

## Summary

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### MENA Tech Ecosystems

9 May

#### Key points

- No single city, country or region will emerge as MENA's Silicon Valley; instead entrepreneurs, investors and other actors should look at the region as a whole.
- Useful comparisons of the MENA tech ecosystems' current state of development may be with Silicon Valley several decades ago or South-Est Asia a few years ago.
- Gulf countries have an advantage because all actors, from regulators to entrepreneurs and beyond, are pushing in the same direction.
- FDI will be secondary; investment must come first and primarily from within the region.
- MENA entrepreneurs could lead the way in attempting to solve emerging-market problems.
- Bahrain can position itself as a test market for entrepreneurs from places like Egypt and Lebanon to enter the GCC market.
- The educational systems of the region's countries must abandon rote learning in favour of softer skills that encourage creativity and innovation.

#### Synopsis

No single city, country or region will emerge as MENA's Silicon Valley. Entrepreneurs, investors and other actors should look at the region as a whole.

Some people like to point to Dubai, but different countries have different strengths. Some will provide pools of talent with particular skills. Some offer larger markets. Some have better universities. For example, many programmers and developers come from Egypt. Jordan has supplied more than its share of project managers. As a national market, Saudi Arabia is on everyone's radar. Bahrain can position itself as a test market for entrepreneurs from places like Egypt and Lebanon to enter the GCC market.

Gulf countries have an advantage because all actors, from regulators to entrepreneurs and beyond, are pushing in the same direction. In some places, such as the United States, regulations could hamper progress in areas such as hyperloop, the concept of frictionless, high-speed transportation.

With a population approaching 400 million, MENA already represents a substantial market. And it offers more opportunities than many other places around the globe. "There is a lot more here that has not been done yet," said Hasan Haider, Partner, 500 Startups, United States. "To be global is not that important. Be regional. Dominate the region."

Compared to urban areas in many emerging markets, hub cities in the Gulf enjoy good infrastructure. "You'll see us address emerging-market problems," said Noor Sweid, General Partner, Global Ventures, United Arab Emirates. "No one sitting in the valley is going to think about those things." Local start-ups could also lead technological innovation in sectors where the region is already strong, such as oil and gas.

Useful comparisons of the MENA tech ecosystems' current state of development may be with Silicon Valley several decades ago or South-East Asia a few years ago. "We are sometimes impatient," said Hazem Ben-Gacem, Head of Corporate Investment, Europe, Investcorp, United Kingdom.

Foreign direct investment (FDI) in the form of outside venture capital will be secondary. As elsewhere, including Latin America and Africa, locals need to lead the way. Yet both of the region's most important sources of capital have been slow to respond. State-run sovereign wealth funds have been unable to think in amounts small enough to match the needs of start-ups. And the private sector prefers more conventional investments, such as real estate.

The educational systems of the region's countries must abandon rote learning in favour of teaching softer skills that encourage creativity and innovation. In the meantime, more established companies are investing in start-ups. Noon.com converted half of its Riyadh office into an incubator for young firms that might help it solve problems or eventually be acquired. Huawei sends students to study in China and runs ICT skills competitions in the region. It also provides office space for start-ups.

#### **Session panellists**

**Hazem Ben-Gacem**, Head of Corporate Investment, Europe, Investcorp, United Kingdom

**Nichola Eliovits**, Managing Partner, Olive Tree Capital, United States

**Faraz Khalid**, Chief Executive Officer, Noon.com, United Arab Emirates

**Noor Sweid**, General Partner, Global Ventures, United Arab Emirates

**Hasan Haider**, Partner, 500 Startups, United States

**Safder Nazir**, Vice President, Digital Industries Strategy, Huawei Middle East

Moderator: **Samuel Burke**, Business and Technology Correspondent, CNNMoney, United Kingdom

#### **Disclosures**

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