

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.

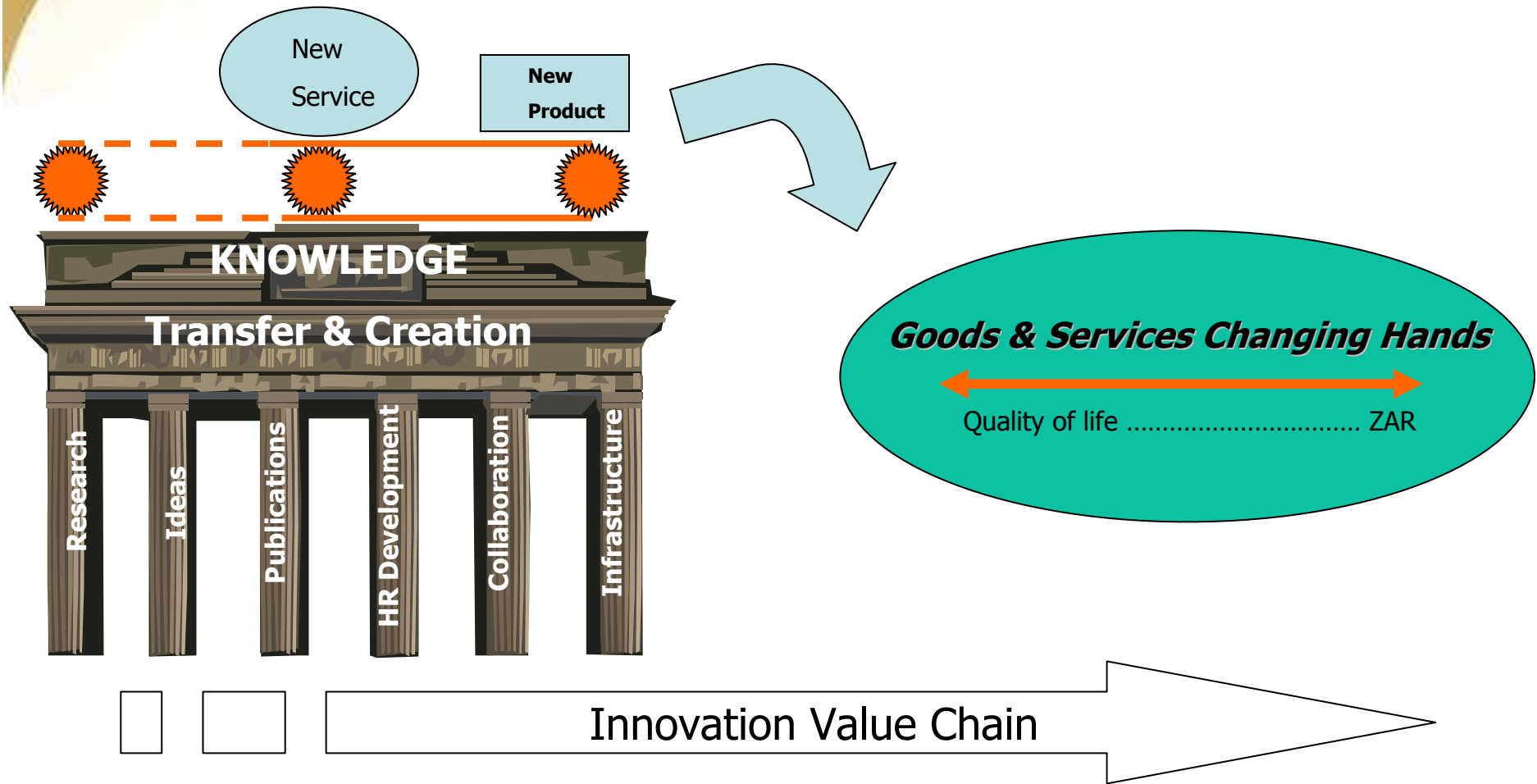
# Presentation Outline....



