



communications  
& digital technologies

Department:  
Communications & Digital Technologies  
REPUBLIC OF SOUTH AFRICA

**KEYNOTE ADDRESS BY THE DEPARTMENT OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES ACTING DIRECTOR-GENERAL, MR. MLINDI MASHOLOGU AT THE 3<sup>RD</sup> ANNUAL NATIONAL SMMEs IN ICT SUMMIT & EXPO, SANDTON CONVENTION CENTRE, JOHANNESBURG, 13 JULY 2023**

Programme Director,

The founder and Executive Chairman of Imbizo Group & ICT Summit: Mr Motse Mfuleni,  
The Acting CEO of SEDA: Mr Nkosikhona Mbatha

Distinguished guests, Ladies and Gentlemen,

**Good morning**

It is a great honour to grace such a significant event - an event organized for and by the backbone of our digital economy, the SMMEs in ICT. It is these platforms that create a competitive advantage for our SMMEs to participate in the global economy, and of course with the support of both the government and the private sector.

We are here today, during the month in which the whole world is celebrating the life of a hero uTata Nelson Rolihlahla Mandela who dedicated his life to fight for the liberation and economic emancipation of our people enabling us to be the participants in the mainstream economy. It gives me a great pleasure that we today honour his memory in a way that will be able to change other people's lives and businesses for the better.

There is empirical evidence that ICT is a catalyst for economic and social development especially in developing countries like South Africa. ICT is even more valuable in its capacity to build strong SMMEs that can be effectively used to grow our economy and bridge the current digital divide we are facing as a country.

Ladies and gentlemen, the Department of Communications and Digital Technologies has a responsibility to create an enabling policy and regulatory environment that support

SMMEs and ensure that they grow and contribute to the betterment of our society and the economy at large. It is for this reason that we have as our vision as the responsibility of ensuring that we enable a digitally connected and transformed South Africa. Central to it must be SMMEs.

This summit comes immediately after our Minister, Honourable Mondli Gungubele together with his delegation just returned from the ITU High-Level Segment which was held in Geneva, Switzerland. The Council meeting, which meets on annual basis, acts as the Union's governing body in between Plenipotentiary Conferences which are held every four years. The annual Council meeting sits to ensure that the Union's activities, policies, and strategies fully respond to the rapid evolving telecommunications and ICT environment.

South Africa made great inputs in the council meeting, which are in line with growing the ICT sector because we believe that the future of our country lies within it.

SMMEs in the ICT sector remain the cornerstone of our growing digital economy and have a responsibility to create employment opportunities, to bridge the digital divide and to become globally competitive.

Programme director, as DCDT has developed a Digital Economy Masterplan. The Minister has now given a greenlight for this Masterplan to focus on its implementation. The Masterplan provides a blueprint and the inception stages for developing a national priority of digital empowerment. It will be used as a mechanism for government to mobilize its social partners and move towards implementation of its policies. The digital economy is transversal and involves the application of technology to business models across the entire economy.

The Masterplan therefore sets out the aspirational vision of what the digital economy looks like and is aligned to the National Development Plan objectives of increasing employment in a way that transforms the structure of the digital economy to be more inclusive and equal, to deal with the triple challenges of poverty, unemployment, and inequality.

It was developed through a process of rigorous research and extensive stakeholder consultation across the public, private and civil sectors. The Masterplan's vision is for all South Africans to be digitally empowered to create and participate in tech-enabled

opportunities that drive inclusiveness, employment and economic transformation across our cities, towns, and provinces.

There are several components of the digital economy which offer concrete opportunities for generating inclusive growth, jobs creation and transformation across multiple sectors in South Africa and they include:

**i. Physical technology production**

**Key opportunities in physical technology production**

South Africa can leverage its existing areas of competitive advantage in manufacturing and develop emerging areas with the potential for scale. South Africa's current areas of competitive advantage range from silicone processing for fibre optics, integrated circuits, solar, set top boxes, low-cost tablets and phones to automotives.

South Africa already has significant global competitiveness in the production of trackers. These include trackers for cars, pets, and wildlife (particularly to deter poachers) with several local operations.

With the energy challenges we are facing as a country, there is significant opportunity in smart utilities with constant innovations. An opportunity exists for the manufacturing of solar panels, building on SA owned Inverters (We see a proliferation of imports of these system now).

Additional to all this is additive manufacturing or 3D printing. This is a process that can create optimum materials and components that cannot easily be made using traditional methods. It links closely to the plastics and metal industries which are widely known as a root industry for production of 4IR technologies.

On electric vehicles production, South Africa has been a forerunner in this space. The traditional vehicle industry has remained dominant. South Africa's automotive industry serves the domestic market but also services international markets, like the European Union and the US. In 2020, the National Association for Automotive Manufacturers South Africa reported that the automotive industry contributes 6.4% to GDP with 4% to manufacturing and 2.4% to retail with Revenues amounting to R500 billion.

