

The FutureList

Renew Capital

Innovation Memo

Innovation In Words



A note from the Managing Partner & CEO, Matthew Davis:

According to a founder of one of our portfolio companies, Renew Capital is the firm that always picks up when you call them. That accessibility matters, and we're right here, on the ground with our founders; we aren't based overseas, which is very important. We are also constantly working on the categories of support we can provide to them, helping them to sift through the glut of entrepreneurial programs, and aiming to provide them with the fundamentals that will equip them with enough know-how to propel their businesses forward.

Renew Capital

Executive Summary

- 
2007

- 
Across Africa

- 
www.renewcapital.com

- 
\$8.1M+ Invested

- 
2012

Renew Capital is a prominent angel network established in Addis Ababa 12 years ago, making them one of the earliest players in Africa's burgeoning angel investor scene. Their focus is on backing early-stage tech startups with the potential for high social and economic impact, including significant job creation. This focus aligns with their broader mission to foster a robust entrepreneurial ecosystem across Africa.

Operating in a challenging environment marked by complex regulations and limitations on foreign investment in specific sectors, Renew Capital has developed valuable expertise in navigating these hurdles. Their experience translates into structured support programs offered to portfolio companies, including market research assistance. This commitment to founder development goes beyond pure investment.

Renew Capital's success is evident in their expansion across 15 African markets. The launch of their new Pan-African fund in February 2024 signifies a significant step forward. This fund aims to make 50-60 investments in various early-stage tech ventures, further solidifying their role in fueling Africa's tech growth.



Matthew Davis
Co-CEO & Co-Founder

Matthew Davis is a Co-CEO of Renew Capital, a co-founder of the Renew Capital Angels, and also serves as Renew Capital's Chief Investment Officer. Prior to founding Renew Capital, Matt worked as a principal consultant at the Touchstone Consulting Group, where he advised executives and government leaders and led projects related to environmental sustainability, international development, information technology, and finance. Matt has an undergraduate degree in physics, a Master of Science degree in physics and business, and is a CFA® charterholder.



Laura Davis
Co-CEO & Co-Founder

Laura Davis is a Co-CEO of Renew Capital and a co-founder of Renew Capital Angels. Laura is an active angel investor and has set up Renew Capital's operations in Afghanistan and throughout Africa. She has extensive experience in consulting, operations, marketing, and public relations in the United States and abroad. Prior to her work at Renew Capital, Laura worked as a consultant for the Mayo Clinic, World Vision, and Mercy Ships. She holds a bachelor's degree in business and public relations from the University of Minnesota.

Innovation Spotlight

Innovation in Fundraising

The founders of Renew Capital have backgrounds in management consulting and in the nonprofit industry, and both have gained the ability to spot lucrative opportunities for economic growth and impact from these long-running careers. Over time, they had also become disillusioned with interventions through development aid, which they believe exacerbated a pervasive and inaccurate perception of Africa. Having seen opportunities for establishing large-scale businesses first-hand, they have taken a unique approach to fundraising:

Investor immersion trips:

Since 2013, Renew Capital has invited LPs to experience their investment through tailored investor immersion trips across Africa. For their mostly U.S.-based LPs, these trips offer a window into Africa's thriving entrepreneurial ecosystems with site visits to portfolio companies, live pitches from their pipeline, and tours of local accelerators and startup incubators. Their tagline for the trips – "Experience Africa beyond safaris and wildlife" – encapsulates Renew Capital's mission to change the way the world engages with Africa.

An evolving thesis:

Renew Capital hasn't always followed a single investment philosophy. Initially, Matthew envisioned building a "Berkshire-Hathaway" type of portfolio, made up of companies that were capital-constrained, with the potential to scale into large corporations, create employment, and drive impact. Soon after, they realized that they were too focused on capital-intensive businesses, which typically needed 10x to 20x larger ticket sizes than Renew Capital could provide, and which were also vulnerable to legislative and security risks that characterize many parts of Africa.

At the same time, Renew's LP pool increasingly started to include more tech-savvy LPs with an interest in technology companies. This led to a change in their mandate, and while they do consider companies that aren't hard tech or tech-enabled, their main focus is on technological innovations.

Program funding partners:

After a few years of investing in companies on the continent, the firm's partners noticed critical gaps in their investment model, including their capacity to provide post-investment support to founding teams. They have been able to circumvent this through partnerships with governments and their development agencies.

