



Startup Performance Reporting in Africa: What Do Investors Want to Know?

Storytelling Through Consolidated Investor Reporting

Wimbart Limited
September 2023

www.wimbart.com



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Introduction



Executive Summary

Wimbart has supported 120+ African-focused startups, scaleups and investors for almost a decade to produce hyper-targeted, relevant & meaningful media and communications campaigns and has gained a unique understanding of the gaps in the African technology ecosystem.

Having collaborated with both companies and investment platforms for a prolonged period, the team has observed the working relationships between both parties at close quarters. We have observed that investors are keen to review the strategy, business model, performance metrics, and details regarding external market factors and dependencies of their portfolio companies. However, some of the reporting frameworks used by startup founders today may need to be better equipped to effectively capture such diverse information or connect all components of a startup's narrative, from strategy to performance measures.

This new data and conversation-led research aim to explore the potential of consolidated investor reporting in boosting investor confidence and ongoing support in African technology startups. Despite a healthy appetite for entrepreneurship in Africa, there are still many challenges, and effective communication with investors is critical. This study seeks to identify pain points in investor relations communications and proposes an optimised approach for startups to adopt. We appreciate all the investors who took the time to participate in this unprecedented survey to address and clear the pain points. By addressing these issues, startups can continue to attract and maintain credibility with investors, ultimately leading to long-term funding opportunities.



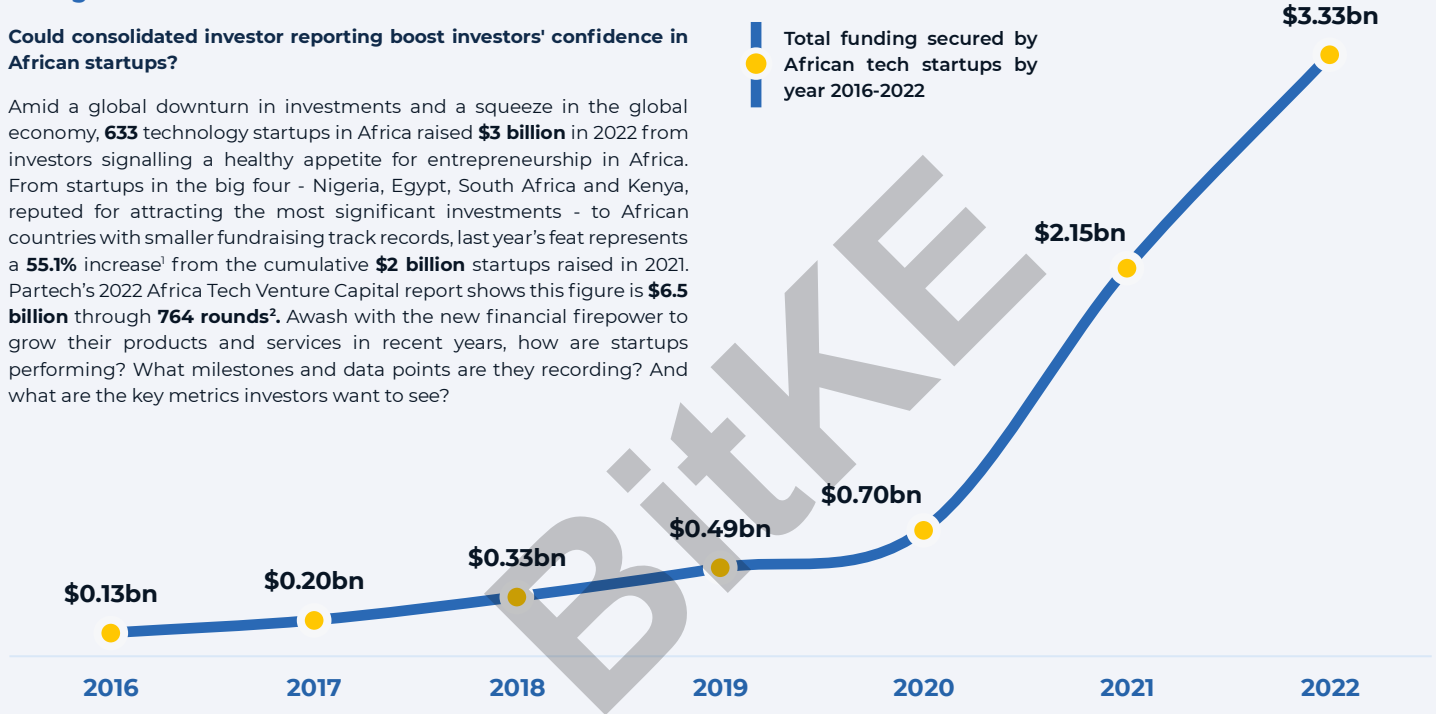
The Wimbart team with Adewale Yusuf, Founder & CEO - AltSchool Africa

