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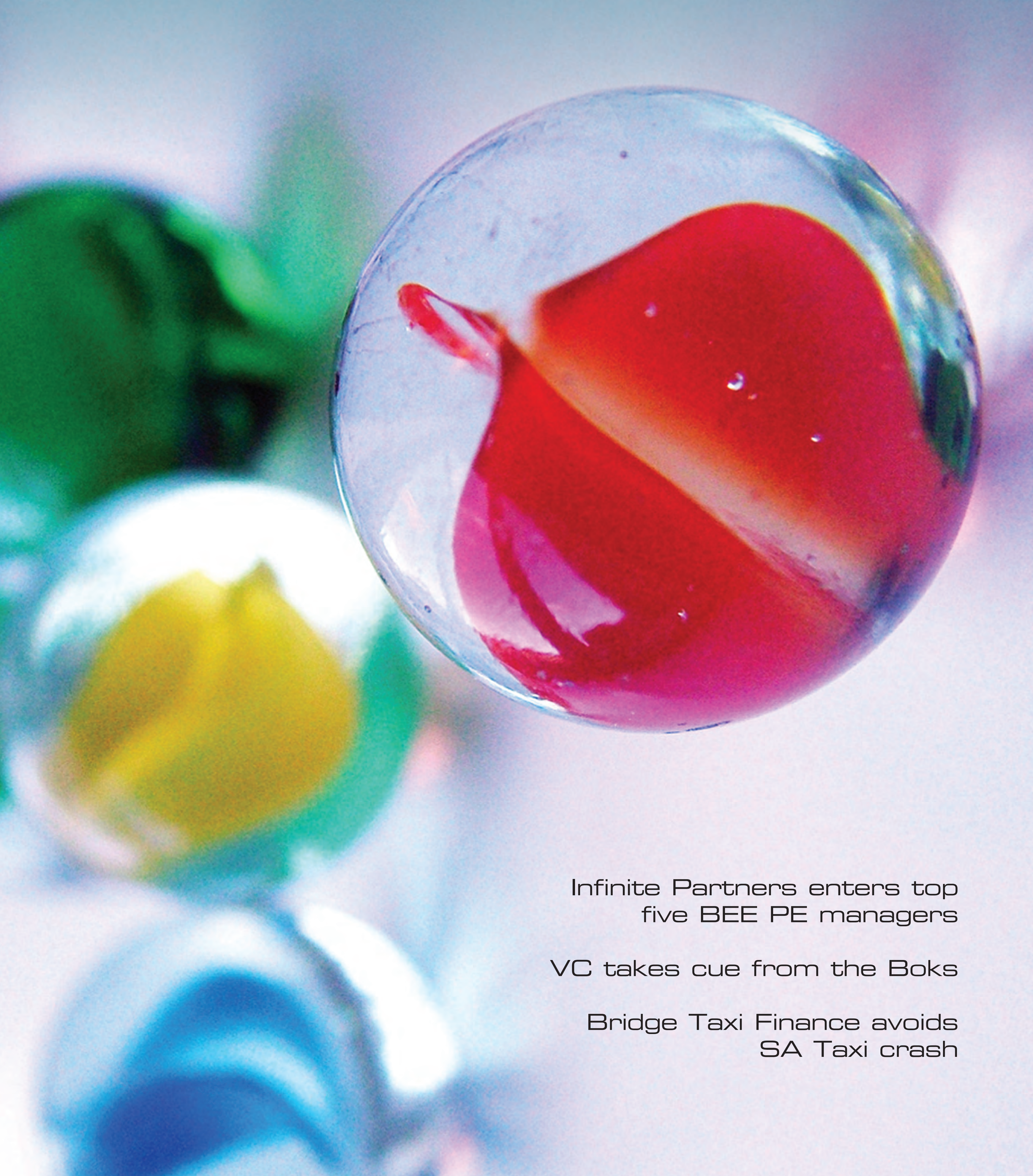

Infinite Partners enters top five BEE PE managers

VC takes cue from the Boks

Bridge Taxi Finance avoids SA Taxi crash

FROM THE EDITOR'S DESK

In the world of private equity dealmaking, success often hinges on a delicate balance of vision, strategy, teamwork and adaptability. Drawing inspiration from unexpected sources can illuminate new paths to success. One such source is the back-to-back World Cup-winning Springboks rugby team, whose journey under the guidance of head coach Jacques Nienaber and South Africa's Director of Rugby, Rassie Erasmus, holds invaluable lessons for dealmakers seeking to navigate the cutthroat world of dealmaking.

Ever since Rassie gained infamy for publishing "that" video, following defeat to the Lions in the first test in July 2021, the Bok 'brains trust' realised that there's far more to gain by respecting the referee, rather than railing against marginal decisions. And the Boks were almost sickly sweet to the officials in France, but this clearly paid off – consciously or subconsciously – as the referee in the final, Wayne Barnes, seemed to blow many of the 50/50 calls for the Boks. Navigating complex deals and negotiations requires a foundation built on trust and adherence to established protocols.

