



east london idz
business streamlined

A SPECIALISED INDUSTRIAL
COMPLEX FOR
GROWTH ORIENTED
**INFORMATION &
COMMUNICATION
TECHNOLOGY [ICT]
MANUFACTURERS**



ABOUT THE ELIDZ

The East London Industrial Development Zone SOC Ltd is the operator of the East London Industrial Development Zone (ELIDZ), an entity which exists to help **manufacturers to become globally competitive** through the development and efficient management of a **modern, purpose built industrial location**, which offers investing industries a **streamlined business environment** enhanced by a range of **supporting services**.

The Zone is already operational and currently houses a number of manufacturers that supply products for the local and international markets.

The East London IDZ is a prime industrial park in South Africa. It is perfectly positioned for light industry manufacturers that are investing from R10 million (+/- \$1.2 million) upwards. The zone is specially developed for growth oriented manufacturers in search of ultimate global competitiveness. The zone focuses on streamlining business operations and engineering operational efficiencies for located industries.

Boasting 150 fully serviced sites, the company is on a mission and has already succeeded in establishing local and global export-oriented industries within the zone.

The company offers complete solutions and streamlined business activity for companies doing business in a number of sectors. These include:

- + **Automotive**
- + **ICT and Electronics**
- + **Agro-processing**
- + **Pharmaceuticals**
- + **Energy and Advanced Manufacturing**
- + **Marine Aqua-culture**
- + **Business Process Outsourcing and Offshoring**

PART OF THE SPECIAL ECONOMIC ZONE PROGRAMME

The East London Industrial Development Zone is an initiative under the South African Government's Special Economic Zones (SEZ) Programme.

Special Economic Zones (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems.

SEZs are designed to be conduits for the creation of an appropriate environment for foreign direct and domestic investment and the development of strategic industrial capabilities. Companies that locate in the SEZ have access the following incentives:

- **VAT and customs relief, if located within a Customs-Controlled Area (CCA);**
- **Employment tax incentive;**
- **Reduced corporate income tax rate.**

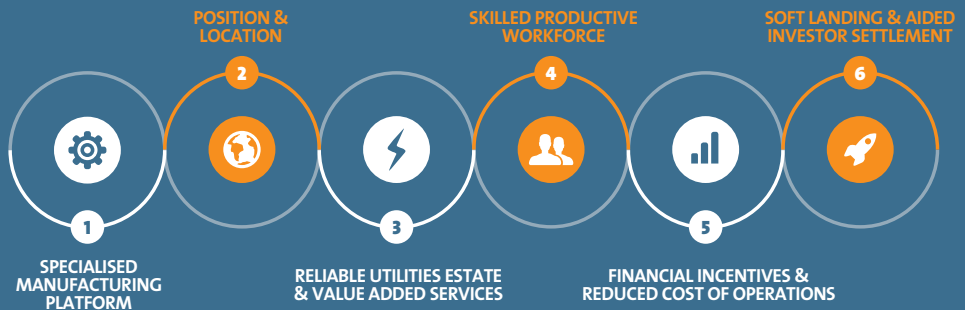


OUR OFFERING TO INDUSTRY

The East London IDZ is a greenfield development transforming over 400 hectares of prime land into a world class industrial location. The zone has six individually fenced sub-zones, each designed to serve specific manufacturing needs. It characterised by excellent internal roads boasting a newly built dual carriageway designed to carry both light and heavy vehicles including 22m-long interlines. All the sites in the ELIDZ are fully serviced with access to all utilities and ICT infrastructure and all are within close proximity to key transport networks

Investors that locate in the zone can take advantage of:

ENGINEERED EFFICIENCY



1. OPTIMAL **PURPOSE BUILT** OPERATING ENVIRONMENT

- + **132/11Kv sub-station** built for sustainable and adequate supply of electricity to the East London IDZ's industries;
- + **Water supply systems** designed to cater for various industries
- + **2.4 m high fence with a 3m high internal electrified fence** to allow for a high level of protection for all manufacturing operations
- + **Access control and data assessment system** which provides the necessary security and **24 hour controlled access** into the zone.
- + Quality premises and efficiently operated utilities and amenities
- + **Highly competitive telecommunication infrastructure** (Value Added Network licence) and **broad band internet** connection
- + **Purpose built investor facilities** designed and delivered to customer specifications for cost and time efficiency
- + **Expert investor facility construction services**, from initial planning, design, right through to project administration
- + **International industry benchmarking and research** of new found building technologies leading to the delivery of environmentally advanced facilities which contribute to investor competitiveness.

