



Interview

Yadgar Mirani Co-founder and CEO, Lezzoo

Yadgar Mirani is the Co-founder and CEO of Lezzoo, a last-mile delivery service on the path of becoming a super app that was founded in 2017, launched in Erbil, and expanded to the Kurdistan Region, and now started operating in Baghdad.

Mr. Yadgar discussed with Business LANDSCAPE their experience as the first Iraqi Startup to participate in the Y Combinator acceleration program, the hurdles of securing an investment, the Iraq market challenges, and the aspiring journey to overcome them.

We would love to know more about the journey of Lezzoo and how was it first initiated?

When I was 18, I moved to London to finish my studies. During my stay in London, I saw all those great services such as Deliveroo, Hungryhouse, Just Eat, Uber Eats and I thought this could work in Iraq as well. The idea kept coming back to me. As I was continuing my studies.

At one point, I stopped focusing that much on my studies, and I started focusing more on the service and how to start this service in Iraq. Then I came back to Iraq after finishing my bachelor's and master's degrees and launched the service in Kurdistan. Now we are in Baghdad, hopefully, tomorrow in Basra.

What are the challenges that you have encountered so far with your journey here? Were any of these challenges specific to the Iraqi market?

The challenges I faced mostly were the market stability and market volatility, the access to talent, the availability of talent, the investment and ecosystem friendliness for startups, intellectual property loss, copyright laws, and overall clarity in the legal procedures of corporate structures and corporate law. These were the challenges I faced mostly in Iraq.

Finally, investors usually do not know how to invest in Iraqi startups due to the banking infrastructure there. They cannot guarantee that the entity is protected to put their assets into it.

What usually happens is, in our case at least, the investment takes place elsewhere. It can be in either the UAE, Jordan, or Turkey.

There are banks everywhere, one can set up a bank account within two or three days anywhere else in Iraq, but it is almost non-existent to have a merchant bank account.

As for the talent pool, we do not have any centralized structure or any committee, which gathers the talent of Iraqis within and outside Iraq.

In addition, intellectual property and copyright law are big hurdles in the Iraqi market. As no entity in the government can protect the businesses in terms of copyright infringement.

Furthermore, there is no legal clarity for companies or entities to go from an idea stage to an established entity stage. All these factors, I think, are quite prominent in Iraq, and ensure that many entrepreneurs and SMEs, and other founders face on a day-to-day basis.

What is being done to tackle these challenges? How did you overcome them?

We first tackled the issue of the talent pool. We gathered together as a bunch of Iraqis, and carried on doing what we thought is the right practices based on our industry standards. At the same time, we took the time to teach, mentor, and coach the local youth on how to adapt and develop these practices.

We managed to build a small pool of talent for ourselves within time, which can be good resources if any other entity decides to start in the same sector as ours being in on-demand delivery, e-commerce, or logistics. Lezzoo has a good pool of talent because they took the time, effort, and risk by putting this team in place.

In terms of the legal procedures, it took us one year and four months to launch. We did everything as per the corporate law standards in Iraq.

Until we did that, many factors caused the process to delay because of COVID-19, lockdowns, and restrictions. I would say that was 30% of the delay, still, we were left with almost a year, just to open a branch from Erbil in Baghdad.

Although we are in the same country, it is only a 30-minute flight, a four-hour drive, but eight months to launch, it would have taken me the same time to launch in the United States or the UAE, or Amman.

There has been no improvement and we just had to be patient. We have met many companies who have been through the same lengthy procedure and simply just gone with it, as it was the only way through.

On the investment front, we had to set up a bank outside of Iraq that connected to our bank inside of Iraq. Therefore, investors know where their funds are going.

Even now, the cash management process between Iraq and outside countries, whether its neighboring countries or other countries, is still very difficult.

In terms of intellectual property and copyright infringement, which is still an ongoing issue, we have not managed to overcome that problem.

In fact, we have seen some products coming into place that have similarities or traits of our product. There is not much regulation on that, regardless of whether you are an international business or a local business.

