



## **Market Study: JSE Software and Compliance Research**

**Prepared for: Optipro, Sandbox 360, Sandbox SE, Protion**

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# Market Study Outline

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## 1. Introduction

### a. Overview

This report contains the results of a market study conducted by Sandbox Marketing and designed to identify the general characteristics and sizes of, and trends within, the markets for ERP, CRM, Compliancy and software development. In particular, the study sought to characterize and quantify trends that are relevant to Sandbox Software Division.

### b. Approach and Methodology

For this task, Sandbox Marketing compiled and analyzed relevant market and technology application information from a broad range of information sources that are known to be applicable for the task objectives. These sources include numerous market research and industry specific databases accessible through commercial gateways, or "portals," as well as some that are accessible through the Internet. The specific sources included databases developed by the JSE research firms, in addition to numerous trade-, industry- and technology specific sources. For this task, Sandbox Marketing expects to compile pertinent information through a telephone campaign with targeting questions.

### c. Sandbox Marketing strategy has involved

- Developing search strategies that yield general market information and specific data elements relative to the JSE in general, as well as to Sandbox Software Division's business model;
- Implementing the searches within the applicable databases;
- Filtering and organizing the obtained information in a manner consistent with its end use;
- Reconciling the differences in related data elements from the different sources;
- Analyzing the resulting information relative to the study objective;
- Presenting the resulting analytical output in a concise manner that is most informative to the client and potential investors.

### d. The Team

- Mark Souter : Group Marketing Manager
- Chani Booth, Carmen McMurray and Linda Scott: Group Marketing Researchers
- Clare Matthes: Group Marketing Copywriter
- Ryan Wooten and Jacques Joubert: Group Marketing Web/Designer's
- June Daniel: Tender Capturer

## 2. Executive Summary

Sandbox Marketing conducted an extensive market research study to determine where our market lay and within which industry. The study was designed to address 5 key questions, which branched off into open and closed sub questions:

### Call List:

1. Which executive, by role, has the final authority with regard to your companies COBIT compliance, i.e., FD, IT Director, Company Treasurer, Risk and Compliance officer etc.
  - a. Company chairman is the person ultimately responsible for all Company Risks, Compliance and ethics.
  - b. Do you have a Chief information officer on your board of Directors or do they report to the FD.
  
2. Has your company standardized on a Database vendor? If so who?
  - a. Who is the CIO, IT manager, or Data Architect?
    - i. Go through to them
    - ii. Question is do they run Multiple database architectures i.e. Oracle SQL and Microsoft SQL? - or have they standardized on a single "Preferred" platform?
    - iii. If Yes – which one?
      1. Possible options
        - a. Oracle
        - b. Microsoft SQL
        - c. Open Architecture (UNIX, Ubuntu, Line etc.)
        - d. IBM SQL, (formally Informix?)
  
3. IT Manager Questions
  - a. Are your software solutions centralised or Decentralised?
  - b. Who supplied your accounting system (ERP system)?
  - c. How long have they been a supplier / implementing company
  - d. Response is not SAP, Or Microsoft or accpac - they are not the technology OEM's you are after
    - i. I.e. DiData, Datacentics, Accenture, UCS, Sandbox etc  
I.e. the computer company that actually installs and maintains your accounting system?
  - e. How would you rate them out of 10 (10 being excellent, 1 being dismal)
  - f. How many staff do you have in the IT team excluding consultants?
  - g. Do you employ consultants individually or from one company?
  - h. How many consultants are employed?
  - i. Which company?

4. Are you COBIT Compliant, or did your auditing firm make any recommendations around the governance and control procedures for your Information Technology systems? If so, what?
  
5. Are you following the ITIL or MOF methodologies in support of COBIT?
  - a. Ask which methodology are you using to achieve and maintain COBIT compliancy
    - i. Don't Know is a valid response?

### 3. Major Points

Overall Reaction and willingness to participate in the research was very high, with nearly 70% of the respondents indicating what software they use, who the consulting companies were, their satisfaction with their existing support/consultants, their compliance statures and who the decision makers are.

