

ANNUAL PERFORMANCE PLAN 2022/23

Portfolio Committee
L. Khumalo
Chairperson of the
Board of Directors

3 May 2022

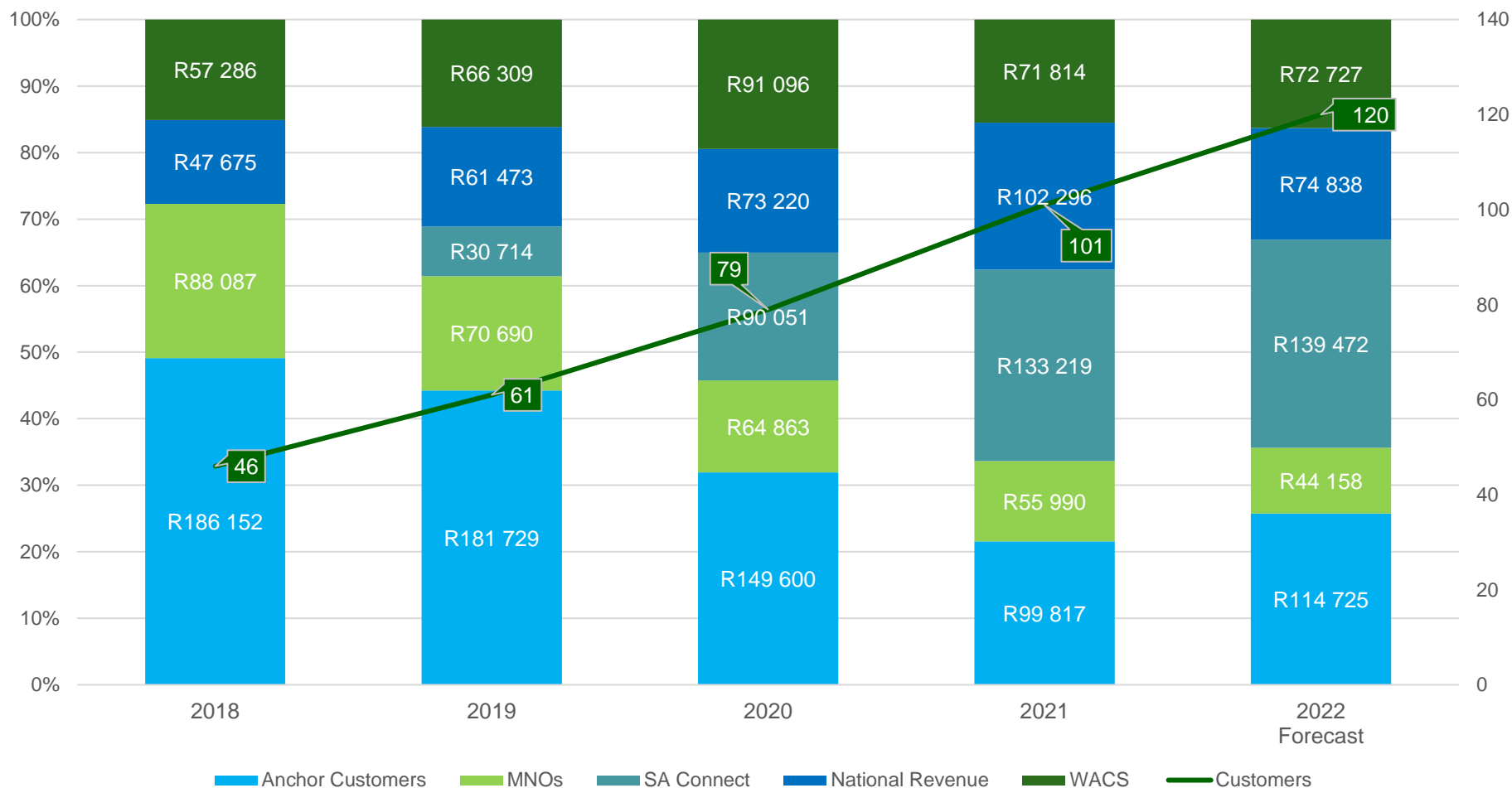


Leading Connectivity
in the **Digital Era**

Performance at a glance

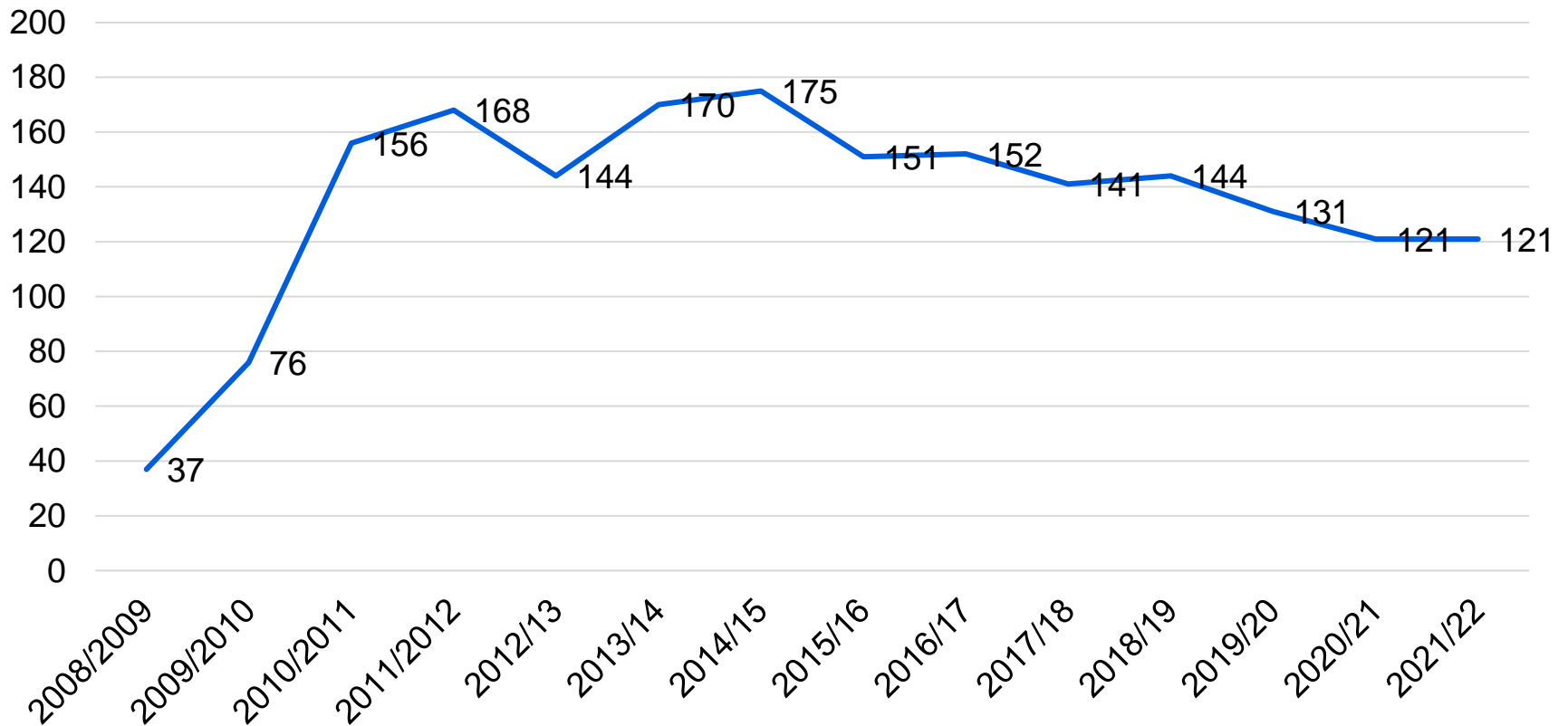


Revenue per customer





Year on Year change in number of employees



BBI Network Footprint

Broadband Infracore

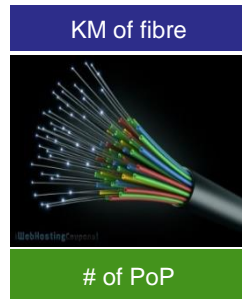
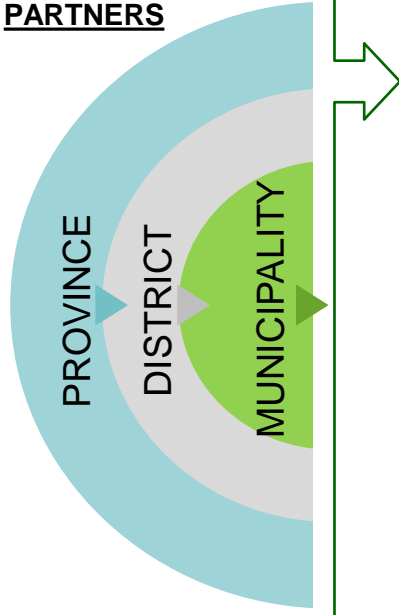


