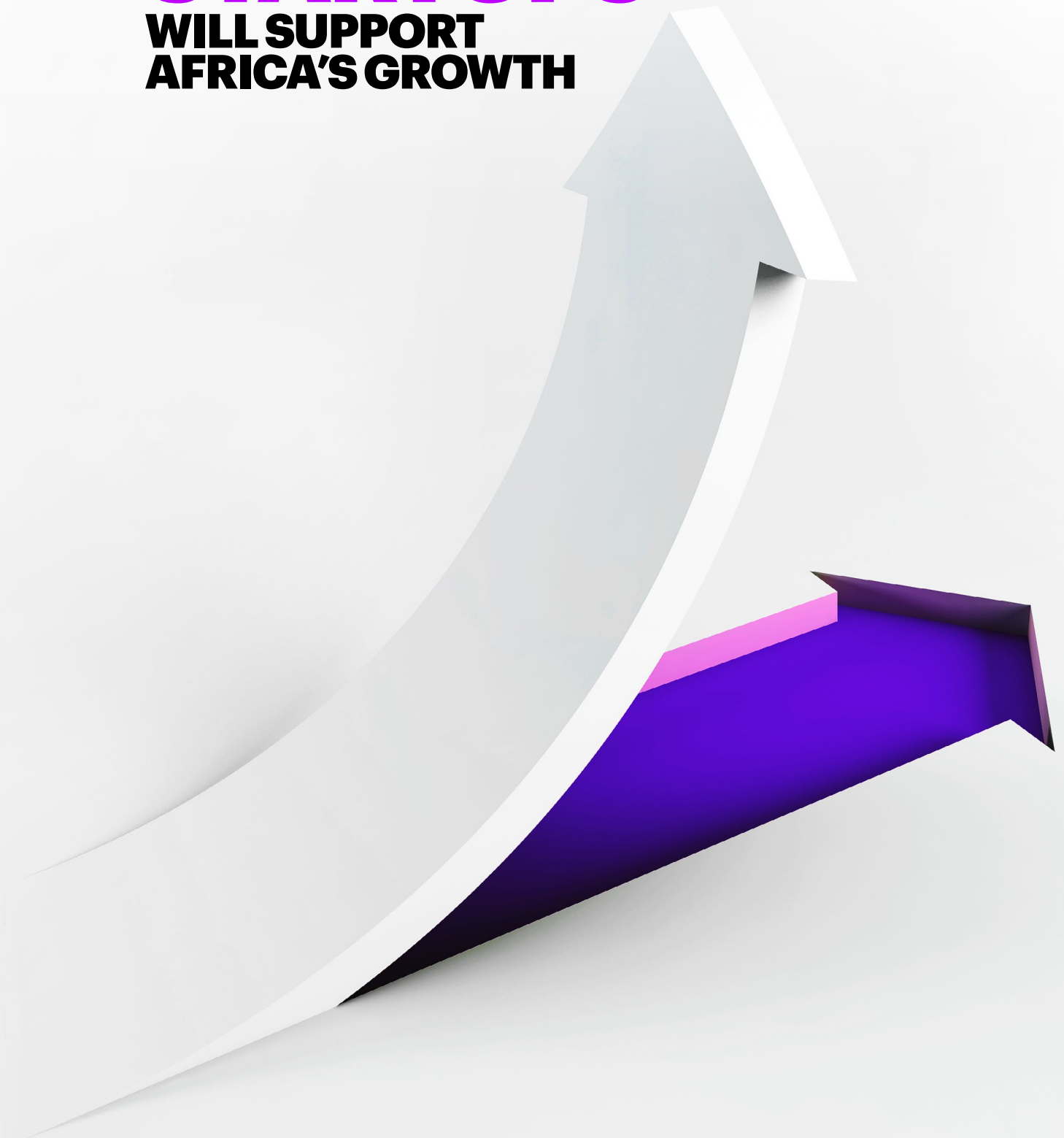




**TECH  
STARTUPS**  
**WILL SUPPORT  
AFRICA'S GROWTH**





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**BY: Rory Moore,**

Innovation Lead and Liquid Studio Director  
at Accenture, Africa

# COLLABORATION CAN IGNITE PROGRESS SUCCESS

Across the African continent, more technology startups are emerging. They have an important role to play. They bring new thinking and new solutions that have the potential to address many of Africa's endemic challenges—from financial inclusion to e-health and market access—solving critical challenges for business, government and civil society, and, importantly, stimulating economic growth. How can Africa realise this potential?

Innovation is an engine for growth—for companies and economies. Collaboration accelerates innovation.

Collaboration between startups and large, established organisations can increase the reach and impact of innovation, which increasingly correlates with higher economic performance at enterprise and economy-wide levels. By leveraging the power of ecosystems and open innovation, African economies can accelerate progress, unlocking Africa's abundance for all.

## The open innovation imperative

Organisations across the world are in the midst of a digital revolution that is sweeping away old processes and business models. In the face of rapid change, the only option is to adapt at pace. This has eradicated traditional innovation approaches. In its place vast new ecosystems of partners from different industries and geographies are emerging to create new solutions that deliver exponentially more value to digital customers.

In Africa, businesses are in the throes of transformation with many sectors just starting out on this journey. Encumbered by legacy systems, infrastructure and business models, these organisations must confront a complex and shifting mix of opportunities and risks. The challenges include meeting heightened customer expectations and the demands of a dynamically changing market, and competing with born-digital competitors.

To do this they must seek new partners and skills that can bring more agility to their organisations and research and development (R&D) operations, disrupt existing business models, provide access to adjacent markets, and help them develop a more entrepreneurial internal mindset.

## Startups too face major challenges

In Africa's fragmented and disconnected innovation ecosystem, tech visionaries and innovators are pushing the boundaries with technologies like AI, blockchain and analytics. These solutions have the power to create their own markets or disrupt existing industries, but startups are struggling to find the resources, expertise and support they need to launch, grow and scale their offerings.

