DIGITAL COLLECTIVE AFRICA

May
2024

CVC Morocco Unconference 2024

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Digital Collective Africa (DCA)

About Digital Collective Africa

Digital Collective Africa is a collective of African investors, incubators, accelerators, and founders who aim to support early-stage startups.
We work together on projects to limit friction and offer more transparency within the ecosystems.
We believe in the power of the collective to leverage individuals' talents.

https://www.digitalcollective.africa/

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ATTENDEES

Over 15 participants, from 3 continents, representing over 10 countries were present over 2 days at the first CVC Morocco Unconference which took place at the Kalyptus Luxury Camp in the Agafay Stone Desert

ECOSYSTEM

Dream VC, ENRICH in Africa Center

ACCELERATORS

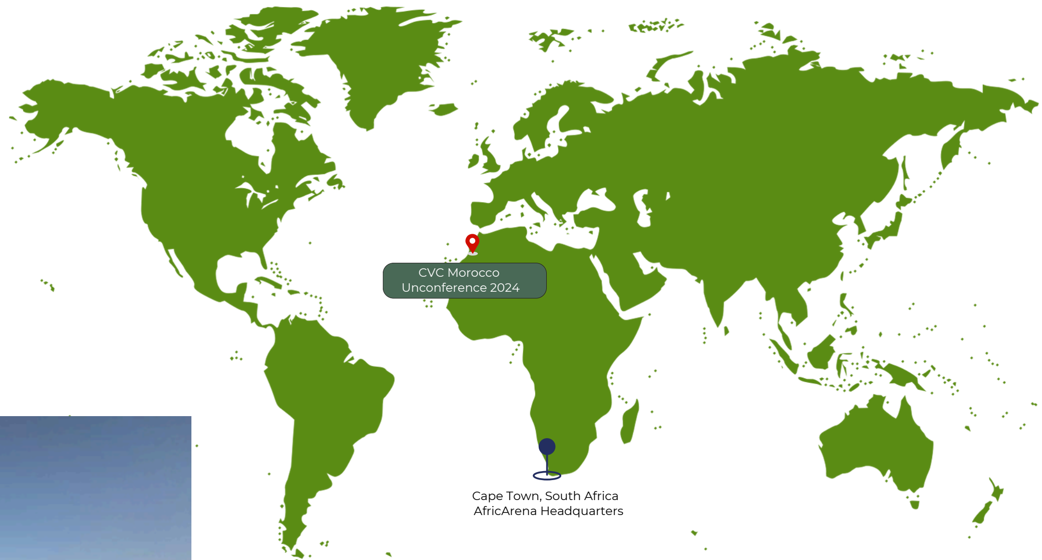
AfricArena, Dream VC, Founco, Founders Factory Africa, Startupbootcamp AfriTech

INVESTORS

Amazon Investor Coalition, Angel Hub Ventures, Arca Continental Ventures, Bios Ventures, National Media Group, N2 Ventures, Simma Capital, UM6P, VestedWorld

ENABLERS

DCA, FMO



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KEY DISCUSSION AREAS

- Why are CVCs Important within Africa's VC Landscape?
- Corporate Venture - Overlapping Learnings from Africa, LATAM, Middle East and Asia
- Pathways vs. Structures of Corporate Venturing
- History of Corporate Venturing
- Africa's Investment Landscape Through a CVC Lens
- Key Success Factors of Corporate Venture Capital in Africa
- Telling Africa's CVC Story
- CVC Business Case Study: OCP Group and UM6P
- How Can Corporates Work Together With Accelerators and VCs to Catalyse Innovation?
- Corporates as Key Pathway for Exits
- The Need for CVC Playbooks

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Introduction to Digital Collective Africa Purpose

Presented by Christophe Viarnaud, AfricArena founder & CEO

Born in 2019, the Digital Collective Africa (DCA) is teamwork with a mission to **create open-source tools for investment facilitation** between founders and investors. On-going projects under current working groups include the following:

Governance Tool Kit
for best practices.

Standardized Documentation
e.g. standardised term sheets.

Due Diligence Checklist
for various markets.

Policy Advocacy
around Startup Acts and other regulations.

Valuation Fundamentals
for high growth startups.

Building Ecosystem Bridges
of innovation between different ecosystems.

Digital Collective Africa has 270 active contributors to its Digital Community

Contributions from all who use tools - from investors and investment organisations to Founders' Organizations and ESOs.

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Why are CVCs Important within Africa's VC Landscape?

Session Led by Christophe Viarnaud, AfricArena founder & CEO and Mark Kleyner, Dream VC co-founder & Program Director

The Role of CVCs within Africa's VC Landscape

It is important to note as that Corporate Venture Capital (CVC) funds and Venture Capital (VC) funds, while similar in investing funds in startups, are structurally and strategically very different to one another.

