

## PITA Holds Conference: 'Promoting Investment in the Palestinian Telecommunications Sector'



On December 17, 2007, the Palestinian IT Association of Companies (PITA) held a one-day conference featuring speakers on opportunities in and various regulations governing the domestic information and communications technology (ICT) sector.

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## PICTI to Provide Job Opportunities and Build Micro-Enterprises in 2008

The United Nations Development Programme/Deprived Families Economic Empowerment (UNDP/DEEP) project funded by the Islamic Development Bank will enable the Palestine Information & Communications Technology Incubator (PICTI) to enter the year 2008 carrying out employment generation activities in the information and communications sector, says PICTI General Manager Laith Kassis.

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## Letter from PITA Chairman

### Dear Reader,

On February 11, 2008, several US officials and other stakeholders met with US Secretary of State Condoleezza Rice to discuss her initiative of supporting the Palestinian economy through US-Palestinian partnerships.

Afterwards, when the participants were asked by the press about their activities over the past two months, most of the discussion centered on the success story of the Palestinian information and communications technology (ICT) sector. They also spoke of the coming May Investment Conference, when US and regional businesspeople will be invited to the city of Bethlehem to meet with their Palestinian counterparts for the purpose of business development.

We at PITA, the Palestine Information Technology Association, believe that the ICT sector is the most promising Palestinian sector for investment. The ICT sector has proven itself vanguard, a sector minimally affected by the current political instability, and one agile enough to adapt swiftly to newly-introduced trade constraints and conditions.

Based on this track record, all parties need to ask: what has been the role of the private sector and the government in promoting the fledgling tech community?

A glance at neighboring Israel and Jordan shows that both are either transitioning or already have transitioned from protectionist to market economies and are strategically emphasizing knowledge and technology to leverage their human capital as a natural resource.

Both of these countries have advanced their ICT sectors (in comparison to us here in Palestine) to the extent that the sector contributes substantially to the Gross Domestic Product. The economic success of the ICT sectors in both of these countries is a direct result of strategic investment by the Jordanian and Israeli governments in national ICT programs. This demonstrates that the ICT sector and its success depend on strategic government investment and support.

For example, in Jordan, King Abdullah II has personally championed investment in national ICT infrastruc-

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## PITA Employment Generation Program Kicks Off Second Year 80 Apprentices Graduate in '07

The Palestinian IT Association of Companies (PITA) has launched the second Employment Generation Program (EGP 2), offering 120 fresh ICT graduates one month of general and specialized training. An initial training period will be followed by hiring days, where local companies, organizations and other interested parties will interview candidates.

The EGP seeks to provide learning and employment opportunities to unemployed graduates, while supporting private sector companies and institutions by infusing them with much-needed fresh talent and skills in the area of Information Technology. PITA designed the EGP based on the results of a private sector staffing needs assessment.

Nearly 80 apprentices graduated in August, 2007 from the first EGP, under the auspices of PITA.

Two ceremonies were held for the graduating apprentices, the first held in the West Bank on August 2, 2007. The event, attended by 43 graduates, featured speeches by Amir Dajani of United States Agency for International Development (USAID), EGP graduate Ahmad Aloudeh, PITA chairman Ala Alaeddin, and Omar Sahili of Development Alternatives, Inc. (DAI).

On August 28, 2007, PITA held a graduation ceremony for the 37 apprentices who participated in EGP in Gaza. The event was held at the Al Quds International Hotel, and included speeches by PITA Vice Chairman Mohammad Alami, DAI representatives Rami Wheidi and Mohammad Franji, and EGP graduate Issa Al Eilah.

Graduates received a certificate of completion at the close of the ceremony, honoring the one month of training that they received at area companies, including 104 hours of general training and 56 hours of specialized training in their field of study.

Representatives of participating companies were also present at the events.

The initial EGP was launched on June 13, 2007, in cooperation with the Palestinian Enterprise Project (PED), funded by USAID and implemented by DAI.

On November 21, 2007, the continuing partnership with PED was celebrated by all shareholders, including the apprenticeship graduates, at a Grand Graduation Ceremony. Prime Minister Salam Fayyad spoke at the event, along with a number of important figures in the government and private sector.

The ceremony also celebrated the signing of new memorandum of understanding between PITA and DAI/PED for consultancy and advisory services as PITA carries out its mission to promote the Palestinian IT sector locally and internationally.

The EGP is part of PITA's Firm Level Assistance Program offered to members, and a tool for enhancing the capabilities of the ICT sector.





## PITA Welcomes Government Decision to License New VOIP and Broadband Companies

The Palestinian IT Association of Companies (PITA) welcomes the government's decision to open the telecommunications market and allow more companies from the private sector to compete on providing broadband and VOIP services. On January 3, 2008, the Ministry of Telecommunications and IT issued in a public ceremony licenses to 14 Palestinian companies from the West Bank and Gaza Strip to provide directly internet and telecommunications services to the Palestinian consumer.

PITA was instrumental in backing the government's decision to open the telecommunications market and encouraged the quick but controlled liberalization of the regulations controlling the process. PITA issued a position paper discussing the different steps taken by the Ministry of Telecommunications and IT in opening the Telecommunications market.

The position paper was delivered to the government, trade organizations, World Bank and other stakeholders. As the market is opened, PITA emphasizes the following:

- The right of all registered Palestinian companies to apply for licenses;
- The undesirability of administrative caps on the number of licensed companies;
- The need for very low fees for those providing VOIP services;
- The need to clarify all technical aspects of the license, especially RIO rates; and
- The necessity of creating an independent body to control the telecommunications market.

