Africa shares hallmarks of a tech startup, which bodes well for global competitiveness

By Joshua Raphael   19 Oct 2022

Technology, and the innovative solving of complex problems, will catapult the continent into global competitiveness. This is not just theoretical, it is likely, and this is because Africa itself shares the hallmarks of a tech startup.

Joshua Raphael, CEO of Parket | image supplied

Comparing a continent to a startup may, at first glance, seem odd, until we look at what most startups have in common: while they all need inspiration and perspiration to succeed, there is an element of desperation. This desperation is not of the negative variety, rather it is the jet fuel of innovation.

Consider an average startup. One may argue that about 10% of its success comes from inspiration - there is a problem to solve and an opportunity to solve it with technology. 80% of the success comes from perspiration - doing the hard yards, pitching to investors, hiring staff, and selling the product or service. What then of the remaining 10%? The startup is desperate to survive - it simply has no choice but to innovate to be competitive at best or survive at worst. It must find creative solutions to the challenges it encounters.

Africa has no shortage of inspirational ideas and its people are no strangers to hard work. However, it also has challenges that would otherwise choke industries. Think about poor connectivity, missing infrastructure, informal economies and large unbanked populations, among others. Entrepreneurs on this continent are forced to be creative and develop solutions because of, and not despite, the continent's challenges. The result is increased efficiency.

From point A to point B more efficiently

To illustrate the point more clearly, let's take a look at the history of technology and how it relates to today. Simply put, technology is what helps humans get from point A to point B more efficiently. Long ago the wheel was invented to make

transporting humans and goods more efficient. This innovation meant that those with access to wheels had a distinct competitive advantage over those that didn't.

To explain how this would look in business, consider the following example: Two bakers make equally high-quality loaves of bread. The second baker has access to technology and automation that allows her to make the loaves in half the time, at half the cost. Her business's advantage is clear. This is how businesses with access to technology gain a competitive advantage in all spheres.

Software represents the next level of efficiency. It helps us to calculate, or move from A to B, far more efficiently than would be possible using only human resources. Anyone who can provide this software-driven technology to industry will have an advantage over other service providers, and more businesses will, in turn, seek out these efficient technology solutions. In other words, we will witness a revolution in technology and efficiency, which is widely called digital transformation or the 4IR.

Widespread connectivity, affordable devices and investor-friendly regulations

By way of analogy, allow me to explain how I, as founder and CEO of Parket, started my journey in IT and coding. I taught myself. How is this possible? There are treasure troves of online resources and courses available to anyone who is looking for it. For the equivalent of about R250 every six months, you can quite literally learn all the skills to become an effective software developer.

And so, if you have hundreds, or thousands, of people who can develop code and come up with great ideas and innovative solutions, you have a tsunami of technology entering the African landscape.

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However, for the democratisation of opportunity to become a reality, three things need to fall into place: widespread connectivity, affordable devices and investor-friendly regulations.

While I was privileged to have access to high-speed internet while studying, many young Africans don't have access to affordable, reliable, fast connectivity. However, this is changing. Necessity is the mother of invention and if one looks at the evolution of connectivity costs, there is a clear exponential graph depicting increased speed and affordability, and we are headed on a trajectory to a world where affordable internet is ubiquitous.

The World Bank estimates that reaching the African Union's goal of universal and affordable internet will increase the continent's GDP by two percentage points a year. Starlink will play a major role here. Starlink will, in effect, blanket the earth - including Africa. When this happens, and connectivity is democratised, a population hungry to learn will need devices through which to access an entire world of information. Access to devices is improving, with something like a Chromebook offering users access to the internet at a fraction of the cost of a traditional laptop, tablet or smartphone.

In this world, then, you have a situation where opportunity is more widely available than at any point in Africa's history. Millions of young people with affordable devices would be able to tap into a world of knowledge and learning resources. These young people would be empowered to solve problems with technology.

Of course, funding is vital for startups. While a business can start and succeed without seed capital, access to funds massively improves a business's chances, as well as its ability to scale and become a profitable force. Some African countries are more welcoming to foreign capital, while South Africa is hamstrung by archaic regulation that, in effect, keeps foreign tech investors off our shores.

If a foreign investor has a million dollars to invest in a great technology seed, they'll take it elsewhere because if IP is developed in South Africa, it has to stay here. The effect is that some entrepreneurs are looking to register their IP in other countries. The Startup Act activism in South Africa looks to address this problem because if this restriction did not exist in South Africa, there would be a massive boost in the number of funds local startups would be able to raise to reach their potential.

With improved access to connectivity, devices becoming more affordable and a progressive regulatory environment, Africa could well find itself at the leading edge of tech innovation. This would catapult Africa into global competitiveness. Cynics may see more problems than opportunities, but because this continent has the hallmarks of a tech startup, don't be surprised to see it act like a startup and grab hold of this golden opportunity to fastrack its development.

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