Partnering for Growth

SOUTH AFRICAN
ELECTROTECHNICAL
EXPORT COUNCIL

The South African Electrotechnical Sector

World Electronics Forum
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Eileen Leopold
Chief Executive Officer

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Overview of SAEEC

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- The South African Electrotechnical Export Council (SAEEC) is a Not-for-gain company, Public-Private- Partnership between industry and the Department of Trade and Industry
  - Reports to a Board drawn from industry
- Industry focus is Electrical Engineering, Industrial Electronics, Information Technology and Telecommunications
- 8th year of operation
- Currently over 75 members
- Work closely with relevant South African Industry Associations, particularly the Johannesburg Centre for Software Engineering under the University of Witwatersrand.

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Objectives

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- Objective is to facilitate trade for member companies e.g.
  - Trade missions
  - Exhibitions
  - Addressing trade issues
  - Joint marketing
  - Market research
- Act as a formal interface to Government
- *Provide an interface for foreign companies wishing to identify South African partners*

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South African Electrotechnical Sector

- Includes electrical engineering, electronics, information technology and telecommunications
- South African market is over ZAR184b (USD 18.4b)
- excluding fixed and mobile operators

- Competitive advantage created from the defence and mining sectors
- Strong engineering and integration capabilities from working as a prime contractor on complex projects in satellites, missiles, radar tracking
- Industry characterised by combination of entrepreneurship underpinned by strong design and implementation principles
- Offer a one stop destination for clients
- The majority of companies have as minimum ISO 9000 certification and are internationally competitive
- South Africa is only country in Africa to offer CMMI certification locally

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The South African Competitive Advantage

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- ***South African firms are leaders in applying technology and developing innovative solutions***
- ***Given our unique demographic we understand the needs of emerging markets, particularly Africa***
- ***We combine world class standards and design innovation***
- ***Opportunities for partnering and innovative product development – making us excellent partners of choice***
- ***A gateway to the African continent***
- ***South African software development – behind the names you know***

SOUTH AFRICA ALIVE WITH POSSIBILITY

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Evidence of our innovation is found in niche software applications that include …

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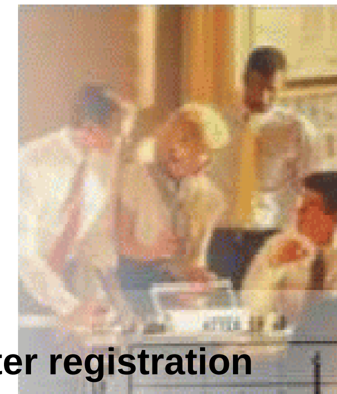
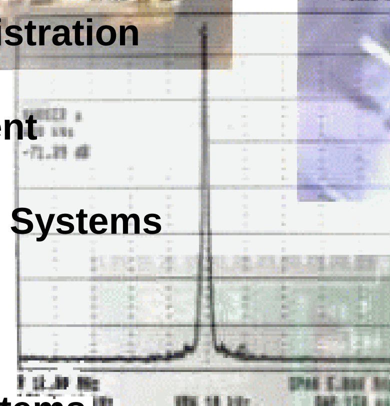
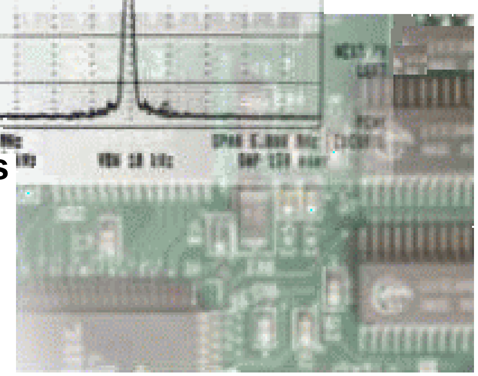
- **Mobile applications**
- **Sophisticated solutions for the financial sector**
- **Design , testing and simulation**
- **Security, tracking and monitoring**
- **e government solutions, e health, e learning, voter registration**
- **Energy management, revenue management, prepayment**
- **Process Control integration, Geographical Information Systems**
- **Wireless applications and technology**
  - Microwave, Antennae. RFID, Decoders
- **Customised embedded software solutions and subsystems**
  - Real time mission critical solutions
  - Sensor electronics, signal processing, industrial controllers
  - Radio networking, signal /data distribution systems
  - Robotics
- **South Africa also offers niche contract manufacturing**







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Information Technology and Telecommunications Sector