To compliment the government's effort and to promote the new regulations, PITA, with the help of the Palestine International Business Forum (PIBF) issued a study on the ICT sector and the effect of the new liberalization policy on the Palestinian economy. The study, prepared by Palestinian experts working at local universities, showed a total of \$500 million in additional investment in the sector during the coming five years (2008 to 2013).

The study also found that in the next five years, the number of new jobs directly created by telecom service providers is expected to surpass 2,500. Direct employment by telecommunications service providers is projected to see an annual growth of 10%. (To download the full version of the study, go to [www.pita.ps](http://www.pita.ps).)

To unveil the study, PITA organized a large ICT conference and invited all stakeholders interested in the telecommunications sector to discuss the results of the study and encourage investment in this important sector.

The study and the conference are at the heart of PITA's strong advocacy policy, where management and board are directly involved in creating a healthy business environment with open competition in the ICT market.

## PITA-Sponsored MAP-IT! Day Brings Together Foreign and Local Experts



With an eye towards knowledge-sharing between the countries of the European Union and South Mediterranean countries, the MAP-IT! project began in January 2007 a multi-phased program for tracking and highlighting the opportunities for regional research cooperation in information technology.

On January 28, the Palestinian IT Association of Companies (PITA) hosted an informational meeting on MAP-IT!. The project name stands for "Knowledge Mapping of IT Competencies in the Mediterranean Region and Dialogue Fostering" and it is co-funded by the European Commission under the FP6 IST Program. MAP-IT! includes a special focus on Algeria, Egypt, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria and Tunisia.

"MAP-IT! Day in Palestine" was held at the Grand Park Hotel in Ramallah, with video-conferencing with Gaza. Two experts from Italy's INNOVA S.p.A. company presented the details of MAP-IT! to an audience of Palestinian executives, university professors and private sector institutions. Representatives of PITA also addressed the group.

The day-long workshop was dedicated to cooperation in the EU's Seventh Framework Program for Research and Technological Development (FP7), with special emphasis on the ICT component of the program. The event targeted all ICT stakeholders interested in cooperating with the EU.

Participation in the project could benefit the Palestinian information and communication technology sector by promoting knowledge-sharing concerning trends in Europe, EU methodologies, EU partners and consortiums, as well as promoting the Palestinian ICT sector's reputation in Europe and attaining funding for new activities.

The MAP-IT! project targets NGOs, research institutes, private sector entities, and the public sector. Its target is to create a nucleus of well-trained Palestinian partners who "speak" the language of the EU and participate successfully in calls for proposals. More information can be found at the MAP-IT! website, [www.map-it-med.eu](http://www.map-it-med.eu).

## PITA & Palestine International Business Forum Conference: 'Promoting Investment in the Palestinian Telecommunications Sector'

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The conference, held under the auspices of Prime Minister Salam Fayyad, was attended by key players in ICT, PITA members, businessmen and academics.



Palestinian Minister of Transportation Mashour Abu Daqqa gave opening remarks on behalf of the prime minister. PITA chairman Ala Alaeddin and Palestine International Business Forum (PIBF) country coordinator Iyad Joudeh also welcomed participants.

The one-day conference featured three sessions. First, a panel on "Laws and Policies Governing the ICT Sector in Palestine" was moderated by PITA board member Saed Abdel Hadi. Main speakers were deputy minister of telecom-



munications and IT Sulaiman Al Zuheiri, Paltel Group CEO Abdul Malik Al Jaber, and Exalt Technologies Ltd. managing director Tareq Maayah.

The second session on "Opening the Market: Impact on the ICT Sector" featured the results of a joint study by PITA and PIBH on the economic impact for the five years following the liberalization of the Palestinian telecom market, presented



by researcher Khaled Rabaya. This was followed by a presentation by Wataniya Palestine Telecom marketing director Paul Wade. The session was moderated by Development Alternatives, Inc. business advisor Omar Sahili.

The third session on "Promoting Investment in the Palestinian Telecommunications Sector" was moderated by PICTI general manager Laith Kassis, and included presentations by Yahia Salqan, president and CEO of Jaffa.net Computer Systems. It also included two presentations by researchers



Naser Abdul Karim and Sami Awad, who related the results of the telecom study linked to investment opportunities.

All sessions were followed by open discussion meant to enrich the outcomes of the study and were covered by a number of local and regional TV stations and newspapers.





Letter from PITA's Chairman

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The conference, held at the Grand Park Hotel, was carried out as part of a project agreement between the PIBF and PITA intended to stimulate interest and investment in the ICT sector, particularly in licenses for telecommunication add-on services such as Voice-Over Internet Protocol (VOIP) and ISPs.

As a result of the conference discussions and the researchers' final report, a position paper was drafted proposing legal and regulatory steps. PITA officials met with government officials, including the minister of telecommunications and IT and his deputy, to present the position paper. They continue to follow up with the government for speedy implementation of PITA's recommendations, and are ready to take action if more pressure is needed to implement the recommendations.

More information about the conference, as well as presentations and the final position paper, "Liberalization of the Telecommunication Market in Palestine: The Issuance of Licenses for the VOIP and the Broadband Services" are available on the PITA website.



