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**CASE STUDY**

# Andela

IFC International Finance Corporation
WORLD BANK GROUP
*Creating Markets, Creating Opportunities*

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# Introduction

Since its founding in 2014, Andela has opened up career paths for more than 175,000 budding software engineers from emerging economies. Most have technological or managerial roles, either in one of hundreds of established companies around the world, or in their own startups. Andela's success indicates a path to growth for talented people, not just in software but in a variety of professions, by building the skills that people need to work in a global economy.

In its first two years, Andela found talented software engineers through online skill tests and interviews. Andela would train them in four-to-six month intensive "boot camps," invest in them by paying them to learn, and then place them in competitive jobs. Employees agreed to stay in those jobs for four years, supplementing their apprenticeships with further training on Andela's campus in Lagos, Nigeria. For client companies, this was a low-cost way to recruit talent. After their apprenticeships ended, some Andela alumni even parlayed their new skills to become leaders of the emerging tech sector in Nigeria.

With this model in place, Andela expanded geographically to Kenya, Uganda, Rwanda, Ghana, and Egypt, at a rate of about one country per year. The company opened new regional campuses, including one of the largest tech centers in Africa outside Nairobi. But when the pandemic struck in 2020 and demand for software talent pivoted to remote work, Andela pivoted as well to a different talent model. It now provides match-as-a-service at a larger scale, recruiting senior software engineers from almost anywhere in the world, bringing them into an online talent marketplace where individual technologists connect with employers directly. Andela also assembles some teams from this pool to meet specific client needs. The company helps job seekers hone their skills through a global online "learning community" that connects them to training providers and online courses.

There is a core group of hundreds of client organizations loyal to Andela. They include such prominent global companies as ViacomCBS, GitHub, Cloudflare, Casper, and Mastercard. They know that the people Andela sends will be solid engineers and team managers, even though many come from emerging markets and have limited formal education. "Brilliance is evenly distributed," says the company's CEO and cofounder, Jeremy Johnson. "Opportunity is not. People are constrained by boundaries, real and imagined. We are doing more to reduce those boundaries than ever before."

As in any marketplace, members of the Andela talent network set the rates they ask for, with clients choosing people based on their skills and asking rate. On average, technologists take home 87 percent more than what they were earning before. On a broader scale, these jobs could combine to generate a multiplier effect for the technologists' communities. Because online employees need higher-quality tech infrastructure to do their jobs, Andela's presence in a local community can lead to improvements in digital infrastructure and services, raising the entrepreneurial potential of the area.

In just eight years, Andela has become a leading technology talent marketplace. It is also a major facilitator of a bottoms-up approach to economic growth, helping pave the way for a more innovative, broadly prosperous world.

# We Interviewed Three Company Leaders and Two IFC Experts

**Jeremy Johnson**
Cofounder and CEO of Andela

**Antonio Pinheiro**
Head of Talent Delivery at Andela

**Eryn Peters**
Vice President of Marketing at Andela

**Alejandro Caballero**
Principal Education Specialist, International Finance Corporation (IFC)

**Hoi Ying So**
Global Portfolio Manager – Venture Capital, International Finance Corporation (IFC)

# Lessons from Andela's Story

1. **Design a business model that fulfills a larger purpose**
2. **Bring together groups with complementary needs**
3. **Grow steadily but flexibly, like a social movement**
4. **Foster diversity and inclusion by demonstrating value**