The size of South Africa's ICT Market reached R179 billion in 2010 and is estimated to reach R187 billion in 2011.

The software market expenditure in 2010 was just over R12 billion with a CAGR of 6.4%. IT services reached R23 billion with a CAGR of 5.6%.

The JSE currently has just over 400 companies listed with a market capitalization of \$182 billion. Enterprise software (ERP/CRM Solutions) have an estimated share of \$728 million – R5.9 billion (ZAR hedged a \$1 = R8.2 spot rate. [www.xe.com](http://www.xe.com) 22/09/2011).

### 4. Research Results

Out of the 401 JSE companies phoned, we had a strike rate of 50% completed and a further 20% partial.

- a. Compliance: Accuracy 66.1%
  - i. King3 – 10.5%
  - ii. Cobit – 4.7%
  - iii. Others i.e. Sarbane Oxley – 0.7%
  - iv. Working Towards it – 6%
  - v. Not Sure/Don't know – 9.7%
- b. ERP/CRM Software: Accuracy 66%
  - i. Accpac – 10.1%
  - ii. Microsoft – 12.2%
  - iii. SAP – 13.7%
  - iv. Pastel – 6.1%
  - v. Syspro – 7.6%
  - vi. Other and in-house – 50.4%
- c. Are they integrated with other software: Accuracy 66.4%
  - i. Yes – 39.7%
  - ii. No – 31%

- iii. Partial/in the process – 9.5%
- iv. Not Sure – 0.9%
- d. Multiple or Single Database Vendors: Accuracy 70.7%
  - i. Multiple – 32.3%
  - ii. Single – 34.3%
  - iii. Not Sure – 2%
- e. Centralized or Decentralized: Accuracy 67.5%
  - i. Centralized – 68.4%
  - ii. Decentralized – 7.9%
  - iii. Not Sure – 3.5%
- f. Vendor service satisfaction 1-10: Accuracy 55.6%
  - i. 5 and 6 out of 10 – 10.1%
  - ii. 7 out of 10 – 6.1%
  - iii. 8 out of 10 – 18.2%
  - iv. 9 out of 10 – 7.1%
  - v. 10 out of 10 – 13.1%

Accuracy is measured on willingness to participate to the specific questions where some may be answered other may not be. IT forecasting is complicated due to the fragmented nature of the market, with little transparency of vendor data and low apparent agreement between many sets of figures in terms of market definition, base and methodology. In addition, forecasts are naturally affected by consideration of a variety of internal and external political and economic factors.

## Market Penetration

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### Proton: Compliance

In our research results we saw that 6% were working towards their company compliance and 9.7% didn't know or didn't have. Below is a summary of which companies we should aim our campaigns at. The contact details are provided on the excel spread sheet.

1. ADvTECH Ltd	Working Towards Compliance
2. African and Overseas Enterprises Ltd	Don't Know
3. African Brick Centre Ltd	None
4. African Media Entertainment Ltd	None
5. Ansys Ltd	None
6. Aveng Ltd	Don't Know
7. B&W Instrumentation and Electrical	Not Sure
8. Bell Equipment Ltd	None
9. Bowler Metcalf Ltd	Working Towards King 3
10. Cashbuild Ltd	In The Process of Evaluating King 3,
11. Central Rand Gold Ltd	Working towards Compliance
12. City Lodge Hotels Ltd	Working Towards Compliance