- 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

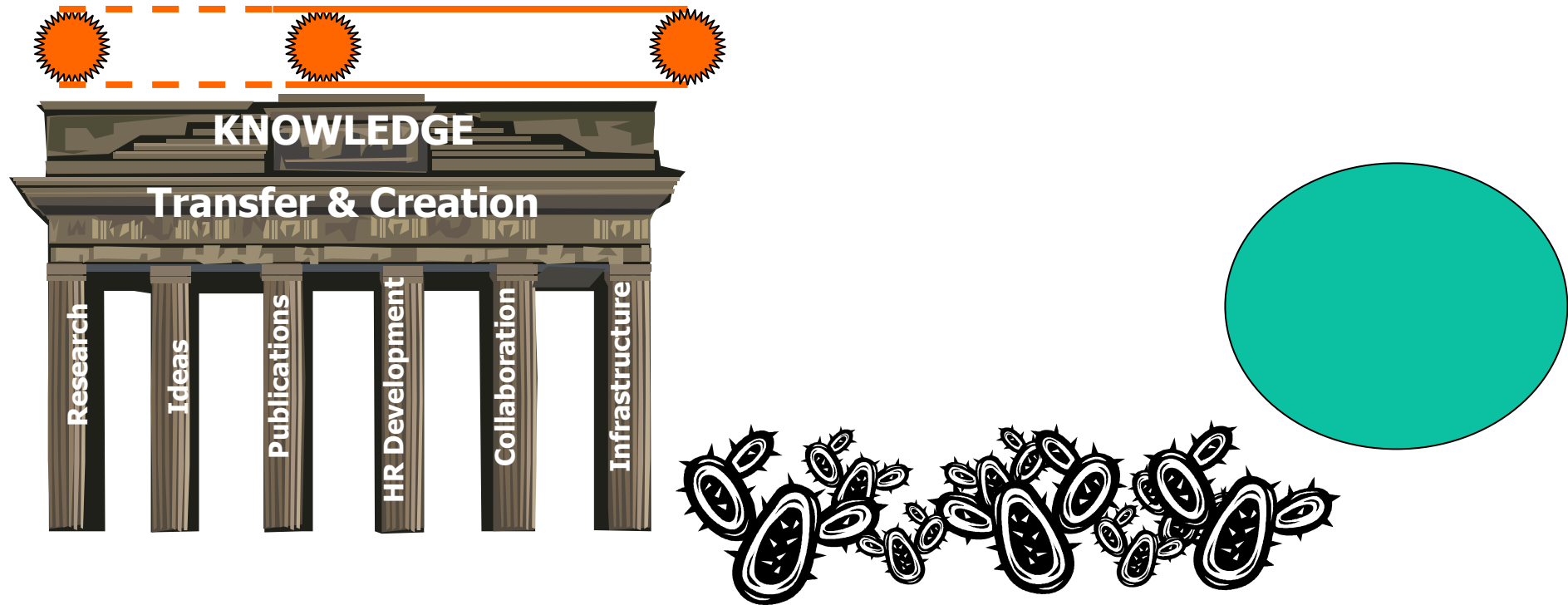


# The Innovation Challenge





# The Reality



# Public sector (1)



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

# Public sector (2)



- **Department of Trade & Industry**
  - THRIP ([www.nrf.ac.za/thrip/index.htm](http://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](http://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](http://www.savca.co.za) – distinguish between funds & ‘brokers’*

