

KUWAIT INNOVATION ECONOMY TECH STARTUPS 2018



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FOREWORD

Kuwait, just as the rest of the GCC, is moving away from an oil-dependent economy and towards a knowledge and innovation centered future. The nation is undertaking several initiatives to support this transition.

In 2013, the Kuwaiti Government established the Kuwait National Fund for SME Development (SME Fund). The \$6.1 billion fund finances up to 80% of the capital requirements of Kuwaiti enterprise projects. The fund strives to support the Kuwaiti youth, cut down on unemployment, and empower the private sector to drive growth. Currently, the SME Fund aims to foster a collaborative yet innovative entrepreneurial ecosystem to promote economic opportunities. Thus, the National Assembly of Kuwait updated the fund mandate to ensure healthy entrepreneurial competition by supporting startup projects throughout the entire entrepreneurial value chain rather than just focusing on financing. Additionally, 10% of total government purchases have been earmarked for Kuwaiti SMEs, including tenders issued by the government.

Further initiatives include the Kuwait Vision 2035 and the National Development Plan 'New Kuwait,' launched in 2017. New Kuwait follows his Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah's vision of transforming Kuwait into a knowledge economy by attracting investors, increasing competitiveness, and improving legislature that enables the private sector to drive growth. The Vision 2035 aims to encourage the right conditions for enabling SME and startup participation in the country's economic development.

The Kuwaiti market has witnessed the recent launch of several private sector funds, mainly Faith Capital, KISP Ventures (a Sharia'a compliant venture capital firm), and Seeds Partners. Moreover, with the acquisitions of Talabat.com, by German Rocket Internet for \$170 million, Carriage, by Delivery Hero for approximately \$100 million, and JustClean (previously Masbagti) by Faith Capital at an undisclosed amount have established Kuwait's presence on the regional entrepreneurship map. The entrepreneurial momentum in the Kuwaiti market continues to gradually develop and flourish.

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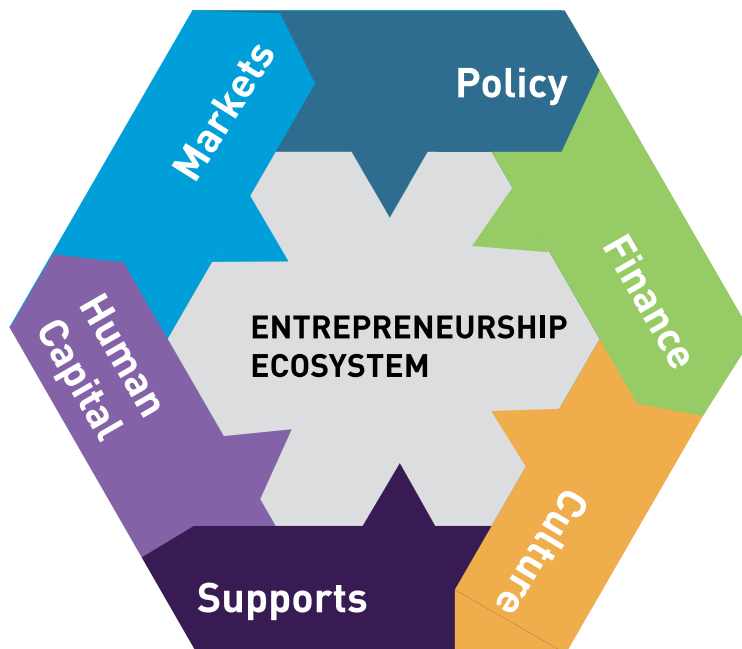
INTRODUCTION

BACKGROUND INFORMATION

AN ENTREPRENEURSHIP ECOSYSTEM

Daniel Isenberg, a Professor of Entrepreneurship Practice and founding Executive Director of the Babson Entrepreneurship Ecosystem Project, is the main creator of Babson Global's "Domains of the Entrepreneurship Ecosystem." Isenberg refers to this model as an 'entrepreneurship ecosystem strategy for economic development.'¹

Inspired by the "Domains of the Entrepreneurship Ecosystem," the research analyzes Kuwaiti tech startups through the lens of the model's six pillars. These pillars include the following: ease of access to funding, ease of access to talent and tech skills, strength of infrastructure and support organizations, ease of access to markets and customers, a culture of entrepreneurship, and finally regulatory frameworks.



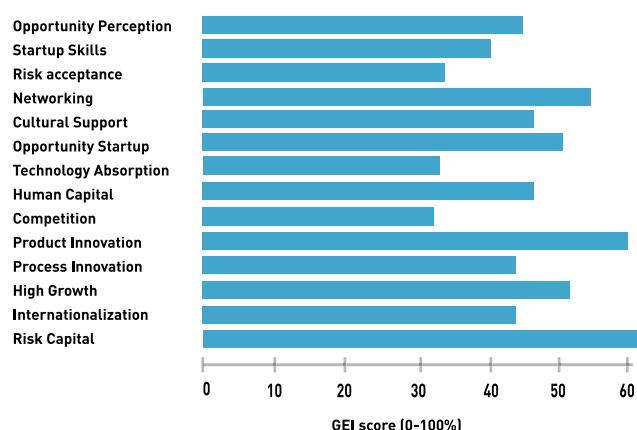
¹ OECD and LEED. (2014). Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship.

REGIONAL MENA ENTREPRENEURSHIP INDICATORS

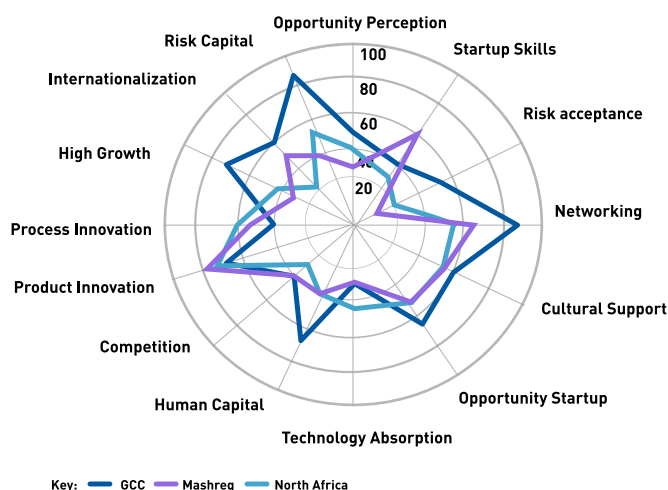
The Global Entrepreneurship Index (GEI) is an indicator of the health of the entrepreneurship ecosystem in a given country. It measures both the quality of entrepreneurship and the ecosystem support systems. The three main indices that define the GEI include entrepreneurial attitudes, abilities, and aspirations.

When it comes to the GEI, the MENA region reveals main strengths in both product innovation (i.e. the ability of a country to develop new products and integrate new technologies) and risk capital (i.e. capital available from both individual and institutional investors). Meanwhile, components relevant to technology absorption (i.e. ability to develop and integrate new technologies), competition (i.e. access to markets, growth, and scaling), and risk acceptance (i.e. appetite for risk taking) are ranked the lowest².

Arab World Component Average Scores, GEI 2018



Arab World Scores by Subregion, GEI 2018



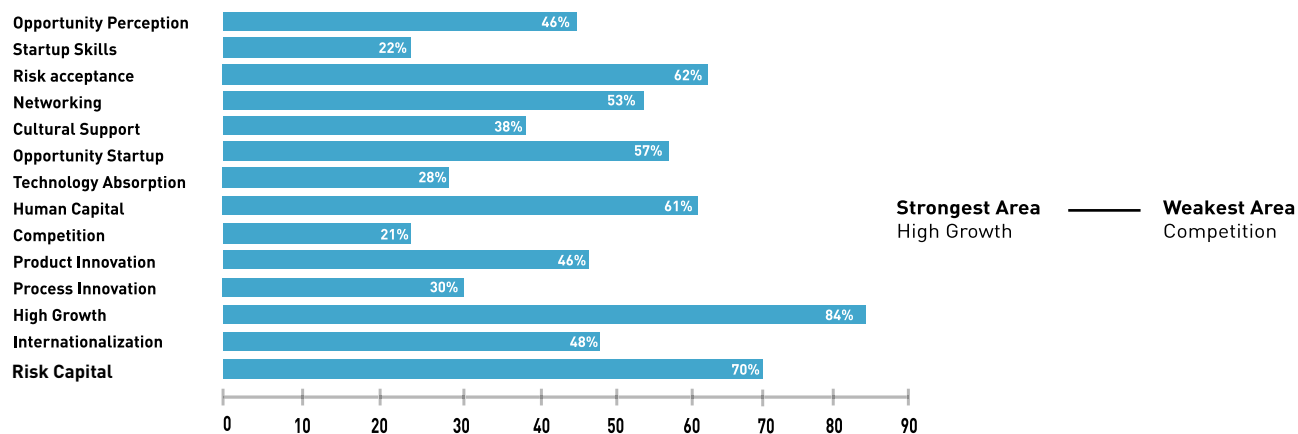
Note: GEI - Global Entrepreneurship Index

KUWAIT ENTREPRENEURSHIP INDICATORS

The Kuwaiti government has been increasing its efforts in encouraging and supporting the local entrepreneurship ecosystem by modernizing its economic framework. The Kuwaiti economy boasts high levels of openness to international trade while demonstrating monetary stability. However, one main challenge the Kuwaiti market faces is enhancing the efficiency of its business regulations³.

