



AVCA Member Profile: Clifftop Colony Capital Partners



Clifftop Colony Capital Partners (Clifftop Colony) is an independent corporate finance, investment advisory and operational financial management firm focused on growth companies in sub-Saharan Africa.

Clifftop Colony's purpose is to be a trusted strategic adviser, a catalyst for business growth and a facilitator for channeling high-quality entrepreneurial capital to businesses on the African continent. The firm provides M&A and capital raising services, managerial and support services and advisory on corporate finance strategy.

Oliver Draws launched Clifftop Colony in 2012, following a long and successful career in global investment banking. Headquartered in South Africa, the firm also has representatives in the United States, the United Kingdom and Switzerland.

Oliver talks to AVCA about the last two years and what lies ahead.

Q: Why Clifftop Colony and why now?

A: When I returned to Africa in 2011, a lot of things were changing in the market. I saw a disconnect between LPs and GPs on the ground. I also realised entrepreneurs were not properly evaluating the opportunities available to them and not engaging properly with the venture capital community to achieve optimal results for themselves, their shareholders and their businesses. Whilst there are enormous opportunities for business development in Africa and for building the next generation of emerging markets champions, channeling the right sort of capital to the right opportunities was still a problem that needed to be fixed.

Q: How did you go about putting your idea for Clifftop Colony into practice?

A: First of all you need to build a great team of professionals and train them well. The best training is obviously on live deals, so initially we needed to build a strong pipeline of transactions and then focus on best-in-class execution. It has been great to see how the team has developed over time.

Additionally we also made a few investments to solidify our market position and build traction in the market. In the first two years, we completed just under R1bn (US\$83mn) worth of deals with the majority being advisory orientated (M&A or capital raisings).

Q: Away from advisory can you give an example of some of the work Clifftop Colony has done?

A: The first investment we made was in an accounting firm, which is now run by my co-Founder, Prem Trojan, who originally came from Philip Morris Africa where he ran the financing platform. We are transforming this business into a shared services platform for African technology businesses.

We then invested in a Social Enterprise Network company called Wyzetalk, which gave us a great introduction into the emerging markets technology space. We recently also acquired a stake in a very exciting e-commerce opportunity, which will be announced later in the year.

Q: How is institutional capital reacting to the African growth story?

A: There is still a substantial mismatch between the capital allocators managing institutional money and the needs of the business builders on the ground in Africa. Bridging that gap and making that work is something we do all day. Institutional capital is still very interested in Africa from a macro perspective. They obviously like the overall GDP growth and emerging middle class story and everything that comes along with it. However, "African private equity" is an umbrella term for many different investment propositions. African private equity in itself is not yet an asset class, it is possibly a subset of another umbrella term, "emerging market private equity", which is also a highly fragmented concept.

I believe the best results to develop this market over time will be achieved “from the ground up”, matching African business owners with the suitable private equity investors, building track records and learning from experiences - rather than the “top down” approach from institutional investors formulating investment strategies, which may be ill-suited for the realities of the African market.

Q: Which countries are of the most interest to Clifftop Colony?

A: From our head office in Cape Town we can comfortably cover Southern Africa. From London we cover East & West Africa. Given our strong technology focus though we consider global and emerging markets respectively.

Q: How have you gone about building networks?

A: We joined AVCA in early 2014 because it is absolutely key to have access to an Association which improves connectivity among the different participants in the market. I also know from working in emerging Asia that there is a real need to collect, evaluate and share data.

In addition to joining AVCA, we continue to build our networks in other ways. Christopher Wright is Clifftop Colony’s chairman and brings formidable links to the US that we can tap into. We also have a partner in Switzerland and a partner based in the UK.

Q: What next?

A: Our aspiration is to be Africa’s leading corporate finance firm in the technology space. This requires strong alignments with entrepreneurs and owners of technology businesses, best-in-class execution and a deep network into experienced technology investors with an appetite for emerging markets.

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