

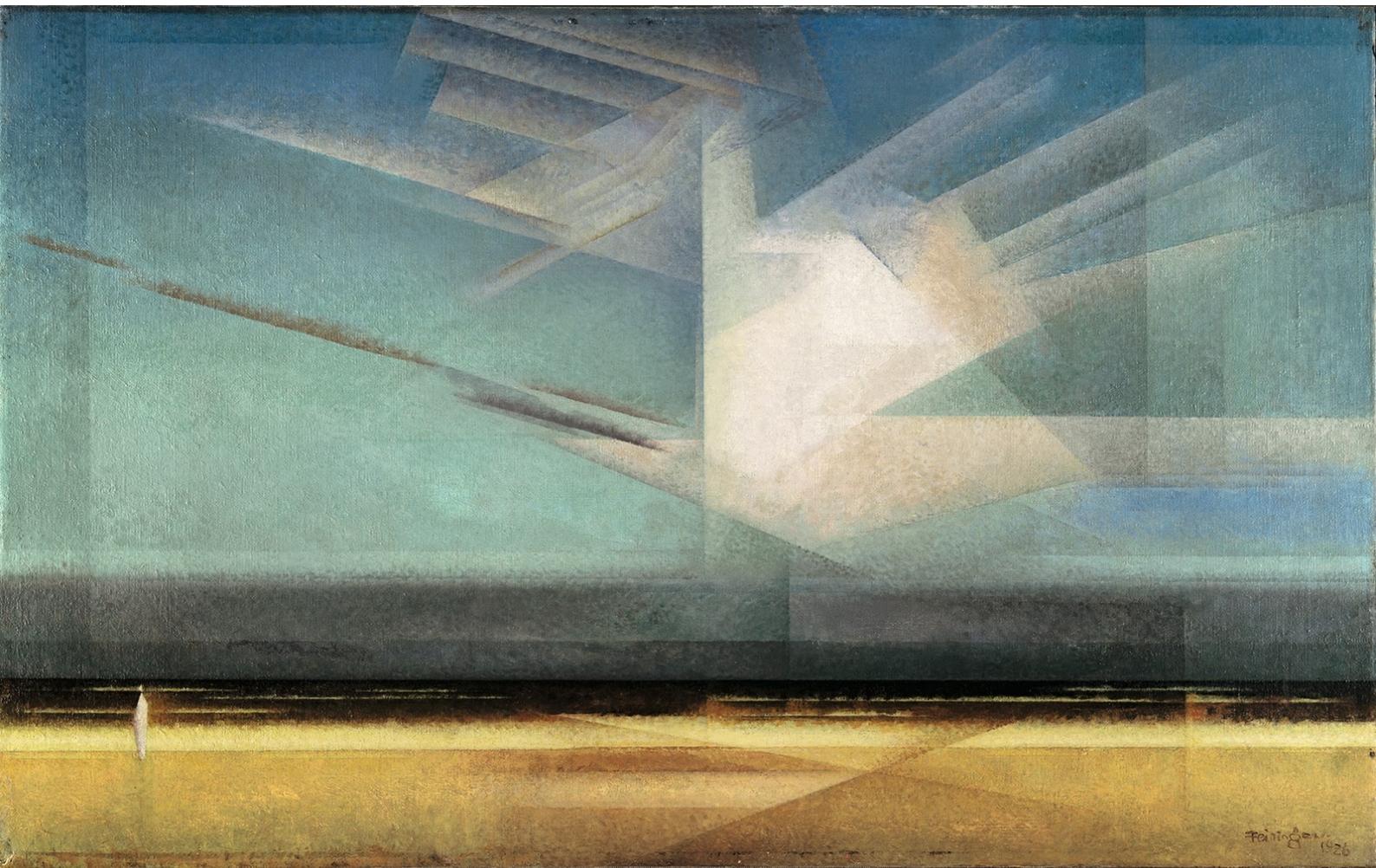
MARCH 2013



# EmpiriQ Development Solutions

A COMPLETE BUSINESS DEVELOPMENT SOLUTION

Company overview and service offering



# introduction

EmpiriQ Development Solutions (EDS) is a specialist service provider that focuses on the strategic planning, implementation and management of community scale local economic and social development programs that are initiated around large scale commercial projects such as mining, power generation, retail developments and large scale agricultural initiatives.

EDS leverages its knowledge and experience in the **emerging consumer markets** to develop business models and strategies that are uniquely contextualised and tailored for the specific needs of underdeveloped urban African communities across various market sectors.

Market driven economic development solutions are crucial in the process of transforming local micro economies in Africa to become self sustainable. The integration of access to capital, capacity building and the restructuring of broken down and deficient market structures are at the core of EDS's approach to developing these solutions. This integration can be supported by scalable technology platforms, ultimately enabling local enterprises to become competitive in the formal market.

