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# Tech startups navigating corporate SA

Insights from

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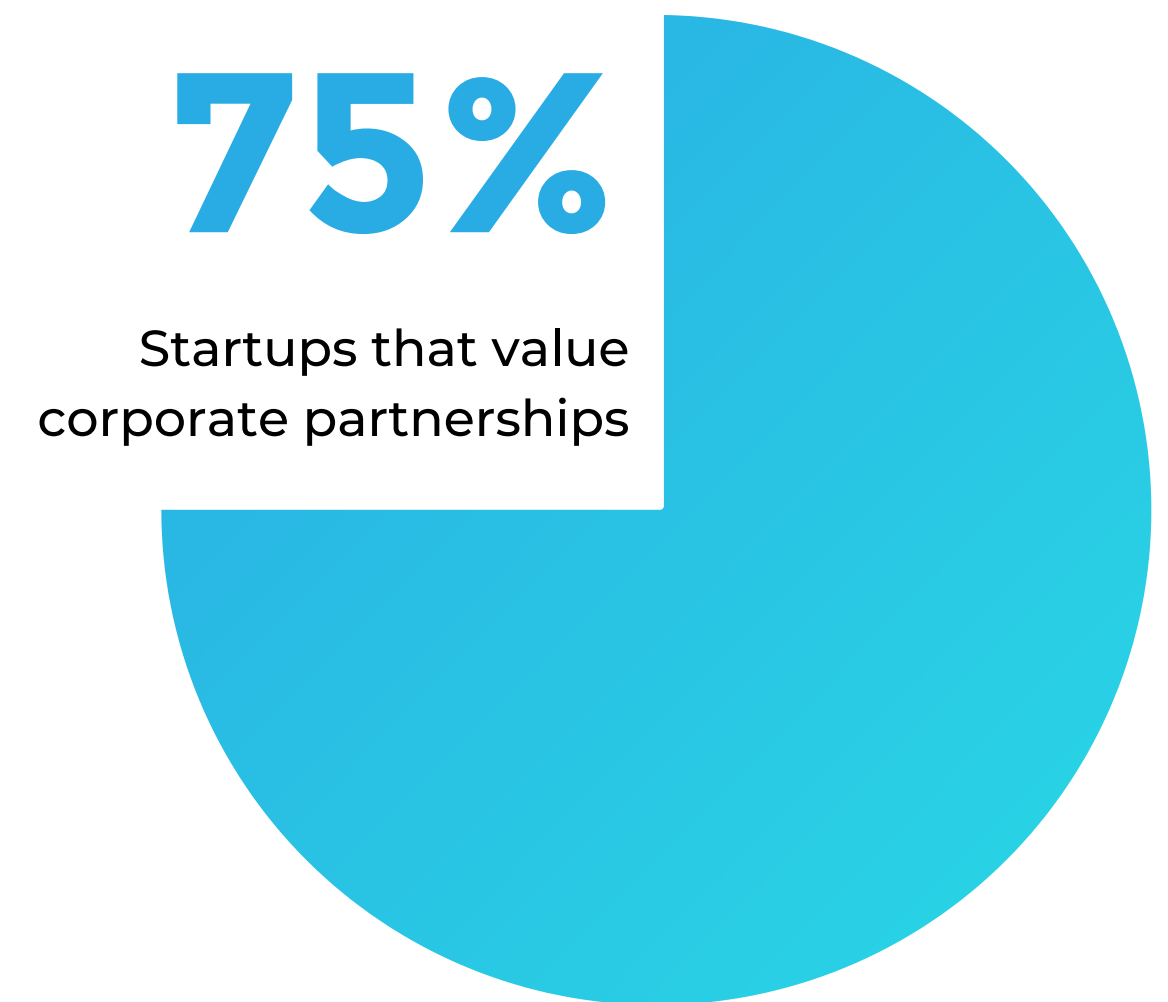
# Navigating Introduction corporate SA

According to McKinsey, between 2020 and 2021, the number of tech start-ups in Africa tripled, with almost half of these being fintechs.

These tech startups are making it their business to disrupt and augment traditional financial services. For large enterprises bogged down by red tape, partnerships with smaller tech companies can provide them with the know-how, talent and ready-made products they need to take the lead. When these relationships are managed well, it usually results in healthy disruption and huge uptake of new tech that benefits both consumers and enterprises.