When it comes to analyzing the health of the entrepreneurship ecosystem in Kuwait, the GEI reveals the country's main strengths as high growth (i.e. corporate intention to grow and/or the strategic capacity to grow) and risk capital (i.e. capital available from both individual and institutional investors). Meanwhile, the Kuwait GEI ranks the weakest indicator in competition (i.e. the ability of entrepreneurs to create unique products and services)⁴.

Component Score



² The Global Entrepreneurship and Development Institute. (2018). Global Entrepreneurship Index 2018.

³ The Heritage Foundation. 2017 Index of Economic Freedom.

⁴ The Global Entrepreneurship and Development Institute. (2018). Global Entrepreneurship Index 2018.

THE STUDY: OBJECTIVES AND METHODOLOGY

This research is a holistic study utilizing a mixed-methodology approach for analyzing the entrepreneurship ecosystem.

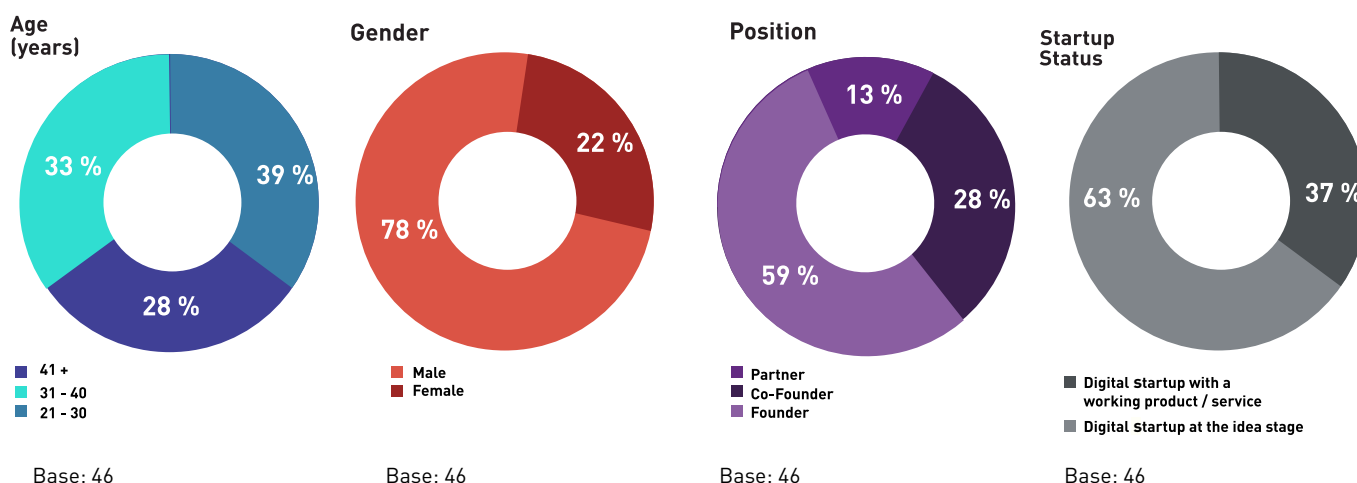
First, the research measures the perceptions of Kuwaiti tech startups regarding the challenges and opportunities facing the entrepreneurial ecosystem. The survey targets both owners of technology and digital startups with a working product or service and owners of technology startup at the idea stage based in Kuwait. Using a referral-sampling approach, the online questionnaire surveyed digital startup founders, co-founders, or partners. The digital startups were contacted through ArabNet's startup database, ArabNet's network of technology investors and media partners, and through push marketing via social media posts. Survey data was collected from May 2018 through August 2018. The sample size of 46 respondents guarantees a margin of error of 8.5% and a confidence level of 90% based on the estimated population size of Kuwaiti startups.

Second, the research incorporates findings from a roundtable conducted in Kuwait on October 2017 titled "Aligning Efforts to Support Entrepreneurship and Innovation," which consists of investors, entrepreneurship enablers, and regulators. The roundtable focused on analyzing the state of Kuwait's entrepreneurship ecosystem while evaluating gaps and opportunities that would help maximize market growth in the next few years.

By combining the findings of the quantitative startup survey and the qualitative roundtable findings, the report highlights the challenges and strengths of the ecosystem. The study aims to guide vested stakeholders make more informed decisions in their investments, programs, projects, and policies.

FIGURE 1. DISTRIBUTION OF RESPONDENT PROFILES

Respondent profiles reveal that most of the surveyed are in the younger age bracket (39%). The research highlights that the majority of startup participants skew to males (78%). Over half of all surveyed are founders (59%), where the bulk of startups are still in the idea stage (63%) indicating an early stage startup sample.



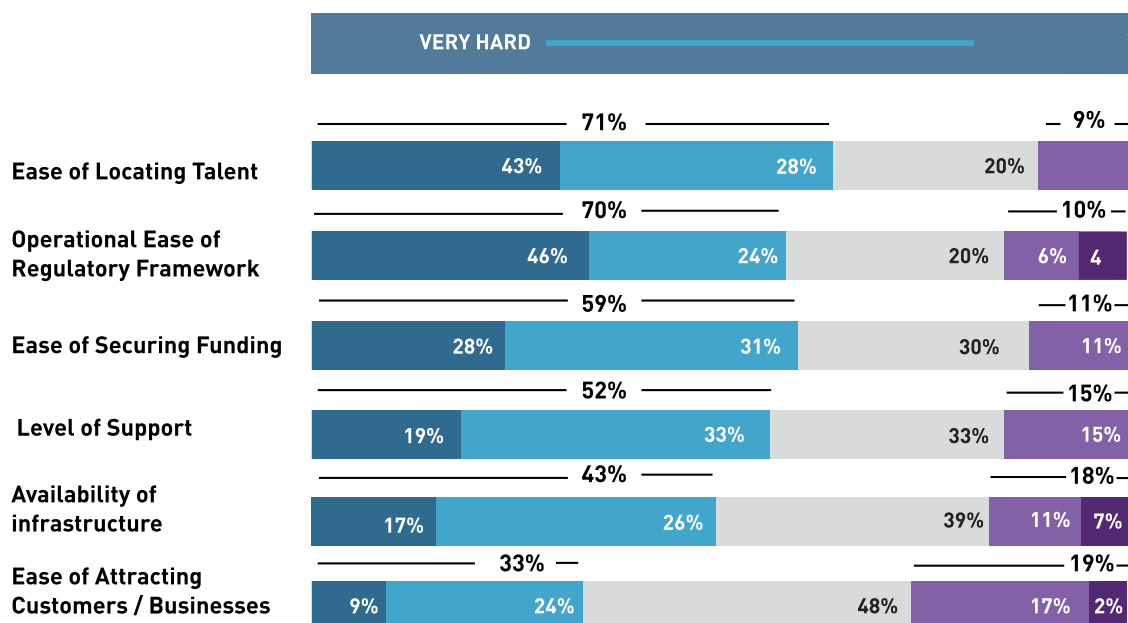
- Q. Please indicate your age range.
- Q. Please indicate your gender.
- Q. Please indicate what type of institution you currently work in.
- Q. Please indicate your position in the startup that you work in.

OVERALL ECOSYSTEM STRENGTHS AND WEAKNESSES



FIGURE 2. RANKING ENTREPRENEURSHIP ECOSYSTEM DOMAINS

A quick look at the below figure demonstrates that the ecosystem faces three main challenges. The top impediments are accessing local talent (71%), navigating the regulatory framework (70%), and ease of securing funding (59%).



Base: 46

- Q. Based on your own personal experience, can you please rate the ease of securing funding for technology startups in Kuwait?
- Q. Can you please rate the level of ease for tech startups in receiving support from early stage support programs (such as accelerators and incubators)?
- Q. Can you please rate the ease in locating local talent needed for your startup?
- Q. At an overall level, can you please rate the ease of availability of the infrastructure needed for your startup?
- Q. Can you please rate the availability of the type of infrastructure needed for your startup?
- Q. Can you please rate the ease of attracting customers or businesses to use the product/service of your startup?

