



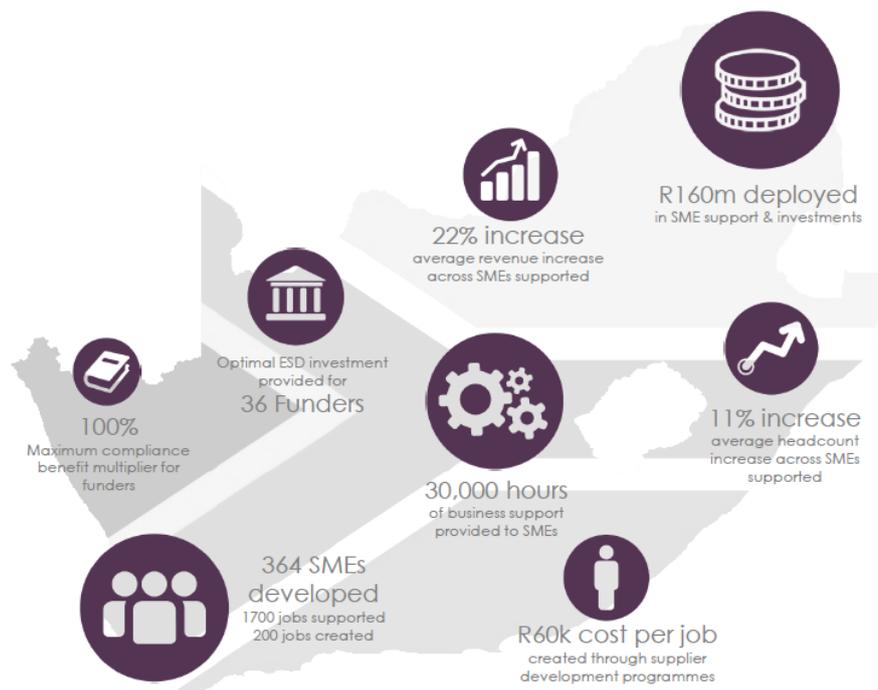
ASISA

ENTERPRISE AND
SUPPLIER DEVELOPMENT

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QUARTERLY UPDATE: 31 MARCH 2017

FINISHING STRONG, THE YEAR IN REVIEW



The Fund closed its FY17 year with a strong finish, having achieved positive growth across its investment, acceleration, and capital growth targets. Industry support for the Fund grew exponentially enabling a 100% increase in deployment of SME support from the previous year. Total capital inflows for the year totalled R150m allowing the Fund to expand its impact with a significant increase in momentum in SME acceleration and investments. The Fund concluded the year in a solid financial position demonstrating its ability to create shared value for both Investors and SMEs. To date the Fund has deployed R160m in support to 364 industry-aligned SMEs resulting in an average growth in revenue of 22% across the SMEs supported.

During the year, the Fund's investment portfolio grew to accommodate new sectors and businesses aligned to industry procurement and transformation priorities. The Fund further expanded its acceleration programmes to create strategic solutions specific to supply chains by developing priority supplier groups such as Financial Planners, Stockbrokers, Auto-repairers and ICT businesses. The Fund's understanding of industry spend patterns ensured focus on relevant and innovative businesses. Finally, USAID's commitment of USD\$1,000,000.00 in grant support further bolstered the Fund's ability to create impact and take on risk.

Going forward, the Fund's legal structure has been optimised for the Supplier Development (SD) requirements of the BEE Codes and FSC. The enhanced structure provides an optimal ESD solution for the financial services industry including progressive 'access to market', compliance, investment and acceleration solutions for Investors and enterprises enabling the Fund to scale its impact in the year ahead.

The Fund's achievements over the past year would not have been possible without the support of its Funders, Board and Team. We would like to thank our stakeholders for their support of the Fund's vision to build and grow businesses that enhance industry, improve lives and create shared value for our nation.

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SANLAM ESD PROGRAMME FLYING HIGH



Sanlam's Enterprise and Supplier Development (ESD) Programme was initiated in July 2013 to support the strategic growth and development of small and medium enterprises linked to Sanlam's supply chain and distribution networks. The programme targets the creation of shared value for Sanlam, industry and South Africa by providing best practice ESD support, demonstrating Sanlam's commitment to uplifting South Africa by promoting sustainable development and job creation.

