ON A PATH TO BECOME

The Better Africa

Tracing the
"SUCCESS & FAILURE"
of African Startups

2020

A REPORT BY
GreenTec Capital Africa Foundation
WeeTracker Media

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This is a free report for the
African Startup Community.

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1 Overview

The report aims to uncover the 'secret sauce' of success for startups in Africa. It traces the movement of African startups during the period of 2010 to 2018 to arrive at understandable statistics of failure rates.

The report is titled "The Better Africa" in order to capture the positivity in the African startup ecosystem that is hogging the global limelight. In order to become a guide for the aspiring startups and ventures on the continent, the report compiles first hand experiences of startup founders who have been able to run their companies successfully or have raised external capital. The founders in their interviews have given insights on building a startup, importance of external funding and team building to be able to help fresh entrepreneurs gain a perspective.

The report also collects insights from startups that could not survive the turbulence of the ecosystem but have learnings that go a long way. To be able to give a balanced view on an emerging ecosystem like Africa's, the report accounts for both the good and bad.

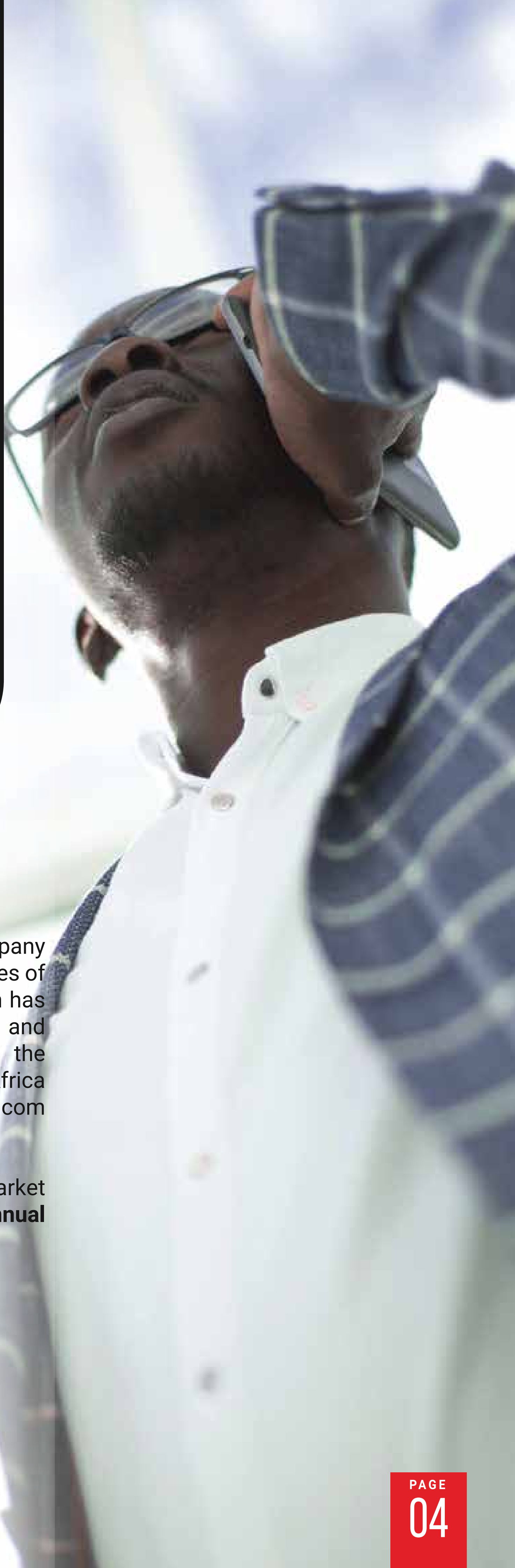
This is an effort by Greentec Capital Africa Foundation and WeeTracker Media, where both the entities are integral parts of the African startup ecosystem. During the preparation of the report, the teams touched upon many stories to get an understanding of the emotions that an African entrepreneur experiences.

2 Disclaimer

The facts and data presented in the report are based on a random sample of data of 500 startups incorporated or operating in Africa. The data has been collected using web crawlers and subjected to manual analysis by WeeTracker's research team. The failure rates are in no way an indication of the current healthiness of the startup ecosystem of Africa or countries for which the data has been analysed.

3 GreenTec Capital Africa Foundation

A non-profit organization founded to promote the development of investment into African entrepreneurship and support creation of local economic and social added-value. There is an unrealized potential in entrepreneurship that we believe can best be harnessed by creating synergies between entrepreneurs, investors and institutions. Creating an environment in which different stakeholders have the opportunity to collaborate achieving mutual benefit and enlarging the current set of opportunities.



About WeeTracker Media

WeeTracker Media is an African digital media company that covers startups, technology business and stories of individuals who inspire the continent. The platform has been actively involved in bringing forth the voice and opinions of individuals who are shaping up the landscape. WeeTracker is a part of WeeMedia Africa group that also publishes The Base, Gadgets-Africa.com and afromaisha.com.

The research arm of WeeMedia, The Base, is a market intelligence platform that is the basis for **Annual Venture Capital Report 2017, 2018** and **2019.**

4 A brief history

The news and information on startups in Africa is no longer sporadic or rarely heard. For the past decade, more and more individuals have spotted the wave of growth on the continent and undoubtedly are on the quest of riding these waves high. Since 2010, the revolution has caught momentum and many youngsters have joined the entrepreneurial force, few out of vision and others out of compulsion. While consumerism started hitting the generation, a way of living for the millennials, the employment rates did not support this fad.

Data Supplying Speed

Africans received mobile phones directly into their hands, bypassing hard wired telephones and the snail mail era, and thereby became exposed to many things faster than similar generations on other continents. Like China and India, the African continent offered a massive domestic market, waiting for products. Africa was viewed as a goldmine due to its major population size and generally untapped market. First up to bat, China spotted the potential market from 8000 Kms and landed huge investments in major infrastructure projects. Disruption on the continent stemmed from the introduction of technology, making the market accessible and providing a blank canvas for innovations.

By 2007, Kenya had one of the most talked about products on the continent, M-Pesa, that bypassed the need of having banks. The traditional businesses of course were flourishing but the accessible technology was fanning the entrepreneurial fires. The opportunity was so compelling that many from outside Africa could not resist it. But this entrepreneurship has its own style. The market was and still is very dynamic with dire, developing and latent needs. This spate of entrepreneurs have experienced varying extents of hardships and successes.

5 The State of African Startups

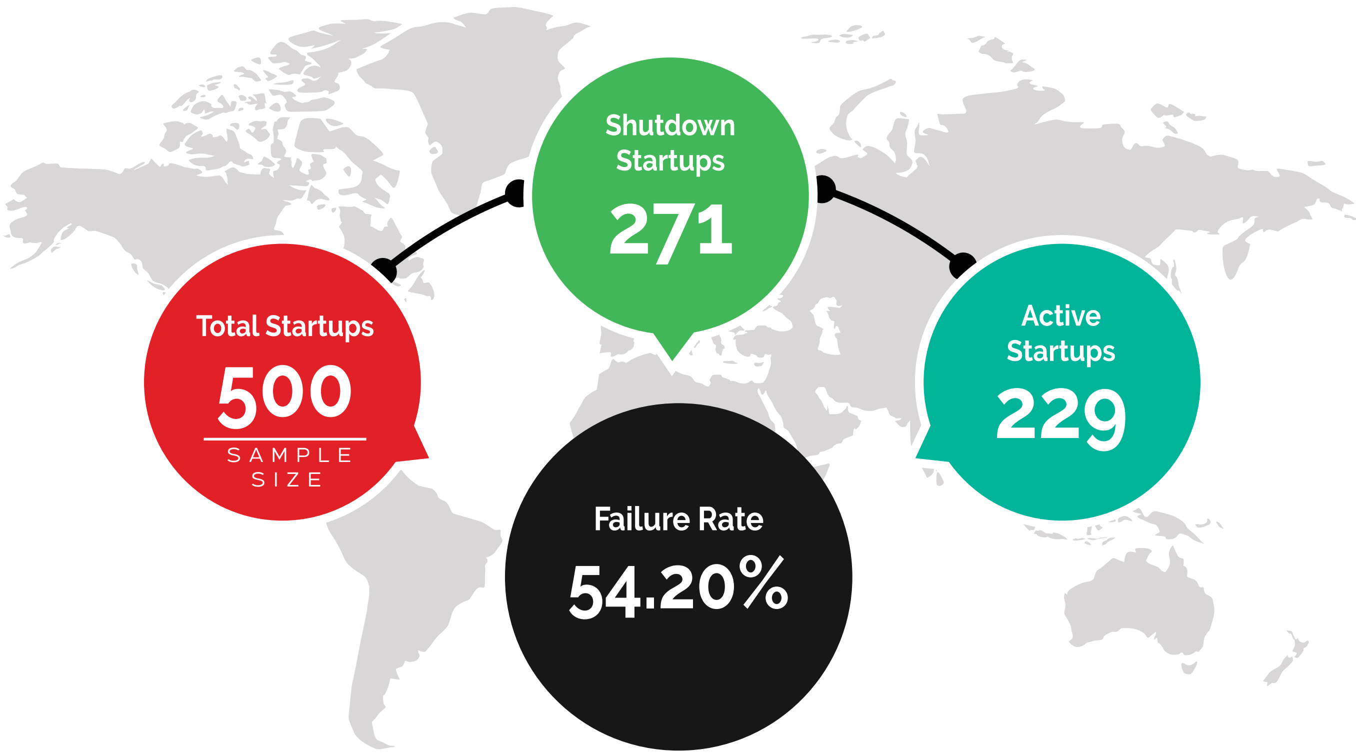
With USD 1.34Bn in Venture Capital investment in 2019, the African startup ecosystem has come a long way. In our analysis to capture the progress of startups on the continent, we have taken data of startups founded in 2010 and onwards.

The startup failure rate on the continent stands at 54.20%. To give a perspective to this figure, we compared it to the startup failure rates of two large ecosystems on the globe.

In the US, companies incorporated between 2008-2010 witnessed a failure rate of 67% (as per CB Insights). Whereas, as per a survey (source: The Hindu) conducted in India last year, the startup failure rate is as high as 90% within first five year of operations. The definition of failure rate, like the definition of a 'start-up' remains debatable, but for the ease of understanding figures in the given report, shut-downs have been treated as failures.

FAILURE RATE OF AFRICAN STARTUPS

(DATA FROM 2010 - 2018)



SHUTDOWN AFRICAN STARTUPS (BETWEEN 2010-2018)

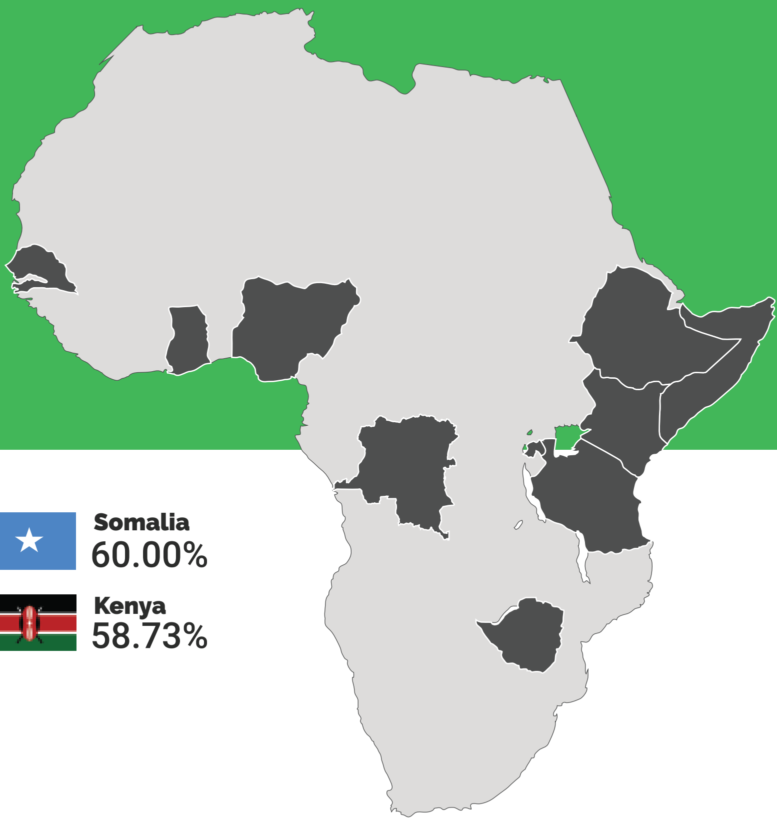
Countries with highest failure rates

This section of regional analysis of startup shutdowns considers country specific data on the overal existing startups versus those that shutdown to arrive at a numerarical value with refrence to failure rates
in each region.

(For example for country A, sample size = x and number of startup shutdowns= y ; Failure rate= y/x)

The top 3 countries to witness highest shutdown rates in the past years are Rwanda with 75%, Ethiopia with 75% and Ghana with 73.91%. Followed by DRC & Zimbabwe at 66.67% each.

Top ten African countries with High Shutdown Rates



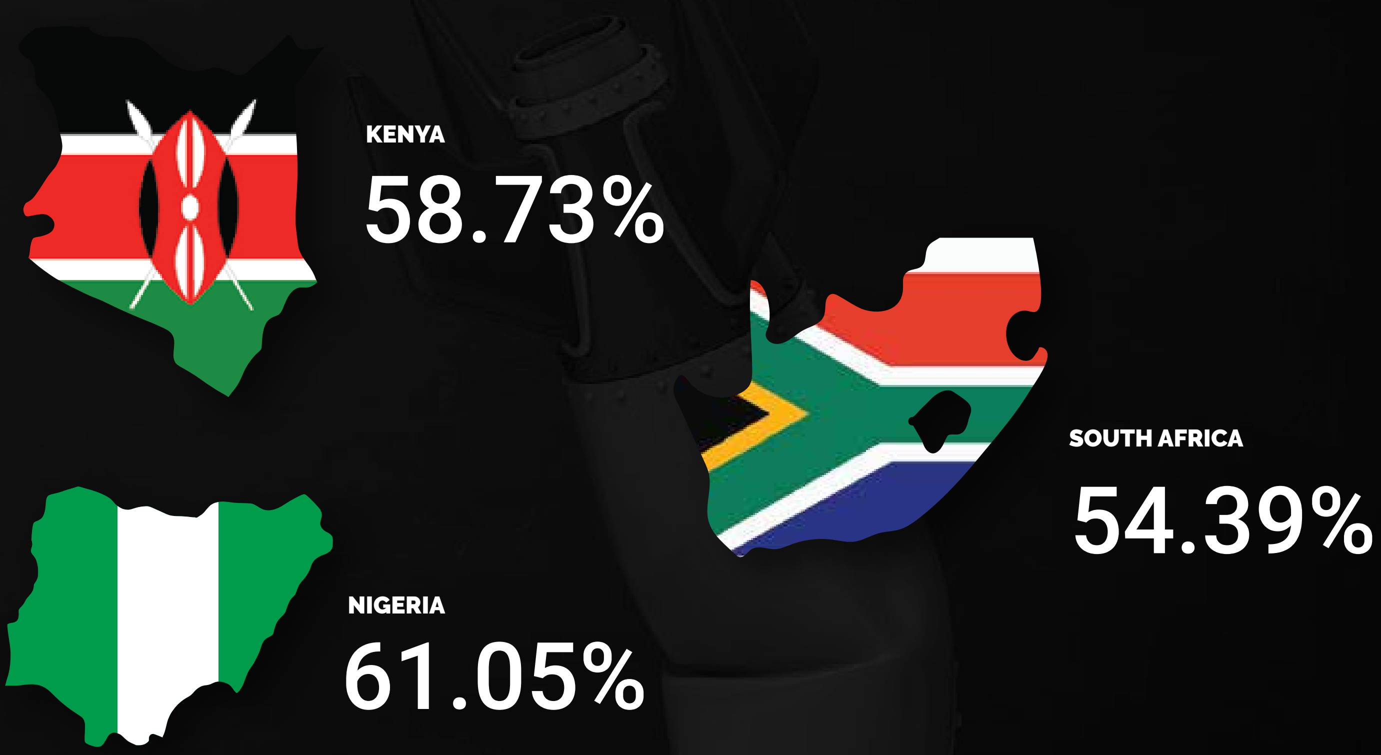
Ethiopia	75.00%	**DRC**	66.67%	**Somalia**	60.00%
Rwanda	75.00%	**Tanzania**	62.50%	**Kenya**	58.73%
Ghana	73.91%	**Nigeria**	61.05%		
Zimbabwe	66.67%	**Senegal**	58.33%		

6 Top 3 Powerhouses of the African VC Ecosystem

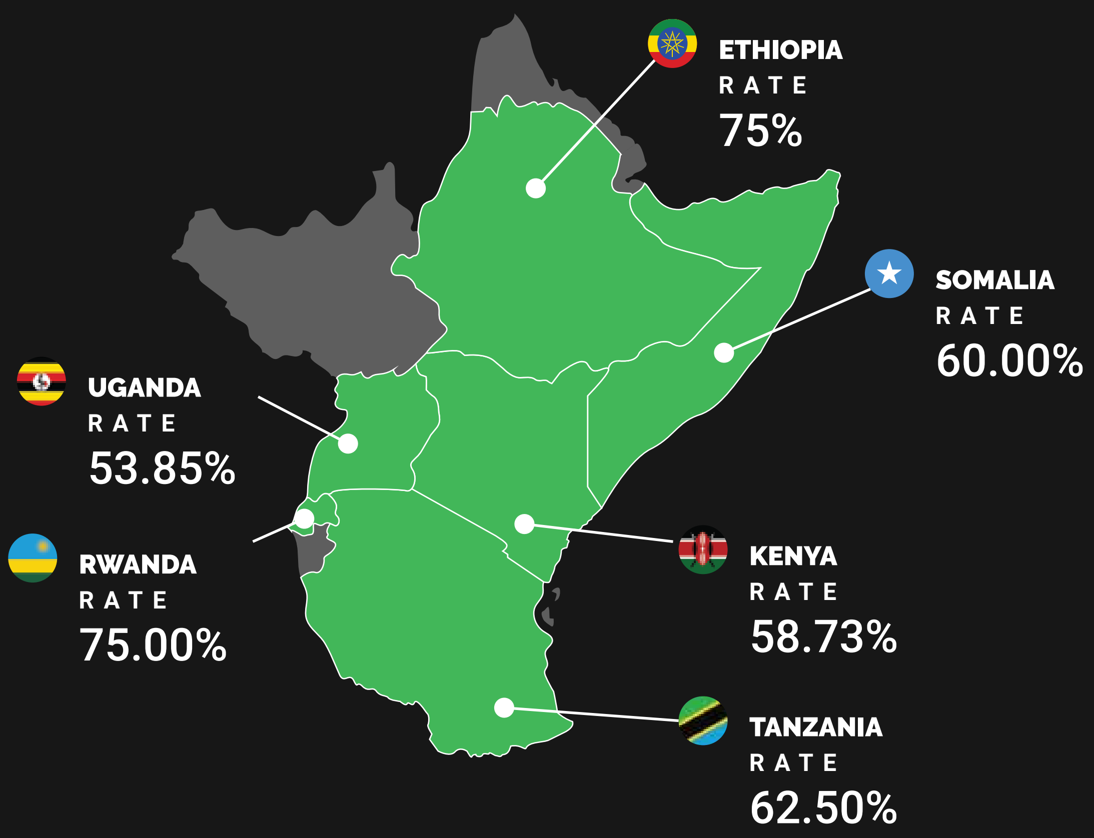
Over the past few years South Africa, Kenya and Nigeria have become hubs of startup creation. As per the Venture Capital Report of 2019 by WeeTracker, Nigeria scored the maximum number of VC deals in Africa. This trend was followed by Kenya and South Africa.

