



African Angel Academy

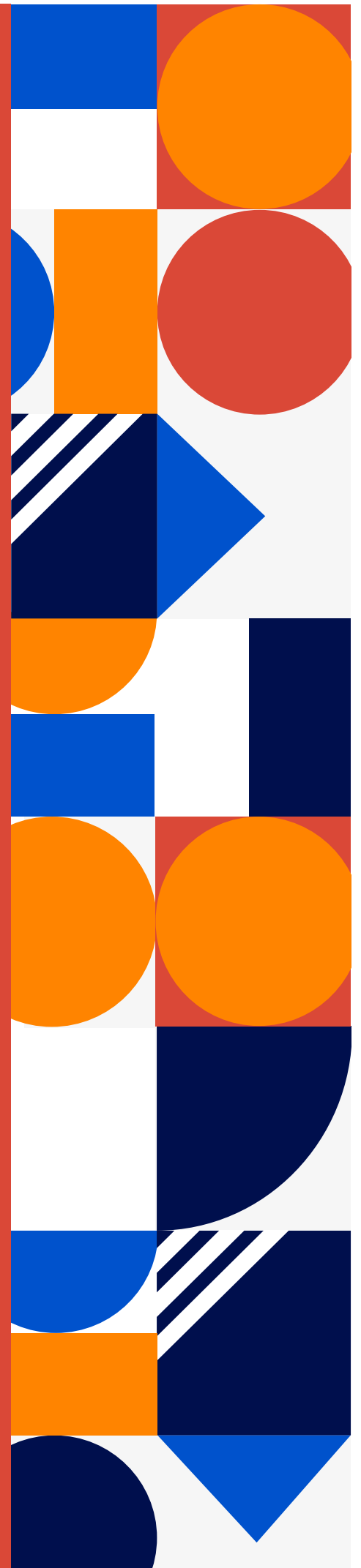
# Case study

**Jozi Angels:** Backing  
founders for a global  
future

Jozi  
Angels

South Africa has the most established startup ecosystem and one of the largest communities of local investors on the continent.

Jozi Angels is one of the angel networks building and maintaining that community. Founded by Abu Cassim, Jozi Angels has funded 52 startups since it formalised in 2017 and continues to invest in early-stage businesses driven by exceptional founders who are building game-changing solutions. **In this case study, we learn about how Jozi Angels manages deal sourcing, how they stimulate investor risk appetite within the network, and one of their most memorable deals to date.**



This case study was developed by the African Angel Academy, a project of Viridian and ViKtoria Ventures, with support from the UK-South Africa Tech Hub. It is published under a non-exclusive licence, which means that it can be openly distributed by other parties, but the African Angel Academy and the UK-South Africa Tech Hub should always be referenced when shared.



**ABOUT THE AFRICAN ANGEL ACADEMY**

The African Angel Academy is an African-led initiative aiming to increase the supply of early-stage capital to African businesses. Since 2020, the Academy has trained and connected hundreds of emerging angel investors from across the continent, while providing mentorship to new local angel networks.

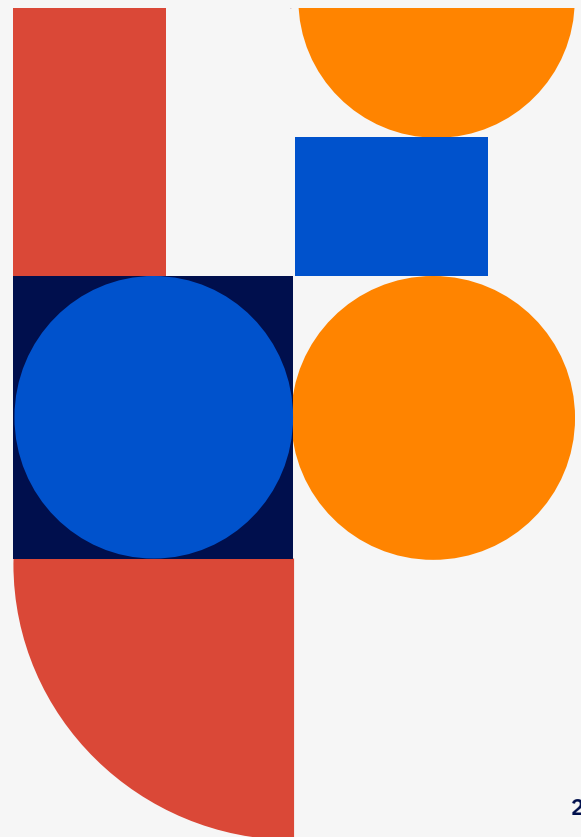


**ABOUT THE UK-SOUTH AFRICA TECH HUB**

The UK-South Africa Tech Hub forms part of the International Tech Hub network delivered by DCMS (Department for Digital, Culture, Media & Sport), under a UK government initiative designed to promote digital inclusion and inclusive growth of the digital ecosystems in partner countries.

