

The PBICT has been in a war zone with the Durban SmartXchange that claims to be incubating or developing SMMEs yet is operates more as a landlord rather than an incubator.

The Management and the Board of SmartXchange are not aware that they are engaged in any “war” with the PBICT, or any other entity, and unequivocally refute this allegation. Instead, it appears that Mr Rolls is using the PBICT as a platform to facilitate his own private agenda. Mr Rolls is the sole director of an entity known as SIGMA IT, against whom SmartXchange have judgment for unpaid rentals.

Mr Rolls is correct in his assertion that SmartXchange acts as something of a landlord in that renting office space is one of our service offerings within our incubator program. However, leasing of office space is not the only service we offer.

The SmartXchange Building, as it is colloquially known, does not belong to SmartXchange or any government organization. It is privately owned. SmartXchange entered into a lease agreement with the landlord in 2004 and continuously extends the lease agreement every 3 years. Rentals have to be paid and collected so that we can satisfy our debt to the landlord. It is important to note that rentals are the only costs incurred by the Incubated SMME’s. All other services offered within the incubator are FREE. (The full service offering is attached below).

Furthermore, the rentals referred to by Mr Rolls are what he owed post-graduation from the SmartXchange Incubation Program, when SIGMA IT decided to remain in the building and make use of the premises as well as all the utilities and services offered therein. At this point SIGMA IT was not an incubate and its rental was pegged at a market determined rate, unlike those for incubates who are allowed vastly discounted rental rates. This was discussed with Mr Rolls before he signed the lease agreement and he was fully aware of these details. The rental owing to SmartXchange by SIGMA IT as an incubate was paid up fully before his decision to rent more office space.

It is only when Sigma IT chose much larger premises (post- incubation) and overreached in its ability to cover its costs that they were unable to pay rentals owed. Mr Rolls admitted as such in a letter he wrote to us as far back as January 2016 wherein he stated:

For the past three years we have come into financial hardships due to too many parrots... We are contacting you in good faith so as to demonstrate our intention of paying this debt... (sic)

The covering email of this letter read:

.... please notify your client that we apologize for bridging our first promise however it was beyond our control.

Unfortunately, Mr Rolls simply ignored further correspondence from ourselves, and later our attorneys regarding this issue and failed to make good on his various undertakings to

settle this debt. At this point SmartXchange was forced to intervene and put processes in place to recover rentals. (This was purely a landlord – tenant relationship at this point and had no connection with the Incubation Program)

I am talking both from experience and on complaints received by many of our SMME's. The SmartXchange has destroyed many of our SMME's and to date we as SMME's have judgements and court orders to sell our personal properties so we can pay the rent we owe to SmartXchange.

SMME's are constantly reminded, as part of good business practice, to settle their debts. SMME's sign a sub-lease agreement with SmartXchange indicating that they are satisfied with all the conditions within the agreement. When their rentals are in arrears they are constantly counselled and reminded to make payments. A debtor age analysis goes to a quarterly Audit Committee Meetings followed by a quarterly Board Meeting and like in all businesses one must strive to reduce outstanding debt. In our case we only go the legal route well after 6 months of not paying any rentals. In the case of Mr Rolls, the matter has been ongoing since 2014 and as recently as 07 June 2019 our attorneys made further attempts to settle the dispute amicably with Mr Rolls and received no response to their correspondence. This is the extent to which we accommodate our SMME's. In cases where there is a payment plan or a similar agreement is reached, we simply do not follow the legal route.

However, SmartXchange is an NPO and any non- payment will impact negatively on our programs. Nonpayment by SMME's will have a negative impact on our funding of service delivery to the very same SMME as well as numerous others within the program. It is simply not economically viable for SmartXchange to provide these services and assistance, as well as cover its own overheads without charging a nominal rate in rental, even with the generous support of the State. We reiterate that our dispute with SIGMA IT's overdue rental has nothing to do with the Incubation Program at all, a fact that Mr Rolls is very much aware of. Judgements are only sought and enforced against SMME's who do not positively respond to a payment plan requested from our attorneys.