Our research shows that effective investor communication is vital for securing funding and maintaining strong relationships with investors; however, 29% of investors do not receive consistent periodic investment reports from startups, while 71% do. Investors want updates that offer actionable insights and a balanced view of both achievements and challenges faced by startups. Startups need to focus on relevant key performance indicators (KPIs) that demonstrate their growth trajectory and overall success.

Background

Could consolidated investor reporting boost investors' confidence in African startups?

Amid a global downturn in investments and a squeeze in the global economy, **633** technology startups in Africa raised **\$3 billion** in 2022 from investors signalling a healthy appetite for entrepreneurship in Africa. From startups in the big four - Nigeria, Egypt, South Africa and Kenya, reputed for attracting the most significant investments - to African countries with smaller fundraising track records, last year's feat represents a **55.1%** increase¹ from the cumulative **\$2 billion** startups raised in 2021. Partech's 2022 Africa Tech Venture Capital report shows this figure is **\$6.5 billion** through **764 rounds**². Awash with the new financial firepower to grow their products and services in recent years, how are startups performing? What milestones and data points are they recording? And what are the key metrics investors want to see?



¹ [Disrupt Africa: African Tech Startups Funding Report 2022](#)

² [Partech's 2022 Africa Tech Venture Capital](#)

Investor communication is the process of exchanging information between a startup and its investors. Effective investor communication is vital for building and maintaining a trusting relationship between a company and its investors. It keeps investors informed and engaged, allowing them to make well-informed decisions about their investments. Investor communication aims to keep shareholders apprised, build trust, and provide them with the information they need to make well-informed investment decisions. By maintaining open lines of communication and being transparent, companies can develop and retain investor confidence and support.

As part of their investor relations communications, startups leverage different processes to communicate with current and potential investors about several issues, including their performance. Do African start-ups adequately update their investors? How many stop engaging with investors once the cheque has cleared? How effective are these communication processes, and are investors happy with them? What aspects of performance reporting are investors pleased with, and where are the pain points? What recommendations do investors have for startups? With more start-ups now finding it harder to raise follow-on rounds³, it is time for them to prioritise unambiguous communication lines between them and their investors.

Wimbart invests considerable time with start-ups and scale-ups regarding external relations, focused mainly on the press. Still, we are increasingly aware of the gaps in start-ups communicating with investors. In short - we know there's anecdotal intelligence around African tech start-ups not consistently delivering on investor relations and communications; now, we want to back this up with reliable data

gathered from Venture Capitalists (VCs) and investors operating across the continent.

In this short report, we take a deep dive into some of the issues from the lens of investors actively financing startups in Africa. We also highlight the pain points and areas of opportunity. At the end of the report, we make several recommendations and propose actionable steps startups can take to consolidate their reporting to investors.

Objective

This report identifies the challenges and limitations of existing investor relations communications reporting frameworks and proposes an optimised approach that start-ups can adopt. By facilitating an environment for actively listening to investors of all stages active in Africa, Wimbart hopes to improve and catalyse the alignment between their expectations and startup reporting practices to bolster investor confidence. In addition to guiding startups in identifying areas of improvement, Wimbart will leverage invaluable insights from this research to develop an innovative add-on service. We have pioneered external communications in Africa's growing tech scene for almost a decade, and we have seen an increase in the appreciation of the impact of effective public relations and external communications, but not investor relations communications. We have now decided to include this service to support our clients (startups and investors) and facilitate effective investor relations communications. This service will empower start-ups to refine and enhance their investor relations communications, cultivating stronger connections with existing and potential investors and unlocking new venture growth opportunities.