One of these partnerships, with the Government of Canada, has been pivotal to the firm's success. In what could best be defined as a "blended finance" model, the Canadian government worked with Renew Capital to support the wider investment ecosystem, including the funding of managerial training for Renew's portfolio companies. Renew Capital was then able to collect data and generate feedback from this investment activity, which was shared with the Ethiopian Investment Commission and stakeholders of the country's Startup and Innovative Business Proclamation, helping to shape crucial tech ecosystem policies.

Deal Sourcing

From capital-intensive to asset-light

The 2020 Tigray conflict in Ethiopia was a turning point for Renew Capital which had, up until then, a portfolio that was skewed towards capital-intensive businesses. According to Matthew, they realized they had to mitigate risks associated with investing in these types of businesses. They have since pivoted to an asset-light, technology-enabled investment focus. They are sector agnostic and early stage, investing up to the seed round.

People over ideas:

Renew Capital believes that while ideas matter, it is important to heavily index investment decisions on the teams behind the idea. The firm is confident that current and emerging technologies will allow African entrepreneurs to disrupt every sector imaginable, and that the major problems and opportunities on the continent are clear and compelling enough. What matters more is the experience of the founder, a deep understanding of the market, and a certain grit and determination to build a company and remain committed for long enough to get to the most effective solution. "It is as much an art as it is a science", notes Matthew.

Proprietary primary data

With a geographically distributed team based in all 15 markets, Renew Capital is intentional about gathering primary data, which they have identified as an untapped opportunity on the continent. This data is used to spot trends and predict the chances of success for companies coming through their pipeline. They also partner with other market intelligence agencies to access supplementary secondary data to assess the 1000-1500 startups which come through their pipeline.

Portfolio Company Analysis

A unique approach taken by Renew Capital is its economic incentives, which are built into the term sheet and subsequent investment instruments. While completely optional, portfolio companies that commit to becoming gender-smart and climate-smart can unlock these incentives.

Being a female-led firm, and a gender lens investor committed to addressing the climate crisis, this was a critical strategy to drive impact. They have already observed positive outcomes from this strategy, including with one of their standout portfolio companies, BuuPass.

Spotlight on BuuPass:

BuuPass is a Kenya-based online platform for public transportation bookings. Their marketplace allows individual travelers, fleet managers, and travel operators to make and take bookings for long-distance travel.

BuuPass is one of the beneficiaries of Renew Capital's gender-smart-linked economic incentives. Initially, they were skeptical of whether this would generate any positive outcomes, and whether they would be able to identify and recruit enough female talent. Today, half of BuuPass's developers are women, a development which they say has led to a measurable boost in company performance.

One of the reasons BuuPass has performed exceptionally well, according to Matthew, is the competency of their co-founders, Sonia Kabra and Wyclife Omonde. They have raised more than \$2M, including most recently from Tim Draper, one of the most successful venture capitalists in the world, and founder of VC firm Draper.

They also recently acquired their largest competitor on the continent, making them a leading online travel booking platform. They are currently entering a second market, Tanzania, with Renew Capital on hand to support the expansion.

Post-Investment Support

Through their collaboration with governments and government agencies, Renew has managed to pilot and replicate technical support programs for their portfolio companies post-investment. Matthew emphasizes that the inordinate amount of training programs for entrepreneurs in Africa often does more harm than good, as founders don't know which to pick from, and the impact of these programs has been, so far, inadequate. Renew decided to focus on four main tracks for their founders and their teams to go through:

Managerial Training:

In their interactions with founders, Renew noted a widespread death of managerial skills, both among founders and their teams. On many occasions, startup operations have come to a halt due to a founder's preoccupation with other company affairs, such as fundraising. As a result, all portfolio company founders and their teams can take a course to learn the basics of management, including delegation, communication, gathering and interpreting business analytics, decision-making, and conflict resolution. Renew emphasizes that its goal is not to build best-in-class programs, but to equip teams with the right amount of skills and knowledge to effectively build and scale the startup.

Market Entry Research:

While Renew Capital is an early-stage investor, it pays close attention to later-stage funding rounds. The pre-series A stage, according to Matthew, is where many investors expect startups to be operating in more than one market. For many startups, this is a challenge due to the complex and often divergent regulatory landscapes in each African country. Through their diverse team of legal experts, research, and data analysts, located throughout the countries Renew has a presence in, they support their founders in navigating these complexities. When portfolio companies reach key designated milestones, Renew Capital also deploys additional follow-on funding.

Recruitment:

Similar to their market research tracks, their recruitment support is anchored by their distributed team, who leverage their networks and skills to help portfolio companies to fill key roles at any organizational level.

Financial Advisory:

Once a portfolio company passes an investor-readiness assessment, the Renew Capital team supports them with their next fundraise, including financial statements, cap table, legal structures, and finally, introductions to investors in Renew's network.