PITA prepares projects for Palestine Investment Conference

Palestinian IT Association of Companies "PITA" is actively preparing to participate in the upcoming Palestine Investment Conference in the City of Bethlehem, next May. PITA created an Investment Committee from its members to tackle all issues related to the participation in the conference and to prepare national projects aimed at developing the ICT sector. PITA welcomes this great opportunity to present the ICT sector to foreign and local investors and considers the Conference as a valuable opportunity to further the development of the ICT sector.

ture and projects, which has brought proportional results by creating job opportunities and positioning the services sector as a new hub for ICT outsourcing. The telecom sector was fully liberalized in 2004, and by the end of 2005 the ICT sector was the fastest growing sector of the Jordanian economy, with a 50% growth rate and more than 16,000 people employed directly or indirectly in the sector, reports the Jordan Star.

Likewise, in the early 1990s, the Israeli government launched a very ambitious program, funding technological parks and incubator programs through government grants, thereby developing a technology entrepreneurship culture and cleverly leveraging the knowledge brought by recent immigrants from the former Soviet Union. This led to attracting foreign direct investment in technology and bio-technology sectors. As a result, high-tech exports have risen from 30% in 1996 to 48.3% in 2006 as a percentage of total exports. Today, Israel boasts of a knowledge workforce of 100,000 employees, in 2,000 high-tech firms and 3,000 start-ups, and ranking second behind Great Britain in entrepreneurship in Europe, according to Israelvalley.com.

In contrast, the past and current governments of the Palestinian Authority (PA) have acknowledged that the ICT sector is a potential investment and growth area, privatizing the telecommunication sector at inception. Nevertheless, the PA has yet to harness prosperity in the ICT sector, despite the sector's vitality and resilience, as demonstrated by the members of PITA.

Furthermore, over the past few years, international donors' contributions to the Palestinian ICT sector has been minimal and brief, largely due to limited government investment and planning highlighting this sector as a viable and sustainable contributor to the national GDP. The lack of a government champion continues to divert potential investment in this sector towards industries.

Likewise, the current agenda of the donor community is certain to be in alignment with the planning processes of the government. I believe that the time has come for the government of Salam Fayyad to step forward and strategically position the ICT sector to influence the economic growth of Palestine in partnership with PITA.

Also, our colleagues in the private and public sectors are invited to be more conscious of the value of ICT in increasing their own global competitiveness and delivering better services to their constituencies.

In the world we live in, ICT touches every individual and every industry. The ICT sector must be a driving force behind Palestinian economic growth.

The time has come for all of us in the private and public sectors to work together in promoting ICT for the advancement of our people and nation.

Sincerely,  
Ala Alaeddin

## Members News

### **PIT Training Center Raises its Tech Profile**

Professionals Information Technology (PIT) has had a banner year, with the graduation of the first batch of VOIP, networks in the Gaza Strip and its own participation in Expotech 2007.

The training center also closed out implementation of a training project arising out of Consortium Information Systems Bita. It is using the latest website construction technology, similar to that used by the well-known sites Hotmail, YouTube and Yahoo.

### **Star2000 Supplies Market with High-End Video/Audio Systems**

Star2000 is continuing to supply Palestinian clients with high-end video and audio systems of cutting edge technology. It recently outfitted the Palestinian Broadcast Corporation with new studios and master control room equipment.

Sony's professional camera HDW-F900R, used in filming Star Wars, Spiderman and other motion pictures, was purchased for the first time in the Middle East from Star2000 by a freelance cameraman.

PalTel Group has acquired Harris INFOCASTER, enabling it to communicate with its audience with ease and influence. Infocaster is a powerful communications tool for digital signage and broadcasting; it provides a cost-effective, out-of-the-box solution for achieving presentation ideas.

PalMedia is now using the technology of Sony's XDCAM HD & HDV Formats, which provides multi-format capability switching between Standard Definition in DVCAM format and High Definition in HDV format. Editing is done on Apple's Final Cut Pro, whose XDCAM integration applications have greatly enhanced the post-production workflow.

### **PhoenixBird Ltd. Provides Security, WiFi Network Solutions**

PhoenixBird Information Technology & Systems Ltd. has signed an NDA agreement with Axis Software Pvt. Ltd. to provide high-end security, biometrics, fingerprint ATMs, time attendance systems, authentication and allied services in Palestine. Signing the agreement on behalf of Axis was company CEO and president Abhay Khinvasara, with CEO of PhoenixBird Ltd., Yasser Elshantaf.

In other news, PhoenixBird Ltd. installed a METRO Mesh WiFi mobile network system in Rūhen. The METRO system operates in a non-line-of-sight environment with wireless voice and data access, indoor and outdoor. It is based on

the WiFi (wireless fidelity) leading global standard for all-IP wireless/mobile broadband and high-speed packet-based sources, with mobility and roaming features.

The system manages a plug-and-play Wi-Fi card and/or a Wi-Fi adaptor, Wi-Fi S(IP) mobile handsets, wireless CCTV, all-IP network enabling all-IP based services and non-line-of-sight indoor/outdoor mobility & roaming operations.

## PITA Welcomes Newest Members

### **Ahmad Alqudwa & Sons Co.**

Ahmad Alqudwa & Sons Co., located in Gaza, trades in all types of mobile communications and supplies.

### **ID Management Consultants**

ID Management Consultants is a Palestinian consulting firm established in late 1996 to provide consulting services for public, private, governmental and non-governmental organizations. ID works hard to provide the best consulting and development services, applicable and meeting the needs of any organization, at high quality and affordable cost, in the various fields of organizational development, business planning, building and financial systems management, and information technology and studies.

