

Iraqi entrepreneurs find business success in smartphone apps

May 5 2017, by Sinan Salaheddin



In this Monday, May 1, 2017 photo, Ali Raad, a taxi driver who works for the ride-hailing app Ujra, receives a call from a customer, in Baghdad, Iraq. Tech-savvy Iraqi entrepreneurs are finding success in creating companies that use smartphone apps inspired by such foreign businesses as food ordering and ride sharing. This comes at a time when the government is looking to the private sector to create more jobs. (AP Photo/Karim Kadim)

It didn't take long for Ahmed Subhi and his friends to figure out the best project to launch amid Iraq's acute economic crisis. They just looked at

their phones.

Subhi became the co-founder of Baghdad's popular food ordering and delivery app called Wajbety, or My Meal.

"When we were mulling business ideas to be introduced in Iraq, [mobile apps](#) came first to our minds, given the wide access to internet and smartphones by Iraqis and the absence of such business," the 40-year-old Subhi said in an interview in his office in Baghdad's upscale Mansour neighborhood. As he spoke, employees wearing headsets typed away at laptops, processing orders for restaurants.

Iraq's young, tech-savvy entrepreneurs are finding business opportunities in mobile apps at a time when the government is strapped for cash and looking to the [private sector](#) to create jobs.

They have seen the success abroad of businesses such as food ordering, ride hailing and online shopping, and are adapting them for Iraq, where years of conflict and economic hardship have taken their toll.

Oil revenue makes up nearly 95 percent of Iraq's budget, but the country has been reeling under an economic crisis since 2014, when prices began falling from a high of above \$100 a barrel.



In this Thursday, April 27, 2017 photo, entrepreneur Ali al-Khateeb, company manager of Ujra, or Fare, a ride-hailing app, directs his taxis in Baghdad, Iraq. Tech-savvy Iraqi entrepreneurs are finding success in creating companies that use smartphone apps inspired by such foreign businesses as food ordering and ride sharing. This comes at a time when the government is looking to the private sector to create more jobs. (AP Photo/Karim Kadim)

The seizure of territory across Iraq by the Islamic State group in 2014 worsened the situation. Badly needed resources were diverted from productive investment to fight a long and costly insurgency. Growth has been stunted, with poverty and unemployment on the rise.

Iraq has one of the most youthful populations in the world, with about 60 percent of its 2015 estimate of 37 million under the age of 25, according to the U.N.

But decades of war, government mismanagement and the failure to

encourage private sector initiatives have made many in Iraq look only to the public sector as a place for jobs that provide incentives and pensions.

The unemployment rate in 2016 was 16 percent, up from nearly 15.5 percent in 2015 and 14.9 percent in 2014, according to the World Bank.

"Iraqis have long linked their life to the government and its budget, and therefore we don't have the business mentality mainly among youths," said Mahmoud Dagher, general director of the Financial Operations Department at the Central Bank of Iraq.



In this Saturday, April 29, 2017 photo, employees of Baghdad's popular food ordering and delivery app called Wajbety, or My Meal, work at their company's office in Baghdad, Iraq's upscale Mansour neighborhood. Tech-savvy Iraqi entrepreneurs are finding success in creating companies that use smartphone apps inspired by such foreign businesses as food ordering and ride sharing. This comes at a time when the government is looking to the private sector to create

more jobs. (AP Photo/Karim Kadim)

"The youths have developed an idea that a university degree automatically leads to a comfortable public sector job," he said.

But that sector is hugely bloated, with about 5 million employees, in addition to the security forces. In fact, the government has stopped hiring, except in health care, where there is an acute lack of professionals and those with high-level degrees.

In a bid to create up to 250,000 private sector jobs, the government last year started a \$5 billion initiative for small, medium and large projects called Tamwil, or Finance, which is run by the Central Bank, Dagher said. The loans run for five years with interest rate of no more than 4.5 percent.

Subhi decided not to seek a public sector job. In 2009, he established his Baghdad-based IT Training House Co., along with three friends. It offered IT services, education and products mainly to the government.

When government resources dried up in 2014, Subhi's business slowed down.



In this Sunday, April 30, 2017 photo, a taxi driver who works for the popular food ordering and delivery app called Wajbety, or My Meal leaves a restaurant with food for a customer, in Baghdad, Iraq. Tech-savvy Iraqi entrepreneurs are finding success in creating companies that use smartphone apps inspired by such foreign businesses as food ordering and ride sharing. This comes at a time when the government is looking to the private sector to create more jobs. (AP Photo/Karim Kadim)

"As contracts with government agencies were not available anymore, we had to find an exit," he said. "Then, we decided to introduce app business to Iraq."

The Wajbety app was born in April 2014. At first, it drew only a lukewarm response from the public and faced some unexpected problems: Motorcycles carrying food orders were sometimes confiscated

by authorities in Baghdad neighborhoods where they were not allowed for security reasons. Many Iraqis do not have email. Some restaurant owners refused to pay the 5 percent fee per bill that Subhi requested. There were fake orders.

But the company found solutions, like using cars as well as motorcycles, taking orders via phone or social media, and using a verification process for big orders.

Now, his business is worth more than \$100,000, has eight employees and averages 50 orders per day.

A fellow Baghdad entrepreneur, Ali al-Khateeb, also turned to a successful foreign [business](#) model, the ride-hailing company Uber. In February, al-Khateeb launched an app called Ujra, or Fare.



In this Sunday, April 30, 2017, a taxi driver who works for the popular food ordering and delivery app called Wajbety, or My Meal, cleans his car as he waits for an order, in Baghdad, Iraq. The app was born in April 2014 and at first, it drew only a lukewarm response and faced some unexpected problems: Motorcycles carrying food orders were sometimes confiscated by authorities in Baghdad neighborhoods where they were not allowed for security reasons. But the company found a solution using cars as well as motorcycles. (AP Photo/Karim Kadim)

The company has nine employees and deals with 250 drivers who pay it a percentage of the fare from each trip. He plans to hire another 50 employees or so by the end of this year and expand beyond Baghdad.

Al-Khateeb, a 32-year-old father of two, promises to make Iraqis' taxi experience simple, safe and enjoyable.

"They don't have to stand in the street in the very hot summer or rainy winter anymore waiting for a taxi, and they don't need to worry about their security and safety, as all our drivers are verified and have modern cars," he said.



In this Sunday, April 30, 2017, Abdullah Abdul Karim, right, receives his order from the popular food ordering and delivery app called Wajbety, or My Meal, in Baghdad, Iraq. Tech-savvy Iraqi entrepreneurs are finding success in creating companies that use smartphone apps inspired by such foreign businesses as food ordering and ride sharing. This comes at a time when the government is looking to the private sector to create more jobs. (AP Photo/Karim Kadim)



In this Monday, May 1, 2017, a passenger uses a taxi of a ride-hailing company in Baghdad, Iraq. In mobile apps, Iraqi tech-savvy youths are finding opportunities for promising businesses, contributing to The country's budding entrepreneurship scene at a time when the government is looking to the private sector to create jobs. (AP Photo/Karim Kadim)

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