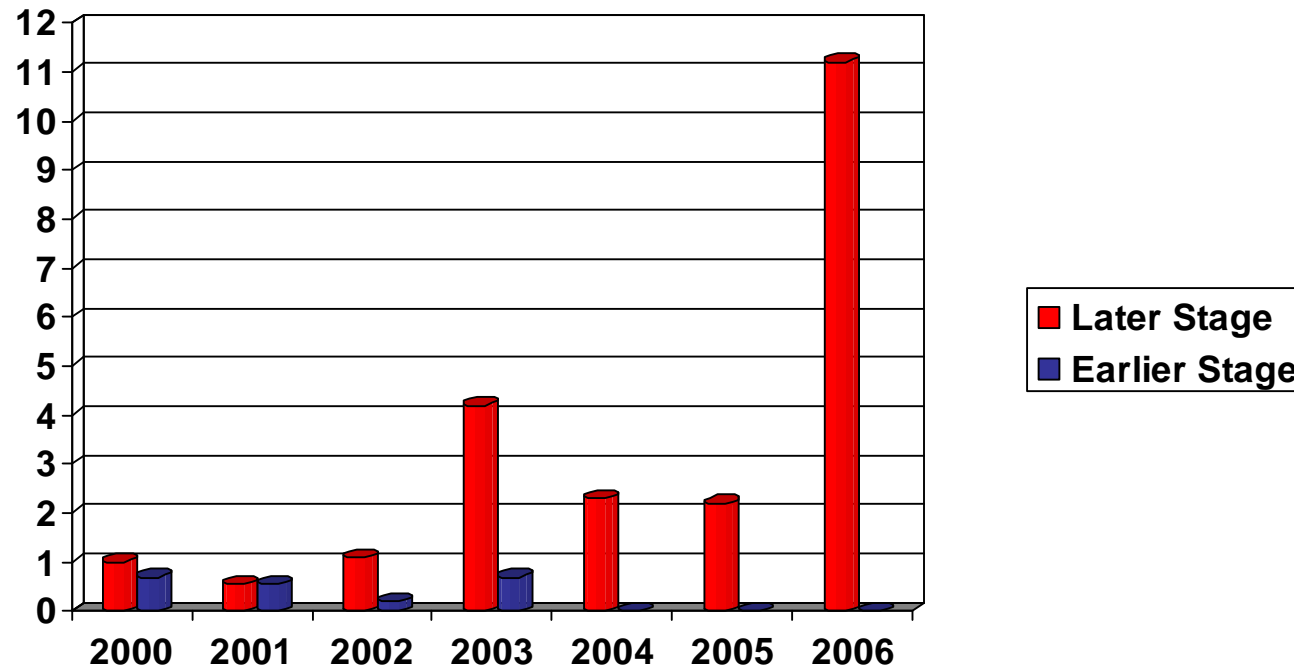


# KPMG & SAVCA



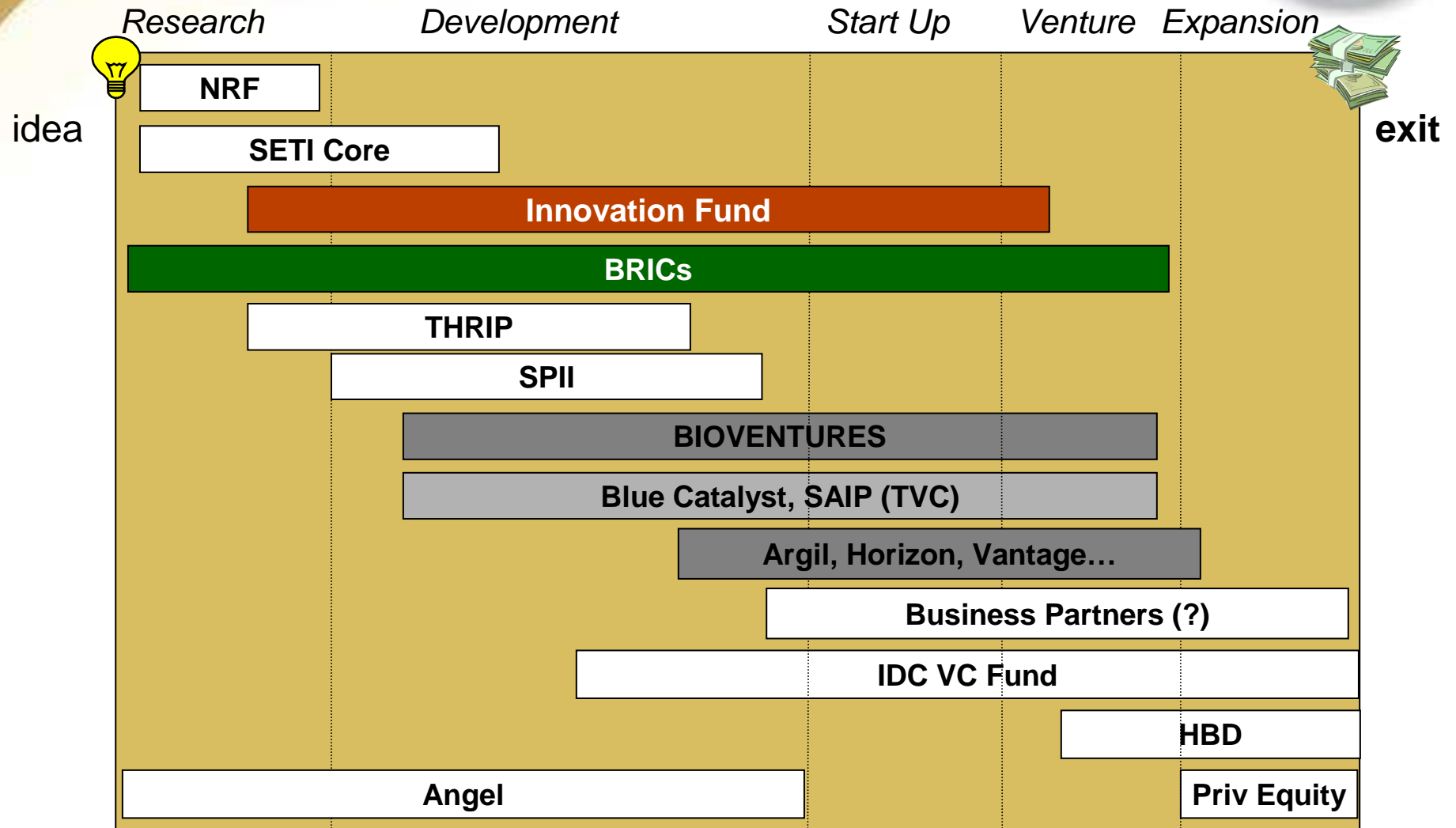
## PRIVATE EQUITY AND VENTURE CAPITAL SURVEY - 2006

