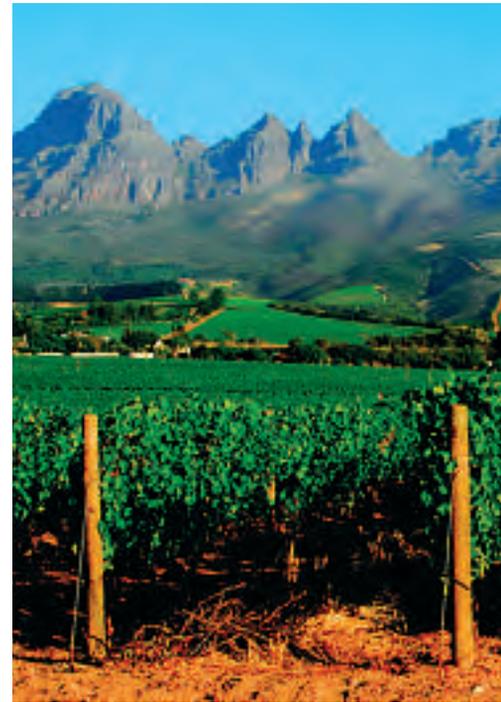


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South African **Pierre van der Hoven** has been labelled a "serial entrepreneur" in the media industry – he himself says he keeps kicking himself as it is hard work. His latest project **Southern Africa Direct** acquires and commissions TV programming to provide a full picture of all that the region has to offer in terms of travel, tourism, lifestyle, culture and commerce. His strategy is professionally generated content on the web and global expansion is on his agenda



It's a first - the first destination marketing company TV channel in the world. We are a private company funded by individuals, our chairman is Nelson Mandela's daughter. All the content deals with Southern Africa, we cover 25 countries. Our vision is to position ourselves as a kind of portal for Southern Africa – if you want to know anything about Southern Africa, come to us – and that could be via the internet or via a TV channel. We say to people: "Sit in the comfort of your living room, watch a TV channel, find out a little bit more about the region, and you'll be able to book travel, buy a property, buy wine, and do all kinds of transactions on the internet." Ours is a multi-platform model – the UK skies are first points of distribution but we are looking at multiple points, and that includes multiple TV channels, conventional TV channels around the world, and then IPTV and web TV and any form of distribution. We want to get our message out as wide as possible.

What has been most challenging?
To get on air and get enough content

together. We are in the normal start-up stage of the first year of a TV channel but content is an ongoing challenge. In Africa the resources are limited so the stories are rare, and the stories about Africa are normally made by foreign crews. There has been huge growth in Africa in terms of TV channels, Pay-TV, and the next phase is to boost the production sector so that we can get quality content coming out of Africa. At SA Direct we are now going through a phase where we are producing a huge amount of content in-house. It is going to put our cost base up but it will create an asset which is needed. We are working with a number of African broadcasters. We also need to originate content on HD, so we are re-versioning a lot of content that has been used before.

The UK is one market – which areas are you hoping to expand to?
In the UK, we are on the Sky Platform, in the Lifestyle & Culture genre. We are building our online business to go into North America, we are looking at the Middle East, and India and China, and also Africa. Distribution into Africa is not a core objective but if product

“ The Southern African market loves the internet and video space idea because for the first time they can get cost-effective advertising internationally ”

owners can't see the channel it makes the sales process a lot more difficult, and we also see there is a serious need for Africans to find out about other Africans, because there has been xenophobia and conflict, and I think there is a real role to tell the African story to other Africans.

How are you going to tap into Africa's significant disposable income?

Our business model is to generate a strong online business and then earn non-traditional revenues on the back of the TV channel but essentially on the internet. What is happening on the internet is phenomenal. We are going the community route, launching blogs and forums. We are talking to big companies like Expedia, WAYN the travel community, we are doing a lot of work in the online space to engage with the audience. The Southern African market loves the internet and video space idea because for the first time they can get cost-effective advertising internationally. We set up our video on demand facility in London because if you set it up in Africa you get serious bandwidth issues. It is becoming a fascinating



business model in that there are lots of avenues to make money out of it but we have to generate audiences and traffic, we are in that phase of the business now.

In terms of the business plan, where do revenue streams come from?

To raise money for this kind of project, you need to sell something people understand, so the conventional TV advertising model is how we have positioned our business in the initial period – we've got Unilever and Procter & Gamble and all the big names. In the long-term strategy we go to the product owners and say: "Tell your story on the TV channel, buy a call to action ad which is spot advertising, take your video clip, put it on our web site, we'll host it, and then further down that line when people click through and they start making bookings we'll take a commission out of it." So in five years' time – conceptually - we could be the TV channels' marketing budget and we make money online.

How technologically challenging is it to set up a channel like this?

It's actually quite easy in that there

are specialist companies in the UK that are doing this for lots of channels. The challenging bit is to make decisions on existing technology when you know next year they are going to be out of date.

Will payout remain in the UK as you expand globally?

That's an interesting question, we are grappling with that right now. At the moment payout is handled in the UK by Arqiva and Canis Media. For conventional Rolls-Royce broadcast, Arqiva are the best partner but in terms of taking a feed and scheduling it and sending it straight to the States and it ending up on 20 cable channels, we probably won't use them, because it all becomes digital. We need to have the integrity of the programming based in Africa otherwise it's going to become a foreign voice telling the African story and we really don't want to do that. Also, most of our clients, the product owners, tour operators, lodges, tourism authorities, etc are based in Africa. We want to build a strong relationship with the product suppliers saying: "Don't worry about international distribution, we will solve that. Give us your content." That's the other interesting thing about our business model: getting content at very low cost. A huge amount of content already exists, produced in the travel and tourism industry but never ends up on the broadcast platform. That's why the response from the market to what we are doing has been great: they love the fact that we are delivering existing content to a much wider audience.

How quickly do you expect to move into the black?

We have got the 2010 World Cup coming, that's going to put South Africa on the map. And in this climate of negative perceptions we are going to become a very powerful tool. We are already global because we are streaming on the internet but that does not mean we have got a global audience yet. We'll probably be in 10 countries

“One interesting thing about our business model: getting content at very low cost”

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within 12 months at least. We launched our phase 3 web site in October – with the stream, the schedule, the beginnings of video on demand, and the beginning of the transaction side of things. The next phase is a full content management system, forums, blogs, the community section linking to other communities.

How big is the SA Direct team?

It's a split team – we have got about six staff in London, 25 here and we outsource a lot. We could have 20 of our clients in production right now, making the content, where we ourselves are not directly involved.

Looking at the media in South Africa as a whole, where it is likely to go?

The first thing about the South African market is it is highly regulated. There is only one FTA private channel, there is only one dominant force in terms of Pay-TV which is MultiChoice. Three other operators were licensed but people pulled out, because to go up against M-Net or MultiChoice in their home market is a huge challenge. Telkom Media is coming and another company called On Digital Media is coming in on the Pay side. We don't have one national radio station that's private because the government won't license it. I started a radio station called YFM, we became the biggest regional station within two weeks, and the private stations have been quite successful but there are just so few of them. The SABC is a political mess but the irony is it still takes probably 70% of ad revenue, all the licence fees, so it is still a major operator and not making space for the private sector because the government is protecting it by regulation and not issuing licences. So overall, it's a vibrant market but it is fairly static as it is totally dominated by these big players. It is a very difficult market to crack.

Pierre van der Hoven, thank you very much. ■