

Global Vision

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■ SISTER POWER: **ROSA WHITAKER** AND **TERESA CLARKE**, THE FUTURE OF AFRICAN ENTREPRENEURSHIP ■ **QUINCY SINTIM ABOAGYE** ■ **AHMED REDA CHAMI** MOROCCO'S MINISTRY OF INDUSTRY AND COMMERCE ■



GATEWAY TO A CONTINENT:

Interview with Africa.com founder

Teresa Clarke

BY JAKE R. BRIGHT

There are a lot of ways one could demonstrate foresight and commitment to Africa. Holding the website Africa.com for 10 years, declining a buy offer from Google, and leaving a Managing Director position at one of the world's most profitable companies to build a start up around the domain are pretty good indicators. Teresa Clarke did just that, resigning from Goldman Sachs and devoting herself full time to creating a unique gateway to Africa.



There is a new global interest and era emerging for the continent. This includes a rapidly changing economic environment, improved perception, and the rising success of the Diaspora. With Sub-Saharan Africa's economy expected to grow faster than India and Brazil in the next 5-10 years, CEOs of Fortune 500 companies are plotting new African business strategies. In towns all over the US African communities have taken root. Africans recently went from being the highest educated immigrant group in America to having the highest educational attainment of any demographic in the entire nation. From the White House to business, sports and culture, Americans are becoming accustomed to new names: Obama, Echeruo, Madieu, Fela.

With a dynamic advisory board and CEO at the intersection of all channels of African news, Africa.com aims to offer a wide variety of information and new perspective on the continent. Global Vision spoke to Founder Teresa Clarke about the site and what she's been hearing and thinking in her new role.

GV: So you were an MD at Goldman Sachs. Why did you drop that position to form Africa.com?

Clarke: It happened to coincide with the time...that the world was really waking up to the opportunities in Africa. For some time Europe and Asia had been very active, but it's really only recently that the US [took notice] of the investment potential in Africa, seeing Africa as a tourist destination, and taking Africa beyond a simplistic view...to the reality of a robust continent of people, places, opportunities, arts, development, and technology. And I don't think the US really appreciated this multi-dimensional element of Africa until then. Prior to that it remained a destination for charity and a place of famine and other disasters. So it was the right time to use Africa.com as the vehicle for showing what Africa has evolved into.

GV: Tell us about the site. I see you cover a broad range of things, including business,

art, and travel. What do you want to accomplish with it?

Clarke: Most of our traffic comes via Google. We rank first after Wikipedia for the search term "Africa." So if you think about who is going to type Africa into Google, it's not going to be an African. It's going to be someone outside the continent looking to learn about Africa. About 60 percent of our traffic is from the US, 20 percent from Europe, and 10 percent from Asia. As a result, we send a lot of surveys to understand what our users are looking for. They are looking for information on travel to Africa, arts and culture, and trade and investment. Those are the big ones. They also are looking for news, maps, and information about Africa. We

ing the domain. I recognized it was both an opportunity and a tremendous responsibility. Whoever owns the domain Africa.com has the potential to shape how millions of people around the world see and experience Africa. And I think the domain name Africa.com, when compared to other regional domains (Asia.com, Europe.com), is something special. I think it comes from the fact that people have so little knowledge about Africa. If you look at the search terms via internet for various geographies, the only major geography that has more searches is China. China gets about 50 million searches on Google per month and Africa gets somewhere between 25 and 30 million per month. And why is that? If you think about it, people who are searching for Europe don't go on



have really designed our site to be responsive to what people searching for the term "Africa" on Google are looking for.

GV: How did you get that domain?

Clarke: I've had it for about 10 years. In the last 10 years I was at Goldman Sachs and I was not able to work with it. It was only in 2010...that I felt a certain responsibility own-

and look for Europe. They know that they are interested in going to England. That they want to travel to London. That they want to go and see theater in the West End. So they'll do a search for "West End Theater in London." But because there is such a lack of knowledge around Africa, the countries and the continent, people use that term to search for information about all 53 countries, about all the major cities, etc. I think that's what makes Africa.com a very special brand.

It represents a new phase for Africa. It has a hopeful, positive connotation and as a result there has been a tremendous amount of partnering with Africa.com, in large part because of our brand.