Open innovation using collaborative, multi-party, ecosystem-wide innovation that delivers exponentially more value, faster could drive progress across the African continent. It sets the stage for collaboration between established businesses and innovative startups.

### Open innovation can provide:

- Startups with the support they need to grow and succeed,
- Incumbents with the technology and digital offerings they need to meet the demands of digital customers and partners, and
- Africa's people with access to products and services that can improve lives and lifestyles.

Open Innovation and the creation of collaborative digital ecosystems can help nurture, protect, incubate and commercialise innovation to bring about an uptick in Africa's economic growth and a step change in problem resolution. Consider the value that companies like Pargo, MPost and SpacePointe bring.

## Startups driving change

In Africa, it can be difficult to deliver goods to places like informal settlements and rural areas. Pargo has established over 2,000 pick-up points in

retail stores for client deliveries. MPost converts phone numbers into formal postal addresses, helping to reduce the challenge of 'communal addresses' in Africa. SpacePointe provides a payments platform that is device agnostic, works offline and enables payment collection from the informal sector even in the most rural areas. This is helping to drive adoption of electronic payments for and by the informal sector.

Every one of these solutions help solve a challenge that large companies—retailers, banks and government postal services—have not been able to do on their own. They drive inclusivity and bring more people into the economy. Their offerings give retailers and large corporates faster access to cheaper and more nimble technologies that are market validated. At the same time, startups that are supported by larger businesses have a greater opportunity to succeed.

The benefits large companies can provide include funding, market access, technical expertise, business knowledge, access to facilities and talent.

The buy-in Pargo receives from large retailers, as well as e-tailers, is critical to its growth. But there are also specific areas of expertise and experience that large companies can provide to startups. Fintech startups, for example, must comply with the same regulations that established institutions have been dealing with for years, making collaboration with incumbents beneficial in many ways.

