

Funding shortfall hampers SA innovation

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[Cape Town | ITWeb, 26 February 2009] - Many South African innovations are being sold to overseas investors and lost to the country because of the lack of local funding for early stage development, says Technology Top 100 (TT100) CEO Deirdre Marcus.

Speaking ahead of this evening's annual innovation awards ceremony, to be held in Johannesburg, Marcus says the lack of funding means companies cannot guarantee their business models will be sustainable.

“We have had a number of companies that have entered the awards, but pulled out at the last minute because they cannot put their hands on their hearts and say their innovations will be sustainable in the local context,” Marcus says. “They have now sold their innovations to overseas investors who are prepared to take these innovations to the next level and turn them into viable products or business cases.”

Marcus says one of the key objectives of the TT100 awards, along with major sponsor the Department of Science and Technology (DST), is to stem the haemorrhaging of this innovation and keep it in the country to ensure economic development.

Giving them a break

The DST has embarked on a programme that will enable companies to receive tax breaks for research and development. However, Marcus believes domestic funders should be looking closer at local innovation and be ready to take a risk on it.

This year, the TT100 had about 500 entrants, but only 71 have made it to the final round. Criteria for candidates to be included in the top 100 list are that there must be real innovation and it must be sustainable.

Marcus says the number of IT-related companies entering the awards has increased steadily over the past few years, but they are screened carefully.

“We have to look closely that there is innovation, otherwise we find that what they are presenting is merely a variation on something that already exists,” she says.

The TT100 awards, which are now in their 17th year, are changing and looking to ensure companies get real value out of it, Marcus adds.

She notes that this includes the development of a business intelligence system that ensures the sponsors, which include Eskom, the Academy of Engineering and the Johannesburg Stock Exchange, and the qualifying companies do get the benefit of feedback and make strong connections with each other.