

Presentation to the Portfolio Committee on Small Business Development

25 October 2017

Telkom

The Telkom Group is the leading provider of integrated services in the ICT converged market in South Africa, managing a specialised portfolio of companies with R41bn revenues and employing ~19 000 people.



**Wholesale
Infrastructure**

Wholesaler
provider of
communication
facilities
& infrastructure to
ISPs
DSL, Fibre, ME etc.



**Converged ICT
solutions**

End-to-end digital
solutions provider of
ICT solutions to
enterprise customers
Connectivity, voice,
IT, cloud etc.

**Telkom
Consumer**

**Connectivity
solutions**

Retail
communications
service provider to
consumers
Broadband, voice,
internet & mobile.



**Directory
& online services**

Local advertising and
marketing
organisation providing
digital solutions
Directory, online
search, e-commerce.



**Property
management**

Property business
managing masts and
towers, property
development and
property management
services.

Our shops and stores

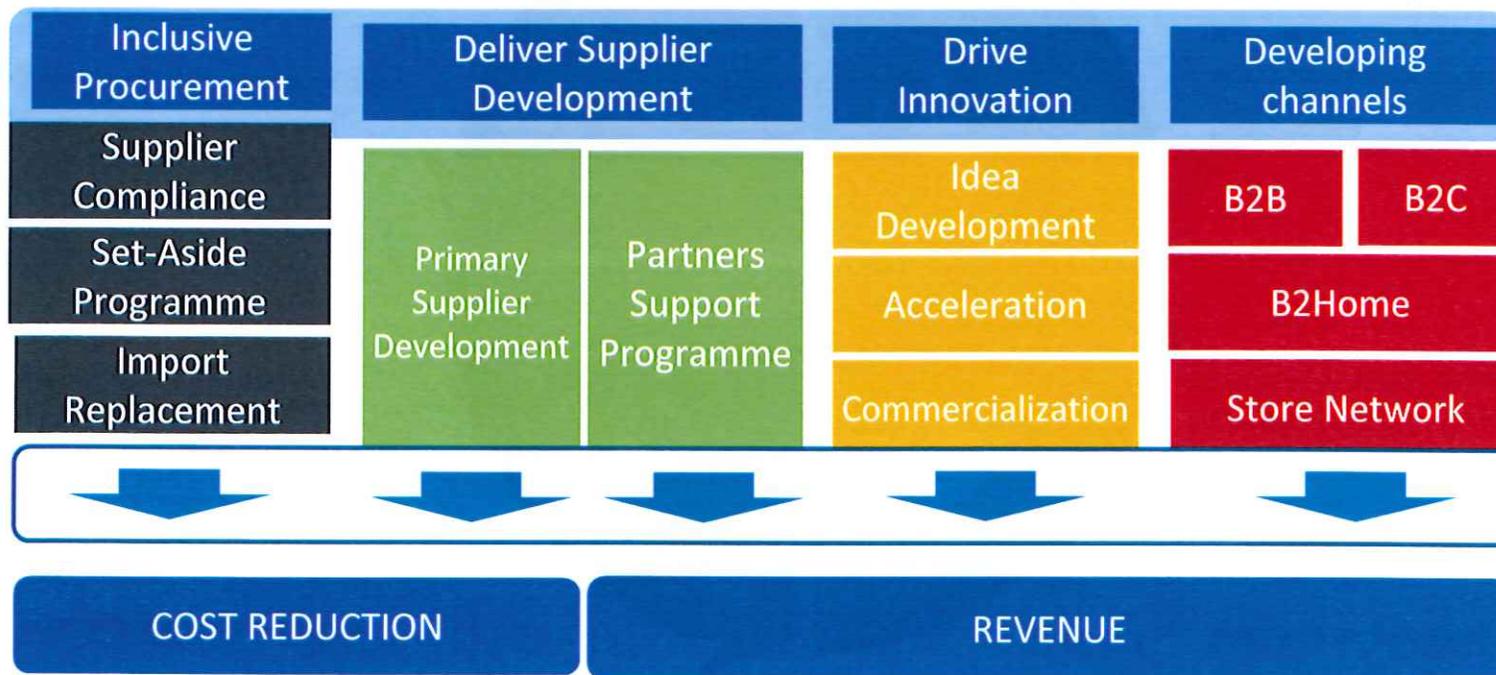
- Our business model is based on retail stores operated as an integral part of our operations
- As a result, a vast majority of our shops and stores are run by us, and
- Our emphasis is on supplier development, skills development and Cooperate Social Investment (CSI)

