



Introduction into Investment

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Africa Funded
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Saskia Reus-Makkink

18 years' of corporate strategy and entrepreneurial experience, 8 years with focus on Africa

Boston Consulting Group, Canon Europe Strategy
University degrees in Communication, Organization
& Strategy and Development Studies

Grades and experience in banking sector

Founder Africa Funded

Supported 250 entrepreneurs launching innovative
business models in Africa

Core expertise: Empower entrepreneurs to launch
and scale innovative business models

@saskiareus #PAUWES2018



Africa Funded



We support donors, NGOs, knowledge networks, multinationals in sourcing, screening and development of the next generation of entrepreneurs leapfrogging development in Africa.

Proven methodologies including:

- Multi Year Seed Accelerators
- Screening methods
- Gap analysis to scale
- Customized business support tracks
- Reporting structures

Consultancy Multinationals & SMEs

Advice impact investors

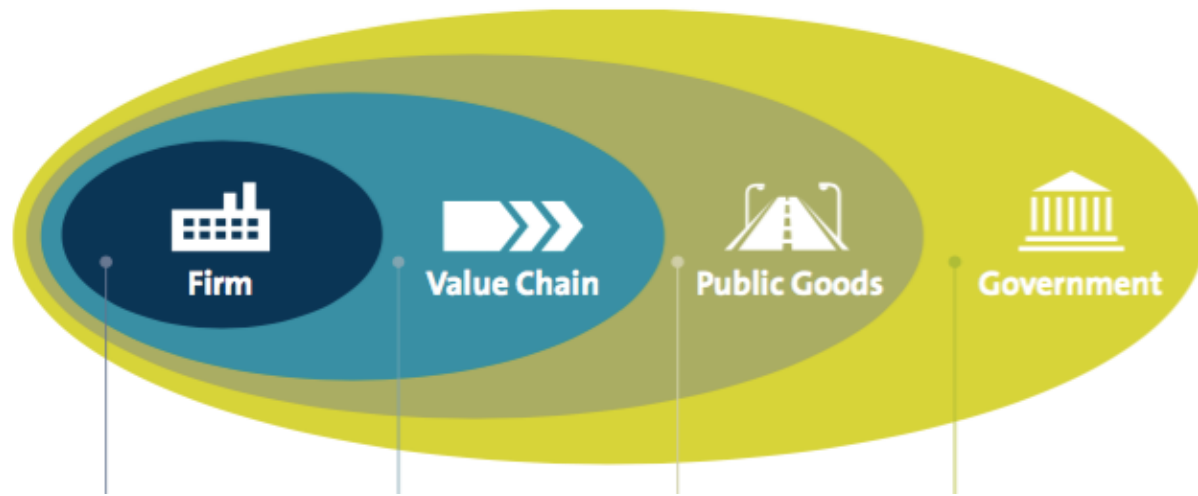


Africa Funded Alumni



“The accelerator program provided me with unparalleled and requisite support to fine tune my ideas, develop a business model and learn from other budding entrepreneurs. This is exactly what young entrepreneurs in Africa need.” Isaac Monney -Car Wash (100% re-use waste water model, Ghana)

“The accelerator team was always available to answer my questions. Apart from providing me with feedback, they also provided me with inspiration and encouragement throughout entire period of the program. They covered all major areas that used to be obstacles to my company growth”. Peter Chege Gichuku - (Hydroponics Kenya)



Africa Funded

Focus on company +
relations with
customers/suppliers

Partners (NGO, Donor, Governments, etc)

Focus on removing barriers to scale.
Support in creating PPP Contracts.

Visual: Monitoring group

Your funder, is your customer.

What are their needs?

The Business Model Canvas

Designed for:

Designed by:

On: Day Month Year

Iteration: No



Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

KEY ACTIVITIES FOR PARTNERSHIP:
Expansion and recovery
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities



What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

KEY ACTIVITIES:
Production
Problem Solving
Platform/Network

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

VALUE PROPOSITIONS:
Newness
Performance
Customization
"Selling the Job Done"
Design
Brand Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

CUSTOMER RELATIONSHIPS:
Personal Assistance
Educational Personal Assistance
Self-Serviced Assistance
Automated Services
Communities
Co-creation

Customer Segments



For whom are we creating value?
Who are our most important customers?

MARKET SEGMENTS:
Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Key Resources



What Key Resources do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue Streams?

