



MANGAUNG
METRO MUNICIPALITY
METRO MUNISIPALITEIT
LEKGOTLA LA MOTSE

DIRECTORATE ECONOMIC
& RURAL DEVELOPMENT

Our Ref: ICT Digital Incubation Hub/Bots/TM

Your Ref:

Date: 20 November 2019

Tel: +27 (51) 405 8343

The Speaker

COUNCIL ITEM

ESTABLISHMENT OF ICT DIGITAL INCUBATION HUB IN BOTSHABELO INDUSTRIAL PARK, 9 PINK STREET, BOTSHABELO

1. PURPOSE

To inform Council to note the approved application submitted to Small Enterprise Development Agency (SEDA), an agency of Department of Trade and Industry (DTI), for the establishment of the Mangaung Metro ICT Digital Incubation Hub in Botshabelo during the 2019/2020 financial year.

2. INTRODUCTION

The Mangaung Metro Department of Economic and Rural Development is focused on stimulating economic growth and increasing employment through amongst others by supporting both emerging and established SMMEs and ultimately promoting and attracting investment to allow them to flourish.

As part of growing the economy, township economic revitalisation programme is one of the key drivers to support and grow business opportunities and create requisite platforms for the start-up and established businesses to be incubated, developed and mature over time. In this respect SEDA is mandated to support business and technology incubation services.

3. MOTIVATION

As part of the approved SDBIP 2019/20, the Economic and Rural Development Department (ERD) planned the establishment of four business and technology incubation service areas within the metro. However, realizing financial distress the city is confronted with, the department undertook to leverage external support by engaging the Department of Trade and Industry (DTI) and the Department of Small Business Development (DSBD) for support to establish business and technology incubation hub. Subsequently the DSBD through its implementation agency, SEDA issued a Request for Proposals to establish 4 township technology hubs (incubators) in the 2019/2020 financial year within 9 provinces.

The ERD on behalf of the city engaged Softstart, a Non-Profit Organisation (NPO) established by the SEDA, Council for Scientific and Industrial Research, Tshwane University of Technology, and University of Pretoria, to collaborate in responding to a SEDA Request for Proposal (Attachment A) with an objective to establish a big ICT Digital Incubation Centre in Botshabelo that will provide business and technology incubation services for Small Medium and Micro Enterprises within the metro. The choice of the location was seen to be congruent with the current implementation of the Botshabelo Industrial Park Phase 2 supported and funded by DTI.

Parallel to this process, Free State Development Corporation as the owners of industrial shells in Botshabelo was brought on board to collaborate in this initiative of generally growing the economy of the metro by supporting SMMEs and subsequently creating employment and creating innovative entrepreneurs that will take their innovation to full potential and therefore profitability and growth.

Ultimately, the Request for Proposal submitted in collaboration with Softstart for the establishment of ICT Digital Incubation Hub in Botshabelo was approved by SEDA to the tune of R5 million (Attachment B). On the other hand, Free State Development Corporation identified and committed to the provisioning of the suitable factory shell for establishment of ICT Digital Incubation Hub in Botshabelo whilst DTI undertook to refurbish the factory shell and also provide the participants/ incubates with access to market opportunities.

Therefore, as part of this ICT Digital Incubation Hub programme, Memorandum of Understanding (MOU) has been drafted in collaboration with SEDA, DTI, FDC and Softstart (Attachment C). It is anticipated that the MOU will be signed by all authorised officials during the Council sitting on December 5, 2019. The signing of the MOU will be accompanied by the presentation of the prototype ICT Digital services innovated by SMMEs and ready for full-scale development and commercialization. There will be activations to simulate interest and sensitize communities in Botshabelo and other regions so that start-up and established SMMEs in the ICT Digital space could fully take the opportunity to participate in the incubation programme.

4. PERSONNEL IMPLICATION

Within the metro, the programme will be overseen by the ERD Head of Department, whilst other internal / sister departments will be requested as and when their participation is required.

5. FINANCIAL IMPLICATION

The ERD propose the reservation of an amount not exceeding R3 million through 2019/2020 Adjustment Budget appropriation process which will be for the non-financial operational costs for the ICT Digital Hub in Botshabelo.

6. RECOMMENDATION

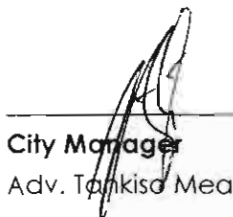
It is therefore recommended that Council:

- 6.1 Take note of the contents of the report.
- 6.2 Take note of the R5 million external support leveraged for the establishment of ICT Digital Incubation Hub in Botshabelo.
- 6.3 Grant permission to reserve an amount not exceeding R3 million through 2019/2020 Adjustment Budget appropriations for the ICT Digital Incubation Hub operational costs in Botshabelo subject to the approval of itemised costing.



HOD: Economic and Rural Development
Mr Teboho Maine

RECOMMENDED/~~NOT RECOMMENDED~~



City Manager
Adv. Tonkiso Mea

APPROVED/~~NOT APPROVED~~



Hon. Executive Mayor
Clr Matlawa Mlamleli

Annexure A



Member of:



Establishment of ICT digital Hub in Mangaung

In partnership with:



Supported by:





Mandate

- ❑ Non-Profit organization, based in Midrand, established in 2006 by the Small Enterprise Development Agency (SEDA), Council for Scientific and Industrial Research (CSIR), Tshwane University of Technology (TUT), and University of Pretoria (UP)
- ❑ The main purpose is to provide business and technology incubation services for Small Medium and Micro Enterprises (SMMEs)
- ❑ Main objectives is to carry out the following functions
 - Improve enterprise performance, enhance profitability & growth, provide technology and management support to South African SMMEs to enable them to develop their innovations to full commercial potential

Vision: To be a leader in providing technology business incubation services to ICT entrepreneurs.

Mission: To create innovative, locally relevant and globally competitive ICT entrepreneurs by providing tailor made business development services.



Key Strategies and Legislative Framework

| Relevant Legislation | Description |
|---|--|
| The Constitution of South Africa, 1996 (Act No. 108 of 1996) | The incubator provides services and interventions within the confines of the country's constitution |
| Vision 2030, National Development Plan | Aims to eliminate poverty and reduce inequality by 2030. <ul style="list-style-type: none"> o 100% broadband penetration, and e-government rollout o SMME development and Innovation play a critical role in achieving that vision. o Creation of jobs through SMME development o Create a conducive environment |
| Companies Act no 71 of 2008 | Provides a regulatory framework within which the incubator and its incubated companies need to operate. <ul style="list-style-type: none"> • SBTi operates and also guides SMMEs to operate within the Companies Act: |
| National Small Enterprise Act, 1996 (Act No. 102 of 1996) as amended | <ul style="list-style-type: none"> o Government should create an enabling environment for SMMEs to thrive, this should be done in the form of legislation, institutional arrangement, funding etc. • The organization works with other relevant partners to achieve its objectives |
| Industrial Policy Action Plan | Softstart BTi is falls under one of the key priority sectors in the South African economy |
| ICT Roadmap | A multi-sector approach inclusive of government, academia and private sector to ensure properly defined ICT development. <ul style="list-style-type: none"> • SBTi works with multi-sector stakeholder across all levels in the eco-system |
| ICT SMME development strategy | Government should focus more on ICT SMME support through procurement opportunities <ul style="list-style-type: none"> • Softstart BTi facilitates opportunities for its SMMEs to get market opportunities |
| SEDA organizational strategy | Create and support tech hubs and incubators that ensure entrepreneurship thrives in the quest for inclusive growth and innovation in the ICT sector |
| SEDA ICT Feasibility study | In order for Incubators to create competitive enterprises, they should be properly resourced and capacitated themselves, further they need to be as equally competitive in the provision of incubation services. |



Governance

- **Board** – representatives of founder members, including private sector
 - MOI
 - Board Charter
 - King 3 & 4 Codes of Good Practice
 - Companies Act
- **Sub Committees**
 - Audit, Finance & Risk
 - HR Committee
 - Enterprise Development Committee
 - Land Development Committee





Key Focus areas





Impact of ICT on society



Top 10 Most Valuable Brands

| | | |
|-----------------|-----------|---|
| amazon | 1 | 2019: \$187.905m 2018: \$160.911m +24.8% |
| | 2 | 2019: \$153.634m 2018: \$146.311m +5.0% |
| Google | 3 | 2019: \$142.755m 2018: \$120.911m +18.1% |
| | 4 | 2019: \$119.595m 2018: \$81.163m +47.4% |
| | 5 | 2019: \$91.262m 2018: \$92.289m -1.1% |
| AT&T | 6 | 2019: \$87.005m 2018: \$82.422m +5.8% |
| | 7 | 2019: \$83.202m 2018: \$76.526m +8.7% |
| ICBC | 8 | 2019: \$79.823m 2018: \$59.189m +34.6% |
| verizon | 9 | 2019: \$71.154m 2018: \$62.826m +13.3% |
| | 10 | 2019: \$69.742m 2018: \$66.769m +22.8% |