### **International Telecom & Electronics Company (ITEC)**

ITEC is a dynamic new leader in the burgeoning Palestinian communications market that uses innovative and competitive methods. ITEC is introducing the most modern technologies to the Palestinian areas. ITEC is uniquely able to install and support telecommunications infrastructure in a comprehensive and cost-effective manner. ITEC is a private shareholder company established on July 1, 2007 as a daughter company of MOSECO, a Jordanian-based telecommunications company.

### **National Computers & Software Co. Ltd.**

National Computers & Software Co. Ltd. was first established in 1988 and reestablished in 1996 in the city of Ramallah. Its main activities include acting as a Hewlett-Packard Preferred Partner since 2002, carrying out sales and service, and providing parts and accessories. We also provide networking services, office equipment and security systems to our customers. More information is available at [www.ncspal.com](http://www.ncspal.com).

## PITA Website Refreshed with New User Features

The PITA website has a new look with advanced options for the organizations' members and web visitors. The site has been given a look and feel highlighting PITA's mission to support the ICT sector in Palestine and advance the interests of its member companies. An attractive Flash header grabs the eye without distracting from the information available on the website.

The website, which can be viewed at [www.pita.ps](http://www.pita.ps), features information on the founding of PITA and its goals. PITA member companies are able to upload their own profiles in both English and Arabic, and website users can search the member list by region.

PITA is committed to transparency in its operations and, in keeping with this commitment, the website provides the contact information of PITA board members and various PITA committees, as well as documents on the organization's governance.

The website also provides a wealth of information on the ICT sector through soft copies of the PITA tabloid, *Digital Palestine*, and PITA's newsletter, *Connect*. Press releases keep members and users informed of PITA's activities and upcoming projects and events. Members are also able to advertise their successes and projects in the "Member's News" area. Finally, news articles published in the local and international press on PITA's activities are published on the website.

As PITA's main goal is to promote the interests of its members, the organization periodically publishes position papers on legal and regulatory issues facing the ICT sector. These papers can be accessed in the "Documents" section of the website. Photos and position papers from recent conferences are also available from the main homepage.

PITA member companies are provided with a range of services, including access to PITA board and staff, the power of shared PITA lobbying and invitations to international ICT expositions. Coming events and registration forms are available on the website, and PITA members' participation in former fairs and expositions is illustrated.

The website also describes special deals available to PITA members at local and international hotels.



[www.pita.ps](http://www.pita.ps)



# Expotech 2007



For the fourth year in a row, The Palestinian IT Association of Companies (PITA) and Palestine Trade Center (Paltrade) joined together to host the Palestine Information and Communications Technology (ICT) Exhibition, Expotech 2007. The event, held from October 30 - November 1, was remarkable in its simultaneous participation from West Bank and Gaza companies, despite worsening political and economic conditions in the Gaza Strip. It was the first time that Expotech organizers pulled off joint exhibitions, one in Al Bireh and the other in Gaza City, putting on display the best and brightest in the Palestinian ICT sector.

Expotech is the largest trade show held in Palestine. This year, visitors to the 800-meter-square exhibition at Al Bireh's Saleem Affendi halls numbered 22,000. In Gaza, at the Rashad Shawwa Cultural Center, 11,000 came to see the 400-meter-square show.

In total, 54 international and domestic companies participated in the event (39 in the West Bank and 15 in Gaza), displaying top-quality software solutions, hardware (includ-

ing printers, screens and mobile phones), and celebrating the advancement of the ICT sector in Palestine. Four of the 54 were international companies participating through their local branches.

The three-day trade show featured a variety of activities. In full view, companies and organizations displayed their wares and talent. But behind closed doors, PITA organizers also sponsored business-to-business meetings between banks, insurance companies and non-governmental organizations. Here, potential clients heard presentations on the types of software and hardware solutions available to them relating to their line of work. A drawing was organized for the visiting public, with prizes donated by various companies and organizations.

Many officials visited the exhibition, including Prime Minister Salam Fayyad and the ministers of tourism, youth and sports, communications and IT and local economy. Various consul-generals and officials were also represented.





This year, the exhibition's themes were "Technology, Unity, Development". Organizers chose these as the fundamental elements required for developing the ICT sector to serve Palestinian society. Despite economic hardship caused by the closure of the Gaza Strip and travel restrictions in the West Bank, organizers insisted on holding the trade show simultaneously in the two divided areas of the Palestinian homeland to underscore the unity of the sector and the level of advancement that the sector has achieved. A live video-uplink between the Gaza Strip and West Bank exhibitions joined the events virtually.

Expotech 2007's main sponsor was Paltel Group. Its insurance sponsor was the Arab Insurance Co. Ltd. The exhibition was also supported by the Islamic Development Bank (Al Aqsa Fund) and the United Nations Development Programme.



## **PICTI to Provide Job Opportunities and Build Micro-Enterprises in 2008**

(Continued from front page)

PICTI executives are implementing opportunities for unemployed ICT graduates from low-income families. These are either market-driven micro-enterprises or a PICTI employment generation project conducted in close cooperation with companies in the sector (most of them members of the Palestine IT Association of Companies or PITA), said the PICTI general manager.

PICTI's role in this project, said Kassis, includes training applicants in technical, managerial and entrepreneurial issues, as well as following-up on contractual issues among all stakeholders. PICTI's work is also made possible through annual support for the organization extended by PalTel Group.

