

2012/13 ANNUAL FINANCIAL RESULTS



1. TIA Mandate

2. Financial Performance

3. Operational Performance

4. Ministerial Review Report

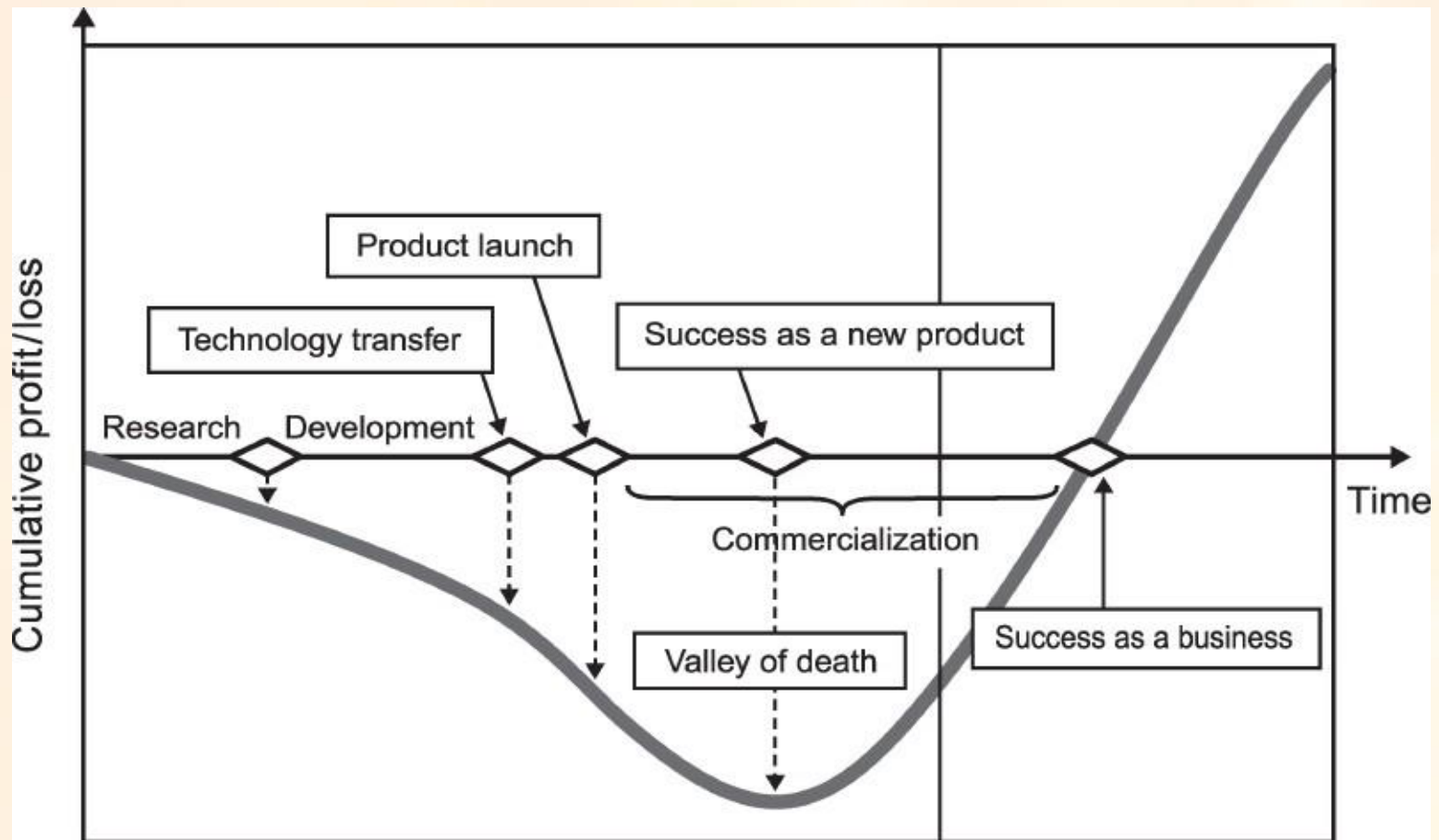
5. Concluding Remarks

1. TIA Mandate

Bridging the Innovation Chasm

Mandate	“To support the State in stimulating and intensifying technological innovation in order to improve economic growth and the quality of life of all South Africans by [supporting*] the development and exploitation of technological innovations ”
Vision	To be a world class innovation agency that supports and enables technological innovation to achieve socio-economic benefits for South Africa.
Mission	To support technology innovators to unlock South Africa’s global competitiveness and deliver socio-economic value .