The Springboks' approach to handling injuries and crises holds insights for businesses dealing with unexpected challenges in M&A. Losing Bongi – the only recognised first choice hooker in the squad – in the second minute of the final called for calm heads, and Deon Fourie, a retreaded flanker, entered the gladiatorial arena and delivered in the heat of battle, because the unexpected had been planned for. Swift and composed decision-making in high-pressure situations is essential for both worlds.

M&A leaders can learn from the role of a rugby scrum-half in understanding the strengths of all team members involved in a deal. Quick, adaptive decision-making is a shared demand in both domains.

In the South African context, the Boks offered up probably the single most important lesson for business leaders and dealmakers alike: the importance of diversity in team building.

Erasmus cites the rise of the first black Springbok captain and now national hero, Siya Kolisi, and a host of first choice elite players in their positions – from Bongi Mbonambi to Trevor Nyakane, and from Cheslin Kolbe, Kurt-Lee Arendse, Lukhanyo Am, Marvin Orie and Ox Nche to Damian Willemse, Grant Williams and Jaden Hendrikse – and the transformation of the team as an achievement he ranks higher than winning the World Cup. In his book, *Rassie*, he points to his creation of the Elite Player development programme inside SA Rugby as the key to this talent being given a pathway to rise to the top.

The Springboks' approach to team composition aligns with the significance of diversity in building successful M&A teams. Harnessing the strengths of individuals with diverse backgrounds and skill sets enhances the depth and effectiveness of dealmaking teams.

Beyond these on-field parallels, the Springboks' success story offers a trove of wisdom for private equity dealmakers.

Obviously, a clear vision and well-defined strategy are crucial in mergers and acquisitions, and examples of successful M&As driven by a strong vision and strategy abound.

The Springbok team's mantra has always been, "let the main thing stay the main thing", which has meant a strategy of focusing on doing whatever it takes to win rugby matches. But it has been done under the banner of "Stronger Together" – a vision and a call for all people to unite for the greater good.

So, in this rare moment in South Africa, let us bask in something that is far from the broken reality of our daily existence of blackouts and water shedding, and a reminder of what can be achieved if we embrace our diversity and nurture our talents to ensure that the best rise to the top.

Thank you Bokke, for the gift of hope. ◆

Michael Avery

Contents

Catalyst

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Navigating South Africa's Private Equity Landscape with Vision and Tenacity

In the hallowed halls of South Africa's private equity arena, one name stands out: Infinite Partners. Established in the wake of a strategic spin-off from Ethos, this visionary outfit, led by Edward Pitsi and his accomplished co-founders, has rapidly emerged as a force to be reckoned with. In an exclusive conversation, Pitsi shared insights into the birth of Infinite Partners, its unique focus on the mid-market, and its unwavering commitment to driving value in a dynamic economic landscape.

According to 27four's latest annual BEE.conomics report, the largest BEE private equity firm in South Africa is Convergence Partners – founded by Andile Ngcaba and Brandon Doyle – with R5,5bn.

After Convergence Partners, Third Way Investment Partners (R3,6bn), RH Managers (R3,3bn), Infinite Partners (R3,2bn), and Sanlam Private Equity (R3,0bn) make up the five largest BEE private equity managers, and the sector has raised R43,7bn.

Edward Pitsi

But it is the story of Infinite's rise that is quite remarkable, and Edward Pitsi brings a distinctive approach to his private equity game, navigating the complexities of the investment landscape in South and sub-Saharan Africa like the seasoned manager of a football club. Catalyst caught up with Pitsi recently, after the firm entered the top five ranking of the league of black-owned private equity firms.

The Spin-Out Play

Much like a football team refining its strategy for the season, Infinite Partners made a pivotal move in late 2022. After a successful stint at Ethos, Pitsi and his partners, having laid a solid foundation, embarked on a spin-out. The aim was clear: to forge their path in private equity with a sharp focus on the mid-market.

"I think we, my partners and I, had been at Ethos for a significant period, about ten and nine years respectively," explains Pitsi. "We had established a robust leadership team for the fund, particularly the Ethos Mid-Market fund, a R2,5bn endeavour. As we considered the evolving market landscape and customer needs, we initiated a conversation with the Ethos leadership, which was conducted in excellent spirits. This led to a successful agreement regarding the spin-out. What we're most proud of is the unanimous support from our investors—100% endorsement from our LPs. That was an extraordinary vote of confidence."

Infinite's Mid-Market Advantage

Choosing the mid-market space is akin to targeting the less-charted territories on a football field. It allows Infinite to uncover hidden opportunities and engage with businesses that larger institutions might overlook, much like a football manager discovering underappreciated gems in the transfer market; unearthing businesses with untapped potential, below the radar of mainstream investors.

