

The Investor



Seedstars Africa Ventures 1 is an early-stage venture capital fund focused on Sub-Saharan Africa. The fund was created in 2020 in partnership with LBO France and Seedstars Group, an investment firm specialized in private markets in emerging markets. Seedstars Africa Ventures has invested in five companies as of September 2023, with initial investments ranging from USD250,000 to USD2 million.

FUND NAME

Seedstars Africa Ventures Fund 1

FUND SIZE

USD80m

TOTAL AUM

USD80m

The Company



Based in Lagos, Beacon Power Services (BPS) has developed proprietary grid management software and data solutions for Africa's power industry. BPS seeks to improve the reliability and quality of the continent's energy supply through the creation of smart grids and by leveraging extensive data collected on the ground. As of September 2023, BPS works with four utility companies in Nigeria and Ghana that are connected to a population of over 60 million.

LOCATION

Nigeria and Ghana

SECTOR

Energy

WEBSITE

www.beaconpowerservices.com

DATE(S) OF INVESTMENT

JAN '22, OCT '22

AMOUNT

USD2.5M

STAKE

CONFIDENTIAL



Electricity shortages have plagued Africa for decades as aging infrastructure and booming populations put a strain on the region's utility grids. In 2014, Bim Adisa—a former aerospace engineer who had been investing in Nigeria's power sector for years—founded Beacon Power Services (BPS) to help local grids deliver more reliable access to energy. BPS began working closely with a utility company in Nigeria to develop a suite of software and data products for the industry.

BPS' Customer and Asset Information Management System (CAIMS) allows electricity distributors to digitize their operations by creating an accurate database of customers and assets, while its ADORA software provides real-time visibility on network performance. These products enable electric utilities to quickly identify network losses, respond to outages, prioritize asset replacements and increase customer revenue.

Early-stage investor Seedstars Africa Ventures was introduced to Adisa in 2021 through an advisory firm. Other venture capital firms had passed on the opportunity to invest in BPS—in part due to the long sales cycle associated with utilities and the substantial capital expenditures required for growth. The Seedstars team, however, believed BPS could significantly improve energy efficiency in Africa and wanted to back an African solution to the problem.

The Deal

In January 2022, Seedstars Africa Ventures led a USD2.7 million seed round for BPS, investing an initial USD500,000. Seedstars brought several other early-stage investors on board, including Persistent Energy and Factor[e] Ventures. At the time, BPS was working with one utility in Lagos and had just signed a contract with a second in the same city. The capital raised enabled the company to finalize contracts with two additional utilities: the Abuja Electricity Distribution Company and the Electricity Company of Ghana. However, the BPS management team and its investors quickly realized that this rapid expansion would require even more capital.

Seedstars was confident that BPS could manage this growth and proposed a new fundraising round. The fund made a follow-on investment of USD2 million in October 2022. BPS' other investors also committed additional capital to support the company's roll out in Abuja and Ghana. In total, Seedstars' investments triggered an additional USD5.7 million in funding for the company.

Seedstars has been actively working with BPS as it expands, including taking a seat on the board and holding weekly check-in calls with management. The investor has also played a leading role in refining BPS' business development and expansion strategy, encouraging the company to take a more structured—rather than opportunistic—approach to growth.

Since Seedstars' investment, the population that BPS reaches through its clients has grown from eight million in January 2022 to over 60 million as of September 2023. During this period, the company has grown revenue by a factor of ten, while achieving both profitability and positive cashflow. BPS' compound annual growth rate between 2021 and 2023 has been greater than 150%.

Inclusive & Sustainable Growth

In March 2023, Ghanaian President Nana Akufo-Addo credited BPS during a National Assembly with improving the national utility grid's finances. In the year since BPS began working with Ghana starting in August 2022, the national utility has earned an estimated 50% more in revenue per month. All of BPS' clients have increased revenue collection, on average, by 28% after integrating and leveraging the company's products.

“While renewables will play an important role in Africa, it's impossible for the continent's largest economies, such as Lagos, Nairobi, Accra and Dakar, to fully develop when its grids are grossly underutilized. No local industry can be sustainable when one out of every third unit of electricity going into the grid is lost. Our goal is to plug this gap.”

—Bim Adisa, Founder and CEO of Beacon Power Services

A substantial portion of the energy generated by Africa's grids can be lost due to malfunctions, accidents, theft and more. The electricity distributors working with BPS have reduced grid energy losses by an average of 25%. In Nigeria, this has translated to three additional hours of energy daily per household. Better access to grid electricity also allows the homes and businesses connected to BPS' clients to



rely less on diesel generators, which the company estimates will save 1.7 million tons of carbon dioxide in 2023.

BPS is hiring and training over 3,000 graduate-level employees as it ramps up its customer data collection efforts in Ghana. These workers will rebuild the national grid's database by knocking on every door to verify customer information and create a QR code for each home. While most of these jobs are temporary positions, much of the company's full-time staff is recruited from this pool, as BPS strives to create a culture of upward mobility. Of BPS' current permanent employees, 24% started as temporary staff.

The number of BPS' full-time employees grew from 30 in January 2022 to 154 as of September 2023. Seedstars has pushed BPS to recruit more women across all levels of the company, recognizing that they are underrepresented in the energy industry. The company hired a female Director of Strategy and added a female board member in March 2023. Over 30% of the staff is female, and BPS is striving to integrate more women on both the accounting and technology sides of the business.

Outlook

Seedstars believes that BPS is poised to continue growing rapidly. The company intends to initially focus on further expanding its footprint in Nigeria while moving into East and Southern Africa. The Seedstars team has leveraged its network to help BPS develop relationships in new markets, including Kenya, Zambia, Cameroon, Ivory Coast, Benin and the DRC.

As BPS onboards new utilities, Seedstars will champion new fundraising rounds. Seedstars is also looking to play a role in improving the underlying infrastructure assets that the utility grids need to provide reliable energy. In cases where energy distributors are struggling to obtain lending directly, BPS and Seedstars are evaluating ways to work with local banks and new investors, including large infrastructure funds, to purchase assets that can then be leased to the client. This will give utilities a path to reinvest in their grids and further scale operations, including in more rural areas. ●