KEY RESOURCES:
Physical
Intellectual (brand names, copyrights, data)
Human
Financial

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNELS:
1. Distribution
How do we reach customers about our company's products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we help customers to purchase our products and services?
4. Delivery
How do we deliver a Value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

COST STRUCTURE TYPES:
Cost Driven (lowest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (based on value creation, premium value proposition)

COST DRIVEN:
Fixed Costs (salaries, rent, utilities)
Variable costs
Economies of scale
Economies of scope



Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

REVENUE STREAMS:
Asset sale
Usage fee
Subscription Fee
Licensing/Renting/Leasing
Licensing
Royalties/Use
Advertising

ASSET SALE:
Low Price
Product feature dependent
Customer segment dependent
Volume dependent

USAGE FEE:
Usage-based pricing
Usage-based pricing
Usage-based pricing



Minimum Viable Product



“A Minimum Viable Product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.”

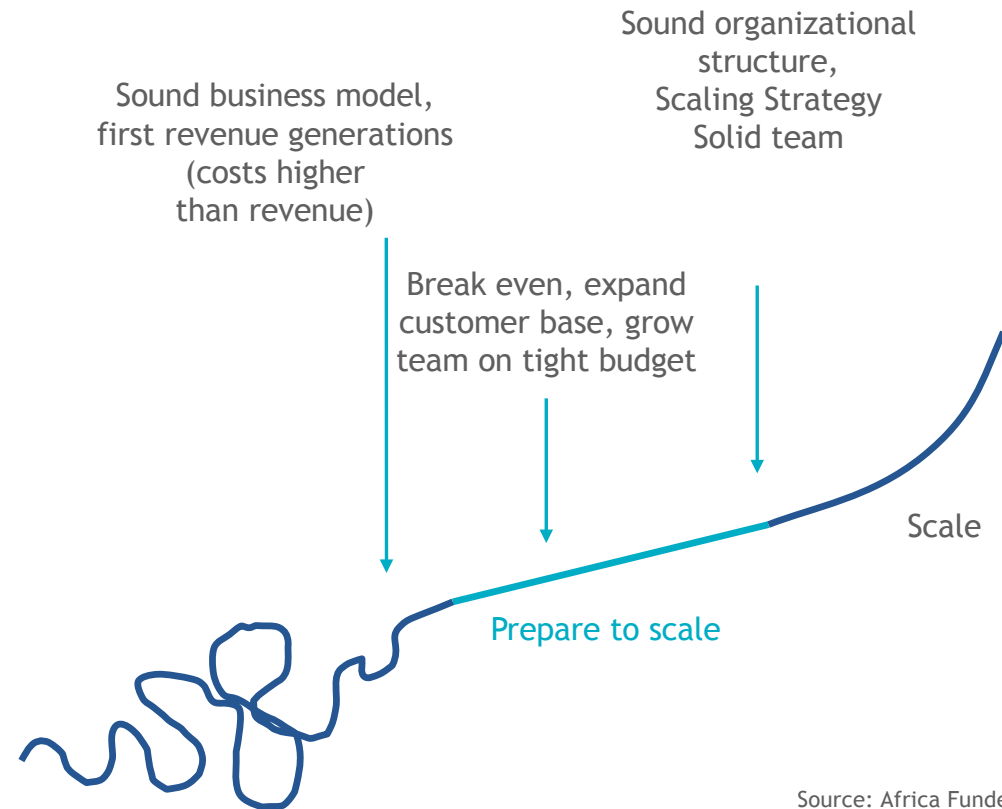
Eric Ries
Author of The Lean Startup

Funding Per Stage



| | | | | | |
|------------------------|--|--|---------------------------------------|---|---|
| Source of Funds | Government, Bootstrap, Family, Friends | Government, Bootstrap, Family, Friends | Bootstrap, Family , Friends | Seed Fund Accelerator | Angel Investors Seed Fund |
| Use | Research Product Idea | Development Milestones | MVP (working prototype) Founding team | Traction Product/Market fit Market validation | Scaling distrbution Scaling model Market traction |
| Type of Funds | Grants | Grants | Grants | Grants | Grants Equity (Angel Round) |

