



# Iran – Luxembourg Partners in a Changing World Startups, Tech and Venture Capital in Iran

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## Iran Economic and Demographic Indicators

- Iran is the second largest economy in the Middle East and North African region
- Has the second largest population of the region after Egypt
- Economy is characterized by a large hydrocarbon sector, small scale agricultural and services sector



**Area**  
1,648,195 sq. km



**GDP**  
406.3 billion USD



140 permanently surfaced runways



**Road network**  
198,866 km (160,366 paved)



**Railway**  
8,422 km



**Global Competitiveness**  
74/140



**Ease of Doing Business**  
118/189



**Revenue**  
60.5 billion USD



**Interest rate**  
20%



## Iran Social Situation



Population  
80 Million +  
19th in the world



Under the age of 35  
67%



Population Growth Rate  
1.22%  
97th in the world



Labor Force  
24,431,300



Urbanized Population  
73%



Literacy Rate  
82%

## Social Media



Number of Telegram Users  
20 million



Number of Instagram Users  
10 million



Number of Active Facebook Users  
4.5 million

Local Social Media Websites like Facenama and Cloob have a 2 million and 2.5 million followers



## Internet Usage in the Middle East vs. Iran

**1.1%**

Iran's Share of the World Internet Users

**18th**

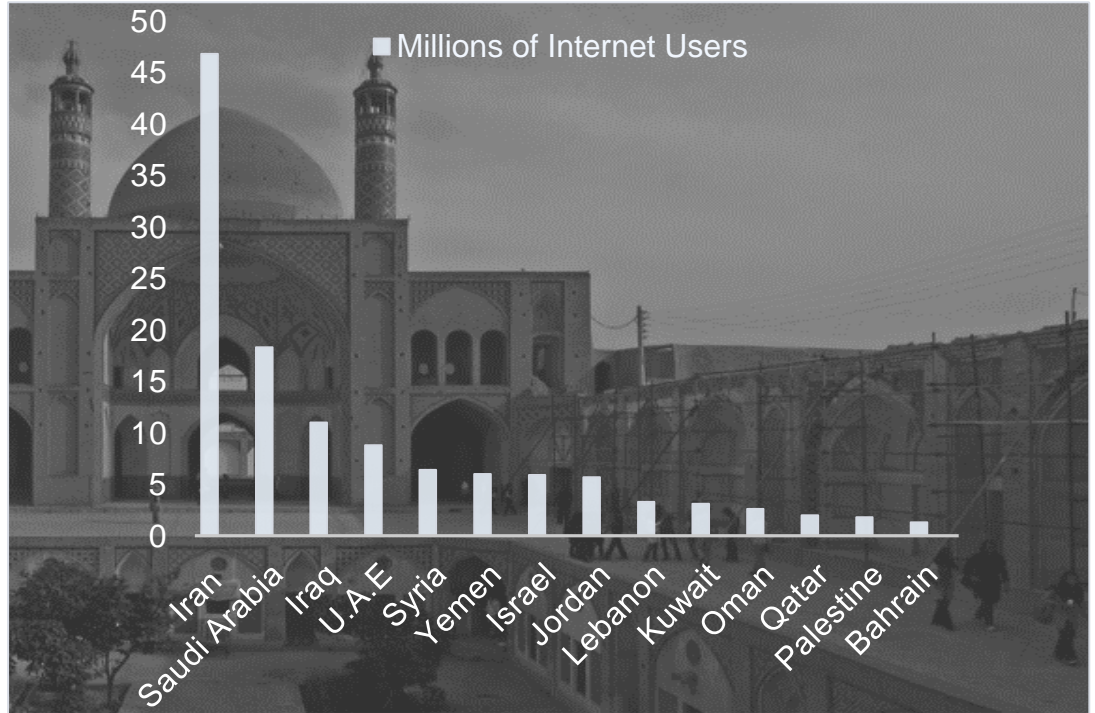
Iran's Rank in the World for Internet  
Users

