

FIVE ONE REVIEW



International
Expansion Research

Diving into
Trends in 2022

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Founders' Note

A big hello to the readers of Five One Review! We are very excited to bring you the fourth issue of our magazine, which focuses on the theme of trends in Iraq - and a few internationally!

The entrepreneurial landscape in Iraq is evolving quickly - the pace and size of investments in startups is on the rise, more young people are pursuing entrepreneurial ventures and the support system for founders - be it better business legislation and the availability of coworking spaces - is strengthening.

At Five One Labs, our work reflects the evolving nature of the landscape, and we have adapted our programs to ensure that we are meeting the needs of our founders as their business grow and as new types of entrepreneurs and priority sectors emerge.

In this issue of the magazine, we will take you through some of this evolution. We will dive into our work with universities across the Kurdistan Region of Iraq; provide our assessment of the investment landscape; highlight our policy reform work; and introduce you to two startups in emerging sectors in Iraq - gaming and 3D printing.

Finally, we will share with you an update relating to one of our organizational priorities for 2022 - international expansion.

We hope that you enjoy this issue and welcome your feedback!

**With sincere appreciation,
Alice and Patricia**

A Wave of University Entrepreneurship

Universities are increasingly becoming hubs of entrepreneurial activity and innovation, where students can solve problems, prototype new solutions, collaborate with diverse classmates and take interdisciplinary approaches to addressing local challenges.

Within our own backyard regionally, we have seen thriving entrepreneurship programs and centers, like the American University of Cairo's Venture Lab accelerator to the Sharjah Entrepreneurship Center (Sheraa) hubs based in two of the emirate's universities.

This trend has spread to Iraq, where in recent years we have seen the opening of entrepreneurship centers at the American University of Iraq - Sulaimani and the University of Kurdistan Hewler, among others.

At Five One Labs, we have also seen that the idea of launching a startup in the Kurdistan Region has gained momentum, and many current university students and recent alumni are considering this as a viable post-graduation option.



In light of this, we implemented our first two-month "Entrepreneurship in Universities" program in three universities in Sulaimani province in the spring of 2022, with the aim of familiarizing final-year students with the steps of launching a business, helping them to understand markets and supporting them throughout the prototyping process. The goal of this program was to encourage students to pursue entrepreneurship as a path and provide them with the hands-on skills needed, as prior to the program, 95% of surveyed students said they were unfamiliar with the technical concepts related to entrepreneurship.

Five One Labs is also now partnering with the American University of Kurdistan - Duhok which would allow entrepreneurship programs and activities to be accessible to the community in Duhok - both inside and outside of the university. The outcome of this collaboration will be a long-term entrepreneurship program on campus.

We are looking forward to more entrepreneurship and innovation programs across Iraq as they will pave the way for young, passionate entrepreneurs to enter the ecosystem and start a journey of building a business.



Student entrepreneurs participate in final pitch event for Entrepreneurship in Universities program at The Lab:Suli

Advocating for Policy Reform for Startups



As the number of startups in the Kurdistan Region of Iraq (KRI) grows, so does the spotlight on both their successes and challenges. We have seen founders introduce new products into the market hire, bigger and bigger teams, and raise large investment rounds. But with more entrepreneurs registering businesses, raising investment and seeking legal protections for their innovations, we have seen trends in the common regulatory obstacles that founders frequently face.

In light of this, in spring 2021, Five One Labs, in collaboration with Rwanga Foundation and with the support of the Netherlands Consulate General in Erbil, conducted a research project to better understand the challenges facing entrepreneurs across the KRI. More than 20 business owners, both men and women, running tech and tech-enabled businesses, and other relevant stakeholders from across sectors participated in three focus groups and a panel discussion to discuss the obstacles and challenges they are facing and to suggest solutions for implementation by Kurdistan Regional Government.

The main challenges that entrepreneurs highlighted throughout the course of the project included the following:

- Limited intellectual property protection
- Obstacles with the banking sector and limited awareness of e-payments
- Taxation policy that does not favor small businesses
- Digital skill gap
- Limited opportunities for, and understanding of, investment

The entrepreneurs were also asked to share proposed solutions to these challenges, and in addition to the recommendations mentioned by the entrepreneurs, there are several proposed solutions provided by both Five One Labs and the Rwanga Foundation based on our experience working with, and providing programs and services for, entrepreneurs throughout the KRI.

