



Interview

## Ahmed Al-Kiremeli Co-founder and CEO, Orisdi

Ahmed Al-Kiremeli is the co-founder and CEO of Orisdi, an Iraqi leading e-commerce platform that was founded in February 2019 and launched in May 2019, and since has been providing the Iraqi consumer with an exceptional experience and conquering the market challenges to pave the way in the e-commerce domain.

Orisdi has recently signed a 6-figure deal with Al-Sharqiya Group in July 2021 that involves a strategic partnership. Mr. Ahmed told Business LANDSCAPE about his entrepreneurship roots, the motivation behind establishing Orisdi, Orisdi's successful multiple investment rounds, and the importance of the accessible investment opportunities for the e-commerce market and the digital transformation of the economy.

## **We would love to know more about you, your background, and your passion for entrepreneurship?**

I have started several businesses before in various sectors, both online and offline, such as video gaming, movies ratings, restaurants, kids playgrounds, stationery, sports coaching, and an online mentoring business focused on business development, digital marketing, efficiency and scaling. I was also a professional athlete, Iraq's number one champion in Squash for over 7 years, played for the national team for over 10 years and my best world's ranking is 236. Moreover, I have written a book, *The Efficientpreneur: A Practical Guide to Transition from Employee to Efficient Entrepreneur*, which hit a number one bestseller on six Amazon stores in the first week of its launch making it a number one international bestseller.

Before I started my Orisdi venture, I used to coach startups and entrepreneurs to help them build, grow and scale their businesses. I saw that e-commerce will be the future and will revolutionize the way we shop as the consumer habits are changing, and most of the retail stores are doomed to close and operate online instead unless they have some kind of special experience. This trend has already happened in the United States 10-15 years ago and is happening in the United Arab Emirates and other countries in the last few years and it will carry on to Iraq. I saw this as a great opportunity to seize. I started my research and worked on a strategy to enter the Iraqi market. We started working on Orisdi in February 2019 and then we launched the website in May of that year; we have been around for 2 years and a half.

## **What motivated you to enter the e-commerce domain and establish Orisdi?**

E-commerce is usually one of the first steps of digital transformation in any country. It might be an established field in other countries that have been through a major digital transformation.

However, in Iraq, the tech ecosystem is taking its first steps. Generic e-commerce platforms pave the path in that regard then they move on to niche e-commerce that focuses on certain types of product categories. For example, in the United States, Amazon is dominant when it comes to generic e-commerce, so other e-commerce platforms are more focused on niche categories. After that, the tech ecosystem will move on to other domains such as food delivery and last-mile delivery.

Then the ecosystem will tackle other fields like big data, cloud computing, analytics, fintech, health tech, artificial intelligence and machine learning, virtual reality and augmented reality, and blockchain. Delivered in various business models like software as a service (SaaS), platform as a service (PaaS), and Infrastructure as service (IaaS).

## **What are the main categories of products that Orisdi focuses on and why?**

We focus on an array of categories but our main categories are health and beauty (perfumes & makeup), home appliances, electronics, and stationery. We also have other categories, like toys, games, cleaning supplies, and hardware tools. We are considering focusing on certain categories as it differentiates the e-commerce platform from other competitors, accelerates its growth, and helps overcome some challenges such as raising capital as the more focused the platform is the less capital you need.

## **How can we address the lack of accessibility of funding and investment?**

When we started Orisdi, we had the vision to be the Iraqi version of Amazon from the beginning. To achieve that, a lot of capital is needed. It took Amazon about 14 years of losses to break even and they raised billions of dollars in the process to be able to get to that level.

Tech startups usually start with no profits in mind but the goal is to take over the market share, dominate it and then start to generate profit. This process needs a lot of funding, which is something that all startups in Iraq are struggling with. The Iraqi ecosystem is still novel especially in the tech sector and the existing investors still adopt the merchant mentality when it comes to investing in tech startups which is not ideal.

Most startups start with losses, and that is also true for e-commerce, in fact sometimes, e-commerce incurs more losses than other startups because you are dealing with physical products and that requires more staff and heavier operations. This is a big challenge that we, and many other Iraqi startups, encounter.

Currently, the situation is better than it was two years ago. There are several accelerators, incubators, co-working spaces, and grants offered by NGOs and agencies, like GIZ with partnerships with KAPITA. There is a development in the ecosystem in general, it is a gradual process yet it is still developing at a slower pace in Iraq in comparison with other countries in the region like the GCC countries or Egypt. Specifically in the high capital incentive startups, like e-commerce. However, if a startup does not need a lot of capital, the support that it can obtain is much better than two years ago.

It is a development process, yet it needs to pick up the pace a little bit. There must be more funds that can help accelerate this process, much like the Iraqi Angel Investors Network by KAPITA. This was a very big and vital step that helped a lot of startups. However, the funds are still not large enough, and it mainly comprises angel investors, so their ticket size is usually small. But that is part of the process, it starts with smaller funds and then expands to bigger funds. A trust should be established for foreign investors, the regulations should be amended to facilitate easier investments. For example, the law that was passed in late 2019 that states that a foreign investor must not invest more than 49% in an Iraqi company is diminishing the opportunities of foreign investments in Iraq.

