

**EASTERN CAPE INFORMATION  
TECHNOLOGY INITIATIVE (ECITI)**

**CORPORATE STRATEGY**

**2010-2015**

**FINAL DRAFT**

1.



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## Foreword by the Chairperson

*“We must not, in trying to think about how we can make a difference, ignore the small daily differences we can make which, over time, add up to big differences that we often cannot foresee”*

Marian Wright Edelman

The role of information and communication technology as one of the critical drivers for socio-economic development has not been adequately appreciated. The mandate of ECITI is that of an enabling agency for the innovative usage of current and future technology by business, government, community organization and the general public so as to accelerate socio-economic development within the Eastern Cape Province.

This strategy document is a product of extensive consultation and interaction between ECITI and its stakeholders to find the best possible answers to the question, how can we leverage on information and communication technology improve the socio-economic conditions for the people of the Eastern Cape? We do not claim that this document has responded comprehensively to this important question; however we believe that its propositions will serve as the foundation on which to build on. It is our view as the board that any investment in information and communication technology in our province must bring about meaningful change in the lives of the people. We see ICT as a key driver in socio-economic development of the province while serving to facilitate acquisition of knowledge, expertise and capacity by both users and beneficiaries. In essence, ECITI is a communication and technology provider and enabler.

At the centre of our developmental strategy is the ECITI incubator initiative. The concept of the ECITI Incubator is the physical manifestation of the infrastructure established for this purpose. The goal is to replicate these incubation hubs in all the districts of the Eastern Cape. We view the next 3 years as the rebuilding phase, in which the focus would be for ECITI to establish sustainable and strategic partnerships with key stakeholders in the ICT environment. It is equally important that we also develop strong relationship with the public sector particularly local government.

As part of the rebuilding phase, we have identified the following priorities as critical if ECITI wants to succeed in being the catalyst for socio-economic change in the ICT sector:

- ⊙ Build strategic partnerships with key stakeholders in the sector

- ⊙ Develop and maintain an effective life cycle support for incubates
- ⊙ Build a strong brand
- ⊙ Ensure an unqualified Audit
- ⊙ Build Internal capacity

We extend our hand of support to the management team whose primary and immediate responsibility is to ensure that we achieve the ambitious goals we have set for ourselves. We know that we can make the difference but starting small and perfecting the little things that will ultimately lead to bigger differences for our Province. With this document, ECITI is ready to take its rightful place in the transformation of the Province.

Noludwe Ncokazi  
**Chairperson**

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## **2. Historical overview of ECITI**

In July 2002, the Eastern Cape Development Corporation (ECDC) commissioned a feasibility study to investigate the potential of an ICT Innovation Hub. The vision for the ICT Hub was to create a “long-term benefit for the province in terms of economic growth and global competitiveness from the knowledge economy.” Despite identifying that the Eastern Cape ICT Sector is underdeveloped and in an embryonic form (<5% of the South African ICT Sector), the limitations of activities at Eastern Cape universities, and that the active industries centered on the automotive sector, this motivation was still seen as necessary to justify such a project. No indication of any analysis of a potential new business pipeline was developed to justify this conclusion.

Strategically, for this feasibility study, guidance was taken by reviewing the approaches adopted by a number of developed countries which had a strong technological infrastructure and culture, including the USA, Finland, Japan, and the EU. Ireland was differentiated as applying a knowledge-intensive economy focus. Given the above status of the Eastern Cape environment, the relevance of this approach may be questioned, but the analysis of this information provided a set of important lessons, highlighted as follows:

- Lower the barriers to entry for small ICT companies
- Provide a supportive environment for the growth and development of SMME’s
- Provide a networking and business opportunity forum for SMME’s

The report describes a strategy for launching these incubators, and still refers in the Key Deliverables to an “ICT Hub and Innovation Centre encompassing an incubator for the development of SMME’s.”

### **2.1. ECITI Expression of Interest**

This document entitled: “ECITI – Growing Eastern Cape’s IT capacity with its people via ICT Innovation Hubs” described as a collaborative effort between the Eastern Cape’s Public and Private Sectors. It is important to note the document provided to the Review Team was still a draft and it is not known to whom this document was sent nor the parties’ reaction.

It can be understood that following the Radian Report, a series of ICT stakeholder meetings were held in East London and Port Elizabeth to create broad-based interest in the ECITI project which now evolved to propose to replicate the Cape Town 'Bandwidth Barn' model.

A representative Steering Committee from the stakeholders was established to champion a pilot project in East London. This Interim Management Committee included a number of business people, including entrepreneurs, ECDC and Eastern Cape Provincial Government (ECPG) representatives. The gap in representation from the province's tertiary education establishment was noted and plans were put in place to address in 2005. Overseas visits to Canada and Europe, and locally to Cape Town were undertaken, and provided insights into the proposed centre.

