

SE-SL in Cape Town

**Grunin Center for Law and
Social Entrepreneurship**



January 3-10, 2019



Trip Participants

Shirley Li – JD 2021

Shirley is a first-year student at NYU Law who is interested in international corporate law, global development, and working with social enterprises. Coming from Singapore and Shanghai, Shirley graduated from Georgetown University in 2017 with a degree in Economics and a minor in Government. Before law school, she worked for a year as a paralegal in a full-service boutique law firm in Washington, DC, where she worked primarily with small businesses in the area.



Nicholas Mendez – JD 2021

Nick is a first-year law student at NYU Law, originally from Washington, DC. He attended college at Harvard University, where he concentrated in History with a citation in French. Prior to law school he worked as a Project Assistant at Sidley Austin in Washington, and as a Senior Associate in the Corporate Issues and Crisis Communications group at Weber Shandwick. He is interested in the intersection of regulatory law and startup operations, particularly around technology, digital health, and data privacy.



Zachary Hadd – JD 2021

Zach is a 1L with an interest in intellectual property and other legal issues that affect growing companies. He's passionate about the effects that a good idea and innovative business model can have on a community. Prior to law school, he worked as a patent agent in San Francisco, where he helped Silicon Valley technology companies protect their Intellectual Property.



Victoria Stringfellow – JD 2021

Tori is a first-year student at NYU Law, originally from Washington, DC. She graduated with a degree in Political Science from Yale University. Prior to law school, she worked in growth marketing at Glossier, a beauty company based in New York City. After graduation, she would like to pursue opportunities in startup law.



Neal Rooney – JD 2021

Neal is a 2L from Providence, Rhode Island. Prior to law school, Neal worked for an early stage education technology startup in Silicon Valley. Neal is Partnerships Chair for the InnoVention Society and Board Member for the NYU Entrepreneurs Festival, 50K InnoVention Startup Competition, and SuperHacks Hackathon. Outside of NYU Law, Neal is an InSITE Entrepreneurship and Venture Capital Fellow, Legal Extern for Gray Legal, and a STEM teacher for RoboFun. Neal spent his 1L summer as an Emerging Companies summer associate at McCarter & English and will join Gunderson Dettmer for his 2L summer. Neal is a former collegiate javelin thrower and avid user of the unicorn emoji.



Rebecca Scaife – JD 2020

Rebecca is originally from Memphis, TN and is currently a 2L at New York University School of Law. She received her BA from Harvard University and her M. Ed. from George Mason University. Prior to attending law school, Rebecca was a member of Teach for America in Washington, DC and worked as the Manager of Inclusive Programming for the District of Columbia Public Schools. She will be working at Wilmer Cutler Pickering Hale and Dorr LLP in DC this summer.



Madeleine Choné – JD 2020

Madeleine is a first-year student at NYU Law, from Washington, DC. She graduated from the University of Michigan with a degree experience design and entrepreneurship. Before law school, she worked on event strategy and development for WeWork in New York. She is interested in pursuing opportunities in social enterprise law.



Elizabeth Damaskos – JD 2020

Elizabeth Damaskos is a graduate of Wesleyan University and is pursuing her J.D. at NYU School of Law. At Wesleyan, she explored courses in Philosophy, the Classics, and Social, Cultural and Critical Theory. She is passionate about using the law for the social good and supporting diverse innovators in the legal profession and beyond. At NYU she is concentrating her studies on Social Entrepreneurship and Impact Investing and committed to learning both inside and outside of the classroom.



Pedraam Mirzarian – JD 2020

Born and raised in Seattle, Washington, Pedraam is a second-year law student at NYU. After graduating from the University of Southern California with a degree in industrial and systems engineering, Pedraam decided to move to the big city to pursue a career in the law. Pedraam spent his 1L summer working at Ring, the video doorbell company, in Santa Monica and will be spending his next summer at Cravath, Swaine and Moore LLP.



