“Safaricom is an innovative company. We came up with sambaza, to share minutes with others. We came up with “please call me,” to ‘flash’ people without using up minutes. We came up with various innovative low-cost, low-denomination scratch cards and the one with emergency credit, where you send an SMS and you get 50 bob credit—Okoa Jahazi.

“How did we innovate? We had a department of innovation, which encouraged free thinking. People could come up with any whacky idea, it didn’t matter. And we had a process called the gate process, where a committee made a decision— ‘ok that is too whacky,’ ‘proceed with this lot’ or ‘go do some more work on this lot and then come back.’ And we had a process for taking new products through a quick cycle of six
months gestation period or less. But in the end, only one person made the decision. And that was me. And that is how you innovate. You cannot innovate by committee. Because there's always someone on the committee who will slow things down. In the end, if you want to innovate, you need to have a single decision maker.”

Michael Joseph, interview, June 2011

M-PESA started as an add-on service that might improve financial inclusion and also stop customer churn away from Safaricom to lower-priced competitors. But it's no longer a mere service. M-PESA has morphed into a full-fledged platform, much like the iPhone, and has spawned a whole new ecosystem of add-on services.

M-PESA is at the center of an economic vortex, much as the personal computer in the 1980s, the Internet in the 1990s, and the iPhone in the 2000s in developed economies. In the U.S., Google and Microsoft engineers eventually filter into the broader ecosystem; in Kenya, M-PESA engineers are behind some of the most promising startups. Companies with names like Symbiotic, Tangazoletu, Webtribe, Zege Technologies, Mobile Commerce Ventures, MTL Systems, Coretec Systems and Solutions, Verviant Consulting, Flexus Technologies, Intrepid, Kopo Kopo— and products with names like iPay, PesaPal, Moco, Spotcash, Jambopay, M-Payer, crowdpesa. This could be Silicon Valley, Swahili style!

iHub in Nairobi hosts “pitch events,” linking startups to venture capitalists, much like Guy Kawasaki’s Garage.com in the U.S. in the go-go 1990’s, when entrepreneurs would give a 30-second “elevator pitch” to VCs. Agosta Liko, CEO of PesaPal, a tool for online merchants, refers to a “new commerce,” the integration of internet and mobile channels to build a larger, more inclusive payments ecosystem. Danson Muchemi, CEO of JamboPay, says his service aims to mitigate the same market
failure that gave rise to PayPal in the West, the need for secure and multi-channel access to e-commerce. Philip Nyamwaya, CEO of iPay, says, "We’ve come up with Kenyan solutions for Kenya, for the region, for the continent."

The prevalence of the word “pay” in company names attests to the focus on payments. Money is moving in Kenya. Imagine this: PewaHewa.com is powered by iPay, both Kenyan companies—one selling music a la carte like iTunes, the other facilitating payments via multiple mobile money platforms.

If one ripple effect from M-PESA is distributing e-money and cash deeper into remote villages and boosting farm incomes and employment, the other is the diametric opposite—sparking a high-tech explosion in Nairobi that many cities around the world would like to see in their backyard. This fast-developing ecosystem has spawned many Kenyan greenfield companies, as well as venture-backed companies from the U.S. who have set up East African headquarters in Nairobi—a city that four years ago was wracked by horrific ethnic and inter-tribe post-election violence. Global players such as Google, MasterCard, Facebook, Visa and Nokia are on the ground with offices and well entrenched in the ecosystem.

“There are a ton of small entrepreneurs working in mobile money and they are arriving from four vastly different directions,” says Mark Pickens, a microfinance specialist at the Consultative Group to Assist the Poor (CGAP), which is part of the World Bank. “One is adjacent industries, such as m-health. Another is third-party mobile software developers, feeding off the action. Then there are the classic tech entrepreneurs, kind of Silicon Valley meets Rift Valley. Finally, the financial services sector.”