The Programme which is supported by Sanlam, Santam and SIM ended the last year on a high, with a 21% increase in revenue by SMEs on the programme and 67 jobs being created. To date, over 1000 jobs have been supported through the programme with over 170 SME's being developed. Through the programme, 4 SME's have been able to access funding from the ASISA ESD Fund to the value of R18m for business growth and development. In partnership with Atmosphere, the programme also saw a successful PR drive which featured SME's on the radio, television and online. The Minister of Small Business, Lindiwe Zulu even contacted one of the SME's after hearing the interview on Radio 2000...well done!

The 4th year of the programme kicked-off in January 2017 and 8 new SME's were selected. Together with another 8 existing SME's (from the 2016 cohort) they will receive one-on-one mentorship as well as attend business building boot camps. Female owned MBRs and construction businesses were the focus for the 2017 year based on the business requirements. From a Sanlam perspective, there will be more focus on

procurement spend and preferential procurement from black owned SME's in the coming years.

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INVESTING IN HOMEGROWN STOCKBROKERS



As part of its commitment to supporting empowered SMEs who are suppliers to ASISA members, the Fund has invested in Atisa Securities, a majority black-owned stockbroker. The investment represents the Fund's second financing venture into this space, with each transaction largely aimed at bolstering the respective equity trading firm's capital adequacy reserves.

The investment will help Atisa increase its maximum daily allowable trade value, generating higher revenues, and allowing the stockbroker to grow its staff complement as well as service offering (including offering research services).

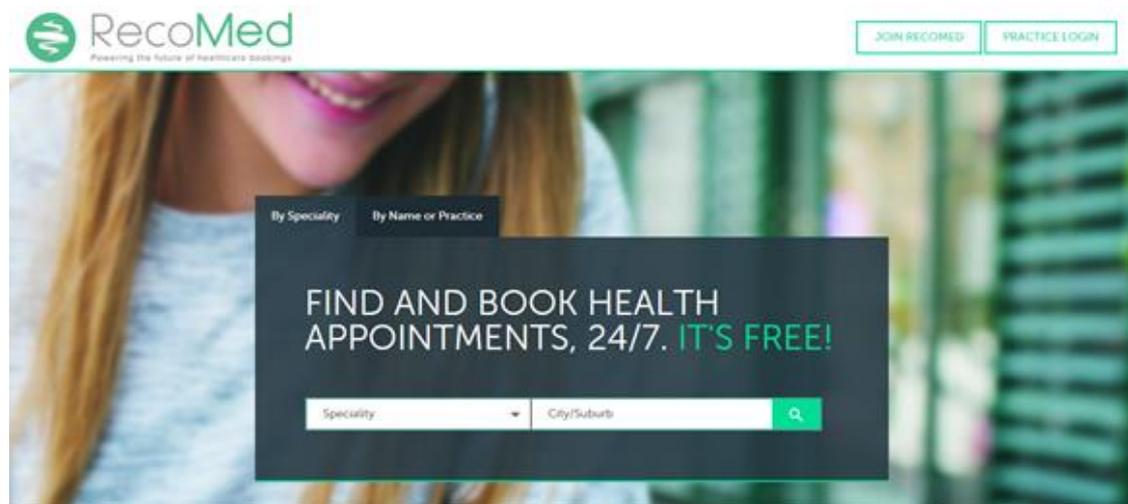
The Fund is particularly excited about the partnership Atisa has formed with significant minority shareholder African Alliance (AA), a Pan-African investment banking group with deep securities trading expertise and international client networks.

Atisa is headed by Hamilton Mbele, an enterprising individual who started his career in stockbroking from the early days of the JSE's open outcry system, and is recognised as only the second black trader to have participated in the market from this early stage.

Hamilton has since worked his way up from booking clerk, to senior trader, to head of Equities (formerly, at Legae Securities) to eventually founding and becoming a Director at Atisa, an independent stock brokerage house.

In addition to providing much needed financing via the Fund to empowered stockbrokers in the wake of more stringent capital adequacy requirements due to the move from T+5 to T+3 settlement times (amongst others), ASISA also runs a Stockbroker Development Programme offering non-financial support to black-owned equities trading firms. Together, these two initiatives will help to ensure that transformation in the asset management industry will be furthered, and entrepreneurship is fostered amongst talented Historically Disadvantaged Individuals.

