

SEPTEMBER 2019

The Newsletter of the Institute of Inventors and Innovators

III – The home for inventors. A non-profit organization controlled by inventors, supporting inventors.

III – South Africa Business Award Winner – MEA Markets 2018

<https://www.mea-markets.com/2019-the-institute-of-inventors-and-innovators>

For your diary ...

- ❖ **Dates for our monthly Eureka! Meet** for the rest of the year ... set them aside, attendance is always worthwhile. September 11; October 9 and November 13. We take a break in December then start again on January 15th 2020 when all are back from leave and South Africa gets back to work.
- ❖ **PITP – Pitch it to the Panel** – the next date is **Saturday 14th September 2019**. Do you need confidential advice for your invention? Let our experts share their wisdom with you. Secure your place now, don't wait until the last minute – bookings are going fast so act soon.

Sjoe mense! We break all the rules about lots of pictures and little writing but we think that as **FUNDING** is such an important subject for **Inventors** it's worth it. **We hope you think so too!**

Report back – THE FUNDING LANDSCAPE

Arnold February: Regional Investment Manager, Business Partners.

This company is the home of the entrepreneur. They're a specialist risk finance company that provides customised financial solutions, sectoral knowledge, mentorship, business premises and other value added services for formal small and medium enterprises (SMEs) in South Africa and selected African countries. They're passionate about funding, supporting and mentoring entrepreneurs, or as they call them, the "square pegs in a sea of round holes" ... hence the company logo. Square pegs in round holes? Business Partners seeks them out –

they like them, they consider these people as exceptional individuals who view each challenge as a chance to provide solutions and who don't see the world for what it is **but** for what it could be. As at March 2019 Business Partners: • Made 71 615 investments • Invested R19, 4 billion • Facilitated 648 226 employment opportunities.

Initially we advertised a talk on ANGEL FUNDING and we had a slew of questions about this subject to be answered but it became apparent that Angel Funders are just one source of finance. The funding landscape was better considered from a broader perspective. Enter Arnold.

His slide presentation included a couple of '2-minute noodle' introductions but in terms of all that had to be covered to our advantage, these noodles were just right. There were three main areas he discussed – Sources of finance (types of funding) available and the pros and cons of each, some information on Government funding and a brief summary of the Challenges of funding. Finding an 'investor' depends on a proper evaluation of yourself as entrepreneur; of your idea/product *as well as* sound preparation and due diligence, of all which would include a well thought out business plan.

There is a long list of boxes to tick before any 'person' or company invests funds or will get involved. Inventors are not always entrepreneurs or business people when it comes to seeing their invention/s on to the market in any sustainable way. Often an inventor just wants to invent. If this is so, then it may be useful to license or sell the idea/product concept than not get it to market. "Essentially," said Arnold



“understanding who you are (a mini- personal SWOT exercise will do) could mean the difference between success and failure when it comes to finding the funds you need to bring your product to market... and then running your own business.”

Reporting back on such an important and wide subject is not easy but below is a summary which will give you a lot to research and to do let alone think about.

There's a lot of money out there even though we know it's hard to access for inventors, especially at idea/proof-of-concept/prototype phases. Each source has its own set of rules and requirements which in turn will depend on variables that are not readily summarised. Each request for funding is different and while there may be a formula in place, each case is assessed individually; and this will happen regardless of the source or request.

Remember too that this door swings both ways. While the funder is assessing the applicant there are aspects of the application that the entrepreneur should consider just as carefully ... such as interest rates on loans and general costs, flexibility of terms (what fits your your business and personal circumstances), and what 'value add' is offered in exchange. What of the financial disciplines when it comes to reporting? Financial and management freedom? Investor involvement – will it be hands-on or hands-in? Investors also want to make money and will not give funds unless they can 'see' this is possible. You also have to consider the economic climate which will have a direct influence on events - don't ask for too little money because you think your request might get approved more easily.