Mobile money has sparked two broad areas of enterprise innovation. First, a whole new class of company is using M-PESA’s payment functionality (including Bill Pay and Bulk Payments) as the core of its business model and consumer proposition. The efficiency gains of switching from cash to e-money payments makes these
businesses profitable or, in the case of non-profits, more sustainable and thus more attractive to funders.

Another class of greenfield companies connects mobile-money providers to the internet to facilitate payments and shopping. In a country where broadband internet is limited in many areas and has achieved relatively low, single-digit rates of penetration, many of the “new commerce” solutions are essentially creating the mobile internet. Some of these companies, such as Cellulant and Craft Silicon, both of which are Nairobi-based companies that operate in multiple countries, started operations before M-PESA, but are now dedicated to mobile-money applications. Other companies connect M-PESA to back-office accounting systems, which is key to streamlining businesses and speeding up the notification of payments.

THE “MOBILE” BUSINESS MODEL

Mobile payments certainly improve efficiencies for businesses that have operated on cash for years, as we saw in Chapter 5. But starting from scratch with mobile is clearly more effective than converting midstream, because it’s so hard to disconnect from expensive legacy systems. Beyond that, the ability to offer mobile payments is an incentive to conceive of new approaches to old businesses, such as education or microfinance, and hopefully improve on them. In many other cases, particularly those that offer social or public goods, which might typically be a government purview, mobile payments allow delivery of goods that was not possible before because of the difficulty of collecting micropayments.

Cashless Microfinance

Musoni is the world’s first 100% mobile-powered, cashless, microfinance institution (MFI). All loans are disbursed to a mobile phone; all loans are repaid via M-PESA, with future plans to connect to the other mobile-money providers. When clients are in arrears, they receive an SMS notification. While cashless, Musoni is not branchless—believing that customers, especially those at the base-of-the-pyramid,
need human interaction to feel comfortable with borrowing.

Musoni (m for mobile, usoni for future) adheres to the Grameen Bank group-lending concept, targeting the poor who are expected to meet in groups. But the ability to pay up front when cash is on hand obviates the need to store money or carry it to a meeting. It also frees up time at the meeting to discuss financial matters, rather than merely collecting cash.

Compared to traditional MFIs, Musoni has a significant competitive advantage because it operates so much more efficiently. Most importantly, the effective annual interest rate (although most loans are repaid with a month or two) is 11-12%, lower than the typical 20% to 80% that most MFIs charge. In addition, loan processing is very fast.

“For security purposes, we normally tell our customers that they will get their money 72 hours after making an application,” says George Maina, Musoni’s CEO in Nairobi. “This is still better than any body else in the market. But we always want to surprise them, so within 24 hours, they actually get their money. Compare that to the conventional MFI, where you have to come to the office, take the check to the bank, and wait for four days for it to clear.” Of the KShs. 30 transaction fee, Musoni absorbs KShs. 10, as an incentive to enlist new customers.

Operated by a Dutch holding company, Musoni’s back-office is based in Holland, which the company claims is more efficient and allows a better jumping-off point for entry into new countries. Loan applications and processing are sent from Kenya to Holland for approval; all disbursements and payments are tracked in real time in both Kenya and Holland. With no need for a pool of data-entry clerks, staffing needs are minimal. When a client repays a loan from his or her phone, the number serves as an account number; the client notes “lr” for loan repayment. If a friend or relative is helping to repay, he or she notes “si” for stand-in, then inserts the phone number of the actual client.
In its first year, Musoni opened two branches in Nairobi, and in its second year expanded to Thika, a market town about an hour north. In addition to further expansion in Kenya, the company is looking to move into other countries, where it will encounter a wider range of mobile-money payment systems. And it is applying to the Central Bank for a deposit-taking license. “If you are telling clients that they can save from wherever, people will be encouraged to save,” Says Maina.

**Cashless Schools**

Bridge International Academies is doing in education what Musoni is doing in microfinance—starting from scratch with a cashless, mobile-payments system. With funding from Pearson and Omidyar Network, Bridge is a K-4, for-profit “school-in-a-box” franchise model targeting parents in the slums of Nairobi and other poor areas in Kenya.