"If you read all the headlines around some of the macros, sometimes it can be a little bit morbid," says Pitsi. "The country has faced quite a few challenges, along with a couple of

> Infinite's investment in E4 exemplifies their methodical approach. The software-as-a-service company operates in Proptech and data aggregation, and Infinite identified the potential of this market through meticulous sector analysis.

others in the global economy. But a mid-market focus allows you to go and look under the radar. It allows you to go and look where large asset management firms aren't necessarily looking. And we do think that, at some point, there is a line where a dislocation does occur; where we're able to go and negotiate transactions on a proprietary basis, come up with the appropriate capital structures, and really build partnerships with the founders of these businesses, the professional management teams of these businesses.

"But what I like about it is that all successful economies, globally, have a burgeoning private sector in the unlisted space where people are doing innovative things, and that's really why we look to play in that space."

E4: A Stellar Play

Infinite's investment in E4 exemplifies their methodical approach. The software-as-a-service company operates in Proptech and data aggregation, and Infinite identified the potential of this market through meticulous sector analysis. By leveraging their insights and sector expertise, they swiftly secured the deal, illustrating their proficiency in identifying and capitalising on promising opportunities.

"This came about following quite a protracted period where we were doing deep sector dives, and one of the areas that we were looking at was the idea of software-as-a-service. If you look internationally, you've got Robert Smith's private equity firm. They are a dedicated software-as-a-service shop. And we had some conversations with people across there to understand why they like these types of businesses.

"Fortunately, the owners of that business were coming to the end of their investment period. Given the proprietary insights that we had, and some of the sector expertise that we had on our side, we were able to move quickly. It's a business in which we've now partnered with a professional management team who had a small shareholding in the business. We've since increased that, and we think that the technology that they have, whilst appropriate for the sector that they currently serve, can serve many, many other sectors in South Africa, as well as in other geographies. Speaking of other geographies, we've launched a business in the UK which does exactly what it does in South Africa. And we're working with several of the big banking institutions in that country. We believe there's a massive opportunity of which to take advantage. And it's a nice story – South African tech smarts winning on a global stage."

Expanding the Playing Field

While Infinite's roots are in South Africa, they're not confined by borders. They extend their reach to the broader African continent, seeking businesses with a strong South African base, but potential for expansion. This strategic move mitigates single-country risks, offering investors exposure to multiple markets.

While Pitsi says that they do play in the rest of the continent, he is altering the way that Infinite approaches investing in Africa, from a risk adjusted basis, in the new fund that they are raising.

"In our prior fund, we've invested in businesses with a strong South African base, but that had an ability to expand into other countries on the continent. And we've done that successfully with several assets. If you think of a business like Synerlitic – which is essentially an industrial laboratory business, operating in the testing, inspecting and certification sector – there, we have a phenomenal footprint across ten other countries. We've just opened a second lab in India as well. So, we've managed to expand that. And we like that model because we've got a strong anchor tenant asset with the management skills there. And we look to try and export those into the rest of the continent. So, if you think about it on a risk weighted perspective, we didn't take too much of a risk on territories north of our border.

"We've tweaked that slightly in the current fund that we're raising, where we can invest up to 25% of the capital directly into assets anchored in other countries on the continent. But that's a maximum, so you don't necessarily have to use it. But when I look at the pipeline, there are a couple of good assets that lend themselves to that. But the way that we try to approach it, we don't necessarily want to take single country risk. Rather, we want to have a look at assets that have representation in multiple countries. There are assets and sectors that lend themselves to hard currency exposure, so you're not necessarily taking local currency dynamics fully on board. A number of these markets are dollarised, which does take away a little bit of the risk, though it doesn't get rid of it completely. Those are the types of businesses that we're looking at on the rest of the continent."

Navigating the Economic Climate

Just as a football team adapts to changing game conditions, Infinite carefully manages the impact of market dynamics. With an eye on interest rates, they maintain a conservative stance on debt, prioritising the disciplined pricing of assets. Their approach ensures that they weather economic fluctuations, while preserving equity value growth.

Pitsi says that he and his team are massively disciplined about what they pay on entry price.

> "The country has faced quite a few challenges, along with a couple of others in the global economy. But a mid-market focus allows you to go and look under the radar. It allows you to go and look where large asset management firms aren't necessarily looking." Pitsi

"From a fund perspective, investors typically give you a fixed hurdle of 10%," he explains. "But if you do deploy debt in your acquisition funding for underlying portfolio companies, when rates start to run away with you, it does make it difficult to generate equity value growth. We'd rather be more conservative on debt. We look to keenly price assets when we go in. So, the biggest lever in our industry is making sure that you pay the right prices for the assets. If you overpay, you're going to be chasing your tail for five years.

"And from a gearing perspective, we're not pushing the debt multiples as high as we would have previously. E4 is a case in point. I think that, in a couple of months, the gearing on that asset will be below two times, which is quite phenomenal."

