

المنتدى الدولي لريادة الأعمال الاجتماعية (تجسير)

موضوع المنتدى

« متطلبات الرقمنة لتحويل المشروعات الاجتماعية
الرائدة إلى فرص ناجحة »

مايو
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Entrepreneurship Ecosystem and Tools to Access Financing, and Role of Incubators and Accelerators

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To evaluate market readiness, Benchmarking and best policies, we need to understand current state of Bahrain in terms of:

- Economy,
- Innovation capacity,
- Socio-economic structure,
- Education system,
- Universities
- Entrepreneurship ecosystem

Market Readiness

Benchmarking

Best Practices

- Bahrain is considered the fastest growing financial center in the Middle east, as the kingdom is based on a free and open economic policy. According to the Index of Economic Freedom, issued in 2011, Bahrain's economy is the freest in the Middle east and North Africa Region. The World Bank has recognized its economy as high-income one.
- In the World Economic Forum's 2017-18 Global Competitiveness Index, the Kingdom ranked 44th out of 137 economies mainly due to its strong institutions, growing and stable infrastructure, market efficiencies and business sophistication.
- According to the International Monetary Fund, its GDP was \$31.86bn in 2016, increasing to \$33.9bn in 2017. Bahrain's model of development has been studied and formalized by the UN Industrial Development Organization (UNIDO), in partnership with the Arab Regional Centre for Entrepreneurship and Investment Training based in Manama, the nation's capital.
- The UNIDO Entrepreneurship Development and Investment Promotion program developed in Bahrain, has been implemented with UNIDO support in more than 65 developing countries around the world with its strong results. In a bid to facilitate increased privatization and to improve efficiency, a fully independent body.

Economic Vision 2030 of Bahrain & Transforming into a Knowledge Economy

Objective

Increasing levels of sophistication and innovation, enabling the country to claim an attractive position in the global value chain.

Consequently, capturing emerging opportunities, expanding to knowledge-based sectors and by increasing Bahrain's output of high value-added goods and services will result as greater wealth for companies, employees and society in the country.



Government and Private Sector will act as partners!

- Creating an environment highly conducive to entrepreneurship and innovation,
- Improving access to capital for SMEs, and access to venture capital for business in general,
- Establishing a platform for advancing innovations to market readiness, which will help Bahrain tap into the global knowledge economy.

“The Four Pillars of The Knowledge Economy”

- **Education & Training**

An educated and skilled population is needed to create, share and use knowledge.

- **Information Infrastructure**

A dynamic information infrastructure-ranging from radio to the internet-is required to facilitate the effective communication, dissemination and processing of information.

- **Economic Incentive & Institutional Regime**

A regulatory and economic environment that enables the free flow of knowledge, supports investment in Information and Communications Technology (ICT), and encourages entrepreneurship is central to the knowledge economy.

- **Innovation Systems**

A network of research centers, universities, think tanks, private enterprises and community groups is necessary to tap into the growing stock of global knowledge, assimilate and adapt it to local needs, and create new knowledge.

