

Startups for the Kuwaiti soul



By **Abdullah Hamad Al Terkait**

Kuwait is a quiet country that shies away from the limelight, but is very powerful when it has to be. The youth in Kuwait comprise 67% of the population; the majority are Arab but also consist of other nationalities. As is evident all over the world, social media has taken over the daily lives of each and every young mind.

Given the fact that Kuwait has a social media penetration of 96%, it is also home to the Gulf Cooperation Council's most affluent online influencers. There are many female Kuwaitis breaking barriers and inspiring young minds to express themselves more. To some it is a way of finding themselves and doing something untraditional but profitable. Several graduates are committing their time and minds to starting their own brand or business, resulting in a substantial rise in entrepreneurs and startups. However, to do so, a stable ecosystem is required to support and nurture all these talented ideas. For this to be formed, we would require several components to interact and work together as a system.

Enter 'The National Fund for SME Development'

The National Fund for SME Development is an independent organization with a capital of KD 2 billion. Over the years, the fund has established a support foundation, recruited employees, developed the IT infrastructure needed and set the key guidelines for the program. Startups are given financial and business support, training, a one-stop-shop for business registration, a virtual platform that was launched in the name of 'Nuwait' and community events for the stakeholders.

So what's the problem?

While all of the above sound promising, the organization has been challenged with obstacles. A survey done by the World Bank in 2014 outlined the following:

Lack of educated workforce

Difficulty in obtaining operating licenses

Labor regulations, regulatory uncertainty and administrative corruption

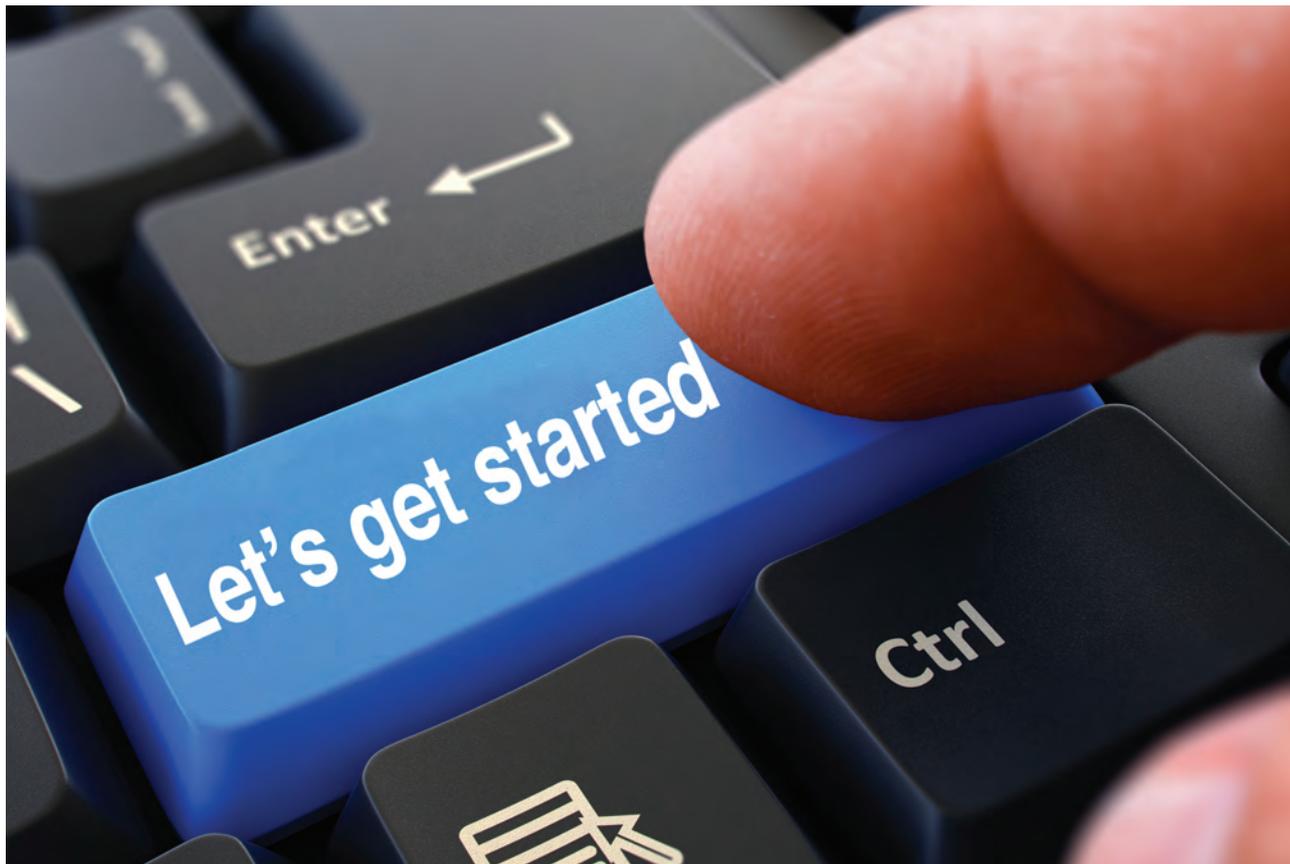
Economic challenges like the decline in oil prices

These barriers have proved to be major hindrances in the program and would require immediate solutions like that of Wamda and Nuwait, which have targeted areas like 'entrepreneurial culture and talent' and 'financial and business support'.

But the question still stands: Is this enough to help new and young ideas make their mark?

One Goal, One Path

While startups are able to set up their IT and other areas, they find areas like 'Marketing and Sales' to be challenging. This is where companies from the private sector could step in and lend a helping hand. Notably, 'Brilliant Lab' is a concept that partnered with Zain to offer entrepreneurs a range of services from a startup boot camp in Kuwait, to acceleration services in San Francisco, to access to international events and conferences. Messilah Ventures that was started under the 'Creative Startups' accelerator in New Mexico takes a special interest in assisting with food startups. Accelerators like these could help entrepreneurs overcome their barriers and find



support and empowerment.

In spite of these resources, the harsh reality is that all this is insufficient and the startup ecosystem requires the much larger components, ie investments and corporate support. Financial support is a key ingredient and startups often fail before they can lift their wings to fly due to the lack of financial aid. It is true that “There is a need to shift from Corporate Social Responsibility (CSR) to Corporate Social Investments (CSI)”.

Why investment firms should show interest...

The venture capital industry in the Middle East is expected to grow to US\$5 billion by 2019. With an abundance of VCs investing in regional startups and assisting with early-age funding and later-stage mergers and acquisitions, entrepreneurs not only receive financial aid but also professional business training, legal advice and risk management. They say, lead by example, and that is exactly the mindset that is needed in Kuwait from the private sector. Investment firms could benefit from areas like innovative technology and youth empowerment, which

could result in major positive exposure for the company.

Startups require capital in the early stages and during the growth phase, if the model succeeds, Investment firms can carry out the responsibility of channeling capital from savings surplus units such as households, treasuries of corporates, insurance companies, government and semi-government institutions like the PIFSS, KIA, Awqaf to the savings deficit startups. This will lead to economic stimulus and spur growth within the entire economy, leading to all-round development and prosperity of the nation.

Investment companies are always looking for new investments and in today's business world, investing in new businesses, in terms of equity, can prove beneficial to the entrepreneurs and the company itself. Firms could also assist in areas like international marketing, given their global reach. Accelerators and incubators are key to the success of startups and few are as well positioned as investment companies to bridge this gap.

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