2. INNOVATIVE INDUSTRIAL SOLUTIONS

The East London IDZ has engineered solutions to streamline business operations and enhance the competitiveness of its tenants. These solutions include:

- + **Enabling sector specific infrastructure** (reduces set up and operational costs)
- + **A cluster- driven servicing approach** (shared services for economies of scale)
- + **Sourcing and localising of production inputs** (value chain enhancement)

The ELIDZ also encourages innovation in zone based industries through the East London IDZ's Science and Technology Park (STP). The STP is strategically located in the ELIDZ and is strategically positioned to:

- + Support industrial **research and development**
- + **Incubation of new technologies**
- + **Stimulate, organize and manage** the transfer of knowledge and technology from the knowledge custodians to companies and the market place
- + Stimulate the development of young technology industries

The STP currently offers:

- + An **open innovation** platform
- + **Centre of Excellence** for Renewable Energy
- + Advanced **Tooling and Process Engineering** support



3. AN **INCENTIVISED** BUSINESS ENVIRONMENT

The East London IDZ has various incentives which can be accessed by qualifying industries. These are:

+ Specialised Customs Controlled Area benefit for qualifying industries. This includes

VAT (14%) exemption on:

- + Goods imported
- + Capital equipment
- + Land supplied (to CCA enterprises) for sale and letting
- + Electricity and water supply

No import duties on:

- + Raw materials and other consumables for manufacture
- + Goods for storage
- + Capital goods used in the CCA
 - Specialised local incentives including:
 - Preferential land rental
 - Preferential utility rates
 - Competitively priced land
 - Access to national manufacturing and other generic government incentives



4. TAILORED INDUSTRY ASSISTANCE AND SUPPORT SERVICES

The East London IDZ prides itself in providing soft landing support to investors through the provision of business streamlining and support services that aid investors in the completion of investments and the start up of local operations.

A skilled team of experts assist the investors with:

- + **Relocation planning** assistance
- + Assistance with high level **market research and intelligence**
- + Start up assistance relating to business set up requirements including **company registration, visa and various permit applications**
- + **Assisted access to municipal** planning services and compliance to the necessary municipal and zone building regulations/guidelines
- + **Assisted regulatory compliance and government services access.**
- + **Application support** for national and local incentive programmes and benefits
- + **Labour recruitment and skills development** facilitation
- + Access to convenient, zone based **community services and amenities.**



ICT & BPO SECTOR

The South African information and communication technologies (ICT) sector is the largest and most advanced in Africa, and is characterised by technology leadership, particularly in the field of mobile software and electronic banking services.

With a network that is 99.9% digital and includes the latest in wireless and satellite communication, the country has the most developed telecoms network in Africa.

South African companies are global leaders in pre-payment, revenue management and fraud prevention systems, and in the manufacture of set-top boxes, all of which are exported successfully to the rest of the world.

Export growth and internationalisation of South African companies is supported by the Department of Trade and Industry via South African Electrotechnical Export Council (SAEEC).

According to the SAEEC, the South African ICT market was estimated at US\$ 42.6-billion (R468.4-billion) in 2013 with IT accounting for US\$ 15.08-billion (R164-billion) and communications US\$ 27.18-billion (R297.4-billion). The sector contributes approximately 8.2% to South Africa's GDP.

Several international corporates, recognised as leaders in the IT sector, operate subsidiaries from South Africa, including IBM, Unisys, Microsoft, Intel, Systems Application Protocol (SAP), Dell, Novell and Compaq.

Testing and piloting systems and applications are growing businesses in South Africa, with the diversity of the local market, first world know-how in business and a developing country environment making it an ideal test lab for new innovations.

The East London IDZ is constantly evolving and maturing in order to ensure its ICT offerings and services are market related and relevant. New services are added to ICT service catalogue as they are required by clients and adopted by the organisation.

ELIDZ service offerings are as follows:

- > *Internet as a Service*
- > *Telephony as a Service*
- > *Fibre as a Service*
- > *Unbundled*
- > *Services Rack Hosting*



ELIDZ SCIENCE AND TECHNOLOGY PARK (STP)

In a bid to increase participation of youth and create more opportunities in the ICT and Science sectors in the Eastern Cape, the ELIDZ implemented the development and operation of a Science and Technology Park (STP). The park is designed as an attractive, functional and interactive space to encourage the exchange of ideas and facilitate the development of creative technical solutions to problems. Its services include a variety of laboratory facilities, training platforms, an open innovation platform, networking solutions, as well as incubator services. As such, the main objective behind the park is to increase competitiveness, efficiency and effectiveness of local industries through innovation.

The ELIDZ STP as the only park of its kind in the country linked to an IDZ was conceived as a catalyst for growth, collaboration, incubation and the application of innovations for the high technology sector.

The ELIDZ STP is designed as an attractive, functional and interactive space to encourage the exchange of ideas and facilitate the development of creative technical solutions to problems. Its services include a variety of laboratory facilities, training platforms, an open innovation platform, networking solutions, as well as incubator services. The ELIDZ has also located 2 incubators in the STP through the organisation's incubate programme and these host 78 entrepreneurs from the ICT and Chemical sectors.