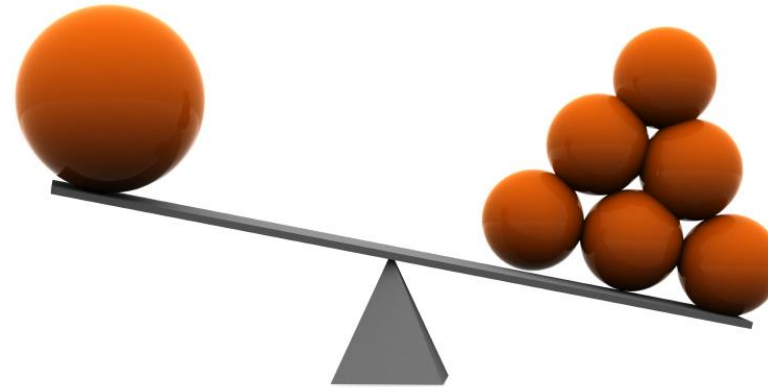


THE WORLD BANK

Key Components of a Knowledge Economy

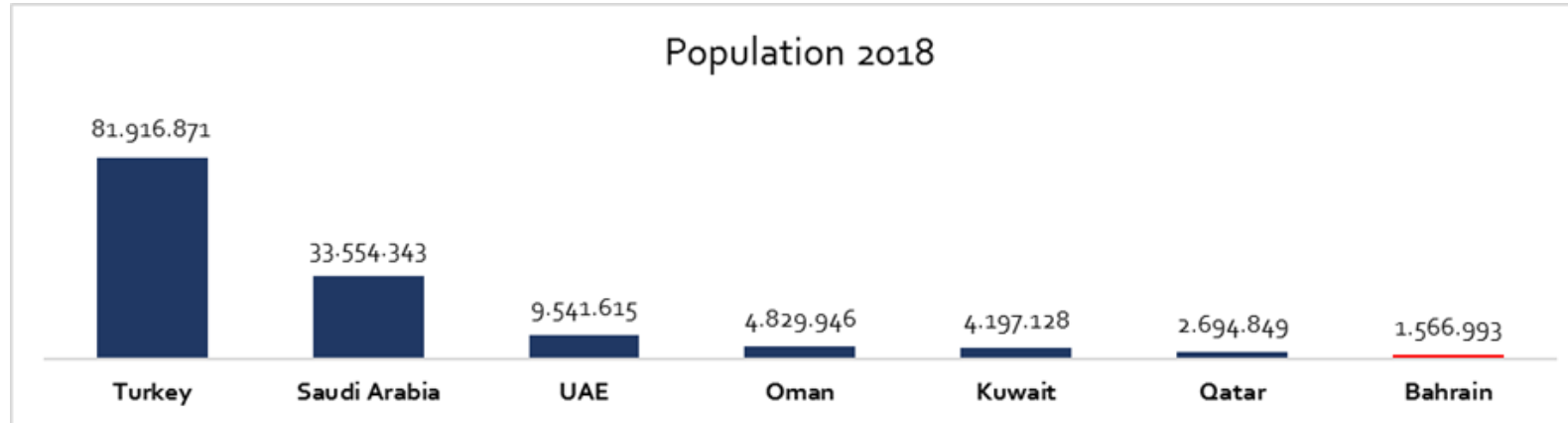
Physical Inputs or
Natural Resources

- Intellectual Capabilities
- R&D
- Innovation

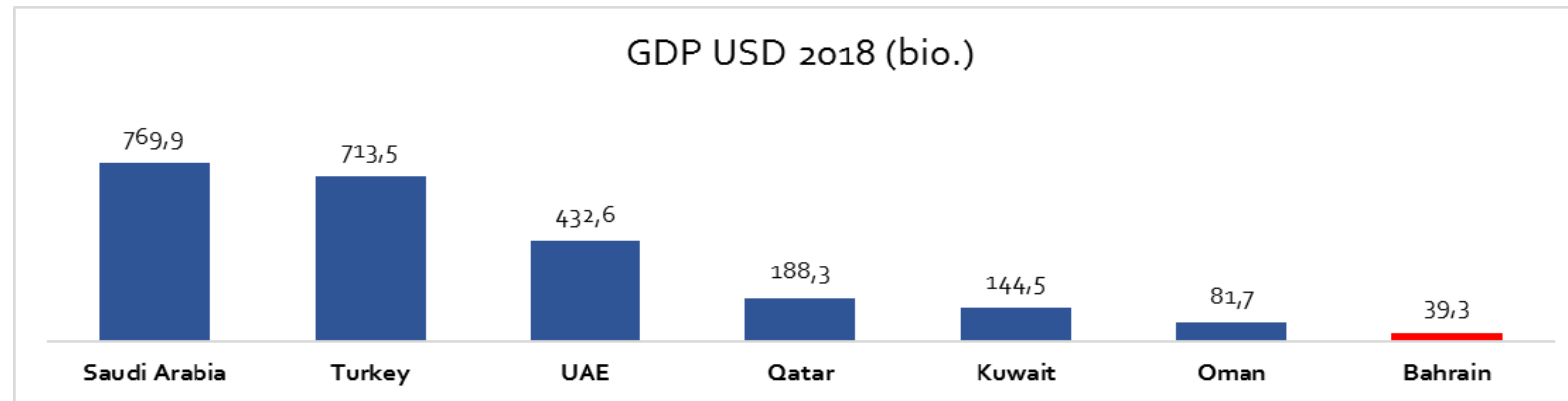


R&D vs Innovation

- R&D turns money into knowledge,
- Innovation is the process of creating business, commercial solutions out of this knowledge.