³ [Crunchbase News: Seed Series A Funding Charts 2023](#)

Methodology

A mixed-method approach was adopted in developing this report. First, primary research was conducted through surveys administered to Africa-focused venture capitalists, angel investors and VC networks active across the continent. We designed a survey instrument to determine what investors want and need to know about the performance of startups they have invested in, how they want to see this information and when.

The survey instrument was tested with a small group of participants to ensure the questions were clear, understandable, and relevant to the research objectives. Next, desk research reviewing existing literature on best practices for investor relations communication was also conducted.

Data Limitations

To avoid the risk of non-response bias, some questions with low response (30% or less, i.e. 7 out of 24 respondents) have been omitted from this analysis as the response rate may only represent part of the sample.



Value of Investor Relations Communication



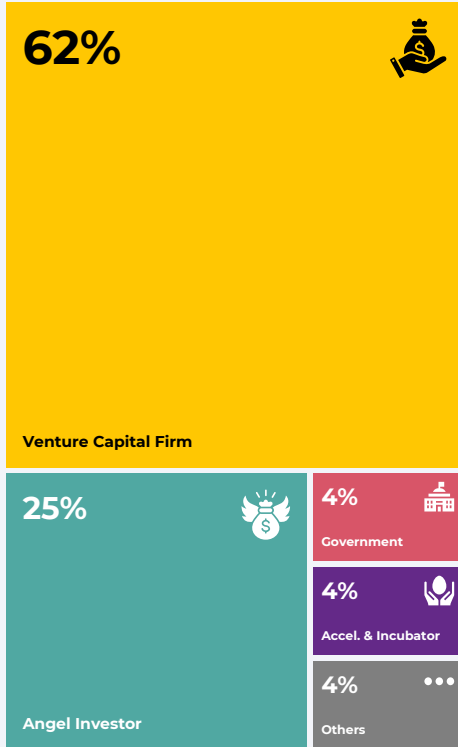
For startups in Africa and across the globe, effective investor relations communication is critical to securing funding, maintaining solid relationships with their existing investors, building credibility, and attracting new and long-term investors.

As the continent continues to witness a surge in entrepreneurial activities, fostering transparent and engaging communication with potential investors becomes even more essential. African venture capitalists are recognised for their commitment to 'going the extra mile' in supporting their portfolio companies, offering invaluable assistance in partnership introductions, recruiting top-notch consultants, and identifying C-suite candidates, among other support. To execute this role effectively, VCs must develop a deep understanding of their portfolio companies' current situations. Regular updates through investor communications provide a suitable platform for VCs to proactively extend their networks, provide tailored support, and collaborate closely with startups to drive their growth and success in the dynamic African business landscape.

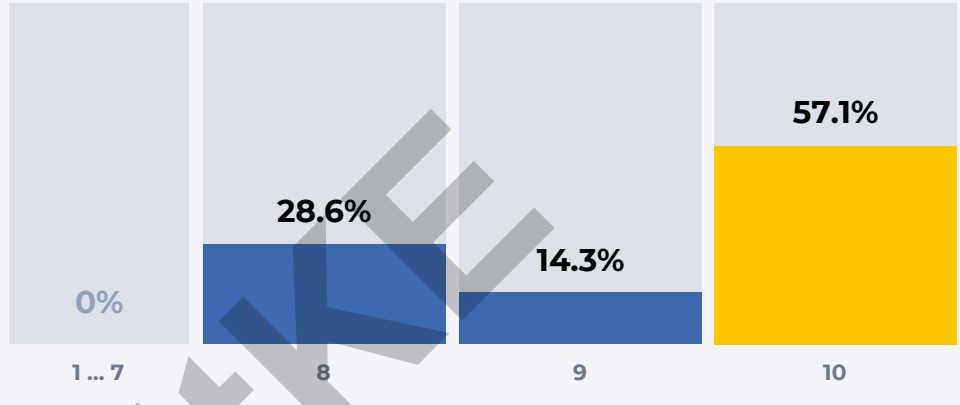
However, only **71%** of investors said they received consistent periodic investment reports from startups in their portfolio, while **29%** did not. From the lens of investors, when asked, "How important do you consider Investor Relations Communications?" given a scale of **0 to 10**, all investors rated the importance at **8 or above**, with an overall average rating of **9.3 out of 10**.



Who responded to our survey?



