

ENTREPRENEURS

WE STARTED UP



Photograph: Nabbesh

An inside view on running a successful MENA start-up

From dicey internet, the threat of conflict to difficulties in encouraging payments online, tech start-ups in MENA countries can face some unique challenges.

But that's not stopping Arab youth (and industry veterans) from setting up shop.

BY SARAH ILLINGWORTH

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ometimes the best validation of a product's demand is yourself. After Loulou Khazen, 34, quit her regular day job in Dubai in 2011 with the idea of starting her own business, she struggled to find freelance work, despite possessing a university degree and nine years of professional experience. That led to the realisation she may have hit on a gap in the market.

Within a year, Khazen had participated in Dubai reality television show *The Entrepreneur* with the prototype for Nabbesh ('search' in Arabic), an online skills-exchange website connecting job-seeking freelancers and employers. She won the show's first edition, taking home a cool one million AED (\$272,000) in prize money, as well as free office space for a year and professional services to help grow the business.

"I wanted to create a marketplace, to link people like me with companies that needed workers on a part time or freelance basis," she recalls. Today the site has over 81,572 members, has a 95 per cent fill rate with top-level clients, and has processed over half a million dollars in freelancer payments.

Demand for a service like Nabbesh is indicative of the changing nature of work but also the shifting demographic of the Arab workforce. Roughly 60 per cent of the population in Arab countries is under 25 years old, according to think tank Youth Policy, while the young people aged 15 to 24 constitute approximately 20 per cent of the population. Youth unemployment is a significant worry: according to the 2015 Arab Youth Survey, 81 per cent of young Arabs are concerned about unemployment.

On whether youth believe that government is the answer to unemployment, there is a dramatic divide between the GCC countries

**THE MARKET MAKER**

www.Nabbesh.com

As job markets change world-wide, with more emphasis on freelancing and flexibility, Nabbesh is leading the charge in the Middle East, servicing over 81,000 members and with a 95 per cent fill rate with their top-level clients. Lebanese founder Loulou Khazen found inspiration after experiencing difficulties searching for freelance work after quitting her day job in Dubai. “I wanted to create a marketplace.”

**THE VETERAN**

www.Creova.com

Ramzi El-Fekih opened the Tunis office of his mobile payments company Creova after the 2011 revolution. It offers systems that allow users to make payments using a mobile phone, crucial in countries where phone ownership vastly outstrips bank accounts. His track record includes having lived and worked in the US for 20 years. “If I had to bet on any sector right now in Tunisia, I would bet on IT.”

**THE CODER**

www.IT-QAN.com

Offering ICT consultation and services and with an impressive suite of products, ITQAN for Smart Solutions was founded in Alexandria in 2013, as protests and power cuts added to ordinary business pressures. Founder Rania Redi hopes to establish a technology hub in Alexandria. “I would love to help formulate a powerful generation of technology lovers and adopters, especially girls who code.”

**MASTER OF THE PIVOT**

www.WeziWezi.com

WeziWezi was originally started with the intention of becoming the Arab Twitter, but founder Amer Al-Omari quickly pivoted after Twitter itself began supporting Arabic. The site is now one of the largest Arabic-language entertainment and content sharing portals. “Internet penetration is growing by 30 per cent each year and the Arabic language is the fastest growing language over the internet.”

and the other Arab states. In the Gulf, 68 per cent are confident of their government’s ability to deal with unemployment; for youth in the non-GCC Arab states, just one third expressed a similar confidence; nearly two-thirds lack assurance in their government’s ability to deal with unemployment. But these worries aren’t paralysing: 39 per cent of Arab youth intend to start their own business in the next five years (another 32 per cent said they were unsure). And the sector they most want to do it in is technology, which emerged as the most popular choice ahead of retail, real estate and investment and financial services, according to the survey by PR agency ASDA’A Burson-Marsteller.

Khazen says this preference is a new thing: “There are a lot of entrepreneurs in the Middle East, but tech entrepreneurship is something really, really new. In 2009 there was really hardly any tech ecosystem here. The whole Middle East and North Africa region was just getting started in terms of doing things online.”