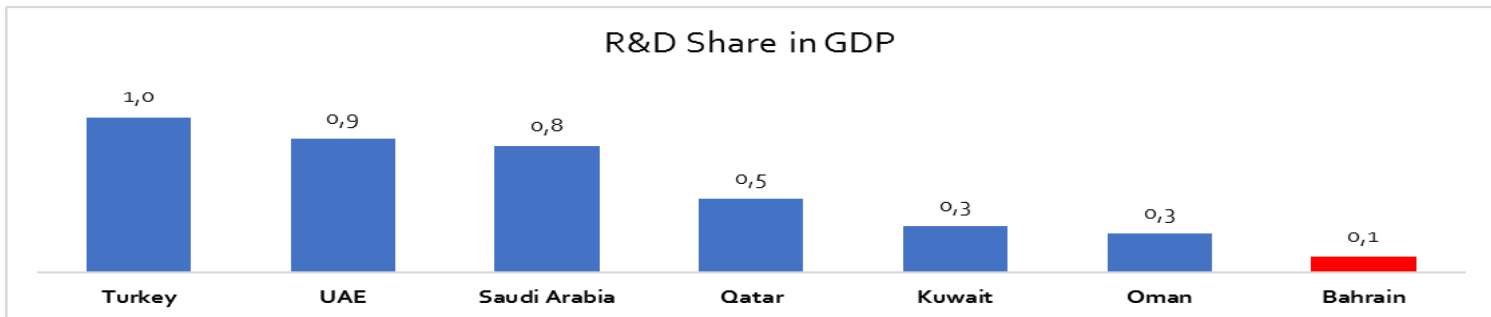
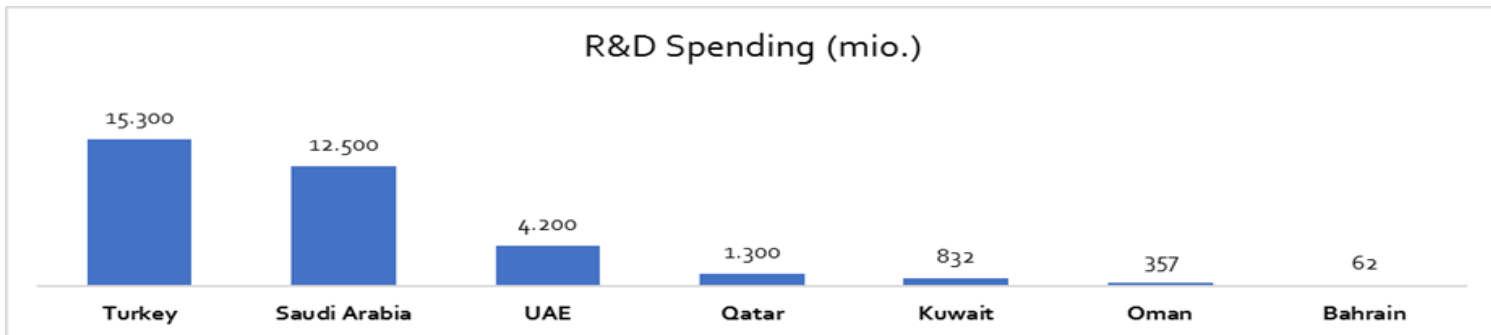
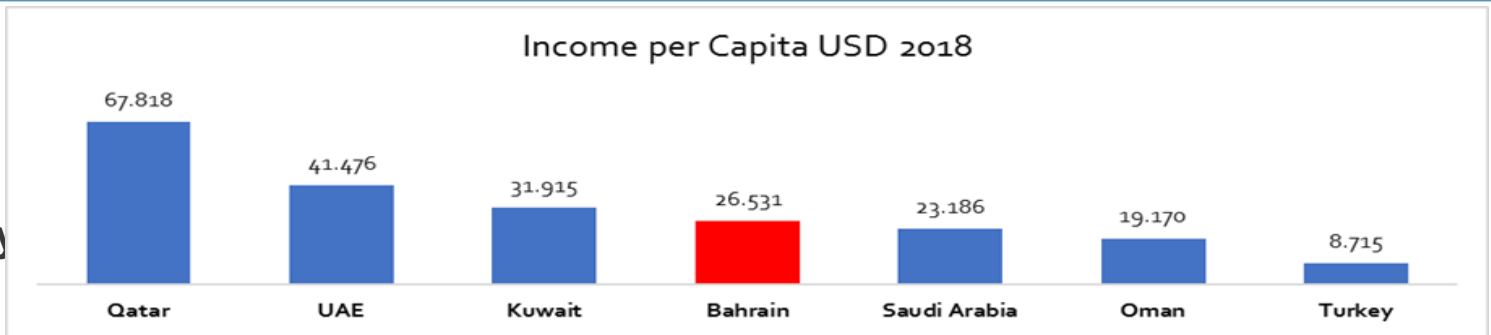
Source: <http://worldpopulationreview.com/countries/>

