

Review of Operations



Corporate Services

The Group's corporate office, based in Melrose Arch, Johannesburg, provides strategic direction, financial management and corporate finance services. The corporate centre adds value through identification of opportunities and the implementation of Bidvest's decentralised, entrepreneurial business model.

- Bid Corporate Services
- mymarket.com
- Bidvest Network Solutions
- Bid Property Holdings

State-of-the-art networking capability within Bidvest Network Solutions complements the electronic commerce capability of mymarket.com

Voice-over internet protocol (VOIP) capability



Bidvest Network Solutions:
Is a provider of wide area network solutions to both external clients and Group companies



Bidprop:
Developed the state-of-the-art Crown National factory in Montague Gardens, Cape Town



mymarket.com:
Provides a platform for electronic trading and procurement services within the Group and to external users

Bid Corporate Services

Bidvest's Corporate Services infrastructure is kept deliberately lean as the Group's highly successful decentralised business model places responsibility for performance, within a divisional structure, with each individual business unit.

Head office structures are in place to ensure transparency, provide strategic direction, ensure compliance with overall policy and allow effective communication across all divisions. The corporate office ensures the free flow of ideas across the Group, independence from red tape and quick but reasoned decision-making. Performance across the Group is openly disclosed to senior executives, encouraging both camaraderie and a spirit of healthy competition.

The Bidvest Academy was initiated to develop the next generation of Bidvest leaders. Seminars and workshops for senior management foster the interchange of ideas and commitment to a unifying Bidvest vision.

Corporate finance activities, corporate communication and investor relations are the responsibility of the corporate office, which also manages certain strategic investments.

Other Group resources are mymarket.com, Bidvest Network Solutions and Bid Property Holdings.

Bidvest Network Solutions (BNS)

BNS is a provider of wide area network solutions to both external clients and Group companies.

The operational environment saw a return of business confidence and a rise in new IT investment as companies and consumers become more Internet and network focused. Simultaneously, BNS has derived benefit from the consolidation process of recent years. Fifteen small units have been integrated into a single, highly motivated team focused on network solutions. BNS successfully pursued its stated growth strategy of new business acquisition and higher utilisation of capacity. Results are encouraging. BNS became



profitable for the first time since being acquired by Bidvest, showing a small after-tax profit. Growth was achieved in a highly competitive market, despite the entry of new, high-profile players. Further growth can be energetically pursued, as there are few, if any, capacity constraints.

Three principal risks have to be acknowledged:

- Until the promised Second Network Operator arrives, BNS is dependent for infrastructure on one supplier who is also a competitor (Telkom).
- A few large competitors dominate the market. BNS is a small, agile company with state-of-the-art systems. It succeeds by exceeding customer expectations among small and medium sized enterprises, which currently have low priority among big players. Competitive pressure will mount when major industry players begin to focus on these market segments to further maximise their underutilised network infrastructures.
- BNS is seen as an internal service provider to Bidvest. In fact, it creates wide area network solutions for any client on its Bidnet network.

The market's belief that "big is better" can be addressed by leveraging off the Bidvest brand – hence the recent change of name from I-Fusion to Bidvest Network Solutions. The name change will enable BNS to correct the perception that it is only an in-house service provider.

Opportunities beckon in several markets and within Bidvest. A smart, nimble player like BNS is well placed to respond to these opportunities and further growth is anticipated. BNS will become part of and reported under Bidoffice.

mymarket.com

mymarket.com provides a platform for electronic trading and procurement services within the Group and to external users.

Two key factors promoted greater uptake of mymarket.com's core offering of electronic trading and procurement services – declining techno-fear and an economic climate in which efficiencies were relentlessly pursued by business.

mymarket.com's e-procurement systems are leading edge, but have proved their reliability and efficiency in a range of sectors. Track record is important to new users as it creates greater comfort and willingness to adopt Internet-based systems. The "comfort factor" is enhanced by the growing body of case studies demonstrating the proven benefits of e-procurement on the mymarket.com model. At the same time, "Dotbomb" negativity from 2000-01 has receded. Business is once again investing in technology solutions that improve operational efficiency.

mymarket.com secured significant growth through new business gains and increased utilisation of its services by existing customers both locally and internationally. Total income increased by 190% while transaction turnover rose 331%.

Depreciation costs remain substantial, a consequence of high initial investment in technology, and have inhibited the quest for profit. However, recent results are in line with the Group's business plan and create a solid basis going forward.

New initiatives included the launch of the mymarket.com helpdesk solution to complement the existing Internet-based customer interface. The helpdesk solution gives customers the choice of communication via phone, fax or SMS when seeking assistance and placing, amending or approving orders.

The investment in training and client support was maintained at a high level. Staff members of external users are usually trained at mymarket.com's state-of-the-art training centre, although on-site training at the client's own premises is also provided.

The principal risk faced by an early adopter such as mymarket.com is systems obsolescence caused by breakthrough technology. The risk is managed by ongoing technology investment. mymarket.com has three years' experience of the industry it helped invent. Clients value a proven track record and closeness to their problems as highly as system sophistication.

Further growth is anticipated next year, putting mymarket.com on the path to profit. A key growth trigger is burgeoning corporate demand for preferential procurement tracking linked to balanced BEE scorecards. mymarket.com has designed an electronic template to facilitate this process.

Bid Property Holdings (Bidprop)

Bidprop manages the Group property portfolio, provides property management and property development services and gives specialist assistance in areas such as the review of Group leases, lease negotiation, feasibility studies and project management.

The Bidprop portfolio is constantly scrutinised and reviewed. Further portfolio growth was achieved and new developments brought to a successful conclusion, including the new processing plant in Cape Town for Combined Foods and the new multi-temperature distribution centre for Caterplus. Several additional property projects are anticipated. The varied nature of operations within Bidvest allows for investment in a range of strategic properties, ensuring a well-balanced portfolio.