When it comes to the trend in shutdowns, Nigeria experienced more shutdowns at 61.05% as compared to the other two countries. Although, it should be noted that among the three big regions, South Africa, at a 54.39 % failure rate, is closest to the continent average. Kenya matches up with South Africa at a slightly higher rate of shutdown at a 58.73% failure rate.

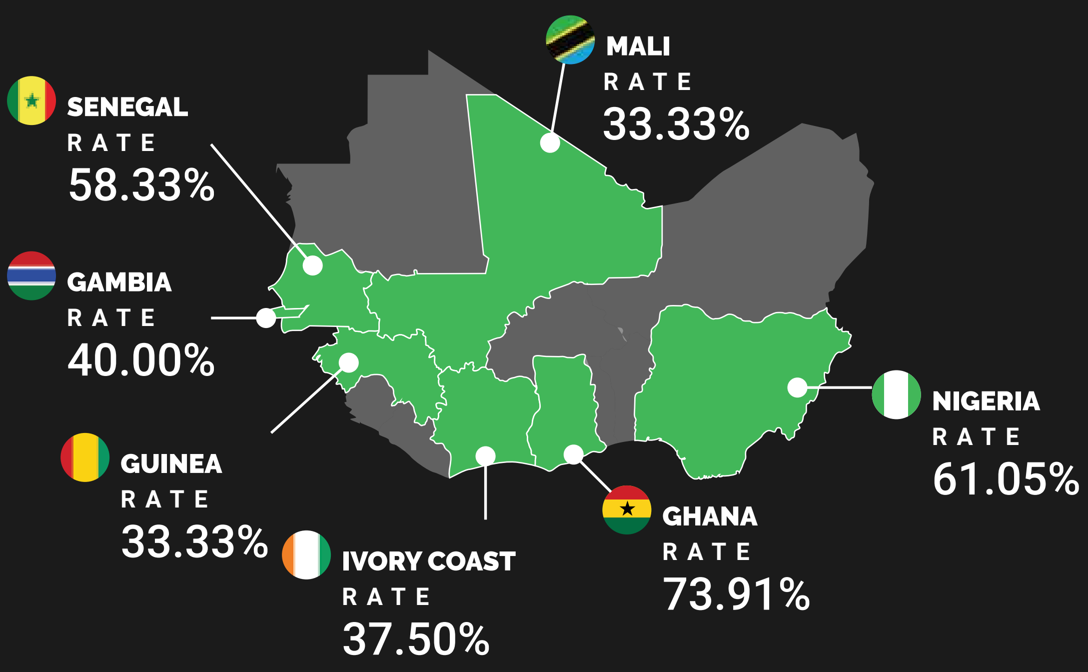
FAILURE RATE



EAST AFRICAN CLUSTER



WEST AFRICAN CLUSTER

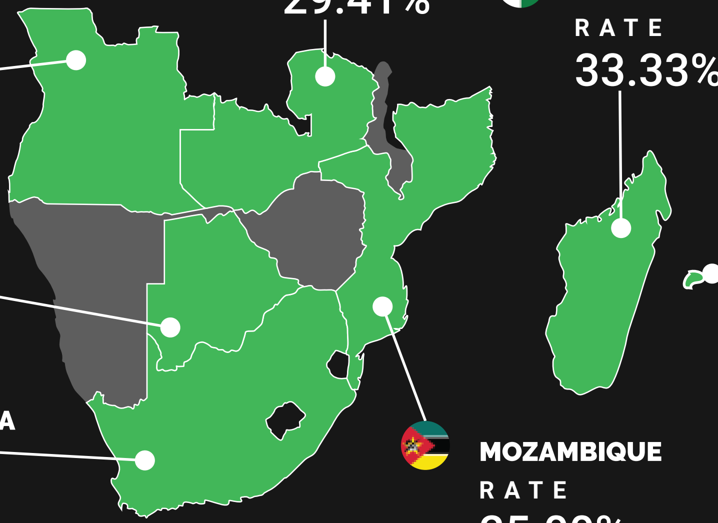


SOUTHERN AFRICA CLUSTER

ZAMBIA
RATE
29.41%

MADAGASCAR
RATE
33.33%

ANGOLA
RATE
33.33%



MAURITIUS
RATE
50.00%

BOTSWANA
RATE
33.33%

SOUTH AFRICA
RATE
54.39%

MOZAMBIQUE
RATE
25.00%

CENTRAL AFRICAN CLUSTER

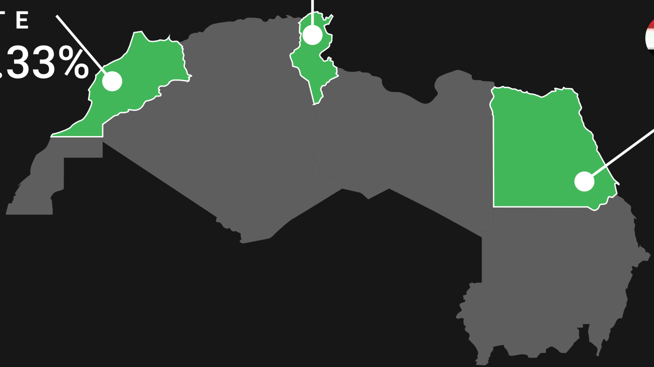
CAMEROON
RATE
45.95%

DRC
RATE
66.67%

NORTHERN AFRICA CLUSTER

TUNISIA
RATE
50.00%

MOROCCO
RATE
33.33%



EGYPT
RATE
42.50%

7 Funding Status of the Shutdown Startups

Overall shutdown rate of funded startups (companies that received external financing and ceased operations after a while) during the analysis period stood at **20.30%.**

In the countries with highest startup shutdown rates, a majority of them were not externally funded. South Africa had the highest rate of startup shutdowns post funding with nearly half the funded startups closing shop. The vibrant ecosystem of South Africa witnessed **41.94%** of failure rate of funded startups.

The next country which faced a similar situation is Nigeria with **32.76%** of failure rate amongst funded startups. Egypt stood third in the list with failure rate of funded startups at **29.41%.**

Whereas, in countries like Ethiopia that had highest shutdowns, startups were not funded externally. Following suit were startups from Zimbabwe, Rwanda, Zambia, and Morocco where the shutdowns can be attributed `to lack of external funding.

COUNTRIES WITH HIGHEST SHUTDOWN RATES OF FUNDED STARTUPS

	COUNTRY	RATE
1.	SOUTH AFRICA	41.94%
2.	NIGERIA	32.76%
3.	EGYPT	29.41%
4.	KENYA	24.32%

8 Stage of External Funding at which the Startups collapsed

Maximum startups faced casualty after the seed stage amounting to **69.09%** of the total funded shutdown startups. If the shutdown rate of 'seed funded' startups was compared with overall shutdown rate, the figure stood at **17.51%.**

There were no shutdowns observed in the sample of startups receiving Series A and above.

Other funding stages after which startups faced shutdowns were the ones receiving grants and non-equity assistance. The failure rate of startups shutting down post receiving non-equity assistance and grants were at **10.91%** of overall funded shutdown startups.

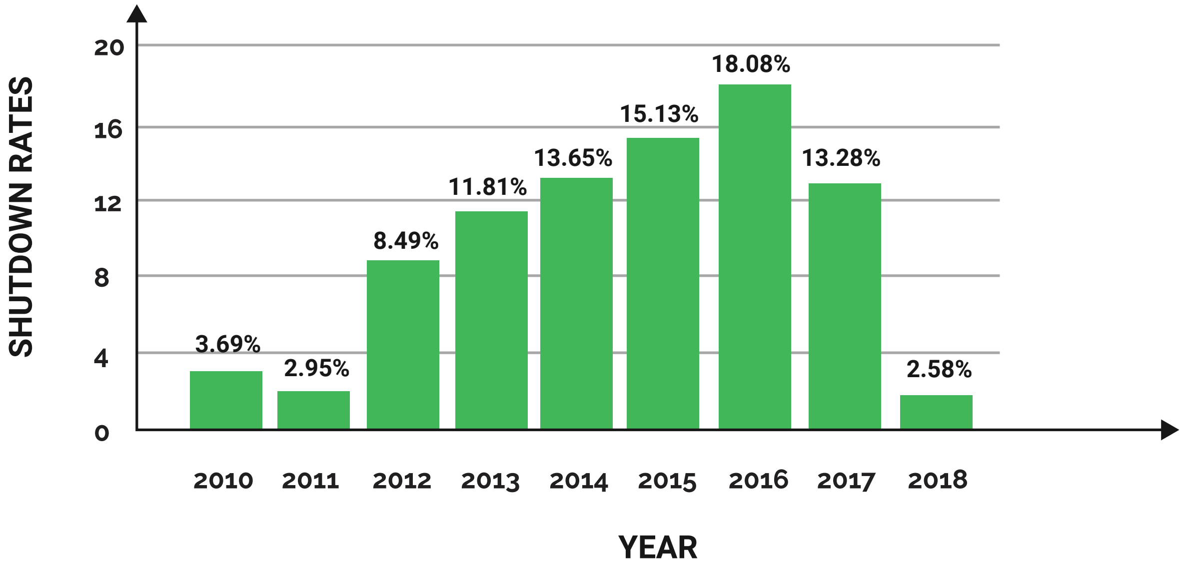
Startups shutting down after receiving equity and undisclosed funding rounds stood at **5.45%** of the overall funded shutdown startups.

	FUNDING STAGE	RATE
1.	SEED	69.09%
2.	NON-EQUITY ASSISTANCE + GRANT	10.91%
3.	UNKNOWN + EQUITY	5.45%

9 Tracing the Shutdown Trends over the years

SHUTDOWN RATES VS YEAR

DATA FROM 2010 - 2018



Though not directly correlated, a country's economic health can have direct effect on startup shutdowns. The yearwise shutdown rates have been compared to GDPs of the three most active regions of the continent. It is observed that South Africa's GDP peaked in 2011 where after it had been shaky and hit the worst between 2014 - 2016. The shutdown rates in South Africa followed a similar trend as its GDP . Similarities between GDP and shutdown rates has also been observed in Nigeria where the GDP peaked around 2014 and has been sliding down since then. For Kenya such correlations between GDP and shutdowns has not been registered, as the GDP is constantly growing since 2010.

The data considers a sample of startups founded in or after 2010.

NOTE: DATA HAS AN ERROR OF 7% OWING TO DIFFERENT YEARS OF INCORPORATION OF THE SAME STARTUP.

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Industrywise analysis of Shutdown Startups

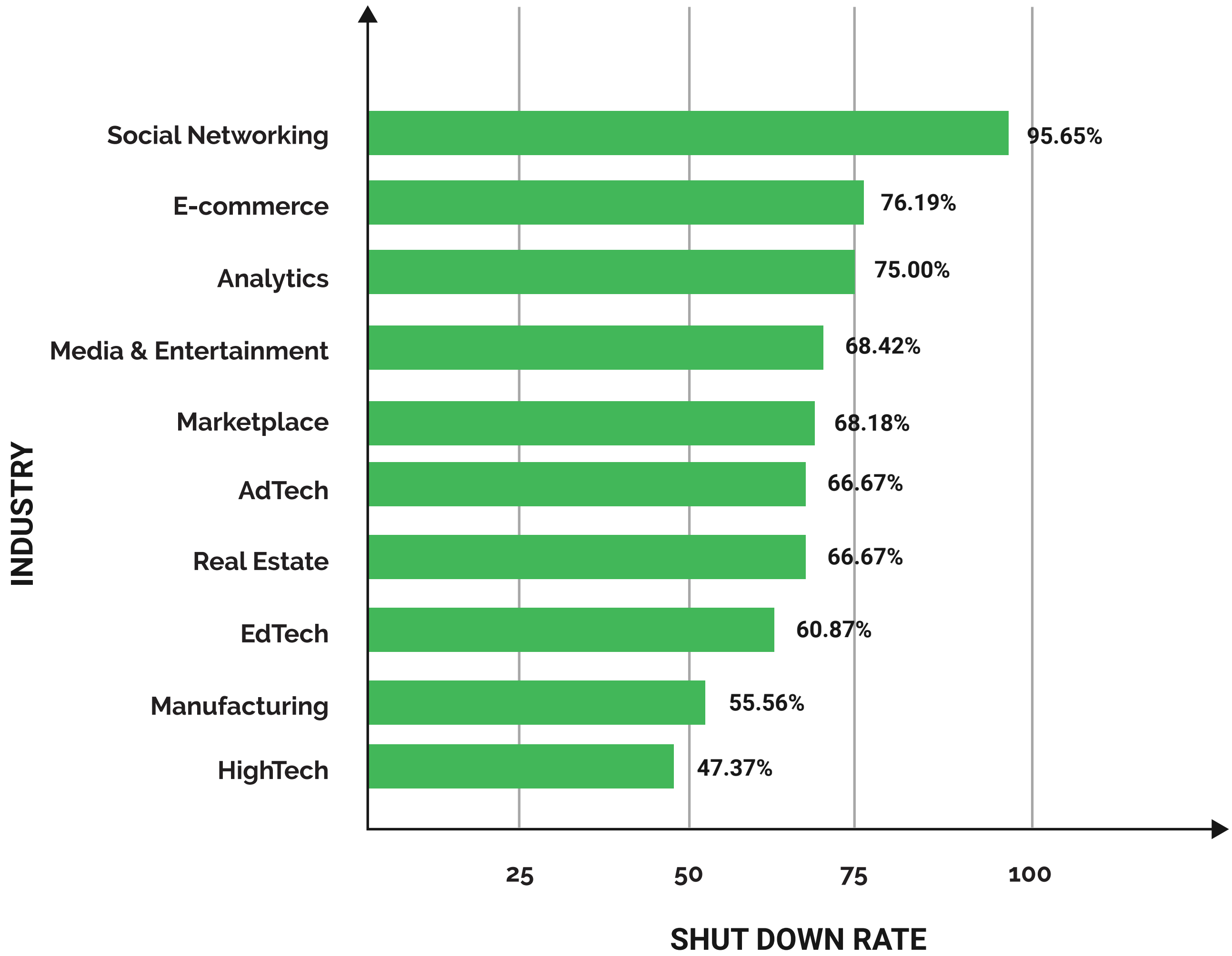
As stated at the beginning of the report, the introduction of mobile and data became the genesis of new industries that consumers hadn't experienced. Though it can be argued that no new technology was developed, the existing technology was leveraged like no place else in the world.

The data reflects a very high casualty rate among startups building social networking platforms. The shutdown rates for startups involved in building the networking products stood at an astounding **95.65%.**

It is astonishing that although the first known Unicorn (company with market valuation ≥ USD 1Bn) in Africa is an e-commerce company, the sector witnessed a very high rate of shutdowns at **76.19%.**

Another sector which displayed a shutdown rate north of **70%** was analytics, though not many startups were involved in developing products/services around data and analytics, when the absolute numbers are considered.

SHUTDOWN RATES



Media & Entertainment, a low key category registered a **68.42%** shutdown rate. A large reason for this could be attributed to high costs of original content creation and limited knowledge of advertisers.