How was the registration process? Were there any differences in the legal procedures between KRI and Central Iraq?

The registration process in the Kurdistan region is simpler compared to the registration process in Baghdad. In Erbil, usually, the challenge is the fee that has to be paid for a company to be registered. Whereas in Baghdad, the challenge is in terms of the length and complexity of the process, in addition to the registration fee of 3 to 5 million dinars. However, in Erbil, it may take a maximum of 20 days to a month, whereas in Baghdad, the minimum it may take you three months to follow the process.

If someone in Erbil tries to register in Baghdad, the process is almost three times longer and more expensive than when someone from Baghdad registers there. The one advantage is that once you finalize your registration in Baghdad then you have the liberty to launch in the rest of Iraq.

Are you now registered as a different company in Baghdad or as a branch of the same company in the Kurdistan Region?

We are a new entity. In the beginning, we were called Fastwares, which is, of course, an English name. Then we were told that we are not allowed to have an English name in Iraq's jurisdictions. We had changed the name to Kurdish at the time. Once again, we were reminded that we are not allowed to have any Kurdish name in the Iraqi jurisdictions that have to be an Arabic name.

Therefore, we changed our entities into Arabic names. We also had to register different entities, one in Erbil and one in Baghdad. Nevertheless, the two entities are in relation together, though not the same entities; each is a limited liability company of its own.

Are there any facilitations you wish existed to speed up this process and tackle these obstacles for companies?

It should be simpler. For example, GCC has given a lot of facilities and simplifications for businesses that are in the Gulf. So if one is in Dubai, and wants to launch in Riyadh, it will be considered as being within the same union.

Similar to if one is in Stockholm, Sweden, and wants to open an entity in Berlin, Germany, within the union, and these are unions, not countries. But Iraq is a country, this restriction should be removed in all cases. If someone is launching a business in Diyala, Ramadi, or Erbil, it should be the same process, rather than being a complicated procedure due to the massive bureaucracy. As an entrepreneur or a startup, there are two things one needs to have, capital and time. If one has capital and no time, there is a high chance that one would fail.

Unfortunately, in Iraq, a lot of these entrepreneurs and founders come up with the idea, they raise some capital, but the launching process is often delayed outside of their control, which leads to the startup failing or needing to raise more capital.

If it was as simple as in other countries such as the United States or United Kingdom registry offices, where one can go online and fill an application and within one or two days one can get a response where the entity has been registered and in order to proceed further one has to assign an accountant to handle the finances.

Therefore, the entity registration part is a very simple part that is not as difficult as setting up the entity and start going into deep finances and accounting.

While in Iraq, not only the registration itself is challenging but even registering the name and the logo is a lot more complicated.

What happens is when one goes to the registry office, the employees at the office go on Google, they type in one's name and see if there are any similar results, one has to choose a different name.

We had our paper sent back to Baghdad because simply we were missing two dots on one of the letters, even though our lawyers tried everything, the officials still sent it back to be changed. This cost us another two weeks. This unnecessary strictness and inflexibility need to be tackled.

How is the market in Baghdad different from the market in KRI according to your observations?

As everyone already knows, Baghdad only as a city is twice the size of the Kurdistan Region hence the market is naturally larger.

Second, the infrastructure of Baghdad is more advanced. It is very dense and well-distributed, very diverse, and has interesting demographics. It is very sophisticated compared to other cities in Iraq and the Middle East.

The area and population density mean we have a larger volume, a larger network, and with that comes a bigger market size, which we assume is twice the size of the KRI market.

In addition, there are other interesting factors in terms of both customer behavior and customer attributes. The users' personas are very different, for example, the tipping culture is a lot stronger in Baghdad than in KRI. We experienced this firsthand when we had our team from Baghdad come to Erbil, and they were very surprised that tipping is not practiced in KRI as often.

We operate in a gig economy, where tipping has a big role in the day-to-day life of essential workers and the earnings of delivery executives. Another thing is that people are a lot more generous in terms of their spending and have a higher purchasing power.