**2016**

Total Population: 80,043,146

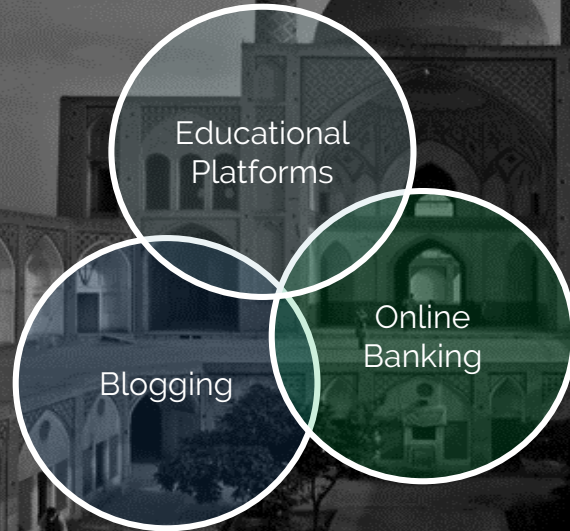
Internet Users: 39,149,103

Internet less: 40,849,043





## Top Sites Searched in Iran\*





## Mobile Phone Usage in Iran

**83.2 million** mobile subscriptions

**6 million** iPhone Users  
The rest is divided between Samsung, Nokia, Huawei and LG

Iran's mobile network penetration rate is almost **136%**

Mobile phones are the most pervasive media in Iran

**20 billion USD** electronic goods are traded at present

Iranians have possession of **50 million** smart phones

Vice President for Science and Technology predicts the trade would jump to **80 billion USD** by 2018



## Startups in Iran

First Sparks of Startups

2012

- Start of Seed Capital Activity
- Initial Angel Networks & VC's
- 350-400 Startups

2015

150%

2014

Startup Community Picked up across Iran (30 cities)- 150 startups

2016

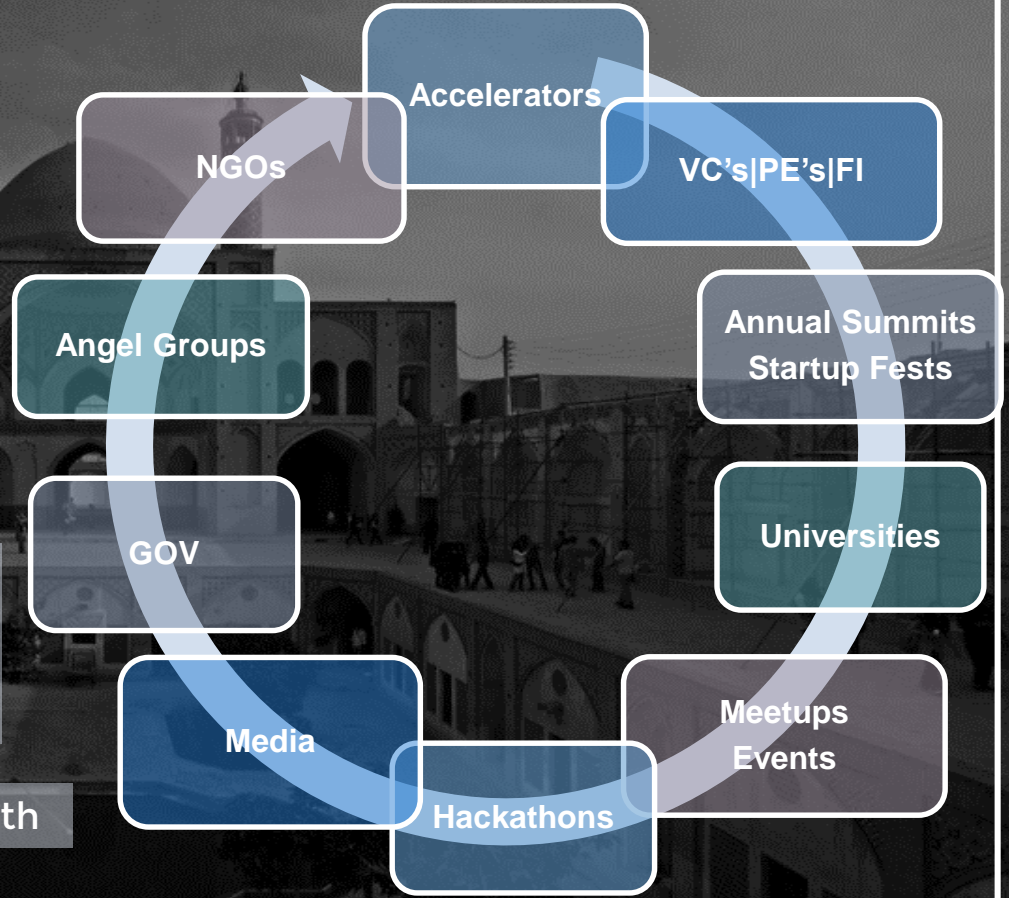
- Fintech Boom
- Startup Ecosystem Structure