Furthermore, the current investment funds should create joint ventures with venture capitalists in the MENA region. We have contacted some of them and we found out that Iraq is usually outside of their scope of work in terms of geography. Funds should help facilitate their insertion into the Iraqi market. The present and the future are all embedded in tech. Most of the brick-and-mortar shops will start losing their market share. This trend has been going on for the past 15 years around the world. The pandemic accelerated that phenomenon, as it made people realize the transition from brick-and-mortar to online models is happening regardless of how much you would like to resist it.

### **How did Orisdi secure its recent investment rounds?**

In late 2020 we had a bridge round with three investors; Bassam Falah from Innovest VC, Omar Al Handal from Al Handal International Group, and Amar Shubar from Management Partners.

Recently, we had a six-figure deal with Al-Sharqiya Group, it is a strategic partnership. We are trying to achieve something similar to the joint venture that was formed between the MBC Group and Anghami, which is one of the factors that helped Anghami scale faster and access the New York Stock Exchange. It is an experiment, with a hopeful positive impact on the development of Orisdi. However, we have not launched any commercials or marketing campaigns yet, it is expected to be launched at the end of the year.

### **What role did the Iraqi Angel Investors Network play in facilitating Orisdi's recent investment?**

The Iraqi Angel Investors Network (IAIN) played a pivotal role by providing us with a pitch day for a group of investors, amongst them was Al-Sharqiya Group. We were already in talks with Al-Sharqiya Group before that but the pitch day helped us to solidify the trust between us and move the process faster to the next level.

They also helped us afterward with the PR and the grants that came as a result of the deal with Al-Sharqiya Group.

The Iraqi Angel Investors Network provided us with a breakthrough in regards to networking with investors that have an interest in the Iraqi market. Thus, helping some startups to launch their prototypes with this support being available.

I am sure this is only the start and it will be followed by larger funds that develop the ecosystem in Iraq. Much like what is currently happening in Egypt and Pakistan. Both countries have accelerated their tech ecosystem, the number of startups, and funding deals in the past few years. It is just a matter of time until Iraq follows in their footsteps, but we need to develop the ecosystem faster with the support of more funds, the private sector, and hopefully the government.

The government and the private sector need to realize that there are no walls or obstacles in the internet era like it used to be before, the playing field is flat, any Iraqi regardless of his age or gender from his room in Iraq can compete with anyone in Silicon Valley or anywhere in the world thanks to the internet, that's a huge advantage for countries with big human capital like Iraq that the government and the private sector needs to capitalize on.

Usually, the first startups that emerge in the ecosystem are the ones that encounter the most challenges because they are the pioneers of change. However, those challenges will help out the whole ecosystem moving forward. We at Orisdi are proud to pave the way for the next entrepreneurs and startups to operate in the Iraqi market.

**What are the most hindering factors that stand in the way of e-commerce growth in Iraq?**

The market is very fragmented and it is mostly made of brick-and-mortar stores. The distributors are not very professional when dealing with proper inventory management systems. When it comes to payment, most people purchase items using the cash-on-delivery method due to the lack of trust, which may cause faulty transactions. Moreover, the logistics of the shipment processes, especially shipments to cities other than Baghdad are not properly tracked. While most of the last mile delivery companies are used to subcontracting drivers, there is no tracking and they do not have their own delivery trucks to the other cities to deliver the shipments directly to the customers. These are outdated methods that cripple the customer experience and the operations of e-commerce platforms.

The biggest challenge that might be the cause of all the other challenges is funding. Proper funding with the right valuations will resolve all the other challenges or at least mitigate them. The investments that are already happening are sufficient to a certain degree, yet they are still not sufficient enough for the growth of e-commerce to achieve the vision that we have in mind with the time frame that we want or the customer experience that we wish to offer. However, it is a process, I am sure the funding will be better moving forward.

**How is the lack of fintech and e-payment methods affecting the operations of e-commerce in general and Orisdi in particular? What initiatives should be taken to further promote the cashless culture?**

It is an adaptation process, which is to start with the responsibility of both the government and banks then as result the businesses and consumers adaptation will follow gradually. We could look at Souq.com as an example. When they first started, it took time for people to have enough trust to use e-payment methods. The consumer should feel safe purchasing through credit/debit cards. In addition, the number of

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credit/debit cards has been increasing in Iraq in the past few years. This provides a fertile ground for people to purchase using e-payment methods. On the other hand, there are disputes on online purchases, which creates a challenge to overcome. Yet, again, trust and online purchases are growing side by side. I believe it is a matter of time that Iraq will catch up to the rest of the world in this regard.