Some of these solutions include:

- Reform of the business registration process (note: the project took place prior to the overhaul of the registration process by the KRG in April 2022)
- Digitization of e-signatures
- IP, trademark, and content protection
- Taxation reform
- Development of one-stop shops for startups
- Introducing a KRI-wide entrepreneurship curriculum

The challenges and proposed solutions were synthesized into a policy paper and presented to Deputy Prime Minister of the KRG, Qubad Talabani.

The complete list of challenges and proposed solutions can be found in the policy paper on [Five One Labs' website](#).

Since the publication of the policy memo and after several years of work on the process, the [KRG overhauled business registration](#) in April 2022, making the process far cheaper and quicker for entrepreneurs.

Kurdivia: At the Forefront of Gaming in Kurdistan

Globally, the gaming industry is booming and the number of players is expected to exceed three billion by the end of 2022, according to [Newzoo](#). While many games are played globally, there are often fewer options available in local languages, particularly in Kurdish. But this year a group of young innovative friends took on a journey to develop Kurdivia, a mobile trivia game that has, since its launch, taken the Kurdish-speaking community by storm.

In June we conducted an interview with Ahmed Jamal, Kurdivia's co-founder and COO. Ahmed took us through their journey since launching the app in January 2022 and gave us insight into their exciting future growth plans.

How did the idea behind Kurdivia come together?

- Our CTO, Omer Sabah, who is a software engineering student, is a hardcore gamer and has played all types of games, including mobile games. One category of mobile games that he especially enjoys is trivia games and has played them in English, Arabic, and Turkish. One day he asked himself: "Why we don't have such a game in Kurdish?" So, he decided to develop one himself. He asked each of us (the co-founders) to join him and help him build this startup. And that is how Kurdivia was born.

Did you expect the immense reception your app has had so far or was it surprising to you?

- We were, and still are, very surprised. The first milestone that we had set for ourselves was reaching 500 users, but within one month we had surpassed 3000 players! A week later we reached 6000, and a week after that we reached 12,000. The growth was crazy, and we could barely catch up with all the new user demand. Soon, in only three months, we reached more than 72,000 live players in one game. We are very thankful for our users because their recommendations (through word of mouth) of our app to their family and friends is what made Kurdivia grow.

Tell us your story in numbers. What are some interesting data points about Kurdivia that you can share?

- We have now reached more than 500,000 downloads total (iOS + Android). On May 28th, we had more than 120,000 users in our live game answering questions together. Our users have opened the app more than 1.5 million times in a week, all metrics that we never thought we would reach so fast, especially since we haven't spent money on social media advertisement. It was all through word of mouth. Currently, we have amazing growth week on week and we expect to reach 1 million users milestone soon.

Kurdivia: At the Forefront of Gaming in Kurdistan

What has been the impact of your app?

- One thing we didn't foresee is users preferring to play in teams with their family and friends. Not only that, but a lot of the users join voice chats with their friends and play together live. Many users have told us that Kurdivia has become a daily habit for their families, who set aside time at 9pm or 10pm to play Kurdivia. It has become a fun occasion that brings them together to try to answer questions and win prizes. Moreover, a beneficial impact of the app is the general information that people learn by answering the questions.

What is the next step for Kurdivia?

- The next step for now is to add language support so that we can cover more regions; to add Arabic to cover the central and southern Iraqi regions; and to add support for the Northern Kurdish Kurmanji (the Badini) dialect to cover Northern Kurdistan regions. We receive daily requests for both Arabic and the Badini dialect and so we want to serve these populations as soon as we can. Moreover, there are many features that we are planning to add soon, such as a leaderboard and daily streaks. These will hopefully increase engagement and make the app more fun for users.



Walk us through the business model of your app.

