

# Why TFG partners with startups

TFG (The Foschini Group) has partnered with several tech startups, including: wiGroup - TFG uses its payment gateway for its eGift Cards; WumDrop, which enables TFG's Deliver 2 Me service; and Pargo, which allows TFG's online shoppers to collect their parcels at a location most convenient for them.

Here, a Q&A with TFG CIO Brent Curry on the retailer's strategy for partnering with startups for mutual gain...

## ■ What's in it for the startups?

We know that exceptional tech talent usually prefers working in the edgier startup space rather than at a big corporate, where their freedom and creativity is more likely to be stifled. So working with startups enables us to access that very scarce talent.



Brent Curry

Startups offer solutions that are attractive in terms of pricing, while the rate at which a startup can change or add new functionality is much quicker, when compared to larger organisations, where changes take a lot longer to be implemented.

We also explore opportunities with startups in the tech space, because they have innovative ideas and are fired-up by their product or service. Often they are not market-ready, but their entrepreneurial spirit means they are open to intellectual property input from TFG to transform their concept into a real-world solution.

## ■ How else has working with TFG benefitted these startups?

Having a blue chip company like TFG utilise a startup's product is a good pedigree to have on their customer list and opens doors for new business.

In a lot of cases, we bring small startup companies and developers onsite and give them space in the office from where they can run their businesses. In return they offer their services to us.

TFG also offers startups intellectual property. Startups are not always business ready, but we understand how the business works and can identify the value proposition. We offer strategic input and coaching in a number of areas, mentoring them through how to price a product or service and how to commercialise their concept.

In many cases, we've even directed them to venture capitalists and funders to help grow their businesses. For example, when we started working with wiGroup, they were two to three guys, but today they are a medium-sized business having attracted venture capital from the likes of Investec. We still use them as a payment back-end gateway for solutions like our eGift Cards.

## ■ How do you go about identifying suitable startup partners?

- I do coaching with entrepreneurs in the tech startup space.
- A friend chairs the Young Entrepreneur Organisation and will encourage me to meet with potential partners in the tech sector.

- Keeping abreast of what's happening by entertaining meetings with startups to explore their ideas – 60% won't fly, but the other 40% can have really good solutions.
- Attending local and international tech conferences – TFG attended the World Mobile Conference in Barcelona recently, where they have a section purely for tech startups from around the world to showcase their products and solutions. We made many connections and we will be trialing some of those potential solutions, as they are looking to partner with companies like TFG to take their product to market.
- Becoming known as a company open to these types of ideas and solutions, means startups now make contact with us.
- TFG also hosts DevFest, a development festival in the IT space. This includes posing a problem and offering a significant monetary prize for the team that comes up with the best solution. This festival is open to both internal TFG brands as well as outside participants.

#### ■ How do the outside parties get to know about and participate in DevFest?

We work with large companies who are connected through entrepreneur programs, including Deloitte Digital, IBM and Microsoft. There is also a tech incubator forum, driven through academic institutions, which encourages IT solutions, which help to ensure that news about DevFest filters through to relevant parties.

#### ■ What are the risks associated with working with a startup?

As quite a big corporate, we have a lot of governance and have to fill out all the right forms, but startups don't want to work this way, so we drop some of these requirements.

Working with startups is always a calculated risk, but we mitigate the risk by getting very involved in the process.

#### ■ Is TFG looking to acquire or invest in startups?

No. We have a partnership programme, which sees us work with a number of startups.

#### ■ Any updates you can share about the partnership programme?

Absolutely. We are putting a lot of effort into our e-commerce site and constantly looking at tech solutions including mobile wallets, where you can go in store and pay with your phone using Discovery Miles or SnapScan. All the backend was developed with wiGroup.

#### ■ What's your take on Cape Town being listed along with Lagos and Johannesburg as the stars of Africa's startup scene?

Cape Town is a great incubator for startups because the universities and other training institutions put out really good talent. Cape Town is also home to a number of large corporations, with the retail sector primarily based in the city, so you don't need to move to Johannesburg to work in this space. Cape Town also inspires, retains and attracts talent because it is a terrific place to live.

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