NEWS IN DEPTH

ICT start-ups win cash to get business ideas off

Humanipo to fund three winners of entrepreneurship competition

BY IMMACULATE KARAMBU

Humanipo, a collaboration between networks of free agents will invest Sh54 million in ICT start-up companies.

The firm's officials said three Kenyan ICT start-ups have been identified for funding of between Sh3 million and Sh2 million each following successful presentation of their business ideas at the just-concluded IPO48.

IPO48 refers to a contest that was held at the I-Hub in Nairobi where competitors had just 48 hours to turn their ideas into viable business ventures. This year's winners include Tusquee Systems, Ghafla and 6ix Degrees.

Humanipo also gives budding entrepreneurs feedback on their start ups and connect them to potential co-founders, mentors, investors.

This is the second time the competition is being held in Kenya. Mfarm scooped the top position in the inaugural event held last year at Strathmore University in Nairobi and won Sh1 million in investment funding.

Mfarm's aims to provide farmers with a tech-based solution to marketing, including access to commodity prices and market data so as to curb exploitation by middlemen.

Business Daily talked to each of the three start-ups on their projects and how they plan to invest the prize money to improve business.

> There is deepening mobile penetration but it is difficult to market the idea to schools without computers

Tusquee Systems: The group comprises six University of Nairobi students studying mathematics, geology and computer science.

According to one of the company founders Boniface Githinji, the idea is to provide affordable means of communication among schools, students and other stakeholders through an SMS code.

The services include inquiry and access to examination results, school fees balances and fee statements.

The application is mobile based as it utilises the short message (SMS) function which will cost Sh10 for enquiries.

It is a cheaper alternative to methods that schools currently use to call impromptu meetings such as newspaper and radio advertisements.

Ten schools participated in the pilot stage, including Alliance Girl's High School, Precious Blood Riruta, Naivasha Boy's Boarding and Nairobi Primary School and the company officials are optimistic of attracting more institutions once the business is officially rolled out.

But there is a challenge. "As much as there has been increased mobile handset penetration in Kenya, it is difficult to market the idea to schools that do not have computers. We are looking at ways of getting them on board," said Mr Githinji.

This is where they intend to channel part of the Sh3 million prize money. The rest will be used on marketing and product improvement.

6ix Degrees: This group was picked following a decision by the investors to fund three start-ups including the winner.

It founders are three former classmates at Moi University who are working on a mobile application that can retrieve all contacts in the user's phonebook and back up the contacts in a remote server.

All that the user needs to do is download the backup service from 6ixdegrees to his phone, a process that automatically backs up the contacts into a remote server.

Upon loss and replacement of one's mobile phone, the user can download the backup application on to the new handset to retrieve old contacts, a service that will cost Sh50.

Retrieve contacts

"It will be like a normal phonebook from which users can retrieve contacts of other people on the network," said Ngugi Gikonyo, one of the founders.

The search option is secured to enhance privacy of information. One has to accept the search request from people not in their phone book before their contacts can be released. The search option applies to both within and without the backup network.

To make it accessible to as many people as possible, the application can be accessed through basic feature phones that command about 80 per cent of the

Some of the winners of IPO48 competition Raymond Mwasaru (seating left) and Boniface Githinji of Tusqee Systems. Standing left to right are David Owino (co-founder HumanIPO), Ivan Alexander Larsen (88Mph) and Kresten Buch (CEO and Founder HumanIPO)

CORRESPONDENT

Innovaters share ideas

■ Entrepreneurs can use HumanIPO to build a business by sharing their ideas in order to find partners, mentors, consultants, foreign sales agents and investors. It is built on the thesis that successful companies will emerge through collaboration between networks of free agents.

■ Humanipo.com is a social media platform to give entrepreneurs online feedback on their start-ups and connect them to potential co-founders, mentors, investors.

■ Three Kenyan ICT start-ups have been identified for funding of between Sh3 million and Sh2 million each following successful presentation of their business ideas at the just-concluded IPO48

■ They are: Tusqee Systems, 6ix Degrees and Ghafla . Tusqee comprises six University of Nairobi students studying mathematics, geology and computer science.Their application is mobile based as it utilises the short message (SMS) function which will cost Sh10 for enquiries .

■ 6ix Degree founders are three former classmates at Moi University who have a mobile application that retrieves all contacts in the user's phonebook and back up the contacts in a remote server.

■ Ghafla is a creation of two business partners who want to stop boredom while allowing companies avenues s to advertise .

mobile handset market.

Already, the group has signed up 1,500 individual numbers for free

testing. Their long term goal is to build a people-relations platform through which they can network

the ground

or do multi level marketing.

Ghafla: It is the creation of Samuel Majani and Lyosi Mwedekeli who want to kick out boredom while availing an avenue for companies and business owners to advertise themselves.

The company is an upgrade of Kenyanlyrics.com that was set up in 2009 and renamed Ghafla this year to enter the contest.

"We decided it was time for rebranding to match IPO48," said Mr Majani.

While trading as Kenyan Lyrics, the company's role was limited to selling advertisement space to local companies. Visitors to the site could not purchase any digital downloads.

But it is now hoping to explore a larger East Africa market after the rebranding.

The new site will comprise a section for free content that will be limited to lyrics of popular songs and another chargeable part for digital downloads where buyers can log in to buy entertainment material.

The firm is eyeing revenue from the sale of content that will cost between Sh30 and Sh50 as well as from advertisements due to huge traffic expected in the scramble for the free content.

Target clients

The service targets mainly women aged between 18 and 35 who constitute 54 per cent of visitors to the website, according to a research they conducted on Kenyan lyrics users. It may expand into entertainment and sports news.