Enterprise development

- In 2015 we launched future makers, an enterprise development programme
- Future Makers prioritises the development of enterprises owned by Black, Women, Youth entrepreneurs, and
- It set aside R 400 million for the next 4 years, and
- As at 31 March 2017, about R 237 million is already spent

FutureMakers Strategy Framework

FutureMakers has three focus areas: the current focus is on revenue and cost efficiency



FutureMakers Delivery Pillars

FutureFund

R150 mill facility to drive access to Finance for black enterprises:

- Seed Finance
- Early Stage Finance
- Venture Capital

FutureHub

Stimulate innovation space and connectivity:

- Access to office space
- Access to connectivity
- Access to business development support
- Access to technology product development support
- Access to Accelerator and Commercialization support

FutureSource

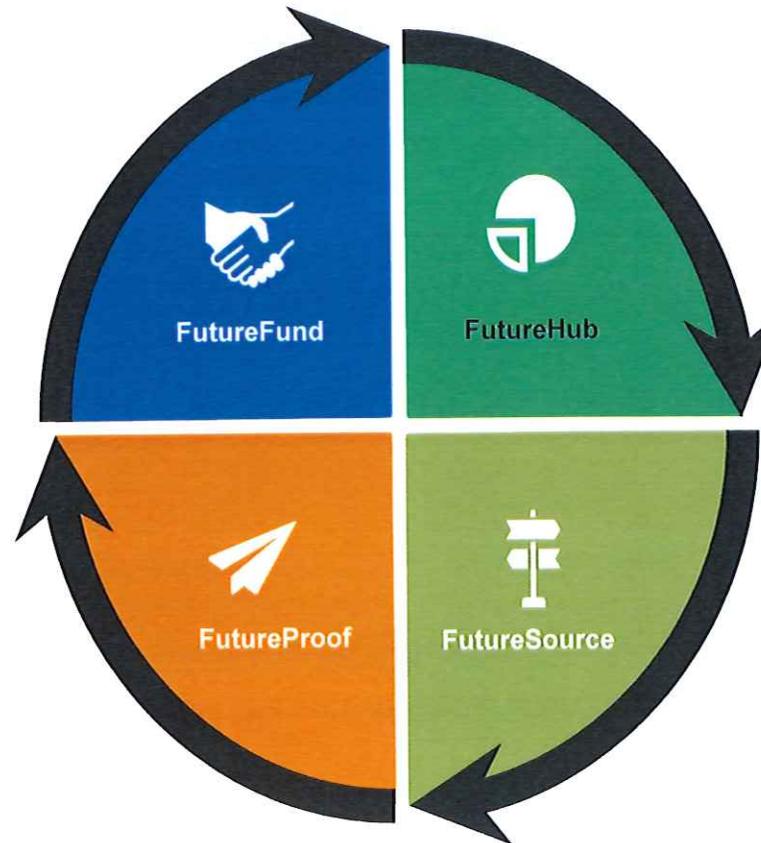
Link to opportunities across the value chain, supply chain and channel:

- Preferential Procurement Set-aside opportunities
- Product and Services distribution opportunities

FutureProof

Empowerment through technology and capacity building:

- Global partnership
- Technical partners
- Impactful non-financial support



FutureMakers Impact Highlights



Internet Cafe

24 internet café were setup across the country, and are fully operational



FutureMakers Investment

Investment made to the FutureMakers since inception in May 2015



SMMEs Supported

SMMEs supported with through various FutureMakers initiatives



R150 Mill ESD Fund

R69 million Funding was disbursed to than 50 ICT black-owned and black women-owned small businesses