PICTI IT & Operations Manager Hasan Omar said that preparation for the UNDP/DEEP project began with a marketing campaign of newspaper advertisements and word-of-mouth dissemination, resulting in the receipt of more than 300 applications from unemployed recent ICT university graduates.

Omar also thanked PITA member companies for demonstrating their interest in this project through widespread attendance at the preparatory workshops held by PICTI and preparation of the paperwork necessary to describe the job opportunities available at their companies. Twenty PITA member companies expressed willingness to take part in the UNDP/DEEP Project, which it is estimated will employ some 70 recent ICT graduates from the West Bank and Gaza. PICTI will play the role of intermediary and matchmaker between the companies and graduates.

PICTI has also received nine applications from various ICT companies willing to outsource and sub-contract with micro-enterprises in other regions, a networking relationship PICTI intends to institutionalize as part of the UNDP/DEEP project, said Mr. Omar. These micro-enterprises will support PITA companies that have recently obtained broadband and VOIP licenses from the Ministry of Telecommunication & IT, thus providing job opportunities in ICT outside of Ramallah.

UNDP/DEEP Project Manager Hana Beida reports that company applications have been entered into the UNDP database in preparation for the process of matching them to household surveys of accepted new graduates in order to place the applicants in their working areas.

## **PICTI Joins Regional Training in 'Individual Accompanying Techniques of Innovative Projects Holders'**

Palestine Information & Communications Technology Incubator (PICTI) Operations and IT Manager Hasan Omar participated in a four-day training seminar, "Individual Accompanying Techniques of Innovative Projects Holders", conducted by Medibtikar - EuroMed, Innovation and Technology Programme held in Amman from December 4-7, 2007. In addition to Palestine's representative, 12 other representatives from Jordan, Egypt, and Turkey also participated.

Medibtikar - EuroMed Innovation and Technology Programme was initiated by the European Commission on behalf of MEDA beneficiary countries and territories. The program runs for three years and has a budget of €7.3 million. Medibtikar will disseminate innovative practices by developing exchanges between planners, policymakers and stakeholders in the MEDA region and building and strengthening relationships with European public and private partners through the establishment of strong and active networks. Its programming includes both regional training opportunities and supporting tools, case studies and promotions.

Medibtikar seeks to develop indigenous capabilities for adapting innovation, technology management concepts and R&D to promote overall competitiveness in MEDA countries. The project aims to fill an important gap in developing innovativeness in business and strengthening innovation systems in MEDA countries through strengthening the innovation management skills of various actors, encouraging regional collaboration and the transfer of knowledge among innovation stakeholders, and stimulating networking across the MEDA region, and between the region and the countries of the European Union.

Omar said that Medibtikar training in Jordan began with an overview about Medibtikar itself, followed by a presentation on the "Strategies and Promoting Devices of Innovation and Entrepreneurship," and "Innovation Processes in SMEs". Medibtikar trainers on the second day talked about "Information Flows and Risk Management", then concentrated on "Innovative Business Model Development and Marketing Strategies". Presentations on the third day covered "Collective Techniques for Accompanying Innovative Projects", and "Adapting Presented Techniques in the MEDA Context". The topics discussed on the final day concerned "Financing Innovative Cycles and High Potential Innovative Projects", "Financing Needs and Instruments, Early Stage Financing", and "Investment Strategies, Building a Business Plan and Presenting to Investors".



## PICTI Develops Strategic Relationship with ASTF



The Palestine Information & Communications Technology Incubator (PICTI) has developed a strategic relationship with the Arab Science and Technology Foundation (ASTF). Through this relationship, PICTI participated in the 5th International Forum on "Investing in Technology," which took place in Amman, Jordan on December 13, 2007 under the patronage of King Abdullah II.

During this forum, PICTI General Manager Laith Kassis introduced the incubator's technology investment and incubation model for establishing technology-based start-ups. Kassis also described the professional services that PICTI offers to Palestinian entrepreneurs in establishing companies, product development, operations management, marketing products, developing business plans and linking the entrepreneurs with investors.

Kassis also participated in evaluating business plans submitted by Arab entrepreneurs competing in the 2nd Arab Technology Business Plan Competition. (It's worth noting that PICTI itself worked to guide and prepare Palestinian entrepreneurs to participate in this contest.) As a result, ten Palestinian entrepreneurs submitted business plans to the ASTF competition.

PICTI's objective is to market Palestinian technology-based innovations in order to compete with fellow Arabs regionally, with the opportunity for competing internationally at a subsequent University of California-Berkeley competition for short-listed business plans. Its other main objective is to network between Palestinian entrepreneurs and Arab investors and businesspeople who attend the Amman forum.

In pursuit of these goals, PICTI is building relationships with a group of institutions, companies and Arab businesspeople who are interested in investing in technology in order to capitalize on new investment opportunities presented by Palestinian entrepreneurs.

During its participation in this forum, PICTI observed several new investment trends in technological investment in the Middle East. These related to energy conservation, alternative sources for power production, and irrigation and fresh water technologies.

Prizes for the 2007 Business Plan Competition overwhelmingly went to Egyptian entrepreneurs. Their secret to success was the availability of developed prototypes supporting and accompanying their business plans. Examples of these innovations includes: a computer mouse that allows the user to interact with the PC in 3D; medical equipment for quickly checking cancerous cells, and a security pen-shaped gadget that controls personal security on the Internet, particularly when conducting financial transactions (the tool scans fingerprints in a biological identification that is accompanied by handwriting recognition for two levels of security). When asked how these entrepreneurs financed their innovations, they said they found resources from wealthy Egyptian individuals acting as business mentor, or through family and friends.

