

"We're not the United States of Africa"

By [leigh andrews](#)

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AfricArena panellists offered various case studies on doing business in Africa and explained why it's time to focus on partnerships and collaboration across the continent before setting sights off our shores.



Tim Harris, CEO of Wesgro; Rudi Visser, head of innovation acceleration for RCS; Victoria Jackson of Mest; Kerry Petrie of Silicon Cape; Xabiso Lombo, founder of Guardian Gabriel; Alexander Fraser of VC4A; and Christophe Viarnaud, founder of AfricArena.

On 24 April, I attended a panel discussion on how to successfully do business in Africa as part of the AfricArena media launch.



#AfricaMonth: Feed our startup gazelles and unicorns with funding

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Led by Wesgro CEO Tim Harris, the two-hour session featured insights from Christophe Viarnaud of AfricArena itself, Alexander Fraser of VC4A, Rudi Visser, head of innovation acceleration for RCS; Kerry Petrie of Silicon Cape; Xabiso Lombo, winner of last year's startup challenge and founder of Guardian Gabriel; and Victoria Jackson of Meltwater's Mest.

Jackson spoke first, of the fact that Mest launched in November last year, intended as a way to **build connections with the rest of Africa**. But Mest did it the opposite way to what you'd expect. It started in Ghana, then in Nigeria, then moved across the continent to Kenya and Cote d' Ivoire, and only then coming to South Africa.



Why my startup scene is better than yours: Ghana

Tom Jackson 20 Mar 2018



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Jackson said there's definitely a missing link, as a lot of the Pan-African startups want to go through Cape Town directly onto the international stage, and in return, many internationals want to dive into the African ecosystem, yet holding back due to questions on 'the dangers of doing business in Africa'.

Revolutionary: Going cross-continent before going global

That said, based on the success of last year's AfricArena event, Jackson says it's incredible that so many are shifting focus from the international stage to see what we are doing here. It is definitely time for Africa.



'Now is the time to invest in Africa'

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Fraser then spoke of the importance of **selling Africa as a whole** and facilitating funding on a continental level, confirming multiple research reports show Cape Town is the most mature startup ecosystem on the continent, followed closely by Johannesburg, then everywhere else.

“ Cape Town has the most mature start-up ecosystem on the continent, followed by Joburg & Lagos. The battle needs to be won on skills development & early stage funding for start-ups. Valuation & demographic is really attractive in Africa [#AfricArena](#) [#SiliconCape](#) [@AfricArena2018](#) [@Wesgro](#) — Leán Muller (@LeanBMuller) April 24, 2018 ”

But Cape Town itself is an ecosystem, so you can't necessarily follow a model that builds a funding system in the US here.

You also need to transfer some of the learnings of the more African advanced ecosystems to others, which is why the AfricArena tour is so important.

Translating tech startups

Fraser shared that investors and startups want the strong connections and to build a pan-African network because often, an African startup is not necessarily looking to expand into more developed markets.

Instead, there's focus on seeing how they can translate their product into other geographies. We also need to build

stronger bridges between Anglophone and Francophone Africa, which will result in a stronger ecosystem, and clearer picture of what's happening across the continent.

That's crucial when you start telling the story to international investors.

Fraser added:

“ You invest with people you trust, and trust is built through relationships, and seeing people at events you're interested in, which results in investments and deals – that's what makes physical platforms like the AfricArena conference so important. ”

Petrie, general manager of Silicon Cape said it's a volunteer organisation at heart, powered by people passionate about promoting the idea of Cape Town as the tech hub of the continent.

Petrie said the broader African relationships and connections, AfricArena will facilitate across the continent, are a priority for entrepreneurs and investors.

The narrative we keep hearing is strong around two key needs: **Access to market and access to capital.**

Petrie said there's also recognition that some African entrepreneurs are addressing some of the more intractable problems that are globally relevant, first. We are at the coal face of some of the bigger issues, being addressed by solutions African entrepreneurs are creating to market initially locally, and then globally.

Be an intrapreneurial entrepreneur

International investors want to see the solutions coming out from South African entrepreneurs, while also testing in geographies that are relevant to them.

Petrie echoed the sentiment that when we latch onto the idea that we should be exporting to 'international markets', **all too often we think of 'international' as off-continent.**



Africa needs to focus on 'intrapreneurship'

30 Oct 2017



Instead, it's important to grow partnerships on the continent as they're relevant, accessible and have the potential for serious economic growth. So make sure your entrepreneurship has an intrapreneurial aspect.

