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FEATURE INTERVIEW

ANDY KHAWAJA

ON HOW HE BUILT A MULTI-BILLION DOLLAR BUSINESS FROM ZERO

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"LEARNING IS EXPERIENCE. EVERYTHING ELSE IS JUST INFORMATION"

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THE BILLION DOLLAR MAN

Determined to, in his own words, “dominate the Middle Eastern market” and make it his “mission to show them the light to the gateway of the future”, an impassioned Andy Khawaja joined SYB to talk about all things ecommerce, the need to adapt and constant clashes with family tradition.

What does ecommerce look like in the Middle Eastern region at the moment?

The Middle Eastern market is different to the Western market; lately we have seen an increase in ecommerce transactions in the Middle East, especially from Saudi Arabia, Dubai and Abu Dhabi. This gives a lot of exposure to foreign websites and products outside the region that consumers are looking to purchase, plus there are a lot of products that are in the region that they want to sell to the outside world. Generally speaking, we've seen the arrow has been steadily going up in the Middle East and Gulf region in terms of ecommerce.

The use of online payment solutions has typically been slow in the Middle East. Why do you think this is and how do you intend to deal with the slow uptake?

When ecommerce first started about ten years ago, there were only a few players in the market and they did not understand the ecommerce business very well. I personally spoke with some of the Eastern banks in Lebanon, Abu Dhabi and Dubai and the expertise in ecommerce was very weak. They did not have the compliance department in place, nor a risk department so when they first started, there was a lot of loss for the banks because they did not have the infrastructure set up. They wanted in on something new; ecommerce was something interesting and they wanted to step into this emerging market and be part of it. However they didn't build the infrastructure to protect themselves so they fell victim to a lot of online piracy. This weakness meant the banks that didn't know how to protect themselves from fraudulent transactions lost money.

What would be your best advice to the banks?

My best advice to any Middle Eastern bank is don't be scared. Electronic transactions are the future. Point of sales is going to be less and less because people want to transact online now more than ever. The new generation are addicted to online transactions more than anything else right now. Most mobile sites include functionality that is tailored for an electronic audience.

The best way to increase ecommerce and build it up to become what it is in the Western world is to make sure that the Middle Eastern banks are more flexible, accommodating and understanding and are able to have a certain team within the bank environment that specialise in ecommerce.

What happened when you first approached the banks with your ideas?

When I first approached the banks and talked about what I was doing, it was literally like I'd come from Mars. They looked at me like I was some kind of alien that had just landed on Earth and it was funny; I had to spend hours and hours talking about what it was I wanted to do. In the end they came back and approached me and I had to educate the bank. I'm not a professor to teach the staff, but we do know how to run the business and control it.

Considering the lack of confidence amongst the main financial institutions, do you imagine that will be the same for the small business owner and how do you think the small business owner will need to adapt to taking payments online?

I think the smaller business owners are

suffering in the Gulf and other Middle Eastern regions. Allied Wallet do receive a lot of accounts from Dubai, UAE, Kuwait ... and we do sign them up. The reason they come to us is because they say 'my local bank doesn't understand what I do, my business is ecommerce and they have never heard that people can generate an income out of such a website'. We feel for them. It's developing but it is developing extremely slowly. I'd say the development is at least eight years behind. Banks definitely need the younger generation who understand the ecommerce business to move forward at a faster pace.

These are the people they need to take on board and let run that particular division. Ecommerce is like a new born baby, and it's very difficult for the traditional bank to realise what ecommerce is, and very difficult for them to understand how to monitor online transactions, because ecommerce is more of a technology plus compliance risk.

So you think the responsibilities is more with the financial institutions and the onus is on them to educate the consumers?

Yes. Correct. That is really important. Arabian countries have millions of people there, which can generate a lot of profit for consumers and merchants and can put a lot of people in business. Look at the Western world; recently I've been looking at the Chinese and US market. There are more entrepreneurs in Asia, the UK and the United States than ever before. Ten years ago, you probably could've counted on your fingers how many self-made millionaires there were. It was very limited. However now the opportunity that ecommerce and the

Internet has provided to many people, including myself, is limitless. You could come up with an idea, spend a few thousand to create a website and a processing system and you can push as hard as you can to market your product, through online blogs, or through friends, advertise through Google search engine and you can start generating money. It's extremely simple.

