

Digital Africa Ventures - entrepreneurial passion and targeted funding for SA's underserved tech start-ups

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For as long as they can recall, Thandeka Xaba and Nonkululeko Komanyane have been entrepreneurs at heart. This entrepreneurial spirit is evident in both of their careers to date. After obtaining her CA(SA) qualification, Xaba entered the world of investment banking, gaining invaluable experience in her field.



Digital Africa Ventures (DAV) Thandeka Xaba, Nonkululeko Komanyane, and Lebogang Poonyane

But the entrepreneurship call was not to be silenced, and she responded by founding the beauty tech company, establishing the youth development NPO, the Tariro Foundation, and involving herself in the world of business incubation as a fellow-in-residence, building the Allan Gray Orbis Foundation's incubation programme.

Komanyane's career has been no less entrepreneurial or stellar. This talented young business professional co-founded the well-respected "I'M In" Accelerator, where she oversaw investments of around R27m and supported the establishment of nearly 30 new tech businesses locally.

It seems almost inevitable that these entrepreneurial dynamos would join forces in a venture that would help transform the South African (SA) tech business start-up landscape. And in 2020, that's precisely what they did when they founded Digital Africa Ventures (DAV), which at the time was the only Black female-led venture capital fund in SA with founding principals under the age of 35 years.

Shortly after founding DAV, Xaba and Komanyane were joined by Lebogang Poonyane. DAV's third partner brought a wealth of investment leadership, fundraising and post-investment strategic support to the stable, creating a diverse group of fund managers able to make a meaningful difference.

DAV is anchored in the SA SME Fund and has attracted significant investment and support from various investors.

E Squared, an impact investor that provides, most often, early-stage funding to Allan Gray Fellow-founded and socially-

minded businesses, provided additional operational funding to DAV early in 2021 to assist the founders in establishing this business. Much like DAV's own philosophy, E Squared remains committed to their long-term success.

To date, DAV has invested over R11m across Black-founded businesses such as Tripplo, Kandua and Flexclub, dispelling the myth that 'there aren't investable Black businesses out there'.

Xaba has this to say: "Through our own entrepreneurial experiences, we are able to relate to founders on the challenges they face when trying to access funding and to establish and grow their businesses. This has been a key differentiator of our funding to and support of promising digital businesses. Venture Capital is a relationship-based business and years of meaningful interactions with founders have given us a head start. Our integration into the ecosystem has yielded results we could never have imagined and we are inspired by how much more there is to come."

Speaking about some of their key success factors and the noteworthy support DAV has received from its anchor investors, board members and advisors, Xaba goes on to say: "We would not be here today without the many ecosystem players who supported us along the way. Three factors have kept us grounded and inspired, and to be better than we were the day before in an effort to #ScaleZA: Our belief in building relationships based on trust, and openness to continuous learning, and knowing that VC is a game of making a series of calculated bets."

The experiences of the DAV founding principals have led them to concentrate on funding and supporting early-stage SA tech companies in the under-served entrepreneurial space.

Funding is provided in the R2m to R5m range, amounts that many start-ups find most difficult to access as VC's typically target investments below R2m or over R7.5m.

Komanyane says that DAV's funding from Seed to Series A was informed by insights gained while heading up the "I'M In" Accelerator. "Whilst many of the seed investments channelled into start-ups helped get them established, a lack of ongoing funding after the accelerator phase often hamstrung the growth ambitions of these businesses," she explains, "which is why DAV is committed to partnering with and supporting businesses through start-up and well into their growth and expansion phases."

Add to this, DAV's commitment to channelling at least 50% of its funding into Black-owned and operated digital start-ups, and it's clear why the fund has successfully carved a particular niche for itself in the South African VC landscape.

The success achieved by the fund in the comparatively short period of time since it was established more than validates its targeted, tech-focused and transformation-led early-stage funding philosophy.

The fund aims to invest in at least nine more businesses before closing their anchor fund. The team has already set their sights on establishing a second fund, with a similar early-stage tech start-up investment mandate, but a greater reach beyond the borders of South Africa into the African continent.

"Entrepreneurship is recognised as being central to Africa's future economic sustainability and prosperity," Xaba says, "It is our hope that through the work we do and the funding we provide, we can be a part of the continent's eventual success story by helping promising young tech entrepreneurs overcome the challenges they face in accessing funding and support."

About Digital Africa Ventures (DAV):

Serving the underserved and representing the underrepresented, our aim is to bridge the funding and support gap for early stage African tech entrepreneurs.

We are one of the very few black woman managed venture capital funds in South Africa and believe our diversity sets us apart.

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