

A Study of Professional Practices: National Incubation Center,
Peshawar

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Executive Summary

In this comprehensive report, we explore the dynamic landscape of the National Incubation Center (NIC) Peshawar, shedding light on its pivotal role in fostering innovation and supporting startups in Pakistan. The report unfolds in various sections, beginning with a detailed Company Overview that provides insights into the NIC's history, mission, and business activities.

Our exploration extends to meetings conducted with startup representatives, offering a firsthand account of their experiences and the impact of the NIC's mentorship and support. The report also delves into the practices and processes employed by the NIC in selecting and nurturing startups, emphasizing its commitment to fostering a thriving entrepreneurial ecosystem.

Additionally, the report navigates through the NIC's organizational structure, briefly showcasing the hierarchical framework. Furthermore, it illuminates the NIC's interaction with startups beyond funding, encompassing guidance, coaching, and various support services.

The overarching theme of the report underscores the significance of technology in enhancing the NIC's monitoring capabilities. Recommendations include leveraging advanced tools and embracing business process management (BPM) for a more streamlined and efficient operation.

This executive summary encapsulates the essence of the report, offering a glimpse into the multifaceted dimensions of the NIC's endeavors and the strategic recommendations put forth to amplify its impact on the startup ecosystem in Pakistan.

Contents

Executive Summary	1
List of Abbreviations	3
1 INTRODUCTION	4
1.1 About the National Incubation Center	4
1.2 Purpose of the Analysis	4
1.3 Scope and Objectives	4
1.4 Methodology Used	5
2 COMPANY OVERVIEW	6
2.1 History	6
2.2 Mission	6
2.3 Company Functions and Activities	6
2.4 Equity Capital	7
2.4.1 Funding By Ignite	7
2.4.2 Public Incubator	7
3 FINDINGS	8
3.1 Organizational Findings	8
3.2 Ethical Practices	9
4 CONCLUSION	10
4.1 Summary of Key Findings	10
4.2 Key Insights	10
4.3 The NIC's Role in the Local Startup Ecosystem	10
4.4 Challenges and Areas of Improvement	10
5 RECOMMENDATIONS	11
5.1 Promoting Environmental and Social Responsibility	11
5.2 Regular Feedback Mechanism	11
5.3 Smart Monitoring with Technology	11

List of Abbreviations

NIC National Incubation Center

KPK Khyber Pakhtunkhwa

MOITT Ministry of Information Technology and Telecommunication

PTCL Pakistan Telecommunication Company Ltd

Chapter 1

INTRODUCTION

1.1 About the National Incubation Center

The NIC Peshawar is a state-of-the-art startup incubator situated in the heart of KP. It is a collaborative initiative between LMKT and PTCL, being funded by Ignite (*formerly known as ICT R&D Fund*).

The primary objective of the NIC Peshawar is to foster a vibrant entrepreneurial environment in Khyber Pakhtunkhwa and support the development of disruptive and innovative tech startups. It firmly believes that by effectively managing and allocating resources, these startups can revolutionize how people live, work, and engage with technology.

With its extensive network of mentors, coaches, and community partners, the NIC Peshawar ensures that local innovators have access to top-notch resources which will help them on their entrepreneurial journey.

1.2 Purpose of the Analysis

The purpose of assessing the National Incubation Center (NIC) is to gain a firsthand understanding of its organizational structure and the professional practices within. Through interviews with startups and the community executive, we aim to explore and analyze the NIC's operational framework, its role in supporting entrepreneurial endeavors, and its impact on the local startup ecosystem. We seek to uncover valuable insights that can inform our assessment of the organizations effectiveness, provide recommendations for improvement, and contribute to a broader understanding of the best practices in startup incubation and support programs.

1.3 Scope and Objectives

By outlining the scope and objectives for our research visit to NIC, our intention is to carry out a thorough examination. This examination aims to produce valuable insights, practical suggestions, and a more profound comprehension of how the incubation center contributes to fostering entrepreneurship in the region.