GV: *I was at a panel with GE's CEO Immelt recently where he mentioned Africa three times as one of the top growth regions for the company. I know you've connected several key things that happened over the last year to elevate the interest of mainstream business in Africa as a new emerging market. Could you elaborate on that.*

Clarke: In 2010 you had two very important events occurring as a backdrop. In June McKinsey published their investment thesis identifying Africa as the new Asia and really using the McKinsey-esque methodology to support the theme within corporate America to think about investing in Africa. So that was really significant breakthrough because of McKinsey's reputation for insightful analysis, impactful to corporate America's bottom line. McKinsey coming out and making that statement through various publications, looking at various regions, looking at various sectors, that was a significant development. Then you had the World Cup, which gave everyone a visual to attach to this analytic. I think people are persuaded in different ways, some people were persuaded by numbers and others by seeing the fancy stadiums, but those two factors came together to create a backdrop. Then in the third week of September 2010 there were five announcements made. This was the critical time when the UN General Assembly was taking place. All of the heads of state from around the world were meeting, including the African heads of state. The Clinton Global Initiative was taking place and the meeting of the Millennium Development Challenge Corporation. To that background there were five announcements made in one week. You had Coca Cola saying that their largest region for growth going forward would be Africa. You had the Ford Motor Company coming out with a statement that they had experienced the most profitability in the previous quarter...in Africa. You had the Harvard University endowment making an announcement...



that their portfolio had an ETF allocation with South Africa as the fourth largest country in which they had exposure. You then had IBM announcing the \$1.5 billion investment they were making in East Africa, with Bharti Airtel, in order to develop voice enabled email...for the illiterate population. And then it was all capped off at the end of that week with Walmart's announcement of their acquisition bid for Massmart of South Africa at a \$4.5 billion valuation. So all of this activity at once from America's largest corporations and investors that are most admired and most respected in the Fortune 500 and investment circles really changed the tone of the Africa conversation. In corporate boardrooms across the US...the discussion does not become, "Should we give some attention to Africa?", but "What is the Africa strategy? And if we don't have one, we better get one."

GV: *It's estimated that over 75 percent of Africa's population has no access to banking services. Bain & Company recently released a study projecting an enormous increase in the*

African retail banking sector. Given your finance background, what outlook do you see for the financial services sector in Africa?

Clarke: Much has been written about the success stories coming out of East Africa. For example, Safaricom is a cellular operator that has effectively become a bank larger than many of the indigenous banks to Kenya, but serving a population's banking needs using technology in a very creative fashion. And I think that this is where we are going to see a huge amount of innovation if we are talking about the sectors where one would expect to see a lot of development, opportunity, and innovation. It is the fact that there is such a large unbanked population that the financial services industry has tremendous opportunities. I think the recent focus on the missing middle really applies to the banking industry in Africa. You have these very large, sophisticated banks in South Africa, in Nigeria, in all of the countries that have extractive industries, that partner with multinationals to support the...operations of those various multinationals. That piece is well established with a long

history. Then you have...the microfinance piece of the puzzle that has gained a fair amount of traction over the last decade. Then the very innovative, such as the M-Pesa of Safaricom, which really gets to the bottom of the pyramid. It's really that missing middle, the retail banking for someone who has an income above a micro borrower or a small business. That's where you find the real need for development of services and interest on behalf of the banking sector. So you have an outsize return at the top and bottom end of the spectrum, but that middle piece just isn't offering the same kind of return on investment. I think that as financial institutions figure out how to service that middle piece at more efficient pricing that's where you are likely to see significant growth going forward.

GV: *So the Chinese venture in Africa. Good, bad, some of both?*

Clarke: I think it's some of both. These are questions that go back to the question you asked earlier about what made the US wake up to the investment opportunities in Africa. We here are chasing investment opportunities in China, while China's chasing investment opportunities in Africa. So as a starting point, China's interest in Africa has elevated the visibility of Africa as an investment destination to Americans. I think if anything it's a good thing because it's [leading to] more investment dollars and opportunities in Africa. There are many complex critiques of how the Chinese look beyond governance issues. I think to comment on how the Chinese have made their investments in Africa, in some ways that's a paternalistic viewpoint. If one truly respects African countries' ability to self govern and determine what's best for their future, one has to also respect their rights to [determine] any trade offs or strings they are willing to negotiate in terms of investment. I think for many African countries they are quite wise to understand the nature of the various trading partners that they could be dealing with and have decided that the Chinese act quickly, the Chinese deliver, the Chinese do less due diligence and from their perspective that is a good trading partner.

And I think it would be inappropriate for me as an American to decide whether or not an African government can make that decision appropriately or not.

