AUC VENTURE LAB

Encouraging an entrepreneurial culture to increase youth employment
The American University in Cairo Venture Lab (V-Lab) is the first university-based startup accelerator in Egypt. Oxfam’s Youth Participation and Employment (YPE) programme in Egypt partnered with V-Lab to support youth in entrepreneurship and business startups. V-Lab provides dynamic business support to entrepreneurs with innovative and scalable ideas. Its work has brought about change in Egypt’s culture and business environment. In this case study, YPE and V-Lab make useful recommendations on how to strengthen the sustainability and growth of entrepreneurship in Egypt. V-Lab’s other initiatives include connecting graduates with potential investors. The accelerator’s startups have played an important role during the COVID-19 pandemic by helping to create employment opportunities, both directly and indirectly.
1  INTRODUCTION

Established in 2013, the American University in Cairo (AUC) Venture Lab (V-Lab) is the first university-based accelerator in Egypt. Its mission is to help Egyptian startups commercialize their innovative technologies and business models into viable ventures that contribute to economic growth, competitiveness and job creation. V-Lab works on two parallel tracks: a general acceleration program looking to provide high-growth and innovation-driven startups working across all sectors with needed business assistance, and a fintech program, which assists fintech startups with specialized business finance and technology support. V-Lab currently conducts two acceleration cycles per year with around 25 startups each cycle, five of which are usually fintech startups. Seven years ago, in its very first cycle, there were a mere five startups in total.

Impressed by the success of V-Lab’s acceleration program, Oxfam’s Youth Participation and Employment (YPE) programme partnered with V-Lab to further support its efforts to engage youth in entrepreneurship and business startups. Since then, YPE’s support has been crucial to carrying out business training and development services provided to entrepreneurs in each of V-Lab’s cycles. For instance, their partnership led to the organization of the El Re7la retreat in 2019. The retreat is a three-day camp that helps entrepreneurs understand their models better and assess the viability of their businesses on a deeper level. It also gives them the opportunity to meet the founders of other startups and form networks that they can leverage throughout the cycle, as well as after it ends.

In addition, the partnership between YPE and V-Lab has enabled many of the program’s planned workshops and activities to take place. These include a business model workshop, one-to-one coaching sessions, knowledge sessions, and demo days.

2  DYNAMIC BUSINESS SUPPORT

Each of V-Lab’s cycles constitutes an intensive four-month acceleration program. During a cycle, entrepreneurs are provided with a wide range of services such as business training, mentorship by experienced entrepreneurs and business executives, and access to co-working spaces on the AUC campus (along with other campus facilities), as well as networking opportunities, especially with AUC alumni, faculty, and students. During this time, entrepreneurs attend workshops, where they learn to refine business models, define customer needs, and conduct market validation. They also participate in several knowledge sessions, where they attend talks on topics such as pricing, marketing, legal issues, branding,
and leadership. In addition, they attend “Mentor Mingle” events, where they meet with industry experts, business professionals, and experienced entrepreneurs, and are matched with long-term mentors.

Using money supplied by the university and corporate sponsors, V-Lab offers financial awards to all of its startup teams at the end of each cycle, ranging from EGP 20,000 to 50,000 (approx. €1000–2500). A number of each cycle’s startups are selected to participate in the V-Lab Expo, a two-day public event where they have the opportunity to demonstrate and test their products and services with the AUC community, as well as attract initial customers and early supporters. At the end of each acceleration cycle, all startups participate in Demo Day, where they pitch their ideas to potential investors, allowing them to raise funds for their upcoming operations and make connections in their respective fields that could help their startups grow.

“We were one of the very few startups that was not officially launched before the start of the program at V-Lab. [Rather, we] had an interesting idea but did not know how to go about transforming it into a business venture. Our presence in V-Lab’s 2018 cycle has been key to conclude our ideation process and validate the proposed business model, all while exposing us to a community of potential investors and inspiring entrepreneurs—which all led to the official launch of our startup right after the conclusion of the acceleration cycle.”

Shady Atef, Founder and Managing Director, VIA

3 LASTING TWO-WAY CONNECTIONS

V-Lab cultivates long-lasting relationships with its graduates and continues to help them as their businesses evolve in order to strengthen sustainability and growth. The Lab’s vision rests on promoting evidence-based entrepreneurship. It is essential for it to remain connected with and available to its entrepreneurs to provide them with up-to-date, data-driven knowledge, tools, and resources. The aim is to help them grow consistently and stay on a solid footing, while guiding them to launch their new products and services with the leanest and most customer-centric business models possible. Startups’ teams are given ample opportunity to schedule meetings and consultations with the V-Lab team and experts after their graduation so they can discuss specific inquiries related to their business models, or solicit in-depth technical, business, or investment advice as needed.
“We reached out to the lab [a] few months after our graduation in 2020 because we were offered an investment opportunity but needed help assessing the effects of this prospect and the way it might affect our business outlook into the future. We were generously scheduled to come back, met with the lab’s experts, granted the advice we needed, and we were able to negotiate the terms of the engagement to safeguard the integrity and the potential of our startup.”

Ahmed Yousry, Founder and Managing Director, Clickmare

Because V-Lab and AUC have such wide-ranging networks, the Lab’s assistance is often solicited by its former graduates to connect them with potential investors, industry experts, or clients to advance their operations. The V-Lab team has been offering this type of assistance for a number of years, reinforcing the active role it plays in its startups’ expansion. These efforts have also proven beneficial for the new cohorts joining the program. They have the benefit of a vast entrepreneurial network covering many different sectors. The members of this network often serve as mentors and guest speakers at the Lab’s events, or are available to help program participants by providing industry insider recommendations and insights.

