

CWG PLC makes history at NSE

One of the 2013 highlights for Nigeria's ICT sector was the listing of CWG PLC's shares on the Nigerian Stock Exchange (NSE). The listing which took place on November 15, 2013, boosted the market capitalisation of the NSE by about N14 billion and made CWG the highest capitalized security in the ICT sector. CWG's listing also marked the first listing on the Exchange after the launch of the X-Gen trading engine—the same engine that is used on the NASDAQ.

CWG's listing was generally expected to do well. By the time the stock exchange closed on its debut, the company's shares which started trading at N5:48k, was trading at N5:74k—showing a 5% growth. Currently (Mid-January, 2014), CWG shares are trading at N5: 85k per share.

This expectation for CWG and the meeting of that expectation, should not come as a surprise especially with technology stocks performing outstandingly well post listing across the world. This positive performance by ICT stocks led to the assertion that the present seem to be the golden age of technology companies. This trend is particularly visible at The NASDAQ and the NYSE, which recently witnessed a boom in Technology listings with Facebook, Google, LinkedIn and Twitter shares.

For instance, Google's shares gained a whopping 773% post listing while LinkedIn and Facebook gained 160% and 29% respectively (as at October 04, 2013). Twitter has since followed, and surpassed, this trend with quarterly revenues up 105% to \$139m from a year ago.

Twitter shares jumped 73 percent in its trading debut, as investors paid a premium for its promises of fast growth. The stock rose to \$44.90 at the close in New York from the initial public offering price of \$26, delivering the biggest one day pop for an IPO that raised more than \$1 billion since Alibaba.com Ltd. debuted in 2007, according to data compiled by Bloomberg.

While the environment differs, it is not far-fetched to foresee CWG's share replicating the performance of aforementioned ICT Companies when it holds its IPO (Initial Public Offer) in the second quarter of 2014.

The listing on the stock exchange is another step in the CWG journey that started in 1992 with a seed capital of about N160, 000. In 2009, CWG received a valuation of N6.97billion from Vetiva Capital for her private placement. The issue was oversubscribed; with Private Equity firm Aureos Capital LLC taking up a major chunk, defying the gloomy atmosphere of the global economic downturn at that time. The valuation resulted in an increase in invested capital of 4,400 times, meaning that an initial investment of \$1000 in 1992 would have yielded a whopping \$4.4m within just 20 years. This achievement put the company in the bracket of the one of the best global value creators. This feat has been repeated by CWG on her listing—at a target share price of N5.48 which almost doubled her private placement price of N3.40 in 2009 albeit in a very difficult environment characterized by significant slowdown in global economic growth.

It is therefore not surprising that the Ministers of Finance, Trade and Investment and Communication Technology recently joined hands with the CEO of the Nigerian Stock Exchange to aggressively canvas for more Technology listing towards achieving the goal of the NSE to reach a market capitalisation of \$1 trillion within a decade.

Speaking at the listing, the honourable minister of Communications Technology, Mrs. Mobola Johnson commended Mr. Austin Okere, the Founder and Group Chief Executive Officer, and the entire management team of Computer Warehouse Group for their focus and consistency in executing the CWG's vision for over a period of 20 years.

"Having witnessed the CWG metamorphosed from Hardware Company to a full integrated ICT Company, CWG story depicts a good opportunity with a good foundation of why we need to invest in ICT in Nigeria." Mrs. Johnson said.

Mrs. Johnson went on to say that CWG is a tremendous example of what vision and focus is, and that the listing on the Nigeria Stock Exchange is happening at the right time, when ICT is becoming very important to Nigeria.

"The sector was previously contributing 5%GDP of the country as at 2011 but now 8%GDP. Extrapolating that, one can imagine what the sector will be contributing when the new structure for broadband has been put in place." Mrs. Johnson added.

CWG's Founder and Chief Executive Officer, Austin Okere agrees with the minister, he confidently declares that "our best is yet to come", amidst comment from sceptics that all previous Technology listings on the Nigerian Stock Exchange have lost significant value.

"The value of the stock is affected by performance and perception of potential. The stock also reacts negatively to swings in revenue, preferring predictability in forecasts," says Mr. Okere.

"CWG has over the years built a large proportion of her turnover into annuities from deploying her own Intellectual Property (IP), to enable financial inclusiveness in Mobility, such as the recently announced Yello Diamond Account, which will bring banking services to over 55 million Mobile phone subscribers, and the MTN XaaS product, which will provide Financial services in the cloud for the over 1000 Microfinance banks and their customers on an pay as you use basis," Mr Okere asserts.

Mr. Okere appears to hinge his positive outlook on the wide adaptation and application of IT Solutions such as the MTN XaaS product, which rides on cloud computing to bring competitive advantage to relatively smaller banks that would otherwise have been disenfranchised. The MTN XaaS, however, is only one of several solutions on offer from CWG. According to Mr. Okere, about 12 of the large banks in Nigeria run on the Finacle Core banking Application, which CWG jointly promotes in West Africa with the application developers, Infosys in India. Currently, Finacle processes over 60% of all financial transaction in Nigeria and is deployed by the likes of FBN, UBA, Stanbic IBTC, Fidelity and FCMB amongst others.

CWG has taken advantages of her early mover status in the surge in ICT outsourcing demands to provide the service for the largest telecommunication company and the largest Downstream Company in the Oil & Gas sector in Nigeria. This further assures annuity income that smoothes revenue swings and brings predictability to income.

In terms of customer trust, CWG is at a relatively comfortable position. According to Austin, about 80% of the company's revenue is from repeat business, and new customers are more likely to be from referrals.

CWG is a strong player in the ATM business, providing and supporting over 30% of the country's ATM installed base in conjunction with Wincor-Nixdorf of Germany, global leaders in the field.

However, the organisations goals extend beyond supporting business and generating profit. Being a skills intensive business, CWG has set up an Academy to train brilliant youngsters to boost her talent pool. Currently, the CWG Academy trains over 200 graduates per year in Nigeria and Ghana, and is set to start in Uganda by mid-2014. The company currently employs over 650 people, of which about 80% are engineers, with certifications in Cisco, Oracle, IBM and other Original Equipment Manufacturing (OEM) platforms. The company is ISO 9001:2008 certified across all her operations.

All of these innovations have not gone unrecognised. The Company has been rewarded by her peers and regulators with such awards are top 50 Technology Business Companies in West Africa, ICT Solutions Provider of the year, ICT Company of the year, and the CEO as ICT Personality of the year 2012.

CWG has garnered a track record over the years as one of the most admired companies in Africa. In 2009, the Columbia Business School in New York published a case study on the company and appointed Austin Okere as an Entrepreneur in Residence (EIR), While in 2012, the Legatum Entrepreneurial Centre of MIT Boston, published a video and written case study on the Computer Warehouse Group as well.

For the second year in a row, CWG was awarded the Most Outstanding Corporate Social Responsibility (CSR) Technology Company of the year in 2012. The company has continued to support her host communities by ingraining social responsibility as an integral part of her business model, with focus on the education sector.

In the quest to be the leading Pan African ICT Company, CWG has actualised her geographical expansion plans with operation in four African countries; Nigeria, Ghana, Uganda and Cameroon, and Virtual operations in 17 other countries. The country has 18 offices and support centers across Nigeria, including Lagos, Abuja and Port-Harcourt.

The company seems well set to achieve her vision of being the number one IT Utility enabler in Africa by 2015; a move that her current listing on the Nigerian Stock Exchange has highlighted.