- All our energy is currently focused on making the app more fun, more useful, and more engaging for the users, which will increase user retention. Once user retention is above a certain range, we can be confident that we have reached product-market fit and start working on increasing revenue streams. Our current revenue stream is from sponsorship packages where the sponsor of the game pays a certain amount of money to put their link and logo in the game. This provides them with quality attention from the users as their advertisement is shown for an average of 180 seconds, compared to Facebook which only shows ads for an average of three seconds. Thus, we believe we are presenting a unique opportunity for local businesses to target real, active local users that could become potential customers.



To take part in the next Kurdivia quiz, download the app on the **App Store** or **Google Play!**

Coworking on the Rise



As internet and technology penetration advances in Iraq, startups and users alike move towards digitalization. Businesses operate online, and in-person interactions are not always necessary to ensure growth. This change also demands a fast-paced shift in the perception of how startups operate.

Tech startups and online businesses are in less need of physical office spaces with large signs at the door to show their brand, and their websites and social media pages can reach customers faster and more conveniently. With these changes in mind, two questions that arise are "Are coworking spaces capable of filling the gap in the modernizing Iraqi business community? Can entrepreneurs rely on the services provided by the shared spaces across the country to do business more efficiently?"

The rise of coworking spaces across Iraq since 2018 has proven that the answer to these questions is a resounding yes!

Five One Labs' Sulaimani coworking space, The Lab:Suli, opened in 2018, currently hosts five startups, as well as the Five One Labs Sulaimani team and all 18 of the entrepreneurs of our latest incubator program, which creates a dynamic environment for collaboration. These entrepreneurs come from different backgrounds and work in different industries, from medical businesses and fintech startups to a marketing agency and a restaurant and food review platform.

The startups find value in using a coworking space, as it brings them closer to other businesses in the same stage as them, while the space itself creates a productive environment for its members without costing them so much that it inhibits their growth.



"Seeing other people work motivates me to focus on my projects more, but I also don't feel the need to escape the office. I am more inclined to be around my teammates and get our work done... Cafes are distracting, costly, and inconvenient."

- Bahast Hemn: Entrepreneur, Member at The Lab:Suli

The Lab:Suli in Sulaimani is one of the number of coworking spaces that has opened its doors in Iraq alongside The Station in Baghdad, Erbil and Mosul and CoWork in Baghdad, among a number of others nationwide. Given the size of the country, many of these coworking spaces are collaborating to offer their members a more flexible work experience as they scale their businesses across Iraq. In July, for example, Five One Labs and The Station signed a partnership agreement that provides reciprocal benefits, including seven days per month of coworking space, for members traveling between Sulaimani and The Station's branches in Baghdad, Mosul and Erbil.

Coworking spaces can become an even more valuable resource for startups in Iraq moving forward. Currently, business registration in Iraq requires that a startup have a physical office space, which can be costly and deter registration. Entrepreneur support organizations, among other groups, have increasingly been advocating for shared office space to be used as a valid legal address for businesses in order to incentivize startups to legally register. It is important that Iraqi entrepreneurs get access to the resources and features which can put them on the same level as their peers globally so that they can bring the values that entrepreneurs create all over the world.

Exploring New Frontiers: Our International Expansion Research



Entrepreneurs in Manaus celebrate their graduation from the Potencia Tu Negocio program

2022 has been a time of expansion for Five One Labs - across Iraq, but also internationally. Over the past year, we dove into a research process to find opportunities for Five One Labs to support displaced and host entrepreneurs in other geographies. Our goal was to find locations where people who have been displaced (either refugees or internally displaced people) have the right to work and start businesses, but often face obstacles to do so. Our criteria also included details about the context, operating environment, and communities in location. But mainly, the question we wanted to answer was: would we provide value in this location?

Out of roughly 8 countries that we did desk research on, we have visited three to date and have run pilots in two locations: Brazil and the United States. In the US, we ran a month-long initiative for refugees and immigrants in partnership with the City of Raleigh and USCRI in Raleigh, North Carolina. The pilot included business workshops orienting the participants to what starting a business in the US was like - how to register, do market research, better understand customers, and develop products and marketing. Over four weeks, participants also joined weekly office hours with business advisors, and were invited to a final panel discussion and networking event in the last week with three leading members of Raleigh's business ecosystem. The pilot was a great experience for our team; participants from Afghanistan, Nigeria, Kenya, Rwanda, Democratic Republic of the Congo, China as well as Raleigh joined, and the majority of attendees had previously run businesses in their home countries.