Industries like AgriTech/Agribusiness, Logistics and HealthTech/Healthcare had comparatively moderate mortality rates. The sectors had shutdown rates of **47.06%, 45.71%, 33.33%** respectively.

FoodTech and CleanTech startups also stayed away from high closures. Both sectors faced one shutdown for every three companies.

The gaming industry, had a comparatively lower failure rate. The industry stood at a shutdown rate of **37.50%.**

The FinTech sector enjoyed a very high survival rate. When compared to all the other industries in the sample, this sector had the lowest failure rate at **32.14%.**

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Product Vs Service Shutdowns

Of the startups that experienced shutdowns between 2010 - 2018, **84.13%** of the companies had services as offerings.

	TOTAL SHUTDOWNS	RATE
1.	SERVICES	84.13%
2.	PRODUCTS	15.87%

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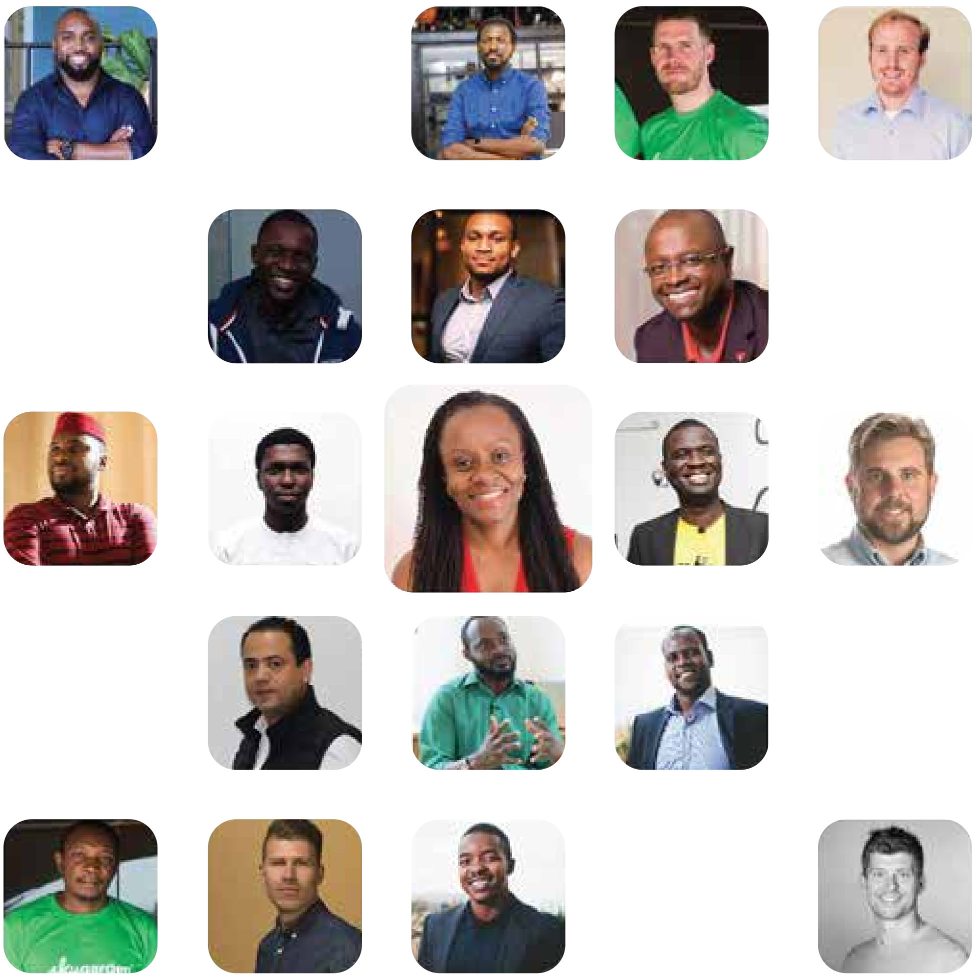
What makes Entrepreneurs stick to the Fight for Development and Progress?

Success stories of African entrepreneurs who have built it from scratch and what drives them to be the change maker.



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Flutterwave

Founder: Olugbenga Agboola
Founded : 2016
Industry: FinTech
Markets operating: Nigeria, Ghana, United States, Kenya, South Africa
Team Size: 130

Country: Nigeria

FUNDING AMOUNT
USD 55 Mn
TO DATE

Since it began operations, Flutterwave has processed payments worth over USD 3.6 Bn. It also boasts over 100 million transactions processed since inception. Flutterwave also claims 50+ bank partners across Africa, as well as 1200+ people in its army of developers.

With over USD 55 Mn raised in several funding rounds, Flutterwave is one of Africa's best-funded startups. Its largest investors include Green Visor Capital and Greycroft Partners. Y Combinator, MasterCard, 4DX Ventures, and CRE Venture Capital, are some of its other investors.

Valued at over USD 150 Mn, Flutterwave is Y Combinator's most valuable company from Africa. In October 2019, it ranked 97th on the list of the top 102 most valuable companies that have graduated from the top US-based accelerator. Flutterwave was not just the only African company on the list but, in fact, the first and only African company to have ever appeared on the list.

Flutterwave provides technology, infrastructure and services to enable global merchants, payment service providers, and Pan-African banks. It helps businesses in Africa go global by smoothening the exchange of funds in more than 150 currencies. The platform also enables merchants to make and receive payments across multiple platforms.

Although Flutterwave is headquartered in San Francisco, U.S.A, it has its main offices in Lagos, Nigeria, as well as a presence in Nairobi, Accra, and Johannesburg.

Barely three years have passed since Flutterwave launched and the company has already grown to become one of Africa's biggest payment technology companies.

THE MAKING OF FLUTTERWAVE

How it all Began

Prior to co-founding Flutterwave, Olugbenga Agboula (GB) had spent close to 14 years working in the payment and technology space across the African continent.

The idea for Flutterwave was born out of the need to solve a recurring problem that had popped up throughout those years.

"Going back, I used to work for the likes of Standard Bank, Stanbic IBTC Bank, Access Bank," says GB who left his CTO position and took over as CEO after the departure of Iyinoluwa Aboyeji (E) in October 2018.

I've seen first-hand the problem of the lack of a Pan-African payments infrastructure.

The whole concept of Flutterwave was designed around solving that problem."

He adds, "I also realised that the banks cannot solve that problem because banks don't trust one another. There was a need for a non-bank player in the middle to solve that problem by connecting all the banks together and making it easy for a merchant in Lagos to receive payment from a customer in Nairobi."

Flutterwave, thus, came as a much-needed solution that would bridge the chasm between the traditional financial institutions, as well as fill the gaps and plug the holes left by banks across Africa.

How much time went into the Preliminary Product/Market Analysis?

With many years of payments technology experience under his belt, Olugbenga already had a decent idea of what he was getting into before he turned up the screws on Flutterwave.

"Because of my experience in the field, I was aware of the market size. There is over USD 450 Bn worth of payments into Africa every year and none of that goes through card payment."

He continues, "Africa, as you know, is very fragmented when it comes to payments. Every country has a unique payment system that works. You can't carry a Visa card everywhere in Africa and be sure that it works. It might work in high-end malls and hotels but the smaller businesses will want cash or the local payment type of that country."

For GB, this was the opportunity. All that was needed was a system that would complement the payment systems across the continent and would become that single-wide infrastructure that would connect the various payment systems.

"It's like becoming the Visa or MasterCard of payments across the continent," he says.

The Flutterwave co-founder also says using technology as the driver of the solution was a no-brainer.

"Financial systems are almost nothing without technology. Technology pretty much scaled financial systems everywhere. It was the only way to bridge the gap. How else can you integrate multiple payment systems and build a defined payment type without technology? It was all tech," he says.

On the whole, it took up to 18 months of working and building before GB and company got their hands on their minimum viable product. During those 18 months, product/market research, as well as product development happened. All of these operations - from ideation to product - were funded by the co-founders themselves.

What is Flutterwave's Fundraising Formula?

As there was no external funding during the early stages, the startup was bootstrapped. Flutterwave got its earliest external investment after the co-founders worked the idea into an MVP and launched the platform.

"After we built the MVP and launched, we were able to get some seed funding from our early investors, which included family and friends. Then we started acquiring customers before we landed our Series-A investment. Also, around the seed funding stage, we got into Y Combinator," says GB.

The Flutterwave co-founder acknowledges that having a track record in the industry and a product that fits a wide spectrum of utility was a point in their favour in quest for investments.

"It helped that people knew me. They knew I had worked with global banks and had created scalable systems before. What also helped was that the team behind Flutterwave was well recognised in the ecosytem. So, it made it a little bit easier for us to have access to investors."

He, however, maintains that even though they could access investors, it didn't mean they could easily avail external financing. GB reiterates that they had to prove their technology and the product, make clear what problems they were looking to solve in the market, and show that their business model could make money.

How Flutterwave went about its Hiring?

GB says, the first set of people he got to work with him at Flutterwave were individuals he had worked with previously at former jobs.

"They are people I knew while working with former employers. I showed them the vision of the company and they decided to come on board. Those were the first people I got," he says.

"Our first employees were from our networks, and people that we felt could help grow the business, and those who understood the vision we were trying to bring to life."

As Flutterwave grew and expanded, The team began to look beyond their networks and started to reach out to reputable headhunters for the startup's talent needs.

Who make up Flutterwave's Core Team?

Being that Flutterwave is essentially a technology company, the core team is made up of engineers and developers, who Olugbenga brought on board during the early stages.

"Being a software engineer myself, technology is our core strength. The first guys we got on board to form our core teams, were engineers" says GB, who also recalls that it was a very lean team of mostly 5 people at first.

How Awareness was created for the Product?

Most of the awareness created during the early stages was via word-of-mouth. They had to do a lot of talking with the merchants while showing them how useful their product could be in solving the problems.

Although they did leverage digital advertising channels at some point, they largely focused on offline communications given that theirs is a B2B offering. They went to the merchants, spoke to the merchants directly, understanding their payment needs, and thereby providing solutions.

Low Points in the Startup Journey

GB recalls that a fair share of low points so far in Flutterwave's journey, has been technology failures and the occasional rejection by potential clients.

"As our product is heavily dependent on technology, there are those times when technology fails without warning and everything crumbles," he says.

"Then there are other times when for some reason, a client we are hoping to land rejects our product. Those are the low points. We try to get out of such situations by measuring up and seeing how we can improve based on what turned the client off."

The Startup's Mantra for Success

As Olugbenga puts it, "Success for us, as a company, is in phases. It is where a customer is happy to use our product every day. It is where members of staff are happy to be with the company. As a company, our biggest secret ingredient is our people, our staff."

For GB, personally, success is about keeping customers and staff happy, keeping stakeholders excited about the startup's progress, and ensuring that the company is solving merchant problems every day.

"It's about knowing that we are contributing to the growth of someone's business out there. Our goal at Flutterwave is to help merchants grow their business and scale. And knowing that we get to do that every day is something I consider a success," he says.

As a word of advice to the other budding startups in the space, he recommends staying true the journey as an essential ingredient for success.

"Like some VCs will tell you in the U.S., no startup has been killed by another startup before. So, stay true to the journey, focus on your goal, ensure that you stay relevant in whatever problem-areas you are tackling, be ready to constantly reinvent your company, and don't be shy to change course if required," he advises.

Flutterwave

FOUNDER

Olugbenga Agboola

CEO & CO-FOUNDER

"If you think about it, Netflix started as a DVD selling company and they were able to reinvent themselves to become what they are today. So, you owe no one any apologies or explanations over how to achieve your vision."

GB also talks about the fact that it's not a do-or-die affair but a venture that requires one to put in the best effort.

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Founder: Peter Njonjo, Grant Brooke, Kikonde Mwatela
Founded : 2014
Industry: Marketplace
Markets operating: Kenya
Team Size: 500+

Country: Kenya

FUNDING AMOUNT
USD 65 Mn
TO DATE

Since Peter Njonjo, Grant Brooke, and Kikonde Mwatela co-founded Twiga Foods (now Twiga) in Kenya in 2014, the company has made significant strides in bridging the gaps in food security market through an organised platform for an efficient, fair, transparent and formal marketplace.

Twiga is a mobile-based supply platform for Africa's retail outlets, kiosks, and market stalls. The company is using a mobile-based, cashless, business-to-business (B2B) food supply platform to access distribution into the millions of small and medium-sized vendors in African urban markets.

The Kenyan startup has built a B2B platform to improve the food supply chain from farmers to markets. Twiga buys produce from a network of farmers and delivers it to thousands of informal vendors, at prices fair to everyone.

Twiga generates revenues from margins on the products it buys and sells. The startup claims to currently serve around 4,000 outlets with produce, through a network of 17,000 farmers and 8,000 vendors. Payments are coordinated via the Twiga mobile app using M-Pesa.

Twiga has raised more than USD 65 Mn across nine funding rounds, making it one of the most funded startups on the continent.

All that money has come from a group of investors including Omidyar Network, Index Ventures, Crescat, Wamda Capital, IFC, TLcom Capital Partners, Creadev, AHL Venture Partners, Alphamundi, Blue Haven Initiative, and a few others.

THE MAKING OF TWIGA FOODS

How it all Began

The co-founders of Twiga had all been somewhat involved in the informal market long before the idea for Twiga took form. And when the idea did come through, it helped that they all had unique perspectives of the problem that they wanted to solve.

With Mwatela's experience in agriculture, Brooke's knowledge of informal trade, and Njonjo's expertise in distribution and supply in the informal market honed by years of running things at Coca-Cola, they had a good shot at fixing Kenya's food supply-chain and removing the barriers to distribution known to be the major cause of post-harvest losses.

So, they went about building a platform that would seamlessly connect the farmers to the markets, while keeping prices at a level that would suit everyone along the supply chain.

Thus, came the idea of a mobile commerce platform that enables informal traders in urban Africa to aggregate their demand and, therefore, generate a purchase order to farmers who are in rural areas.

This way, rural farmers would have a reliable market to supply to and the vendors would have a reliable source for their produce. Hence, Twiga Foods.

"The problem is that retail demand in Africa is extremely fragmented," says Mwatela. "In Kenya, for example, the balance of trade for fresh produce between what people call traditional or informal trade and modern trade is somewhere in the region of 96 percent to 4 percent."

He continues, "So, 96 per cent is informal and 4 percent is modern. In reality, we have several thousand vendors across our cities who serve these customers, and there are several thousand farmers as well who are essentially growing small plots of land. That's how the food supply-chain works in Kenya."

The problem with this is that the very fragmented nature of the retail base makes it very hard to have investments that would increase the efficiency of the supply chain. There's a lack of modern logistics and technology, and basic financing is scarce.

The inadequacies make it very difficult for farmers to make enough money to be able to make meaningful investments that would increase the capacity of their farmlands, turn out more produce, and generally upscale the economics of agriculture.

The massive fragmentation causes so many uncertainties in transactions involving agricultural produce. And the end result of this is unstable food prices, farms producing well below their capacity, and vendors growing horizontally in the absence of consolidated retail.

Mwatela says Twiga Foods, thus, came to life as a solution intended to plug all the holes along the supply chain for fresh produce and bring about more favourable outcomes for all the players in the space.

How much Time was spent on Product/Market Analysis?

Mwatela, who currently serves as the COO of Twiga, says the preliminary studies of the product and the market took about a year. And the entire operation was helped by the fact that they (the co-founders) all had a decent idea of what they were taking on.

"Each of us came with a unique perspective around the problem we are trying to solve," he says. "We all had some functional experience in advance of actually beginning the business. It gave us that faith that we could design a model that could serve this market well."

The co-founders spent a year between 2014 and 2015 largely tinkering with different methods and ideas around how to conquer the market with the right product-market fit, as well as the right service levels for the customers. They concluded this process around mid-to-late 2015, after which they launched their first open round of investment.

Twiga Foods actually went under a different name for about a year. The co-founders had first called it Twiga Fruits because the company initially focused on fresh fruits. Then, it became Twiga Foods when vegetables were added to the farm produce the startup was buying and moving.

These days, the startup goes by just Twiga because it has also added dry goods and fast-moving consumer goods to the products which it distributes. The business formally kicked off trading in 2014, though the ideation and conceptualisation stages can be traced to 2013.

What Is Twiga's Fundraising Formula?

The Kenyan startup initially faced challenges in securing traditional venture capital because of the nature of the business it had set out to explore.

"One of the big challenges initially, especially in this market, and especially with the type of business we are operating, was the lack of understanding of venture capital," says Mwatela.

"A lot of our initial interactions with investors was around traditional investment. That was a difficult sell because it was not really well understood the kind of opportunities that we were unlocking."

The co-founder says it proved quite challenging to position the business in an appealing way for investors, especially local investors.

He recalls that one of their earliest breakthroughs came from participating in various startup competitions and challenges. Most notably, Twiga participated in the 1776 Startup Challenge and gave a good account of themselves in presentations in far-away Washington DC.

"When we did that, we got the opportunities to talk to investors who understood the potential of the business from a technology standpoint and the market size, and also those who understood the principles of venture capital investments," he says.

That was how the startup was able to attract its earliest venture capital investments, including something from the startup incubator known as 1776.

Mwatela also says another channel of investments for the startup has come in the form of social impact investments. This was largely driven by people who understood the impact of their work on society.

Essentially, Twiga was bootstrapped for up to a year and a half after kicking off operations before its participation in startup competitions helped it get in touch with its earliest investors, and subsequent investments have since rolled in. The co-founders had financed the startup with personal funds during the early days.

