

The Baobab Network Report  
For  
ZENMONDO Members  
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**Baobab Insights weekly round-up**  
News, views and analysis on tech and VC in Africa

8th October 2019

Issue #13



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**Good morning,**

**Market conditions are putting Andela's huge \$700m valuation under pressure**

Forbes published an [article](#) last week questioning whether recent changes to Andela's business model might make its \$700m valuation hard to sustain. The company, whose model is built around placing African tech talent into global organisations, has experienced unprecedented growth since its launch in 2014.

## Andela Funding in USD Millions

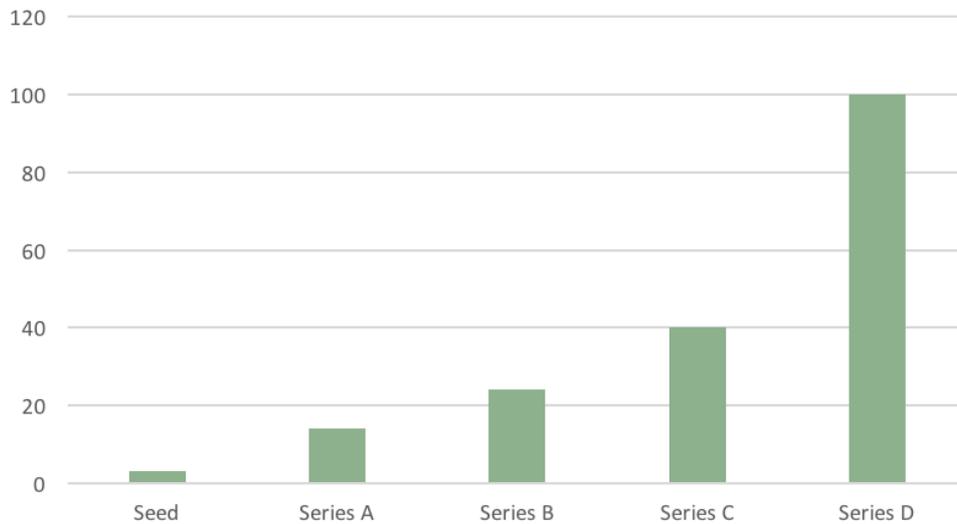


Chart Source: [Baobab Insights, 2019](#)

However, recent lay-offs of junior developers and changes to a more traditional outsourcing style business model seem to have taken some of the 'start-up' romance out of Andela's story. Andela raised \$100m in January of this year led by AI Gore's [Generation Investment Management](#), in a round that put the company's valuation at \$700m.

Forbes' article also questioned the long term effects on ecosystems like Nairobi and Lagos, two cities where Andela has focused a significant amount of its training budget. Now that they've unloaded hundreds of skilled developers it's uncertain if these cities can absorb so many talented developers looking for work.

We will keep a close eye on developments, and in particular, that lofty \$700m valuation....

## News

### Lori expands to Nigeria

Kenyan e-logistics start-up, [Lori](#), has officially announced its Nigerian expansion, after a 10-month trial period working with some of West Africa's biggest cargo companies.



## Flutterwave ranks 97th on YC's list of 102 most valuable companies

Last week Y Combinator released its [annual list](#) of most valuable portfolio companies. [Flutterwave](#), the Nigerian payments start-up, appeared at number 97 on the list and in doing so became the first African start-up to join this prestigious collection of global tech companies. Flutterwave has raised over \$20m in funding since its launch in 2016.

Source: [Y Combinator](#)

## 10 million Zimbabweans briefly lost access to their mobile money

On 30th September, the Reserve Bank of Zimbabwe [issued a directive](#) for all mobile payment system providers and merchants to discontinue cash in and cash out services. In a country where 95% of all monetary transactions come through mobile money, this, unsurprisingly, caused a major backlash and 3 days later the ban was lifted.

Source: [Quartz Africa](#)

## Fund news

- [Beco Capital](#) has closed [\\$100m fund](#) to focus on MENA start-ups.
- IFC has [invested \\$1m into](#) the Anava Seed Fund, run by Flat6Labs, to focus on tech in Tunisia and in particular, female entrepreneurs.

