

Fintech startups score funding from RMI's AlphaCode

AlphaCode, Rand Merchant Investment Holdings (RMI)'s incubation, acceleration and investment vehicle has awarded R23 million supplier development loans to three fintech startups, Zande Africa, Bright On Capital and Livestock Wealth.

Dominique Collett, head of AlphaCode explains, "We have granted Zande and Bright On, with whom we've been associated for over four years, around R10 million in supplier development loans each and Livestock Wealth has been granted R2 million. Businesses like these don't always get the funding they require to grow from commercial funders but as part of our commitment to partner and grow financial services startups, we've leveraged our supplier development spending to support them."

All businesses have exciting growth stories.

Zande Africa

Zande Africa started in 2016 with just two founders, Siya Ntutela and Mdu Thabethe. The business provides trade and merchant finance to spaza shops to enable stock purchases. It now has a turnover of R17 million with 71 staff and it is about to open a third depot in Orange Farm, south of Johannesburg, after growing its operations in Nelspruit and Ermelo.



Founders of Zande Africa, Siya Ntutela (CEO) and Mdu Thabethe (COO)

Ntutela, CEO of Zande Africa says he plans to use the loan for working capital to set up the third depot and to improve his technology platform.

"In 2016 AlphaCode awarded us R1 million in a pitch competition and we now hope to grow the investment case for our business. Having succeeded in this fundraise, after going through RMI's rigorous commercial and legal due diligence process, we believe we're well on the way to having an even more compelling case. AlphaCode also provided office space in Sandton within the fintech community where there are others trying to solve similar problems in financial services," notes Ntutela.

Bright On Capital

Bright On Capital is an online peer-to-peer lender that provides affordable working capital funding to emerging small supplier businesses with sustainable growth prospects. It has grown its SME lending book beyond R25 million and expects the lending book to exceed R50 million by early 2020, increasing to potentially R100 million in 2021. The team has grown

from the initial two co-founders, Tsepo and Koena Headbush, to six permanent staff. Currently, four additional candidates are being recruited to join the sales and credit teams.



Tsepo Headbush, CEO of Bright On Capital.

Headbush, CEO of Bright On Capital, says the loan will be used to grow its SME lending book, to develop distribution channels and to grow market reach.

“In addition to this loan, AlphaCode has provided significant support to Bright On Capital over the past three years. In 2016 we were provided a grant of R500,000. At that stage, the grant was a critical source of seed capital which enabled us to expand our technology and provided us the necessary financial support to further develop the business. In 2017 AlphaCode provided us access to its office space in Sandton, where we could house our growing team. In addition, AlphaCode provided experienced sector specialists to mentor and guide us on where to focus key resources and how to allocate our limited capital to ensure execution of our business plan and maximise the value of our business.” explains Headbush.

Livestock Wealth

Livestock Wealth has pioneered investment in cows since October 2015 and now has over 2000 cows at various partner-farms. These are valued at over R40 million and managed like an investment portfolio on behalf of 1200 local and international investors.



Ntuthuko Shezi, CEO of Livestock Wealth

Livestock Wealth, CEO, Ntuthuko Shezi added, “We are using this loan to build our team. We have been part of AlphaCode since 2015 when we won R500,000 at a pitch evening. At that stage, we only had 26 customers. We have grown to over a thousand customers. Our platform has grown to become a dependable supplier to large off-takers such as Woolworths. We

have also grown beyond cows into a platform that connects farmers with investors where the investor owns real, high value, agricultural assets. These assets grow in the farmer's care and earn profits when the products are sold at maturity."

Collett concludes, "AlphaCode is a support system for fintech startups that want to scale their businesses. We help to steer raw talent via our Explore programme where we provide the basic skill sets to build a business, our Incubate programme provides grant money of R2 million to get the business going and then the Accelerate programme helps participants to scale. We also provide a full hybrid of support in addition to these programmes providing grant money, equity and debt funding. We are seeing our approach paying dividends and we look forward to providing funding to more exceptional, growing fintechs."

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