

theexplorer

THE AGE OF THE ENTREPRENEUR

How a new generation of pioneer is breaking the chains of business orthodoxy to create its own opportunities

NATURAL WONDERS

Preserving some of the most delicate corners of the Arab world is creating exciting new opportunities



Logistics is the infrastructure of life. In today's world, nothing can take place without some form of logistics. At Aramex we are at the heart of this exciting industry which is as old as civilisation itself. We launched *The Explorer* to introduce you to our world, a world of racing against time and challenging the odds so the essential goods and services in your everyday life are always there – where you need them and when you need them.

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Celebrating Change and its Protagonists



"Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced."

Peter Drucker

No one sums up the importance of innovation and entrepreneurship better than the father of modern management, Peter Drucker – and there is no better way to introduce our latest issue of *The Explorer*. Our fourth edition highlights the rise of a generation of dynamic and innovative entrepreneurs in emerging markets. These entrepreneurs have enriched their local economies and developed their communities, building salient businesses and vibrant organisations. As we seek to deliver sustainable growth, it is crucial to foster and encourage these “emerging change leaders”, who have embraced risk and confronted hurdles to create opportunities for themselves and others.

Entrepreneurs do not wait for change; they constantly seek to deliver it. They question the status quo, experiment to find innovative solutions and mobilise the resources needed to address the challenges at hand, while learning from every failure along the way. Therefore, it becomes a must to support and empower those active citizens to be the change they want to see in society, by providing them with the proper enabling environment.

This task is more critical than ever, and it should begin with placing education at the forefront of our priorities. We need to teach and encourage the next generation to become more curious and creative, to question and be critical, to become problem solvers rather than solution implementers. All of this requires a major shift in mindsets and serious reforms in our educational systems. The private sector needs to play not only an active role, but to become the principal force in bridging the disconnect between what educational institutions produce, and what our youth need in order to create their own opportunities. We have the necessary knowledge, experience, tools, expertise, networks and capital to help launch, guide and mentor the next generation of entrepreneurs.

As an entrepreneurial endeavor that started 28 years ago, Aramex continuously strives to maintain the entrepreneurial spirit within its core fabric. Every person at Aramex is an entrepreneur in their own right – both questioning and innovative, they are empowered to find solutions to our customers' challenges. We also put our entrepreneurial skills at the service of our communities and stakeholders – as we team up with social entrepreneurs, organisations and other activists to probe into the pressing matters that our societies face.

This issue of *The Explorer* showcases some of the most exciting entrepreneurial stories from emerging markets. I hope that browsing through these successes and learning about the stories behind them and the potential they embody, inspires you to help shape a new, positive future. It is clear that young entrepreneurs and their ingenuity must be at the heart of it. After all, the brain is the only renewable source of energy that we have.

Best regards,

Fadi Ghandour
Founder & CEO, Aramex

A handwritten signature of Fadi Ghandour in black ink.

theexplorer Navigator

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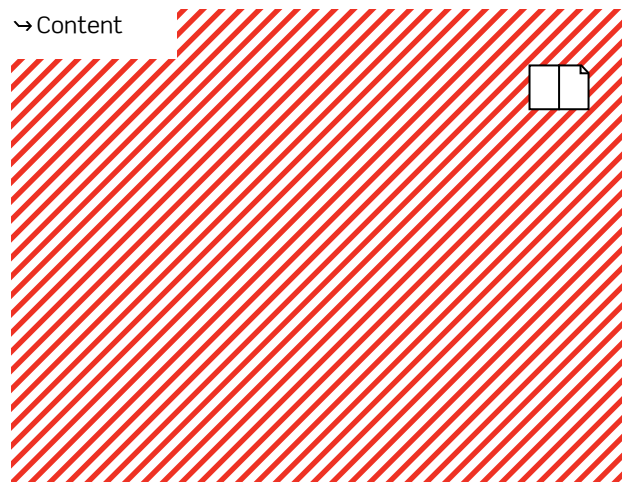
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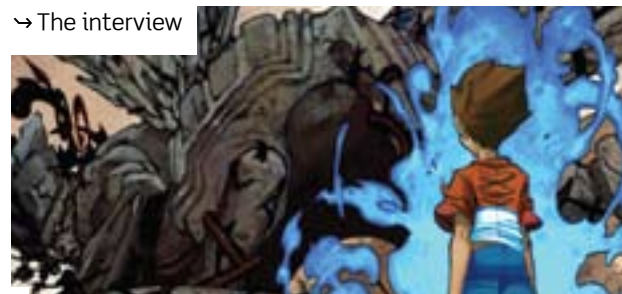
Intrapreneurship

Aramex is trying to instill a culture of internal entrepreneurship to innovate new products and the best in customer service.

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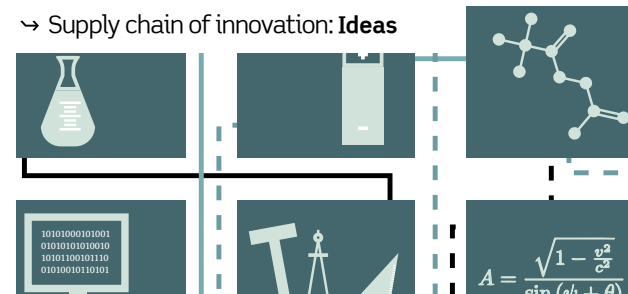


Drawing strength

Aranim is a new media powerhouse, delivering new heroes to Arab youth with a positive, progressive message.

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Established and growing businesses in the region are making full use of the popularity – and opportunity – of social networking sites.

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Despite the unprecedented success of Maktoob's sale to Yahoo, Samih Toukan still has the fire to keep innovating.

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The post-invasion landscape of Iraq is set for an unprecedented growth in new business activity – essential for peace and growth.

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It's not the idea that's important these days, it's the ability to secure the funding. In Jordan, VCs are emerging to fill the gaps.

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Sir Richard Branson's empire has been built on doing things better, sharper and with more attitude than any of his rivals.

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Henry Ford

The pioneer who revolutionised industrial production and employee conditions, and who always saw failure as an opportunity.

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Cover image: Aranim

The Explorer investigates the key trends at the forefront of entrepreneurship.



Fostering **intra**preneurship

Aramex is trying to instill a culture of internal entrepreneurship in its daily operations to continuously innovate new products and services

//// The word “entrepreneur” has certain connotations. Whether the late-night inventor developing a new technology amid a pile of pizza boxes, or the opportunity-spotting shark in search of a quick buck, an entrepreneur is often cast as a loner swimming against corporate currents. But Aramex understands that entrepreneurship isn’t just individual, isolated inspiration. The company has long fostered the values of entrepreneurship throughout the organisation – creating a culture that empowers every employee, embraces innovation and promotes creativity at each level.

Aramex’s decentralised and flat management structure has been key to empowering individuals to make decisions to enhance the company’s service, at whichever location they’re based or whatever level they operate. Aramex not only believes that autonomy encourages innovation, but that a strong corporate culture ensures solutions are ultimately built on collaboration and cohesion.

“A person has to be creative in the work he or she is doing, continuously working to make things better,” says Iyad Kamal, Aramex COO, who has led the drive to capture the best ideas emerging in the company. He believes it is those at the frontline, those exposed to customer feedback, who can develop the most innovative solutions.

It’s the kind of thinking that led to the development of the Shop&Ship service, which

opened up British and American online shopping to Middle Eastern consumers. “It came from understanding market demand,” says Iyad Kamal, who played a key role in its development. “Customers had requests to deliver goods from the US to Jordan using addresses they had in both countries.”

As demand grew, the Aramex team suggested developing a new service that would grant every customer an address in the US to which they can order products online and have them delivered to their homes in Amman. Within two years, the Shop&Ship service was launched and, having overcome relatively low credit card usage in the region, has since grown into one of the best e-commerce services in the Middle East.

Addressing the issues

The development of the address management system, whereby customers’ addresses could be identified simply through a phone or account number, was the result of the entrepreneurship of Faris Fallouh. Back in 2003, it was customary for Aramex team members to call prior to a delivery to confirm an address, irrespective of how many times Aramex had visited a property.

Faris Fallouh proposed a phone number tracking system that was successfully implemented in Amman and was then rolled out to other stations across the Aramex network.



“The system saves up to 3,000 out-bound calls a day,” explains Faris. “We now have over 1.3 million addresses in the system, resulting in increased efficiency at the ground operations level.”

According to both Iyad and Faris, the creation of new services to increase customer satisfaction required drive and tenacity to deliver. “Obtaining buy-in from stakeholders can be a big challenge,” says Iyad. “Entrepreneurial initiatives always require a lot of hard work, and it is never easy, but you have to find an environment that allows creativity and has the infrastructure to allow you to excel.”

Aramex has been able to create this very environment and has proof of both its potential and its results. As Faris concludes, “Once you overcome the mentality of ‘if it’s not broken, don’t fix it’, then anything is possible.”

“A person has to continuously be creative in his work, making things continuously better.”

Iyad Kamal,
COO Aramex

CONDITIONED FOR SUCCESS

Interview: James Montague

Making air conditioning greener and cheaper might well be the greatest invention in history. Has Mathew Holloway cracked it?



//// If a business TV channel goes in search of the best new sustainable business idea, and the producers uncover an air-conditioning unit that reduces energy by 90 per cent, they perhaps should have cancelled the show and declared a winner. But, CNBC soldiered on with *The Good Entrepreneur* and gamefully allowed other innovators to present waste water products and social stock exchanges, but it was no surprise that young Brit Mathew Holloway and his Artica product won the \$350,000 development fund. But what's next for the Good Entrepreneur, and when can we buy his invention?

First of all, congratulations on winning the contest. How did you come across your idea?

Mathew Holloway: Well, it wasn't solely my idea. It was a research collaboration between Imperial College London and the Royal College of Arts. Air conditioning systems seemed an interesting subject to tackle because they make the surroundings warmer with the energy they create in use.

Is there still some distrust in business towards green technologies?

MH: You have to be careful of "green wash", when people try to portray their products as green when they often aren't. We sell this on its benefits, and by that we mean primarily cost savings. We don't play the green card too often. We come from an engineering background and everything is expected to be sustainable and environmentally responsible in the first place.

How has the market responded?

MH: It has pretty much been positive although it is a chicken and egg situation: unless you have a lot of

customers, no one will commit and vice versa. There are some strong drivers though – there's a move to have zero carbon buildings by 2020. No one has a clue as to how they will do that, but this can help.

How can the business world encourage entrepreneurs like you?

MH: There is no great connection between education and the business world. It would be great to have businesses paying to help develop ideas as funding is always an issue with an early-stage company.

What advice would you give to budding green entrepreneurs?

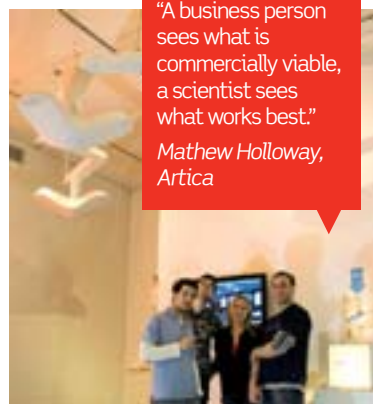
MH: It depends on the entrepreneur. If you come from a science background, you have to talk to the customer more – you have to fulfill a real need. Sometimes a business person sees what is commercially viable, a scientist sees what works best – and you are nothing until you get your first customer. Other than that, it's the same with any business: spend your money wisely. Also, work with people who aren't like you. Bringing someone in who thinks like you is the worst thing you can do as you always need to be challenged.

How did you spend the money?

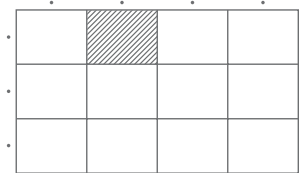
MH: Keeping the business going! We didn't go crazy and buy a load of pink chairs. But we got some great industry contacts.

Where will you be in ten years time?

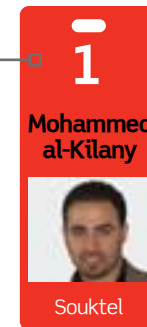
MH: Hopefully I'll be retired and cycling in the hills somewhere!



"A business person sees what is commercially viable, a scientist sees what works best."
Mathew Holloway, Artica



Entrepreneur in focus



Facilitating both job seeking and NGO communication through SMS, Souktel has managed to empower entire communities across the West Bank. The mission, says Mohammed al-Kilany, is "Changing lives. One text message at a time" by helping both those who need aid and those who deliver it.

What was your "Eureka" moment?

Mohammed al-Kilany: Jacob Korenblum and I met in 2007 when he was doing an internship with Ruwwad to empower youth in Palestine. During his Masters, he'd proposed harnessing the power of SMS and, when we applied that to the challenges of job seekers as well as the NGO community in Palestine, we thought about a tool to create connections and link communities. My IT background helped me to develop the software and Jacob's business background helped in the strategic planning.

How long did it take to go from original idea to commercial project?

MK: It took us around 18 months to turn it in to a functioning business model.

What was the biggest challenge you were able to successfully overcome?

MK: We use new technology, so we have to employ a lot of effort to convince people to use it, and that requires building trust with the community, as well as conducting surveys and demonstrations. Trust was also important in pushing women to register for a service that needs their phone number. Thirdly, funding was a huge challenge and we had to pay from our own pockets to develop the software and launch the product. But we all believed we'd survive and achieve our dream.