Started in 2009, Bridge accepts payments only through M-PESA or direct deposit into its Equity Bank account. This reduces the logistical problems of handling cash and collections, and simplifies payments to teachers and suppliers. Record-keeping is enhanced, although Bridge, like many other Pay Bill clients, would like to find a way to better integrate M-PESA records with its own accounting software.

“Everything we do is about efficiency,” says founder Jay Kimmelman, an American educational-software entrepreneur who started the business with his wife, Shannon May. “We need to choose systems that allow us to be efficient, transparent and accountable. Being cashless enables us to achieve that.

“Let’s says a school manager wants to buy water from a local vendor. The manager sends an SMS to our system requesting payment of KShs. 2000 for water to John Njenga. Our system automatically determines whether the request is from an authorized person, whether John Njenga is a pre-approved water vendor, and whether the amount is within the school’s budget. If approved, payment is automatically sent. The school manager (principal) has the ability to manage expenses, but they are centrally approved and audited.” Teachers, of course, are
paid by M-PESA, which means they don’t have to worry about walking home with a wad of cash on payday, a problem in many schools.

Bridge built 10 schools in its first year, and expects to build another 50 in 2012. “In four or five years, we aim to open one new school per day. This enterprise is built on scalability,” says Kimmelman. “The idea is to move into other African countries, such as Ghana, Uganda, and Nigeria, as well as India.”

Bridge builds schools in densely populated areas after extensive research into land availability and demographics. Most students (90%) live within 500 meters of school, and pay less than $4 a month. Schools go up in five months, at a cost of about $1,800 per classroom. There is no electricity, and a latrine rather than lavatory. “We have real-time information about what students have paid and should be in school—but we don’t even have electricity in the schools,” says Kimmelman. Students pay a small fee for lunches cooked by people in the local community. All lessons are totally scripted, minute-by-minute, from 7:30 to 5 every day. This allows beginning teachers, following an eight-week training course, to focus on teaching—and administrators to more easily evaluate them. Both teachers and managers are evaluated on a weekly business.

The one aspect of M-PESA that Kimmelman does not like is the transaction fee. “Parents pay KShs. 320 per month, in addition to a KShs. 20 fee, or roughly 8%. So that is significant. We think as competition comes to the market those fees are going to start declining. We are working in communities with some of the poorest families in the country, and the incremental fees are taken seriously. That’s why we also let parents deposit in a bank, for free.”

The radical franchise and electronic-payments business model appears to be working: in two years, more than 3,500 students have enrolled. When cash is removed from the system and replaced by technology, fast scaling is possible, even in a business driven by human interaction.
**Maji Ya Compiuta (Computer Water) by Micropayments**

Access to clean drinking water is an ongoing challenge in rural Kenya. (In 2011, northern Kenya, bordering Somalia, was suffering its worst drought in 60 years). In the semi-arid, rural town of Katitika, for example, it’s so dry that even some cacti don’t survive long droughts. But a joint project between Safaricom and Denmark’s Grundfos Lifelink, a global water-pump manufacturer, allows villagers to buy water with micropayments from a community water pump. Villagers transfer M-PESA to a smart card (“key bobs”) that can be used to draw water from specially calibrated, solar-powered water pumps.

This *maji ya compiuta* (computer water) opens a whole world of possibilities throughout Kenya. Because attendants are not necessary to monitor water use (which limits hours, increases costs and invites fraud), and because payments are transparent and instantly recorded, the system can be easily maintained and monitored by local communities. In case of pump malfunction, an alarm carried by the Safaricom network sounds in Grundfos’s regional office. Water remittances through M-PESA encourage private investors to enter rural areas they previously would have bypassed. Grundfos Lifelink is looking to deploy 10 such solar pumps in different communities. In Katitika, the community is essentially buying the water pump on credit at an affordable rate through its utility fees.

