

Newsletter

May 2025



Welcome to the May Edition of the Kreston Pedabo Newsletter!

Check out the trends and innovations transforming the Power & Natural Resources (PNR) and Information Technology & Telecommunications (ITT) sectors. These offer strategic perspectives on navigating these dynamic landscapes.

We are particularly excited to feature an article titled: **Operations Management in a Digital-First World: Strategies for Lasting Success.**

We wish you an enlightening reading experience.



Zainab Akorede

zakorede@krestonpedabo.com
Associate, Management
Consulting



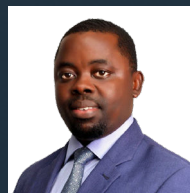
Tyna Adediran

tadediran@krestonpedabo.com
Lead, Management
Consulting



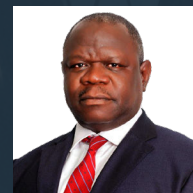
James Ito

ijames@krestonpedabo.com
Senior Manager, Tax
Services



Olufemi Idowu

oidowu@krestonpedabo.com
Partner, Tax Services



Killian Khanoba

kkhanoba@krestonpedabo.com
Senior Partner, Tax
Compliance & Advisory

Chief Editor

Management Consulting



Operations Management in a Digital-First World: Strategies for Lasting Success

In today's hyper-connected and technology-driven economy, operations management is no longer a back-office function - it is the engine of innovation, agility, and competitive advantage. As the digital-first paradigm reshapes global business landscapes, organisations must continuously adapt to shifting market conditions and rising consumer expectations. Embracing digital transformation is no longer optional; it is a strategic imperative.

A digital-first approach empowers businesses to optimise processes, reduce inefficiencies, and deliver seamless customer experiences. Yet, the path to operational excellence is riddled with challenges - supply

chain disruptions, process bottlenecks, and mounting performance expectations can erode profitability and stifle growth. In this evolving environment, data-driven decision-making and proactive market intelligence are essential to remain resilient and ahead of the curve.

This article explores proven best practices in technology-powered operations management, spotlighting successful Nigerian organisations – Dangote Group, Flutterwave, and Jumia. Through these case studies, we highlight how tailored digital strategies can overcome operational hurdles and unlock measurable value.

The Digital-First Challenge

As organisations undergo digital transformation, they often grapple with legacy systems, fragmented workflows, and increased customer demands. If unaddressed, these issues can result in higher costs, reduced agility, and a decline in customer trust.

For instance, Jumia has faced challenges with delivery inefficiencies impacting customer loyalty, according to DCF Modelling. Dangote Group has encountered supply chain limitations affecting output, while Flutterwave has managed scaling constraints amid rising transaction volumes, as reported in Flutterwave's 2021 Review.

These examples reveal the urgent need for robust, adaptive operations strategies.

Case Study 1: Dangote Group – Scaling Through Smart Automation

Overview



According to Daffodil's Software Digital Transformation case for Dangote Group, one of Africa's largest industrial conglomerates and a leader in cement manufacturing faced significant challenges in scaling its supply chain and managing production efficiently despite its vast operations.

The Challenge



Persistent supply chain delays and process inefficiencies resulted in a dip in production efficiency, escalating operational costs and compromising market responsiveness.

Strategic Interventions



- **Automation of Production Lines:** The company deployed cutting-edge automation technologies across its manufacturing facilities, integrating robotic systems to enhance precision and reduce downtime.
- **Supply Chain Digitisation:** By adopting intelligent inventory tracking and forming strategic logistics partnerships, Dangote streamlined its supply and distribution network.

Impact



- **20% Boost in Output:** Within a year, automation initiatives significantly improved production efficiency.
- **15% Cost Reduction:** Streamlined operations lowered overheads and improved profitability.
- **Stronger Market Leadership:** Enhanced operational agility fortified Dangote's market dominance and customer trust.

Case Study 2: Flutterwave – Building Resilience through Scalability

Overview

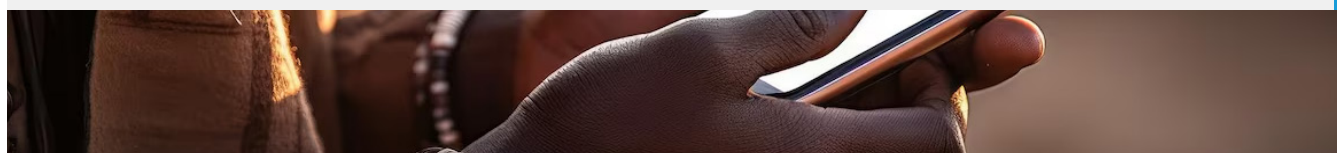


Flutterwave has emerged as a fintech powerhouse, facilitating digital payments across Africa. However, rapid growth came with operational growing pains.