What are the key barriers to entrepreneurial development in the Middle East right now?

MK: Fundraising! It's not easy to find people to support your project, especially in Arab countries where investors and businessmen don't trust youth's ability. In Palestine, the political situation means that finding investors is difficult as it's seen as unstable.

What key piece of advice would you give to other Middle Eastern entrepreneurs starting their journey?

MK: People should have faith in what they're doing and expect challenges and failures along the way. Also, entrepreneurs should share their vision with their team since they're all in the same boat and can each have a specific role to help it stay afloat!

The Explorer investigates the key trends at the forefront of entrepreneurship.

METEOROLOGICAL RISE

Egyptian tech start-up Vimov is one of the new generation of iPhone application developers. Now they have created one of the first iPad apps, underlining the global possibilities of this burgeoning market



"We knew there would be a gap in the market for a casual, more simple weather app."
Amr Ramadan
Vimov

In the world of Apple, where form no longer bows to function, artfully forecasting the weather is sufficient to create a storm of success. And in the ever-expanding application planet – for the iPhone and now iPad – that storm can be unleashed from anywhere. Egyptian company Vimov demonstrated this in April with their Weather HD, a simple app that renders the daily forecast in lush high-definition videos – laying claim to be the world's first independently created iPad app.

Simplicity, it seems, is key. "If it rains, you'll see a beautiful video of the sky raining, or a flight through the clouds if it's a cloudy day," says Vimov general manager Amr Ramadan. Transforming daily weather information into a rich visual experience has also translated into a sunny bottom line for Vimov; as of April 1st, two days before the iPad launch date, Weather HD became the fourth best-selling paid iPad application, ranking only below Apple's own Pages, Numbers and Keynote.

"We'd been successful with the iPhone application, and knew about the approval processes and timings," Ramadan says. "And about three weeks before the iPad's release, rumours spread that Apple would not include a weather application. While we were positive that The Weather Channel and AccuWeather would release weather-related apps, we knew that there would be a gap in the market for a casual, more simple one."

Vimov's ability to fill this gap on a tight schedule proved crucial to their

success. Inside just two weeks, Vimov created an application that "looks stunning and is very easy to use, yet is not limited in functionality". Weather HD's booming sales in a market that Vimov estimates will climb to \$1 billion in the next year has made the start-up's story an entrepreneurial fairytale.

Yet Vimov's tale yields lessons beyond those of timing and style. The Alexandria-based company was founded in 2008 with a goal of global-scale innovation, in contrast to a dominant software culture in the Middle East, which focuses on delivering outsourced services to American and European markets. But, according to Ramadan, outsourcing "lacks the challenge and success potential that are otherwise possible when creating software products".

To break this mold, Vimov created a business model that allocates 50 per cent of its resources for outsourcing and funnels the remaining revenue into its own app development. With mobile download rates in the Middle East among the highest in the world, the business plan looks a sound one.

Vimov's other apps include iSimulate, a tool developed to support iPad app development, underlining their hybrid agenda of consulting and developing in the mobile app industry. "If you believe that you can do something, don't let others' opinions bring you down," says Ramadan, who was told repeatedly his approach was 10 years too soon. "If others in the US or Europe can do it, there's no reason you can't."

SOLUTION EVOLUTION

3. Mobile phone

The mobile phone may seem as necessary as your right hand these days, but their development has come within a lifetime



1910

Lars Magnus Ericsson creates the first "car phone", which worked by connecting it to the national telephone network with long wires.



1947

AT&T and Bell Labs ask the US government to allocate radio-spectrum frequencies for mobile research. They only offer enough for 23 same-time conversations.



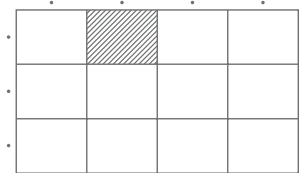
1957

Prince Phillip has a car phone fitted into the trunk of his Aston Martin – the first in the UK. An entire radio frequency is dedicated solely to his calls.



1977

After gaining frequencies for a "cellular" system consisting of many small broadcast towers, AT&T and Bell Labs begin public trials.



Entrepreneur in focus

2

Elie Khoury



Woopra

As co-founder of iFusion Labs in Lebanon, Elie was one of the men responsible for Woopra, a real-time web tracking application with an excess of 100,000 fee-paying users. Elie also created YallaStartup, a project that seeks to support Middle Eastern tech entrepreneurs.

What was your "Eureka" moment?

Elie Khoury: I'm not sure about a Eureka moment, but the turning point was the day I launched the service and realised that there were people who really needed it. That proved us all right!

How long did it take to go from original idea to commercial project?

EK: From the idea to the point of going "live" was around two and a half years.

What was the biggest challenge in developing your business that you successfully overcame?

EK: There is a generally weak ecosystem for entrepreneurs or SME development here.

What help or resources do you wish you would have had when you were starting out?

EK: The right connections very early on in the process, especially experienced mentors to guide me through the more difficult parts.

What are the key barriers to entrepreneurial development in the Middle East right now?

EK: The education systems and curricula in schools around the region are holding us back, definitely. But a lot more government support is also needed at the funding level.

What key piece of advice would you give to other entrepreneurs starting their journey?

EK: Stop wasting time looking for support and commit to perfection.



1981

Nordic Mobile Telephone launches the second 1G network in Scandinavia – the first to feature international roaming.



1983

Motorola releases the first portable mobile, the Dyna 8000x. It weighs 0.8kg, has one hour of battery life and the ability to store 30 numbers.



1992

The first ever Short Message Service (SMS) is sent via computer over UK's Vodafone network on December 3rd, saying, "Merry Christmas".



1993

Bell South & IBM debut the Simon Personal Communicator, the first cell phone with email, fax capability, and calendar. It retails for \$900.



2002

The T-Mobile Sidekick is released, the first with a web browser. Sanyo and Sprint release the Spring SCP-5300 PCS with a digital camera.



2007

Apple releases the iPhone, which features a touch screen. It initially retails for \$499 with 4GB of memory and \$599 with 8GB of memory.

The Explorer investigates the key trends at the forefront of entrepreneurship.

HELPING HAND

Access to financing might be a common problem for entrepreneurs, but Feroz Sanaulla, a leading regional investor, believes they first need to demonstrate their own commitment to their businesses

Interview: Feras Hilal

For many Middle Eastern entrepreneurs and start-up companies, access to funding is perhaps the most critical concern as they build their business – not least in an era when credit lines are shortening and in an environment that is already risk-averse. It was little surprise then that funding and finance played a key part of ArabNet, the first dedicated web business forum in the Middle East, with a special – and very well-attended – panel dedicated to the topic.

One of the main participants was Feroz Sanaulla, director of Intel Capital for Middle East, Turkey and Africa, an investor in some of the region's successful web start-ups including Jeeran and ShooFeeTV. He sees many entrepreneurs developing good ideas, but failing to realise their potential due to several common mistakes.

In a region where VCs and angel investors are not as prevalent as in other parts of the world, what is your assessment of access to capital for entrepreneurs and start-ups in the Middle East?
Feroz Sanaulla: Well, firstly, global VCs do not have the same understanding of local market dynamics – we would only invest if we can see local investments being made first. We bring a different kind of value to start-ups, such as a more globalised market and access to entrepreneurship as a set of values and a mindset. Also, we increase the competitiveness of the local market in the global marketplace. Another way of looking at it is that we look at no more than 200 business plans a year from this region, which is lower than most other parts of the world. So the lack of VCs could be attributed to the lack of business pitches!

As an angel investor, what characteristics or factors do you look for when deciding whether or not you will invest in a start-up?
FS: I look at two things: the entrepreneur and the business model. When it comes to the entrepreneur, I look at the amount of money they have already invested, their track record and level of financial commitment. I have

Investors Beware!

Entrepreneurs may be the drivers of economic growth, but if a new investment sounds too good to be true, it probably is

Words: Alex Ritman



TOWER OF CASH

There have been few con men more productive than Victor Lustig who, with 45 known aliases, racked up 55 arrests in the US alone. His most famous scam came in 1925 when he used false paperwork to sell the Eiffel Tower, which he claimed was being ripped down because the French government couldn't afford the repairs. When no one followed up on his clear crime, he proceeded to sell it again – only this time the second buyer called the police and he was forced to flee Europe.



MAGIC MONEY

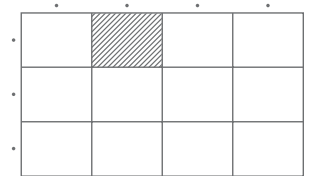
Get-rich-quick schemes rarely come quicker than that promised by a pair of cunning African tricksters in Dubai in 2009. Three unsuspecting locals were somehow convinced that they could double Dhs250,000 using “magical powder”, in which notes would multiply when placed in a plastic bag. Of course, when the bags were opened, they were full of counterfeit notes and their original cash had disappeared with the magicians.



THE GREATEST PYRAMID

Bernie Madoff may be the newest byword in fraudulent investment, but the man who gave these schemes their name was Charles Ponzi. In 1920s America, Chuck promised his Boston friends that he'd double their investment in 90 days via postal reply coupons. In just a few months, he'd raked in millions of dollars as people mortgaged their homes to get in on the action. However, when a few investors wanted to withdraw their money, it simply wasn't there.





been approached by many entrepreneurs who drive Porsches, and the first thing I ask them to do is to sell them! When it comes to the business model, one thing is crucial: how to take one dollar from the customer and put it in your pocket. This might be a no-brainer, but the business model needs to prove that it can generate a clientele, or otherwise it is not viable.

What advice or steps can entrepreneurs follow to receive the funding their business needs?

FS: There are three important things. In the tech space, the first is to have one great idea. Google had a great idea from the beginning and then, with time, figured out a way to monetise it. Technology, although important, never really sells itself, so it's not the core of a business model. Ideas, however, are. Secondly, forget about the money. Usually, it takes more time and cost than entrepreneurs usually estimate to set up a company. Finally, and I cannot stress enough how important this is, surround yourself with talent. Team-building is vital. I personally prefer investing in a team than in a sole entrepreneur, because more input, stronger decisions and ideas come from a team – especially one that accepts that smarter people do exist.

What are the common issues or challenges that an entrepreneur makes in the early stages of building their business?

FS: A big problem in the first two years is that many entrepreneurs remain doers, instead of becoming leaders. Entrepreneurs need to leverage the skills of their team and to be able to step back and build a more holistic vision. So a big problem is when your business gets in the way of taking care of your business. Not getting seed capital is also a problem, so an entrepreneur should be prepared to seek institutional financing – although this is something that most entrepreneurs shy away from. Start-ups need to govern their finances properly and churn out a robust, financially-scalable structure.



"The business model needs to prove that it can generate a clientele, or otherwise it is not viable."

Feroz Sanualla

Entrepreneur in focus



Part social network, part Zagat's guide, Qaym.com specialises in user-generated reviews of restaurants across the Middle East. Founded in Riyadh by Jihad Alammur, it already boasts a community of 24,000 users, all of whom have created the most democratic, and often instant, dining critiques in the region.

What was your "Eureka" moment?

Jihad Alammur: I wanted to create something that is similar to Amazon's reviews, as we needed that in the region – there's very little out there for local venues. My vision was to apply it to everything – restaurants, food, clothes, shops, barbers, etc. I'd wanted to be an entrepreneur since university, and had started with the idea of delivering food, but without the logistics I opted for delivering relevant consumer information.

How long did it take to go from original idea to commercial project?

JA: I worked on it for two years, and it's now been two years since Qaym.com's launch and we are quite happy with the results!

What was the biggest challenge in developing your business that you were able to successfully overcome?

JA: We had several problems with the site but we really wanted to stick to our launch deadline, so we got it out there with bare minimum functionality and kept on adding new features as we went along. Other problems involved user adoption, and the fact that people were accustomed to forums but not yet into web 2.0.

What help or resources do you wish you had when you were starting out?

JA: Online payment systems and product fulfillment are two major issues for e-commerce in the region. Also, we need more access to funds and to venture capitalists, especially investors who can also act as consultants, people with a genuine interest vested in your business who you can turn to for advice. We also need more success stories to be celebrated and more role models who embody and personify this role in the region.

What are the key barriers to entrepreneurial development in the Middle East right now?

JA: There's no genuine entrepreneurial culture here, at least not in Saudi Arabia. People still tend to cling to the comfort of their jobs and the stability that they offer. We need more incubators like Bader.

FREE ENERGY

A scam is one thing, but claiming to have broken the laws of science is another. In 2006, Irish company Steorn said it had developed a technology that could produce "free, clean and constant energy", in clear violation of the law of energy conservation. Steorn's claims never bore fruit, as two public demonstrations of the "magnetic" energy production didn't convince the scientific community. But Steorn is still going and says it will be commercialising its product this year. But who will buy it?



OLD MONEY

If people believe that giants once roamed the Earth, why not make a substantial amount of cash from it? In 1869, workmen in a small town in the United States "unearthed" a 10-foot-tall, 3,000lb petrified stone body buried on a farm. Sticking a tent over the "Cardiff Giant", the land-owner charged 50 cents a look – and he soon made a fortune. Sadly, the giant was merely a carved block of gypsum. But people still came to see it – and indeed still do.



The Explorer looks at an industry sector that shows strong potential for entrepreneurial activity.

