How African enterprises chart growth in the digital age

By Hans Zachar   9 Oct 2018

Digital is not a myth. It is upon us and accelerating every day. African businesses must ensure they stay a step ahead to survive and thrive by finding intelligent solutions which totally re-imagine customer experiences. If they get it right and operate at pace, they can launch a new era of growth and ensure they remain sustainable over the long term.

Hans Zachar, managing director: technology strategy, Accenture Africa.

A decided edge the continent has is its ability to leapfrog many archaic and legacy systems. In effect, Africa stands on the threshold of becoming a hotbed of innovation that can be transported to the rest of the world.

One of the immediate challenges for many global companies is decoupling old technology, like mainframes, which may be many decades old and unable to lend itself to developing full digital capability. This is akin to changing internal processes to match what is happening outside. For instance, machine learning and artificial intelligence can only begin having an effect if all the processes on a network are reconfigured to harness data and accelerate digitisation.

Africa can, however, begin reaping the rewards of digital innovation and acceleration far faster if businesses become brave enough to try new things and to develop new ways of connecting with clients. Many African countries and initiatives are already showing they can leapfrog the rest of the world. For instance, mobile money had its roots in Africa via the highly successful M-Pesa app and is now spreading to other developing regions.

Africa's consumer needs

It is time to maximise this unique opportunity to enter a new era of growth. Take Lighting Africa as an example of leapfrogging in action. This was a World Bank/IFC initiative launched in Kenya in September 2007, aimed at supporting the global lighting industry to catalyse a market for off-grid lighting products tailored to the needs of African consumers. With energy supply such a major challenge to Africa's growth – a solution like this was crucial.

The World Bank points out that Lighting Africa was innovative on two levels: From a market development perspective, the project transformed the solar lamp market in Kenya by making modern, good quality, and affordable lighting products available to the very poor. It also demonstrated the commercial viability and sustainability of the approach to address the lighting needs of the base of the pyramid, in contrast to donor subsidised lending for the purchase of solar lamps.

To achieve this, Lighting Africa considered constraints along the entire supply chain (including market intelligence; business development support to manufacturers and distributors; development of international quality standards in product design, product quality testing, and certification; and consumer education and financing). The pilot provided valuable lessons that were used to adapt the design and implementation of the initiative.

By 2016, the project had been deployed in 11 Sub-Saharan African countries, affecting almost 21 million people (4% of those with access to electricity). The project aims to reach 250 million more people by 2030 and is truly remarkable in what it has done as it shows how collaboration, commercial insight and policy support can truly drive change – in this instance in such an important area as Africa in general suffers from a major energy shortfall.

Keep innovating

I mentioned M-Pesa earlier – this was also highly innovative and exploited existing gaps in the financial system by jumping on to the growth in telecommunications as a very real solution. This actually began as an effort to use mobile phones for microfinance loans and only later evolved to mobile money.

Now it has developed to permeate financial services broadly – but the message is clear – African businesses need to try things and keep innovating until they find the perfect solution. Sometimes that will entail failure – but they must keep trying or they will never find optimal solutions.

Listening and connecting to consumers is a key component in accelerating digitisation and one market that gives us rich guidance for bow to adapt is the tech-savvy consumer under 30. After all, 50% of the world's population is under the age of 30, yet they feel they are not being listened to by decision-makers. This must change.

'Global Shapers'

The recent Global Shapers survey published by the World Economic Forum highlights that the workforce - and consumer - in the new digital age expects society to transform more quickly by using technology. Businesses across Africa therefore need to analyse and understand the world's in which they operate to be successful and this will not happen without harnessing artificial intelligence (AI), the Cloud and Internet of Things (IoT), among others like robotics.

Young people suspect that the next big technology trend will come from AI, the most popular option chosen with 28% of votes in the Shapers survey, followed by "biotechnology" and "robotics" (11.5% and 9.3%). In the Middle East and North Africa region, however, "internet of things" holds a strong 2nd position, with 18.2% of votes, far ahead of "robotics" and "biotechnology" (8.6% and 7.2%, respectively).

Artificial intelligence and machine learning have myriad benefits. They can help root out fraudulent financial transactions for instance; or connect with customers via messenger apps to handle queries. The only question we should be asking is: How we can we make it happen?

This then entails identifying opportunities to save money and to grow. Saving money may entail a careful analysis of current spending to realise that too much is being spent internally on IT in a particular business, for instance.

Savings can be halved by finding alternative and more workable models, in our experience. Another company may be spending too much on procurement and by spending less they can do more by putting their own system to better use – for instance putting their platforms in the "cloud" to fuel growth.

Intelligent customer

At the end of the day, businesses across Africa need to adapt for the intelligent customer. These clients are demanding services similar to those they get on existing platform providers like Amazon or Facebook. They expect a very different experience online and this means businesses must re-imagine experiences by improving their understanding of customers. They want to interact with businesses in a way which enriches their lives and so that they find products and services more rewarding.

Businesses that are successful must be fascinated with clients – in fact they must obsess about what clients are experiencing and never design things without asking consumers first. Intelligent organisations of the future will provide a better service for people and save costs. But to be smart, African businesses need to truly understand their clients and accelerate their digital adoption today, or be left behind by those who do.

ABOUT THE AUTHOR

Hans Zachar is managing director of technology strategy at Accenture Africa.