For example, in areas east of Baghdad one could have a burger for 3000 dinars, whereas in Palestine Street it would be 1.5x more expensive, and could rise up to 2x in areas like Mansour.

Therefore, people from Baghdad would assume that eastern suburbs have low purchasing power compared to the rest of Baghdad but it would be normal when compared to other cities and governorates like Duhok per se.

This has been my observation, my experience, since I have been coming to Baghdad, going around and speaking with people. These things are new findings for me and I think to some extent, even for those who are in Baghdad probably are not looking at it from this perspective.

Finally, overall, customer behavior is a lot more mature and services are well understood, and customer patience and tolerance are a lot higher than in KRI.

We hope to raise customers' expectations, to make sure that our users are going to get a new experience on how a service can be improved. And get other competitors and other services to keep improving themselves because I think we need to get the infrastructure back and running in Baghdad. I believe that startups and young entrepreneurs who have new ideas will be the ones who bring the city back on its feet.

Speaking of competitors, how do you perceive the landscape for delivery companies and how do you evaluate the current situation?

Well, first of all, I am very impressed with how well they have managed in Baghdad. Because logistics is very complicated and there are many reasons behind that. One of them is traffic congestion. Second is the movement from one point to another due to checkpoints. That is a serious challenge for any logistics and transportation company. It is not an easy thing to overcome, especially when your users constantly expect you to deliver their orders within a specific time.

Maybe the end-user does not consider these issues. But from an operational point of view, this is a very complicated situation, and seeing these competitors overcoming or adapting and synchronizing with these challenges is something that needs to be admired and acknowledged.

On the other hand, we are quite confident that we will raise the bar higher for our competitors. This translates into customers are going to win more and learn more. Restaurants, merchants, and supermarkets are going to have more value and more room to compare which service is better than the other. More employment and more people, which means more talent creation. Finally, we are going to be head to head together just to push each other to be better and improve ourselves to become better service providers.

We are very confident, optimistic, and excited about this journey. We started in a market where there were only a few competitors in Erbil. Ever since the beginning of the year, we have been competing with international, regional, and local players.

We have been anticipating many new changes in the market. And we are very thrilled to come to Baghdad to implement what we have learned. It will be very exciting, once delivery services start improving themselves, your life will become easier.

We have recently seen other delivery businesses halt their operations in Baghdad, did that affect your decision to launch Lezzoo here? Do you think the market is saturated with the current players??

No, that means there is more room for us to go into the market. I think those companies made a strategic pause to reevaluate the overall service and reassess the market. I do not believe that the market is saturated. We are far from saturation.

The market in Iraq is very small. In fact, this is one of the issues that I always try to raise when we get the question of how much of the market share are we willing to take away from x competitor? I would say we are not taking away any market share from anyone else.

We are taking the market share that no one has claimed yet. That is how much of the market share is available in Iraq.

We are talking about a population of young individuals who understand the technology and are dependent on it. We have an entire internet penetration of almost 60%, which translates to 24 million people who have internet access.

Moreover, we have only just started on that. Careem entered Iraq at the beginning of 2018, while it started in the UAE in 2012. Whereas Uber started in San Francisco in 2009. So imagine Iraq in 2025.

We are very far from saturation, we saw this when we had a few orders a day in Erbil, and when we were thrilled when we reached our 100th order. But it is nothing when compared to the market in Iraq.

We are talking about hundreds of thousands of daily transactions taking place. And within these transitions, expect each percentage to be controlled and maintained by at least one player in Iraq, therefore, there is a lot of room for competition.

Lezzoo started operating in Baghdad within the Mansour area only. Why is this area specifically? Are there any expectations for the expansion?

I think anyone would agree that launching in Baghdad is like launching in a country, it is a huge city. It is practically and operationally impossible for one to launch in the whole of Baghdad at one time. Unless you have unlimited capital and resources available, but in the case of a startup, or anyone who considers strategy, it would not be possible.