SPECIAL MOVES



The world of gaming has proved to be one of the great wells of entrepreneurial activity in the last decade, and the Middle East is now beginning to jump in, too

Words: Liam Nelson

It is an industry that has already eclipsed Hollywood in scale. It can cut across cultures in a way films can't. It engages and connects people across the world simultaneously, irrespective of language or location. The world of gaming is an ecosystem that harnesses some of the most creative minds and is at the forefront of many technological developments – and now the Middle East is starting to make its contribution felt.

Pixel Hunters, a Dubai-based company that provides creative services ranging from conceptual design to 3D animation for films, TV commercials, games and other forms of media, is highlighting the strides made by regional companies. Dr Ani Atanasova, the company's director of sales and business development, recently accepted an International Award for "Best 3D visual effects for gaming product" at Balkan Electronic Gaming Expo 2009 for its short game animation movie *Motormania*, helping to boost Middle Eastern gaming's profile in the international market.

While *Motormania* has a fairly universal premise, companies like Quirkat, with studios in Dubai and Amman, are developing games with strictly Arabic cultural content. In conjunction with their online gaming site Fuzztak.com, Quirkat recently launched Al-Moosiqar (The Musician), a musical game based around the traditional oud instrument. Quirkat CEO Mahmoud Ali Khasawneh explained that Al-Moosiqar represents Quirkat's "commitment to

building unique gaming experiences generated from our culture and heritage. We consider the oud game an important part of our mission to bring Arab achievements to the gaming world."

Cultural awareness in gaming is also at the heart of a new company currently being formed by Jordanian entrepreneurs Gaith and Yazan Kawar. They hope that offering purely local content can create a unique offering in the competitive world of multi-player games. "In the Middle East, we really don't have any 'cool' heroes to aspire to," says Yazan, who is planning to launch their first PC-platform game, based on local history, in the spring of 2012. "So, what we're aiming to do is reach the youth of Jordan and the region through what we believe is the most effective channel: video games. We really hope to inspire them through culturally relevant and historically accurate games – offer the message in an engaging and fun way."

Developing market

"The Middle East has one of the biggest gaming communities, but there are relatively few companies in game development," says Asim Iqbal of Dubai's Pixel Haze, which develops games for consoles and PCs. "Not many gaming companies are shifting here, and that's because they're skeptical about this region's potential. But we think the potential here is actually very strong, and we plan to capture the market."

Pixel Haze is a small start-up, but MENA-region gaming companies are also now

WHAT HAVE YOU EXPLORED TODAY?

Aramex customers answer what issues, ideas or places have warranted further investigation



Kelly Li
Manager, Samsung Ltd
China

"I actually explored the idea that Pandora, the planet in the movie *Avatar*, is not simply a representation of Earth, but is the ideal model for all humanity today. When the movie ends, the conclusion is typical, but the emotions that unfolded throughout the movie as the story progressed revealed layers that weren't always obvious on first sight. It was unbelievable and memorable for me."



“We think the potential in the Middle East is very strong, and we plan to capture the market.”

blending traditional entrepreneurship with corporate partnerships to provide much needed investment. For instance, Abu Dhabi Media Company has teamed up with Gazillion Entertainment to form a UAE-based gaming studio. Similarly, Gamepower7, a developer and publisher of online games, emerged as the first company in the Middle East to specialise in the business of Massive Multitplayer Online (MMO) games. Gamepower7 was co-founded with Weiss Investment, and represents an intersection of industry know-how and venture capitalism. Fadi Mujahid, a University of Texas-educated programmer from Syria, brought over ten years of programming experience to the table when he formed Gamepower7 with Weiss in 2007.

The one thing that unites founders across the world is the drive to start something of their own. In this age, when the popularity of the iPhone has minted more than a few millionaire programmer-entrepreneurs, the possibilities are certainly enticing – if the challenges are confronted head-on. The MENA region might not yet be a major player on the international gaming stage, but the likes of Asim Iqbal and the Kawars are working hard to change that.

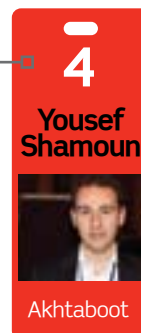
“Creating a game that will rival the international market in player experience is no small feat,” says Yazan, who also mentions the ever-present danger of piracy. “But it can be done. We have the talent, the motivation and the vision to reach this goal. Nothing good comes easy, right?”



Sanjay C. Chandraratne
Marketing Manager, A&E
Sri Lanka

“We continued to explore opportunities in our business. Our tagline is innovate, create and deliver, and in the garment industry we are always exploring ways to tailor delivery times according to customer needs. Our partners at Aramex play an active role with their unique logistic solutions. We also explored the ideas in the *Explorer* article “Leap of Faith”, on the positive attitude of the Aramex management team.”

Entrepreneur in focus



One of the most prominent and successful online recruitment agencies in the Middle East, Akhtaboot started stretching out its tentacles in 2007, when Yousef Shamoun and Mohammad Haj Hasan realised there was a genuine need to connect job seekers with the right career opportunities.

What was your “Eureka” moment?

Yousef Shamoun: I was studying for my Masters at Georgetown University and one of the guest speakers was Richard Castellini, VP of marketing at CareerBuilder.com. As someone who had tried to find work after my undergrad, it made me realise we didn't have this kind of service in the Middle East, and when another course then talked about unemployment being one of the biggest challenges in the region, I understood this could be an opportunity. When I returned to Jordan, I met Mohammad Haj Hasan, who was also thinking along these lines and we decided to work together.

How long did it take to go from original idea to commercial project?

YS: Ten months, and most of that was spent on developing the website. We started in August 2006 and finally launched in June 2007.

What was the biggest challenge in developing your business that you were able to successfully overcome?

YS: There was a different challenge at every stage, from developing the site to finding a good team – and we're a recruitment company! – to finally getting that first client. I don't think there was a stage when it was smooth sailing. Funding was also an issue, of course. We pretty much funded everything ourselves, with some support from our freinds and family, until we received our first proper paycheque.

What help or resources do you wish you'd had when you were starting out?

YS: Mentorship. We had to learn about this business as we went along, and it would have been extremely useful to have had someone to talk us through certain problems or give us advice at key times.

What are the key barriers to entrepreneurial development in the Middle East right now?

YS: It's still difficult to start a business in the Middle East, whereas in Canada it takes 20 minutes! We need better access to funding and an educational system that teaches youngsters to think critically, too.

The Explorer investigates a contemporary issue at the heart of social entrepreneurship.

HOPE THROUGH INNOVATION

Words: Farah Shanti

To create an economically and socially positive future, Al-Nayzak is empowering younger generations in Palestine with the ability to think logically, critically and creatively. Founder Aref Hussein shows us how



Children are our future. As overused as that trusim is – and we certainly hope someone comes up with something fresher to demonstrate our belief in the next generation

– it is still undeniable, especially in our globalising, economically-challenged world. And yet, when it comes to empowering the next generation, there are still fundamental gaps in education and workplace training across the Middle East, which reduces their potential for positively impacting their societies.

How, then, do we promote innovation and resilience in Arab youth to ensure they can provide the desired future for themselves? According to Aref Hussein, founder of Al-Nayzak for Supportive Learning and Scientific Innovation in Palestine, the efforts must start at the earliest possible juncture: in the classroom. “The Palestinian Curriculum for Technology is a national programme for anyone between the ages of 10 to 18,” Aref says, “and so should be a matter of national pride. Yet it can never be. With its below-par content and outdated practices, it will only ever produce unskilled students with no ability for critical thinking.”

In Palestine, as in other Middle Eastern countries, the school curriculum is based on students’ ability to memorise specific knowledge, a methodology that is later applied in universities. This strategy, Aref believes, creates a generation of adults with no analytical skills, or even motivation to be a part of the society at large. “These students will not mysteriously learn how to fulfil their civic duties when they’ve finished school. They need to be a part of a system that prepares them for the real world!”

Such thinking pushed Aref to create Al-Nayzak in 2005, a non-profit, non-partisan organisation that sponsors a scientific incubation programme for young inventors, pairing them with experts in their field. “We want to embody the concept of ‘thinking through play’, of learning science through new and exciting methods. This way, we can teach students logical, critical and creative thinking, and provide the appropriate atmosphere and programmes for them to invent and produce.”

Reshaping the future

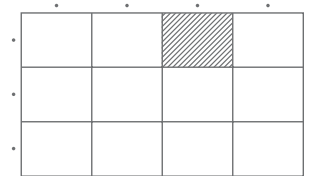
As inspiring as Aref’s words are, it hasn’t been easy to instill this sense of change in the public. Only days before we speak, Aref and his colleagues had to deal with a student-led protest against the dynamic new curriculum that was about to be introduced. It isn’t only the students who protest, of course. Teachers, who are incapable of passing on thought processes as opposed to chunks of information, find the new methods

just as frustrating, as do the headmasters and supervisors that Al-Nayzak has to deal with.

“Anger from students and teachers you can forgive, since the former are worried about the grades and the latter about job security. But the stakeholders in the educational system can be the most complicated to deal with. They know all the right aspects – quality of education, improvement of student skill levels – yet there is a huge difference from speech to practice in support of the new changes.”

The challenge here, says Aref, is to convince these professionals that if they want to help create a state that is self-reliant, they must invest in education. “Palestine’s gifted students, who want to bring their ideas to life, have to emigrate to find opportunities to progress. If we want to stop this from happening, we need to introduce positive change into school and university curricula.

“The Palestinian situation – politically and economically – has to improve,” adds Aref. “This is not a cheap labour market, nor a secure one. The only capital we can, and must, invest in is our young people, to help them create ideas that will attract capital. If we start this process from now, in 10 years time we’ll have young entrepreneurs with excellent know-how. It’s no understatement to say that our children really are our future, in Palestine and the rest of the region.” And for now, that is the most eloquent – and crucial – slogan our businessmen and women can live by.



"We want to embody the concept of thinking through play."
Aref Hussein



"It's no understatement to say that our children really are our future in Palestine."

Entrepreneur in focus



TasmeemME was founded a year ago by Noor el-Fadl to provide creative talents across the Middle East with an online networking tool, connecting young designers, filmmakers and artists with job opportunities. From trying to find work herself, she ended up creating a site to help others do the same.

What was your "Eureka" moment?

Noor al-Fadl: There wasn't one really. As a freelance designer, I was aware of the limited tools available to creative talents across the region for networking, marketing their work and connecting with clients. A website that combined networking, job opportunities and a marketplace for portfolios seemed like the ideal solution.

How long did it take to go from original idea to commercially-viable business?

NF: We got a beta version up and running within a year. So to full implementation, a year and a half.

What was the key intervention that helped in the establishment of your business?

NF: A lot of trial and error! There were a lot of ideas and a lot of dedicated people putting them together, but I would say that having the courage to take that first step and commit personal finances to it was a turning point.

What was the biggest challenge in developing your business that you were able to overcome?

NF: There were three: finding a technical team to work with, especially since most large companies were asking ridiculously high rates. Actually reaching the creatives was another issue as there was little support from schools and universities. Finally, marketing. With minimal resources, we made use of social networking sites and we were able to target many creative groups through them but not enough businesses to put up jobs.

What help or resources do you wish you had to help you overcome such challenges?

NF: Mentorship. It would definitely be great to have the right people to talk to in getting advice.

What are the key barriers to entrepreneurial development in the Middle East right now?

NF: Social acceptance for people taking risks, especially with regards to their families – we really are more of a culture of job-seekers. The second is the large financial risk to go out on your own. We need networks that can help support entrepreneurs who don't have the financial backing to do so.

What key piece of advice would you give to other Middle Eastern entrepreneurs starting out?

NF: Rarely do things go the way you've planned, so keep stress levels to the minimum. Or at least try to!

The Explorer talks to key figures in the Middle East's entrepreneurial landscape.

SUCCESS WRIT LARGE

Words: Eddie Taylor

Now CEO of the Jabbar Group of internet-focused companies, Samih Toukan made his name as one half of the Maktoob story. He hopes that his success will be contagious across the Middle East



It is, without question, the most high-profile entrepreneurial success story in the Middle East in recent years. When Yahoo acquired Maktoob, the Arab-language news and entertainment portal in August 2009, it catapulted the Middle East's entrepreneurial landscape to the forefront of global business news. Internationally, it underlined the power and possibilities of online communication within in the Arab World, while Samih Toukan and Hussam Khoury, the men behind the venture, provided ample evidence that regional success could be found well away from oil wells and skyscrapers.

For Samih Toukan, the entrepreneurial journey didn't end with the acquisition. He remains head of Jabbar Group, looking after the companies – iKoo, CashU and Souq.com among them – that Yahoo didn't purchase. The drive to innovate, to confront challenges and create opportunities for others is, he insists, the real benchmark of an entrepreneur's success.

What does the word “entrepreneur” mean to you?

Samih Toukan: There are obviously many definitions, but for me it is someone who is a risk taker, someone who displays the courage to put their plans into action. A lot of people have ideas, say they want to start this venture or open that business, but very few people actually do anything about it. So, for me an entrepreneur is someone who faces that risk, that uncertainty, and perhaps a lot of negative pressure from family and society, and still takes the leap.

Is there an element of the maverick required, too? Someone who rebels against the traditional corporate environment?

ST: In my case, definitely! I was working with Andersen Consulting and I realised after a couple of years that I wanted to do something on my own – and saw the internet as an area with a lot of opportunity. That's not to say that people in corporate environments can't be entrepreneurs, it's not an either-or situation, but ultimately entrepreneurship is about going out on your own.

