

Amjad Ahmad: You're listening to a leading voice in shaping Middle East business and economy. I'm Amjad Ahmed and this is EmpowerMe Conversations. Let's jump in.

Hi, everyone, and thanks for joining us. Today's EmpowerMe Conversations is with a seasoned operator who has managed e-commerce businesses in the challenging markets of Africa and Pakistan. He is now a rising star in his home country, building the largest home furnishings business in the Middle East- Homzmart. Welcome Mahmoud.

Mahmoud Ibrahim: Thank a lot Amjad. Thanks a lot for having me today, and it's always great to catch up with you and talk about the ecosystem in the region. Thanks a lot.

Amjad Ahmad: Good to see you. So tell me, aside from a few years at Cisco, you've been a risk taker and worked and founded startups, what made you choose that path?

Mahmoud Ibrahim: Yeah, okay. I think I was there since the beginning, I think I was this kind of guy that I want to start very early in my career, not sure why. I should have enjoyed my life more than this, but I think I started really early. I think I was like 17, 18. And then soon I decided that I want to do something different. Like, of course, the school and corporate life is really good and it gives you the whole stuff in a different way and on a bigger scale. But at the same point, like building stuff from scratch give you self satisfaction somehow to some people that I wanted to see it myself and have an impact on this. And soon when Jumia was kicking off in Africa, I was one of the early founding team that joined the company when it was like little apartment for everyone said like, what are you doing joining during a company like this? But again, it's required a little bit of a vision, you could see we're building the next Alibaba or Amazon in the region. And from there came to think about like having a space to open the door or kick off something on your own. And very soon, you see, like the career path has developed very fast by the exposure. And this is actually the beauty of doing just kind of startups at the beginning.

Amjad Ahmad: The trajectory is very different.

Mahmoud Ibrahim: Exactly! Whatever you dreamed of while you were scared about your career, about changing in a blink and suddenly find everything is moving faster than you can even imagine for yourself. And from there, it's like soon it was Egypt, I was VP operation of Egypt and suddenly finding the humor is good. Let's go to kick off some projects in Africa and then jump between like Kenya to Nigeria and the rest of the continent kicking off stuff. And again, I wouldn't call it a risk. It was a calculated risk to be honest Amjad like; what exactly you need to look at? What do you need in life?

Amjad Ahmad: You didn't find Africa challenging enough. So you decided, let me go try Pakistan for a change, like it gave you a market?

Mahmoud Ibrahim: I knew there was something because at this stage, my girlfriend, my wife at the moment; she was like, "I can afford Nigeria and go back to Egypt and with Pakistan and South Asia, let me live my life the way I want it." And I think she was very supportive to this. But I think at some point I wanted to see something differently and I wanted to maybe kick off something from scratch even more in a different market. But that time we were talking was like 2014, 2015. I forgot to start, I want to say mature, but it was maturing and it's the growth factor where it was going in the right direction. But if you look at South Asia, which like Daraz countries, because this is the time when I joined Daraz in 2015, we're talking about like it was Pakistan, Bangladesh, Sri Lanka, and Nepal of

Myanmar. Daraz was the only player, there was not a lot of competition. You're talking about a group that's like 400, 500 orders a day, small e-commerce thing.

Amjad Ahmad: And a corner store.

Mahmoud Ibrahim: Yeah exactly. This is where you see the opportunity, like everyone said, why go to Pakistan? Africa is like there's a lot of competition and things are moving here. I was like, but actually you go there because stuff is still not moving there and to create something different. And I think the calculated risk is it will be really paid off because later, like a later stage, Alibaba acquired this company as the leading e-commerce platform in South Asia at the moment. And it feels so good when you build something from scratch and you sell it to a giant like Alibaba.

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And then migrate this business up to the Alibaba ecosystem and Chinese ecosystem and in the integration process. It is really good, and something doesn't happen every year.

Amjad Ahmad: What were some of the early lessons in Pakistan, because it was very early stage, so it'd be interesting to hear how that market developed in terms of e-commerce; what were some of the early lessons that you learned?