In this case, we approached Mansour first, most of the restaurants and shops are there, and also it has a specific customer segment. Thus, many businesses start in Mansour and then expand to the entirety of the city.

There are expectations for the expansion, I cannot state where and when to next in chronological order as it is still under development, but we eventually aim to cover Baghdad entirely.

Are you also planning to expand to other cities soon? And are there any obstacles on the way?

Yes, we are going to be launching in other cities, as for obstacles, no, there are not any. For us, Baghdad is the entry point for the rest of Iraq. It is indeed very different from other cities like Basra, Najaf, Karbala, and others. But we do not see this as an obstacle.

When we give ourselves the right to state that we operate in Iraq then we should be aligned with the vision and the milestones to be operating, launching, expanding, and growing in Iraq. There might be obstacles but if we call ourselves startups, tech-enabling companies who are leading to paving the way for development, despite any hurdles, we should still go forward.

Whatever we can do within our capacity that any other startup has done within their geographies, we will apply the same in Iraq. We may have our own unique problems, and others may have theirs. However, we will try to solve them along the way and expect the best results.

How do you perceive the international competition that recently entered or has an interest in expanding to the Iraqi market?

Everyone has their own unique value and their own unique proposition. At the same time, the locals have seen things from a completely different perspective, all these challenges that we have been discussing in this interview might be hard to believe for a foreigner. For example, e-commerce platforms are still mainly dependent on cash on delivery, as e-payment is not popularly used.

When we tell other founders that we are cash-based, they could not understand how we and the community deal with this much cash, because they have solved this problem 20 years ago, at least two generations have forgotten about dealing with cash at such an intensive level.

At the same time, international competition has raised the bar for all players in the market. This is something I am hoping is going to be the next phase of development in the startup ecosystem.

This challenge would push Iraqi startups to rise to the occasion and compete even stronger and further develop their products and services.

What is interesting in our case is the local support we have, which has been overwhelmingly positive. We are getting many people saying that, regardless of international competitors being in the market, we will support our local products. I think this is something we also have not witnessed in Iraq as much; there was not a high voice of the youth standing up for their local products and their local entrepreneurs.

The international players will soon realize no matter how strong they are, they still need the locals to succeed.

Obtaining an investment in the Iraqi ecosystem must be a challenge, how was this process for Lezzoo? And how much of an impact did it have on your operations and your startup?

One of the main goals of any startup is to have capital available to move to the next step and to have the capital; the startup must achieve some growth.

The capital was definitely needed to facilitate our vision, though at the same time being an Iraqi startup and seeking capital is a lot more complicated than being for example a Turkish startup or German startup who was seeking capital.

It was a very difficult challenge but being alumni of Y Combinator facilitated the process.

Y Combinator is the same accelerator that invested in Airbnb, Dropbox, Stripe, Cruise, Firebase, Codecademy, Doordash, and the list goes on. Many of their companies went public and are currently multi-billion dollar companies.

Therefore, that was a massive reference for us to match these funds to get the capital that was needed.

We were the first Iraqi startup to achieve this and the sixth Middle Eastern startup to be a part of Y Combinator. Even on the scale of the Middle East, we were still very early to that market. It was an honor to represent Iraq.

When we first started Fasterwares, we had this vision of connecting our region to Silicon Valley, getting angel investment and venture capital. When we reached that point, we wanted to make sure that the success story continues. Hence, we managed to get investors. A lot of investors were just interested in Iraq.

To know how the situation is in Iraq, some would ask us if we even have an internet connection in Iraq. We were able to inform them and explain to them how the current situation is.

We managed to get investors from Latin America, the United States, the United Kingdom, Asia, and the Middle East as well. We raised our seed round, and currently, we are working to raise our series A round.

Since you have attended the acceleration program by Y Combinator, is there anything that you learned through this experience that you found inapplicable in Iraq or does not fit the Iraqi market?

Yes, if one has an idea in Iraq, they cannot simply have a high valuation for that idea, as one would usually get in other markets.

