

SARECO Webinar

16th June 2020

African and Swiss Start-Ups in Times of COVID-19: How to Move Ahead



Introduction

Erich Thaler (Host) – Desk for Networks and Global Partnerships, [University of Basel](#)

14:00 – 14:10

Jordi Montserrat – [Venturelab](#)
Opportunities and challenges in the post COVID support and funding ecosystem for startups and early entrepreneurs, in particular in Switzerland

14:10 – 14:20

Alfredo Cuanda – [Afrilabs](#)
Rethinking about Asset-Light Business Models and Strategies for the “Business-as-Unusual” Economy in the post COVID, particularly in African markets.

14:20 – 14:30

Q&A-Session



SARECO WEBINAR

**SUPPORT FOR SWISS AND AFRICAN
SCIENCE-BASED STARTUPS**

THE “BUSINESS-AS-UNUSUAL” ECONOMY *in* POST COVID-19.

About AfriLabs

We are a pan-africa community-based organization focused on supporting disruptive entrepreneurs through hubs.

89
CITIES

46
COUNTRIES

202
HUBS

1Mil
MEMBERS

BEYOND ALL NUMBERS, KNOW THIS:

**COVID-19 IS THE STRESS TEST THAT
EXPOSES CRITICAL FLAWS OF ALL
OPERATING SYSTEMS OF OUR LIVES.**

CHALLENGES:

COLLECTIVE ADAPTABILITY. ABILITY TO EMBRACE CHANGE, WHEN NEEDED, AT SCALE.



RETURN ON RELATIONSHIP

How we co-create trusted relationships that last in times of uncertainty?



SYSTEM DESIGN PROBLEM

Why more of lack of money designed the systems that are failing?



INFORMAL ECONOMIES*

How daily based income households are affecting the economy of a country?

CHALLENGES:

PERSONAL ACCOUNTABILITY. ABILITY TO EXPRESS AND UPHOLD EXPECTATIONS.



ACTION TRANSPARENCY

Those who are in charge are acting on
who's interest? Whats your part?



VERIFIED INFORMATION

How much (dis)informed are people to act
upon what they now about COVID?



(BIG) DATA OWNERSHIP

Who owns the (big) data that shapes our
decision making process?

Webinar

SUPPORT FOR SWISS AND AFRICAN SCIENCE-BASED START-UPS IN TIMES OF COVID-19

June 16th , 2020



SARECO
Webinar

Erich Thaler
University of Basel
Jordi Montserrat
Venturelab
Alfredo Cuanda
Afrilabs