Future Outlook

On whether the steady increase in venture capital activity in Africa is a cause for concern, Matthew notes that the opposite is true. Rather than being a competitive opportunity, more VCs and angel investors present an opportunity for more collaboration and co-investments. As a VC whose success has been underpinned by partnerships, Renew Capital believes that the best way forward is to leverage each investor's strength to support mutual portfolio companies and the tech ecosystem as a whole.

"The pie is big enough for everybody" according to Matthew, who also thinks that Africa needs to be producing 100,000 scalable, innovative companies per month just to absorb the enormous number of young Africans who join the labor market every year.

Conclusion

Renew Capital is a culmination of 12 years of conviction and intensive learning. The early days of the firm were defined by a relative lack of knowledge on angel investing, which was nevertheless dwarfed by their faith in the potential of the African market. Their achievements since then have been remarkable, notably securing buy-in from hundreds of overseas investors with little to no prior knowledge of the local landscape through their unprecedented econ-tourism initiative.

Furthermore, initially being based in Ethiopia turned out to be a boon rather than a bane. Their experience navigating complex, high-risk territory allowed them to develop a robust market intelligence and risk assessment framework, which in turn helps them to identify the most promising innovations in each market.

Most notably, but less acknowledged, is that Renew Capital has played an outsized role in ecosystem building, and has, to some extent, disrupted traditional development aid on the continent by partnering with governments and organizations to support startups and collect data and insights that have helped shape local policies. They are a quintessential example of an innovative VC model, going beyond highly speculative startup investment into much deeper involvement in economic development.

Investment Approach

Beyond Philanthropy: A unique investment model to grow African businesses.

Renew Capital's vision is to change the way the world engages Africa — from a place of giving to one of investing. The firm sits at the intersection of change, leveraging global interest in impact investing, international development's shift toward blended finance, and the rise of the African entrepreneur to accelerate the growth of Africa's private sectors.

Renew Capital is building the rungs of the capital ladder that Africa's emerging economies need to compete in global markets.

STEP 3: GROWTH ROUND

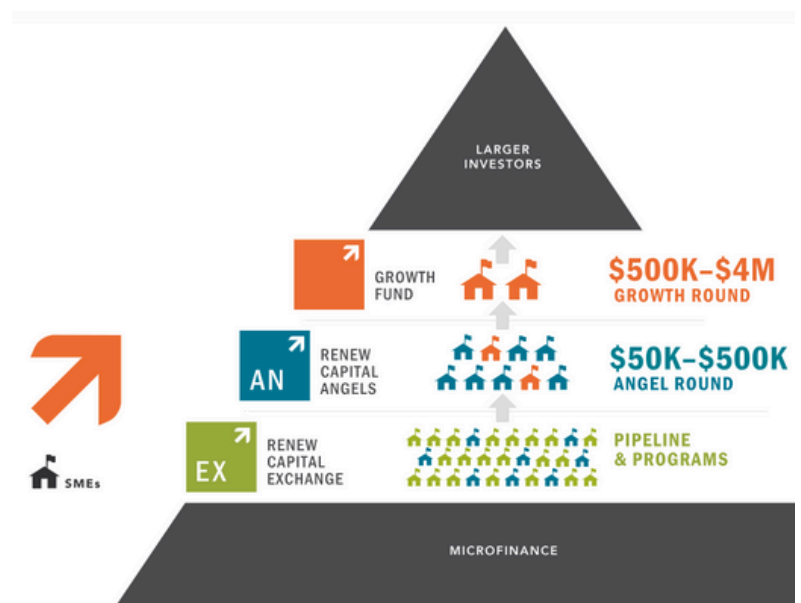
Top performing companies receive an additional growth round and management support. If successful, they may exit to larger funds.

STEP 2: ANGEL ROUND

Renew Capital Angels select 5–10 companies for a package and complete due diligence. Companies receive capital and coaching.

STEP 1: PIPELINE FORMATION

Partner-funded blended finance projects train management for African SMEs, build pipeline and lower the costs of investing.



Portfolio Overview

32+

Number of Portfolio Companies

Renew Capital has participated in over 35 investments as of June 2024

11

Portfolio Company Sectors

Renew Capital's portfolio companies span a range of sectors, including Agriculture, Communication, Consumer, Education, Energy, Finance, Healthcare, Industrials, Real Estate, Technology, and Transportation.

7

Number of Countries Where Portfolio Companies Are Located

Their portfolio companies span across 7 African countries. Renew Capital, however, has a presence across 14 African countries as of June 2024, which are: Ethiopia, Ghana, Kenya, Morocco, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Sudan, Tanzania, Tunisia, Uganda, and Zambia.

