Digital adoption in Africa supersedes other regions - report

A new report by Boston Consulting Group called Digital Challenge in Africa, reveals that although Africa currently trails other regions in terms of digital adoption and maturity, the pace of adoption and infrastructure buildout is happening faster on the continent than any other region in the world.
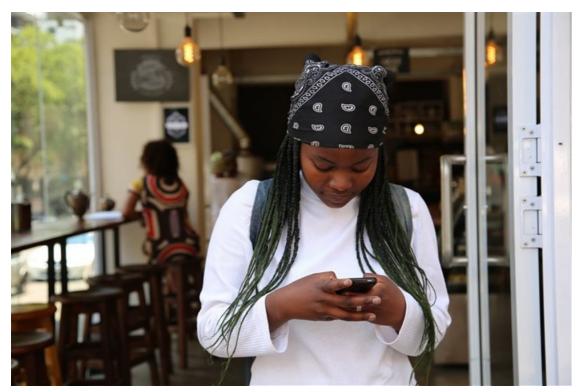

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"The Covid-19 crisis has also focused minds, accelerating digital adoption among consumers and digital transformation among companies," says Jan Gildemeister, managing director and partner at Boston Consulting Group, Johannesburg.

"For success going forward, we believe that companies and governments need to coordinate on three fronts: creating scale, nurturing and attracting digital talent, and building ecosystems and innovation hubs to improve access to financing options, regulation and technology."

To get to the stage where companies and governments are able to fully coordinate on these fronts, it is going to be critical to close the digital gaps that persist; arising from limited digital service penetration, a lack of digital skills, little trust in digital service providers, weak connectivity coverage and the high cost of data.

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"For instance, only 40% of African consumers have 3G coverage compared to 72% worldwide and connection speeds and digital service quality in Africa are relatively inferior," says Gildemeister.

These challenges extend to African companies too. Organisations across the continent have the lowest average digital

maturity globally; driven by management's struggle to narrow digital priorities, cultural resistance to adopting digital, insufficient digital capabilities and a lack of organisational agility.

Strong desire to bridge gaps

However, there is a strong desire on the continent to bridge these gaps, and there is already some positive momentum.

Infrastructure and demand are growing steadily and more rapidly than elsewhere in the world, and the lack of digital maturity actually offers an opportunity to leapfrog legacy technologies and business models - with the growth and popularity of mobile money a good example of the ability to leverage innovation.

Companies are accelerating digital momentum as they recognise the correlation between digital maturity and performance, and the pandemic has accelerated digital adoption and transformation both for consumers and companies.

"One industry where this shift is quite apparent is banking. Many African consumers have already adjusted their day-to-day banking behaviour because of the pandemic. For example, 46% of surveyed South Africans said they are considering making a permanent shift to digital banking," says Gildemeister.

What's necessary to build on the momentum

To build on this momentum, it will be necessary to achieve scale both at the individual operations level of companies and governments, as well as at the broader market level for economic viability, profitability and sustainability.

It will also be important to attract and retain digital talent through specific employee value propositions (EVPs) for digital to address issues that really matter to digital talent, starting with learning and skills development programmes.

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This will need to be matched by the building of digital ecosystems that nurture entrepreneurship and startups: currently, for instance, there are only 2,000 startups in South Africa, a low number for one of Africa's main economic hubs.

Entrepreneurs and startups in the country are hampered by regulatory red tape, lack of access to funding and strategic partnerships, information inadequacy, complex intellectual property rights, and corporate governance limitations.

Creating a strong ecosystem will require improving access to finance and markets, regulations that support innovation, the development of infrastructure and platforms at scale, and leveraging larger players that drive ongoing development.