Would you say that Allied Wallet are fueling growth in the Middle East?

Absolutely. We had a couple of accounts that came to us maybe three years ago. One was turned down by literally every single bank in the Middle East because they didn't understand the concept of the business. They couldn't understand why someone might need to pay online to get a tip for how to coordinate their everyday clothes. What should I wear today? It was odd to them. Why would someone want to pay money for that. Guess what? We did understand and we thought it was a brilliant idea! We took the account and transformed their monthly takings from 2500 euros a month to over 1.5million euros a month. It's phenomenal!

That's just one example of one site. We are literally helping thousands of similar opportunities. We believe in the business because we understand it. The staff at Allied Wallet are very young, happy, they are into the new technology and we are constantly educating ourselves because we want to know what's out there.

We don't like to say no, unless the business is illegal. We like to say yes, because we want you to generate money.

Did you have to gear up the people in your organisation to cater for the Middle Eastern market, or did that come naturally?

I did gear up my team and I am very much involved. As we speak, I've had five of my team in Dubai flown out last week to meet some entrepreneurial Emirates to talk about their ecommerce businesses to see how we can build a better future for the Arab world and how we can educate them to process globally, not just locally. It's important people understand that ecommerce is global; you can sit at your desk and type into your keyboard to search what we call the World Wide Web. You can reach anybody in the world from one location. That's what Middle Easterners have to understand, and that's what I want my staff to convey.

We've been established for ten years in the UK, but we've recently launched SYB Arabia and we've found the culture in the Middle East is very laid back; do you agree with this view?

Yes I do agree 100%. It's relaxing, which is great for ecommerce because you never have to leave your house. The only setback is that we need to understand exactly what it is we can do there, locally, in terms of educating the consumer and building confidence in

using the credit card online, instead of walking into a store to purchase goods.

Many countries across the Middle East have experienced significant growth over the last few years. You've mentioned Dubai a few times; it's known as the 'envy of the region'. What's your view of how the landscape has changed?

UAE, Abu Dhabi, Kuwait and Qatar are very much Western influenced. They like western products. The Gulf regions and the Middle Eastern region have a very big appetite for Western products and with the exposure of ecommerce, you can obtain such products by yourself by accessing your computer and getting goods delivered straight to your house.

Islamic banking is considered to be one of the fastest growing areas. Does Allied Wallet tend to create products based on the Sharia model?

Yes, we are looking at some products like that. We definitely will take that approach, probably in the next 8-10 months. We've seen it work in Japan. We've taken our product and adapted it to the Japanese culture, same with China, India, and Brazil.

We tweak things around to accommodate the culture and the way they like to handle things there. When we talk about the Islamic world, it's very different to others and you have to be really precise about the way you service and accommodate the people there. I don't think it should be a problem at all. We just have to be able to respect the culture.

You mention adaptability a few times. Do you think that's one of the key ingredients for the success of Allied Wallet?

Absolutely. Without mentioning names, I've seen many American companies approach the Japanese market and get kicked out. Similarly I've seen British and German companies enter the Chinese market and they get kicked out because things are extremely different. You cannot apply the Western culture within a Japanese or Chinese market because it doesn't go, and you can't pretend to respect their culture just because you want to do business with them and generate money. They're not fools. They are not stupid. They are extremely intelligent and understanding of the concept of business.

We have staff from all over; Indians, Chinese, Arabs, Americans, because we don't just want to understand the different cultures, we want to have people from those cultures work with us so they can communicate as part of the culture.

The political landscape is obviously something that comes to mind when the Middle East is mentioned. Do you think that enhancing the spirit of entrepreneurship is the key for the future of the young in the Middle East?

Absolutely. The young over there are incredibly intelligent however the opportunities are not the same for them as they are here. I think they need to have a little bit more freedom to contact businesses. They need to loosen up to do what they want. The Middle Eastern society is very much culture involved and about pleasing the family. There is nothing wrong with that; I had the same view when I started out. My family asked me 'who cares about ecommerce, what are you going to do with ecommerce?' My family didn't understand what I was doing. They didn't believe in the business. I'm sure there are plenty of entrepreneurs in the Middle East that are in that position now, facing the same issues, but my response is so? I advise to go out and just do it. Don't let family slow you down. Family means a lot, but some people are in the position where they can never say no to their mother or their father, and that is almost like a curse.

