



**ICASA**

**Public Hearing for Individual  
Commercial Free-To-Air  
Broadcast Services**

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**TSHWARANANG MEDIA  
(Pty)Ltd**

QUALITY: Good

Session 2

Tshwaranang – CEO Amit Makan: Thank you very much, Madam Chair and good morning Madam Chair and the ICASA panel. Good morning also to fellow applicants in the room, the public, special acknowledgement to our content partners and technical partners in the room, as well as shareholders. I'd like to start off by introducing the core management team that has been working tirelessly over the last two years on this bid and hopefully show you a video afterwards. So, myself, I'm the CEO of Tshwaranang Media. To my right is Sarah Buluma, she's the chief financial officer. To her right is Wazeer Moosa, who's the chief legal officer. Piet Rampedi is the chief content officer for Tshwaranang Media and Lola Mashabane is the chief programming officer of Tshwaranang Media.

Chairperson: Welcome.

Tshwaranang – CEO Amit Makan: Thank you. If you can please indulge us with a brief video introducing ourselves. [VIDEO PLAYS]. Thank you Chair. I'd like to give a very broad overview of our presentation today. So, to start off with, we'll start with our chief content officer, giving some background into this beautiful name Tshwaranang, how it came about and what it means to us and what it means for the values of our organization. Then we'll move into our overall, unique content approach which Lola Mashabane will present. Then I'll be presenting to you our shareholder structure, our management capabilities, some of our strategic partnerships, our financial strength, our innovation and technology values very much aligned with ICASA's values and, finally, I'll present you why I believe we have a very strong competitive advantage to getting this television license. So, if I can hand over to Piet Rampedi who will give an overview of the name and what it means and how it came about.

Piet Rampedi: Thanks Siyo and thanks Chair for giving us this opportunity to talk to you. I'll just clarify what Tshwaranang means and why we chose this name. Basically, in a nutshell, Tshwaranang is a Sepedi word meaning 'holding hands together' and the reason why we went for this name is because we believe that, as a company, we aspire to be a local information and content utility for people in the country, especially people who are currently marginalized by the mainstream media and people who do not necessarily get the kind of opportunities that are available and people who are spoken to rather than being brought on-board as partners and we believe that if we join hands with these people we can actually bring them together. Here we are talking about your content producers, independent contractors, you know, your advertisers, ordinary people, members of the public, regulatory

bodies like yourselves, government and other people; we believe that if we join hands with all the stakeholders we can easily create a platform which would pursue an agenda for this country, open up opportunities and we want to be a reflection of this new society which South Africans would aspire to build, anchored on values on share heritage, multi-culturalism, collective effort and individual enterprise, critical analysis and nation building, active citizenship and principled leadership, Afro-centrism and global citizenship, while also maintaining an independent thought leadership and unity of purpose. So, we believe that if we bring all these stakeholders together under the umbrella of Tshwaranang, we can be able to contribute towards this new society which we think we can contribute towards building in this country and beyond. Thanks very much Chair.

Tshwaranang – CEO Amit Makan: Thanks Piet. So, if I can give a very broad outline and remind the audience and panel members what we're proposing. We're essentially proposing five HD channels: T-news, T-entertain T-sport, T-success and T-movies and my colleague Lola Mashabane will speak through more about our unique content approach.

Lola Mashabane: Good morning Chair and the panel at large. Tshwaranang Media seeks to differentiate itself by means of content revolution and narrative consumption evolution. In other words, we seek to revolutionize the type of content we provide our audiences and innovate the manner in which they consume it. Our primary pillars of focus are as follows:

Firstly, we aim to establish Afro-centric programming architecture by means of broadcasting content by primarily local black content producers and partners. We seek to help drive the upliftment and strengthening of local communities through partnerships, for example, partnerships with local sport teams and independent film communities. We aim to give rise to knowledge of Afro-centric history, intellect and voices in line with the ethics of Ubuntu.

The second pillar of focus that drives our content offering is our need to help drive regional and continental development goals as set up by the National Development Plan, SADEC and the AU. Through our focus on the development agenda, we aim to help eradicate unemployment, poverty, gender inequality and promote entrepreneurship, numerical literacy and empower community entrepreneurs.

Lastly, our content is driven by our need to reimagine the manner in which we tell stories. Our reimagination is influenced by the shift in local tastes and global audience trends. We aim to deliver content to audiences where they can immerse themselves, interact with, integrate into their lifestyle and be driven to impact their communities. Thank you.