Although the V-Lab team works to put its graduates in touch with local and regional investors, many of them still face funding challenges. In response to these challenges, the team launched AUC Angels in the fall of 2018. AUC Angels is the first university-based angel investor network in the MENA region. The network was created to give AUC alumni and friends the opportunity to invest in early stage businesses. It provides a strong pipeline of viable startups, facilitating the deal flow and following up on deal services. To date, AUC Angels has more than 50 angel investors who are actively engaged in investment discussions with startups. The network has a wider mandate than only helping V-Lab’s graduates, but the connection with V-Lab enables reliable access to vetted and highly scalable startups that have been part of V-Lab’s programs. These startups have already launched their products or services, proved traction in the market, and have a strong chance of positive returns.

The fact that AUC Angels was launched to help the larger community of entrepreneurs in Egypt, rather than being limited to the graduates of V-Lab, is a testament to the Lab’s underlying vision of supporting the overall entrepreneurial ecosystem in Egypt. It wants to encourage a culture that understands entrepreneurship and believes in its ability to create better economic opportunities. To that end, the impact V-Lab has had over the years cannot be limited to the number of startups it has accelerated or the investment it has generated. It can also be seen in the structural changes that have taken place in the entrepreneurial scene in Egypt, such as the rise in the number of entrepreneurs with innovative and scalable ideas, the willingness of investors to provide seed funding for them, and even the national policies that are currently working to create an enabling environment for entrepreneurship.

V-Lab’s efforts that are geared towards perpetuating a change in the culture—and the business environment in general—in order to create more entrepreneurship opportunities in Egypt, are also reinforced by the
partnership it has with Oxfam’s YPE programme. Through the advocacy component of this partnership, YPE has been supporting the Lab’s efforts to create data and produce evidence-based research on the status of entrepreneurship in Egypt, identifying gaps and loopholes and providing recommendations on what is needed in order for things to change.

The YPE programme has been working with V-Lab on the publication of an Egypt-focused Global Entrepreneurship Monitor report. The report provides a thorough examination of the behaviors, motivations, and attitudes towards entrepreneurship within the country, as well as different aspects of the entrepreneurship ecosystem in Egypt, making it a valuable resource for devising sound national policies and programs that can address the shortcomings it identifies.

While the growth of a dynamic entrepreneurship ecosystem in Egypt in recent years cannot be entirely attributed to V-Lab, it is clear that its reliance on research-backed and evidence-based entrepreneurship practices, as well as the existence of the Lab as part of a well-established and deeply connected university, have allowed the Lab to become one of the most important and active players in entrepreneurship promotion in Egypt. Universities supply entrepreneurs with a wide range of resources, such as easy access to faculty and mentors, libraries, and workshops. This also enables startups to take advantage of on the university’s intellectual capital, facilities, and research capacities, which all help in creating a learning environment that encourages entrepreneurs to think of new and innovative solutions, while also connecting them with potential investors among the university’s friends and alumni. The existence of V-Lab at AUC has not only helped entrepreneurs make the best out of the acceleration program, but it has also played a pivotal role in spreading the culture of entrepreneurship. The exchange between students, faculty, and the Lab’s entrepreneurs has fostered an entrepreneurial drive firstly within the campus itself, and consequently in the wider community. For instance, business students at the university are invited to conduct their course projects on V-Lab startups. Likewise, V-Lab entrepreneurs are often invited to be guest speakers on entrepreneurship courses at the business school. A number of students conducting research on the organizational behavior in entrepreneurial organizations have taken advantage of the ample number of startups working on campus to carry out their research and test their hypotheses. These exchanges and encounters between the general AUC community and the entrepreneurs at the Lab have been key to creating an active discourse on entrepreneurship, innovation, and job creation.

Since its creation in 2013, V-Lab has increased its startup intake fivefold per cycle, accelerated more than 200 startups, generated more than EGP 835 million (approx. €40m) in revenue, and been recognized internationally as a leading startups accelerator in the MENA region and Africa. However, V-Lab’s real impact lies in the new culture it has fostered. Because of the assistance entrepreneurs have received to pave their way to success, and the increased encounters between entrepreneurs and the general public, other aspiring individuals with interesting ideas now have a reason to believe that they can become entrepreneurs themselves. Moreover, the increased number of startups means that more and better economic opportunities for young men and women are being created. The
rise in entrepreneurship as driven by V-Lab and its counterparts is changing the landscape of available employment opportunities for youth in Egypt. While these startups may not directly affect employment numbers at large, since many of them have a limited workforce, their business models can contribute to improve economic opportunities of young people. For instance, V-Lab graduates such as Mermaid or Jinni, through which customers can hire house help, or applications such as Via or Ordera that allow customers to order their food and drinks for drive thru and pick up services, are based on the employment of many other young men and women who perform these facilitated services for the public. The work of V-Lab startups has so far led to the creation of 8,540 jobs, which is far more than the mere number of startups the Lab has accelerated and the number of personnel they employ. The employment strength of V-Lab lies in its ability to enable indirect employment, as companies they do business with need to expand their workforces to answer the increased number of service requests handled by these platforms and apps. Moreover, in times of crises, such as the outbreak of COVID-19, startups based on apps and platforms that facilitate taking orders for different services have played a very important role, not only in the retention of existing employees but also in the creation of much-needed employment opportunities to respond to the increased number of orders during lockdowns. This is more evidence of the role startups can play as catalysts for job creation, as well as the role of accelerators such as V-Lab that have been a key element in the birth and success of many of these startups over the years.
Oxfam is an international confederation of 21 organizations, working with its partners and allies, reaching out to millions of people around the world. Together, we tackle inequalities to end poverty and injustice, now and in the long term – for an equal future. Please write to any of the agencies for further information or visit www.oxfam.org