The ten Palestinian business plans were missing early prototypes that could have made it easier for investors and businesspeople to understand their innovations and digest their uses. This was one of the lessons learned that will help Palestinian participants prepare for the year 2008 competition. PICTI will communicate this experience to universities and entrepreneurs and better publicize the contest organized by the ASTF.

In the absence of a business mentoring culture in the Palestinian technology sector, PICTI will also continue with its endeavors to fundraise for much-needed seed funding for the benefit of technology entrepreneurs, as well as inviting the donor community, the private sector and Palestinian institutions to dedicate funding for technology proof-of-concept and seed-stage financing as new equity-based financial tools.



### 6 Steps to Creating an Innovation Eco-System in Palestine

by Laith Kassis

*There has to be an eco-system for technology innovation where the Palestinian government, the international and local corporate world, academia and the donor community all play a complimentary role, anchoring the Palestinian technology entrepreneur. I will list here six ways of creating an entrepreneurial society as a means of transitioning our national economy towards science and technology based on knowledge and entrepreneurial competitiveness.*

#### 1. Support from the Palestinian Authority

Economic success stories in the US, Europe and even Japan share something in common. In nearly all the cases, the governments were not just early investors in technology Resource and Development (R&D), but – most importantly – these governments were customers.

Most capitalists overlook the premise that true Small and Medium Enterprise (SME) development does not result from providing “start-up” capital. The success stories of Silicon Valley, particularly in the early days, have far more to do with the government’s role as an early buyer, rather than early investors. Even today, examine how the government (even local governments) in the US, Europe and Japan are willing to subsidize clean energy technology and to pay above market rates for domestic production and adoption of these new clean energy technologies.

Let us remember an important fundamental in financing technology start-up companies. Each dollar in seed money and early investment is a dollar spent. The same dollar in revenue during these critical early stages of the life of the technology start-up company is the basis for debt financing at three to four times its value, and equity financing at six to ten times that value.

In other words, one seed dollar remains a dollar, allowing start-up companies to escape the valley of death and aspire for the mountaintops through early financing.

In that light, what can our Palestinian government do today?

- Immediately, the Palestinian Authority can channel some foreign aid towards seed and early financing for technology start-up companies and new spin-offs. For example, in the current environment, the government might want to endow special funds from the Reform and Development Plan.

- Immediately, the government can initiate tax and purchasing policies that give preferences to purchasing or becoming early adopters of new technology or technical improvements made by local SME innovators. Furthermore, in western countries, information technology solutions for document management and archiving systems, taxation, department of motor vehicles and the like are required and mandatory by law, which also assists in diffusing technology throughout government, industry and civilian life.

- Furthermore, the government can and should play a role in bringing in technology multinationals and international corporations to invest in Palestine by developing a growth strategy for the ICT sector in partnership with the Palestinian IT Association of Companies as the

private sector representative. Such strategies include the sponsorship of technology funds, incubation programs, and a technology park housing an outsourcing and application development center, as well as launching an ICT strategic alliance program with regional and international counterparts. This will spur further innovation and increase the markets for these innovations.

- Finally, at the policy level, the financing gap for new start-ups needs to be addressed. Establishment of venture capital funds, venture capital regulations, including seed and early stage investment as part of the Company Law and the Intellectual Property Rights for Technology to attract Foreign Direct Investment, are all essential ingredients for driving the investment and growth of the ICT sector.

#### 2. Institutionalization of Technology Entrepreneurship at Universities

Perhaps no other role is as critical in the innovation eco-system as that of academia.

Currently, most academic programs at Palestinian universities are geared towards graduating youth that are eager to join the market as paid white collar professionals and not as professional entrepreneurs. In contrast, the latest trend in the US higher education system is to develop industry-relevant technology entrepreneurship education (e.g. the partnership between Intel and the University of California at Berkeley). The foundation for this educational philosophy is that entrepreneurship is a management process and not a personal or individual characteristic and trait; as a process, it can be taught at academic institutions to increase the likelihood of entrepreneurs to succeed in entrepreneurial start-up careers.

Furthermore, the Intel + UC Berkeley curricula and business plan tool have together become the best metaphor for entrepreneurial education, which differs from the classical “corporate management” business courses taught in business disciplines and classes. In other words, our academic institutions need to take into account that early entrepreneurial activities have their own unique attributes, and as such entrepreneurial education should focus more on the process of defining a business idea and opportunity recognition, i.e. developing a successful business model that is scalable, the process of building the prototype, getting the first customer shipment out, and learning how to go from a prototype to a truly scalable product tied accordingly to back office operations.

Even human resource management in start-ups differs from HR management in the “corporate” world. In a technology start-up, the entrepreneur should know how to assemble the start-up team and methods of compensating and recruiting a complete team rather than managing an existing workforce of professionals.

Likewise, the financing topic for technology entrepreneurs also differ from those at later corporate stages, whereby gathering scarce financial resources, raising institutional seed money, trading equity ownership with wealth over time are the main dynamic elements during the life cycle of the entrepreneurial venture and the start-up company. Every technology entrepreneur need to be equipped with such fundamentals and know-how on these topics to increase the success.