“ Too often we default to 'international' being off continent. We need to think on continent” [@SiliconCape](#) [#AfricArena](#) [#SiliconCape](#)— Edge Digital (@EdgeDigitalSA) [April 24, 2018](#) ”

Harris added that as far back as Thabo Mbeki's rule, four presidents ago, the term 'African renaissance' came to light, with Nepad and the emergence of Africa as a market.



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Brett Parker 9 Jun 2017



In reality, particularly in Francophone Africa, startups have underperformed.

This segued into the next topic of debate, with Jackson and Fraser saying while an exciting prospect, just how practical is it to operate across the continent, crossing language and cultural barriers?

Speaking the same startup language

English-speaking African countries tend to be influenced by the US, the UK and the Dutch, with their own operating systems in place. Francophone markets, on the other hand, are less localised, so find it easier to scale up across all Francophone markets without having to pivot – so there's almost a divide at the moment between Francophones and all other markets.

“ *The reality is that we're not the United States of Africa.* ”

There are massive differences, but that's also where the opportunities lie. So the same basic principles apply, but if you enter the market as an entrepreneur, you still have to do your homework in getting your product or service across the conditions in your specific market.



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Petrie added that if your product is physical and you '**make stuff in Africa**', chances are if you're part of the Cape Town tech startup ecosystem and the South African ecosystem overall, you don't see yourself as part of the overall tech ecosystem, even though it could be or should be.

That's why Silicon Cape is constantly **working against the narrative or notion of 'tech as a vertical'**. They've had many exciting conversations with entrepreneurs who are either building physical devices or a service they're hoping to leverage better with technology.

The corollary to this is that there's still lots of work to be done around the narrative of 'what is tech', and 'what is a tech-enabled business'. Petrie says it's not necessarily just the high-tech stuff. Where it's not an obvious tech-solution and is literally just nuts-and-bolts, you're likely still using a cloud-solution or digital representation of information that hasn't been done before. That's tech.

African angels, spread your wings!

Once questions were open to the floor, panellists were asked how much importance we should place on investors coming from outside the continent as opposed to investors developing on the continent.

Viarnaud said as with all things, we need to focus on solving our own problems, and you can't grow without massive participation. That's AfricArena was born here and not offshore.

Two ways for Africa to grow exponentially





Tiisetso Maloma 12 Oct 2015



He added that the role of angel investors on the continent is absolutely essential as you can't grow an innovation ecosystem without a massive participation of the angel network.

“ We have a tiny angel network in Africa compared to Europe or the US, but it's a growing one. ”

It's a network that starts to feedback from the early successful entrepreneurs, from the likes of Mark Shuttleworth to some of the more recent ones like the GetSmarter brothers.

Now we're seeing entrepreneurs who have succeeded themselves starting to **invest back into Africa**. There will never be a better audience than African angels to invest in African startups.

Viarnaud adds that when an international investor comes in, it's important that they see the African angels participating, as that stimulates the entire investor community food chain to engage. So we literally need hundreds of thousands of smaller ticket sales to boost the next generation of African startups.

That linked to the next question from the audience, on the importance of improving relationships between Africans.

Continent-wide 'domestic market' distortion

Viarnaud echoed the earlier sentiment that to Cape Town startup, 'international' means outside of Africa. Yet if you ask European startups about their market, they will tell you it's first domestic, then Europe, then elsewhere.

The distortion isn't limited to SA though, as, whether you're in Lagos or Nairobi, **every African startup is thinking of making it somewhere offshore** as the next step.



#AfricaMonth: Taking regional businesses into the paperless realm

Winston Taylor 2 May 2018



There's often strong competition and lack of co-operation. If you find you're working on similar products in different markets, you're more likely to feel frustrated than excited about combining the businesses and taking on the entire continent, scaling up from there. Missed opportunities abound!

Africa needs to gear up and be stronger together. We all talk about Africa as the next big thing, yet statistics have shown that many African businesses are headquartered outside of Africa and attacking the market successfully. Viarnaud urges:

“ Let's rather do it from within. Connect with your fellow African entrepreneurs. Deals between startups could disrupt the entire African tech space. ”

Watch this space for further coverage, and follow AfricArena on Twitter [@AfricArena2018](#) and the [#AfricArena](#) hashtag for the latest updates.

ABOUT LEIGH ANDREWS

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