Brand Finance Global 500 January 2019



4th Industrial Revolution





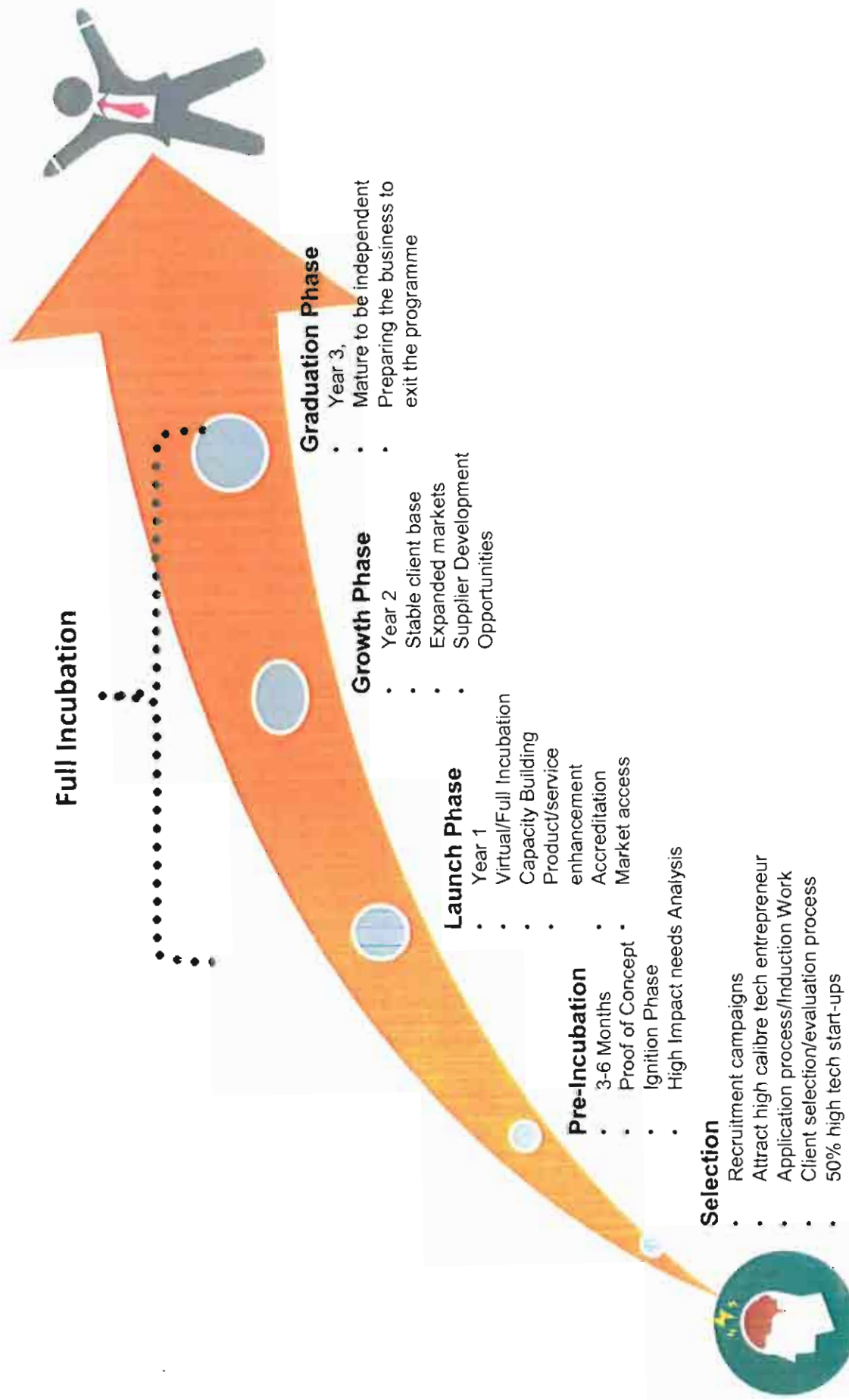
Incubation Programme

- Over 52 companies incubated,
- Turnover of more than R30m,
- 60% Youth
- 98% black owned

Some Exciting Projects

- **IT Teriffic** -Drone manufacturing
- **Tharolla Software** - Performance Management system, Incubator reporting system
- **Droppa** - App for moving goods
- **Softcoza** - Mine employees detection system, Airport movement app
- **Wise parking** - wise parking app
- **Lula technologies** – check-in app
- **Reakopana** - online music academy
- **Nakampe** - 3D architectural design app
- **The CEO Hub** – online training academy
- **T-Software** - time management app, lawyer management system
- **The Rant group** – online textbook app
- **Tirisan** - accreditation tracking app
- **Rudzambilu** – app to translate sign language spoken word
- **Zibula multimedia** – bio-metric health tracking app

Stages of Incubation

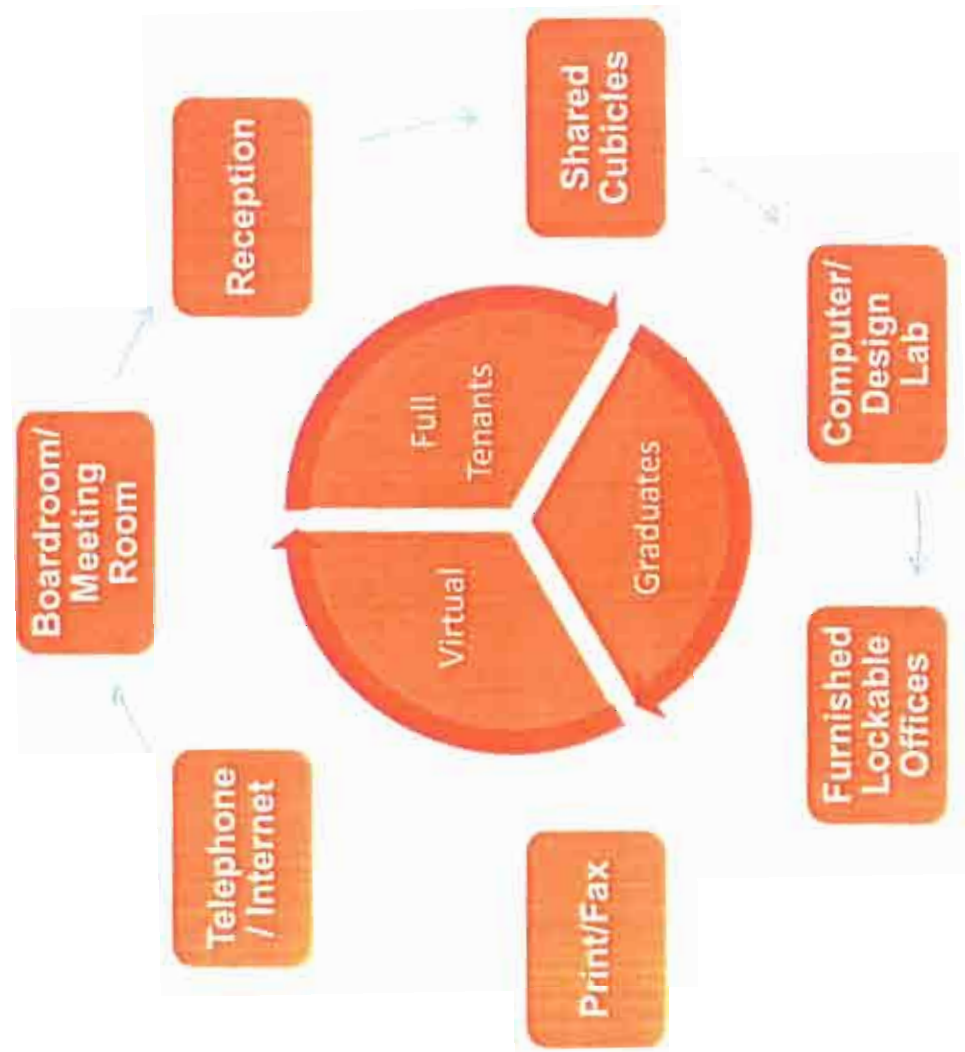


Pillars of Support

Our Client Development Value Chain



Infrastructure Support





Criteria for Growth

| CHECKLIST | FULL INCUBATION | | | |
|---------------------------------|---|--|--|--|
| | 1 st year - Launch | 2 nd year - Growth | 3 rd year - Graduation | |
| BUSINESS COMPLIANCE & PROFILING | - CIPC, SARS, etc. - Company profile, business cards, banner | - CIPC, SARS, etc. - Company profile, business cards, banner, website | - CIPC, SARS, etc. - Company profile, business cards, banner, website | |
| | Business Plan | Business Plan | Business Plan | |
| OPERATIONS | Admin efficiency (record keeping, client matrix, etc.) | Internal Controls and systems (company policies and processes) | Accreditation with professional bodies (Product/Service SABS ISO approved where necessary) | |
| | Viable technology/service | Improved market access | Established product/service | |
| | Stable client base | atleast 1 business contract | At least 2 business contracts | |
| | Attend min 90% of CEOs meetings | Attend min 90% of CEOs meetings | Attend min 90% of CEOs meetings | |
| PROGRAMME REQUIREMENTS | 100% Submission of all reports | 100% Submission of all reports | 100% Submission of all reports | |
| | Attend 90% of all compulsory workshops | Attend min 80% of workshops | Attend min 50% of workshops | |
| | Incubate to incubate business relationship | Incubate to incubate business collaboration | Incubate to Incubate business relationship | |
| IMPACT | Turnover more than R250 000 - R400 000 pa | More than R500 000 – R800 000 pa | More than R1000 000 – R1500 000 pa | |
| | At least 1 or more jobs created | 2 or more jobs created | 3 or more jobs created | |



Office infrastructure support





SBTI interactive portal and Tools

START YOUR BUSINESS WITH SOFTSTART BTI



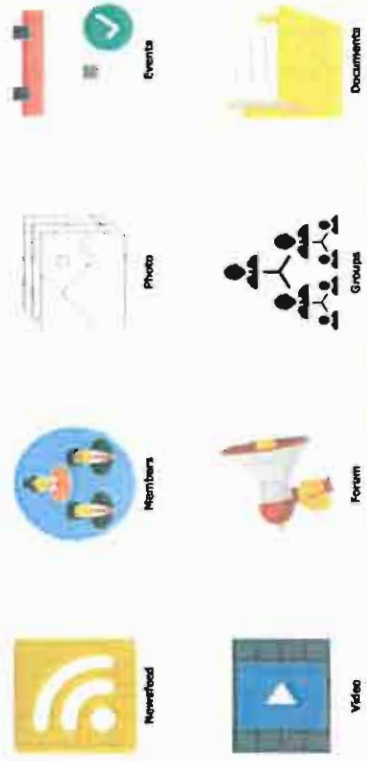
Softstart BTI provides an integrated package of work, advice, advice after services, access to specialist equipment and value added services for management, employees, access to finance, marketing and advertising support.