According to insight from accounting company Ernst & Young, "corporate venture capital offers the most direct path to reap strategic and financial rewards from new business models, emerging technologies and disruptive innovation."

It goes without saying that even in the midst of a funding winter, CVCs have the financial engines, know-how, access to both R&D departments and new hubs of innovation and the ability to help drive transformation and growth within the economies where they are situated.

Given this, particularly with the context of Africa's current funding landscape, a three-fold question must be asked:

1. Can we afford to not include CVCs in Africa's overall funding conversation?
2. Can we afford to not participate in CVC funding?
3. How important is it for the investment ecosystem to understand CVCs?

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These questions were addressed during the first CVC Unconference which took place in Morocco in May 2024 where a small group of ecosystem builders, venture capitalists, investment managers, corporate venture funds, LPs and GPs met to discuss the role of CVCs within Africa's investment landscape and how to work together going forward to ensure the success of Africa's fast-growing tech, innovation and investment ecosystem.

This group consisted of people from Africa, UK, Europe, Asia, the US, the Middle East and North Africa region and Latin America, so naturally, the initial conversations revolved around different topics, with a primary focus on CVCs and the role CVCs and corporate venturing have within Africa's tech, innovation and investment ecosystem.

Large companies have always seen the potential of investing in startups, but how to get it right, that is the question, and so enter the strategists, experts and thinkers.

What Are The Overlapping Learnings From Africa, LATAM, Middle East and Asia?

Session Led by Mark Kleyner, Dream VC co-founder & Program Director

It quickly became apparent that participants attending the CVC Unconference needed a refresher in the history of CVC operations within the African continent, as contrary to popular opinion, Africa is not lagging behind the rest of the world when it comes to doing business with the rest of the world because, given a few market indicators that make doing business in Africa unique compared to Europe, Asia and the Americas, Africa's market is set to become one of the world's fastest growing markets after East and South Asia.

Despite certain barriers that make doing business in Africa challenging, such as market fragmentation, multiple languages spoken across the continent and interesting regulatory / bureaucratic issues, Africa does not have the problems and regulatory pressures that constrain businesses across Europe. Neither does Africa have innovative strain that the US is facing for there is no shortage of innovation in Africa nor does Africa have the extensive business networks certain nations such as Japan have.

However, Africa does have several factors across the continent that gives it a competitive advantage when it comes to becoming one of the world's fastest growing economies.

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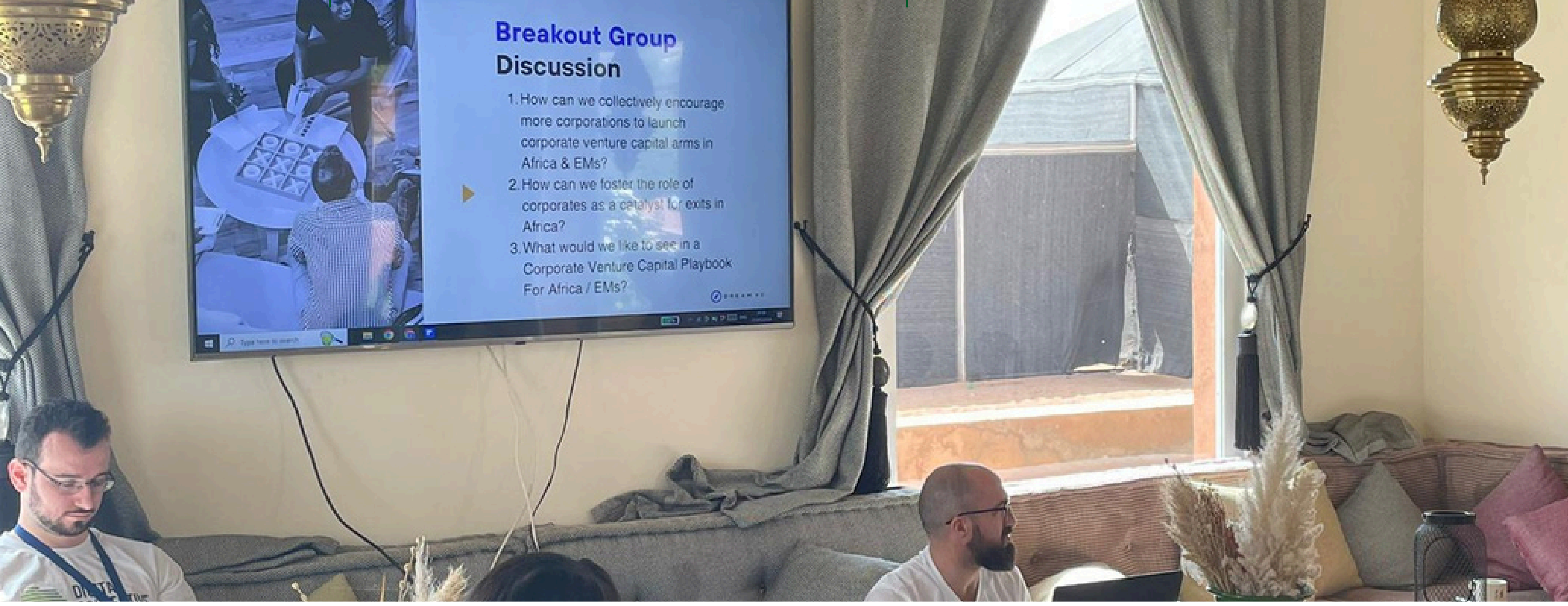
In spite of numerous languages being spoken across the African continent, English, French, Arab remain the main languages for conducting business and a legal system that is more or less consistent throughout the continent, thus opening up the continent to global trade.