# Andela at a Glance

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|---|---|
| **Years in Business** | 8 (since 2014). |
| **Revenues** | $100 million+/fiscal year. Growth leveled off in 2019 and began to accelerate in 2021. |
| **Business Model** | Andela is a global talent marketplace that connects technologists from emerging markets with global technology organizations and enterprises seeking remote software engineers. Technologists set their own rates, and hiring companies pay an additional service fee to Andela on top of the talents' rates. Andela also has revenue streams from selling discounted healthcare benefits, education partnerships, payroll-as-a-service, and more. |
| **Website** | **www.andela.com** |
| **Corporate Governance** | Andela is a privately held company with a number of major funders, including the **Chan Zuckerberg Initiative**, **Google Ventures**, **Spark Capital**, **Softbank Vision Fund 2**, **Generation Investment Management**, and **Learn Capital**, one of the world's premier educational technology investors. |
| **Investment History** | Andela has had several rounds of social venture investment. Between June 2015 and November 2018, IFC invested in four financing rounds, with a total investment of about US$3 million. From 2017–2019, IFC also provided grant funding through advisory service projects to support the company's business model analysis and scale-up in Uganda as well as market scoping in Rwanda and Tanzania. |
| **Social and Environmental Results** | Andela currently represents more than 175,000 technologists, the vast majority of whom live in and work from locations in emerging economies. In 2018, **the Great Place to Work Institute** named Andela the top-ranking "best company to work for" in Africa: an indicator of social value for employees. Female developers account for 21 percent of Andela's workforce; in contrast, women make up six percent of software developers worldwide. The company has instituted female-only bootcamps and other measures aimed at increasing the ratio. Andela has recently been certified as a Gender Fair organization. |
| **Geographic Footprint** | Founded in Nigeria, the firm opened operational campuses in Kenya, Uganda, Rwanda, Ghana, and Egypt. With the advent of remote work, these satellite campuses closed; today, the company largely operates remotely through electronic media. The company now receives applications from talent in 180 countries and has recruited from 100+ countries. In the last year, it has doubled the number of software engineers engaged from Latin America. |

# Lesson 1: Design a Business Model that Fulfills a Larger Purpose

From its beginnings in 2014, Andela was designed to demonstrate how a for-profit business could meet social needs. The six cofounders had observed that Africa was home to a large number of young people with strong software engineering potential. But they were underserved by available education and the job market.

Andela **CEO Jeremy Johnson** was the hub in this group. At the time, he was coleading **2U**, a rapidly growing startup that provided online programs for universities, often to help students qualify for employment in specialized or technical fields. He was preparing for 2U's initial public offering in late 2013, when a young Nigerian entrepreneur named Iyinoluwa ("Iy") Aboyeji visited to ask for advice about his own African EdTech startup, Fora. The two EdTech entrepreneurs hit it off and agreed to keep in contact. Shortly thereafter, Johnson went to Kenya with **Christina Sass**, advisor to the President and CEO of the **Mastercard Foundation**, to speak at a foundation-sponsored conference for its African grant recipients. **CEO Johnson** recounts how these two encounters, though initially unrelated, combined to spark the rapid launch of a new African company:

> **Johnson:** *In Nairobi, I was asked what I thought about the prospects for an online learning company in Africa. It would be really difficult to scale. Most university programs are funded by tuition from high-net-worth parents, or by governments. Emerging markets did not have those two revenue sources.*
>
> *But I said that there might be an alternative source of funding. If we could find underappreciated pockets of talent for the skills most in demand in the global economy, and connect them to prospective employers, there would be leverage. We agreed that someone should give it a try, and I thought it was intriguing, but I was too busy with 2U's IPO.*
>
> *I couldn't stop thinking about the idea, and neither could Christina. When Iyin returned to New York for another visit, we all began talking through the notion of a global talent accelerator. It would identify high-aptitude young people in software development, which we knew from education data was the highest-value skill. We decided to test a pilot in Lagos, Nigeria. Iyin brought in his three cofounders of Fora. I offered to fund it and Christina jumped in wholeheartedly.*

From the beginning, the new company's cofounders saw their company as global in intent, focused on skills that could be used anywhere. But to recruit highly skilled people in a location such as Lagos, where young people did not always have access to workspaces, equipment, training, mentorship, or infrastructure, the cofounders had to provide all these on a local university-like campus. For those who lived too far away to commute, Andela also provided housing and food.

This arrangement lasted through a six-month training program and then a paid four-year apprenticeship, during which the Andela "fellows," as they were then called, worked for a client company. After finishing the four years, they would either continue at the same company as a full-salaried employee, switch to another company, or start their own. By 2019, there were 1,500 fellows on campus and more than 100,000 alumni.

