



*iHub_Model

Understanding the Key
Factors of the iHub Model

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Background

Kenya's GDP has increased by 5% from 2007 to 2010 with the ICT sector alone contributing to an impressive 23% of this growth (Kenya Economic Report 2010). In a recent report by the CCK (2012), Kenya's mobile subscribers had increased from 25.3 to 26.4 million, a 4.8% increase. Internet subscriptions in the country rose to 5.42 million from 4.25 million, which CCK estimates to result in 14.3 million Internet users from 12.53 million users.

Kenya is positioning itself as Africa's ICT Hub with attempts by the government and private sector to invest in ICT-related infrastructure. As a show of confidence in Kenya's potential, Google, Microsoft, and Qualcomm now have fully fledged offices in Kenya. Recently the Nokia CEO was in town for a tour to meet Kenyan developers and he said they had made conscious decision with regards to strategy for Kenya and Africa, to increase investments in Kenya and Eastern Africa region by 25% from what we did last year. Those investments are in the form of investing in the Nokia research center based in Nairobi, investing in helping developers build applications and investing in the marketing activities to ensure success in the region.

Barely a month after Nokia announced investment on a research centre in Nairobi, Kenya will yet again benefit from similar initiative announced by the International Business Machines (IBM). Steve Mills, the IBM Senior Vice President and Group Executive, Software Group said Nairobi will receive a state-of-the-art innovation centre before end of the year to support its rapidly growing software industry.

6000+
the number of
iHub members...
in a span of 2 years

Kenya's GDP has increased by
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**Google, Microsoft, Qualcomm,
Nokia and IBM - Major multi-
national companies with great
interests in Kenya as an Afri-
can ICT Hub**

Kenya has set up a robust telecommunications infrastructure and high capacity International gateways. The country has also made remarkable progress putting in place an ICT policy framework and implementation strategy, complete with measurable outcomes and time frames. At the front line, pushing for this progress, has been the Kenya ICT Board. For the last three years, the Kenya ICT Board has been acting on their mission of making the country a top 10 global technology center.

In conjunction with this rapid growing number of mobile and Internet users, supporting government policy and infrastructure, the number of computer science and IT students graduating each year continues to increase in both public and private universities. This seems to indicate great potential in ICT not only for current growth in the country but sustained future growth as well.





The *iHub_

iHub Research is currently conducting an in-house research project dis-aggregating the unique factors that make up ICT Hubs in Africa. Little inquiry has been done to understand the various factors which make up an ICT hub model and how such factors are useful to the entrepreneurs in the spaces. This research aims to fill this dearth of information. The first ICT Hub of the 15 hubs to be profiled within this study is iHub, Nairobi's Innovation Hub for the Technology Community.

iHub is located in Nairobi, Kenya and was opened in March 2010. iHub can boast of more than 6,000+ virtual members who interact via the web platform, 240 green members who physically access the space, 9 red members who pay for a semi-permanent desk space for a period of 6 to 12 months. This information is depicted in this infographic.

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An ICT Hub is a space where a tech community congregates to bounce ideas around, network, work, learn, program, and design to make their ideas into actions.”