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# Jozi Angels: BACKING FOUNDERS FOR A GLOBAL FUTURE



**In South Africa’s bustling startup ecosystem, the Cape Town hub has dominated the discussion for decades.**

In 2001, the launch of the country’s (and the continent’s) first incubator in the trendy coastal city cemented the hub’s moniker as Silicon Cape. But in recent years, the conversation has been gradually and markedly shifting northward to South Africa’s financial capital of Johannesburg, or Jozi, where the country’s gold mining legacy melds with the overflowing landscape of corporate headquarters. The shift is thanks in no small part to investor groups such as Jozi Angels. Founder Abu Cassim remembers what it was like in the early days, back in 2012 when geography was a very real obstacle for investors who were dependent on their ability to physically network.

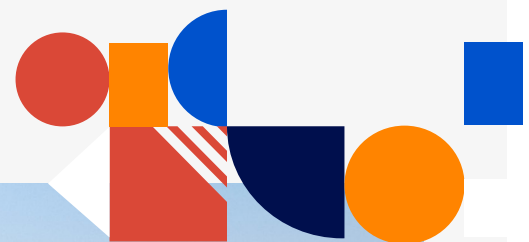
“The challenge in Joburg is the lay of the land. Cape Town is really easy to get around. We did a bus tour with a group of Joburg investors in Cape Town and we could do six to seven meetings in a day. Whereas in Joburg, you struggle to do three meetings a day just because of how sprawling and fragmented it is,” he says.



It’s a reminder of the very real constraints that can bind angel investors to their local context. Learning how to manage these sorts of external constraints to support founders is part of the work of angel networks. Of course, other kinds of external events can be major sources of opportunity. The exponential increase in telecoms infrastructure since Cassim’s bus tour – sufficiently accelerated by the Covid-19 pandemic – has all but diminished the geographic obstacle in an innovation hub like Johannesburg. At the same time, these events have transformed the playing field for startups, corporates, and investors alike.

“Covid has been a catalyst for the innovation economy as a whole. Corporates now accept that they need a digital strategy to be relevant going forward and a lot of them have decided that they need to execute this through acquisition. We saw quite a few exits to South African corporates between 2019 and 2021. Several of these founders are now part of the Jozi Angels network,” says Cassim.

**As South African corporates increasingly recognise the value of a thriving startup community, investor networks such as Jozi Angels will be instrumental in building the investment pipeline to the South African industry and beyond. It’s a vision Cassim and his fellow angel investors have been working toward in one way or another for decades. Their work with Jozi Angels offers vital lessons for others who want to be part of that vision as investors and mentors.**



# ▶▶ THE INVESTMENT LANDSCAPE IN SA

As one of the “big four” African countries with the most startup activity, South Africa is the most established ecosystem on the continent. With over 490 active tech startups in 2022, largely split between the hubs of Cape Town and Johannesburg, and around 200 incubators – not to mention a plethora of corporate, government, and university support programmes – South Africa has a robust infrastructure to support innovation. As in other African markets, the fintech subsector dominates, with 30% of startups playing in this space, including mega players like Yoco.

South Africa also has one of the most developed investor landscapes in Africa with a healthy pipeline of angel investors, VCs, and corporate and institutional investors. In 2022, South African startups raised US\$550 million. One-third of the 382 investors involved in these rounds were South African-based – some of the highest local investor participation on the continent. This is substantial progress considering where the ecosystem was in 2012, when Abu Cassim made his first foray into the world of startup investments.