GrowthWheel® 360° Screening

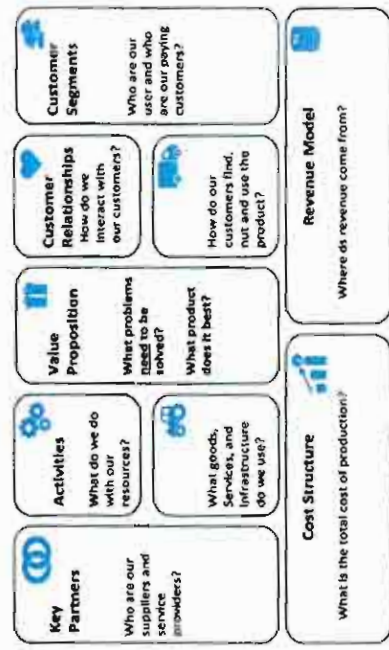


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MY DASHBOARD



BUSINESS MODEL CANVAS





Events & Activities



Hosts International delegations



Exhibitions



Heritage day events



Pitching



Networking



Targeted events- women's event



Hackathons



Business seminars



Innovation Space





Success stories continued

Skhosana Networks:

- "I must say we have made it under Telecommunication Industry of which lately it's our main focus
- We have two contracts with Telkom SA (Openserve), mainly fiber (FTTH & FTTB) and Copper Service (Telephone, ADSL, Faults Maintenance).
- Our contract comprises of servicing the following areas (Pretoria, Joburg, Durban, Cape Town, Port-Elizabeth).
- We have in our book 72 Permanent Technicians. [210 employees] TO [R 56m]
- We have 32 Sub-contractors.

Matoto Technologies.

- Graduated within 2 years
- 11 Full time employees
- More than R1m turnover

Joren Communications

- Graduated within 2 years
- 7 Full time employees
- More than R1m turnover

Moshabi

- "We, Moshabi hereby confirm that we have created jobs and employ
- 55 fulltime employees..
- Turnover (last year Financial) was R20 000 000.00 (Twenty Million Rands).
- "SoftstartBTI Experience: We are proud to have been incubated by SoftstartBTI. The support, market exposure and administrative assistance had gone a long way in paving the brighter future for our business".

MAPURUNYANE Tolamo
Local Guide · 31 reviews · 12 photos
a year ago-
When U need incubator in midrand I would recommend it. It's best

Waitharili
1 review
10 months ago-
One of the most supportive business incubation facilities around.

TheMamezi
3 reviews
a month ago-
The best incubator in Midrand

Nkosikhona Mwandia
Local Guide · 139 reviews · 19 photos
5 months ago-
Best incubation hub

Thoriso Matthew Rangata
4 reviews
a year ago-
My business is drastically growing because of the business processes of this incubator

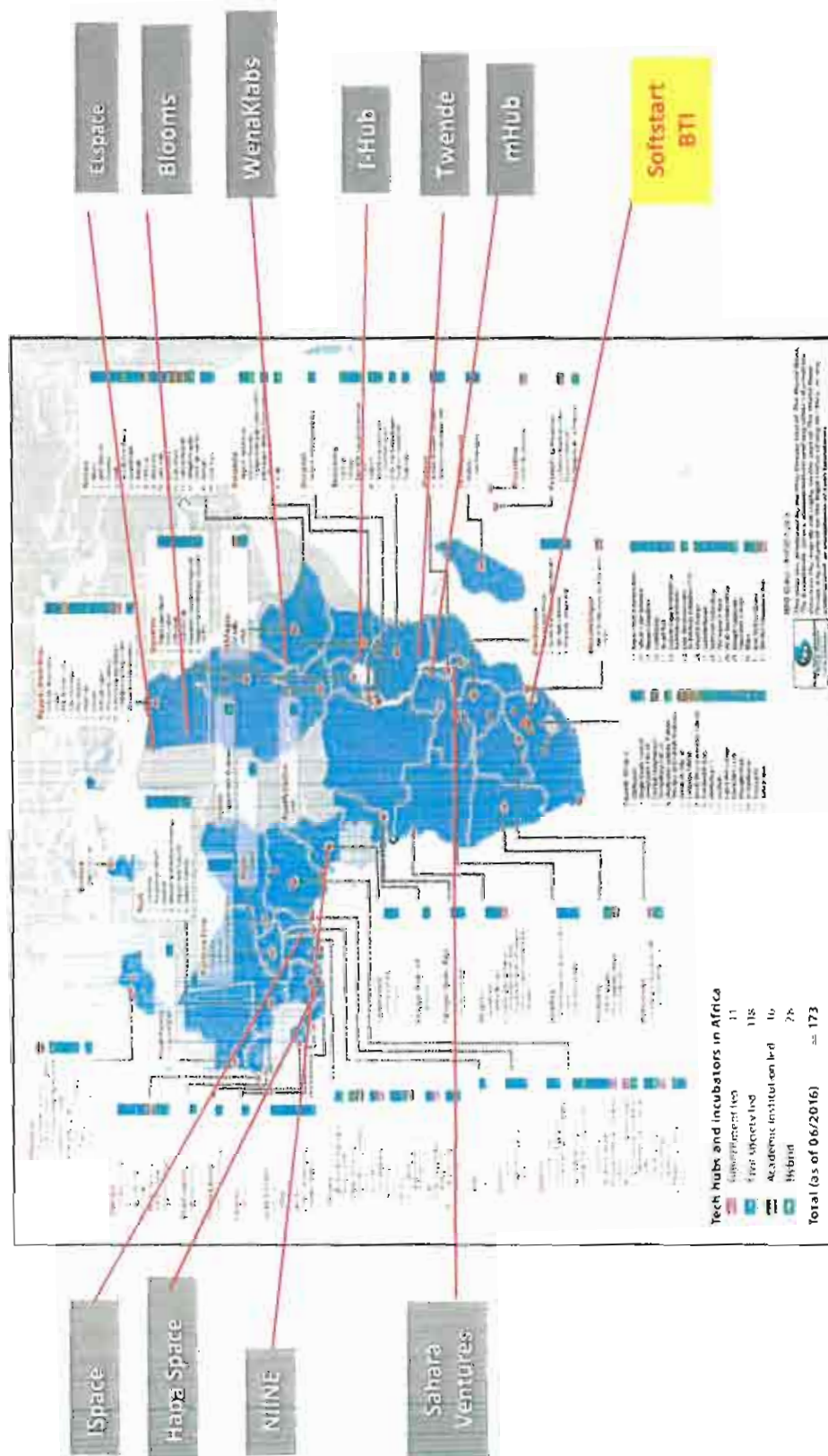


Stakeholders & Partnerships

| | |
|--------------------------------------|---|
| Founders Members |     |
| Funders |  |
| Private sector and Programme funders |        |
| Vcs and Financiers |   |
| Cluster Ecosystem partners |        |



Continental reach





Expanding ICT digital incubation Hubs in Mangaung-Botshabelo township



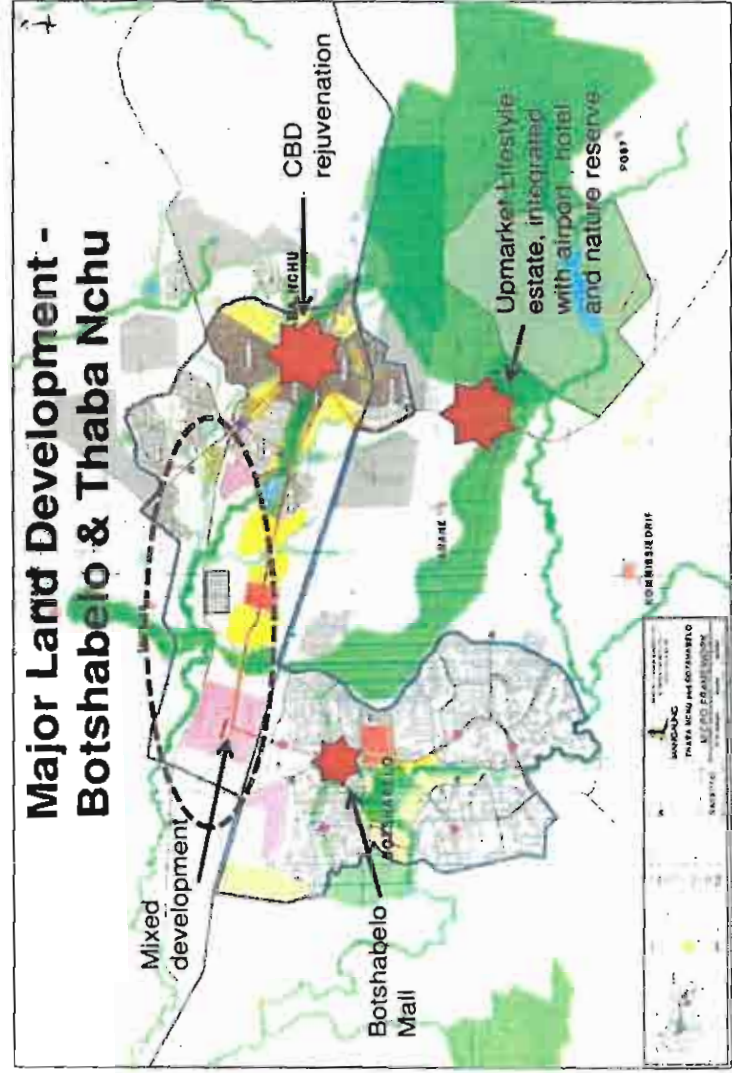
Table of Contents

- ❑ Expansion proposal
 - Botshabelo township – **Mangaung Metro** - Free State
- ❑ Implementation Plan
- ❑ Return on Investment



Mangaung Metro- Botshabelo township

In its Integrated Development Plan (IDP) 2019 – 2022, the Municipality amongst other things is planning to establish 4 incubation centre and has budgeted over R7million.