In Brazil, Five One Labs partnered with the UN Refugee Agency and local organizations in two cities - Boa Vista and Manaus - to run a six week, intensive online program for Venezuelan migrants. The Spanish-language program took the entrepreneurs through two trainings on design thinking and business each week, connected them with other entrepreneurs and experts through weekly "Expert Talks," and provided in depth business support through weekly one-on-one advisory sessions with our trainers. Most of the entrepreneurs in our program were either re-building businesses they had run previously in Venezuela or were already managing their own businesses, which included everything from a software development company to bakeries, a recycling business, and beauty products. The program ended when each team pitched their business in front of a small panel of judges, and then received their certificates on July 15th at an emotional graduation ceremony. All participants were provided a prize of support from a graphic designer to develop social media ads for their business moving forward!

Now what? After concluding our pilots, our team is writing post mortems and recommendations for whether, and how, to move forward in the countries we have run pilots in. Next up - a trip to Colombia!



Iraq's Investment Landscape: Past, Present and Future

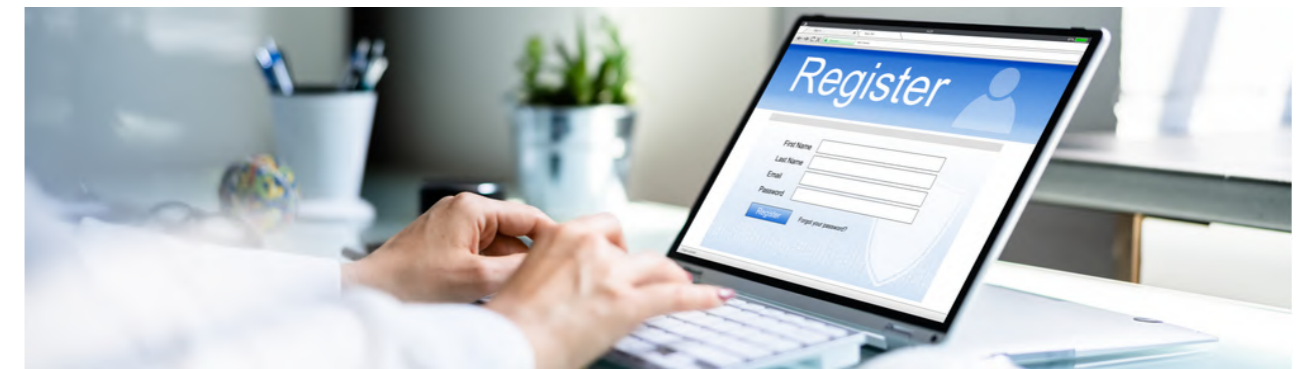


Although the past two years have been tumultuous economically in Iraq, the country's entrepreneurial scene has not slowed down. In 2021, we had several six-figure investment deals ([Hi-Express](#), [Orisdi](#), and [KESK](#)) and three seven-figure investment deals ([Miswag](#) and two bridge rounds for [Alsaree3/Zajel](#)). There was the launch of multiple [institutional funds](#), an increase in [SME support initiatives](#), the establishment of startup-focused [co-working spaces](#), and continued [international interest](#) in the market.

As predicted, the momentum has not stopped into 2022! The first half of the year continues to see ecosystem developments as entrepreneurs and support organizations flourish. So, what has happened so far?

Public Sector Initiatives

The government has a tremendous opportunity to expedite the existing momentum in the private sector and ease the youth unemployment problem, among other benefits. The public sector has already kickstarted regulatory and policy reforms. One of the priorities of the Kurdistan Regional Government (KRG) has been to work toward facilitating and promoting the [registration](#) of companies in the Kurdistan Region of Iraq (KRI). It now takes 24 hours to register a business name. Registering a company name is now 50K IQD, whereas it was 600K IQD for Arabic and Kurdish and 1.2M IQD for English names. Additionally, business registration fees have been reduced from 153K IQD to 62K IQD. Further, founders should be able to complete a company's registration within a 24- to 48-hour window.