What is the state of entrepreneurship in the Middle East right now?

ST: We have a strong entrepreneurial culture here, with a long history of traders and families who have started enterprises, so I don't think we lack

entrepreneurs. I think the emphasis now is on the need to create more successful companies and diversify our economies. In Jordan, for instance, we have no real venture capitalists, no mentorship programmes, poor access to credit and government regulations that do little to support new ventures. We have the right spirit, we just need to do more to capture, nurture and support it. That also applies to the need to accept to failure; every entrepreneur will face it and will have to deal with it. But with hard work and proper execution, they will overcome it and eventually succeed.

We hear a lot about “embracing failure”. Shouldn't we actually help create an ecosystem that supports entrepreneurs so that they don't fail?

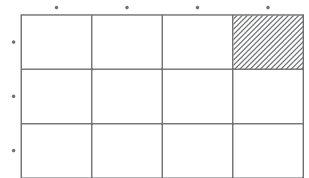
ST: Well, that would be ideal. But the main point about failure is the shame associated with it in our societies, resulting in a complete aversion to risk and a reduction in innovation. There's also the need to fail in order to learn. That doesn't necessarily mean an entire business will fail and everything is lost, it just means that certain products don't work, or some ideas won't get off the ground. Investors tend to invest in the people more than the product itself, so failures are anticipated along the journey to success.

Is there also a misunderstanding that entrepreneurs are always inventors, that you can only be an entrepreneur if you have created something new?

ST: Absolutely. It's incredible how many times I heard people say in relation to Maktoob, “Well, it's not as if you invented anything.” They complained that I didn't come up with Facebook! But entrepreneurship is about creating a business, creating jobs, and creating opportunities – it doesn't necessarily mean creating a completely new product. If so, there'd only be one car company or one airline. The challenge for us is to adapt the existing ideas and make them relevant to the Middle East.

You launched Maktoob with Hussam Khoury. How important is it for an entrepreneur to not go it alone? Who else did you look to for advice?

ST: It was fantastic to have a partner like Hussam – and we're a good team. I'm the aggressive risk taker who always wants to leap into things,



while he is the one who calms me down, thinks more coolly – the wise one, if you like. When it comes to the internet, that is a really good combination.

Now that you have moved on from Maktoob, a general web portal, you are involved with a range of other companies that offer more defined internet services. Is that a lesson learned from the earlier business – that you need to specialize in order to find room in the market?

ST: At the Jabbar Group, we are focusing on advertising, which is a massive part of the internet, and e-commerce – a big growth area in the Middle East. Through Souq.com and CashU we are building better models in online payments and the logistics of delivery, and we're using Aramex's expertise to facilitate this. But there's also the problem of having to deal with 22 countries. Each one has its own laws, regulations, taxes and so forth, and building mass across them takes time.

Working in the internet industry, how much ongoing entrepreneurship does there have to be to keep pace with ongoing developments?

ST: In the internet industry it's vital. Consumer habits change rapidly in e-commerce – for instance, people seem to have moved away from auctions to more of a straight purchase system. So, companies that are successful today aren't guaranteed to be successful tomorrow and they need to keep innovating to stay ahead of the competition. The internet industry is very difficult to predict.

“I don't want one Maktoob every five years in the Middle East, we want five a year. Success is contagious!”

You are a prominent user of, and believer in, social media. Is this an important new tool in an entrepreneur's armoury?

ST: I think it is vital for all businesses. It is a new way to share knowledge very quickly, it is bypassing existing sources of information and it can empower more and more people. Three months ago, CashU still didn't have a Twitter account, and now we already have 900 followers, with whom we share competitions, promotions, and advice and tips on e-commerce.

After the Maktoob deal, you could have quite easily spent the next 20 years relaxing on a beach in Aqaba. What keeps you going with the new ventures?

ST: Almost as soon as the deal with Yahoo was done, I understood that being an entrepreneur actually isn't about money at all! The day before it was, definitely, but the day after I realised I still had the same hunger. I didn't take a holiday, I simply focused on the other businesses and we are working harder than ever to develop more success stories. Entrepreneurship for me now is about helping the CEOs in the Jabbar Group's eight companies to achieve their potential. I don't want one Maktoob every five years, we want five a year. Success is contagious!



Knowledge is power



After spells at both Microsoft and Yahoo, Basel Ojeh is well placed to understand the potential of technology. In his last role, he was responsible for leveraging Yahoo's rich supply of data for marketing and research, and has now launched nPario to do the same for start-ups. He is also engaged in the investment community, and offers some insights into how the region's SMEs should approach the early development phases.

How would you assess start-ups in the Middle East right now?

BO: Measuring the vibrancy of start-ups means following deal flow, deal sizes and exits. In our region, the numbers are not quantified but I think we're starting to wake up to the needs of start-ups, with the likes of ArabCrunch and ArabNet. Also, I've been hearing of several angel investors who are active in the region, which was unheard of a few years ago. On the other hand, venture capitalists seem to continue to operate based on yesterday's momentum. They are fairly passive when it comes to deals and are not set up to take risks.

What motivated you to make the transition from working for a company to become an entrepreneur?

BO: Organisations, regardless of size, are capable of executing on no more than three distinct priorities at once. This creates an opportunity for start-ups to address a void in the market space. My recent start-up, nPario, was launched when we believed that companies are sitting on an incredible asset, their data, and we can best service these companies via a start-up.

What routes or steps can entrepreneurs follow to receive the funding their business needs?

BO: They need to know that this is a hard and arduous process. Not all investors will “get” the vision, so entrepreneurs will need the following: a crisp description of what the company does, what problem it solves for the consumer, how the proposed solution will be different from what's in the market, why the proposed team is the right one to bring it to market, and how much time and money is needed to achieve the first milestone.

How does an entrepreneur successfully build a strong team?

BO: You need great people who are also team players. If you fail, you are doomed! As a young manager, I was fortunate to work at Microsoft for 10 years. In one management training course, Bill Gates came by and spoke about his philosophy and he told us two things: firstly, always hire “A” employees as “A” employees will attract other “A” employees – but “B” employees never will. Secondly, the scariest employees are those who just do their job. They are worse than non-performing employees because they're doing just enough to get by.

What characteristics or factors do you look for in an entrepreneur and in a business model?

BO: I look at the person. I look for someone who is willing to stick with the vision (not the immediate goal) as new findings and obstacles will come up and I will need to know that the entrepreneur is willing to adjust his strategy and not give up. The idea is to have a standard checklist that can be vetted.

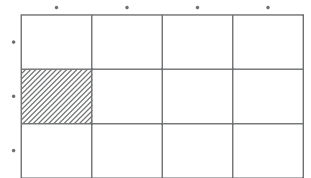
The Explorer meets an entrepreneur who is helping to draw a new Middle East.



DRAWING STRENGTH

Launched in 2006 by Suleiman Bakhit, Aranim is fast becoming a Middle Eastern media powerhouse, with comic books, online games and websites serving a new generation of Arab consumer

Words: Eddie Taylor



"An idea is nothing unless you put it into action – especially in the Arab world!"
Suleiman Bakhit

//// A growing empire of comic books, animated films, online games and, latterly, an Arab-language web portal for all things anim  might not be the obvious business for someone who was told by his art teacher he should really pursue other interests. And by taking a Masters in HR Development at the University of Minnesota, it was clear Suleiman al-Bakhit seemed to agree. But then came 9/11, and the subsequent negative portrayal of Arabs and Muslims in the media motivated the young Jordanian to offer America a different perspective. A tour of schools in his state brought him face to face with thousands of children – and an almost ubiquitous obsession with superheroes.

"It all began as a response to a question from a 6-year-old," says Suleiman, from behind a desk strewn with illustrations, sketches and notepads at Aranim's offices in Amman. "I was president of the International Students Association and was really trying to convey to school kids the best aspects of Arab culture, countering the image of al-Qaeda and terrorism. Then one kid asked 'What superheroes do you have in the Middle East?' And it got me thinking – what positive figures do we have in our culture? That was when I started to sketch out some characters."

Of course, before Aranim was born, Suleiman had to learn how to draw, which he managed via online tutorials. He then unleashed his first character, Naar, who leads a group of youngsters in a post-apocalyptic, adult-free Middle East. "The storylines revolve around the opportunity for these kids to shape the world they want to live in," Suleiman says. "It really mirrors the struggles in the region today, and the kids really identify with this character with a snarl on his face! Adults think he's angry, but he isn't; he's determined and strong."

Like all good entrepreneurs, Suleiman soon spawned other characters, those spawned new books and longer series, and with some funding and a network of illustrators, he was able to announce in early May that the first two issues of his comics published in 2010 boasted circulations of 320,000 copies – mostly handed out to schools. In a country of just 5.5 million, that's impressive.

More importantly, perhaps, it's the start of a very large community of Arab youth. Aranim will launch Aranime.com in time for Ramadan, a portal in which all the content is digitised and some actually animated, creating a powerful tool to generate revenue. He is already learning to engage this nascent community, with the name of

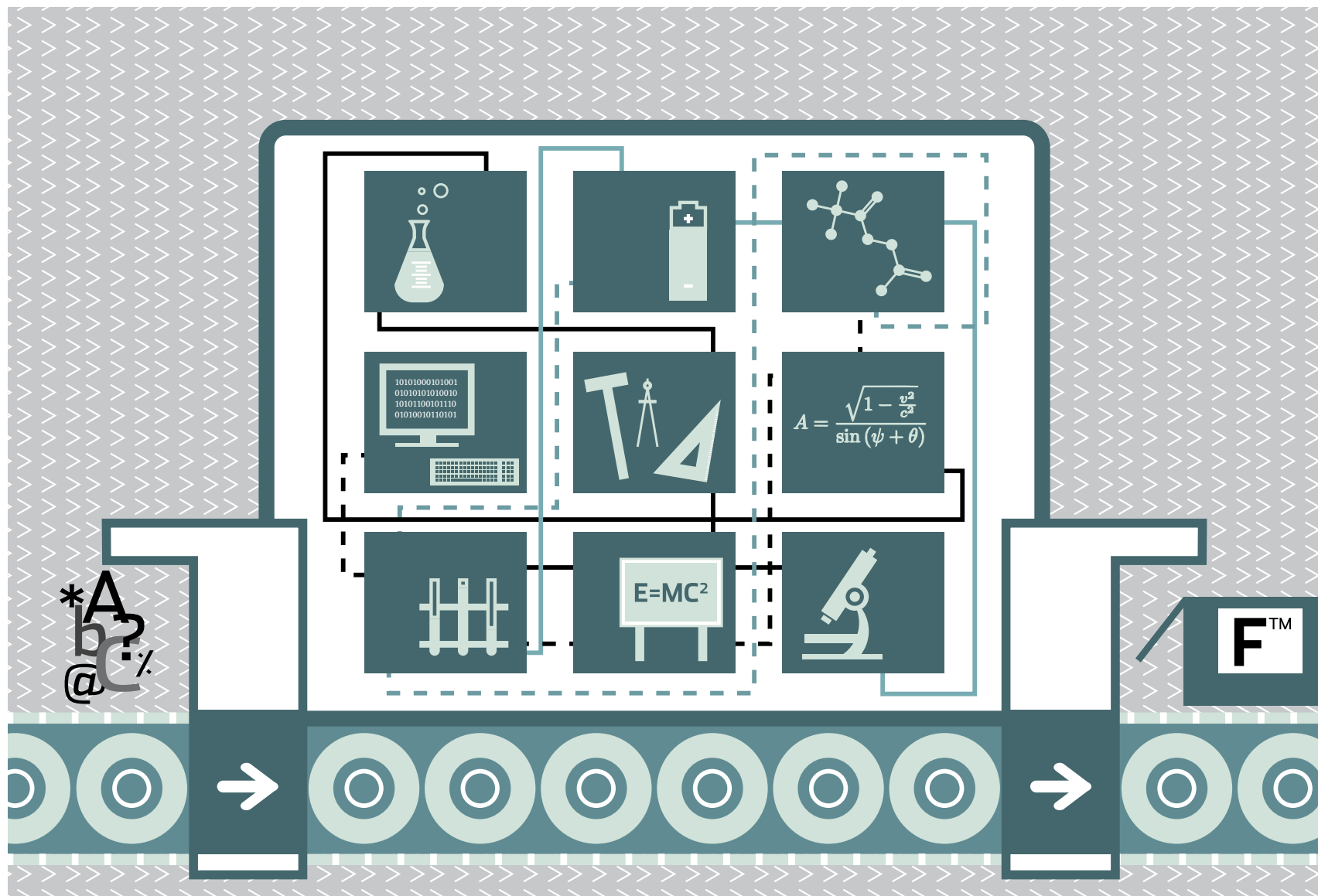
a new female agent being decided by the readers of his other comics. "She is the first female Arab action hero, a special forces agent whose job is to fight extremism – not just terrorism, but political, social and religious extremism," says Suleiman. "I hope I can get women to see themselves more positively and for boys to see girls as active, strong and dynamic members of our society."

Of course, building an online community isn't restricted to the comics. Aranim is also behind one of the most successful Arabic online games for Facebook, Element Zero. Although still in beta, there are 25,000 registered users responsible for 2 million page impressions per month – all playing the character of a Jordanian soldier, even though they come from Egypt, Saudi Arabia and Tunisia.

