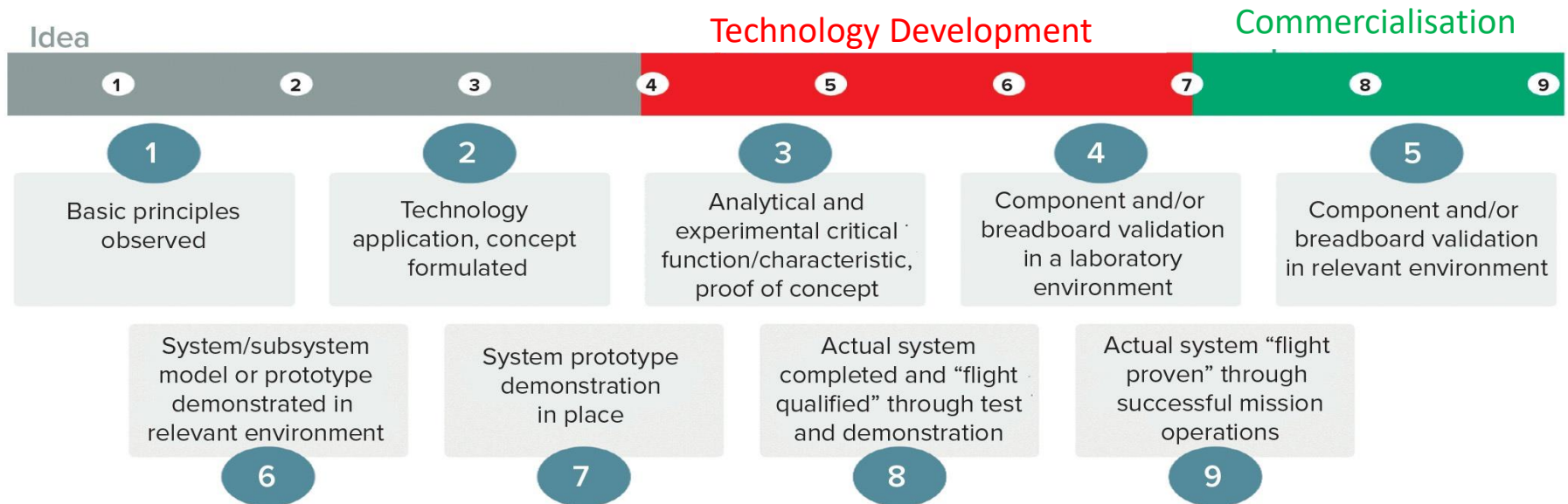
science & innovation

Department:  
Science and Innovation  
REPUBLIC OF SOUTH AFRICA

# Introduction

- ✓ Started in 2013/14 FY with Universities only
- ✓ 2014 –introduced SMME Sub-programme
- ✓ **Rational:** a considerable number of technologies get stagnant at **proof of concept** and **markets assessments** stages, and they end up not meeting requirements for commercialisation and further funding
- ✓ Lack of funding early-stage technology development( mostly TRL3/4)
- ✓ Low levels of research and development (R&D)
- ✓ Applications to other TIA instruments did not qualify as they were too early( did not have proof of concepts, prototypes and no clear IP strategies)
- ✓ Flexible business processes with quick turnaround time

# Technology development process



## Key Considerations for raising funding

- Fund/funder's mandate and objectives- very important to align
  - National challenges
  - Make money
  - To save the world
- The funder's requirements
- What they fund vs what you want funding for?
- Stage of development
- Sector preferences

# SF Programme Overview

## Aim

- A project preparation instrument to de-risk technology development and create an investor ready portfolio towards/for commercialisation using a partnership model.

## Purpose

- The purpose of the Fund is to assist innovators, researchers and SMMEs to access early stage, risk adjusted conditional funding to develop prototypes; validate their underlying market, technological and commercial assumptions; and be able to demonstrate their holistic value proposition.