Furthermore, Africa, Europe, Asia and even Latin America have a long history of trading with one another because of the resources Africa has, and there is now a shift in Africa's story within the global trading context as the world recognizes Africa holds important keys to the world's economic future.

All of this points to the need for a new way to tell Africa's story that will enhance trade, investment and innovation, particularly when it comes to increasing the visibility of CVCs across the African continent to help CVCs articulate their African business success stories.



Pathways vs. Structures of Corporate Venturing

Session Led by Mark Kleyner, Dream VC co-founder & Program Director

What is Corporate Venturing & Definition

Before we delve any further into the world of Corporate Venture Capital (CVC) funds, we need to understand what corporate venturing is so we can understand the history, pathways and structures of CVCs and the corporate venturing landscape. It is important to note that CVC is not the same as corporate venturing, even though the two are related to one another.

Corporate venturing can be seen as a subset of venture capital, and according to the Corporate Finance Institute, the following serves as a definition of what corporate venturing entails:

> Corporate venturing – also known as corporate venture capital – is the practice of directly investing corporate funds into external startup companies. This is usually done by large companies who wish to invest in small, but innovative, startup firms. They do so through joint venture agreements and the acquisition of equity stakes. The investing company may also provide the startup with management and marketing expertise, strategic direction, and/or a line of credit.
>
> (Corporate Finance Institute)

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In a nutshell, according to Dream VC, “Corporate Venture Capital (CVC) is the investment of a corporations funds directly, or indirectly, into startup companies”.

Dream VC describes a CVC in general as being an entity where it is generally “the practice where a larger corporation invests financial capital to purchase an equity position in a smaller, but often, highly innovative firm, with a goal to obtain a specific competitive advantage or yield financial return.”

According to the Corporate Finance Institute, when it comes to CVCs, a definition can be as follows:

> The main goal of CVC is to gain a competitive advantage and/or access to new, innovative companies that may become potential competitors in the future.
>
> (Corporate Finance Institute)

The subtle differences between an institutional fund and a CVC fund can be illustrated below with a chart provided by Annika Lewis and which was used in Dream VC's presentation during the CVC Morocco Unconference 2024 edition.

	Institutional VC	Corporate VC
What it is	A company (often referred to as a "firm" or a "fund") whose sole function is investing in startups	A small team within a big company (Fortune 500 big, typically) who make startup investments on the big company's behalf
Primary objective	Financial	Strategic
Stage	Everything: Idea → Series H and beyond	Tends to focus on mid-stage: Roughly, Series C-E
Where they get the funds	Limited Partners ("LPs")	The big company's balance sheet
Some examples	ANDREESSEN HOROWITZ, NEA, SEQUOIA, INSIGHT VENTURE PARTNERS, FOUNDERS FUND, KPCB KLEINER PERKINS CAUFIELD BYERS, USV	intel Capital, GE VENTURES, SAMSUNG NEXT, GV, citi VENTURES, salesforce ventures, CapitalOne Growth Ventures

Now that we have defined the differences between CVC and corporate venturing, we can now explore a brief history of CVCs, how it started and why Japan-based and US-based CVCs play an important role in shaping today's modern CVC and corporate venturing landscape and what it means for Africa's emerging tech, innovation and investment ecosystem.

History of Corporate Venturing

Session Led by Mark Kleyner, Dream VC co-founder & Program Director

A US Perspective - Corporate Venturing is Not a New Thing, It Has Matured and Evolved Over Time

It is important to note that we cannot talk about CVCs without touching on and understanding the history of CVCs, the evolution of the corporate venturing landscape, where we are now and how the history of CVCs intertwine with the various eras of the first, second, third, fourth and fifth industrial revolutions and fit inside the venture capital industry. It will behoove us well to remember that venture capital is an asset class under the private capital umbrella.

Corporate venturing has its beginnings in the early 20th century, as the USA business conglomerates began to take shape, changing the US and global business landscape.

Pierre Samuel du Pont, an American businessman, entrepreneur and philanthropist who at the time was the president of chemical and plastics manufacturer DuPont invested in the US' fledging automobile industry by investing in a then private six-year old startup called General Motors. It was 1914, and the First World War (WW 1) was underway, and the Roaring Twenties yet had to begin.