Aranim is an ideal demonstration of the power of creativity and importance of community – and it is at the heart of Jordan's drive to build a knowledge economy. It is also validation of the importance of action. "I have taken a lot of great advice from several mentors, most stressing execution," Suleiman says. "An idea is nothing unless you put it into action – especially important in the Arab World! And I hope my ideas inspire the next generation through creative media."

b 2 Supply chain of innovation: Ideas

Every business success story begins with an idea – whether a sudden thought or a crafted solution.



sharing innovation



Palestinian-American entrepreneur Kamal Hassan believes solving creative problems through “open network innovation” can provide the creative spark to the Middle East’s drive for economic diversification

Words: Eddie Taylor

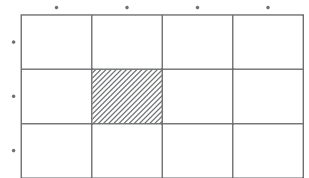
Barriers to entrepreneurship

Kamal Hassan believes there are four main factors limiting innovation in the Middle East



4. Education

“I still think we’re unable to ask the difficult questions here. Our education doesn’t encourage curiosity, whether questioning authority or established ways of thinking. You can’t have innovation in a society where people aren’t taught to think creatively.”



“It is important for the Middle East not to simply mimic the success of others... The best ideas come when looking for local solutions to local needs.”

The institute was created to specifically service the growing need for creative, entrepreneurial solutions as the region seeks to diversify its economy. In particular, the governments of the Gulf have long understood the challenges of sustaining and expanding their economy without the safety net of oil and natural gas. They also appreciate their SME base isn't yet capable of driving the economy into these new directions – yet they also want Emiratis to be a part of a new era of fuel-free innovation.

“Several of the Gulf countries have set a goal of creating 1,000 new SMEs per year for the next five years,” says Hassan. “We are helping to bridge the knowledge gap as there isn't necessarily the technological, scientific or creative know-how to innovate new ideas or businesses. One of main ways we do this is by using Open Innovation Networks, a means of engaging with entrepreneurs and inventors around the world to solve a particular problem.”

Hassan's Innovation 360 Institute recently entered into a strategic partnership with the NineSigma network – originally developed by Proctor and Gamble as a means of extending their R&D capacity without exploding staffing costs – to introduce an international community of 1.5 million inventors, designers and innovators to the Middle East. As a result, any company or institution seeking a solution to a technical issue now has access to some of the most creative minds on the planet. “We try to identify pre-patents,” says Hassan, “with which the project owner can work out a deal to buy the solution or even help create a new SME to deliver it.”

With private businesses, the process is relatively straightforward. A problem is presented to Hassan, who then posts it on the network site, complete with desired delivery date. Those who believe they can deliver the solution start working and, when a suggested approach is forming, the clients are brought into the mix. “One example,” says Hassan, “is a large real estate project that is seeking to dramatically reduce water loss in the pipe network – which

typically runs at 35 per cent. The best solutions have only ever improved this to 20 per cent.

“After we posted the challenge to the network, the conversation began in which we identified the main areas of loss. Technical solutions were then suggested and ultimately new components of a pipe system are now being proposed that, if tested successfully, will result in less than 1 per cent water loss. That will be an incredible achievement – worldwide!”

Such problem-specific cases usually seek to find a technical or engineering solution. When working with governments, though, Hassan takes this process one step back by actually brainstorming the kind of products and services the government considers a priority, engaging in idea creation sessions with as many as 1,200 people from business, academia and relevant ministries. The resulting ideas are then submitted to NineSigma, with SME creation the ultimate goal. “One project involves finding a new model for garbage collection that would turn profit. We are developing a solution that improves efficiency and generates electricity from the collected material,” says Hassan.

A third service that Hassan offers doesn't involve the network at all, but provides training sessions to enable people to think creatively on their own. “I happen to think that brainstorming is horribly overrated, in that the person with the loudest voice tends to dominate as opposed to the person with the best idea,” says Hassan. “So we conduct training on how to actually devise good ideas and identify where they come from. This includes response stimulus and the like. It has produced great results, not just in idea creation but in changing mental processes.”

Kamal hopes to expand the institute's work across the region and is also looking to start a business incubator in Lebanon, Egypt or Jordan. The key to development is, he insists, innovation not imitation. “It is important for the Middle East not to simply mimic the success of others,” he concludes. “The best ideas come when looking for local solutions to local needs.”

Kamal Hassan was a successful entrepreneur in perhaps the most successful entrepreneurial environment of the last 50 years – the technological advances blossoming throughout Silicon Valley in the early 1990s. After two and a half decades devising, supporting, encouraging and occasionally financing SMEs in the epicentre of new ideas, Hassan is now bringing his knowledge – and the combined knowledge of his industry – to the Middle East. Although born and raised in Gaza before his education took him to the US, where he has since remained, Hassan didn't seek to employ his business acumen in the Arab World until late 2007, when he launched his innovation and entrepreneurship think-tank, the Innovation 360 Institute.

3. Transparency

“I was once asked what would be needed to set up an innovation centre in the Gulf, and I said ‘transparency’. We see an attitude of shame when it comes to problems, even though these challenges can provide entrepreneurial opportunities. But we have to first admit these things!”

2. Local buying power

“The problem for countries like Lebanon, Jordan and Egypt is buying power. You can put a lot of effort into a business with no guarantee of making sufficient money at the end. My advice would be to innovate here and then commercialise somewhere else – it's how India developed its tech base.”

1. Attitude to risk

“Risk in the Middle East is almost a taboo subject. But every entrepreneur must build risk in to their models – at Apple they have a philosophy that out of every 10 new ideas or projects, nine will almost certainly fail. Risk is a necessary part of the entrepreneurship process.”

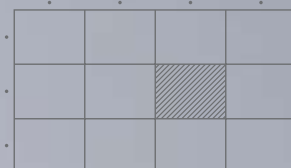
Every enterprise begins by identifying a new opportunity, outlining a market and delivering a product.

REBUILDING BABYLON

Words: James Montague

The post-Saddam years, with the removal of sanctions and a new low-tax environment, created a bonanza of opportunities. Seven years later, though, it's time for the real entrepreneurs to come to the fore





//// Nahla al-Loza had never considered herself a businesswoman before. But, in the end, she realised she was left with no choice. When the 37-year-old mother fled Iraq just before the start of the 2003 US invasion, she left behind a steady government job, a home and her community. When she returned, her former life was barely recognisable: her country was undergoing dramatic, often violent, changes, she had no money and, most importantly, no means of income. “It was such a hard, hard life,” recalls al-Loza. “I searched, but found no jobs anywhere. In my city, the computer was so expensive, and before the invasion, only rich people used them. Then all our lives changed. The USA came.”

In 2007, she decided to take matters into her own hands. Using \$4,000 of savings, and building on her experience working unpaid as an administrator at an NGO, she invested in high-speed wireless and set up a language and technology training consultancy. “All my family told me: ‘Don’t do that, you are a woman, and work is just for men’,” she recalls. “Most people in my city fought me and my plans. They wouldn’t use my business because I am a woman. But people needed good internet and my service was so good they came. They don’t like me, maybe, but they like my internet service!”

Nahla’s story encapsulates the reality, and the potential power, of the contemporary entrepreneur in Iraq. The post-war business landscape is very different to that of 2003, when it was a contractors’ free-for-all, when anyone with a wheelbarrow fought for State Department dollars. Now, business realities are necessitating a return to basics. “Iraq, for a post-conflict market, has a surprisingly active private sector,” explains Mohammed Shohaieb, a former World Bank officer now working for a consultancy advising on private-sector development in Iraq. “It has all the characteristics of a developing market, including a large ratio of informal firms as well as a culture of ‘convenience’ entrepreneurship.”

“Many of the business owners are there because they can’t do anything else or are simply awaiting government jobs. We are talking very traditional business models: retail trade, farming, construction. It’s a lot better off than many other post-conflict societies, but it is still fragile.”

The headline figures are certainly encouraging: GDP grew by 4.3 per cent last year and the IMF projects it will rise by 5.8 per cent in 2010. According to the World Bank’s *Business Environment Snapshot for Iraq*, 2009 saw further improvements in the country’s credit rating, its regulatory quality and, most importantly, its political risk rating for investment. Corruption remains an ongoing issue, though, with Iraq ranking 196th out of 202 listed countries.

But now, a new problem has emerged, one oddly similar to that which faces small businesses in the West – namely the lack of a credit line from banks. “Hardly any banks are lending, there’s just no avenue for credit,” continues Shohaieb. “You now have over 50 formal financial institutions in Iraq between banks and microfinance institutions. But microfinance just doesn’t seem to tick with Iraqis. In Egypt or Syria or Bangladesh, loans are in the \$100-1,000 range. That’s just not enough for entrepreneurs in Iraq. They need anything up to \$10,000. There are no financial records, no customer histories and security is still patchy; banks simply aren’t willing to take the risks. The culture of credit isn’t there.”

Creating a new business culture

When the Iraqi regime of Saddam Hussein collapsed in 2003, it uncorked an entrepreneurial fervour that had been bottled up by decades of strict economic controls and endemic cronyism – where family connections, loyalty and patronage were the ever-present invisible hands in the market.

“You are talking about the institutional environment – economic, political and social – of complete structural



“Boosting entrepreneurial activity is the only answer if you want to break the cycle of violence...”

inequality, where access to funds or opportunities was totally controlled,” says Sameeksha Desai, assistant professor at the University of Missouri at Kansas City and visiting scholar at the Kauffman Foundation, who recently returned to the US after undertaking a research trip to Najaf. “If you have the type of regime where one group has all of the political power, all the government jobs, all the police jobs, the normal man doesn’t start businesses. That stifles people’s ability to start businesses and stifles competition, things become inefficient and the practice of nepotism becomes deeply institutionalised – unless there is a sudden change in government.”

With that change in government, it’s little surprise that entrepreneurial activity has risen sharply. But whilst the headlines have been about the scrap for Iraq’s oil, businesses closer to the ground have adapted to take advantage of the opportunities when, and where, they can. Phil Borden, author of *Shaku Maku: On the Ground in Occupied Iraq*, which detailed



his time working for the US State Department as he tried to encourage small businesses, calls it “the lobster mentality”. His survey revealed that 94 per cent of Iraq’s private sector is made up of small businesses, with very few employing any more than 50 people. “When a lobster sees an opportunity, it comes out and grabs it and then hides. I knew one man who got wind of a shipment of sugar from Brazil, made a cellphone call, paid the bribe, bought the container, distributed it. Now he doesn’t have to work for a long time. And he won’t. He’ll take it easy until the next lobster opportunity comes along.”

In Washington, entrepreneurship is seen as an essential cog in Iraq’s post-war development. The US government has invested millions of dollars in projects to try and kick start Iraq’s private sector, after realising that pouring money into top-down state enterprises was seeing little return. Last year, the US Agency for International Development (USAID) announced it had, in spite of the unique difficulties they face persuading Iraqis to get involved in the scheme, managed to hand out \$300 million in microfinance loans since the start of the war.

The economics of stability

“Boosting entrepreneurial activity is really the only answer if you want to break the cycle of violence,” agrees Desai. “Since 1980, of the 20 poorest countries on earth, 15 have had at least one war. People fight when they are poor. These wars are not ideological wars as many people think, most are driven by inequality and poverty – it’s just that dictatorships

blur the lines. Entrepreneurship is important, though, and we know this from non-violent countries that when people become self-employed, they won’t do something else. Unfortunately, in a country that is still facing many problems and agendas, the unemployed are potential insurgents.”

Desai claims her surveys of Iraqi businesses in Najaf, a city booming with religious tourists from Iran, have revealed that politics is no longer a top concern anymore. “One of the things that came out was that security wasn’t actually the main problem at the moment,” she explains. “The clarification from them is: ‘We do well with our businesses, we travel, we have a decent quality of life, but we have to operate on a project by project basis. Security doesn’t stop us, but it does impose a tax on our business’.”

On the ground, though, much still needs to be done to build trust in institutions. Security issues still loom large. And whilst Baghdad, the Kurdish north and hot spots like Najaf are growing, the benefits still differ region by region. But for Nahla al-Loza, who now employs ten people and is expanding into other fields, she hopes it will be her example, rather than the intervention of the government, that will encourage others to follow suit and take the same, successful risks.

“I’m an independent woman and the government does not help me, just their own religious groups,” she says. “But now it is better than it was, and I now have a new company. I will be a strong woman. I have my own car and home. It will make ideas, independent ideas, spread in my society.”

Entrepreneurs in Iraq seek to replace the \$17 billion in capital that fled the country since 2003.