Institutional and governance structures were proposed in some detail and a section 21 Company established. The intention was to establish the pilot ICT Innovation Cluster by March 2005. Details were developed of required infrastructure with some forecast of possible growth, related to experience in Cape Town. A useful set of weighted criteria proposed for the optimum location was outlined as follows:

- Visible** – should be seen from where business people travel
- Secure** – the premises must in relatively 'crime free' areas
- Parking** – safe parking for tenants and visitors
- Extendable** – must be relevantly easy for tenants to invert that space

In addition to the above, it was also proposed that the ICT initiative should be:

- Demand driven
- Sustainable
- Relevant to local need
- Participatory rather than top-down
- Aligned with the interests of key stakeholders
- Feasible
- Coordinated with other ICT initiatives in the Province
- Sensitive to local conditions
- Scalable

The analysis of the Eastern Cape sector, however, indicated that while there were some strengths, the regions would need to develop much further to achieve a strong base. Most of the evidence in

the analysis suggested that these factors would not be met and the proposed ICT Hub would need to establish such an environment.

The concept of an ICT Innovation Hub was thus seen as a vehicle to focus activity and define objectives, as follows:

- ☑ Fostering greater research interaction between higher education institutions and the public and private sector.
- ☑ Providing state-of-the-art research laboratories to be shared.
- ☑ Providing a platform for researchers to undertake world class and industry relevant research activities,
- ☑ Enable innovation to commercialise into niche focused world leads.

The concept called for strategic partnerships between the “ICT Sector, Industrial Sectors, Government and Tertiary Education Institutions to establish the innovation program and incubate valuable niche focused start-ups providing innovative world class solutions for industry”. While the feasibility study had generated a powerful concept, albeit on a small base, it appears that the focus changed over the next years as seen below.

## **2.2. Planning Highlights**

A well thought-out approach and planning was developed to take the ECITI projects in East London and Port Elizabeth forward. Some of the highlights were:

- ☑ There were clear plans to broaden the local network and seek additional sponsors
- ☑ It was clear that in this planning stage, positive views were in place on accommodating these centres on the COEGA and East London IDZ's by early 2006.
- ☑ That this Expression of Interest was planned to be submitted to GODISA, the National programme for incubator establishment founded by the EU in partnership with the National Department of Science and Technology. The deadline for this was set as 21 January 2005. This needed to be followed by development of suitable strategic and business plans for GODISA by 18 March 2005.
- ☑ There was an intention to emulate some of the Bandwidth Barn's programmes such as the 'Launch pad'.

The Expression of Interest contains extensive and worthy detail to establish an operational incubator, and it is clear that the Interim Management Committee had an excellent grasp of the requirements of a successful incubator.

### **2.3. Feedback from the ECITI Tenants**

Given the fact that the EL ECITI staff have diminished to a 'holding operation', the most critical feedback on the incubator status and operational performance comes from the 'tenants', who should be beneficiaries of the offerings. The information that follows comes from a group meeting with current and some past/virtual tenants of ECITI. This information is a critical reality check which represents a basis for the later conclusions and recommendation on repositioning.

The companies represented ranged from involvement from mid-2005 to the present, so as to provide a good overview of the impact of the East London ECITI. The interviews were structured in the key areas. The expectations of from the incubates are summarised as follows:

- Assistance with evaluating their businesses
- Checking compliance and business practices
- Mentorship
- Accessing Funding
- A good place to operate
- Professional support series
- Improved access to markets
- Support and advice in submitting tender applications
- Using the ECITI Brand to promote their own activities
- Assistance with Intellectual Property management and other legal procession.
- Contact with Universities
- Networking opportunities

Some of the challenges faced by the ECITI tenants were among others, the following:

- Firstly there was no entry process, no evaluation of their businesses, business plans etc. against any specified Entry Criteria. They were provided with space, but no lease agreements have ever been signed.

- ☑ From a branding perspective, they found no benefit from being associated with ECITI. There is no ECITI website displaying or promoting their company information and no marketing assistance or collateral.
- ☑ In terms of professional service support or mentorship, none of the tenants **has ever received any advice**.
- ☑ There are no networks established
- ☑ From an ICT perspective, some infrastructure is there but unmanaged. Being open plan offices, telephone usage is not controlled, and systems were said to be switched off at times and thus unavailable.
- ☑ ECITI was evicted from the 5<sup>th</sup> Floor of the building, and has relocated to the 4<sup>th</sup> floor in a far from ideal space.

The tenants were thus there for the 'free space'. Asked if they would remain if they were indeed charged for rent, etc, they were non-committal. It was clear that they would need to see other benefits.

## 2.4. Re-positioning

Since the departure of the previous CEO and the direct involvement of ECDC through Mr Mpumi Fundam, the governance of ECITI has been significantly revised for the better. The Interim Board provides good broad-based representation able to contextualise ECITI within the current provincial and local government priorities and strategies. Although the Review Team was able to meet some of the members, it was not possible to gain inputs from all.

Although the focus of ECITI has always been ICT, the review team felt it important to position this within the current Provincial Growth and Development Plan (PGDP) priorities. These are:

- ☑ Agriculture, with a focus on value-addition via agri-processing
- ☑ Business Process Outsourcing, with call centres being the strongest aspect.
- ☑ (Note that government is the biggest outsourcer in the province through health and municipalities).
- ☑ ICT, with alignment to National and Provincial ICT Strategies
- ☑ Mari- and Aquaculture
- ☑ Automotive (with a sense of overreliance)

- General manufacturing
- Tourism sector

The view was expressed that the new National priorities will bring an emphasis on rural development (especially a priority in the Eastern Cape), SME development and co-operative development. Other areas under consideration are Forestry and Renewable Energy.