The Challenge



According to Flutterwave's 2021 year-in-Review, as transaction volumes soared, their infrastructure struggled to keep pace – 15% of transactions were delayed, leading to user dissatisfaction and retention challenges.



Strategic Interventions



- **Scalable Infrastructure:** Migrating to cloud-based architecture enabled dynamic scaling and improved system reliability.
- **Real-Time Analytics:** Flutterwave adopted predictive analytics to monitor transaction flows, flag issues instantly, and deploy immediate solutions.

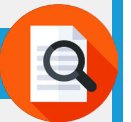
Impact



- **200% Growth in Transaction Capacity:** System upgrades enabled seamless handling of increased volumes.
- **Delay Reduction to <5%:** Real-time monitoring drastically improved service delivery.
- **20% Increase in Customer Retention:** Faster, more reliable transactions enhanced user confidence and loyalty.

Case Study 3: Jumia – Winning with Logistics Innovation

Overview

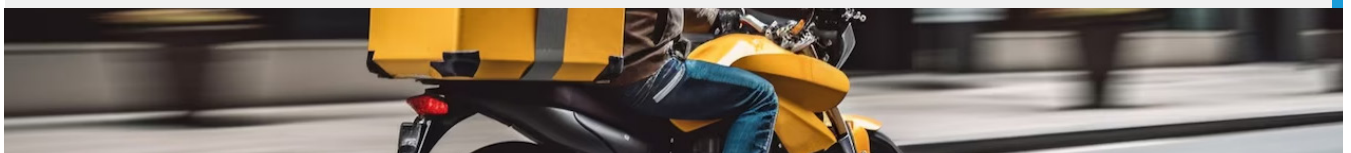


Often dubbed the “Amazon of Africa,” Jumia has played a pioneering role in e-commerce across the continent. Yet, maintaining operational excellence amidst fierce competition proved challenging.

The Challenge



Jumia’s logistics inefficiencies and inventory gaps led to delivery delays and product unavailability. These issues resulted in a 15% drop in repeat purchases and widespread customer dissatisfaction, according to DCF Modelling analysis of Jumia’s operational trends and user experience metrics.



Strategic Interventions



- **Last-Mile Delivery Overhaul:** Partnering with local couriers and upgrading its inventory systems enabled faster, more reliable order fulfillment.
- **Customer Feedback Integration:** Jumia introduced in-platform tools for users to report delivery issues and share real-time feedback, enabling quicker resolution.

Impact



As reported in Jumia's quarterly performance highlights shared via their investor relations portal, they experienced the following -

- **25% Rise in Customer Satisfaction:** Operational improvements directly enhanced user experience.
- **20% Growth in Retention:** Customers returned with greater frequency, reversing prior churn trends.
- **10% Market Share Expansion:** As per internal analysis discussed in their 2024 market update, Jumia onboarded 150,000 new customers in one quarter, regaining momentum in a competitive market.



Common Operational Barriers in the Digital Age

According to a 2023 Deloitte report on Industry 4.0 operational barriers, while the benefits of digital operations are substantial, several challenges continue to hinder execution:

- » **Legacy Systems:** Outdated infrastructure slows down integration and limits real-time capabilities.
- » **Workforce Misalignment:** Employees may lack the training or mindset required to work with new tools.
- » **Data Silos:** Inconsistent data across departments leads to poor decision-making and inefficiency.
- » **Cybersecurity Concerns:** More digital touchpoints create vulnerabilities that require robust protection.

To overcome these, companies need a coordinated strategy that aligns technology, people, and processes.

A Framework for Operational Transformation

To future-proof operations in a tech-driven world, businesses should focus on five strategic pillars:

1

End-to-End Automation

What it means: Replace manual tasks with intelligent automation across departments.

Example: A manufacturing firm could integrate robotic systems on production lines while automating supply reorders via IoT sensors. According to McKinsey, such automation can reduce operational costs by up to 30%.

2

Real-Time Data Insights

What it means: Use dashboards and analytics tools to track performance, identify issues, and adjust quickly.

Example: A logistics company monitoring fleet performance in real-time can reroute deliveries to avoid traffic and improve timeliness. Gartner reports that companies using real-time data are significantly more responsive to customer needs.

3

Cloud-Based Infrastructure

What it means: Shift core operations to cloud platforms to support remote access and real-time collaboration.

