

NEWSMAKER

Beggars can't be choosers

Gibs's Adrian Saville says SA regulates itself into a no-go zone for the investment it desperately needs

By CHRIS BARRON

The government must stop thinking it can continue making the rules for investors and expect them to come, says Adrian Saville, professor of economics, finance and strategy at the University of Pretoria's Gordon Institute of Business Science (Gibs).

"It shouldn't be lost on us that when capital is looking for places to go, including South African capital, there's 215 destinations available," he says. "Capital is spoilt for choice, it's not starved of opportunity. The world is awash with capital."

Meanwhile both domestic and foreign investment in South Africa is at dangerously low levels. Saville points out that gross fixed capital formation is at 15% of GDP while the National Development Plan target is twice that by 2030.

"To achieve a growth rate in line with the world average we'd need to achieve and sustain an investment rate of 25% of GDP. To get to our ambition of 5%-plus economic growth, we'd need to be recording an investment rate of 30% of GDP."

The prime mover for private sector investment spending in South Africa is public sector investment, which has been "missing in action", increasingly diverted to fund current spending rather than capital spending.

"If capital spending in the public sector is missing, South Africa's private sector adopts a wait-and-see approach. They wait for the catalyst of public sector investment spending," says Saville.

Only when the private sector starts investing will South Africa start getting the foreign capital it "desperately needs".

"When you've got an investment drought that has run now for 15 years, then convincing foreign capital that all is well at home is very hard."

Doesn't this contradict President Cyril Ramaphosa's announcement not long ago that South Africa's Investment Conference had achieved 95% of its R1.2-trillion target?

"It's rather tiring to hear yet another round of promises that there's a trillion rand of investment spending on its way," Saville says.

"I don't know how long this number has been trotted out," but it does not represent reality, he adds.

"Each time the South African Reserve Bank reports these numbers it's another missing-in-action figure. The investment simply isn't there."

Not only is foreign capital not coming, but South African capital is leaving, he says.

"If South African capital isn't finding abundant opportunities at home it will go hunting abroad, which it has been doing for a long time."

South Africa has an abundance of opportunity. It has sophisticated product markets and well-developed, well-regulated capital markets. But they're far too overregulated.

"When you start laying down the conditions, saying, 'You can bring your capital to South Africa but we will



“When you've got an investment drought that has run now for 15 years, then convincing foreign capital that all is well at home is very hard

tell you the requirements of that capital,' it becomes a much shorter conversation. Capital says, 'I'm in a similar conversation in Tanzania, and the restrictions and obligations aren't as onerous. So I'm going to allocate my capital there.'"

Saville says it shouldn't be lost on South Africa that Kenya, Ethiopia, Rwanda, Tanzania and Namibia are running with 30%-plus investment rates.

"And guess what? They're getting elevated growth rates."

He recently visited Vietnam, which has been "romping along" with 6% economic growth for a

decade and more. He points out that its economic revival began when it was teetering on collapse in the mid-1980s. Is South Africa at the same point of impending collapse?

"We've certainly got the ingredients for collapse if you take inequality, unemployment and youth. South Africa's average age is younger than 25, youth unemployment is more than 60% and our Gini coefficient ranks as the most unequal in the world."

A simple back-of-envelope calculation will answer the question how long this can go on for, he says.

South Africa's population growth of 1.5% means that in 50 years the population will have doubled. And at its current growth rate of less than 1%, South Africa's economy will have increased by half.

"So our per capita income will be even lower in 50 years than it is today. That's not the stuff of miracles, certainly not of a Vietnam."

In South Africa's case it can't just be growth, he says. It has to be inclusive and transformative growth. "For that, you cannot consume your way to prosperity. You have to invest."

Debating whether growth causes transformation or transformation causes growth is a waste of time.

"The two happen together, they coincide. The first mover, perhaps necessarily, is growth. But as growth starts to come out the blocks it immediately has to be evidenced in the form of impacts and inclusion."

As for BEE, the facts speak for themselves. "The Gini coefficient is the same now as in 1990. Youth unemployment is higher and unemployment measured more broadly is higher. So our laws haven't been effective in achieving the transformation we require."

South Africa has to decide if it needs to change tack.