DCDT KEY FOCUS AREAS

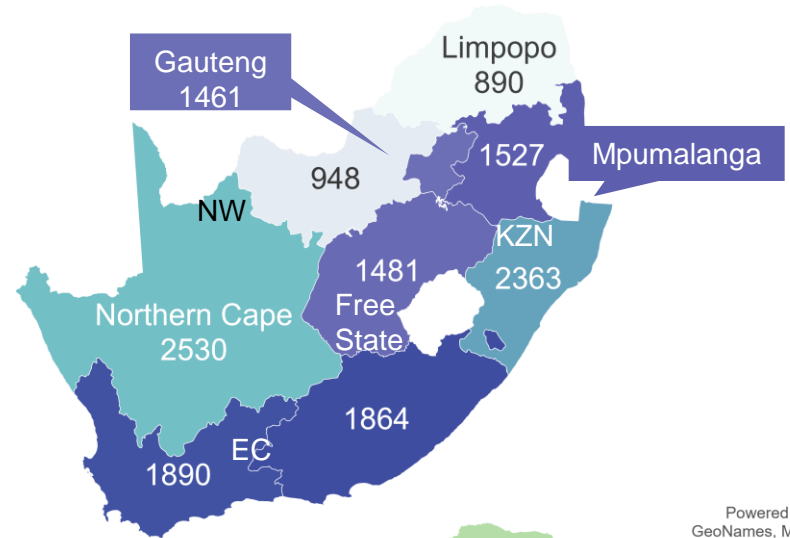
DIGITALLY TRANSFORMED ECONOMY

INCREASED ACCESS TO DIGITAL INFRASTRUCTURE

KEY DELIVERY PARTNERS

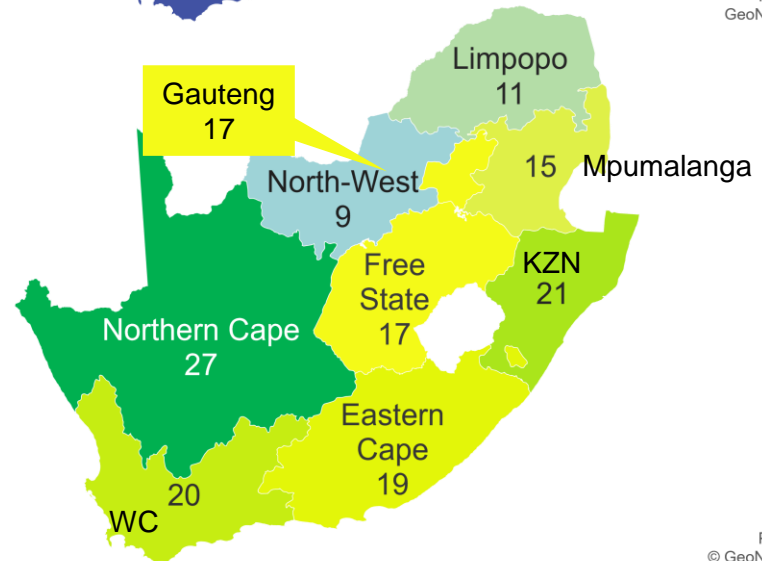


Km of Fibre per Province



Powered by Bing
GeoNames, Microsoft

Number of PoPs per Province



Powered by Bing
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SA Connect per Province

Broadband Infraco

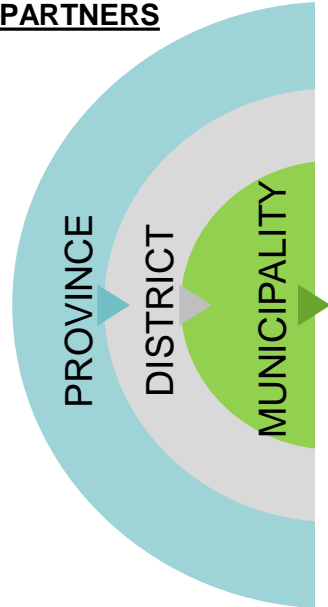


DCDT KEY FOCUS AREAS

DIGITALLY TRANSFORMED ECONOMY

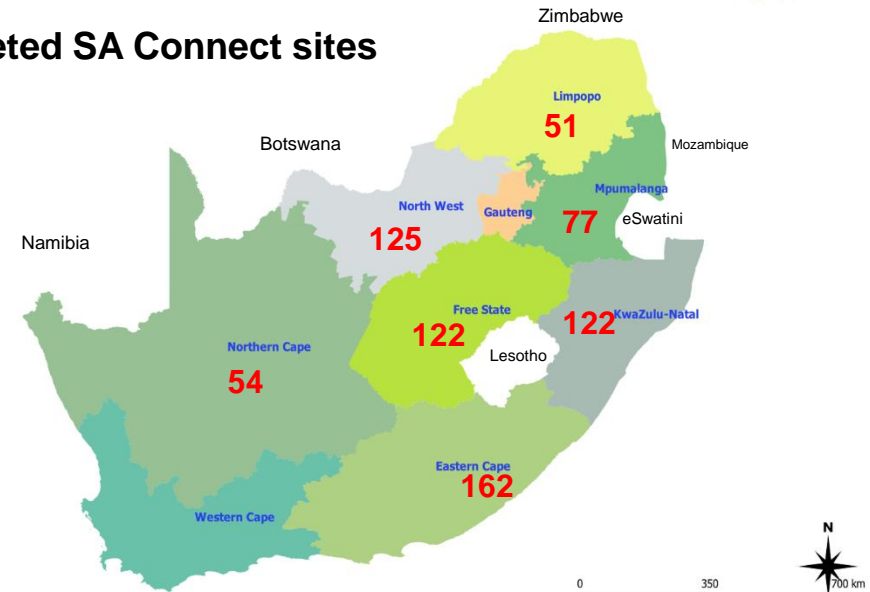
INCREASED ACCESS TO DIGITAL INFRASTRUCTURE