ACCESS TO FUNDING

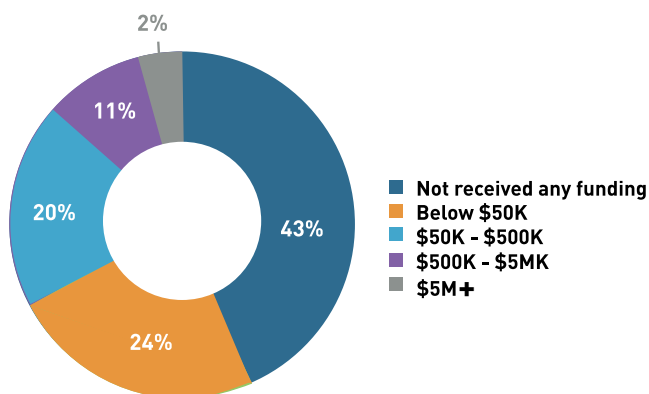


FIGURE 3. AMOUNT OF FUNDING RAISED AND ROUNDS RECEIVED

Slightly less than half of startups did not receive any amount of funding (43%). This reflects the market's early stage status, highlighted in Figure 1, where the surveyed sample skews to idea stage startups. When analyzing the amount of funding raised, a large portion of deals remains in their early stages with 44% of startups receiving seed funding of \$50,000 to \$500,000. This indicates that funding is available and that even idea phase startups have access to this funding.

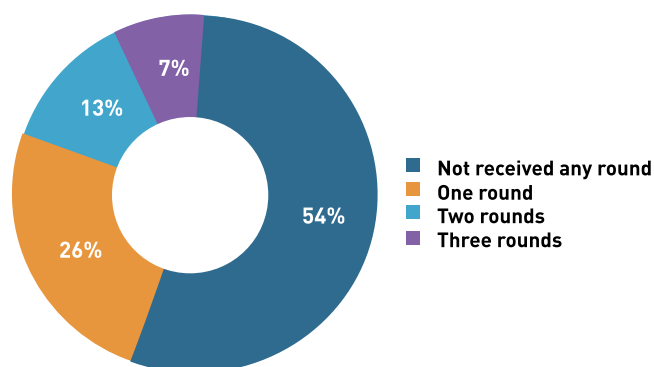
Roughly, half of the survey participants did not raise a formal investment round (54%). The largest proportion of surveyed startups have received one to two rounds of funding (39%) indicating an exceedingly early stage ecosystem.

Total Amount of Funding



Base: 46

Rounds of Funding Received



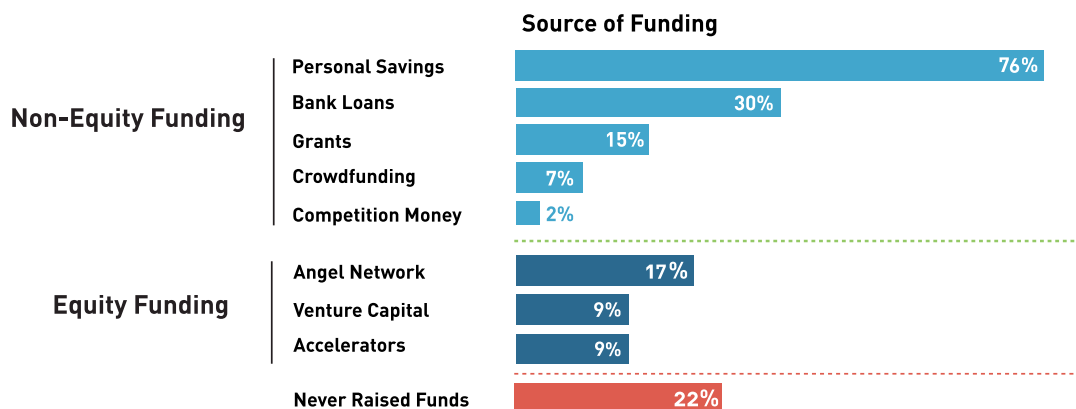
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Q. What is the total amount of funding that your startup has received or raised since it started operations? Make sure to include any sources of funding such as personal savings, family and friends, bank, etc.

Q. How many rounds of funding has your startup received since it started operations? Make sure to include all rounds from any sources of funding such as personal savings, family and friends, bank, etc.

FIGURE 4. SOURCE OF TECH STARTUP FUNDING

The surveyed tech startups are heavily dependent on non-equity funding, where 76% have used personal savings for their business and approximately one-third used bank loans (33%). Angel networks (17%) dominate equity funding. This corroborates the findings of Figure 2 and Figure 3 where the data suggests an early stage ecosystem.

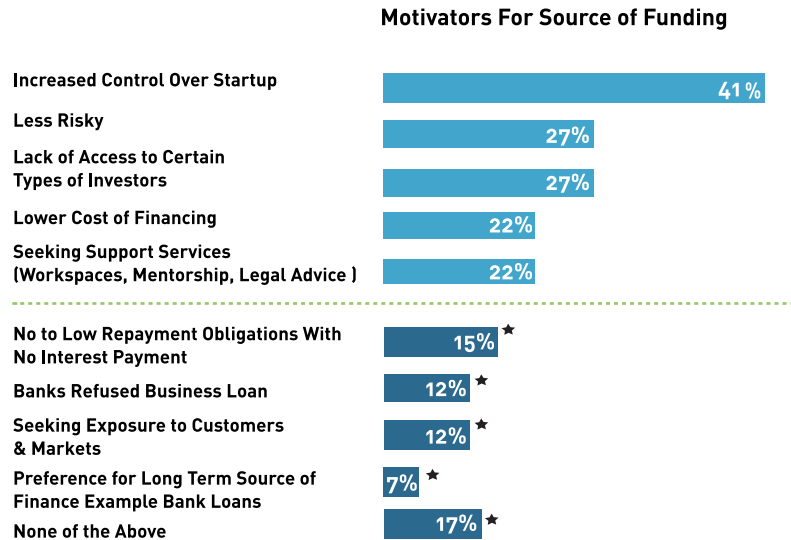


Base: 46

Q. Thinking back to your history of raising funds for your startup, please indicate all sources used for funding. Make sure to include any sources of funding such as family and friends, bank, etc.

FIGURE 5. FUNDING MOTIVATORS

When it comes to selecting a source of funding, maintaining control (41%) over business is the main motivator; this is consistent with the data presented in Figure 4 where personal savings and bank loans rank highest as sources of funding. Lack of access to investors (27%) reaffirms the findings of Figure 4 where equity financing ranks very low as a source of funding.



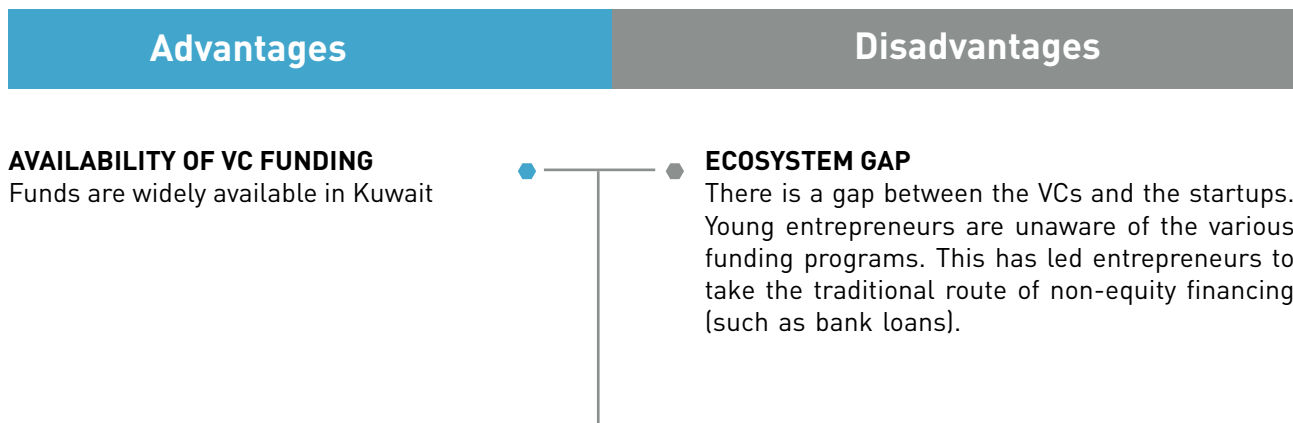
Base: 41

★ Base too low for analysis purposes.

Q. Can you please choose the statements that best explain why you chose those sources of funding? Choose all statements that apply.

ROUNDTABLE FINDINGS. ACCESS TO FUNDING

When discussing access to funding with ArabNet's roundtable participants, the topic garnering the most attention is the availability of venture capital funds and the abundance of money. However, there is an underlying gap in the ecosystem where entrepreneurs are either unaware of VC funds or are unable to connect with the VCs. Below is a deeper analysis of what the roundtable participants discussed with regard to ease of access to funding.



Disadvantages

- **SMART MONEY**

Entrepreneurs lack trust in Kuwaiti investors. They perceive Kuwaiti investors as lacking in expertise. Thus, they are wary of handing over control of their startups to investors.

- **REGIONAL INVESTMENTS**

Capital is deployed regionally and not locally.

1) Most funds deploy regionally, indicating a local mandate yet regional investments.

2) Lack of local capital deployment leads to a funding gap for local startups.

- **LOANS**

Loans are very easy to secure but debt financing is a big burden on tech startups. Young entrepreneurs are unable to balance scaling their businesses while repaying debts.

- **WANNAPRENEURS**

The startup hype and abundance of funding has triggered the formation of wannapreneurs. These wannapreneurs are motivated by aspirations of rapid wealth minus the foundation of creating a viable business idea.