Arnold had other sound advice to offer. • Go prepared • Believe in yourself and your business • Don't be afraid to negotiate • Be honest and open • Only borrow money if you really need it – money should enable you to make more money not plug holes • Put everything in writing even when dealing with funders • Nothing comes easy, and if you are unsuccessful with one source, try others - don't give up.

So where is the money? Well, there are many sources and here follows a list that covers most. In point form these include: • Commercial Financiers • Family and Friends • Government and DFIs (Development Finance Institutions such as Land Bank and African Development Bank) • Other financial institutions (e.g. Business Partners) • Private Equity • Angel Investors • Venture Capitalists • Creditors • Bootstrapping (using your own resources) • Crowd Funding • Enterprise Development • 12 J Funds

A person 'could have danced all night' discussing each of these in detail but of course this was not possible. There was, however, some brisk discussion on some.

Take Angel Investors. These are usually wealthy executives and professionals or former entrepreneurs who have business experience and independent money to invest. They favour early stage investments and invest smaller amounts of capital (their own money) compared to venture capital (VC) funds. Angel Investors are essentially individuals who invest in start-ups for a return (usually in the form of shares/equity in your company) and like anyone, Angels only invest in companies or products they believe have earning potential. There are many advantages with Angel funding – Angels provide industry specific information, they are well connected and can provide quick market accessibility.

Because they have a stake in your business they are motivated for your success, can provide coaching and mentorship and depending on the circumstances of the finance offered will keep a professional and interested distance. The thing is Angels are hard to find! They are 'early stage high risk' investors and as such may want too much equity in your enterprise. This in turn may lead to too much control in the day-to-day running of the business.

They do play a very important role in funding and mentoring early stage businesses and entrepreneurs. There is a lot more that could have been said about Angels – but if you are looking for funding, are prepared and ready to go then follow these links for starters: www.investmentnetwork.co.za or www.joziangels.co.za

Consider Venture Capitalists. While Angel investors are individuals, Venture Capitalists (VCs) are employees of Venture Capital Companies who invest the Company's funds. The difference between Angel Investors and Venture Capitalists can be summarised as follows:

ANGEL INVESTORS	VENTURE CAPITALIST
An individual	A Company
Small investment amounts	Bigger investments often have a minimum threshold
Usually has other full time job/career	Investment is their full time Job
Interested in early stage funding	Interested when the product has been realised and in the testing phase plus.
Usually not involved in the day to day activities. May or may not ask for a Board Seat	May want involvement with the company and will have a Board Seat
Can assist in getting the product to market	Wants to scale the existing offering and help you get listed/go public

VCs provide opportunity for early stage, seed, R&D or commercialisation funding but they may be considered 'expensive' in demands made plus the due diligence process undertaken can be lengthy (and tiresome) so be patient and forthcoming. For more information go to the website of the South African Venture Capital Association www.savca.co.za

What about Crowd Funding? This is well established globally but is a relatively new funding offering in South Africa. Essentially, crowd funding is a way of raising capital from any number of people who each pledge differing and small (R500 – R5000+) amounts of money. These small amounts of money can soon add up to the capital you require simply because there is a 'crowd' who is funding and not just one individual (company). Note that this is an online platform and this platform can also be used to raise funds for a general cause and not just for business funding. Go to www.indiegogo.com for a lot of information on crowd funding or go to www.thundafund.com and scroll down to read 'How it works' and FAQs. Reference to these websites is for your information only – note the Ill disclaimer at the end of this newsletter.

What of Enterprise/Supplier Development Funding? Effectively these are larger organisations funding the development of SMEs in their own supply chain (e.g. food, agriculture, construction and financial services) and are driven by the change in the BEE codes which came into effect in May 2015. This is also a relatively new concept in South Africa and includes business incubation and mentorship support (not just funding). This source of funding is not usually available for an inventor with only an idea.

12 J Funds. Caveat Emptor – let the buyer beware is a truism when it comes to Section 12J funding and the investor. This is a tax-incentivised investment product available to high net-worth individuals and companies, whose funds are channelled through a 12 J Fund and administered by a financial services provider company. The funds are then used to finance businesses through equity participation and to a lesser extent, with debt funding. The fund must comply with the relevant sections in the tax law as approved by SARS. This is a good initiative and is used to fund both start-up and existing businesses.

