

# AFRICA AIMS TO REPLICATE ASIA'S TECH REVOLUTION TO ADDRESS ITS INEFFICIENCIES



Mr. Ernest Ezenna, Business Development Director - Orange Group

Asia is familiar territory for the 33-year-old Ernest Ezenna, the Business Development Director of the Nigerian-based Orange Group ([orangegroups.com](http://orangegroups.com)), a family owned Fast Moving Consumer Goods (FMCG) business. The Group was established by his father, Sir Tony Ezenna, in 1988 after visiting Indonesia to strike partnerships with local top-tier pharmaceutical companies like Kalbe Farma and PT Tempo Scan.

After graduating from Babson College in Boston, Ernest spent two years in Asia; first learning Mandarin at Peking University, before working in Jakarta at Northstar Pacific, Indonesia's premier private equity firm. Upon joining the family business, Ernest spearheaded the Group's digitization initiative, as well as its investments in tech start-ups in Nigeria.

"The situation in Nigeria is similar to Indonesia—and much of Southeast Asia—20 years ago," Ernest says. "We've got a large population, a lot of young people and an economy that's transitioning from extractive industries to one that's more services driven. The difference, however, is that we're leveraging tech early in the process to jumpstart growth and address some of our everyday challenges. It's an exciting time for tech in Africa, especially in Nigeria."

The Economist Intelligence Unit tipped Nigeria's e-commerce market to be worth US\$13 billion currently, with experts in the Nigerian financial services sector expecting this to hit US\$50 billion in the next 10 years. Meanwhile, McKinsey Global Institute estimates that Nigeria's economy might grow to

US\$1.6 trillion by 2030—propelling it into the world's top 20. This growth, coupled with the nation's population of around 200 million people, means that investors can't ignore Nigeria.

Ernest believes that technology enables businesses in Nigeria to skip the 'brick-and-mortar phase' and scale up faster and cheaper, while minimizing exposure to certain operational hurdles. "The only way to reduce inefficiencies is to use technology. This tech disruption is occurring in the banking and logistics sector in Nigeria as we speak." This has motivated Orange Group to begin investing in promising tech start-ups in the space, such as Carbon and Gokada.

## Disrupting Banking

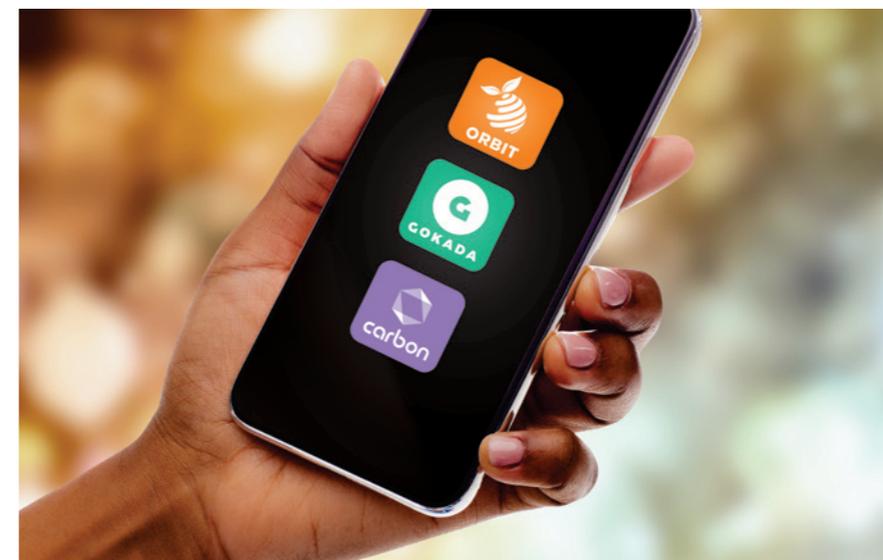
Lagos-based Chijioke Dozie, co-founder of digital finance platform Carbon ([app.getcarbon.co](http://app.getcarbon.co)), says that Nigerian fintech start-ups have big potential beyond its borders. "When you consider that these solutions are being built and honed in some of the most hostile business environments in the world, and seeing incredible traction, you have to ask how soon we should expect to see these solutions in markets outside Africa," Dozie told Fintech Magazine.

