

# Future of incubation and acceleration in South Africa

25 September 2018

By: Nosipho Khonkwane  
Executive Manager : Seda technology programme

# Introduction

- South Africa has the most mature start-up ecosystem in Africa,
- Small but established venture capital industry (SAVCA celebrates its 20th anniversary this year),
- Government investing in innovation for the past two decades, the oldest incubator in Africa (the Bandwidth Barn operated by the Cape Innovation and Technology Initiative (CITI) since 2000), and
- A growing pool of entrepreneurs and success stories.

*(VC4 Africa 2018 report)*



# Incubators and Accelerators

Nurture the business in its startup phase, allowing it to develop at its own pace

## Incubators

Duration of 12 -36 months (open ended)

Fee based/rent technical facilities  
Rolling admission

Physical Space

Training  
Mentoring  
Business support  
Strict selection

## Accelerators

Fixed duration 3-6 Months  
Equity cohort based

Seed funding

Grow the size and value of a company as fast as possible in preparation for initial funding





# Global innovation and incubation community Model

- Classic/Traditional Incubation
- University incubation
- Accelerators (with or without seed funds)
- Mentorship capital: VC4Africa's mentorship market |
- Sector Specific Incubation
- Virtual Incubation
- Online matching platforms
- Makerspaces
- Hubs

**Creativity.**



**Innovation.**

**Our expertise.**

# Global trends

- There are about 7000 incubators worldwide
- Shift from public funds to more corporate sponsorship
- Greater portfolio diversification
- Influenced by digital trends
- Partner network that support innovation
- Improved access to venture capital funds
- Non traditional programmes
  - Virtual incubators
  - Pre-incubation
  - Integrated workspaces
- More accelerators going international







# Changes in Accelerator model

- Evolving upstream : move from cohort based to Seed fund investor
- Expanding scope of service : follow on funding and adding services similar to incubators
- Growth of corporate accelerators
  - Value in staying connected to innovation and start-ups in their industry.
  - Sponsor external and some in house accelerators

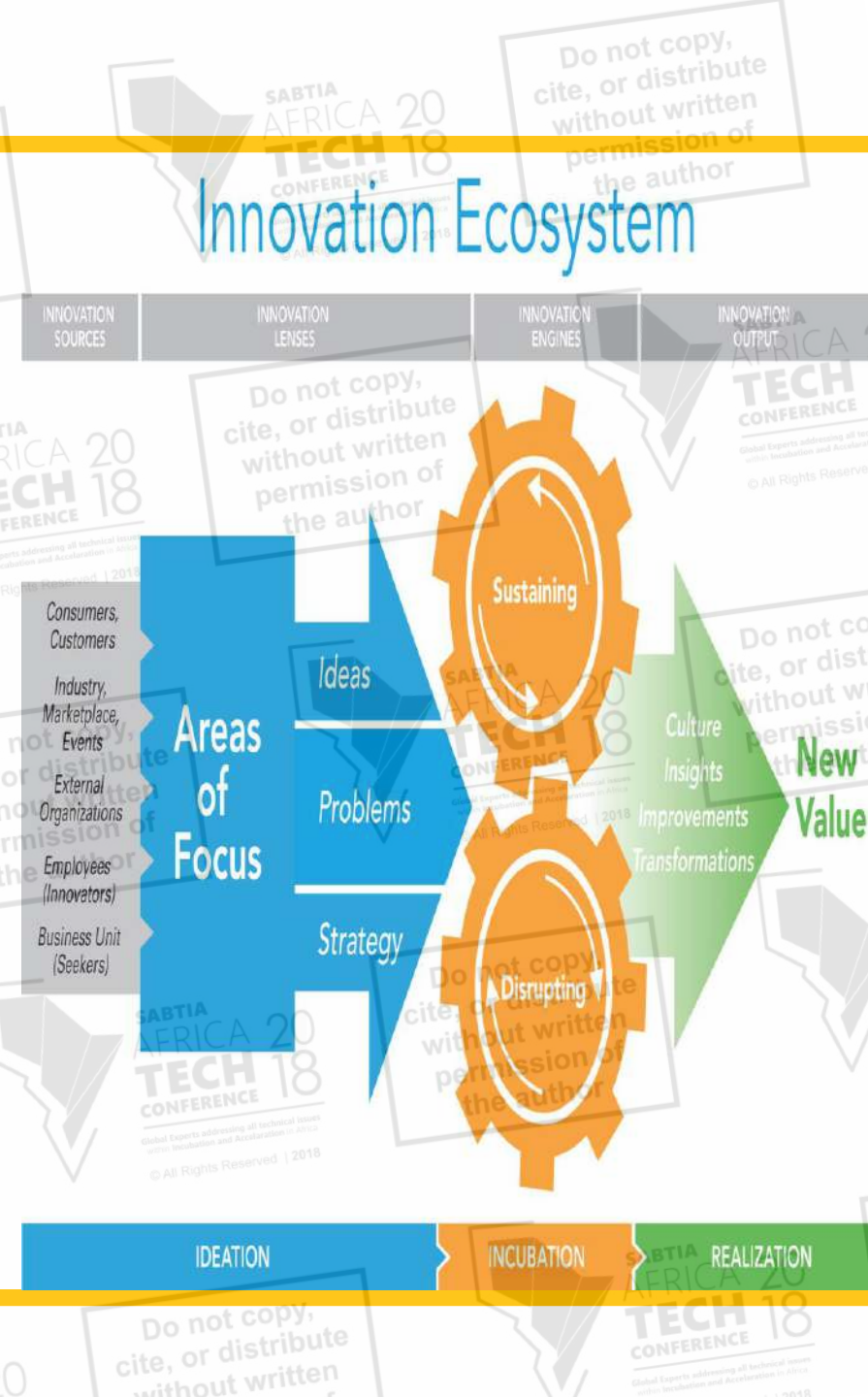


## Current status : SA ecosystem

- Just over 150 BDS/ start up building entities in South Africa (ANDE)
- 70% funded through government
- Not for profit and for profit entities
- No clear definition of incubators and accelerators
- Hybrid models
- Small but established venture capitalist market
- Seed fund from gvt
- Sector focus greatly influence by funder's objectives
- Incubator becoming a model of choice to follow funding
- Pockets of excellence
- Incubation model undervalued
- Growing interests from corporates
- Global village