Innovation Chasm



Source: Osawa and Miyazaki, 2006

Link to DST's Ten-Year Innovation Plan

Strengthening the Bio-economy

- Tia will facilitate Health Sector collaborations with HEI's and SC's
- TIA hosting South African HIV/AIDS Platform (SHARP); South African TB Research Initiative and SA Malaria Initiatives
- BioPharming Platform; Biosafety Platform and the Omics platforms
- New Animal Health Cluster

Energy Security

- Among the sectors that TIA intends to focus on is Energy.
- The main focus being clean and renewable energy

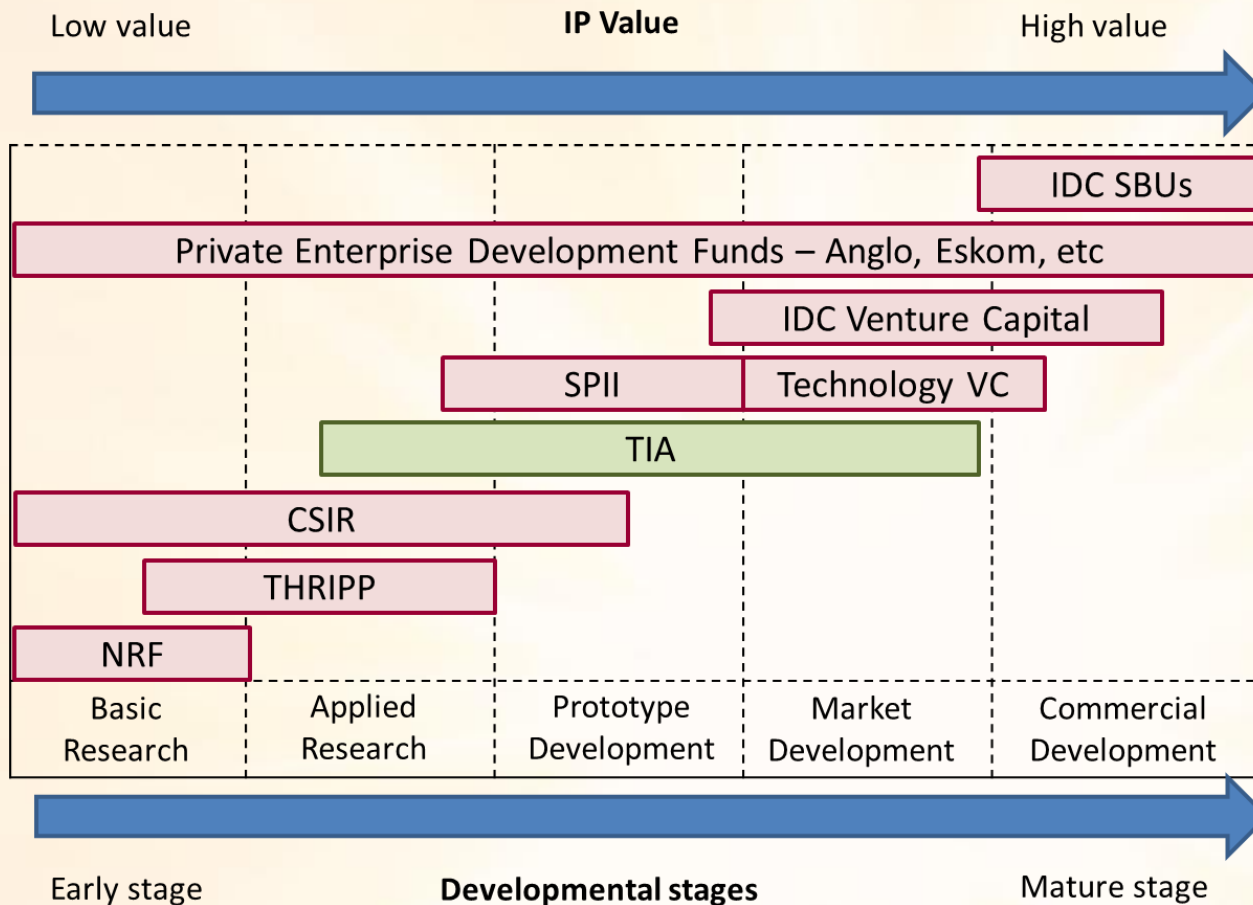
Climate change

- TIA will assess projects that are supportive of the Climate Change programme.
- New Electric Vehicle Platform

Role of TIA

DST and dti Funds versus Development Stages

Source: IDC



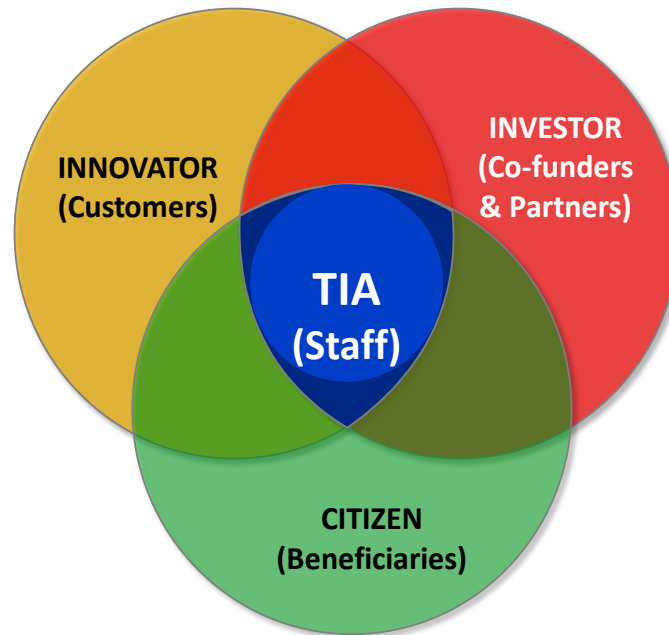
Our Target Market

- Technology Innovators

Where do you find them?

- Higher Education Institutions
- Science Councils
- State Owned Entities
- Private Companies
- Community