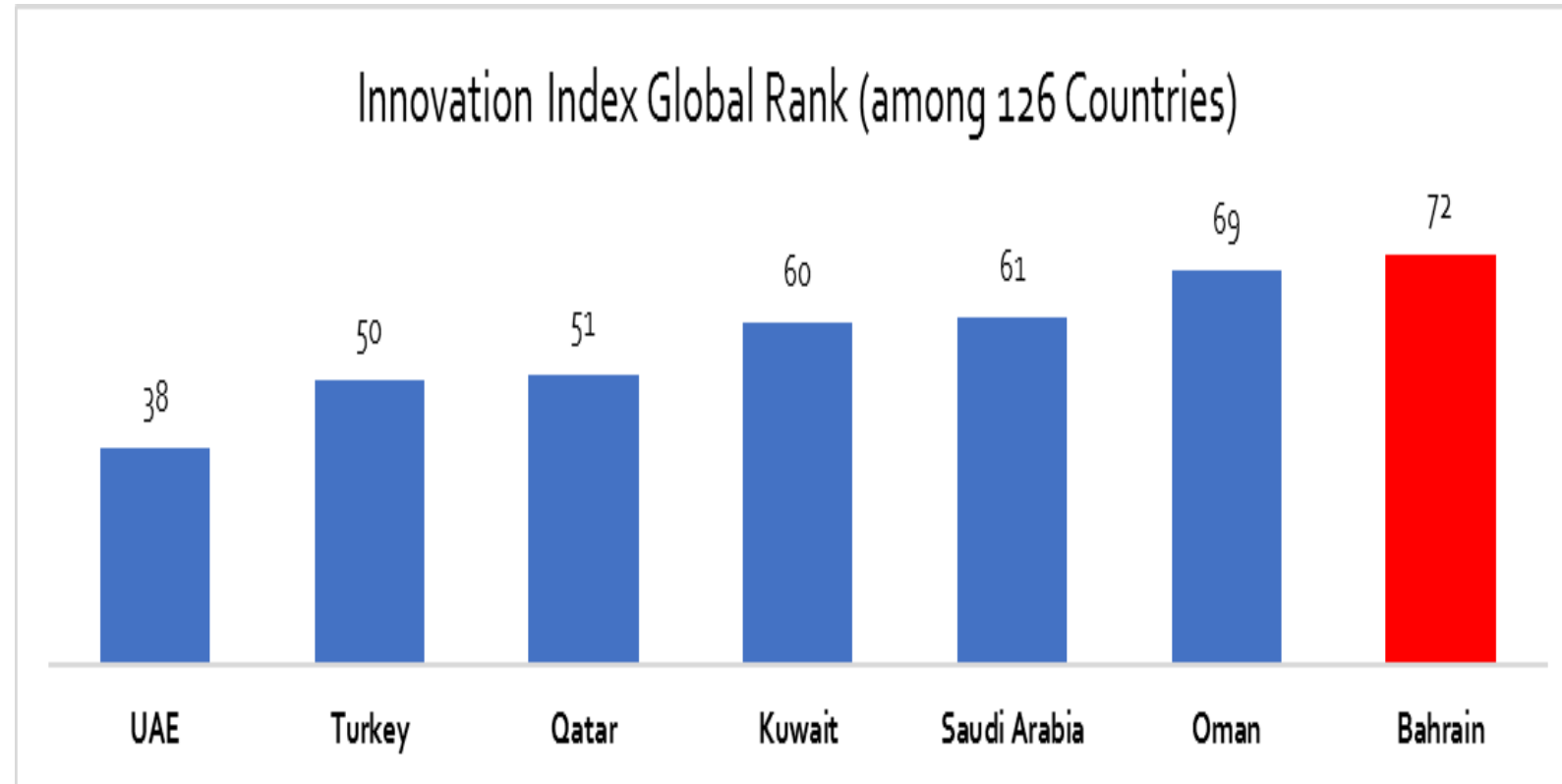


Source: <http://statisticstimes.com/economy/gdp-indicators-2018.php>

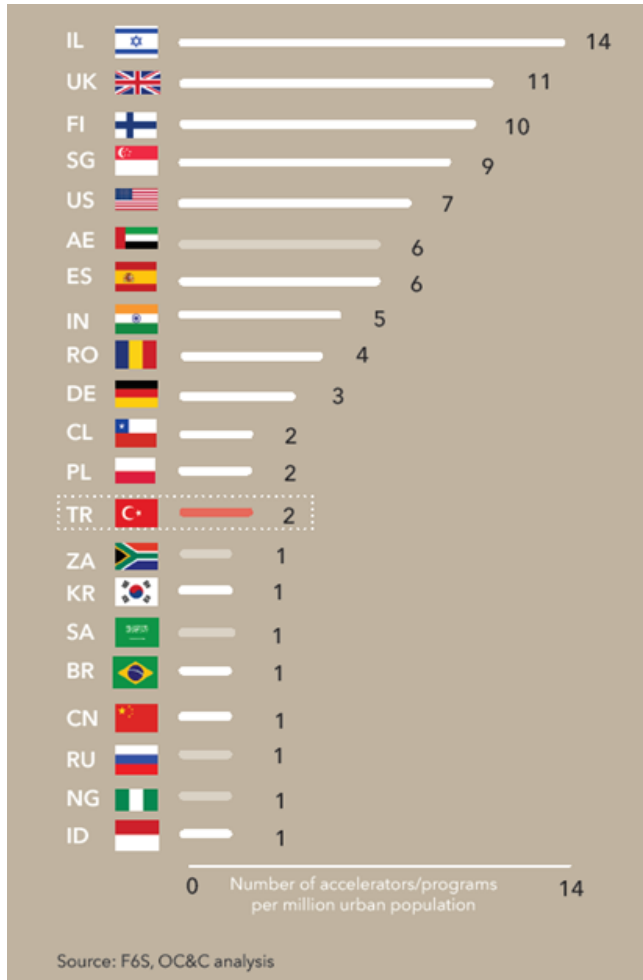
Moody's Ratings for GCC Countries & Turkey

	Moody's Rating	Outlook
Saudi Arabia	A1	Stable
UAE	Aa2	Stable
Kuwait	Aa2	Stable
Qatar	Aa3	Stable
Bahrain	B2	Stable
Oman	Ba1	Negative
Turkey	Ba3	Negative





Incubator and Accelerator Density Evaluation



According to OC&C 2018 Report Accelerator Density, which is accelerators/programs per million urban population,

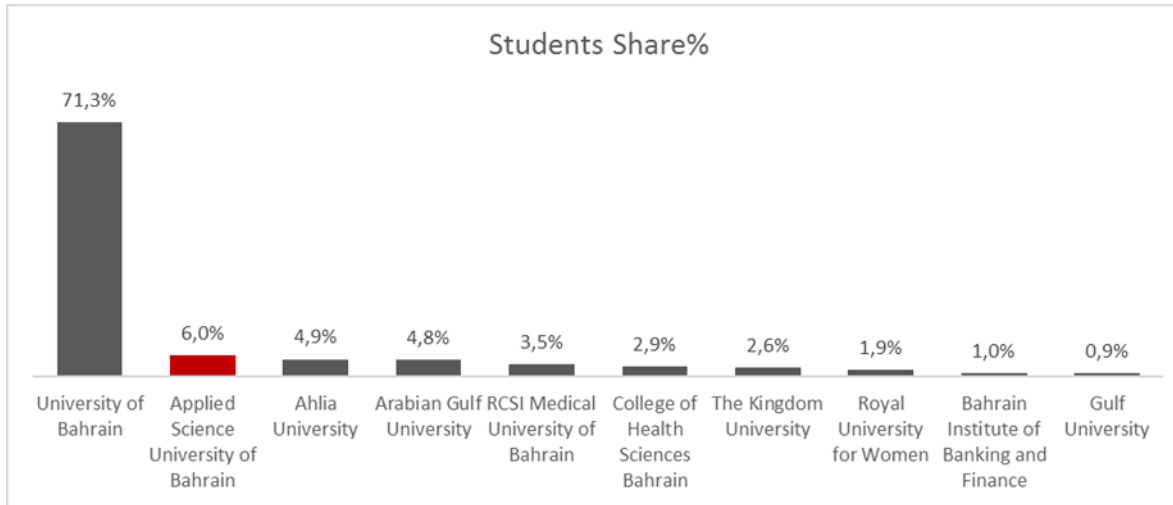
- UAE has 6 per million
- Turkey has 2 per million.

According to EDB there are 23 incubator, accelerator and co-working offices in Bahrain.

By considering Bahrain population, this number seems high but when looking into details it is clearly seen that number of global - standard accelerators are very few.

Universities in Entrepreneurship Ecosystem

UNIVERSITIES IN BAHRAIN



Source: QS World University Rankings - <https://www.topuniversities.com/subject-rankings/2019-Bahrain> Polytechnic, since it is not listed in QS Rankings, is excluded in statistics.

