



Top 5 priority areas for your Uganda business in 2015

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1. Technology Innovation disrupters.

The pace of change of technology continues with traditional business models being disrupted by technology led innovation. Top business leaders need to continually be aware of these changes so as to plan how their businesses will adapt. Two examples include:

(i) **Air bnb and the hotel/lodge industry.** *Airbnb* is a website for people to rent out lodging. At December 2014 it had listings in 33,000 cities in 192 countries – including many in Uganda! This means that the traditional hotel and lodge industry is being disrupted as the cost of a room on *Airbnb* is significantly cheaper than a traditional hotel.

(ii) **Uber and the taxi industry.** *Uber* is an app-based transportation network and taxi company headquartered in San Francisco, California, which operates in cities in several countries. The company uses a smartphone application to receive taxi ride requests, and then sends these trip requests to their drivers. Customers use the app to request rides and track their reserved vehicle's location. As of 16 December 2014 the service was available in 53 countries and more than 200 cities worldwide.

When the Wall Street Journal assessed what the Top 5 issues for CEOs of companies were, one of the top concerns was: “Having the business model disrupted by innovation.”

2. The continued rise of cloud solutions, mobile internet and mobile innovations.

As internet users in Uganda continue to increase significantly, the bulk of them accessing the internet using mobile internet devices (including on their smart phones), the need for mobile friendly website as well as information easily accessible on the mobile phone will increase.

Related to this is the rise of “cloud” solutions – information being stored online and accessed remotely from anywhere in the world, with an internet connection. Examples including online accounting software like *Xero*, *Quickbooksonline* and *Kashoo* which allow a business to access its accounting records on real time.

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Mobile innovations will continue. Mobile money is for example moving to the online domain with providers like *PesaPal* in Uganda allowing you to pay for goods purchased online and paying with mobile money!

The implications for business is that with the proliferation of the internet, businesses are increasingly connected and like the HSBC concourse adverts in airports, the message is clear: In the Future, even the smallest business will be multinational.

3. Foreign exchange effects on business

The Uganda shilling has consistently depreciated against the US dollar for the last 4 years. There is nothing to suggest that this trend will change.

For businesses this means there is need to hedge against Shilling/USD fluctuations. This means for example entering into contracts based in dollars or continually monitoring the effect of the UGX/USD exchange rate on your profit.

Table showing USD/UGX performance from 2010 - 2014



4. Team dynamics – young population and their attitudes in the work place

78% of Uganda's population is below the age of 30 while 50% is below the age of 15. In the work place, the implications are significant. It means increasingly the bulk of the work force is going to be young.

Business leaders (e.g the MD, CEO) needs to be able to understand the mind-set of this generation. They for example expect everything instantly (as a result of growing up in the digital era where communication, emails, et al is instant).

Businesses also need to invest heavily in mentorship/apprenticeship and training programmes as a significant portion of the workforce is typically less experienced.

The millenials (current 18 – 34) also look at work differently; it's not an end in itself or a job for life, but an avenue for them to pursue their own lifelong goals. They therefore expect a company or brand to be closely aligned to their own goals – rather than the other way round!

5. Increased aggressive action from Uganda tax authorities.

It has been a few years since Uganda Revenue Authority (URA) went online and as such it is increasingly aggressive. In addition, with a new URA boss, you can expect she will be looking to leave her own footprint particularly with recent revenue shortfalls.

The pressure on URA to increasingly deliver is magnified by the donor aid cuts which have been taking place for some time.

For business, it means increasingly you need to put in place proper tax planning mechanisms, starting with registering for taxes.

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