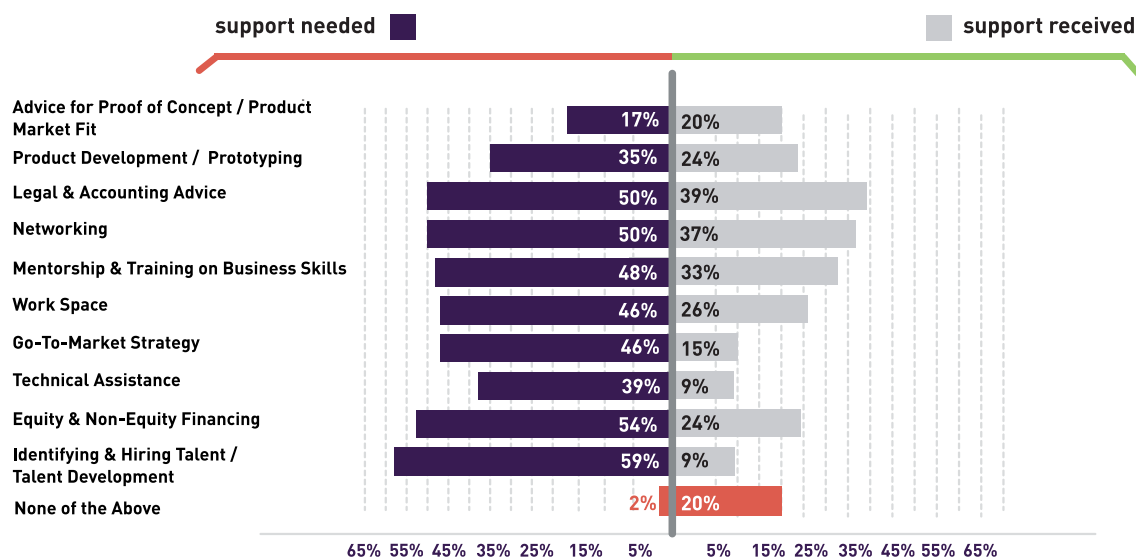
ECOSYSTEM SUPPORT SERVICES



FIGURE 6. TYPE OF SUPPORT SERVICES AVAILABLE TO TECH STARTUPS

Surveyed Kuwaiti startups list the support services required versus services received. The below chart ranks the services by the largest gap between supply and demand.

In line with the findings of Figure 2 and Figure 4, the below data reports that the surveyed startups face the biggest disparities in funding (50% gap) and in identifying and hiring talent (30% gap). Other support service gaps exist in business and technical skills (go-to-market strategies (30% gap), tech assistance (30% gap), workspace (20% gap), and mentorship and training (15% gap)).



Base: 46

Q. Looking at the below, please choose the type of support services your technology startup would need?

Q. Looking at the below, please choose the type of support services your technology startup has ever received?

ROUNDTABLE FINDINGS. ECOSYSTEM SUPPORT

Other than talent and financing challenges, the surveyed startups claim ecosystem gaps in services such as access to businesses, workspace, mentorship, etc. Roundtable findings reflect similar sentiments, where the need for early stage support is lagging behind.

Disadvantages

● NETWORKING

The entrepreneurship ecosystem in Kuwait is relationship/connection driven. This places entrepreneurs at a disadvantage, especially if they do not have the 'right' contacts and connections.

● EARLY STAGE SUPPORT

There is a need for early stage networks such as accelerators and incubators to aid startups with concerns such as valuation and scaling. Support networks benefit the whole ecosystem by de-risking the market.

1) Educational programs, such as incubators and accelerators, help raise the maturity level among both startups and investors.

2) Pre-incubation programs prepare entrepreneurs by helping with proof-of-concept, identifying business objectives, and methods of funding.

● ECOSYSTEM FRAGMENTATION

The ecosystem is fragmented due to a breakdown in communication between the various entities (VCs, support networks, startups, private sector, government sector, etc.). Steps to connect the ecosystem include:

1) Educational programs (like mentorship programs and incubators).

2) Creation of platforms/zones/clusters where people can meet, network, and engage.

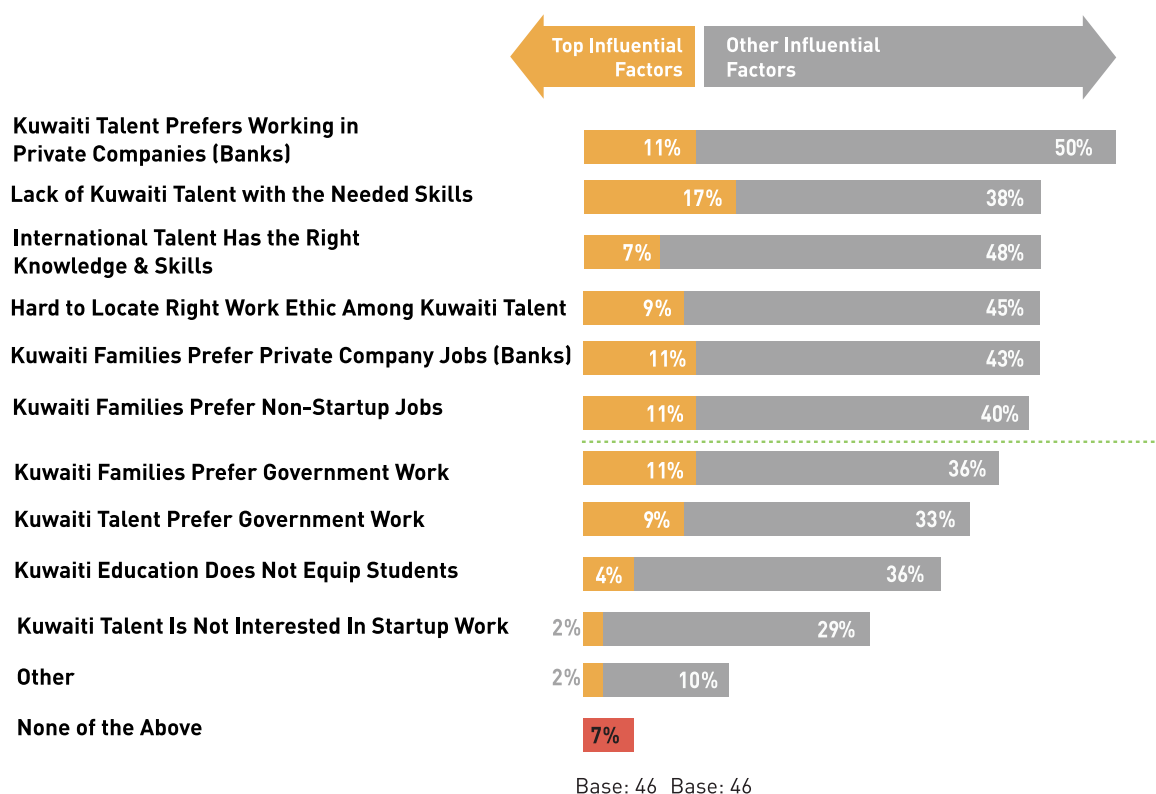
ACCESS TO TALENT AND TECH SKILLS



FIGURE 7. FACTORS INFLUENCING THE AVAILABILITY OF TALENT

Culturally, there is an overall inclination for private sector work - both talent (around two-thirds) and their families (slightly over half) prefer private sector based jobs. Additionally, half of Kuwaiti families discourage startup jobs. It is interesting to note that both talent and their families display low interest in government based jobs. This implies that startups face stiff competition for talent primarily against the private sector.

When recruiting talent, over half of Kuwaiti startups face a key education-related obstacle, lack of required skill sets (55%). Startups believe that the educational system is not preparing talent for the skill sets needed in the market. Over half of Kuwaiti tech startups find that international talent is more likely to have the skills needed (54%).

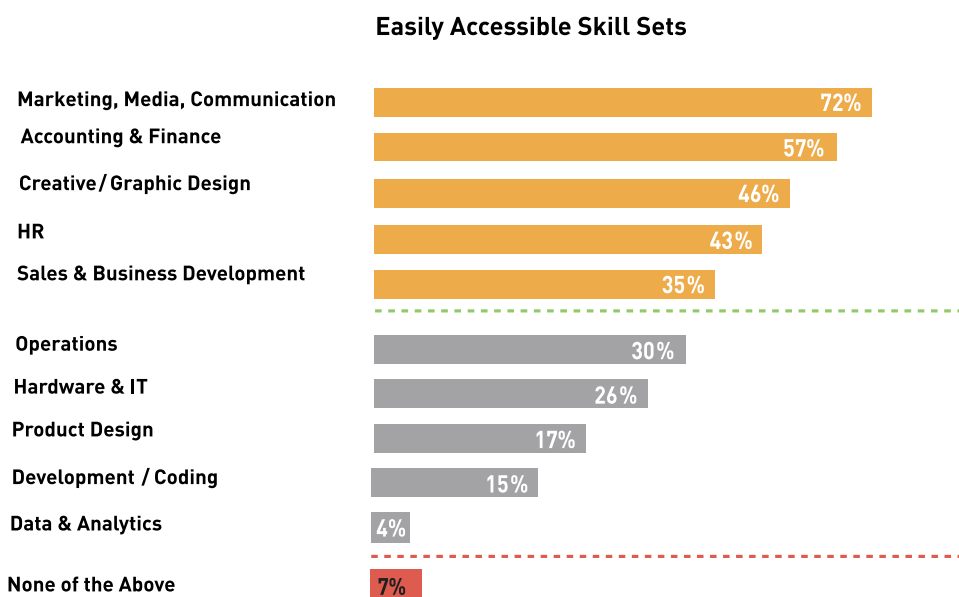


Q. Kindly look at the below statements and choose the one top statement that applies.

Q. Kindly look at the below statements and choose all statements that apply.

FIGURE 8. AVAILABILITY OF SKILL SETS

Skill sets associated with core business functions are easily available, such as marketing (72%), accounting and finance (57%), creative / graphic design (46%), and HR (43%). Of the core business skills, sales (35%) and operations (30%) are the least available. On the other hand, the more technical the skills are the less likely they are available. This includes hardware development and IT (26%), product design (17%), and development and coding (15%). More niche skill sets, such as data analytics, are the least available (4%).