For du Pont, this particular investment turned out to be a brilliant, strategic investment that used a blended finance approach as demand for automobiles increased during and after WW 1. After WW 1, DuPont's board of directors invested $25m in General Motors to accelerate its overall development and operations with

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the view that a demand for General Motors' goods would in turn, increase demand for DuPont's goods.

Dream VC, during their presentation, pointed out that during the early 20th century's industrialization phase, General Motors stock rose by 700% in a period of five years.

Dream VC noted that by the 1930s and 1940s, governments across the world, due to varying degrees of geo-political tensions, were beginning to embrace large-scale investment into research and development departments, however, WW 2 interrupted this investment as governments focused on investing in their respective nations' economic recovery.

DuPont, alongside with 3M and Aloca, were the early pioneers of the first major era of corporate venture investing in modern times. DuPont developed the largest corporate venture program at the time, paving the way for bigger corporate venturing giants to rise up within the landscape.

The historic timeline for CVCs can, thanks to a CB Insights report, look like this:

The Orgins: DuPonts and General Motors;
First Wave: Conglomerate Venture Capital, 1960 - 1977;
The Second Wave: Silicon Valley, 1978 - 1994;
The Third Wave: Irrational Exuberance, 1995 - 2001;
The Fourth Wave: The Unicorn Era, 2002 - Present.

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Dream VC, during their CVC Morocco Unconference presentation shared a different view of this timeline, outlined below (all credit to Dream VC):

- **1910s: Strategic Alignments and Corporate Venturing into CVC in Transport**
  This outlines du Pont's success in investing in General Motors and how this investment paved the way for successful corporate venturing and CVCs in the US.

- **1940s: Communications Boom Furthered by TheAmerican Research and Development Corporation**
  This outlines how during the 1930s into the early 1940s, as governments across the world started to deploy large-scale investment into research and development departments before the aftermath of WW 2 forced them to focus on economic recovery, the R&D investment led to the creation of innovative inventions such as radar, early computers, synthetic rubber, duct tape and isolated, purified penicillin. Notably, during this period, ARDC's $70,000 investment in Digital Equipment Corporation would be worth $355m by DEC's IPO. DEC is known today as the Hewlett-Packard Company.

- **1960s - 1980s: Diversification from Traditional Industries & Global Spike in Corporate Venturing**
  This outlines how during the 1960s, companies such as Exxon, Xerox and 3M among others launched CVC funds so as to remain competitive and capture R&D investment from innovative startups. The 1970s through to the 1980s saw the percentage of Japanese corporate investments rise from 3% representing global CVCs to over 10%. However, despite the success of the CVC model, the various economic upheavals within these decades and beyond showed that CVCs were not immune to financial recessions, global trends, market turbulence, cyber attacks and financial underperformance.

- **Into the Present: State of CVCs in the 2020s**
  This outlines the emergence of strong best practices within the overall venture capital landscape. There are indicators that the last 10 years (2014 - 2024) have been the strongest years for CVCs, with CVC investment in almost every industry.

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Glancing at this historical timeline, it is important for us to understand and appreciate the origins and evolution of the CVC landscape to understand where we are now, in the midst of the fourth and fifth industrial revolutions, and on the cusp of the Web 3.0 revolution.

Understanding the history of CVCs within a US context will also help us understand and appreciate the rising influence of Japanese CVCs that too, has its roots in a post-WW I economy but became more pronounced after WW II, influenced by the US economy when venture capital began to make sense as Japanese corporates started making investments in startups.

A Japanese Perspective - A Fresh Outlook Generates Positive Yields

Today, Japan is celebrated for its innovative approach to business, especially evident in its remarkable post-WW II economic recovery. This period, often referred to as the "Japanese Economic Miracle," saw Japan rebuilding its economy from the ground up after the severe disruptions caused by the war. The collaborative national effort to reconstruct the economy led to groundbreaking advancements and set the stage for future prosperity.

Reconstructing and Rebuilding a Nation's Economic Engines

Japan's journey to economic revival was marked by strategic planning and global learning. Drawing inspiration from various international models, including those from the United States, Japan redefined its economic landscape. A pivotal element in this transformation was the presence of established business conglomerates known as "zaibatsu". These conglomerates, with roots tracing back to the Meiji Era, were integral to Japan's economic framework.

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Evolution of Zaibatsu in a Changing Economic Climate

Originally established as family-owned enterprises with extensive control over various industries, zaibatsu played a crucial role in Japan's economic activities. Post-war reforms led to significant changes in these conglomerates, with many transitioning into what are now known as keiretsu, fostering a more integrated and cooperative business environment. These groups adapted to new market conditions and continued to contribute to Japan’s economic success.