It is clear that whilst ICT remains one of the priorities, it is now a 'cross-cutting technology' impacting on most other industry sectors.

The Review Panel also received support for this view from two other Board members, who submitted a written commentary, namely; Mr Thando Gwintsa (ELIDZ) and Prof P Songca (WSU).

They state:

"It is pertinent for the process to review aspects of ECITI that contributed to its demise and would like to highlight the following:

- The positioning of the initiative as a pure ICT incubator created problems in relation to its penetration and acceptance by the more rural municipalities, who saw it as supporting individuals privileged with exposure to ICT education.
- The Branding of the Incubator does not directly speak to the objectives of the incubator and its positioning under the banner of SEDA did not create any advantage, as their track record is that of supporting incubation in isolation of the innovation value chains. The consequence has been a single focus on either existent comparative advantage (raw material or capacity) without taking advantage of all opportunities that may be presented along the value chain. The objectives of the incubator as articulated in the brand and *modus operandi* were not easily aligned with a solution to an identified provincial problem or need, consequently enjoyed ailing support from political principal and other potential funders.
- The location and visibility of the incubator in an obscure place in the middle of the city was supported by proponents of accessibility to the general public. Although the incubator was positioned in an accessible place, its visibility was obscured by the state of the buildings, and the area.
- The governance of the incubator was mainly ad-hoc and not structured.

The Eastern Cape Province faces many challenges because of its rural nature, its size, poverty and lack of mineral resources. This is compounded by challenges of basic services delivery, poor infrastructure and necrosis in the agricultural sector, which has the potential for driving economic development in the province. The Eastern Cape is however endowed with numerous tertiary institutions that are producing students in a variety of fields and maintain specialization in areas that could be employed for the economic benefit of the Province. The incubator should therefore recognize these challenges and opportunities and position itself in the correct space, where it becomes an enabler for solution-seeking bodies or individuals.

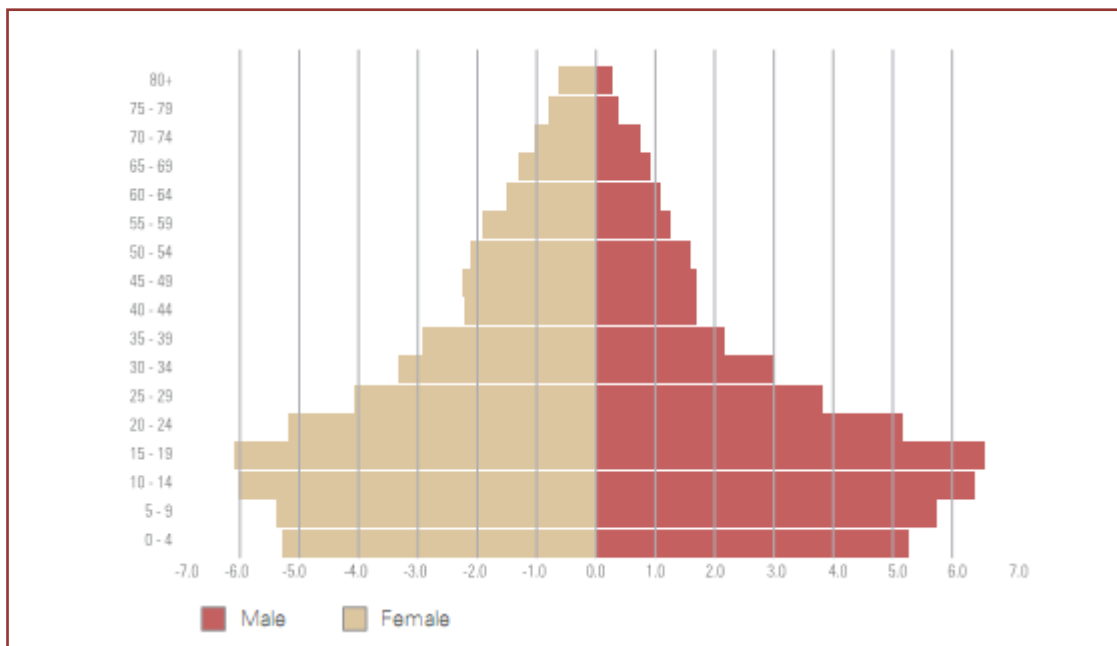
The advent of solution-provider to a broad spectrum of problems places the incubator well within the innovation arena, where the ICT incubator must form the backbone as an enabler. Placing ECITI in the innovation value chain as an enabler, suggests that, central to its turn-around strategy must be the issue of collaboration with multiple stakeholders ranging from problem depositors to solution beneficiaries from multiple sectors and support from academia”.

Thus, given the present weak state of ECITI as an incubator, its lack of brand presence and impact over the past years in stimulating the necessary environment for ICT business support and growth, and the lack of links to tertiary institutions, it is justifiable to reconsider the original mission and question:

- a) Whether the ICT industry can generate sufficient ‘deal flow’ to justify a dedicated incubator;
- b) Whether the region will be better served by allowing the incubator to operate with entry criteria addressing the regional priorities;
- c) What are the roles of other institutions and businesses in the area in supporting the objectives of the incubator?