**“In Johannesburg, the system was nascent and very fragmented. We were trying to replicate the Cape Town model, which had a lot of momentum from strong players like Mark Shuttleworth, Vinny Lingham, and Peter de Villiers, as well as the teams at Knife Capital, 4Di, and AngelHub which had done exceptionally well and were putting money back into the startup ecosystem there. These were some of the people we looked up to,” says Cassim.**

Coming from a background with a highly successful family business, Cassim felt entrepreneurialism was in his blood and that he wanted to put it to good use in the Johannesburg hub – he just didn’t know how to do so. He soon began to find his niche when he founded Venture Network South Africa, a non-profit organisation dedicated

to helping local would-be investors find the right startups. Shortly after that, came Ground Flr, a company that aimed to connect international VCs with South African startups. The problem? With little to show in the way of track records, American VCs with strict mandates were reluctant to sign on the dotted line.

Despite growing the platform to 37 countries, Cassim struggled to find the right business model for Ground Flr and came to see that the real need for South African startups was early-stage funding. Spurred on by the formation of the African Business Angels Network (ABAN) and the South African Business Angels Network (SABAN), Jozi Angels began as an informal angel investment group in 2016, before formalising in 2017.

1 Disrupt Africa, 2023, *The South African startup ecosystem report 2022*. <https://disrupt-africa.com/south-african-startup-ecosystem-report-2022/>  
 2 Max Cuvellier Giacomelli, 2023, *Not bad at all, 2022, The Big Deal*, <https://thebigdeal.substack.com/p/not-bad-at-all-2022>.  
 3 Disrupt Africa, 2023, *The South African startup ecosystem report 2022*. <https://disrupt-africa.com/south-african-startup-ecosystem-report-2022/>

# JOZI ANGELS AT A GLANCE

Jozi Angels formalised as a proprietary company in 2017. While some aspects of the group are manager-led, elements of a member-led network have been introduced. Key management responsibilities include sourcing committees, mentorship services, and deal management, which are managed by a small core team.

## ORGANISATIONAL CHART



**ABU CASSIM**  
Founder



**KESHNI MORAR**  
Investment Committee



**LUNDI NJOMANE**  
Investment Committee



**SANJAY SONI**  
Ecosystem Engagement Lead



**LIZA NILSSON**  
Analyst



**MOHAMMED ISMAIL**  
Deal Manager



**FAIZ NACERODIEN**  
Director

## MANDATE AND TARGETS

The Jozi Angels mandate is sector-agnostic, with a focus on scalable businesses with strong intellectual property.

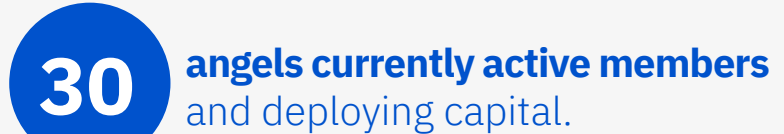
**“We look for startups that will have the option to take their business international and we don’t invest in asset-heavy businesses,” says Cassim.**

The minimum investment at Jozi Angels is R500,000, with their sweet spot being R600,000 to R1.5 million. As of 2023, their largest investment has been R5 million and they’ve made 52 investments, most of which have been to South African startups.

## DEAL SOURCING AND STRUCTURE

Jozi Angels sources deals from a number of channels: direct application via their website, angel scouts who mentor at local incubators, and VCs who pass on early opportunities. They receive about 150 applications each month. Liza Nilsson joined the team as an analyst in 2022 to help them manage the increasing volume of applications and to identify external deal opportunities, and Mahommed Ismail joined the team in 2019 as a deal manager to oversee the due diligence and transaction processes.

Regular sourcing committees take place, each reviewing two to five startup applications. After this screening, the best two or three opportunities are shared with the network on a monthly basis. Angels opt into investment opportunities, forming syndicates of four to six individuals to make investments, typically made as direct equity, convertible notes, or SAFEs (simple agreements for future equity).



**30** angels currently active members and deploying capital.



**150** angels on the mailing list.

approximately



**10%**

are offshore investors interested in the local economy.

## MEMBERSHIP

Membership includes individuals, trusts, and companies who may opt to participate as part of the syndication offering or the First Cheque Fund.

**The syndication offering is aimed at investors who love the thrill of doing deals and a hands-on approach.**

Investors receive access to monthly investment opportunities, a centrally managed investment process, and thorough due diligence. Membership in the syndicate offering is billed monthly or annually, while deal fees are charged per deal.