If you believe in something, go and do it. You are not going to lose the love of your father or your mother because you are not listening to what they want. In the end, it's your life, it's your future, it's the business of your dreams, so don't let anyone slow you down.

They will be proud of you once you achieve your goals. They are not going to be proud of you because you are saying no, but they will be happy with what you have done. I come from this culture myself and it's the same problem I had.

You're from Lebanon. How did your Lebanese upbringing shape your business acumen?

I was born in Lebanon but I grew up in the US. Lebanon has the same culture as the Middle East but it is a bit more Westernised. I have a lot of friends from the Gulf and I see the problems that they have, it's sad to say. A lot of them are extremely intelligent and they end up becoming doctors or lawyers because that is what the family wants, when in reality, they could be the next Google creator, but they don't go that route because their father or mother want them to be a doctor, just so they can carry that title.

What gave you the conviction to set up Allied Wallet, despite your own family's reservations?

I'm always up for a challenge. Back when I started they didn't believe in the business because they didn't understand ecommerce as it was fresh and new, but then a lot of people didn't even know what an email was back then! 15 years ago, I asked my friends for their email address and they would write down a physical address! They didn't get that I could send them a picture, for instance, over the Internet.

Anyway, one day I was sitting down, scratching my head and thinking there is



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going to be an online explosion. The internet and its possibilities are going to grow like crazy and it will be exciting and fun, everyone is going to want a piece of it. So I thought, what are we missing here? Transactions! People are going to be building websites and selling their products, but in order to do that there has got to be some form of technology to prevent credit cards from being stolen.

I started building a gateway that would eliminate any fraudulent transactions. When I built this, I approached Middle Eastern banks, even the National Bank of Dubai, and talked about providing our services which is when what I mentioned earlier occurred - when they looked at us like we were aliens from outer space!

Was there not a moment at this point when you started to doubt yourself?

No. I did understand where they came from; I said okay, they see me going that direction and see I have no income coming in, and soon I would be homeless and have no food on the table and at one point, that did happen, but I could not turn around and go back. The challenge was to succeed and prove to myself that I could do it. I believed in the business and look at where we are today. Look at the business and look at ecommerce right now.

If I had listened to my family, given up and did not proceed with what I wanted to do, I would probably be sitting down and biting my nails now.

Do you have any regrets or do you think that you've missed out on some of the social aspects of life?

I think I have the best life that anyone could ever imagine. I travel the world about 17 times a year, I have friends everywhere and I meet very interesting, intelligent people from all kinds of cultures. They are young and usually haven't been discovered yet because they are still at the start. We haven't blown the whistle yet so that they can run for success. So my time is very much occupied by working, but also socialising with these highly intelligent entrepreneurs, who are from not just one region, but all over the world. They look at me as the motivator or mentor because I advise them, and keep on constantly saying 'don't give up - if you give up I will never speak to you again!' I really push them!

After so much time in business a lot of owners become quite cynical. How do you keep that positive energy about you?

I believe so much in myself. In the past ten years, I have advised a lot of people and they have gone on to become multimillionaires, because of my advice, and they are so thankful. They say, 'without you, I would've been nothing; you made me.' But I say 'no,

don't ever say that, you made yourself. All I've done is point my finger and shown you the way, but you've done it all by yourself'. I'm proud of it. It makes me feel good and it gives me more energy and motivation when I see other people succeeding. Literally over 100 people have succeeded because I have supported them, not financially, but mentally, and only one of them failed because he sold his business early and now it's a multi billion dollar business so now he sits down and bites his nails.

Where is the end for you?

It's endless. Last Friday we reached 88 million account holders on our portfolio.

You're in a position now to sell the business like the friend you just mentioned, and live quite comfortably on an island and enjoy life for the rest of your days...

I'm not interested in that. I am interested in servicing the consumers who are making people happy. In order to do that, you have to build upon what you have established. I wake up in the morning, I do what I have to do then I sit down with my developers to share ideas with them. I look at the world population. We have 7 billion people. I think how many people have access to the Internet, how many people use the Internet, and how many do transactions online. We are serving 88 million account holders right now, larger than the population of the UK and larger than some smaller countries combined. It's a huge number, but I look at it and I want it to be 2 billion.

So it's never been about the money, it's always been about building a business?