Stages Pioneering Process



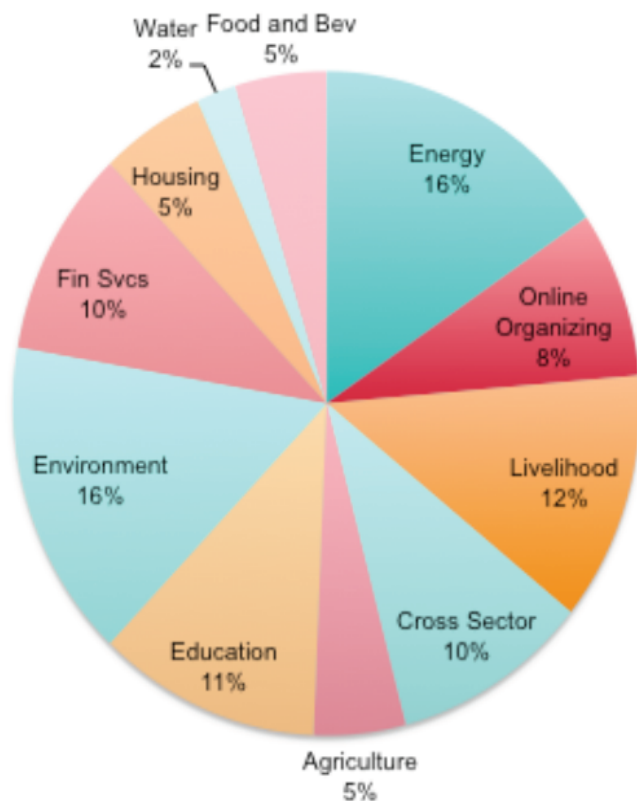
Design and Validate business model
=> different models, team set up till
right fit with market is identified