How Twiga went about Finding and Hiring Resources

Mwatela credits the bubbling tech ecosystem in Nairobi for providing the startup with its earliest resource needs.

"It was not that difficult to find talent in our early phase. Our CTO was a schoolmate of mine and we both attended a school that was big on technology. A large portion of the team came from our CTO's ecosystem and that's the ecosystem that was largely built by iHub and NaiLab," he says.

"These are startup accelerator spaces where young people can go and try out different technology ideas and businesses and it was initially very simple for us to put together the technology team because those spaces are here in Nairobi."

The operations team was also built from local networks. The startup drew experienced, qualified personnel from big brands like Coca-Cola, Unilever, and the likes. Mwatela says this too wasn't so difficult as there was more than enough local talent for the staffing.

While Twiga placed a premium on hiring people who had some kind of experience in its area of business, it also brought onboard young, relatively inexperienced persons with great aptitude and motivation.

Who make up Twiga's Core Team

Twiga's core team is made up of individuals who handle different aspects of the business. The startup has different people in charge of things like finance, technology, operations and human resources.

The head of finance manages the internal governance structure of the business, everything from cash collection to managing investor relationships and management accounts.

The startup's core team also has someone in charge of the technology team, which is largely a 'products team.'

"They build the core products that support our operations," says Mwatela. "Everything from warehouse management systems, sales platforms, and sourcing platforms. They also manage value-added services and our financial technology."

The core team also has someone responsible for human resources who leads a team tasked with recruitment and retention, and ensuring that the startup maintains a certain culture and values within the business. Mwatela says Twiga has above-average engagement in this regard.

Twiga's core team also has an operations arm, headed by Mwatela himself, which he says is comically referred to as "the sausage factory" internally. This team handles all of the startup's on-the-field operations - from sourcing from suppliers to managing distribution and logistics.

The commercial arm of Twiga's core team is concerned with monetizing all the opportunities created by the startup. Essentially, the commercial team manages all of the startup's revenue lines.

Peter Njonjo left Coca-Cola and took over as Twiga's full-time CEO earlier this year after Grant Brooke moved on to other things. Njonjo manages the company's strategy and performance overall and directs the top line of each of the departments. The CEO also manages investor relationships, while also keeping track of expansion efforts aimed at growth.

At the moment, Twiga employs 500+ people.

How Twiga created Awarenessfor its Product

Twiga invested in engagement programmes on the supply side by setting up collection centres across Kenya.

"We held a series of programmes called Farmer Days where farmers would attend and we would give them refreshments and talk them through how the system works. This was so that we could promote adoption and adaptation because people were not so used to cashless payments."

Twiga, thus, did a lot of education and sensitization, getting the farmers to realize that the platform was going to help them.

Another thing, Mwatela, recognises as a point in Twiga's favour was the significant value-addition brought on by the platform.

"Most of the traders who are our customers are women in Nairobi who previously had to be at the produce market at 3 am every day if they wanted to buy and be able to sell at their own shops at 8 am."

"The thought of just placing an order and having those goods delivered to their shops at eight in the morning was a significant value-add for them. The convenience meant they wouldn't have to expose themselves to the insecurities associated with moving about in the wee hours of the morning. So, they were keen on using the platform."

Mwatela also says customer acquisition was relatively simple. "We have a market impact team that would approach traders on every booth, avail them of products, and ask them if they wanted to order something for the next day. That worked just fine."

Twiga has primarily used Below The Line (BTL) for its customer acquisition, it makes actual contact with its customers.

Social/digital media has mainly been used as engagement platforms for attending to customer complaints and concerns.

Low Points in the Startup Journey

Just after Twiga raised its initial round of funding, the bank which the startup used for keeping its funds collapsed.

Mwatela considers this a rather troubling period for the startup as Twiga was basically dealing with a financial crisis having lost all of its money. However, the startup managed to reach an understanding with its investors which kept it liquid during the crisis period.

To this day, that matter is yet to be fully resolved and the co-founder thinks of it as one of the darkest tunnels the startup has had to meander through. Mwatela says they dug themselves out of that hole by not panicking and keeping both their suppliers and employees calm.

They prioritized operation expenses and managed to come to an agreement that enabled them to pay both the suppliers and members of staff. The founding team, however, had to go without pay for some time - they had to sacrifice to keep the business in its feet despite the financial blow.

One of the important things which saw them through that period, Mwatela reckons, was the relationships they had built with both their suppliers and staff. The co-founder says, just as it is important to have the finance, it is also essential to build meaningful business relationships.

"We had built good relationships with our suppliers and they trusted us. That was why we were able to reason with them. We reached an arrangement and they continued to supply us while we continued to look for a way out. And it worked out somehow, even though the matter with the bank is still not completely resolved."

"It's just like how that Formula One (F1) President puts it: you can travel around the world with a handshake."

Other low points have come in the form of business decisions that have ultimately backfired due to bad timing and cloudy judgment. He says they got through those periods by returning to the drawing board, scaling back where necessary, rethinking strategy, and iterating accordingly.

What keeps the Co-Founders going?

Mwatela says, for Twiga, success is about delighting customers and not just satisfying them.

"Satisfying customers just means they are okay with your services. But delighting them means they are amazed by what you do. And that's what we strive for. I consider it a success whenever we are able to achieve that."

FOUNDERS

Kikonde Mwatela
COO & CO-FOUNDER

Grant Brooke
CO-FOUNDER

Peter Njonjo
CEO & CO-FOUNDER

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Kobo360

Founder: Ife Oyedele II, Obi Ozor
Founded : 2017
Industry: Logistics
Markets operating: Nigeria, Ghana, Kenya, Togo, Uganda
Team Size: 100+

Country: Nigeria

FUNDING AMOUNT
USD 37.3 Mn
TO DATE

Kobo360 kicked off operations in Nigeria in December 2017 and barely two years in, co-founders Ife Oyedele II and Obi Ozor, have built something of a winner with their 'Uber for trucks and haulage business.'

Kobo360 is a technology company that aggregates end-to-end haulage operations to help cargo owners, truck owners, drivers, and cargo recipients to achieve an efficient supply chain framework.

Through its seamless multilingual mobile and web applications, Kobo360 enables cargo owners to request for any truck of their choice and have their goods picked up and delivered to the required location at the push of a button. And all this is made possible via an all-in-one robust logistics ecosystem that employs big data and technology to reduce frictions common with logistics.

At the moment, the VC-backed startup boasts impressive numbers - over 300 million kilograms moved, over 2,000 businesses supported, and a fleet of over 10,000 trucks. Honeywell, Olam, Unilever, Dangote and DHL, are some of its top clients currently.

Also, in under two years, the startup has added Kenya, Ghana and Togo to the list of countries where it has operations. And there are plans to add 10 more African countries to that list by the end of 2020.

This is in line with the company's mission of 'disrupting the USD 150 Bn African logistics industry, which still mostly relies on telephones, opaque pricing, and is full of expensive middlemen.'

Kobo360 has raised at least USD 37 Mn in three funding rounds. Some of its investors include Goldman Sachs, TLcom Capital Partners, Y Combinator and IFC.

Long before the idea for Kobo360 took form, both Oyedele II and Ozor had been somewhat involved in the business moving things from place to place.

As far back as their college days in the United States, both co-founders had been involved in shipping various products from the U.S. to Nigeria. Ozor even owned some trucks in Nigeria at the time. This was around the year 2008.

Both partners had crossed paths because of their academics and business pursuits, and the challenges of the business of shipping was always an issue.

"We had tried to do a lot of businesses together while in the United States," says Oyedele II. "We were shipping products like diapers and baby soap from the U.S. to Nigeria and there were logistics challenges and logistics costs."

Besides the experience during those days in the U.S., Ozor had once been involved with Uber Nigeria and at some point, both co-founders also worked with one of the biggest haulage companies in Nigeria.

It is their experience with the haulage company that ultimately set the ball rolling for what eventually became Kobo360. That commitment saw them learn the ropes, as well as the routes, as they were literally on the road for long stretches.

As Oyedele II says, "While working with that haulage company, we were forced to travel across Nigeria by road. We travelled to up to 16 states by road. This helped us experience what the drivers go through and understand where most of the volume of goods, especially in the FMCG space, were moving to. We saw everything first-hand."

A combination of their time doing business in the United States and the experience they had gathered working in the road transport segment in Nigeria opened their eyes to the huge gaps present in e-commerce logistics distribution and haulage operations back home. Kobo360, thus, became the product with which the duo sought to fill those gaps.

How much time was spent on the Preliminary Product/ Market Analysis?

Apart from the time they spent shipping stuff from the U.S., Oyedele II and Ozor needed two-and-half years to understand the product market and get the product-market fit right. That's even as both co-founders had put in a combined eight years in the logistics business before returning to Nigeria fully in 2015.

Before the decision to go into the logistics business full-time, they had tried to make their own brand-name products and sell US-made products in Nigeria. At some point, they had pivoted to e-commerce, handling deliveries for platforms like Jumia, Konga, OLX and Jiji.ng.

The foray into e-commerce served up mixed results until it ultimately flopped. It also pointed to a problem in the Nigerian logistics space and a void that had to be filled. Hence, Oyedele II and Ozor first spent no less than six months just analysing the trucking space.

Oyedele II says, "We saw a gap that needed to be filled and that was when we decided to merge that Uber marketplace idea with how we can solve the logistics problem in Africa, starting with Nigeria." He adds "We fell into that opportunity but we were sort of guided by our experiences over the years."

How the idea was turned into a Product

Oyedele II and Ozor had figured out how they were going to tackle the logistics problem in Nigeria. The execution was the next step, and it wasn't easy.

First, they spent two-and-half months building the MVP. After which, they reached out to their first customers.

"We tried to sell the idea to them which was absolutely new in Nigeria. It took a lot of meetings, back-and-forths, coercion and negotiation before we finally got our first order. "

That first order demanded them to reach the troubled Borno State, one of the hardest-to-reach places in North-Eastern Nigeria - it was the proverbial 'baptism of fire.'

"After the order came in, we had to wake up early in the morning to go to truck parks. We had to talk to truck owners and drivers who don't know how to use smartphones. We begged them to go and pick up goods for customers and convinced them that they would get paid by just pushing a button on an app."

Initially, their offer was met with a lot of reluctance and push backs from both the truck owners and drivers.

"On some days, we would spend 8 to 12 hours in truck parks, trying to convince at least one driver to go and load the goods and go on the trip."

That first order only came in December 2017 but by the end of January 2018, they had completed 54 trips. And their logistics business had well and truly taken form.

"We were going to truck parks every day for up to two months, we had to be resilient. That was how we pushed. And to this day, I still find myself going to truck parks and talking to drivers," says Oyedele II.

How the Kobo360 team was built

Much of the startup's operations was manual at first due to the fact that the market in Nigeria was not quick to embrace technology. "Because our early operations were largely manual and operational, we didn't focus on building a team initially."

As a result, Kobo360 just had a few people on board who were tasked with accompanying the co-founders to the truck parks, onboarding the drivers, making sure the data was accurate and reconciled, handling communications with clients.

The co-founders only began building a team after the startup successfully went through Y Combinator and raised a small pre-seed. It was only then that the startup began to actively seek people with logistics and operational experience, individuals who would liaise with both the drivers and the clients and make sure all the data is accurate.

The startup needed individuals who not only knew the turf well but also had the entrepreneurial mindset. People who can easily adapt to situations and make smart decisions on the spot.

People with a sense of business ownership who would take on the problems of customers and drivers as though it were their own problems.

These were the kind of people that had to join the Kobo360 team and the startup found them within its network.

At present, the company has a dynamic team made up of individuals, some of whom joined from companies like Uber, Lafarge, and PZ Cussons, as well as people who have run small digital courier services startups.

The startup currently employs over 100 people but according to the co-founder, the plan is to employ up to 4,000 people directly or indirectly by the end of 2020.

Who make up Kobo360's core team

Apart from the co-founders, Kobo360's core team is made up of Femi Oladokun who functions as Country Manager for Nigeria. Femi joined Kobo360 from Lafarge, though he has also worked with PZ Cussons.

Another member of Kobo360's core team is Samuel (formerly of Bane & Consulting), who acts as Director of Strategy.

The startup has Nkiru Amadi-Emina as Enterprise Chief Execution Officer who manages Kobo360's flatbed operations across Nigeria. There is also Wamunyu Kagure (joined from Uber), who is based in Kenya and currently runs Kobo360's African operations.

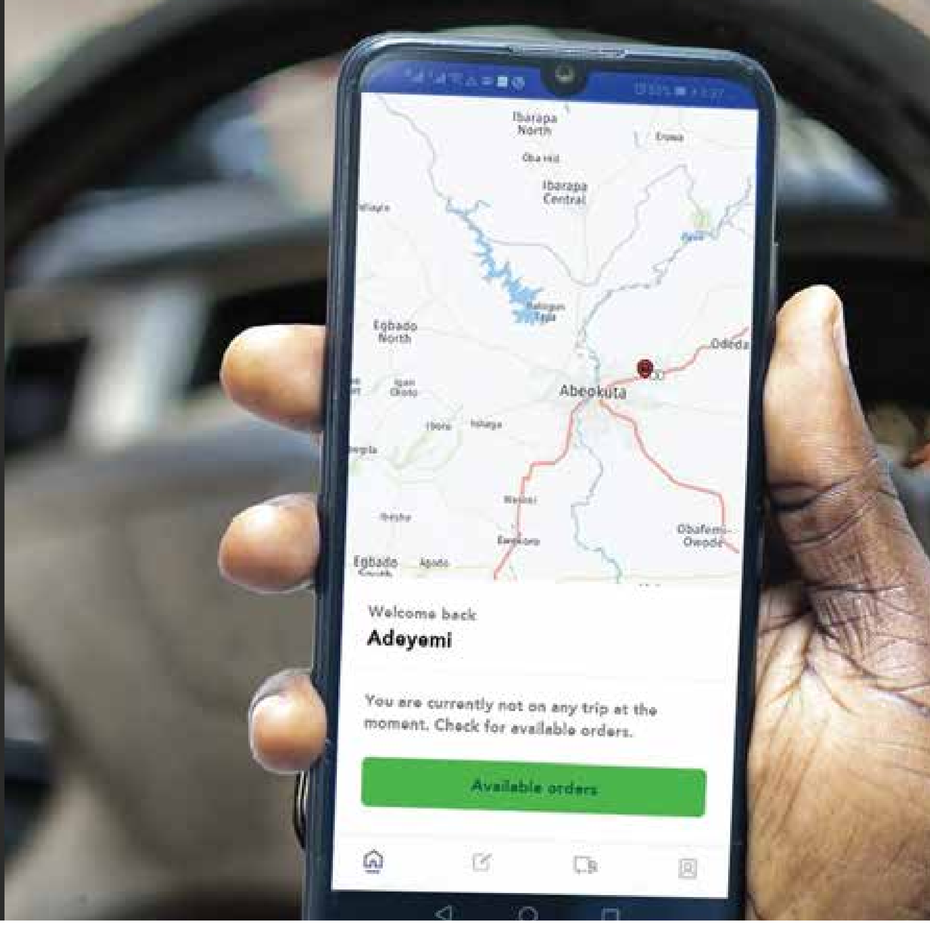
Also part of the core team is Somadina who, at the moment, is Head of Supply Operations in Nigeria.

How Kobo 360 created awareness about its product

One of the first things the co-founders did after building the MVP was to identify their top traction channel. They found that it might be difficult to sell the product without really becoming part of the 'community.' They went about this by setting up a physical presence in locations that were known to have huge demand or huge supply.

"Nigeria is a sensitive market and environment. So we immediately set up small hubs and small teams in all the key areas and regions that had huge truck supply or huge demand in terms of customers."

"We noticed that most of the trucks in the country are in the northern part of the country. That's where people move things from. So, we set up teams in the north to aggregate all the supply."
Oyedele II says identifying the top traction channel and flooding that zone earlier on helped to increase their traction and grow their numbers significantly.



What is Kobo360's Fundraising Formula?

As mentioned by the co-founder, one of the main factors that have contributed to the startup's success with raising funds - an area that is still quite tough to crack for many startups on the continent - is the fact that Kobo360 is operating in an industry that a lot of international investors are familiar with.

Another thing that attracted investors, according to Oyedele II, is the startup's speed of execution and ability to quickly adapt to the demands of the market.

"Sometime last year, there was congestion at the ports. It was so bad that we couldn't get any trucks in or out. We got around this by loading trucks onto a barge and, moving it across the water and getting it to our customers."

The co-founder considers such a customer first forward-movement-despite-the-obstacles approach as a point in their favour which showed investors how far they are willing to go.

"Immediately we found product-market fit, we were able to execute. We didn't overestimate or underestimate, we knew that it was a very large market and for us to win, we had to flood the zone and solve problems for our customers.

It wasn't just a startup just trying to be a startup. We saw ourselves as surgeons going into an operating room. And you can't come out until you've fixed whatever it is that you went in to fix. Those were the things that attracted investors to us."

He adds, "I think, for a startup, it's about understanding what your product really is and how much value it adds to the customer, then scaling it. For us, it was first about making trucks available to customers.

Once we got the first part right, we layered it with services that will help us retain our customers. Customers wanted safety and visibility, so we added trackers to the trucks. They wanted accountability, so we started issuing daily, weekly and monthly reports. But we did all these over a period of time.