I've never been a money-driven person. I take the privilege in building something myself and making something happen. There are certain entrepreneurs and certain wealth categories in life. There's those that have started something from zero and built it themselves whereas investors invest money into companies like mine, Apple, Google and make a lot of money on the investments they make, but there are two sides of success there. I am more likely to respect those that build something themselves, rather than simply invest into a company and sit and wait for that company to grow. That's what impresses me. I wanted to build an empire all by myself that would serve the globe, not just my neighbourhood. I wanted it to be everywhere and serve every currency and every language. I've achieved this, and it's only going to get better and better and better.

What's next for Allied Wallet?

I want to dominate the Middle Eastern market, and give entrepreneurs the opportunity and exposure to sell their products online, when their local bank wouldn't even consider it.

Would you say the Middle East needs Allied Wallet?

A lot of big companies who have got in contact call me the Messiah. I'm not really the Messiah but we are the final frontiers because we do understand the business more than anyone else out there. It's sad to say that the banks are missing out on earning a lot of money, but we are able to make the business grow. The merchant is happier, they are able to offer more jobs, more staff are being employed, the staff are paying taxes, food is on the table, the family is eating and happy, it generates life. That's how I see it; Allied Wallet is not just a website.

When business is generated, the business grows, when the business grows, you add more staff, you provide jobs, unemployment is decreased, the Government have more money, because more people are paying taxes, there is more to it, and I see it that way. Most people don't see it like that.

On the lighter side Andy, what is your favourite Arabian dish?

Mensah. It's from Jordan.

You're very committed to the business, but how do you unwind?

Honestly, I am crazy. I slept one hour last night, three the night before. I can't even sleep because my mind won't stop working at 700 miles an hour.

How do you keep up that pace? If you could put it in a tin and sell it, I think you could make a lot more money!

I do sport, I hardly drink, I don't smoke, I don't do drugs and I hardly take any medicine, plus I do a lot of exercise. Even sometimes when I go jogging, my headset is on with bluetooth and I am on the phone. So I'm jogging at the same time as doing my business.

So it's safe to say, your business is your life?

Yes. It is my life. Some people say I am a workaholic, but I don't think so because I enjoy what I do. I don't do it because I have to, I do it because I want to.

For anyone thinking of giving up on their business now, can you give three points of advice?

1. You have to consider the basic product or service and where you're going wrong. Does the price need tweaking or are people not seeing it?
2. If a business has only experienced a few bad months, that's not a reason to give up, but don't just sit around and wait. Try to provide more and change directions to get back the business.
3. Also question what you want and how you want to get it.

There is nothing wrong with the economy. Countries don't go down. Countries are represented by the people and the people need to do the job up to a high standard and make sure what they are doing is from the heart and with 100% effort. Nothing fails, unless the people make it fail.

A building will fall if it has poor foundations, but those poor foundations are only due to poor workmanship by the people. If you have a strong infrastructure, it won't fail.

Can we talk more about the big idea you're putting together?

The big idea is people coming up with a new business idea and pitching to us. The 'big idea' is to advise an entrepreneur NOT to fail.

What made you decide to put this together?

It comes from within myself. I love to see people being successful. It makes me happy. It's like waking up in the morning to open your Christmas gifts. People wait all year long to open those gifts, but I like to open mine every day.

Is it one of those things that keeps your engine going?

Helping and advising people is free. If you help them to create a successful company, they are likely to help others by providing jobs, and providing a better future. That's what I like to see. I want the Middle East and the Gulf region to see that they need someone like me to change their infrastructure and educate them to make sure they know that they can do it themselves. There is no shame in failing, but there is shame in not doing it at all.

Are there a lack of positive role models in the Middle East?

Yes because most take after the family. That's been the culture for hundreds of years so everyone sticks to the main line of business.

100 years from now, how do you think people will remember Andy Khawaja from Allied Wallet?

I hope as something good! I hope to be remembered as the man that made the impossible come true.

Any last thoughts?

The Middle East and the Gulf region have a phenomenal future ahead of them. They are extremely intelligent people, they have broken records in medicine, spices, they've even invented alphabets. Do not underestimate the Arab region, but consider it is time to open the door to the world of technology, and it is time for them to change the course of the future and I would love to point the finger and show them the way. I'm going to show them the light to the gateway for the future. That is my mission for the next few years.