Universities are the major component of an Entrepreneurship Ecosystem.

- Infrastructure,
- Innovation culture,
- Potential academic,
- Student & Graduate Entrepreneurs,
- Labs
- Specialization in Specific Areas

QS World University Rankings Bahrain Universities Research Outputs

	Status
University of Bahrain	Public
Applied Science University of Bahrain	Private
Ahlia University	Private
Arabian Gulf University	Public
RCSI Medical University of Bahrain	Private
College of Health Sciences Bahrain	Public
The Kingdom University	Private
Royal University for Women	Private
Bahrain Institute of Banking and Finance	Private
Gulf University	Private

SPECIALIZATION OF UNIVERSITIES IN BAHRAIN

NARROW FOCUS

Arabian Gulf University, College of Health Sciences and RCSI Medical University

Medical Sciences and Healthcare Education and Bahrain Institute of Banking and Finance on Finance Education.

WIDER FOCUS

The Kingdom University, Gulf University and Royal University for Women

Beside Business and Engineering they have departments like Art, Law and Architectural Design.

GENERAL APPROACH

First Three University: University of Bahrain, Applied Science University and Ahlia University

Many different disciplines in their departments.

Bahrain Polytechnic (not listed in QS rankings), is important for Bahrain particularly for technology-based business creation. Engineering Technology and Information & Communication Technology Departments have huge potential to create tech business entrepreneurs.

- Strategy to open new engineering programmes
- Strong departments as Civil Engineering, Architectural Engineering and Business Administration, as
- Electronics and Electrical Engineering,
- Telecommunications and Networks Engineering,
- Mechanical and Design Engineering

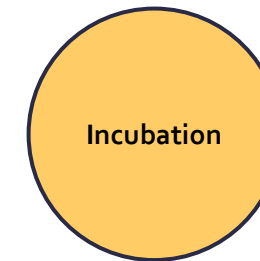
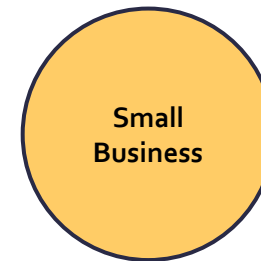
Strong emphasis to uniqueness in technology related education!

- Universities need to differentiate and position on engineering/math/sciences education to strengthen Startup and Scale-Up Accelerator

Incubators and Accelerators are major institutes and/or vehicles for universities to:

- Foster entrepreneurship,
- Commercialization
- Connecting to outer ecosystem mainly to business world.

**(UBIC) which is established in cooperation
with Bahrain Development Bank**



Bahrain FinTech Bay

- Focused in FinTech vertical
- Targeting beyond Bahrain as Middle East and Africa.
- Co-working space, meeting rooms, innovation labs, acceleration programmes, curated activities and Educational opportunities.
- Very strong ecosystem.

C5 Accelerator

- A London, Washington D.C., and Bahrain based technology investment firm.
- Supports cloud-enabled technology companies
- Focuses on impact technology, including Fintech, Cyber Security, CleanTech and AgriTech to stimulate financial inclusion, diversity and economic empowerment.

CH9

- Has a space is 1,300sqm and consists of 900sqm startup co-working space and sixteen private offices,
- A hybrid model serving both start-ups and scale-ups,
- Founders are from industry,
- As a co-working office, it has developed a strong ecosystem within government and industry.

Flat6Labs

- Launched in 2018 in partnership with Tamkeen,
- Will be investing in more than 40 local and international startups through their program over the next three years.
- Two cycles every year with seven startups in each one of them.
- Financial Services & Payments, Education, ICT & Electronics, Mobile Apps & Games, B2B Infrastructure Services, Healthcare, Tourism & Real Estate Technologies and Hardware & Industrial Solutions.

Brinc

Invest in Connected Hardware, Drones, Robotics & Food Technology startups.

It has 3 programs as below:

- **Early Stage Programs:** Startups who have developed a proof of concept and are interested in setting up the bases for a strong company.
- **Mid-Stage Programs:** Startups who have a looks-like/works-like prototype and are interested in moving forward in the manufacturing stage.
- **Accelerator for Accelerators:** Incubators, accelerators, and investment companies who are looking to develop, support, and scale their programs.

The Hive

- Work on both individuals and teams level
- Engage them with maker movement
- To ensure the growth of the maker community in the nation.

Level Z

- Is a small Startup Studio with a vision to roll out innovative startups and products that solve real world problems.