Our Stakeholders Defined

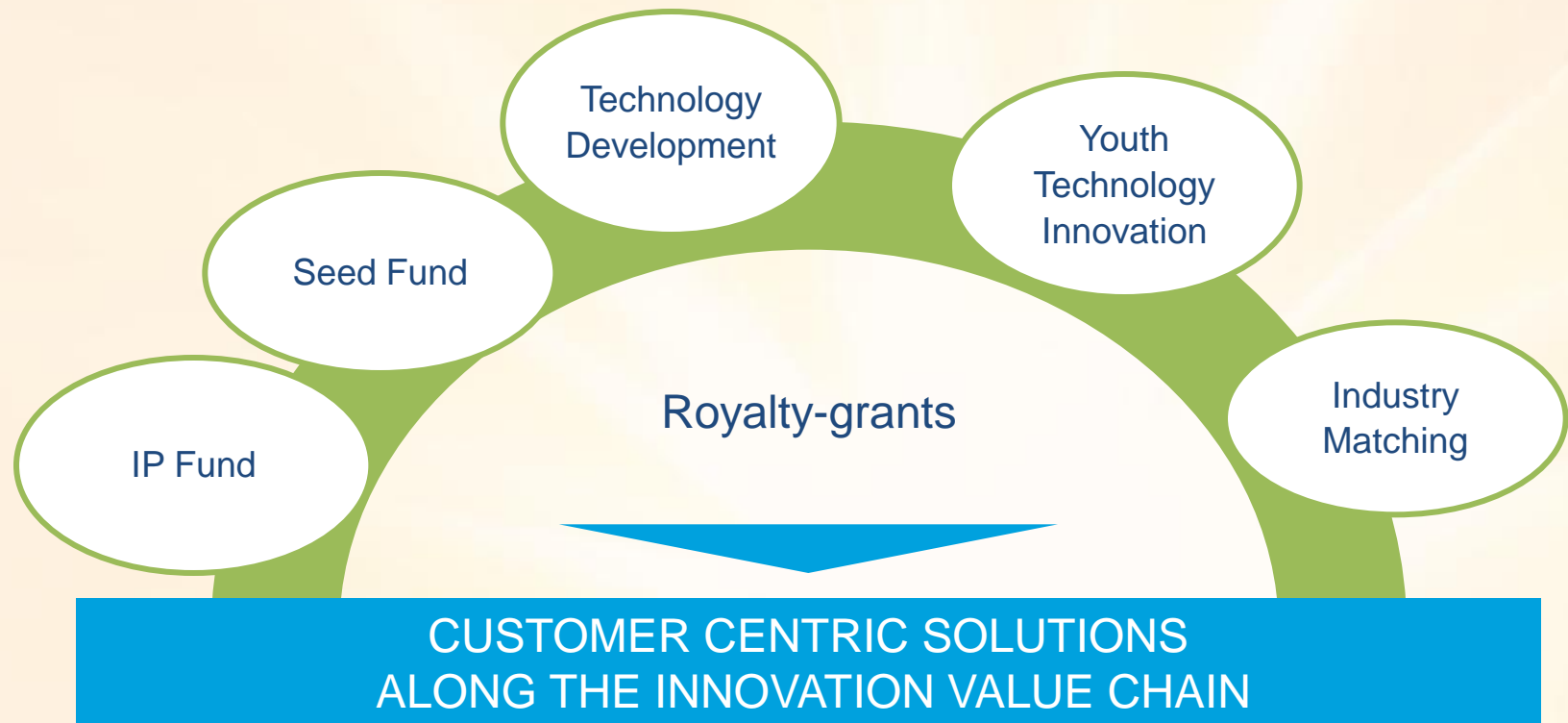


- TIA is at the confluence of the needs and aspirations of these stakeholders

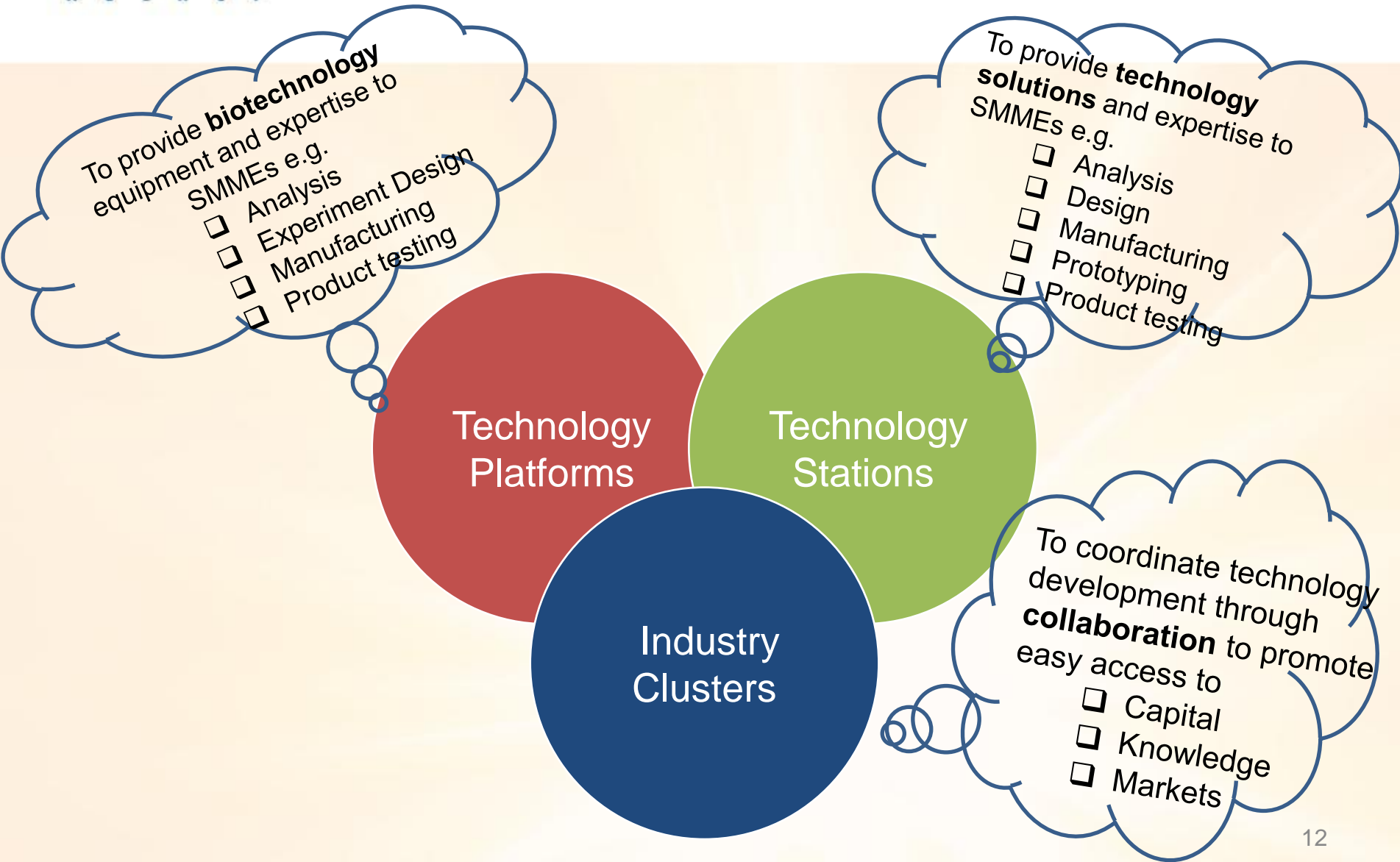
TIA offerings

1. Funding Programmes
2. Business Support & Strategic Partnerships
3. Technology Development Infrastructure
4. Innovation Skills Development

Funding Instruments



Technology Development Infrastructure



Business Support

- IP Management
- Financial management
- Legal Services
- Marketing
- Business Plan Development
- Governance
- Networking

Leveraging Local and International Strategic Partnerships

- To develop “Strategic Capital” to enhance the organization’s capacity to execute its mandate and meet its strategic objectives
- To generate stakeholder buy-in and support for TIA’s strategy



Facilitating an enabling ecosystem through Innovation Skills Development



2. Financial Performance

- Consolidated audited AFS submitted to National Treasury, Auditor General and DST on 31 July 2013 (Prior year on 29 August)
- Audit opinion 2010/11: Adverse – no investments financial information was available as this was not previously enforced
- Audit opinion 2011/12: Unqualified with emphasis of matter
- Audit opinion 2012/13: Unqualified **without** emphasis of matter!
- Consolidated financial results from investee companies:
 - **10 subsidiaries** : where TIA exercises control over the company ~ 50% or more shareholding
 - **30 associates** : where TIA exercises significant influence over the company ~ > 20% and < 50% shareholding
 - **4 minority investments** : < 20% shareholding

Background – cont.

- Out of the 10 subsidiaries consolidated, the following audit opinions were received:
 - 9 received unqualified audit opinion.
 - 1 received qualified audit opinion.