Base: 46

Q. Based on your experience and knowledge, can you please check what type of skill set is easily available in Kuwait?

ROUNDTABLE FINDINGS. ACCESS TO TALENT AND TECH SKILLS

The roundtable corroborate the quantitative findings specifically when it comes to the availability of technical talent. Additionally, the roundtable results are positively correlated with the cultural aspect of attracting talent. Below is a comprehensive analysis of talent related challenges.

Advantages

BREEDING TALENT

Local talent has access to top tier education. Kuwait's robust education system breeds top tier talent.

Disadvantages

EDUCATIONAL SETBACKS

There are several setbacks facing the education system such as:

- 1) The curriculum in public schools is too generic.
- 2) There is a lack of critical and analytical thinking across all education levels especially at the elementary school level where education is centered around rote learning.
- 3) The need for mentorship and career counseling to help students focus on specialization and areas of interest.
- 4) A lack of diverse majors at Kuwaiti colleges where academia is concentrated in traditional majors such as engineering, sciences, business, medical studies, etc.
 - a. Including diversified academic specialties at universities would improve business literacy among entrepreneurs.
- 5) A lack of collaboration between academia and private organizations leading to a disconnect between R&D and commercialization.

Disadvantages

● **TALENT RETENTION**

Kuwait struggles to retain its talent. Kuwait lacks enough incentives to retain local talent. Top tier local talent are lost to:

- 1) Universities abroad.
- 2) Jobs abroad.
- 3) Incorporating startups abroad.

● **ATTRACTING TALENT**

The ecosystem faces issues in attracting regional and international talent. Kuwait directly competes with neighboring Gulf countries in attracting expat talent. Expat talent is attracted to the premium compensation offered by other GCC markets.

● **TECHNICAL TALENT**

Kuwait is lacking technical talent due to:

- 1) Lack of training programs and educational institutes specialized in tech.
- 2) Lack of exposure to STEM programs.
- 3) Weak STEM career counseling and guidance.

● **GENDER DISPARITY**

It is not easy for female talent to grow their pool of connections. There is a need to empower female entrepreneurs by opening up channels of communication and collaboration, as well as networking opportunities.

● **RISK AVERSION**

Overall, the culture in Kuwait is averse to risk. This is also reflected within the entrepreneurship ecosystem where both entrepreneurs and investors are risk averse.

- 1) Traditional Kuwaiti investors are risk averse and avoid investing in startups as they are considered high-risk investments.
- 2) Entrepreneurs are risk averse because of the fear of failure. This fear accordingly blocks efforts to approach and contact investors. Thus, by avoiding reaching out to investors, entrepreneurs have low access to funding and minimal knowledge of the existing funding mechanisms available to them.
- 3) There is also the cultural stigma surrounding failure. Entrepreneurs who do not succeed are perceived as failures thus promoting a culture of risk aversion.

● **CULTURAL BARRIERS**

Entrepreneurs are perceived unfavorably by society. This pervasive cultural stigma is based on social perceptions such as:

- 1) Entrepreneurs are those who do not want to hold a job.
- 2) Entrepreneurs are lazy.
- 3) Entrepreneurs do not like having a boss.
- 4) Entrepreneurs do not like hard work.

● **FAMILIAL INFLUENCE**

Families prefer traditional career paths for their children.

- 1) Families encourage a traditional lifestyle such as getting married early, landing a governmental job, or having a stable and prestigious job (doctor or engineer).
- 2) Due to familial and cultural pressures, young talents strive for a risk-free lifestyle affecting their hunger to learn and ambition to succeed.

● **MOTIVATION AND DRIVE**

In many instances entrepreneurs in Kuwait lack motivation and drive. Two key cultural and social factors play a role in this:

- 1) Youth are raised to be overly dependent on their families. This has affected their enterprising outlook on life.
- 2) Many entrepreneurs are from wealthy families. These startups carry less risk and more prestige. The funding continues to flow from the family wealth, thus there is less need to be enterprising. Having a safety net to fall back on influences' entrepreneurs levels of motivation.

ACCESS TO INFRASTRUCTURE

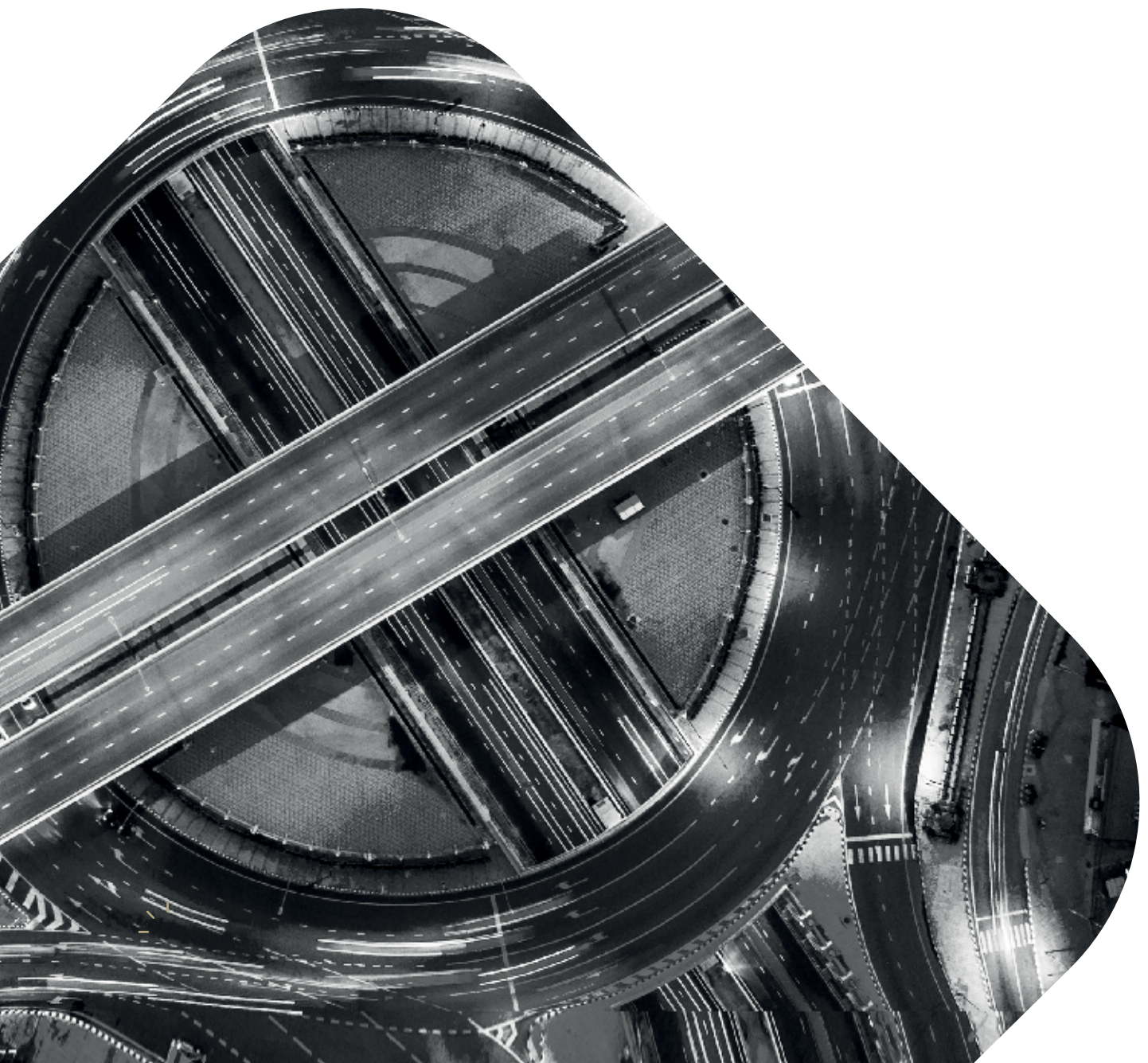
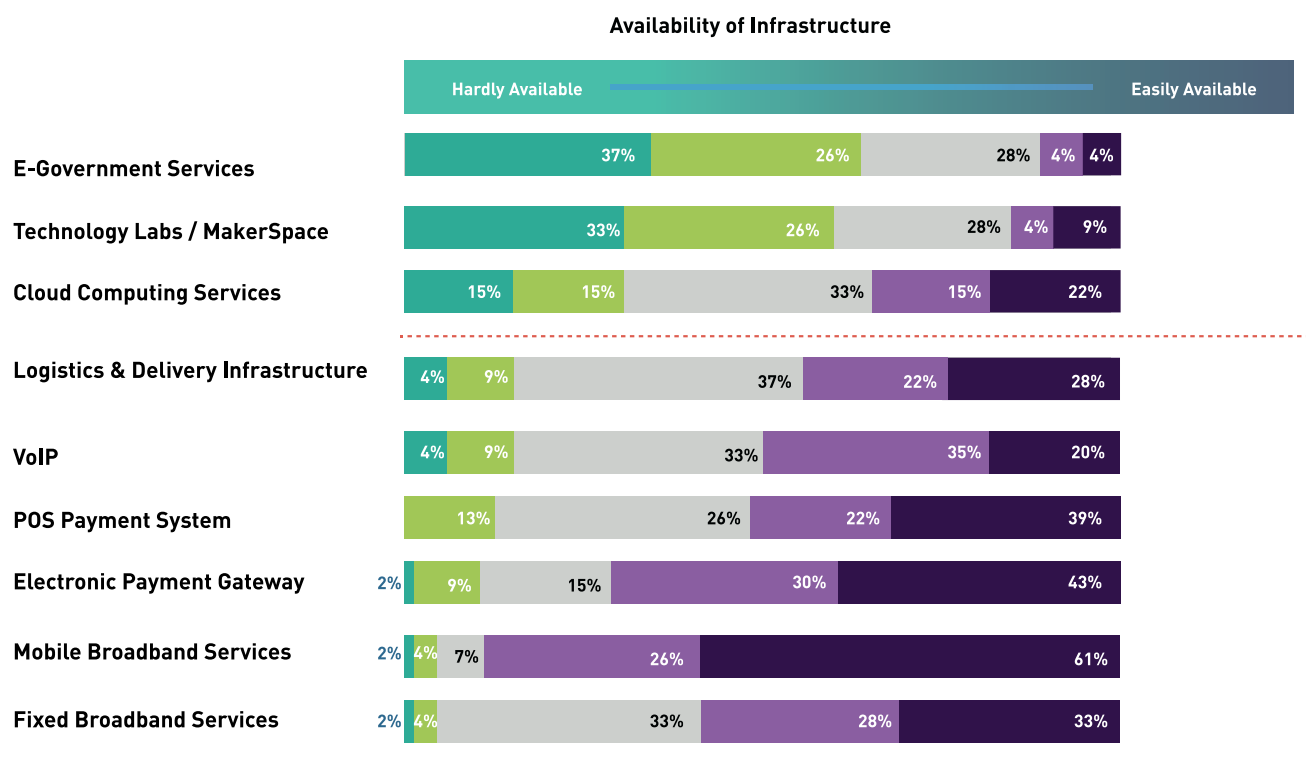