Global Expansion and Innovation

In their quest for growth, many of these Japanese business groups expanded internationally, establishing a presence in regions like Southeast Asia, India, the US, and Africa. This global outreach enabled them to invest in innovative startups and technologies, which in turn were integrated back into Japan's economy. This exchange of ideas and resources was instrumental in sustaining Japan’s competitive edge in the global market, and remains a key case study for international-focused CVC efforts for many nations.

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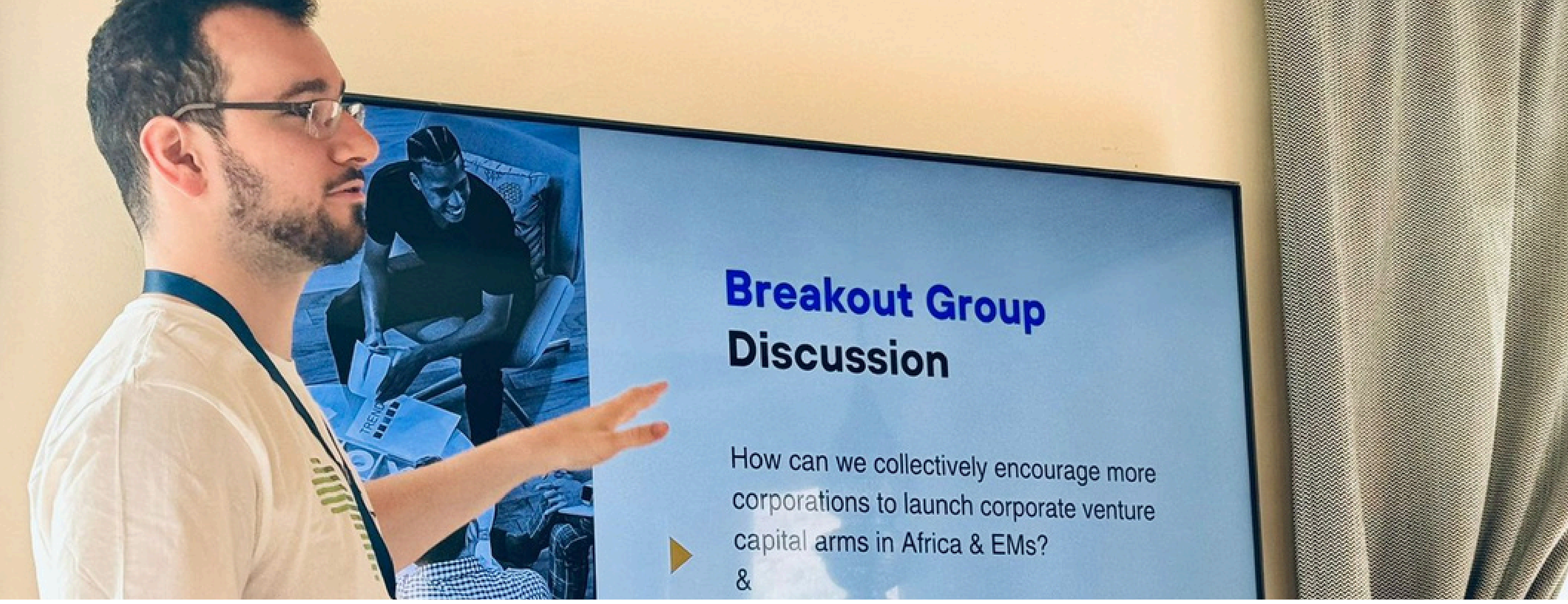
Africa’s Investment Landscape Through a CVC Lens

Session Led by Christophe Viarnaud, AfricArena founder & CEO and Mark Kleyner, Dream VC co-founder & Program Director

Africa is open for business. The fact that three global languages, English, French and Arabic are spoken throughout the continent and that Africa’s legal systems operate within the parameters of common or civil law makes it an attractive investment destination, particularly in relation to Africa’s nascent, yet fast-growing tech, innovation and investment ecosystem. The continent’s unique demographics that positions it as the world’s youngest continent is in its favour as the world increasingly looks to Africa for innovative solutions to pressing global challenges.

CVC and corporate venturing in Africa is getting a new boost across the African continent as they become visible as a new source of funding to back innovation-driven startups.

Both VC funds and founders are beginning to see the value of CVCs within Africa’s investment ecosystem and the seemingly unlimited opportunities that can be unlocked by partnering with CVCs as Africa represents just 1% of the total global VC industry.



Key Success Factors of Corporate Venture Capital in Africa

Session Led by Mark Kleyner, Dream VC co-founder & Program Director

What Are The Key Success Factors for CVCs in Africa?