Tue, 16th June 2020
14:00 - 14:30 CEST
sareco.org/webinars

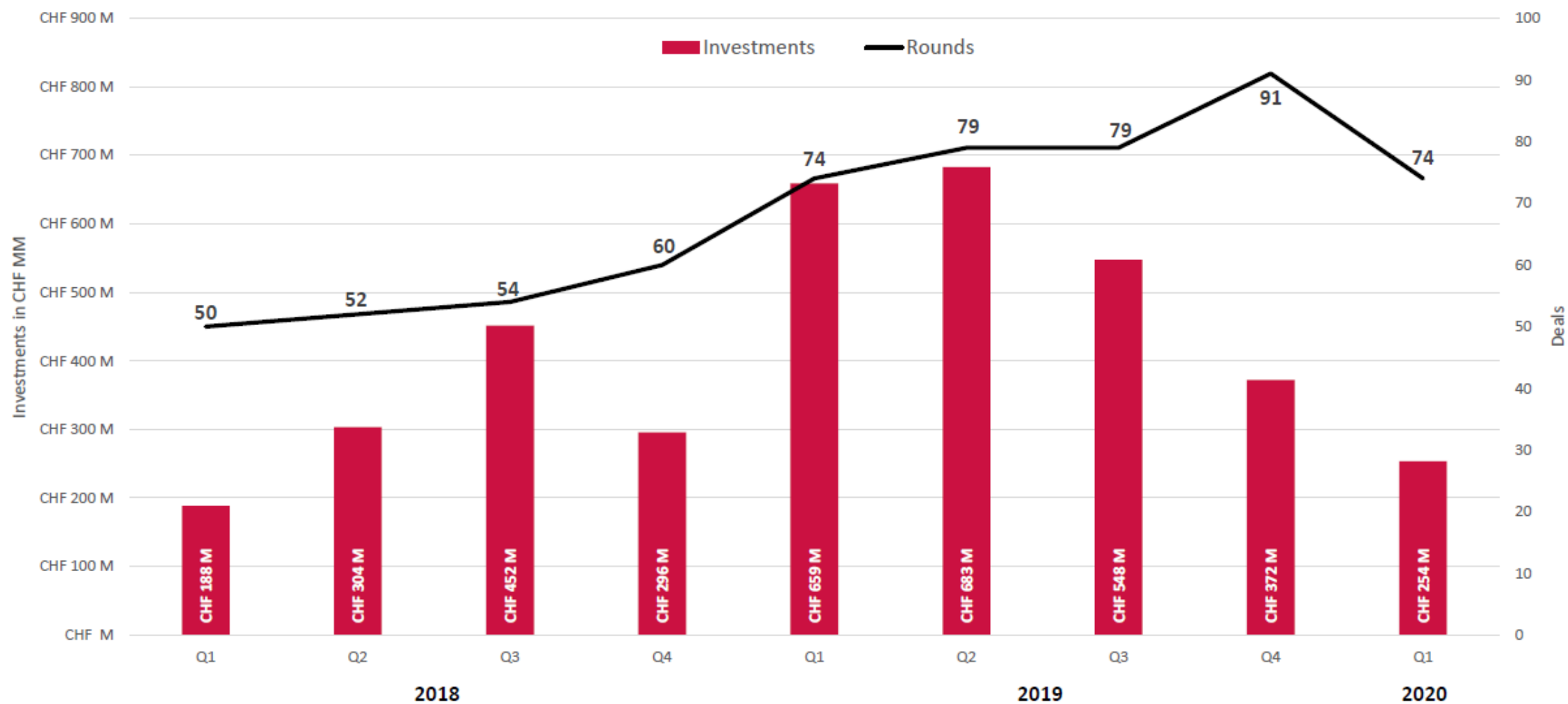
World-class Startups. Swiss made.

The Startup Challenges

The “black swan” event

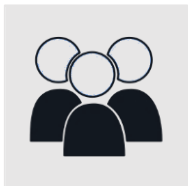
- **The duration of the crisis is uncertain**
<https://medium.com/sequoia-capital/coronavirus-the-black-swan-of-2020-7c72bdeb9753>
- **Freezing activities with customers and investors, hard to move projects forward**
- **The funding conditions become more difficult,
Note: still active for the time being**

Venture Capital Deal Activity



Assumptions for 2020

Courtesy of www.kellerhals-carrard.ch



Investors' Market: We are shifting from a founders' market to an investors' market with respect to VC deal terms



Lower Valuations: Valuations outside the few industry segments that benefit from COVID-19 will be lower (20-40%)



Funding Gap: Investors will be less bullish to make new investments and will have more problems setting up new funds; foreign VC capital go down

Debt won't help: COVID-19 bank loans will further dampen the valuations of startups

Exit Crunch: Exit transactions (and valuations) will go down and/or delay substantially

Surge of Convertibles: Convertibles will become more relevant as a funding means in order to avoid down rounds/too big dilution (also post-seed stage)

Founder Dilution: ESOP top-ups and carve-outs for founders/mgt will resurface in 2021 as a result of the valuation crunch



The opportunities

It will be difficult , yet :

- Internal : push the company to adapt, digital transformation, ...
- All the time you cannot spend with customer : spend on reaching out (mktg, lknd,...)
- If an option: advance product development or adapt you product (but beware of “COVID mania” which would not have solid fundamentals)
- Financing: multiple state funded programs (for Switzerland, see appendix)
- Talk to your your investors to be on top of the list (they will have to make choice) : Bridge round ?
- Foundations, competitions, Friends and family.

1. Short-term: reduce cash burn

- **A zero cashflow goal:** which bills can you hold ? Talk to your landlord (rent), suppliers, clients, partners. Look at your current assets (sell or rent)
- **Teams salaries**
 - ==> Apply for short-time work support if available → check direct links
 - ==> Delay / reduce salaries : options in agreement with employees.
- **Team and communication** is key. (Daily interaction of your team)

Main goal: survive during the crisis.