## Startup Ecosystem

All elements in the ecosystem have been locally produced and developed

The market is ready for exponential growth







## Startup Ecosystem

### Accelerators

- Avatech
- DMOND
- MAPS
- Trig Up
- Tehran Hub
- Sharif Accelerator
- TAC.ir

### VC's|PEs|FI

- Sarava
- Pomegranate *(foreign)*
- Shenasa
- Griffon Capital
- psig
- IRATEL Ventures

### Annual Summits & Events

- TEDxKISH
- Startup Weekend
- Startup Grind
- Seed Stars Tehran
- Slush

### Media

**TechRasa** is a Tehran based media group that acts as an ambassador for Iranian Startups to the world and vice versa.

*Similar to TechCrunch*



## Startup Stars

### Aparat

- Equivalent of YouTube
- Worth *\$30 million* USD
- 5 million views a day
- 22,000 minutes uploaded daily

### DigiKala

- Equivalent of Amazon
- Approximately *4,000* orders per day
- Worth *\$300 million* USD
- Foreign Investment

### Takhfifan

- Equivalent of Groupon

### Snap

- Equivalent of Uber

### Shafajoo

- Equivalent doctena.lu & keldoc.com
- Healthcare platform

### Café Bazaar

- Equivalent of Google Play and Apple Apps
- More than *25,000* downloadable Iranian and International apps
- *20 million* visits a week within Iran
- Installed on more than *28 million* devices
- Worth *\$20 million* USD



## ECOMMERCE IN IRAN

Statistics released by Central Bank of Iran stated that the value of online purchases is around **\$17 Billion USD**

**229%** increase from previous year

- Iran is on the verge on an ecommerce boom
- Ecommerce is only **0.7%** of GDP (infant stage)
- Strong consumer market (per capita GDP higher than India)
- **15,000** Iranian online shopping sites
- **+/- 135.8 million** transactions have been made since the persian new year (March 21, 2016)
- **2012: The Hardest Economic Year for Iranians, due to sanctions, people spent:**
  - **\$7 billion of food**
  - **\$22 billion on clothes**
  - **\$18.5 billion on outbound tourism**



## ECOMMERCE IN IRAN

15,000  
Online  
Portals

4 million  
POS  
terminals

Startups to  
develop  
platforms  
for main  
Industries  
in Iran

Top 8	Description
<b>Digikala</b>	Biggest ecommerce platform in Middle East 850,000 visitors/day
<b>Bamilo</b>	Competitive pricing compared to DigiKala
<b>Esam</b>	Local version of eBay
<b>Modiseh</b>	Leading fashion online shop
<b>Shixon</b>	Online Fashion Shop
<b>IranEcar</b>	Directly buy cars from local manufacturer
<b>Raja</b>	Train Tickets
<b>Cinematicket</b>	Cinema Tickets



“

Iran has an untapped market and it is easier to work here. We may not have this atmosphere in five or six years' time.”