It always comes down to what value you are adding. That's what keeps customers happy and brings in new customers. Investors want to put their money in businesses that can win and keep customers. So that helped us."

Low points in the Kobo360 journey & how the Founders got out of it

Before Kobo360 entered the trucking space, its founders started out with last-mile logistics delivery for e-commerce platforms. Oyedele II says they gave this initial undertaking everything they had but it didn't quite work out.

"We spent our money and time, exploring opportunities, connecting with customers, building relationships. But we discovered that the industry was not scaling. We were running out of money, we had to even borrow money to pay our staff. At some point, Ozor and I had to share a room" he says.

The Kobo360 co-founder considers this one of the lowest points on the startup journey as they were staring failure in the face. He says they got around it by stepping back and taking a breather. There was even a time they didn't go to the office for a whole month because pressure was building and they were overwhelmed.

By returning to the drawing board and digging deep, the idea of pivoting into the trucking space eventually came up. And it is proving a winner.

He offers that the past brush with failure made them stronger and it has also helped them take on and overcome other low points that have come up in the current venture.

What Drives Kobo360 And Its Creators Towards Success

Oyedele II says, "I think, as a startup founder, I have developed a passion for problem-solving. What gives me satisfaction is knowing that I am solving the problems of people. I just want to keep going until a particular problem is solved."

I see the relationship with customers in this part of the world as symbiotic, beyond transactional. To this day, I go out to talk to drivers and customers so as to understand their pain points. And I make it my business to ensure their needs are met.

We consider everyone in this line of work as a stakeholder, from the customers to the drivers and even members of the Kobo360 staff. That is why we are about going the extra mile and making everyone happy.

Part of what drives us is the value-addition mindset, the knowledge that we are actually helping people and businesses grow. In the end, it's a win for everyone because when your customers are happy, you will be happy too."

FOUNDERS

Ife Oyedele II
CTO & CO-FOUNDER

Obi Ozor
CGO & CO-FOUNDER

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Enova ROBOTICS

Founder: Dr. Anis Sahbani
Founded : 2014
Industry: Robotics
Region: Tunisia
Markets operating: Tunisia, France
Team Size: 30

Country: Tunisia

FUNDING AMOUNT

USD 1.71 Mn

TO DATE

Enova Robotics is a Tunisian startup specialized in mobile robot development and robotics R&D projects. It considers itself the first company in the Middle East and North Africa that designs and manufactures its own-branded robots.

The startup was founded by Dr. Anis Sahbani in July 2014. Dr. Sahbani holds a PhD in robotics with more than 10 years of experience in teaching and research at some of the leading French universities including Pierre and Marie Curie University. He established Enova Robotics after leaving France for Tunisia in 2013.

The startup currently manufactures and sells four types of robots for different categories including education, healthcare, security and marketing. Its products are P-Guard, MiniLab, OGY, and AGV. Enova's robots are currently priced between USD 4 K and USD 100 K, depending on the type.

THE MAKING OF ENOVA ROBOTICS

How it all Began

Dr. Sahbani obtained his PhD in Robotics and Computer Science in France. He had moved from Tunisia to France in 1998.

Since 2004, he had worked as Permanent Associate Professor at the Pierre and Marie Curie University in Paris, France.

While at the university, most of his research was centred around surgical robotics, though he also taught robotics to Masters Degree students. Needless to say, he came across a lot of robotic products in that line of work.

"Basically, I've always had a good idea of the robotics market," says Dr. Sahbani. "I knew about the needs of customers. After 10 years of working in the field, I didn't find security robots in the market for civilian use. Robots that can patrol and report, not a military defence robot."

After studying the market for some time, Dr. Sahbani came upon some interesting findings. In the U.S. alone, he found that there was a need for about 1 million of such security robots for nightly patrols. He discovered it was a huge market potentially worth up to USD 80 Bn.

It was the desire to tap into this huge, lucrative market that spurred Dr. Sahbani's decision to orchestrate a career move that would see him take a break from the academic world and venture into the robotics business full-time as a startup founder and entrepreneur.

Although he had plenty of knowledge in the field of robotics, he didn't have the entrepreneurship part figured out. So, throughout 2013, Dr. Sahbani soaked himself in the workings of the startup ecosystem and what it took to run a startup.

By that time, he had left his position at the Pierre and Marie Curie University.

He returned to Tunisia in 2013 and started Enova Robotics in 2014 after using a full year to get a good grip of the local startup ecosystem. The decision to launch in Tunisia rather than France was born out of financial and somewhat sentimental reasons.

Part of his discovery upon returning to Tunisia was how much things had changed. Actually, he had been away for up to 16 years and in all that time, digitization had spread through Tunisia.

There was also a budding startup ecosystem, complete with incubators and accelerators. This reassured him about the path he had chosen.

How Enova Robotics went about its Fundraising

Dr. Sahbani says when he made the decision to set up Enova Robotics in Tunisia, he had close to USD 9K of his own.

"What I decided to do was to look for what we call love money," he says. "I got that from two people who became part of the advisory board. Together, we came up with a little less than USD 25K."

Still, that amount was too small to set up a company that would be building robots. The resources required were very expensive and more funding was needed.

"We got another EUR 25K as a loan from a local investment bank that supplies funding to small businesses. They exited in January 2015, they spent just 6 months with us to kickstart our activity.

We developed a small educational robot fairly quickly. This enabled us to make some quick cash and facilitate the training of some of our engineers whose skill level we wanted to increase.

Finding buyers for the educational robots was helped by the fact that I had some contacts in the space because of my robotics background. I knew many schools which taught robotics, I was a little bit known in the environment. So that helped."

How Enova Robotics made money with its First Product

Dr. Sahbani's academic background in robotics and computer science helped him build networks with several universities and labs. So, for his company's first product, the idea hit him to build a small educational robot that would aid robotics studies in institutions of learning.

"It's like a computer. You buy a computer to learn computer science and develop algorithms. In the same way, you need a robot in order to learn robotics and know how to develop artificial intelligence or navigation algorithms in robots," he says.

That was the rationale behind building the small, educational robot, MiniLab. The founder says it weighed only 12 kilograms and the project also helped train some of the startup's engineers in the processes, mechanics and coding required in building robots.

Enova Robotics may have only kicked off operations in July 2014 but by October of the same year, they had perfected the product and started selling in Europe.

How Enova Robotics went about its Hiring

Before launching Enova Robotics in 2014, Dr. Sahbani used the previous year to understand the startup ecosystem in Tunisia.

"One thing I found in Tunisia is something we call Technopole 'Novation City'. It's a collection of some private companies, engineering schools, and resource centres. We have many of them in Tunisia and I got in to see how it works."

After examining these spaces, Dr. Sahbani found that the specialty of those innovation spaces leaned heavily on mechatronics - a kind of robotics.

He also found that the best engineering school in mechatronics was based right where he was in Sousse. He then went on to set up Enova Robotics at the innovation centre in Sousse because that meant the company would be very close to the engineering school.

Enova Robotics also became an active member of the local scientific council and the startup helped develop teaching materials. While doing all these, he came in contact with many brilliant people in the field, among whom were engineering students. And some of them were brought on board.

Dr. Sahbani says the startup now works with many other engineering schools across Tunisia from where several top engineering talents have been snapped up. All of Enova Robotics engineers were recruited from engineering schools from all around Tunisia.

Interestingly, there is currently no educational institution in Tunisia that offers a diploma course in robotics. Dr. Sahbani says he initially had to rely on his ability to identify motivation and passion in robotics to find the best people for the team.

He recalls handling different administrative processes during the six months before the startup launched. During those 6 months, he was in contact with the engineering school at Sousse. He was fixed up with some offices and even got some students on internship.

When Enova Robotics formally launched, the first engineers he got on the team were the same ones he trained during the internship. Being an experienced scholar, he helped the team step up their knowledge from mechatronics to robotics. He achieved this by building educational robots by himself and using it to train his engineering team.

At the beginning, the founder did all the recruiting by himself, but now there is a HR team that does the head-hunting. There is also a well defined strategy about the recruitment process currently.

Who make up Enova Robotics core team

Enova Robotics is primarily based in Tunisia but it also has part of its core team in France. Dr. Sahbani says this is because the startup's market is primarily in Europe and selling a robot made in Africa to customers in Europe can get complicated without a European presence.

Another reason for having part of its core team in France, Dr. Sahbani says, is that he found 'good people in France who complement the team in Tunisia with their knowledge, experience, and expertise.'

Presently, Enova Robotics' core team is made up of a number of individuals who are executives of France-based Diva Robotics.

Dr. Sahbani says he knew the Managing Director (Sebastien) from his days at Pierre and Marie Curie University. The current Diva Robotics Director was responsible for all the robotics platforms at the university.

Another member of the core team of Diva Robotics is Mathieu who is an entrepreneur and founder of a startup that had raised up to EUR 10 Mn. He has since exited the startup and he is also the current COO of Diva Robotics. Both Mathieu and Sebastien co-founded Diva Robotics in France in November 2018.

The third member of the startup's core team is Frederic who used to work as Technology Manager at Securitas Group in France. He joined the Diva Robotics team in June 2018. Diva team collaborated closely with Enova Robotics

How Enova Robotics found customers for its product

Enova Robotics' principal product is the security robot but it also manufactures two other products - one in healthcare and the other in education..

For the education robot, Dr. Sahbani was helped by his background in academics and the connections he had made as an Associate Professor at the university in France. It also helped that Enova Robotics' education robots were a lot cheaper than those built in the United States.

"Our education robots cost just EUR 4 K, while our competitors sell theirs for EUR 10 K and ours is very good too. The reason ours is very cheap is due to the cost-effectiveness of setting up a startup in Tunisia. The resource cost is much lower," says Dr. Sahbani.

Finding clients for the healthcare robot was tougher. The founder remembers trying to connect with a certain top healthcare company in Europe for up to two years and finally getting his break after delivering a solid proof of concept. Dr. Sahbani says the top European firm, for which Enova Robotics developed a telemedicine solution, is currently the only user of the startup's healthcare robot.

Low Points in the Entrepreneurial Journey

For Dr. Sahbani, one of the lowest points of his Enova Robotics experience was served up during the early stages when he seemingly ran into brick wall after brick wall in trying to raise funds.

Without adequate financing, he couldn't get very far with his idea of starting a robotics company. Such a venture requires a lot of money from the start. The lack of funds made him rethink the decision to leave his work at the university at times. Even the money he had gathered from colleagues didn't suffice.

At that point, he was staring down the barrel of failure even when his idea hadn't exactly gotten off the ground yet.

The Tunisian scholar-turned-entrepreneur got through this by being persistent and staying committed to the cause. He continued to knock on doors until one opened. And from there, things got going.

Enova Robotics have only grown since then. Many robots have been developed and sold. And USD 1.6 Mn has been raised in addition to the EUR 25 K the startup got from an investment bank at the start, and the EUR 100 K put in by a business angel during the early stages.

Dr. Sahbani also says Enova Robotics has been maintaining positive cash flows through the years, though the amounts are small. The startup is able to take care of its operational costs and is also making small profits.

What drives the Founder's Quest for Success

The Enova Robotics founder says he has two mantras that he has since incorporated into the business.

The first one, he reveals, is the core of the startup's philosophy. He says it's about ***"knowing today what customers will need tomorrow."***

The second mantra, he says, is associated with success. It's about ***"considering success as a consequence and not a must-have goal."***

The founder says Enova Robotics was built upon these fundamental values which have all contributed to the startup's growth and have driven the company to where it is today.

FOUNDERS

Dr. Anis Sahbani

CEO & FOUNDER

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Kudi

Founder: Adeyinka Adewale, Pelumini Aboluwarin
Founded : 2017
Industry: FinTech
Markets operating: Nigeria, Ghana
Team Size: 68

Country: Nigeria

FUNDING AMOUNT

USD 7.3 Mn

TO DATE

Kudi officially entered the Nigerian market in January 2017 as the brainchild of co-founders, Adeyinka "Yinka" Adewale and Pelumi Aboluwarin.

The startup is a financial services company focused on providing access to electronic banking and financial services by leveraging conversational interfaces, natural language processing, and artificial intelligence to provide faster access, frictionless experience, and ultimately boost financial inclusion in emerging markets.

Starting out as a chatbot payment service via messaging applications like Facebook Messanger, Telegram, Skype and Webchat, the company has diversified into Agent Banking, providing a platform for sending money, withrawing cash and making bill payments across Nigeria.

Kudi's mission is to facilitate easy and affordable financial services within the African market with a primary focus on Nigerian payments ecosystem. The company does this in partnership with e-payment regulators, commercial banks and international payment processors. In May 2019, the startup reached the NGN 1 Bn mark in daily transaction value.

Kudi, a Y Combinator-backed startup, has raised at least USD 5.8 Mn across separate funding rounds. Its other investors include Partech Ventures, Khosla Ventures, Ventures Platform, and 4DX Ventures.

THE MAKING OF KUDI

How it all Began

The idea for Kudi came about some time in mid-2016 when the co-founders saw the need for a payment platform that would give more people access to digital payments.

Before then, Yinka had put in some three or four years in the payment space, working as an intern in a number of payment processing companies in Nigeria.

"I kind of already understood the role of all the players in the space," he says. "I knew the role of the banks, the payment gateways, the role of the switch and all those things. Because of that, I had already spotted some inefficiencies in the industry."

After one particularly frustrating experience with a financial institution in Nigeria, Yinka was pushed more than ever to do something about it.

"I was taking a walk one evening and I thought to myself that we have a lot of digital payment companies in Nigeria but a lot of transactions still happen in cash. Then, it occurred to me that the reason for this is that a huge amount of people don't have access to these technologies."

Eventually, it struck him that it might help to create a platform that is not so sophisticated, one that even Nigerians who are not savvy with smartphones or tech-heavy apps will be able to use for digital payments.

Although access to digital financial services was still a problem for many Nigerians, messaging platforms like Facebook Messenger and Telegram had become quite common. So, it made sense to incorporate payment services into those social platforms.

Another gap to fill was the difficulty in accessing the services of commercial banks in parts of Nigeria. The startup was looking to provide a very cheap, convenient, and secure way for people to put in and pull out cash from their bank accounts in a manner that made more economic sense than carrying huge amounts and traveling for miles to banks. This was to be achieved with its agent service. Kudi was, thus, born out of those ideas.

How much time was spent on the Product/Market analysis?

Yinka's background in payments meant that he didn't have to learn about the space from scratch. He had picked up on the industry during his time working for payment processing companies in Nigeria.

"It took around 6 months to get from conceptualizing the idea, to creating something that we could ship out. We started working on the solution sometime in August 2016 and our first customers were able to onboard in January 2017," Yinka says.

"During that 6-month period, I had to also talk to a couple of banks because fintech or financial services, generally, is a heavily regulated industry. Part of the requirement was to get a bank partner and I had to talk to some commercial banks, did presentations, and got some of those banks on board."

Yinka also had to connect with payment processors that would allow his platform to onboard customers' banking details. This would enable Kudi to charge accounts or credit them. During those 6 months, Yinka and his partner also studied the market and identified its needs. This gave them an idea of where to start from, who their customers would be, and what partnerships were necessary to get the platform off the ground.

How Kudi distinguished itself from others in the space

In a fintech space that already had strong players, it was important for Kudi to set itself apart. And one of its first moves in that regard was to introduce a chatbot on Facebook Messenger that would help people with transactions.

"One of the things that we did differently in the early days was to realize that chat was the easiest way Nigerians interacted with technology. Many Nigerians were used to text-messaging more than anything else. A lot of people used messaging apps."

"We were the first payment company in Nigeria to leverage chat interface for transactions. So, if you had money in your Kudi account, you could buy airtime, transfer funds, and pay bills by just sending a message to Kudi. And Kudi would walk you through the steps. That was what we did differently."

The chatbot feature was Kudi's USP against the competition in the early days, and though still functional to this day, the co-founder says it accounts for around 0.1% of the startup's business currently.

How was Kudi funded initially?

According to Yinka, one of the biggest challenges tech startups face when trying to get off the ground is being able to afford the developers or engineers needed on the technology project. But in Kudi's case, both co-founders had a technical background.

Essentially, both Yinka and Pelumi wrote the lines of code on which the platform was built. And because they didn't have to enlist the services of a developer, a huge part of the potential cost of getting Kudi up and running was knocked off.

"The only cost we had was in getting someone to intern for us and creating some content for the chatbot.

There were also some marketing promotions that we wanted to push out. But that didn't come across as very expensive because we found someone who was willing to join us for free."

Yinka says being able to handle the software development part and finding someone who believed in the project enough to work for free helped to greatly reduce costs. But still, some expenses did come up during those 6 months of underground work.

He reveals that he and his partner took care of these expenses from personal funds. "My partner had a full-time job at the time. I was also making some money from various technology work. We set aside USD 300 every month for the startup. For the first six months, we contributed USD 150 every month and we used the money to fund the startup throughout the first six months."

What signalled the need for External Funding?

Even though Yinka and Pelumi had initially funded the startup with their own money, it became clear to them late 2016 that some major funding would be required after the slated launch in January.

"Because our business was meant to help people pay bills, transfer money, and buy airtime, we needed some form of working capital that we would pre-fund with the banks and with the telecommunication companies which would allow us access to those services. We knew we would need a couple of thousands of dollars to pre-fund our intended transactions."

Also, the co-founders knew around that time that the startup would need to make a few more hires to scale up its engineering team.

So, in October 2016, Kudi applied for the Y Combinator accelerator programme. By November of the same year, the startup got selected for the YC on-site interview and it was eventually accepted into the programme which began in January 2017.