As with any business partnership, the first steps are crucial in setting expectations and the structural layout of the project.

According to Deloitte, 75% of startups considered large corporate partnerships as valuable. Laying a solid foundation in the initial stages of your corporate partnerships will allow you to scale up faster, as well as reach a level of stability if they hit rocky roads. Furthermore, less-established startups, which have fewer than 5 employees have a much stronger focus on partnerships than later-stage startups, this is because they require a larger customer base and additional revenue.



## Checklist for corporate partnership success

- ✓ Find out **who the stakeholders are** in order to gauge what they'll want from the project
- ✓ **Contract signing** should be a top priority before you start on any work.
- ✓ **Develop a clear action plan** that everyone will be happy with once the project is completed
- ✓ Make sure that any **changes align with the product strategy** and don't take time and energy away from the core offerings that led to the partnership
- ✓ Make sure the **reporting structures function well** and support services are at the ready.
- ✓ From the get-go, and throughout your partnership, **set up meetings** outlining your offering and restrictions. Make it clear that your product is your key focus.





## The yellow brick road for corporate partnership success

**“If you anticipate project creep or are unsure of all the micro details involved in getting a product to market, think about running a monthly fixed invoice based on hours worked. This will remove the admin of project tracking and negotiations on a monthly basis.”**

**Michael Bowren**

Co-founder of Finch Technologies

You have to find out who the stakeholders are in order to gauge what they'll want from the project and what would make it a success in their eyes. By doing this, you can develop a clear action plan that everyone will be happy with once the project is completed. Contract signing should be a top priority before you start on any work. According to McKinsey's report, *You Can't Buy Love: Corporate-startup-partnerships*, only 27% of startups surveyed were satisfied with their corporate relationships. This is something that can easily be remedied with a solid and sustainable foundation.

In the first few months of delivering a project, scope creep is inevitable. When anticipated and well managed, it can lead to a more robust solution. It may be tempting to just accept enterprise terms, however, it's best to be diligent about making sure that changes align with the product strategy on both sides, and don't take time and energy away from the core offerings that led to the partnership. Once the project is up and running, startups are often at the beck and call of the client. So, before getting started, make sure the reporting structures function well and support services are at the ready.

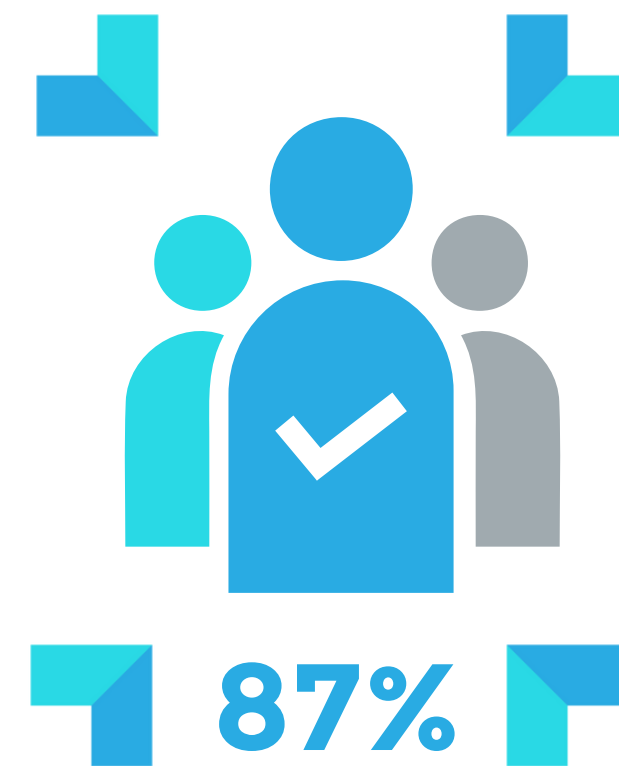


## Prepare for corporate startup marriage counselling

Something you will only figure out once you've formed a partnership with a large enterprise is – are they growth enablers or restrictors? Keeping this top of mind when approaching your next client is crucial, and often takes trial and error.

In a survey conducted by McKinsey, 87% of startups believed utilising the corporate partner's market access was a key motive for the partnership. For this to be true, you'll need to continually ensure your large corporate partnership and the products you've developed on their behalf, are actually helping you reach a wider market.