"Penetration is low for Nigerian banks, compared to mobile phone subscribers. Fintech will take off faster. It makes sense to offer financial services through apps, over bank branches," he said.

Chijioke, 40, is a Harvard-trained wunderkind who is making waves in the fintech space. His Carbon app offers credit, simple payments, high-yield investment opportunities and personal financial management tools aimed at the unbanked. It has 1.5 million downloads and completes more than 5,000 loans a day.

Carbon developed a machine-learning tool to calculate credit-worthiness for customers without credit histories, opening the door to, among others, the 60 percent of Nigerians working in the informal labor market.

Carbon secured US\$5 million in Series A funding earlier this year. The start-up plans to launch the app in Kenya in Q4 2019, and is also



targeting Egypt, Ghana and Ivory Coast for likely future rollouts.

Orange Group's belief in Carbon's ability to disrupt Nigeria's banking sector motivated the Group to invest US\$600,000 in Carbon's convertible bond, which was raised before pursuing its recent Series B round later in the year.

## Disrupting Logistics

Also on Orange Group's short list is Ayodeji Adewunmi, President and Co-CEO of Lagos-based motorcycle ride-hailing app GoKada ([gokada.ng](http://gokada.ng)). Drawing inspiration from Indonesian unicorn GoJek, GoKada is based in Lagos, which has 25 million people; most of whom are eager to avoid the city's horrendous traffic jams.

Adewunmi is targeting to book a million rides a month by late 2019. "Lagos is at the cusp of regulating the ride-hailing ecosystem. This is a critical infrastructure, and will be important to further boost investor confidence."

His long-term strategy is to expand the app from mobility to include on-demand and financial services. Adewunmi understands that GoKada will need a laser focus on customer demand to realize a potential market of US\$2 billion in Nigeria, and US\$15 billion across Africa.

"Safety is the No. 1 priority and the city is the No. 1 customer," Adewunmi said. Reflecting his commitment to this ethos, GoKada shut down for a week in late August to retrain all its riders after his Co-CEO had a bad experience with the app.



Passenger hailing GOKADA ride

GoKada raised US\$5.4 million in Series A funding in early 2019—including US\$300,000 from Orange Group. Adewunmi said GoKada is more than half way to completing its planned Series B funding by Q1 2020.

## Disrupting FMCG Distribution

At Orange Group, meanwhile, Ernest plans to disrupt a different segment: FMCG distribution. The Group is a major local player, having specialized in manufacturing and distributing personal care and pharmaceutical products for over 30 years. He spearheaded the development of the Orange Business Intelligence Technology (ORBIT), a cloud-based retail coverage system. The platform was conceived in 2017, developed by Houston-based developers, Tuispace, and launched in early 2019.

ORBIT is a tool that allows FMCG companies to have visibility on their brand presence in various retail outlets across the country. It was explicitly designed for the chaotic and opaque local market, Ernest says. "FMCG distribution in Nigeria requires tighter controls on the field team's ability to ensure shelf presence."

Currently, ORBIT allows for real-time visibility across 23,000 retail outlets. The dataset is compiled by field teams going from street to street in three big cities to map everything from big-box retailers to street-side stands. The teams return to the same retail points on a weekly to monthly basis to check brand shelf presence, and then input the data into ORBIT.

Through the cloud, brand managers in Lagos are able to see how their brands are distributed, store by store. In Indonesia, Kalbe is beta-testing ORBIT to manage distribution of its brands in Nigeria.

With over 1 million retail outlets in Nigeria selling FMCG products, based on Nielsen's estimates, Ernest plans to expand ORBIT's outlet base from a mere 1% currently to at least 70 percent of retail coverage in 5 years. Moreover, he aims to expand the Group's pool of potential FMCG clients. "ORBIT is cloud based, transparent and customized to one of the world's most fragmented retail markets. It's a game changer for firms looking to access Africa's largest FMCG market."

Ernest continues to believe in the potential of partnerships and shared learnings between Asia and Africa, especially in the tech space. This has been one of the guiding principles at Orange Group and one that is likely to set it apart from others on the continent.