Though he spent 20 years living and working in the US, Creova founder and tech veteran Ramzi El-Fekih, 47, favours his home country Tunisia as a base, both because of its proximity to the mobile payments provider’s primary markets in the Middle East and Africa, and because the local tech community is starting to take off. Having initially headquartered the company in Paris, El-Fekih relocated Creova to Tunis after the 2011 revolution. However, while he notes that the country has no shortage of skilled developers and engineers, he believes there is a need for greater government investment and support. For its mobile payments products, Creova has faced difficulties getting approval from the Tunisian Central Bank.

“It’s not just investment of money that is needed, it’s really more of a mindset and trying to make it easier for us to work. It’s promoting the IT sector outside of Tunisia, it’s making administration procedures easier, opening up online commerce for Tunisians.”

Political support for building a digital sector is starting to grow in many MENA countries, but governments are characteristically slow to adapt, or distracted by power struggles. ElWafeyat founder Yousef ElSammaa, 25, believes that investing in IT will be conducive to economic strength overall. “We’re living in the 21st century where everything is digital and it’s time we encourage technical development in this region,” the founder of the Egyptian online obituary service urges.

ElSammaa believes MENA start-ups need education, funding and mentorship. Not only that, but they need to see examples of success from the region—to keep them pushing forward—and space to try and fail with less social pressure. He agrees with El-Fekih that establishing a local base while also cultivating a global outlook is important. “If you’re targeting the MENA region then you have to be where your operations are. If you’re targeting the US market then definitely it can work if you move there. But it will be 10 times harder with all the competition and you have to be ready.”

A twin focus on both building local industry and global scalability is a common theme. For some, that’s just Business 101; for others it’s a practical necessity wrought by conflict and political instability. Launching as a start-up is never easy—especially if you’re coming out of unemployment with no seed funding or financial buffers—but establishing your own tech en-

“We’re living in the 21st century, where everything is digital and it’s time we encourage technical development in this region.”

Yousef ElSammaa, Co-founder and CEO, ElWafeyat.com

terprise in the MENA region can be complicated by some fairly unique problems.

Bassam Jalgha, co-founder of Beirut-based Band Industries describes how a simmering threat of conflict, combined with fledgling internet and energy infrastructure have made it important to both strengthen and protect their company's prospects by establishing it globally. Production of their signature product, Roadie Tuner takes place in Shenzhen, China; their marketing team is headquartered in Seattle; and he and co-founder Hassane Slaibi are about to be based in the UK for six months to focus on cracking the European market.

"The only thing that would actually stop us is war," Jalgha says. "Thankfully, in the past three years that we've been in operation, nothing major has happened, but we're constantly worried and thinking and planning ahead because of that."

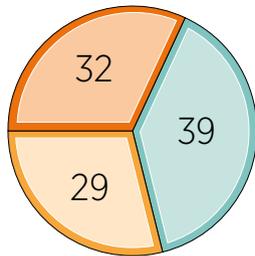
He is, however, optimistic that there may be a silver lining to this insecurity. "I think the lack of infrastructure and the many problems will lead to a better community along the line, because people will

come together and help each other out. That is what I see happening right now in Beirut."

Rania Reda, 42, has also had to troubleshoot the impacts of instability. Based in Alexandria, she started ITQAN for Smart Solutions in early 2013. The street protests and political events that dominated that year in Egypt compounded the usual challenges of starting a business with other factors like curfews and extended power cuts, which made depending on internet servers, PCs and their laptops tricky to say the least. There were "demonstrations and street blocking so employees couldn't come to work," while "economic stagnation and fresh grads flew to other countries, seeking good careers," Reda recounts.

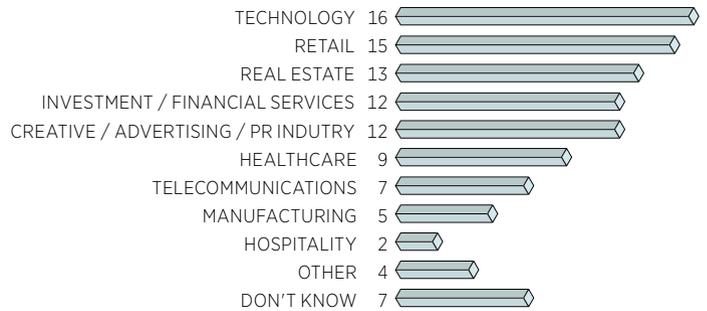
The start-up persevered, and today ITQAN is one of the fastest-growing software development and home automation innovator firms in the region. Reda also works with visually challenged girls through ITQAN's NGO Banat Al Noor, and hopes to establish a technology hub in Alexandria to connect "all female techie gurus and in-