KEY DELIVERY PARTNERS



SA
CONNECT

Number of Completed SA Connect sites

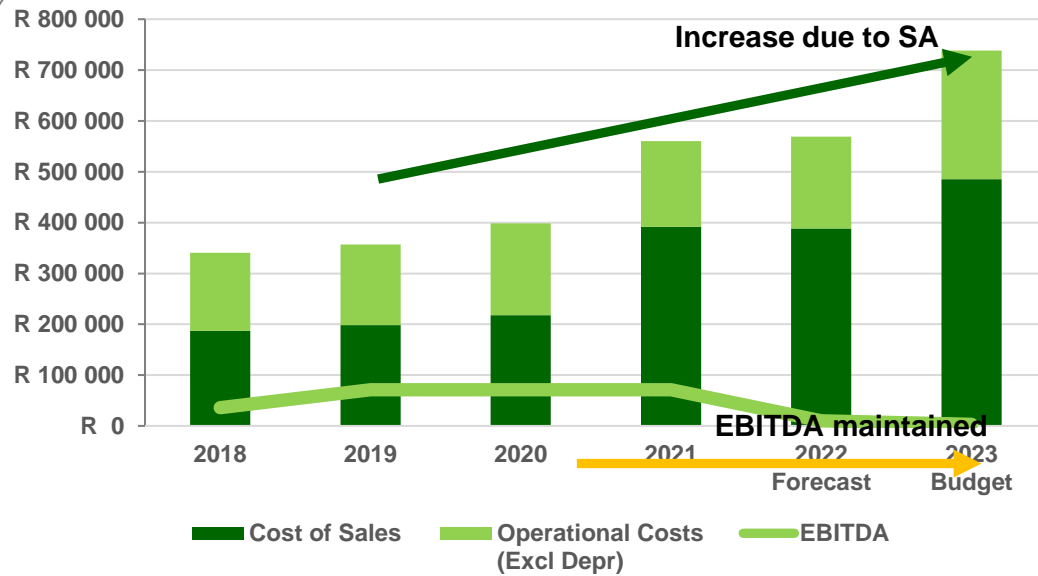


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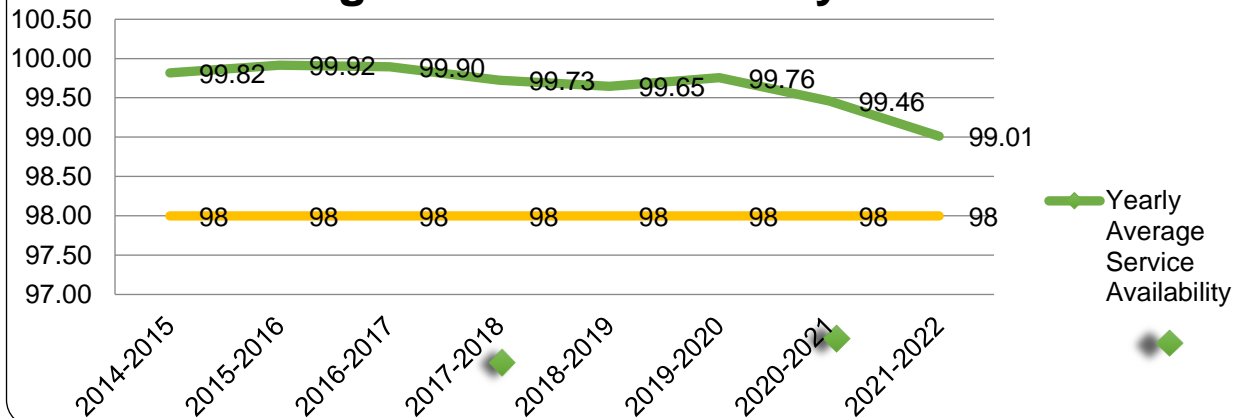
Number of Completed and
Planned SA Connect Sites

Province	Completed	Planned: 2022/23
Eastern Cape	162	300
Free State	122	
KwaZulu Natal	122	
Limpopo	51	
Mpumalanga	77	
North West	125	
Northern Cape	54	112
Gauteng		
Western Cape		

Performance at a glance



Average Service Availability Per Year



Revised Strategic Focus



LEGISLATIVE AND REGULATORY

- Broadband Infraco Act No. 33 of 2007
- The Electronic Communications Act No. 36 of 2005 (ECA)



NATIONAL PLANS

- NDP 2030
- MTSF Outcomes
- 9 Point Plan
- SIP 15: Sub-outcome 15



Department of
Communications
and Digital
Technologies

DEPARTMENTAL PLANS

Key Focus Areas:

- High performance portfolio
- Increased access to digital infrastructure
- Digitally Transformed Economy



MISSION

10 Year Outlook

BBI's Mission is to provide affordable digital infrastructure and solutions to enable government, communities & private enterprises to communicate, transact and transform.



VISION

10 Year Outlook

BBI's Vision is to intelligently connect government, people, devices, and communities to access the transformative opportunities presented by a digitally enabled world.



IMPACT

10 Year Outlook

- Positive contribution to reducing and eliminating digital inequality
- Positive contribution to the digital transformation of government
- Reliable partner to enterprises, including SMMEs
- Ever-decreasing impact on the environment.



BBI's legislative mandate is set out in the Broadband Infraco Act No. 33 of 2007 (the Act). Its objectives are to expand the availability and affordability of access to electronic communications including, but not limited to, under-developed and under-served areas.

The objects of the Act are aligned with the Electronic Communications Act No. 36 of 2005 and commensurate with international best practice and pricing, through the provision of electronic communications network services and electronic communications services, expand the availability and affordability of access to electronic communications, including (but not limited) to underdeveloped and underserved areas.

Alignment to Departmental Priorities & Outcomes

DCDT Strategic Outcomes & Priorities	BBI'S Strategic Goals	BBI's Outcomes
<ul style="list-style-type: none">• Increased access to digital infrastructure<ul style="list-style-type: none">○ Implementation of revised SA Connect model○ Implementation of priority interventions related to the rapid deployment of digital infrastructure○ Submission of National Communications Satellite Strategy to Cabinet	<ul style="list-style-type: none">• To be the Preferred Partner of government - enabling the provision of innovative digital infrastructure	<ul style="list-style-type: none">• Preferred partner of Government's digital transformation
<ul style="list-style-type: none">• Digitally transformed economy & society<ul style="list-style-type: none">○ Implementation of revised SA Connect model	<ul style="list-style-type: none">• To contribute positively to the eradication of digital inequality - through the provision of enabling digital infrastructure and solutions	<ul style="list-style-type: none">• Facilitated socio-economic transformation

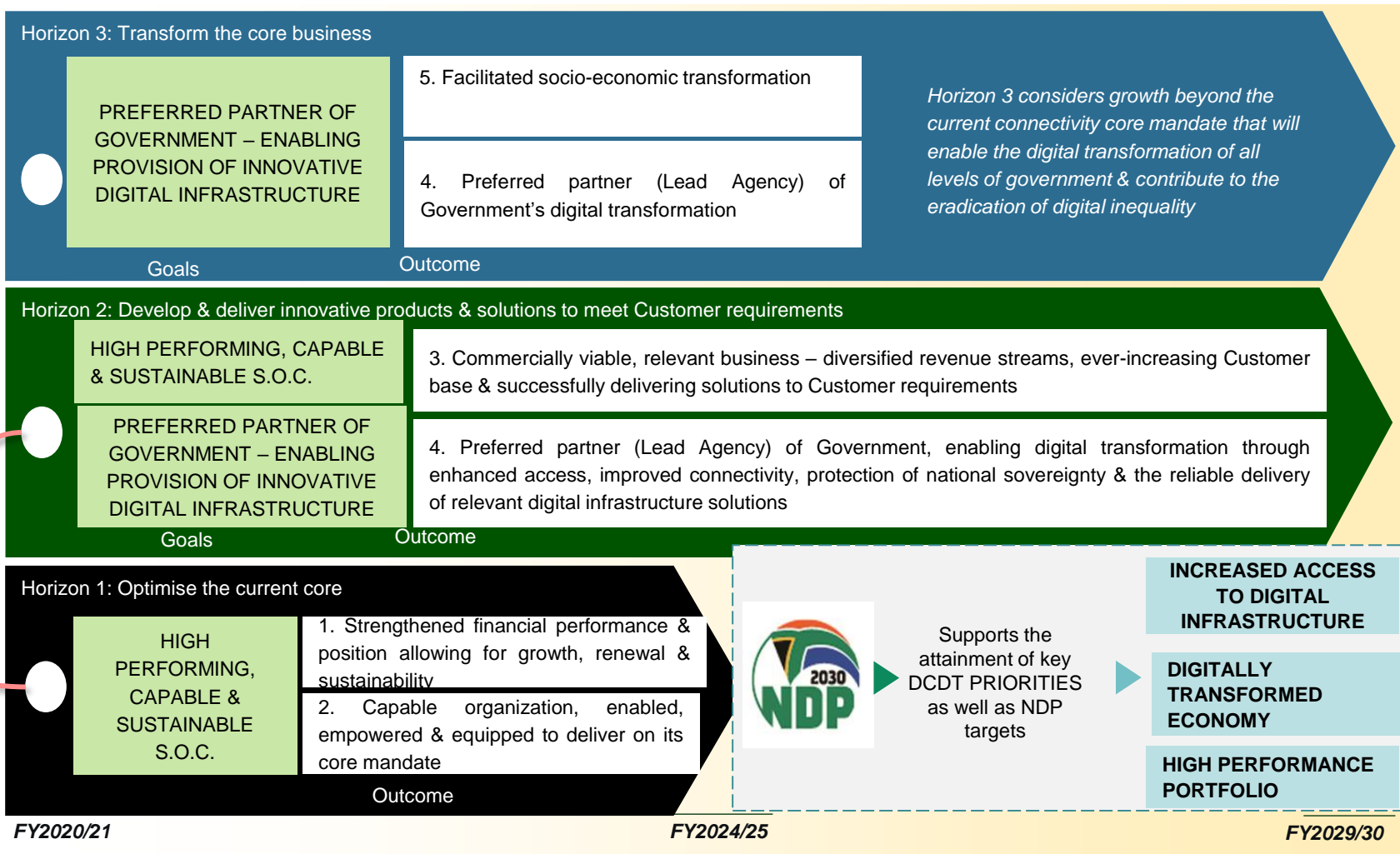
Alignment to Departmental Priorities & Outcomes



DCDT Strategic Outcomes & Priorities	BBI'S Strategic Goals	BBI's Outcomes
<ul style="list-style-type: none">• High performing portfolio to enable achievement of respective mandates & policy objectives<ul style="list-style-type: none">○ Submission of Draft Digital Infrastructure Company Bill for public consultation & approval	<ul style="list-style-type: none">• To be a high performing, capable and sustainable SOC	<ul style="list-style-type: none">• Strengthened financial performance and position - required allowing for growth, renewal, and sustainability• Capable organisation – successfully transitioned to SDIC; enabled, empowered and equipped, enabled to deliver on its mandate• Commercially viable, relevant business – diversified revenue streams

