

# Lee Naik, CEO of TransUnion Africa, talks innovation in a crisis

As part of their ongoing efforts to help South African SMEs navigate the post-pandemic "Great Staggering" back into the new post-normal, post-lockdown world, Bronwyn Williams, partner at Flux Trends, interviewed Lee Naik at the Alinea Innovation Master Class to find out South African businesses can use innovation to become more resilient and sustainable.



Lee Naik is the chief executive officer of TransUnion Africa and is recognised as one of South Africa's leading digital and technology transformation experts. He is a visionary and thought leader on real-world digital trends, challenges, and solutions. Naik is a frequent speaker and commentator and was recognised as a global top 10 technology commentator in the inaugural LinkedIn Top Voices awards. As such, Naik is the perfect person to ask for advice on how to innovate and reinvent businesses both big and small.

■ ***Do you think that there's opportunity for South Africa to "export innovation" to the African continent by providing infrastructure, services, supplies and technologies to the rest of the continent?***

Well, absolutely, I think Africa continental level has so much promise and so much opportunity.

“ Africa's an amazing place where in many cases we are lagging behind as some of the more established economies but being a “laggard” allows us to catch up and leapfrog innovation in many regards. ”

We have the ability to expand beyond our physical boundaries. In fact, why stop Africa? We are now entering firmly a phase called the multi polar world, where the limitation of physical physicality is removed.

■ ***Today, so many companies are still focused on digital transformation - but what, in your view, should companies be focusing on to drive real innovation beyond the corporate buzzwords?***

It is a very complex question. Prior to becoming CEO of TransUnion, I ran Accenture Digital. I helped large organisations make the change journey. And very few have got it right - even now.

Why? Firstly, there is no available cash and available investment available to us as leaders in the organisation to fund innovation.

Secondly, when it comes to innovation, I think about doing things in new ways. Everybody wants the flashy, cool stuff, - but if the very viability of businesses is under duress, the shiny technology will not save you.

So, the question is, what do you do? Well, I would think of innovation in two parts one internal to your organisation. Internally, I am referring to the resilience and agility of your organisation and its agility? Are you driving innovation, how you work currently? Have your leaders created a culture of innovation within the business? Have you fretted up and allocated the necessary resources to support that innovation culture? Have you invested in the skills to drive that innovation?

The second part is the external context.

*“ You need to stop and consider if your products and services do not make sense to the market. This means do not chase the tech - rather find the opportunity to create a solution to a real business or economic problem. ”*

You need to ask: What are the threats that you have identified? What are the problems that are going to require solving? And at the same time, what are the sort of opportunities that are emerging?

### ■ **What are a few of those problems' innovators should be looking at right now?**

It is important to note that South Africa as a country was in trouble prior to Covid-19, with sub 1% growth forecast by the IMF for 2020. We have the highest income Gini in the world at 0.63, which highlights the disparity between those who have, and those who do not have.

Seventy-three percent of the disposable income we earn, and our household level goes towards servicing our debt. And that was before Covid.

Since the Covid-19 period, starting from the back end of March, we have learned a few things:

- Firstly, one third of all small businesses have shut down - primarily small and micro businesses never stood a chance

because they are dependent on monthly and weekly cash flows.

- Secondly, one of every five people have lost their jobs since the lockdowns started.
- Unemployment, which at the end of last year, was at 29.1%, is now forecasted to grow negatively, over 30% by the end of 2020.

This is bad. It was bad. It will be bad. And there will be consequences for the consumer and the economy and to business.

Having said that, though, when I searched the data at TransUnion, we have the benefit of working with 5,000 different businesses from small to large and into Africa, a couple of things is apparent.

■ ***From innovation perspective, those businesses that are thriving, not just surviving, thriving, at this time, have made bold choices. Some of them have shut down revenue streams completely because they do not make sense any more. If you have a product that makes sense to target the market in a particular context, and the context has changed out of your control, then make a tough call and stop the ride. Why burn money in the hope that the market will recover?***

So, my advice would be to make a bold call as to what you do in response. Make a bold call as to how you do it.

“ Now is the time to reimagine and streamline your business operating model. ”

There is also massive amount of disintermediation happening, particularly with filling gaps in the sharing economy and the gig economy, delivering goods and services, where physical businesses can no longer do it. The sharing economy basically says that there are things that you are good at doing, and things that you need to do, but you are bad at doing. In a country where we have two and a half million small, medium, and large businesses. Surely someone can help you do what you need to do but either cannot do, or cannot do well? And, conversely, surely there is something you can do, or do better for the next business.

If you separate how you do your business, and how your execution works, from your value proposition (what the customer wants or needs) you can see what parts of your process would be better to outsource to the sharing economy. You own your own recipe (your value proposition), you do not need to own the ingredients.

Those that make the boldest choices right now will be the businesses that thrive.

■ ***Interesting - so sometimes innovation is about cutting off - or stopping bad or no longer relevant ideas, as much as is about starting new things! As the CEO TransUnion, what have you had to change in your own business - what bold choices or innovations have you made or executed over the last six months?***

I have made the bold choices and accelerated the choices over the last few months. When I took over the job in 2017, we had 1800 products - we have now reduced that down to just five. If we do just those five things well, it will set us right over the next three years.

In terms of people in productivity, I've embraced work from home, I'm not challenging it, but rather working to find out how to make work from home for 700 people be not just productive, but high performance in the new normal.

So, I have made big choice. And I will continue to help my business by making the choices that need to be made. We need to be resilient, and we need to be able to decouple things to allow us to be agile.

So, if you find you must make a hard choice, consider: firstly, can you define the choices you have available to you? And then, secondly, as a leader, if you know you must make a choice, are you brave enough to make the choices that need to be made? Your company and your shareholders pay you the “big bucks” for you, as the leader to make the tough choice on their behalf. If you cannot make the tough choices, your viability as a business may actually not be there in a few

months, or a few years' time.

*This interview was part of the Flux Trends Alinea Mini Masterclass Series dedicated to helping South African entrepreneurs and SMEs use trends as business insights to get back to work after the manifold challenges of 2020.*

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