

Putting the spotlight on Africa startups

Momentum was a word used frequently at AfricArena, a conference that showcased Africa's best startups and innovators in front of an audience of local and international investors looking for world-class talent. Or perhaps, given the size of the French contingent at the event, the word used was *dynamique*.



Source: pixabay.com

“The speed of the development and the autonomy of the development in the African ecosystem that we are seeing is key,” said Christophe Farnaud, France’s ambassador to South Africa, attending the event, which took place in Cape Town on 15-16 November 2018. “Of course, we provide support and it helps, but the best news is that, in a way, they don’t need us. The startups have found their own dynamic and the ecosystem is growing and more diverse. This momentum is key.

“AfricArena really brings together investors, companies that have specific needs, and the startups that can answer these needs. This is exactly what we need today, and is unique in Africa.”

Jake Bright started the investment discussion with his captivating keynote. Bright is an award-winning author and advisor on global business, politics and technology, and contributor to TechCrunch and CrunchBase. His keynote presentation unpacked investment in Africa – raising the number from 2% to 10%.

“*“The only way in which we will raise the VC investment into Africa is by improving performance events. Although we have come a long way, Africa still has only one unicorn, a handful of exits and no major IPO. Growing performance will bring more VCs to the continent,” states Bright, “Yet Africa has a tech industry. There are 442 tech hubs on the continent and tens of thousands of digital entrepreneurs as well as thousands of startups moving into every imaginable sector.”*”

“The rise of Africa-focused venture capital funds has been key to furthering investment on the continent. According to our research, there are 51 Africa-focused VC funds globally with 22 that are locally run. Of those locally run VC funds, the Nigerians are leading the way with 41% based there. Africa’s VC landscape is becoming more African.”

This year, 70 startups from 32 countries across Africa, pitched to more than 600 attendees at the event. Last year \$2m (R28m) in deals were concluded at the event, and this year, AfricArena CEO, Christophe Viarnaud, predicted it would be more.

Western Cape Premier, Helen Zille, who did the opening address, congratulated the role of AfricArena in accelerating the continent's innovation strategy.

"AfricArena is the way to go to embed innovation in government and our country. The advantage of tech in Africa is the ability to leap-frog legacy tech so South Africa can get to the cutting-edge," states Zille.

Amazon Web Services

On the first day of the event alone, Amazon Web Services announced it would give entrepreneurs attending AfricArena \$2,000 in AWS credits each - worth \$200,000 in total – that they can use to host web services, mobile apps and more on Amazon's cloud service. This is in addition to the AWS hosting services that the finalists and winners of Friday's AfricArena Tour competition will be awarded.



Amazon Web Services to open data centres in SA

25 Oct 2018



FinChatBot investment

In addition, South African fintech startup, FinChatBot, announced an investment in excess of €500,000 (R8m) from South African venture capital firm Kalon Venture Partners and Mauritius-based VC Compass on the first day of the event.

"As a leading technology venture capital company, we are constantly searching for the best of the best in new and emerging disrupting industries," he said. "Chatbots are undeniably one of the fastest growing customer service industries, disrupting a traditionally frustrating customer experience. We identified FinChatBot as one of the leaders of this new industry, not only in the financial services industry but the chatbot eco-system as a whole," commented Clive Butkow, CEO of Kalon Venture Partners.

FinChatBot develops chatbots to help financial service providers acquire and retain customers through Artificial Intelligence

(AI)-powered conversations. Its experience over the last two years has shown that automated chat is the most successful customer acquisition channel for its customers. The company will use the investment to continue its growth and expand its client pipeline.

“We are seeing a lot of momentum, the conference is growing and we are seeing an increased engagement on the investment side,” said Viarnaud. A big difference from last year is we have a lot of investors present either physically or via our streaming service.”

Viarnaud described the event, now in its second year, as a marathon, compared to last year’s sprint. During the course of 2018 the organisers embarked on a global tour, covering 66,000km and nine African startup ecosystems, to find the world’s best tech innovators solving uniquely African problems.

He is particularly excited about the opportunities in the education, agriculture and energy space, saying that while African entrepreneurs will solve problems close to home, these are in fact, problems that have to be solved elsewhere as well. The opportunity for blockchain to disrupt the energy market, in particular, is ripe for African innovation.

“We are going to have African success stories coming from this sector. It’s a bit like what happened with mobile payments, Africa was first because we bypassed the wired phase. Now, there are amazing innovations in off-grid solar generation with blockchain transactional innovation in Africa.”



Microsoft launches program built to help tech startups grow

14 Nov 2018



The French Connection

Also attending AfricArena was Siby Diabira, Proparco’s Regional Chief for Southern Africa, and the person behind a €50m tranche of the €65m fund dedicated to African startups that French President, Emmanuel Macron announced in May this year.

“For us the main focus is looking for a startup that will change the day-to-day life of people and how they can be scalable on the continent, what will change because of your solution, so it can be through giving people access to banks, like Jumo is doing, it can also be through other industries.”

Earlier this year Proparco was one of the investors in a \$52m investment into Jumo, a South African fintech startup that provides information services, financial infrastructure and products designed to reach the 80% of the world’s population who are excluded or underserved by traditional financial services.

Now, the private sector financing arm of the French Development Agency (AFD) is looking to allocate the €50m under its purview to two or three investments into African investment funds, and a further two or three direct investments into series A to C startups.



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“If you want to make the fourth industrial revolution and globalisation an opportunity and not a risk, you must have the tools to do so. You need to innovate, which brings competitiveness, which means growth and employment,” said Ambassador Farnaud. “You need to talk to people, you need partners, you need to find the right young entrepreneurs, the right young

creative minds that will provide you with the products and services that you need.”

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