Tshwaranang – CEO Amit Makan: Thanks Lola. Of course, our unique content approach is largely informed by our market research which was commissioned to IPSOS. In terms of our target audience, I think, whilst, I mean we know that and other applicants have also revealed women is a very important audience group, we feel that youth is also a large part of our target audience group. We've shown a slide in terms of how we segment our audience and some of the assumptions we've made. We believe in year one, we believe, firstly, that there is a youth gap. If we look at the total number of South Africans who have access to television and the number of young South Africans who are actually watching television, there's quite a tremendous youth gap and that is the gap which we believe, the youth gap we estimate is 1.1 million people and we believe we can target at least 40% of them in year one. But my colleague, Sarah Buluma, will discuss some of the financial assumptions in more detail when we get there but just to give you the sense that the youth is a large part of our target audience.

In terms of our content partners. Piet alluded to it, content partnership and given the values of Tshwaranang, holding hands, joining hands, content partnership is a big, big part of what we are and what we're doing. Having engaged with content producers all around the country over the past year, it is clear to us that content producers are feeling marginalized, they feel that their content, they do not have a platform for their content, they feel that their IP is being exploited. A number of them have come forth to us and we've been engaging with them, so, for example, and some of these are new content partners, following the submission we would be happy to furnish ICASA with the details of the new content partners. But to give you a quick overview, so Mandla Dube, who he's either in the room or on his way, he is the founder of the Independent Black Film Collective and his role largely is to promote transformation in the film supply chain, from content producers to the gear rental houses, etc. So Mandla is a key strategic partner of ours who would be facilitating film and television content via the members of the Independent Black Film Collective.

[VuyokaziMathu 0:09:48.5] - I think many of you will know her name, she needs no introduction, she also said she was on her way, she's from Voice of Africa, she's the former CEO of [Akushle Media 0:09:59.2], she's had numerous leadership positions in the film industry. Vuyokazi is a key partner of ours. She specifically was involved with a very successful production of a program flighted on SABC called Hectic 99, targeted at the youth audience. Errold Felix, who's in the room. Welcome Errold. Errold is from Real TV Africa. Many of you might remember his face if you grew up in the 80s from 50:50, so Errold is a key content partner as well. [BulelaniMvotu 0:10:33.7] from Khayalitsha, he sent his apologies, he

could not make it, but he is from Snap Shop Mobile Cinema and he is essentially, basically producing content in townships, specifically Khayalitsha, and good quality content, film content produced on mobile phones. Cynthia [Chaka 0:10:52.4], many of you might know her as well. She's passionate about women and television production and women in sports particularly, she's currently on the SuperSport platform but has already indicated her willingness to come onto our platform. Lanie Maasdorp is the director of the UCT Television Studio, so we have struck a strategic partnership with them, where all student television content from third-years to honours students to masters students to PhDs – all of the film content ranging from tv shows to feature length documentary films, all of that stuff, they've agreed to put it on our platform. [Steven Taylor 0:11:36.8] is a tv show host, he's another content partner, who's got a whole bouquet of content, like Errold, that's ready to go. A number of other platforms like Star Set have already indicated their interest in their content. [Molatelo 0:11:53.7], many of you might know her for her famous film, recently received many awards for the, at the Encounters Documentary Film Festival, she is from [Volovathaba 0:12:07.1], she's a content partner. And then Ram's Comics, I think yesterday we heard some talk of animation. The famous comic called Loco Mashaba which is a Zulu, political satire comic, those guys have also agreed to come on to our platform. They're currently on YouTube only and they're quite keen to join us. And, finally, our strategic training partner is [Linda Sibiya 0:12:38.4]. Again, many of you might know him from Mkhozi FM, he's from the Magic Media Group and he's got a number of partnerships with government and with the SETA's to build the broadcast media academy or broadcast university, so we see ourselves partnering with them from a content point of view and from a training and development point of view.