GV: *You and I have both taken note of a new class of Diaspora entrepreneurs. First generation 20/30 somethings who have gone to great schools, worked at prestigious companies and dropped good jobs to start their own businesses here in the US or mobilized to go to Africa to start businesses there. What notable examples would you name?*

Clarke: There are a number of great stories. One story I'll tell is the Nigerian who came to the US and created a great company, Hopstop.com. That was founded by a young Nigerian, Chinedu Echeruo, and it's a big site that's a great value to people globally. It now provides information on how to get from point A to point B in several European countries, as well as most big cities in the US. Another great example is Funke Opeke. She's a Nigerian who after attending Columbia University and working 20 years in the US private sector raised \$250 million, all from African investors, to bring broadband to Africa. She's now the CEO of MainOne Cable, the first broadband cable to launch in Nigeria and Ghana.

GV: *Could you name the NGO in Africa you find the most interesting and why?*

Clarke: There are two that really capture my imagination. The first is the Mo Ibrahim Foundation. I think that what Mo has been incredibly innovative and transformative in developing the governance index. To use a phrase we've coined at Africa.com, it's very FABA, which is for Africans by Africans. Which really seems to be the mindset I think permeates so much of what we see in Africa now. Even in terms of what's driving the economies, it's for Africans by Africans. And I think what Mo has tapped into is creating the intellectual property that is for Africans by Africans in determining governance. Not looking to outside parties to decide what constitutes good governance, but for Africans to decide what constitutes

good governance and ranking it themselves according to those criteria.

The second would be the Tony Elumelu Foundation. Tony is the former CEO of UBA, a hugely wealthy businessman that young Nigerians have aspired to emulate. He has taken his wealth to create a world class foundation in Nigeria that has a Pan-African perspective, but is a socially responsible investment fund funded by Nigerians, not the World Bank, not USAID, not outside investors. The foundation is making investments in Africa that are meant to create jobs and provide a reasonable financial return.

GV: *The Mo Ibrahim Foundation created The African Leadership Prize, but had no winner for 2009/2010. Given everything positive happening around Africa, was it discouraging for you that they could not find one African head of state who fit the criteria?*

Clarke: I respect the decision that they made and their decision not to dilute the significance of their award. I think that it really must maintain the highest degree of integrity.

GV: *Could you add a company you find most interesting and why?*

Clarke: It would be hard not to talk about MTN. MTN has been able to become the closest thing to a Pan-African brand. They started in Africa competing against Vodacom, they were the second company to win a cellular license to operate. Vodacom's strategy was to claim the wealthy part of the market and all bets were on Vodacom to be the profitable company. MTN had the bigger challenge of figuring out how to go after the lesser affluent part of the market. The bottom of the pyramid, where most of the people are. They did that and they made it into a bigger success. So much of the folklore around the success of the cellular industry in Africa can be traced back to MTN's understanding of the market and development of products and services for the bottom of the pyramid. Demonstrating you can make money from the bottom and not only make money, but provide a valuable service. And

then replicating that outside of South Africa to over 20 countries. I think they have developed a brand that represents integrity. They have reinvested in the communities in which they operate, creating substantial foundations where they allow each local country to determine what their priorities are for the foundation grants. In some they focus on education, in other countries they focus on health, in others they focus on rural development. I think they are a management team that is quite admirable and one that has delivered consistent performance on both financial and social metrics over a sustained period of time.

GV: And finally, a person? Someone people may not have heard of.

Clarke: One of our Advisory Board members, Foluso Phillips out of Nigeria, has developed what is the largest indigenously

owned consulting firm in Africa. A firm that competes head on with [major global] firms, headed by someone who demonstrates tremendous business integrity and is a real role model for business people in Nigeria. He has been elected Chairman of the South African Nigerian Chamber of Commerce and is being named Chairman of the Nigeria Economic Summit, the entity that will be focused on public private sector collaboration for economic development in Nigeria. I think to have been able to develop a company in the services industry of that size in Nigeria over the last 10 – 15 years...that has operated with absolute integrity is something quite admirable.

GV: What will you be watching most closely in Africa over the next 12 months?

Clarke: It will be interesting to see if the political uprisings in North Africa, that have

seemed to be quite contagious from Islamic country to Islamic country, [become] contagious to Sub-Saharan Africa. If you have such populist uprisings in Sub-Saharan countries that are under the rule of authoritarian governments.

GV: What should we look out for on Africa.com over that period?

Clarke: Our guide to museums in Africa, which I am particularly proud of. We have created the first and only, as we know it, comprehensive guide to museums in all 53 African countries. It's an impressive body of work that has a lot of meaning to us because we want help change the way the world sees Africa. We want those who are traveling to Africa to see that there is more than just animals. To acknowledge the people and the richness of the culture and the history and the art associated with those people.

Philippe
BY PHILIPPE CHOW

JERICHO LOCATION

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ZAGAT 2010

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