

Private Equity Day 1 Conference Highlights

On Wednesday, over 400 delegates arrived at Spier Wine Farm in Stellenbosch for SAVCA's annual Private Equity in Southern Africa Industry Conference, which has been an industry highlight since the early years of its inception. This followed on from SAVCA's first independent Venture Capital Conference, which took place on Tuesday.

With the overall conference theme being "Connect. Collaborate. Commit." it was quite apt to have begun the afternoon with a public viewing session of Finance Minister Tito Mboweni, who was delivering his 2020 Budget Speech. After registering, delegates gathered around a big screen in the foyer and exchanged their views on the national budget.

It was then time to begin proceedings with Zipho Sikhakhane, a global speaker, business strategist, and the conference MC for the next two days, taking the stage to welcome everyone. This was followed by an opening address from the Chairman of SAVCA, Craig Dreyer, who noted that this would be his final year of chairing the SAVCA board and therefore, it would be his last conference opening address.

"Over the past 22 years, I've been fortunate enough to be part of the SAVCA family from inception and have proudly watched it grow into the association that it is today. What we've managed to achieve is far beyond our wildest expectations," Dreyer said, before inviting the first speaker onto the stage.

Under the MicroSCOpe: South Africa as a regional hub

First up was Dr Stuart Theobald, Chairman of Intellidex, who – through a pre-recorded video – offered some insight into how South Africa could better position itself as a regional financial services centre in order to be able to serve the wider region and the rest of the world. But first, he explained why he believed a regional financial centre strategy would be a good idea for a country like South Africa.

"In addition to the obvious impact this kind of strategy would have on employment and GDP, embarking on a financial centre strategy would protect the existing competitiveness of the South African financial sector. It would also improve our resilience as a country to face the Fourth Industrial Revolution because financial services is an industry that is able to embrace modern technology and digitisation.

"Another reason is that the presence of a financial centre will enhance regional competitiveness of the South African economy as a whole, and the fifth and final reason is to help the country to meet National Development Plan (NDP) goals," said Theobald.

Following his presentation, SAVCA's Head of Regulatory Affairs, Shelley Lotz, got the opportunity to ask Theobald some pressing questions about his proposal to position South Africa as a regional hub.

Here, he also hinted at the key role that the PE industry would play, as well as the potential opportunities that such a strategy would open up to the industry.

South Africa - A macro-economic overview: Economic Stimulus Initiatives

Next up on the agenda was Dr Anthony Costa, the Investment Programme Lead at IDC, who has been working closely with President Cyril Ramaphosa in the development and rollout of the investment mobilisation programme and initiatives aimed at driving increased domestic and foreign direct investment in South Africa.

Costa provided some context around the initiative and provided feedback on the progress that has been made thus far. "President Ramaphosa has identified investment as central to economic growth in South Africa, setting a goal of securing an additional R1.2 trillion of investment over five years. So far, over R650bn of investment commitments have been achieved, which means we're more than half way there."

Mapping the way forward for the remaining four years of this administration, Costa referred to three necessary components, as mentioned by President Ramaphosa in his State of the Nation address. These were fixing the fundamentals; pursuing critical areas of growth; and ensuring excellence in planning and execution in Government.

International investment trends: "Opportunities in Africa"

In an exciting and insightful panel discussion moderated by Terry Wyer, SVP of Investment Programs at Heifer Impact Capital, international investors from all over the globe shared their perspectives on the opportunities that currently exist in the African PE industry.

On a positive note, Nadine Mentor, Partner and Senior Advisor at MiDA Advisors said that her firm has been able to deploy more than a billion US dollars over the past year. "The first step to deploying capital is always education, and this is not going to happen overnight. Due diligence is also very important, in order to ensure there is a real understanding of what it means to invest in Africa, as well as understanding the different levels of risk associated with the continent."

Edward Kimotho, Private Equity Professional at Partners Group noted that the African PE is a space that they've been interested in for a very long time. "We've always said as a firm that we want to try and be more of a direct investor in the continent. But the truth is, for a business like ours that is based in the US, it's difficult to do this by ourselves. This is why we are trying to team up with funds who share a similar ethos to ours."

When asked how to sell Africa as an investment destination to Trustees, Michael Harper, Trustee and Chairman of Milwaukee County Employees Retirement System, said that it is important to build the business case; educate the trustees; and inform their long-term decision about why this is important. "It is important to build this business case strategically, intentionally and thoughtfully."

COnected to change

Renowned Speaker, Facilitator and Digital Strategist, Dave Duarte took to the stage next to wake up and shake up delegates by looking at some of the global trends that will impact the industry and the companies we invest in.

The key to embracing these opportunities and driving real value, according to Duarte, lies in finding the narrative for change amid the hype. To do this, he said it's important to evaluate any idea of change by looking at it from three levels: Truth, trends and tech innovation.

“It can be difficult to judge new technologies as it's often tricky to see beyond the hype cycles, and yet we have to. We need to be looking at things over a three-to-five year period, which is why I find the three levels of evaluation work.

“The basis of any idea is the unchanging truth behind it – these are the value drivers and the fundamental challenges that it is solving. Next, you need to look at the trends, which are the enabling systemic drivers that push the idea through. And finally, ask yourself what is genuinely technological about it – this doesn't necessarily have to be an engineering solution, but rather what is being pioneered in this idea that hasn't been seen before,” he elaborated.

After delving into some of the hottest current global trends, from dark kitchens to stakeholder capital, Duarte came back to emphasising the importance of telling a story and finding a strong narrative. “If you want to create change, you have to help people connect with that change. How you do this, is by helping people to accept the narrative.”

SAVCA FMDP progress report

To round up a successful first day of the PE Conference, a video was played in which SAVCA's Melanie de Nysschen gave delegates a thorough update on the progress that is being made by the SAVCA Fund Manager Development Programme (FMDP), which was launched at this very conference last year.

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