Revised 2030 Strategic Horizon

Broadband Infraco



High level strategy execution



Horizon 1: Optimise the current core business

Outcome 1: A strengthened financial position allowing for growth, renewal, and sustainability

FY2020/21

FY2021/22

FY2022/23

FY2023/24

FY2024/25

Contribute to the successful establishment of the SDIC

Implement sales strategy to drive revenue through new sales contracts and within the SADC region

Increased investment and funding

Examine cost drivers and seek to optimise costs

- Review insource-outsourced model and implement

- Deploy demand and sourcing strategy and monitor accordingly

- Diversify Original Equipment Manufacturers & explore open-source providers

- Consolidate government digital infrastructure & assets on favourable terms

Horizon 2: Develop innovative products and solutions

Outcome 3: Commercially viable, relevant business with diversified revenue streams

FY2020/21

FY2021/22

FY2022/23

FY2023/24

FY2024/25

Expand & renew network, ensuring reliability, relevance, and resilience:

- Reduce restoration of core network time
- Refurbish existing network and infrastructure
- Utilise newly accessed fibre to increase customer offering
- Grow network footprint
- Leverage SENTECH assets – Towers etc

Develop & deliver fit-for-purpose and innovative products and solutions -Edge, IoT, Cloud, Data Centres

Work with ecosystem partners to develop innovative solutions that leverage shared capabilities and resources

Implement customised and affordable solutions in line with Customer needs & requirements

Automate business and operational process (OSS/BSS)
Automate network restoration and resource management
Upskill and acquire technical skills (IP and Software development)
Increase of asset utilisation levels
Revised and implemented OEM strategy
Identified and utilise alternative OEMs & open source

Horizon 2: Develop innovative new products & solutions

Outcome 4: Preferred partner (Lead Agency) of Government's digital transformation

FY2020/21

FY2021/22

FY2022/23

FY2023/24

FY2024/25

Establish relationships and implement collaborative ways of working with other SOEs and Government departments:

Sign NDAs, MSAs and MOUs with relevant SOEs

Implement agreements for infrastructure and skills sharing

Identify & acquire key future technology partnerships

Plan, Design and Implement SA Connect sites

Plan and design SA Connect sites

Acquire necessary talented people, deliver on contracted SA Connect sites

Identify opportunities to impact digital inequality through SA Connect & own programmes

High level implementation



Horizon 3: Transform the core business

Outcome 5: Facilitated Socio-Economic Transformation

FY2020/21

FY2021/22

FY2022/23

FY2023/24

FY2024/25

Identify SMMEs and schools to be part of the socio-economic transformation programme

Identify and implement socio-economic transformation interventions

Horizon 3: Transform the core business

Outcome 4: Preferred partner of Government's transformation

Outcome 5: facilitated socio-economic transformation

Grow products and services beyond the hardware value-chain in response to government's requirements (e.g., high-speed datacentres, satellite etc.)

External Factors

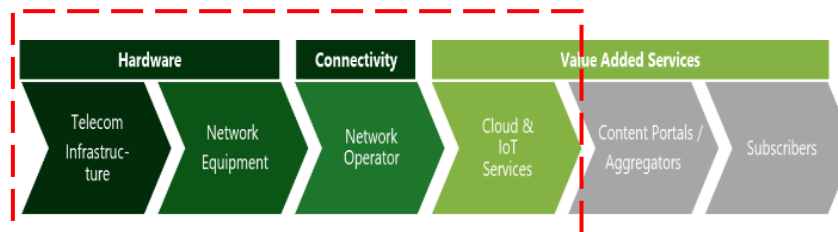
SOC Rationalisation beyond SDIC

Disruptive technology to step-change service delivery

Access to government digital infrastructure

Access to Spectrum & Licenses

POTENTIAL INDUSTRY OFFERING



2022 - 23 Annual Performance Plan

OUTCOME	OUTPUTS	KPI	2021/22 BASELINE	2022/23 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
1. A strengthened financial position for growth and sustainability	New Sales Contracts	New sales contracts signed annually	R32 million new sales contracts signed	R250 million new sales contracts signed	R50 million new sales contracts signed	R50 million new sales contracts signed	R50 million new sales contracts signed	R100 million sales contracts signed
	Improved cash position	Percentage Revenue year-on-year growth (including SA Connect)	5% revenue year-on-year decline	30% revenue year-on-year growth	4% revenue year-on-year decline	26% revenue year-on-year growth	27 revenue year-on-year growth	75% revenue year-on-year growth
		Number of days per outstanding customer invoice per month	44 Debtors days	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract
		Maintain Positive Cash Balance monthly	R33 million cash and cash equivalent available	R10 million cash and cash equivalent available	R10 million cash and cash equivalent available	R10 million cash and cash equivalent available	R10 million cash and cash equivalent available	R10 million cash and cash equivalent available
	Improved Operating Profit before Depreciation after Interest	Maintain operating profit before depreciation after interest	Decline by R34 million	Decline by R22 million	Decline by R43 million	Decline by R7 million	Decline by R21 million	Improve by R49 million
	SMMEs supported	Number of days within which SMMEs invoices are paid	SMME invoice paid within 22 - days	SMME invoice paid within 30 - days	SMME invoice paid within 30 - days	SMME invoice paid within 30 - days	SMME invoice paid within 30 - days	SMME invoice paid within 30 - days

2022 - 23 Annual Performance Plan

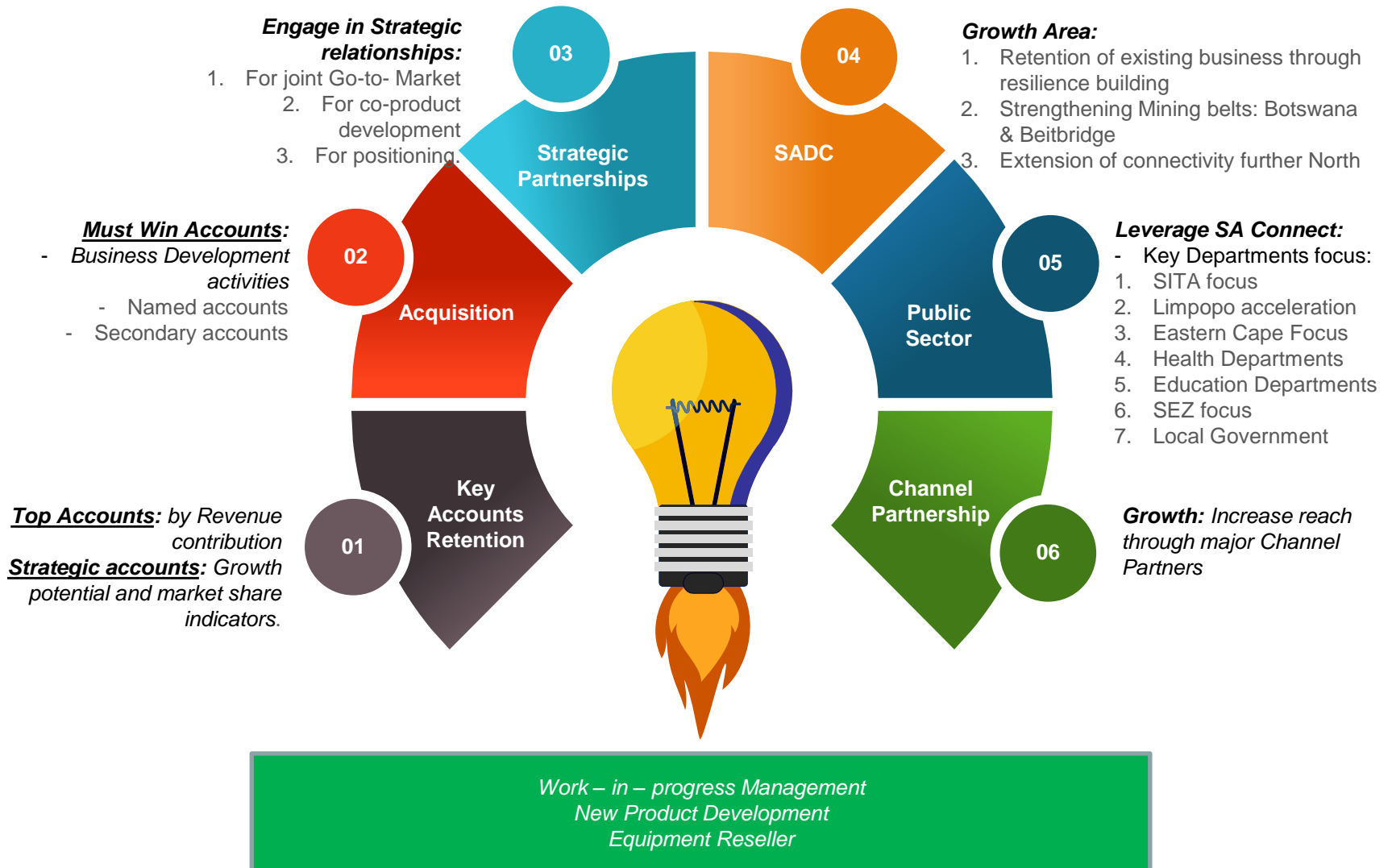
OUTCOME	OUTPUTS	KPI	2021/22 BASELINE	2022/23 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
2. An organisation enabled to deliver upon the mandate	Drive SOC Rationalisation process	Integrated BBI and Sentech	Consultation of key stakeholders	Implement merger and integration of BBI and Sentech	Finalise the integration plan	BBI move offices to Sentech	Implement integration plan	Complete Integration
	Aligned HR Capacity building and optimisation	Percentage of payroll spend on training per annum	0.88% of the salary bill spend on Targeted training and development by end of year	2% of the salary bill spend on training annually	Compile Workplace Skills Plan and Annual training report	Training spent at 0.60% of payroll	Training spent at 0.70% of payroll	Training spent at 0.70% of payroll
	Improved Corporate Governance	Unqualified external audit report maintained	Unqualified external audit report	Maintain unqualified external audit report	Resolve external audit findings	Resolve external audit findings	Resolve external audit findings	Resolve external audit findings
3. An increased base achieved through customer fulfilment and state-of-the-art infrastructure and services	Expanded network ensuring robustness and resilience	Improve Actual Time to Restore Core Network Faults	6.3 hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults
		Percentage of gross revenue paid as network performance rebates	1.54% of gross revenue	≤0.3% of gross revenue	≤0.3% of quarterly gross revenue	≤0.3% of quarterly gross revenue	≤0.3% of quarterly gross revenue	≤0.3% of quarterly gross revenue
4. The preferred partner of Government in enabling the digital transformation	SA Connect Sites delivered and maintained	Number of SA Connect Sites connected to BBI network	713 SA Connect Sites connected to BBI Network	Maintain 713 SA Connect Sites connected to Broadband Infraco Network	Maintain 713 SA Connect Sites connected to BBI Network	Maintain 713 SA Connect Sites connected to BBI Network	Maintain 713 SA Connect Sites connected to BBI Network	Maintain 713 SA Connect Sites connected to BBI Network