## Objectives

- De-risk research outputs for follow on funding from TIA and/ or other funders
- Demonstrate their value proposition to commercialise or attract commercial partners

## Outputs

- Prototypes developed and validated
- New IP created and registered
- Technologies Demonstrated in operational environments
- Market research and business plans

## Outcomes

- Technologies Commercialized/taken up on the market
- Securing follow-on funding
- Spinout companies formed

# Seed Fund Parameters

Item	Seed Fund
Typical Funding Instrument	Grant and Conditional Grant(royalties/levy)
Stage of Development	TRL 3-7
Investment amount	UP to R1 Million
Funding period guideline	Maximum 12 - 18 months
Expected financial return	Zero on grants
Valuable rights	Right to participate in further funding rounds
Sectors	All

# What we Fund

FUNDABLE ACTIVITIES	NON-FUNDABLE ACTIVITIES
<ul style="list-style-type: none"><li>• Initial proof of concept</li><li>• Prototype development</li><li>• Sourcing of IP opinions</li><li>• Production of market samples</li><li>• Refining and implementing designs</li><li>• Conducting field studies</li><li>• Support of certification activities</li><li>• Piloting and scale-up</li><li>• Techno-economic evaluation</li><li>• Detailed primary market research</li><li>• Business Plan Development</li></ul>	<ul style="list-style-type: none"><li>• Salary contributions to HEI staff members;</li><li>• Early stage research projects;</li><li>• Student bursaries - Students can be contracted as Research Assistants to perform specific tasks that are only directly related to the project; Research Assistants must be contracted by the TTO with clear deliverables and amount.</li><li>• Equipment's- (ownership, management and safe keeping)</li><li>• Working capital,</li><li>• Operational expenses</li></ul>