I was in the SmartXchange program and won their award for best SMME twice

During the incubation period, Sigma IT won the award for the best SMME of the Year in 2012 and 2013 for which the company received a cash prize of R 60 000 as well as computer equipment to the value of approximately R 50 000. Sigma IT enjoyed the support services mentioned in the annexure and it was this support that allowed for the company to grow. If they claim that they did not benefit then how did the company win awards? Further, why would they choose to continue the relationship and remain in the building as an independent tenant?

“and I talk from experience where I came into the program very successfully and left worse off” – quoted from the email communication to Mr. T. Jafta on 28 November 2019.

This communication acknowledges that he came into the program very successfully and left worse off. Sigma It enjoyed the benefits of the program, won awards 2 years in

succession and had no complaints against the organization whatsoever. On the contrary I was even invited by Mr Rolls to be a key speaker at the SIGMA IT recognition Awards at the Hilton Hotel the very year after Sigma IT graduated from the SmartXchange Incubator. This is just further evidence that Mr Rolls' current view has nothing to do with the Programs we run but rather his personal, legal issues with his landlord. The fact that Mr Rolls left "worse off" is due to factors outside of SmartXchange. At that stage, we were merely his landlord and he ran the business, unsuccessfully on his own version, without the support of the program from which he had already graduated.

And at that time I was paying rent of R50 000.00 per month, like many others they didn't contribute anything towards the development of my business I was just paying rent.

This statement is patently incorrect. Sigma IT started off as an SMME that was based at the SmartXchange incubator on the 5th floor occupying 36 square meters. When the company was based in the incubator the cost of his rental and parking and utilities was approximately R6 000.00 per month- nothing near the R50 000.00 that Mr Rolls alleges. The company subsequently graduated from the incubator program as detailed above.

Upon graduating, the company was a success, in part due to the assistance and guidance our program provided him. SIGMA IT had therefore grown, and Mr Rolls requested to remain in the building as an anchor tenant occupying 213 square meters with three parking bays. The rental for this space was averaging at R36 000 per month which included parking and utilities. Mr Rolls knew the costs long before SIGMA IT entered into this agreement. He never raised any concerns or queries whatsoever. As indicated above, the Company overreached and fell into financial difficulties. The company therefore exited the premises on 30 April 2014 with an accumulated debt of R306,687.85. Still, Mr Rolls did not dispute that he owed this money as indicated in his email to us on 16 March 2014 where he stated unequivocally that *"I do not have a problem with the rent side...."* At this stage, Mr Rolls was merely querying his utility statement. The matter was handed to our attorneys for legal action to be taken for the recovery of the amount owing.

Before a tenant moves into an office SmartXchange ensures that the air-conditioning units, lights and plug points etc are in working condition. When a tenant exits the office a snag list of the office is undertaken and any repairs to lights, plugs and air-conditioning units are for the account of the exiting tenant. This is a common situation in the rental of office space. The repairs are undertaken by SmartXchange on behalf of the tenant and the tenant is invoiced accordingly. This process is in keeping with the lease agreement signed by both parties. This applied in the case of Sigma IT. The service providers who undertook these repairs are contracted by the owner of the building and are not selected by SmartXchange. As the tenant in our own lease with the private owner of the SmartXchange Building, we run the risk of paying for a full electrical "Certificate of Compliance" when we exit our lease, in the event we choose to bring in our own service providers.

They evicted many of our SMME's and most have shut down and others are operating from home.

SmartXchange SMME's who have rental judgements against their companies are evicted as a last resort. Paying rental is a standing rule which forms part of the SmartXchange policy of enabling SMME's to be self-sufficient. Once again I reiterate that this only happens as a last resort in circumstances where there is no payment over a period exceeding 6 months.

Government continues to fund failures and celebrates the success for these failures.

That Mr Rolls considers SmartXchange a failure is his personal view which he would have to present and defend. Simply put, the factual position is entirely different. SmartXchange has not only grown, but evolved as an organization that offers excellence in incubation and SMME development.

Our people are the ones that suffer when money is being thrown into programs like the Smart Xchange program

We are not entirely sure who Mr Rolls refers to as "our people."