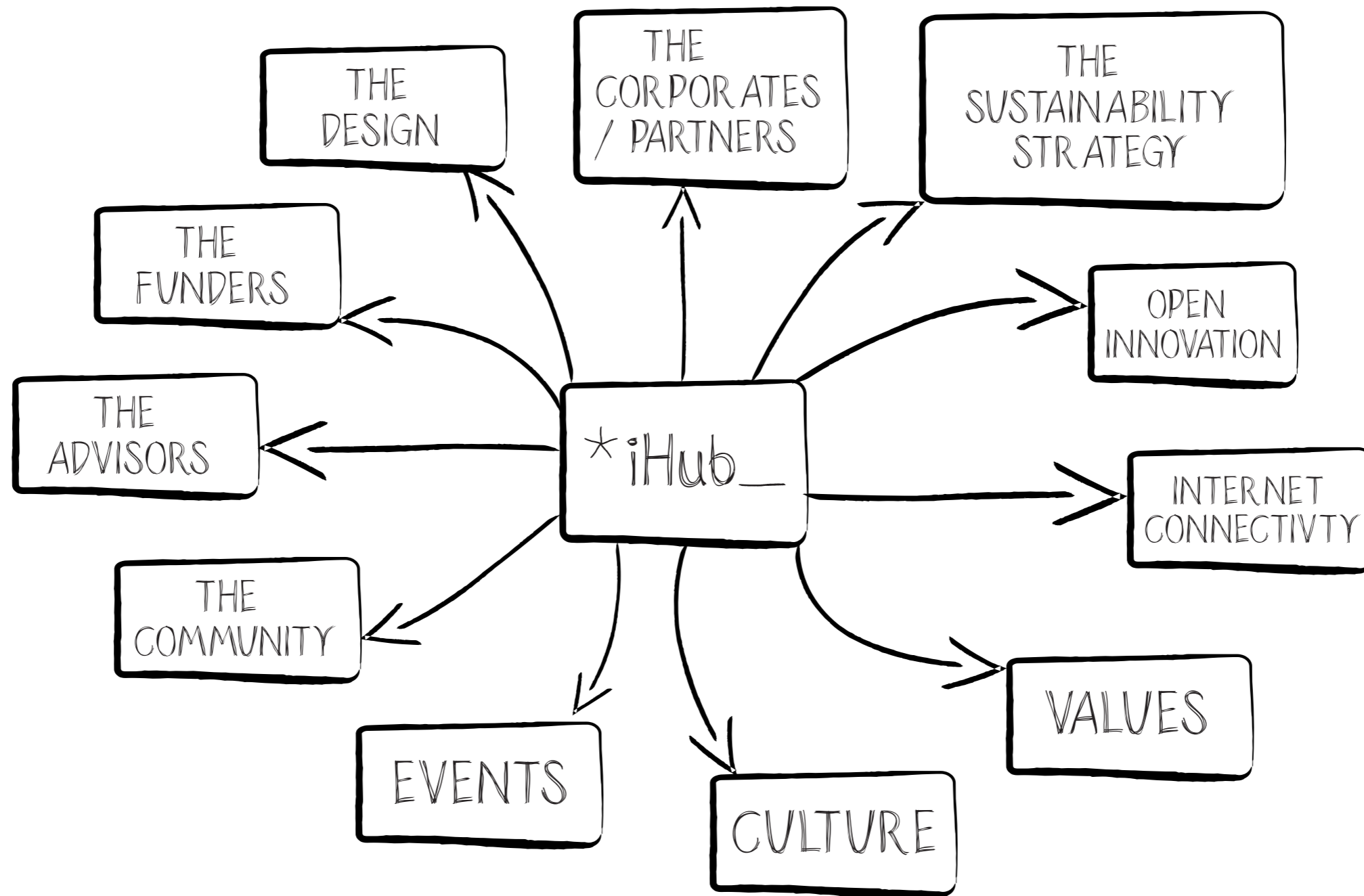
Methodology

Mixed methods were used to understand how the iHub model works: IDIs (In-Depth Interviews) with 4 management team members, 1 Focus group with 3 iHub black members, profiled case studies on the iHub, and available secondary information on the iHub website.

The data collection took a period of one month, followed by one month of analyzing and reporting. All interviews took place within the iHub space and some of the challenges faced: The respondents chosen carry out varied roles and responsibilities in managing the iHub, therefore iHub research was able to obtain a wider perspective of how the iHub works: ie 1 advisory , 1 Network manager, 1 community manager , 1 general manager, 3 employees.

In-Depth Interviews (IDIs)	Focus Group	Case Studies
4 Management Team Members	1 Focus Group with 3 iHub employees	5 profiled case studies on the iHub

The Model





Open Innovation

The *iHub_ has embraced the principles of open innovation by nurturing an enabling environment and a collaborative space where a community of technology entrepreneurs can grow and share ideas. Through the space provided by iHub, members develop the skills they need to turn their ideas into actions: they build a vivid vision, a team and a business plan, with help from an in-house business unit. The dynamic synergy created by these interactions is what fuels the community as a whole.



Internet Connectivity

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Internet connectivity is the key component in iHub.”

Internet connectivity is often a core part in accelerating start-ups communications. The Wananchi brand Zuku has provided iHub with free, high-speed Internet, which helps to accelerate collaborations among members. Safaricom has provided backup internet for added redundancy and for when traffic spikes, or internet outages occur in the main undersea cable.



Values

With its institutional values of integrity and community, entrepreneurship, quality and continual improvement, iHub offers a welcoming, open and fun environment where members can share experience, skills and friendship. Through the collaborative space, open discussions among young entrepreneurs, investors, potential business partners, mentors and other members experienced in working with telecommunication companies such as Google, Samsung and Nokia have happened.



Culture

Sharing knowledge is vital; an isolated community of people in a hub, looked after by a privileged few, will not survive for long. A knowledge-sharing culture built up through collaboration, start-ups helping each other, skill sharing, networking and mentorship are key features of the iHub community.



Events

At an individual level, iHub members strive to improve their skills and knowledge about relevant issues or current trends by engaging with the resources available through the open innovation space, such as educative events, fireside chats with CEOs and thought leaders in the tech industry and workshops within the community.



The Community

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The community is the core center of the factors that make up the iHub model.”