2022 - 23 Annual Performance Plan

OUTCOME	OUTPUTS	KPI	2021/22 BASELINE	2022/23 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
4. The preferred partner of Government in enabling the digital transformation	SA Connect Sites delivered and maintained	Number of Points of Presence refurbished	0 PoPs refurbished	Refurbish 20 PoPs to support SA Connect Phase 2 roll out.	Run procurement processes to appoint resources	Refurbish 6 PoPs	Refurbish 6 PoPs	Refurbish 8 PoPs
		Number of USAASA Sites connected to BBI network	0 sites connected	Connect services to 412 sites under the USAASA SA project	Run procurement processes to appoint contractors	Connect 100 sites to BBI network	Connect 150 sites to BBI network	Connect 162 sites to BBI network
5. Facilitated Socio-Economic Transformation	SMMEs supported	Number of SMMEs allocated installation work	Three SMMEs allocated installation work	Three SMMEs allocated installation work	Identify the SMMEs	Allocate work to first SMME	Allocate work to second SMME	Allocate work to third SMME
		Percentage of total discretionary budget to be spend on B-BBEE	105% of total discretionary budget spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE
		Percentage of total B-BBEE spend to be spend on black-owned entities (BOE)	40% of total spend B-BBEE spend on black-owned entities	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE

2022 - 23 Annual Performance Plan

OUTCOME	OUTPUTS	KPI	2021/22 BASELINE	2022/23 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
5. Facilitated Socio-Economic Transformation	SMMEs supported	Percentage of total spend on BOEs to be spend on Black Women-Owned entities (BWOE)	55% of total spend on BOEs spend on (BWOE)	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE
		Improve B- BBEE Level	Verification audit in progress	Improve B- BBEE Level to Level 3	Appoint service provider	Conduct verification audit		
	Connected schools	# of Schools provided with broadband connectivity	Two schools provided with broadband connectivity	Broadband connectivity provided to one school	Identify the province and the school	Commit to adoption of school and perform a site visit performed	Acquire connectivity equipment	Train teachers and learners on the use of equipment



Financial Position



	Year end 31-Mar-22 Projection R'000	Year end 31-Mar-23 Budget R'000	Year end 30-Mar-24 Budget R'000	Year end 31-Mar-25 Budget R'000	Year end 31-Mar-26 Budget R'000	Year end 31-Mar-27 Budget R'000
Assets						
Non-current assets	897 336	1 402 108	1 451 669	1 334 992	1 177 422	1 038 748
Property, plant and equipment	887 263	1 389 262	1 439 962	1 324 423	1 167 992	1 030 458
Deferred Expenses	10 073	12 846	11 707	10 568	9 429	8 290
Current assets	193 466	(69 453)	26 826	(1 125)	25 469	35 519
Cash and cash equivalents	146 483	(156 054)	(53 649)	(113 267)	(95 838)	(99 720)
DCDT Advance Payment	-	-	-	-	-	-
Short term portion of deferred expense	1 139	1 139	1 139	1 139	1 139	1 139
Trade and other receivables	45 844	85 462	79 336	111 003	120 168	134 100
Total assets	1 090 801	1 332 655	1 478 494	1 333 867	1 202 891	1 074 268
Equity and liabilities						
Equity attributable to owners of the parent	260 291	69 173	131 978	120 252	159 260	297 682
Share capital	1 829 530	1 829 530	1 829 530	1 829 530	1 829 530	1 829 530
Shareholders' loan - DTPS	-	-	-	-	-	-
Shareholders' loan - IDC	-	-	-	-	-	-
Retained earnings	(1 569 239)	(1 760 357)	(1 697 552)	(1 709 278)	(1 670 270)	(1 531 848)
Non-current liabilities	642 329	789 897	737 955	631 722	458 740	341 876
Interest-bearing debt	218 847	505 320	552 367	401 883	184 650	67 786
Deferred revenue	423 482	284 577	185 588	229 839	274 090	274 090
Current liabilities	188 181	473 586	608 562	581 893	584 892	434 711
Trade and other payables	86 885	181 207	292 909	287 507	266 163	267 942
Current portion of deferred revenue	68 237	68 237	130 527	55 749	55 749	-
Finance Lease Liability	30 333	30 333	30 333	30 333	30 333	30 333
Short term portion of long term loan	-	191 362	152 346	160 598	173 607	66 777
South Africa Revenue Services - PAYE and VAT	2 725	2 446	2 446	47 705	59 040	69 659
Total liabilities	830 510	1 263 483	1 346 517	1 213 614	1 043 631	776 587
Total equity and liabilities	1 090 801	1 332 655	1 478 494	1 333 867	1 202 891	1 074 268