**ARAB YOUTH:
DO YOU INTEND TO SET UP A BUSINESS IN THE NEXT FIVE YEARS?**



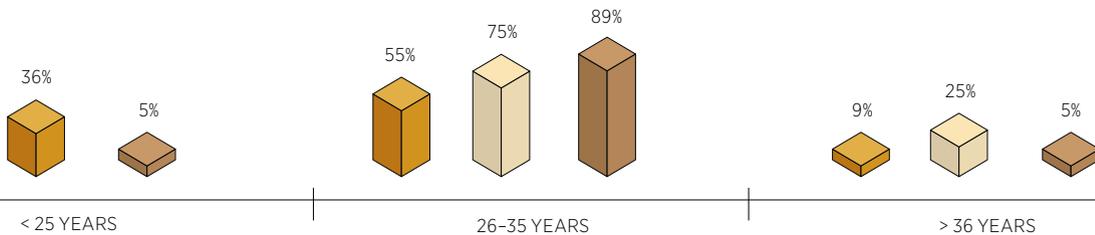
■ YES ■ NO ■ DON'T KNOW

**OF THOSE WHO INTEND TO SET UP A BUSINESS:
IN WHICH INDUSTRY WOULD YOU LIKE TO START UP IN?**



AVERAGE AGE OF START-UP FOUNDERS

- NORTH AFRICA
- LEVANT
- GCC



KNOW THESE COMPANIES

BAND INDUSTRIES

Beirut, Lebanon

Best known for their signature product Roadie Tuner, an automatic guitar tuner and app that is three times more accurate than the human ear.

ITQAN FOR SMART SOLUTIONS

Alexandria, Egypt

The firm offers ICT consultation and services, has developed web-based programmes and apps, and offers augmented reality and home automation.

WEZIWEZI

Amman, Jordan

An Arabic-language entertainment and content sharing portal. A recent sale of 6.25 per cent equity on Eureeca.com raised nearly \$250,000.

NABBESH

Dubai, UAE

An online skill-exchange website connecting job-seeking freelancers with potential employers. Freelancers can create in-depth profiles.

CREOVA

Tunis, Tunisia

A mobile payments platform that facilitates payment services and cash transfers, particularly in markets where access to banking tools is limited.

ELWAFEYAT

Cairo, Egypt

An online obituary service that allows users to quickly announce and receive obituaries, and to send condolences to grieving families.

Source: Arab Youth Survey 2015, ASDA, Burson-Marsteller
Source: Dubai Silicon Oasis & Google MENA

ternet geeks in the area” and equip them with resources, training and mentoring. “I would love to help formulate a powerful generation of technology lovers and adopters, especially girls who code. I believe they have a great potential and commitment, yet face a hard time handling a discouraging environment.”

So, while conflict—along with more obvious hindrances like fledgling internet infrastructure—can slow a company’s growth, Arab youth are still finding ways to set up their own tech start-ups, and thrive. While he acknowledges the impact of political instability on Band Industries, Jalgha is adamant that broad generalisations about the 22-country (depending on who you ask) strong MENA region are unhelpful. Contrast the experience of countries like Lebanon and Syria with those like Jordan, Egypt, Morocco and the GCC, the latter doing particularly well in tech. “I don’t think it’s truthful to say the entire MENA region has issues or bad infrastructure. On the contrary, I think a lot of things are happening.”

The situation in Syria is totally different of course, he notes. “It’s a different scale of problem that they have over there.” But prior to the uprising and subsequent civil war, Syria was advancing. “They had the first hackerspace in Syria before we actually had the hackerspace in Beirut. Interesting stuff was happening there.”

Geopolitics can cast a shadow over the business environment in the region. “The region is less stable than the States or Europe, so developing for the local market is slightly risky,” adds Slaibi. “But if you look at the opportunity, you have about 200 million Arabic-speaking people, who don’t necessarily have huge access to a lot of the technologies that are present overseas.”