Ladies and gentlemen, our country is also playing a significant role in the space technologies sector, with highly competent and globally competitive space engineers. The potential for satellite technologies is significant given their wide range of applications. South Africa has significant capability in developing nanosatellites and small satellites, including optical payload technology that improves the power of nanosatellite resolution. These are critical in the deployment of satellite constellations that provide global satellite internet and can connect machines and systems into IoT systems to support smart cities, autonomous vehicle systems as well as other sectors like mobile banking.

In a positive step in the right direction, government has given the green light to the development of the Space Infrastructure Hub, a R3.1 billion project, that is expected to support 15 000 new jobs in space in the next 3 years.

## ii. **Transformative tech applications**

### **Key opportunities in transformative tech applications**

The application of digital foundations is already evident across various domains of our economy. In the **mining sector** for example, the application of AI and machine learning is optimising mining and mechanistic processes. Various domains in the **manufacturing sector** have adopted technology to improve production processes over the last decade. The same applies to the **agricultural sector**, where farmers are now using AI for efficient food production and better management of farms, crops, and herds.

**Financial services** in South Africa are amongst the most sophisticated in the world. This covers the emergence of Fintech and Insuretech<sup>64</sup> driven by AI technology and machine learning. Financial services also make use of blockchain technology which facilitates record keeping of transactions and the creation of digital identities and has also been utilised in relation to an interbank settlement system, endorsed by the Reserve Bank.

**Edutech** represents one of the biggest opportunities for growth in areas such as web-based learning, virtual teaching and content and course curricula development. The shift to accessing education resources online has become more relevant for Education in South Africa today. As such, investments by the government have sought to increase the roll-out of e-learning solutions.

The adoption of technology has also transcended to the **health sector** where AI has presented an opportunity for static remote diagnostic. Diagnostic solutions include

automated diagnostic support for medical imagery, e.g. tumours, blood conditions and viruses. This can also be used as a way of overcoming healthcare services challenges in our society and bring about equality.

Program Director,

As a way of facilitating access to the market and adoption of locally developed digital solutions, DCDT developed the DigiTech Platform.

The issue of access to markets for South African developed digital technology solutions continues to be a major obstacle to the growth and sustainability of ICT SMMEs. This results in SMMEs experiencing stagnation in the turnover and in employment growth, ultimately leading to increased failure rates. Apart from looking at measures to enable access to market opportunities in the public sector, the DCDT has developed a South African digital products platform referred to as “DigiTech”.

DigiTech is a platform for digital products/applications (Apps) developed locally by South African SMMEs. It serves as a digital distribution service, developed, maintained, and operated by the government of South Africa. The platform allows users to browse and download approved apps developed across operating systems. It promotes South Africa-developed digital products/apps with the objective of expanding their adoption and use. The platform currently hosts 80 innovators within the ICT sector.

We are working with entities like ITU to ensure that we can have mechanisms to Support SMME’s to be competitive.

DCDT through one of its entities, NEMISA in collaborations with universities and universities of technology has embarked on a three (3) weeks training course of Cellphone Technician Training Programme. The delivery method was blended online and face to face learning programmes which commenced in August 2022 and has to date benefited over 150 youth in the Northern Cape, Mpumalanga, North-West, KZN, Limpopo and Gauteng. The participants were furnished with start-up toolkits. It is expected that the programme will be broadened beyond cell phone repairs to include other digital devices in future.

There is an ongoing online SMME Digital Skill Transformation Programme which spans over 5 days on cloud computing and digital marketing offered at no cost through a collaborative effort between the Department and Huawei. The programme has benefited

over 250 SMMEs across the country. Successful participants were issued with an electronic certificate of attendance.

As part of enabling the DCDT Portfolio's contribution to the government transformation agenda and development of ICT SMMEs, our entities have been implementing Enterprise Supplier Development Strategies, with the objective to enable and unlock opportunities for procurement and innovation for SMMEs.

Entities such as SITA, SENTECH, Broadband Infracore, etc, also have their own dedicated programmes targeted at ICT SMME Development. SITA launched an Innovation Hub a couple of weeks ago which will also be a launch pad for SMME development.

## **Conclusion**

SMMEs have a unique opportunity to ensure that we bring contracts and services back to South Africa that are outsourced to other markets such as China and India. This will present a significant opportunity to boost the country's digitally traded services.

Many South African businesses rely on these markets to provide services such as software and application development due to their clear talent and cost advantages. We have a youthful population that has the hunger and drive to advance in this sector. Let us use this as our absolute advantage to make our country the digital hub of our region and the world.

It is projected that about 10,000 jobs in the areas of testing and application development are being outsourced by South African corporates to India alone. In total, it is estimated that over 28,800 jobs have been outsourced to foreign markets.

Bringing this international work back to South Africa constitutes a significant opportunity for growing domestic job creation.

It is in our hands to reclaim and advance the digital economy. I thank you.

**-End-**