Ellen Choe – JD 2020

Ellen Choe is a 2L at NYU Law, from Long Island, New York. After graduating with a B.A. in Political Science and Legal Studies from Northwestern University in 2015, she was a corporate paralegal at Gunderson Dettmer, a law firm specializing in the representation of startups and technology companies. Currently, Ellen serves as the co-chair of NYU Law’s Social Enterprise and Startup Law Group and is a legal intern at a blockchain and cryptocurrency startup called Paxos. She spent her 1L summer at Wachtell Lipton Rosen & Katz and will spend her 2L summer at Sullivan & Cromwell.



Sally Wu – JD 2020

Sally was born and raised in Shanghai, China and graduated from the University of California, Berkeley, where she majored in Business Administration. While in college, she worked for a nonprofit organization at Stanford for two years, where she coordinated “exploring social innovation” programs in the Silicon Valley for college students from Asia. Prior to law school, she worked at Ernst & Young in San Francisco. At NYU Law, she is an Articles Editor for the Journal of Law and Business, Jacobson Scholar and was one of the co-planners for this trip. She will spend her 2L summer at Cleary Gottlieb Steen & Hamilton LLP.



Cansu Colakoğlu JD 2020

Cansu is a 2L at NYU Law. She was born and raised in Istanbul, Turkey. She attended college at Harvard University where she concentrated in Social Studies with a minor in Japanese. Prior to law school, she worked at a plaintiff’s side employment discrimination firm in Washington, DC. At NYU, she is a member of the Family Defense Clinic, an Articles Editor for the Journal on International Law and Politics and was one of the co-planners for this trip. She is interested in startup/technology counseling, as well as youth rights and family defense. This past summer she was at the National



Center for Youth Law, and she will be going to Morrison & Foerster LLP next summer.	
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Nona Creative

The group started off hot by meeting with the founder and CEO of Nona Creative, Mike Scott. Nona Creative is a software development company that mostly works with blockchain technology companies, helping them with their mobile app, web software, and other design development needs. Nona Creative mostly works with clients overseas, who are often drawn to Cape Town by the cheap, yet impressive talent. This was a fantastic first meeting for our group as Mike helped us get oriented with many of the issues Nona Creative faces, while also discussing the larger context of these issues within the culture and history of South Africa.

One major issue Mike brought up, that we noticed time and time again throughout our visits, was a complete lack of diversity within the workforce. Much of this was attributed to a lack of access to education for much of the minority population within South Africa, especially at the higher level necessary for software development. In this context, Mike introduced us to the Black Economic Empowerment (BEE) program, a government program which has been put into place in South Africa in the hopes of alleviating some of the effects of the Apartheid and helping provide more economic opportunity for minorities within the country. Each South African company receives a BEE rating based off of the percentage of non-white labor, ownership, and services that the company has. As much of the group was unfamiliar with the BEE, the discussion was riveting, as we discussed the benefits, concerns and a few unintended consequences of such a program with the CEO of a company that needs to navigate the system. Finally, we ended our meeting by discussing the Woodstock area where Nona Creative is located and the budding start-up scene in Woodstock that has begun to revitalize the community.



Data Prophet

On January 4th, we met with DataProphet, a South African based startup founded in 2013 by Frans Cronje and Daniel Schwartzkopff. DataProphet is a consulting startup that uses machine learning to help clients develop products and solutions, particularly in the manufacturing sector. The DataProphet team, consisting of approximately 30 employees, builds custom algorithms to help clients improve their processes and operations and reduce manufacturing defect rates by 50-80%. For example, an algorithm may allow a company's machinery to correct itself for any defects resulting from variations in weather and humidity. In serving their clients, like Daimler in Germany, the team will spend two months onsite, integrating into the clients' machinery. They pride themselves on customizing products for each client. Some other consulting services include discovering marketing opportunities, identifying high priority users and determining which new products to offer. While they are currently focused on the local market, their long-term goal is to internationalize.

During our visit, Frans Cronje, the managing director, highlighted one of the most prominent legal issues facing startups in South Africa – where to file patents and how to resolve other intellectual property issues. Mr. Cronje noted that many companies prefer to register intellectual property outside of South Africa, often looking to the Netherlands and Ireland to avoid double taxation.