The SmartXchange Program has evolved over the years as one of the best incubation programs. The awards below are not self-proclaimed and they cover local, provincial, national and global benchmarking.

- ✓ *International Telecommunications Union: Global Challenge Winner 2019: Ecosystem Best Practice.*
- ✓ *Winner of the 2019 Standard Bank Elan Property KZN Top Business Award under the category pf Community and Social Services.*
- ✓ ***National Winner for the 2018 BEST PERFORMING SEDA INCUBATOR***



- ✓ *Winner of the Ray Nkonyeni Community Award 2018*
- ✓ *Winner of the Ray Nkonyeni Community Award 2017*



- ✓ *Winner of the 2017 Standard Bank Elan Property KZN Top Business Award under the category of Community and Social Services.*
- ✓ *Winner of the 2016 FNB KZN Top Business Award under the category of Community and Social Services.*
- ✓ *Winner of the 2016 National Science and Technology Forum South32 Award*



- ✓ *Runner Up: SABI National Incubator of the Year Award 2016*
- ✓ *Runner Up: Govtech National ICT Service Delivery Award 2015*



- ✓ *Winner of the 2015 eLan Property Group KZN Top Business Award under the category of Community and Social Services*
- ✓ *Winner as the 2013 National Best Performing Incubator*



- ✓ *Winner of the 2013 FNB KZN Top Business Award, under the category Finance and Business Services.*
- ✓ *Winner of the Alec Rogoff B-BBEE Enterprise Development Award in April 2013.*
- ✓ *World Bank Report cited SmartXchange as an incubation model for replication in developing countries in 2009.*
- ✓ *Winner of the prestigious Computer Society of South Africa (KZN Chapter) ICT Company of the Year Award in 2006*

just to pay big salaries and possible looters.

The salaries of all SmartXchange employees and Board Members were determined using relevant benchmark studies. We are open in our approach thereto and the company undergoes rigorous auditing. Inflammatory comments like these made by Mr Rolls are defamatory.

We requested that a detailed investigation be commissioned to check the subcontractors appointed by smart Xchange and possible corruption and collusion on the appointment of contractors like the aircon repairs amongst others,

SmartXchange welcomes any such investigation as we pride ourselves on good corporate governance. We have had unqualified audits since inception of the 1st audit in 2005. We also rotate our auditors in accordance with good practice. We are currently audited by SNG Thorton (External Auditors) and Deloitte (Internal Auditors). The eThekweni Municipality also appointed an independent consultant to conduct an impact assessment on SmartXchange and this report can be obtained from the Department of Economic Development. Last year, SEDA also conducted an independent audit on SmartXchange. We are proud, yet humbled that we always receive an unqualified audit.

we also asked that salaries be audited as we have reason to believe that the black employees leave because they are paid less than the other employees.

SmartXchange is an organization that not only welcomes the idea of transformation but works to make it a reality. This statement is completely false, defamatory and an unfair indictment on our Audit and Remuneration Committee and Board who ratify these decisions. One needs to only look at the caliber of the members of the Board of SmartXchange and the Audit and Remuneration Committee to understand that racial prejudice will never be allowed at this organization.

This was never done all we get is wise responses from Jonathan and excises from the board.

We are audited regularly and there is no basis for this statement.

Our SMMEs are suffering and money is being wasted into failure, we challenge the Smart Xchange to publish a list of SMME's that have been through their programme and assisted, they must also state how they have contributed to the success of those SMME's so we can challenge them by giving the truth version of their fabricated reports.

SmartXchange showcases excellent SMME achievements at the Annual SMME Awards, Annual Stakeholders Breakfast and in both the print and social media. The DTI selects our SMME's annually and takes them to various global market access opportunities. Seven SMME's were selected to join our President at his Investment Conference in November 2019. We welcome any engagement with any of our incubated SMME's to test the support given as well as of our management of the program. Our innovations and prototypes that we are producing is outstanding. Our replication model is impactful. We have taken SmartXchange outside of the Urban Economy to a small town like Port Shepstone and we have now made a positive impact outside of Durban. We are also rolling out a township incubation program and this will be followed by a rural incubation program. All of these initiatives are driven by a demand for SmartXchange to make a difference in communities.