Assumptions

Capex

Cashflow

Funding

Financial Performance



	Mar-22 Year end Projection R'000	Mar-23 Year end Budget R'000	Mar-24 Year end Budget R'000	Mar-25 Year end Budget R'000	Mar-26 Year end Budget R'000	Mar-27 Year end Budget R'000
Continuing operations						
Total revenue	445 920	579 044	919 043	869 012	872 392	965 158
Anchor Customers	114 725	92 254	93 670	95 249	97 021	99 025
MNOs	44 158	51 490	64 105	80 131	100 163	125 204
SA Connect	139 472	141 174	141 174	141 174	141 174	141 174
USAASA SA Connect	0	25 493	79 877	74 778	0	0
National Revenue	74 838	200 840	465 645	395 651	443 801	500 499
WACS	72 727	67 793	74 572	82 030	90 233	99 256
<i>Year on Year Growth</i>	<i>17.6%</i>	<i>29.9%</i>	<i>58.7%</i>	<i>-5.4%</i>	<i>0.4%</i>	<i>10.6%</i>
Cost of Sales excluding depreciation	273 908	340 758	389 101	399 186	368 781	384 442
Cost of Sales	388 724	485 534	536 724	551 938	506 666	502 503
<i>Year on Year Growth</i>	<i>60.0%</i>	<i>24.4%</i>	<i>14.2%</i>	<i>2.6%</i>	<i>-7.6%</i>	<i>4.2%</i>
Gross Profit	57 196	93 510	382 319	317 073	365 726	462 655
<i>Gross Profit</i>	<i>12.8%</i>	<i>16.1%</i>	<i>41.6%</i>	<i>36.5%</i>	<i>41.9%</i>	<i>47.9%</i>
Other income	-	-120	-126	-132	-139	-146
<i>Year on Year Growth</i>	<i>6.8%</i>	<i>40.3%</i>	<i>4.4%</i>	<i>3.3%</i>	<i>3.5%</i>	<i>5.0%</i>
Operating expenses	180 460	253 275	264 425	273 126	282 637	296 769
Results from operating activities	(123 264)	(159 885)	117 768	43 815	82 950	165 740
Finance income	1 125	1 100	1 155	1 213	1 273	1 337
Finance charges and fair value movements	(23 799)	(32 632)	(56 431)	(57 082)	(45 561)	(29 019)
Interest and facility fee	(24 126)	(32 632)	(56 431)	(57 082)	(45 561)	(29 019)
Foreign exchange and fair value gains/(losses)	328	-	-	-	-	-
Profit/(loss) before taxation	(145 937)	(191 417)	62 492	(12 054)	38 662	138 059
Taxation	-149	298	313	329	346	363
Profit/(loss) for the year	(146 086)	(191 118)	62 805	(11 725)	39 008	138 421
EBITDA	9 913	3 071	284 479	216 610	241 881	305 899
Employee Cost as % Revenue	22.8%	21.0%	13.7%	14.8%	15.5%	14.7%

Revenue Detail

Head Count

Statement of Cash Flow

	Year end Projection 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 30-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000	Year end Actual - Audited 31-Mar-27 R'000
Cash flows from operations	(85 876)	(83 886)	367 061	195 741	268 441	250 117
Cash flows from operating activities	(23 001)	(31 532)	(55 276)	(55 869)	(44 288)	(27 682)
Finance income received	(24 126)	1 100	1 155	1 213	1 273	1 337
Impairment of fixed assets	-	-	-	-	-	-
Unrealised foreign exchange gain/ (loss) difference reversed	-	-	-	-	-	-
Finance charges paid	1 125	(32 632)	(56 431)	(57 082)	(45 561)	(29 019)
Taxation paid	-	-	-	-	-	-
Cash (used in)/ generated from operations	(108 877)	(115 417)	311 784	139 872	224 153	222 436
Cash flows from investing activities	(51 122)	(664 955)	(217 411)	(57 257)	(2 500)	(2 625)
Proceeds on disposal of property, plant and equipment and intangible assets	-	-	-	-	-	-
Additions to property, plant and equipment and intangible assets	(51 122)	(664 955)	(217 411)	(57 257)	(2 500)	(2 625)
Additions to other investments	-	-	-	-	-	-
Cash flows from financing activities	218 847	477 835	8 032	(142 232)	(204 225)	(223 693)
Shareholders' loan received	-	-	-	-	-	-
Loans (repaid) received	218 847	477 835	8 032	(142 232)	(204 225)	(223 693)
Increase in net financial assets	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	58 847	(302 537)	102 405	(59 617)	17 428	(3 882)
Net cash and cash equivalents at beginning of year	87 636	146 483	(156 054)	(53 649)	(113 267)	(95 838)
Net cash and cash equivalents at end of year	146 483	(156 054)	(53 649)	(113 267)	(95 838)	(99 720)

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Critical External Enablers to ensure sustainability

- Approval by USAASA from National Treasury to appoint BBI for the rollout of SA Connect sites in OR Tambo and Pixley Ka Seme
- Approval by Executive Authority to implement the BBI Network Investment Strategy
- Execution of sales strategy to meet growth in key accounts
- SOE arrear account resolved and up to date

Revenue

- SA Connect Phase 1A and 1B sites – 713 sites connected and to be maintained, Signed Contracts, High and low probability pipeline
- Contracts expiring during 2021/22 will be renewed at specific probability rates based on client relationships and values based on prevailing market pricing
- Revenue growth is supported by a detail pipeline
- The network Investment strategy and USAASA sites are included in the Budget

Cost of Sales

- Cost of Sales based on actual contracted costs
- Includes access network service provider costs
- Provision made for Network Investment Strategy and additional USAASA sites
- New contracted costs for Eskom and TFR included, including additional fibre to mitigate AdLash

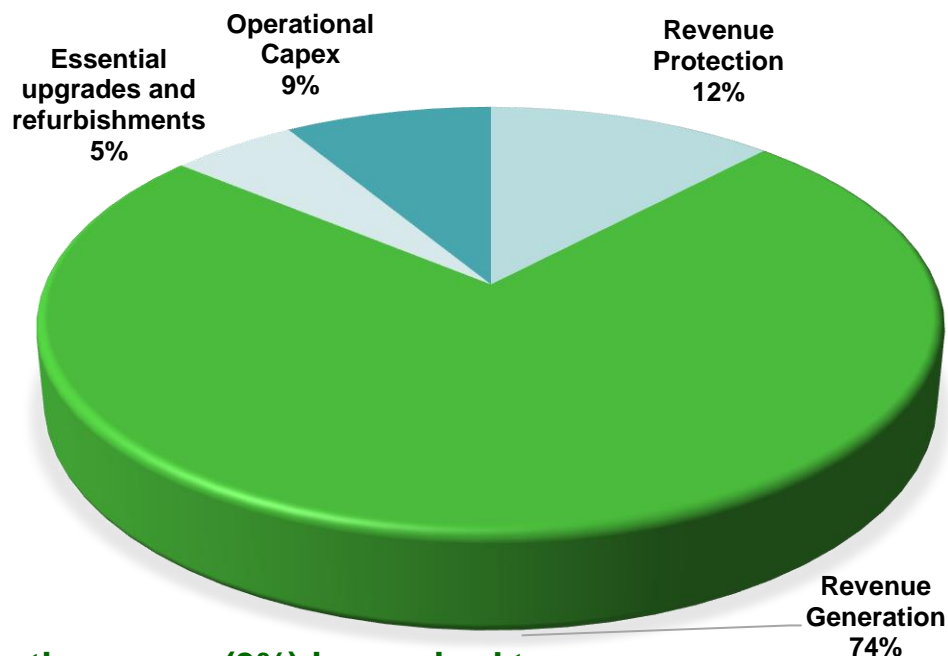
Expenditure

- Zero-based Budget, line by line, bottom-up approach was followed, per cost centre
- Specific inflation factored i.e. IT costs and building rentals
- Co-sourcing costs to rollout Network Investment Strategy and USAASA ORT and PKS included
- 5% Salary increases budgeted for in 2022

Employees

- Employees head count at 172, including 52 interns and trainees
- The filling of critical vacancies done through outsourcing model as moratorium remain enforce

Capex- Classification



Operation capex (9%) is required to ensure continues monitoring of the network and includes new commercial vehicles, security upgrades, technical tools and splicers.

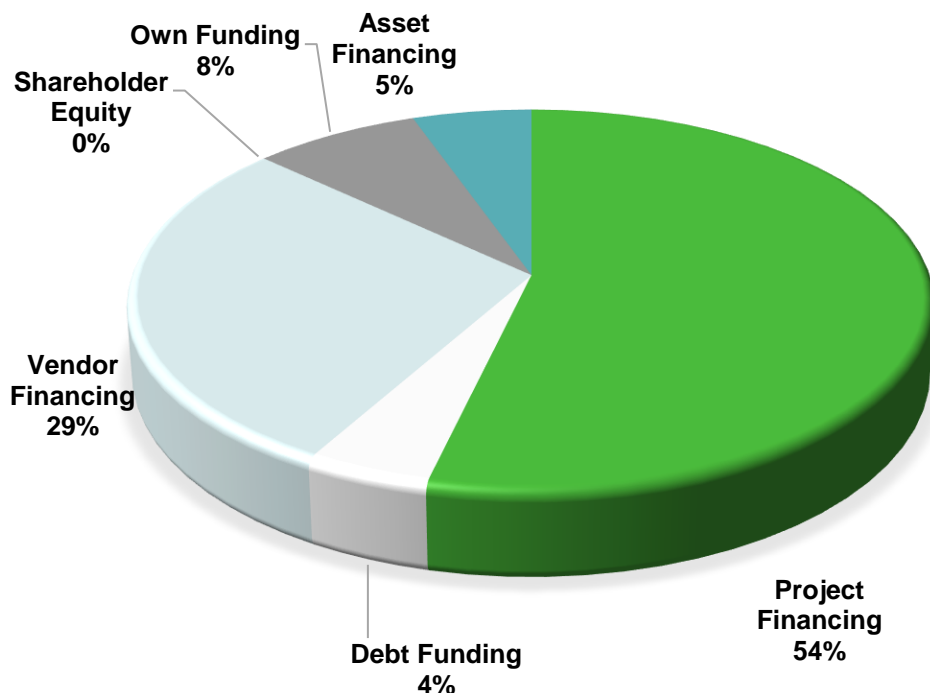
- Generation of revenue projects will be most important (74%) in delivering services customers, and includes 2Tbps network capacity upgrade.
- Essential upgrades and refurbishments (5%) will ensure better network autonomy and management and includes the SDH to IP network upgrade.
- There will be a focus on Protection of revenue (12%), within above principles. This will include replacement of critical sections of AdLash fibre and relocation of data centres.

