

# Conversation #12

## How to Be a Rebel and Build a Business at the Same Time

Ken Njoroge of Cellulant Corporation



***Ken Njoroge** is the co-founder and group chief executive officer (CEO) of Cellulant, one of Africa's leading mobile commerce companies. He has led Cellulant from being a dream he and his co-founder Bolaji Akinboro sketched on a napkin in 2003 to an organization with a staff of more than 240 spread across 10 countries. Unwavering in his pursuit of excellence, Ken is dedicated to seeing Cellulant achieve its goal of connecting more than 100 million consumers with digital payment services that are relevant to their daily lives.*

**What is the story behind Cellulant?**

Cellulant is a payments business serving the mobile commerce market segment. Mobile commerce is a familiar segment to people who have heard about M-PESA, for example, and about mobile banking in Africa. However, we did not start out, 14 years ago, in mobile commerce. We started as a mobile content provider, selling music downloads over mobile phones. At the time, we knew there were going to be a big opportunities in mobile, but we did not know what shape or size they would come in.

After about three or four years of selling digital content, we noticed a couple of things. First, notably, that our early adopters were rural or near-urban and slightly older, in their early 30s and mid-30s. This was interesting—and very different from what we had expected. We had gone into the business thinking our customers would be urban, slightly younger, more tech savvy, and richer. Second, we noticed that when we offered music and ringtones on credit, so that customers could pay the one-dollar cost in three or four chunks, then our sales generally quadrupled. The basic thinking began to form around the fact that a lot of the services on mobile were really mass market, meaning that if you could build useful services they could reach large numbers of consumers and that if you could find a way to innovate on the payments model then you could actually charge fair value for services—a dollar for a ringtone, for example, even though the average top-up value at that time was just slightly over half a dollar.

This triggered a new thought process on the mission of the business. The goal was very clear since our founding: We wanted to build a billion-dollar enterprise. We set out on a plan that suggested we could get there if Cellulant had 100 million customers using our services and made USD1 per customer per month. By 2008, it had become clear that mobile payments and mobile money were going to be a big space, and we began to look actively at these as a potential future for us, thinking we could basically leverage the payment innovation we had developed for music and ringtones on credit into a mainstream payment system.

In 2009, we became a business that was building a future on the back of mobile commerce. We ended up developing a couple of products for payments and banking and sold these to quite a large number of banks over time. This marked the second phase of our growth, in which went from being a music and ringtone business in Kenya to being a mobile commerce company in Kenya, Nigeria, Tanzania, Malawi, Uganda, Zambia, Ghana, Zimbabwe, Botswana, and Mozambique.

Today, we are a business that is running a shared payment ecosystem, powering services for about 71 banks, including some of the large multinationals across the region. We also serve other nonbank customers, including major utility companies and governments that are looking to provide services and get paid digitally over mobile phones or the Internet.

**You initially started out to study pharmacy at a university but discovered your passion for computers and the Internet along the way. Do you think it was the right decision to switch to computers?**

Yes, it is one of the best decisions I have made in my life—although I have to admit I got into computers almost purely by accident. Immediately after high school, I was admitted to a pharmacy school. I think it was quite an elite school in those days, admitting only about 25 students at a time. But there was going to be a two-year lag between high school and actually entering the university—and my mom, a single parent, just did not like the idea of me hanging around and doing nothing for two years! She came across a newspaper advertisement saying that one of the other universities, Strathmore (traditionally an accounting and business school), had started a computer program and was calling for students to apply for scholarships. So I applied, luckily got a scholarship, and went off to Strathmore for the time being.

I, of course, fell in love with computers extremely fast. But also I fell in love with the schooling and the teaching culture of the university, because we had lecturers who were practitioners in the industry. One in particular, who is today the CEO of Uchumi (one of Kenya's

largest supermarket chains), would bring the Times and Newsweek magazine articles about Bill Gates and Steve Jobs and all the cool things they did in the early days of Silicon Valley.