Mahmoud Ibrahim: Yeah, I think I always say this way normally there's two kind of people alive, which is like people embracing change and people creating a change. And all the time when I was at the beginning before actually South Asia and Pakistan and Bangladesh and the rest of the region, I was embracing change. There are some people saying, hey, let's follow Amazon, let's follow Alibaba and do this kind of stuff and let's create something big. But the more you understand about the South Asian market, it's a little bit different. It's much more localized and it's a different customer behavior and everything.

So very quick, I find myself or actually not myself; the whole team there is like we're creating a change will not embracing a change, and we need to hold ourselves accountable for that change. And suddenly you're like a 24-years-old guy that managing a company that growing like 300% year over year or 400% year over year and if you're like, well, I'm doing that kind of change and suddenly feel like Minister for Investment talking to you about how to ease the regulation of digitizing and the regulation about the e-commerce thing. And suddenly you're in big rooms and suddenly you find a game yourself, like, well, I'm creating this kind of change and I'm very happy at the moment. Like when I went to the region, let's take Pakistan as an example, when we were at the beginning, like we were the only company that you can call the startup. Which is like Daraz, we're like not well funded but funded and this guy followed the normal startup scenes; the funds and the acquisition dream and this kind of stuff. But I'm very happy that I'm sitting here, like today. I see like a company every day that kicking off and having like a seed fund impacts that it's happening and this is, I would say the impact. I wouldn't say like it's back to us, but I would say this is at least we at a minimal impact on the community and the market that resulted to what is now...

Amjad Ahmad: Yes you definitely did. Daraz was a success story in Pakistan, and I want to talk a little bit about that success, because from your perspective, why was Alibaba so attracted to this market? We know the Chinese have come into Pakistan in a big way, but why specifically do you think Alibaba was attracted to the Daraz?

Mahmoud Ibrahim: Yeah, we asked them the same question, like you could have heard it yourself guys. I think the way we have built the company, I think it started with HR, it was really good. We try to understand the -- let's not start with HR, but let's start with like we're really understand that or understand where's the market opportunity and we try to capitalize on it in a very localized way. And we always ask yourself in the same room with like a big platform of the big giants in the world, like release a new feature and you find the guys in the team say, hey, we want to do the same, let's replicate. We ask yourself whether this will work in this market or no. So we had this kind of localized taste and we even had it like a department call localization department. They think about how to localize to the market just to get less seriously.

And actually, this is one thing that I think it was a key metric. And as well, we worked a lot about holding ourselves accountable to the market and developing not just Daraz, like as is an e-commerce platform with the trade happening on the Daraz, but the ecosystem surrounding it. So like in terms of education, in terms of like a third party logistics, education, you could see how this is developing because as an example, the logistics companies wouldn't know how to deliver like e-commerce and COD cash on delivery is an example of this kind of markets before Daraz kicking it off. So getting the market to this kind of stuff, I think I wouldn't say the last thing, but now it's the team. I think we build a very strong team. Like retention rate is high, like you can see like a career path for the people themselves. Like I had like three people in my team, as an example, when I joined, they were all like project managers. Right now one of them is like COO in Pakistan and the other is group head of logistics.

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The other is like head of product. So you feel like there was a clear career path by capturing the right talent in the market in the localized way by like feeding the company from inside within instead of just external. The third and the last thing I would say is the harmony of this kind of like one, a strategy like even we have different countries to operate from. We don't have one strategy for all the countries to go in the same direction. Each country needs to have its own dynamics, own strategy, of course, has the same goal at the end. But we operate differently and we have to accept this in the business journey.

Amjad Ahmad: I was going to ask you one thing; we talk a lot about the ripple effects of startups and the ripple effects of success stories, have you started seeing that from Daraz? Have you started seeing your former teammates who cashed out on the exit with Alibaba start new businesses? Have you started seeing that?