Previous and existing products of the EmpiriQ Group include:

- Melana Property Developments
- CoVenturist online business support platform
- AURM - African Urban Retail Management
- Eyethu - Local economic development programme
- EmpiriQ Housing Solutions - System for community driven housing and urban development (SCHUD)

EDS takes a holistic approach to analyzing a community's economic and social wellbeing and then uses these products as part of its "tool kit" in the strategic design and planning of an integrated local economic and social development solution. EDS has created tailored solutions for communities in the wider Kwamhlanga area (Mpumalanga), Soshangue (Tswane) and Thembisa (Ekuruleni).

As part of these projects EDS played the following **key roles**:

- Designing of unique and integrated local economic and social development solutions
- Creation of holistic strategy maps, unique value propositions and structured value delivery systems.
- Creation of professional business plans, presentation material and financial models that succeeded in securing local and international financing.
- Defining suitable organisational and deal structures.
- Project and program management
- Financial management
- Stakeholder engagement and community mobilisation
- Monitoring, evaluation and reporting.

# the business development process

EDS has a multidisciplinary approach and by making use of a structured process driven methodology, EDS has developed contextualized business models in various sectors including: retail, housing, web, management, community engagement etc.

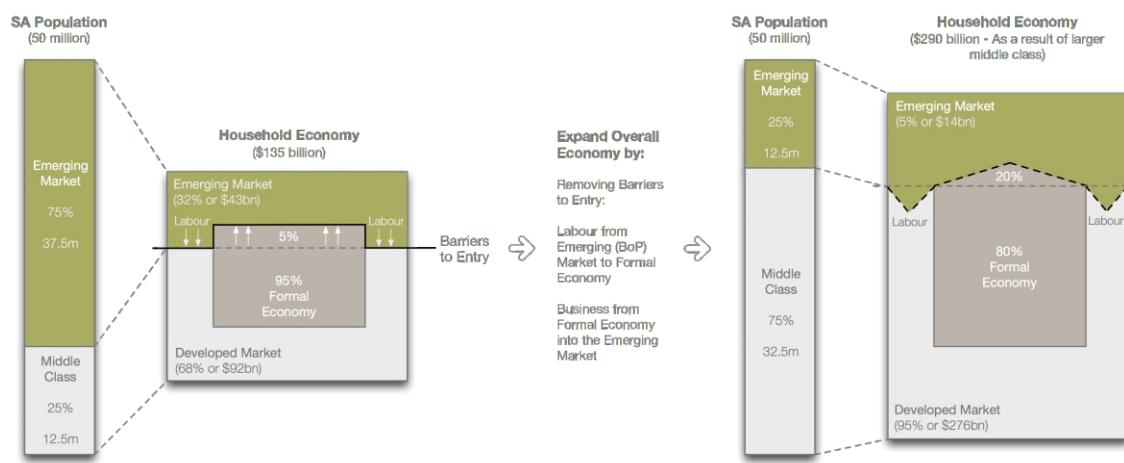
The methodology that EDS has adopted can be summarized as follow:

1. Identify key market segments that has high growth potential but is currently constrained by broken down and/or sufficient market structures.
2. Research and develop specific business models and strategies to unlock inherent potential of this key market segment.
3. To mature this model by applying the necessary skills, experience, expertise and working with subject matter experts to create a feasible model.
4. Create a proof of concept of the model. Realtime feasibility studies and further research.
5. Where necessary, package the tailored solution and present to the market for investment, identify suitable investors and establish long term relationships.
6. Where necessary, create a pilot project as preparation for roll-out strategy. Secure roll-out investment and establish infrastructure necessary.
7. Finance roll-out and ensure long term sustainability, ongoing quality control and strategic influence to accomplish successful emerging market penetration.
8. Business solution implemented in the emerging market to ensure healthy returns and maximize social impact



## The emerging consumer market in South Africa

The key to economic growth



### Key Constraints

1. Access of Emerging (BoP) Market Labour to Formal Economy - Relevant Skills and Expertise
2. Access to the Emerging Market by Formal Economy Companies - Emerging Market Business Models

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# key solutions include

## retail development

EDS has developed an African urban retail development strategy based on an in-depth understanding of the profile and challenges faced by a typical urban African customer. Melana Property Developments (Pty) Ltd is a subsidiary of EmpiriQ with a unique model that develops “small”, convenience retail centers for the fast growing LSM 4-7 market (the emerging consumer) while owning franchises in each development. These convenience developments are typically between 2,000m<sup>2</sup> and 15,000m<sup>2</sup> gross leasable area (GLA) in size of which at least 70% is taken up by national tenants.