Before *maji ya compiuta*, a hand pump that rarely worked had been used. Alternatively, villagers walked 90 minutes to a river and carried water home. The new, high-tech solar pump, along with a 10,000 litre tank, insures a steady supply of nearby water. Villagers save time and money, and have even used the water to start businesses such as brick making, kitchen gardens and tree nurseries—more than 20 gardens have been planted since the water project started in 2009, according to the Iris Center’s (University of Maryland) study of community-level effects. The water is attracting people from other villages, so the community is selling bottled water by jerry can. One member of the water committee commented, “We can even go down
to two shillings and still pay our loan and bring money into the community because the demand is there.”

Grundfos Lifelink has a similar project in the village of Kami ya Juu, north of Mt. Kenya, 285 kilometres from Nairobi. Ten years ago, the government chose to restrict water to the larger town of Isiolo, and cut off water to Kami ya Juu and other smaller villages. Villagers were left to fetch water from the bush, walking hours to do so. Even then, they had to boil the water or risk disease such as cholera. “The water isn’t clean,” says village resident Ann Akopi. “The people who live up the hill wash both themselves and their clothes in the brook.”

Tension over lack of water between pastoral and agricultural tribes led to a spate of ethnic clashes in 2009, leaving a large population of internally displaced people in Kami ya Juu. Kenya Red Cross, targeting access to water as the source of conflict, reached out to Grundfos. As in Katitika, Grundfos installed a solar-powered water pump, combined with payments via mobile phone organized by a microfinance organization. Twenty litres of water costs KShs. 2. With assistance from the Danish Red Cross, employees of Grundfos donated the pump and its installation. The Grundfos maji ya compiuta would not be possible without M-PESA remittances, which are delivering money on a regular basis into rural towns and villages.

In 2011, as 3.5 million Kenyans faced starvation due to drought (and thousands of Somali refugees flooded into the country), Kenya Red Cross engaged Safaricom and other corporate and mobile operators to quickly raise money for famine relief. Safaricom set up a special M-PESA Pay Bill number, while KCB set up a special bank account for donations. Other mobile operators also joined with their mobile money services. Kenyans for Kenya hoped to raise KShs. 500 million in four weeks, but did it in half the time. The majority of payments were a minimal KShs. 10, according to Betty Mwangi of Safaricom. In a fund-raising appeal earlier in the year, without mobile money and micropayments as an option, the Red Cross fell 80% short of its target.
**Kilimo Salama (Safe Farming) Crop Insurance**

A new mobile-money insurance program generates even higher sales of seeds as it protects farmers. *Kilimo Salama* ("safe farming") provides protection against crop losses due to drought or too much rain, as measured by 30 automated weather stations. Since many farmers are hesitant to invest in superior seeds, fertilizers or herbicides for fear of crop losses, especially in the first year or two after a disaster, this program encourages them to buy better seeds for a 5% insurance premium, and get their money back if the crop fails in part or full. The administrators of the program—UAP Insurance of Kenya, Safaricom, and Syngenta Foundation for Sustainable Agriculture—match the farmers' 5% investment, according to a report in *The Economist*.

When farmers purchase seeds, agro retailers use a phone camera to scan the bar code, which generates a confirmatory SMS to the farmer. Data from the nearest weather station is sent to the insurer, where experts determine whether the crops will reach fruition. No insurance adjusters need to visit the farms, as all data is sent electronically. If the answer is no, payments are sent directly to farmers via M-PESA. These three-cornered electronic feeds reduce transaction costs and make the program viable. During the pilot program, farmers doubled the amount of seeds under insurance.

Kilimo Salama was launched after a pilot where several hundred maize farmers insured their farm inputs during the long rainy season. After a crippling drought, farmers were compensated according to the severity of the drought as measured at their weather station (a 30 percent and 80 percent payout, respectively). *Kilimo Salama* features many elements—like the mobile phone registry and payment system and distribution through rural retailers—that are micro-insurance firsts.
THE “NEW COMMERCE” PLAYERS

Hundreds of Kenyan businesses are now integrated with M-PESA and other mobile money services, according to survey conducted by the Bill & Melinda Gates Foundation. And since few of these companies have their own software engineers to integrate mobile money with their own back-office systems, a veritable army of young wizards has emerged or arrived in Nairobi to do the dirty work of patching together multiple financial and corporate systems with multiple mobile money systems.