Mahmoud Ibrahim: I don't think it's just Daraz, it's the catalyst of us, whatever you find this like it's a human being, whatever it's like this thing happened. Everyone is like, why? Why it's not me and it's the benchmarking and you could see a lot of people from Daraz, they started to kick off, not even the people that made the exit into the cash out. You can find it, as well as the early stage people in the younger generation when they found this happen, it's like why I'm not doing the same.

Amjad Ahmad: It gives them hope.

Mahmoud Ibrahim: Exactly, and from there, you start to see the generation because the benchmark is changing. I think I call all the time the benchmark because before Daraz there was no benchmark and people thought that it's very hard to operate a business and this

business requires a lot of capital. It's not easy, this kind of stuff. But there was this habit. People start to question, okay, it looks like it's not hard why I'm not doing the same, and you create different. I know like two CEO and myself, the COO of the group, we both like left Daraz and operating on old things actually and you can see this even in Daraz.

Amjad Ahmad: Yes, now, let's get to your business now. Homzmart; what made you start this business? You're a serial entrepreneur, but why this particular segment?

Mahmoud Ibrahim: Yeah, it's...

Amjad Ahmad: And I should ask you also why you've seen other markets, why Egypt as well?

Mahmoud Ibrahim: Yeah, so if you had asked me this question like six years ago, I would say definitely not furniture, I wouldn't do it, but I think it has an effect.

I think normally when we look at businesses, or at least myself, when I look at operating a new business or something, I look to three factors; Readiness, the market readiness and start from supply and demand, economic empowerment and political situation and this is how I evaluate opportunities in general. It was the same thing in Pakistan and South Asia. It was the same thing in Jumia and this. I think the whole idea came when the acquisition happened by Alibaba to start spend more time in China and understand about the ecosystem there.

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And you understand how the industrial sector has changed this whole country dynamics and the effect of self-sufficiency, a lot of other stuff and the economic empowerment of within China, how they can create this kind of like a sufficient ecosystem that can help the Chinese ecosystem and not depending on external factors and how they develop really fast. If you see what happened in Europe and the US over the last 50, 60 years, those guys have developed in 30 years. And if you see, my vision was like, okay, Middle East should do it like in 15 years. Actually this is the right way because you start from what other people have ended; not ended, but like reached to I would say.

Amjad Ahmad: Right

This was the big alert for me is like when I need to return back to the Middle East, it's something happening there and definitely you can see a lot of growth happening like between for example 2015 and 2020, we could see that e-commerce multiplied four times or five times 100 hundred percent year over year. And you could see this is happening unlike when this was like 30%, 40% in other countries like developed countries at some point. So the development is happening really fast in our region.

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Sometimes you need to capitalize on those opportunities. Why furniture in particular? When we thought about a business, we think about something as a huge market size and not still tapped in the market. And we ask ourselves, like, why it's not tapped, if there is something that's making it like essentially not tapped or no one thought of it.

Amjad Ahmad: And some friction in the market of some sort.

Mahmoud Ibrahim: Yeah exactly, I've seen like an 80 billion dollar industry, very successful business model in different countries like India, the US, Europe, and other markets as well. And we were like okay, let's do it in a localized way. And again, back to the structure we're not trying to replicate something. And this is where you try to the creating a change fact is not like copy pasting from a region to another. The idea came from here, like we tapped some mock up at the back and see how this will reflect on the supply and demand. Huge tractions at the beginning, huge market size and most importantly for us as founders was like what kind of impact it brings on the table because what we're trying to do is laying on a very economical factor, which is industrial sector, that to avoid imports and increase exports, especially export and actually like self-sufficient in the domestic trades as well. So after the currency dilution in 2017 in Egypt, they had to allow a lot of like fundamental changes in the way the economy operates and one of the core industries that Egypt is good at is furniture, which actually it's like almost an eight billion dollar industry in Egypt.

