DO IT YOURSELF

Silicon Valley's navel-gazing startups have never been less relevant to Middle East enterprises – it's time for the region to think of new strategies to encourage local innovation, says Eliot Beer.
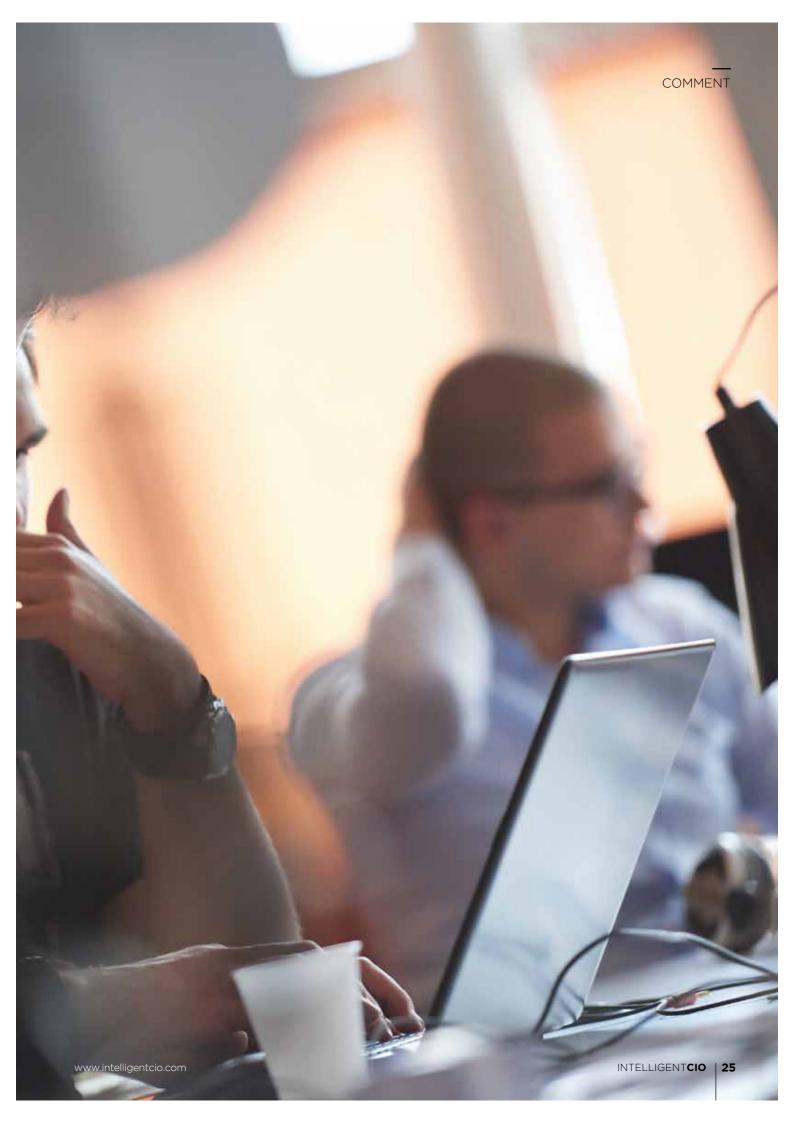
A few weeks ago news emerged of a little project called Peeple, a new app which would let anyone rate anyone else – in the same way as anyone can now rate a business on sites like Yelp or TripAdvisor.

The world (or selected parts of it) went nuts – and the app's creators subsequently went dark. Quite possibly an actual apocalypse would not have drawn as much vitriol as Peeple did (even though a number of things suggested it might all be a publicity stunt to promote an online video series). The as-yet-non-existent app was definitely The Worst Thing Ever – at least for a few weeks.

But this slightly dodgy vapourware neatly illustrates a major current trend in Silicon Valley towards a world where nothing (and no-one) is unknown, and where any trace of inconvenience is removed from one's daily life – with firms such as Trashday offering a service to move bags of rubbish from a house to the street, to services offering to drive, clean, cook, fetch and pack, along with innumerable laundry apps.

Some commentators have suggested this trend demonstrates an infantilisation of modern life – an attempt to return to the days when mummy and daddy did everything for you, amusingly spoofed by the Trashday-

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esque Here Comes The Airplane, which promises to free you from the chore of putting food in your own mouth.