"YC was an interesting milestone for us because it is probably one of the most efficient ways to fund a startup in Nigeria. Before then, I had spoken to a lot of local investors but the terms were really bad."

"The best deal I got locally was from someone who wanted 40% of the business for an investment of USD 10 K. YC was the most equity-reasonable means of securing the capital," he recalls.

What is Kudi's Fundraising Formula?

Kudi was bootstrapped for the first six months before the startup got a pre-seed investment of USD 120 K from Y Combinator.
After YC, the co-founders had become quite attuned to the startup environment and it had also built some networks while consistently improving upon its numbers in Nigeria.

In 2017, Kudi completed a seed round valued at USD 1.5 Mn from a group of investors including Ventures Platform, 4DX Ventures, Khosla Ventures, and some US-based angel investors. It followed that up with a USD 5.8 Mn Series-A round in March 2019, the same period the value of its daily transactions touched NGN 1 Bn.

Yinka says the time at YC helped him build networks and meet investors who eventually invested in the startup.

"I ran into Khosla Ventures on Demo Day at YC. We had a chat. Then, I was at their office for a couple of meetings before we closed the deal and got a cheque from them."

How Kudi Went About Its Hiring

The Kudi co-founder says, though he's still figuring out the hiring bit, it is becoming apparent to him that hiring the right people for a company gets even tougher as the business grows.

"In the early days, people actually join you because they believe in what you are trying to do even when you are offering below-market rates," he says.

"I think you generally land your best hires during that early period because these are people who may have given up better offers to work with you because they genuinely believe in the project."

Currently, Kudi employs a hiring strategy that first defines the job that needs to be done or the problem that needs to be solved. This comes from the co-founders and is also documented.

Then, there is a 3-stage process that involves first connecting with potential team members over a phone call during which they get to know the person and how they fit into the vision of the company. Then, there's an in-house process where the candidate is given an actual problem to solve.

Upon scaling through the second stage, the candidate is allowed to work with the team for a couple of days during which it is determined whether or not they fit into the company's culture.

The Kudi co-founder also says the startup currently places a premium on hiring people who are ready to execute because it is at its rapid growth phase where there is hardly any room for learning on the job

Who makes up Kudi Team

Kudi currently has 65 people on its team of which 40 percent are engineers. The startup also has a customer support team, a people operations team, a partnership team, a growth team and a marketing team.

The core team is made up of 4 people. Yinka is the startup's co-founder and CEO. Pelumi, the other co-founder, is Kudi's CTO. The core team also has one person who is in charge of finance and another who leads the growth team.

How Kudi went about creating awareness for its product

Kudi's first play was the chatbot option which assisted people with online payments. We created awareness through advertising and marketing. From processing just USD 3 K in January 2017, the chatbot had facilitated USD 300 K worth of transactions by October 2017.

According to Yinka, the margins were poor because the cost of processing cards was high and the startup still had to share funds with banks and payment processors. Plus, there was another challenge that came in the form of people being reluctant to input their debit card details online when chatting with the bot via Facebook.

"We looked at vision again which was bringing banking services closer to people and we decided to create agent points that were physical locations where people could actually go to."

Essentially, Kudi is creating awareness of its product by training and adding agent points across the country. There are currently 12,000 Kudi agents spread across various locations in Nigeria. These agents are small businesses and Kudi works with these agents to sensitize, onboard, and serve users in target communities.

"We channel most of our marketing efforts into enlisting the agents," says Yinka. "We train them and make them ambassadors of Kudi in their respective communities. We don't market to end-users directly but we enable the agents to sensitize communities and show them what they can do with our platform."

"We grow our agent points by 20% every month and that brings about a corresponding 20% to 30% increase in transaction volume on a month-on-month basis."

Low Points in the Entrepreneurial Journey

For Yinka, one of the lowest points in the Kudi story came during the early days when the startup's numbers just weren't where he had dreamed them to be.

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The fact that Kudi is doing business in a space with strong, well-funded competitors like big commercial banks and telcos, means that Kudi will always be fighting for its share of the market. At the beginning, it didn't seem like there was any share for the startup. The constant tweaking of fintech regulations in Nigeria which mostly favour the 'big guys' has been a source of difficulty to the startup.

The Kudi co-founder remembers at a time when the startup's margins were so bad that he began to rethink the decision to venture into the space. He says he had to remind himself every day why he got started on the project in the first place and it was the passion to achieve that goal of building a simple financial solution that would sit well with individuals generally excluded from formal financial systems.

"Banks can also do the things that we are doing, only that they are bigger and slower. Our greatest advantage is speed and if we are not growing fast, then there's really no point."

The Kudi co-founder also emphasizes the importance of capital and team-building to the success of startups. He places those alongside fast growth as ingredients for startup success. Growth, he says, comes first because a startup's numbers have to reach a certain level before it can secure the capital that will enable it to build a team of high achievers.

Growth, he says, comes first because a startup's numbers have to reach a certain level before it can secure the capital that will enable it to build a team of high achievers.

FOUNDERS

Adeyinka Adewale

CO-FOUNDER & CEO

Pelumi Aboluwarin

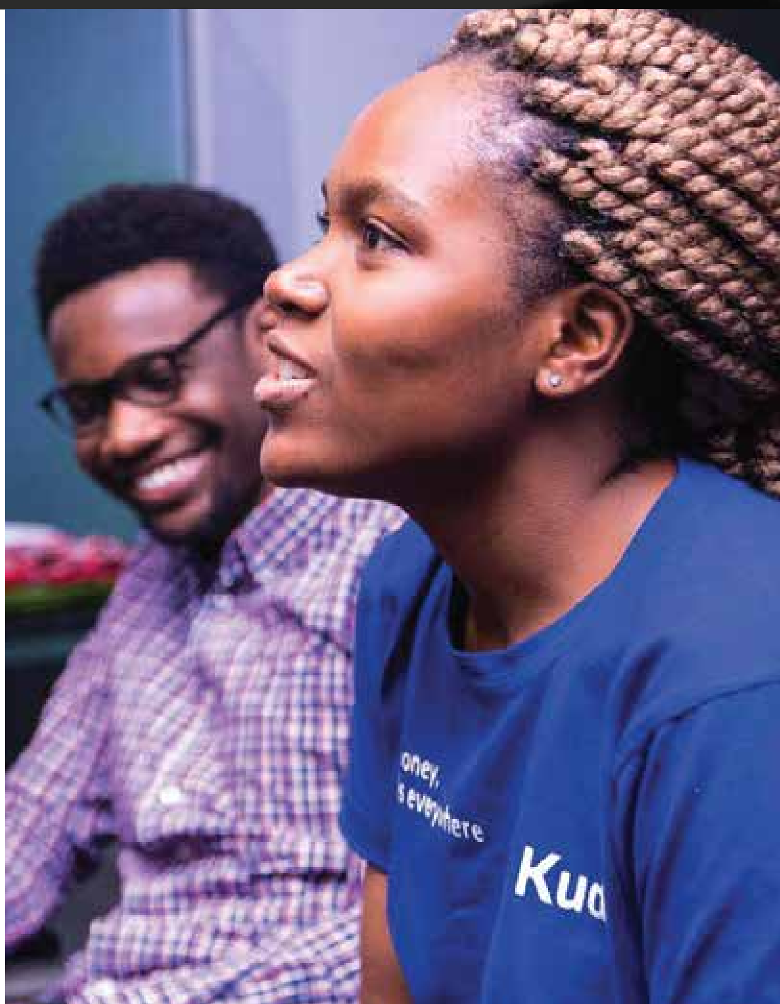
CO-FOUNDER & CTO

"It also helps to recognise that it is a marathon, not a sprint," he says. "That will help you take it easy on yourself when things aren't going right."

Yinka stresses the need for early-stage startups to continue innovating and iterating their way around obstacles to create valuable products and income-generating verticals, as opposed to throwing in the towel at the sight of the first hurdle.

What is the Startup's Mantra for Success?

Yinka strongly believes in growth as the evidence of life in a startup. He says growth is one of the most important things startups should focus on. "You need to go grow really fast because that is the only advantage you have as a startup over the big companies," he says.



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sunexchange

Founder: Abraham Cambridge
Founded : 2015
Industry: Renewable Energy
Markets operating: South Africa
Team Size: 18

Country: South Africa

FUNDING AMOUNT
USD 3.4 Mn
TO DATE

Abraham "Abe" Cambridge launched The Sun Exchange in South Africa in 2015. The startup is a fintech/renewable energy marketplace where one can purchase solar cells and earn by having them power businesses and communities in the sunniest locations on earth.

Solar cells purchased by individuals through The Sun Exchange is leased to hospitals, factories, schools and other end-users, and such individuals can earn decades of solar-powered rental income wherever they are in the world.

The Sun Exchange hosts what can be called a 'crowd-sale' of solar cells. Basically, this works like crowdfunding in a way that the project will only go ahead once all the solar cells have been sold.

The Sun Exchange arranges the solar equipment leases for interested individuals. The startup also takes care of the revenue collection and distribution systems. That way, just about anyone can earn a passive stream of rental income literally powered by the sun.

The South African startup currently has 8,000+ platform users across 140 countries. Since its launch, it has generated just under 1 million kilowatt-hours of power from the sun, and currently, there are nearly 600,000 of its solar cells in operation. Excluding the amount raised from the SUNEX initial coin offering (ICO), the startup has raised up to USD 1.16 Mn in external funding.

The Sun Exchange platform is built around the Bitcoin Blockchain and it supports purchases and payouts by using Cryptocurrency payments.

In a nutshell, The Sun Exchange allows individuals to buy solar cells and helps them lease the solar cells to areas of most need, especially in emerging markets. Then, the startup remotely tracks solar cell power production and pays a specific return to the original owners of the solar cells over a period of time.

This payment is based on the amount of solar power generated and consumed from the solar project. The returns go into an online wallet in national currency or in Bitcoin to ensure instant, low-cost and secure international transactions.

THE MAKING OF THE SUN EXCHANGE

How it all Began

Back in July 2014, Abe had just arrived in South Africa where he was going to work as a solar energy consultant in the utility-scale solar energy space.

Before that time, he had spent the previous six years building and running a solar panel installation company in the United Kingdom. Abe, thus, had a strong background in on-roof solar, also known as embedded solar generation.

After he resumed his work in South Africa, the absence of solar panels on rooftops immediately struck him. And, this was in spite of Southern Africa's reputation as one of the world's sunniest regions.

"It was obvious what the market gap was, there were no solar panels on the roofs. It didn't take me much time to establish why businesses weren't going solar in this country, why there were no solar panels on rooftops," Abe says.

The entrepreneur identified lack of access to funding and the dearth of bespoke products that allow businesses to go solar at no cost to them as the reasons for the gap.

"In the UK and other emerged markets, it's very common for businesses to be able to go solar at no cost to them either through a lease, or a PPA, or through subsidies. I knew that was the gap because there were no solar panels to prove otherwise."

In September 2014, Abe joined the Microsoft BizSpark programme. According to him, this served as more of a business ideation support network than an incubator. This programme helped him develop his seed of an idea and helped him, sort of, put it onto paper.

By the time he had completed the programme, the business name, The Sun Exchange, and the idea of a global platform that allows people around the world to own solar panels in South Africa all came to life.

After the programme, it took another 18 months to do the rest of the research on the model and identify how the whole idea would work. During that time, the market analysis, as well as the structure of the business was figured out. Then, in November 2015, Abe launched The Sun Exchange on Indiegogo to get some seed capital. It was at that point that the startup actually got its first planned projects advertised.

On the whole, it took up to 18 months of serious underground work and solid research to get the platform up and running. And in all that time, the founder was actually straddling a fulltime job along.

"In a way, working full time while setting up the business on the side was helpful as I was able to pay the bills and take care of some costs during that difficult startup stage," he says.

"I also got support from Microsoft BizSpark because they connected me to great mentors who provided helpful advice."

How the Sun Exchange go about its Fundraising?

From the start, the founder was aware that some amount of external funding would be needed to execute his idea. He had even gone ahead to make an estimate, though it turned out to be an underestimation by almost a factor of 10.

"I knew that, to get the platform built, to get the marketing done; to have a team in place to execute; was going to require funding, but, in the meantime, I knew I could get the business to a point just on my own. There is this expression: if you want to go fast, work on your own - if you want to go far, work together. So I worked with that principle," Abe says.

Abe got the business to as far as he could get it on his own. Part of that involved running an Indiegogo campaign in November 2015 to advertise the opportunity to family, friends, and a global audience. That campaign yielded some USD 25 K in 25 days.

With the initial funds, he built the prototype platform, got contracts drawn up, and did some marketing for the business.

The business ran on that initial funding until around April 2016, after which, some entrepreneurship award prize money came in.

On the backs of the success of the startup's first project, Abe started travelling to San Francisco to pitch the idea of The Sun Exchange to players in Silicon Valley. That endeavour helped the startup land some angel investment which gave it some more runway.

"I knew all along we would require funding," he says. "But by carrying the business on my own, keeping all the costs under control, and also not paying myself, I was able to get to a point where we actually had something to sell. That gave the company more value with which we were able to approach investors."

When the startup launched, Abe was pretty much running it on his own. He credits this to the fact that he actually had the ability to be an engineer, accountant, customer service, product manager, marketer, and fundraiser all at once. It was when he started travelling to San Francisco to pitch his idea that he put together a small team.

Another vital part of the fundraising journey, Abe emphasizes, was the local and international competitions he entered during the early days.

"You get to present your idea to audience after audience. Everytime you speak, there is always someone in the audience who loves the idea and they will tell someone else. So, over time, we got a lot of people who were eager to use the platform."

Abe says the exposure of startup competitions is good for early-stage startups as it really helps to put the business out there.

For Abe, hiring resources was never really the plan. The idea was to meet people and bring onboard business partners who understood the vision and potential of the business and could play a vital role in its founding.

"I didn't hire employees. I found business partners who would come ride this journey with me and share the startup risk in exchange for equity in the company," says Abe.

Essentially, the founder brought people on board and paid them with equity. It was somewhat tricky at first because the startup's equity was worth almost nothing at the beginning and it was not easy to decide who got what amount of equity.

Abe says he got around this by using "The Slice of the Pie" methodology; something he found in a book that had been recommended to him. That way, he was able to work out who deserves what amount of equity in the company. Interestingly, no one actually got paid until after the first two years of the startup's existence.

"The founding team really had to go without pay to get the company off the ground," he says. "If everyone was charging market-related salaries, the business would never have started."

Abe found some of these business partners during his work-related travels and he got in touch with some others through the networks he had established in his line of work. Some of them were mentors and advisors before they became full-time members of the team.

Abe is the founder and CEO of The Sun Exchange. The startup also has a CFO who handles the accounts, legals and business.
There is a Managing Director/Head of Operations who deals essentially deals with the day-to-day running of the company, as well as a CTO who maps out the technology and figures out how that is going to be built.

The Sun Exchange also has on its core team, Head of Marketing, who manages the commercials of the business, especially sales of the solar plants. At present, there are 14 members on the team.

How the Sun Exchange went about Hiring Resources

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Low Points in the Entrepreneurial Journey

The initial struggles with funding was, for Abe, one of the lowest points on the journey. On paper, he had a great plan but executing any of those things on paper required significant funding.

The funding challenge made getting the project off the ground really difficult and it took everything he had to stick to his goal. By staying committed and doing so with a strong resolve to succeed, he pulled the startup through that bleak period.

"It is worth noting that The Sun Exchange's real focus is on building our solar project pipeline so we can become a fully self-sufficient and sustainable business. We are getting very close. In this year alone, we've more than doubled the number of projects
in our portfolio, and each of these projects will provide a revenue stream of monetized sunshine for The Sun Exchange and our
members for years to come."

Apart from the fundraising challenges, there were also significant delays developing the technology for the platform, slowing down the entire project.

"Developing an excellent software platform was also challenging. We learned in real time about how time and resource intensive it is to develop truly great software. Thankfully, we were able to bring some of the brightest developers South Africa has to offer on board. Needless to say, it was a very rewarding feeling, The Sun Exchange platform was deployed after many months of tireless development work."

FOUNDER

Abraham Cambridge

CEO & FOUNDER

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skygarden®

Founder: James Mwai, Christian Grubak, Isaac Hunja, Martin Majlund, Daniel Maison, Morten Grubak
Founded : 2017
Industry: E-commerce
Markets operating: Kenya
Team Size: 18

Country: Kenya

FUNDING AMOUNT
USD 2.4 Mn
TO DATE

Co-founders Daniel Maison, Christian Grubak, Martin Majilund, Isaac Hunja, and James Mwai, launched Sky.Garden in Kenya in 2017. Sky.Garden is a SaaS e-commerce platform for African businesses.

The startup makes it possible for African retailers to sell inventory with ease. Sky.Garden gives back control to the individual retailer by allowing inventory control and immediate payment reconciliation in an automated platform, where local shipping and payment options come out-of-the-box.

Sky.Garden attracts business owners selling everything from phones and electronics to fashion, household items, decor, art, and even safety equipment.

With the Sky.Garden app, business owners can register free of charge with unique identification details, upload as much inventory as they want, specify how many of each are in stock, adjust prices as they wish, change photos, and even add product variations. All under one application.

And once products are uploaded, they immediately appear on the customer marketplace which is a website under the URL: www.sky.garden. Each retailer gets a unique link for both their webshop and each of their products that they can share with their networks directly from the app.