And Egypt has the biggest furniture city hub in the market called the Designopolis and Egyptians called the city Designopolis. So from there, we would be like okay, government has done like a free trade agreement with all the major regional African countries around the world supporting industrial sector. There's a huge gap between supply and demand. Not sure when was the last time you bought furniture, but it's a very painful process and it is very painful because it's like not a single one of them passing through this experience and they hate it for himself. And then it's like, okay, there's a huge opportunity for growth, not just in Egypt, in the whole region and cross-border channels. Let's capitalize on this, and once we start to talk with the government about the initiative and what we're trying to do, we find a lot of good support and we find okay. Because, of course, government are going to be able to do what we're what we're doing. They will be able to help with regulation, with facilitation, with would like supporting some stuff. But you need people like us to kick off the reel and to capitalize...

Amjad Ahmad: On that specific point, did you notice a difference between when you operated Jumia versus now Homzmart specifically with regard to government? Was it better or worse, same?

Mahmoud Ibrahim: Yeah, okay, it's a thousand times better, than even Jumia, and you have a guy from like local authorities, like taxation or even the industrial thing coming through the warehouses and knocking and like, "What are you doing? We're doing e-commerce." What is this? We're selling like we're marketplace e-commerce is selling on behalf of others, like okay, show me the receipts of this stuff. Okay, it's a marketplace. It's not by us. Okay, we need to trust that and they didn't understand what we're talking about. And I think this is the kind of change that happened over the last seven, eight years that made us or made me actually come back, because you feel it's growing faster than other countries. This is like if you see Egypt between like 2000 and 2020, and the Internet penetration rate changing the usability of Internet in the region, it's 10,000% much better. But it's crazy and this is actually what we need to capitalize on the kind of change.

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Because you don't see this kind of change and just watch, because the more this is happening and coming back to the roots and creating this kind of digitization in the region, the more it gets educated faster.

Amjad Ahmad: So I want to hit on that point digitization, because it's a common theme, especially in emerging markets, especially the ones you've operated. What have you noticed to be the same in all of these markets? So what the differences, but what is sort of the common link that you're noticing? Is that this accelerated growth of sort of the consumer digitizing? What is it that's creating this opportunity?

Mahmoud Ibrahim: Yeah, I will put it this way, there's two sides of the coin, which is all the common things to change, right in all those is the change itself and how this change is happening, and this forces change and regulated the change. Forces change, which is happening by the consumer and the band themselves. They decide, okay, there's a lot of exposure on internationalization and in the US, Europe, Westernized life and like we want to force change and be forcing the externalities around them for that change and there's a regulatory that's enforcing change. Unfortunately, what is happening in our region, it started with force of change by the demand and supply was like we're seeing this happening in the whole world and we want to change it. And then the governments or the regulators had to adapt to that change, and that's why they're using the help of that sector to help them in creating the solutions.

If you look at the people that are creating the e-commerce or the digital regulation in Egypt, they would be the sort of guys that kicked off companies like 10 years ago. They sat on the board and tried to have a COO of like a couple of companies and they tried to be part with the ministries to create this kind of change. But again, you find that some countries that tried to be very proactive about it, like as an example, UAE and Egypt is coming in the way as well. They try to anticipate what will happen in the future and try to save. I was very surprised the other day that I went to renew my car license and the guys like you cannot pay cash or if you pay cash, they said like 10% more than if you pay by card and I was like finally. This is the kind of stuff that you feel the government is doing, like a proactive approach. The dealer reached to a level that no one has cash and only plastic cards in order to change the regulations. They're changing it proactively.

Amjad Ahmad: I wanted to ask, do you think that this positive change from a governmental point of view, sort of making it easier to do business, has it changed the inclination of young people to want to be entrepreneurs?