Example: A retail chain migrating to a cloud ERP solution can unify inventory, sales, and supplier data across locations. According to IBM, cloud platforms improve data integrity and operational agility.

4

Customer-Centric Operations

What it means: Design processes that enhance customer experience at every touchpoint.

Example: A telecom provider using AI chatbots and self-service portals reduces wait times and improves satisfaction. Salesforce research shows that 80% of customers view experience as equally important as the product.

5

Workforce Digital Enablement

What it means: Equip teams with digital skills and tools to foster innovation and accountability.

Example: A fintech firm offering upskilling programmes in data analysis and automation boosts team efficiency and morale. According to PwC, organisations that invest in digital upskilling see up to 37% productivity gains.



Conclusion



The journeys of Dangote Group, Flutterwave, and Jumia highlight a fundamental truth: in a digital-first world, operational excellence is the cornerstone of sustainable growth. While the challenges are diverse, the solution lies in proactive digital transformation – rooted in innovation, backed by data, and tailored to context.

As AI continues to evolve, digital-first operations will become more predictive, personalised, and adaptive, enabling organisations to respond faster and smarter to dynamic market conditions. Organisations that embrace these principles are not only better positioned to meet today's demands but are also primed to shape tomorrow's business landscape

To stay competitive:

- » **Automate for scale;**
- » **Leverage data for agility;**
- » **Design operations around the customer;**
- » **Invest in your people, and;**
- » **Secure your infrastructure.**

In the digitally-led era, lasting success belongs to those who operate with foresight, flexibility, and speed. The future is not only about being efficient – it is also about being ready.

For enquiries:

mc@krestonpedabo.com

April News Round Up

Introduction

April 2025 was marked by significant developments in Nigeria's Power & Natural Resources (PNR) and Information Technology & Telecommunication (ITT) sectors. Key highlights included the Lagos State Government's interest in power sector reforms and the Federal Government's ₦10 billion allocation for solar power installation at Aso Villa, following the stabilisation of the grid after adding 700MW of transmission capacity. In Oil & Gas, ExxonMobil plans to invest US\$1.5 billion in Nigeria's deepwater oil fields, while the FG approved a modular refinery in Abia State.

Power & Natural Resources (PNR) Sector News

Power

Lagos Expresses Interest in Power Sector Reforms

At the inaugural Lagos Energy Summit, the Lagos State Governor emphasised Lagos' proactive approach to energy transformation through sector reforms. Echoing this sentiment, a former Minister of Power highlighted that unbundling the energy sector would foster competition, modernisation, and attract new investments, leveraging technology. Given Nigeria's vast natural gas reserves

of over 210 trillion cubic feet, the Minister stressed the need to harness this resource for electricity generation. The Governor further emphasised the importance of decentralising power generation and distribution to achieve universal, sustainable, and reliable energy access in the State.

FG Cites Unsustainable ₦47bn Power Bill as Reason for ₦10bn Solar Installation in Aso Rock

The Federal Government of Nigeria has stated that it intends to install a ₦10 billion solar power system at the Aso Rock, citing the unsustainable ₦47 billion annual power bill as the reason. According to the Director General (DG) of the Energy Commission of Nigeria, the switch to solar energy in Aso Rock is in line with the President's

agenda to diversify energy sources and cut the cost of governance. The DG also stated that the development would provide uninterrupted, clean energy, create jobs, foster innovation among Nigerian engineers and energy experts, and ultimately reduce pressure on the national grid.

FG Explore Measures to Bridge Nigeria's Metering Gap

The Special Adviser to the Minister of Power announced that the Federal Government is set to receive 75,000 meters, marking the first installment of a larger procurement of 3,205,101 meters under International Competitive Bid 1 (ICBI) to address the country's metering gap. A second batch of 200,000 meters is

expected in May 2025. As of December 2024, 5,502,460 customers had been metered, representing 55% of Nigeria's 10,114,060 active electricity customers. The government installed 572,050 meters in 2024 alone and is working to close the existing metering gap.

Grid Collapse Averted with an Additional 700 MW

The Federal Government reported a significant boost in Nigeria's power grid stability, due to an additional 700 megawatts of transmission capacity. This increase was made possible through the Presidential Power Initiative (PPI), which secured US\$2.3 billion in funding to upgrade the transmission infrastructure. Notably, electricity transmission and distribution reached a record high

of 5,801.84 megawatts, surpassing the previous record set in 2021. The country has also achieved a generation capacity of 6,003 megawatts. The government appealed to European Union member states for continued technical and financial support, emphasising the power sector's crucial role in driving economic performance and achieving the target of 30GW by 2030.