Strategic Plan Capex Classification (R'000)	2022/23	2023/24	2024/25	2025/26	2025/27	Total
Revenue Protection	R 75 261	R 2 875	R 0	R 0	R 0	R 78 136
Revenue Generation	R 459 985	R 149 852	R 0	R 0	R 0	R 609 837
Essential upgrades and refurbishments	R 33 050	R 14 840	R 19 992	R 0	R 0	R 67 882
Operational Capex	R 54 085	R 34 129	R 35 785	R 0	R 0	R 123 999
Total	R 622 381	R 201 696	R 55 777	R 0	R 0	R 879 854

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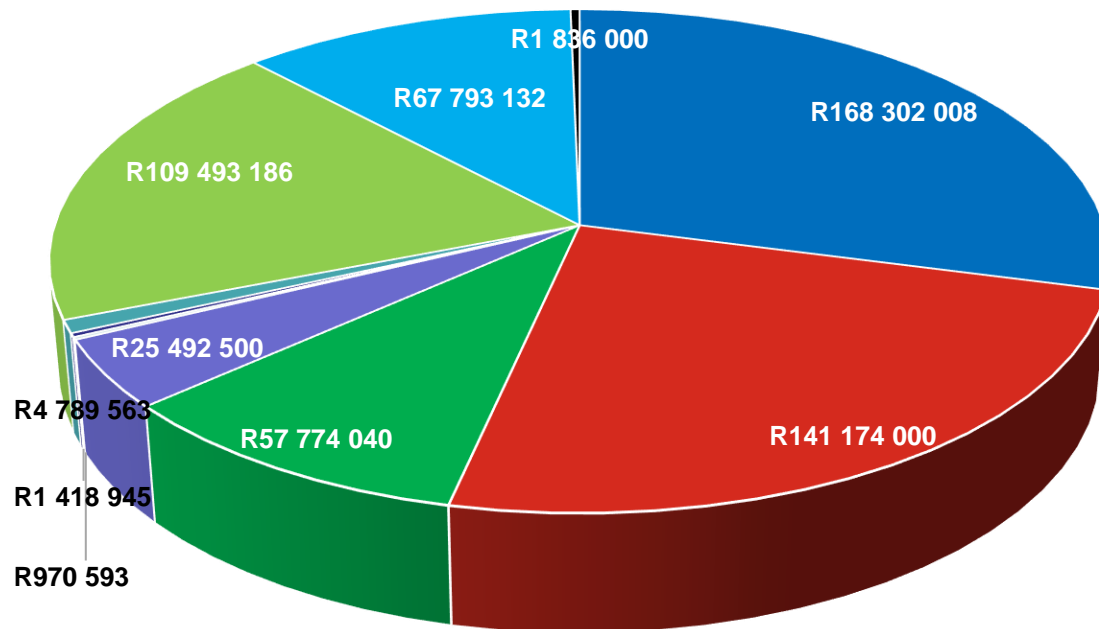
Funding

Funding Mixture	Project Financing	Debt Funding	Vendor Financing	Shareholder Equity	Own Funding	Asset Financing	Total
Amount	R 334 302	R 28 250	R 178 175	R 0	R 47 762	R 33 892	R 622 381
% Required	54%	5%	29%	0%	8%	5%	100%



- Total funds to be raised in 2023 is R622 mil
- R34 mil **Asset Finance** for Motor Vehicles, New laptops, standby generators and NOC TC Screens
- R334 mil from **Project Finance** to fund specific capacity upgrades on 1.2TB upgrade, cooling and secondary routes to SADC countries
- R28 million **Debt Funding** to supplement funding generated from operations required for customer and refurbishment projects
- R178 million from **Vendor Financing** to fund the upgrade from SDH to IP network and OSS/BSS.
- Sustainable assets and WACS Upgrade of R48 million financed through **equity**

Revenue Analysis



- Existing Revenue
- Network Investment Strategy
- High Probability
- Renewals
- WACS
- SA Connect
- USAASA Districts
- Low Probability
- Growth in existing
- KZN EDTEA

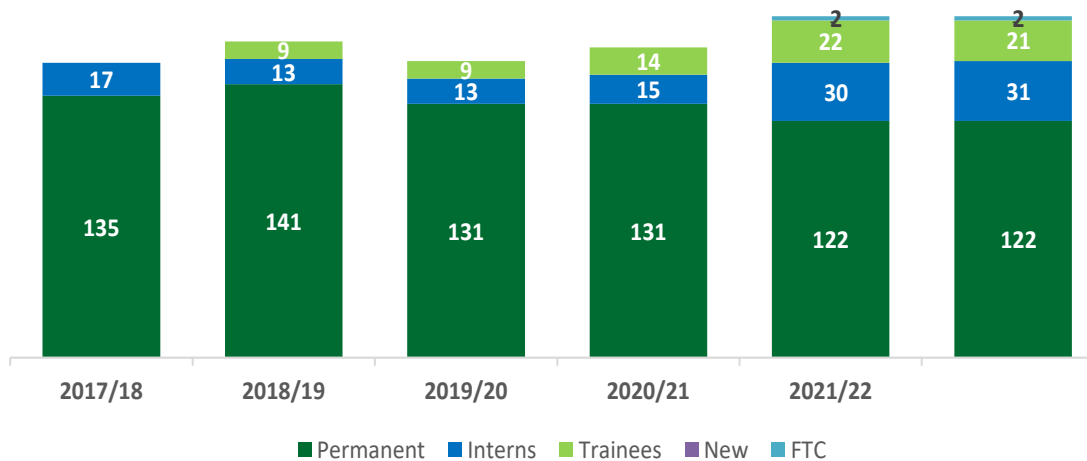
- Total revenue of R168 million (29%) existing
- High Probability Revenue (>80%) R1 million (0.2%)
- Low Probability Revenue (<80%) R1.4 million (0.3%)
- SA Connect contracted sales of R141 million (24.4%)
- SA Connect USAASA sites of R25 million (4.4%) included
- WACS revenue of R68 million (11.7%) included.
- Network Investment Strategy revenue of R58 million (10.0%) included
- Renewal revenue of R5 million (1%) included.
- Growth of existing and new customers of R109 million (18.9%) included
- KZN EDTEA R2 million (0.3%)

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Operating Expenses - Salaries



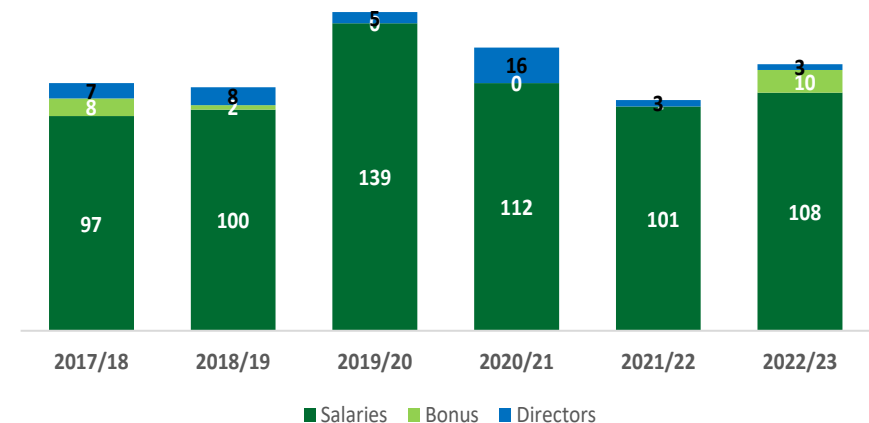
Head Count



- 31 Interns
- 21 Trainees
- 122 Permanent Employees
- 2 Fixed Term Contractors current employed