Botshabelo digital ICT Hub

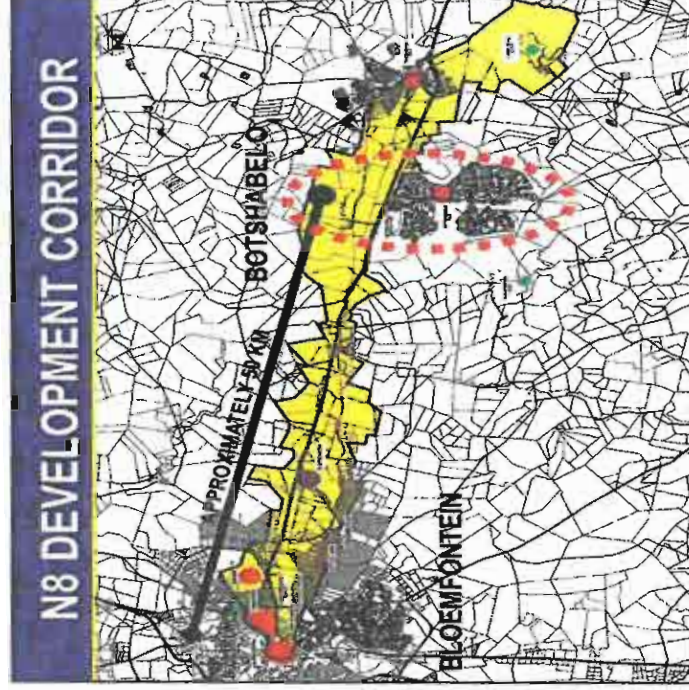
BOTSHABELO INDUSTRIAL PARK

- The Industrial Park is situated in Mangaung in the proximity of Botshabelo township.
- It has an occupancy rate of about 234 282m² gross land area.
- It boasts of manufacturing and services companies in Textile, Electrical, Plastic Production, Poultry and Food & Snack sectors.
- It plays a critical role in contributing to the employment of the area employing over 10 000 people.
- It is also serves as a hive for the development of SME's that require business and trading infrastructure.

The first phase of the revitalization industrial Park was completed in June 2016



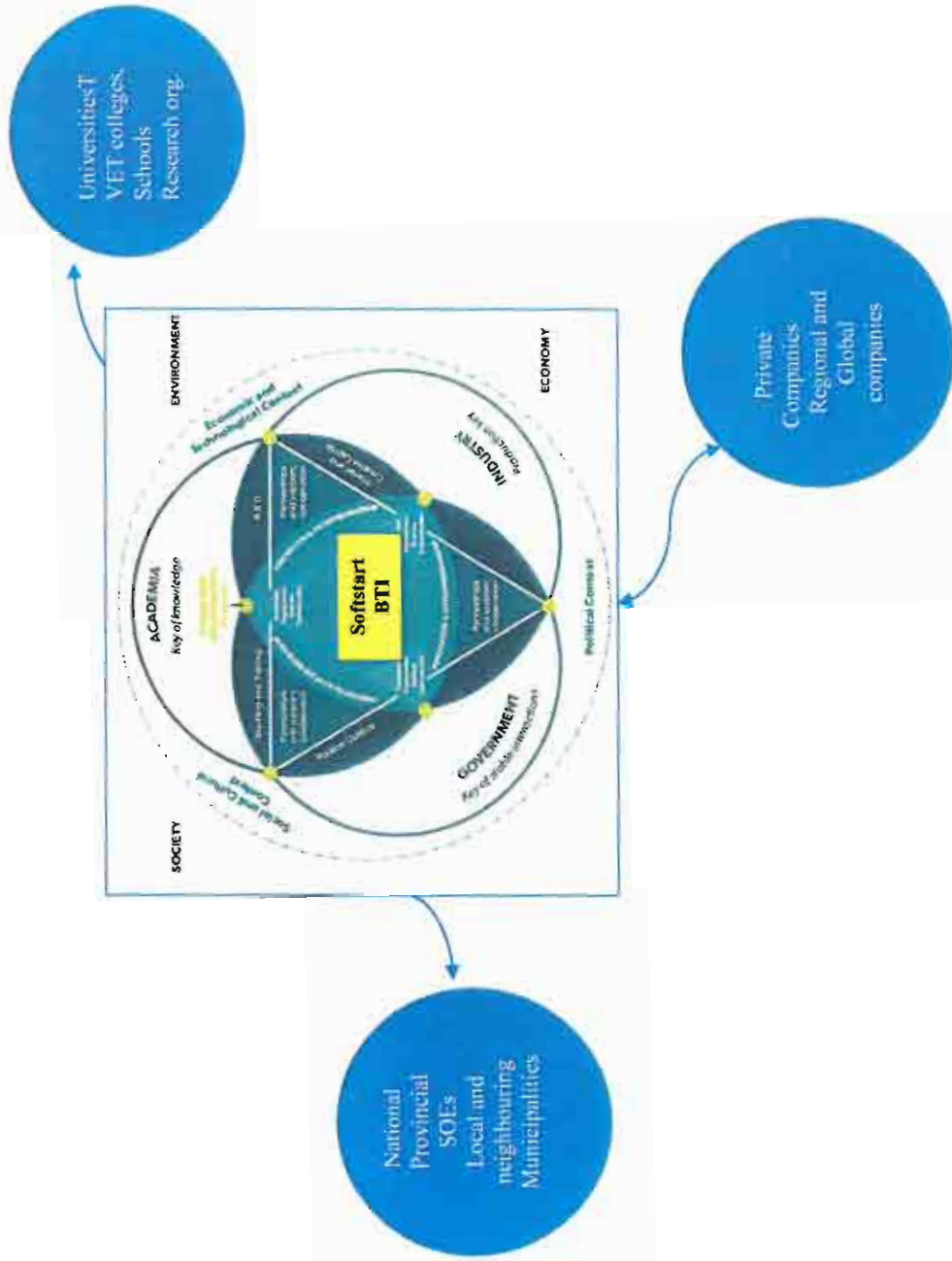
10



Botshabelo township is a large township set up in 1979 by the then apartheid government 45 km east of Bloemfontein in the present-day Free State province of South Africa. Botshabelo situated on the N8 road (South Africa) road and it was once the second-largest township in South Africa (after Soweto). The population comprises mainly people who speak Southern Sotho and Xhosa. The township had over 350 000 inhabitants as of the 2001 census.



Strategic objectives



Primary Objectives:

- Bringing incubation services to the people
- Create self-employment opportunities thus reducing unemployment
- Develop sustainable enterprise
- Develop innovative solutions for efficient and effective service delivery, and to disrupt the market
- Skills development and capacitation
- Bridging the digital divide

Secondary objectives:

- Facilitate a connected entrepreneurship and innovation ecosystem
- Improve the levels of innovation
- Promote the uptake of STEM subjects
- Encourage active citizenry