The complementary capabilities, collaborative mindset, domain expertise, customer relationships and data that ecosystem partners offer can help bring new market plays to fruition.

## Deeper collaboration drives value

In an increasingly digital and connected world, both startups and large companies are exploring the value that can be created by closer and deeper collaboration. Ecosystem innovation, the most mature form of open innovation, is the ultimate goal.

Ecosystem innovation is innovation that occurs among a broader ecosystem of collaborators working on an equal footing. It enables enterprises to look beyond their four walls to bring in ideas more quickly, enhance their innovation programmes, and also create shared value at the intersection of corporate performance and society to solve big or common problems.

## The power of ecosystems

An ecosystem is the network of cross-industry players who work together to define, build and execute market-creating customer and consumer solutions. An ecosystem is defined by the depth and breadth of potential collaboration among a set of players: each can deliver a piece of the consumer solution, or contribute a necessary capability. The power of the ecosystem is that no single player need own or operate all components of the solution, and that the value the ecosystem generates is larger than the combined value each of the players could contribute individually.

## Way forward – harness the power of collaboration

Over the last decade, the digital economy has been driven and dominated by technology startups. The next decade will see the awakening of an entrepreneurial spirit among incumbent industry leaders as they strive to regain competitive advantage, disrupt their own markets or invent new ones. To do so, they will need to change the way they innovate—they need to shift past traditional small-scale and self-serving collaboration with innovators to harness the power of digital collaboration across a broader ecosystem.

**The next decade will see the awakening of an entrepreneurial spirit among incumbent industry leaders**

## ACTIONS FOR LARGE COMPANIES

- **Embrace collaboration as a long term strategy.** With senior management vision, support and empowerment, frontline executives will need to dedicate resources inside the business to support external collaboration as an integral strategy.
- **Help develop the startup supply chain.** Buying directly from startups and/ or providing them with indirect access to the enterprise supply chain can go a long way toward helping these small businesses to scale.
- **Provide institutional support.** Apart from investing in startups and providing financial assistance, large companies can provide specialised mentoring programmes related to business strategy, business plan development, go-to-market strategy and other guidance to new entrepreneurs.

## ACTIONS FOR ENTREPRENEURS

- **Align to the market.** Companies assign high importance to startups' alignment to their business priorities. It is important for entrepreneurs to recognise the specific needs and interests of large companies to effectively collaborate with them.
- **Time it well.** Many large companies and investors are not looking to support startups at the ideation or seed stage. Founders need to pitch to the right source of finance suitable to their startup's development stage.
- **Adopt mentors and onboard specialists.** Startups may lack the skills and experience, processes and business structures to manage the growth phase of their venture. It is important, therefore, to bring in professional management, as well as experienced mentors from large companies and venture capital boards.

## ACTIONS FOR GOVERNMENTS

- **Develop co-financing models.** Government funding, paired with private sponsorship, has a strong positive impact on the entrepreneurship ecosystem.
- **Incentivise large companies to collaborate with startups.** Collaboration between large and small companies is developing in all forms—corporate venturing, private sector incubation programmes, and joint ecosystem innovation. Specific government policies, such as tax rebates can support collaboration.
- **Create collaboration networks.** Collaboration between incubators in different locations or with a different industry focus is critical to nurturing cross-disciplinary talent, particularly in places where multidisciplinary universities are missing.
- **Develop digital infrastructure.** Digital migration and development of digital infrastructure should be prioritised.
- **Support skills development.** A comprehensive innovation policy focused on human capital development is the need of the hour.

## ACTIONS FOR BRIDGEMAKERS

Bridgemakers constitute a group of public and private sector organisations, including government agencies, R&D centres, universities, venture capitalists and service providers that can create open innovation environments. Accenture, for example, has a number of initiatives to stimulate and accelerate startup growth in Africa, and to create networks and drive collaboration between ecosystem stakeholders.