Government Funding. Different types of government funding available include grants (which are not repayable) and structured low-cost developmental loans with incentives. Application for government funding is a slow process because there are strict administrative requirements with stringent reporting requirements and a lot of red tape and bureaucracy to wallow through, which in turn can lead to frustrating time-lines, pay-out delays and missed opportunity. The benefit is that this is low cost funding and some incentives are really great in the right circumstances. Many of the funds promote black empowerment only and there are funds to suit the youth, women and general enterprise. There is a great deal of information available from the following sites – www.idc.co.za and www.dti.gov.za (for info on **SPII** – the Support Programme for Industrial Innovation) and www.sefa.org.za

Arnold shared a great deal of his specialised knowledge about investment and funding, but the lasting advice that came through in his talk is for an **INVENTOR**: ▶ to understand the funding landscape; ▶ to inform him/herself about the best and most appropriate type of funding to seek; ▶ to be patient and prepared ▶ to understand the impact that due diligence will have on any application for funding and ▶ to 'know thyself' entrepreneur/ Inventor. **Thank you Arnold for an interesting and detailed talk.**

In case you missed it!

COW CUDDLING



Someone sat down to a farmer's breakfast one day and 'invented' this very successful money-making idea... it has spread from the States and is popular in UK, Australia and New Zealand. He called it 'a wellness trend' and for around R4500 for a 90 minute session you



can cuddle up to a 1600lb plus beastie. "It calms your nerves, doesn't upset the cows, your heart slows down and soon you feel at one with nature. Don't mock it until you've tried it," he said. Go figure.

EUREKA! MEET – 11th September 2019



You've invented it. You've 'manufactured' it and now you need to market it. But when you're a minnow in a whale of a sea where do you start?

Join us for a very interesting evening which promises a mind full of very useful information.

V8Media is a digital marketing company that offers sound advice and answers many questions that inventors and SMMEs have on how to market your invention and your small business.

Jandre de Beer will cover practical digital marketing tips, grow-your-business strategies and help you identify, understand and then look after your customers using **social media**. Essentially, managing Google + and Facebook plus friends well can drive results and lighten your administrative workload ... so you can then go out and invent something else! **V8 is a vibrant, customer-centric company that offers so much more** and this **Eureka! Meet** is not one to miss, so get your questions ready!

Please book as space is limited. There is no charge.

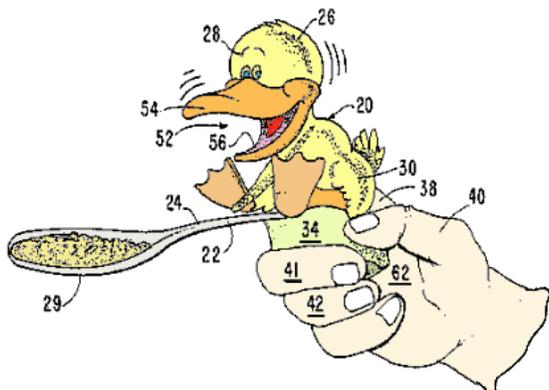
The venue is 'Made in Workshop',

65 Maria Street, Fontainebleau –Tel: 083 269 2195 – speak to Henry.

Park in front of the building. Take Republic Road towards Randburg, Maria Street crosses Republic Road just south of the Rabie Road junction or you can click on [Google maps](#)

Members and visitors are welcome!

We look forward to seeing you at our meetings, feel free to bring a guest.



THE DUCK FOWL FEEDING SPOON – USA PATENT 1988

When feeding time for the little'uns is difficult and mouths stay firmly closed against the scrambled egg on offer, there is a solution which draws on a patented feeding spoon and your acting skills. Maybe there were other animals chosen for a series but to the side is the duck illustration that is on file with this patent.

To use Stick your finger (#38) into what the inventor calls the "rear finger receiving channel" of Rubber Lips. Then while you quack around, your child will be so impressed with your mastery of puppetry she will eat. The thing is you can't give up – you need to carry on this fascinating performance until the plate is empty.