**IFC Senior Education Specialist Alejandro Caballero** and **Andela's Head of Talent Delivery Tonio Pinheiro** describe how the concept developed:

**Cabellero:** *Andela began as a software-based training company, with a highly selective admissions process. They identified the top 1 percent of African youth with outstanding programming aptitude. They matched them to large technology companies like Microsoft and Google. For four years, students worked remotely for these companies from Andela's Lagos campus, while being immersed in an apprenticeship-style training program. Jeremy, Christina, and Iyin were explicitly trying to show U.S. tech companies that there were significant opportunities to leverage African talent.*

**Pinheiro:** *Each time the business shifted, we stayed focused on our basic business model: connecting brilliance to opportunity. Our decisions and tactics would change, but always in service to that vision.*

# Lesson 2: Bring Together Groups with Complementary Needs

Andela's approach works because it provides something that is scarce in many economic circles: trust. On one side are bright young people with few resources. On the other side are global tech companies with complex projects and tight deadlines, which cannot easily vet the many applicants who apply for jobs with them. Andela's approach was designed to lend credibility to both groups.

This trust-building starts with attracting prospective applicants. At first, Andela had to winnow down thousands of applicants to just a handful. The rigor was a major factor in Andela's success, according to **CEO Jeremy Johnson**:

"Each time the business shifted, we stayed focused on our basic business model: connecting brilliance to opportunity. Our decisions and tactics would change, but always in service to that vision."

—Antonio Pinheiro, Andela Head of Talent Delivery

**Johnson:** *We started our pilot in Lagos in April 2014, looking for four initial applicants to test our premise. We didn't even have a website. But when we put out an online notice, news spread through word of mouth. We ended up with 750 applicants. They had all qualified by taking a test we had made up ourselves.*

*We finally got it down to six applications. I headed to Lagos to interview them. It was my first time in Nigeria. The applicants were all awesome. We ended up taking all six and the first cohort was born.*

*For the second cohort, a few months later, we used a software development aptitude test from* ***Plum.Io****, a small Canadian startup. This time, we accepted 20 people out of 2,400 applicants. We still had no website. This time, the testing service called to ask what we were doing. "We've never seen so many applicants for a job before, and are you aware that 42 of the applicants are in the top 2 percent aptitude for problem solving of any humans on the planet?"*

*When we heard that, we looked at each other and said, "This is not just a service we're providing. It's a movement that we could help spur. If we kept going, the world would look really different." All of us left our other commitments and came to work on Andela full time.*

*Over the next two years, we introduced more parts to make the test more difficult. It got to the point where it took people a solid week of work to apply to Andela. Many of the applicants had to teach themselves basic Python, with only their smartphone to use for their programs. There was also an English-language proficiency test and an in-person interview.*

*The program started with an intensive six-month full-time course on software and leadership skills, specialized to fit their aptitude and interests. After six months, they begin working with companies on project teams.*

On the operations side, Andela had to attract clients and monetize their training. This meant focusing on the problems that this cohort of young Africa-based software developers could solve for them. **Andela's Head of Talent Delivery Tonio Pinheiro** and **Jeremy Johnson** explain:

**Pinheiro:** *Clients are looking to solve a problem. They want access to pre-vetted, qualified people who have done this before and can help them reach their goals faster. They keep coming back to us because once they see our value, they don't want to go anywhere else.*

**Johnson:** *I was on the board of a small tech company called Community Go, and the CEO asked if anyone knew any qualified software developers. They took two of our people. It was the first time we'd experimented with a long-term, fully embedded placement. Their CTO came back to us and said, "Guys, they're amazing. Are there any more people like this?" We shifted the entire model to embedded placements.*

Andela also deliberately set out to bridge the venture capital and development communities. The company's leaders shared this aspiration with IFC. **Jeremy Johnson** notes that IFC's involvement provided a higher level of legitimacy:

**Johnson:** *We organized Andela around the goal of creating meaningful change in the world—by marrying finance and social action together. It turns out that this process looks a lot like solving customer problems in a thoughtful way. The engine you build creates the change you want to see in the world.*

