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*If the definition of true innovation is ingenuity born out of necessity, then welcome to Africa. There is no doubt that this is a tough continent with harsh realities stretching the will of its populations and businesses, but ‘where there is a will, there is a way’ – a saying that many Africans are proving through real-world solutions to real-world problems. For example, as energy is not readily available to most consumers, charging a mobile phone is a challenge. To overcome this, Nokia has launched a kit that allows individuals to charge their phones while cycling.*

*It’s about Africans bending the little they have to their will and using creativity to overcome life’s challenges. Criticaleye looks at the innovations coming out of the continent and discovers that, current political situations aside, Africa is an exciting place to be.*

#### TELECOMMUNICATIONS

Some of the key challenges that face African development - its vast size, its widely dispersed populations and its limited telecommunications infrastructure – have meant that wireless communication is flourishing. In fact, the area with probably the highest level of growth in Africa is telecommunications with mobile technology having leapfrogged fixed-line communication.

However, despite there being more mobile users in Africa than in North America, the market remains under penetrated. This is largely down to the harsh environment, meaning that organisations must find alternative ways to reach and then provide for the consumer. This will be achieved through innovation with, according to **Loïc Sadoulet**, Academic Director of the INSEAD Africa Initiative, Vodafone and KenCall two examples of organisations leading the charge.

This promises for more prosperous times in Africa as, according to *The Financial Express*, with every 10 per cent increase in mobile phone penetration, a country’s GDP increased by 0.6 per cent. By 2012, it is expected that 6 out of 10 Africans will have a mobile phone.

Vodafone and KenCall are not alone. **Samuel J. Palmisano**, Chairman, President and Chief Executive Officer of IBM, says, “We see our strategic relationship with Bharti Airtel as

a powerful example of building a smarter planet. We have achieved great success together in India, and now we are bringing that model to Africa. By building a 21st century telecommunications infrastructure for the continent – in effect, treating all of Africa as a system of systems – we expect to help spark transformation not just in communications, but across all sectors of society, empowering businesses, governments and individual citizens to connect, innovate and achieve economic growth.”

There are further examples of telecommunications organisations that have been using Africa as a breeding ground for innovation. M-PESA is a mobile phone based money transfer system that is practically unheard of in the Western world. It is a system through which users are able to transfer money onto their SIM cards, allowing for easy payment to other users or a safer way to transport money in places where having large sums of cash can be dangerous. It is also very beneficial for the countless African individuals (by some estimations, this is close to 80 per cent of the population) who do not have a bank account.

Developed by Safaricom Ltd, a subsidiary of Vodafone Group plc, in partnership with the UK Department for International Development, M-PESA has more than 6 million users in Kenya alone. Approximately 38 per cent of

Kenyan households have at least one user of the service. In contrast, only 22 per cent of Kenyan adults have bank accounts.

The Bill and Melinda Gates Foundation says that “mobile banking services have various benefits to the population, including increased productivity and capital flows, helping to manage cash flow as well as enhancing management of erratic incomes.” Such services allow the easy movement of capital, facilitating economic activity that may not otherwise have occurred.

In addition to mobile phones, there has also been a large uptake in the use of the internet. In 2010, 6.8 per cent of the total population had an internet connection and it is expected that, by 2012, there will be 12.7 million broadband users. Access to information has been a key in the growth of African economies – indeed, Accenture research shows that South African farmers with mobile access to market prices realise 30 per cent higher profits than those without access.

#### A CHALLENGING ENVIRONMENT

The environment in Africa is challenging to say the least. Vast distances and harsh weather can make doing business more than a little difficult, opening the market up to innovative business ideas that can creatively solve these challenges. The continent is embarking on its own industrial revolution... a sustainable one.

The undersupply of energy to the continent is a particular challenge for businesses.

**Katherine Tweedie**, Head of Africa at the World Economic Forum says, “Business growth needs to be supported with energy. There is a significant opportunity for organisations with innovative ideas for implementing alternative energy solutions.”

The world is facing a shortage of water – something that is becoming particularly apparent in Africa and is forcing organisations to consider the use of water in their product designs.

**Muhtar Kent**, Chairman of the Board and Chief Executive Officer of The Coca-Cola Company said, “Sustainability is about business continuity and opportunity. It’s about managing risks to your business – political risks, environmental risks, social

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risks, economic risks – while maximising opportunity. In terms of the environment, we know that water scarcity is a risk; that commodity scarcity is a risk; that energy scarcity is a risk. We know that we have to earn a social licence to operate with the communities we serve and the consumers who reach for our brands nearly 1.6 billion times a day. We absolutely have to manage these issues every day, financial crisis or not.

“In fact, we see even greater opportunities to focus on advancing our sustainability initiatives during a financial crisis, because the initiatives where we focus – water, packaging, energy, well-being – aren’t window-dressings; they are tied to our business growth and our bottom line.

“We have started by focusing on managing water responsibly in our operations. With WWF, we’ve set a global goal to improve the efficiency of our water use by 20 percent by 2012.”

Due to his continued efforts to use innovative, sustainable measures in his operations, Muhtar was named the Responsible CEO of the Year by CR Magazine in November 2010.

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#### THE CHALLENGES FACING INNOVATION IN AFRICA

- **Difficulty of maintaining and upgrading infrastructure investments** – continued investments are needed to support growth. Good infrastructure is needed to ensure that the benefits of innovation are felt throughout the continent.
- **Shortage of skilled talent** – the right talent is needed to ensure the maximum benefits of investments in innovation. Innovation on the continent is being helped by what is being dubbed the ‘reverse brain drain’. Educated individuals who had left Africa are now returning.
- **Lack of a widespread culture of innovation** – a culture of innovation needs to be fostered and supported. Government policies are needed to facilitate initiatives.

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have a mobile phone

#### Featuring commentary from:



**Loïc Sadoulet**  
Academic Director  
INSEAD Africa Initiative



**Samuel J. Palmisano**  
Chairman, President &  
Chief Executive Officer, IBM



**Katherine Tweedie**  
Head of Africa  
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**Muhtar Kent**  
Chairman of the Board &  
Chief Executive Officer, The  
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