FIGURE 9. INFRASTRUCTURE REQUIRED BY TECH STARTUPS

Much of the needed infrastructure is readily available, where surveyed Kuwaiti startups confirm easy accessibility to overall communication-related infrastructural services - mobile broadband (67%), fixed broadband (39%), and VoIP (33%) - and payment systems - e-payment gateways (54%) and POS payment gateways (52%). However, the survey still points to a few infrastructural gaps. Infrastructural obstacles mainly revolve around e-government services (63%) and tech labs / maker spaces (59%).



Base: 46

Q. Can you please rate the availability of the type of infrastructure needed for your startup?

ROUNDTABLE FINDINGS. INFRASTRUCTURE SUPPORT

Roundtable findings mirror the survey results when it comes to infrastructural support such as the need for tech labs / maker spaces.

Disadvantages

- **LIMITED SUPPORT**

There is limited funding for support systems (such as workspaces, tech labs, makerspaces, entrepreneur-friendly non-government institutions, mentorship programs, etc.).

- **GARAGE ENTREPRENEURS**

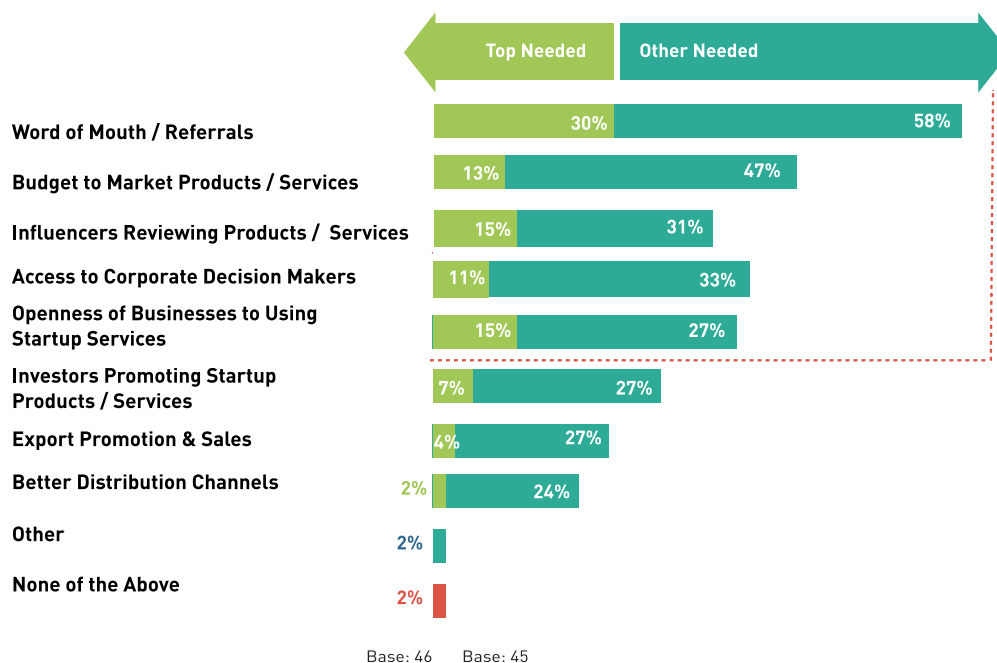
Need for permits that allow entrepreneurs to operate from 'garages,' a safe haven to experiment and create. There is a lack of spaces from where entrepreneurs can develop their ideas and network with other entrepreneurs.

ACCESS TO MARKETS



FIGURE 10. SUPPORT NEEDED TO ATTRACT BUSINESS

When asked about support needed to attract business, the key challenges are firstly marketing related activities (such as referral marketing [88%], marketing budgets [60%], and influencer marketing [46%]) and secondly networking opportunities (such as access to corporate decision makers [44%] and openness of businesses to use startup services [42%]). The weak collaborative environment between startups and corporates indicates an opportunity to create a platform for startups to connect with corporate customers and help bridge the cultural gap between the two.



- Q. What is the one top factor that would make it easier for your startup to attract customers or businesses to use your product/service?
 Q. What other factors that would make it easier for your startup to attract customers or businesses to use your product/service?

ROUNDTABLE FINDINGS. ACCESSING CUSTOMERS

The roundtable findings reveal that lack of networking and marketing opportunities affect scalability and growth hacking. The below briefly outlines the roundtable discussion regarding gaps vis-à-vis accessing markets.

Advantages

- LACK OF COMPETITION**
 The small Kuwaiti market opens up more opportunities for new products/services. Due to the lack of supply, there is more demand, in addition to a large pool of customers to attract making Kuwait a more compelling market for setting up a startup.

