



Meeting Memo

Title: Roundtable with Pitchdrive Ventures

Thematic Focus: Trade with and within Africa

Chair: Chi Onwurah MP

Summary:

On 17 August 2017 the Africa APPG met with 14 African CEOs participating in “PitchDrive” to discuss the challenges and opportunities in Africa’s digital technology sector. The roundtable is a precursor to the Africa APPG’s November trip to Nigeria, where the group hopes to gain a better understanding of the link between digital technology and trade in Africa.

PitchDrive is an initiative by Nigerian technology innovation centre Co-Creation Hub and Google for Entrepreneurs which is engaging 14 CEOs from Africa’s top tech start-ups on a tour of Europe (London, Amsterdam, Berlin, Zurich and Paris) to pitch to over 300 investors, with a collective target of raising over €20m.

Introduction

The following companies took part in the roundtable:

- CC Hub: a technology innovation centre in Nigeria which was founded 7 years ago and supported by the Indigo Trust and Omidyar Network. The group finds interesting ways to support the smart application of technology-in particular supporting entrepreneurs who can apply technology smartly to build Africa’s future. **(NIGERIA)**
- Ongair: an AI powered customer relationship management system for customer service and marketing on social messaging apps. **(KENYA)**
- Firefly: Firefly uses digital technologies to empower, connect and build urban transportation in Africa **(SENEGAL)**
- ClinicMaster: ClinicMaster is an integrated healthcare information management and medical billing software. It automates patients’ transactions in the clinic or hospital on a visit basis and daily procedures. **(UGANDA)**
- BitFinance: BitFinance is the company behind BitcoinFundi - A bitcoin exchange that is making it super easy to buy, sell and use cryptocurrencies such as bitcoin in Africa. **(ZIMBABWE)**
- Kudobuzz: Kudobuzz is a saas tool that helps SMBs increase their sales with user generated content and smart SEO. **(GHANA)**
- Lifebank: LifeBank helps hospitals discover essential medical products and delivers to the hospital in the right condition. **(NIGERIA)**
- Fashpa: Fashpa is building the future of fashion retail in Africa with an online platform that uses on demand manufacturing to deliver fast fashion. **(NIGERIA)**
- Go Metro: GoMetro is a Flexible Mobility Platform that produces actionable business intelligence on the transport network of a city. **(SOUTH AFRICA)**
- Prepclass: Prepclass is a hyperlocal marketplace that connects learners who need help with vetted and trusted independent tutors looking to offer their services **(NIGERIA)**



- Real Food: Real Food provides convenient, innovative, healthy eating solutions of locally sourced produce through the home delivery of Recipe Boxes. **(ZIMBABWE)**
- Gebeya: a fast and secure online marketplace that connects top African IT experts with businesses to develop technology solutions. **(ETHIOPIA)**
- Piggybank: Piggybank.ng is an automated savings platform for African millennials that helps them save fixed amounts of money periodically till they reach a set savings target. **(NIGERIA)**
- Gloop: Gloop.ng is an electronic procurement engine dedicated to delivering a wide variety of high quality supermarket goods direct to the doorsteps of her clients, on a same-day basis and at very affordable prices. **(NIGERIA)**
- Tradedepot: Software that enables FMCG brands automate their entire route-to-market, eliminate tedious reconciliation and get products to consumers faster **(NIGERIA)**

Key technologies

1. Artificial Intelligence is one key technology already present on the continent. Ongair, which is one of the Pitchdrive ventures, was cited as an example as it helps companies use apps such as Facebook and Whatsapp for customer service by aggregating messages from the various platforms into one dashboard.
2. Machine learning and its adaptive nature which makes it an ideal tool for simplifying and automating daily tasks and processes. Within this technology participants made mention of the inextricable link between data and machine learning, the underdevelopment of data analysis in Africa and the regulatory issues surrounding data in Africa.
3. Drone use is on the rise in Africa with the technology being used to revolutionise medical supply chains in East Africa. In Rwanda for example robotics company Zipline uses fixed-wing drones that automatically fly to destinations in the country, releasing small packages of blood, plasma, and coagulants to hospitals across rural western. It was noted that in this particular instance, the technology does not face the same regulatory issues as data, as the president of Rwanda has implemented a forward thinking ICT policy (as part of his campaign to transform its capital city into a smart city) which recognises the need for technologies such as these.
4. Africans are creating home-grown models to capture user experience. This is due to their understanding of their particular markets, i.e. inability to get the right data /user experience due to the lack of sophistication in technology used by the vast majority of Africa's population. There is consensus that technologies such as Amazon Dash, a Wi-Fi-connected device that reorders your favourite product with the press of a button- won't yet be able to work in many African countries due to the lack of Wifi. However this has meant that many tech entrepreneurs are working to create home-grown solutions which take into consideration the specific issues consumers face. One such example for retailers with phones that are unable to download apps is the creation of an Amazon Dash type button, in collaboration with Etisalat, which uses a SIM card that allows retailers replenish their stock at the push of a button without having to create orders from scratch.