PITTP – Pitch it to the Panel - a confidential and professional member service.

Have you got a smart concept that you think is valuable? Or do you have a good idea that needs to be defined? Has an invention or improvement been lurking at the back of your mind? Maybe you just can't get started or, you're on your way but stuck?



If you thought yes to any of the suggestions above then you need to take advantage of a Pitch it to the Panel meeting.

At this get together, you will have a chance to speak to a knowledgeable group of professionals, specialists, entrepreneurs and inventors.

Confidentiality is assured as everyone present signs a Non-Disclosure Agreement which means that your idea and invention is treated with the due privacy and respect it requires at this stage of your inventor's journey.

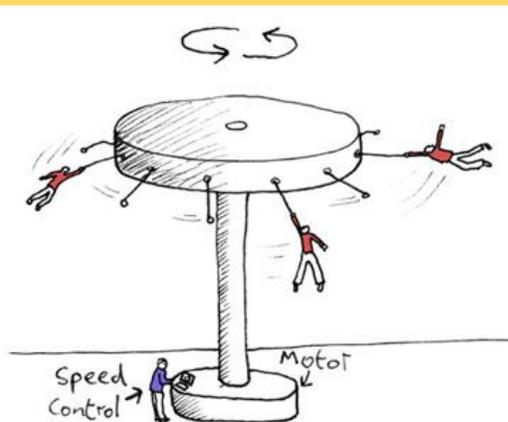
Here too they will give you guidance, assistance and invaluable advice about all the steps to be taken that will get you from idea to invention/product and then to market!

Members can book a **PITTP** session by going to the website and booking online – www.iii.org.za
It's easy and you should do it soon to ensure your place

The next PITTP date is 14th SEPTEMBER 2019

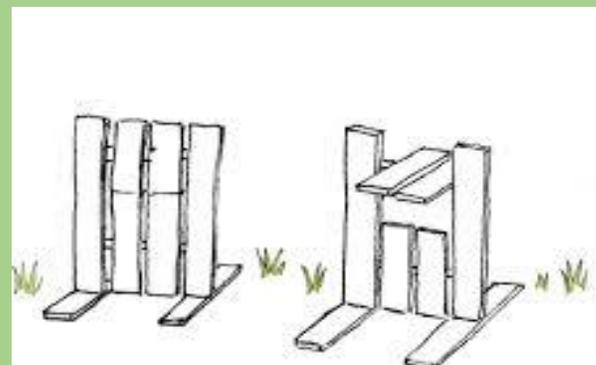


Tea cup and saucer with built in cooling Fan.
(no more burnt tongues)



Machine to strengthen the grip of those with a weak handshake.

VariationsOnNormal.com



SERVICE PROVIDERS - ADVERTISE WITH US

Do you have a service that you offer to inventors, innovators and entrepreneurs?

So much comes to mind as this busy sector needs professional and quality services from all sorts of people and companies. Would you like to advertise your service or product on the III website www.iii.org.za or the EUREKA! Newsletter?

There are different ad sizes, positions, time periods and styles that are available. Our current click rate is around 2000 a month (and counting!) and while still developing, the exposure is good for a selective audience who need the services and products you have to offer

“Without question, the greatest invention in the history of mankind is beer. Oh, I grant you that the wheel was also a fine invention, but the wheel does not go nearly as well with pizza.”

—Dave Barry



Your Company/service Ad Here?

Call us to book your space –
Costs are amazingly low!

Have you invented something? Brought it to Market?

Please tell us about it. Opportunities exist for you to promote your **invention/s** or **service** through 'MEMBER SERVICES' on the www.iii.org.za website. It's available to members at no charge until **1 January 2020**. Talk to us, and we'll send you information on how to get your product in front of interested eyes, the sooner the better, as we would be pleased to support you. Email info@iii.org.za



**THE NEXT EUREKA! Newsletter will be out by 5 October ... look out for it.
Greetings to you all.**

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Inventors Helping Inventors