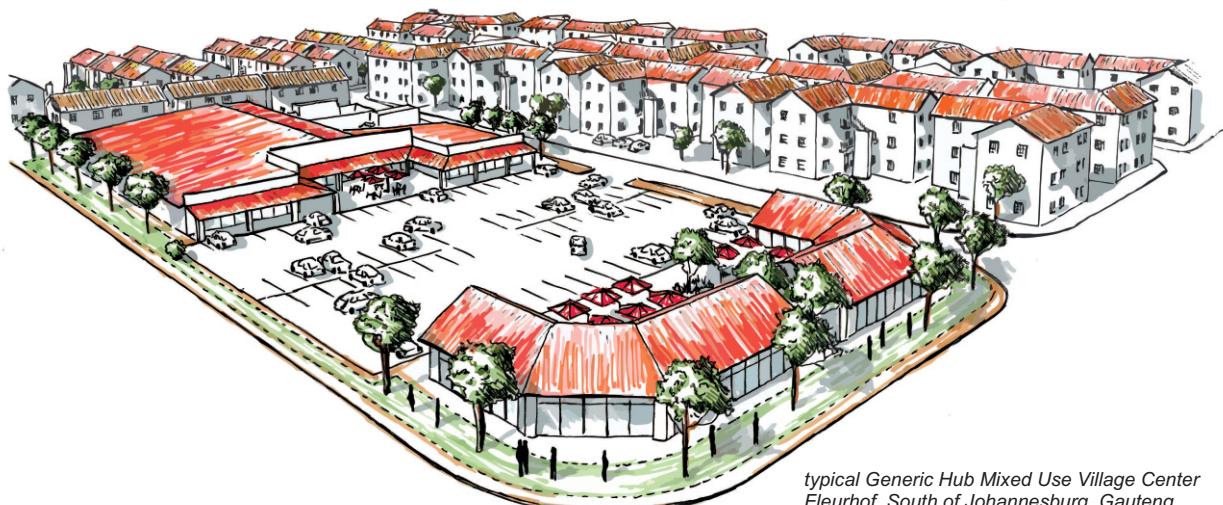
The Melana owned franchises will be locally operated and managed and also provides the opportunity to obtain ownership of these franchises to local community members. This strategy provides Melana with a number of advantages such as increasing Melana’s cash flow, profits and enabling Melana to provide social benefits to the community around each centre.

Melana uses this model to:

- Create pedestrian friendly African communities
- Stimulate and support local business through Shared Value

Melana has identified several opportunities in the emerging African market:

- Addressing inaccessibility caused by a lack of transport. A lack of transport is defined as a dependency on expensive public transport due to a small percentage of car ownership.
- Creating adequate critical mass in the catchment areas
- Capitalizing on rapid population and economic growth within the defined areas.
- Creating efficient connections between formal and informal economies
- Developing underdeveloped communities



## management

EDS has developed a professional franchise management company, **African Urban Retail Management (AURM)**, a subsidiary of EmpiriQ. In order to become a franchise management and investment platform, the business model is based on integrating the following core functions.:

- Strategic planning
- Operational involvement
- Business Management

The basic Value proposition of AURM is as follow:

- Enabling owner/investors of franchises to outsource the operational management of their franchises, minimizing personal involvement whilst achieving optimal income levels.
- Finding an ideal franchise and location for investment and providing the tools for the process.
- Providing professional systems ,processes and personnel to address issues related to: staff, theft, business planning, financial management, competitor threats and relationship management with Franchisors.



## entrepreneurship and LED (local economic development)

**CoVenturist** is an online business platform that connects micro, small & medium sizes business with investors, mentors, suppliers, service providers, markets and each other. **CoVenturist** makes use of the latest in web 3 technologies and social networking to create the next generation online market place that are set to redefine the way in which ideas, technologies and innovation are grown and developed from viable business opportunities to successful businesses.

Investors typically provide access to capital through **CoVenturist**. There are four types of investments on the **CoVenturist** platform:

- Donations
- Loans
- Hybrid Loans
- Equity investments
- Loan with an equity option

**CoVenturist** wants ventures to choose which type of investment best suits them so that investors can choose ventures that match their preferred investment type.

**CoVenturist** aims to be a web platform that provides ventures with the necessary inputs and tools to startup and support their new or existing ventures. **CoVenturist** will be used to support ventures with access to capital, mentorship, expertise and coaching.



## facilitation and community development

EDS has developed a for profit company **Eyethu**. Eyethu is an advisory service provider and thought partner that is focused on engaging and mobilizing communities around projects and initiatives that impact these communities.

Eyethu facilitates the relationships between these communities and project owners in order to ensure community buy in and participation at all levels.

Projects often present the opportunity for effective capacity building and local economic development initiatives, that can be leveraged to mutually benefit the client and the community at large. Eyethu specializes in identifying and developing these capacity building and local economic development opportunities to benefit all stakeholders, creating long term sustainability for the projects and surrounding communities.

The **Eyethu** model revolves around community capacity building defined as:

*Activities, resources and support that strengthen the skills and abilities of people and community groups to take effective action and leading roles in the development of their communities. Effective community capacity building that is based on ethical foundations ensures the restoration of dignity and ultimately leads to sustainability and improvement of life.*



## housing

By addressing the structural barriers within the emerging market, EDS aims to supply innovative solutions that enable people to provide for their housing needs within their own economic means. Our business model is based on a technology platform (**SCHUD** - System for Community driven Housing and Urban Development) that seamlessly integrates the activities of all major role players within the emerging market housing sector.

Important role players include:

- Material Supply
- Financial Services
- Home Builders
- Professional Services (eg. Engineers, Quantity Surveying etc.)



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