The Palestine Information and Communications Technology Incubator - PICTI

You Can!

PICTI and Incubation Experience in Palestine

Mr. Laith Kassis, General Manager
At the Expert Group Meeting on Promoting Digital Arabic Content in the ESCWA Region and Promotion of digital Arabic Industry through Incubation
29/4- 30/4/2008, Beirut
Incubation at PICTI

- Mission and Governance
- Innovation and Entrepreneurship Ecosystem
- A Network for Entrepreneurship & Innovation
- Successful Incubation Process
- Sources for Investment Capital
- Supporting Innovation in Key Steps
- Diverse Incubation Models
- Incubation & Fund Mgt Good Practices
- Impact Assessment
- Join MENAinc

© 2008
Mission and Governance

Assist entrepreneurs commercialize their ideas by establishing new start-up companies and develop job opportunities

Non-Government Organization established in 2004 with a Partnership Model

© 2008
Innovation & Entrepreneurship Eco-System

 adopted source: Ms. Ellen Olafsen, infoDev Program

Infrastructure
Policy Regulation
Academia
Business
Entrepreneurs
Skills
Innovation
Development Agencies
Finance & Investors

Social and Economic Wealth Creation

Inhuman ingenuity

Markets (Local, Regional)
A Network for Entrepreneurship & Innovation

Markets / Investors

Incubators / CoE

Entrepreneurs

Capacity Building Program

1. Incubation Program
2. Technology Entrepreneurship
3. Technology Financing
4. Technology Marketing
5. Intellectual Property Protection
6. Personal Skills Workshop
7. Preparing for Investors

© 2008
## Successful Incubator Process

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing &amp; Outreach</td>
<td>Pre-Incubation</td>
<td>Incubation</td>
<td>Grad / Post-Graduation</td>
</tr>
</tbody>
</table>

- **Leadership**
- **Innovation / technology validation**
- **Technology Entrepreneurship**
- **Business Model, Plan / Analysis**
- **Preparing for Incubation & Accessing Seed Capital**

- **Awareness on innovation and entrepreneurship**
- **Develop a Mass Pipeline of Entrepreneurs and Ideas**

- **Product Development**
- **Business: MSME, High-Growth**
- **Business Alliances**
- **Economic Development (Jobs)**
- **Proven Technology**
- **Revitalize Neighborhoods**
- **Accessing Venture Capital**
- **Sustainable beyond graduation**
- **Help clients in locating new facilities**
- **Ensure continued contact and support**
Supporting Innovation – in Key Steps

IDEA

• IPR Strategy
• Validate innovation
• Work out the business model
• Identify commercial applications

CONCEPT

• Build business plan
• Building the founding team

PLAN

• Market evaluation and validation
• Develop proof-of-concept / prototype

PROTOTYPE

• Business Alliances
• 1st Customer Ship
• Incorporate a Start-up

PRODUCT

Start-up COMPANY

VALUE ADDED SERVICES

✓ Accommodation / Virtual
✓ Product Development
✓ Business Development
✓ Human Resources
✓ Marketing
✓ Legal
✓ Seed Funding

© 2008
Sources for Investment Capital

Bootstrapping
- Delaying Payment
  - Negotiate terms
  - Lease equipments
  - Selling by commission instead of paying sales people
- Minimization of A/R
  - Factoring
  - Reward fast payment
  - Terminate relationship with slow paying customers
- Minimizing Inventory
  - Seeking best possible terms from suppliers

Debt Financing
- Personal savings
- “Friends, family and fools”
- Bank Loans
  - Micro-Loans

Equity Financing
- Business Angels
- Venture Cs
- Grants
- Pre-Seed funds
- Dev Agencies
- Foundations
- Others

PICTI Funding Gaps
Diverse Incubation Models

- Employment Generating Program – Fresh Graduates (EGP)
  - Mentoring & Coaching
  - Capacity Building
  - Employment Linkages Promotion
    - On-the-job training
    - Monitoring & Evaluation

- Micro & Small Medium Enterprise Program (MSME)
  - Market Opportunity
  - Accommodation
  - Mentoring & Coaching
  - Capacity Building
  - Business Linkages Promotion
    - Links to Finance Services
      - Monitoring & Evaluation

- High Growth Business Model (Start-up Investment)
  - Accommodation
  - Mentoring & Coaching
  - Product Development
    - Business Incorporation
    - HR Recruiting
    - Marketing & Alliance
    - IP Protection
    - Business Development
    - Seed & Early Stages Funding
      - Links to Investors
        - Monitoring & Evaluation