There are several key success factors for CVCs within the African continent and Dream VC outlined them as follows:

- Presence of US and Japanese corporates within the African markets, with both having a net investment that exceeds $4 - 5bn per year, mostly in infrastructure;
- US and Japanese corporates visible within the African venture capital ecosystem include: Visa, Mastercard, Johnson & Johnson (USA); and SBI Group, Mitsubishi UFJ Financial Group, Toyota Group (Japan);
- According to a recent AVCA survey, "over 70% of fund managers in Africa today recognize corporate venture capital as the next pivotal enabler of innovation and job creation";
- Both African and global corporations are increasingly exploring opportunities to capture up-and-coming innovations in African markets, access and acquire top talent across the continent, secure strategic market share for their core products and realize financial returns in the fast-growing VC market globally;
- The timing is right for African-focused CVC funds due to over 1 000 incubators and accelerators active less than 10 years old in the African market, over 30 startups and venture studios less than 10 years old and actively building in African markets and there are over 227 investors who have made over six investments in the last five years. This data is from Dream VC research with source information from Briter Intelligence and Africa: The Big Deal.

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Telling Africa’s CVC Story

Group Activity & Discussion

The African Continent is a Hub for Corporate Venturing

There is a great need within the African continent to tell the story of corporate venturing within the continent and to highlight the success stories that showcase Africa as a favourable investment destination for corporate venture capital funds, particularly in light of how there are many successful corporates within the continent that started out as startups and matured in strong corporates with CVC arms.

Some key points that need to be touched on when telling the story of CVCs in Africa include, but are not limited to the following:

- Tell the story of CVC in Africa;
- Expand the narrative on CVC in Africa in such a way that corrects the misperceptions and misrepresentations of Africa and showcase the opportunities of operating a CVC with the African continent;
- Talk about the challenges and risks of CVC in Africa so people can be open to talking about these challenges so people can work together to find solutions;
- Encourage engagement and collaboration between CVCs and VCs;
- Encourage open platform communication between CVCs and VCs to encourage building a database of CVCs in Africa and facilitate an exchange of data of CVC, corporate to corporate, startup to corporate, VC to corporate;
- Showcase the success stories emerging from successful CVCs;
- Discuss compliance and governance mechanisms in corporates.

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CVC Business Case Study: OCP Group and UM6P

Session led by Yassine Laghzioui, CEO at UM6P and Director of Entrepreneurship & Venturing at UM6P

One of the best CVC Business Case Studies we can look at in this time is the OCP Group's CVC partnership with the University Mohammed VI Polytechnic (UM6P).

The OCP Group is the world's largest phosphate-based fertilizer producer while UM6P is a Moroccan non-profit private research university that aims to become one of Africa's top research universities.

Inspired by the emergence of deep tech startups in Morocco and Africa, and the rise of Africa's green economy, with a focus on climate tech and energy tech driven solutions, the OCP Group in 2023 launched its $12bn global green investment plan that, rolled out from 2023 - 2027, will enable it to reach a carbon neutrality or net zero emissions goal by 2040 and secure Morocco as a global leader in fertilizers.

An extension of its previous investment plan which brought in $8bn, its current green investment plan, "is aligned with Morocco's energy transition strategy and the vision of His Majesty King Mohammed VI for the development of renewable energies and new innovations in this field."

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To achieve this goal, the OCP Group has strategically

partnered with UM6P in order to leverage “Morocco’s extraordinary progress in the field of renewable energy and the R&D capabilities of Mohammed VI Polytechnic University (UM6P) to seize the opportunities offered by new industrial and digital technologies.”

This CVC initiative is an example of how corporates can strategically secure and optimise innovation through partnering with incubators and accelerators, including university R&D departments that are relevant and beneficial to their parent organizations’ short and long-term strategic vision of attracting and disbursing investment into a specific location in order to achieve, but not limited to the following:

- Fuel economic growth;
- Drive job creation through empowering startups by injecting them with funds and access resources and channels that drive their growth strategy and help them to scale;
- Access to innovation that will boost their businesses.

In the case of the OCP Group and UM6P, the OCP Group is able to access the UM6P innovation ecosystem.

How Can Corporates Work Together With Accelerators and VCs to Catalyse Innovation?

Session Led by Mark Kleyner, Dream VC co-founder & Program Director

How To Foster the Role of Corporates in Africa as a Catalyst for Innovation?

It is a well-known fact that incubators and accelerators within Africa's tech, innovation and investment landscape are a wonderful tool and key to harnessing and driving innovation throughout the continent with their armoury of resources, connections and funding that they make available to up and coming innovative tech startups.

According to an Africa Impact Initiative article that looks at the role of accelerators in driving African innovation, "African accelerators play a crucial role in the global entrepreneurial ecosystem by empowering local innovators and startups to address the continent's unique challenges through technology and innovation. Accelerators create numerous opportunities for Africans who are building ventures that are helping solve certain problems. These platforms provide critical support, including funding, mentorship, and access to networks, driving sustainable economic growth and social impact. Their influence extends beyond borders, showcasing Africa's potential as a hub of innovation and entrepreneurship on the world stage."