	2012/13	2011/12	2010/11
Number of audit findings	33	56	58
Matters effecting the audit report	2	7	11
Administrative matters	27	2	2
Other important matters	6	47	45

- Significant progress has been made since 2010/11, although there are areas that still need attention

Financial Performance

REVENUE GENERATED

	<u>2012/13</u>	<u>2011/12</u>	<u>2010/11</u>
	R'm	R'm	R'm
MTEF Allocation	456,4	442,7	544,2
Ring-fenced funds	24,0	44.2	50,7
Interest earned	32,7	13,3	12,2
Other income (incl dividends)	9,0	3.6	3,5
Total revenue	522,1	503,8	610,6

Financial Performance – cont.

EXPENDITURE INCURRED

	2012/13	2011/12	2010/11
	R'm	R'm	R'm
Project funding	300,9	179,9	275.1
Ring-fenced projects	24,1	43,2	41.8
Impairments of investments	19,7	61,5	92.1
Non cash items (incl. depreciation)	10,7	8,8	5.6
Operating expenditure	75,7	57,3	59.9
Employee related costs	110,9	101,1	85.2
Innovation Skills Development	12,0	9,9	2.5
IT expenditure	11,2	10,3	5.8
Marketing expenses	10,6	6,3	4.9
Total expenditure	575,8	478,3	572.9

