

The Entrepreneur Series:

Belmont Asset Management are running a series of interviews with successful South African entrepreneurs throughout 2014. The second in this series features Frans Coetsee, founder of DENIS, who discusses his company, his successes and his wealth management objectives.

Frans Coetsee, Dental Information Systems (DENIS.)

Frans, tell us about your business and the industry in which you operate.

DENIS originated as an IT vendor to medical schemes in South Africa and delivered a system to control the schemes' dental claims cost.

Originally we operated in an IT environment, licensing our system to a single medical scheme administrator, but in 2001 we diversified and started using the system ourselves to perform specialist managed care services for medical schemes on an outsourced basis.

Tell us about the early days, the initial challenges you faced and any major milestones.

The business developed out of a project that aimed to quantify the cost of dental claims to a particular medical scheme. I soon realized that medical schemes didn't have the knowledge or systems to manage their dental claims exposure and I set out to develop such a system.

The biggest challenge initially was to find a client who was willing to implement an untested system, but when the largest administration company in the medical scheme industry took a decision to implement DENIS in 1997, the future of our business was decided.

Following our diversification into dental claims administration in 2001 and full risk transfer in 2004, the launch of Dental Insurance in SA and the launch of risk management services in the UK in 2007, we eventually sold our group of companies to a JSE-listed entity in 2012.



Frans Coetsee, Dental Information Systems (DENIS)

What are your plans for your business over the next five to ten years?

As a business unit in the healthcare division of a JSE-listed company, we aim to make our business one of the "hubs" into which some of the smaller health units can be integrated. This will afford us a broader client base, a larger scope of offerings and greater diversification with better economies of scale. These benefits should improve the profitability of the healthcare division and provide more opportunities.

How do you invest your profits to secure your family's future?

The transaction between our business and the entity that acquired us was structured as 50% payable in cash and 50% in shares. My cash payments were used to settle all my debts, including the mortgage on my home and the balance was

invested in a private share portfolio managed by Belmont Asset Management and directly in property. I intend investing future share allocations with Belmont.

What do you look for in a wealth manager?

My ideal wealth manager needs to demonstrate an optimal mix of risk-taking and risk aversion, whilst always adopting a responsible approach to portfolio management.

I expect regular reports as well as the ability to explain investment decisions in layman's terms.

My wealth manager must take the time to understand my history, my lifestyle and my ambitions.

What are your long-term investment goals?

My ultimate goal is wealth preservation, with sufficient liquidity to enjoy the lifestyle I have planned for my retirement.



New handbook on maximizing performance and reducing costs in spray operations

A new educational guide "Optimizing your Spray System" from Spraying Systems Co. explains how to optimize performance and lower costs in cleaning, coating, cooling and lubricating operations using spray technology. The comprehensive handbook covers the use of spray technology from system specification, installation, operation and maintenance through optimization.

The costs associated with using spray nozzles and systems that

are not optimized can be staggering.

The handbook explains how under-performing spray equipment can often go undetected and cost manufacturers tens or even hundreds of thousands of rands annually.

Readers will learn how quality problems and significant waste of costly chemicals, water and energy can result from spray equipment problems.

The handbook provides detailed informa-

tion on how to detect costly spray system problems that are not usually found during a visual inspection and outlines steps for troubleshooting and resolution. Also included are guidelines and checklists for monitoring and maintenance procedures to help ensure trouble-free, efficient operation.

The value of assessing spray equipment that appears to be operating properly is also addressed. It explains why even small changes

in operating conditions may improve performance; how adding a spray controller can improve precision and throughput and when new spray technology should be considered.

Plant, production and maintenance engineers involved with a wide range of operations that use spray technology will find this handbook a valuable reference guide. "Optimizing Your Spray System" is free and can be downloaded from spray.com.

Placing new bets

THE Western Cape gaming landscape has undergone a major change in the last month.

The key development is that Tsogo Sun, controlled by Cape Town-based empowerment company Hosken Consolidated Investments (HCI), now has a hand in all five Western Cape casino licences – a 40% stake in the GrandWest casino in rival Sun International's Goodwood and the Golden Valley in Worcester as well as its own controlling stakes in the Garden Route, Mykonos and Caledon casinos.

How this transpired was that another Cape Town-based empowerment company Grand Parade Investments (GPI) sold back its minority holding in GrandWest (housed in Sunwest) and Worcester to Sun International. In a related deal Sun International also bought a 70% stake in GPI's Limited Payout Machine (LPM) alternative gaming operations – which includes a very profitable presence in the Cape Town market.

Sun International, in turn, sold a 40% stake in the GrandWest and Worcester casinos to Tsogo Sun in deal worth almost R2,2bn. The bigger picture is that Tsogo now owns (or part-owns) a mega casino in each of SA's 'powerhouse' provinces – Montecasino in Johannesburg, SunCoast in Durban and GrandWest in Cape Town.

More locally the reshuffle might have much to do with the long awaited



decision on whether to allow an existing Western Cape casino licence to be transferred to the Cape Town Metropole.

Talk around the poker tables is that if the second casino licence scenario plays out then Tsogo is unlikely to press too hard for transferring one of its existing Western Cape casino licences to Cape Town – which would obviously be to the detriment of its major investment in the cash spinning monopoly that is GrandWest.

If there is enthusiasm to transfer a casino licence then the Worcester casino, where both Sun International and Tsogo Sun have major stakes – would offer a chip that can be played without conflict.

While it seems Sun International has made a sacrifice by selling off part of its crown jewels in form of the GrandWest casino, there is significant comfort to be taken in its deal to acquire outright control of GPI's LPM operations.

GPI's latest financial results for the half-year to end December 2013 showed considerable form in the LPM operations with Gross Gaming Rev-

enue (GGR) up 19% to almost R275m. Grand-slots, which operates in the Western Cape market, accounted for a chunky R160m of GGR.

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