Oil and Gas

ExxonMobil to Invest US\$1.5 Billion in Nigeria's Deepwater Oil Fields

ExxonMobil has announced a US\$1.5 billion investment to revitalise the Usan oilfield in Nigeria's offshore block OML 138, with plans spanning Q2 2025 to 2027. This initiative aims to increase production by 50,000 barrels per day, supporting Nigeria's goal of reaching 2.4 million

barrels daily by 2026. Pending regulatory approval, a final investment decision is anticipated in Q3 2025. This investment is part of ExxonMobil's broader US\$10 billion offshore investment strategy.

FG Approves Modular Refinery for Abia State

The Federal Government has greenlit the establishment of a modular refinery within the Abia State Industrial and Innovative Park (AIIP) in Owaza. The State Governor revealed that HIS Refinery and Petrochemical Company Limited will lead the project, with construction slated

to begin in May 2025 and operations expected to start by year-end. The refinery is projected to create around 2,000 direct jobs and boost the state's economic growth.

175 CNG refilling stations ready next year

The Presidential Compressed Natural Gas Initiative (PCNGI) has announced plans to commission 175 new CNG refueling stations within the next 12-18 months, aiming to improve access to CNG for Nigerians. This development follows a significant increase in functional CNG stations, from 11 last year to 65 currently. The PCNGI has worked closely with stakeholders, including transport

unions and companies, to boost CNG adoption. In addition, thousands of vehicles have been converted to CNG since January last year, with a target of converting 100,000 vehicles this year. The initiative has also drawn substantial investments, including US\$70 million for the development of seven new mother stations.

NMDPRA, FCCPC urged to protect fuel importers

Stakeholders have urged the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) and the Federal Competition and Consumer Protection Commission (FCCPC) to safeguard the rights of petroleum product importers. Concerns have arisen that growing local refining capacity, driven by new refineries like Dangote's and the revamped Port

Harcourt refinery, both of which may force importers out of business. Experts caution that banning imports could create a monopoly, stifling competition and harming consumers. Instead, they advocate for fair competition and regulatory oversight, allowing importers to coexist with local refineries to maintain market competitiveness and attract investments.

Marketers decry losses as NNPC drops petrol price to ₦880/litre

The Nigerian National Petroleum Company Limited (NNPC) has reduced petrol prices to ₦880 per litre in Lagos and ₦935 in Abuja, following a similar price cut by the Dangote refinery. Marketers have expressed concerns over losses due to the price reduction, with some NNPC filling stations still selling at the old rate to

exhaust existing stock. The National Vice President of the Independent Marketers Association of Nigeria stated that while the price cut benefits consumers, marketers are bearing the losses. To manage these losses, marketers plan to reduce prices further to clear old stock.

Our Final Thoughts

As we conclude our review for the month of April 2025, several key developments stand out. The push for energy sector reforms, investments in renewable energy, and efforts to bridge the metering gap highlight the sector's potential for growth and transformation. The approval of new refineries and increased adoption of Compressed Natural Gas (CNG) signal a shift towards diversified energy sources. However, challenges persist, including concerns over the impact of local refining capacity on fuel importers and marketers' losses due to price reductions.

These developments underscore the need for balanced policies that promote competition, investment, and consumer welfare. As Nigeria continues to navigate its energy landscape, it is necessary to prioritise sustainable solutions that drive economic growth while addressing the needs of various stakeholders. With ongoing efforts to enhance power generation, transmission, and distribution, there is optimism about achieving a more stable and efficient energy sector.

For enquiries:

EnergyandICTGroup@krestonpedabo.com



Lagos Offices:

67, Norman Williams Street
SouthWest, Ikoyi
Lagos - Nigeria
Tel: 01-2919041; 0808 820 8747

27, Alhaji Bashorun Street
SouthWest, Ikoyi
Lagos - Nigeria

info@krestonpedabo.com
www.krestonpedabo.com

Abuja Office:

Ground Floor, Amb. Albert
Osakwe House
1473, Inner Block Street
Central Business District
Abuja FCT - Nigeria

Tel: 0706 546 89824

Legal Disclaimer:

The material contained in this publication is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2025 Kreston Pedabo. All rights reserved. "Kreston Pedabo" refers to the firm of Kreston Pedabo Associates Ltd. or, as the context requires, Kreston Pedabo Audit Services, Kreston Pedabo Professional Services or Pal Nominees, each of which is a separate and independent legal entity.