*I didn't know a lot about IFC when we started, but as we grew in Nigeria, I started hearing more and more about their work. Our series A partner, Spark Capital, is a high-profile blue-chip venture capital firm, well known in the U.S. But government officials in Lagos had never heard of them. It was fascinating how much weight the IFC name carried there. We were proud that we were one of IFC's first investments in an early stage offering.*

**Hoi Ying So, Global Portfolio Manager – Venture Capital for IFC**, describes how in 2015, IFC saw Andela's potential to meet the growing demand for engineering talent in the technology sector which was not being met by traditional education offerings:

> **So:** *We observed that in the U.S. alone, there was a huge shortage in the number of high-skilled computer science graduates, and this would increase with the growth of the knowledge economy. In this context Andela was offering a unique, highly selective postsecondary skills training program on the African continent where software engineering talent was underdeveloped and youth unemployment levels were high. We saw Andela's business model as serving both the companies seeking outsourced software engineering while training a new generation of elite technology talent.*

# Lesson 3: Grow Steadily but Flexibly, Like a Social Movement

The cofounders of Andela had put their original goal of global growth on hold while getting started in Nigeria. Then demand expanded beyond the level that Andela students could supply. So they opened satellite campuses in Kenya, Uganda, and Rwanda, all with the same operating model. Andela recruited top people with software aptitude, invested in them, and set up an apprenticeship model funded by the companies that hired them.

Seeing the difference Andela made, its leaders now felt they were at the center of a movement, with profound implications for improving lives.

**CEO and Cofounder Jeremy Johnson** and **Head of Talent Delivery Tonio Pinheiro** describe this phase of expansion:

> **Johnson:** *We began hiring and placing people who we didn't train around 2017, because we needed more senior talent. We began bringing in senior engineers to lead teams and manage client service because that was the only way to keep scaling and growing. You can't train someone in six months to fill that kind of role.*

> **Pinheiro:** *The demand for talent was crazy. We had so many people applying, and so many companies who wanted our people, that we had to ensure that we could scale rapidly enough to keep up with the growth. We had to move really fast and to create processes that were built for scale.*

This period led to **three dramatic changes**. In 2018, several of the original cofounders, including Iyin Aboyeji and Ian Carnevale, left to pursue other projects. In 2019, with a wave of competitors offering similar services, the market for software talent was suddenly full. Andela felt the crunch and went through a period of sudden retrenchment. It closed campuses in Nigeria, Kenya, and Uganda. Despite these setbacks, there was a strong sense that the company could regain its growth trajectory. Instead, in early 2020, the Covid-19

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>
> —Jeremy Johnson, Andela CEO

pandemic arrived. Most Andela clients cut back tech projects and froze hiring.

When business rebounded in the second half of 2020, Andela pivoted to another new operating model, the global marketplace. The demand for talent could no longer be met by its previous network model, in which Andela acted as a gatekeeper, choosing matches between coders and clients. In this marketplace model, members of the talent network and clients can reach out to each other directly from anywhere in the world. Andela continues to provide quality control online without the added expenses of physical campuses or face-to-face immersion.

During the pandemic, Andela expanded more rapidly through its online marketplace. **IFC Principal Education Specialist Alejandro Caballero**, **Andela CEO Jeremy Johnson**, **Marketing VP Eryn Peters**, and **Head of Talent Delivery Tonio Pinheiro** describe the current business model and its impact:

**Caballero:** *Andela used to be an education company offering students an on-the-job experience in their Lagos campus. It is now a global player in the outsourcing and talent agency space. This is a great model for many EdTech companies, particularly those in emerging economies, which are looking for ways to scale.*

**Johnson:** *Before the pandemic, I'd guess that maybe 12 percent of all software developers worked remotely. Today, I'd be surprised if more than 12 percent of software developers go to an office more than a couple of days per week. We've seen a complete change of comfort level with remote work, which means that brilliance is on an equal playing field all around the world. This is why we've been able to move so quickly to expand in the last year and why the business is doing so well.*

