

Meet the VC that is transforming how Japanese investors support and nurture new businesses in Africa

As one of the co-founders of Kepple Africa Ventures Takahiro Kanzaki believes that a close working relationship with every entrepreneur they support is critical to their business's success. Takahiro is also on a mission to change attitudes in Japan to unlock even more investment opportunities across Africa.

What initially attracted you to establish Kepple, Inc. and Kepple Africa Ventures?

"I started my career as an accountant. I wanted to move into a more active role, which led me to investments and VCs and to the creation of Kepple, Inc. – a Japan-based company involved in investment, fund management support, and open innovation support business. I could also see that Africa could offer massive investment opportunities, so we established Kepple Africa Ventures (KAV). The key was to understand the unique start-up business culture in the

African nations we wanted to invest in and deliver the support these businesses needed to not just start-up, but also to help them with their growth.

“Kepple of course provides much of the financial support that the businesses we invest in need, but we go much further than that: We take perhaps more than the usual interest in how a business will develop. We forge relationships with the founders of the business and help them to realise the vision they have for their companies.”

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What specific qualities or characteristics do you look for in the companies you choose to invest in?

“KAV’s investment portfolio is diverse as we look for businesses that have found a large potential in the markets they want to sell to. We also focus on their customer base. How large is this base? We look closely at the demography of the target customer audience, as this tells us whether the business will be sustainable.”

Do you have different criteria when assessing a potential investment with a European or African company?

KAV’s current focus is on making investments in Africa, as we believe these countries have great opportunities and a good start-up culture we can help thrive. Start-ups in Africa when compared to Europe are different, as Europe has a more developed start-up ecosystem that new companies can benefit from. That isn’t to say we would not consider investments in these countries, it’s just that we have a focus on Africa at the moment, as these countries we think have the greatest potential to become profitable quickly.

How do you assess the potential for growth and profitability in the companies you invest in?

Often, we will look at the size of the market the new business will be selling their products or services to. This is a good indicator whether there are enough customers to make the business viable initially, and of course, how these markets may grow in the future.

Kepple is also not afraid to take risks. Often, a business will come to us having had little luck securing the funding they need. We always look for like-minded entrepreneurs who have the same mindset as us. This brings us closer to the businesses we invest in, which I think is a critical part of Kepple's success over the years.

What is the overall investment strategy or philosophy of your fund?

Our philosophy as I just mentioned is to invest in businesses that have strong entrepreneurial leaders that also share our point of view regarding what a start-up business should be. Our investments in Africa are across many industries. In fact, in some cases we will connect new businesses from different industries together to give them the knowledge and skills they need to reach the markets for their products or services.

What sectors or industries do you focus on, and why do you find them attractive?

If you look at KAV's investment portfolio at the moment, we are investing in over one hundred companies in 11 countries across Africa. From digital payroll systems to automotive, the diverse nature of the businesses we support is directly linked to the diverse nature of the business start-up culture across Africa.

This is one of the main reasons I find Africa such an exciting area to invest in. The businesses we support have the potential to become disruptive in their markets, or bring services taken for granted in Europe for the USA, but that don't exist in many African countries. Supporting those businesses is a core

driver for KAV.

How do you manage risk within your portfolio, and what steps do you take to mitigate potential downsides?

Of course, there are risks inherent in every investment. However, the work we do to understand the new business, the motivations of the founders and the markets they want to sell to, all give us valuable insight we use to make investment decisions. We do take time to work through all the information we gather about a business that has approached us for investments. After that we make a decision whether we will make an investment.

Sometimes we already have a business we are investing in that could benefit from connecting with the new venture. Making these connections is one of our key jobs. We often see businesses transformed as a direct result of connecting with other businesses.

How have you grown your business and what's next for Kepple?

Last year we created Verod-Kepple Africa Ventures (VKAV), a joint venture between KAV and *Verod Capital Management*, a leading PE fund based in Nigeria. We could see that creating a new VC business that connected directly with Africa would be massively beneficial to Kepple and the businesses we wanted to support.

VKAV looks for gaps in traditional industries such as finance that need new products and services. We also support businesses that solve existing issues across an industry or sector with innovative technologies. This could be resolving a bottleneck in a supply chain, for example. Our recent investment in *Chari*, a Morocco-based B2B e-commerce company, illustrates how digital technologies when applied strategically can transform how a business services its customers. We expect to see significant growth as Chari taps into a clear need in the B2B marketplace.