Like many of the organizations we visited, Frans also spoke of the difficulties of achieving diversity and meeting the requirements of Black Economic Empowerment (BEE), a racially selective program launched by the government to redress the inequalities of Apartheid. He cited as barriers a lack of diverse talent and competition from established companies that can offer more attractive compensation and benefits, such as Amazon. It was interesting to hear that many organizations would like to diversify but believe they are unable to, particularly with smaller companies. For example, a facet of BEE requires a certain percentage of ownership of the company to belong to nonwhite citizens and Frans felt as an early-stage startup, DataProphet could not give up significant percentages of ownership.



Numeric

On the morning of January 8th, our team met with Kristen Thompson, the Chief Executive Officer of Numeric, a public benefit organization offering low-cost after-school programs for low-income primary school students in mathematics. Kristen explained to us that most children in South Africa live in some form of township—however, it is often challenging to convince teachers to work in these areas. With a limited number of mathematics teachers graduating from South African universities, these instructors tend to opt for positions in well-resourced schools located in wealthy suburbs of the cities. These teachers are rightfully sought after for their skills, but this tendency entrenches an educational bias where a student’s access to quality education is directly proportional to the wealth of their family.

Less than 3% of South African children who start school together in Grade 1 finish Grade 12 with the skills and test scores required to access tertiary studies in mathematics and sciences. Numeric believes that intervention at the high school level is too late and instead focuses their programs on Grades 6-8. According to Kristen, this enables learners to leave primary school with a solid foundation in basic mathematics—leading them to succeed in high school and gain access to tertiary studies.

Numeric recruits pre-service teachers (mostly bachelor of education students), provides them with training and financial aid, and pairs them with groups of 20-30 students at partner schools in Cape Town and Johannesburg. Numeric’s curriculum and scalable business model has proven successful. Founded in 2011, Numeric has grown to total more than 2,500 learners—with 85 teachers leading after-school programs in 36 primary schools.

After speaking with Kristen, our team met Gaynor Links, an Administrator for Numeric. Together, we assisted in organizing, preparing, and stocking curriculum bins to be used at each of the after-school program locations this semester.





Old Mutual – Alternative Investment

Old Mutual Investment Group is a leading African investment manager, with over R650b (US \$45b) assets under management. They have a “multi-boutique” business structure, with each boutique distinguished by a unique philosophy and investment process and invested in a variety of both listed and unlisted offerings.

We met with leadership from the Impact Funds team, which is a part of Old Mutual’s Alternative Investment boutique. The Impact Funds are structured across four areas – Housing Impact; Schools and Education Investment; Small, Micro and Medium Enterprises; and Retirement – and focus on delivering large-scale impact while providing commercially viable returns. These funds include investments in school projects, microfinance solutions, and housing projects.

As part of the conversation, we spoke with Zom Chizura, Head of the Impact Funds team, as well as Ian Mason and Candice Carels. They highlighted the leadership role that Old Mutual has taken in impact investing within the South African market, and discussed the growing trend of impact investing worldwide. In particular, we discussed the difference between grant-focused giving, more-common with NGOs and charities, and Old Mutual’s focus of identifying and funding long-term projects with a strong social impact that are also financially lucrative investments.

The Old Mutual team also provided us with more context about the Broad-Based Black Economic Empowerment (BBBEE) policies put in place by the South African government to address the inequalities that arose from the systemic racism of apartheid. Over the course of the trip we heard many different viewpoints on BBBEE, and the Old Mutual team had an interesting perspective on the productive intersection of BBBEE regulations and impact investing.

We closed our conversation with a discussion around the future of impact investing in South Africa, and the potential that Old Mutual has to serve as a valuable on-the-ground partner to international firms looking to participate in impact projects in South Africa, or elsewhere on the African continent.



Dommissie

The morning of January 9th, we visited Dommissie Attorneys, a law firm of approximately 10 attorneys providing a full suite of services to young and growing companies. The firm has a start-up team that guides newly established companies through founding, funding, and stakeholder exits, a transactional team that advises clients on developing domestic and international growth strategies, and a compliance and regulatory team that helps companies navigate existing and emerging regulatory hurdles.