*We revised our training program with more of a mass approach, like a massive open online course (MOOC). On any day, there are roughly 10,000 people working on becoming software developers through what we call the* ***Andela Learning Community*** *(A.L.C.), working on becoming software developers.*

*When we moved away from the high-intensity six-month training program towards a MOOC concept, we could pay higher salaries to our engineers. We could fulfill one of our long-term*

*goals, to maximize earning potential and break down more barriers that prevented brilliance in our community from connecting.*

*Today, companies around the world pay Andela to find amazing skilled people and help scale global engineering and technology teams. A simple way of thinking about it is that it's like we are pushing the easy button for sourcing global talent. The companies pay our fee on top of what they pay the engineer, but they get a much better result, because we source, assess, and match people to the roles, and we also manage compliance risk. It ends up being less expensive than if they try to do all those things on their own.*

**Peters:** *In the surveys we've sponsored of our network members and alumni, 88 percent say they joined us because of career growth opportunities. About the same number say they joined for exposure to international companies, or to get cross-cultural experience. Respondents also say the culture of the program affects them personally. In our 2021 survey, 85 percent reported a higher level of confidence in themselves and their abilities, 74 percent said their life improved, and 67 percent expressed they felt greater peace of mind.*

**Pinheiro:** *We evolved to form a larger network, where qualified people could join without our training. Throughout all this, we kept to our core purpose of connecting brilliance to opportunity and giving people a better life. From the talent perspective, the new learning community platform is an opportunity to work on something really hot and new, and the chance to grow. There's a difference between working on a product that is going to be used by 100,000 people versus a product that's going to be used by a million.*

# Lesson 4: Foster Diversity and Inclusion by Demonstrating Value

Historically, software development has not been a very diverse field. With Andela, people from a wide range of countries and backgrounds are now assuming positions of responsibility in highly technical companies. **IFC Global Portfolio Manager Hoi Ying So** explains how the investment aligned with IFC's goals, while **Andela Marketing VP Eryn Peters**, **Head of Talent Delivery Tonio Pinheiro** and **CEO Jeremy Johnson** describe how the company has championed diversity by demonstrating results, and how clients have responded.

**Peters:** *Historically, a lot of folks who develop software technology came from similar backgrounds and looked the same, with similar education paths. Andela injects people from different cultural backgrounds. That suggests that technology will be inherently less biased because it has so many more inputs from so many walks of life. We all have our own biases, so it's very important that technological development is more democratized.*

*But our clients, who tend to be CTOs and VPs of engineering, do not seem put off by the different*

*cultural backgrounds of the Andela engineers. They all relate deeply to each other because they share an engineering-first perspective. There are always new software languages, new frameworks, and new libraries to learn. Clients also see the value in the solution that Andela provides to their companies which are wrestling with talent shortages.*

**Pinheiro:** *As a Black man, it's nice to see Latin American, North American, Asian, and African developers working together on the same products. Working at Andela has changed my mental profile of what a software engineer should look like. As companies hire people from different backgrounds, they will be pushed to provide designs that benefit a wider range of people.*

**Johnson:** *Our goal is to cultivate future leaders who can introduce strong values into the technology world. However, companies are not working with Andela as a Corporate Social Responsibility experiment. They work with us because it is the best investment they can make in scaling engineering output. It's only once clients start working with us that they realize, "Oh, wait a second. The best engineer on my team is this 26-year-old woman from Nairobi. How did that happen?" Then they think differently about the world and about what's possible.*

**So:** *Many of IFC's own clients and portfolio companies are all adopting remote working models, and distributed teams allow for increased geographic representation. We believe Andela's talent marketplace will promote better diversity and inclusion; it also aligns well with IFC's strategic focus on digital skills and entrepreneurship.*

As the Andela model takes hold and others like it emerge, the world is likely to see wages rising meaningfully for knowledge work in the decade to come. In this Andelan world view, what people do will affect their earning potential much more than where they happen to live. This shift won't happen overnight, but the seeds for this near future are being sown today.

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—Antonio Pinheiro, Andela Head of Talent Delivery

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