Below are 19 innovations that have been developed at SmartXchange during 2018/19 and we are currently strategizing on access to markets and looking at angel investors. A further 5 innovations have just commenced with their development while a current pipeline of 15 innovations is currently being evaluated.

Innovations Ready for Commercialisation					
No.	Company Name	Gender	Product Name	Product Description	Innovation
01	Tag Your Ride	Male & Female	Tag Your Ride	TAXI App	Tag Your Ride is a taxi hailing app developed by the students enrolled at the University of KwaZulu-Natal. The app is available for use by both drivers and passengers and can be downloaded from Play Store and IOS.
02	RESPO	Male	RESPO	URBER Ambulance - App	The focus of the innovation is to connect patients in need with ambulances which are closest to them. The innovation can be labelled as a "Uber Ambulance".
03	Cleankeep	Male	Homekeep	Outsourced Cleaners - App	HomeKeep is an app which connects homeowners with local credible home keepers and dry cleaners. The aim of the app is to assure homeowners experience convenient home cleaning and dry cleaning without challenges whilst eliminating homekeeper exploitation. The solution also offers a car mobile car cleaning component where a vehicle owner can "request a wash" using the App.
04	Sikephi	Male	Sikephi App	Train Commuter - App	This innovation aims to build a community in the train and provide updates to the commuters about their end-to-end traveling. The user will be able to track their relevant train to know when the train will be delayed and by how long. It will also be a good tool for new train users who will be able to identify their relevant train using the app.
05	Arithmetic	Male	Rithmetic, Math Made Simple	Easy Way to Learn Mathematics - App	Rithmetic is a unique and innovative App that assists students with improving their Maths skills. In essence, Rithmetic is an artificially intelligent Math teacher which provides worksheets for learners to practice Maths, and get results. The app will cover Rithmetic for Grade 4, 5, 6, 7, 8 and 9.
06	Real Time Energy	Male	Real Time Energy	Utilities Management - App	Real Time Energy (Pty) Ltd proposed the research and development of a device that will be manufactured in Kwa-Zulu Natal and is capable of remotely monitoring domestic home utility consumption, including electricity, cold water, hot water, and weather data (for government solar programme).
07	Taximap	Female	Taximap	Taxi Route Map – App	The idea is to develop a site that can share up-to-date information about South African minibus taxi routes, ranks, operating information, safety and accident prevalence, and taxi news to improve access to South Africa's most far reaching public transport system, increase usage of this form of public transport and decrease traffic related pollution and improve the efficiency of South Africa's transport energy usage.
08	Isowel	Male	Healthy Mama	Monitoring solution for pregnant woman in rural areas.	Healthy Mama is a health monitoring solution for pregnant woman which primarily targets woman residing in remote rural areas. The solution bridges the gap of the lack of access to healthcare facilities by using Information Communication Technology (ICT) to support healthcare delivery. Healthy mama is dependent on community health workers (CHWs) who use the eHealth kits to monitor the health of pregnant women in their community. Increasing and improving access to women's health is an objective that cannot be ignored in any developing country or third world country, thus, such an innovation addresses equality and discrimination against women and children and

