

# Why my startup scene is better than yours: South Africa

 By [Tom Jackson](#)

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There is much debate amongst entrepreneurs, investors and other stakeholders as to what African startup ecosystem is "biggest" or "best", and why.



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Disrupt Africa has kicked off a new series, in which we have spoken to the great and the good from various African tech scenes to find out what it is that makes them tick.

In the first instalment, we chat to various stakeholders from South Africa to find out what makes the country in general, and the cities of Cape Town and Johannesburg in particular, such great places to launch a startup.

## Aisha Pandor, CEO of [SweepSouth](#)

“South Africa’s tech ecosystem remains the best on the continent, and we have many factors that are helping the ecosystem to continue to improve. Excellent universities in our major cities provide the talent needed to start and grow quality startups, and in all of these cities, local ecosystem organisations, as well as incubators and accelerators, are there to provide support.

“South Africa has a higher amount of tech hubs – incubators, accelerators, formal partnerships, co-working spaces – than any other country on the continent. Silicon Cape and Startup Grind are excellent examples of how organisations can pull an ecosystem together and promote growth, efforts which have led to significant private sector interest and funding, which then promotes startups even further.

“Funding is important in promoting a healthy startup ecosystem, and all of these factors have resulted in South Africa also having the highest amounts of local and foreign investment into its tech companies compared to Nigeria or Kenya, for example. Lastly, it doesn’t hurt that our country is particularly beautiful, and a great attraction for tourists who may visit and later want to invest, or international students or graduates attracted by the country who then share their skills as tech startup interns or employees.”

## Ian Merrington, CEO of the [Cape IT Initiative](#)

“The greater Cape Town area – including Stellenbosch – has proved itself to have the best startup ecosystem in Africa. This is in part due to the mature and well-established technology clusters, hubs and the incubators. CiTi’s Bandwidth Barn is Africa’s oldest technology incubator and has been running for over 18 years. Cape Town has proved to be well ahead of the technology development curve, where Africa’s first bitcoin academy was launched over three years ago as part of CiTi’s Fintech Cluster – also a first on the continent.



CiTi Circles to help Cape Town startups address issues

Tom Jackson 16 Jan 2018



“Another factor that contributes is Cape Town’s ability to attract the best local and international talent. Cape Town is South Africa’s best run city and was ranked the best African city for doing business in 2016. Its inherent creative leaning has pivoted to an innovation focus in recent years. 58 per cent of all of South Africa’s VCs are headquartered in Cape Town making for no shortage of funding. Get Smarter’s recent US\$103 million exit has once again proved the global competitiveness of Cape Town startups, primarily due to the entrepreneurial founders and management team, all Cape Town locals.”

## Keith Jones, co-founder of [Sw7](#)

“Johannesburg is the powerhouse of the African economy and the largest IT skills hub on the continent. The African startup economy is dominated by B2B businesses and the majority of these commercial deals are done in Johannesburg. There is a lot of activity in the startup market, largely driven by corporates and enterprise development fund but the Johannesburg market, like Johannesburg, tends to be spread out into several clusters, so we don’t have a single focal hub to gravitate towards.

“The market is very busy with a lot going on, lots of deals happening, and lots of cool tech and startups launching, but the focus is more on transacting than it is on building or participating in an ecosystem. If you don’t start in Johannesburg it’s probably where you will end up!”

## Zachariah George, co-founder of [Startupbootcamp Africa](#)

“Any startup network in the world must have some basic characteristics of what it takes to create a self-sustaining, growing entrepreneurial ecosystem:

“1) A strong and growing group of young, talented and tech-savvy entrepreneurs that choose to run startups and create mid-to-long-term economic impact and shift mindsets instead of a traditional corporate career.

"2) A steady pipeline of graduate and post-graduate students from top-tier technical and business schools as well as research centres that are opting to pursue an entrepreneurial path by working with startup founders above in point 1) versus moving into academia or industry consulting.



## Startupbootcamp Cape Town's top 10 startups sign 32 deals

6 Dec 2017



"3) A slowly but steadily growing pool of risk capital from high net worth individuals, families and Angel investing groups that are gradually becoming aware of early-stage venture capital instruments as an alternative asset class. And the improved access to information that comes with it.

"4) Corporations looking beyond traditional (and often extremely expensive and resource heavy) 'internal' innovation and product development programs and venturing into the realm of expedited external innovation by partnering with startups disrupting 'business-as-usual'.

"5) The emergence of accelerators like Startupbootcamp, incubators and high growth entrepreneurial support organisations that provide the ideal channel and means for corporates to administer proof-of-concept pilots with startups; and for investors to be able to more easily fund early-stage enterprises by virtue of less inherent risk coming out of B2B / B2B2C engagements between vetted startups and corporate partners.

6) An active, willing and 'red-tape light' government (at the national, provincial and municipal level) that seeks to promote greater economic development by providing incentives to small/medium sized businesses through incentives like tax subsidies, R&D grants, etc. like the government of California, the Western Cape Government in South Africa, etc.

All these above-mentioned factors working in unison together create an 'Open Innovation ecosystem' that is extremely important and relevant, especially in a burgeoning emerging market.

### **Ellen Fischat, managing director of [Silicon Cape](#)**

"There is a great sense of shared pride about Cape Town and all she offers. The residents stand united in affirming and showcasing their pride. They do this by supporting local initiatives, events, activities and products. They are proud of local accomplishment and celebrate each other's successes.

"The world class infrastructure and facilities aid the process of connectivity and are a big drawcard for foreign investment. There is a conscious effort from the diverse role players – civil society, public and private entities, foreign investors – to collaborate and share the platform of success.

"The creators and innovators strive to be the first to market and trendsetters. There is an appetite for new and unknown. Whereas in other ecosystems, your product or service needs to be more developed or established to gain recognition.

"The diversity of role players in terms of culture, gender, expertise and age translates into more multifaceted and greater impact solutions. The quality of secondary and tertiary education is high and skills are highly concentrated in the geographical location."

### **Tshepo Moloi, founder and CEO of Stokfella**

"When looking at the South African ecosystem as a startup, in hindsight it seems a great environment within the African continent to start a thriving business. With good infrastructure, network and multiple organisation startup support systems from various entities, a startup in South Africa is well positioned to take advantage of this.

“However, perhaps this is the biggest challenge to a startup. Learning how to position oneself and also navigate through a matured ecosystem can be tricky. The last thing a startup should worry about is high volumes of red tape, which a less matured or developing ecosystem does not have or has little off. Therefore, if you are a startup with founders that have accumulated vast experience in the field prior starting, South Africa offers one of the best springboards in the continent.”

## ABOUT TOM JACKSON

Co-founder @DisruptAfrica. Tech and business journalist in Africa. Passionate about the vibrant tech startups scene in Africa, Tom can usually be found sniffing out the continent's most exciting new companies and entrepreneurs, funding rounds and any other developments within the growing ecosystem

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