As a tech business owner, you want to make sure your team stick to your core product offering. This is likely what landed you enterprise clients or some RFP's. There should be an oversight that ensures your tech team don't make bespoke changes that are to the sole benefit of your client. This will often lead to you losing sight of the bigger picture, neglecting your other clients or not having enough time and energy to build on your current offering. From the get-go, and if needed during your partnership, set up meetings where you outline your offering and restrictions, and make it clear that your product is your key focus.



Startups whose key motive for the partnership was market access

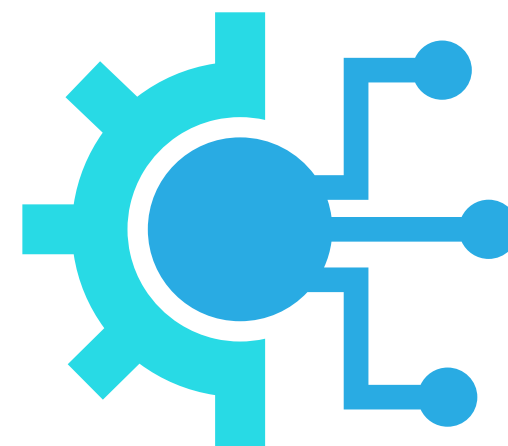


# Navigating

## The big wins of working with big or small corporates

A focused business development strategy in your early stages is vital in landing contracts with big names who will be able to catapult your business quickly. Brand association and word-of-mouth are obvious benefits to these partnerships, but in an addition to this, it's getting access to a wider talent pool. These experts and professionals will allow your team to tap into a wealth of knowledge and experience that you may not have had access to before.

Powerhouses like PEP, Shoprite, Vodacom and MTN hold distribution as a strong suit, where they have access to a majority of South African consumers. Working with clients like these can open up entirely new distribution avenues and have a massive impact on scaling your business.



Although large corporate partnerships are the aim of the game, startups shouldn't dismiss smaller enterprises partnerships. In contrast, these enterprises understand the value of moving quickly and efficiently. In most cases, you will be dealing directly with the decision-makers and lead engineers. These enterprises usually have a good understanding of the constraints they are working within and will be able to figure out what adjustments need to be made on their end to make the project work.

With great power, comes great responsibility, and this is especially the case when it comes to these partnerships. Your responsibility as a tech company lies in being cognisant of some of the challenges.



# Navigating

## Possible corporate-startup partnership challenges to look out for:

- ✓ Slower sales cycles and preparing for an RFP process
- ✓ Their scale can often be used to negotiate pricing power
- ✓ Large enterprises think you are their only client and set up meetings without consulting you first
- ✓ Change of project leads can often lead to a project halt
- ✓ Exclusivity agreements, which prevent other opportunities
- ✓ Taking a product live quicker than intended, can lead to scope creep, and your team being distracted from your core product



# Navigating Roadblocks and roadmaps corporate SA



Layers of bureaucracy often mean large corporates tend to move slowly. In contrast, McKinsey found that corporates who involve top management in the decision-making process significantly increase partnership satisfaction, increasing from 47% to 87%.

Another roadblock which startups face when working with large corporates is a technical one. It's not always as simple as plugging API-based technologies into a corporate's legacy IT infrastructure. Traditional corporates often, pose bigger challenges, and digital-focused companies are more easily able to integrate with a startup's technology. This can be resolved by outlining capabilities at the start of a project.

Many startups want to play the blame game which leads to delays in many types of outcomes. Being aware of the nature of the beast and managing those layers well is a responsibility you need to take if you want to work with enterprise-level clients. You'll need to manage the defined deadlines and processes against your own.

It's important to remember that each part of your project needs effective project management, from contracting all the way to delivery. Established enterprises are bound to give you insight and suggestions on product enhancements, however, your job as a tech startup leader will be to stay true to your product, and your product roadmap.





## **Paving the way for sustainable corporate partnerships**

Healthy partnerships, need to start off on the right foot, put together an outlined outcome for the project and have mechanisms in place that ensure you stick to it.

Currently, there is a disconnect between the different operating models of tech companies and large corporates. The responsibility lies on your shoulders to fully understand what ride you are in for, and to work closely with the champion on the other side of the project. Don't partner with a big corporate just for its brand recognition or financial gain but rather place a high value on how the partnership can help your startup grow sustainably.