Identified site



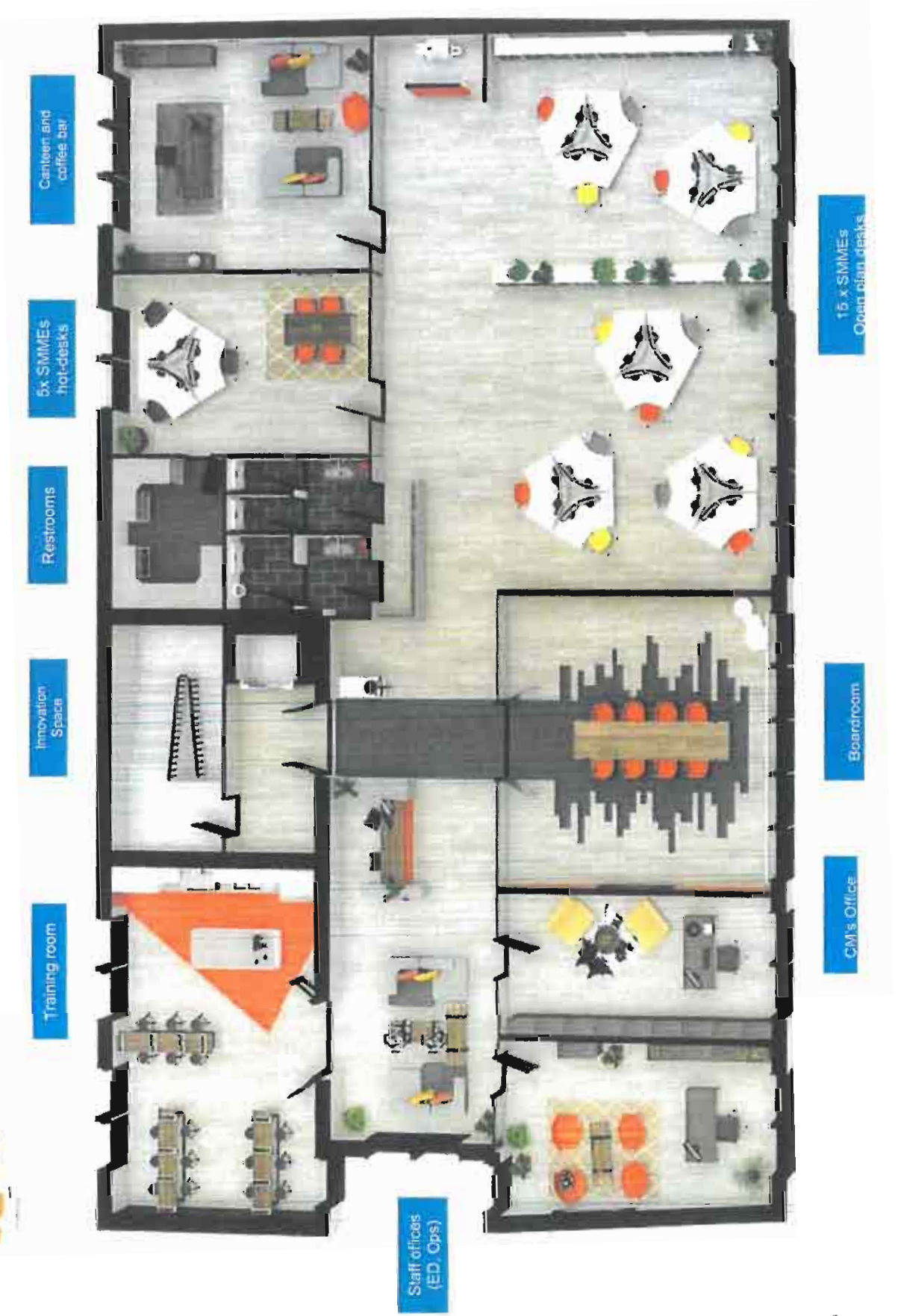


Identified facility





3D model of incubation Hub

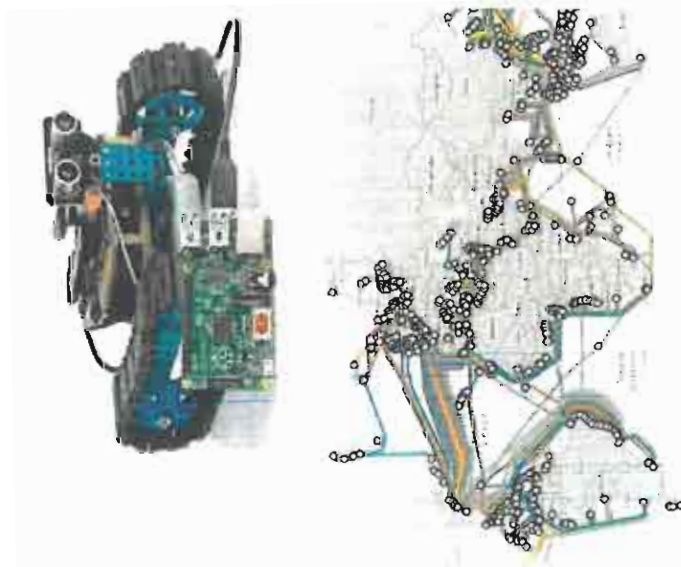


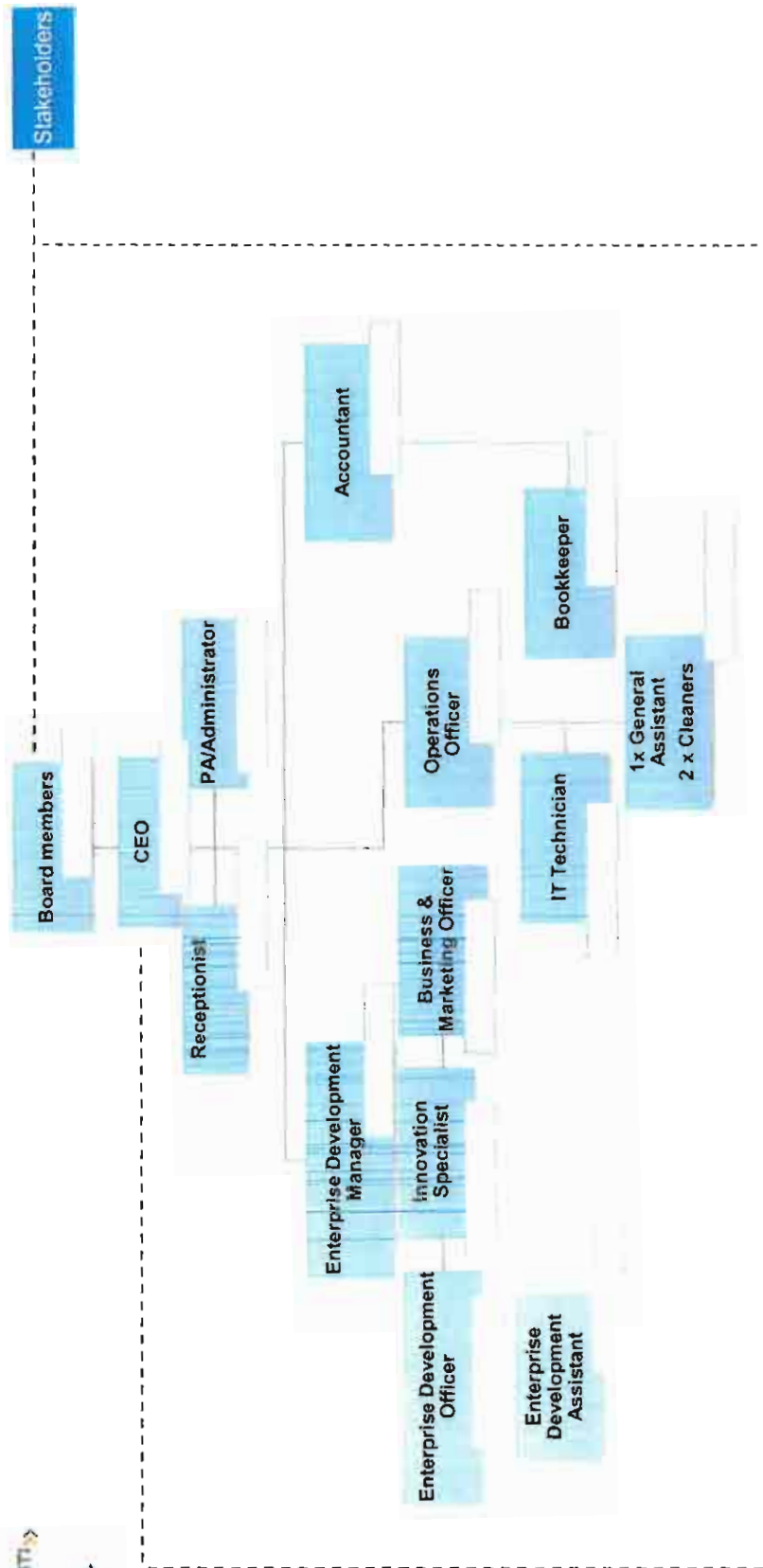
Office examples





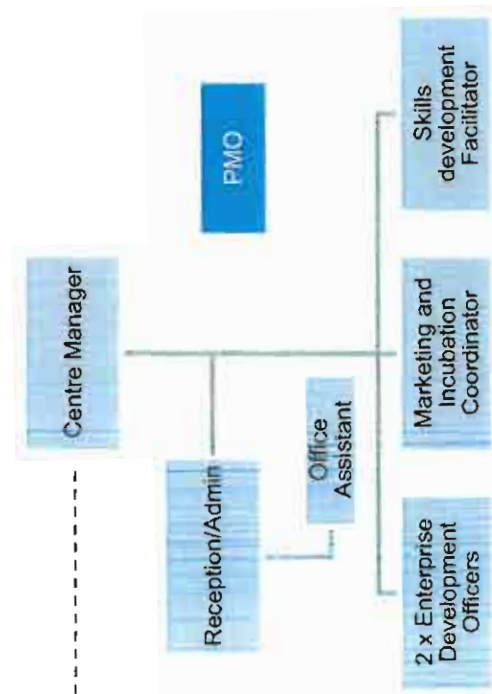
4IR Equipment



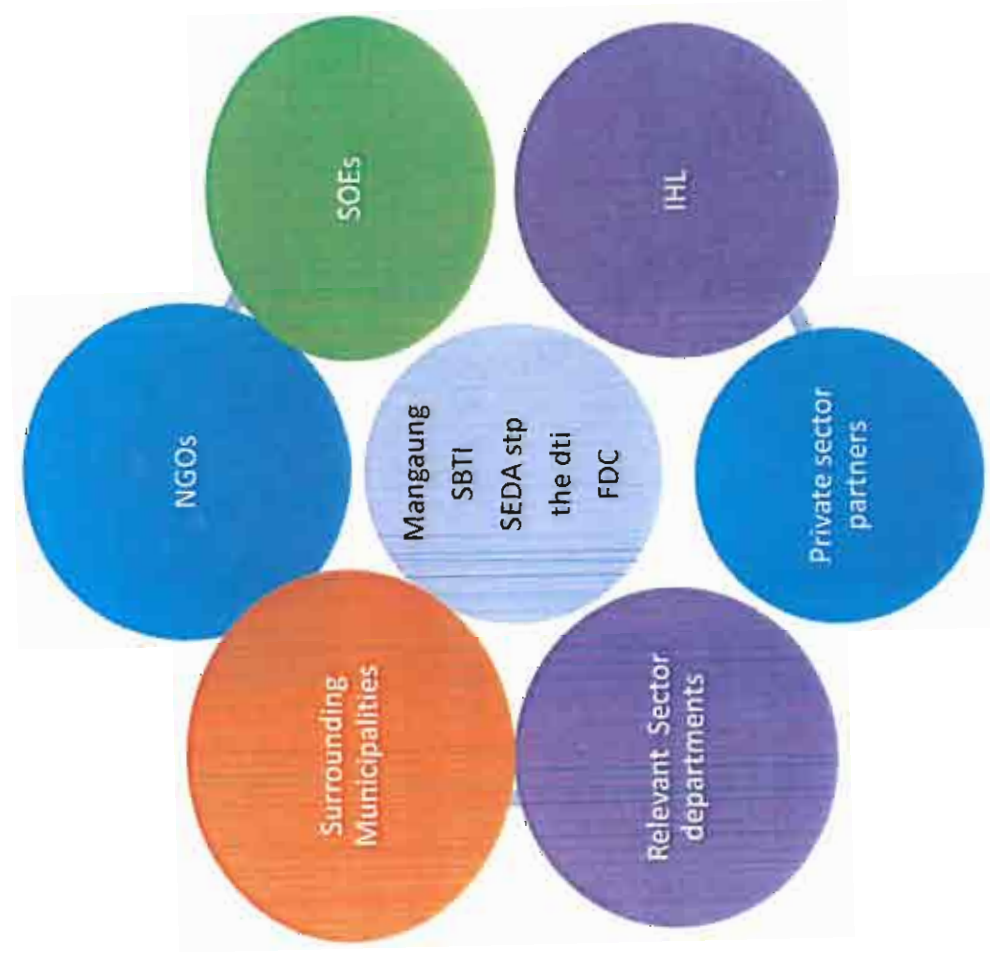


Advisory Board

- Mentors/business coaches:**
- HR Specialist
 - Strategist
 - Lawyer
 - Tech expert
 - Social media & Marketing expert
 - Chartered Accountant