Mahmoud Ibrahim: Definitely, yes, because it's in the gild message that you're raising the new generation on. Like when a small kid that suddenly instead of going to school is finding himself like doing online education and it's easy to do his mind opens to like new stuff, different stuff. When a kid knows that by the time he turned 16, he has to use a plastic card; his mind will work on a solution that goes beyond this, like fluctuate. The mind developed from the change and whenever you see this and this is exactly what I was saying and enforcing the change happening, this is one that I would say change is coming anyways. This change will come and we have to adapt to it. So the younger generation will adapt to, okay, we know that there's change coming and life today is not going to be the same 20 years from now. We have to adapt to it and cope with it. And of course, I'm happy if you see 10 years ago, when you asked someone like, are you not kicking off your own company that is like, whoa, why would I do it? I'm happy in my company, they like this is good and I'm fine.

Why would he you this? And today, like, actually some time I have to say to people, hey, you have to slow down. Just learn before getting up your startup, is not that easy.

Amjad Ahmad: Yeah, of course. And what do you perceive now as your biggest challenge to scaling your business? I mean, you're doing quite well. You're growing very fast initially. What is now your biggest challenge as you scale it across the region?

Mahmoud Ibrahim: Yeah, I think I would say we're in awe, like we just passed our first year of hard core, like hard launch operation, and we just started and now we proved that there's a huge demand and a huge supply. It's an hour show to connect between them and I've seen a lot of companies and this is where the small tweak happens when there's a good supply and a good demand and the company is growing faster than its people. I've been asking this question that what keeps you awake at night. What keeps me awake at night is that this company grows faster than its people and we lose, creating this solid infrastructure that we wake up one day; yeah, we might be a big company, but really the story from inside that when you look at its depth, you feel like, okay, I want to return back five years but in a different way.

And I have seen a lot of companies like this, when the company grew, it's our infrastructure, financial infrastructure, government relationships, a lot of aspects to create this. I think now understand that there's the fundamentals of the business is there, what we need to work on a lot, creating this like solid infrastructure, long term infrastructure and institutional infrastructure as well. How this company will become a couple of billion dollar business in a very short period of time.

Amjad Ahmad: How much does talent play into this? I mean, I'm sure that's something that is a big part of your success so far. How will the talent pipeline for your business, how do you view that challenge?

Mahmoud Ibrahim: It's not great.

Amjad Ahmad: Why isn't it great?

Mahmoud Ibrahim: I think it comes I don't want to go too politics, but as well, like, it comes with a lot of infrastructure...

Amjad Ahmad: Let's go politics.

Mahmoud Ibrahim: So I think it's in the way how you raise a generation. So I'm sure that like 20 years from now, generation will come on board. It will be much more different than the generation that we're seeing right now. So the generation that working on our stage right now, which is like I would say 18 to 29, they were raised differently than the people are raised right now. The mindset is different.

So like you remember back then, at least in my generation, when you asked, like, "Hey, what do you want to work after you graduate?" "I want to sit in that office having the secretary and just drinking coffee and newspaper in the morning." Life is not like this man. It's different.

Amjad Ahmad: It's actually work.

Mahmoud Ibrahim: And this is what we find it different. The market is the expectations that for guys to get on the ground more, you need to take it from scratch. And this is what you demand. But you need to understand as a company that require talents, what is your supply as well. And the supply is people always materialize at the subject matter, which is like money or salaries or equities or this kind of stuff, it doesn't just stop here. It's delivering education. I was very lucky in my life that I attached myself to the right people. I think without those people, I wouldn't be the guy standing here today. I wouldn't be in a company like Jumia that went IPO. I wouldn't be in Daraz acquired by Alibaba. I wouldn't be kicking off Homzmart. I think the people around me and I think it was on me to choose the people I want to be attached to, and they were the responsibility to pass for me the right knowledge.

And I think us as business owners, we need to understand you would never find the 100% fit for the business except the 60, 70% and work on the other. This is your message in the ecosystem. And I could see this a lot as like some people don't have the patience or the mental capacity of developing other people around. But actually, this is what it is. This is what the reality of the employees and the HR equity in the market. A lot of other stuff is like developing in the people around. So if we just sit back and say we wait for the 100 percent fit, you're not going to find them easily.

Amjad Ahmad: No, of course, and when you look at the talent pipeline, the women workforce participation rate in Egypt is fairly low. It's in the 20% even sometimes, depending on the study you look at, it's even lower.

