

# Why African corporates need startups in order to innovate

By [Tom Jackson](#)

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"Corporates will not be able to innovate in Africa without startups, that's for sure." That is the view of AfricArena chief executive officer (CEO) Christophe Viarnaud, speaking during a panel discussion on corporate-startup partnerships at the recent MEST Africa Summit in Cape Town.



He said in an era where execution and innovation increasingly are key, businesses cannot thrive in an environment where all their resources are prohibiting innovation. The world's most successful organisations use distributed teams that are agile.

"Companies are going to move as a network of teams and individuals working together. Whether they are employed by the company, contracted by the company or startups working for the company, it is becoming very close," Viarnaud said.

"The ability for corporates to integrate that mechanism of organisation is what defines their ability to reinvent themselves and be very successful going forward. Dealing with startups is one thing you need to sort out if you as a corporate are going to have successful research and development."

One company that has realised this is German health giant Merck, which has launched an innovation centre at its headquarters and is [expanding its e-health accelerator programme across Africa](#).

Munya Chivasa, head of Merck Accelerator, said Merck employed almost 20,000 scientists, but was looking for assistance from startups when it came to technology.

“We see a big benefit in working with external partners. We have a strategy within the company of becoming a science and technology company. We do the science in an amazing way. The tech part can be a bit tricky for us,” he said.

“We’re a 350-year-old company that has done things in a certain way. We have some corporate inertia as well. We see that if we get the right kind of partners who are at the cutting edge in their specific space, it can lead to some movement within the company. We started the accelerator programme partly to change the culture within our company as well.”

## Edge of innovation

Otema Yirenkyi, head of channel enablement at Vodafone, said working with a startup helped a corporate see the edge of innovation.

“You have your roadmap and defined architectures and sometimes you can’t go out of that so quickly. A startup helps you to future-proof yourself and then you collaborate together,” she said.

MEST managing director Aaron Fu agreed that many corporates were turning to startups, but said there were challenges involved in the process.

“A lot of startups really struggle to work with corporates, and very often it is just a misunderstanding in terms of where you are coming from. We really do see the push and desire from both sides but that last mile always seems to be a bit of a challenge, and some have ended pretty badly,” he said.

Panellists were agreed on this front. Viarnaud said he had seen a lot of struggle and failure in corporate-startup partnerships, mentioning one startup that took one year to integrate with a corporate sponsor after winning an event.

“If you think about the IT infrastructure weight of corporates, to integrate a little startup that comes with a payments system for example, is hard,” he said.

“If a company has an open innovation team and a philosophy on open innovation, it works. If a company is doing it to show it is cool and teaming up with startups, but not really, because it is “us and them”, it doesn’t work. It is really important to consider the startup an integral part of your organisation.”

## Future-proof

Yirenkyi agreed these were challenges.

“You’re not going to uproot your technology for an innovation to future-proof you, and also you have a defined procurement process, as well as very importantly your contracting process. And so if you’re a startup, understanding that bridges that gap really quickly,” she said.

As CEO of Ghanaian gaming startup Leti Arts, Eyram Tawia has much experience of working with corporates. He had some advice for startups seeking such partnerships.

“My team is always very frustrated with requirements. But the successful bit for us is having the open heart to understand corporates. These are very big organisations. If you meet the CEO of a big corporate, don’t talk with him about implementation. Look for a branch head, or even an agency that works with them,” he said.

“If you are a startup, engage with a corporate when you are mid-level or looking at scaling, not when you are just starting out. Sit back, and observe the processes, and make sure you have enough small customers that can ensure cash flow while you wait for the corporate to pay you.”

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