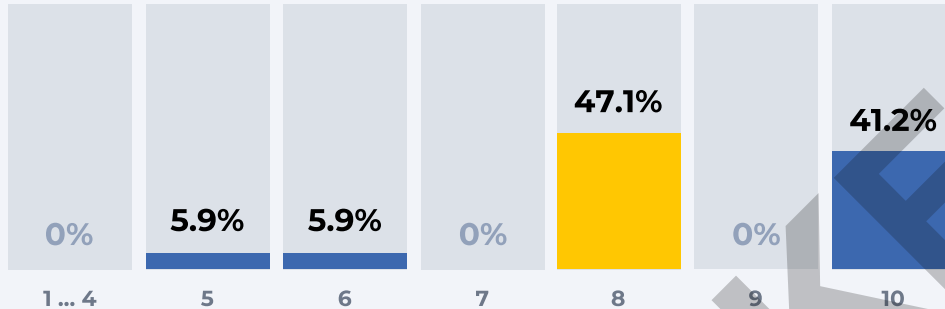
How important is Investor Relations Communications to them?



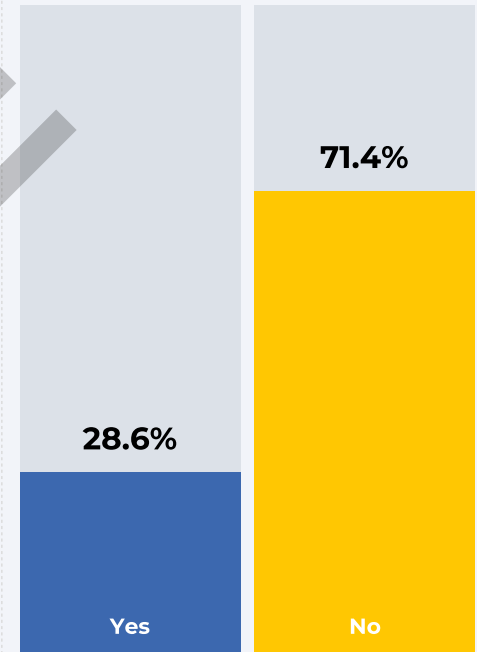
It is crucial to have a consistent cadence for reporting to investors—However[there is a real opportunity to find synergies for the reporting requirements of several investors—Startups can keep a running list of highlights[lowlights and asks ?this approach transforms reporting into a natural focus when the time comes[rather than a daunting task

— Investor

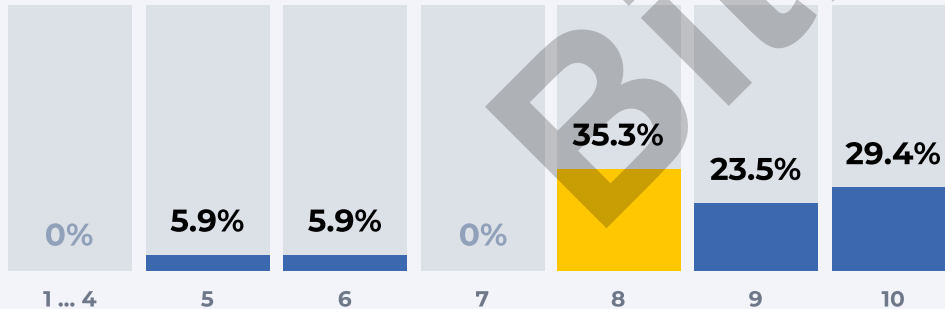
Is it vital for them to have enough information on a startup's future strategic plans to make informed judgments?



Do they consider investing more (follow-on) in a startup founder who fails to regularly update you on their investment's performance?



Does the quality of a startup's reporting hold significant weight in shaping their impression/perception of its leadership and management?



Emerging Pain Points



Our analysis of investors' responses on their biggest frustrations with startups indicates at least six emerging themes that reflect common concerns and challenges they face in their interactions with startups. Clearly, investors are unhappy with several aspects of how startups communicate progress.