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What has been your experience with Homzmart when it comes to women and women inclusion?

Mahmoud Ibrahim: So we have almost like 35% to 40% like an hour in HR, which is, I would say like good and bad. But it's good, maybe it needs to improve, maybe it should be 50%, 50%, I would call it need to be something. But if people are not seeing it affecting the work balance, it should be fine. I think it's developing fast. Like when I was operating in Jumia back then, we didn't have the warehousing a single woman at the beginning. Actually, no, there was like a couple of them. One or two. And because Jumia was part of Rocket Internet, so they had Lazada as well in Southeast Asia. At that point, we were there to get some knowledge because they were like bigger and older.

And I went to the warehouse and like 35% of the employees were like females. And I was like, "Wow, okay, why this is not happening there." And from that point, you start to question I was paying a visit when I came back to the warehouse in Jumia. I wouldn't call it a percentage. I didn't know, but I can recognize it's changing. And you could see a lot of faces like female faces in the warehouse. And it's becoming a normal routine and it's happening. I think this is changing, like it's a big case. It's the way the culture education is happening and the change of perception that this is a man job, this is a woman job. You know what I mean? This is just for you, this is just for her and start to understand there's an equilibrium of the relation. Like it should be fine that you work in a warehouse or work like it's very common that I ride Uber with the woman at the moment. It's happening.

Amjad Ahmad: But Mahmoud, other than ensuring that you have the right balance and that you're looking at the right pool of talent when it comes to the workforce, I'm wondering you, as the CEO and founder, how are you sort of looking at women moving up the ladder within

Homzmart and taking on leadership positions, having board members? Is that something you're thinking about consciously and that you're trying to ensure that you see that? I'm just curious to how you're viewing it.

Mahmoud Ibrahim: So, the way how I would answer this, I don't think about it a lot, to be honest, in that concept of a woman and a man. You know what I mean? What we do is we open everyone. And it's a career path, educational, like line, and it's free for everyone to prove themselves. And we work together. It's not element in the equation, I would say.

Amjad Ahmad: In the way, I would argue that that is in the equation because you are not creating a bias against women. The reality is a lot of firms, there's a bias against women. So it's very difficult for them to actually move up. What you're saying is you're ensuring that it's an equal level playing field, that whoever does well rises that effectively.

Mahmoud Ibrahim: Exactly, but actually, we're more biased to have like a role models from a female side, because this is what creating a change as we were discussing in the beginning. So we don't have to think about it that much. But as an example, if we have two candidates, a woman and a guy, we had to choose a woman just because we prefer to call ourselves like a woman friendly or feminist friendly company now. But we have to create this almost our head of H.R. is a female. Our head of customer service, she's a female. You could see in the tech, we have like tech leads are female. Like it's there. The head of design, she's a female. We don't look at it from a percentage perspective. I said the percentage at the beginning, but we don't look at it as an element in hiring, firing, promoting, appraisals. It's not an element. But we had to keep our own models there to make sure that, as you said, at least to give the cards when we have a post in the company about a new position, that it's a message. It's open for everyone.

Amjad Ahmad: Absolutely. I think that's critical role models and women being in leadership.

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It's a critical role model for other younger women to take that leap, to take that opportunity. Going to the Egypt Ecosystem again, you mentioned that there are a lot of positive things happening. If I was a policymaker and came to you today and said, "What should I focus on Mahmoud?" What is the one thing that would help more companies like yours be created, what would you tell me to focus on? What would be that one area that you said, please pay attention to this?

Mahmoud Ibrahim: I want to use my shot in the right way, because he said it's the one area, it's a lot of things, but I think there's a lot.

Amjad Ahmad: What I'm looking for is really that one area that I think you think would make the most impact. I mean, again, you're very seasoned in starting companies. What is that one lever that I think they could focus on that would really move the needle in terms of having more companies started?