Hubs

Provision of affordable connectivity, technical, back-office and business development support to more than 800 tech businesses



Jobs created

1102 has been created by the FutureMakers beneficiaries as a results of the FutureMakers Programme support



Revenue Generated

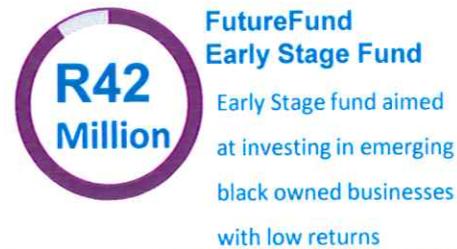
More than 17 dealers received financial and non-financial support, generating R7.2mill revenue for Telkom.



Procurement Assessed

Telkom has procured more than R200 million from FutureMakers black owned businesses and black women owned businesses beneficiaries.

FutureFund Investment and Impact Highlights



Skills Development

IFT - Program

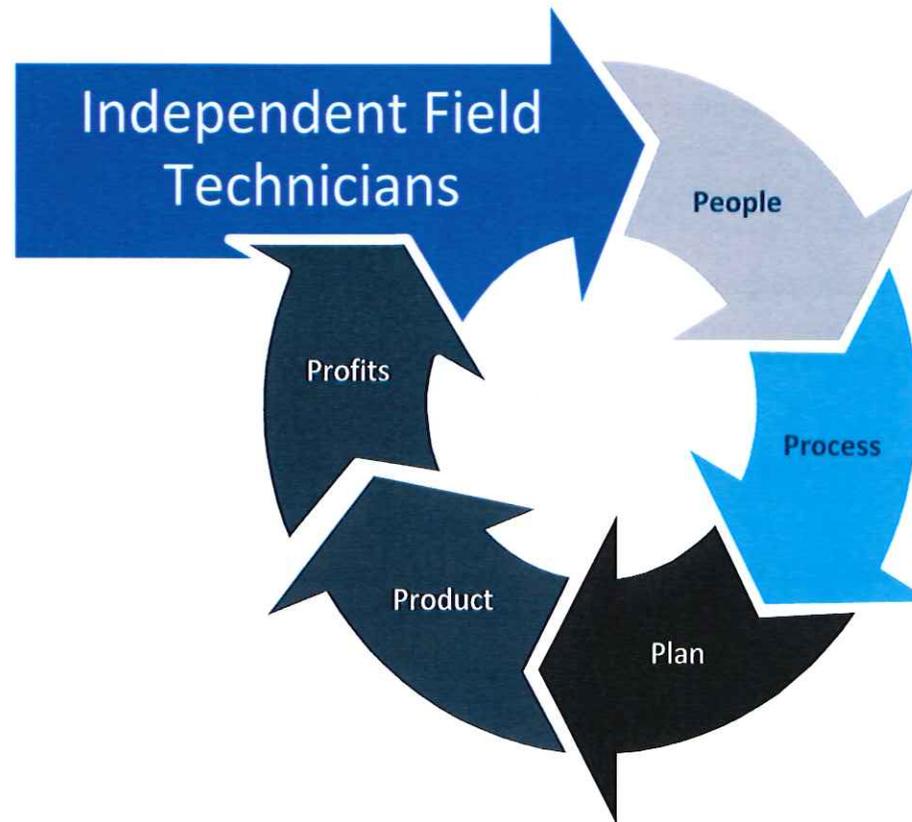
The programme is aimed at enhancing market access opportunities, driving ICT innovation, and fostering inclusive participation of majority black-owned ICT businesses in Telkom's supply and value chain

Profits

Income generated FY16 R7K increased to Rm29 in FY17, progressing to RM39. (Additional benefit of R2k for material)

Product

This group of companies provided installation and maintenance services to 30 000 clients



People

Grew from 3 pilot companies, 4 technicians to 41 companies consisting of 430 technicians

Process

Developed 80 black entrepreneurs to become successful business owners through strategic business partners

Plan

Assessed 1000 technicians, Selected 430, Upskilled them on systems and technology in a 18 month period

Skills Development...