- Promote role models. Successful entrepreneurs are often effective at investing in, and mentoring next-generation startups. By promoting past entrepreneurial successes, they can build the confidence of startup founders and young potential entrepreneurs.
- Build and connect with mentors. Bridgemakers can provide the physical spaces to allow entrepreneurs and mentors to mingle.
- Connect with specialised clusters. Connecting new entrepreneurs with a specialised global ecosystem or cluster can enhance their innovation capabilities and create a positive effect on their confidence and competitiveness. These clusters can provide entrepreneurs with access to funding, markets, talent, and support systems, like business guidance and back office support.

## AFRICAN STARTUPS TO WATCH

Startups will be vital to Africa's growth. To give market players insight into the opportunities, Accenture facilitated a competition for startups that was adjudicated by ecosystem judges. These judges identified a number of African startups to watch. The startups have proven solutions that are adding considerable value to consumers and to businesses. Around them, new ecosystems are forming.



### **MPost - transforming postal services in Africa**

MPost stands for Mobile Post Office. The company converts phone numbers into formal postal addresses and notifies users whenever they receive goods. This helps eliminate the challenge of 'communal addresses' in Africa, the result of postal structures that are unable to accommodate millions of addresses. MPost works on smartphones as well as the older generation feature phones that are common across Africa. The solution started on the USSD platform and is now available on Web, Android and iOS platforms. The service is active in Kenya and plans to expand into Uganda, Rwanda, Tanzania and Botswana.

**[www.mpost.co.ke](http://www.mpost.co.ke)**

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### **hearX Group – affordable hearing health**

hearX Group (Pty) Ltd provides affordable access to hearing care using smart digital solutions. It has gone to market with several products since its launch of hearScreen, a mobile health application for clinically valid, rapid low-cost hearing screening. hearKiosk is a self-test kiosk used in pharmacies and waiting areas while mHealth is an integrated cloud and app solution that manages patient, facility and test data seamlessly. hearX has had more than 600 000 tests completed across 38 countries on five continents. Its solutions provide a new way to overcome traditional barriers to healthy hearing.

**[www.hearxgroup.com](http://www.hearxgroup.com)**

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### **Pargo – logistics for Africa delivery**

Pargo is a multi-channel logistics platform that helps retailers solve the challenges of last-mile deliveries. In Africa, it can be difficult to deliver goods to places like informal settlements, rural areas and high security estates. Pargo has established over 2,000 pick-up points in retail stores for client deliveries. It has been operating in the South African market for the last four years. It works with The Foschini Group, Cape Union Mart, Clicks, FNB, African Bank and more. Pargo has recently expanded to Botswana, Namibia, Lesotho and Eswatini.

**<https://pargo.co.za/>**

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### **Hooza**

Hooza is a media powerhouse specialising in digital broadcast and communication. Using mobile platforms, it provides alternative access to information and content. It broadcasts on-demand text, voice and video short programmes (infotainment, education, music, entertainment and faith-based content) in partnerships with leading international mobile operators and platform developers. The app makes them accessible to the majority of mobile users in Africa via an interactive platform accessible to all mobile phone users in Africa in the language of their choice. Hooza is based in Rwanda and is expanding its business on the continent.

**[www.hooza.rw](http://www.hooza.rw)**

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### **HouseME**

HouseME is an online rental disruptor that takes the hassle, cost and risk out of managing long-term rentals. It allows landlords to list their properties digitally, vets prospective tenants and shows them verified properties. HouseME can help landlords collect rentals and manage properties. It offers a rental guarantee to its users, assisting landlords with comprehensive risk cover. HouseME currently serves more than 22,000 users.