					creates economic activities. Solution is available and functional.
09	Isowel	Male	An integrated eHealth microscopic camera system	Support to community health workers in rural areas in diagnosing schistosomiasis and malaria.	The eHealth solution will comprise of a mobile phone loaded with an App, a hand-held microscope and a web-application. The eHealth solution is intended to offer clinical decision support to community health workers in rural areas and thereby assist in diagnosing schistosomiasis and malaria.
10	PrimeHP	Male	Individualized, specific high intensity altitude training	Simulated Altitude Training - App	Simulated altitude training can improve athletic performance through improving the athlete's aerobic capacity and anaerobic threshold, as well as improving recovery time following high intensity efforts. This provides an immediate increase in athletic performance as well as providing a secondary improvement through an increased ability to train at a higher intensity, thereby optimising the training response. Prime Human Performance Institute hopes to be able to understand the individual variation that we see with simulated altitude training, and adapt training protocols to optimise the response of each individual. With specialist facilities. Prime HP will also be able to provide sport specific training at simulated altitude. Understanding individual sports and adapting the protocols to optimise for these demands is also a unique offering and will further improve the benefits of simulated altitude training.
11	The Greenroom	Male	EZ HEALTHID	Health Management System - App	The innovation is a health management system for remote booking via an android or I-store for medical surgeries. The patient will be logged in via a bio-metric fingerprint which automatically pulls up their booking. This solution will also allow for medical prescriptions to be transferred to a pharmacy of the patient's choice where upon arrival they would have their medicinal package already awaiting collection. The added advantage of the if the solution is that the patient's data will be stores at a back end where with the use of bio-metrics, the patient's medical records can be assessed by any doctor that the patient chooses to visit.
12	Innovate Logistics	Male	Innovate Logistics	Optimisation of surplus logistics capacity - App	This innovation will, through technology i.e. a centralized portal and mobile application, enable distributor (suppliers) and customer (business and individuals) connection. It is targeted at clients who need logistics and distribution services and remove surplus capacity.
13	Smart Bee Hive	Female	Smart Bee Hive	Bee hive management system - App	The Beedale smart hive management system provides beekeepers with a tool to manage all key data, such as GPS location, information of local flora, honey production, hive health etc.. An electronic base board measures key variables, such as hive weight and temperature, which will be used to determine when the hive is ready to be harvested and the health of the hive. At Beedale we dream of continued innovation and providing vital links between Governing bodies, Universities, other research centers and beekeepers. But this can only work in a commercially viable environment, which will need to embrace new innovation and smart technology, especially as the costs of fuel, labour, increased losses and more erratic weather patterns add pressure onto this vital industry that requires dedication, a bit of bravery and a love of nature. The honey trade in South Africa is dominated by imported products and this creates a great opportunity for us to produce our own. We look to partner with companies and individuals who would like to contribute and benefit from this exciting innovation.
14	Clinical Space	Males	Telemedicine clinical workstation	A Telemedicine clinical workstation	The Telemedicine clinical workstation aims to bridge the gap of lack of specialist doctors in rural health facilities. It offers real-time communication, clinical decision support and real-time

					analysis of laboratory data and vital signs. The technology is envisioned to improve healthcare in the country and assist in conquering the challenge of lack of qualified medical professionals in the country as well as lack of funds to effect quality health care services.
15	CloudFM	Male	Peakpoint	A web based application that does cash forecasts	- PeakPoint is web based application that enables efficient, collaborative, multi-user cash forecasts that allows you to: <ul style="list-style-type: none"> • Collect cash flow information from multiple sources and currencies on one platform • Have real time, 24/7 oversight and access • View and manage all customer promise to pay information, user comments and action required for debtor management • Customise the output to match how you manage your cashflow • Understand snapshots of cash required under various scenarios • Integrate with any accounting system.
16	Cool Heat Energy	Male	HVAC Live	Solar assisted cooling	Cooling, Heating and refrigeration technology is critical to many aspects of our lives from food storage to human comfort. This essential technology is costly in energy and environmental impact. The recent innovation of Solar Assisted cooling has significantly reduced this. HVAC live, through our experience in both the energy and Cooling, Heating and refrigeration industry are developing an integrated monitoring, management and reporting solution that covers all these components with full Measurement and Verification certification.
17	Ecoblu	Male	Ecowarrior	Driver performance gamification - App	The project involves the development of a software platform that sends a vehicle's (bus or truck) information into a cloud database and compares real time driver's characteristics (fuel consumption, time to arrive, safety, changes in velocity) to an ideal calculated best case, or the best prior performance. This is for implementation at transportation companies who wish for drivers to operate more safely and efficiently. The driver is then given feedback on his performance relative to the target parameters and is guided to best performance using game mechanics.
18	Mufsas	Male	Mufsas	Municipality Fault Reporting & Monitoring System - App	The system will assist municipalities from local, district and even Metro level to respond promptly to faults reported, assigning relevant human resources timeously. Further to that, the project seeks to ensure that any service interruption notifications are broadcasted instantly and all calls-logged are easily tracked and monitored. Citizens will be able to log calls via the mobile app with the municipalities in their respective areas from electricity, water, road, theft, crime and infrastructure related. They will be able to attach images and geo location of the affected areas, so the municipality can pin point the area and quickly respond to the problem.
19	SA Smart Film	Male	SA Smart Film	An online platform for emerging film makers.	The aim of the innovation is to create an online platform where emerging film makers can showcase their projects. This platform will provide an alternative for people who are frustrated by watching the same programmes daily. SA Film Art will therefore provide choice and variety for the viewers.

