

Africa's business revolution powered by technology



By [Mathew Weiss](#)

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Africa has been spoken of as the 'next big thing' for many years. On paper, the demographics are compelling; a rapidly urbanising population of 1.3 billion with a median age of 19.7, and under-served in nearly all markets. While the pandemic has slowed economic growth, Statista forecasts a healthy 4.1% GDP for sub-Saharan Africa over the next several years.



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Anyone who has worked or invested in Africa knows the reality of doing business on the continent can be quite different to this promised land of opportunity. Of course, there are many success stories, but weak SOEs, poor infrastructure and unreliable power supplies make doing business challenging.

This is why the rapid rise of tech-enabled products and services in Africa represents such an exciting and important trend. Tech-driven business solutions can bypass many of the old inefficiencies, for instance, nationalised postal services, that have undermined progress in the past.

This tech revolution includes both the transformation of established corporations, like banks, big retailers, and telco's into digital ecosystems, and the rapid growth of a thriving startup scene, and the increase in choices this represents for consumers.

Knowingly falling into the trap of hyperbole, the opportunity to develop African tech is immense. Africa currently accounts

for less than 1% of global data centre capacity, and a large proportion of the continent's population remains unbanked. By 2020, the revenue generated by online shopping in Africa was estimated to be \$27.97bn, an increase of over 6 billion since 2019. But e-commerce as a whole represents a fraction of total retail in Africa. In South Africa, it accounts for a meagre 1.4% of total sales, but according to Deloitte, two in three respondents indicated they would shop more online in 2021.

Africa is starting to flourish

The move by global tech investors looking to capture market share – particularly in Nigeria, Kenya and South Africa – is already in play, but there have been relatively few blue-chip investment opportunities to date. As Africa's digital infrastructure expands and its startup scene flourishes, this is now changing.

Well-run tech businesses are increasingly able to attract foreign and local investors. Naspers, for instance, is betting heavily in scaling Takealot and Superbalist, as well as making smaller investments, through its Foundry vehicle, in niche service brands like SweepSouth, that have the potential to scale. According to research from International Data Corp, spending on public cloud services in South Africa has nearly tripled over five years from R4.3bn in 2017 to R11.5bn in 2021.

We are seeing all this investment lead to new and better choices for consumers. Earlier in the year, Nedbank launched Avo – SA's first Super App. Vodacom followed suit by relaunching Vodapay as a Super App later in the year. Standard Bank has promoted its digital transformation, and TFG, the country's largest multi-brand fashion retailer, is investing substantial sums in TFG Labs, as it plans to transform from a traditional brick and mortar retailer into an omnichannel platform.

2022 will see this trend accelerate with the launch of many new products and brands with a distinct Silicon Valley feel. The smart ones will re-imagine the Valley's innovations for African audiences and mindsets. Local startup point-of-sale payment service Yoco has done this particularly well with its innovative hardware, flexible payment plans and a mission to build a world of open commerce that empowers small businesses.

My prediction then for 2022 is that this will be the year that we finally see Africa's business revolution really begin to take hold, and it will be powered by technology.

ABOUT MATHEW WEISS

Mathew is the Managing Director for Superunion Africa. He has accumulated broad experience in both design and advertising in the US, Central America and EMEA where he built brands across a range of industries including FMCG, Financial Services, Hospitality and Tourism.

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