

# Conversation #7

Toward Digitizing Information  
for the Benefit of the Many Rather  
Than the Few

Munyutu Waigi of Umati Capital



***Munyutu Waigi** was raised in Mombasa and left for England when he was 13 years old. The technology bug bit him when he worked in information technology (IT) support for the Williams Formula One racing team as part of his four-year degree program at London's Brunel University, where he studied information systems. After graduating, he joined the global management consultancy Accenture, working in communications and high tech. The urge to do something much bigger that would challenge him became overwhelming—and he decided to quit three months short of his three-year anniversary at the firm. He moved back to Mombasa to start all over again and set up MoComm*

*Wireless, a Wi-Fi company. About year and a half later, he finally got his big break. Along with Leandro Sanchez, he co-founded Rupu, a group buying website that has become Kenya's largest e-commerce firm. Two years later, Munyutu cashed out and used the funds to start his life's true work. And that is pretty much the beginning of Umati Capital.*

### **Munyutu, what is the story behind Umati Capital?**

In a nutshell, Umati Capital is an innovative tech-based lending institution. We primarily lend to processors and exporters across the agriculture sector. Umati provides working capital, invoice discounting, and supply chain financing solutions to bridge challenging 30-, 45-, 60- or 90-day payment terms faced by suppliers.

### **How does the digital solution work in practice?**

Take, for example, the coconuts value chain. There is the farmer who grows the coconuts, and in turn, sells them to a processor–exporter who extracts value and sells the compressed oil to international buyers across the USA and UK. Having purchased coconuts from hundreds of farmers, the processor–exporter has usually less than 30 days to settle the debt—but unfortunately has to wait 45 days to receive payments from his or her international buyers. This leaves a funding gap that the processor–exporter has to plug. Instead of approaching banks, which require collateral and lengthy processing times, the processor–exporter has Umati Capital as a premier solution provider. Unlike banks, Umati Capital does not require collateral to lend to the processor–exporter. Furthermore, we offer technologies, such as mobile and web apps, that help digitize the processor–exporter's purchasing process, which is usually very manual. All in all, Umati Capital offers seamless financing along with innovative technology—a value proposition most banks can't match.

### **How will your solution affect the agribusiness value chain?**

According to recent statistics, there are 700 million people across Africa engaged in agricultural activities. That is seven-tenths of Africa's population, considering recent estimates of just over a billion people. This is further compounded in Kenya, where statistics have shown that

agriculture contributes 25 % of the Kenyan gross domestic product (GDP). Surprisingly, only 4 % of bank lending supports this key pillar in our economy. Why? Perhaps it has a lot to do with the fact that the key actors (farmers) do not have credit profiles—the basis of most structured lending—that would give traditional lenders comfort in their economic activity.

How is Umati Capital addressing this issue? The majority of assistance (international and local) to the agricultural sector has been tackling the issue from ground up. At Umati Capital, we believe the opposite: The issue has to be tackled from the top down. You can argue that there are several reasons why farmers rarely get paid in full and on time. We believe that by first tackling the structured value chains—by improving working capital across them—you can learn key lessons around using technology to streamline their processes before moving on to the larger challenge—the unstructured value chains.

**What has been one of your biggest “Aha!” moments while working with Umati Capital?**

Unfortunately, the life of an entrepreneur is filled with many unpredictable moments. There are countless “What just happened?” moments that leave you trying to make logical sense of events. I have concluded that luck and the right timing play a crucial part in my daily struggle.

My biggest “Aha!” moment came at the seed investment stage of Umati Capital. Like most startups at that stage, we barely had any cash and we rode purely on futuristic ideas about how Umati Capital would shape the lending sector in the years ahead. Thanks to the powers that be, we eventually closed an investment round with Accion Venture Labs worth USD400,000, at a valuation of USD1.4 million. What started off as a dream to change the way small and medium-size enterprises in Africa access working capital had suddenly become a funded idea. I guess the scale and reality of what we were doing crystallized further in 2015, when we were recognized by Citigroup, *Forbes* magazine, MIT, and the MasterCard Foundation, among many global names.

**One of Kenya's own technology entrepreneurs who is also an investor in Umati Capital, Joseph Mucheru, has been appointed to the position of cabinet secretary in the Ministry of Information and Communications. What does this mean for the tech community?**

First of all, Joe is an all-round good guy. He is unlike most who have achieved success at his level. His humility, coupled with his calm disposition, lets him work with people across different spectrums and backgrounds. I firmly believe he is the best person for the job. Joe is Google's former Sub-Saharan Africa lead, based in their Nairobi office. He was Google's first Sub-Saharan employee and was key in setting up Google's presence in Africa from 2007. Before joining Google, he worked in various roles, including chief technology officer and chief executive officer (CEO), at Wananchi Online (the leading provider of affordable entertainment and connectivity for East Africa's rapidly growing middle class), a company he co-founded in 1999.

What does Joe's appointment mean for the tech community? As much as the technology community is about creating scalable enterprises, we also want to see government changes aimed at the greater good of the nation. We believe Joe's vision and character can help create such an environment.

**What are some of the key areas that need to be digitized by the government?**

The overarching goal should be to achieve transparency through technology. The process of getting your ID card, passport, driver's license, National Hospital Insurance Fund card, or National Social Security Fund card needs to be digitized as soon as possible. By digitizing these processes, you will eradicate most of the daily corruption in the system. We also need to start digitizing basic government services in order to make those processes more transparent, less corrupt and, by that, more efficient. Another aspect is security. If you commit an offense in Nairobi, for example, two weeks later in Mombasa, the police will have no knowledge of your offense. Digitizing our security forces, beginning with the police, in a way that significantly minimizes corruption would be marvelous.

**Why is the power of technology best deployed to combat corruption?**

At least once a week, there is a new corruption case that is opened up, and the annoying part of it all is that no one will be taken to jail. It is immensely frustrating! If we can put technology on the agenda that can actually minimize corruption by introducing new, transparent processes together with government leaders who own the process, then we are having a substantial impact on the lives of Kenyans. It is through technology and digitizing basic processes that we can transform Kenya in the shortest time possible.

**Thank you, Munyutu!**



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