Rukn

- Executing holistic accelerator program, called Technopreneur,
- Aim to support and facilitate the growth of the ICT sector in Bahrain.
- Capacity building, coaching, mentorship, MVP development monetary support, funding and other services to support the development of their ICT concepts and transform them into commercial business ventures.

Currently **PROVIDED** products & services as the following:

- Training programs
- Grants & incentive schemes
- Financing support
- Advisory support services
- Knowledge sharing networks
- Investment Support

Aimed to **IMPROVE** by providing:

- An expanded range of coaching and mentoring programs;
- A 'matching service' to help micro and small enterprises find business opportunities in the marketplace;
- More support for pre-start-up phase companies and for financially distressed businesses.

EXPANSION of products and services according to strong ongoing interest in incubation support services among Bahraini early-stage and scaling start-ups as:

- Through both direct equity investment in incubators,
- Greater leveraging of existing relationships.



2018-2020 4 headlines:

- Growth
- Diversification
- Productivity
- Innovation

'Growth' & 'Innovation' Dimensions' Objective

To support a university accelerator

- Enable R&D partnerships between the private sector and universities
- Accelerate market entry for entrepreneurs and the growth potential of existing companies.

GROWTH

- By providing information and streamlining processes is aiming to accelerate market entry for entrepreneurs,
- The growth potential of existing companies by offering products and support that reduce entry costs,
- Providing access to productivity enhancements and minimize market complexities.

INNOVATION

- Expanding training programs to increase understanding of intellectual property rights;
- Leverage Tamkeen's convening power to help build more effective R&D partnerships between the private sector and universities;
- Utilize financing programs to support R&D development within companies;
- Celebrate local innovation success stories by building recognition and awareness of local innovation leaders.

- There are adequate number of public and private universities in Bahrain,
- Universities have strong engineering focus and finance-related programs,
- Potential university accelerator will be the first in Bahrain. University accelerators are main connection point to other ecosystem components. Academic know-how, potential entrepreneurs and human resources, industry relations, infrastructure, labs, education & training capabilities and connections to different universities and university incubators all over the world are only available possibilities in university accelerators.
- Having a university accelerator in Bahrain will contribute to Bahrain's vision 2030 targets. Knowledge economy needs more R&D activities and deep-tech companies. Compared to private accelerators university accelerators have more potential to attract and grow that type of scale-ups,
- University accelerator is in line with Bahrain's current strategies on creating technology-led businesses. Particularly enabling R&D partnerships between the private sector and universities and accelerate market entry for entrepreneurs and the growth potential of existing companies can be best provided by a university accelerator.

Entrepreneurs typically lay the foundation of their startup by pulling themselves by their bootstraps – at least initially. Later, they seek funding to scale up their business.

- **Creating a scalable business model**

A startup with the potential to deliver what the VCs want is one that has a scalable business model. In other words, to secure a VC deal, startup venture must be capable of generating profits at a rate that is higher than the one at which it incurs costs.

- **Demonstrating early-business traction and social proof**

To substantiate startup proposal, they need to demonstrate the feasibility of product offering by presenting proof of its success. The direction of product development reflects the learning journey of the founding team. This is a big plus because VCs prefer to invest in matured founders, who can consistently reinforce the confidence shown by VCs in their venture.

- **The bottom line: making wise use of capital infusion**

Securing the support of the right VC is a tough nut to crack. The challenge, however, doesn't end with bagging a successful deal. More than acquiring the funding, startups need to work harder to deliver on promise to investors. This will involve working sincerely towards achieving vision – and the sincerity will be demonstrated by how the funding is used. Keeping investors informed about spending will go a long way in reinforcing the trust they've put in startup.

- **Series funding**

Series funding is when a startup raises rounds of funds, each one higher than the next and each one increasing the value of the business. It's described alphabetically: Series A, B, C, D, and E.

- **Crowdfunding**

Crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. Crowdfunding is essentially the opposite of the mainstream approach to business finance. These funding sources includes: Banks, Angel investors, Venture capital firms

- **Loans**

A small business startup loan is any type of loan that helps businesses with little to no business history. Small business startup loan is an umbrella term under which a few different types of financing fall.

- **Venture Capital**

Venture capital is a great option for startups that are looking to scale big — and quickly. Because the investments are fairly large, your startup has to be prepared to take that money and grow. The goal of a venture capital investment is a very high return for the venture capital firm, usually in the form of an acquisition of the startup or an IPO.