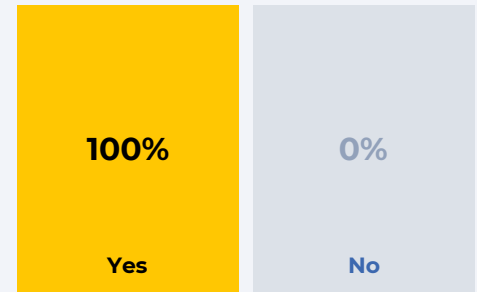
Lack of Clarity and Focus: Several investors expressed frustration with updates that needed more clarity and focus. They reported receiving lengthy, convoluted reports that could have communicated the company's progress or challenges more effectively. One investor said about a report, "It's more of a sales pitch and not factual information that highlights the challenges". Some portfolio companies provided too much irrelevant information. Another said that some startup reports contain "Unclear financial and operational information".

Vague Performance Metrics: Another frustration concerned well-defined and measurable performance metrics. They wanted to see clear indicators of the startup's success or challenges, including revenue growth with trends and historical timelines, customer acquisition numbers, product milestones, etc. Some portfolio companies presented vague or ambiguous metrics, making it difficult for investors to gauge the startup's performance objectively. When asked to rate the importance of three categories of performance metrics, on a scale of 0 to 10, with 10 being the most important, "Financial KPIs" emerged as the most important, with an average rating of 9.4

Rating the importance of three categories of performance metrics



Is it essential to see a clear link between key performance indicators, strategic goals and overall business objectives?



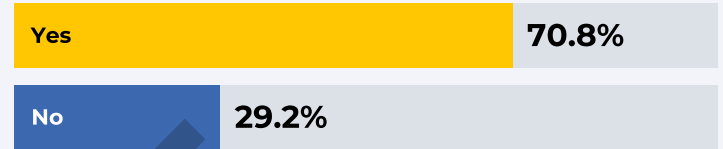
Absence of Actionable Insights: From investor responses, they often sought updates that presented data and provided actionable insights and recommendations. Some startups submitted information without offering a clear plan of action or seeking input from investors; this indicates that investors wanted updates that encouraged collaboration and enabled them to contribute their expertise to address challenges and drive growth.

Selective Reporting: Several investors expressed dissatisfaction with updates that solely focused on highlighting successes while overlooking significant challenges, bad news and obstacles faced by the startup. One investor called this situation "...Cherry picking KPIs to hype narrative...". Indeed, our survey revealed that investors appreciated the transparency and wanted portfolio companies to share achievements and struggles candidly. This balanced approach enabled investors to understand better how to support startups effectively.

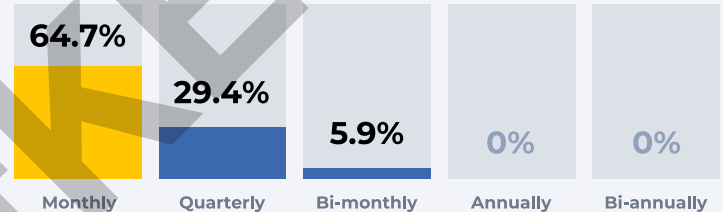
Inconsistent Reporting Timelines: Investors emphasised the importance of receiving updates regularly, noting that some startups provided updates sporadically, making it challenging for investors to stay up-to-date with the company's developments. According to the feedback from one investor, *"Later-stage companies tend to have the resources and experience to consistently provide coherent, relevant reports. The biggest frustration would likely be a lack of consistency from earlier-stage businesses, which sometimes means they are not tracking or doing internal analytics on key information themselves."*

Almost a third of investors surveyed do not receive consistent periodic investment reports from portfolio startups. 65% of those who receive regular reports get them monthly, 29% get quarterly, and only 6% get bi-monthly reports. However, all respondents desired monthly report updates from their portfolio startups.

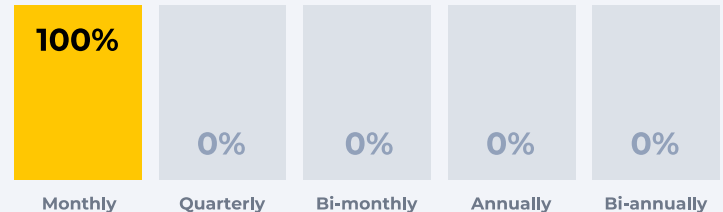
Do they currently receive consistent periodic investment reports from startups in their portfolio?



How often do they currently receive these updates?



How often would they like to receive updates from the startups they invest in?