One of the more established mobile systems companies is Cellulant, a Nairobi based company that started in 2004, and now operates in nine African countries. Cellulant was co-founded by Ken Njoroge, who cut his teeth at a Nairobi digital ad agency, 3Mice. Initially, the company was set up to sell music via mobile downloads, but, with the surge of M-PESA, shifted to help banks integrate with mobile-money systems.

Cellulant’s first product was Commerce 360, which allows users to create a mobile wallet to connect to banks, and make payments to utilities, cable TV (DSTV). An enhancement to Commerce 360, Lipuka, allows customers payments across multiple wallets, plus real-time settlements. (In most cases, M-PESA payments processed by Pay Bill are batched together and often take 24-48 hours to clear.) For example, when you pay Multichoice for DSTV via M-PESA, you don’t have to call Multichoice to be reconnected, as you once did, nor does Multichoice have to manually record your payment in its accounting system.

Another “new commerce” player is Craft Silicon, started in 2000 by Kamal Budhabhatti, an Indian immigrant. The company’s bread-and-butter is developing core banking systems, microfinance systems, and e-payments switches for large banks in 40 countries, including India, Nigeria and Tanzania. Today, Craft is piloting Elma, an “end-to-end e-commerce over mobile” solution that is web-based, but
delivered through mobile phones. For a subscription fee of $1 per month, users can pay any bills, transfer money, select seats at events (such as movies), buy and sell stocks, and view traffic cameras. The value proposition is that transaction fees are reduced to nil ($1/month). “Kenyans need much more than money transfer,” says Budhabhatti. “And they need a product that is independent of the mobile-service provider.”

Numerous other firms are dedicated to integrating mobile money and back office systems for small MFIs. As more MFIs distribute loans and receive repayments via mobile money, they encounter difficulties reconciling accounts. In 2007, when M-PESA was in pilot with Faulu, it was the vast disconnect between e-payments and manual data recordkeeping that caused the mismatch. Today, of course, most MFIs use computerized record-keeping, but still have to manually download mobile payments, reconcile them and then upload to their database. The process is slow, expensive and error prone.

“With technology such as cloud computing, savings groups such as SACCOs can now cut their operation costs by trimming the number of their field officers, as well as reducing fraud,” says Oscar Ahere, a product development manager at Flexus Technologies. The company’s web-based application, Kopesha, automates processes that have long been manual, such as processing loan applications and disbursing loans. Annual license fees for the cloud-based service are about a quarter of software fees. Flexus Technologies is a Kenyan company that partnered with PayG Solutions from the U.K (several PayG programmers worked on the initial M-PESA software).

Kopo Kopo is a U.S.-based Company with East African headquarters at the m:lab incubator in Nairobi, with seed-capital investments from the U.S. (Gray Ghost Ventures and Presumed Abundance), Kopo Kopo builds software-as-a-service (SAAS) platforms to integrate mobile money system with a range of back-office systems used by MFIs and SACCOs, who lease the software for $400 or less per
month. Contrast that with paying anywhere from 5 to 10 employees from $20,000 to $50,000 a year.

NAIROBI’S SWAHILI SILICON VALLEY

The rapid spread of mobile telephony starting in 2000, followed by the rapid spread of mobile money starting in 2007, has clearly spawned a new ICT (Information, and Communications Technology) cluster in Nairobi. It started with electronics shops selling and repairing phones, morphed into software developers working on their own to develop apps to build a better platform, and now has the full support of the Kenyan government as it looks to foster IT as a pillar for future economic growth. The government, with support from the International Finance Corporation (IFC) of the World Bank, is constructing a sprawling 5,000-acre technology park (Malili Technology Park) to promote BPO (business process outsourcing) as well as content and app development. “The ICT revolution is starting to connect to other sectors and starting to influence the old economy and causing an enormous amount of growth,” says Wolfgang Fengler, lead economist at the Nairobi office of the World Bank.