As a result, I got socialized, not just on computers but also on entrepreneurs who were doing interesting things. The cutting-edge technology of the time and the entrepreneurs globally who were not much older than I was made a powerful impression on my mind. So when I went to the pharmacy school after the two years were up, I saw that my mind had started to develop in a completely different direction from that of the medical school culture. This was a very significant culture clash for me. I only lasted about a year and a half and came to the conclusion that this was not going to work. So I and went back to Strathmore for another year!

**You started working for several Internet service providers (ISPs), and in 1998, decided to make the transition and start 3Mice. Why was it the right time?**

By the time I left Strathmore, the desire to become an entrepreneur—like Steve Jobs, Bill Gates, and the Netscape founders—had already settled in my mind to a point of no return. The basic direction, the highest level where one could go in terms of ambition as a technology person, had settled.

**What does it mean for you to be an entrepreneur?**

I think I am a rebel—self-directed maybe, but a personality who likes to have his own mind about things. For me, it was never about the money, but rather about the fact that you could, almost from a blank sheet, create and build something, out of your own thoughts, and shape it into whatever it could become. That was a very powerful idea for me. It still continues to drive me today. It is just an innate personality trait. Then seeing other entrepreneurs and what their companies were doing gave this trait a shape and a form of expression. It is like an artist—except that an artist expresses himself or herself in, say, a painting. I figured that you could express rebellion, sort of your view of the world, in the ability to create something new and great—and that you can do that with a business as well. This desire was deeply ingrained in me by the time I left Strathmore.

**When you say rebel, what do you mean? Rebelling against what?**

In our society, we were socialized to go to high school, get extremely good grades, go to university (and, in my case, go to the top course), excel in the university, and then be successful. Breaking away from that mold—coming to terms with the realization that “Hang on, this particular path that has been prescribed doesn’t actually make sense for me and doesn’t fit with my interests and passions”—was quite a clear departure from the norms of our society at the time.

Of course, my dropping out of the university was difficult for my mom, because it is not what people do. Saying, “Well, this doesn’t make sense for me; I’m going to do something different” is a form of rebellion. And the way you then express it—and it was not rebellion for rebellion’s sake—is a very specific reflection of why this was not going to work for me and why there ought to have been a much better, much more exciting path to pursue for my career.

**What were some of the main learnings you took with you from 3Mice?**

3Mice (a Web hosting and design company in Nairobi) was a fantastic learning opportunity because it was the first business I set up. The most important thing I took out of 3Mice is that one can actually do these things and do them well. I think the fact that, from nothing, we set up a business that became reasonably well known in the country was a very powerful lesson. The other lesson unfolded when we became an Africa online company, witnessing a Pan-African business in the making very early on in my career and to see, again, that it can actually be done.

The other more practical lessons were on the “how-to” side, like how to get products to market and how to build teams. What really matters are people. 3Mice was a partnership of three people, and what got us all excited was creating a company very early on. However, it was a common motivation, a common vision, and a common purpose that kept the partnership alive as the business model changed and evolved. What innately drives entrepreneurs is essentially their purpose and vision—“How big do you want this to go?”—and they are important in keeping things

together. I learned the value of having them aligned very early on and applied it to my future partnerships. So when I moved on to Cellulant, my co-founder Bolaji and I spent a lot of time making sure we were aligned on those things. To a large extent, our extremely successful partnership at Cellulant is a result of those early learnings.

**What was the effect of 3Mice on Kenya's tech-ecosystem?**

The 3Mice journey was a very short one when you look at how long it typically takes to have large impact. I certainly can say that a lot of today's big, more experienced industry people came from within or around 3Mice. Paul Kukubo, for example, who became CEO of the Kenya ICT Board, was one of the co-founders of 3Mice. We certainly created a strong foundation for the belief in technology and in start-ups. The spirit still lives on. And of course, I too have been a significant beneficiary of coming from 3Mice. It built a lot of my credibility. When I say that I was involved in 3Mice, everybody always lights up and says, "Oh, 3Mice!" They can see that, "Okay, this guy is a serial entrepreneur — and not a shabby one!"