Startup Diversification

Plenty of attention is paid to e-commerce and logistics in Iraq because most of the recent venture funding has gone and is still going into those sectors. Still, we are seeing exciting work in other areas. Looking across our programming at [Five One Labs](#) in our incubator and accelerator services program, we have noticed a proliferation of various verticals over the past two years. We support and develop companies in sectors such as services technology, healthtech, nutrition and wellness, food, and fintech, among others. Investor attention has expanded from e-commerce businesses to other industries. Euphrates Ventures invested in both cleantech startup [KESK](#) and agritech startup [Nakhla](#), and healthtech startup [Razi](#) (formerly [Tabib Baghdad](#)) received investment from the Iraqi [Angel Investors Network](#) (IAIN). More recently, we witnessed edtech startup IoT KIDS' [raise](#) from Earthlink.

As you can see, 2022 is indeed shaping up to be an exciting year! The entrepreneurial ecosystem has come a long way. We look forward to promoting the diversification of the startup landscape in our programmatic work and supporting investor interest across a number of sectors. We will boost more entrepreneurs, develop diverse ideas in the market, and work with investors to ensure that patient capital flows to innovative founders across the country.

Increased Investor Appetite

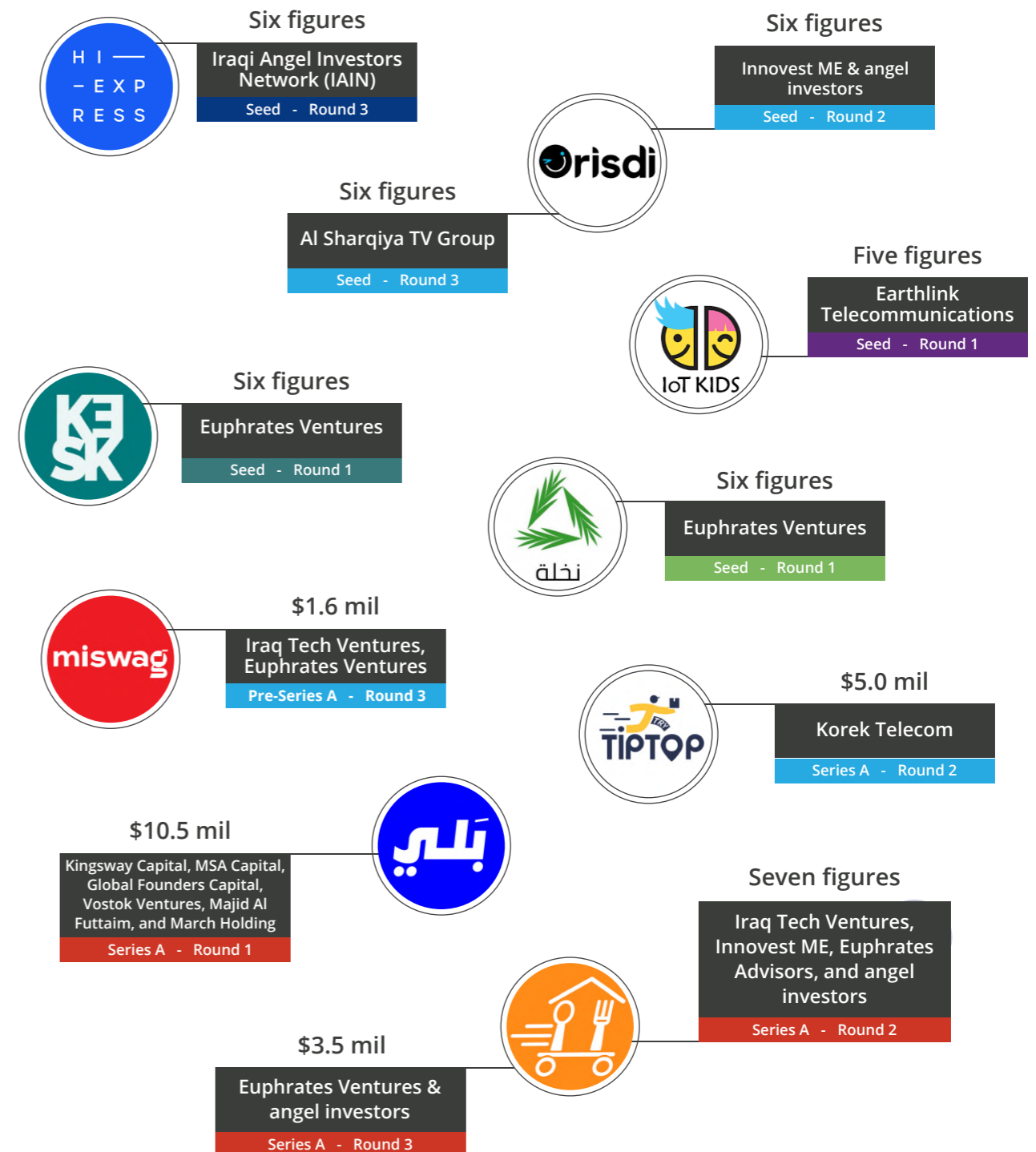
The establishment of two venture funds last year, [Euphrates Ventures](#) (EV) and [Iraq Venture Partners](#) (IVP) will encourage investors to pour more money into the Iraqi market. Investor interest and international capital flow are evident from Baly's recent raise. [Baly](#), a ride-hailing app based in Baghdad, made Iraqi investment history when it raised the most significant [seed round](#) of \$10.5M in January 2022. Backed by tech-enabler [Rocket Internet](#), Baly's investors included regional and international investors. In March 2022, Five One Labs [interviewed](#) one of Baly's international investors, [MSA Novo](#), a global fund investing in emerging markets. MSA noted that although the tech ecosystem is still nascent in Iraq, this only means there is a massive potential for growth.