A key focal point for new startups is iHub (“innovation” Hub) in Nairobi, co-founded by Eric Hersman, also the co-founder of Ushahidi. Ushahidi is not connected to the mobile-money craze, but is an ingenious open-source mobile application that has spread around the world. Ushahidi, which means “witness” in Swahili, is the Kenya-based crowd-sourcing platform developed to track violence during and after the 2007-08 post-election violence in Nairobi through SMS. Ushahidi messages describe a basic situation, along with GPS coordinates. It has since been adapted for other emergency disaster situations, such as the 2010 earthquake in Haiti.

In 2010, with $2 million in funding from the Omidyar Network, Hersman co-founded iHub (“I” for “innovation”) as a Nairobi incubator for high-tech startups. The modern building has an open layout with the look and feel and gestalt of Silicon Valley—open space with plush couches and meeting areas for techies and investors.
iHub cross-fertilizes with some major global firms, such as its partners Google, Nokia and Microsoft, which are learning how to adapt products for non-Western cultures. In 2009, Google launched its G-Africa initiative to encourage software development in sub-Saharan Africa, and in 2010 Google started testing Baraza (“meeting place” in Swahili), a knowledge-sharing center for East and Central Africans. Google Africa has also partnered with Wikipedia to create more Kiswahili content, done a great deal of work translating their popular Gmail service into local languages, and begun to map Africa’s roads beyond the cities. According to Hersman, who is also author of the widely popular WhiteAfrican blog, Google Africa represents perhaps the best example of a global firm localizing content by cross-breeding its international technology expertise with local hires, interns and volunteers.

In its first year, iHub attracted more than 3,000 members, and spawned 12 companies. In 2011, iHub, partnering with the University of Nairobi and WWW Foundation, started m:Lab, focused specifically on mobile apps. Whive is a social media platform for Africa that operates in multiple languages, including tribal dialects. Zege Technologies automates the process of frequent payments through mobile money, with direct integration into enterprise-level systems to avoid error-prone manual reconciliation. And M-Farm provides an SMS-based application that connects farmers to provide buying and selling power, as well as providing weather and agricultural data. Seven companies were accepted for m:Lab. In addition to Kenyans, m:Lab attracted applicants from Rwanda and Uganda, indicating the growing allure of Nairobi as a technology hub for mobile developers in Africa.

“There is a paradigm shift. The PC users in the West do not understand the users of the mobile web in Africa. So it takes an entrepreneur from Africa to answer some of those hard questions,” says Hersman, who, in addition to the WhiteAfrican blog, also operates the AfriGadget blog that touts local innovations. “It’s a challenge to understand the needs of a culture that you don’t share and then create a product for
it. This is why so many of the platforms and products designed in the West fail in Africa. It’s not that they’re not well designed; they’re just not designed by people who truly understand the needs of the customers in Africa. It’s why rugged and efficient seed-planting devices will be created in rural Ghana. It’s why Ushahidi and M-PESA had to come from a place like Kenya.

iHub has been instrumental in connecting entrepreneurs to venture capitalists, through “pitch events” where entrepreneurs are grilled by VCs. While Hersman notes that some “investors have connected with investees,” iHub is still more of a pre-incubator for ideas than an incubator to lift ideas off the ground. In addition, the investor ecosystem is still quite thin, as least by Western standards, and deals are scarce.

“There’s a growing community of VC firms, mostly foreign, some angel investors, mostly Kenyan, and an incredibly, vibrant tradition of investment clubs (chamas) which by one count have $470 million in assets in Kenya. But no one is investing in tech startups,” says CGAP’s Pickens. “VCs are looking to invest a minimum of $150,000, which is too much for most startups, and local angel investors prefer to see tangible assets that can be sold off. The chamas, though widespread, tend to invest in the stock market and more traditional businesses. As a result, the runway is very short, far shorter than the window of opportunity in Silicon Valley. Kenyan entrepreneurs have maybe a few months, or half a year. It’s tough to iterate an idea to get the right recipe in such a short time.”