These examples are all in the consumer space… but that's also part of the problem. A quick look through Techcrunch's startup section (granted, not a very scientific survey) for the past couple of weeks reveals less than 10 % of the stories are about B2B startups. Sometimes, articles are even about B2B firms pivoting to become consumer-focused, as with Farmigo.

As for the B2B firms which are out there, my perception is it's the same set of subjects: cloud, big data, productivity apps, digital advertising, employee feedback. All of these have shown up more than once, and there's precious few areas being talked about outside of these – again, as far as I can see, in my unscientific survey.

ELIOT BEER

Why should this worry Middle East enterprises? All this stuff is a long way away, and much of it is not very relevant to the day-to-day problems companies in the region face.

To which I say: exactly
The West, particularly the US, and within the US particularly Silicon Valley, has traditionally set the pace for tech development. And while this is changing, with funds and incubators and accelerators cropping up all over the world, a lot of the money is still in – and from – the Valley.

So if the Valley is giving us drivel like Peeple or Trashday, or what amounts to another email app, or big data analysis tool, we should be worried. More and more these startups reflect the interests of rich, well-educated, comfortable men (and it is mostly men) living in California.

Unfortunately, their experience does not reflect that of people and firms working in the Middle East. (Except perhaps for the current levels of rainfall.)

Diversity is one of those issues which people can get sniffy about – but firms are realising it's a critical issue. In the UK, three of the Big Four professional services firms have changed their recruitment processes to try and change the mix of their employees, in order to offer a better service to their customers.

Tech is no different – and right now, a lot of the sharp-end innovation in the industry (as opposed to the big, solid vendors) is moving away from more "marginal" regions like the Middle East, and looking inward, thanks to a lack of diverse voices. In the long-run this will cause problems for the industry – but before then, it will be the Middle East and other neglected regions which will suffer.

The worst part is, we won't even know how the Middle East is suffering – we can't explicitly miss what we never had. But so many of the products and services and technologies companies rely on have come out of startups – so lose the relevant startups, lose the relevant products later on.

This isn't to say there's no tech innovation focused on the Middle East. The UN Food and Agriculture Organisation (FAO) recently announced a project to develop a tool to track and analyse water consumption across the region, aimed at helping governments and individual companies and farmers cut water wastage and improve agricultural yields.

A similar project is IFPRI's Arab Spatial tool, which aims to compile and map as many indicators around food, agriculture and nutrition as possible across the Arab World, with the aim of reducing hunger and malnutrition in the region.

Both of these big-data projects are using technology to tackle some of the most pressing societal challenges the Middle East faces – and which directly or indirectly affect every person and company in the region. But it's also notable that both of them originated outside of the region – the FAO water project is sponsored by the Dutch government, and Arab Spatial is largely paid for by CGIAR, based in the US.

And, frankly, while both of these projects are very worthy, neither are directly commercial – likely no company is going to get rich off the back of leveraging variable nutrition rates across the Levant. What's lacking is that drive from a local entrepreneur – someone chewing over a problem for weeks or months or years, before having that "eureka" moment, and setting off to build something to fix it.

There has been endless discussion around the whys and wherefores of the chronic lack of innovation and startups in the Middle East – everything from systemic cultural issues to education failures to government red tape has come under the microscope – and ultimately the reasons for this dearth of innovation lie across all of these and more.

Perhaps one problem which gets voiced less often is the lack of urgency – as noted above, it's hard to miss what you never had, so it's perfectly possible for the region to continue functioning without a burgeoning startup scene.

The only problem is, the longer it goes on, the more the region gets left behind.

Fundamentally, there are fewer and fewer barriers to seeing a flourishing of innovation – the Middle East has youthful populations, better schools and universities, more government schemes than ever, and cheaper tools to learn skills like programming or product design. But still, it needs a push.

One may come from initiatives such as the recently announced plan from Sheik Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, to invest $1.5bn into 5,000 startup companies, along with even more money for education and other areas.

But regional enterprises need not sit idly by – they can do their bit to foster a

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culture of innovation around technology. Last year Gartner identified a trend it called, in its own unique take on the English language, "Techquisition" – enterprises solving business problems not merely by buying a product, but buying the business behind it.

This might seem an extreme approach – but it should be one that fits many larger Middle East enterprises well. There are no issues around long-term costs, no risks around supplier failure – and all the benefits of having complete control over what might be a key technology.

Perhaps the lack of local startups might be a problem right now. But I suspect if regional enterprises put the word out they were prepared to pay handsomely for solutions to their particular business problems, it might well encourage a few people to start giving them more thought.