Source: Africa Funded

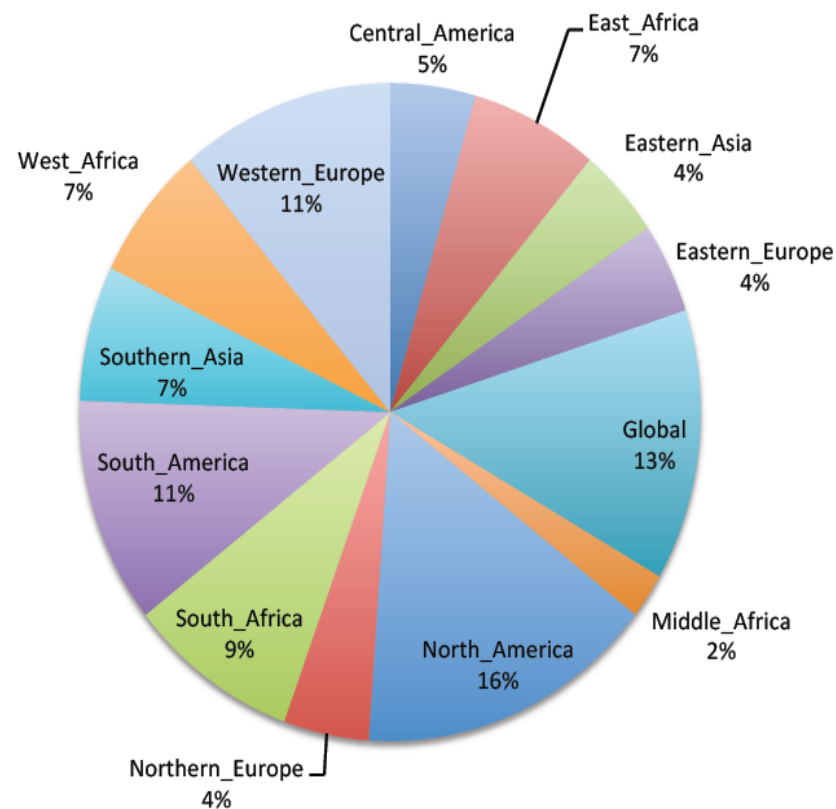


Investments HNWI & Family Offices

sectors of impact



global dealflow



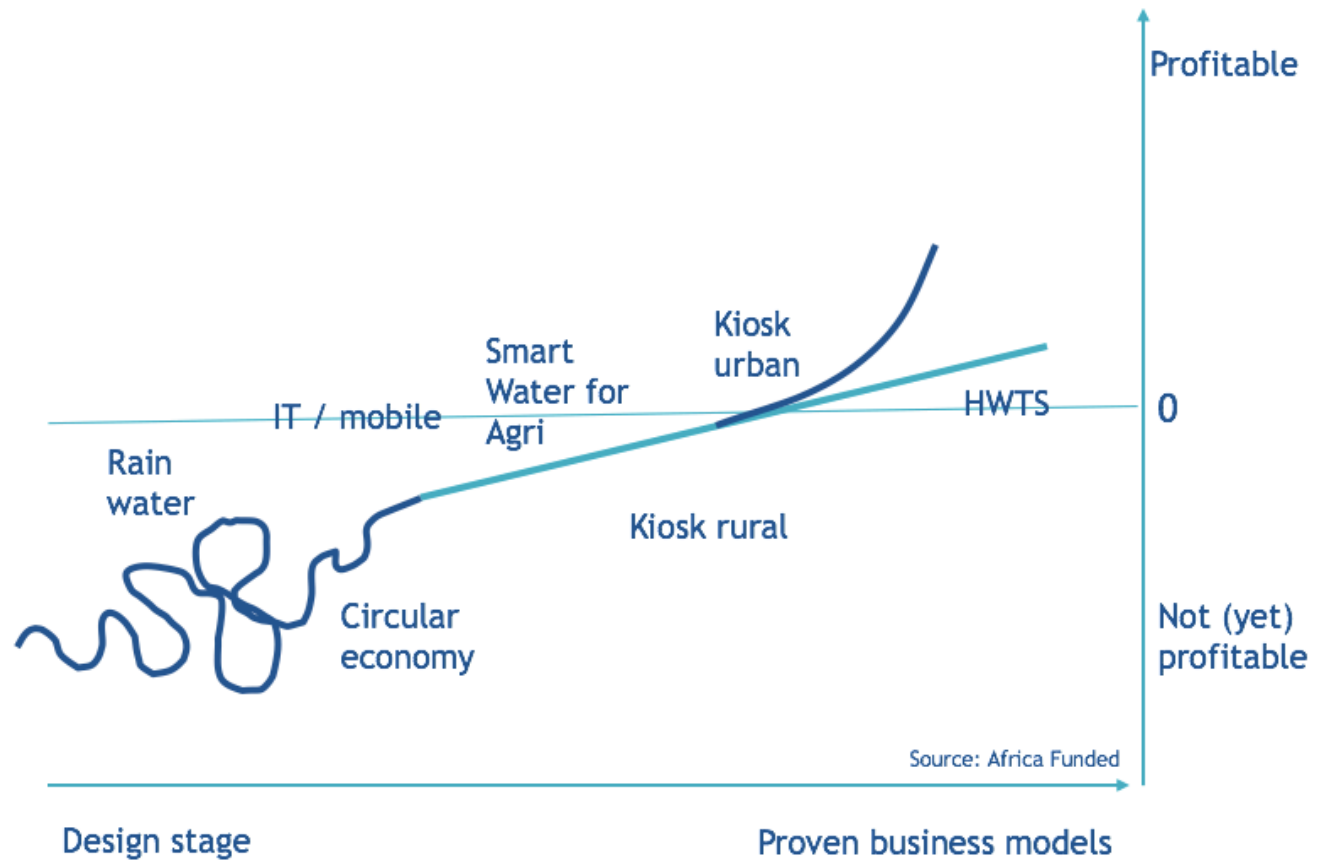
What Can we Contribute: Increase Awareness

- Inform investors (meetings, articles, coaching sessions). Share insights about market opportunities and challenges + how to de-risk
- Engage potential funders + develop preferred fund structure for pipeline
- Pool investments



Presentation about different business models in water & sanitation to network of impact investors at Anthos Office

Business Model Maturity and Profitability



Illustrative Case: Hydroponics Africa



Example - Hydroponics Africa

Promoting low cost and water efficient farming. System uses 80% less water versus conventional farming. We supported the company in different stages:

- Grant funding & business support to design and validate new revenue stream (slums)
- After successful pilot supported supported with scaling strategy
- Supported in securing funds (USD 500k grant +USD 350k investment)
- Provide support to get ready to scale - interest of next stage investors (grant funding)
 - Support in implementing scaling strategy
 - Transition from tech founder led organization to senior management team