## Deals

- Cairo-based on-demand printing services platform PrintX [has raised \\$150k](#).
- Cape Town's [Sentian](#), a developer of smart security solutions, has raised funding from [Imfezeko](#) Investment Holdings
- Expandcart has raised \$150k from [Betatron](#) in Hong Kong.

## Infrastructure (New)

[MainOne](#), a submarine broadband project stretching from Portugal to South Africa along the west coast of Africa, has landed its cable in Grand Bassam, Cote D'Ivoire.

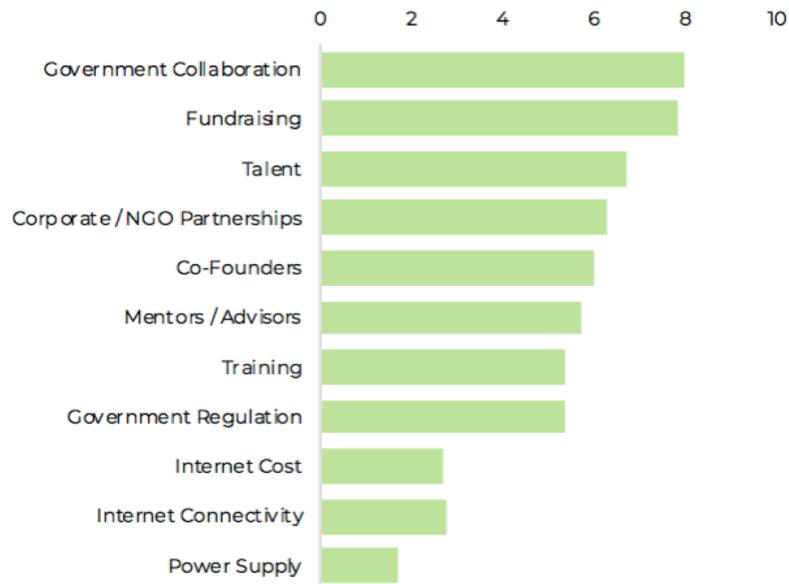
UK Export Finance has announced the release of \$172.2m [to fund new development projects in Angola](#), including \$101.6m to support new electricity infrastructure in the north of the country.

## Chart of the week

In September our team pulled together an in-depth analysis of Morocco's tech sector. This included a survey of start-up founders, the results of which highlight the key challenges

faced when scaling a new company in this dynamic North African country....

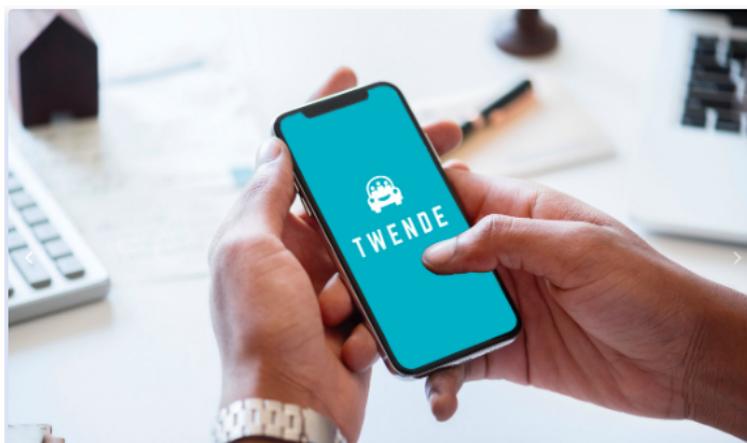
### Survey responses: challenges facing start-ups (0 Easy – 10 Difficult)



Source: [Baobab Insights 2019](#)

### Start-up spotlight

[Twende](#) are digitising car-pooling in Africa. Based out of Nairobi, the Twende team are looking to emulate the huge success of other car-pooling platforms like [BlaBla Car](#), connecting people who are travelling in the same direction. Drivers can fill empty seats in their cars and passengers can get from A to B in a faster and more comfortable way.



Twende are the latest in a series of mobility start-ups that we at Baobab Insights are getting very excited about - disrupting the multi-billion dollar transport and logistics sector in Africa.

### Know a company building something cool?

Nominate them for our weekly spotlight at [team@baobabinsights.com](mailto:team@baobabinsights.com).

## Get in touch

Want to learn more about our content or send us feedback? Email us on [team@baobabinsights.com](mailto:team@baobabinsights.com).



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