Opportunities



Technology is disrupting a lot in an interesting way across the world. Up until now, Africa was never considered a major player in this realm. This is changing with increases in internet and mobile phone usage which has provided people the opportunity to innovate. Tonnes of young tech savvy Africans are building businesses that are disrupting the way things are being done by changing landscapes and opening up opportunities for society. Listed below are some of the key opportunities for technology in Africa, in particular areas where investment is concentrated or forecast:

- 1) **Commerce:** The true potential of the online retail environment remains largely untapped in Africa due to the laborious payment experience. Rises in payment solutions coupled with entrepreneurs creating innovative solutions to fix logistical issues has eliminated a major barrier hampering the development of both commerce and e-commerce in Africa. Notable changes to the 'commerce' scene due to a myriad of companies creating solutions to supply chain logistical issues as well as injections into payment solutions has led to forecasts that something 'smart' will come out of this in the next 3 years.
- 2) **Fintech:** In Africa, Fintech in Africa goes beyond building 'payments' infrastructure. The technology, which has the ability to offer innovative digital financial services that grant unbanked individuals access to financial transactions, is now also being utilised to fund financial inclusion and other services. As Fintech startups remain one of the most attractive for tech investors looking towards Africa, the technology continues to receive the bulk of venture capital investments. Due to the amount of cash being pumped into developing this technology on the continent, there are expectations that something 'big' will come out of it.
- 3) **Education:** Africans are no longer waiting for the government to tackle the continent's chronic education challenges and are instead using digital technology to find new ways to reach young audiences and develop their burgeoning minds. The opportunities for innovation in education technology in Africa are immense- all that is stopping African innovators from achieving this is funding
- 4) **Other:** Africans are now diversifying the types of technologies they are introducing into their local markets. The continent that was once saturated with start-ups introducing the same technology- specifically mobile phone-based money transfer as a result of the enormous success of services like MPesa-has understood that a particular technology's success in one Africa market does guarantee its success in another African market. Out of this realisation has emerged the drive to roll out technologies that provide solutions to local problems. One of which is cryptocurrencies such as Bitcoin, which is currently being used for remittances across the continent.

Challenges

- 1) **Skills challenge:** Africa faces a crippling deficit of science and technology skills. Technology in Africa is developed out of necessity, usually in response to a problem that requires a solution. For example when mobiles became ubiquitous Africans started using them to find effective, cost-efficient, home-grown solutions to pressing problems in their society e.g. M-Pesa. However there is a limit to what can be achieved without the proper training to do so. While Africans wonder what the next disruption out of the continent will be, there needs to be a recognition about the key underlying issue in creating this disruption- the inadequately educated workforce. If the skills gap for technical talent in Africa remains unfilled this will inevitable lead to a



reduction in young tech-savvy African's ability to harness technology to develop software products, services, and platforms that are tailored to their local markets. Therefore policy makers in Africa need to think critically about the problem the continent faces in scientific ways and look into investing in different forms of science/tech education. Suggestions for investment include Centres of Mobile Technology to advance science in mobile technology and "Knowledge Transfer Partnerships" which create partnerships between private sector organisations and higher education institutions to leverage research, scientific knowledge and skills through innovation.

- 2) **Finance:** Despite growth in early state funding, tech start-ups still find it difficult to secure follow-up funding. This limits their ability to expand their businesses.
- 3) **Education:** Access to education, specifically tertiary education was cited as a barrier stopping many Africans from accessing investment for tech start-ups. This is less to do with elitism and more to do with the networks and exposure university provides as well as the skills it teaches you in necessities such as business management. Local entrepreneurs within the tech space are able to grow their businesses, in spite of the lack of formal education, because they are able to access funding from recognised local financial institutions. These financial institutions have tailored their systems and processes to suit the local market and are more forgiving when SMEs don't meet the high standards set by most international banks i.e business plans, quality and feasibility of the business idea, commitment of the entrepreneur and his or her team, annual reports, proper accounting records etc. This changes considerably when these local entrepreneurs attempt to access foreign venture capital funding for their technological ventures. They are not only hindered by a lack of proper documentation, but also by a lack of understanding of the sophistication of venture capital and how to secure it. Many local entrepreneurs have identified this issue and are overcoming this barrier is by sending their children to university so that they can learn the skills and access the networks needed to build the family business and take it to the next level.
- 4) **Visas:** Though participants in Pitchdrive were able to secure visas- due to the organiser's understanding of the government departments to collaborate with - most tech entrepreneurs are denied visas. This limits their chance to access funding or build networks necessary for business growth and development. To mitigate this, the UK government should look into schemes such as tech visas, which France has recently implemented. Through the "French Tech Visa" international start-up founders, international employees of French companies in a hyper-growth stage and international investors are provided a simplified fast track procedure to access to a residence permit.
- 5) **Knowledge of markets:** Many organisations are interested in trading with Africa but find it hard to identify the right company to do business with i.e. make connection, build trust etc. They are also unaware of the progress the continent has made with its use of technology. For example, African entrepreneurs have spoken about the shock on venture capitalists faces when they speak about the businesses that allow consumers but goods online. This provides a huge opportunity for inward and outward trade delegations, focused on particular sectors. Initiatives such as these not only help build trust and reduce transactional barriers but also ensure that a lot of the amazing work being carried out on the continent does not get lost
- 6) **Regulation and Policy:** African governments need to be aware of the urgency of building their capacity especially with regards to technology and its importance in the current world. They are unaware of data and the power it holds and have let it get to a point where foreign governments know more about Africans than they do. Therefore governments need to do more about data protection laws and do more to protect citizens and their future so that people do not lose their confidence and trust in tech