- 5% COLA salary adjustment budgeted
- R10 million provision for retention bonuses
- Overall cost level increase by 20% as a result of the reversal of the 2021 provision for performance bonus in 2022, and zero provision for any bonus in 2022

Employee Expenses



#	Risk	Mitigation
1	Lack of funding	<ul style="list-style-type: none"> Stakeholder engagement regarding new sources of funding Applications for loans from capital markets Access to SDIC balance sheet & reserves Shareholder & Board awareness of BBI's plight Ensure clarity on BBI's future business model and the need for the financing of BBI's developmental mandate
2	Merger / integration of BBI & SENTECH to form SDIC does not happen or is significantly delayed	<ul style="list-style-type: none"> Full leadership commitment & support for the SDIC integration process Use of scenarios to better understand other strategic pathways to the future Ongoing engagement with SENTECH & shareholders to ensure visibility and to accelerate wherever possible Honest, frank, and robust consultations & negotiations
3	Impact of Covid_19 and related Strains	<ul style="list-style-type: none"> Monitor progress on lockdown and working from home. Maintain IT capacity to ensure sufficient support to employs. Ensure compliance with the Disaster Management Guidelines provided by the Shareholder and Government.

#	Risk	Mitigation
4	Regulatory Licensing constraints	<ul style="list-style-type: none"> Partnership with SENTECH to access ECN license Purchase of license on open market Application to ICASA for own license
5	(Inability for BBI to respond to rapid changes in the market and technology)	<ul style="list-style-type: none"> Development of futures mindset including technology forecasting & market analysis Visits to leading edge suppliers and competitors Attendance at industry conferences and think tanks Effective Research & Development capability Ongoing budget for technology 'skunkworks' Increased focus on innovation
6	Low employee morale	<ul style="list-style-type: none"> Lobbying for lifting of moratorium Effective change enablement Alignment of employees behind BBI / SDIC strategy Employee satisfaction / climate survey Culture shaping initiatives Ongoing communication & consultation

#	Risk	Mitigation
7	Margin pressure	<ul style="list-style-type: none"> 1. Embed and continue to optimise pricing strategy. 2. Alternative technology from different five suppliers is currently being tested at the Lab in order to bring in other service providers. Recommendations from the tests will be implemented with SCM. 3. Improve end-to-end project execution process to deliver on sold business timeously. 4. Continue to source appropriate funding on bankable projects.
8	Customer defections, especially major Customers	<ul style="list-style-type: none"> Ongoing communication and engagement Pro-active maintenance wherever possible Anticipation of potential challenges in Customer relationships Increased network availability stability, including the development of additional network redundancy, wherever possible.

#	Risk	Mitigation
9	Increased vulnerability to cyber-attacks & related threats	<ul style="list-style-type: none"> Cybersecurity Policy & Strategy required Regular threat and intrusion tests and assessments Back up of mission critical data and systems on separate servers or 'mirrored' sites Training in cybersecurity for all employees.
10	Competition from non-ICT SOCs	<ul style="list-style-type: none"> Resolve all outstanding billing / contractual issues with SOCs Engage directly with SOCs to secure long term commitment to access to their fibre networks Engage with the shareholder to enable cross-Ministerial interaction to ensure compliance with stated government policy Develop innovative value-sharing arrangements to incentivise co-operation and collaboration

Benefits of SOC Rationalisation

Strategic positioning

1. Overlay of BBI and Sentech network & interconnection points
2. Use BBI's network and new satellite technology to drive digital migration and shift away from terrestrial signal distribution
3. A combined BBI Sentech cable network enhancing SABC OTT streaming platform
4. Extension of current BBI and Sentech footprint and reach
5. Capability to digitize health, education and Government services

I/S Optimisation

1. Revenue Enhancement:
 1. New Products & services
 2. Revised pricing and offering to be more agile and competitive
2. Cost optimization:
 1. Rationalisation of duplicated or overlap roles in roles and functions
 2. Rationalisation of vendors
 3. Colocation in properties owned vs leased where overlap exists
3. Duplicated overheads (audit fees, insurance, security etc.)

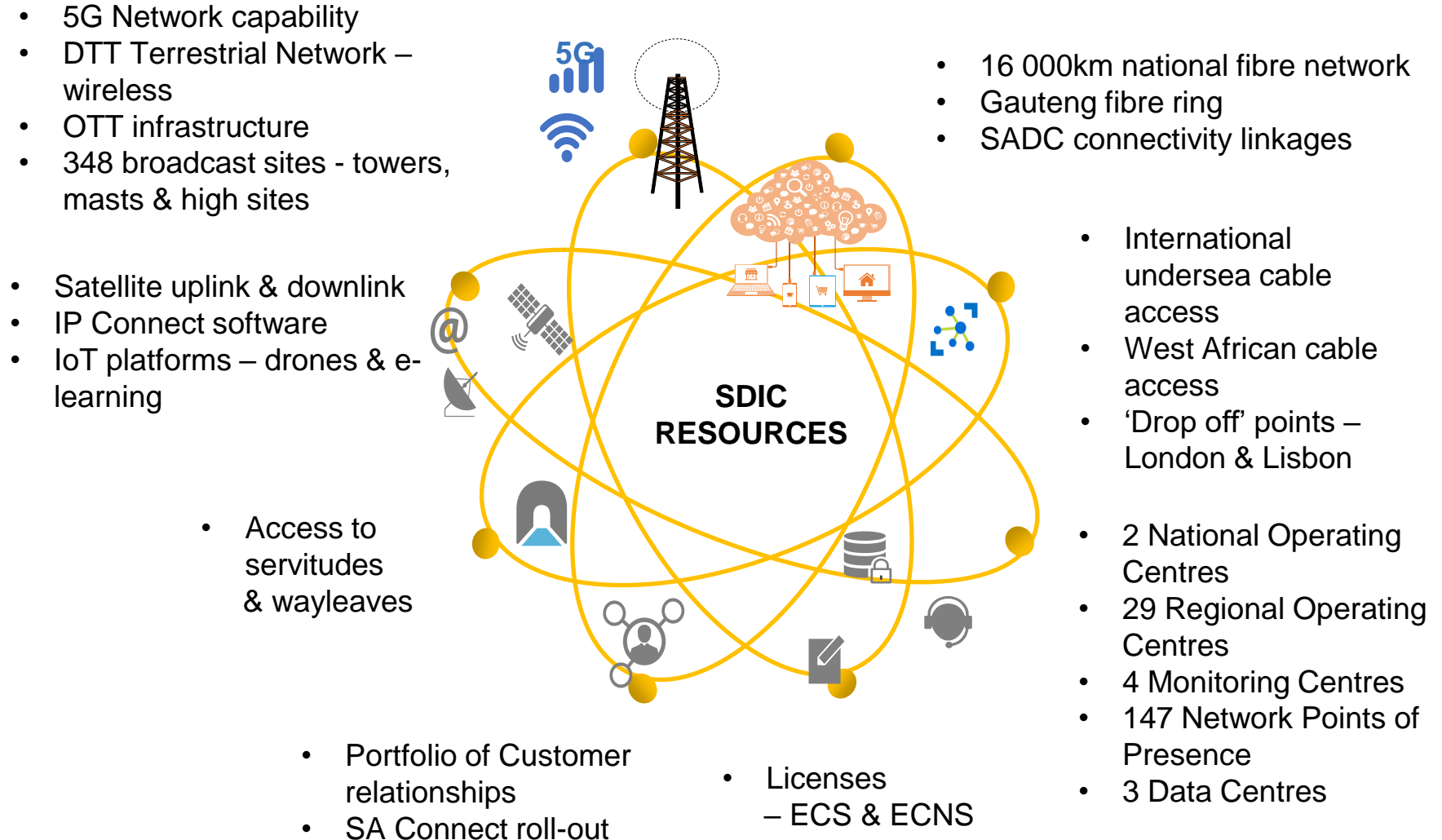
B/S and Tax enhancement

1. Optimisation of working capital
2. Stronger balance sheet
3. Rationalisation of properties
4. Tax structuring that limits direct and indirect tax exposure and leverages BBI's assessed loss

Multiple uplift

1. Build a positive perception of the combined business.
2. Improved network and reliability
3. Aligned culture and ways of work
4. Retention of key staff

Combined Capability for SDIC



THANK YOU