In 2022, the ecosystem proved that investment capital would not only be flowing from institutional funds as corporate investors jumped onto the entrepreneurial bandwagon! The trend of corporate venture capital (CVC) has piqued the interest of Iraq's private sector players, which we witnessed in early 2022 with [Korek's](#) \$5M investment in [TipTop](#). In our [Speaker Series](#) panel discussion with [Mazen Sirwan](#) (Director of Communications and Digitalization, [Korek Telecom](#)), he noted that [TipTop](#) was Korek's first CVC investment. Still, it definitely will not be the last. Historically, CVC has been uncommon in the Iraqi market. Fortunately, Iraqi corporates have caught up with the notion of corporate venture, as evident by deals such as [Al Sharqiya Media's](#) investment (six-figure deal) in [Orisdi](#) and [Earthlink's](#) investment (five-figure deal) into [IoT KIDS](#).

In response to traditional banks' limited provision of provide small, low-interest business loans for fear of default, the ecosystem has observed alternative programs offering such services. In May 2020, [GroFin](#) (an international organization offering financing and support to SMEs) established the [Northern Iraq Investments](#) (NII) COVID-19 SME Support Programme with the support of USAID. The program aims to provide businesses affected by COVID-19 with 12-month interest-free loans, after which an interest rate is applied to the balance. Over the past year, the [program](#) has granted \$1.5M loans to over 23 businesses employing over 400 people.

Investments: A Year in Review

A snapshot of the largest investments in 2021-2022



Sectors

- Logistics
- Agritech
- Food
- E-Commerce
- Greentech
- Edtech

Entrepreneurs in Our Community: 3D Print Iraq



In 2019, Hayder ordered his first 3D printer online from abroad. At the time, 3D printers in Iraq were hard to come by, often cost double what they did outside the country and took more than two months to ship. These challenges are frustrating for a tech enthusiast like Hayder but motivated him to launch 3D Print Iraq, a startup which increases access to 3D printers in Iraq.

Hayder first launched 3D Print Iraq in 2019, and by the end of 2021 he had fulfilled 2000 orders. And in the same year, he was able to provide industry-level products to the Iraqi market. By the business' second year, they registered the business and in 2022, they opened the first physical address as a warehouse and an order processing center. This rapid progress also led to the beginning of 3D printing training and workshop events.