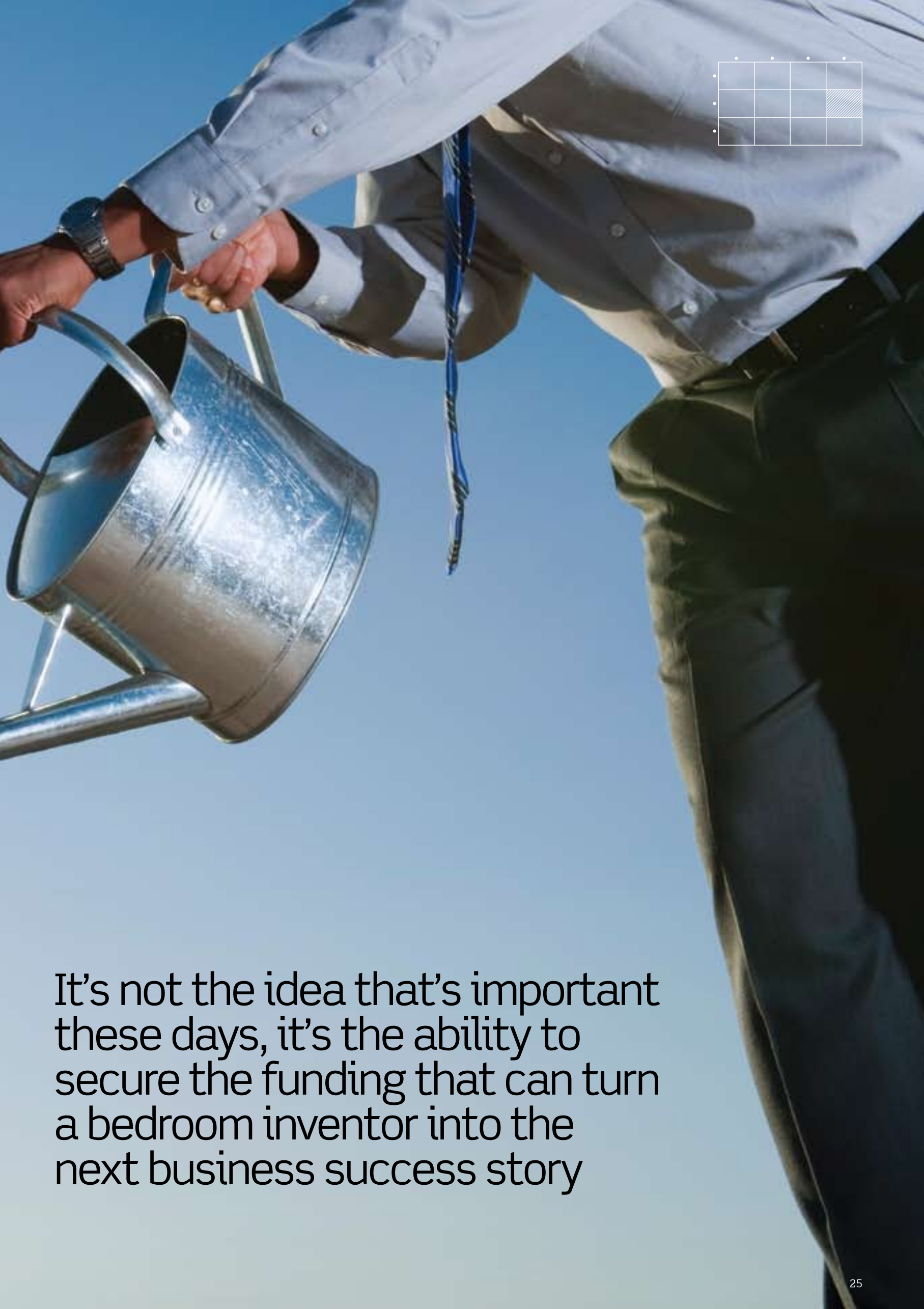
d 2 Supply chain of innovation: **Funding**

For many start-ups, the most pressing need throughout the entrepreneurial cycle is consistent access to money.



JUST CAPITAL

Words: Bilal Hijjawi



It's not the idea that's important these days, it's the ability to secure the funding that can turn a bedroom inventor into the next business success story



The great challenge for Middle Eastern entrepreneurs is to successfully source investment at the earliest stages of a business venture.

Over the last 20 years, hundreds of billions of dollars from Arab sources poured into domestic and global investments. Barely a fraction of those funds, however, has been allocated to seeding business start-ups, and what little private equity that was invested in growth stage companies went to opportunities that already had proven revenue streams – namely mid-stage or late-stage ventures. The bulk of investment financed real estate, infrastructure and big industry projects, many of which are today under-performing assets as a result of the global economic downturn. According to Accelerator Technologies Holdings (ATH), a venture capital firm, there is a subsequent “canyon of death” in growth-stage financing for Arab tech companies. Dr Usama Fayyad, a former Yahoo executive, adds, “there

is no source for seed capital yet” and calls this stage in the entrepreneurship ecosystem a “desert”.

Dubai International Capital did try to cross that desert in 2009 when it launched ABAN, one of the first Arab funds to seed start-ups. But it was a casualty of the Emirates’ real estate misfortunes and no other funds have emerged to fill its void. A few have tried to invest in start-ups, says Fayyad, but often “quickly migrate to investing in later stage ventures”. He sees the very low-risk appetite among Middle Eastern investors behind the lack of interest in early stage ventures. Most investors will accept the lower but more secure returns of late growth stage ventures.

The significance of this investment landscape for Middle Eastern start-ups is considerable. Historically, venture capital is the principal reason the great entrepreneurs of the world have been able to turn their innovations into sweeping commercial successes. The colossal market presence of Microsoft, Google, Apple, Amazon, Ebay, Yahoo

and thousands of other brands owe their very existence to venture capital funding. In fact, at more than \$700 billion in combined market capitalization, Microsoft, Google, Apple, Amazon, Yahoo and Ebay represent more than half the GDP of the oil-producing Arabian Gulf nations. Their combined total revenues for 2009 are estimated at about \$170 billion.

In Jordan, a country with no oil or energy resources to rely on, the environment is especially ripe for seed-stage funding. Emile Cubeisy of IV Holdings, an investment subsidiary of ATH in Amman, believes the future belongs to daring venture capitalists that invest in start-ups. The ability to say “yes” to new enterprises will, he believes, separate the men from the boys in the next phase of venture capitalism. Regional investors who once were solely focused on large private equity deals will eventually realise the “much higher potential” returns on investment in start-ups and early stage ventures.

Changing lanes

It’s a funding revolution that, sadly, might come too late for some of Jordan’s entrepreneurs. “It’s sad, really sad, to see how many great new ideas by Arab entrepreneurs wilt and die from the lack of funding,” says Bahjat Homsy, the creator of a website focused on startups and SMEs. “I wasted a lot of time and money on trying to secure funding from investors who were excited about the project, but not serious about putting up the capital... this was draining my energy.”

Homsy spent three years trying to pursue his dream venture, and was in the final stage of negotiations with ABAN when the financial crisis cut the funding supply. It persuaded him to change his business completely. “I actually developed a totally new idea,” he says. “I decided there was a way to monetise my previous frustration and created Sindibad Connect, which seeks to solve some of the problems I faced by linking diehard entrepreneurs to serious investors.” Through a partnership with Zawya.com, a successful business that is also the result of solid entrepreneurship, Homsy’s Sindibad Connect is finally ready for take-off.

Emile Cubeisy calls such tenacity and perseverance towards realising ideas “the most important internal factor” in entrepreneurship.



Emile Cubeisy
IV Holdings

SYRIAN OPTIONS



Abdulsalam Haykal surveys the SME investment scene in Syria

He started as a 14-year-old by creating a graphic design company called ASH Works for Computer Arts. Now, Abdulsalam Haykal is CEO of Transtek, a Syrian software company whose main product is Compass ERP, and Haykal Media, which grew from a team of three that put together a bulletin to a publisher of several magazines and online sites. He was also recently made head of the Syrian Young Entrepreneurs Association (SYEA).

What are the key barriers to entrepreneurial development in the Middle East right now?

I think it’s the perception of the lack of space to be innovative and competitive. That leads to a state of acquired helplessness. The Arab population is the victim of a culture of dependence that made Arab youth stick to the senseless pendulum swings of securing a job

at home or leaving their countries in search of one. Success stories like Aramex and Maktoob are stripped of much of their educational and inspirational edge because they seem to be remote exceptions. That mindset is the product of schools, universities and family protection, but I feel change is happening. Governments, policy makers and NGOs have a big role to play, and so do entrepreneurs and businesses. The tipping point is not far away, but we have to be persistent and believe in ourselves.

How much of successful enterprise creation is down to access to funding?

No enterprise can be created without some sort of seed funding. But most of the time when I speak to Arab entrepreneurs that identify funding as the number one obstacle, they don’t have an original idea or a well-

While Cubeisy admits that similar conviction isn't as strong as it should be among young Jordanian entrepreneurs, he sees this changing gradually over time. For instance, when IV Holdings was launched in April 2008, it received only three venture proposals a month, while today "it's a deal a day". "Jordan," he says, "has entered a tipping point in entrepreneurship."

Cubeisy also sees entrepreneurs' willingness to shift lanes midstream and adapting to that change as another key internal factor that leads to success. "Entrepreneurs have to be honest with themselves," he says. "They need to be able to fully assess the business concept in a commercially viable way. This requires perspective, exposure, tossing ideas around and being receptive to feedback and then adjusting to it."

"Many entrepreneurs would launch their ideas and start to move down the road less travelled but then return back to the road most travelled when facing early adversity to their ideas – they go back to seeking security in a normal job."

Change in entrepreneurial culture is also impacted by external factors, which are equally important. Aside from the great difficulties entrepreneurs face when looking for start-up capital, "validation" is an important step towards building a stronger conviction among entrepreneurs. In Jordan, business plan competitions are being proposed and launched, creating an awareness in the investor community that there's a flow of entrepreneurial ideas and energy. Cubeisy also wants to see the media playing a big role in validating the efforts of entrepreneurs and the organisations that nurture and support them.

Is cash always king?

Funding, though the main locomotive of entrepreneurship, doesn't necessarily mean that a mountain of capital is needed to make a difference. After all, Maktoob, which was later sold to Yahoo for over \$150 million, was set up on a shoestring budget. In ATH's AcceleratorTech fund, a country such as Jordan is described as an ideal low-cost base for launching new ventures. The overview cites Jordan as a "low cash-burn innovation environment" that offers technology-savvy and cutting edge solutions that are universal in their value proposition.

As one of the judges at the Queen Rania Entrepreneurship Competition, Dr Usama Fayyad expressed surprise at seeing so many good ideas and business plans generated by young Jordanians. "If these same ideas and business plans were pitched in Silicon Valley, they'd surely be able to raise funding." He adds that he now is confident that Jordan has a tech-savvy

core community keen on developing ideas in cyberspace and new technology. "There's also enough motivation to work hard at ideas; what's missing is the ability to find start-up capital."

In Jordan, the desire for an active SME base goes all the way to the top. King Abdullah II has championed the cause of Jordanian entrepreneurs and the potential of the private sector; a recent initiative from the King centres on kick-starting the efforts of germinating a more nurturing and practical ecosystem for entrepreneurship.

After a meeting with King Abdullah, a group of progressive entrepreneurs set up Oasis 500, a programme to train future entrepreneurs and seed their ideas. "The King wants to capitalise on the next generation," says Fayyad, who heads the programme. "We met and brainstormed and came out with a decision that we need to create a culture change and we want to do that by setting examples, not through slogans."

"If these same ideas were pitched in Silicon Valley, they'd surely be able to raise funding."

If everything goes as planned, Fayyad hopes Oasis-500 will eventually fund 500 new start-ups. Through it, he adds, entrepreneurs would be given the challenge of moving from boot camp to market.

Cubeisy also sees positives in the cohesion of society in the Middle East, especially places like Jordan, with little in the way of sectarian or cultural divides. "Every Jordanian is clear about the vision of the country and wants a role to play," he says. Cubeisy is encouraged by projects such as the New Think Theatre, which is championed by Maher Kaddoura and managed by a group of young ambitious Jordanians. Kaddourra is also behind the Start Alliance, a Rotary-like foundation for promoting the emergence of a culture of entrepreneurship. It's all part of creating a "can do" climate – all helped, of course, by the much-heralded successes of Hussam Khouri and Samih Toukan, the founders of Maktoob.

"There's a realisation that a gap in the entrepreneurship ecosystem exists," says Cubeisy. "But the solution is not in ideas or programmes, but in a will to turn ideas into successes."

thought out project. A good entrepreneur with the right set of skills will be able to get funding. Needless to say, it's a lot easier in countries where entrepreneurship is thriving and where exit strategies are clearer. I never actually felt seed funding was the problem; it's mostly financing growth and expansion. The good news is a renewed culture of venture capital and angel investing is emerging in the Arab World and matching exciting innovations presented by Arab entrepreneurs.

There is a long tradition of entrepreneurship in the Arab World, and Syria in particular. How important is it to revive it?

I don't think entrepreneurship in the Arab World and Syria ever stopped – but it was severely challenged by political and economic systems that created a welfare state without having

the wealth to do it. Even if a country is naturally resourceful, what insures sustainability of wealth and growth is the constant creation of value and opportunity. Our region needs to embrace innovation in areas where we have a competitive advantage. That starts from academic freedom at schools and universities to creating an ecosystem that rewards innovation. You can't have 60 per cent of the population under the age of 24 becoming a curse, not an advantage.

If you had the power to introduce one policy to boost entrepreneurship in Syria in an instant, what would it be?

A laissez faire policy and a deregulatory approach. This would prevent the "hidden enterprise" culture. Syria is a fascinating place, and many of the Syrian entrepreneurs

are truly inspiring. And there is a window of opportunity to unleash this huge potential.

What key piece of advice would you give to other Middle Eastern entrepreneurs?

The Sufi scholar Jalaluddin Rumi once said: "You were born with wings. Why prefer to crawl through life?" Fear makes you crawl. It's easier said than done, but what makes a great entrepreneur is taking a step without feet. When you start by blaming yourself and not other people or circumstances, the solution is at your fingertips. Stick to positive thinking and stay focused on your goal, and your world and that of the people around you will never be the same again. Buddha said: "The mind is everything. What you think you become." Regardless of your belief, believe Buddha when he says that!