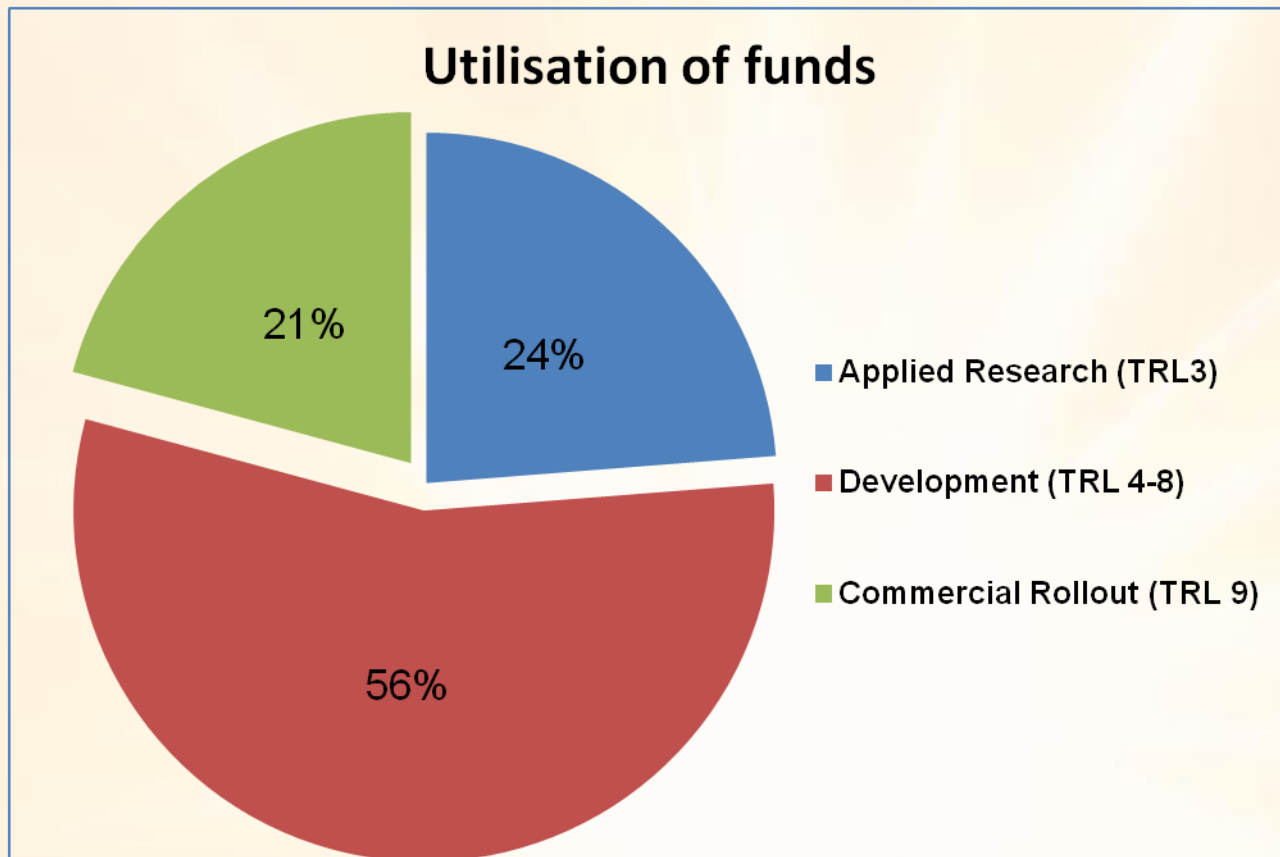
Financial Performance

IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

	<u>2012/13</u>	<u>2011/12</u>	<u>2010/11</u>
	R'000	R'000	R'000
Irregular expenditure	2 662	26 263	40 088
Fruitless and Wasteful expenditure	371	57	698

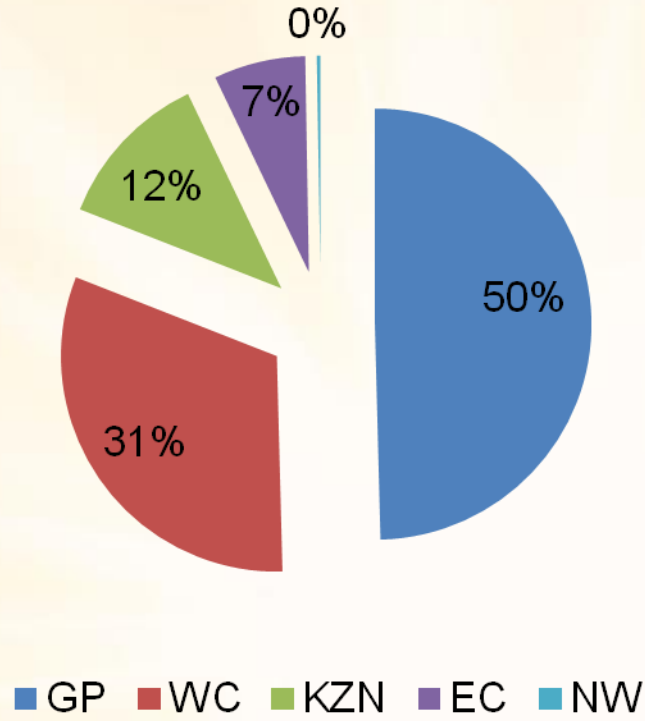
3. Operational Performance

Use of TIA investment funds



Regional Distribution

Portfolio Distribution



Performance Scorecard

Financial Perspective