Scope: Our research visit NIC encompasses the following aspects:

1. Examination of the NIC’s Organizational Structure: We will investigate the internal organizational structure, including leadership, departments, and decision-making processes.
2. Analysis of Professional Practices: We aim to understand the professional practices, procedures, and protocols employed by the NIC in supporting startups and fostering entrepreneurship.
3. Startup Engagement: Our scope includes in-depth interviews with a diverse group of startups affiliated with the NIC, to gain insights into their experiences, challenges, and benefits derived from their association with the NIC.
4. Insight from the Community Executive: We will interview the community executive or a relevant figure responsible for managing the NIC’s day-to-day operations to provide an overview of the NIC’s strategies and goals.
5. Ethical Considerations: The scope includes ensuring ethical conduct throughout the research, including obtaining informed consent from participants and respecting the confidentiality of sensitive information.

Objectives: The primary objectives of our research visit to NIC are as follows:

1. Gain Insights into Organizational Structure: To understand the internal hierarchy, roles, and responsibilities within the NIC, shedding light on how the incubation center is managed.
2. Evaluate Professional Practices: To assess the professional practices and processes followed at the the NIC. This includes incubation support, mentorship, resource allocation and the respective protocol for each.
3. Capture Startup Experiences: To collect firsthand experiences and feedback from startups associated with the NIC, highlighting the challenges they encountered and the benefits the NIC granted them.
4. Identify Challenges and Opportunities: To uncover the challenges faced by the NIC and startups, along with opportunities for improvement and growth.
5. Offer Recommendations: Based on the findings, provide recommendations for enhancing the the NIC’s operations and support for startups, contributing to its effectiveness and overall success.

1.4 Methodology Used

The research methodology adopts a qualitative approach and uses semi-structured interviews as the primary data collection method. Participants, including the community director who oversees the NIC activities and the NIC-affiliated startups, will be selected to provide information.

The conducted interview questionnaire covers aspects such as the NIC’s organizational structure, startup experiences, challenges and opportunities. Thematic analysis identifies key trends and insights in the interview data. Strict adherence to ethical considerations, including informed consent and participant confidentiality, will be maintained. Member verification is required for approval.

The study will be concluded with a comprehensive report describing the results and making recommendations for NIC activities and practices.

Chapter 2

COMPANY OVERVIEW

2.1 History

The NIC began its journey in 2017 when it won a government project through a competitive process. Formally inaugurated by the Honorable Prime Minister Shahid Khaqan Abbasi on 13th of January 2018, the NIC has been a significant player in helping new businesses in Pakistan.

2.2 Mission

At the core of the NIC's mission is the dedication to nurturing and empowering startups. Aligned with the objectives set by MOITT.

The NIC seeks to provide a conducive environment for startups to thrive. The mission extends beyond financial support, encompassing mentorship, guidance, and the facilitation of essential services to transform innovative ideas into successful ventures. Ultimately, it serves as a means to catalyze national economic growth by providing resources to startups with potential for profit.

2.3 Company Functions and Activities

The NIC focuses on supporting startups in different stages of development. These stages are as follows:

1. Concepts
2. Prototypes
3. Final Products

The NIC carefully evaluates and helps startups in each phase, using a detailed selection process that includes online and in-person assessments. It also collects data, regular reports, and follows a structured plan for incubation and acceleration.

Besides financial help, the NIC assists with the registration process, provides coaching, and offers initial services like logo design and website development. The success of startups like Darewro shows how the NIC effectively turns ideas into successful businesses.