2. Medium-term: maximize cash influx

- **Prioritize your objectives:** do what you did not have the time to do the last months (operations, distribution partners,...)
- Full focus on sales (including R&D teams):
 - ==> current pipeline: digital / live demo
 - ==> help your existing and future customers.
- **Turn this crisis into an opportunity:** reinvent the way we work/prioritize

Main goal: prepare the future and be stronger after the crisis.

Adapting the company (1)

- PLAN : you need to have a working plan
 - 2-3 scenarios, with hypothesis when the crisis is over
 - HR and financial plans
 - Primarily for you to navigate the coming months
 - But also will be required by investors, support entities
 - What is your single biggest risk?
- Three phases
 1. Stabilize (protecting the team, the activity, keeping contact with customers, etc., reduce costs and maximize income, loans)
 2. Plan and manage the transition
 3. Re-emerge (sales process, part pivot, steps to reposition, new opportunities, etc.)

Adapting the company (2)

- Keeping the core team is key
 - Lack of face-to-face → ensure regular touch points, including informal ones
 - Lack of information → extra communication
 - Manage stress / anxiety → your leadership skills at work
 - Need to project assurance → provide perspective
- Beware of blindspots
 - Cyber-attacks are on the rise

'STRENGTH IN NUMBERS'

AS A CONTINENT WE ARE UNSTOPPABLE, TOGETHER.
SINGLE AFRICAN MARKET.



54

CONTINENT COUNTRIES



1.32B

CONTINENT POPULATION



1.08B

MOBILE CONNECTIONS



453M

INTERNET USERS

OPPORTUNITIES:

VALUE CHAIN INNOVATIONS. START-UP, BUILD-UP AND SCALE-UP THE AFRICAN WAY.



ASSETS DIGITIZATION

Convert African legacy and indigenous information into digital assets



INDUSTRY ACCELERATORS

Unlock the potential of the digitized African assets at scale

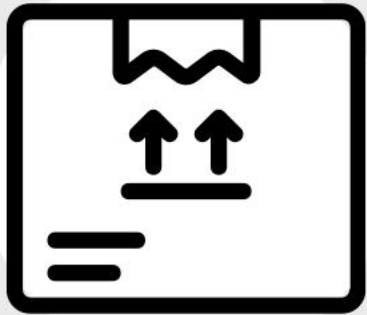


POLICY INNOVATIONS

Enable ecosystem where innovation and entrepreneurship thrive

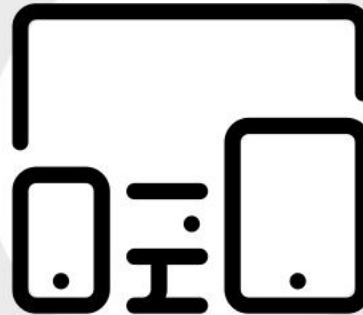
OPPORTUNITIES:

ASSET-LIGHT BUSINESSES. CO-CREATE VALUE USING STRATEGICALLY OUTSOURCED OPERATIONS.



SERVICE PRODUCTIZATION

Help co-create, sell and deliver services packaged like products.



VALUE PLATFORMIZATION

Help co-create, sell and deliver value transactions between stakeholders.



PRODUCT SERVITIZATION

Help co-create, sell and deliver products packaged like services.

POST-COVID KEY CONSIDERATIONS

DO!

**MORE VALUE IMPROVING
WELLBEING, EDUCATION,
DIVERSITY AND INCOME.**

**INVEST IN RESEARCH
AND DEVELOPMENT, IP
AI, AND POLICIES.**

DO!

KEY CHALLENGE:

COLLECTIVE ADAPTABILITY

KEY OPPORTUNITY:

VALUE CHAIN INNOVATIONS

KHANIMAMBO!

THANK YOU!

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14:20 – Q&A-Session
14:30



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**Summary and
Personal
Recommendations**



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Useful Links

venturelab.ch/coronavirus

venturelab.ch/startupfunding

covidtech.africa

www.afrilabs.com

idear.io

