

# One year on: 3 ways in which Covid-19 has impacted the SA venture capital space

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It's been just over a year since South Africa went into lockdown. At the time, there was still hope that the country could isolate and contain the disease, allowing economic activity to continue as normal. Few could've forecast the toll the following months would take on our lives and livelihoods.



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Businesses in all sectors of the economy were impacted, and Venture Capital (VC) was no exception. Despite the challenges, there were plenty of lessons to be learned too, which will carry through the South African VC space for some time to come.

## 1. Innovation and adaptability are what separates the average from the exceptional

One of the first lessons underscored during the past year is that the startups which have innovation and adaptability baked into their DNA will be worthwhile investments, no matter what the circumstances.

From within our own portfolio, Yebo Fresh is a good example of this adaptability. Founded in 2018, Yebo Fresh began as an online grocery delivery company for consumers in South Africa's usually neglected townships. The first year was spent operating from founder Jessica Boonstra's garage.

When Covid-19 and lockdown hit, NGOs and community action networks (CANs) approached the startup to help deliver food parcels to people in poorer neighbourhoods. Orders started piling in by the thousand, forcing Yebo Fresh to expand - and to do so quickly.

Today, the company has outgrown warehouses and now boasts a 30-strong full-time staff complement, with an additional 30 people working flexibly.

This and other examples illustrate how innovation-led entrepreneurs can thrive in even the most challenging of times, creating jobs when they're needed most.

## 2. The entrepreneurial vision remains crucial

As VCs we need to buy into the vision of the entrepreneurs we back, and trust that they'll have the capacity to adapt to changing situations.

Our role isn't simply to provide investment, but to actively provide advice and mentorship where it's needed, also connecting entrepreneurs with requisite expertise wherever possible.

While the past year has been unprecedented in all our lifetimes, VCs that had been through the entrepreneurial wringer were undoubtedly better-placed to adapt, along with the entrepreneurs in their portfolios, than those who hadn't.

## 3. Change is inevitable – seek the opportunity within the change

Ultimately, a year after the pandemic started having a real impact on our lives, it's vital that VCs accept the new reality, and that things will never go "back to normal". Having adapted to the changes of the past 12 months, however, it's critical that we continue seeking the opportunities going forward.

As long as there are problems, there will be innovators trying to solve them. And in order for those innovators to realise their true potential, especially in a country with as big a need for transformation as South Africa, they will require the backing of experienced VCs interested in building a viable and sustainable ecosystem.

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