But Saville says he has been pleasantly surprised by the government of national unity. "Instead of commenting on deliverables I would rather underline the maturity and stature of the GNU. That the centre has held speaks volumes about our political maturity."

But more cohesive and effective policy is needed.

For policy to be effective it is critical to get the county's institutions back on their feet, he says.

"The one that has been most fundamentally missing in action is Transnet. The restoration of Transnet is a critical component of South African policy being able to get from words to action."

Saville, who has researched Transnet and Eskom for the Centre of African Management and Markets at Gibs, says many people do not fully appreciate "just how integral these two SOEs are to economic performance".

"To some extent we've been able to work around Eskom, because you're able to build more modular solutions, as we've seen under the renewable energy independent power producer procurement programme, which I think has been a resounding success."

Transnet is much harder, "so that's where the imperative lies. Fixing our transport infrastructure including ports and freight rail as quickly as possible is absolutely fundamental."

Equally fundamental is understanding that "for South Africa to get into elevated and inclusive growth public-private collaboration and partnership is essential. It cannot be done as a sole venture, it is necessarily a joint venture."



Arthur Goldstuck

This is what matters most in start-ups

In Silicon Valley, venture capital (VC) once meant scouring garages and coffee shops for the next whizkid with a napkin sketch of world domination. Today, the pitch comes with polished decks and a pretrained language model. If it can't explain its AI advantage in 30 seconds, it rarely gets a second look.

Senior vice-president of corporate development at networking giant Cisco – who also heads up the Cisco Investments VC arm – has watched this shift from the front row. His portfolio spans more than 250 active investments.

With acquisitions and investments totalling more than \$50bn, Derek Idemoto has helped shape the company's approach to innovation for nearly two decades. His fingerprints are on some of Cisco's most significant strategic moves. Most recently, he led its \$28bn acquisition of cybersecurity and observability giant Splunk – the company's biggest buyout yet.

Rather than a quest to find the next Google, Idemoto is more about aligning emerging talent with Cisco's platform and product strategy. That includes AI, which now consumes most of his deal flow.

"One year in AI feels like a lifetime," he tells me over coffee (and a blank napkin) at the Cisco Live 2025 conference in San Diego this week.

"We launched the \$1bn Global AI Investment fund last year to move fast, scale responsibly, and build lasting partnerships.

"We've already backed a couple dozen companies, and that momentum continues."

This is corporate venture capital with a mission. Cisco picks strategic collaborators, and focuses on those that build real infrastructure and solutions. For example, it joined an investment round to pump \$640m into AI hardware start-up Groq – no relation to Elon Musk's AI chatbot, Grok – to give it a \$2.8bn value. Two-thirds of new investments now follow an AI-native path.

The other third might focus on cybersecurity, observability, or new approaches to data flow, often with AI woven into the core. "If a company brings a clear AI story, it enters a different tier of interest. That story doesn't need to rely on hype. It needs to connect with enterprise priorities."

He points to a current opportunity in next-gen cybersecurity.

"There's a start-up approaching risk visibility in a way that feels fresh. That stands apart from investments like Anthropic, which tackle foundation model design. Each company addresses different layers of the AI stack."

Investments often grow into acquisitions. "When we invest and later acquire, we've already seen how the team operates, how the culture fits, and how the product scales. That allows us to integrate with confidence."

Even when the path leads to an initial public offering instead of M&A, the benefits persist. Coreweave, an AI infrastructure company that has seen its share price more than treble since its March listing, is a case in point.

Last year, Cisco Investments joined a funding round that valued the company at \$28bn. "We backed CoreWeave before their IPO. Their valuation multiplied, and our partnership deepened. Their CEO, Mike Intrator, remains a close friend of Cisco. Those kinds of relationships don't fade," said Idemoto.

"We invest to learn, to build trust, and to deepen our understanding of future use cases. The companies we work with, bring energy, speed, and perspectives that challenge our assumptions."

He speaks with calm precision, in the voice of a strategist who sees market shifts as patterns rather than surprises. "I've met over 100,000 start-ups across my career. That helps me recognise what sets great founders apart: clarity of purpose, strong instincts, and a willingness to adjust course without losing direction."

