

Bekker's embrace of new technology was well rewarded

 By [Anton Harber](#)

25 Feb 2014

In 1985 Naspers was a local Afrikaans newspaper operation worth about R24m. CEO Ton Vosloo was grappling with how to rescue a company losing audience and revenue to television when he received a message from a South African studying at Columbia University, New York. He asked a colleague who was in New York to meet this student and hear what he had to say.

That student was Koos Bekker, and as part of his studies, he had written a business proposal for pay-TV in South Africa - essentially what was to become M-Net. The Naspers executive who met him phoned Vosloo and told him he needed to meet this young man. Vosloo flew him out, heard his pitch and a month later got his board to agree to hire Bekker, and give him a secretary and R50,000 to implement the plan.

Largely on M-Net/MultiChoice's success, Naspers was worth R5.6bn by the time Bekker took over as group CEO in 1997 - more than 200 times its 1985 size. It has grown 100 times since then and when Bekker announced his retirement as CEO on Saturday at age 61 it was worth more than R500bn.

Breathtaking growth

Apart from its dominance in pay-TV, which has 7-million subscribers across Africa, Naspers' South African arm, Media24, has become the biggest in newspapers (40% of daily newspapers and 45% of weeklies), magazines (more than 70 titles, including the four biggest consumer titles), books and, most recently, the internet.

But it is the growth in the rest of the world that has been breathtaking. On the cusp of its centenary year, a company started in 1915 as an essential part of the Afrikaner nationalist project, has become a global multinational, operating in 133 countries and claiming to be the biggest media company outside of the US and China.

From a closed, conservative operation - whose first editor was DF Malan, later one of the fiercest of apartheid prime ministers, and some of whose editors attended National Party council meetings well into the 1980s - it has transformed into the boldest, biggest African media company, at the cutting edge of new media and e-commerce technology.



Koos Bekker... "throw spaghetti on the wall as fast as possible..." (Image extracted from the Naspers website)

This year is significant as the first in which the internet brought in the bulk (52%) of Naspers' half-yearly revenue of R28bn, overtaking pay-TV (36%) and dwarfing its print roots (12%). Also, its biggest source of revenue now is Asia (34%) with South Africa at 32% and the rest of Africa at 11%.

The Bekker touch

Bekker's skill lay in anticipating successive waves of new technology and being prepared to move boldly and risk huge amounts in staying ahead of that wave.

After pay-TV, it was cellphones, with the launch of MTN. In the late 1990s, it was the internet and, now, ecommerce. Bekker has always been fascinated by new technology and his attitude has been to back many new ideas in the belief that some would fly.

"The group internet approach," he told analysts at a company results presentation in 2012, "is basically to throw spaghetti on the wall as fast as possible and some pieces stick and some pieces fall off."

"The cost of throwing spaghetti is very low. Then if you see you get traction on something, you add five engineers, and then if it works better, you add 30 engineers; you resource success and kill failure."

Not all easy sailing

The group's research and development budget this year is R7bn.

It was not all easy sailing. M-Net lost huge amounts of money for the first few years and tested its shareholders' endurance, before it turned around. When the dotcom bubble burst in the early 1990s, Naspers was hugely invested in the sector and a 2001 profit of R3.3bn turned into a 2002 loss of R1.9bn. The share price dropped from more than R100 to under R12, far less than its R19 listing price seven years before.

Bekker gathered his team in Bangkok and, as he put it, "slashed and burned among our operations for a week until we had the financials back in shape".

In an interview in 2012, Bekker said that period was crucial. "If you ask me if we made mistakes, I would say, 'Yes, we were very stupid.' But if you asked me if I would do it again, I would say 'Yes, because we learnt from those mistakes' - and then we got it right."

Until that time, Bekker was exporting his South African managers around the world and going head to head with the big US and European companies. After that, Naspers focused on the developing world and became more of an investment operation, backing local entrepreneurs and letting them get on with the job.

Loads of spaghetti and support pay off

He has had more than his fair share of luck. It helped that he was a scion of the Afrikaner establishment. His father was an educator who became a senior member of the national intelligence service. He went to Stellenbosch, then Wits, then Columbia.

It helped that he had a 15-year monopoly on pay-TV.

It helped that he inherited from Vosloo a company with loads of spaghetti to throw on the wall, and it helped that Vosloo stood by him in the hard times.

But his biggest break came as he was selling off Chinese investments in 2001, taking a lot of pain. A group of young men starting an operation called Tencent made a pitch and he invested R266m for 46% of what was to become the Facebook of China. That stake, now 35%, was worth more than R500bn this week, almost 2,000 times his investment.

When Bekker became Naspers CEO, he had already made a personal fortune from MTN. This enabled him to offer to do the job for no salary and no benefits - just for an annual share allocation. His shareholding was valued at R18bn.

He is taking a year off from the Naspers board (probably to allow him to trade shares outside public scrutiny), although staying on the Tencent board (showing he is watching where the real value lies). When Vosloo retires as chairman next year, Bekker will take over.

And it will still be very much Bekker's company. Naspers has an opaque structure and control lies with just a few shareholders. A few years ago, Bekker and his closest cohorts moved to take control of most of those shares.

So Bekker might leave Naspers, but Naspers won't be leaving Bekker.

ABOUT ANTON HARBER

Anton Harber, Wits University Caxton Professor of Journalism and chair of the Freedom of Expression Institute, was a Weekly Mail (now Mail & Guardian) founding editor and a Kagiso Media executive director. He wrote Diepsloot (Jonathan Ball, 2011), Recht Malan Prize winner, and co-edited the first two editions of The A-Z of South African Politics (Penguin, 1994/5), What is Left Unsaid: Reporting the South African HIV Epidemic (Jacana, 2010) and Troublemakers: The best of SA's investigative journalism (Jacana, 2010).

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