### 3. Situational Analysis

#### 3.1. Brief profile of the Eastern Cape



Source: Eastern Cape Economic Outlook 2010

The Eastern Cape population according to the Statistics South Africa Community Survey 2007, is 6 527 746 distributed evenly across the province with Amathole (26%) and O R Tambo (28%) Districts accounting for over 50% of the population and Joe Gqabi (formerly Ukhahlamba) district as the lowest share with only 4.7% of the population. The Eastern Cape has a higher than national average of women to men with the 2001 Census recording a 53:47 ratio. The population is getting increasingly younger with 71% below the age of 35 and of that 23% below the age of nine.

<b>Capital:</b>	Bhisho
<b>Principal languages:</b>	IsiXhosa 83,8%, Afrikaans 9,6%, English 3,7% and SeSotho 2,2%
<b>Population:</b>	6,648,6 million
<b>% of total:</b>	13,5%
<b>Area (km<sup>2</sup>):</b>	169 056 km
<b>% of total:</b>	13,8%
<b>GDP (2009):</b>	R96,922 million
<b>% of total:</b>	7,8%

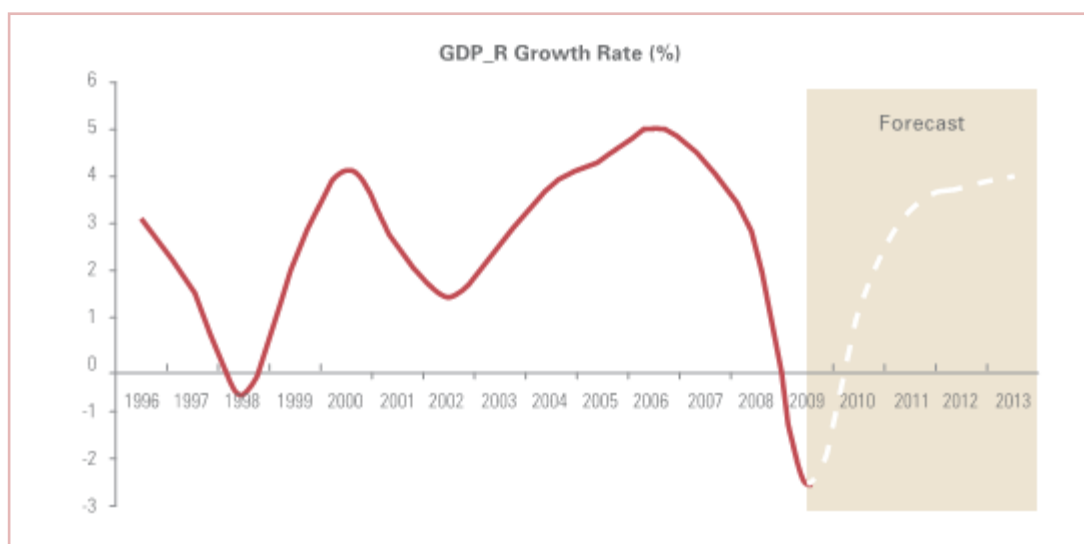
Source: Statistics SA (2009)

According to Statistics SA's report on Measuring Poverty in South Africa (2007), the Eastern Cape

is the poorest province in terms of average monthly expenditure, followed by Free State and the Northern Province. The wealthiest provinces are Gauteng, followed by the Western Cape.

### 3.2. Eastern Cape Economy

According to the Eastern Cape Economic Outlook (2010), The Eastern Cape is the fourth largest economy in South Africa after the provinces of Gauteng, the Western Cape and KwaZulu-Natal. It contributed about 7.8 percent to the national economy in 2008 showing a steady growth except for the period 2001 to 2003. The average economic growth rate between 1996 and 2009 stood at 2.6 percent. During the world financial crisis between 2008 and 2009, the EC economy plummeted to – (minus) 2.4 percent due to the provinces heavy reliance on the auto sector and its vulnerability to external shocks.



Source: Eastern Cape Economic Outlook (2010)

### 3.3. Provision of Electricity

Out of the 1.3 million households in the Eastern Cape headed by black Africans, less than half (560 000) use electricity for lighting, with the majority of houses using candles or paraffin. The overall percentage of households using electricity for lighting increased from 31.6% in 1996 to 49.5% in 2001, testifying to the success of the province's electrification drive. The lack of electricity impacts on the development of communities. The primary impact will be experienced by the ability of the

community to manufacture as well as the personal development that lighting brings in terms of pupils learning, reading and having access to electronic media.

### **3.4. Provincial ICT Strategy**

The ICT Strategy outlines a new strategic direction for ICT within the Province, aimed at giving impetus to the National and the Provincial mandates, with specific focus on the Eastern Cape Provincial Growth and Development Plan (PGDP).

Primary international and national drivers for the Strategy include the Presidential National Commission Information Society and Development (PNC-ISAD FOSAD cluster) mandate; World Summit on Information Society (WSIS, 2003, 2005) Declaration of Principles; United Nations Millennium Development Goals (UN MDG); and the Pacific Council on International Policy Roadmap on e-Government.