**[www.house.me](http://www.house.me)**

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### **SpacePointe – electronic payment for SMMEs, anywhere**

SpacePointe is a financial technology company dedicated to transforming the payment experience for micro, small and medium business owners. The SpacePointe payments platform is driving adoption of electronic payments for and by the informal sector. It is device agnostic, works offline and enables payment collection from the informal sector even in the most rural areas. PointePay is a point of sale application for merchants that includes unique features tailored for African users (e.g., it uses phone numbers for validation and audio navigation in multiple languages). Its cloud-based payments platform is being leveraged by governments in Africa for tax revenue collection. The SpacePointe platform has launched in West Africa and North America, with planned launches in APAC and Latin American regions.

**[spacepointe.com](http://spacepointe.com)**

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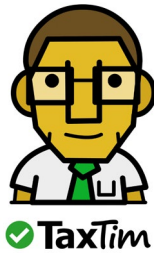


### **Cowtribe Technology**

Cowtribe Technology has built Africa's first cloud-based vaccine distribution platform. It leverages mobile technology and cloud computing to receive orders for, and reliably deliver animal vaccines to farmers in underserved communities. Cowtribe also monitors animals, sends reminders and provides predictions based on trends and seasonality. It currently serves over 31,000 farmers and has delivered over 100,000 vaccines to 250 communities in Ghana. By ensuring vaccine availability, Cowtribe helps poor and underserved rural farmers to reduce livestock mortality by 70 percent for a yearly cost of less than \$1 per unit served. Cowtribe is expanding in Ghana and will now also target Mali, Burkina Faso and Nigeria.

**[www.cowtribe.com](http://www.cowtribe.com)**

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### **TaxTim – driving tax compliance**

TaxTim is an online digital tax assistant that helps individuals and small businesses to complete their tax returns quickly, easily and correctly. The service is powered by a chatbot who interacts with customers in a simple and intuitive chat format, much like a Whatsapp chat. After answering Tim's questions, the service completes the required tax return forms, then submits the tax return forms electronically. TaxTim started in 2011 with seed funding from Google, and has since helped over several million users in South Africa, Namibia and Nigeria. Three of South Africa's largest insurers have partnered with TaxTim and several banks are busy with integration in 2019. TaxTim is now exploring provision of personalised financial insights to its customers.

**[www.taxtim.com](http://www.taxtim.com)**

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## Accenture's Open Innovation programme

Accenture's strategy for the Africa region is to help African organisations exploit digitisation intelligently and make innovation part of their businesses DNA to help them harness disruption and unlock Africa's abundance for all.

Accenture's Open Innovation programme is part of its Innovation Architecture and serves as a bridge for startups

and established organisations into the global innovation ecosystem. Accenture identifies top-of-class, enterprise-proven startups that can solve problems impacting our clients today. We have partnered with leading accelerators and venture capitalists operating in major geographies around the world, enabling us to bring innovation from anywhere, to our clients everywhere.



### ACCENTURE RESEARCH

identifies and anticipates game-changing business, market and technology trends through provocative thought leadership.



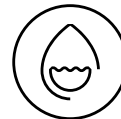
### ACCENTURE VENTURES

partners with and invests in growth-stage companies that create innovative enterprise technologies, using an open innovation approach.



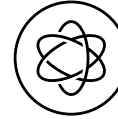
### ACCENTURE LABS

incubate and prototype new concepts through applied R&D projects that are expected to have a significant near-term impact on clients' businesses.



### ACCENTURE STUDIOS

build innovative solutions with speed and agility.



### ACCENTURE INNOVATION CENTRES

bring our solutions to scale and demonstrate their impact for clients.



### ACCENTURE DELIVERY CENTRES

industrialise the delivery of our innovations through our unparalleled network of more than 50 delivery centres around the world.

**300+**

Research experts  
in 20 countries

**5.000+**

Startups on our radar

**7**

Lab locations

**30+**

Digital and Liquid  
Studio locations

**100+**

Innovation Centres  
located worldwide across  
industries & technologies

**50+**

Delivery Centres  
around the world

## ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 459,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at [www.accenture.com](http://www.accenture.com).

For more Africa related insights visit the [Accenture Africa Observatory](https://www.accenture.com/za-en/africa-observatory)

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