### **What role is e-commerce playing to promote the digital transformation of the economy?**

E-commerce plays a very big role in promoting digital transformation in any economy. E-commerce marketplaces and online stores have been more organized and adapting quickly to the disruptive changes since the start of the pandemic which is creating a culture of trust between the consumers and the businesses. The services are improving, which consequently improves the customer experience, leading to higher customer satisfaction. The customers are also adapting to this change and they are now able to order goods online through e-commerce platforms instead of sending the photos of products to merchants to order through social media channels. These changes are creating a large-scale digital transformation, which in turn is affecting many lanes including the marketing strategies, branding methods, logistics, transportations, and e-payments.

### **What makes Orisdi stand out from the rest of the players in the e-commerce sector?**

Our brand is well-known. We have a strong marketing process and a low cost but effective customer acquisition. Our prices are competitive in most categories. We only deal with verified brands and merchants and we do not deal with counterfeit products. We were the first e-commerce company to offer 48 hours return or exchange for the products without any shipping costs, this allowed the customers to have more trust when purchasing from Orisdi. In addition, we managed to take marketing and branding to a new level in the ecosystem. When we started, we focused extensively on our brand identity, which led other players to adopt some of our branding and marketing methods. Our main focus is the customer experience. We were the pioneers in the Iraqi e-commerce sector when it came to that concept. Our whole branding, marketing, and positioning are based on that concept, to create an exceptional customer experience. Furthermore, we have a large stock of a wide range of products and items in many different categories, amounting to over 37,000 SKUs.

### **Does Orisdi see that there is space for more competition from local, regional, and international players?**

We are sure there will be more competition in the near future. There are already new players that have infiltrated the market and left because the market was too difficult for them to operate. When it comes to e-commerce, one has to deal with a lot of loss before they break even or even generate profits as e-commerce requires obtaining a significant market share to make a profit.

Nevertheless, there is definitely more space for regional players to penetrate the market. Many startups set a goal to merge or be acquired by a regional player. Based on a precedent in other industries, like Careem and Talabat who entered Iraq, there is a possibility of seeing that happening in e-commerce as well. There is also the possibility of mergers or acquisitions between local players that are already established in the Iraqi market, which could be very healthy for the ecosystem and prepare for future regional acquisitions.

### **Is it part of Orisdi's plans for the future to be acquired by a regional player?**

There is a possibility, it is the dream of most startups, but it is not an easy task. We have had negotiations in regards to that with a regional player but it did not materialize. I believe that the possibility is always there. All I could say is that we are open to the idea locally or regionally if it comes with the right terms and conditions because this sector needs cooperation and funding, thus, it is the right option to merge or be acquired by other companies.

### **How was Orisdi's journey with Takween Accelerator?**

We took the first place in Takween's second cohort which provided us with a grant that was very beneficial for us. The Accelerator supported us on different levels, we were connected with strong networks of players and investors in the region, and we gained a lot from the information and the mentorships. I strongly encourage startups to become a part of an incubation or acceleration program, that could help them accelerate their business and set them up for the right path. It is wrong to believe that one can reinvent the wheel, any startup needs help, support, mentorship, training, and connections.

### **What are the fundamental elements to lead a successful startup?**

To succeed, each startup should apply three fundamental elements. One is the team, do not establish your startup alone, it is much better to have one or two co-founders. Two is picking the right market for your product and service by conducting market research and analysis. You must have the solution to a problem in the market and show investors that the market has the potential to scale. Three is the quality of your product or service. These three aspects are the important ones that investors usually take notice of; the team, the market, and the product or service.

### **Where does Orisdi aim to be in the next few years?**

Our grand vision is to be the Iraqi Amazon, and we have all the capabilities to do so. Nonetheless, this is tied to raising capital with the right valuation, it is unachievable without the investments of large funds. There should be cooperation of different stockholders to get there. We are maintaining our presence in the market while focusing on specific winning categories. Even if bigger players entered the market, we can maintain our status as market leaders in certain categories.

The Iraqi market is big enough, the Iraqi consumer is intelligent, and the digital transformation is in effect, and it is still in its infancy. The challenges exist and we are coping and expanding to help develop the ecosystem in general. We always wish the best for everyone within the ecosystem, it is along their side that we can strengthen the Iraqi economy and employ digital disruption to improve people's lives.

### **Are there any closing remarks that you would like to add?**

There must be a focus on tech startups, the entrepreneurial ecosystem, and the private sector in general because it is the savior of the Iraqi economy. There must be a shift in the mentality that believes in getting employment in the public sector to one that seeks employment in the private sector or entrepreneurship because it provides better opportunities for personal growth and the economy. This shift in mentality will lead to a shift in the reliance on the oil-dependent economy to a more diverse economy. There should be support from the government, banks, funds, angel investors, and merchants to push more towards the private sector and to create more employment opportunities and push towards a more diverse economy and tech startups is one of the most efficient ways to achieve that. We have to move away from the public sector short-term thinking that has been depleting the national budget on public salaries without adding any actual value. While the private sector is creating more job opportunities, better scale, and having a tangible impact on the Iraqi economy long term.