The firm's commercial specialty caters to companies looking to grow and expand, while providing risk management services. However, the firm also collaborates with local incubators through regular on-site visits, training seminars, and service packages tailored to the needs of member start-ups at different points in the company lifecycle. The firm seeks to remove all obstacles to client engagement and become the law firm of choice for South African start-ups by offering free initial consultations and client-specific fee arrangements.

Students met with SG Laubscher, an attorney on the transactional team focusing on legal aspects of corporate finance, mergers, and corporate restructuring. SG began by providing a comprehensive background to common legal issues and trends in Cape Town specifically as well as South Africa more broadly. We discussed common IP, fundraising, and growth challenges for startups.

Most notably, SG explained that there is a push for young companies to register their intellectual property outside of South Africa to avoid the political uncertainty – and ensuing negative investor sentiment – associated with the keeping intellectual property rights within the country's borders. The South African government, however, keeps a watchful eye on the transfer of intellectual property rights to foreign nations. The solution? Startups establish an additional company in a more desirable, foreign jurisdiction, station a South African citizen in the jurisdiction to run the company (a step taken in order to minimize the chance of further government scrutiny), and then register their intellectual property directly in the foreign jurisdiction using the foreign entity. Through this complicated system, South African startups are able to preserve the value of their IP and interact with potential investors on a global scale.

On the regulatory front, SG explained that a “flavor of the year” phenomenon in South Africa – usually influenced by global trends – is not at all uncommon. In

2017, for example, Dommisse saw clients that were attempting to enter the burgeoning cryptocurrency industry face broad regulatory uncertainty as the South African government, like many governments around the globe, struggled to maintain control in the face of rapid adoption and growth. In 2019, SG predicts that the “next big thing” creating regulatory hurdles in the South African startup scene will be – as in many other locations around the globe – artificial intelligence.





Bertha Centre

The Bertha Centre for Social Innovation and Entrepreneurship is the first academic centre in Africa dedicated to advancing social innovation and entrepreneurship. During our trip, we learned that the Centre was established as a specialized centre at the UCT Graduate School of Business in late 2011 and is now a leading academic centre in Africa. Its mission is to build-capacity and pioneer practices in Africa - with partners, practitioners and students - to advance the discourse and systemic impact of social innovation. The Centre has integrated social innovation into the business school curriculum, established a wide community of practitioners and awarded over R7-million in scholarships to students from across Africa.

We also learned that the Centre recently helped to open the GSB Solution Space Philippi hub. This development was established in a deliberate effort to deepen their roots and relevance in the community. The GSB Solution Space is based at Philippi Village, a mixed use entrepreneurial development zone at the epicentre of Nyanga, Gugulethu, Mitchell's Plain and Khayelitsha. The development was initiated more than five years ago with the vision of creating economic opportunity through the active inclusion of those who are excluded from the mainstream of development.





Bo-Op

Bo-op is an artisanal co-op. It hosts a number of designers under the same roof in the culturally rich Bo-Kaap area in Cape Town. The Bo-Kaap neighborhood is famous for the houses that are painted in vibrant pastel colors. There's also a nice cafe upstairs that hosts a great view of the Table Mountain with the colorful walls of Bo-Kaap.

We met with the founder Alistair Barnes who has a sunglasses shop there called Ballo inside Bo-op. He was born in the United States and moved to Cape Town when he was young. He started working for consulting companies after college, but realized his entrepreneurial drive after working for a few years. The business idea of manufacturing sunglasses with environmentally-friendly materials fascinated him, so he quickly purchased some machineries and hired local workers to help him materialize his sunglasses designs. While hiring workers, Alistair focused on employment for underprivileged residents. For instance, he discovered talents in his African-American housemaid and promoted her to work in his sunglasses design factory. He wanted to hire more local workers to help with the unemployment issue at Cape Town and took pride in providing job training to his employees.

During the visit, one of the SESL group members purchased a pair of sunglasses from Ballo and took a picture with Alistair.