Just to move on to our shareholders. So, again, consistent with ICASA's values, to be stakeholder-centric, we have the largest diversity of shareholders from all of the applicants. We have 20 shareholders that represent the country. These include sectors like business, community media, traditional leaders, civil society organizers that represent women, children, people with disability, arts and culture and entrepreneurship. We also have 3% international shareholding, so we're 97% South African owned and the management team of Tshwaranang, all the people you see here before you, have also been allocated a minimal amount shares for their efforts. In terms of our management capability, this is the management team that you see on this slide, collectively we have over 50 years of either broadcast television or film production experience and we also have over 50 years of marketing and media business development experience. On the left, you've met Piet Rampedi, that the Chief Content Officer. To the right is [Walter Matsonga 0:14:24.5] he's the Chief Technology Officer. To the

right of me is [OntatilePhile 0:14:30.4], she's the Chief Production Officer. On the far right, top right is Itumeleng Madiba, who's the Business Development Officer. Bottom left, [Mako Mokesi 0:14:43.9] amazing experience in marketing, he's our Chief Marketing Officer. Lola Mashabane, you've met, is our Chief Programming Officer. [MokokoSekete 0:14:53.3] is in the middle at the bottom, Mokoko is our Chief Operations Officer. [Sarah Buluma 0:14:58.2], to the right of him, is our Chief Financial Officer and Wazeer Moosa is our Chief Legal Officer. This is our management team, all with impeccable credentials.

In terms of our strategic partnerships, so you would have picked up in our proposal that our anchor shareholder is the African Equity Empowerment Investments Limited, JSE listed company, has been performing exceptionally well. Their share price has rocketed in the past few weeks. Through their technology investments, you know, we believe that we have technology, sales and marketing partners through their anchor shareholder. So, to give you an example, Afrozar is one their tech investments. Afrozar is made up of software engineers and developers and they're busy dabbling in artificial intelligence. Worldwide Creative is another example of a tech investment of AEEI and they specialize in digital marketing. Headset Solutions, they specialize in the distribution of headsets as we move towards virtual reality television. We see ourselves having a very strategic partnership with these companies that fall within the AEEI tech investment subsidiaries.

Finally, other partners that we have in terms of branding and marketing. So we're currently partnering with [LungaKhepe 0:16:33.4] from Red Cherry Interactive. Red Cherry Interactive is essentially a branded media and story-telling outfit. It's an agency and they work with over 20 of South Africa's leading advertising agencies and they have more than 30 years of experience producing tv commercials and branded media. And this also speaks to some of the innovation that we bring in terms of our business modelling and how we integrate branded media and story-telling and in so doing monetize our content.

Finally, our technical partners. Sentech is the natural partner. We're working with Sentech in terms of the signal distribution. Then, finally, industry leaders. Inala Broadcast – who are also in the room. They have over 35 years of experience in Southern Africa with system integration, installation, configuration of broadcasters and, of course, they are also embracing the digital revolution with IP and cloud technology and essentially what we see is that we see a future where what we see on free-to-air television will be available on any device, anywhere in the world. Some of Inala's key clients include Multichoice, SABC, E-Tv, CNBC Africa. In terms of our global partners, both strategic and content, so [Dr

[Andreas Rudas 0:17:56.2] has been engaging with us for more than a year now, he's from the RTL Group. many of you will be aware of the RTL Group. They are amongst the first in the world to embrace digital television and they have many years of experience. I think it was Luxembourg where they first rolled out digital tv. Andreas is currently the Chairperson of the Austrian Media Corporation and Andreas will be advising Tshwaranang Media and sharing with us the experiences of how they went about the digital migration and how they went about monetizing in the digital space. To the right, [Ambassador Harold Douly 0:18:36.4], he's the first African American in the United States to have a seat on the New York Stock Exchange. He's been a big champion of black television and black television content in the US. His foundation, the [Douly Foundation 0:18:52.9], has a 3% shareholding in Tshwaranang Media and Ambassador Harold Douly spent most of his life working in public broadcasting in the United States. He will be facilitating exchange programmes between South African broadcasters in Tshwaranang and public broadcasters in the United States, as well as content exchanges in the US. In terms of our partnership with [TV Breaks 0:19:19.0], we have an exclusive partnership with TV Breaks which is broadcast from Russia, currently on-line tv and that will really support South Africa's foreign policy agenda and support the cultural exchange of content between Brazil, Russia, India, China and South Africa. So South Africa's content and Brazil, Russia, India, China content can come to us, so audiences can learn more about those cultures. In terms of innovation and technology, another key pillar of ICASA's values. There's no doubt about it, we are fully embracing the fourth industrial revolution as the Minister of Science and Technology pointed out in a piece I read yesterday. You know, we are definitely going to be delivering our content over the top. In terms of 5G, I mean, recently at an international broadcast conference in Europe, there was major talk about the future of digital television and 5G. Our anchor shareholders, AEEI, we know they are already investing in 5G companies, virtual and augmented reality and artificial intelligence, I've already spoken to these a bit. The subsidiaries of AEEI, they are Headset Solutions, you know, they would be supporting us to ensure that we can deliver virtual reality experience to future television viewers. Artificial intelligence – the future is really going to be customized content, you know, whatever it is that we are interested in, that is what we will be exposed to, so AEEI is really key to the future of digital television. Not many have spoken of big data, but we feel that there is a very strong revenue stream in the data space and in digital video distribution, which is essentially B2B business model, so we are embracing the fourth industrial revolution full on.