22



Key performance Indicators

| Core KPIs | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---------------------------------|---------|--------|--------|--------|--------|
| No. of New SMME's Established | 3 | 5 | 7 | 10 | 10 |
| No. of clients Supported | 20 | 30 | 45 | 60 | 65 |
| No. of Direct Jobs Created | 15 | 20 | 20 | 25 | 30 |
| Graduated Companies | 0 | 0 | 3 | 4 | 4 |
| Clients Turnover | 600 000 | R1m | R2m | R 2.5m | R3m |
| % Women-owned Clients supported | 30% | 40% | 40% | 40% | 40% |
| % Youth-owned Clients supported | 70% | 70% | 70% | 70% | 70% |
| % Black-owned Clients supported | 90% | 90% | 90% | 90% | 90% |



Budget Summary

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|--------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | R | R | R | R | R | |
| Income | | | | | | |
| Grant SEDA stp | 7 400 000 | 3 000 000 | 3 000 000 | 3 000 000 | 3 000 000 | 19 400 000 |
| Partnerships | 220 000 | 1 100 000 | 2 300 000 | 3 600 000 | 4 600 000 | 11 820 000 |
| Incubation fees | 30 000 | 45 000 | 67 500 | 90 000 | 97 500 | 330 000 |
| Total Income | 7 650 000 | 4 145 000 | 5 367 500 | 6 690 000 | 7 697 500 | 31 550 000 |
| Expenditure | | | | | | |
| CAPEX | 4 100 000 | | | | | |
| Operations | 2 030 740 | 2 172 892 | 2 324 994 | 2 487 744 | 2 661 886 | 11 678 256 |
| Incubation Programme | 1 200 000 | 1 926 000 | 3 091 230 | 4 410 155 | 5 112 104 | 15 739 489 |
| Total Expenditure | 7 330 740 | 4 098 892 | 5 416 224 | 6 897 899 | 7 773 990 | 27 417 745 |



Returns on Investment

| Investment and Return – Proposal | | | | | | | | | |
|----------------------------------|-------------------------|-------------------|----------------|---------------|-----------------|-----------------|-------------------|--------------|-----------------------|
| Year | STP Investment Required | Clients supported | Sales Turnover | SMMEs created | Jobs to created | Cost per client | Turnover per cost | Cost per Job | Cost per SMME created |
| 1 | R 3 300 000 | 20 | R 600 000 | 3 | 15 | R 165 000 | R 0,18 | R 220 000 | R 1 100 000 |
| 2 | R 3 000 000 | 30 | R 1 000 000 | 5 | 20 | R 100 000 | R 0,33 | R 150 000 | R 600 000 |
| 3 | R 3 000 000 | 45 | R 2 000 000 | 7 | 20 | R 66 667 | R 0,67 | R 150 000 | R 428 571 |
| 4 | R 3 000 000 | 60 | R 2 500 000 | 10 | 25 | R 50 000 | R 0,83 | R 120 000 | R 300 000 |
| 5 | R 3 000 000 | 65 | R 3 000 000 | 10 | 30 | R 46 154 | R 1,00 | R 100 000 | R 300 000 |

Note: the above cost does not include the once-off CAPEX cost of R4,105 900, the cost in the table is for the support required for the Centre operations and Incubation programme is R3,3m



Strategic project partners



Representatives of different stakeholders

Local Authority and custodian of IDP: Mangaung Metro
Incubator partner: Softstart BTI
Facilities and development support: Free State Development Corporation
Industrial park revitalisation: the dti
RFP sponsors: SEDA and DSBD



Contact Details:

Softstart BTI

Tel: 011 695 4800

Website: www.softstartbti.co.za

Address: 136, 2nd Street, Randjespark Midrand

Mangaung Metro

Tel: 051 405 8911

Website: www.mangaung.co.za

Address: 2nd Floor, Room 203, Bram Fischer Building,

Cnr Nelson Mandela Drive and Markgraaf

Street, Bloemfontein, 9301.

Annexure B

NATIONAL OFFICE

The Fields, Office Block A
1066 Burnett Street
Hatfield 0833
PO Box 56714, Arcadia 0007



Tel: +27 12 441 1000

Fax: +27 12 441 2064

Mr Dick Sono
Chairperson: Softstart Business Technology Incubator (SBTI)
220 2nd street
Randjiesfontein Park
Midrand
1685

23 October 2019

Dear Mr Sono

APPROVAL OF SOFTSTART BUSINESS TECHNOLOGY INCUBATOR (SBTI) FOR DIGITAL HUB

Thank you for your submission of the Digital Hub proposal. The Proposal is hereby approved for an amount of R5 000 000.00 (Five million, rands only). The digital hub is expected to deliver on the targets from date of signing an official MoA to the end of March 2020. The approval is subject to the following conditions:

1. A valid Memorandum of Agreement (MoA) with Small Enterprise Development Agency (Seda);
2. SBTI must work with Seda to gear the facility in line with the approved designs;
3. SBTI must confirm and quantify the value of existing partnership commitments in cash or kind as defined in the call for proposals;
4. Sustainability plan over the next three years must be clearly defined;
5. The entity will engage with Seda on aligning its incubation/Digital Hub model to Seda Best practice incubation principles, which require a legally registered Non Profit Company, as an entity that will implement incubation activities. It should be noted that this entity must be in place before payment of the second and/or last tranche of the approved funding;
6. The incubator commits that of all assets bought through Small Development Agency (Seda) funding will be kept by the Digital Hub and used for the intention of Incubation and SMME development under the Digital Hub, for at least 5 years wherein the Digital Hub cannot sell and/or give the assets away;
7. Funds from Seda allocation may not be used for the following items;
 - *Salaries/stipends of incubatees*
 - *Purchase of Land and Buildings*
 - *Activities related to liquor, tobacco and professionals (e.g. health, legal)*
8. Submission of a signed and Board approved implementation plan and budget;
9. A valid breakdown of cash flow projections;
10. A letter of request for the first tranche payment addressed to Seda, indicating the approval of the Digital Hub signed by the Board of Directors together with required documentation must be submitted to Seda before the first tranche can be paid;
11. The centre must revise and submit its Annual work plan and budget in accordance with Seda's approved funding;
12. Seda's availability for Board Meetings and AGM's must be secured before confirming the meeting;

Board Members:

MR M SOGONI (Chairperson)
MS BT NKAMBULE
MR CG DE KOCK

ADV DJ BLOCK
MS SMB NYAKALE
MR J MATSHO

DR MJ NDLOVU
MR MM SIBEKO
MS NF KANA

ADV MD XULU
MS M TSHIKWATAMBA (CEO)

NATIONAL OFFICE

The Fields, Office Block A
1066 Burnett Street
Hatfield 0833
PO Box 56714, Arcadia 0007



Tel: +27 12 441 1000
Fax: +27 12 441 2064

13. The hub will be required to agree and sign on specific Key Performance Indicators in line with agreed upon establishment project plan which will be monitored and evaluated quarterly;

14. Seda must be provided with quarterly reports over a period of 6 months, all means of verification (mov's) and expenditure reports indicating the amount received; the actual expenditure; and variance(s) with explanation(s). Signed off Quarterly Performance and Financial Reports to be submitted to Seda on these dates;

Quarter 3: 31 December 2019

Quarter 4: 31 March 2020

15. Seda will not be held responsible for any deficit/shortfall in the funding of the approved proposal; and

16. All conditions contained in the MoA and all its annexures between Seda and the Centre remain applicable and are binding for the duration of the contract.

Funding will be transferred in two equal tranches and released accordingly, subject to the timeous submission of fully completed and signed reports including success stories. The centre must provide access to all its documentation upon Seda request thereof if deemed necessary and is expected to satisfactorily address the above conditions. The final tranche will be released during the 4th quarter or on a date agreed upon by both parties, wherein evidence that the Hub has made significant progress towards establishment of the hub.

We look forward to your contribution in the 2019/20 financial year.

Yours sincerely,

Mandisa Tshikwatamba
Chief Executive Officer

NB. SBTI Digital Hub acknowledgement and acceptance of above conditions:

Signed by the Chairperson of the Board

Date: _____

Signed by the Centre Manager/CEO

Date: _____

Board Members:

MR M SOGONI (Chairperson)
MS BT NKAMBULE
MR CG DE KOCK

ADV DJ BLOCK
MS SMB NYAKALE
MR J MATSHO

DR MJ NDLOVU
MR MM SIBEKO
MS NF KANA

ADV MD XULU
MS M TSHIKWATAMBA (CEO)



MEMORANDUM OF UNDERSTANDING

Between

Department of Trade and Industry

(Hereinafter referred to as "the dti")

herein represented by **Mr Sipho Zikode** in his capacity as the Deputy Director General of the Special Economic Zones and Economic Transformation Division (SEZ&ET) of the Department of Trade and Industry and he being duly authorised to do so

and

Softstart Business and Technology Incubator NPC

(Hereinafter referred to as "Softstart BTI")

Registration no: 2000/028790/08

herein represented by **Ayanda Ndinise** in his capacity as the Chief Executive Officer of the Softstart Business and Technology Incubator and he being duly authorised to do so

and

Mangaung Metropolitan Municipality

(Hereinafter referred to as "MMM")

herein represented by **Adv. Tankiso Mea** in his capacity as the City Manager of the Mangaung Metropolitan Municipality and he being duly authorised to do so

and

Free State Development Corporation

(Hereinafter referred to as "FDC")

herein represented by **Grace Shaba** in her capacity as the Acting CEO of the FDC and he being duly authorised to do so

1. INTRODUCTION

WHEREAS

Department of Trade and Industry's (the dti) mandate focuses on developing interventions and strategies that broaden the participation of previously marginalised groups in the mainstream economy.