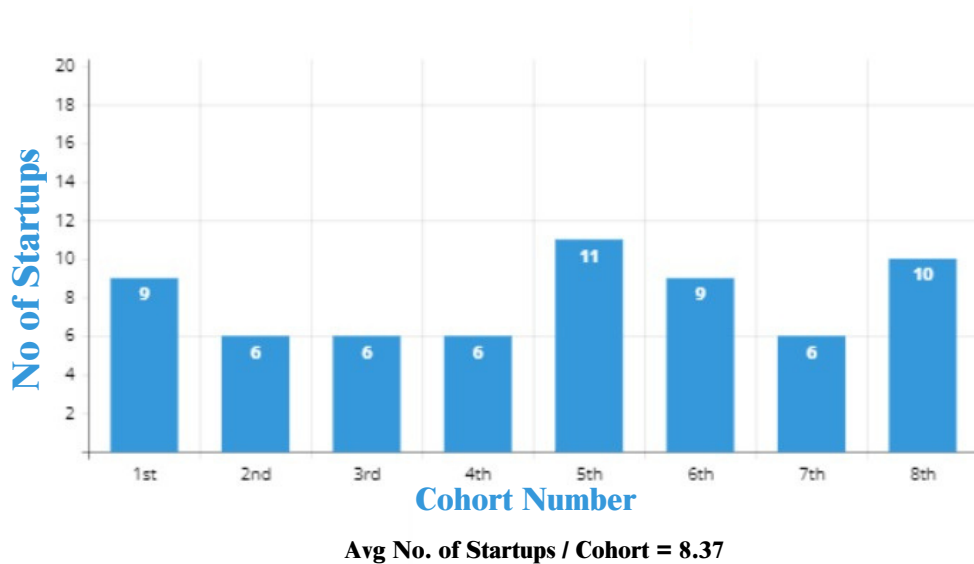


Figure 2.1: Bar Chart depicting the average number of startups per cohort registered in NIC starting from its genesis until now. Each bar represents the number of startups in a particular cohort with a minimum of 6 and a maximum of 11. Data source: NIC Peshawar.

2.4 Equity Capital

2.4.1 Funding By Ignite

The NIC is funded in the form of grants by a National Technology Fund called Ignite. Ignite itself derives financial support from the federal government which in turn collects this amount from the prescribed contributions of the relevant PTA licensees operating in the telecommunications domain including the following:

- Fixed Line Operators
- Cellular Operators
- Data Service Providers

In other words, the money they give to the NIC is from the contributions of mobile and telecom operators as well as ISP's and this is mandated by the Government of Pakistan.

2.4.2 Public Incubator

The NIC is a public startup incubator which means it derives its funding from a public body i.e the government. In this case, you don't have shares as there are no investors involved - and by extension; no stocks.

Chapter 3

FINDINGS

3.1 Organizational Findings

1. Organization Type: As stated previously in the Equity section, the NIC is a public incubator which means it gets its funds from the government in the form of grants.
2. Hierarchy and Roles: The NIC follows a structured organizational hierarchy with a director overseeing the organization and three heads managing specific domains - Head of Marketing, Head of Programs, and Head of Monitoring, Evaluation, and Programming. One thing to note is that the hierarchy of startup's incubated by the NIC is completely internal and is its own entity.
3. Selection Process: The NIC employs a three-round selection process for startups, involving online and physical pitching, ensuring a thorough evaluation of ideas and credibility. NIC highly promotes the individuals who have tangible products to showcase their potential or soft assets for those from IT. This selection criteria is quite simple as a single hard-working individual with good skills can take a shelter under NIC.
4. Data Collection and Reporting: The NIC collects monthly data from startups, including progress reports, key problems, investments, and achievements. This data is then reported to IGNITE every three months, forming the basis for continued funding. Such supervision keeps the employees on the track as their progress is constantly observed. If the employees fail to meet the work standards, they're warned and, in the worst case, may lose their job.
5. Coaching and Mentorship: Coaches are assigned based on expertise to guide startups, maintaining regular contact and establishing and reporting on Key Performance Indicators(KPIs). So, the startups are continuously fed with the best practices and kept motivated to excel in their expertise.
6. Incubation: The NIC operates on a 1-year plan, with 6 months dedicated to incubation and 6 months for acceleration. Incubation involves funding, coaching sessions, and other support, while acceleration focuses on networking, investor connections, and securing investments. NIC keeps its culture up to date and support them in every way possible, making sure they've proper time to focus on their startups.
7. Services Offered: The NIC provides various services to startups, including free guidance sessions, logo designing, website development, and social media guidance. They also facilitate SECP registration through one-on-one sessions. This is one of the most attractive

feature of NIC as it takes this responsibility and make the validated and approved startups a part of SECP under their initial and growing stages.

8. Equity Acquisition: Legally entitled to acquire 20-25 percent equity from startups, the NIC does not exercise this option, understanding the startup's need for initial funding. It's therefore, a no gain for NIC and this proves how much they care about their employees' interest and fulfills their promise of one-year unconditional support.
9. Monitoring Process: Coaches conduct a minimum of two sessions per month with startups, developing and tracking KPIs to monitor progress. The NIC collects feedback from startups and coaches, maintaining detailed reports for each startup.
10. Data Confidentiality: By implementing strict measures, NIC ensures that sensitive information remains secure during the working hours and therefore refrain from using AI based tools. This reduces the risk of AI models getting trained with the confidential information about NIC. Such measure maintain the trust of stakeholders and promotes integrity.