The main purpose of this strategy is to:

- ☑ Concurrently target the development of the ICT sector and to use ICT's as a broad based enabler in the achievement of the Provincial Government Development Plan (PGDP) goals;
- ☑ Promote the deployment and exploitation of information, knowledge and technology within the economy and society as key drivers for socio-economic development.
- ☑ Act as a catalyst in the modernisation of ECP's educational system using ICT's to improve and expand access to education, training, research resources, facilities, the quality of education and training and make the educational system responsive to the needs and requirements of the economy and society with specific reference to the development of the information and knowledge based economy and society.

The Provincial ICT Strategy will enable the Province to lay the foundation for improved service delivery, especially to rural communities and will provide a clear strategic intent for ICT development within the Province. More specifically, the transformation of the Eastern Cape ICT capability focuses on the following seven building blocks:

ICT sector Development and Innovation;

**ICT adoption and usage by Public:** Streamline and automate key citizen-facing business processes;

**Human Resource Development:** R&D by academia and Advance the ICT skills of citizens, with a particular focus on SMMEs, youth and graduates;

**ICT Governance:** Improve ICT Governance, transparency and accountability;

**ICT Infrastructure Development:** Incorporate broadband connectivity for businesses and citizens; ICT Enterprise Architecture; and

**2010 Support Projects:** Preparations for the 2010 Soccer World.

In efforts to move away from traditional ICT, the strategy proposes the investigation of ICT as an industry in its own right. The intention is to expand the economy and increase employment in the industry.

The ICT Strategy has been created for the period 2008 – 2014 to coincide with that of the PGDP. Over the next year, the priority areas are:

- ☑ To urgently support the development of infrastructure that will provide greater access to low-cost high bandwidth Internet connections and the use of affordable software (open standard and open source);
- ☑ Human Resource Development Education and Training -Capacity-building;
- ☑ Bridging the Gender digital divide (Woman in ICT);
- ☑ M-Commerce and M-Government (Mobile Government);
- ☑ Recruitment and Retention-Eastern Cape Brain Drain Reversal;
- ☑ Creation of an integrated Provincial Project Management Office (PMO) supported by well-defined ICT Governance;
- ☑ Definition of the Provincial Enterprise Architecture, aimed at supporting the Information Society vision of the Province.

The programmes identified in the ICT Strategy aim to transform Eastern Cape Province into an information knowledge-driven province. In setting out the direction, the strategy will lay emphasis on the development, deployment and exploitation of ICTs to aid the development of other sectors of the economy.

Though a comprehensive list of programmes is in place, the road to a transformed ICT sector is still long. Joint effort and partnerships are required to fulfil the objectives and to lay a foundation for a bright and prosperous future for all citizens in the Information Society.

The ICT strategy sets the direction for a bold agenda for redefining how to effectively exploit ICT to support the Province's strategic imperatives.

### **3.5. Digital information**

The Eastern Cape Province has access to three mobile telecommunication operators (MTN, Vodacom, Cell C), two Under Service Area Licenses now called Puisanno (Amatole Telecommunications and Itel) and two fixed line telecommunication operators (Telkom and Neotel).

The province has three public television broadcasting services (SABC 1, 2, 3), one terrestrial subscription television service (MNET), two subscription television broadcasting services (MULTICHOICE and TOP TV), one Free to Air terrestrial television service (E-TV), one grandfathered Community Television station (TBN), 18 public radio stations (SABC), 16 commercial radio stations and community radio stations.

A few IT companies operate in the province

1.1.1. Universal Access

1.1.2. Infrastructure roll-out

High levels of illiteracy and a lack of ICT infrastructure in the Province, especially in rural areas, combined with a lack of access to information and communication channels, which enable Government to engage with citizens and for citizens to be empowered to make informed decisions, have exacerbated the poor service delivery. In addition, there is no consistent directive to service providers on connectivity intent for rural areas,

### **3.6. Industry trends and opportunities**

The provincial interventions should exploit the availability of new technologies and access to affordable broadband, digital broadcasting, etc. to meet the developmental challenges. This ECITI strategy is intended to add value to efforts of enhancing the use of ICTs for development.

ECITI will interact with programmes intended to improve access to ICT by all, like campaigns such as ONE CHILD ONE LAPTOP, 1GOAL EDUCATION, internet connectivity of rural schools and clinics, rollout of infrastructure (broadband, access to television and radio signals, digital broadcasting), etc.

#### **4. Business Incubation**

The concept of a business incubator has until now been the defining feature of the core business of the ECITI in East London. It has been emphasized that the business incubator, is but one project of the ECITI and does not by itself constitute the overall core business and mission of the ECITI. It useful, therefore, to provide clarity on what is understood by a business incubator. The section below is an extract directly from the Repositioning Strategy document presented to the ECITI board.

##### **What Incubation is:**

- About nurturing and supporting business ideas already in existence, at least at concept level
- About providing expertise and infrastructure that would typically be beyond the reach of an individual entrepreneur
- Growing the SME sector within a region, industry sector, or country

##### **What Incubation is not:**

- A training centre to teach people how to start a business
- Involved in direct job creation. Entrepreneurs create jobs; incubators facilitate the creation of jobs.