### 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 ....



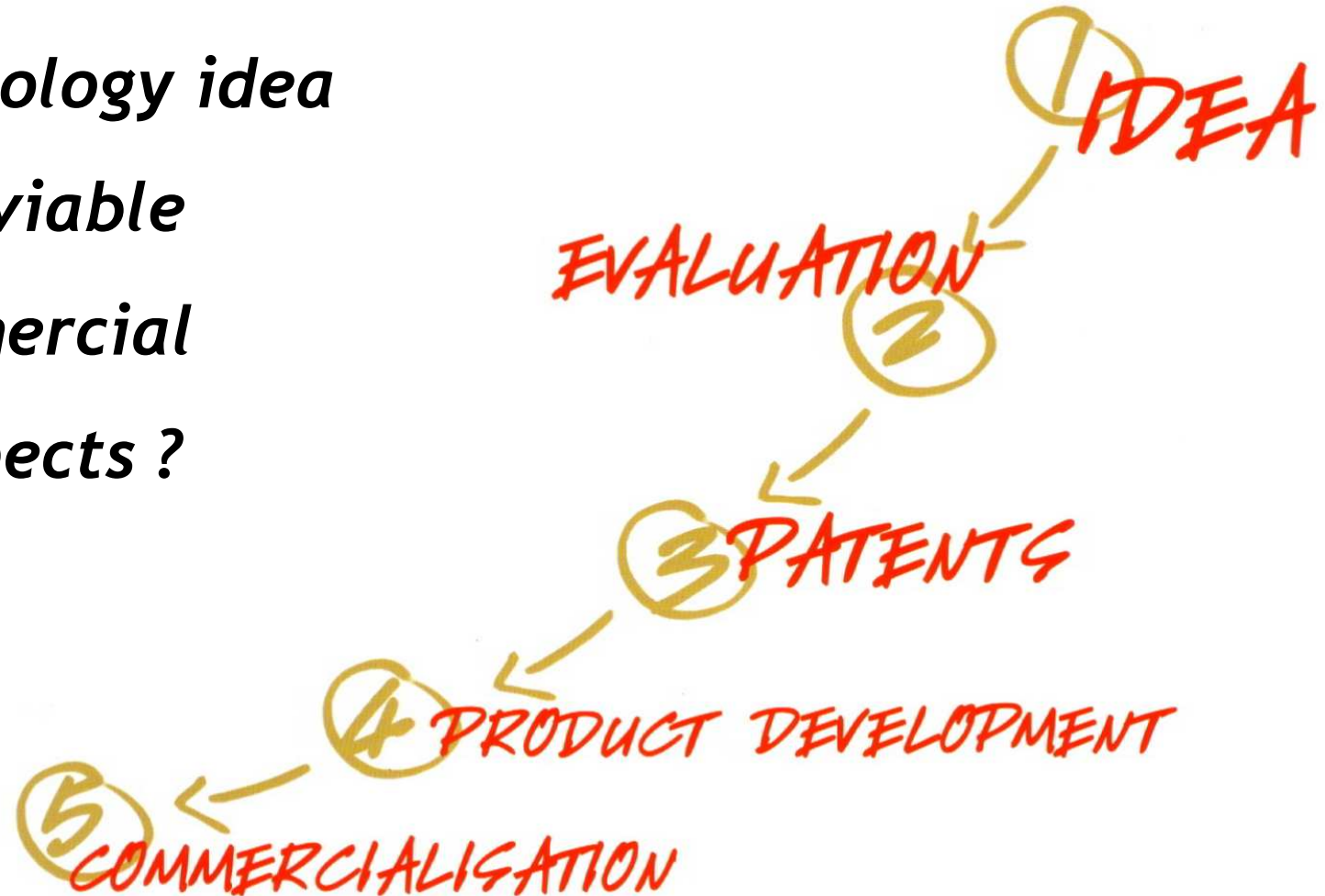
- Geratech : SwedFund
- Justick : Licence agreement
- .....
  
- Key Lessons:
  - possible to leverage offshore capital without losing crown jewels
  - Compelling technology + tough skin == cash generating deals



# 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.

[www.innovationfund.ac.za](http://www.innovationfund.ac.za)

T: +27 12 481 4191

PO Box 2600, Pretoria 0001  
South Africa