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- **South Africa ranked 37th in global IT Competitiveness according to the Economist Intelligence Unit's 2008 analysis**
- **South Africa is the world 20th largest consumer of IT products and services**
- 60% of the IT market in South Africa dominated by multinationals such as IBM, Microsoft, Sun, HP etc
- "Balance of Trade" Is highly negative, nearly 90% of ICT revenues generated from imports
  - Large firms are primarily interested in shares of the South and Southern African market
- **Many medium sized firms export knowledge through international patenting processes**
- Breadth and diversity of sector means that there is no critical mass
  - Fragmentation and proliferation of industry associations
  - Lack of measurement
- Until recently there has been no real outward focus or marketing of our competitive strengths

The South African ICT sector remains our best kept secret

Information Technology and Telecommunications Sector

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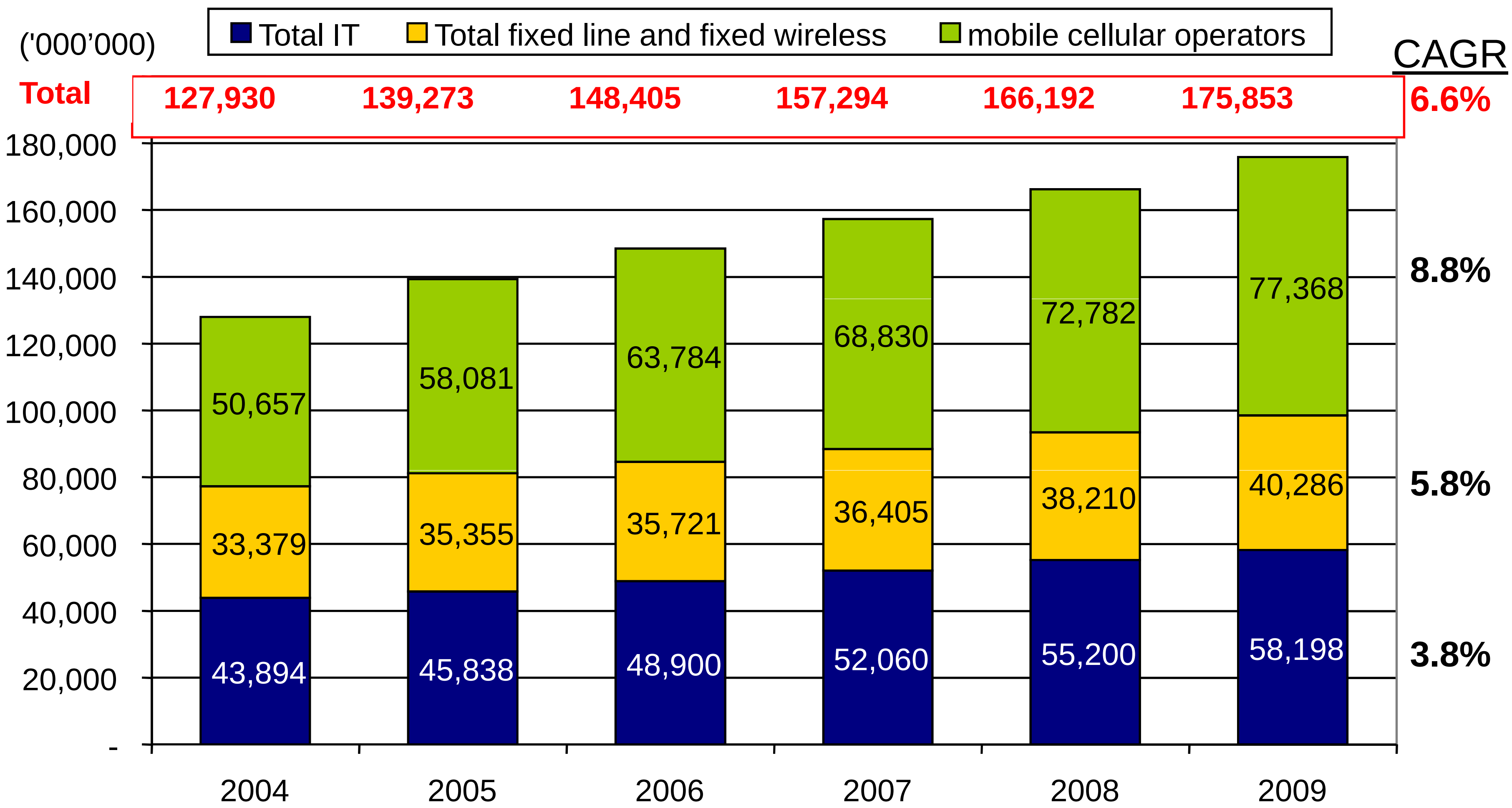
- South Africa is the world's fourth fastest growing mobile market expanding at 50% annually
- Mobile penetration is over 80% in 2008
- With a network that is 99% digital and includes the latest fixed line, wireless and satellite communication technologies the country has the most developed telecoms network in Africa

