



DIGITALIZATION AND IMPACT INVESTING

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A year into the COVID-19 pandemic, it is clear that most developing countries have avoided the high transmission and mortality rates plaguing much of Europe and the US – possibly due to a combination of relatively youthful populations, lower rates of personal mobility, and in some cases decisive action and restrictions. The pandemic will nevertheless require significant changes in how citizens of developing countries learn, work, trade and interact with one another.

Trends underway before the crisis will accelerate, presenting immense challenges and compelling opportunities. Households will focus more than ever on essential needs in health, hygiene, food, and personal safety. ‘Leapfrogging technologies’ offering digital and technology-based solutions suddenly hold much greater appeal than ‘bricks and mortar’ infrastructure, given social distancing requirements. Tech-enabled solutions that lower price points even as they improve access and ease of use of essential products and services are expected to take off as economies recover, generating sustainable investment returns.

The latest generation of impact funds at Bamboo focus their investment strategies on just such solutions, including internet and mobile connectivity, cloud technologies, IoT, blockchain, big data, artificial intelligence, e-money, voice recognition, imaging technologies, unmanned aerial vehicles, and geo-localization. Companies that master one or more of these technologies will weather the COVID-19 storm better than their peers and be poised for rapid expansion during the economic recovery.

The digital transformation will cut across all sectors. In the health-care space, technologies such as telemedicine, medical booking platforms, health information dissemination and management, re-engineered medical technologies, e-pharmacy and

insurance marketplaces or guided diagnostic tools, just to name a few, will allow for increased access to a broader range of higher quality and cheaper health-care services. For example, our health-care fund will focus on three investment axes: i) scaling technologies that greatly enhance the capability of community health workers and nurses or provide basic medical services without human input, thereby overcoming the scarcity of highly skilled health-care workers; ii) reducing the costs and complexity of existing health-care delivery models, and iii) delivering new services that would otherwise be out of reach through technologies that have been specifically designed for resource-constrained environments.

Similarly, in agriculture, the maturation of technology-enabled models represents a historic opportunity to remove significant bottlenecks. Such examples include online marketplaces for food, livestock, agricultural inputs, and insurance; agricultural products’ market information; affordable cold chain technologies; genomics and logistics supply solutions, to name a few. In the fintech industry, our funds will continue to focus on digital payments, electronic wallets, unstructured data-driven micro-loans, digital circular savings platforms, digital mobile-only banks and financial services platforms, micro-insurance services, e-commerce platforms, and financial literacy.

The digital transformation holds the promise of scaling much-needed basic services to underserved populations in emerging markets. But if countries do not embrace the global digital transformation underway and if the investment community does not support such transformation, the gap between rich and poor will further increase, laying a big and growing a digital divide on top of the already terribly unequal wealth distribution across the globe. Digitalization is an essential part of our collective efforts to rebuild better, and the time to act is now.