RECOMED FORMS EXCITING NEW PARTNERSHIP



RecoMed have continued to pioneer in the South African healthcare industry, maintaining their value proposition of enabling consumers to find, book and recommend healthcare professionals while avoiding the hassle of phone calls and paperwork. The platform functionality allows for the RecoMed platform to be easily integrated into existing healthcare operating systems. This seamless integration proposition has proven beneficial, resulting in numerous exciting partnerships.

RecoMed has seen favourable growth, with online bookings having grown over 10x from the previous year, on the back of a tripling of unique online visitors to over 100000 per month. There are currently over 1300 paying healthcare providers on the platform, which is growing at a rate of 70+ practitioners per month. In a winner takes all market, RecoMed continue to widen their already existing lead.

The team has dedicated significant effort towards forming value-creating relationships in the healthcare industry and further enhancing RecoMed's brand visibility, ultimately driving revenue growth. These efforts have not gone unnoticed.

In partnership with Medemass, RecoMed has successfully rolled out real-time online appointment booking to Medicross nationwide, and this has significantly moved the needle in the healthcare industry, being the first of its kind. This initiative has been well received with over 12 000 bookings in February 2017. Additionally, a RecoMed partnership with Medpages will result in the RecoMed booking widget being rolled-out on Medpages with the potential to vastly increase the amount of booking traffic received to RecoMed practitioners. Partnerships of this nature are extremely value-adding and RecoMed looks to pursue these in the near future.

Some other exciting partnerships include the Biokinetics Association of South Africa (BASA), a platform used for fitness and health assessments bookings by some of South Africa's largest medical aid schemes. In the next few months RecoMed will roll out real-time online booking to the Clicks Group across South Africa, integrated with pharmacy clinic software management company Allegra. In addition, a strategic partnership has been formed with Old Mutual, where the RecoMed platform will be used for booking Old Mutual insurance medical appointments. Old Mutual processes thousands of

insurance medicals every month via hundreds of doctors nationwide, so this footprint will see RecoMed expand even further.

The abovementioned outline a few of the great opportunities on the horizon for RecoMed. With positive media coverage and interest from international investors RecoMed continues to cement its positioning in the healthcare industry as a force to be reckoned with.

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UNLOCKING ACCESS TO MARKET



South Africa's leading Procurement conference was held on the 6-8th March at the Cape Town International Convention Centre, providing an opportunity to identify areas for growth and collaboration across supply chains of government, corporates, and SME's. The conference included insightful sessions that spoke to distinct aspects of running a business effectively and ultimately created a great platform for engagement and value creation. Several of the Fund's portfolio companies attended the conference, finding various elements of the conference beneficial.

The conference format provided a learning experience enabling SMEs to engage with stakeholders ranging from procurement heads to fellow entrepreneurs creating dual learnings from both peers in similar stages in their entrepreneurial journey but equally further understanding what the different clientele are looking for. This expanded their understanding of opportunities currently in the market, how to customize offerings depending on the clientele and clarity on identifying and pursuing new opportunities.

The event in the past year has also led to some of the Fund's SMEs landing lucrative contracts and being invited to submit proposals for potential contracts in the future, which would contribute positively to business growth. Overall, the conference was a fantastic opportunity for the sharing of information and forming relationships with key personnel in the procurement industry.

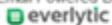
ENTERPRISE PROFILE: CAPE PENINSULA PANELBEATERS



A family-owned and managed business, Cape Peninsula Panelbeaters has grown from humble beginnings as Cape Panelbeaters Parow in 2005 to an extensive structural repair panel shop with highly skilled employees. In 2016, the Fund provided investment capital to CPP to support the growth of the business in line with the objectives of the Fund's innovative panel-beating finance facility. CPP offers Auto repair, Spray Painting, Chassis Straightening, Dent Removal, Rust Removal, Minor and Major Accident Repair. CPP are accredited members of the RMI, Samba and SAARSA, and guarantee high levels of workmanship and quality as well as good code of conduct. CPP is further accredited with numerous insurance companies and brokers including Santam, Hollard and Mutual & Federal.

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