Idemoto's map of the near future includes agentic AI, edge-native systems, and robotics in forms that blend hardware, software, and autonomy. Looking further ahead, he has a tantalising vision: "I'm excited to see what enabling technologies will accelerate the speeds and feeds of a network, which often are the limiting factor. What can we solve if quantum comes together with optics, silicon, photonics, things like that?"

"If you have unconstrained bandwidth, unconstrained compute, imagine what problems we can solve? What diseases we can we cure? How we can bring people closer together? All that is the benefit once you have unconstrained infrastructure."

Asked what AI superpower he would choose for himself, Idemoto is surprisingly down to earth: "Human connection. I want technology to give me more time with the people I care about."

* Arthur Goldstuck is founder of World Wide Worx and author of 'The Hitchhiker's Guide to AI'.

SMMEs

SA's G20 presidency must deliver for SMEs, youth

As the only African country in the Group of 20, South Africa's presidency of the 2025 summit is both a diplomatic honour and an historic responsibility.

With engagement groups now formed and dialogues under way, this is our chance to lead the conversation for developing nations, particularly those on the African continent.

The measure of success, though, will not be in the grand speeches and flamboyant events but in the outcomes delivered, especially those that positively affect small businesses and unemployed youth.

The G20 was born out of the Asian financial crisis of 1997 as a collective response to global instability.

What began as a macroeconomic forum has evolved into a space where the world's largest economies negotiate the policies shaping trade, finance and development.

Yet despite bold commitments made over the years on things like trade, labour, investment and sustainability, the real impact of these policies often remains unclear. Implementation lags, accountability fades, and developing nations, more often than not, are left wondering where the return is.

South Africa is known for progressive thinking and strong frameworks, but our Achilles heel remains execution.

With billions being spent to host the G20 summit, the pressure is on to ensure a real return on investment, not just for the government but for ordinary South Africans. We cannot afford another cycle of discussion without delivery.

As a participant in one of the G20 task groups, I've heard first-hand the frustrations of South African entrepreneurs, and chief among them is access to finance.

Policy reform in this area, alongside labour market



Luncedo Mtswenwe

regulations, market access and competition, must become a core priority. These are not just entrepreneurial issues but economic survival issues. Without real change we risk yet another summit that fails to shift the dial.

G20 member states represent two-thirds of the world's population, 85% of global GDP, and more than 75% of global trade. With this scale comes power and greater responsibility. South Africa must use this moment to push for a measurable agenda, especially if the G20 is serious about inclusive development. This summit must enable South Africa not only to voice its needs but champion those of the broader Southern African Development Community and Africa at large.

Right now our national unemployment rate stands at 32.9%. For young people it's an alarming 46.1%. If small and medium enterprises (SMEs) are the backbone of the economy, then surely unlocking their potential is key to putting youth to work. Yet the meaningful opportunities for young South Africans to turn their skills into enterprise and their enterprise into livelihoods are still lacking.

Even Capitec CEO Gerrie Fourie recently echoed my sentiments on the importance of the informal economy in doing more than we realise or give it credit for. It's

time our policymakers acknowledged this by formally integrating its contributions into national economic metrics and development strategies.

Too often SMEs are praised in theory and overlooked in practice. At every roundtable they are hailed as drivers of growth and the silver bullet in solving unemployment, yet barriers to finance, market entry and support are still holding them back. A true test of the 2025 summit's success would be how quickly we move from policy ideation to implementation, and with what pace and urgency. South Africa cannot wait another decade for incremental change.

The G20 is a rare and powerful platform, and our presidency is more than just influence and global attention. It is about solid leadership, taking bold steps, and seeing through tangible results. We must shape global economic priorities through the lens of developing nations, and this means lobbying for SME inclusion, removing economic barriers for women, and ensuring young people have a meaningful seat at the table. This Youth Month serves as a powerful reminder that a country that ignores its youth will not grow.

We've seen what co-ordinated political will can do. In response to South Africa's greylisting by the Financial Action Task Force, our financial institutions moved swiftly to address illicit transactions, money laundering and corruption.

That same level of urgency is needed now, not just to appease global watchdogs but to serve our citizens. We must act boldly and ambitiously to remove structural barriers to inclusive economic participation. Because a win for South Africa is a win for the continent. And when Africa wins, the world takes note.

* Mtswenwe is MD of Vantage Advisory and host of the Saica Biz Impact podcast