-Ehsan Razazzi, Founder of Navaak  
(Spotify of Iran-Music Streaming)



## FINTECH

Tosan is a hub of talented individuals who revolutionized core banking systems

Tosan (Iran's First Banking Solution Provider) sponsors Hackathons: *TosanBoom Innovation Challenge*

170 Companies Entered

24 Teams Selected to battle

Winner got access to 20 API's from Tosan to be used in their product

*Pasargad Bank's* ICT sector is *FANAP* and they have started a VC division, *SHENASA*, that deals with investments for FINTECH and various startups

*Saman Bank* is Opening a Funding Division to Invest in FINTECH start ups

Ayandeh Bank FINTECH sector is Finnova



**FINTECH  
STARTUPS**

**ZarinPal**  
Pay Pal of Iran

**PayPing**  
C2C Payment Platform

Entire  
Financial  
Industry in  
Iran is  
based on  
Sharia Law

Fintech in  
Iran will  
lead  
Islamic  
Fintech  
Globally

Luxembourg is  
at the forefront  
of Islamic  
Banking  
Developments

- ❖ Current Online Payment And Transactions Is At The Infant Stage
- ❖ Great Opportunity For Banks, Fintech Startups And Financial Institutions To Take Advantage Of This Market And To Invest



## Investing in Iran Startup's

Modern Day  
Gold Rush

Untouched  
Emerging  
Market

Market with  
\$400 Billion  
Economy

### Recap

- Before VC's and incubators started in Iran, individuals would receive loans from banks, family and friends for seed funding
  - Massive Consumer Nation
  - Large Talent Pool
  - Iranians have vast interest in technology and continue to innovate under strenuous conditions
- 
- Startups are valued lower compared to western counterparts
  - Low OPEX
  - Salary of a developer in Silicon Valley = Salary of a team of 5 in Iran who are equally talented
  - Low risk investment opportunity





## How Much are Investors Investing in Seed Stage?

- Typically in MENA region accelerators provide \$10k - \$50k funding for startups
  - In Iran, \$8k-\$30k for funding
- Seed Stage in MENA region: \$100k-\$250k
  - Seed Stage in Iran: \$50k-\$150k
- There is low operation cost and salaries- interesting investment opportunity (when comparing to the region)
- Since market is untapped and growing rapidly an index and growth number are not set



## Why Invest?

“Creating a viable tech sector by strengthening ties between Iran, Luxembourg and the rest of the world is one way to build a strong business partnership”

*-Partner at Gravity Partners*



67% Under 35  
42% Under 25



Highest Education  
Rate In The Region



74% Have Access To  
Internet



92% Have Debit  
Cards And Can  
Purchase Online



Low Operation Cost



50+ Million  
Smartphone Users



## Foreign Companies Already in Iran

Only foreign investor is *Middle East Holding Internet (MEIH/Romak)*, a joint venture between Germany's *Rocket Internet* and South Africa's *MTN Telecom*.

### Their Startups:

1. Bamilo- online shopping site
2. Mozando- marketplace
3. Bodofood- food delivery

### Foreign-Iranian VC's:

- Gravity Partners
- ACL
- Argon Capital
- Griffon Capital

Gravity Partners  
has already  
started seed  
stage for "The  
Procure"- Oil  
and Gas  
Procurement  
Platform



## Iran- Luxembourg Opportunities

### FinTech

Luxembourg is actively at the forefront of integrating finance and technology. Luxembourg has a developed and structured banking system and new Fintech technologies need to be implemented within Iran.

### VC's

Luxembourg has strong VC's and as Iran is growing in this industry there can be a direct partnership to take advantage for a quick entry to the market.

### Knowledge Bridge

Iran has a lot of talent and the universities in Luxembourg have a strong academic infrastructure. Educational institutions can be linked for joint developments and transfer of knowledge.



“

*“We need mentorship and know-how more than investment. There is a lot of money inside Iran...”*

- Ehsan Razzazi, founder of Navak  
(Spotify of Iran-Music Streaming)

**Thank You For  
Listening**

خیلی ممنون

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