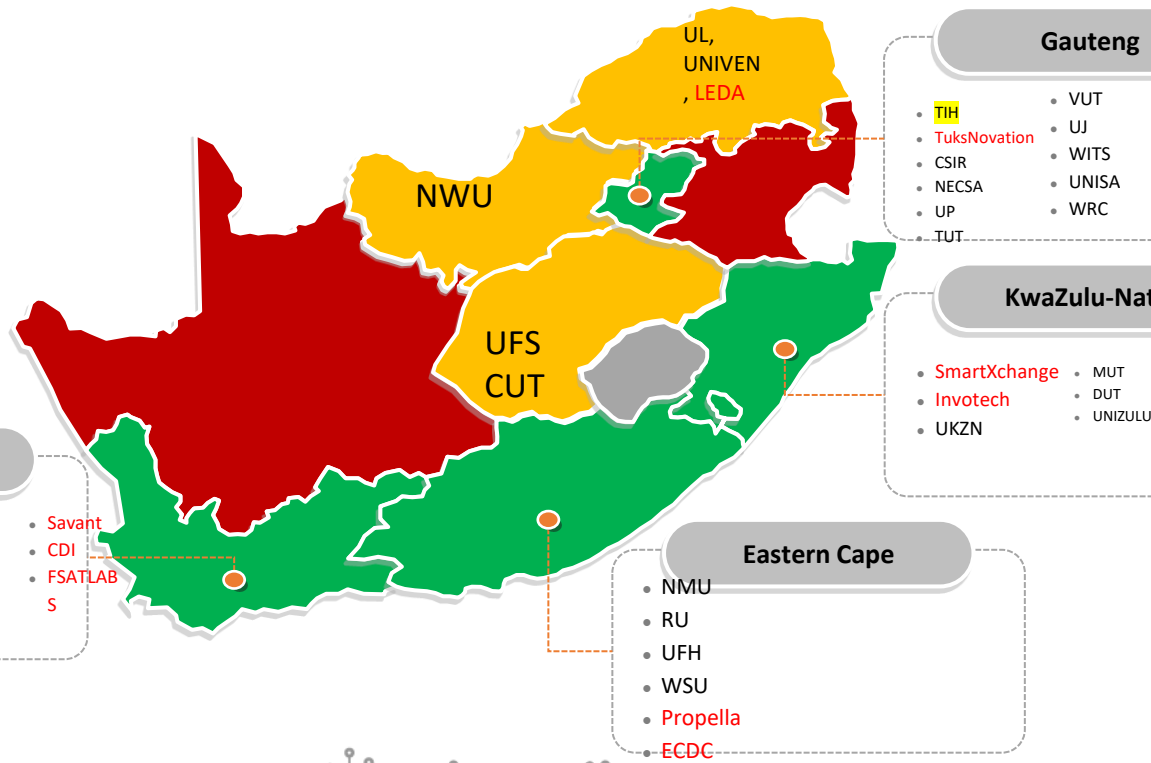
# Governance Model

- Partner with HEIs TTO, Incubators and Regional dev Agencies- **35 active** Implementing partners on Board
- Takes advantage of partner's resources and agility
- TIA uses its network of its partners to source new application and manage them once funding is awarded

HEI SF sub-Programme	SMME SF sub- Programme
<b>Beneficiaries:</b> To fund University and Science Council researchers.	<b>Beneficiaries:</b> SMEs, technology - based innovators and individuals.
<b>Partners (SFPP):</b> HEIs (TTOs) and some Science Councils (SC).	<b>Partners (SFPP):</b> Provincial Development Agencies, Incubators
Registered partners to date: <b>Universities:</b> TUT, UP, UJ, VUT, WITS (Wits Enterprise), UNISA, NWU, CUT, UFS, DUT, UKZN, MUT, UNIZULU, WSU, NMMU, RU, UFH, UL, UNIVEN, CPUT, UWC, UCT, SU (Innovus), UNISA. <b>Science Councils:</b> NECSA, MRC and CSIR, WRC	Registered partners to date: Innovation Hub, TuksNovation, Invotech, SmartXchange, SAVANT, Propella, French South African Tech Labs (FSATLABS), Cape Design Institute

# Regional split for TIA SEED Partners

Green	Good visibility
Amber	Better Visibility
Red	No partners/ no visibility





# Funding Requirements

- A south African Citizen or permanent resident/ a south African registered company
- Strong alignment with the **TIA mandate Beyond basic research**
- Further **technology development work must be performed in RSA** and complying with the **IPR-Act, 2008**
- Unique **competitive advantage** of the e.g., suitable IP protection strategy
- Proposed solution must have **strong potential for commercial opportunity and rapid market adoption**
- **Feasible business model** i.e., all components in place to deliver on the value proposition to the target customer (MRL and BRL)
- Good **team composition** to execute business model, i.e. relevant business & technical expertise, industry connectedness.
- Potential for **high socio-economic impact** – addresses national imperatives e.g. job creation

# Portfolio overview and successes

- 35 active Implementing partners
- Over **16 calls** for funding conducted
- **786** projects Funded
- **R361 million** disbursed to HEIs and SMMEs
- **233** SMMEs funded- include SMME projects funded at SAMRC
- **496** completed projects
- **85** technologies commercialize
- **216** active projects in the portfolio currently being managed