**The First Cheque Fund is aimed at investors who prefer less deal administration and a single vehicle for a diversified portfolio.** Each

year, a new fund is introduced offering a bundle of the best startups with a minimum investment of R20,000. Members who participate in this fund are required to make a minimum investment of one deal every two years.

Jozi Angels aims to grow the network organically, allowing prospective investors to apply to join the network via an online form. However, their managers

prefer referrals from existing angels, applicants who attend their networking events, and other in-person meetings. All applicants must be vetted to join the group, with key screening factors being their economic base, risk tolerance, entrepreneurial spirit, and the financial and non-financial contributions they can offer the network.

## THE ANGELS

Jozi Angels has a mailing list of almost 150 angels, with 30 angels currently active members and deploying capital. Members typically file into two categories: former founders and current executives. Most of the investors are South African, but approximately 10% are offshore investors interested in the local economy.

**“Our investors like being actively involved in the deal process. There are several touchpoints for them to engage with the founder and provide input in the deal structure. They seem to enjoy this more than other investment channels which are more passive,” says Cassim.**

<sup>4</sup> Daniel Mpala, Jozi Angels made 15 investments worth R6m in the last 3 years – Abu Cassim, Venture Burn, <https://ventureburn.com/2018/03/angel-investing-slowly-picks-jozi-angels-made-15-investments-totalling-r6m-past-year/>

# LESSONS FROM THE GROUND

Jozi Angels has had a front-row seat to the expansion of the Johannesburg innovation hub over the last decade, and played a significant role in helping the ecosystem to mature. This experience allows them to share keen insights for other angel groups, especially in rapidly growing ecosystems.

## PREPARE TO BE EDUCATORS

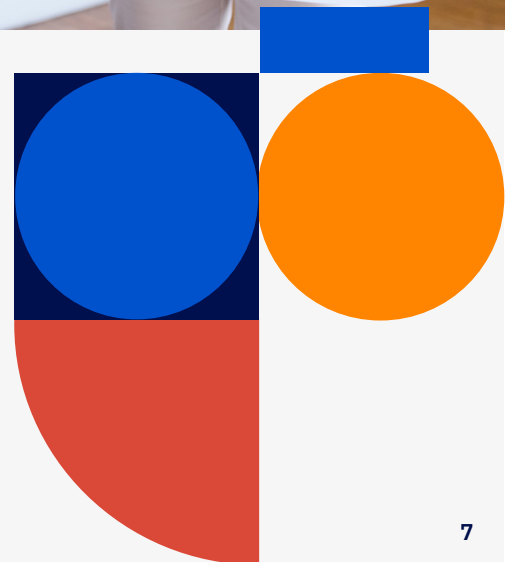
One of the biggest barriers to growing the base of local investors in South Africa is a cultural aversion to risk. Like a vicious cycle, the absence of big investing success stories means that there's limited information sharing and example setting to encourage new investors, which in turn keeps the community of enterprising risk-takers small.

**“South Africans are risk-averse compared to internationals. I mean if you look back at Google’s founding, their first investor dropped US\$1 million and just let them go for it,”** explains Deal Manager Ismail. **“Investing in a startup is like no other asset class, it takes a mindset shift.”**

Angel groups must therefore be proactive in educating more people in their target group of prospective investors – executives, high-net-worth individuals, and entrepreneurs. This means being active and visible within the innovation ecosystem. Jozi Angels regularly hosts “bring a friend” breakfasts for members to foster more personal interactions with angels and prospective investors, while also attending innovation summits and hosting pitch events.



Thought leadership can also be an important avenue: using online channels to share valuable resources and insights about investing. Jozi Angels and its core leaders regularly post articles on their website blog and LinkedIn to continually engage the network of prospective investors in South Africa. These can be everything from simple explainers to industry trends.



## GET ANGELS INVOLVED, AND EARLY ON

As Cassim explains, one of the biggest draws for their angels is the opportunity to shape deals and decision-making around the startups and funding. They're not interested in being passive funders, and their contributions can add significant value to the network. Which is why angel networks should encourage angel participation in different aspects of the group and not be limited to simply writing checks.