Finding the very first customer is one of the biggest challenges any start-up or SME will face.

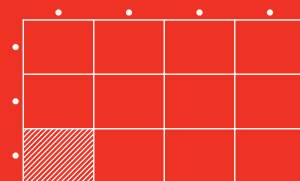
THE NET

Words: Farah Shanti

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NETWORK



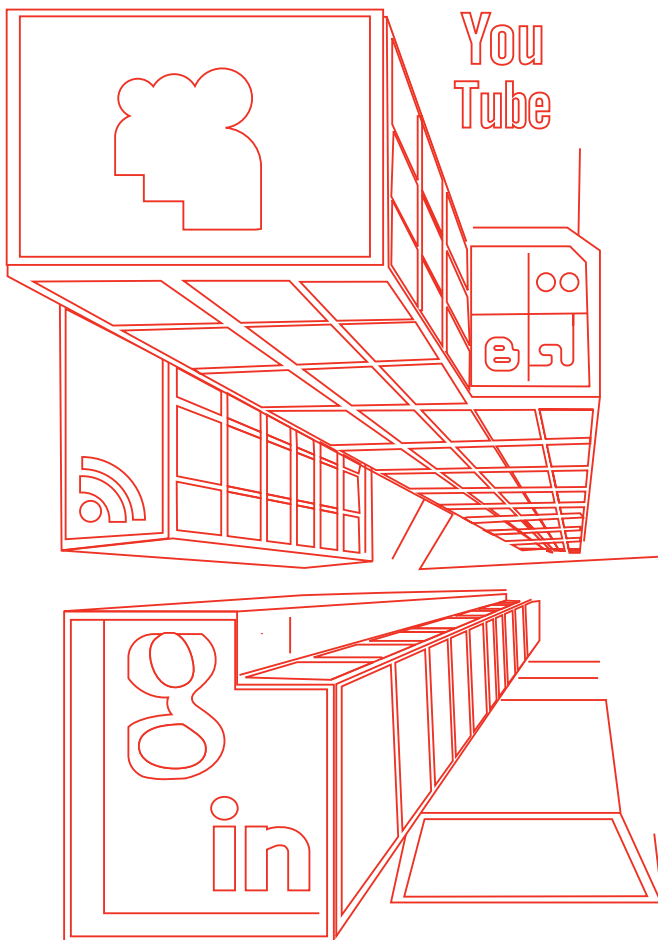


Established
and growing
businesses in
the region are
making full use of
the popularity –
and opportunity
– of social
networking sites

ORKING



Ahmad Humeid
Syntax



It has become one of the first things we do when we walk into our offices every morning. Reflexively logging onto social networking sites such as Facebook, LinkedIn, Myspace and the 2009 breakthrough hit, Twitter, demonstrates how ingrained constant connectivity has become. Few can argue against the impact of this concentrated online community – socially and professionally. For companies, particularly start-ups, social networking provides a marketing and communication opportunity that more and more are embracing, especially in fiscally conservative times.

The world of online networking has innumerable advantages for new businesses, the most obvious being the competitive pricing of its advertising – virtually nothing when compared to traditional advertising campaigns. “Google derives most of its billions of dollar of revenue from small businesses,” says Ahmad Humeid, CEO of Syntax, a branding company that specialises in online communication strategies. “This means that in certain markets, SMEs are totally shifting their promotional activities online. Online advertising and social media word-of-mouth can be the primary tools for a small business to acquire and keep customers.”

That is certainly the philosophy of Lazmak.com, a new e-marketing service recently created to develop regional online marketing and promotion strategies. “Sites like Facebook were imperative in introducing our company to what is our target audience,” says CEO Ahmad al-Masri. “We were able to find potential clients, learn what they expect from e-market sites – what was their experience with Amazon, for example – and how could such a service fit with their everyday lives.”

Although they will also develop more traditional advertising campaigns, such as print and radio, al-Masri is convinced that their social networking profiles will play the most important role in the company’s marketing future. “It is a vital investment, no question, and one we intend to continue supporting. When you’re living a region with one of the fastest growing number of people on Facebook, it’s not something you can ignore.”

And social networking is not simply about raising awareness. Al-Masri says that the feedback from this online community has been imperative in quickly moulding Lazmak.com into a user-friendly service that better understands its customers. “Comments, criticism and ideas have all come instantly from social networking,” he says. “Because the feedback is so simple to deliver – with a click of a button, a short message, another click and your done – it’s been very forthcoming, and it’s definitely helped us avoid a few big hurdles. Especially with the accountant!”

“Increasingly, we’re living in the truth economy,” says Ahmad Humeid, who has advised pan-Arab corporations such as Aramex and Mobily on the need to embrace social networking to communicate with their customers. “Companies cannot simply broadcast their messages to receiving consumers. People engage in conversations about brands and companies online, free from corporate control. They voice their likes and dislikes on blogs, on Facebook and a million other places. Corporations, or more accurately, people inside corporations, must re-learn how to have conversations with consumers. Social media is forcing them to do so.”

Joining the conversation

Indeed, this desire to be part of a region-wide conversation is leading directly to the creation of specialised networking sites for the region itself. Tasmeem Middle East (tasmeemme.com) is the first professional regional online networking site dedicated to creative talent, which couples the creative needs of organisations with regional providers. “Freelancing and outsourcing across the Middle East is still in its infant stages, especially in the creative industry,” says Noor el-Fadl, one of the brains behind TasmeemME. “With the tremendous increase in talent in fields such as design, writing, film, photography, music, architecture and programming, creative experts have not been able to easily connect with opportunities across the region to export their skills.”

TasmeemME, el-Fadl says, therefore, was created to easily match job or project opportunities with a service provider, thus eliminating the middleman. “We allow companies and individuals to share their work, find the right talent to help get a project done, and interact with fellow designers. All of this makes our presence on social networking sites crucial.”

For a start-up project with a limited budget, TasmeemME took advantage of social platforms that helped to promote the site at minimal cost. Facebook was especially useful, since the team could capitalise on their personal network – and the networks of friends – to help spread the word. “We have a group that we update and use as our permanent ‘home’ on Facebook, and through this group we invite our extended networks to learn more about our site, and update them regularly with the most recent work posts put up on TasmeemME.” El-Fadl believes it is this non-invasive aspect of the site that encourages users to send in their opinions and feedback, which in turn helps TasmeemME better serve its purpose.

Having experienced the important role an online presence played in TasmeemME’s startup, Noor is a firm believer in any small business creating its own online community. “The Internet is almost a must for any new business, whether or not it’s IT-based; websites have become a company’s face to the world. This is actually one of the main concepts behind TasmeemME: Providing online presence for creative people all across the Middle East, to take advantage of the internet’s outreach, post their work, advertise themselves, and network across the region.”

Creative forces

It isn’t only the service provider that is making its voice heard over the internet, but the creative types it is working with as well, the prime example being Design Jordan. DJ, as it has come to be known, is the Kingdom’s only industrial and product design institution. It recently launched its first design competition, an endeavour that has brought the company face to face with the importance of social networking. “We are looking for designs that combine function and form to create style with a purpose,” says Racha Tarazi, Creative Director at Design Jordan. “We want to provoke a pioneering creative spirit in the Middle East and, at the same time, expose latent design talent in our region. One of the best methods to get the word out there was, unquestionably, our profiles on social networking sites.”

Racha and the team set out to create a network that reflected their ambitious plan, coming up with groups, fanpages and even event micropages. “We went the whole nine yards!” says Omar al-Zoubi, one of Design Jordan’s graphic designers and developer of the company’s social networking plan. “By involving most of our team – who are Facebook and LinkedIn users – we worked on bringing in our friends to introduce Design Jordan, its philosophy, and how important it is to the Middle East.”

In fact, the company plans to extend the online work it has already done to include a blog with daily updates about Design Jordan’s news. “We believe Internet users relate more to an online journal,” continues Omar, “since it’s more approachable and easy to regularly update. We’re also considering accounts on video-sharing sites that will function as a backbone to our blog with video material.”

It is unthinkable then, with the region and the world’s most influential minds putting so much effort into it, to suggest that an Internet presence is of little importance to any business, new or established, in the Middle East or Japan. The medium can give any company a direct relationship with its customers, creating a dialogue that helps the former establish itself without having to guess if it is, in fact, making an impact on the latter. This avalanche of opportunity means that any business venture setting its sights on becoming an influential institution will have to make sure that it is followed on Twitter. Or joined on Facebook. Or even linked on LinkedIn.

Racha al-Tarazi
Design Jordan



“We want to provoke a pioneering creative spirit in the Middle East and expose design talent in our region.”

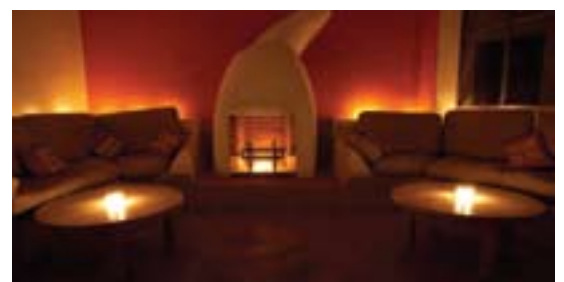
b 3 Photo Essay

The Explorer takes a pictorial look at a key issue in the world of entrepreneurship.

Protect and **serve**

A new breed of Middle Eastern entrepreneur is bringing the skills and insights of the business world to the delicate needs of eco-tourism – generating money that in turn helps the environment

Nabil Tarazi
Feynan Lodge
Jordan





//// Nabil Tarazi was an IT specialist in England for more than two decades when he decided to go backpacking around the world. Inspired by the eco-lodges of Australia, Cambodia and Vietnam, he resolved to create his own in the Middle East. In 2008, he founded Eco Hotels and assumed management of the Royal Society for the Conservation of Nature's Feynan Lodge, an electricity-free, 30-room hostel set amid the wild desert landscapes of Southern Jordan.

Although the RSCN had already done much to make the Lodge as eco-friendly as possible, Nabil imparted his own expertise into the building. "We have put in new solar panels and batteries, which means we are now 100 per cent solar-powered," he says. "We now compost all our kitchen waste, we use grey water to clean the outside spaces and water the trees, and we burn jift, a by-product of olive pressing, in the real fires.

We're even introducing environmentally-friendly cleaning products and refillable, eco-friendly water bottles in the rooms."

With visitor numbers continuing to climb and repeat rates at record levels, the project is now able to return even more revenues back to the RSCN to protect the very environment in which the lodge stands. Little wonder Feynan was recognised as one of the top 50 eco-lodges in the world in 2009.



Sherif el-Ghamrawi
Basata
Egypt





//// Sherif el-Ghamrawi has been offering his simple huts on the Red Sea beaches of Basata for the better part of two decades. But his vision isn't simply a cheap alternative to the five-star resorts of Taba or, further south, Sharm el-Sheikh: his resort has been leading the drive for sustainable tourism and energy efficiency. He describes his project

as “climate protection in miniature”, and has built the campsite to strict ecological standards using only natural materials and employing strict water and energy rules.

He hopes the success of Basata, which is proving ever popular with regional and international tourists, will be a model for others – not least as travel and tourism contributes

about 5 per cent to global greenhouse gas emissions according to the UN.

“The government needs to convince private firms that protecting the environment is good business, and should enforce environmental codes more firmly,” says el-Ghamrawi, who has become not just a successful businessman but also a persuasive green campaigner.



Pierre Abi Aoun
EI-EMC International
Oman





Based in Beirut, and with a long history of adventure and eco-tourism projects in the region, Pierre Abi Aoun has now brought his insight and expertise to the fragile coasts of Oman. As regional manager of EI-EMC International, a joint venture of a group of companies dedicated to socio-economic development through sustainable tourism and

environmental and cultural heritage, he has launched a conservation and eco-tourist area for nesting turtles at Ras Sharma in Oman. It builds on the work they have already done at the Ras al-Jinz Sea Turtle and Nature Reserve, with other projects coming on-stream in the Socotra Islands of Yemen. “We are making Ras Sharma a protected area,” Pierre says.

“There will be a lodge for incoming tourism across an area the size of Ras Al-Jinz. But the Socotra Islands are a biodiversity hub and a destination in their own right. It’s like the Galapagos Islands of Yemen!”

By creating money-making yet sustainable reserves, they are natural attractions that tourism actually helps to protect.

The Explorer looks back at a key mover in entrepreneurship and looks at the lessons to be learned.

Reinventing the wheel

With an empire built on doing things better, sharper and with more attitude than older rivals, Sir Richard Branson's business has long been more about building an innovative brand than a market-leading product.

Words: James Montague

//// He has long been admired for his ability to reinvent himself. His Virgin brand has turned its unique focus to almost every line of business, no matter how inaccessible it may seem from the outside; from owning a record label, to taking on the transatlantic might of British Airways and securing the franchise to run the fastest trains in Britain. His company's tongue-in-cheek public school attitude has become ubiquitous in global consumer culture. And now Richard Branson has taken Virgin into the final frontier: space.