Now that we have a snapshot view of how accelerators are playing a key role in propelling innovation throughout the African continent, let us take a look at the role VCs are playing in driving innovation in Africa.

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Africa’s VC market cannot be underestimated as according to an AVCA 2024 report, Africa is one of the world’s fastest growing VC markets globally, with the African continent attracting $4.5 billion of venture capital investment in 2023. In addition to this, Africa is among one of the world’s fastest-growing consumer markets, and this is relevant as it is expected that by 2050, Africa’s population will have reached 2.5 billion, accounting for 25% of the world’s population and 35% of the world’s youth.

VC investment is set to grow in the years to come as Africa’s venture capital market continues to address the continent’s socio-economic challenges and support technological innovations that are solving African and global challenges through meeting local needs particularly in the finance, healthcare, green economy, agriculture, mobility and transport sectors. With this understanding of the role accelerators and VC funds are playing within Africa’s investment ecosystem, it goes without saying that CVCs will benefit greatly from working together with Africa-focused accelerators and VC funds to catalyse innovation throughout the African continent.

This can be done through helping both accelerators and VCs to understand CVCs and the role they play within the continent’s investment ecosystem as an important cog within Africa’s funding mechanisms. Fostering the role of CVCs, together with accelerators and VCs to catalyse innovation in Africa’s fast growing tech, innovation and investment ecosystem can take place through, but are not not limited to the following:

- Fostering an understanding of African markets from the different accelerator, VC and CVC perspectives;
- Building strong, resilient, trustworthy relationships between CVCs, VCs and accelerators that in turn build, strengthen and expand Africa’s tech, innovation and investment ecosystem;
- Ensure that the ecosystem is supported by local players, ecosystem builders and investors;
- Encourage investment through telling the African investment story in a number of ways that raise awareness of different VC funds, including CVC funds available throughout Africa.

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How Can Corporates Work Together With Accelerators and VCs to Catalyse Innovation?

KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- Strategic Partnerships : Both corporates and local incubators can forge partnerships aligning their goals and resources to support startups.

- Corporate Incubation Hubs: Corporates can establish their own incubation programs or innovation labs within local markets.
  e.g: Orange Digital Ventures, which invests in African startups through its Orange Fab accelerator program.

- Mentorship and Training: Corporate employees who are experts in different verticals can mentor startups. In Kenya, there are times PWC, Google and Safaricom partners with local incubators to provide trainings during workshops in fields like digitisation, marketing, product market fit etc.

- Co-Investment Funds: corporates and incubators can establish joint investment funds to pool resources together and share risks.

- Corporate Innovation Challenges: Organize innovation challenges or hackathons in partnership with local incubators to identify and support high potential startups.

Key Takeaway

Corporates and CVCs play an important role in driving economic growth, creating jobs, funding innovative startups and supporting ancillary industries. Together with VCs and accelerators, powerhouse hubs can be created to catalyse innovation.

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Corporates as Key Pathway for Exits

Key Pathways to Successful Exits

Session Led by Christophe Viarnaud, AfricArena founder & CEO and Mark Kleyner, Dream VC co-founder & Program Director

A pathway is a series of actions an individual or entity takes to achieve something, and one specific pathway can connect to another pathway, leading to an even greater, better pathway that can accelerate that individual's or entity's success.

In light of this, it is important for us to understand that within the venture capital landscapes, CVC funds can act as an agent for successful exits within Africa's broader investment landscape.

An exit happens when the business owners or investors in a certain company or startup sell either their entire shareholding or a portion of their shares to a third party.

There are a number of exit routes, with the most common being a strategic M&A, private equity buyout, management buyout, and an IPO.

A typical timeline for a VC exit can range from 5 - 10 years, dependent on the fund's mandate, and factors such as market conditions, startup performance, VC fund lifecycle and a founder's vision.

It is no less the same for CVC funds when it comes to exit, albeit with a few differences.

A VC exit focuses primarily on financial returns through a M&A or IPO, whereas a CVC exit focuses on the strategic fit with its parent organization that looks beyond financial gains with a long-term view of how an exit can complement or enhance the interests of the parent organization.

A CVC's exit pathway depends on how its programmes are autonomously structured for any, but is not limited to the following exit pathways or transactions:

- Strategic M&A;
- IPO;
- ICO;
- Strategic Sales;
- Secondary Market Sales;
- Management Buyout;
- Strategic Partnerships;
- Alliances;
- Licensing Deals;
- Liquidation;
- Portfolio Diversification;
- Earn outs; and
- Performance-based exits among others.

The Need for CVC Playbooks

Strategic Playbooks for Successful Corporate Venturing in Africa

During the inaugural CVC Morocco Unconference, participants discussed the needs for several Playbooks focused on understanding CVCs within Africa's venture capital and funding landscape.