Remember that part of the entrepreneurs’ mission is to acquire resources (people, technology rights, and money) for the benefit of the enterprise. I have seen programs at universities teaching entrepreneurship as a form of SME management or catering to family businesses to teach how to operate existing small businesses. However, technology entrepreneurship is all about educating individuals about potentially big companies that tend to start up small. It is about knowing the stages of the start-up company in its life cycle as it grows to join the corporate world. It is about creating new products and new markets and bringing technology solutions to compelling market needs.



Entrepreneurship classes at our universities need to teach that entrepreneurial success is enhanced by team endeavor. Entrepreneurship is a team sport. This is the secret to be able to acquire the scarce resources (people, technology rights and money) in pursuit of the identified opportunity. Another principle for teaching technology entrepreneurship is that there is no other tool better than a business plan to communicate your need for such resources.

It may also be difficult for purely academic staff to teach these subjects without support. University programs should be developed integrating the experience of entrepreneurs through a managed process of guest lecturing, use of relevant case studies, perhaps even designing and leading a new entrepreneurship course of study.

Some possible courses include topics such as “technology entrepreneurship”, “business plan writing”, “technology entrepreneurship financing”, “starting your own technology business”, “marketing technology products”, etc. Course activities would include case methods, use of guest speakers, and organization of business plan contests to be conducted locally at campuses and regionally between universities to stimulate the spirit of ethical competition. These activities are bound to bring theories much closer to practice and will make the learning experience a fun and a rewarding one for students.

### 3. Engaging Successful Entrepreneurs and High Net Worth Individuals (HNI)

It pleases me to note the presence of the successful entrepreneurs and HNI (business owners, lawyers, accountants, consultants, bankers, etc) in our society. The foundation for an innovation eco-system is located in the HNI.

These individuals, however, have yet to contribute the “three Ts” back to society: Time, Treasure (money) and Talent.

A healthy entrepreneurial eco-system will have all manner of technical and business talent manifest itself, available on at least a consultancy basis if not on the basis of donated time and talent. With a change of attitude and culture, I think we have few HNI that can teach future generations by example. Some of the initiatives that these individuals can undertake are:

- Taking an active role to become guest speakers at universities in promoting entrepreneurship.
- Become “angel” investors themselves, providing start-up capital, and serving as catalysts linking local SME with the corporate world and holders of large pools of capital, which they themselves are part of.
- Share their business experiences and management know-how in the form of mentorship, advisory and serving on the boards of directors of start-up companies.

I realize that the above requires a change in social culture – a culture that should be based on awareness towards advancing and uplifting other individuals, and one not constrained by social or monopolistic business boundaries, the taboo of the fear of failure or disrespect for the intellectual property of others.

### 4. Development of Entrepreneurial Students

Students can support their faculty and start being pro-active in developing initiatives of entrepreneurship programs at their own campuses. They can do this through organizing and energizing, committing to business plan contests on campus, forming technology entrepreneurship clubs and carrying out other similar activities to nurture leadership and presentation skills in students, which are crucial to success in the information and communications technology.

### 5. Involvement from the Corporate World

US industry has recognized that it can move from the inefficient R & D model to a corporate merger and acquisition (M & A) model. Only

those technologies that make it into the hands of substantial venture equity and private equity investors have a chance at commercialization and, of those, only a small fraction have been able to survive long enough to become targets for M & A by large corporations.

As such, most innovation is moving out of the corporate world, as its vanguard lies with technology entrepreneurs. Nevertheless, most of these early start-up companies (such as “gorilla” high-growth companies such as Google) find themselves back into the corporate world in less than a decade. I recently learned that the financial success of CISCO has depended on acquiring new innovation from technology entrepreneurs, rather than developing new innovation internally.

Indeed, while US industry conducts less than 20% of all basic research, its funding priority has shifted from seeding research to buying innovative start-up companies. By 2004, seed capital in the US for new start-up companies was slightly under US\$2 billion while merger and acquisition financing exceeded US\$8 trillion (nearly the equivalent of the entire US GDP).

What worked in the US, and what can we learn from that to making the purchase of innovative technology start-up companies in Palestine a similar success?

### 6. Engagement from Development Agencies and Organizations

Job creation and poverty alleviation in Palestine is best dealt with by enabling people to create economic value. Value is created through imagination and innovation which is implemented and translated into goods and services sold in a competitive market.

Sheltering new businesses in a dynamic environment such as a business incubator puts us one step closer to ensuring the survival of a young business able to develop new products and services.

Supporting the entrepreneurial technology process and helping individuals or companies with business ideas that have high growth and the potential to generate employment and contribute to the competitiveness of the local economy becomes a public good. This is indeed a noble role for development agencies.

The challenge ahead, however, is to have specialized departments within financial institutions that are willing to take a little more risk when it comes to financing new technology start-up businesses. One completely understands why the traditional commercial banks shy away from financing unproven business ventures. For this reason, there is a need for specialized teams that understand the potential of a product offered by a young innovative start-up, and are willing to take calculated risks to finance these entities. A good product, good management, market access are important elements, but just as important is a firm’s financial capability to accomplish its goals.

True innovation in Palestine will be drawn not from competition but from cooperation. Efforts to collaborate on small- and large-scale challenges and common interest projects should be the norm. If we are not ready to upscale our participation as a society in the innovation eco-system, we will not be able to develop a working model for innovation.

At this point of time, it is not important to produce success stories in commercializing innovation; individual breakthroughs will come every once in a while. Instead, we must develop a successful and working model of an innovation eco-system that will spur more innovation for commercialization. You, too, reader, must take ownership of your role in this value chain.