- **Strategic objective 1:** To stimulate the development and demonstration of technology based products, processes and services
- **Strategic objective 2:** To support the commercialisation of technology innovations

Stakeholder Perspective

- **Strategic objective 3:** To develop an enabling environment for technology innovation and commercialisation in South Africa

Internal Process Perspective

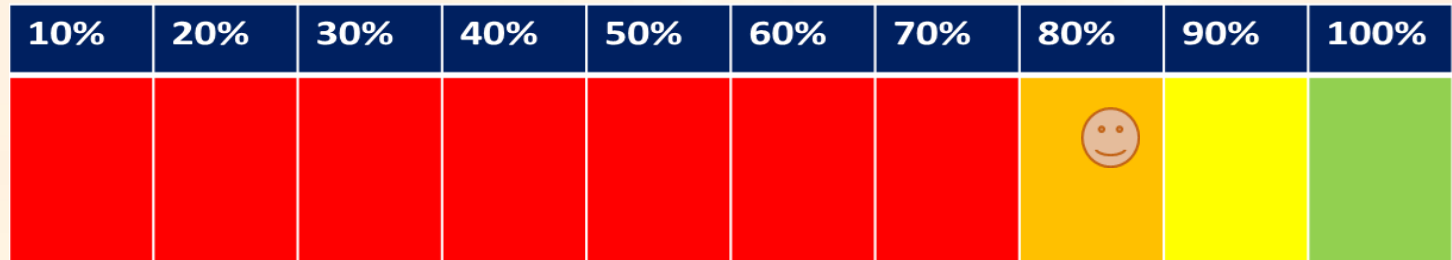
- **Strategic objective 4:** To develop an enabling internal environment for TIA to successfully execute its strategy