**Initially, Jozi Angels took a manager-led approach, with Cassim and a few others doing all the deal sourcing legwork. But over the past few years, they've introduced member-led activities, particularly in sourcing committees. This serves not just to share the load, but to improve the member experience.**

"Investors wanted to be more involved in the review process," says Analyst Nilsson. "Before, a small internal sourcing committee reviewed the applications. But now Abu and the managers have created a process whereby they let investors screen pitches and decide whether it's good enough to share with the rest of the network. We enjoyed the African Angel Academy showcases where they had an investor introduce a company and then watch a short video presentation from the company, so we've been trying to incorporate that."

Currently, angels are all invited to participate in screening committees and whoever is most interested in giving input has the opportunity to review the company pitch materials before convening for a speedy 20-minute Q&A with the founders to keep momentum rolling. After the session, they take a vote about whether to proceed, and if they get that majority vote to

proceed, then the hard work of securing commitment begins. There are many advantages to having angels involved at the screening stage.

"What's nice about this kind of meeting is that you have people from different professional backgrounds and fields who can say, 'I have experience in this. This is what concerns me, I really don't think this will work, they need to work on this aspect' or 'Let's leave it for six months before sharing with the network,'" says Nilsson.

## CLOSE THE PRESENTATION-COMMITMENT GAP

The biggest challenge Jozi Angels faces in the group is getting angels to commit. After the sourcing committee votes in favour of bringing a deal to the wider network, the team circulates it to the group to get feedback about how many angels are interested and how much they are willing to commit.

"We find that, specifically with new angels, a lot of them wait for more

mature angels to jump first. I often get questions from them like, 'How many investors do we have at the moment? How much capital do we have contributed? Is there a lead investor?' before they commit to investing for a particular transaction," says Ismail. "This creates a lag between presentation and commitment. Sometimes this drags out for two to three weeks and as that lag increases, the odds of securing funding decreases. We lost two transactions in the last six months as a result of people hesitating."

One way Jozi Angels is looking to close this gap is through the First Cheque Fund, which is an alternative to the syndication offering. This allows the network to centralise the investment decision and to commit funding in a more timely fashion by appealing to those investors who have a lower appetite for risk and hands-on involvement in the startups.





## BE CAUTIOUS WITH SMALL CHEQUES

Especially with a group of new investors, it may be tempting to build up angels' risk appetite by encouraging them to invest small amounts or setting minimum investment requirements. However, this can have unintended consequences of pegging investors to small contributions and complicating the transaction.

**“One of the things you don't want with a group investment is to have a whole bunch of people with small contributions to a particular investment because that tends to bulk up the cap table,” says Lundi Njomane, an Investment Committee lead and a partner at WZ Capital.**

To avoid this issue and reduce the barrier to entry for angels, Jozi Angels has adapted its syndicate approach to include a partnership model.

“Initially, our approach to avoid bulking up the cap table was to optimise for a syndicate of four to six people, each making direct investments into the company. Say, for a ticket of R2 million, we would set a minimum contribution of R200,000. But for most angels this was unaffordable,” says Cassim. “So now, we've changed the vehicle: we use a partnership vehicle where the syndicate is a single line item on the cap table.”

**The partnership approach has allowed Jozi Angels to accommodate more people on a deal and bring down the minimum investment to R50,000.**

## LOOK BEYOND YOUR BACKYARD

As Cassim found when he was running Ground Flr, playing catchup with startups in the Global North comes with a few key challenges. For one, it can be difficult to motivate investors in Silicon Valley who are

used to enormous scale, which means local investors need to find ways of increasing the size of the pie.

“Our market is so much smaller than Silicon Valley, but there's a lot of collaboration happening within the continent to expand the market size,” says Njomane. “As a result, the appetite of investors at higher levels has increased. But corporates are still reluctant to participate early on – this is where angels come in.”

For this reason, Jozi Angels prioritises scalable solutions that can be taken international, knowing the way to bring bigger funders to the table and pave the road to exit is through market expansion. If indeed angel groups are serious about building the investing pipeline in their hubs, they need to think big and ensure their founders have scalable visions – and that they will follow through.

## SPREAD THE WEALTH OF KNOWLEDGE – IF IT'S NEEDED

The biggest challenge for early-stage founders – even bigger than getting funding – is making the leap from an idea to running a company. Mentorship from other entrepreneurs and former founders can be indispensable in this regard, but angels from the corporate world also have a great deal to offer – perhaps more than they realise.