**PICTI Workshops**

**‘Marketing Technology Differs From Marketing Fast-Moving Consumer Goods’**

Marketing technology may not be the same as marketing consumer goods, says Palestine Information & Communications Technology Incubator (PICTI) General Manager Laith Kassis.

To sell technology, marketing strategies must be altered from the traditional “Procter and Gamble” method of marketing fast-moving consumer goods.

Exhibition participation by information and communications technology (ICT) companies may not translate to increased sales, notes Kassis. Nevertheless, this public relations exercise helps to orient customers and maintain relationships through your products and services.

Kassis gave presentations at PICTI headquarters and the Grand Park Hotel in Ramallah on contemporary concepts in technology marketing, basing his talks on the books of Geoffrey A. Moore, *Crossing the Chasm* and *Inside the Tornado*.

The PICTI general manager explained what is referred to as the “Technology Adoption Life Cycle” and various types of technology consumers – the enthusiast, early adopters and early majority pragmatists. The presentation also focused on concepts such as valuing your product and the reasons consumers are compelled to buy.

Marketing and sales are actually different processes, pointed out Kassis. He said that the prevailing high-tech marketing model – the notion that rapid mainstream market growth could follow continuously on early market success – is actually fundamentally flawed.

Instead, customer marketing rules differ from the time of early market development to the point when the technology crosses over into mainstream markets.



The sponsored presentation described the various technology marketing strategies needed to perform this cross-over – strategies with memorable names such as “Beachhead”, “Crossing the Chasm”, “Bowling Alley” and “Inside the Tornado”.

For example, the “Beachhead” marketing strategy has the goal of attaining a niche foothold for a technology in the mainstream as quickly as possible. It achieves this by selecting a consumer segment within the mainstream market and targeting it for marketing, achieving dominance for the product and service provider within the segment, and then moving on to another segment of the mainstream. The process of transitioning from one segment to another of the mainstream is what has become known as the “Bowling Alley” strategy. Certain criteria govern how to best use these strategies, and Kassis described them in his presentation.

In addition, he provided IT examples of how companies have used the various marketing strategies, as well as local case studies of financial software developers and a planning tool for preparing and entering the market.



*"The marketing seminar by PICTI was an eye opener for DataSet Software Tech, as it prompted us to revisit our sales strategy and approach to the market. We were excited to understand our successes and drawbacks as well as appreciate marketing as an indispensable tool in our work. We are convinced that this seminar is among the tools that are needed for any IT company to succeed and execute its strategy rationally. DataSet thank you for a job well done and renews its commitment to participate in such activities in the future."*

Munther Dakkak  
CEO  
DataSet



### PITA Overview

The Palestinian Information Technology Association (PITA) was founded in early 1999 in Ramallah, Palestine as a membership-based organization for domestically-registered companies in the ICT sector. The association represents 75 companies from various sub-sectors including hardware distributors, software development firms, office automation vendors, Internet service providers, telecommunications, ICT consulting, ICT training and related businesses.

#### Our Purpose

To represent the collective interests of the private IT sector in Palestine

#### Our Vision

To lead the positioning of the ICT sector as the economic pillar of Palestine

#### Mission Statement

- To promote and defend the private ICT sector by advocating business-enabling policies, mechanisms and environment through public/private partnership.
- Promoting the Palestinian ICT sector locally and internationally by facilitating access to markets that benefit PITA members
- Engaging the technical and non-technical ICT human resources and related institutions in-order to expand the pool of qualified ICT sector personnel and uphold its professional standards

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### PICTI Overview

**Mission Statement:** PICTI's mission is to design, develop and implement initiatives that will lead to the creation of innovative entrepreneurial enterprises focused on ICT. Key competitive advantages of PICTI include its governance structure that provides access to economic clusters, its dedicated staff with incubation know-how, its clients, and an initiative underway to structure a seed fund for the benefit of pre-revenue start-up companies incubated at PICTI. PICTI aims to develop the Palestinian Micro, Small and Medium Enterprises (MSME) sector as a means of generating new jobs, attracting foreign investment and improving the economic situation in the Palestinian territories.

**Strategic Objective:** Political uncertainty and difficult economic conditions continue to severely impact the ability of Palestine's ICT sector to efficiently, effectively, or competitively gain access to markets for its goods and services. The specific actions required to overcome these impediments will be a key focus of PICTI in the design, development, and implementation of the ICT sector support infrastructure to be established. PICTI will craft promotions and marketing strategies that will separately and uniquely focus on the development of, and access to, business opportunities in regional and international markets for Palestinian ICT firms. But most importantly, PICTI will identify and support the technical, intellectual and managerial talent of young entrepreneurs who can become the backbone of a dynamic export market for ICT products and services in Palestine.

**Global Market Focus:** PICTI utilizes a diverse network of industry professionals that will help identify and assess future ICT development trends where high-value-added regional and/or international niche markets will emerge. Within these niche technology applications, it will be necessary to identify those that will be applicable to a wide cross section of industry sectors and that will maintain strong, sustainable growth acceleration into the future. The Incubator will work closely with its client firms to channel and focus their entrepreneurial zeal and technical talent into developing those expertise required for successful entrée into these valuable niche markets.

**PICTI Partners:** A partnership agreement between the founding partners, PITA, Palestine Banking Corporation (PBC), and PalTrade, resulted in the establishment of PICTI. USAID funded PICTI operations for three years, with this support expiring on September 29, 2006. Paltel Group replaced the PBC as of November 2006.

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