Learning and Growth Perspective

- **Strategic objective 5:** To facilitate the development of innovation skills to support technology innovation and commercialisation
- **Strategic objective 6:** To become a schedule 3B entity in terms of the Public Finance Management Act

2012/13 Annual Performance Scorecard

Overall
Performance



- Most of the strategic objectives were met with an overall score of 84%

Factors affecting performance

- Staff turnover
- Limited number of projects ready for commercialisation that are still technology development
- Regional office lease

Enabling the Innovation Ecosystem



**Launch of the
Animal Health Cluster**



**H3D platform:
new drug candidate for malaria**



**Launch of the
Uyilo E-mobility programme**



Seed Fund Programme

Enhancing education through technology



Promoting a culture of innovation

CHUMA Commercialisation Programme

- 3 way partnership TIA-TTO at HEIs and VC's
- 2year investment internship programme
- Dedicated mentor support for 10 candidates
- 3x months at TIA, 6x months at VC, 9x TTO
- IP Exploitation at HEI's



Link to government outcomes



Youth Innovation

- Youth Technology Innovation Fund established in 2001
- Collaboration with SABS
- 19 prototypes being developed
- 2 functional prototypes completed and being tested

Bridging the innovation chasm

- Blue Cube Systems
- Kapa Biosystems
- Varibox CVT Technologies
- IBatech

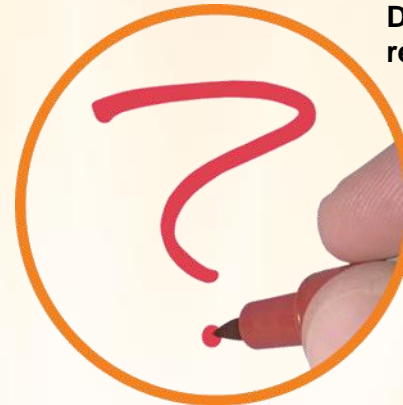
4. Ministerial Review Report

Response to Review Report

Review of TIA strategy



**Define TIA
regionalisation plan**



**Conduct independent study
on the Technology Stations**



**Review Investment
Framework Policy**



**Implement benchmarking
recommendations to
improve internal efficiencies**



**Develop and implement
stakeholder engagement
plan**



Future strategic direction

- TIA ministerial review report
- Board strategic roadmap
- Benchmarking exercise
 - Role of TIA
 - Gaps within the innovation value chain
 - Investment management framework
- Market research study
 - Stakeholder perceptions

Proposed Blueprint

VALUE CHAIN AREA	Applied Research	Technology Development	Commercialization
TIA ROLE	Innovation Catalyst [Connector]	De-Risk Innovation <ul style="list-style-type: none"> - Technology Value - Market Acceptance 	Venture Capital Catalyst
ORGANIZATION CAPABILITY	"Innovation Spotting"	Core Business: Innovation Market-Readiness	"Investor Spotting"
DEPENDENCIES	<ul style="list-style-type: none"> - TTOs - SCs - Private Sector - "Outliers" 	<ul style="list-style-type: none"> - <i>Market Readiness skills and mindset</i> 	<ul style="list-style-type: none"> - Innovation Forum - Top Tech 100 - "Brokerage"
Technology Stations and Platforms			

5. Concluding Remarks

Concluding remarks

- Unqualified audit report
- 67% growth in project funding from ca R180m to R300m
- Performance affected by high staff turnover and limited number of projects ready for commercialisation that are still technology development
- Ministerial review report and benchmarking study will form basis of new strategic direction
- Focus on improving operational efficiencies
- Increased stakeholder engagement
- Organisation is ready to embrace new challenges and opportunities

THANK YOU