In 2021, Five One Labs awarded 3D Print Iraq a grant as part of its Growth Funding Project which enabled the business to both increase the quantities of products sold and offer a new range of products, including industrial level 3D printers and matte 3D printing filament.

"[Through the Growth Funding project] we were able to expand horizontally and vertically. By using the grant we were able to improve the quality of orders packed for shipping and that enhanced the customer experience. We also were able to cover salaries of a technical support expert and graphic designer, which improved the after sales services we provide and increased the quality of our social media marketing."

Recently, the business added post-order installation services for 3D printers as an additional revenue stream for customers. They also sell 3D scanners, 3D printing filament dryers, and new types of 3D printers and printing resin for the dental industry.

Their future plans include providing other "Modern Manufacturing Technologies" products to businesses, like (CNC, laser cutters, etc.) and they expect to do this within the next 12 months.



2022 Incubator in Numbers



18
Participants



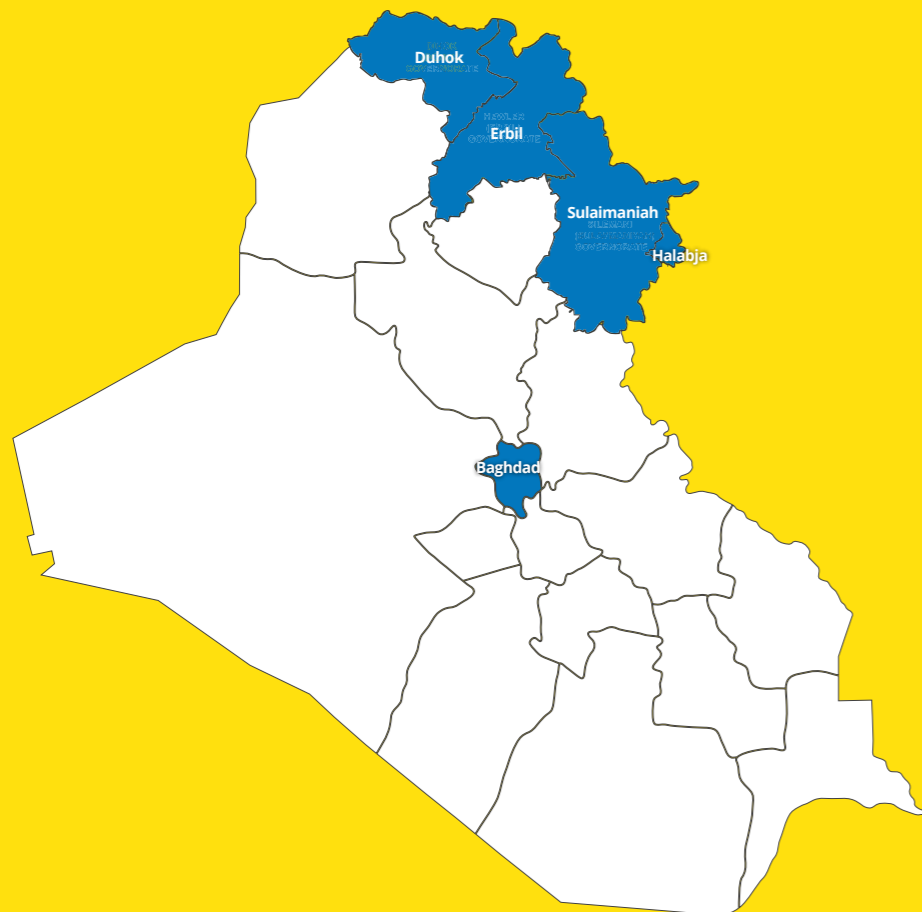
56%
Female Founders



16
Startups



\$30K
Seed funding



Number of participants in each city

- Baghdad (1)
- Duhok (1)
- Erbil (1)
- Halabja (1)
- Sulaimaniah (14)

A special thanks to all of our donors for their generous sponsorship of our programs and to our partners for all of the in-kind support that makes our work possible!



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