Source: Africa Funded

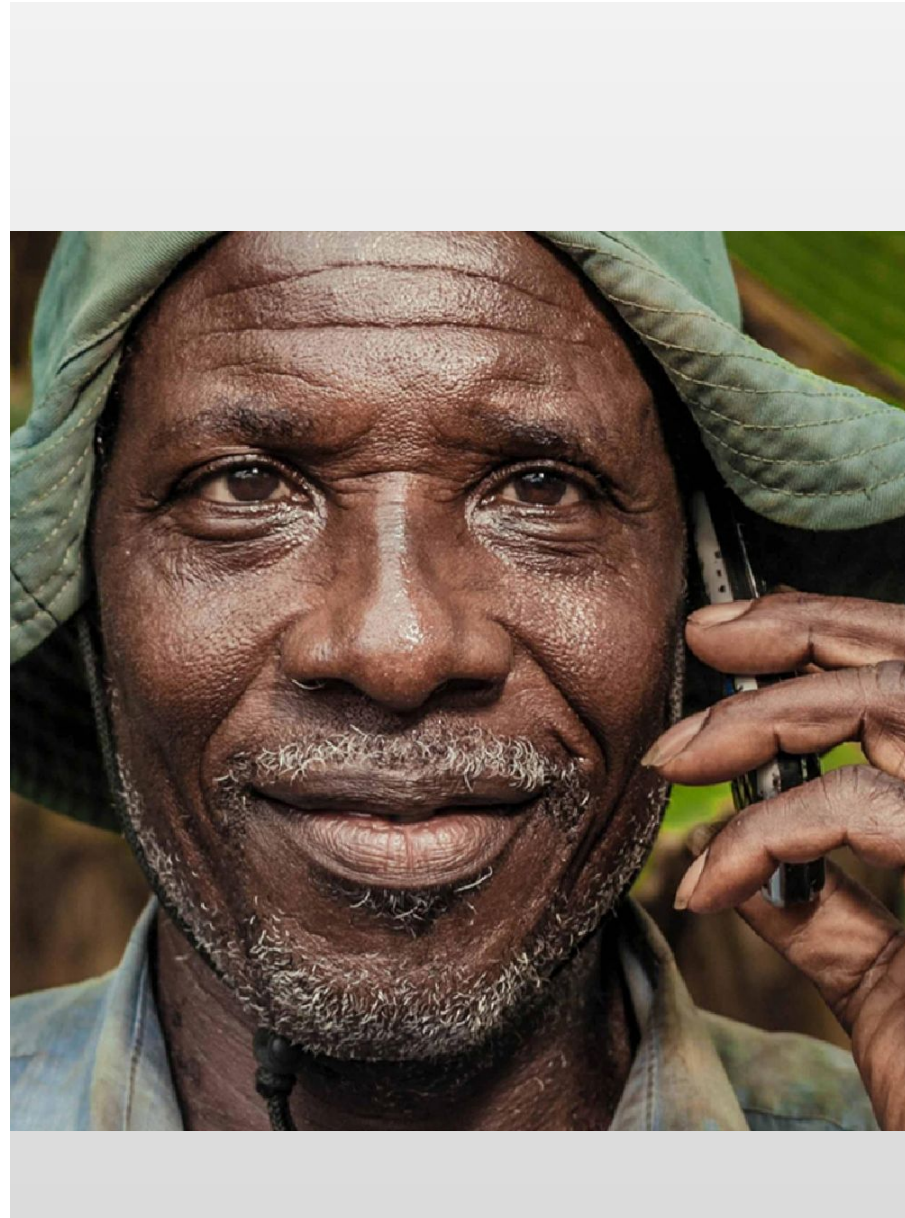




Transforming farmers into successful entrepreneurs

Farmerline connects **small-scale farmers** to **information services**, products, and resources to improve **their incomes**.

200.000 farmers in 11 countries



Opportunity Tech as Enabler to Scale

- **Safe Drinking Water:** Non revenue water up to 50% losses in revenue for utilities, 80% of the water kiosks have no MIS, mobile payments solutions + CRM data base + accounting system for utilities + kiosks chains, sensoring water tanks
- **Improve Small Holder Agriculture:** Pay as you Grow, weather data => irrigation planning, satellite/drone data for micro insurance to manage risk, credit scoring based on small holder crop data + micro lease water pumps
- **Sanitation:** Mobile payments for toilet usage (pay per use models) or (value added services), optimize business process optimization from a service and maintenance perspective (RFID to measure quality, report and trigger optimized servicing), initiatives which address the entire supply chain, by providing erp/e-commerce platforms/apps etc.
- **Climate:** flood warning apps
- But Donors see mobile & tech as luxury, investors see Africa is high risk. So still untapped potential to scale solutions with tech
- Research could help to highlight the impact in investing in ICT/Mobile for water/sanitation/energy

