The Investor

AFRICINVEST
Building trust, sharing success

AfricInvest invests growth capital in small and medium-sized African enterprises. Since the early 1990s, the firm has raised 21 funds, made over 180 investments, and realized more than 90 exits in over 25 countries. Founded in Tunisia, AfricInvest has approximately 90 investment professionals based out of nine offices throughout Africa and one in Paris.

FUND NAME
AfricInvest Financial Inclusion Vehicle (FIVE)

FUND SIZE
Evergreen investment vehicle, targeting EUR200 million in total commitments

TOTAL AUM
USD1.9 billion

The Company

InstaDeep™

InstaDeep's AI-based platform helps businesses analyze big data to make complex decisions and design better products. The company has applications across a wide range of industries including biotechnology, energy, financial services, electronics, manufacturing and transportation. As of October 2021, InstaDeep has 160 employees in six offices spanning Africa, Europe and the Middle East.

WEBSITE
www.instadeep.com
www.deepchain.bio

INDUSTRY/SECTOR
Artificial Intelligence (AI)

LOCATION
Global (founded in Tunisia)

DATES OF INVESTMENT
APRIL 2019, NOVEMBER 2019, NOVEMBER 2020

TOTAL AMOUNT
APPROXIMATELY USD7 MILLION
(cumulative investment)

PARTICIPATION/STAKE
UNDISCLOSED

IN 2018, Khaled Ben Jilani, a Senior Partner at pan-African private equity firm AfricInvest, began discussions with Karim Beguir, who, together with Zohra Slim, had co-founded InstaDeep in Tunis in 2014. Beguir and Slim were using AI, including various advanced machine learning techniques, to help businesses make complex decisions and design better products. Having achieved early success in securing some large corporate clients such as Total and BNP Paribas, InstaDeep wanted to develop a more scalable product platform.

The AfricInvest team recognized the impact that could be made across the African continent through AI. Having worked with over 150 African portfolio companies by that time, it knew how much data was underutilized due to a lack of financial resources and limited access to specialized talent. The team observed that AI could help companies in many industries, including financial services, transportation and energy, develop a cutting edge with the use of these data sets. In April 2019, AfricInvest led InstaDeep's USD7 million Series A alongside Endeavor Catalyst. It also participated in a follow-on financing in November 2020 with existing shareholders, raising another USD7 million for the company.

By October 2021, InstaDeep had become a global player in decision-making AI enterprise software with 160 employees and offices in Tunis, London, Paris, Dubai, Lagos and Cape Town. The company's partners include Google, Intel and NVIDIA, and it was ranked by CB Insights as one of the top 100 most promising private AI companies in the world in 2020 and 2021.

The Deal

INSTADEEP'S EXPERTISE includes data science, machine learning, reinforcement and deep learning, all of which can help customers optimize decision-making processes and improve efficiencies. InstaDeep's tools are used to develop bespoke solutions for clients tied to specific projects. One example is its partnership with Deutsche Bahn. Awarded in September 2019, InstaDeep's contract with the German railway company is focused on developing an AI system to automate railway planning and dispatching.

AfricInvest saw the opportunity to help the InstaDeep team brainstorm ideas for an AI platform that could be scaled across customers. In November 2019, InstaDeep launched a decision-making routing platform called DeepPCB. The cloud-based Printed Circuit Board (PCB) router, which is still being developed, optimizes the routing of components and provides results in less than 24 hours — a significant reduction from the current practice of solving boards manually, which can take weeks. Automating PCB design could have significant implications for the chip industry and beyond.

InstaDeep also developed DeepChain, a commercially viable platform that can explore and design protein sequences. In November 2020, the company partnered with German biotechnology company BioNTech. InstaDeep and BioNTech are leveraging DeepChain to apply AI and machine learning technology to the development of next-generation vaccines and biopharmaceuticals to treat a range of cancers and infectious diseases. InstaDeep has a pipeline of pharmaceutical companies and universities interested in using DeepChain for future collaborations.