Diversity – The Winning Play

Diversity forms the core of Infinite's success. The founding team's long-standing collaboration is fuelled by what Pitsi refers to as radical honesty and mutual respect. This collaborative spirit extends to their portfolio companies, where diverse backgrounds and experiences converge, driving innovative thinking and optimal outcomes.

In navigating the complexities of private equity, Pitsi emphasises the importance of open, clear communication. Relationships are nurtured through candid conversations and informal engagements, allowing for effective collaboration. Backing leaders within portfolio companies and aligning incentives further strengthens the foundation for mutual success.

"We've adopted an approach of radical honesty with each other, but it also helps to like the people that you work with. We enjoy each other. And that doesn't change in tough times, nor does it change in good times. But the key thing for us is that it's happened organically. We haven't tried to put something like that together. We've got a track record of working together, and the theory is right: diversity, and not just diversity across race, which is a big focus area in South Africa; but for us, it's race, it's gender, it's past experiences. And you'll see it in some of the newer members of our team that we're looking to bring in. But that is a plus. There's diversity of thought. Sometimes you get some off the wall thinking, where – if you're a little bit of a square, like me – that takes a few minutes to consume and conceptualise and understand. But it just makes things very interesting. On a net-net [basis], I think it does help us to get to the right outcomes."

With a focus on the mid-market, a collaborative ethos, and an eye for strategic opportunities, Infinite demonstrates that in private equity, as in football, it's the team that makes the difference. ◆

A bridge to a better taxi industry in South Africa

In the bustling heart of South Africa's economy, a silent revolution is underway, powered by a subsidiary of Mokoro Holdings – Bridge Taxi Finance.

This development firm is not just offering financial support to the minibus taxi industry, but creating a holistic ecosystem, intertwining finance with logistics, credit solutions, parts supply, and vehicle servicing.

The minibus taxi industry is the lifeblood of South Africa's public transport, constituting over 70% of all public transit trips. It stands as the primary mode of transportation across the country. In this vibrant milieu, Bridge Taxi Finance is carving a niche, propelled by a €10m facility from Triodos Investment Managers. This funding marks the inaugural step in a promising journey, with a robust pipeline of international development finance and impact investors poised to join hands in catalysing Bridge Taxi Finance's mission.

Given the well-publicised collapse of SA Taxi, part of the Transaction Capital stable, this

funding comes at an opportune time as a key competitor stumbles. While conditions have been tough for taxi operators, the reliance of the majority of commuters in South Africa on this form of transport offers a degree of resilience and comfort to the funders.

Though privately owned, the minibus taxi industry is the most important cog of South Africa's public transport network, carrying roughly 15 million commuters to and from work daily, according to Stats SA's 2020 household survey. The survey also finds that South African households spend the equivalent of 12% of the country's GDP on transport. This ratio is far greater than in many other countries, including those of trading partners. Despite having similar levels of public transport usage, these countries only spend around 7% of their GDP on transportation.

While official numbers are hard to come by, reading through the recent Competition Commission Land Based Market Inquiry into Public Transport, there are roughly 200 000 to 250 000 minibus taxis operating in South Africa, and the National Taxi Alliance estimates that the industry generates at least R100bn annually, though it's common knowledge that the industry doesn't pay corporate or income taxes, apart from fuel levies.

That the minibus taxi industry is largely lawless goes without saying, with many operating without the requisite operating permits, with scant regard for the rules of the road, and brutally violent, with killings over routes a feature. But however unsurprising, the increase of violence over routes is not just the fault of the industry; it is symptomatic of yet more state failure.

Provincial Regulatory Entities (PREs) receive and decide on operating licence applications. Planning authorities in local government are in charge of giving direction to the PREs – such as whether to award, extend, change, or transfer operating licences – which must be based on five-year integrated transport plans, but the Commission has found that this is not being done.

Given this history, and limited access to legitimate business opportunities, it's little wonder that the industry is overtraded and infiltrated by mafia. And its profitability is dwindling too, judging by SA Taxi's numbers.

According to SA Taxi's research in 2020, the average short-route operator on the 23km route between Soweto and Johannesburg earned a profit of around R25,000 a month.

But, since COVID, this has deteriorated markedly. Fare increases haven't kept up with rising costs from interest rates, fuel and the price of the vehicle, where the average monthly instalment on a new vehicle has increased by over R6,000 over the last three years.

> "This transaction signals a pivotal moment in the inclusive finance sector of South Africa. Verdant Capital, serving as Bridge Taxi Finance's sole advisor, has introduced an investment structure that streamlines and simplifies the process for international impact investors."

Is it fair that taxi operators pay VAT on purchasing new taxis for commercial use? No, but then, again, they should also pay their fair share of income tax. Then there's still interest rates and fuel, which is probably the biggest input.

On the revenue side, there has been only one set of fare increases since COVID (with another one expected shortly), but this is hard to track because every association does something different. Added to this, SA Taxi's figures show commuter volumes still haven't returned to pre-COVID levels.

