

CHAIRMAN'S REVIEW



"The Innovation Hub has made remarkable progress in bringing to market an internationally accredited Science Park that has successfully created the first interactive high-tech cluster in Gauteng. Its establishment is helping to drive technology commercialisation and improve the rate at which new enterprises are created."

- Nomhle Canca, Chairman, The Innovation Hub Management Company (Pty) Ltd

Internationally, economists are recognising the link between innovation and global competitiveness. While many countries are increasingly committing considerable resources to science, engineering and technology to stimulate innovation, authoritative world competitive reports indicate that South Africa lags behind in this race.

Despite South Africa's well-established research base and a propensity for generating new ideas, we face major challenges in achieving and sustaining the required levels of competitiveness. Amongst others, these include gearing a robust drive to commercialise technology and improving the rate at which new enterprises are created.

The Innovation Hub, established by the Gauteng Provincial Government through its Blue IQ agency, is set to significantly contribute towards addressing these challenges. As an internationally accredited Science Park, its infrastructure and activities are designed to support business growth and the creation of new enterprises.

Boosting innovation and creating links between high-tech companies and research and development resources to generate knowledge and spur technology commercialisation is something The Innovation Hub is already achieving. Aligned to Gauteng's vision of becoming the 'smart' Province, it is helping to grow an economy that is underpinned by technological capacity, entrepreneurial ability and significant intellectual capital.

Progressing towards sustained growth

During the past year The Innovation Hub has made remarkable progress in bringing to market an internationally accredited Science Park that has successfully created the first networked high-tech cluster in Gauteng. The first phase of construction has delivered an impressive, state-of-the-art infrastructure, while tenant interest and uptake has far exceeded expectation.

The Hub's **maxum** Business Incubator has continued to successfully fast-track entrepreneurs from previously disadvantaged backgrounds and early stage businesses through its

Science and Technology Parks create a space where a team of professionals provide value-added services to increase the competitiveness of its region by driving innovation and the transfer of knowledge and technology and fostering innovation-based companies through incubation and spin-offs.

- International Association of Science Parks (IASP), 2004

pre-incubation and incubation programmes, while its INNOV8 community has grown significantly to more than 3 000 members.

Business leadership and skills development have also been key activities. Postgraduate students participating in the Hub's ITCoachLab™ have been involved in real-time industry projects, while the Hub has joined forces with the Youth Development Trust to create jobs for unemployed tertiary graduates from Tshwane. The YDT SmartCity Community Contact programme is a joint initiative with USAID, the Finnish Embassy, the Tshwane Metropolitan Council and Khanyisa Real Systems to enhance the City of Tshwane's communication with its residents regarding issues that affect them.

Creating a partnered investment environment

Significant local and international interest in The Innovation Hub speaks clearly to the role that it will play in the provincial economy in coming years. Although only in the first phase of its development, important Public Private Partnerships have already been forged with the Hub performing a central, linking role exactly as it should.

Achieving sustainability through local and foreign investment is a future challenge for the Hub. Success will in part depend on South Africa being perceived as an attractive investment destination for high-tech development. Government can assist with incentives and policies that attract global companies in the knowledge intensive sector and support, rather than impede, international competitiveness.

The launch of Blue IQ Investment Holdings (Pty) Ltd

In October 2003 the Premier of Gauteng signed into law the Blue IQ Investment Holdings (Pty) Ltd Act of 2003. This has



Globally, Science Parks have become acknowledged as a stimulus to economic growth. They create environments that promote innovation and, in effect, sustain development, generate intellectual property, support the commercialisation of technology and enhance global competitiveness.

established a provincial public entity which legally operates as a limited private company in terms of section 3(c) of the Public Finance Management Act.

By implication Blue IQ has become a juristic person able to attract private sector investment in its projects. The Company can dispose of equity stakes in the Blue IQ projects on the basis of a mandate from the Gauteng MEC of Finance. Between November 2003 and March 2004 most of the Gauteng Provincial Government's equity positions in Blue IQ subsidiary companies, such as The Innovation Hub, were successfully transferred to BIQ Investment Holdings. The outstanding equity positions are in the process of transfer.

During the period under review a revised Blue IQ strategy has been developed to drive the subsidiaries from their initiation stages into successful and growing business entities, while not losing sight of the original objectives.

In appreciation

I thank all those involved in the development of The Innovation Hub for the bold strides taken and the progress made in its establishment. I also thank my fellow Board members for their contributions and wise counsel and on behalf of the Board I thank our valued clients, stakeholders, partners and suppliers for their continued interest and support.

To the team at The Innovation Hub Management Company, I express my appreciation for their dedication and drive during the past year that has resulted in such remarkable achievements.

Way forward

Reaching our goals as a country of halving unemployment and poverty by 2014 is a national imperative. To do this, we must boost economic growth and ensure that all our people, specifically those previously excluded from participation in the mainstream economy, benefit from the opportunities being created by initiatives such as The Innovation Hub. Broad-based Black Economic Empowerment and the creation of SMMEs will be key drivers in this process.

The Innovation Hub will continue to make a significant contribution in this regard and in realising the vision of Gauteng to become a global city region. Backed by its shareholder and the commitment of its employees, the Hub is ready to meet the challenges of the new financial year.

Nomhle Canca
Chairman of the Board
The Innovation hub Management Company (Pty) Ltd
28 July 2005