Sky.Garden also handles end-to-end order fulfillment at no cost to the retailer through its network of delivery partners. Merchants are paid via mobile money (M-PESA) immediately after successful delivery. Sky.Garden collects a service charge of 8 percent which is included in the sales price of any given product.

Sky.Garden has raised at least USD 2.4 Mn in funding from several investors including Katapult Accelerator, Futuristic.vc, Danish Business Angels, TRK Group, and Jesper Drescher.

THE MAKING OF SKY.GARDEN

How it all Began

Back in 2016, a group of individuals who now make up the founding team of what has come to be known as Sky.Garden came up with a theory. And that was what set the ball rolling.

By their reckoning, small businesses were being left out in the merchant spectrum of e-commerce offerings. And that's because most of the e-commerce marketplaces available were mostly dealing with big, well-established businesses.

"Essentially, we had a hypothesis that e-commerce offerings, particularly, the marketplaces, were literally touching the cream of the crop when it comes to the merchant spectrum," says Daniel Maison, Co-founder and CEO of Sky.Garden.

"They are all very much centralised warehouses in terms of the marketplace dynamics, following almost like an Amazon model. And that model only really works for big brands. So, we believed that there was a huge base of small merchants and informal traders who didn't have an offering aside from digital classifieds like OLX."

Maison and the rest of the team then decided to look into this class of small businesses and figure out the pain points that keep them from going to, say, a Jumia or a Kilimall.

"We found out that it just didn't fit for them. And we found out what the pain points are in relation to our initial hypothesis," says Maison.

Sky.Garden was, thus, created as a platform that will offer e-commerce services to that huge base of small businesses that are usually neglected by the usual e-commerce models.

To eliminate the pain points, Sky.Garden was founded on the principal elements of relatable trust, seamless payments, and an efficient logistics mechanism that meant the merchants didn't have to worry about the logistics.

"We consider ourselves a merchant-first SaaS e-commerce platform that enables merchants to sell better online. All it takes is to download the app, create an account, and upload the products with descriptions the same way you would do on Facebook, Instagram, Twitter or even WhatsApp," says Maison.

"By creating an account, you essentially create a webshop that would be displayed to customers in our marketplace. To eliminate the trust concerns that come with making an advance payment, Sky.Garden acts like an escrow. We hold on to the funds until the product reaches the customer, after which we pay the merchant. And all these happen in real-time.

So, when customers pay for a product in advance on our platform, they are not paying to the merchant. They pay to us and we don't pay the merchant until that order has been fulfilled."

How much time was spent on Product/Market analysis?

Maison says it took about a year for the founding team, who by now had become fully invested in proving the initial hypothesis, to complete their preliminary product/market analysis.

"Between April 2016 and April 2017 was preparing, learning, researching, and towards the tail-end of that period, was building," says Maison.

Before the first line of code was written for the platform, they had spoken to as many as 2,500 merchants during that one-year period.

"We tried to understand what those points are before shipping out a product. We basically crystallised the solution to those pain points into a product that we then co-created with about a hundred of the most interested merchants."

"So it took us about a year before we got our hands on something that we could prototype and use as a proof-of-concept."

The Sky.Garden co-founder considers that this (research) was one of the best investments they ever made because it helped them come up with a product that was congruent with the audience that it had been built for.

He adds that there was also a lot of underground, back end work involved in building the technology and designing the right interface for the platform.

"If I was to quantify, we spent eight months just collecting data and another four months trying to piece together those elements and co-creating it with that audience."

How Sky.Garden was funded at different stages

Sky.Garden was entirely bootstrapped during the early stages, there was no funding from the get-go.

The individuals who make the startup's founding team all came from decent jobs in the corporate world.

While they were still trying to make something out of their ideas, they all had to put in their personal funds.

“It was a bet that we were taking, so there was no need for a fancy office. We worked as lean as possible,” says Maison. “All the funds we put together were put into getting a prototype which we achieved by contacting iHub Consulting to get a good developer team that could help us create the proof of concept. And all this was bootstrapped with our funds and funds we got from family and friends,” he adds.

The startup was bootstrapped up until its formal launch in May 2017. By that time, the numbers had begun to speak for themselves after things kicked off with the first 100 merchants. The organic uptake was quite impressive. The idea was working well and small-time merchants were basically doing Sky.Garden’s marketing by talking to other small businesses.

Before long, word had spread and Sky.Garden was gaining traction with a marketing budget that was pretty much non-existent. Sky.Garden was, thus, able to raise a seed round shortly after launching.

An initial pre-seed of USD 100 K came after its successful participation in the first batch of Katapult Accelerator, an accelerator programme based in Oslo, Norway.

Apart from the seed funding, the founding team also had the opportunity to pitch to certain high net-worth individuals.

“These individuals formed a syndicate that basically pooled funds together. And that was how we raised our seed funding of USD 1.2 Mn in January 2018 before following that up with another USD 1.1 Mn from DEG & the Danish Growth Fund just recently.”

The Sky.Garden CEO acknowledges that the startup’s participation in the accelerator programme did unlock funding opportunities for the company, though subsequent funding has come in through a lot of networking and homework.

How Sky.Garden went about its Hiring

“Personally, I would really like to say we have been lucky with respect to our founding team, knowing what our different strengths are,” remarks Maison.

According to the co-founder, the founding team boasts tech, marketing, product, scaling and many other relevant expertise.

"What we knew we needed first was a team to just mobilise the market, do the research, and get data. Five of us didn't speak to 2,500 people," he says.

After initially starting with a team of five, Maison got some connections from an agency that he used to work with in a previous role.

He says: "It was just some young guys who had either done some research or even sales promotion. We interviewed some 30 to 40 people and got individuals who were impressionable and hungry enough. And most importantly, people who could grow within Sky.Garden."

"Some of these people who started from junior positions have gone on to occupy senior roles at Sky.Garden. So, we didn't look for hot skills or academic skills but tenacity and ability to learn."

Most of the startup's early team members came from referrals from within the networks of the co-founders, except for when Maison contracted a marketing firm with a huge database of students and young professionals to land diligent individuals for the Trade Engagement Managers role.

For the customer service role, Maison says they used job posts and community posts. And now that the startup's team is somewhat fully formed, recommendations and referrals from people on the inside helps it land a few prospects these days.

Who make up the Sky.Garden's team

Sky.Garden has five co-founders of which two of them are Danes, Christian Grubak and Martin Majilund.

According to Maison, Grubak has a very strong tech background having served as a tech advisor for a couple of foundations and having run an e-commerce consulting company for a few years. Majilund's turf is marketing, having headed Carlsberg Group's digital marketing team in Denmark for a while.

Maison says he met the Danes through some friends who thought his ideas could use minds like theirs.

Maison, Grubak, and Majilund, together with Sky.Garden's current CMO, Isaac Hunja (formerly of Hello Food and Uber), and James Mwai (a Google Developer expert) who currently plays the role of CTO, all form Sky.Garden's core team. "Christian and James do the tech, Martin and Isaac do the marketing, and I basically take care of everything else in between. Like running the business, scaling it, and making sure that we have the right strategy."

"I also handle the finance, though Christian also has a strong background in finance. So we kind of dip into each other's pockets," Maison remarks comically.

In total, Sky.Garden currently employs 27 people directly.

How awareness was created

Once the Sky.Garden platform went live, the next thing was to fill the platform with a wide-range of products. To achieve this, the trade engagement managers came into play.

At first, there were just five of them and part of their job involved going to Nairobi's CBD and making contact with the traders and getting them to onboard. And they got a good number of sellers on the platform. That was the first way the startup created awareness.

Sky.Garden eventually adopted other marketing strategies to create awareness of its platform once it became clear that they had built a rich catalogue.

"Once we felt confident enough that our inventory levels were deep enough, we built a website. That's the online marketplace, and we began to leverage digital ads. So, all our marketing has always been digital."

Maison adds: "And because of the strength we have internally in terms of calculating returns on advertising spend, we knew where to push. We've done traffic ads and dynamic product ads that really increased things."

Low Points in the Journey

Sky.Garden's CEO and Co-Founder recounts the early days when the startup was pretty much being hauled by the bootstraps, tagging it one of his lowest points on the journey. He says those days were the darkest but they just had to keep the flame of the candle alight.

"On a personal note, the day I was starting Sky.Garden officially was the same day my daughter was born," he says.

"I was the sole breadwinner at the time and husband to a very supportive wife. And I had left a very good good job. And you also have new guys who you sold a vision to and who need to receive salaries. They are very excited to be part of the vision but you know in the back of your mind that you just have a month or 2 months worth of runway."

Maison considers the uncertainties that crept up on him during that period as some of the toughest tests he has ever had to face. The CEO acknowledges that getting into the accelerator programme when they did was very timely, as it provided with a sizeable tank of oxygen.

"USD 100 K is a lot of money if you are starting from nothing," he says.

He also says bootstrapping was well worth it in the end as their initial investments, however biting, helped grow their metrics and gave them something with which they could approach investors and not come across as attempting to sell a fairytale.

Maison says he was able to steer the company through the murky waters of the early days because he never entertained or accepted the thought of failure. "Not even for a second," he adds.

Mantra for Success

Maison says, "For me, I think the vision has to be bigger than you. Personally. What endeared me to Sky.Garden was that we will be able to equip a huge base of people who would otherwise be outside of the fold of selling online.

And for me, job creation is a big deal because I really struggled after leaving college. I got really good grades, but I got nothing. I just got closed doors.

So, for me, job creation is a huge thing. And to have the idea that someone can literally have an app or a link and earn money without having to have capital, is a huge driver for me.

I strongly believe that if whatever you are building has the purest intentions, profitability and all those other things are natural by-products. For me, the fact that I have a higher purpose, not in the cliched way, and the fact that I have a team that have bought into that purpose, is a great motivation."

Maison defines success as being able to help even the smallest businesses in the "less-chic" parts of town to make financial progress. According to him, that may be the difference between a kid getting thrown out of school or a family getting evicted from their home. The goal, he says, is to have 5 million webshops on the platform by the year 2030.

FOUNDERS

James Mwai

Christian Grubak

Isaac Hunja

Martin Majlund

Daniel Maison

Morten Grubak

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max.ng

Founder: Adetayo Bamiduro, Chinedu Azodoh
Founded : 2015
Industry: Logistics
Markets operating: NIgeria
Team Size: 100+

Country: Nigeria

FUNDING AMOUNT
USD 9 Mn
TO DATE

MIT Sloan alumni, Chinedu Azodoh and Adetayo Bamiduro, launched Metro Africa Express (better known as MAX.ng) in August 2015.

MAX.ng is a mobility company that uses technology to make moto-taxis safe, affordable and accessible to underserved communities in Africa.

MAX.ng is looking to fix Africa's notorious last-mile delivery and online-retail problems by using mobile and web platforms to connect consumers, retail businesses and independent drivers in real-time.

The startup is focused on eliminating all logistics and technology barriers that have historically prevented retail businesses in Africa from realizing their full potential.

Besides its B2B logistics business which has seen it become one of the largest delivery partners in West Africa for Jumia - the Africa-focused e-commerce platform that listed on the NYSE in April 2019 - MAX.ng also offers moto-taxi and tricycle-taxi services through its recently-launched MAXOkada and MAXKeke platforms respectively.

The startup is also looking to expand to more cities in West Africa (starting in Ghana and Ivory Coast) and even add watercraft to their vehicle classes.

Since launching just over four years ago, MAX.ng has completed over 1 million trips and there are currently over 1,000 'drivers' on its platform.

The startup has raised a total of USD 9 Mn in several funding rounds. Some of its investors include Breakthrough Energy Ventures, Zrosk Investment Management, Alitheia Capital, Novastar Ventures, Right Side Capital Management, and Yamaha.

THE MAKING OF MAX.NG

How it all Began

What is now known today as MAX.ng began as a class project sometime in September 2014. At the time, co-founders, Azodoh and Bamiduro, were classmates who were actually working on separate projects.

"I was actually working on a different idea but couldn't figure out how to do the logistics," says Azodoh. "Then I got introduced to Tayo [Bamiduro] and his team who were working on a class project around logistics. And I was like 'hey guys, I've got skills. I could help you with some of the work you are doing.'"

Azodoh and Bamiduro collaborated on the class project. Together, they were a team of seven and contributions to the project ranged from technical to financial. That teamwork laid down the groundwork for what eventually became MAX.ng.

How much time was spent on the Preliminary Product/ Market analysis?

Although the class project ended in December 2014, Azodoh and the team stuck to it. By February 2015, they had built a test product. "We didn't go live with MAX as a business until the 5th of August 2015. So, in a way, you could say we worked on the idea, the market research, the preliminary analysis, and the product design and tests from September 2014 to August 2015."

This implies that it took nearly one year of underground work to nurture MAX.ng from idea to product.

How MAX.ng went about its Hiring

Azodoh says the startup's initial approach to hiring was based on referrals within their network, though he wouldn't describe it as the best approach.

"I won't call it the best approach, it's just what we thought was best for us at the time," he says. "We used referrals to find people who we thought were smart, individuals that could get work done."

"The challenge we had was that most of the people we found that were smart and could get work done were very junior. They required a lot of guidance and supervision and it affected our work because, rather than focusing on strategic, critical work that can actually grow the business, we were stuck on day-to-day tasks.

While nothing is really wrong with that, it meant we were not using our time in the best possible way."

Today, MAX.ng uses recruitment companies which helps the startup to land solid candidates for various roles. Azodoh considers this a preferable option as it makes it much easier to find competent prospects. The startup currently has a team size of 106 people and that figure could easily go up in the coming months.

Who make up MAX.ng's core team

The organisational structure in MAX.ng comprises of an executive team and a growth team. Bamiduro is the Chief Executive Officer (CEO) of the startup and he leads the executive team. Azodoh leads MAX.ng's growth organisation as the Chief Growth Officer (CGO).

As head of the growth team, Azodoh manages operations and productivity which overlaps with customer service, training, driver experience, recruitment, onboarding, sales, technology, property and engineering.

On the executive side of the business, there is finance, legal, fundraising, investor relationships, strategy, business development, marketing, and human resource development. Bamiduro heads the executive team with some assistance from the startup's Chief Financial Officer (CFO), Guy-Bertrand Njoya.

What is MAX.ng's Fundraising Formula?

After kicking off operations in Nigeria in 2015, MAX.ng was running on the funds of the co-founders, as well as family and friends. The startup was bootstrapped until March 2016 when it raised USD 1 Mn after taking part in Techstars.

MAX.ng had the opportunity to participate in Techstars; a well-known startup accelerator program in the U.S.A.

Azodoh says their time at Techstars helped them to get the hang of their storytelling, as well as who to reach out to and how to reach out.

"We learnt how to introduce our business to investors and how to make people understand what we are about. We were also walked through various fundraising strategies," he says.

The MAX.ng co-founders went about the fundraising process by first identifying investors who have a history of investing in similar businesses and in similar markets. Then, they tried to get introductions to those investors.

"When we could get introductions, we sold our ideas to the investors as simply as possible. When we couldn't get introductions, we tried to find other means to make contact and convey our ideas. But a lot of that initial process of reaching investors was done in partnership with Techstars."

"They helped facilitate the introductions to investors. And because many of those investors were contributing to the program as mentors and advisers, it made the process easier for us."

Azodoh says MAX.ng was the first Nigerian startup to participate in the Techstars accelerator program and that opened the floodgates for other local startups. He says the application process is very transparent and any startup can get in depending on the idea they are trying to scale.

"I think, in our case, they liked what we were talking about and that helped us get in. Accelerators like Techstars and Y Combinator really help startups through the fundraising phase."

How MAX.ng went about creating awareness for its product in the Early Stages

MAX.ng started out as a logistics partner for ecommerce platforms like Konga and Jumia, but the economic recession that happened around the time meant that ecommerce sites were getting very little business. MAX.ng struggled too.

Then the startup delved into tech-enabled bike-hailing services in 2017 - no other platform was doing that at the time. Although commercial motorcycles, popularly called Okada, have always been around in Nigeria, it lacked safety, affordability, efficiency and finesse. And there was no technology facilitating the service.

What MAX.ng did was to come up with a solution for a market that was basically crying out for one.

Azodoh said they didn't have to spend too much in marketing or creating awareness because the market quickly took to the service.

"When we started, we didn't do a lot of marketing because we tried to develop a pull product, which is quite different from a push product," he says.

"A push product is something you have to put a lot of money on to get out to the market. A pull product is something that is absorbed by the market once available,
because the market has been looking for that sort of thing."

max.ng

"So we just built this and dropped it in the market as a way of saying 'here's what we have created to solve that problem', and the market quickly responded and went after it."

Although the co-founder maintains that they didn't throw a lot of money into marketing, he offers that promotions on social media and other online tech media platforms were done. The startup also had customers physically handing out flyers to people on the streets and urging people to try out the service at discounted rates.

Low Points in the Startup Journey

Azodoh considers December 2018 as one of his lowest points in the startup journey. During those times, the business was running out of funds, things were stagnating, growth was being stifled, and there were some internal issues.

"Personally, the difficulties made me wonder if any of it made sense. To be honest, I considered calling it quits and leaving the business," he says.

The MAX.ng co-founder reveals they were able to get over this dark period because they were collectively willing to find a solution to their problems. Several conversations had to take place before the team was able to find a way out of the issues. And they were able to dig themselves out of the trenches because everyone on the team had that 'let's-find-a-way-to-fix-this' mindset.