Weziwezi.com founder Amer Al-Omari, 32, is also positive about the direction the sector is taking in the MENA region. “Internet penetration is growing by 30 per cent each year and the Arabic language is the fastest growing language over the internet, with a lot of support from new tech companies that are focussed on increasing and enhancing the quality of Arabic content.”

One of the biggest challenges in MENA is e-commerce, says Al-Omari. “I believe we must focus on having full solutions to enable users to pay online easily as well as enabling websites and merchants to collect money. Most MENA internet users are unbanked and have limited access to online payment channels.”

“Online payment is still not working very well,” agrees ElSammaa. “Users prefer to pay cash—which makes it harder for service providers like us who offer online services.” Marketing a product and getting people to adopt new methods is also a perennial challenge.

Practicalities like whether or not people are banked—and set up to make payments online—can be reinforced by cultural and generational resistance to change. Things are slowly shifting, but the transition to a digitally-oriented way of doing business necessitates banging up against traditional modes, and that can be difficult. “Working in the Middle East isn’t an easy task,” says ElSammaa. “It’s hard to make deals with service providers in the industry, sometimes because they’re very fixated on traditional methods. They don’t want to look at anything new.”

“We might speak a common language, but MENA is 22 countries,” adds Khazen. “Each has its own rules and regulations. Although credit card penetration is increasing people are still reluctant to use them online. Internet penetration is getting a lot better, so there is definitely room for growth. We’re still in the early days.”

“On a bad day it really helps if there are other start-ups around, who understand how you’re feeling, and can help you out with a tip or just a nice word.”

Hassane Slaibi, Co-founder and CEO, Band Industries

Female company founders can also face increased scrutiny. Reda says that when the company was first starting out, “many IT associations and banks had doubts that a woman can run a business in the technical software industry so they showed little or no support at all.”

Khazen doesn’t believe she’s missed out on opportunities or funding because of her gender, but says that female founders can be treated differently. “I think starting a business is hard either way—whether you’re a man or a woman. But women have a lot more responsibilities than men when it comes to families, so it makes it that much more difficult. Then there’s the perception that your business is this fun thing that you’re doing, while your husband is working, which is very annoying.” Companies like Creova are helping to bridge practical gaps between the old and new schools of industry by leapfrogging past Western banking and finance systems altogether. A software engineer by trade, El-Fekih built and launched the now multi-national platform after recognising that the number of adults with a mobile phone far exceeds the number of those with access to financial services like bank accounts and credit cards—and that traditional Western systems aren’t the only way to make non-cash transactions work.

Creova facilitates both business transactions and personal banking, encouraging entrepreneurship and making it easier for users to save money. The service has proven effective in unexpected ways: there was a spike in usage in Sierra Leone during the Ebola crisis, as it was considered a more secure way to pay for crucial medication and vaccines.

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The desire to create a product or service that is both profitable and that contributes to the social good is not unusual. Entrepreneurs are thinking not only about finding their golden ticket, but about helping to build or rebuild their countries, socially and economically, in sustainable ways. “I don’t want to give up. I want to give it the best shot,” says El-Fekih. “Even though I can just pack my bags and go to the States—I have a passport, and I have a home there—but I think this is the time where we have to give it its best shot.”

Creating jobs for fellow citizens is another positive outcome of a successful business. “When I started we had zero employees. Now we have 15 people, here in Tunis. It’s small, but it’s still 15 employees, 15 families, being fed.”

While he values being located in Tunisia, El-Fekih advises start-ups to, “think big, think export. Whoever can afford to have a base outside, in the US or in Europe, I would definitely recommend that.”

Jalgha rues the fact Beirut tends to lose a lot of its graduates and thus skilled workers because they leave to seek opportunity elsewhere, and says Band Industries hope to retain some of this local talent by giving them reason to stay. “We’re trying to get them hooked up in Lebanon, keep them here, get them interested in either developing their own start-ups, or to join existing start-ups like ours so that the culture and the mindset will develop further.”

As the start-up sector grows there’s also increased community support, explains Slaibi, one of the things that makes a start-up hot-spot like Silicon Valley so attractive to a tech entrepreneur.

“Building your own company is like a rollercoaster. You have a good day and then you have a bad day. And on your bad day it really helps if there are other start-ups around, who understand how you’re feeling, and can help you out with a tip, or just a nice word. That type of culture is really helpful and encouraging. This is something we’ve been seeing growing more and more in Lebanon.” •