Disadvantages

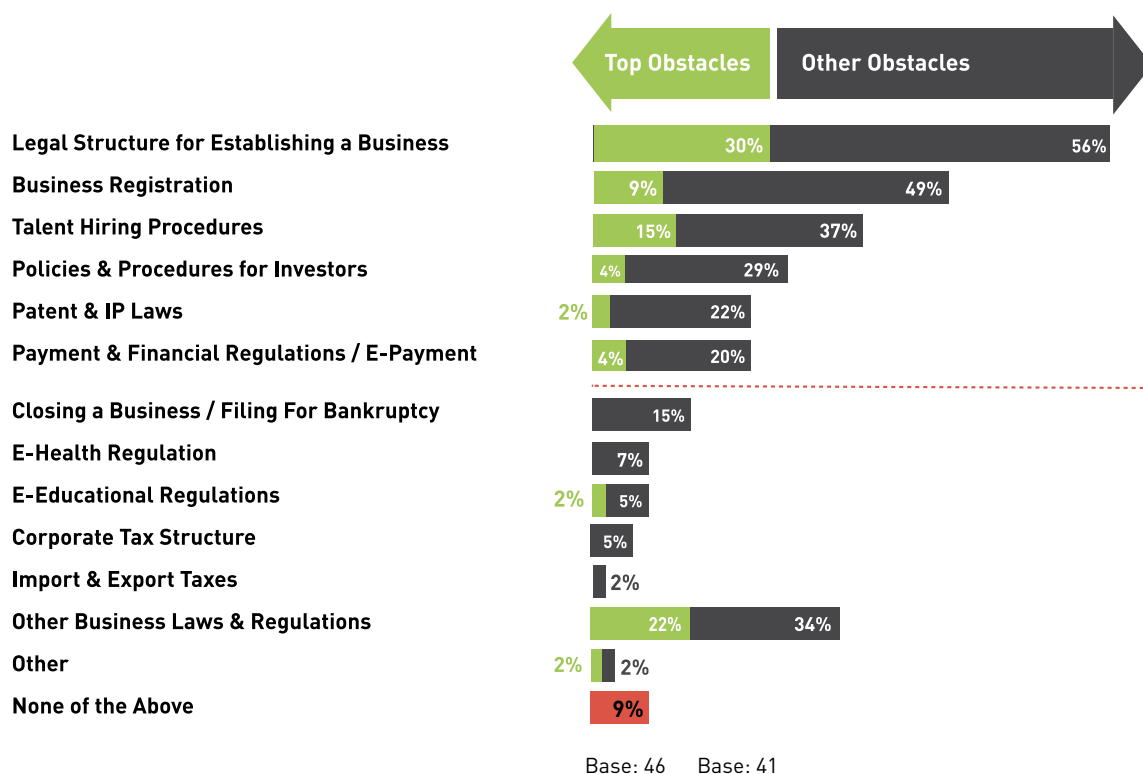
- GROWTH**
 Ecommerce businesses are forced to open up branches in each country they operate in to circumvent payment gateway obstacles.
- NETWORKING OPPORTUNITIES**
 The lack of networking opportunities, due to a fragmented and less than cohesive ecosystem, has influenced entrepreneurs' access to markets and customers.
 - 1) Kuwaiti entrepreneurs lack access to other Arab markets, thus decreasing growth opportunities.
 - 2) Kuwaiti entrepreneurs face challenges in marketing their products/services to various Arab markets.

REGULATORY FRAMEWORK



FIGURE 11. REGULATORY BARRIERS

The data highlights that regulation is lagging behind infrastructural services. Looking back at Figure 9, e-payment systems and POS payment gateways rank high among the available infrastructure. Meanwhile, the below data highlights core business operations as top regulatory barriers, such as structures for establishing a business (87%), business registration (57%), and policies and procedures for investors (34%). These findings illustrate a gap between business regulation and infrastructural support.



Q. When it comes to government policies and regulations, what is the top hindrance for your startup?

Q. What other government policies and regulations have been hindrances for your startup?

ROUNDTABLE FINDINGS. REGULATIONS AND POLICIES

The roundtable conclusions reflect the regulatory hindrances faced by the surveyed startups, especially policies tied to the establishment of businesses. The below elaborates further.

Advantages

- **CONTRACT OF ENFORCEMENT**

The shareholders' agreement, as a means of contract of enforcement, was recently implemented. Previously only the article of association was accepted as a contract of enforcement.

Disadvantages

- **BANKRUPTCY LAWS**

The number one regulatory impediment to the ecosystem is the lack of bankruptcy protection laws. The need for bankruptcy laws is imperative to:

- 1) Mitigate risk and help protect entrepreneurs' time, money, and energy i.e. their opportunity cost.
- 2) Erase the fear of failure and motivate entrepreneurs to keep on trying.
- 3) Ease the fear of being tried like a criminal. Although bankruptcy is essentially a civil commercial issue, the law tries it as a criminal case.

- **FINANCIAL POLICIES**

Better policies for financial instruments (de-risking mechanisms such as convertible notes and bonds) are necessary to attract investment in the entrepreneurship sector.

- **BUSINESS REGISTRATION**

Business registration is a complex procedure with many obstacles, such as businesses being required to rent office space - where rental prices are very steep.

- **HOME BUSINESSES**

Need for policies allowing entrepreneurs to operate home businesses.

- **ELECTRONIC SIGNATURE**

E-signatures should be legislated.

- **INTELLECTUAL PROPERTY**

The ecosystem needs regulations in terms of intellectual property protection. There is a need for innovation, technology, code, and patentable ideas, all of which differentiate entrepreneurs allowing them to build tangible and real services/products.

- 1) KFAS is one of the only entities that helps with the registering of intellectual property. KFAS pays the expenses incurred for global registration.

CONCLUSIONS

The Kuwaiti government has been increasing its efforts in encouraging and supporting the local entrepreneurship ecosystem by modernizing its economic framework. The country's main entrepreneurial strengths include high growth and risk capital (i.e. capital available from both individual and institutional investors). This research report provides an overview of the gaps and strengths of the ecosystem and the challenges faced by Kuwaiti tech startups.

The report's key findings include:

OVERALL ECOSYSTEM STRENGTHS AND WEAKNESSES

- * The ecosystem faces three main challenges: accessing local talent (71%), navigating the regulatory framework (70%), and ease of securing funding (59%).

ACCESS TO FUNDING

- * 43% of Kuwaiti startups did not receive any amount of funding - reflecting the market's early stage status.
- * Deals remain in their early stages with 44% of startups receiving seed funding of \$50,000 to \$500,000.
- * 39% of surveyed startups have received one to two rounds of funding, indicating an exceedingly early stage ecosystem.
- * When it comes to the source of startup funding, Kuwaiti tech startups have used personal savings (76%) and bank loans (33%) displaying a high propensity for non-equity funding.
- * When it comes to the main source of equity funding, 17% of startups have used angel networks.
- * Maintaining control over the business motivates choice of funding for 41% of startups.
- * Startups lack of access to investors (27%) explains why equity financing ranks very low as a source of funding.

ECOSYSTEM SUPPORT SERVICES

- * Startups need the most support in funding (54%) and in identifying / hiring talent (59%).

ACCESS TO TALENT AND TECH SKILLS

- * 61% of Kuwaiti talent and 54% of families prefer private sector jobs.
- * 55% of Kuwaiti startups face education-related obstacles that affect talent recruitment.
- * Skill sets related to core business functions are easily accessible such as marketing (72%), accounting and finance (57%), creative / graphic design (46%), and HR (43%).
- * The hardest skills to locate are technical skills, especially niche skills such as data analytics (4%).

ACCESS TO INFRASTRUCTURE

- * Kuwaiti startups confirm easy accessibility to overall communication and payment infrastructural services.
- * Entrepreneurs face two main infrastructural business obstacles: e-government services (63%) and tech labs / maker spaces (59%).

ACCESS TO MARKETS

- * The top support service needed to access markets is marketing assistance such as referral marketing (88%), marketing budgets (60%), and influencer marketing (46%).
- * Other support services needed to attract businesses include networking opportunities.

REGULATORY FRAMEWORK

- * The data reveals that regulation is lagging behind infrastructural services.
- * Core business operations are top regulatory barriers, such as structures for establishing a business (87%), business registration (57%), and policies and procedures for investors (34%).

APPENDIX

CONTRIBUTORS

Omar Christidis - Ideation

Azza Yehia - Research

Dina Saleem - Research

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SURVEY

1. **Please indicate your age range?**
 - ☐ Under 20 years
 - ☐ 21 - 30 years
 - ☐ 31 - 40 years
 - ☐ 41 + years
2. **Please indicate your gender**
 - ☐ Male
 - ☐ Female
3. **Please indicate your country of residence.**
 - ☐ Lebanon
 - ☐ Kuwait
 - ☐ Jordan
 - ☐ UAE
 - ☐ Other
4. **Please indicate what type of institution you currently work in.**
 - ☐ Technology startup with a working product or service (a technology-based company in its early stages of operation)
 - ☐ Technology startup at the idea stage (a technology-based company in its early stages of operation)
 - ☐ Non technology related startup (a company in its early stages of operation without any main technology aspect)
 - ☐ Currently not working
 - ☐ Other
5. **Please indicate your position in the startup that you work in.**
 - ☐ Founder (An entrepreneur who started the business)
 - ☐ Co-founder (An entrepreneur who started the business with another person)
 - ☐ Partner (A person who works with a startup and owns equity)
 - ☐ Employee (An employee in a startup and does not own equity)
6. **Based on your own personal experience, can you please rate the ease of securing funding for technology startups in Kuwait? 1 is very hard and 5 is very easy.**
7. **What is the total amount of funding that your startup has received or raised since it started operations? Make sure to include any sources of funding such as personal savings, family and friends, bank, etc.**
 - ☐ It has not received any funding
 - ☐ Below \$50k
 - ☐ \$50k – \$500K
 - ☐ \$500k - \$5M
 - ☐ \$5M +