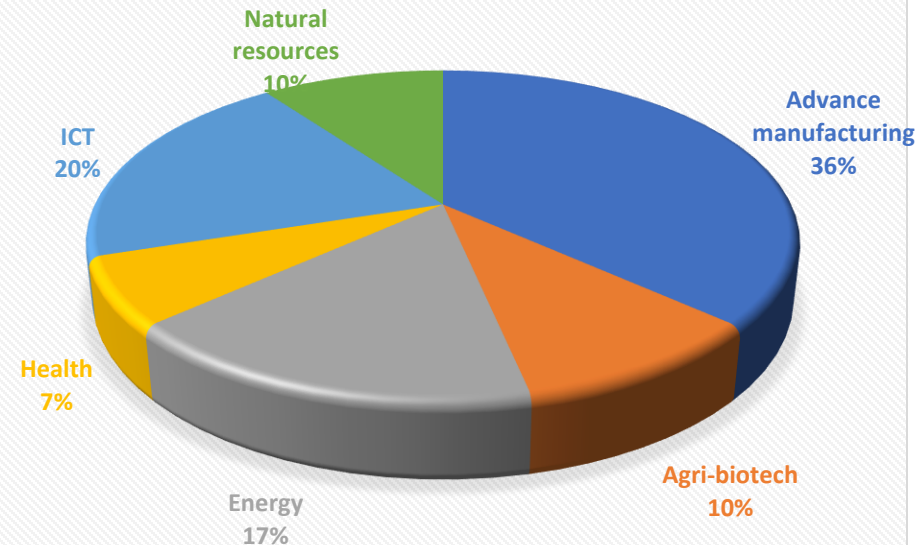
SF- HEIs- 556  
SF-SMMEs - 230

Commercialised share  
SF- HEIs - 42,4%  
SF-SMMEs – 57,6%

# EC Seed Fund Partnerships

- 4 HEIs
- ECDC and Propella
- Funded 79 innovations from EC
  - 32 -SMMEs
  - 57 -HEIs
- Disbursed R36,3 million- (R11.3 mil to SMMEs)

**EC-SF-SMME Portfolio**

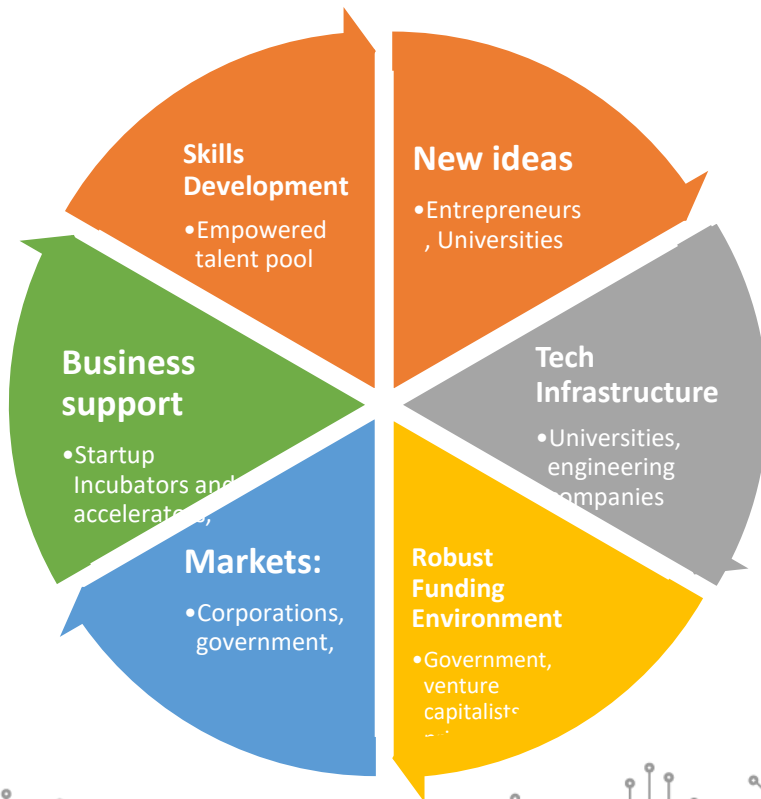


# Building a winning Innovation

- **The need:** What is the challenge you are trying to solve /opportunities being addressed?
- **Technology description:** How does the solution address the identified problem- Describe your value proposition as opposed to similar products?
- **Competitor analysis:** Are there other solutions in the market addressing the need you have identified? effectiveness, price, other
- **The market:** Who will be the users of your technology
- **Route to market:** Regulatory hurdles, licensing, manufacturing and distribution,
- **Intellectual property( IP):** Novelty, FTO, ownership and protection
- **Stage of development:** what have you accomplished thus far? TRL stage
- **Good team composition** to execute business model, i.e. relevant business & technical expertise, industry connectedness.
- Alignment with funders requirements

# Lessons Learned Working with Regional Systems

## Enablers of Regional Innovation



- Collaborations/Partnerships  
Culture of all players
- Pulling resources together
- Coordinated systematic approach
- There must be a champion for the region
- Identify sectors of focus
- Availability of technology piloting sites



**Thank You**

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