“Most founders may not have corporate experience. If you're in the corporate world, you take that knowledge for granted, but once you're out of that environment, it's invaluable,” says Director Faiz Nacerodien, who manages mentorship activities for Jozi Angels. “The issues founders most ask about are, ‘How do I deal with getting big? How do I deal with people dynamics? How do I ensure that my sales force can actually do what I have been doing as a founder?’”

Angel groups need to prioritise their mentorship and coaching offering to help their founders make the leap to being effective executives. For example, Nacerodien leverages his 20 years' experience in South Africa's corporate and advisory sector as a mentor in the wider ecosystem via networks like VC4A.

“As a founder, entrusting your business and those processes to someone else who hasn't been with you on that journey from the beginning is difficult, and that's where most of the mentorship gaps are,” he says. “At the end of the day, I'm just a reflection of what founders speak to me about – some founders might be making major strides, others might be in a real spiral. But they do tend to have the same concerns around growth, structures, policies, and people issues, and mentors can add real value here.”

**Jozi Angels treats founder support on a case-by-case basis, offering mentorship when and as needed.**

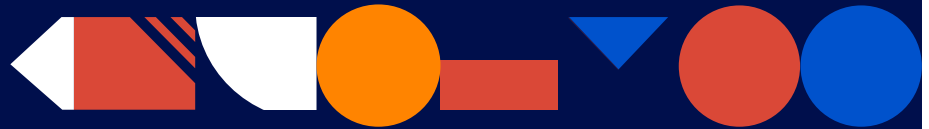
Typically, at the start of a relationship, members of the core team will meet weekly or fortnightly with the founders before rotating through to other angels who can provide different perspectives that might be useful to founders. Members can volunteer to mentor founders, particularly if they have relevant industry experience. However, some founders will engage less frequently – on a monthly or quarterly basis – when they don't need additional support.

**Another support mechanism the network has recently added is a platform for peer-to-peer support.**

Here, founders and investors meet regularly to exchange challenges and get support from each other in a less formal way.



# THE BIG DEAL: BACKING THE JOB JOCKEYS



Njomane observes that Jozi Angels' successful deals have resonated with angels for the same reason: they all addressed needs that angels know and easily grasp.

"The typical investor won't invest in a company they don't understand. Those with a complicated business model or operating in a complex industry don't get much investor attention. But if investors get the idea from the start, they'll commit sooner," he says.

**In a country with the highest youth unemployment in the world (60% as of 2023), a scalable solution for boosting employability is a no-brainer. Enter: Jobox, a hiring platform that works with students, higher education institutions, and employers to match the right people with the right jobs. They focus on providing students with work experience while they're still studying to enhance their employment prospects upon graduation. They then offer their talent-matching service to higher education career offices and HR departments to place and find talent, respectively.**

But ultimately, Jozi Angels finds that the decision to commit cash to an enterprise comes down to the founders themselves, however great their solution sounds.

"You're investing in the people. It's a minimum requirement for the idea to be innovative and scalable, but the real sweetener in a deal is a founding team that has domain expertise and is passionate and technically sound," says Cassim.

Jozi Angels met Jobox's founder-CEO, Sbusiso Buna, through the startup network CIVITAS. Beyond Buna's "big swing" at a pressing national problem, it was his dynamism and ability to pivot the business that most impressed the team.

"He has an infectious personality; he just had so much enthusiasm and energy that he drew me into the business during the due diligence process," recalls Ismail.

Jobox was the first transaction Ismail managed for the network, and the one that got him hooked on angel investing once he experienced the excitement of working with visionary founders.

"The key principle we use when we invest in a particular business is on the founders themselves. You back the jockey. Can they take the business to the level they anticipate?" explains Ismail. "My due diligence process takes about two weeks. I spend a lot of time

with the founder during this period. I get to know them extremely well – their background, how they got interested in the particular product they're selling. In the process, you learn a lot about their character and their values."

**There are certain founder attributes that are non-negotiable for Jozi Angels: integrity, leadership ability, emotional intelligence, and coachability. They look for founders who they connect with and who have a passion for learning and a willingness to accept advice.**

Jozi Angels has followed on from their initial investment into Jobox and they plan to carry on. Notably, in March 2020, they coinvested with two other local investor groups in a pre-seed round that raised R3 million for Jobox overall. Jobox has also received funding from the Technology Innovation Agency (TIA), which coinvested alongside Jozi Angels, Dazzle Angels, and WZ Capital via a recoverable grant instrument.