3.2 Ethical Practices

1. Code of Conduct: The NIC does not enforce specific ethical codes on independent startups, and there isn't a pledge taking ceremony. Rather there is an intrinsic culture within the startups which develops with time as they are allowed to grow within the NIC.
2. Legality in Equity Acquisition: The NIC is legally entitled to acquire equity from startups but refrains from doing so, recognizing the early-stage financial needs of startups.
3. Guidance Beyond Funding: The NIC's support extends beyond funds into the realm of ethical practices, offering guidance to startups through coaching sessions that emphasize commitment, professionalism, and integrity in their operations.

Chapter 4

CONCLUSION

4.1 Summary of Key Findings

Our research visit to the National Incubation Center (NIC) in Peshawar provided valuable insights into its organizational structure and professional practices. Most of our findings revolved around the way in which the incubation was provided, the hierarchy of the NIC, and the origin of its funding. Furthermore we looked into the ethical practices they follow, ranging from their ethical guidance for startups, to their selfless non-acquisition of equity.

4.2 Key Insights

Within our research scope, we discovered key insights into the NIC's operational framework. A well-defined hierarchy, comprehensive startup selection, and robust data-driven processes contribute to efficient management and sustained funding for startup growth.

4.3 The NIC's Role in the Local Startup Ecosystem

The NIC excels in coaching and mentorship, with assigned coaches monitoring key performance indicators. The structured incubation and acceleration phases offer funding, guidance, and networking, supporting startups comprehensively.

Overall, the NIC's role in Khyber Pakhtunkhwa's entrepreneurship is commendable. Our research contributes valuable insights for the NIC's future endeavors and startup incubation best practices.

4.4 Challenges and Areas of Improvement

While recognizing the NIC's strengths, we identify challenges and suggest improvements. Our recommendations aim to enhance the NIC's effectiveness, support startups, and contribute to its success.

Chapter 5

RECOMMENDATIONS

These recommendations aim to make the NIC more environmentally conscious, improve communication through feedback, and use technology to monitor and support startups more effectively. They all contribute to creating a more sustainable, responsive, and tech-saving environment for startups within the NIC community.

5.1 Promoting Environmental and Social Responsibility

Promoting the ecological and social responsibility of startups, including those in the software industry, includes promoting conscious operating practices. This includes a focus on sustainable product development, optimizing code for energy efficiency in software development, ethical material sourcing and active community involvement. Moreover, weekly training delivered by specialist teams plays a key role in improving employee performance, which translates into measurable improvements in results.

A solid start is to have a solid code of conduct and ethics, curtailed by the NIC for its startups so that it may protect them legally and professionally, and also nourish their potential.

5.2 Regular Feedback Mechanism

Create a system where startups can easily share their thoughts and opinions about the support they're getting. This could be done in a way that protects their privacy, allowing them to give honest feedback. It's like asking, "How are we doing, and how can we do better?". Feedback is a tool used to improve employee performance. Efficient feedback facilitates growth and enables people to align what the organization needs with what energizes them.[2]. This helps the NIC understand what's working well and where there's room for improvement.

5.3 Smart Monitoring with Technology

To elevate the monitoring of startup progress, we recommend the implementation of advanced tools and technology at the NIC. By transitioning from manual checks to automated systems, the NIC can ensure a more efficient and streamlined process of gathering and analyzing information. This digital transformation will empower the NIC to maintain real-time insights into the performance of supported startups.

In alignment with this recommendation, our analysis of business process management (BPM) highlights five key stages: design, model, execute, monitor, and optimize. Proposing the integration of these stages into the NIC's operational framework presents an opportunity to enhance the overall efficiency and effectiveness of organizational processes. The visual representation below illustrates the interconnected flow of these stages in the BPM lifecycle, emphasizing the potential impact of technology on managing and elevating startup activities.



Figure 5.1: Business Process Management