The next point, in terms of our financial strength, I'll hand over to our CFO who'll speak to you some of the reasons why we feel we're really strong from a financial point of view in order to do this.

Sarah Buluma: Good morning Madam Chair and the rest of the panel. So, I'd just like to talk about first our capital and cashflow security. As indicated, our majority shareholder is AEEI, it is a listed company on the JSE and because of that and even just a commitment to us, we have access to capital. So, we can ensure you that we are going to be able, we do have the ability to launch the channels. Over and above that, due to the fact that they are listed, that gives us in terms of innovation and technology, gives us access to capital to actually do it and that guarantees we have put OTT as revenue so that guarantees that we will be able to get the technology to generate the OTT revenue. In our financial projections, we did project that we are going to have a cash flow shortage in the first three years but that is going to be covered by our majority shareholder and one of our partners called **Serobeng? Health [0:22.23.7]**. They have committed to give us working capital for the first three years, so this business is going to be sustainable.

And then I would like to talk to our financial performance. Over and above that, in our forecast, we did anticipate a loss in our first year of R54 million and then we anticipated turnaround and expect a profit of R26 million in the second year. We do expect to be profitable beyond the second year. The reason why we do believe we are going to be profitable is because of certain strategies. One of them is cost management. There are a number of costs but our substantial cost is going to come from content creation, so the way we mix our content is going to help us manage the quantum. So basically we are looking at our content carefully in terms of overseas content and local content and even within local content it's looking at it from what is most cost-effective from us actually producing the content, us licensing the content or us commissioning somebody else to produce the content, so this will keep us profitable going forward. As well as revenue growth. So, the revenue growth that we projected, specifically speaking to the advertising revenue, it's in line with the 2017-2021 PWC entertainment and media outlook. And then we've also looked at other avenues of revenue, taking into account that digital is something that we can't ignore, so we are looking to get revenue from OTT, business to business as the CEO mentioned, production revenue i.e. us producing the content and getting paid for it, production placement revenues which is also another form of advertising and data revenues. And that is it from me. I hand it back to the CEO.

Tshwaranang – CEO: Thanks Sarah. So, finally, I'd just like to conclude by giving you ten reason why we believe we are ideally poised to get this license. Firstly, specialized content – we have a very unique and local partnership base and



development base approach to specialized content in terms of our production and programming; and one that is responsive to the market demand. Secondly, our shareholder diversity – we have the broadest base consortium made up of a diversity of broad-based black economic empowerment shareholders; we have a very strong transformation ethos as you will see coming through our content partners and all of the people that we are committed to in the supply chain. In terms of employment, we will be creating 100 jobs for 190 people in year one. Our commitment to the future of broadcasting and digital media in the country through the establishment of the Broadcast Media Academy which is a shared vision with the Magic Media Group. Our management strength – we believe that our strong management team has the competency and experience in terms of building media and content distribution businesses. Our innovative edge – the digital and technology partners we have within our group and outside of our group, partners like Inala. In terms of Brics, we believe this exclusive partnership with have with [TV-Brics 0:25:30.4], definitely helps us to support South Africa’s foreign policy agenda. In terms of our global partners, our European and US partners have extensive digital experience which we can learn from, as well as creates opportunities for us to syndicate content that we own, and, then, finally and most importantly, you know, we understand that, you know, businesses such as these are, can be difficult to sustain so we think that this is a really important point that we want to emphasize, that we do have the financial backing. All of the written undertakings have been provided to ICASA already, so we have guaranteed access to capital, supported by a sustainable and profitable business model. So, we invite ICASA to join hands with us and let’s shape the future of African entertainment together. Thank you.

Chairperson: Thank you very much Tshwaranang. Are you done with your presentation?

Tshwaranang – CEO: Yes we are. Thank you.

Chairperson: Okay, thanks. Then we will invite Kwese to come and pose some questions to you. You already have received these in writing and you have responded, but it is now an oral version of that process.