13. Country Bird Holdings Ltd	Not Sure
14. Erbacon Investment Holdings Ltd	Moving Towards Compliance
15. First Uranium Corporation	Working Towards
16. Octodec Investments Ltd	Working Towards Compliance
17. O-line Holdings Ltd	None - Developed Internally
18. OneLogix Group Ltd	No
19. Orion Real Estate Ltd	Working Towards
20. Paracon Holdings Ltd	Does Not Know
21. Phumelela Gaming and Leisure Ltd	Don't Know
22. Primeserv Group Ltd	Some King 3
23. PSV Holdings Ltd	Don't Know
24. RECM & Calibre Ltd	Don't Know
25. Rex Trueform Clothing Company	Don't Know
26. Rolfes Technology Holdings Ltd	Don't Know
27. Saambou Holdings Ltd	None
28. Santova Logistics Ltd	Working Towards
29. Sekunjalo Investments Ltd	Working Towards King 3 Compliance
30. Shoprite Holdings Ltd	Partly COBIT & King 3
31. SilverBridge Holdings Ltd	Don't Know
32. Skinwell Holdings Ltd	Don't Know
33. Sovereign Food Investments Ltd	None at the moment, working on all compliance
34. Spur Corporation Ltd	None at the moment, working on King 3
35. StratCorp Ltd	Don't Know
36. Taste Holdings Ltd	None
37. Transpaco Ltd	Don't Know
38. Trematon Capital Investments Ltd	Don't Know
39. Truworthis International Ltd	Does Not Know
40. Universal Industries Corporation Ltd	Don't Know
41. Vividend Income Fund Ltd	None
42. Vox Telecom Ltd	None
43. Vukile Property Fund Ltd	None
44. Wescoal Holdings Ltd	Don't Know
45. WG Wearne Ltd	Don't Know
46. Wilderness Holdings Ltd	None
47. Accentuate Ltd	None

### Optipro: Software Solutions

Various questions were asked on behalf of Optipro, is there software centralized or decentralized, who are their suppliers, what ERP software solutions are they using and are they happy with their current suppliers. Anything from a 8 down would constitute a probable client. Being a Syspro user allows us to offer our professionalism, incorporated with our business process alignment strategies. Listed below is a summary of potential clients.

These are summarised by rating with systems.

A full spread sheet with all details is provided.

Accentuate Ltd	8	Baan
ADvTECH Ltd	8	MS Dynamics - CRM and AX

African and Overseas Enterprises Ltd	6	Investigating At The Moment
African Bank Investments Ltd	8	in House Developed; Accpac
African Brick Centre Ltd	8	Pastel Evolution
African Dawn Capital Ltd	8	Pastel
African Media Entertainment Ltd	5	Developed Inhouse/Airwaves Online
Afrimat Ltd	8	Accpac
ARB Holdings Ltd	5	Inhouse Developed
Cargo Carriers Ltd	8	MS Great Plains, In house developed
Masonite (Africa) Ltd	8	All Developed Inhouse
O-line Holdings Ltd	7	ACS Embrace, Syspro
OneLogix Group Ltd	7	None
Phumelela Gaming and Leisure Ltd	6	Developed Inhouse
Primeserv Group Ltd	8	Accpac
RECM & Calibre Ltd	8	Pastel
Redefine Properties International Ltd	4	Imanage
Redefine Properties Ltd	4	Imanage
Rex Trueform Clothing Company Ltd	6	Investigating At The Moment
Saambou Holdings Ltd	8	Millenium
Santova Logistics Ltd	6	Accpac
Sekunjalo Investments Ltd	7	Syspro
Shoprite Holdings Ltd	8	Microsoft CRM; SAP - ERP;
SilverBridge Holdings Ltd	8	Maximizer - Changing to IFS
Sovereign Food Investments Ltd	8	Syspro
Stefanutti Stocks Holdings Ltd	5	All Software Is Developed Inhouse
Sycom Property Fund	6	MRI
The Don Group Ltd	7	Spicworks
Tongaat Hulett Ltd	7	SAP; MS Dynamics
Total Client Services Ltd	6	Microsoft Navision
Trans Hex Group Ltd	8	SAP
Trencor Ltd	8	BAAN
Vividend Income Fund Ltd	8	MDA
Vukile Property Fund Ltd	8	Accpac Pastel; Argis Asset Management
Wilderness Holdings Ltd	8	Great Plains
York Timber Holdings Ltd	7	JD Edwards/MS Office
Zaptronix Ltd	8	Pastel - Financial; ACT - CRM; MS Office

LEADS AND STRATEGIES WERE DISCUSSED WITH THE INDIVIDUAL ENTITIES AND MANAGING DIRECTORS.

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