##### **The incubation process**

Most common incubator services [3]

- Help with business basics
- Networking activities
- Marketing assistance
- High-speed Internet access
- Help with accounting/financial management
- Access to bank loans, loan funds and guarantee programs
- Help with presentation skills
- Links to higher education resources
- Links to strategic partners
- Access to angel investors or venture capital
- Comprehensive business training programs

- ☑ Advisory boards and mentors
- ☑ Management team identification
- ☑ Help with business etiquette
- ☑ Technology commercialization assistance
- ☑ Help with regulatory compliance
- ☑ Intellectual property management

Unlike many business assistance programs, business incubators do not serve any and all companies. Entrepreneurs who wish to enter a business incubation program must apply for admission. Acceptance criteria vary from programme to programme, but in general only those with feasible business ideas and a workable business plan are admitted. It is this factor that makes it difficult to compare the success rates of incubated companies against general business survival statistics.

Although most incubators offer their clients office space and shared administrative services, the heart of a true business incubation program is the services it provides to start-up companies. More than half of all business incubation programs are "mixed-use" projects; that is, they work with clients from a variety of industries. Technology incubators account for 39% of incubation programs (NBIA).

- ☑ Business incubation has been identified as a means of meeting a variety of economic and socio-economic policy needs, which may include:
  - ☑ Creating jobs and wealth;
  - ☑ Fostering a community's entrepreneurial climate;
  - ☑ Technology commercialization and diversifying local economies;
  - ☑ Building or accelerating growth of local industry clusters;
  - ☑ Business creation and retention;
  - ☑ Encouraging women or minority entrepreneurship;
  - ☑ Identifying potential spin-in or spin-out business opportunities and
  - ☑ Community revitalization.

About one-third of business incubation programs are sponsored by economic development organizations. According to (mainly USA) statistics, government entities (such as cities or counties) account for 21% of program sponsors. Another 20% are sponsored by academic institutions, including two- and four-year colleges, universities, and technical colleges

## **5. Changes in the business environment (technological, social and governmental)**

Since the initial feasibility studies 2002, a number of key changes have occurred:

- ☑ The progress in the East London area for significant growth in ICT is not clear.
- ☑ The development of the ELIDZ has been dominated by the Auto Supplier companies, but indications of other areas such as renewable energy (eg biofuels), aquaculture, agro-processing are receiving attention to support broader economic development.
- ☑ The wide range of supportive companies and individuals, who were committed to the development of ECITI at the outset, seem to have lost interest over the years. Such involvement was crucial to success and will need to be re-kindled, a much more difficult task second time around.
- ☑ Major restructuring of the local East London universities has resulted in the creation of Walter Sisulu University which intends to establish new facilities for Science and Technology fields
- ☑ More recently, national elections have resulted in a significant refocusing of priorities with elements such as rural development and poverty alleviation forming key elements
- ☑ The world economic collapse of late 2008 has brought many of the developed countries and South Africa into recession. This can be seen with an immediate drop in exports affecting key sectors, including minerals and automotive, as well as drops in consumer spending and rising unemployment. The impact in the BCM region is already apparent, particularly with the auto-related suppliers on the IDZ.

More generally, as connectivity has become wide spread, ICT has become a component of nearly every business sector, and can now be seen as a cross-cutting platform. The ICT industry in South Africa does not have particular strengths in hardware development but rather in the utilization of ICT through services. A major growth area has been the development of unique applications of mobile telephony which has opened usage to the broader community, including rural. Further developments in progress should see broadband becoming more cost effective and wider use.

The ICT industry in East London area mostly represents large SA companies who focus on technology and ICT deployment and implementation. It is unlikely that these local branches would be involved in any significant development work, as this is most likely located in Gauteng, or even outside of South Africa. The major contracts are generally government-related, and tender process will make it difficult for emerging SMME companies to obtain substantive work. In re-evaluating the ECITI Incubator, therefore, cognisance must be taken on the alignment with current priorities (national and provincial). Its success will depend crucially on the emergence of SMME's in sufficient numbers to justify its existence, and in developing a pipeline of new embryo companies.

## **5. Mission statement**

An innovative agency that promotes the use of information and communication technologies to effect positive social change, socio-economic development, employment creation and poverty eradication, through providing support, mentorship, infrastructure and promoting entrepreneurship.

## **6. Vision**

A champion for a connected empowered and informed Eastern Cape.

## **7. Values**

- ⊙ Innovation
- ⊙ Excellence
- ⊙ Empowerment
- ⊙ Collaboration
- ⊙ Integrity

## **8. Purpose Statement**

To promote creative and innovative use of information communication technology as effective tools for socio economic development.