Mahmoud Ibrahim: Yeah, I would say that I will discuss about something that it's happening, it needs to happen much faster, which is like legalization and incorporation and support for SMEs sector. It's happening. I'm not sure it's happening in the right way it should happen or the speed it should happen through because there is a reason why a lot of startups in the region, when they reach a certain level, they go to UAE as an example to be

incorporated there because those guys figured out how to be much more friendly to the startup side and create like a hub there. And there should be a reason in Egypt, I wouldn't say to prevent this from happening in each region, that this country that having this formal behind's the business of like Singapore, UAE. It's happening.

But if I'm the government or the regulator, I would think 100 times how to make sure that this doesn't go out, this stay in. And this is starting from regulation, facilities, taxation, incorporation, like regulations. This kind of stuff really affects the fact that some people, when they reach a maturity stage, they say, "Okay, we want to go out." Actually, it's bad because at the beginning, the struggling part to stay in and once they start to see the fruits, they go out. It's not good.

Amjad Ahmad: I think what you're saying is that you want companies not only to seed out of Egypt, but to continue to stay there as the scale the business and have a robust presence within Egypt while they scale regionally. There's not a problem with, of course, you want to scale regionally, but what you don't want is for them to move their headquarters to Dubai or another country.

Mahmoud Ibrahim: There's an actual need for it. It's fine, it is to be. If there's a need to move your headquarters there for something, of course, like it's one region at the end, it's fine. But if you're moving only for regulation and taxation and incorporation, I call the big filling that needs to be fixed as soon as possible. I was saying it's costly suddenly after you reach a specific stage, you have to know what are there. If you want to bring a global talent, it's not easy to live in Egypt, not just because of the condition, but as well, the paperwork in this kind of stuff require more effort. So this kind of stuff, and I think it's happening, I'm not saying it's not happening. It should happen faster because it needs to happen fast as the kind of startups or level of SMEs are growing up. It needs to cope with the same problem, I'm not seeing it coping at the same speed.

Amjad Ahmad: Of course, and how have you found the financing environment to be and at the various stages of startups in Egypt?

Mahmoud Ibrahim: I assume you're saying about the investment financing side?

Amjad Ahmad: Yes, of course.

Mahmoud Ibrahim: I've never seen it like this, I wouldn't say in the market, but I've never seen it like this. When we had \$1.3 million in seed, we thought we were doing something big, it's very common to hear it out after one year.

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So I feel like, well, we're not the exception. I think the good thing that everyone or the investment firm starts to realize is a hot market. It's almost a hundred million people. The penetration is Internet penetration, e-commerce penetration, digital penetration in general, moving very fast. So it's a hot market for everyone. The pool of talent that's good in the market. I think it's the biggest pool in the region, which making it hot as well to be self-sufficient instead of going outside.

And you could see that there's a good supply of cash in the region and specifically maybe in Egypt as well. But the good thing that we have to cope with it because I'm talking to

some investors and say, “Okay, we have an issue of cash deployment, we want to deploy more cash.” It's about the right business. The region in general was in a phase of embracing the change over the last 10 years, even in digitization, its digitizing fast. It was embracing a change. I think now it's time to create change. When I say create change, not just in the region, but think on it globally.

Why we're not creating another like Tesla, another Amazon, another Alibaba, it doesn't have to be in the same field, but something different, Greenfield, something that no one has created in the world.

Amjad Ahmad: It's a great point. I tell everyone that, I think using the word innovation in our part of the world is a little bit not accurate. We're digitizing, I don't see us doing a lot of what I would call high cutting edge innovation. And I think that requires heavy investment in R&D, heavy investment in PhD, heavy investment in education and really making big bets on sectors of the future. We're not leaders in a lot of the sectors that are, of course, going to be moving the economy going forward. We tend to be more adopters, which, as you said with 100 million people, frankly, should be the other way around. I mean, Egypt should be providing innovation for the world in many ways, and not only just Egypt, but the entire region. So you need to get that formula right.