The space is driven by members who work together on common interests. The community is at the centre of every decision. There are three levels of membership: ‘Green members’, membership is open and free to work from the physical space. ‘white’ members, virtual members who do not physically access the space. ‘Red’ members, offers a semi-permanent desk for a monthly fee.



The Advisors

The iHub Advisory Boards is made up of 5 people who come from the Nairobi tech community, and represent the community when important, or difficult, decisions have to be made. They are:

- **Riyaz Bachani**, Wananchi executive, now in charge of Wazi WiFi
- **Josiah Mugambi**, Co-Founder of Skunkworks, works at Nokia Siemens
- **Rebecca Wanjiku**, Tech reporter and founder of Fireside Communications
- **Conrad Akunga**, Blogger, co-founder of Mzalendo and highly respected software architect
- **Erik Hersman**, Tech blogger and co-Founder of Ushahidi



The Corporates / Partners

Before the first brush of paint was dry in the iHub, iHub had started talking to big technology corporates. Kenya is geographically well-positioned for some great companies to make it their home in the region. iHub advisory team also happened to know a number of them personally, which sped up the discussions and interactions considerably. The advisory team did not want to just have corporate partners who were sponsors, but add value to the space that would help the tech community.



The Funders

iHub's funding has come from private foundations that support Ushahidi – Hivos and Omidyar Network.

Omidyar Network is a philanthropic investment firm dedicated to harnessing the power of markets to create opportunity for people to improve their lives. Hivos is a Dutch non-governmental organization that aims to contribute to a fair, free and sustainable world.

With this funding, Ushahidi established a physical hub (iHub) in Kenya, the country where the idea of Ushahidi was born. With arrival of the undersea cable and the already buzzing tech scene in Kenya, the iHub is giving rise to a rich pool of talent and start-ups in the tech scene and causing a paradigm shift in the technology world.

In 2011, Hivos agreed to cover a good portion of the iHub's running costs. The fixed costs were covered while the management team worked towards generating enough revenue to make the iHub sustainable on its own in 2012.

The design of the space was key to give it that openness, fun and community flair. Fady Rostom and Kwame Nyongu were the lead designers from the community who led the design team. They spent a lot of time listening to the ideas and thoughts of the advisory team before they started drawing, and it shows in what was built.

“We needed a place that was open, and could be flexibly turned from community commons to event space. We wanted a subsection of the space to be rentable desks, for pre-incubation and co-working activities” says a member of the management team . The coffee shop forms the core for networking within the community and the secure server room is the heart-beat of the network and Internet. “The iHub had to have the feel of being a high-tech community space in the world, with a Kenyan flavor”, says an employee of the iHub.

The Design





The Sustainable Strategy

The iHub has different channels of generating revenue. These include:

- Red Membership – desk rentals to individuals at USD 120 per month
- Events - The community members can run free events, but corporate partners and other organizations pay a fee to put an event on at the iHub
- Jobs Board – posting of jobs on the website at a monthly fee of Ksh.1,000 per post
- Corporate Membership - large organizations can contribute to the iHub's operating costs, and in return they have greater access to the iHub community.
- The iHub Research arm - this started in March 2011 as an experiment. Made up of a team of researchers who focus on tech research in Kenya and Africa. The team already sees that 50%+ of future income will be coming from this initiative. For more information about iHub Research, visit research.ihub.co.ke.

Start-ups/Entrepreneurs that have emerged from the iHub

There are a number of start-ups which have come out since the birth of iHub, in a number of different sectors, here are some example companies:



M-Farm: is a mobile Information Resource Center that focuses on delivering real time information to the farmers on current market prices, weather alerts and agro-supplies within the location, bringing farmers together in a collaborative forum.



Elimu: Designed to make not only an educational, but also a social impact, to educate a generation of conscientious citizens who will be armed and ready to take their places in the economies of the 21st century; a generation of problem solvers, astute voters and reliable leaders for Kenya.



Myorder Africa: is a real-time mobile ordering platform that puts a "mobile menu" in the hands of your customer. Items that you have for sale can be selected, and orders placed. Notifications are sent to a designated mobile phone of choice when the order is placed, detailing the name and phone number of the customer, as well as the pricing and details of his / her order.



Uhasibu: is the award-winning online (cloud-based) accounting system for SMEs, build specifically for the legislation and workflow present in Kenya today. All features that for the first time enables SMEs to move to fully digital accounting. Increasing efficiency by removing overhead due to manual paper processing.



Sprint Interactive: A small team of web experts who specialize in easy-to-use and quality websites and graphics design.

For more information about the start-ups, visit <http://ihub.co.ke/pages/companies.php>.

The findings from the various 15 Hubs will be profiled in a report series, which will be released over the following months.