Thus, someone can have a great business idea and obtain investment or capital for it, even if there is no substance or traction. Nevertheless, this is very difficult to do if the business operates in the Iraqi market.

During our fundraising, Y Combinator kept inquiring about the problem, why it took us 3 months and we still have not closed our round, although we had good traction, a good market size, and we were going forward. It is very difficult to get an investor to invest in Iraq, because of how Iraq is being portrayed.

The second thing that we found inapplicable was the availability of the talent pool. They would give us talks where they told us to find a good technical founder and start our company.

However, we do not have many technical founders in Iraq to be completely transparent. Hence, for tech-enabling companies, it is difficult to do so.

We need a good chief technical officer, a good data scientist, and good backend developers for anything tech-related. Unfortunately, we do not have access to that.

There are many reasons but mostly people from other regions can move around and get an education, work experience, market exposure in other places, but this is not possible for most Iraqis, therefore, we have less exposure to other markets and other institutions. Almost everyone in Iraq arises from the ground, which is something that needs to be admired.

Most of those people are self-taught and built a solid ground for themselves. They are the true veterans of this community. But this takes time, although it is a lot better now compared to what it was like four years ago. Back then, we did not have any angel investors, only a few knew what scale-up means, what is a product-market fit, what is founder equity, and so forth. Iraq evolved exponentially in the past few years, maybe when someone participates in an accelerator program in a couple of years, those trainings, mentorships, and advice would be more applicable in Iraq.

I believe that Lezzoo, regardless of our story, and where we will be next year, still managed to install a very good base and foundation of how to establish a startup, how to be a founder, how to build a team, how to create a product, and how to bring investment.

Hopefully, we will see a lot more graduates of Y Combinator, and more success stories of Iraqi entrepreneurs. I see things moving forwards, and I am very optimistic about that.

For many startups, the plan is usually to build a company that will exit and be acquired by a big company. Why until now, we have not come across international companies acquiring some of the local Iraqi startups? And when do you expect to witness that in the Iraqi market?

First of all, the exit strategy or exit story should not only be a startup being acquired by another company or conglomerate.

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I hope that there are going to be strategies for companies to IPO, whether on the Iraqi stock exchange or any other stock exchange.

In terms of the acquisition. I think that is a very realistic vision and probably in the next two years, if not less, we will see an aggressive trend of acquisitions happening in Iraq. The one reason that this is not happening now, is the lag in the governance structure. We need to comply with the local and international jurisdictions. The reason is not the lack of expertise, but this area is still untapped.

A startup cannot go to a local legal entity or office and ask them to follow the same standard procedure for acquisition because no other startup has experienced this yet. Once we witness one startup going into this phase, we will see an aggressive trend of mergers and acquisitions happening in Iraq, which will unlock a completely different door for our youth. They will have more incentives to build a startup. This could happen anytime, given that from 2018 until now we have witnessed only 8 or 10 investment rounds.

Yet, when looking at every year individually, you will see that the number of seed rounds is just increasing, which means that there is growth in foreign investment in startups. This is something that happened in Egypt, Jordan, India, Latin America, and many other countries. Thus, it is expected to happen in Iraq as well. I am very optimistic that within the next two years, we are going to witness an aggressive trend of mergers and acquisitions in Iraq.

What do you think is next for Lezzoo? And do you think we will be able to see this startup expand to neighboring markets as well?

I hope that every startup in Iraq thinks of expansion to a neighboring country as a part of their vision. For us, we do not want to exit until we prove that we can launch in a neighboring country. Once we expand to other markets, in our vision, we would have established ourselves as a product and as an idea.

We are working towards that. One cannot determine the success of a product in one, three, or five years. It takes a very long time.

For us, when we look at the future of Lezzoo, we are looking at, at least, five to seven years from now. We hope to achieve our vision and become the first Iraqi startup to launch in a neighboring country.

We have very high ambitions, we are very optimistic, as we are looking forward to turning those ambitions into a reality.