# South Africa future

- Reduction in government funding & rise of Corporate sponsorship
- Self sustaining models
- Industry 4.0 hubs
- Virtual models
- Mentorship capital
- International players - Reciprocal soft-landing
- DSBD and Seda defining national policy standards
- SABIYA building capacity and programme accreditation
- Corporate incubator/accelerators within and outside
- Incubator /accelerator vertical





# THE SMME ECO-SYSTEM OF THE FUTURE

INCUBATION CENTER

Recruit and Attract  
Startup  
Acceleration

Education/ Upskilling  
Funding  
Technology  
Innovation with Synergy  
Coaching and Mentoring  
Market Share

INCUBATION CENTER

Media Agency

Content Development Agency

AI  
IOT

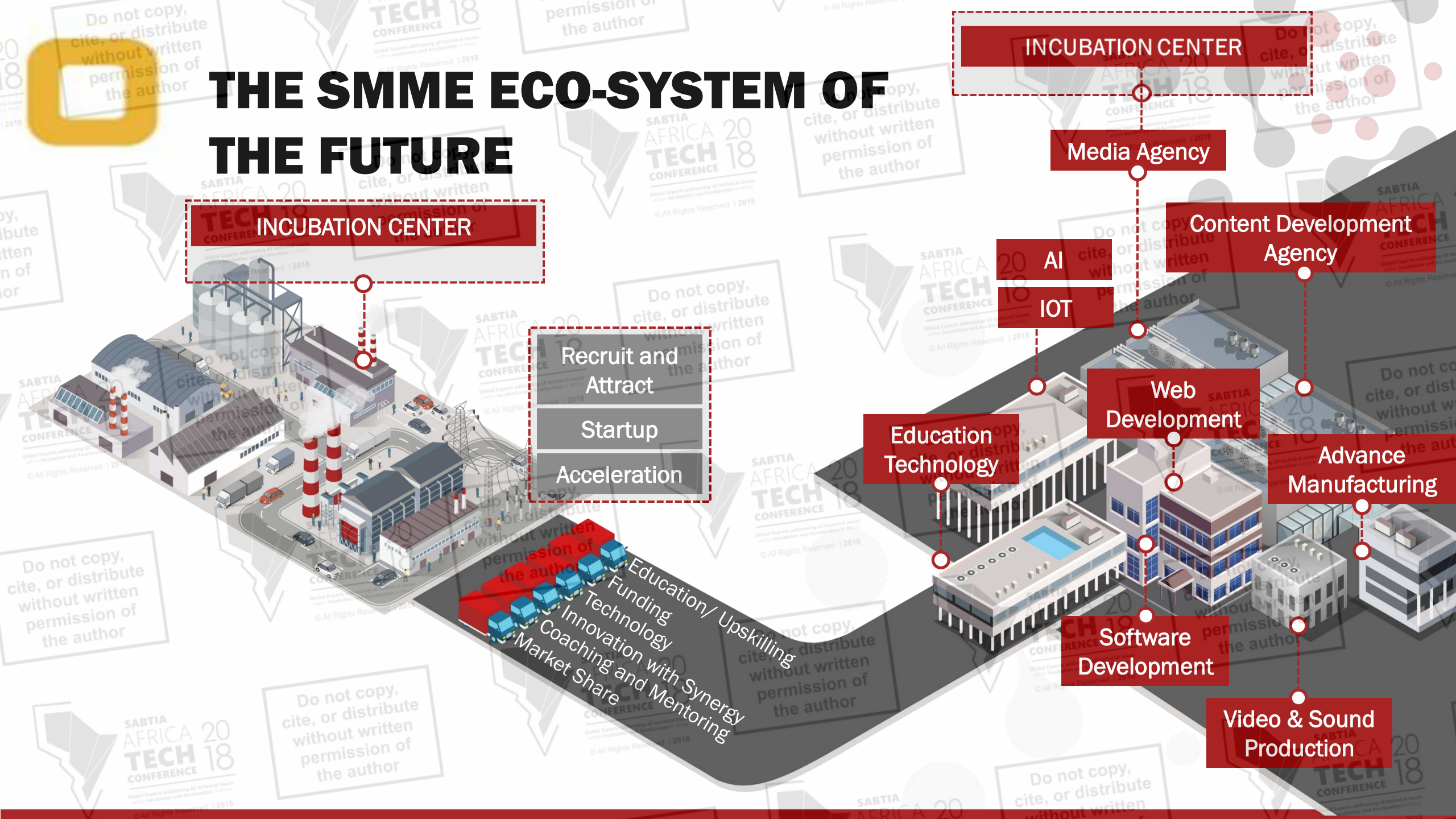
Web Development

Education Technology

Advance Manufacturing

Software Development

Video & Sound Production



# conclusion

Market opportunity, entrepreneurial culture, human capital, Industry & university collaborations

Incubators/accelerators  
viable business models

Greater emphasis on  
value to entrepreneur

High impact



Thank you