

# Case Study

## African Capital Alliance

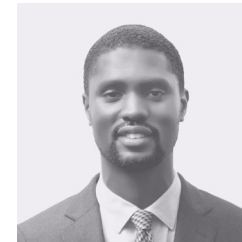
The power of data and tech in diligence and dealmaking

Sourcing private equity deals in Nigeria is a primarily relationship-based endeavor, especially for the local firms that have unparalleled insight into the market and its regulations.

What's most helpful on the technology side is gaining transparent information on potential targets, says Bunmi Adeoye, principal at African Capital Alliance (ACA).

“Data helps us get the right information to make decisions. Tech helps us do more due diligence, confirm what we learn, and make sure the businesses we invest in can actually deliver on the plans we’ve agreed.”

African Capital Alliance is a market pioneer and leading African-focused investment firm with subsidiaries and branches in Mauritius, Ghana, and Nigeria.



Bunmi Adeoye  
Principal  
African Capital Alliance



## Data rooms for value and opportunity

With an objective of ‘no surprises’, ACA also uses virtual data rooms to “look under the cover” and identify problems with buyout targets, 90% of which are growth businesses rather than start-ups. Finding problems doesn’t necessarily derail deals, but instead can create value and opportunity, he says. What is a red flag is any effort to block information, Adeoye warns.

In the future, he hopes that data rooms will enable the buy-side to plug directly into targets. “It would be helpful to access comparisons among private companies, both locally and internationally. This would allow us to analyze more information, and to put it into the right form, for example into graphs, and leave us more time for the rest of our job.”

## Regulation, innovation, and advancement

There is an increase in Nigerian regulation, which adds complexity, but will in the longer term add value to local companies and the broader economy, notes Adeoye. Now, the Federal Competition and Consumer Protection (FCCP) focuses on deals involving a controlling stake, while updates to the Companies and Allied Matters Act (CAMA) have made it easier to do business.

“On a practical level, the regulations are important. The challenge is making sure they are streamlined. How do you work with them all together? The more we use the FCCP and CAMA, and the more the other stakeholders get accustomed, the regulations will improve over time. It’s important in the long term to get the regulations right and to ensure they are living documents to make them more responsive to the market. It’s a work in progress.”

In TMT, which is Adeoye’s focus area, there is continued innovation in payments (an area where Africa has led), convergence with lending, expansion into adjacent sectors, and a focus on economies of scale.

More broadly, there is “lots of discussion about Africa being treated as a block,” thanks to the African Continental Free Trade Area (AfCTA). Drivers for intra-African trade include payment applications, as well as platforms that enable businesses to buy and sell in local currencies, explains Adeoye.

Another is manufacturing, with global companies setting up local production hubs to overcome supply chain shortages and take advantage of cheaper labor.

“Investing in Africa leads to jobs, wealth, and opportunity. It’s better for women’s advancement and creates jobs for young people. Good regulations can help us lift people out of poverty, spreading wealth and enabling innovation.”