8. **How many rounds of funding has your startup received since it started operations? Make sure to include all rounds from any sources of funding such as personal savings, family and friends, bank, etc.**
- ☐ It has not received any round of funding
 - ☐ One round of funding
 - ☐ Two rounds of funding
 - ☐ Three rounds of funding or more
9. **Thinking back to your history of raising funds for your startup, please indicate all sources used for funding. Make sure to include any sources of funding such as family and friends, bank, etc.**
- ☐ Personal savings (include money from family and friends)
 - ☐ Public and non-governmental funding/grants
 - ☐ Money won at a competition
 - ☐ Took a loan from a bank
 - ☐ Crowdfunded by raising money contributed by a large number of people
 - ☐ Angel network (an affluent individual who provides capital for a start-up in exchange for equity)
 - ☐ Venture capital (funding provided by firms or funds in exchange for equity)
 - ☐ Accelerators (a company that supports startups and entrepreneurs and provides capital in exchange for equity)
 - ☐ Other
 - ☐ I have never raised any funds for my startup
 - ☐ None of the above
10. **Can you please choose the statements that best explain why you chose those sources of funding? Choose all statements that apply.**
- ☐ Less risky
 - ☐ Overall cost of financing is lower than other sources of funding
 - ☐ Increased control over startup
 - ☐ Preference for long-term source of finance (example bank loans)
 - ☐ No to low repayment obligations with no interest payments
 - ☐ Lack of access to certain types of investors
 - ☐ Banks refused business loan
 - ☐ Seeking support such as mentorship, workspace, legal advice, etc.
 - ☐ Seeking access to customers and markets
 - ☐ None of the above
 - ☐ Other
11. **Can you please rate the level of ease for tech startups in receiving support from early stage support programs (such as accelerators and incubators)? 1 is very hard to receive support and 5 is very easy to receive support.**
12. **Looking at the below, please choose the type of support services your technology startup has ever received?**
- ☐ Workspace
 - ☐ Technical assistance (like coding training)
 - ☐ Product development and prototyping
 - ☐ Legal advice and accounting advice
 - ☐ Proof of concept advice / Product market fit advice
 - ☐ Go-to-market strategy (a plan on how to reach customers and achieve competitive advantage) / business model advice
 - ☐ Connections (or networking) with potential corporate clients
 - ☐ Equity financing (money in exchange for shares) and non-equity financing (like a loan or grant)
 - ☐ Mentorship and training on business skills (like marketing and pitching)
 - ☐ Identifying and hiring talent / talent development
 - ☐ None of the above
 - ☐ Other

13. **Looking at the below, please choose the type of support services your technology startup would need?**
- ☐ Work space
 - ☐ Technical assistance (like coding training)
 - ☐ Product development and prototyping
 - ☐ Legal advice and accounting advice
 - ☐ Proof of concept advice / Product market fit advice
 - ☐ Go-to-market strategy (a plan on how to reach customers and achieve competitive advantage) / business model advice
 - ☐ Connections (or networking) with potential corporate clients
 - ☐ Equity financing (money in exchange for shares) and Non-equity financing (like a loan or grant)
 - ☐ Mentorship and training on business skills (like marketing and pitching)
 - ☐ Identifying and hiring talent / talent development
 - ☐ None of the above
 - ☐ Other
14. **Can you please rate the ease to find local talent needed for your startup? 1 is very hard and 5 is very easy**
15. **Kindly look at the below statements and choose the one top statement that applies.**
- ☐ In general, local talent in Kuwait prefer to work government jobs.
 - ☐ In general, local talent in Kuwait prefer to work with big private companies such as banks.
 - ☐ In general, local talent in Kuwait is not interested in working in startups.
 - ☐ In general, Kuwaiti families prefer their children work in government jobs.
 - ☐ In general, Kuwaiti families prefer their children work with big private companies such as banks.
 - ☐ In general, Kuwaiti families prefer their children do not work in startups.
 - ☐ There is a lack of Kuwaiti talent with the right experience/skill sets needed.
 - ☐ It is hard to find Kuwaiti talent with the right work ethic (come to work on time, deliver assignments on time, etc.)
 - ☐ In general, the Kuwaiti education system does not equip young graduates/entry level employees with the knowledge and skills needed.
 - ☐ In general, it is easier to find the right knowledge and skills with international talent.
 - ☐ None of the above
 - ☐ Other
16. **Kindly look at the below statements and choose all statements that apply.**
- ☐ In general, local talent in Kuwait prefer to work government jobs.
 - ☐ In general, local talent in Kuwait prefer to work with big private companies such as banks.
 - ☐ In general, local talent in Kuwait is not interested in working in startups.
 - ☐ In general, Kuwaiti families prefer their children work in government jobs.
 - ☐ In general, Kuwaiti families prefer their children work with big private companies such as banks.
 - ☐ In general, Kuwaiti families prefer their children do not work in startups.
 - ☐ There is a lack of Kuwaiti talent with the right experience/skill sets needed.
 - ☐ It is hard to find Kuwaiti talent with the right work ethic (come to work on time, deliver assignments on time, etc.)
 - ☐ In general, the Kuwaiti education system does not equip young graduates/entry level employees with the knowledge and skills needed.
 - ☐ In general, it is easier to find the right knowledge and skills with international talent.
 - ☐ None of the above
 - ☐ Other
17. **Based on your experience and knowledge, can you please check what type of skill set is easily available in Kuwait?**
- ☐ Development/ coding
 - ☐ Hardware and IT
 - ☐ Data and analytics

- ☐ Marketing, media, and communication
- ☐ Sales and business development
- ☐ HR
- ☐ Accounting and finance
- ☐ Operations
- ☐ Creative / graphic design
- ☐ Product design
- ☐ None of the above
- ☐ Other

18. **At an overall level, can you please rate the ease of availability of the infrastructure needed for your startup? 1 is very hard and 5 is very easy**

19. **Can you please rate the availability of the type of infrastructure needed for your startup? 1 is not available at all and 5 is easily available**

- ☐ Mobile broadband services (data services such as 2G/3G/4G)
- ☐ Fixed broadband services (ADSL-based broadband services or internet connection delivered through a provider's network of cables)
- ☐ Electronic payment gateway
- ☐ POS payment system
- ☐ Logistics and delivery infrastructure
- ☐ E-government services (example E-company registration services)
- ☐ Cloud computing services
- ☐ VoIP
- ☐ Technology labs / maker space (a place where startups can experiment, create, and test technology ideas)
- ☐ None of the above
- ☐ Other

20. **Can you please rate the ease of attracting customers or businesses to use the product/service of your startup? 1 is very hard and 5 is very easy**

21. **What is the one top factor that would make it easier for your startup to attract customers or businesses to use your product/service? Please choose one option from the below.**

- ☐ Having better distribution channels.
- ☐ Having the budget to mass market products/services.
- ☐ Word of mouth – customer referrals of your products/services.
- ☐ Having influencers review your products/services.
- ☐ Having access to corporate decision makers.
- ☐ Export promotion and sales programs.
- ☐ Having your investors promote your products/services.
- ☐ Openness of customers/businesses in using products/services produced by startups.
- ☐ None of the above
- ☐ Other

22. **What other factors that would make it easier for your startup to attract customers or businesses to use your product/service?**

- ☐ Having better distribution channels.
- ☐ Having the budget to mass market products/services.
- ☐ Word of mouth – customer referrals of your products/services.
- ☐ Having influencers review your products/services.
- ☐ Having access to corporate decision makers.
- ☐ Export promotion and sales programs.
- ☐ Having your investors promote your products/services.
- ☐ Openness of customers/businesses in using products/services produced by startups.
- ☐ None of the above
- ☐ Other

23. **Can you please rate the level of operational ease government policies and regulations provide your startup? 1 is very hard and 5 is very easy**
24. **When it comes to government policies and regulations, what is the top hindrance for your startup? Please choose one.**
- ☐ The process of business registration.
 - ☐ The legal structure needed for establishing a business.
 - ☐ The process of closing down a business or filing for bankruptcy.
 - ☐ Procedures related to hiring talent (Kuwaiti talent, international talent, etc.)
 - ☐ Policies and procedures for investors.
 - ☐ Corporate tax structure (including staff taxes, product/service taxes, etc.)
 - ☐ Patent laws and intellectual property laws.
 - ☐ Import taxes and export taxes.
 - ☐ Payment and financial regulations including e-payment.
 - ☐ E-health regulations.
 - ☐ E-educational regulations.
 - ☐ Other business laws and regulations.
 - ☐ None of the above
 - ☐ Other
25. **What other government policies and regulations have been hindrances for your startup?**
- ☐ The process of business registration.
 - ☐ The legal structure needed for establishing a business.
 - ☐ The process of closing down a business or filing for bankruptcy.
 - ☐ Procedures related to hiring talent (Kuwaiti talent, international talent, etc.)
 - ☐ Policies and procedures for investors.
 - ☐ Corporate tax structure (including staff taxes, product/service taxes, etc.)
 - ☐ Patent laws and intellectual property laws.
 - ☐ Import taxes and export taxes.
 - ☐ Payment and financial regulations including e-payment.
 - ☐ E-health regulations.
 - ☐ E-educational regulations.
 - ☐ Other business laws and regulations.
 - ☐ None of the above
 - ☐ Other

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