Government's taxi recapitalisation programme has had only limited success, and it's little wonder that operators are cutting corners, with unroadworthy vehicles rightfully being impounded. But that's where the idea of subsidisation becomes interesting, because any talk of a taxpayer funded subsidy of a private entity through the Department of Transport or any other mechanism, like local government, immediately brings with it some degree of accountability.

This will support the heart of Bridge Taxi Finance's operations, its clients – the entrepreneurial drivers who own and operate taxi businesses. The company's portfolio already encompasses over 4,700 such enterprising individuals, filling a crucial gap in the market. For many of these entrepreneurs, Bridge Taxi Finance provides a lifeline, offering them access to income-generating assets and enabling them to be active contributors to the economy.

Looking ahead, Bridge Taxi Finance is setting its sights on a future of electric vehicles, with feasibility studies already underway. This forward-thinking approach is driven by a founding team with over two decades of experience in development finance, emphasising the company's commitment to sustainability and innovation.

This transaction signals a pivotal moment in the inclusive finance sector of South Africa. Verdant Capital, serving as Bridge Taxi Finance's sole advisor, has introduced an investment structure that streamlines and simplifies the process for international impact investors. This strategic move is not only reshaping how capital flows into impact finance, but also promising a more inclusive and prosperous future for South Africa.

As Bridge Taxi Finance continues to pioneer change in the minibus taxi industry, the echoes of its impact will resonate far beyond the confines of this vital sector. It stands as a beacon of hope, illuminating a path towards a more inclusive and sustainable future for South Africa and its unique and enterprising entrepreneurs. ◆

Alitheia IDF weaves growth and resilience into the local textile industry

Since the advent of democracy in South Africa, imports have had a significant influence on the apparel and textile manufacturing business. But according to a manufacturing study released by Statistics South Africa in July 2023, nearly 121,000 jobs in the textile and garment industry were lost between 2005 and 2021.

That's why news of a strategic alliance between IVILI Group, a woman-owned textile enterprise, and Alitheia IDF, Africa's pioneering gender-focused private equity fund – injecting a substantial US$5m investment into the industry – is welcome. This landmark partnership is set to bolster local manufacturing capacity, foster employment, and rejuvenate expertise within the sector.


Polo Leteka


Lilitha Mahlati

The textile industry in South Africa has a long history of contributing to the national economy and is a key source of employment, particularly for women. Although the majority of textile manufacturing facilities are located in the Western Cape, KwaZulu-Natal, Gauteng and the Free State, the industry's economic advantages impact South Africa on a national scale.


Tokunboh Ishmael

The industry is founded on a distinct heritage of cultural traditions from the country's numerous provinces. Many families gain by selling clothes, fabric and traditional designs in many distant places where the textile industry is one of the only sources of official employment.

In 2019, an industry-wide master plan was created to assist sector expansion and procurement. This master plan also described how the government would deal with illegal material imports and encourage native industrial capabilities. The industry's future was clearer after its debut, but then the global epidemic struck.

The textile industry was immediately affected by COVID-19. Lockdowns had a significant economic impact on the supply chain, and sales and commerce fell significantly, though the industry has recovered since the pandemic's conclusion. During this time, e-commerce and internet shopping were big industry developments, but mostly for apparel, garments and fashion, rather than textiles and fabrics.

However, as the world grows more environmentally conscious, the future of sustainable fabrics seems promising, with trends towards sourcing and procuring locally manufactured clothing and textiles.

> "We are the first private equity fund manager in Africa prioritizing growth-stage companies with gender-diverse teams across the entire business value chain, poised to lead regional expansion and foster economic and social transformation." Polo Leteka

Comprising IVILI Loboya, a distinctive wool and cashmere processing facility situated at Ibika Industries in Butterworth, Eastern Cape, and IVILITEX, a state-of-the-art garment manufacturing plant strategically located at the heart of Cape Town's clothing and textiles hub, the IVILI Group stands at the forefront of textile innovation.

Co-founded by the late Dr Vuyokazi Mahlati, IVILI Loboya embodies a legacy of South African social entrepreneurship. Meanwhile, IVILITEX – with its expansive garment manufacturing facility in Epping, Cape Town – is primed to produce high-quality jeanswear for the local retail market. This facility features a cutting-edge jeans wash unit, integrating advanced technology from Spain, in collaboration with industry leader, Jeanologia. The result is a production process that maximises efficiency and output while minimising environmental impact.

With a commitment to bridge the divide between locally produced and imported apparel in South Africa's garment production landscape, IVILITEX stands poised to offer a solution for local retailers seeking large-scale, domestically manufactured garments. Since COVID, the push towards near-shoring or reshoring has certainly helped.

Lilitha Mahlati, CEO of IVILI Group, says that the Group is setting its sights on becoming Africa's premier textiles conglomerate, with the aim of increasing the proportion of locally-produced apparel in the domestic retail industry from the current 44% to an impressive 65% by 2030.