The Smart Xchange has destroyed our SMMEs and Government is funding them, this has to stop.

While government funds the organization, SmartXchange is duty and honour bound to ensure clean corporate governance and uphold practices that are ethical and honest. We

celebrate the success of our SMME's and similarly mourn their losses. We are invested in ensuring the success of these companies. Whilst doing everything we can to empower and assist them, we cannot shift our goal posts to accommodate selected individuals, neither can we condone practices like non- payment and violations of legally signed rental agreements. This would unfairly impact the funding of other SMME's who rely on us for support. If nobody paid their rental, we simply would be unable to assist the SMME's that desperately require it. We are not funded to cover rental deficits of non-paying SMME's.

It is disappointing that Mr Rolls requests that funding to SmartXchange funding be stopped, especially considering that with our assistance, he was able to establish a successful company. Despite our pleas and various approaches to Mr Rolls personally over a period of 6 years to settle his debts amicably, he has declined attempts to do so. It must be emphasized however that Mr Rolls has acknowledged this debt which accrued at a time when he was not a member of our SMME Program, and his ongoing attempts to avoid settling his debts are seriously jeopardizing the very businesses he claims to stand for. His debt stands at over R350 000 with interest and costs, money which could be utilized in empowering other SMME's.

(ANNEXURE)

Rental Model of SmartXchange

Durban Technology Hub t/a SmartXchange registered in 2004 was established to make Durban the Technology Hub of Africa. To achieve this Durban Technology Hub leased the building situated on 5 Walnut Road Durban. The SMME incubator was established on the 5th floor of the building. The SMMEs based on this floor enjoyed a lesser/subsidized rental than the anchor tenants based on the other floors and enjoyed the following range of support systems and services for skills development which include:

Facilities/Office space

- Free use of board rooms
- Free use of meeting rooms
- Cleaning Services
- Controlled access to the Incubator
- 24-hour Security
- 24-hour access to the incubator
- Photocopying and printing
- Reception Services.
- Telephones services – Internal and for receiving calls.

MICTe Infrastructure

- Free internet access
- Sponsored software licences.
- Free use of fully equipped media centre

Partner Network

- Participation in the SmartXchange Stakeholder Breakfast
- SMME Awards.
- An SMME forum to build relationships and partnership
- Business network opportunities through a business partnership programme
- SMME companies show cased in the SmartXchange Annual Review
- Recommendation of SMMEs for participation in outbound and inbound delegations
- Free Video produced for each company for marketing purposes.

Innovation Fund

- Innovation Grant Funding to a maximum of R 650 000,00

Enterprise Support

- Overview of the business growth cycle and relevant changes in structure and management style.
- Industry specialist mentors and coaches.
- Monthly business health checks, sustainability reports and personalized assistance
- Training related to the specific needs of businesses

- Assistance in creating structures relevant to specific stages of business growth
- Assistance in formulating required policies and procedures
- GrowthWheel 360 Development Plans
- Business cards and pull up banners for new SMMEs
- Soft Skills Training
- Technical skills training
- Website development
- Accounting Services
- Social Media Strategy
- Assistance to SMME's in applying for government and private tenders
- Assist SMME's with funding applications.
- Facilitation of registrations of SMME's on critical data Bases
- Guidance on Intellectual Property