- **Angel Investors**

Angels are often one of the more accessible forms of early stage capital for an entrepreneur and as such are a critical part of the equity fundraising ecosystem. The most beneficial aspect to working with an angel investor is that they can usually make an investment decision on their own.

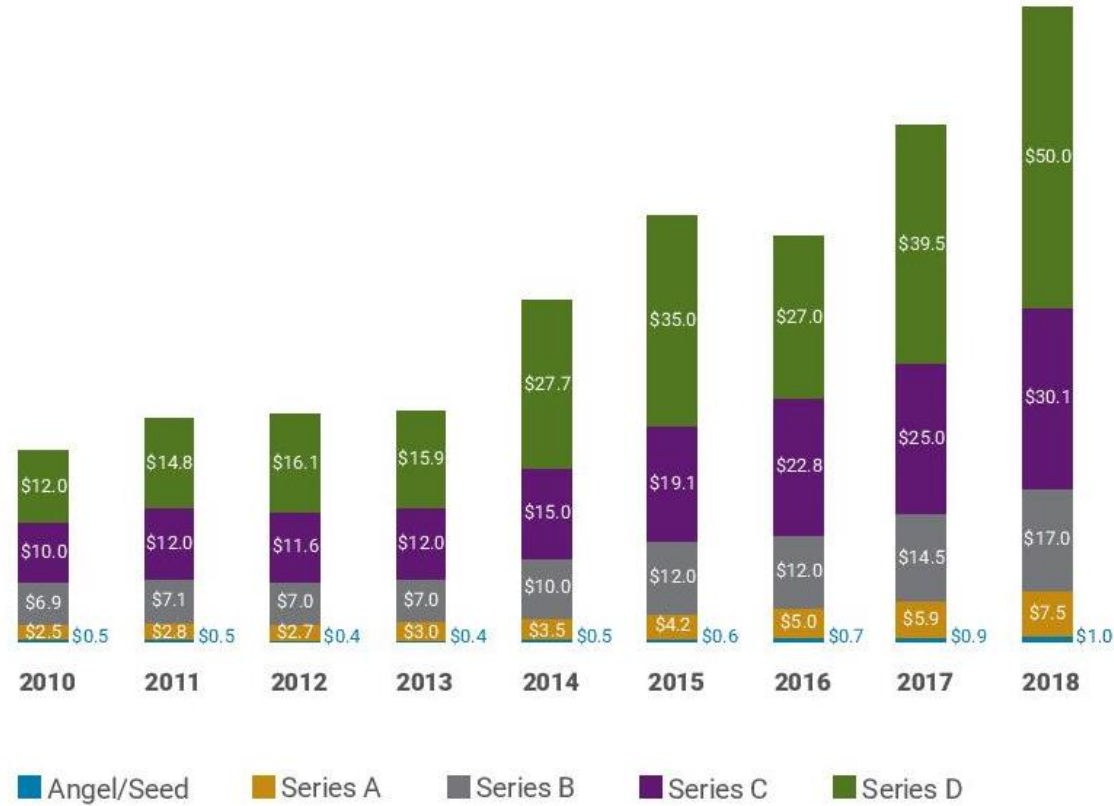
1. Over the past decade, Funds have become increasingly focused on certain stage as of the Tech Industries equity and venture-committed capital has transformed market conditions.
2. Simultaneously, successes in early venture funds and startups, which were launched following the global financial crisis, fostered further competition and a steady trend into slightly reduced deals overall, along with significant increases in medium-size funding and valuations. Since beginning of 2015.
3. There has been major contraction in the number of completed agreements in the earliest stage of venture financing. However, it seems that this decline has evened out nowadays with the latest dip.
4. The latter suggests that the venture ecosystem has completed its readjustment towards a long-lasting historical environment at the early-stage.
5. According to the data, angel and seed investments have increased by 100% up until 2018 while growth stage investments witnessed a monumental 216% boost with the 317% increase for Series D investments alone.
6. The global innovation market has become more mature compared to earlier years. A conventional supply and demand phenomenon is at play.
7. The spread of venture capital has brought about a large number of prospects for companies to invest in; on the other hand, the number of viable opportunities failing to surge in parallel has resulted in higher competition.

Reference: The State of Digital Investments in MENA 2013-2018 - Arabnet

Global Median Deal Size (\$M) by Series for 2010-2018



INTELLECT RESOURCES
MANAGEMENT W.L.L.



Source: Venture Pulse, Q4'18, Global Analysis of Venture Funding, KPMG Enterprise - Jan 15, 2019 report.

Reference: *The State of Digital Investments in MENA 2013-2018* - Arabnet