There was a broad consensus that there is a need within the investment industry for the following Playbooks:

- Guidebook / Playbook on CVCs in Africa;
- Guidebook / Playbook for Corporates;
- Guidebook / Playbook for VCs Looking to Collaborate with Corporates;
- CVC Deal Flow Sharing & Exits Resource that can be facilitated by Founco or AfricArena Wired, perhaps with customization for corporate / strategic investors.

The reasons for these Playbooks centre on mainly on educational awareness and ensuring people have the correct information and understanding of the following:

1. What CVC funds are;
2. How they differ from traditional VC funds;
3. What their role is within the overall funding landscape;
4. Why we need to engage with CVCs;
5. Tell the CVC in Africa Story.

Playbook for CVCs in Africa

KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- Create a Playbook for CVCs in Africa within a timeline of 6 months, due in December 2024 to present at the Cape Town VC Unconference;
- A working group led by Mark Kleyner (Dream VC) should be in charge of researching, writing, compiling and disseminating this Playbook;
- This Playbook should be a guidance and go-to-resource for CVCs, VCs, accelerators, incubators, startups and investors who want to understand CVCs, the role of CVCs in Africa and how to successfully engage with CVCs in Africa;
- The Playbook, compiled by Dream VC should have the three underlying sections included in it as follows:
- i) Playbook for CVCs in Africa;
- ii) Playbook for Corporates;
- iii) Playbook for VCs Targeting Corporates;
- CVC Deal Flow Sharing & Exits Resource - can be compiled by either AfricArena Wired, Founders Factor Africa, Founco or Startupbootcamp AfriTech and customized to different corporate / strategic investors.

Key Takeaway

A Playbook for CVCs in Africa will go a long way in helping interested parties to understand and work more efficiently and effectively with CVCs because CVCs, the future of startup funding, are an alternative to traditional VCs and have the capabilities to unlock innovation and growth on a large scale.

Playbook for Corporates

KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- There should be chapters for each step of building a CVC fund and methodology;
- Make case studies from shared deal flow for corporates to invest in (this should include models and structures of a CVC fund);
- Provide different case studies of how certain different players implemented a successful CVC fund or CVC strategy;
- These case studies should include steps for creating awareness, education, guidance and implementation;
- The case studies should chronicle the journey of how the successful CVC goes about its journey and include best practices examples;
- There should be case studies on successful African startups and corporate success stories;
- This Playbook for Corporates should include information on the "State of Corporate Venture in Africa";
- There should be a case for the value of open data
- Corporate Champions are needed - identify them;
- This Playbook should help interested people understand. how to assess the needs of corporates;
- This Playbook should help readers to understand how to build a network with CVC funds;
- This Playbook should present the need for a database on organisations who can assist with CVC partnerships and making introductions to internal teams.

Key Takeaway

Corporates have a different DNA structure to that of VCs and startups, so it is important to help different players with the investment ecosystem to understand corporate think. Do not underestimate the power CVCs have to change a landscape due to their economic engines and vast financial resources.

Playbook for VCs Looking to Collaborate with Corporates

KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- There needs to be a VC Playbook for how VCs can target CVCs, and which looks at the “How”, “What” and “Why” aspects.
- This Playbook can help VCs assess the needs of CVCs and understand how to build each step of a CVC, together with the methodology.
- VCs need to learn how to build networks with CVCs through this Playbook.
- This Playbook should present the need for a database on organisations who can assist with CVC partnerships and making introductions to internal teams.
- This Playbook should include steps for creating awareness, education, guidance and implementation.

Key Takeaway

To benefit fully from what CVCs have to offer the African tech, innovation and investment ecosystem, we need to understand how and why CVCs are different to VCs.

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Resource for CVC Deal Flow Sharing & Exits

KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- This resource must use plain language so all can understand;
- This resource should be live and updated continuously as for a dashboard, database or marketplace type of platform;
- There needs to be case studies from shared deal flow for corporates to invest in.
- The resource's outcome should encourage and curate more collaboration between CVCs and startups;
- It must be noted that corporates would want to see and read case studies and hear these case studies success stories in person for a personal connection.
- There should be an African CEO round table, boardroom round table or forum to foster engagement, cultivate the CVC-VC community and maintain relationships;
- When it comes to sharing information on exits, it must be noted that despite how most corporates are not interested in exits, CVCs are highly strategic on exits;
- To be mentioned in the above-mentioned Playbooks: How CVC deal flow and exits strategies are different to VC deal flow exits strategies;
- To be mentioned in the above-mentioned Playbooks: It must be noted that corporates would want to see and read case studies and hear these case studies success stories in person for a personal connection.

Key Takeaway

A Resource on CVC Deal Flow Sharing & Exits will help relevant players and interested parties within the investment ecosystem to understand the differences between a VC exit and a CVC exit.

Thank You

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