

## SA needs a clear rational approach to tech investing

A chronic ICT skills shortage, poor macro-economic conditions, and tightening corporate budgets are all contributing to a tough operating environment for South African startups and top blue-chip enterprises alike.



Mana Naude, director of TechNvst

“The current challenges demand a clear and realistic approach to tech investing that understands how the growth strategies of big business can meaningfully intersect with new and innovative solutions on offer from high-potential startups,” says Miana Naude, director of TechNvst, a strategic innovation commercialisation partner dedicated to scaling solution integrators through corporate collaboration and facilitating market access.

Naude adds that although well-intentioned, many existing VC (venture capital) models aren’t entirely suitable in certain local and individualised contexts. “Through long-standing corporate relationships, TechNvst has unique insight into blue-chip enterprises’ growth strategies as well as the various preferences and approaches to digital disruption. By engaging with organisations on their actual objectives, we’re able to identify opportunities for business solution providers that fit a corporate’s criteria.”

“Instead of undertaking the difficult guesswork of trying to figure out how best to grow startups, TechNvst knows exactly how existing solution providers can add real, meaningful value to relevant markets and then successfully facilitate this,” notes Naude.

South Africa's ICT skills shortage is also a major stumbling block to creating an enabling environment for tech startups, according to Naude.

"The most recent JCSE Skills Survey highlights the need for greater collaboration between business leaders and policymakers to develop strategies for growing and retaining digital skills. Interestingly, the report also speaks to how the Fourth Industrial Revolution (4IR) terminology is used as catchphrase referring to all aspects of digital adoption and transformation, very few of which are really in reference to cutting-edge or 'revolutionary' innovations."

"We see a lot of mistakes being made with respect to thinking about and implementing digital transformation strategies," adds Naude. "In far too many instances, digital transformation is viewed as requiring a total top to bottom overhaul of business processes and practices, instead of a far more realistic approach that prioritises making meaningful and sustainable improvements that deliver measurable benefits over time."

## More mentoring needed

She says in addition to recognising that a one-size-fits-all approach is unlikely to yield good results, much more needs to be done in the South African tech investing space to mentor startups to ensure more successful market introductions. "Support that enables the rapid scaling of startups is as equally important as other considerations like access to appropriate funding and entrepreneurial development."

According to the annual CB Insights Survey, an international VC database, understanding the relevant target market and scaling according to its needs ranks highly as a key predictor of a startup's long term success.

*“Scaling a startup is widely considered the greatest test for entrepreneurs, for good reason. It is a time when the business becomes more complex and meeting client expectations is paramount.”*

"By taking a responsible and practical approach to digital transformation and tech investing, more South African businesses will be able to reap the benefits while fostering a spirit of innovation that the country needs to enable the industry to truly flourish."