



COVID-19 has truly revealed that which was unseen by the naked eye. It has exposed weaknesses in business models and people's character. For those with hearts of gold, it brought out the best of their humanity, and for those with hideous character, they couldn't hide anymore. That's the truth"

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NEWLETTER

THE **YIELD**REPORT

In this edition, YieldReport interviews Mr. Kwame Abankwa, CEO of KlapBak Technologies Limited, a B2B provider of Software as a Service (SaaS), serving several verticals across 3 geographies; Ghana, Kenya and Nigeria. YieldReport also shares some perspectives on market and economic activities.



YR: Hello Mr. Abankwa. Thanks for your time.

KA: Pleasure is mine.

YR: First question: how has KlapBak fared during this COVID-19 era and what lessons have you learned?

KA: Well, like most businesses, we have taken a hit in terms of revenue, but thankfully things have stabilized now. Our receivables book was impaired because most of our clients worked in sectors that was adversely impacted by COVID. We have learnt major lessons. For instance, we realized we were too exposed to service organizations, hotels, tourism, etc. Going forward, diversification would be a core aspect of our growth strategy. Also, we noticed a very curious trend. Clients that kept faith with us during these trying

times were the very ones we had built deep relationship with over the years. They know our capabilities and they were convinced that we had their best interest at heart. So even when we offered moratoriums and discounts on early settlement of receivables, some offered to make early payment without taking the discount. Of course, there were others that revealed behaviors bothering on self-preservation and lack of integrity, but I guess that's just human nature!

YR: That's interesting. So has there been conversations about changing any aspect of your business model or way of working?

K.A: Good question. Indeed there has been. We are currently exploring the Work from Home (WFH) model. There are some challenges, but by and large, it's been successful. The strategy has been to migrate a chunk of our back-end processes to cloud-based applications, making it easier for the team to collaborate on projects in real-time. Another result is cost savings. We are seeing operational expenses drop like a faulty parachute. That's a good thing. I would encourage business owners, especially those with less than 20 employees, to explore WFH models in ways that work for them. In the current dispensation, engaging customers through new media channels, whether it's messaging or service delivery, is the bare minimum, a starting point.

YR: So what advice do you have for entrepreneurs, regardless of sector?

K.A: Know your customers well, I mean very well. Treat them fairly. Reward the loyal ones. Let go of those who unduly cause you problems, they are not worth it. Last, but not the least, run your business professionally.

MARKET AND ECONOMIC REVIEW

Ghana's GDP grew by 6.5% in 2019 (FY 2018: 6.3%), according to provisional data from Ghana Statistical Service. Despite the buoyant performance, uncertainties about government's revenue projection for rest of 2020 remains volatile partly due to the impact of COVID-19. This raises concerns about volatility in financial markets as a result of potential impact on public sector borrowing requirement.

In Q1. 2020, non-oil GDP showed a slowed growth of 4.9% compared to 6.0% same period in FY 2019. The Services sector was the main growth driver contributing 73.1% of the overall growth rate of 4.9%. The key subsectors behind this growth story is Education, ICT and Public Administration. Sectors such as trade and vehicle repairs, experienced negative growth, raising new red flags for fund managers and lenders with exposures to this sector.

Evidence from our own market study also suggest continuing distress in certain verticals such as private basic education, second-hand clothing and other non-food commercial value chains. Agricultural commodities, low-end prepared food and pharmaceuticals have shown resilience notwithstanding the general market downturn.

We expect clients with counterparty relationships within these sectors to adopt enhanced due diligence procedures when managing receivables or negotiating new contracts.

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