That, in a sense, is the story behind this most enduring of entrepreneurs; he has made his fortune doing things that had been done long before, only adding his own style and a large flourish of brand-savvy aspiration. This is entrepreneurship at its height. There's no great invention, no midnights in the lab developing a new patent, no eureka moment to have him leaping from his bath screaming "of course!" Branson's success has come from understanding that the product is only half the battle in today's marketplace. How that product is delivered is the other – and it's on his ability to connect with his customers that his empire has been established.

Indeed, his latest venture underlines this approach perfectly. He has recently injected hundreds of millions of dollars into Virgin Galactic, a project designed to exploit the bright new dawn of space travel. The desire to orbit the Earth might not be at the top of everyone's birthday gift list, but Branson's persona made the prospect instantly and undeniably appealing. When, last December, he unveiled Virgin's Space Ship Two in front of nearly 1,000 journalists in a hangar in the middle of the Mojave Desert, the Virgin attitude created yet another must-have commodity. To prove the point were the 300 "astronauts" who had already bought a ticket for a flight into space – each costing \$200,000.

"I know there are literally thousands of people who would love to go to space, to be able to look out the window and marvel at the beautiful Earth," he told the assembled press. "It's incredible to think only 450 people have ever been into space; that's including all the Russians, all the Chinese and all the Americans put together. With our new commercial spaceship company, Virgin Galactic, we'll take maybe 1,000 people and make them into 'astronauts' in the 12 months once we start."

We shouldn't be surprised. Branson has always been the compulsive risk taker. Since starting up his first business selling mail-order records in the 1970s, Branson has become

famous for daring innovation, ridiculous but effective publicity stunts – last year he dressed up as Wonder Woman at a press conference to promote Virgin America – and taking on what he saw as vested interests in the business world. In the process he has amassed something in the order of \$4 billion.

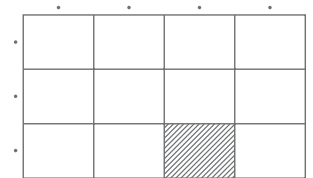
Beginning the journey

Born into a comfortable middle class background in 1950s England, Branson was never the academic type and, struggling with dyslexia, he left school at the age of 16 to start a student magazine. His old headmaster, on hearing of his former pupil's new project, remarked that Branson would either "go to prison or become a millionaire", and it proved prophetic when his publication granted him entrance into the music industry.

Understanding that his student readership were natural music fans, Branson started a direct mail-order record business to undercut the large retailers. He was so inundated with orders he became a retailer himself, opening a shop in London's Notting Hill. Given it was Branson's first real business, the "Virgin" name was born. The real turning point, though, was when Branson moved further up the musical ladder into record production. Branson took a gamble on unknown 19-year-old Mike Oldfield's debut album, which had been rejected by every major label. *Tubular Bells*, the first release on his fledgling Virgin Records, went on to sell 2.5 million copies.

That early experience set a template for all future operations: find where bigger, more established but considerably less competitive companies have taken their customers for granted, and then offer those customers a better deal. "I never get the accountants in before I start up a business. It's done on gut feeling, especially if I can see that others are taking the mickey out of the consumer," he famously said. But if the 1970s were about making a name for himself, the 1980s

//// "I never get the accountants in before I start up a business. It's done on gut feeling."



were about making himself the name – placing brand Branson front and centre of a company that would stretch over 360 different, hugely diverse companies. “In the beginning, it was just about the business – now it’s about the brand,” Branson admitted. “Back then we would create a company based on frustration at other people’s service and suddenly realised we had one of the most respected brands in the world.”

Suddenly the brand stood for more than just socking it to the big guys, and although Branson continued to run cheeky ads attacking British Airways, and occasionally pursue legal action for price fixing, his company was no budget airline competing for a different class of customer. Virgin had radically repackaged itself and its vast portfolio of businesses, presenting them in such a way as to make the customer experience hip and aspirational.

Building an elastic brand

“If you get your face and your name out there enough, people will start to recognise you,” is Branson’s mantra. “Many people know the Virgin brand better than the names of the individual companies within the group. Branding is everything.”

And no one can possibly say that they don’t know what Richard Branson looks like. His famous publicity stunts have made him a topic of light-hearted ridicule across the world: wearing make up for the launch of Virgin’s new cosmetic line Vie; carrying Burlesque dancer Dita Von Teese down the red carpet slung over his shoulders for the launch of Virgin Media; dressing up as Elvis, a blushing bride, or a six-foot rabbit. Or, in one of his less successful stunts, rappelling 400 metres down, James Bond-style, to open a new Las Vegas casino before getting stuck, swinging in the air.

“Virgin’s core success over the last four decades has been to create a challenger brand that is elastic, irreverent and contemporary enough to operate across multiple sectors – from rail travel, to airline, even to wedding dresses,” says Ovais Naqvi of Abraaj Capital. “Aside from that, they have mitigated classic start-up risk by licensing the Virgin name to various ventures, which gives any new operation ‘instant’ brand equity without a huge capital outlay to Virgin itself. That royalty provides assured income in a risk-managed model. They’re self-owned, self-funded businesses that provide a royalty stream”.

Today, Virgin is everywhere: on digital TV boxes, mobile phones, even upscale gyms. Branson’s next step,

however, is to give it all away and invest all his profits from his transportation businesses until 2016, an estimated \$3 billion, into developing cleaner fuels and reduce green house gasses. He has also launched the Virgin Earth Challenge, a \$25 million prize for anyone who comes up with a viable way of removing greenhouse gases from the earth’s atmosphere.

Some have been sceptical of the moves, which landed him on *Time* magazine’s list of environmental heroes. After all, Branson was once an avowed climate sceptic. Could it be just another stunt to further the Virgin brand? “People do things for different reasons, not just one. I have about ten different reasons for doing this. One is to tackle climate change. Another is to develop a clean fuel industry,” he told *The Independent*. “But I would also love to have Virgin recognised as the most respected brand in the world. If it can be a leader in tackling global warming, and it enhances the brand, that’s fine. It will enable us to tackle the problem all the sooner.”

As ever, Sir Richard Branson sees no contradiction in having your cake and eating it, too. Which is perhaps why he has tasted very little failure in his 40-year career, be it in the field of selling records or selling space flights.

“I find it very difficult to think of mistakes,” he told *The Guardian* when asked about the decisions he regretted in his career. “As for what lost the most money, probably Virgin Cola. It is still No 1 in Bangladesh though.” So, he’s humanoid after all.

Sir Richard Branson has built a brand on repackaging experience-driven products. Next on his radar is space tourism.



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Famous EXPLORERS

Henry Ford

The industrial pioneer who revolutionised industrial production and employee conditions



“Failure is simply the opportunity to begin again... only this time more intelligently.”

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The assertion that someone changed history might be as overused as it is overstated. But there is little question the industrial foresight of Henry Ford helped kick-start the 20th century, paving the way for mechanised production and, with it, the mass consumption that would define the last years of the millennium. The world might well have been heading inextricably towards both as America embarked on its gilded age, but Ford ensured we all got there much quicker.

Although famous for his landmark Model T car, Ford's career was as much about exploring optimum manufacturing processes as creating a means of transport – ultimately, he was always more interested in the innovative idea than the financial result. A relentless inventor, Ford racked up in excess of 160 patents in the US, beginning with his 1896 “horseless carriages” that placed his version of the internal combustion engine on a small wagon perched on bicycle tyres. His entrepreneurial journey, though, only began when he left Thomas Edison's Illuminating Company in 1901, starting his own venture with the full support of his former boss – himself one of the great industrial pioneers of the day.

The new company was an early lesson in entrepreneurial risk and it soon folded with considerable debts. “Failure is simply the opportunity to begin again,” Ford said of the first venture, “only this time more intelligently.” Showing a knack for self-publicity, he raced a self-designed sports car to raise backers for a new automotive venture. “He was always willing to take risks,” says Bob Casey, curator of transportation at the Henry Ford Museum in Dearborn, and he was soon able to raise nearly \$30,000 from 11 new investors to start the Ford Motor Company in June, 1906. A month later, his new venture sold its first car to a Detroit doctor.

Yet, it was Ford's belief in the car as an everyday necessity and not simply a luxury for the affluent few that really turned his business into a global phenomenon. His mantra “what would farmers buy?” led to him to continuously pursue cheaper means of production and, in turn, the almost accidental development of the assembly line which completely revolutionised industrial processes. “I am looking for men,” he said of his recruitment policy, “who have an infinite capacity to not know what can't be done.”

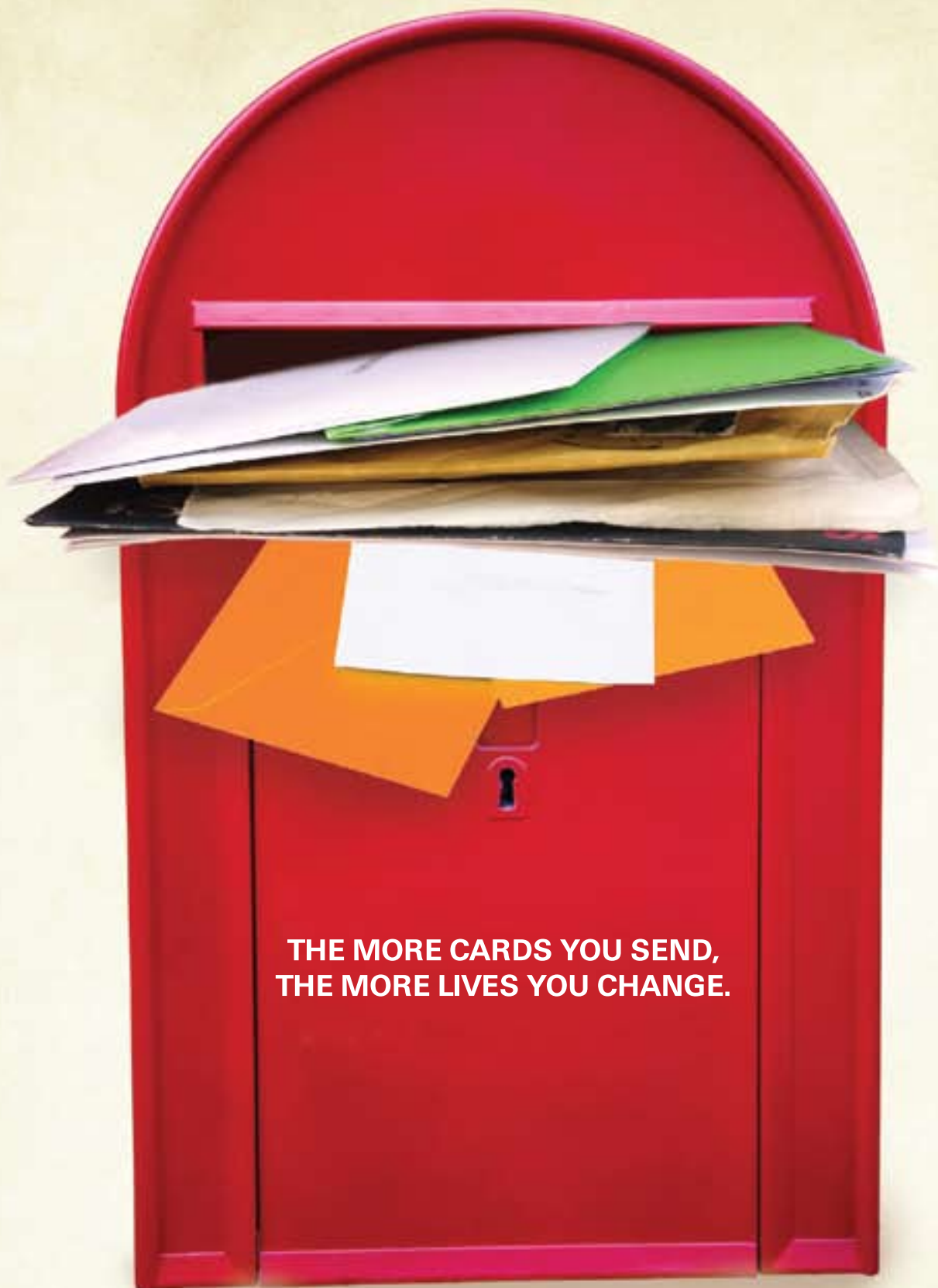
The Model T Ford was little short of a sensation when it was first unveiled in 1908. The high ground clearance made it ideal for all terrains and its reliability would become legendary, but the biggest selling point was its price. At \$800, it was almost a third the price of its rivals, and even that was reduced to an almost disposable \$300 by the early 1920s. The numbers bear out the success: in 1918, half of all cars in the United States were Model Ts, and by 1927, 15 million units were sold – figures the present company would envy.

Ford, though, wasn't exclusively an inventor. Continuing the trend of the great Victorian industrial philanthropists, Ford understood that looking after his workforce was key to maximising production, reducing staff turnover and, by increasing wages, creating the market for his new middle-class accessory. Understanding the potential problems of assembly line work, Ford cut working hours by five hours a week and doubled the minimum wage. He was also a pioneer in selling cars by creating the dealership franchise system that still dominates today.

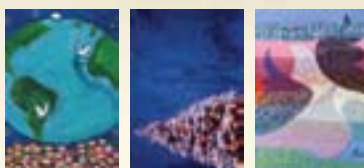
With educational foundations in his name, and a political philosophy that suggested consumerism was the key to international peace, he was an early proponent of what we call corporate social responsibility. “A business absolutely devoted to service will have only one worry about profits,” Ford said in 1928. “They will be embarrassingly large.”

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