

ENTREPRENEURS

ALEXANDER THOMSON-PAYAN

A Good Call

Twenty-eight-year-old American-Colombian entrepreneur, Alexander Thomson-Payan, first set foot in Angola five years ago. Now he owns a multimillion-dollar company and has a house on the beach.

BY LULA AHRENS

Flamboyant, young, handsome, sociable and most of all: successful, beyond most people's dreams. With his Panama hat on, sipping a drink at his rental house's swimming pool only four steps from Luanda's beach, Thomson-Payan looks like an actor in a gangster movie: too smooth to be true. But he's the real deal.

Thomson-Payan owns Electrix Group which makes more than five times Thomson-Payan's initial \$200,000 investment each month. The annual turnover at Electrix, the telecommunications arm, is \$15 million.

"In five years, we've had well over 1,000% growth or between 100 and 200% growth per year."

Electrix created its construction company, Topson SA, two years ago. Its services company, ESS, counts Schlumberger, ConocoPhillips, Trafigura and FMC among its major clients.

Thomson-Payan's granduncle was former Colombian president Alfonso Lopez, while his father was a diplomat and a successful international entrepreneur. With a background like that, you could say he was born for success. But that's not the whole story.

"I first came to Angola in 2007 after

my friend, who lived there, told me to check it out. I was sick of working in a corporate American office. When I arrived, I was stupefied. There was so much to do."

Thomson-Payan went to Babson College, the top entrepreneurial school in the States.

"I always knew that I wanted to be an entrepreneur. When I was 10, my dad told me to work for my own car. By the age of 15, I'd saved enough money by doing odd jobs. That's when it started."

When he was 19, Thomson-Payan moved to Shanghai and lived there for a-year-and-a-half.

"I studied Mandarin nine hours a day. Then I started an outsourcing company called China Source. We still have a three-person office there."

China Source's bigger clients spread the word. Suddenly, things moved forward fast.

"One day I received an email from a guy named Marcelo Claire. I had no idea who he was. It turns out this 35-year-old guy owns \$7.5-billion company Brightstar—the largest mobile phone distributor in the world."

Thomson-Payan met Claire in New York.

"He asked: 'So where do you see yourself in five or 10 years?' I bit my tongue and said: 'Running my own

company or running yours!' I was 20 or 21 at the time. He gave me an offer I couldn't refuse—to become his right-hand. I worked with him as a senior business development manager, and we grew from 35 countries to 54. We worked crazy, crazy hours. Sometimes from 7am to 4am. But it was an amazing experience and education... amazing."

In his second year at Brightstar, Thomson-Payan started studying law at Florida International University in the evenings. Meanwhile, he was itching to start something new.

"Africa was the only part of the world that Brightstar hadn't conquered. This continent is a difficult market to break; you have to be very hands-on here. After my visit to Angola, I raised some capital among Swiss and American investors, friends of friends. We then started Electrix."

Electrix now has between 100 and 120 employees, 95% of them Angolan; 25 stores in Luanda, Malange and Lubango; and store-within-a-store contracts with supermarket chain Nosso Super and gas station chain Pumangol. Cellphone brands distributed by Electrix include Samsung, LG, Nokia, Motorola, Alcatel, Apple and HTC.

"In the retail industry, we're the fastest growing mobile phone

distributer and the only one with our own brand.”

Electrix sells airtime, internet, cable and satellite TV, digital cameras and computers and it's launching a gaming division. The company buys large chunks of airtime at discount prices from Angola's biggest cellphone players, Unitel and Movitel.

“The beautiful thing about Angola is that there's no landline infrastructure. Mobile phones are not a luxury, literally everybody needs one,” says Thomson-Payan.

Smartphones aren't hot in Angola. Eighty percent of Electrix's phones are sold for under \$50.

“The large majority of this country lives under the poverty line. You've got to fit into that market. This is one of the reasons we've partnered with a company and brought in our own brand, BLU, with a price range of between \$12 to \$250 for smart Android phones.”

Electrix understands the Angolan market. BLU has a 30-day battery.

“Imagine that, in a country with major electricity problems!”

In July, Electrix implemented electronic recharge systems that look like credit card machines.

“We sell a few \$100,000 per week's worth of Unitel and Movitel recharge cards to Pumangol and our other retail clients. But they are high-risk, because you're basically moving cash. These machines will allow us to distribute airtime instantly without risk and minimal operations. Credit cards haven't hit the Angolan market strongly yet.”

Competition is the drive behind these revolutionary ideas.

“Five years ago in Angola, in a business where Brightstar makes a two percent margin, we were doing 80%. Crazy! But margins have gone down a lot; competition has grown. When I started, to differentiate Electrix, I literally filled my big truck with phones and drove off to the provinces, where margins are a lot higher.”

“When the market matured, margins went down and no one wanted to drop their prices anymore. My competitors started giving clients credit. So I told my biggest clients: ‘Look. You guys have the cellphone stores. What are your main costs?’ The answer was always inventory, which for an average cellphone store can go up to \$35,000 or \$50,000. So I'd say: ‘I'll put in the inventory and we'll go 50-50 on the store and become partners.’ That meant I gave them credit, but now I owned 50% of the retail business. So I was making my margin in the wholesale, plus 50% of the retail margin and could control my debtors. As a result, we're now the largest retailers in the Angolan cellphone industry.”

Unlike many foreigners operating in Angola, Thomson-Payan has never had an Angolan business partner.

“I suffered for two years because I didn't have anyone to lean on, but now I don't need to lean on anybody because all my contacts are my own.”

Thomson-Payan says the toughest aspect of doing business in Angola is the bureaucracy.

“Many people will say corruption. But there are two ways to get things done here: corruption and relationships. The second option is actually better. Let's say you want to get your stuff out of the port quickly, so you pay someone 500 bucks. But as soon as someone else comes and pays him 550, he's not going to give you any more love.”

“I know a guy at the port, he's a good friend of mine. I called him from Europe because I knew he was getting married and then I brought his wife's wedding dress over. That guy will remember that for the rest of his life—it's a true relationship. He'll always be there for me and I'm really there for him. I try to build genuine relationships that in the long run are so much more valuable for both of us.”

Thomson-Payan was in the right place at the right time.

“After 15 years of independence war and 27 years of civil war, Angolans need absolutely everything. They've got the money to pay for it, but no one here to provide it. If you're here and can offer first-world service, the sky is the limit. Angola is a perfect storm for business.”

Electrix opened a new office in Johannesburg, South Africa in July. The company is scheduled to start operations in Mozambique in the next three months. 



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