

# Tech startup raises \$2m to bridge workplace communication gap

SmartWage, an HR and communications technology startup, has raised \$2m (R29m). The oversubscribed seed funding round was raised to support SmartWage's vision of transforming Africa's workforce through digital inclusion, particularly for frontline employees like cashiers, restaurant staff, security personnel, and healthcare workers.



Simon Ellis and Caroline van der Merwe, SmartWage founders. | Source: Supplied

The seed funding was accessed via several influential investors. One of those investors is Idris Bello, founding partner of LoftyInc Capital, a pan-African VC fund headquartered in Nigeria and an early investor in Flutterwave and Andela, two of Africa's tech unicorns. Bello said he was excited by the scalability of the SmartWage product set and the impact it could have, in both Africa and beyond the continent.

Other investors include Creator Collective Capital, Penrose Capital, along with angels from Naspers, Dimension Data, Investec and Standard Bank. SmartWage says it plans to deploy the capital to expand its product and technology team and double down on solving employers' biggest problems.

## Bridging the communication gap between employers and employees

SmartWage CEO, Simon Ellis, says that no solution adequately addresses the challenge of communicating with a distributed workforce, leaving employers unable to digitally transform.

“There is a communication gap. Frontline employees don’t feel part of a company’s brand and its promise. Payslips and leave are still done manually with paper printouts, while employee communication is done using notice boards or apps, which have huge usage drop-offs. Onboarding and disciplinary procedures are still paper-based, costing businesses precious time, money and resources”.

But it’s not only about driving efficiencies for employers. According to SmartWage, the company has developed a host of financial wellness products that give employees the financial lifeline they need. These include access to free financial education and on-demand pay.

“We have learnt through our process that employees need access to cash more than ever before. 80% of South Africans struggle to make it to the end of the month without relying on some form of short term debt, and the payday loan industry is booming,” says Ellis.

“If we can save employers time and money through digitisation, we can bridge the gap between South African enterprises and their frontline employees, helping enterprises connect clearly and dynamically with their employees, whilst offering financial wellness tools at the same time. By offering tools that benefit both employers and employees, we have a powerful value proposition,” Ellis concludes.

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