## **9. Strategic Goals**

- ⊙ To develop strategic partnerships that promote innovation and connectivity for development
- ⊙ To promote ICT infrastructure roll-out in rural and other underserved areas.
- ⊙ To support entrepreneurship in the ICT sector thus creating job opportunities.
- ⊙ To build an efficient and effective organisation

## **10. Strategic objectives**

- ⊙ To leverage resources and opportunities from government, academia, research institutions and industry.
- ⊙ To serve as a source for information and education on global technology trends with impact on Eastern Cape, SA and the continent.
- ⊙ To ensure effective stakeholder management
- ⊙ To facilitate internet connectivity in rural communities.
- ⊙ To facilitate and promote universal services and access.
- ⊙ To support the development of community media and communication platforms.
- ⊙ To promote ICT usage for economic development.
- ⊙ To provide effective life cycle support to incubates.
- ⊙ Build ECITI organizational capacity for delivery on mandate.
- ⊙ To promote good governance and strengthen internal controls

## **11. Strategic Priorities**

- ⊙ Ensure an unqualified Audit
- ⊙ Build Internal capacity
- ⊙ Develop and maintain an effective life cycle support for incubates
- ⊙ Build strategic partnerships
- ⊙ Build a strong brand

## 12. Alignment of Strategic Goals with Strategic Initiatives

GOAL 1	To develop strategic partnerships that promote innovation and connectivity for development
<b>STRATEGIC INITIATIVES</b>	<input checked="" type="checkbox"/> Conduct a stakeholder identification and analysis exercise
	<input checked="" type="checkbox"/> Develop a stakeholder relations management strategy and plan
	<input checked="" type="checkbox"/> Implement the stakeholder management plan
	<input checked="" type="checkbox"/> Monitor stakeholder perceptions and attitudes on a periodic basis and take appropriate corrective action
	<input checked="" type="checkbox"/> Engage with established industry players in a collaborative effort to support emerging entrepreneurs with innovative ideas and initiatives
	<input checked="" type="checkbox"/> To identify and establish relationships with potential ICT partners on key priority sectors identified in the Provincial Growth and Development Strategy
	<input checked="" type="checkbox"/> Identify and profile potential ICT partners in known priority sectors and industry segments identified and agreed with the ECITI Board
	<input checked="" type="checkbox"/> Engage with potential ICT partners in anticipation of technology transfer needs based on the needs of the local economy and known challenges
	<input checked="" type="checkbox"/> Conduct an assessment of available and essential technologies worldwide and bring these to the Eastern Cape

<b>GOAL 2</b>	<b>To promote ICT infrastructure roll-out in rural and other underserved areas</b>
<b>STRATEGIC INITIATIVES</b>	<input checked="" type="checkbox"/> Conduct a periodic technology environmental scan exercise and publish the findings in print and on the website of the ECITI
	<input checked="" type="checkbox"/> Establish and maintain through subscription, a membership relationship with technology development agencies in South Africa and the world at large
	<input checked="" type="checkbox"/> Participate actively in initiatives and events aimed at promoting technology innovation in Eastern Cape.
	<input checked="" type="checkbox"/> Collaborate with national and global initiatives and programmes for provincial benefit.

<b>GOAL 3</b>	<b>To support entrepreneurship in the ICT sector thus creating job opportunities</b>
<b>STRATEGIC INITIATIVES</b>	<input checked="" type="checkbox"/> Identify and profile existing ICT development innovation development agencies in South Africa and the continent.
	<input checked="" type="checkbox"/> Launch a public awareness and education campaign targeted at the youth, emerging entrepreneurs, the public sector and high schools
	<input checked="" type="checkbox"/> To development and launch an ICT entrepreneurial outreach campaign to identify, attract and select potential candidates that constitute “deal flow” for ECITI
	<input checked="" type="checkbox"/> Develop a targeted promotional campaign to catch the attention of emerging entrepreneurs
	<input checked="" type="checkbox"/> Plan and execute educational workshops, seminars and possibly host technology innovation conference at selected venues within the province
	<input checked="" type="checkbox"/> Design and deliver a package of core service offerings to SMMES
	<input checked="" type="checkbox"/> Identify and profile potential venture capital partners guided by existing and anticipated needs for venture capital finance
	<input checked="" type="checkbox"/> Create an enabling environment for access to development finance institutions, trading partners, etc.

GOAL 4	To build and efficient and effective organisation
<b>STRATEGIC INITIATIVES</b>	<input checked="" type="checkbox"/> Ensuring effective HR management practices with a view to retain and attract critical skills
	<input checked="" type="checkbox"/> Leadership Development and exchange programmes implemented
	<input checked="" type="checkbox"/> Ensuring compliance to policies and corporate governance
	<input checked="" type="checkbox"/> Effective management of strategic risk
	<input checked="" type="checkbox"/> Launch the corporate identity and execute a publicity campaign
	<input checked="" type="checkbox"/> To establish a viable and effective incubation facility as a Flagship Project of ECITI
	<input checked="" type="checkbox"/> Develop and implement a Communication Strategy
	<input checked="" type="checkbox"/> Establish direct contact and profile the ECITI in terms of its mandate, vision, mission and strategic objectives.
	<input checked="" type="checkbox"/> Review the Incubator Concept and revise the operational model
	<input checked="" type="checkbox"/> Develop a new business plan with specific emphasis on long-term sustainability and appropriate infrastructure and management capacity
	<input checked="" type="checkbox"/> Create awareness amongst the targeted beneficiaries, strategic partners and key stakeholders within the province and elsewhere in SA and abroad
	<input checked="" type="checkbox"/> Design and implement a recruitment strategy to attract suitable potential candidates for the ECITI Incubator
	<input checked="" type="checkbox"/> Develop an appropriate performance monitoring and evaluation criteria to measure the success for the ECITI