"For us, leading the textiles charge on the continent means uncompromising quality and delivering a technologically advanced, sustainable product to global markets," says Mahlati.

Alitheia IDF, a visionary $102m private equity fund co-founded by South African trailblazer Polo Leteka and Nigerian luminary Tokunboh Ishmael, strategically aligns with IVILI Group's ethos. The fund's investment strategy centres on empowering women-owned, women-led, or women-serving Small to Medium Enterprises (SMEs) with potential for regional scale and socio-economic impact.

"We are the first private equity fund manager in Africa prioritising growth-stage companies with gender-diverse teams across the entire business value chain, poised to lead regional expansion and foster economic and social transformation," says Leteka.

Recognising the pivotal role of the clothing and textile sector in sustainable industrialisation, employment creation and export growth, this deal underscores its strategic importance. ◆

AIIM keeps its cool in temperature-controlled logistics

In a strategic move to deepen its presence in the temperature-controlled logistics sector, African Infrastructure Investment Managers (AIIM), a subsidiary of Old Mutual Alternative Investments, has announced a substantial expansion of its Commercial Cold Holdings (CCH) platform.

This significant venture includes the acquisition of Sequence Logistics, a prominent player in temperature-controlled warehousing, distribution, and supply chain solutions across Southern Africa.

Under the leadership of AIIM Investment Director, Damilola Agbaje, CCH is poised to leverage enhanced equity commitments from AIIM-managed funds, AIIF4 and IDEAS Managed Fund, to fuel this transformative expansion.

Agbaje is enthusiastic about the potential of this acquisition.

"The deal will allow CCH to deliver on its mandate by securing attractive long-term partnerships with market-leading retailers, wholesalers and food producers," he says.

This strategic move comes hot on the heels of CCH's successful acquisition of CCS Logistics from Oceana Group Limited in 2022. With these two powerful acquisitions under its belt, CCH is primed to become a serious competitor in storage and load consolidation solutions in South Africa.

A key appointment to execute on this strategy is that of Paul Gibbons, a veteran with over two decades of experience in cold chain distribution and supply chain management. Gibbons, who now takes the helm as CEO, boasts a distinguished career that spans the orchestration of cold storage supply chains for over 30 FMCG food producers and three major retailers. He also brings his expertise to bear as Chair of the Global Cold Chain Alliance’s Africa advisory council.

Damilola Agbaje

Paul Gibbons

Gibbons envisions a technology-driven approach as part of the blueprint for CCH's ascent, outlining plans to operate storage across nine facilities, with approximately 146,000 pallets spread across Johannesburg, Cape Town, and Walvis Bay in Namibia. He highlights Sequence Logistics' emphasis on technology as a pivotal enabler of its business, positioning it as a key asset in CCH's portfolio.

In Gibbons' words, "Load consolidation allows retail, wholesale, and food service

In Gibbons' words, "Load consolidation allows retail, wholesale, and foodservice partners to focus on service levels; maximising store space and optimising inventory levels, while ensuring on-time delivery of products as they are demanded by stores." This strategic move not only ensures predictability of cash flows, but also augments spend per customer.

partners to focus on service levels; maximising store space and optimising inventory levels, while ensuring on-time delivery of products as they are demanded by stores." This strategic move not only ensures predictability of cash flows, but also augments spend per customer.

Beyond the business implications, AIIM underscores the societal and environmental impact of this venture. Temperature-controlled logistics infrastructure is seen as a linchpin for bolstering food security and creating higher-value jobs across sub-Saharan Africa. AIIM is committed to driving efficiency and sustainability, aiming for a 20% improvement in energy efficiency across the CCH platform.

Furthermore, a robust focus on environmental, social, and governance (ESG) standards is at the forefront of AIIM's strategy. Agbaje notes, "Our targets for ESG are to have 30% women employed by 2025, 30% women in management by 2025, and 30% women on the board by 2025. In addition, there will be 78 jobs created for new hires by 2025."

The acquisition process was facilitated by legal advisors ENS, with commercial advisory services provided by Frost and Sullivan, and tax and financial due diligence conducted by PwC. Arup played a pivotal role in the technical due diligence, while Investec provided advisory support to Sequence Logistics. ◆

VC survey shows startups have Boks' resilience

In a region grappling with low growth, soaring unemployment, and the persistent challenge of energy scarcity, Southern African startups have emulated the region's rugby pride, the Springboks, standing firm in the face of adversity and weathering the storm of economic adversity over the past year.

The latest insights from the 2023 Venture Capital (VC) Industry Survey, published by The Southern African Venture Capital and Private Equity Association (SAVCA), shed light on the intricate dynamics shaping the local venture capital landscape.

Tshepiso Kobile, CEO of SAVCA, unveiled the survey's findings at its annual launch, underscoring the formidable hurdles faced by the sector. Yet, Kobile remained resolute in her conviction that the business case for venture capital in Southern Africa is not only robust, but also serves as a potent tool to tackle the region's deepening socio-economic challenges.