According to Mr Majani, Ghafla plans to use the seed money to buy servers as it currently relies on shared ones while the rest will be channelled to marketing and promotion of the website.

But a weakness that was evident across all the three groups is lack of well laid out business relations between the various partners as most of them started out as friends but have not mapped out clear strategy of managing their companies.

This year's contest drew 12 entries while last year's attracted 13. In addition to giving the winners start-up capital, Humanipo is also involved in mentoring the entrepreneurs and supporting their systems through investors and consultants until they can stand on their own.

Humanipo draws its funding from contribution by its founder Kresten-Buch, co-founder David Owino and other international investors who are looking at buying equity into the start-ups once their business ideas are implemented.

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INNOVATION ■ ERICA WILLIAMS

Take small but firm steps to change the way things are done in your field

Innovation, in word and deed, has been a golden calf of the business world for decades. Companies like Apple and Google are prized and admired for their unending commitment to introducing new services, products, methods and strategies.

Now the concept has taken on a second life in the social sector, where a tougher than tough economy has made "innovation" the theoretical one-size fits all answer for every challenge, with little discussion about the associated costs and challenges. Donors no longer supporting your work? Innovate. A harsh, unyielding, volatile political climate? Innovate! Shrinking staff? Innovate!

I, charged aggressively into this recession with all of my 22-year old energy and generational swagger, armed with Seth Godin books, ready to innovate and "change the game", despite never having played it before. Working for the nation's oldest and largest civil and human rights coalition, I ran head first into the reality that innovation, however sexy and necessary, is much easier said than done.

Since then, I've founded a new project and brand within the country's largest progressive think tank and am now working with ambitious social entrepreneurs to develop, experiment with, and incubate new ideas. In other words, I've seen how hard innovation can be in every possible social sector setting.

Why is this? Well, for starters, failure is a critical part of innovation. In order to try something new, one must be willing to fail on the path to success.

Unfortunately for many non-profits, failure is perceived as more than an uncomfortable and painful outcome, but a grave and dangerous one. There are two huge reasons why failure is seen as so negative in the social sector:

■ There is too much at stake. Businesses risk money. Non profits risk political capital that can take years to rebuild, and in many cases, the very lives of the people they serve or advocate on behalf of. Failure in our world can mean less effective services to the homeless, less responsive assistance for victims of domestic violence, the squandering of funds for public education, and so and so forth. This is not a game. But the problem with this serious-

Apple Inc. CEO Steve Jobs speaks in front of the display showing buttons of various apps. Companies like Apple are prized and admired for their unending commitment to introducing new services. FILE

Fear of failure draws back firms

■ Failure is a critical part of innovation. In order to try something new, one must be willing to fail on the path to success.
■ Unfortunately for many non-profits, failure is perceived as more than an uncomfortable and painful outcome.
■ What many don't understand is that while our issues may seem too important to risk failure in the short term, their importance has kept many in the sector from experimenting and innovating fast enough to succeed in the long term.

ness, no matter how accurate it may be, is that is often applied with such tenacity and to such great extent as to morph into a self-righteous excuse to settle for the status quo. Will people really die if you reformat the way you send out an email? Will genocide be any more intense if you try a creative online action for your organisations?

Will the world really end if you try to engage students in their own advocacy vs. just parents? Probably not. What many don't understand is that while our issues may seem too important to risk failure in the short term, their importance has kept many in the sector from experimenting and innovating fast enough to succeed in the long term.

■ No one wants to pay for failure. One of the most common causes for non-profits to fear innovation is the tenuous nature of social sector funding. In our world, there is a looming, ever present concern about how risk and failure can negatively impact the bottom line. Will donors question our skill, our competence, or even our value in an already crowded field? If we don't show "success" fast enough — no matter how small — will they lose interest in our cause altogether and move on to the next hot issues of the month?

These are very real questions that social sector CEOs, Presidents and project managers ask themselves daily.

And while some donors say that they do indeed want to fund the next big idea, many organisations fear that donors will not fund the risk-heavy process behind every big idea.

Both of these conditions make

the necessary failures that lead to innovation a high hurdle for most companies in the social sector. In my experience, however, I've seen real progress made when companies can take small-but-meaningful first steps down this path. Consider these suggestions as first steps to help your organisation chart a more innovative course toward developing new ideas and making your work more impactful, creative and efficient:

■ Ask a simple question. Encourage everyone to frequently ask the question: Is there a better way to do this? This creates a culture that is constantly evaluating methods and fostering ideas.

Allow employees to experiment with new ways to accomplish their goals and work — especially young, entry-level and junior staff who are often eager to contribute ideas. You'd be surprised how much the tiny, seemingly unimportant changes can lead to "the big idea" down the road that will completely revolutionise the way you do business.

■ Engage members. Don't allow the pressure for innovation to rest solely on the shoulders of the staff. Encourage local affiliates, partners, board members and even beneficiaries (clients, constituencies,) to brainstorm and experiment. A new idea could bubble up from the field at no cost to you, tested and member approved.

■ Partner, partner, partner. If the goal is truly to change the way business is done in your field, there's no reason to be proprietary over the experimentation and resulting innovations.

Chances are that others in your space or in adjacent areas are strapped for resources like yourself. So bring together likeminded partners to discuss new ideas and share resources to test them out. This balances the risk and spreads the impact of possible failure — and eventual success — amongst everyone.

There are many more reasons why innovation in the social sector is hard. But finding ways to take small steps to help overcome the fear of risk can lead to more audacious experimentation and ultimately, bigger and better results. (HBR)

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