Beyond providing strategic support, AfricInvest spent the first several months post-investment helping to institutionalize its governance processes and establish an environmental and social action plan. AfricInvest also helped recruit Isabelle Levard, previously the Deputy CEO at microfinance group Baobab, as InstaDeep's CFO. Levard played a key role in a company-wide effort to equalize salaries by gender. Over the past two years, the company has eliminated the gender pay gap based on average monthly salaries for men and women. As of October 2021, women hold 36% of all management positions and 20% of Board positions.

InstaDeep's new partnerships and products have led to average revenue growth of more than 500% year over year between September 2019 and September 2021. Over the same time period, the number of employees has more than tripled. The company has filed seven patents, with an additional two in progress, and has published 16 research papers as of October 2021.

With its recent USD100 million funding round in January 2022, welcoming new shareholders including Alpha Intelligence Capital, BioNTech and Google, InstaDeep has taken an important next step towards further scaling its global presence and deploying AI products to tackle complex real-world problems.


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> *InstaDeep is proving that cutting edge AI technology developed in Africa can succeed on the global stage. It is also giving exposure to the immense talent pool that exists within the continent. And because of InstaDeep's work in solving complex problems across so many industries, more people are learning of AI's potential and want to start careers in this field."*
>
> **PATRICK HERRMANN**
> SENIOR MANAGER, AFRICINVEST

Outlook

OVER THE NEXT SEVERAL YEARS, the AfricInvest team plans to work closely with InstaDeep to continue broadening the applications of its AI technology. For example, AfricInvest plans to help the company further develop solutions for African banks and microfinance institutions, leveraging its knowledge and network in financial services. By using machine learning to analyze massive data sets on the continent, InstaDeep's algorithms can lower fees, improve underwriting decisions, segment customers by risk and better predict spending patterns and the probability of payment default.

As AfricInvest contemplates its future exit strategy, it recognizes that there will likely be significant interest in InstaDeep from large strategic corporations. However, it believes an IPO is the ideal path forward to ensure InstaDeep continues to impact multiple industries, while staying true to its motto of democratizing AI in Africa.
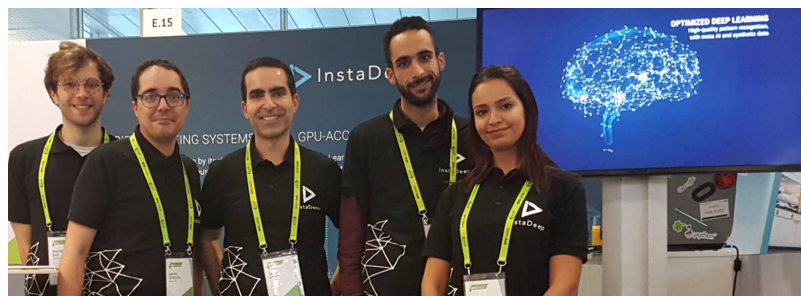
▶ Building an AI ecosystem in Africa

INSTADEEP moved its headquarters to London in 2015, although most of the engineering and technical team remains in Africa. InstaDeep also established additional offices in Nigeria and South Africa in April 2019 and January 2020, respectively, to leverage the engineering and IT expertise that exists within those markets, and to help fight known biases in the AI world. As of October 2021, more than half of the company's total employees are based in Africa. The company partners with local universities across the continent, including South Africa's Stellenbosch University, Cape Town University and the University of Witwatersrand, to continue building and recruiting new talent.

In 2020, InstaDeep invested in Zindi, a South African data science community platform that brings together people who are interested in AI. InstaDeep has worked with Zindi on numerous events and competitions focused on solving local problems such as flood predictions in Malawi and COVID-19 spreading trajectories. In March 2020, InstaDeep co-sponsored Africa's first online inter-campus AI Hackathon, connecting students from across the continent to crowd-solve challenges in health, education, environmental conservation and business.