A standout revelation from the survey was the 14.5% contraction in the value of VC deals for the 2022 period, compared to the previous year. Nevertheless, the industry marked its fifth consecutive year of attracting over R1bn in early-stage investments. The information and communication technology (ICT) sector, a driving force behind South Africa's digital transformation, retained its allure for investors, accounting for a staggering 48.1% of deals in 2022.

Tshepiso Kobile

The resilience of the local ICT sector was further underscored by its dominance in active portfolios, comprising 40.6% of all deals by number. Within this sector, FinTech, Software, Telecoms, AgriTech, and Electronics emerged as the leading sub-sectors, illuminating the diverse spectrum of opportunities within ICT-related investments.

A comprehensive breakdown of capital allocation across primary economic sectors unveiled the ascendancy of ICT, constituting 37.7% of deals by value and 40.6% by volume. Consumer Products and Services and Business Products and Services followed suit, highlighting a strategic diversification of investment interests.

The emergence of education technologies (ICT EdTech) as a prominent player in the 2022 investment landscape signalled a noteworthy shift, although it accounts for a relatively small portion of the overall portfolio allocation, reflective of its recent introduction as an investment sub-sector.

Kobile aptly encapsulated the innovative spirit permeating Southern Africa's entrepreneurial ecosystem, emphasising the ascendancy of FinTech over traditional domains like Food and Beverage. She underscored the sector's capacity to harness technology, addressing mass-market needs and streamlining service delivery.

The dual role of the ICT sector as an engine for both commercial viability and social development was underscored by Kobile, who highlighted its pivotal role in facilitating access to information and e-learning resources, particularly in the realm of education. As South African startups spearhead technological solutions in healthcare, governance, and various industries, the sector's potential to elevate the nation's global standing is unmistakable, attracting investments and fostering international collaborations.

At a panel discussion during the SAVCA VC Industry Survey launch, Kabelo Themane, Senior Investment Associate at Edge Growth, echoed Kobile's sentiments, emphasising the imperative of striking a balance between return-on-investment and societal impact. Themane underscored that "impact" should transcend conventional ESG considerations, extending its reach to grassroots issues such as unemployment, sustainable development goals, financial inclusion, and the advancement of education.

Fuelled by the survey's encouraging findings on funds under management, investment activity, and exits, Kobile expressed optimism for early-stage investments in the coming year. The lion's share of available funding was directed towards new deals, a trend attributed to the increased support for existing portfolios during the 2022 investment year.

As the 2023 SAVCA VC Conference unfolded in Stellenbosch, Kobile urged industry stakeholders to sustain the vital discourse on the future of the VC sector in Southern Africa. The conference brought together local and international luminaries, uniting investors, fund managers, entrepreneurs, advisors and policy-makers in a collective pursuit of a vibrant, sustainable venture capital landscape. ◆

A tech revolution securing South Africa's township businesses

In a groundbreaking move, over 18,000 small businesses and spaza shops in South African townships are gaining access to vital security, medical and business insurance services, all at no cost.

This transformative initiative is the result of a collaboration between two high-impact tech pioneers – Hello Pay and AURA. Hello Pay, an arm of the Hello Group, known for providing digital payment solutions to small enterprises and spaza shops, is integrating business insurance and emergency response services from AURA into its premium service, benefiting its extensive clientele.

With an estimated 200,000 spaza shops and numerous small enterprises spread across South Africa, especially in the often-neglected township areas, the potential to extend these services is enormous. AURA's innovative platform equips users with panic buttons for emergencies. When activated, this service swiftly connects them to verified local emergency services, ensuring safety for both business owners and their customers, while fostering a more secure community environment.

The process kicks in when a business owner presses their panic button during an emergency. Almost instantly, vetted security and medical responders on AURA's platform are dispatched, linked to a network of 6,500 armed response vehicles.

Moosa Manjra, CEO of Hello Group, adds that Hello Pay offers small businesses and spazas a means to accept digital payments.

"Beyond the obvious security advantage of digital transactions, we recognise the paramount importance of personal safety for these operators," says Manjra. "This is why we decided to incorporate AURA's armed response panic service and a basic business insurance cover, shielding our customers from both physical and economic risks.

"Our aim is to ensure that if our customers ever feel threatened, a simple button press

brings help within minutes. Additionally, they are also safeguarded against any riot or looting event through the embedded business cover provided by Hello Pay, which includes SASRIA insurance for such incidents."

Warren Myers, founder of AURA, affirms that AURA has made emergency response services for township businesses more accessible, cost-effective, and efficient than ever before.

"We are resolute in making these services available in every township and informal settlement across the nation," says Myers. "With an average response time of about eight minutes for emergency security and medical services, we're faster than most police responses globally."