They are looking to expand this presence to Botswana, Côte d'Ivoire, DR Congo, Egypt, Malawi, and Zimbabwe in 2024-2025.

Notable Investments



Contributors

The FutureList

Tigele Nlebesi
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Research Specialist

Renew Capital

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Co-Founder and Co-CEO

Laura Davis
Co-Founder and Co-CEO

The FutureList

Notes on our methodology

About The FutureList

The FutureList is dedicated to identifying and linking innovative technology companies with the investors, talent and strategic growth partners they need to rapidly scale their innovation. The FutureList leverages its network of local Innovation Scouts, a comprehensive online platform, and curated events to rapidly spot and match opportunities. The FutureList network has already profiled over 6,000 innovative companies, investors and partners globally.

We scout across a broad range of sectors in tech, aiming to identify the most innovative startups globally. This includes everything from AI to biotech, renewable energy, and more. The 10 categories we currently focus on are: Agriculture (farming, food, beverages, crops, forestry, aquaculture, livestock, irrigation, veterinary, etc.), Climate (electricity, energy, environment, renewables, recycling, circular economy, carbon credits, cleantech, etc.), Education (e-learning, school management, assessments, upskilling, tutors, languages, etc.), Enterprise (legal services, AI, cyber security, market research, recruitment, HR, customer success, consulting, SaaS tools, business analytics, etc.), Finance (banking, capital, trading, lending, personal finance, insurance, crypto, real estate, etc.), Health (medicine, biotech, medical equipment, pharmaceuticals, public health, digital health, hospitals, health records, wellness, fitness, beauty, etc.), Infrastructure (architecture, materials, computer networks, safety, law enforcement, construction, data centers, machinery, telecom, wireless internet, manufacturing, etc.), Media (marketing, influencers, animation, arts, gaming, fashion, content, platforms, music, publishing, translation, editing, etc.), Mobility (delivery, transportation, etc.), and Supply Chain (e-commerce, warehousing, logistics, retail, etc.)

About Our Innovation Scouts

Our Innovation Scouts are experienced professionals from diverse sectors with a keen eye for groundbreaking technologies and business models. They undergo rigorous training to ensure they provide maximum value to the startups they work with. They conduct their research on a volunteer basis. We have strict ethical guidelines in place. Any Scout with a potential conflict of interest is recused from the process to ensure fairness and objectivity.

About Our Innovation Memos

Innovation Memos provide a comprehensive profile of an innovator, whether its a startup, hub, investor or more established corporate, highlighting technological and business model innovations. The Memo is written in direct consultation with a verified representative from that entity, and also outlines suggestions around how to rapidly scale their innovation further through use of The FutureList's network. Once published, the Memo accessible to our network of investors, partners, and the general public for free on our platform. The Memo process is completely free for the companies featured as well. The entire process, from initial contact to publishing the Innovation Memo, typically takes about 4-6 weeks, but this can vary based on the startup's availability and responsiveness. Our goal is to promote and scale innovation globally. The FutureList platform and events are sponsored by partners.

Scaling Innovation

How **The FutureList** identifies and scales innovation globally



Ecosystem and sector mapping

Our Innovation Scouts identify the most innovative early-stage and growth-stage tech companies across key sectors in tech hubs around the globe.



Innovation memos and platform profiles

Our Innovation Scouts interview founders and tech executives to publish innovation memos and create a comprehensive company profile on our public online platform.



Introductions to strategic opportunities

Our Innovation Scouts share company profiles with relevant investors and strategic growth partners across our global ecosystem, and facilitate warm introductions where requested.



Private dinners and fireside chats

Our exclusive evening events bring together founders, tech executives and other special guests for networking and interactive discussions around technology and innovation.



Global summits & learning trips

Featured companies will be invited to larger annual events held at the regional and global stage that connect the most innovative companies with opportunities for further visibility.