Jibu Raised USD 7 mio



Accelerate growth the kiosk business model

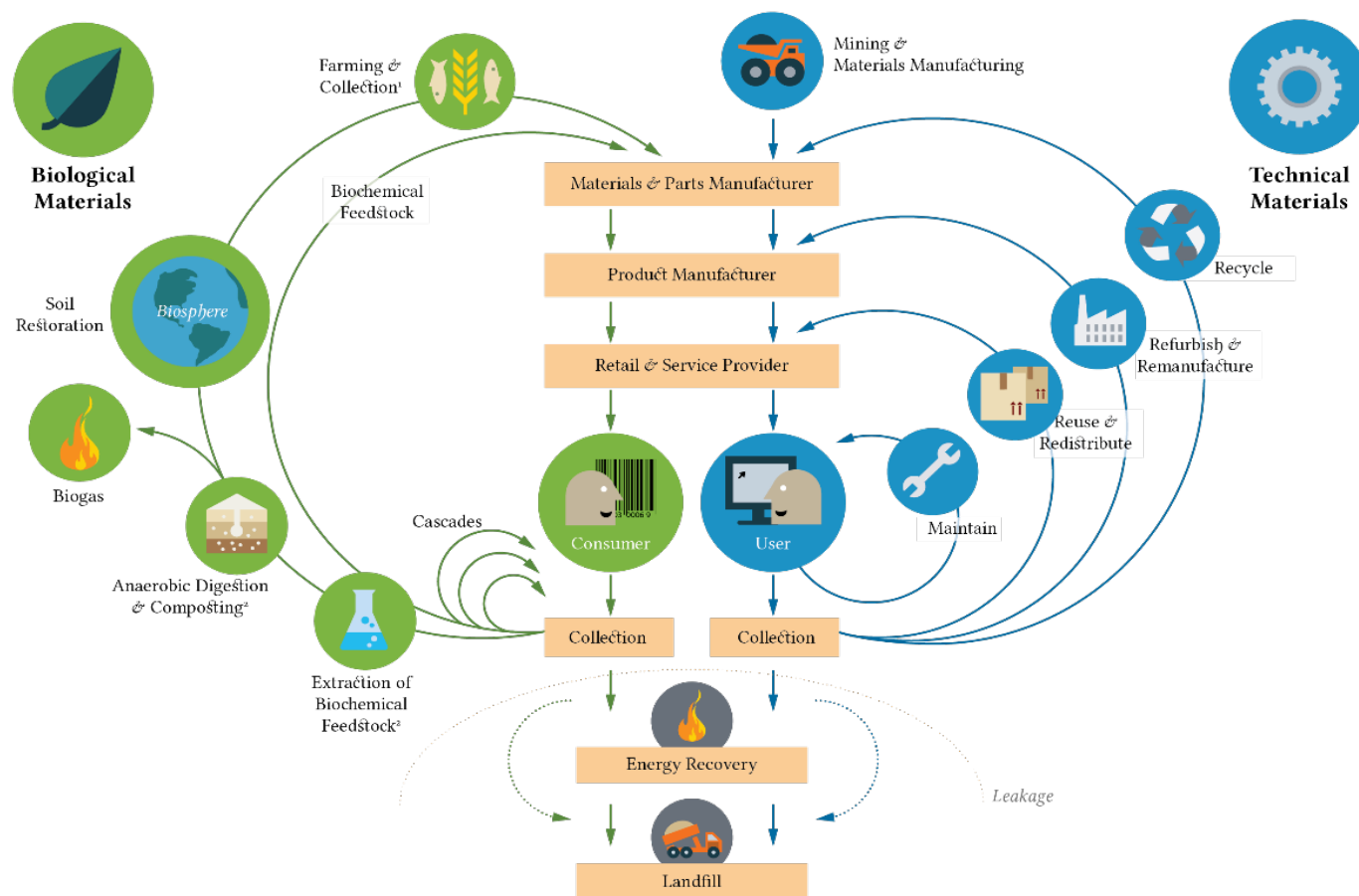
- Reach out to like minded funders to bundle forces
- Joint research in portfolio companies
- Opportunities and barriers to scale kiosk sector
- Managed and co-authored the report “The Untapped Potential of the Decentralized Water Services”=> check fit with PAUWES



Circular Economy Business Models

Assignment by multinationals to identify partners for sustainable sourcing

- Assessment of selected list of companies on readiness to scale
- Customized gap analysis as input for partnerships
- Result: 8 partnerships in progress





Investors invest in teams
= talent
= you



Investor Lingo & Conversations

What is your average ticket size?

What is your target return rate?

Due diligence process

Valuation

Term sheet

Risk / Return profile

Ventures / Targets

Domain expertise

Questions?

**WHERE WILL WE BE
IN FIVE YEARS?**