A spaza shop owner in KwaZulu-Natal attests to the life-altering impact of AURA's emergency response service, now allowing him to operate his business with a newfound sense of safety. Previously without any security measures, he was repeatedly targeted. Now, potential threats steer clear, knowing he can summon private security at the push of a button.

In a separate incident, a township-based business specialising in mobile phones, electronics, furniture, and repairs fell victim to looting in the Western Cape. The owner recounts the loss of everything, including store counters. Thanks to business insurance provided by Hello Pay, he faces no financial losses, ensuring peace of mind in case of unforeseen events.

Both Hello Pay and AURA are key players in the Endeavor SA network, a collective of high-impact entrepreneurs and start-ups driving innovation in fintech, healthtech, edtech and marketplaces, by addressing tangible challenges faced on the ground.

Manjra acknowledges that their introduction to AURA through Endeavor was a pivotal moment. "We knew it made sense to help keep our customers safe. We are able to give people economic and personal safety with access to services in places where there simply isn't enough."

Initially, Hello Pay extended the service to clients who opted in, but it is now seamlessly integrated for all Hello Pay device users. Ensuring the safety of small business owners has a ripple effect on the economy, as security concerns often impede business operations and deter potential customers.

> AURA's innovative platform equips users with panic buttons for emergencies. When activated, this service swiftly connects them to verified local emergency services, ensuring safety for both business owners and their customers, while fostering a more secure community environment.

Alison Collier, CEO of Endeavor SA, hails this partnership as a significant socio-economic stride, addressing a critical challenge within the township economy, while also nurturing entrepreneurial potential, thus bolstering economic growth and resilience.

"Our primary aim at Endeavor SA is to support companies that use technology to provide affordable solutions to on-the-ground problems in townships and areas with limited resources," says Collier. "Companies like Hello Pay and AURA are managing to do this commercially, backed by private capital, to positively impact thousands of lives."◆

PRIVATE EQUITY DEALS Q3 2023

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	AgroFresh from Carlyle	Tessara	Rabobank; White & Case (SA); Bowmans; ENS; Morrison Foerster	undisclosed	Jul 19
Acquisition by	RMB Corvest, Umoya Capital Partners and Calibre Capital	minority stake in original-equipment manufacturer M4A		undisclosed	Aug 1
Investment by	Fledge Capital	in Luxury Time		undisclosed	Aug 7
Investment by	SAAD and Blu Sky Investments	in FinMeUp		undisclosed	Aug 7
Acquisition by	Stanlib Infrastructure Fund II	majority interest in Solareff and subsidiary, GridCars		undisclosed	Aug 7
Investment by	27four's Nebula Fund and other investors	in VitruvianMD [seed extension II funding]		$1,25m	Aug 14
Acquisition by	RMB Corvest	minority stake in SANTS Private Higher Education Institution	Cliffe Dekker Hofmeyr	undisclosed	Aug 16
Disposal by	Rebosis Property Fund (in business rescue)to Ferryman Capital Partners, Hulk Investments, Jade Capital Partners and the beneficiaries of the Ubuntu Football Trust	Hangar 18 portfolio Properties	Java Capital; Blackacres Capital; Deloitte; Nedbank CIB; Cliffe Dekker Hofmeyr	R4bn	Aug 23
Investment by	Fedgroup Private Capital	in LeaseSurance [seed funding]		R3m	Aug 28
Investment by	Alitheia IDF and the Vumela Enterprise Development Fund	in Rentoza		$6m	Aug 31
Acquisition by	Kasada	the former Radisson Blu Hotel & Residence in Cape Town - to be operated under the Pullman brand	KPMG	undisclosed	Sep 4
Disposal by	Equites Property Fund to Bopa Moruo Private Equity Fund Managers	Tunney Ridge	Vani Chetty Competition Law; White & Case (SA)	not publicly disclosed	Sep 4
Acquisition by	Ascension Private Equity Fund I	a 45% stake in Paul's Muesli	Pallidus	undisclosed	Sep 6
Investment by	Salt Equity I (Salt Capital)	in Response24		undisclosed	Sep 11
Acquisition by	Blantyre Capital	of a majority stake in DC Holdings and a significant stake in DC Foods	White & Case (SA); Werksmans	undisclosed	Sep 18
Investment by	QED Investors, Partech, Speedinvest, RaliCap and Everywhere VC	in Revio [seed funding]		$5,2m	Sep 26
Investment by	Bill Kilgone Investments, Evolution II and III, STOA and FMO	in Red Rocket	Fasken (SA)	$160m	Sep 26
Acquisition by	RMB FOGS	20% stake in Genfin Holdings		undisclosed	Sep 27
Acquisition by	African Infrastructure Investment Managers	further equity investment in NOA Group		$90m	Sep 28
Acquisition by	Invenfin	investment in Root		$1,5m	Sep 28
Investment by	Main Street 1749 (Ata Fund)	in Nustate Capital Partners	Poswa	undisclosed	not announced


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