Best Practices Investors Love to See



Our survey presented investors with five factors concerning reports they got from startups they invest in and asked them to rank from most to least important factors.

Two factors emerged on top of an investor's ranking: "Consistency" and "Reliability," which indicate that investors highly value accurate and dependable data. The leading factor in the #1 position, "Consistency", clearly shows investors want to see that data communicated in startup reports are reliable and accurate; here, startups should conduct checks to ensure they are not communicating any conflicting or contradictory information from their previous reports or other information sources to investors.

The next factor is the "Reliability" of data in the report highlighting the startup's performance and future projections; are the data sources supporting the startup's claims credible? And have the startups shown a track record of delivering on promises made to investors in previous reports? The following two factors, "Comprehensiveness" and "Usability," emphasise the importance of thoroughly understanding the startup's business model and market analysis. Investors want detailed insights into the company's potential and risks, presented in an easily digestible, user-friendly way. A well-structured and easy-to-comprehend report lets investors grasp essential information quickly and efficiently; a snapshot. However, both factors do not matter much if investors flag a report as inconsistent or unreliable.

"Brevity" ranks fifth, suggesting that investors value concise reports but are unwilling to sacrifice comprehensiveness for brevity. Startups should strike a balance between providing sufficient information and avoiding unnecessary details.

Ranking of what investors want to see in startup reports

Factors	Rank
Consistency	1
Reliability	2
Comprehensiveness	3
Usability	4
Brevity	5

Most important pieces of information provided by a startup for the analysis of their report

Feature	Rank
The startup's growth milestones (financial and non-financial)	1
Dependencies on key relationships and resources	2
The startup's overall explanation of its business model	3
Navigating the regulation, policies and licences in the business environment	4
The startup's social impact and value creation	5

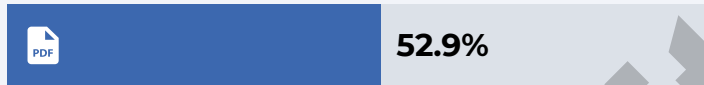
There's more concerning what investors think should be best practices in how startups provide reports. The infographics below provide more insights:

What is their preferred format for receiving investor updates?

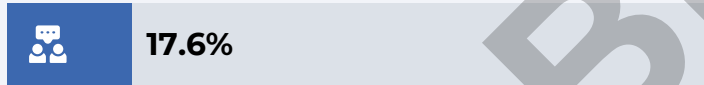
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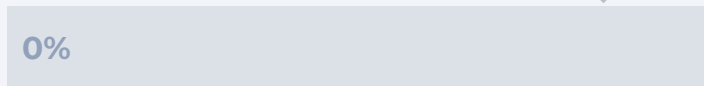
Documented report (pdf, doc, ppt)



In-Person meetings (physical or online)



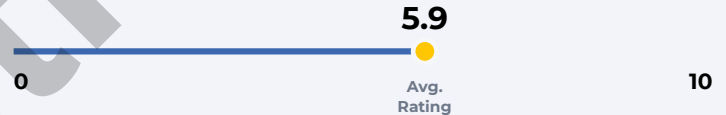
Other



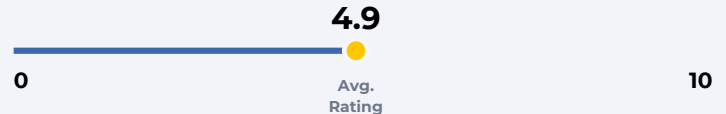
Does the clarity and conciseness of a startup's reporting impact confidence in their report's analysis?



Are they more likely to review an investor report when the startup's leadership has made an effort to tell the story of the startup clearly and transparently?



Are they more likely to use information from investor reports when making future investment decisions (participation in follow-on funding or future startups built by the founding team)?



Recommendations and Actions



Based on African technology investors' insights on their pain points and the best practices, there are several recommendations and next steps for improving a startup's investor relations communications.