42:40-43:51

Mahmoud Ibrahim: Yeah, I agree, I was just talking about it like the other day, we're a region that has 108 million people in the youth generation, between 16 and 29. So there's got to be something there. So I was just telling people, even if we just take half a percent out of those and we say they will open their own startups, right, and they will think about stuff differently. They will be entrepreneurs, doesn't have to be like startups. They will be entrepreneurs, this is 500,000. If there's a study saying like 10% success or 90% failure of start, let's say 5%, this is 25,000. If we say just 0.5% or 0.1%, let's say it 0.1% will be made to be a unicorn, this is a 125 unicorns.

Amjad Ahmad: Absolutely

Mahmoud Ibrahim: And we're nowhere near that. And it's not that hard. You have the talents and I've lived or actually have traveled to a lot of places in the world. It just takes the courage to think out of box. I think we as a young generation, we always like to live in our comfort zone, is changing, by the way, like a lot of people asking me when I came back is like, “Are you insane? Why you're leaving like Alibaba Group and coming back to kick off your own thing. And you don't know even if it will work or not.” I was like, “This is what we do.” When I went to the Daraz, people said, “Why are you moving to Pakistan? We made it to Alibaba.” I think this is what needs to change in the gene and in the thinking process of can we get out of the comfort zone for a bit. We're still young twenties is like do mistakes, like I always say it here in the company as well. Like when someone goes like we did a mistake, I was like, “Oh man, I did a lot of mistakes in my life and it costs a lot of money.”

Amjad Ahmad: I think this failure and mistakes issue is a huge one. And I think we need to start embracing failure and mistakes. It's okay. I think the inclination to sort of beat people down when they fail needs to stop.

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And we need to sort of say, “Look, it's okay to fail.” The reality is a lot of startups will fail. But we need the success stories. And I think the success stories like yourself are creating that momentum for more people to start.

Amjad Ahmad: And now as you see Homzmart where it is today, what's next for Homzmart? What's next for you? What are you focusing on now for the next 12 months?

Mahmoud Ibrahim: So I think for us now, we understand, as I was saying, that the fundamentals of creating an institutional entity is there and there's a big room for it. Now it's time to not thinking about just Homzmart business, but the ecosystem surrounding it and how we can to develop the whole ecosystem. So we're spending a lot of time understanding beyond the supply and demand, but logistics need financial needs. And try to tap in a right way, doesn't mean that we have to enter the business, but to facilitate the movement around this like components of doing our business.

Amjad Ahmad: So you want to offer an end to end solution to your sellers effectively.

Mahmoud Ibrahim: Exactly. What we're trying to do is now we understand that it was like a problem between supply and demand to reach each others. Now it's time to focus each one problem on a side because we already connected both of them. The final problem, we already solved the final angle, which is like the connection. But before this angle, there was like a lot of other components that each one of them is missing.

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So the seller are suffering from finances, regulation with the government, a lot of other stuff, accessibility, logistics. Let's solve them one by one. We're kicking off right now, all logistics company, because we find it a big pain. A lot of good sellers, they have the good capabilities of production. They don't know how to do logistics. And we were forced to do a logistics company because this is the kind of stuff that you hold yourself accountable for, is not just what it came to solve at the beginning, it's the ecosystem surrounding it as well.

Amjad Ahmad: Well, I've no doubt that you're going to succeed, and if there was a person that I would bet on to execute this, it would be you Mahmoud. I want to thank you for joining us. And I just want to say that you are a really great role model, I think, for the Egyptian youth and those who are trying to start businesses, not only in Egypt, frankly, but the rest of the region. So thank you very much. And we wish you all the best going forward.

Mahmoud Ibrahim: Thanks a lot Amjad. This was really great discussion, as usual. It's always great to have the discussion with you and I hope it was useful. Thanks a lot.

Amjad Ahmad: Always useful to talk to you. Thank you so much. Thanks for listening, if you like what you heard, please subscribe to EmpowerMe Conversations on your favorite podcast platform and please tell your friends about us.

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