"The partnership between TIA, Dazzle, and Jozi Angels is a great mechanism for angels to leverage additional funds for their investee companies, allowing them to support more businesses and grow the industry through this partnership," said Alexandra Fraser, one of the angels and founders of Dazzle Angels.

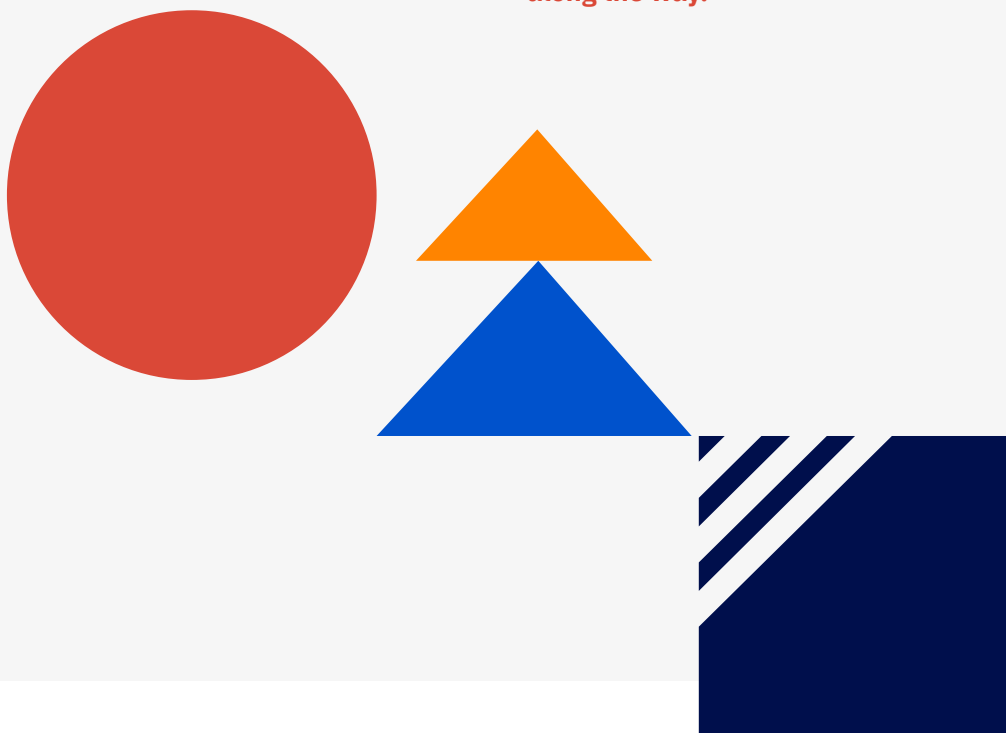
# IT'S THE JOURNEY

Cassim, who like his colleagues is an entrepreneur at heart, wants prospective angel investors to be realistic about what the early-stage journey entails – and to realise that it's a journey more than anything else.

“Angel investing is an extension of entrepreneurship. You're leveraging your capital, your knowledge, and your networks to help another business grow and be successful. You need to have a general love for entrepreneurship, you need to be patient and have a long-term view, and you need to have a particular risk appetite.”

It's perhaps this last point that remains the biggest obstacle for Jozi Angels to manage, which is why Cassim is so adamant that would-be investors confront their worst fear about what they might lose head-on so that they might focus on all that they're certain to gain.

**“You're going to lose a lot of money and, hopefully, you'll make a lot of money. But you'll definitely have fun and meet a lot of interesting people along the way.”**



# DISCUSSION QUESTIONS



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Q1

How would you describe your level of risk appetite/aversion? Has it changed over time? If so, why?

Q2

A healthy risk appetite is important for building an active network of investors. How would you screen for risk appetite in your angel application process? How would you increase risk appetite among current members?

Q3

Based on the goals and mandate of your angel group, what are the non-negotiable attributes for founders? How would you assess these during your due diligence process?

Q4

Getting to know founders on a deeper level is instrumental in boosting investor confidence in the startup. How would you design your systems or processes to ensure angels get the opportunity to know founders better, and boost their commitment?

Q5

The presentation-commitment gap can be a roadblock to deal-making. What mechanisms, processes, or systems would you use to close this gap and get angels to commit sooner?