No One Size Fits All. JUST DO what works in your environment
Incubation & Fund Mgt Good Practices

Fund Process & Services

<table>
<thead>
<tr>
<th>Fund Pre-Investment</th>
<th>Fund Post-Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deal Flow Sourcing</td>
<td>Investment approval</td>
</tr>
<tr>
<td>Opportunity evaluation</td>
<td>Investment Management</td>
</tr>
<tr>
<td>Due Diligence</td>
<td>Exit</td>
</tr>
<tr>
<td>Structuring/ Negotiation</td>
<td></td>
</tr>
</tbody>
</table>

Incubation Process & Services

<table>
<thead>
<tr>
<th>On Going</th>
<th>Frequent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach</td>
<td>Graduation &amp; Post</td>
</tr>
</tbody>
</table>

- Web Site, Brochures
- Exhibitions
- Workshops (in & out)
- Ads (Newspapers, SIG)
- Success Stories
- Word of Mouth

- Market Growth and Capability
- Entrepreneurial Management Team
- Proprietary Concept or Product or Service
- Compelling Business Model
- Sound Financial Model
- Attractive for Other Stages VC or National Initiatives
- Strong potential to benefit from our experiences

EVALUATION CRITERIA

- Financing (seed, early stage and linkages)
- Developing Business Plan & Strategies
- Recruiting Human Resources & Key Staff
- Product Development
- Sourcing Customers and Strategic Alliances
- Optimizing Operations
- Providing Infrastructure
- Structuring Legal and Financial Transaction
- Solving Problems and Mitigating Risks

VALUE ADDED SERVICES

- Trade Sale
- Public Market Offering
- Business Development
- MBI
- MBO
- 1st Round VC

© 2008
PICTI Impact Assessment

1. Establishing MSME:

2. Exporting of Software:
Web Based PoS: By Al-Andalus Company.
Now selling in Dubai at Grand Stores.

3. Accessing VC Investments
Yooyaland: An “edutainment” portal in Arabic targeting Arab children for US$700K.

4. Developing Quality Job Opportunities
   for more than 150 Qualified Individuals

PICTI Incubation is about
People, Process, Business Relationships
and Economic Development

© 2008
Case Study – Yooyaland

• An online edutainment portal for Arab speaking children between 2-9 years of age.

• The portal offers a comprehensive array of educational fun activities (stories, interactive games, zones, etc…) developed according to the latest standards and trends in child education.

• The portal already includes a large number of zones with 100+ original educational fun activities. The portal has also been designed with parents and teachers in mind, so they can engage with children in the educational activities. These features include;
  – Parent-Child / Teacher-Child activities
  – Personalized reports
  – Newsletters and articles
Features of the Yooyaland Experience

• Original authentic and culturally correct content
• Presented in ‘Classical’ Arabic
• Subtitles in Arabic to improve reading skills
• Colorful and rich animations
• Tailored for age and grade
• Can be localized to other dialects to enhance experience
• Individual account reports to track progress (by parents and teachers)
• Special content for basic learning (alphabet, math, nature, etc…)

© 2008
Lessons Learned

• There is a gap in Digital Arabic Content in the fields of Education, Health, Culture, “Edutainment”, Life Long Learning

• It is not just technology for Arabic Natural Language Processing; what is required is also Arabic content developers / linguistic experts

• Making Profit out of Arabic content (for sustainability purposes is a challenge), perhaps with exceptions to Arabic online news services based on Advertising Model
Join MENAinc the Middle East and North Africa Network of business incubators and their stakeholders

Secretariat Full Mailing Address:
Mr. Omer Oz
PO Box. 50450.
Building 8
Road 17, Block 117
Hidd Town
Kingdom of Bahrain
E-mail address: ooz@bdb-bh.com, omeroz@menainc.net
Phone number: + 973 173 58 888
Fax: + 973 174 66 646
Web site: www.menainc.net

Current Members (sample):
BBIC – Bahrain
PICTI – Palestine
iPark – Jordan
El - Gazala Techno Pole – Tunis
Casablanca Techno Park – Morocco
Moroccan Incubator Network – Morocco
ICTI Syrian Computer Society - Syria
Rooyesh ICT Incubator - Iran

Other countries:
Libya
Mauritania
Zanzibar

For a full list visit www.menainc.net

© 2008
Thank You!

You Can!
Al Sheikh Commercial Tower, 4th floor, Al-Quds Street
Al-Bireh, Palestine,
Tel: +970 2 240 9290   Fax: +970 2 240 9294

www.picti.ps   ceo@picti.ps