- *Whilst South Africa is part of the global ICT mainstream and applies the world's best technology, it simultaneously reshapes these technologies to meet unique market needs and opportunities*

South African IT and Telecoms Market Revenue Forecasts (ZAR)

BMI TechKnowledge Group



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SA Software Industry

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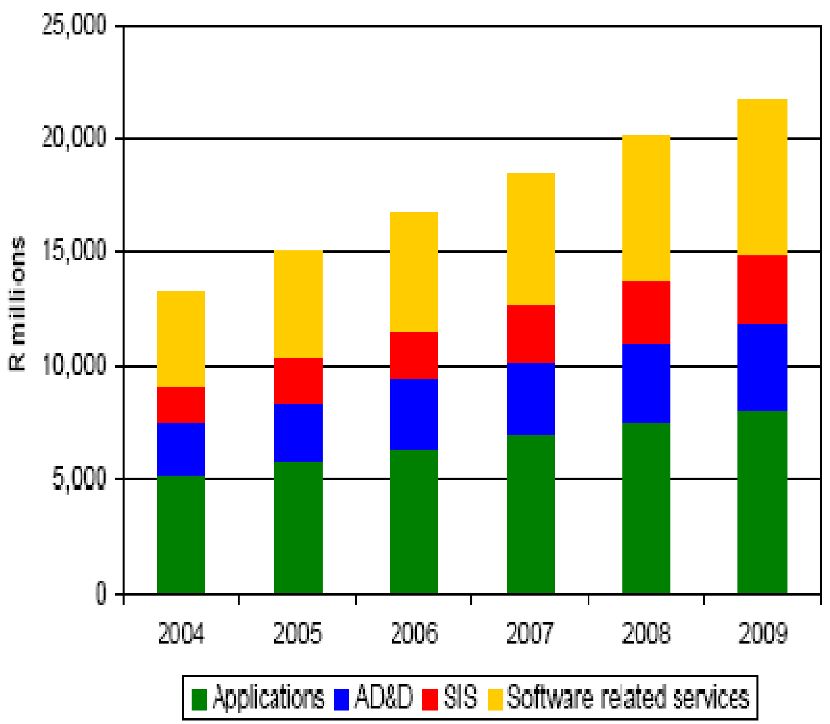
- The SA software industry, valued at ZAR 20billion in 2008 and is expected to grow at a CAGR of 10% over the next five years

- The software industry is strongly pyramidal in structure regarding revenue concentration, with the five largest software vendors controlling 40% of the software revenue and the ten largest controlling 50% of the revenue

- The industry functions strongly at a firm level, which results in a fragmented and individualised industry

"Software production is an industry essential for the growth of the economies of developing countries..." [University of Pennsylvania]

Exhibit 3: SA software market growth forecast, 2004-2009



Source: Africa Analysis, 2004

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Software Exports

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- The South African software ***export market*** revenue constitutes less than 6% of the total domestic software market
- Part of software exports are not recorded for various reasons. Some companies do not consider intangible products, such as software services, as exports
- Software trade features strongly in Africa, with 76% of the companies involved in software export to the home continent
- 32% of exporting companies trade with Europe, 17% with North America and 7% with the Australasian region
- Only 4% of local software developers export to South Asia, the Far East and South America

National ICT Policy

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- Government's commitment to ICT remains constant in spite of recent political changes
- Convergence has a major impact
- Deregulation and liberalisation are key areas of focus
- Free and Open Source Software is encouraged
- Addressing the 'Digital Divide' is a major focus

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Electrical Engineering Sector

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- This sector comprises of service providers for large infrastructure projects ranging from design, project management, contracting, manufacturing, operation, implementation, training and maintenance
- South Africa is a driver in regional initiatives to interconnect regional power markets, in particular the Southern African Power Pool.
- South African companies offers a wide range of product manufacturers and suppliers including:
  - Transmission and distribution products
  - ***Power conversion, distribution and protection products and solutions***
  - ***SCADA systems***
  - Renewable and alternative energy products
  - Customised industrial and security lighting
  - ***Revenue and energy management systems***

- South Africa is a world market leader and developer of **Smart metering** and Prepayment meters and solutions including vending and developed the **IEC STS** interconnectivity standards

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Contacts

SOUTH AFRICAN ELECTROTECHNICAL EXPORT COUNCIL

- SAEEC website: www.saeec.org.za
- SAEEC CD ROM and brochure
- Dti website: www.savant.co.za
- Please contact SAEEC for specific requests

CEO: **Eileen Leopold** **director@saeec.org.za**
Secretariat : **Colleen Pillay** **info@saeec.org.za**
Telephone: **+27 11 315 0209**