Craft Silicon’s Budhabhatti feels that the Kenyan IT community is innovative, but needs more business acumen to attract investment. “We do not follow the blue-ocean strategy; we are all in the red ocean, chasing M-PESA. There is a lot of innovation, but all in the same direction.

“I think the question we need to ask is, Why would investors want to invest in Kenya? Just because we are innovative? Just because there is an opportunity? There
are opportunities in other countries as well. The government is spending on IT, but it’s going to foreign multinationals, like Siemens, not local startups. Talent is not being utilized. If we want to scale, the country needs to change policies.”

That’s true, as it is in many parts of the world, including parts of the U.S. But the other way to look at Kenya’s emerging IT hub is the short amount of time it’s taken to build a fertile framework for ideas and business creation in a country that was wracked by violence four years ago, and that a decade ago had very few phones and a calcified banking system that catered exclusively to the rich. “What I find interesting is seeing Kenya as a place that doesn’t import innovation but exports innovation,” says the World Bank’s Wolfgang Fengler. “Kenya shows the world innovation. That’s quite unique.”

Even Budhabhatti agrees. “Luckily, because M-PESA has made Kenya popular, we are now getting some deals in European countries. I even did a presentation in Papua, New Guinea, and they said, ‘You come from Kenya? You have all this mobile experience, good! And we signed a deal.”

Says World Bank’s Fengler: “The revolution has only started. Now that almost everyone in Kenya has a phone (increasingly connected to the internet), many more innovations will emerge—think Ushahidi—because information is the hardest currency in the 21st century and is now available to everyone at low cost.”

“’Nairobi is like San Francisco in 1993.’ Steve Landman, an investor from Southern California who flew in prior to the Pivot25 Mobile Apps and Developers Conference and...
Competition, said this about the Nairobi tech scene after his brief visit last month. Steve is no amateur when it comes to tech innovation.

He is a seasoned entrepreneur with several decades of experience in the tech scene, having founded and sold several companies, including two IPO’s. Steve isn’t alone in this opinion; people are starting to take notice of Nairobi, and for good reason.

Pivot25, held at the Ole Sereni Hotel in Nairobi in June, combined with the m:lab East Africa launch the following day, marked the dawn of a new era in the Nairobi tech scene.

We are walking boldly onto the international stage, and people are listening to what we have to say. We are proving to the world that East Africa is the place where the world’s top investors come to unearth the next generation of big-name players in the tech world.

Just 15 months after its inception, iHub Nairobi has surpassed 4,000 members and spawned the m:lab East Africa, a first-of-its-kind mobile tech incubator located just a floor below the iHub in the Bishop Magua Centre. Only two years ago, no one would have believed that these dreams would be realities.

But they are, and it’s no coincidence. Nairobi is filled with world-class developers, coders, designers, programmers, creatives, researchers and entrepreneurs. We’re just now starting to see all this potential enter into the spotlight to be magnified, harnessed, and invested in.

While what has already happened here in Nairobi is certainly a great achievement, the future is what we should really be getting excited about. It’s becoming increasingly obvious that this is only the tip of the iceberg. The vortex of entrepreneurship, innovation, and value-creation is just starting to spin.

The spotlight is slowly beginning to shine on a new continent — our continent. However, just because the world is coming to us and the focus is shifting, doesn’t mean we can’t miss it.
A lot happened in San Francisco in the 18 years that passed from 1993 to 2011. A lot of hard work, key conversations, dynamic partnerships, and strategic investments went into creating the cultural hot-bed of entrepreneurship that it is today. That work is exactly what lies ahead of us, and it won’t be easy. However, if we succeed, the returns will be exponential. The impact could change the face of East Africa as we know it.

What if we were the next example, rather than San Francisco? What if we were the comparison? What if people in the future could excitedly claim that their country was like Nairobi in 2011?

Ryan Delk, business development expert at iHub Nairobi, opinion piece in Business Daily (Kenya), August 9th 2011
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