BCX

We think code

- The world needs more problem solvers, thanks to WeThinkCode that could be a problem of the past
- WeThinkCode is an institution which aims to eliminate the ICT skills shortage in South Africa while tackling youth unemployment within the space of software engineering and coding.
- The programme was launched in South Africa in September 2015, and first opened its doors to 120 students in January 2016, about 3 500 South African students showed interest
- Telkom has come in as a key sponsor of the project committing R20 million to the Programme for the next three years
- This sponsorship will go towards paying for the tuition fees for the students and to ensure that the programme grows its footprint in South Africa
- WeThinkCode is open to anyone between the age of 17 and 35
- Students don't need any previous education, not even matric is required, and
- The student needs to be able to attend the campus in Johannesburg and be eligible to study and/or work in South Africa.

Corporate Social Investment (CSI)

Main focus is on education
Foundation over the past 3 years



R85 million
allocated to education.



9 770
learners benefited from
supplementary teaching.



4 140
teachers trained in ICT.



2017

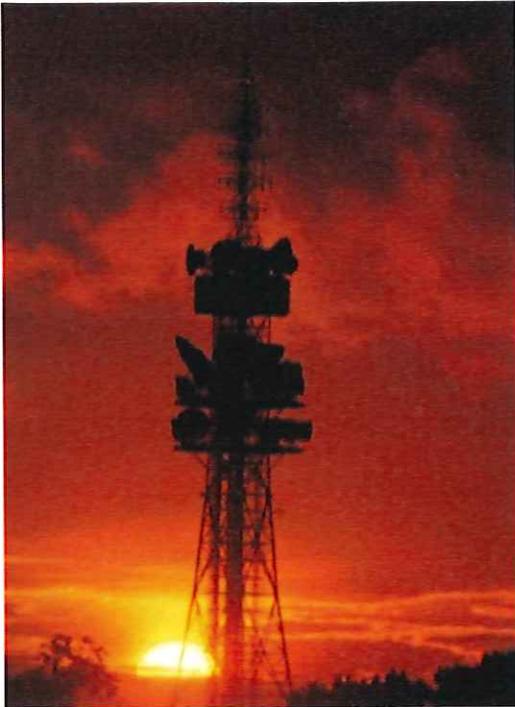
New strategy

Goal: To identify, develop and support learners from Grade 8 through to employability in ICT through an ICT focused education programme and allied support processes.

Programme Overview

- **Integrated programme:** supplementary teaching, ICT integration, teacher development, and psychosocial support.
- **ICT integration:**
 - Devices and smart boards for all targeted grade classrooms, teachers and learners
 - Wifi connectivity
 - ICT teacher training and in-school support
- **Supplementary teaching in maths and science:** Saturdays and Holiday School programme.
- **Psychosocial support:** online and face-to-face counselling services to address challenges.
- **Programme reach:**
 - 5 schools in Gauteng, preparations underway for 2 schools in Eastern Cape.
 - Currently 934 learners and 60 teachers, additional 1700 learners and 40 teachers in 2018.

Case Study: Telkom and Screamer Telecoms



From old telecommunications systems to new generation networks (NGNs):

- According our records Telkom contracted with Molapo April 2000
- Molapo filed for liquidation in September 2016
- Screamer was always a separate company, its CEO had on the side line delivers other services such as FTTx installation, supply, mining, agricultural
- It was never introduced into the Telkom domain until the liquidation was finalised
- Infrastructure is deemed legacy when the protocols or transmission principles are now outdated, and there new ratified standards that have superseded them
- The role of Molapo/Screamer was to repair legacy equipment for which the OEM no longer supported
- Molapo would source the components on the global/local market and then repair the boards on a component level
- Telkom started to roll out NGN in 2006/7
- As a business who had to please the Board and shareholders, Telkom started to look at other avenues to increase revenue
- Screamer does not only want the repair business for legacy technologies, they also want the repair business for current technologies like MSAN, Metro Ethernet, POTN etc

Thank you

Telkom

