



# Role of Startups in Economic Prosperity

When it comes to startups, a general perception is that it needs to be in a developed country where all the resources are available. In truth, that misses the point: startups can begin anywhere, and it's often the countries with the greatest needs that present the biggest opportunities. Startups are at home in underdeveloped countries, nations in conflict, and those countries new to entrepreneurship. Each of these environments offer untapped problems which startups can take advantage of not just to make a profit, but also to make an impact.

## Role of Startups in Economic Prosperity:

Startups may be small companies but they can play a significant role in economic growth.

- Startups are the centers of innovation;
- Startups create jobs which means more employment, and more employment means an improved economy;
- Startups have a direct-impact on the cities that they make their homes. Look at how Infosys has changed Bangalore, Alibaba impacted Hangzhou, Microsoft changed Redmond and Google transformed Mountain View, California. They improved employment patterns providing job opportunities to both experienced and young professionals. This led to surge in inflow of graduates and relocation of experienced professionals from different cities;
- The “dynamism gap” between the large cities and the rest of the country narrows down due to startups;
- Startups boost the economy with revolutionary technology and create new industries over time. When these startups go public, they truly become money-making engines for not just the owners but also for the employees and shareholders;
- Startups also contribute in changing the image of the country.

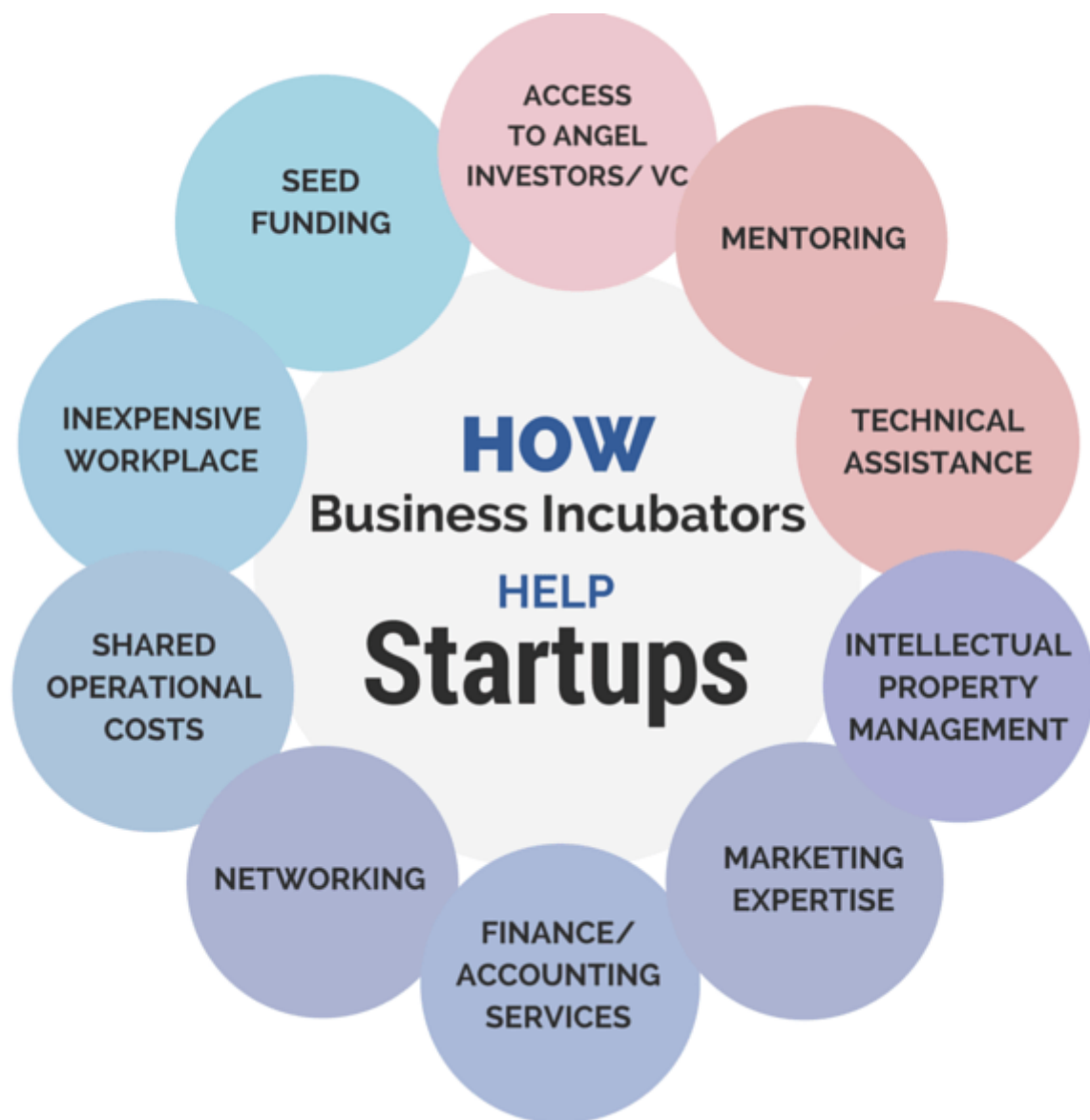
## Environment suited for start-ups:

- Start-ups require a multi-pronged approach, including:
  1. Increasing access to capital;
  2. Improving access to talent;
  3. Opening up access to markets; and
  4. Cutting red tape and instituting a pro-innovation regulatory and fiscal policy.
    - Startup-friendly policies do not necessarily require large amounts of money or incentives. They do, however, require governments to do things differently than before.
    - Startups need access to overseas markets, which means supporting cross border data flows and limiting trade barriers.
    - Strong leadership can bring together universities and businesses to create the sort of talent pools that attract startups. Moreover, pro-innovation policy on the part of local political leaders can clear away some of the regulatory obstacles that hamper startup growth.
    - An overall lowering of the corporate tax rate would help the most successful new businesses put more money back into their business and the economy, and free up capital for large companies to invest in new startup growth through corporate venture capital, angel investment, and R&D.
    - Entrepreneurship has to be taught at an early age. The school should provide students with mentors from the startup community in addition to project-based learning to spur entrepreneurial thinking and integrating technology and computer science into all aspects of the curriculum.
    - The government need to invest more in research and development in order to fuel the next startup boom.
    - Instituting a permanent startup visa program would help. We need an immigration policy that encourages entrepreneurs to come and stay, rather than making them jump through hoops or wait in an endless line filled with red tape.



Various schemes launched in UAE to encourage Start-ups:

As the emerging entrepreneurial capital of the MENA region, the U.A.E. has both given rise to a large number of local startups and attracted numerous regional startups seeking to scale their operations. Several of these startups have become huge regional success stories, perhaps above all e-commerce giant Souq.com.



Souq.com and others in capitalizing on the regions' large and growing e-commerce market. Meanwhile, other startups are seeking to harness the power of new technology in different ways to introduce innovative products and services for the region's growing number of tech-savvy youth. The following makes UAE as an ideal place for entrepreneurship:

1. **Regulations** The U.A.E. provides businesses with a relatively friendly regulatory environment. Although the country arguably could still take steps to reduce red tape and bureaucracy, the World Bank Group's 2016 "Ease of Doing Business Rankings" slotted the U.A.E. higher than any other MENA country
2. **Taxes** The U.A.E. currently does not impose taxes on the income of companies, except for oil and gas exploration and production companies, branches of foreign banks, and certain petrochemical companies. UAE currently imposes Value Added Tax at the rate of 5%.
3. **Free Zones** The U.A.E.'s free zones provide an even friendlier regulatory and taxation environment than the rest of the U.A.E.
4. **Accelerator programmes, Incubators and Co-working spaces in the UAE** With an entrepreneurial and startup ecosystem booming around the UAE, resources for entrepreneurs are growing at an even greater pace. For brave souls willing to take on the world and transform their idea into an actual business, going through an accelerator or an incubator can be a wise choice. Accelerators and Incubators are extremely important to build healthy productive ecosystem as they invest in the

riskiest stage – seed investment – to produce sustainable startups. UAE accelerators and Incubators are famous with their connections, international mentors, wide exposure, sufficient funding & effective access to market strategies. The U.A.E. has a variety of co-working spaces where entrepreneurs can avail of relatively inexpensive office space while being in the company of like-minded individuals. For every entrepreneur who wants to land his/her startup in UAE, here is a list of accelerators, incubators and co-working spaces such as: Dtec (Dubai Technology Entrepreneur Centre), Dubai Future Accelerator, TURN8 Dubai, IN5 Dubai, Flat6labs Abu Dhabi, 1776, 9/10ths, AstroLabs Dubai, Cloud 10, FinTech Hive, NAMA, Dubai SME, Sheraa, Silicon Oasis Founders Dubai, ImpactHub Dubai, A4 Space, The Bureau, TechStars Dubai Government Accelerator - In October 2016, the UAE cabinet announced the creation of the world's first Government Accelerators, a new Government approach that will accelerate the achievement of the National Agenda of the UAE Vision 2021. Commercial License - ADGM has launched commercial license for tech start-ups and professional services support programme to transform Abu Dhabi's start-up sectors. The new Tech Start-up License is highly flexible; where start-ups can receive a full operational license, the option to apply for four residential visas and meet the requirement for a registered address through a range of options, at a nominal cost of \$700 only.

5. New Incubator Business Licence Offers 100% Ownership Dubai SME, the agency of the Department of Economic Development in Dubai, has unveiled new regulation that will grant 100% ownership to entrepreneurs, startups and SMEs operating in mainland Dubai under its incubator business licence.

#### 6. Entrepreneurship Institutes And Training Programs

- The U.A.E. has a wide range of institutes devoted to fostering entrepreneurship and innovation. Some of these institutes are associated with prominent universities, with the NYU Idea Lab and the UAEU Science and Innovation Park being examples.
- Other institutes are outgrowths of public agencies, such as The Abu Dhabi Chamber of Commerce's UAE Academy Entrepreneurship and Innovation Center and Dubai SME's Dubai Entrepreneurship Academy.
- Still other institutes have originated with the private sector, like the Intel IoT Ignition Lab and a Google Innovation Hub in Ras Al Khaimah.
- Moreover, still others are associated with prominent individuals, such as Sheikh Saeed bin Ahmed Al Maktoum's SEED Entrepreneurship and Innovation Center.

#### 7. Events

- A.E. is routinely the site of events centered on startups and SMEs. The U.A.E. also provides a plethora of events in which U.A.E. startups can showcase their products and services.
- A.E. has hosted numerous Startup Weekends.
- A.E. has also welcomed a number of Startup Competitions.
- UAE has organized various Startup Awards
- UAE has also launched various Programmes And Support for Women Entrepreneurs

8. Diverse Funding Sources U.A.E. has become an emerging startup hub is that it offers a variety of avenues for startups to raise capital, from venture capital firms, angel investors, and private equity firms to SME-friendly banks and SME-focused government funds.

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