INVESTMENT OPPORTUNITIES IN ICT AND ELECTRONICS

- Automotive Electronics: Manufacturing of electronic systems & control modules, navigation systems, Instruments.
- Consumer Electronics: TV, radio and communications assembly in IDZs for export.
- IT Hardware: CD, cell phone manufacture
- Machine Tools
- Technology Incubator: Support for IT & internet entrepreneurs through a technology park, supported by a university ICT faculty.
- Telecommunications: Business process outsourcing (BPO)
- IT Professional Services (including custom software application development and maintenance)
- Computer Software (package software products- cross industry and vertical market applications)
- Voice over IP (VoIP)
- Wireless software (financial transactions over mobile phones)
- Motor relays and pre-payment metering (develop expertise due to problems with payment of electricity and water bills)
- Electrical machinery (Electronic equipment and Appliances, Electric transformers, Electric hair care devices, Portable electric lamps, Electric hairdryers, Electric coffee & tea makers, Electric toasters)

BENEFITS IN THE ELIDZ

- First class infrastructure
- Close proximity to transport network
- Expertise and knowledge from industry role players in East London (University IT departments, Business Connexion, Dimension Data, Telkom)

BUSINESS PROCESS OUTSOURCING AND OFF-SHORING

Business Process Outsourcing and Offshoring (BPO&O) is a major global trend and the industry, worth an estimated US\$130-billion a year, has an expected annual growth rate of about 50% for the next five years.

BPO involves relocating business processes that a company usually performs in-house to a third-party service provider, such as a customer care or call centre, to carry out on behalf of the company. Outsourcing becomes offshoring when the third-party service provider is located overseas.

The BPO industry's focus sectors include financial services, insurance and telecommunications, with outsourced processes including after-sales services, data capture and conversion, accounting, benefits administration, human resource functions, and website design and development.

Several factors which played a key role in establishing India as an outsourcing destination are already present in Africa, especially South Africa. A population fluent in spoken English (close to 5 million), cultural affinity and a sizeable talent churn from quality universities (160,000 graduates per annum and close to 410,000 personnel capable of working in the BPO sector annually), aided by time zone similarities, are helping South Africa become the next outsourcing frontier.

Outsourcing/Offshoring to South Africa by many European countries provides them with substantial cost savings, to the tune of up to 40-50%. Outsourcing services delivered from South Africa are positioned as a desirable alternative to onshore delivery centres, while also offering revenue generating services to its clients.



McKinsey recently wrote that “Services (sector) constitute 70 percent of GDP globally, and 62 percent in South Africa. Between 2004 and 2014, they contributed four-fifths of South Africa’s GDP growth and nearly nine tenths of new job creation, adding 500 billion rand (\$43 billion) to the country’s GDP and 2.7 million people to its employed workforce.

MULTINATIONALS WITH BPO&O PRESENCE IN SOUTH AFRICA

The last few years have seen several global companies place their trust in SA’s BPO&O industry. These include (among others):

- > IBM
- > Fujitsu Siemens
- > Lufthansa
- > Virgin
- > Sykes
- > Avis
- > Car Phone
- > Warehouse
- > MTN and
- > Vodacom

BPO INCENTIVES

DTI has an incentive scheme specifically aimed for the benefit of international call centres establishing in South Africa. The incentives on offer include:

- A base incentive, which is a two-tier differential incentive for non-complex jobs and complex jobs. This is based on the Rand value per job determined by fully loaded costs. The base incentive is a 5-year operational expenditure grant that tapers down over time.
- A graduated bonus incentive is also available for entities with higher job creation and sustainability figures.
- There is also the Moneytla Work Readiness Programme which was designed to support the growth of the industry through work-readiness training and placement for entry level agents.

The Business Process Services Incentive has been on offer from the 01st October 2014 and will carry through to the 31st March 2019.

The incentive programme is one of the elements of a holistic value proposition to position. The BPO&O Investment Incentive comprises an Investment Grant ranging between R37, 000 and R60, 000 per seat and Training Support Grant towards costs of company-specific training up to a maximum of R12, 000 per agent. The incentive is offered to local and foreign investors establishing projects that aim primarily to serve offshore clients.

INVESTMENT OPPORTUNITIES

- > Call Centre
- > Back Office Processing
- > Share Corporate Services
- > Enterprise solutions in service lines such as fleet management, knowledge management and asset management
- > Science and Technology Park
- > ICT incubation centre

OPPORTUNITIES IN THE ELIDZ

- There are multi-national companies in telecommunication, healthcare, automotive, finance, services by these call centre and they are in close proximity to ELIDZ.
- ELIDZ is located in a city with a large pool of skilled trainable labour force with good quality English.
- There are also native German and other foreign language speaker around East London who could be recruited for centres.
- First class infrastructure
- Similar time zone to most of Europe
- Excellent lifestyle
- ELIDZ is located in an area with low rate of crime compared to other major urban centre.

ACCESSING GLOBAL MARKETS

SHIPPING ROUTES FROM EAST LONDON



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