### 13. Corporate Scorecard

CORPORATE SCORECARD FOR THE PERIOD 2011/12 TO 2013/14					
GOALS	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS	TARGETS		
			2011/12	2012/13	2013/14
<b>Goal 1:</b> To develop strategic partnerships that promote innovation and connectivity for development	<ul style="list-style-type: none"> <li>To leverage resources and opportunities from government, academia, research institutions and industry</li> </ul>	· Number of collaborative projects	2	2	2
		· Financial resource mobilised	R2.2M	R2.8	R3.5 M
	<ul style="list-style-type: none"> <li>To serve as a source for information and education on global technology trends</li> </ul>	Functional ICT portal	Develop & commission	500 hits	1000 hits
		<ul style="list-style-type: none"> <li>To ensure effective stakeholder management</li> </ul>	— Stakeholder strategy in place	Develop the strategy	Implement strategy
	— Stakeholder index (1-5)		2.5 <sup>1</sup>	3	3.5
	— Return business		0	1	1
<b>Goal 2:</b> To promote ICT infrastructure roll-out in rural and other underserved areas.	<ul style="list-style-type: none"> <li>To facilitate internet connectivity in rural communities.</li> </ul>	· Value of investment	R120K	R200K	R350K
		· Number of connection	1	2	3
	<ul style="list-style-type: none"> <li>To facilitate and promote universal service and access</li> <li>To support the development of community media &amp; communication platforms</li> </ul>	· Increased access to ICT services	1	2	3
		Number of partnerships	0	1	2
		· Number of collaborative projects	0	1	2
<b>Goal 3:</b> To support entrepreneurship in the ICT sector thus creating job opportunities.	<ul style="list-style-type: none"> <li>To promote ICT usage for economic development</li> <li>To provide effective life cycle support system to incubates</li> </ul>	Use of ICT solutions to improve businesses in other sectors Implemented ICT solutions	1	2	3
		· % of companies graduating from the incubators	20%	30%	40%
		% growth jobs created (full time)	50%	75%	100%
		Increase number of incubated enterprises	20	25	35

<sup>1</sup> Scale of satisfaction 1-5 (1 not satisfied and 5 very satisfied)

**CORPORATE SCORECARD FOR THE PERIOD 2011/12 TO 2013/14**

GOALS	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS	TARGETS		
			2011/12	2012/13	2013/14
		Increase in turnover of incubated enterprises	25%	20%	28%
<b>Goal 4:</b> To build an efficient and effective organisation	<ul style="list-style-type: none"> <li>Build ECITI organizational capacity for delivering on its mandate</li> </ul>	· Fully populated organogram	Long term HR plan aligned to strategy	-	-
		· Staff development programmes	Signed performance contracts and Development plans	HR Policies review	Fully implemented Performance management system
		· Number of policies approved/review	8	4	2
	<ul style="list-style-type: none"> <li>To promote good governance and strengthen internal controls.</li> </ul>	· Unqualified audit report	100%	100%	100%
		· Risk Register	100%	100%	100%
		Good Governance	100%	100%	100%
		· Board Annual Plan	1	1	1

## 14. Risk Management

### Risk and Risk mitigation

Identified Risk	Type of Risk	Risk Mitigation
Single source funder (finance)	Process risk (associated with budget allocation)	Alternate funding mechanisms will need to be instituted. This includes raising the rand amount raised from external sources to augment existing funding. This will be sought through funding agreements and through sponsorships.
Negative perceptions by key stakeholders	Environmental risk/political/ socio economic	Monitor stakeholder perceptions and attitudes on a periodic basis and take appropriate corrective action
Lack of long-term sustainability	Compliance and Governance	Develop a new business plan with specific emphasis on long-term sustainability and appropriate infrastructure and management capacity
Inadequate governance structures	Compliance and Governance	Desired management structure e.g. Finance manager; Desired composition of skills & knowledge at board committees e.g. Legal and Audit
Reduced uptake for ECITI incubation programme (slow deal flow)	Services Delivery	Engagement with communities and other levels of government to strengthen partnerships and better understand supply and demand processes.

## 15. Board Members

- **Ms Noludwe Ncokazi Chairperson)**  
*Eastern Cape Development Corporation*
- **Mr. Thando Gwintsa**  
*East London Industrial Development Zone*
- **Prof Phinda Songca**  
*Walter Sisulu University*
- **Mr. Cwenga Pakade**  
*Walter Sisulu University*
- **Mr. Lumko Mtimde**  
*Media Development and Diversity Agency*
- **Mr. Viwe Madolo**  
*Amatole District Municipality*
- **Mr. Mbulelo Jolingana**  
*Department of Economic Development, Environment Affairs*
- **Mr. Mpumi Fundam**  
*Eastern Cape Development Corporation*
- **Mr. Mzolisi Payi**  
*Walter Sisulu University*
- **Adv. Gulshan Singh**  
*East London Industrial Development Zone*