This thematic area also aims to align the Broad-Based Black Economic Empowerment (B-BBEE) policy with the country's industrial policy and legislative frameworks, upscale and accelerate delivery of programmes to bolster economic empowerment among previously disadvantaged individuals, the women and the youth.

It further seeks to transform the largely informal economy via Small, Medium and Micro-sized Enterprise (SMME) development and the channelling of support measures to the Co-operatives sector.

WHEREAS

Softstart Business and Technology Incubator (Softstart BTI) is a government supported business incubator based in Midrand, that stimulates, grows and launches early-stage, technology-rich businesses through world-class technology incubation, the provision of infrastructure and business development services. It is legally registered as a Non-Profit Company operating its incubation programme across South Africa and has links in the African Continent and beyond. It is also part of Afrilabs, and the Africa Europe innovation platform.

Softstart BTI was founded in 2006 by the Small Enterprise Development Agency (SEDA), Council of Scientific and Industrial Research (CSIR), Tshwane University of Technology (TUT), and University of Pretoria (UP). Its vision is to be the leader in providing business incubation services for digital enterprises. It facilitates this by creating innovative enterprises who are locally relevant and globally competitive.

WHEREAS

The MMM is focused on stimulating economic growth, increasing employment, improving tourism industry and attracting tourists, supporting and promoting private sector investment as well as stimulating entrepreneurship and creating SMME incubators into the Metro.

As part of its local government mandate, the MMM has embarked on a process of ensuring that SMMEs realize and develop their innovative concepts in the ICT digital space and therefore willing to collaborate in the establishment of ICT Digital Hubs and therefore creating a platform for the SMMEs to be sustainable and ably to participate in the mainstream economy. The aim is to provide SMMEs with business and technological incubation services that promotes economic growth, facilitates job creation and addresses poverty within the metropolitan area.

The collaboration will focus on enhancing the municipality's competitive environment thereby contributing to inclusive, sustainable economic growth. It will also focus on identifying existing resources, infrastructure and skills within the municipality and establishing how these elements can be leveraged to create opportunities for all SMMEs, youth, women and the disabled.

WHEREAS

FDC contributes to the Free State 's economy development through four service delivery pillars

SMME/Co-operatives funding and support

Property Management

Export -related services

Investor services

2. THE OBJECTIVES

The purpose is to collaborate on the planning, establishment, implementation, and monitoring of Digital Hub in the Province of Free State, specifically in the Mangaung Metropolitan Municipality, Botshabelo township. Further, the parties seek to collaborate on similar developmental projects and initiatives in related areas using their skills,

expertise, experience, and networks in order to achieve and or enhance their respective mandates through this partnership.

NOW THEREFORE the Parties wish to hereby establish the PARTNERSHIP and govern the relationship between them "inter parties" on the terms and conditions set out in this agreement.

3. THE PARTIES HEREBY AGREE AS FOLLOWS

- Conceptualisation, planning, and establishment of the Digital Incubator Hub in Botshabelo
- Stakeholder engagement and social facilitation
- Information sharing and exchange
- Resource mobilization
- Joint initiatives (events, workshops, projects, etc.)
- Facilitate market access opportunities for SMMEs (local, national, continental, and globally)

| No. | Organization | Main Role |
|-----|--|---|
| 1. | Softstart Business and Technology Incubator (SBTI) | "The Incubator" |
| 2. | Mangaung Metropolitan Municipality (MMM) | Local authority overseeing economic development in the Mangaung Metro |
| 3. | Free State Development Corporation (FDC) | Provincial Economic Development Agency |
| 4. | Department of Trade and Industry (the dti) | National Department responsible for Industrial parks revitalisation programme |

3.1. ROLE OF PARTNERS:

3.1.1. Department of Trade and Industry (the dti)

- Participate in the development of a business model of the Hub
- Facilitate the development of architectural drawings of the Hub

- Refurbishment of building (interior and exterior) of Hub
- Support of intervention programme through its various incentive schemes
- Provide support through mobilization of stakeholders at various levels
- Facilitate networks and market linkages
- Monitoring and Evaluation

3.1.2. **Softstart Business and Technology Incubator – “the Incubator”**

- Participate in the development of a business model of the Hub
- Development and Implementation of business plan for the Hub
- Overseeing the planning and operationalization of the hub
- Project Coordination – programme planning, scoping, needs assessment, resource identification
- Utilize its governance, systems, policies and model in implementing the Incubator
- Sharing of information and best practice on tech-business incubation
- Implement tech-business incubation services through its incubation model
- Market linkages and soft-landing in African and EU Africa platforms
- Extension of networks and linkages between SBTI, Mangaung, and the broader Free State’s Innovation ecosystem
- Facilitate awareness, hackathons, bootcamps and activation initiatives
- Reporting

3.1.3. **Mangaung Metropolitan Municipality (MMM)**

- Provide non-financial support for the incubation programme
- Give full support to the creation of a conducive environment for the incubation project
- Facilitate the identification of a suitable site for the project
- Provide support for the process of sourcing resources for the incubation project
- Facilitate partnerships with relevant stakeholders
- Lobby support
- Facilitate the process of marketing and information dissemination to the Metro as a whole including communities at all levels
- Facilitate support for localisation opportunities for SMME’s and Incubator beneficiaries (incubatees)
- Provide fibre connectivity
- Ensure that safety and security is provided to the ICT Digital Incubation Hub all the time

3.1.4. **Free State Development Corporation (FDC)**

- Provision of suitable site for the Digital Hub
- Planning and facilitate the establishment of the Hub

- Provision of resources to the Hub (non-financial)
- Facilitate linkages between the Hub and tenants at the Industrial Park
- Facilitate localisation and access to market opportunities for incubates

4. INTERPRETATION

In this agreement, unless the context otherwise indicates: -

- 4.1. clause headings are for reference purposes only and shall not influence its interpretation;
- 4.2. all schedules and annexes hereto shall be deemed to be incorporated herein and shall form an integral part hereof;
- 4.3. references to the masculine gender shall include the feminine and neuter genders and vice versa;
- 4.4. references to natural persons shall include bodies corporate and other legal personae and vice versa;
- 4.5. references to the singular shall include the plural and vice versa;
- 4.6. where a number of days is prescribed, it shall consist only of business days (i.e. days other than Saturdays, Sundays and Public Holidays) and shall be reckoned exclusively of the first and inclusively of the last day;
- 4.7. where the day upon or by which any act is required to be performed is not a business day, the parties shall be deemed to have intended such act to be performed upon or by the first business day thereafter;
- 4.8. any reference to "organisation name" shall include "organisation name" and its successors-in-title and their respective agents, employees, servants, contractors and workmen.

5. DEFINITIONS

In this agreement, unless inconsistent with or otherwise indicated by the context, the following expressions shall bear the meanings assigned to them hereunder and cognate expressions shall bear corresponding meanings: -

- 5.1. 'This AGREEMENT' means the agreement between the Parties captured in this document,

- 5.2. 'CONSORTIUM' means the Parties as outlined in the preamble to this AGREEMENT;
- 5.3. 'The PROJECT' means the establishment of the "*partnership discussed in introduction*" and effectively operating and managing the partnership.
- 5.4. 'INTELLECTUAL PROPERTY' means intellectual capital in the form of any and all technical and commercial information, including, but not limited to the following: chemical structures; biological or chemical information; manufacturing techniques and designs; specifications and formulae; know-how; data; systems and processes; production methods; trade secrets; undisclosed inventions; financial and marketing information; as well as registered or unregistered intellectual property in the form of patents, trade marks, designs and plant breeders' rights (whether granted, registered or applied for), and copyright in any works, including literary works or computer software programs, relating to the PROJECT and which is consequential to the PROJECT.
- 5.5. 'CONFIDENTIAL INFORMATION' means information that relates to the disclosing Party's past, present or future research, development, business activities, products, services and technical knowledge, relating to the PROJECT and either has been identified in writing as being confidential or is of such a nature that it should be obvious to the other Party that it is claimed as being confidential.

6. COMMENCEMENT AND DURATION

This AGREEMENT will commence on the signature of the party doing so last and shall continue to remain in effect for a year renewable, subject to the provisions contained herein, or such alternative date as the Parties may agree to in writing.

7. AGENCY

- 7.1. No Party shall present itself as the representative or agent of any other Party(ies) for any legal action to be taken, nor shall it have the power of authority to commit any other Party(ies), unless it receives prior written consent from the Party(ies), and then only to the extent set out herein.
- 7.2. Nothing in this AGREEMENT shall be interpreted as establishing a joint venture between the Parties.

8. GENERAL OBLIGATIONS ON PARTIES

- 8.1. The Parties undertake to exchange information and materials relating to the partnership.
- 8.2. The Parties agree to establish a framework and associated project documentation for each PROJECT that will determine how such PROJECT will be managed, what the objectives are, detail the deliverables and milestones, provide project plan according to PMBOK standards, describe roles and responsibilities of all Parties, detail the budget and provide any other project related information as may be deemed necessary by the Parties to enable delivery of the PROJECT.
- 8.3. The Parties undertake to not divulge any information and / or methods pertaining to the research included in any PROJECT and covered by this agreement, without prior written authorisation by the relevant party.
- 8.4. No provision in this AGREEMENT shall entitle any one of the Parties to use the BACKGROUND INTELLECTUAL PROPERTY of any other Party without the express written consent of such other Party
- 8.5. The Parties shall always negotiate with one another in good faith in order to effectively implement and conclude the agreement.
- 8.6. Notwithstanding the provisions of Clause 8.3 above, the Parties are prohibited from commercially exploiting the information and / or methods exchanged between them unless the consent of the Parties has been obtained in a separate written agreement governing.