**Would you consider yourself more of an "ideational" entrepreneur, the kind who launches an idea and, once it matures into a business, moves on to the next idea?**

I would say that to some extent this is true. I think I am an ideas guy. But then, I am a bit of a boring guy too. For instance, for 13 years, I have now been with Cellulant, and I have this relentless focus to achieve a mission. What is common to both my journey at 3Mice and at Cellulant was a relentless mission to build a business on the scale of the ventures in the early days of the Internet: the Netscapes, the Microsofts, the Apples.

So what I have done is change my role as the business grew. I am still with Cellulant. I am not going to leave Cellulant anytime soon, because I have an almost dogged commitment to building a business of scale and achieving the mission of making Cellulant a billion-dollar enterprise.

I enjoy building ideas. What happened was that instead of leaving Cellulant to go and start another company, I just changed my job within Cellulant. Recently, we got a new COO who takes away a lot of the day-to-day operational activities and makes sure that projects are delivered on time and that sort of thing. This gives me a lot of time with the product guys to create the new ideas of tomorrow, within Cellulant—a very interesting configuration for me. I do not see myself starting another business after Cellulant, but I do see a lot of job changes coming my way so that I continue to be an ideas man within Cellulant.

**In a nutshell, what would you say are some of the key fundamentals that make an entrepreneur successful?**

There are at least two ways to look at it.

There is what I call an innate, almost intangible driver that gives one the motivation to succeed. It has to be very deeply rooted in a person, because it basically serves as the fuel to pursue an original path and gives you the strength to push for success. In my case, it gave me an extraordinary drive to succeed. I come from a single-parent family, as you know, and we are always driven and drilled to succeed despite the odds. I also come from a continent that I believe requires this kind of mindset to lift itself and reach its potential. Another fundamental trait found in entrepreneurs is ambition and motivation. This has to come naturally for entrepreneurs to succeed. I consider myself generally ambitious and motivated. Otherwise, why aim for a USD1 billion Pan-African company?

You will also hear entrepreneurs described as focused, resilient, and committed to a mission. These qualities translate into the business in various ways. So looking at focus, I once asked myself, “What do I know about real estate? And what do I know about all this other stuff?” Nothing, really! But in technology, because I have been at it for such a long time, I can develop very specific, deep insights that are scarce. And as a result of that, I can spend time creating opportunities and ideas because deep knowledge puts me in a reasonable position to succeed. That is why I have been in technology and a technology entrepreneur

since September of 1998, when I co-founded 3Mice. I have followed the same path of building a technology business at scale ever since. I have been on that journey, I have not wavered, I have not given up. And even today, I do not allow myself to get into distractions that seek to take me away from the journey. So to me, that is focus! I am also resilient. It does not really matter how difficult a situation is—I wear it down! I always say I feel sorry for problems that come my way, because there is only one way it is going to end. I am going to wear the problem down! (LAUGHS.) The problem has no chance. I will look at it, I will turn it around, I will go home, I will sleep. Tomorrow, I will wake up and think about it and push it, and push it, and push it, until it breaks. (LAUGHS.)

**What was your biggest “Aha!” moment during your entrepreneurial journey?**

It must have been sometime in 2001 or so when I saw the pace at which mobile phones were growing. Before then, I used to look at the Internet in a PC mindset. I used to work in the ISP world, and we saw the Internet in sort of computer, PC, server ways. But when I saw the growth of mobile phones—I think, there were projections for Kenya for two million mobile phones by the year 2004, and Nigeria would have eight million—now that was a big “Aha!” moment. It struck me like a thunderbolt, “Wow, this thing we call the Internet might actually make its way to the African mass market over the mobile phone.” It was a real epiphany—an epiphany that started my journey with Cellulant.

**Thank you, Ken!**



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