

How to Approach Investors

At this year's Step Conference, we spoke to Sharif El-Badawi, Partner at 500 Startups. He explained the investment landscape in the MENA region and gave advice on how to approach investors.

In your opinion, which markets in the MENA region show most potential?

Potential is tricky to measure, I think all markets here have potential. Our thesis is that as a whole, the MENA market has a lot of value, and we just need to harness that.

Do you see many investors coming from outside the MENA region who want to invest in its startups?

I wouldn't say we see a lot of foreign investors, but the number is increasing. Every quarter we see a new investor coming that wasn't there before, and the ones who have invested before are still looking for more deals.

Just this week, I've been in touch with investors from the U.S, Europe, Africa, Korea and China who are looking for deals here. That is very promising to us and we hope to see more of that.

Do you focus on any particular sectors for investment?

We look at commerce, frontier tech, FinTech. A lot of what Steve Case from AOL calls "The Third wave", taking traditional industries and tech enabling them. Those are what excite us most but we invest across all sectors.

What advice would you give aspiring startups looking for funding in the region?

We have a lot of advice for aspiring fundraisers, a startup that is looking to raise capital at a certain stage, let's say seed stage, the primary advice we would give is to treat it as a very regular sales process. Which means months of prep where you're doing research and finding out who you're going to target and create a target pipeline of investors you want to go after, and that has to be large. So, you have to go as wide as you can initially.

Have coffee with them, go find out what they're about, not asking for fundraising yet. And once you decide you are going to start fundraising and you let them know you're going to pitch to them in a meeting, you have the relationship already where you can anticipate which ones are going to be warm or hot to your ideas.

Do that process in the shortest amount of time possible so you create density in the process to have a quick feedback loop. If you speak to someone on Sunday you can follow up on Wednesday, having spoken to 10 others already by that time. You'll be able to create momentum in the fundraising process and drive to a close on a certain date you specified, maybe 6 to 8 weeks away.

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