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1 Standardising a Format: Investors suggested startups create a standardised template for investor reports that considers input from investors on the structure. This ensures the information is presented consistently, making it easier for investors to compare reports from different startups. For startups with multiple investors, explore opportunities to streamline and align reporting requirements. Look for common elements that can be included in reports for several investors simultaneously, reducing duplication of effort.
- 

2 Highlights, Lowlights, and Asks: Maintain a running list of highlights (achievements), lowlights (challenges), and specific requests for assistance. This way, reporting becomes an ongoing process rather than a task tied to a fixed reporting cycle. Time-sensitive requests should be addressed separately and proactively. Establish clear communication expectations with investors. This includes addressing key performance indicators (KPIs), risks, and challenges and providing a forward-looking outlook. Investors value transparency and want to hear both the good and the bad news. Investors appreciate honesty and want to be aware of any challenges or risks the company may face. Startups should consistently ask for help when needed.
- 

3 Select Relevant KPIs: Focus on a few relevant KPIs reflecting the startup's progress and performance. This helps investors understand the metrics that matter most to the business. This could include historical revenue data that allows investors to track the company's performance over time and identify trends. Some investors also want to see their portfolio company's actual revenue, not just Monthly Recurring Revenue (MRR). A suggestion is to highlight the key financial and operational metrics demonstrating the company's growth trajectory. Startups can also ask their investors about the "key metrics that matter" and report on them. Investors want to see how these metrics contribute to the business's overall success. They also want to see your new competitive advantages as the business evolves.
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4 Anticipate Frequently Asked Questions: After writing the report, consider the most frequently asked questions that may arise from the update. Address or pre-emptively answer these questions to provide investors with comprehensive information.
- 

5 Consistency: Startups should provide regular updates to investors, ideally monthly. This helps the investors stay engaged.
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6 Communicate Support Needs: Alongside regular updates, create a comprehensive quarterly report that covers key aspects of company performance, financials, challenges, opportunities, and changes in value. This report should provide a holistic view of the business over the quarter. This helps investors stay engaged and aware of the specific areas where their expertise or resources could be beneficial.
- 

7 Keep It Short and Focus on Fundamentals: Keep the reports concise and focused on the fundamental aspects of the business. Avoid unnecessary details and prioritise key information investors need to make informed decisions. Design simple summaries of key financial metrics to enhance readability.

Conclusion



To sustain the trend of investor funding experienced in Africa in recent years, Africa-focused startups must become deliberate in devoting resources to communicating with existing and potential investors as it is a critical element to attracting and maintaining credibility and lasting relationships, which are key factors for attracting long term funding from local and international investors.

These communication lines must be consistent, clear and concise, among others, as is set out in this report, which identifies the challenges and limitations in existing reporting frameworks and proposes an optimised approach for startups to adopt.

To produce this report, we adopted a mixed-method approach, combining primary research through surveys with investors and desk research on best practices for investor relations communication.

Our findings indicate that effective investor relations communication is critical for African startups to secure funding, maintain strong relationships with existing investors, build credibility, attract long-term investments, and tap into the network and additional resources investors can provide their portfolio companies.

All investors surveyed rated the importance of investor relations communication at 8 or above out of 10. Investors expressed several pain points and frustrations with startup reports they received in the past; some of these include a lack of clarity and focus in startup updates, vague performance metrics, sporadic and inconsistent reporting timelines, absence of actionable insights in reports, and selective reporting - where startups highlight only good news even though there may be more serious “not-so-good-news” they may want to know early if early intervention is needed.

The report provides insights for improving a startup's investor relations communications processes which can be leveraged by service providers

looking to develop targeted solutions. Although investors see stronger communications in later-stage startups with more resources, we believe it is never too early to imbibe the discipline of updating investors, even from friends and family rounds. This lays a strong foundation and culture for investor relations communications that can easily lend itself to evolution. Hence, it is clear that investors want African startups to embrace the culture of good investor relations communications so that they can compete and stand toe-to-toe with their peers on the global tech scene.

We are incredibly grateful to all African-focused investors who participated in our survey and generously shared their insights, enabling us to compile this report. Amidst the current downturn in investments and the profound influence of macroeconomic factors on the tech ecosystem, we recognise the significance of conducting such temperature checks.

Startup founders can utilise this valuable information to establish the necessary frameworks that instil confidence in their investors.

As venture firms build trust in these visionary founders, they can further augment their support by increasing funding, making follow-on investments, and attracting additional investors to contribute to the flourishing technology ecosystem in Africa.

Together, we can pave the way for remarkable advancements and enduring success within the region's tech industry.



For further information on this report, please contact the New Business Team at Wimbar, and we'd be happy to speak with you.

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