9. COSTS PRIOR TO ESTABLISHMENT OF PARTNERSHIP

Each Party shall bear its own costs in executing its roles and responsibilities as set out in this AGREEMENT relating to this PARTNERSHIP. However, for projects parties can undertake a joint fundraising exercise where necessary with clear expectations and appropriations of raised funds according to a terms of reference that has been agreed on prior to the fundraising exercise. Resourcing of projects will also be outlined as per the roles of stakeholders and described in the appropriate Annexure hereto.

10. CONFIDENTIALITY

10.1. The Parties shall ensure that all data and information relating to a PROJECT, which are regarded as confidential by any Party, are kept secure and confidential and that only individuals working on the PROJECT are allowed access to such data and information, after having first being made aware of the confidentiality of such data and information.

10.2. A Party shall not be liable to the other Parties for disclosure of information received under this AGREEMENT where:

10.2.1. the information is or becomes part of the public domain through no breach of this AGREEMENT;

10.2.2. the information is subsequently lawfully obtained by the Receiving Party from a third party who is established as a lawful source of the information, without breach of this AGREEMENT by the Receiving Party;

10.2.3. the information was known by the Receiving Party prior to its disclosure by the Disclosing Party and such prior knowledge can be proven by the Receiving Party; or

10.2.4. the Disclosing Party has provided its prior written consent to such disclosure.

10.3. Employees of Parties shall not deliver or publish any paper, thesis or other material relating to a PROJECT, nor disclose any information relating to the PROJECT, to any third party without the prior written consent of the Parties to this agreement, obtained after having viewed a draft of any such paper, thesis, material or information.

11. INTELLECTUAL PROPERTY

11.1. All INTELLECTUAL PROPERTY created prior to the EFFECTIVE DATE shall be and remain the sole property and right of the Party who created same and shall be referred to as BACKGROUND INTELLECTUAL PROPERTY.

11.2. Each Party shall promptly make written disclosure to the other Parties of each invention or other potentially useful or exploitable INTELLECTUAL PROPERTY, which information shall be treated as confidential by the Receiving Parties.

11.3. Ownership of INTELLECTUAL PROPERTY created during the PROJECT shall be governed by a separate AGREEMENT between the PARTNERSHIP and any third party(ies) that may have a vested interest in such PRODUCT. Such separate AGREEMENT shall meet the following minimum requirements:

11.3.1. Parties shall negotiate with one another in good faith with regards to ownership of all INTELLECTUAL PROPERTY resulting from the development of a PRODUCT or any part of a PRODUCT or project;

11.3.2. All INTELLECTUAL PROPERTY resulting from, or developed during the PROJECT, shall be owned jointly by the Parties to this AGREEMENT and any third party(ies) that may have a vested interest in such INTELLECTUAL PROPERTY, with the proportionate ownership and cost to safeguard such INTELLECTUAL PROPERTY, to be agreed and clearly stipulated;

11.3.3. All INTELLECTUAL PROPERTY relevant to the PROJECT, but created after completion of the PROJECT, will vest in the Party who created such INTELLECTUAL PROPERTY. The other Parties, jointly and severally, shall have a right of first refusal to the EXPLOITATION of such

INTELLECTUAL PROPERTY and any rights acquired as a result of this will oblige Parties to make a corresponding contribution to the costs associated with the creation and / or protection of such INTELLECTUAL PROPERTY;

12. FORCE MAJEURE

12.1. In the event that any of the Parties is unable to perform any of their respective obligations in this AGREEMENT as a result of acts caused by God, rained-out venues, riot acts, civil insurrections, acts of a public enemy, accidents, acts of a civil or military authority, floods, earthquakes or winds, or similar situations beyond the reasonable control of the Parties concerned, such failure to perform shall not constitute a breach of this AGREEMENT.

12.2. The Party unable to perform its role shall immediately notify the other Parties in writing of the reason and cause for its inability to perform and shall submit an estimated duration of such inability to perform, whilst exercising due diligence to shorten the duration of such inability to perform.

13. DOMICILIA AND NOTICES

13.1. The parties choose as their *domicilia citandi et executandi* for all purposes under this AGREEMENT, whether in respect of court process, notices or other documents or communications of whatsoever nature the following addresses:

a. **Softstart Business and Technology Incubator NPC**

136 2nd Street, Randjespark, Halfway House
Midrand, Johannesburg, South Africa
Tel. +27 11 695 4800
Website: www.softstartbti.co.za

b. **Mangaung Metropolitan Municipality (MMM)**

Cnr Nelson Mandela & Markgraaf Street
Bloemfontein
Tel. +27 051 405 8343
Website: <http://www.mangaung.co.za>

c. **Department of Trade and Industry (the dti)**

77 Meintjies Street, Sunnyside, Pretoria, Gauteng, 0002

National callers: 0861 843 384
International callers: +27 (12) 394 9500
Website: <http://www.thedti.gov.za>

d. **Free State Development Corporation (FDC)**

33 Kelner Street
Westdene Bloemfontein, Free State
Tel +27 051 4000 800
Website: <http://www.fdc.co.za>

13.2. Any notice or communication required or permitted to be given in terms of this AGREEMENT shall be valid and effective only if given in writing, but it shall be sufficient to give notice by any formal method of communication.

13.3. Either Party may, by notice to the other, change the physical address chosen as its *domicilium citandi et executandi* to another physical address in the Republic of South Africa, or its fax number, provided that the change shall only become effective on the seventh day after receipt of the notice by the addressee.

13.4. Any notice to a Party which is:-

13.4.1. sent by prepaid registered post in a correctly addressed envelope to its *domicilium citandi et executandi* shall be deemed to have been received on the fifth day after posting (unless the contrary is proved); or

13.4.2. delivered by hand during ordinary business hours at its *domicilium citandi et executandi* shall be deemed to have been received on the day of delivery (unless the contrary is proved); or

13.4.3. transmitted by fax to its chosen fax number (if any) stipulated above, shall be deemed to have been received on the date of transmission (unless the contrary is proved).

13.5. Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or

communication to it, notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

14. BREACH AND TERMINATION

14.1. Should any Party fail to fulfill any of the obligations undertaken by it, subject to the provisions above, and fail to remedy the breach within a period of 30 (Thirty) calendar days after receiving written notice from the other Party(ies) demanding that the breach be rectified, the other Party(ies) shall be entitled, without further notice, to cancel the Party's involvement in the PROJECT, without prejudice to any claim which the non-transgressing Party(ies) might have for damages, breach of contract, or otherwise.

14.2. A Party's involvement in the PROJECT may be terminated at any time by giving the 'Defaulting Party' notice of such termination if:

14.2.1. without having to supply positive proof, a judgment obtained against the Defaulting Party remains unsatisfied for more than 30 (Thirty) days, or if any of the Defaulting Party's property is seized or attached by legal process, or if the Defaulting Party compromises or attempts to compromise with any creditor, or if the Defaulting Party becomes insolvent or commits any act of insolvency as defined in the Insolvency Act, or any Act which would found an application for liquidation under the Companies Act, or is liquidated or sequestrated whether provisionally or otherwise, other than for the purposes of reconstruction or amalgamation, or if any order for judicial management of the Defaulting Party be ordered by any competent Court or if the Defaulting Party is convicted of any criminal offence or ceases, or threatens to cease, to carry on business;

14.2.2. if the Defaulting Party terminates in the agreed territory that part of its business operations that are directly relevant to the PROJECT.

14.3. Any termination of this AGREEMENT shall not absolve the Parties from the obligation to observe the confidentiality and intellectual property measures and other restraints as set out herein.

14.4. This AGREEMENT may be terminated by mutual written consent between the Parties.

15. INDEMNITY

Each Party assumes the risk of loss of, or damage, to that Party's property and the property of the Party's contractors and suppliers at every tier and of the bodily injury, including death, to the employees, contractors and suppliers of that Party arising out of the performance of this AGREEMENT. Each Party shall indemnify, defend and hold harmless the other, its officers, agents, employees, contractors and suppliers at every tier from all claims for damage, loss or bodily injury, the risk of which is assumed by the indemnitor under this provision, whether or not caused in whole or in part by the active or passive negligence of the indemnitee, provided however, that this indemnity shall not apply to wilful acts or gross negligence.

16. GENERAL

The parties acknowledge and agree that:

- 16.1. this AGREEMENT constitutes the entire agreement between the Parties and that no provisions, terms, conditions, stipulations, warranties or representations of whatsoever nature, whether express or implied have been made by any of the parties or on their behalf except as are recorded herein;
- 16.2. no relaxation, extension of time, latitude or indulgence which any party ("the grantor") may show, grant or allow to another ("the grantee") shall in any way constitute a waiver by the grantor of any of the grantor's rights in terms of this AGREEMENT and the grantor shall not thereby be prejudiced or stopped from exercising any of its rights against the grantee which may have then already arisen or which may arise thereafter;
- 16.3. no alteration, variation, amendment or purported consensual cancellation of this AGREEMENT or any addition thereto or deletion there from shall be of any force or effect unless reduced to writing and signed by or on behalf of the parties hereto;

16.4. they have undertaken to each other to do all such things, take all such steps and to procure the doing of all such things and the taking of all such steps as may be necessary, incidental or conducive to the implementation of the provisions, terms, conditions and import of this AGREEMENT.

17. APPROVALS

Thus done and signed by all parties at _____ on this _____ day of _____ 2019.

| No. | Organization | Representative | Designation | Signature |
|-----|--|----------------|-------------|-----------|
| 1. | Softstart Business and Technology Incubator (SBTI) | | | |
| 2. | Mangaung Metropolitan Municipality (MMM) | | | |
| 3. | Department of Trade and Industry (the dti) | | | |
| 4. | Free State Development Corporation (FDC) | | | |