"Even though the first few solutions didn't exactly work, it's important that we started somewhere and overtime, we have improved upon that to the point where we now have a system that works well for us."

What Drives MAX.ng and its creators towards success

For the co-founder, there's a measure of success that comes with creating a platform that makes people's lives better on both sides.

Azodoh says the idea of solving logistics difficulties for people and businesses, as well as serving up a platform on which people can work, earn, and improve their lives gives a certain kind of fulfillment and satisfaction.

"When I've hustled to the point where I've built something that is a confirmed and clear way for people to climb up the ladder socio-economically after putting it just a year or year-and-half of work, that's success for me.

The goal is to build a platform that will promote social subsistence, sustainability and support for individuals."

Azodoh is driven towards the achievement of this goal by the thought of changing the world and assisting people who may not have the same opportunities he managed to avail himself up during his earlier years.

He says, "What I'm trying to do, what drives me, is the thought of building a business that can repeatedly and consistently create a very clear system of support for people and a clear path out of poverty.

Today, MAX.ng is what we started with. But there's going to be more businesses and programs that we will run which will focus on uplifting people and eradicating poverty," he adds.

FOUNDERS

Adetayo Bamiduro
CEO & CO-FOUNDER

Chinedu Azodoh
CGO & CO-FOUNDER

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Founder: Nana A. Y. Twum-Danso
Founded : 2015
Industry: Healthcare
Markets operating: Ghana
Team Size: 7

Country: Ghana

FUNDING AMOUNT

Bootstrapped

SHUTDOWN

Nana A. Y. Twum-Danso launched MAZA in the northern region of Ghana in December 2015. It kicked off as a health transportation startup, focused on establishing a multi-purpose, affordable, and accessible transportation network in rural Ghana that ensures timeliness, reliability, and patient-centeredness in meeting urgent health transportation needs while also creating jobs.

Borrowing its name from the Hausa phrase maza maza which translates to "fast" or "quickly" in English, the startup was about swift transport during medical emergencies in the rural parts of Ghana, as well as the movement of goods and farm produce in the absence of emergencies.

MAZA truly shone in the medical line, though, practically saving the lives of several expectant mothers and their unborn children in rural Ghana. That was until it wound down in March 2019 due to several reasons.

In the startup's parting statement, it was revealed that during the three years of its existence, MAZA drivers transported more than 600 people in need of urgent health care transportation in the Chereponi and Bunkpurugu-Yunyoo districts in Northern Ghana.

It was also stated that the overwhelming majority of MAZA's customers had been its target population of pregnant women and sick infants.

An independent evaluation of MAZA's work in Bunkpurugu-Yunyoo revealed that deliveries conducted by skilled health workers doubled from 49% during the baseline period to 96% at the end period in March 2018.

Also, 96% of the farmers interviewed reported having post-harvest losses of less than 10% in the end compared to 35% in the baseline period and they attributed this to access to motorized tricycles, including MAZA's.

While it was operational, MAZA's partners included Ghana Health Service, USAID, Growth Mosaic, Echoing Green, and a number of others.

THE MAKING OF MAZA

How it all Began

Nana came about the idea for MAZA on the backs of her training in public health and preventive medicine and her work with the Bill & Melinda Gates Foundation.

While working for the Foundation, she was responsible for shaping and managing grants to improve maternal and child health outcomes at scale in Africa, among other things.

"The initial idea was borne out of trying to close the gap between expectant mothers who want to go to a hospital during labour and the people at the health centre who are ready to help but are unable to because the people don't come on time or don't come at all because of transportation problems," says Nana.

To her, the gap was quite clear and it became a question of how to close that gap, be it by transportation options or finance options, or a combination of the two.

From the onset, she had her sights on the long haul and that meant whatever idea she came up with had to be something that wouldn't be perpetually dependent on grants.

"We felt that fundraising from grants is difficult and unpredictable sometimes as donors can change their minds. We were thinking long-term, like five, ten, twenty years. That's because we recognised that the problem we were trying to address was a big one and it was beyond Ghana."

An entirely grant-dependent solution demanded a set of donors that would stick around for 10 to 20 years. And for an unproven venture that was just starting out, getting that kind of commitment from a donor was just too much of a stretch.

"It became clear that we had to develop a financially-sustainable model which potentially could rely on grants for the first 4 to 5 years," she says. "But ultimately, we wanted to create a situation where we would offer a valuable service to the community, one they would be willing to pay for it, even if it is a small amount."

According to Nana, the plan was to see those small amounts add up at scale to help bring about that financially-sustainable model. That was how the idea of a health transportation platform came about.

How much time was spent on Preliminary Product/Market analysis?

Nana says the product/market analysis lasted for about a year. Although in all, it took about a year and a half before work actually began when counting from when the idea occurred to her to when the startup was established.

"We had a lot of people on board. People with a tech background, people in finance, and people with business backgrounds. We talked to a lot of people who knew Northern Ghana very well," Nana says.

"I have worked in Northern Ghana and I know the place well. I also know maternal/child health well. I spoke to many people from the different perspectives of the work we wanted to do."

Nana developed several value-proposition documents and circulated them around and got inputs. At some point, she even spent up to 3 weeks in the communities she was targeting to hear and learn from them, as well as verify some of the assumptions she had made.

There she learned the peculiarities of the people who were supposed to be the users of the platform she was developing.

"We spent several days talking to community leaders and members as we tried to understand how they felt about what we wanted to offer. We tested the solution that we had come up with verbally and they all seemed to like the idea, including the two-year lease-to-own plan we had for the vehicles."

Nana and the team were able to optimize the design of the intervention by working with data from the community and creating a monitoring system with which they gauged the performance of the initial product they had rolled out. They tweaked accordingly where necessary and essentially fine-tuned the idea to fit the needs of the target communities.

What was MAZA's Fundraising Formula?

Nana actually kick-started the company with personal funds before eventually raising some money from donations by family, friends, and former colleagues.

Most of the donations came annually, especially in the last quarter of the year. And a lot of the donations actually came from individuals based in the United States.

"The donations came in fairly regularly. There's sort of a giving culture during the end of the year, especially in the U.S. There's Giving Tuesday in November and in December a lot of people do end of year donations," she says.

During the three years of its existence, MAZA was running on the personal funds of the founder, goodwill donations, fellowships and small grants secured from various institutions.

MAZA didn't seek VC funding at the early stages because the founder was well aware of the market they had set out to explore. The communities MAZA was going to be operating in could only boast small, rural populations. And that was always going to be a tough sell to any VC.

"MAZA was providing a subsidized loan to the drivers through the lease-to-own plan. we didn't think our business model would be attractive to VCs," says Nana.

"What we wanted to do was to secure grant funding for the first few years. Then, develop and refine the model, at which point, we could perhaps be confident enough to approach the VCs."

However, the founder maintains that the platform was never intended as a for-profit business. She says the idea was always to be a not-for-profit organisation and that's because of the population they were addressing. She adds: "In fact, many people encouraged me to consider working in peri-urban areas so that we could potentially have more of a for-profit model. But we felt that, based on the problem we were trying to address, people in such areas have pretty good access to health facilities if they wanted to go. Whereas, the people in the remote rural areas didn't. So, we chose those areas even though we knew it was going to be more difficult and we wouldn't have a wide range of funding opportunities."

MAZA's strategy for Hiring Resources

The first person Nana brought into the company was someone she had worked with in the past.

She was well aware of the person's skills and work ethic since both of them had somewhat worked together in designing and refining the intervention when it was still an idea on paper.

"As we approached the implementation stage, he was on exiting a job. Then we discussed him putting some of his time into refining the idea. For about 3 weeks, we worked together in the communities."

Nana says she approached him when it was time to bring on full-time staff and he was keen to come on board and make it work.

"We knew we were doing something that was novel in that particular area and he was very excited to be part of it," she says. "I knew there would be a lot of uncertainties and the idea was to hire someone who was aware of this but was still comfortable with the idea."

For her next hires, it was based on recommendations from people she knew. She says she never actually headhunted widely knowing the small nature of the venture.

As funding was scarce and the idea was just getting off the ground, it was more about finding people with the right attitude in terms of learning, innovation, and adaptiveness. She got such people through recommendations from people she knew. That was how she landed the company's full-time, part-time, and volunteer staff.

Structure of MAZA's core team

The MAZA team was divided along the workflow of its operations. The core team was made up of individuals who took care of key aspects of the organisation's operations.

"We had one person who was responsible for managing our relationship with the drivers. His official title was Driver Relations Manager and he came from a sort of logistics/supply-chain background, says Nana."

MAZA also had someone taking care of things on the community side. This person engaged with the community members while championing the company's community health education program under the Community Relations Manager and Operations Manager portfolio.

The third member of the core team managed the company's accounts, handling all the book-keeping and management of finance. Nana oversaw the entire operation as CEO.

How MAZA created awareness for its product

MAZA started out in the Chereponi District in Northern Ghana before expanding into the Bunkpurugu-Yunyoo District.

In those two districts, the founder says, they spent several weeks in the communities, meeting and talking to people, before launching the intervention.

"We visited different communities, spoke to community leaders and community groups, introduced ourselves, letting them know what we are offering and helping them understand our concept," she says.

"We also spoke about the lease-to-own plan, made them understand how it would work and what purposes the vehicles would be serving. We made them understand that the vehicles would also be serving the community as a means of transport even in the absence of medical emergencies."

MAZA also engaged the Ghana Health Service and the Ambulance Service at the local, regional and national levels. MAZA was also involved with the Department of Social Welfare and all the related government entities.

Then, there was an official launch event that was covered by both national and local media. Radio publicity also helped spread awareness of the platform at the rural level as many of the communities involved were big on radio. That was how word spread about the platform.

Indeed, MAZA stuck with the rural communities to the extent that the locals found another name for it -ned-nde which means "quick" or "fast" in the local Anufo language.

Word of mouth advertising from the locals who used the service and the drivers who were moving around in MAZA's brightly-coloured motorized tricycles also contributed to the publicity.

In addition, MAZA drivers wore branded MAZA T-shirts partly for identification purposes, but also for branding and awareness creation at the local level. Social media also came in handy not only in creating awareness at the regional, national and global levels but in fundraising as well.

Where MAZA got it wrong

MAZA's first error in trying to understand the needs of the communities they sought to operate in was thinking that the community dwellers were open to the idea of traveling in a tricycle ambulance in the case of an urgent medical need.

As Nana puts it, "We didn't realize what the people would consider as a health emergency and what type of vehicle they would prefer for that."

It turns out that, in those rural communities, people who have to go to the hospital usually walk for miles before getting to the junction where they would be able to find a vehicle. And when the condition is not so critical that such a person can walk or sit, motorbikes are usually preferred.

According to Nana, in those communities, as well as in urban Ghana, there is a stereotype around ambulances being vehicles used for carrying only corpses. "In their minds, tricycles were for people who were very sick or dying," she says. Nana says their preliminary findings pointed to a clear need for more efficient vehicle options. But it turned out that the community members had their own ideas about medical emergencies and what options they preferred to use.

She adds that the Maza team was very clear on being an urgent health transportation, but the community members perceived them as an emergency health transportation. So people prefered using a motorbike when they were faced with non life threatning health situations but for emergency call Maza.

Maza did not provide emergency health transportation and never aimed to compete with Ghana's National Ambulance Service. Maza was clear that it could not invest in more sophisticated vehicles and paramedics or would be able to break even financially.

Nana reveals that the team didn't pick up on this until about two years into implementation. It was an assumption by the community and assumptions of that nature are usually not discussed. So, the team wasn't exactly told about it, they had to infer over time.

Another thing that affected the platform was the significant drop in the price of motorbikes and tricycles in Ghana - something they didn't anticipate. The founder links the dramatic drop in the price of these vehicles to how mobile phones and telecom services suddenly became affordable for everyone and phonebooths were put out of business.

According to her, the price decreased so much that motorbikes and tricycles were popping up from basically everywhere.

Was the MAZA shutdown situation foreseen?

Nana says there wasn't any one moment when they had the realisation that they had to discontinue operations. According to her, it was 'very gradual.'

Part of the organisation's activities involved routinely examining the numbers and gauging progress. As time passed, it became clearer that a lot of money, time, and effort was being expended without much to show for it.

Plus, there was the issue with debt collection which only deepened as time went by. Those may have been the warning signs. The drivers of the Maza fleet were facing stiffer competition in finding commercial passangers and charging them sufficiently high rates to cover their operational cost. Maza team could not understand the change in the market dynamics and assumed that the drivers were using this as an excuse to explain their poor debt repayment.

The reason behind this competion was flooding of the market with many bicyles and tricyles imported from China. The exponential growth in the number of cheaper tricycles got the Maza team off gaurd.

Nana also admits that grant funding for a health transportation intervention in rural Ghana was tough. She says she worked on countless proposals, got on several calls, sent a lot of emails, but it yielded little result.

Also, the fact that the platform was new and relatively unproven, coupled with the fact that funders weren't keen on supporting the health transportation idea, didn't help matters.

Having pivoted to offering the transport service to women in labour and sick children for free, grant funding was the only foreseeable way to sustain the enterprise for the long haul. When the grants didn't come in, MAZA drew ever closer to the shutdown line, until it eventually crossed it.

How did the founder go through with the shutdown?

Nana says it was tough and difficult to put the goodbye post on the website on November 2018.

She had invested personal funds, as well as lots of time and effort. She had also leveraged some social capital from people who supported the venture because of her.

Naturally, she felt as though she was letting everyone down, including team members who had stuck with her through it all. But the fact that she had kept in touch with all the people involved via a monthly newsletter helped her through the situation.

She had been updating everyone on the state of affairs, even as things took a downward turn. By the time she put up the goodbye post, she had already explained the situation and everyone was aware of what was happening.

What could have been done to stop the shutdown?

Nana says the whole thing didn't work out well enough, not because they didn't have a good idea, but because the need which their idea was targeting disappeared in a short period of three years.

The first tricycles in Ghana probably showed up only 10 years ago but they were not many of them. It's only in the last 3 to 4 years that they became commonplace. Even big companies are using them for last-mile deliveries now.

Nana says perhaps having data on the motorcycle business could have helped in the initial stages of the enterprise but she doubts it would have prevented the shutdown from happening. To her, the proliferation of motorbikes and tricycles in Ghana happened rather suddenly.

FOUNDER

Nana A. Y. Twum-Danso

CEO & FOUNDER

What MAZA's founder is up to these days

Nana is still very much involved in the maternal/child health space across the continent. She's also active in philanthropy, working with The Rockefeller Foundation. Currently, she's the Managing Director of the health initiative of the Foundation.

She says she's still very much involved in the space, though, at this point, she's looking at the industry more strategically, armed with the experience of MAZA and other undertakings. She's also considering further investment options and hopes her next moves are more anticipatory of the systemic challenges.

Advice to Entrepreneurs

Nana recommends a lot of thorough due diligence and communication with the end users of the product or service that is being developed.

She speaks of user feedback-based product or sevice design and futher communication with the end users after launch to make certain that assumptions of the creator of the product or service are on point.

The MAZA founder also emphasizes keeping a close eye on things, especially those ones that may not be easily recognisable but are affecting the business still. She advises entrepreneurs to be nimble and agile while staying open to continuous iteration because the markets are always moving. "And if you can, pivot. But if you can't, exit. And if you must exit, do it responsibly." she maintains.

On the other hand, Nana urges VCs who are involved with the continent to really give a chance to early-stage startups, even those ones with untried, nascent ideas.

This, she believes, is the only way those startups can actually get those "one or two years" that VCs usually refer to when they speak of how long before an early-stage startup should get back to them after hearing the startup's idea and calling it brilliant.

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Acknowledgement

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IMAGE COURTESY:

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23 Methodology

QUANTITATIVE

The statistics and numbers in the report are based on a random sample of 500 startups either headquartered or operating in Africa. The information was collected using web crawlers from the internet, The Base and analysis by WeeTracker's Research Team. The collected information was further filtered on the basis of founding year.

The startups in the sample were founded in or after 2010. There is a 7% error in the founding year of the startups owing to dual years of founding for the same startup. For the information collected, it was ensured that the companies shortlisted for the analysis were actively engaged in fundraising (venture capital) process.

Data from 32 countries in Africa was collected spanning across 23 industries.

Only data collection was done using machine learning; analysis and insights were generated by the Weetracker research team.

QUALITATIVE

A focus group of successful startups were selected basis criteria of founding year, funding stage, funding amount, growth or expansion or funding value raised in the last 18 months and product innovation.

24 Definitions

STARTUP	A company headquartered or operating in Africa that was/is seeking venture capital money for their growth.
STARTUP FAILURE	A company headquartered or operating in Africa that ceased to operate and has inactive website and social media handles.
PRE-SEED STAGE	Startup funding stage where a startup has a prototype or a MVP.
SEED STAGE	Stage of funding where a startup has a minimum viable product.
NON-EQUITY ASSISTANCE	External help from organisations in terms of resources like office space, cloud storage, etc
MARKETPLACE	Online or Offline platform connecting sellers to buyers.
FUNDED SHUTDOWNS	Startups that attracted venture capital money and then ceased to operate.
EARLY START-UP	A start-up that has not received a funding or pre-seed and seed stage investment.
POST ACCELERATOR PHASE	Start-ups who already have a pilot and product/service to show and companies in the 'valley of death' entering the market with first business model and evaluating company.
ANGEL INVESTOR	Pre and pre-seed investors supporting idea phase for start-ups.

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