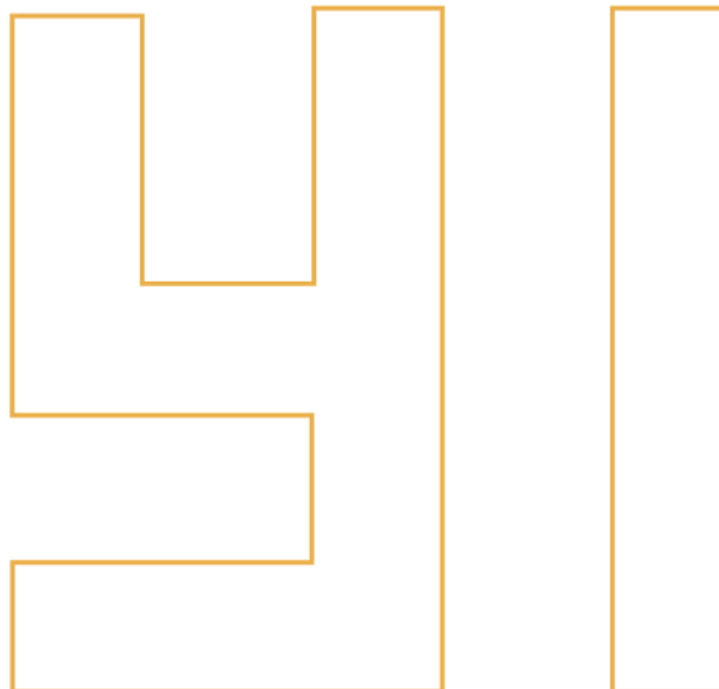
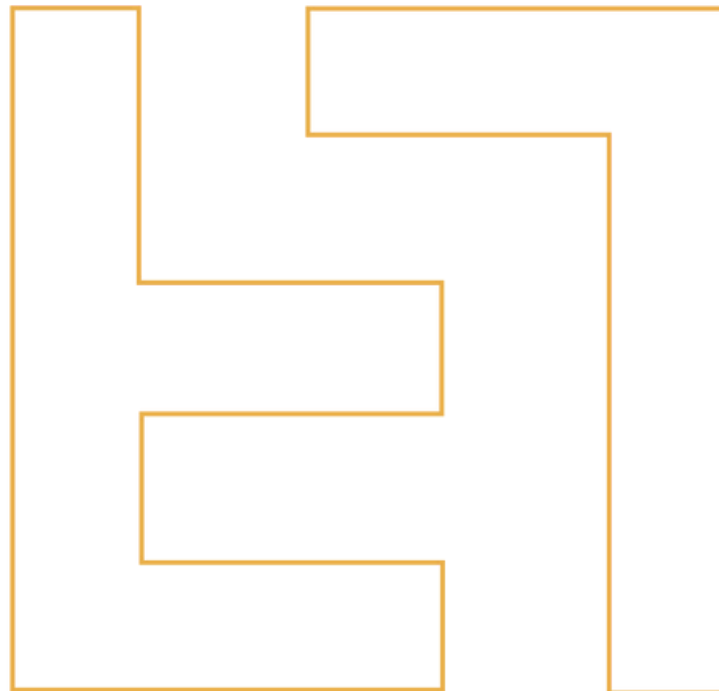
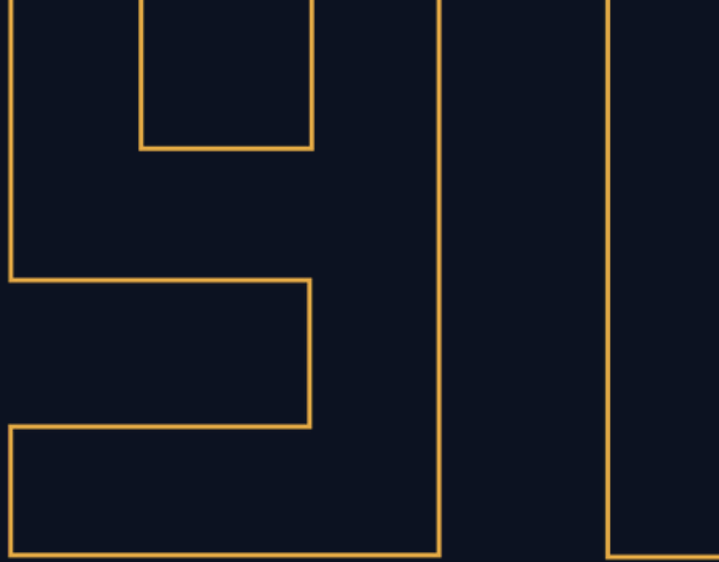
Sponsor

The FutureList platform and events are sponsored by partners.



Sand Technologies, a global technology services company with presence across Silicon Valley, France, the UK, Romania, and several emerging markets, is at the forefront of supporting scale-ups worldwide in overcoming the challenges of rapid growth. We're currently aiding businesses in the United States, New Zealand, Denmark, the Netherlands, the UK, the UAE, South Africa, Kenya, and numerous other locations in developing scalable technology products, constructing world-class tech teams, enhancing revenue generation, and elevating customer satisfaction.

Learn more at www.sandtech.com



The FutureList

