



“ CresVentures is an Angel Capital firm. Simply put, we connect tech entrepreneurs with resources, at an early stage, to kick-start the next big idea ”

Mr. Humayun Mazhar

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ICMA Pakistan: First of all, please tell us about the vision, role and core area of activity of CresVentures?

HM: CresVentures is an Angel Capital firm. Simply put, we connect tech entrepreneurs with resources, at an early stage, to kick-start the next big idea. We are focused on investment in tech startups in Pakistan who are focused disrupting the Pakistan market with innovative tech solutions for a large addressable market.

ICMA Pakistan: Can you mention few prominent startups in which CresVentures has invested funds? What are preferred sectors?

HM: The prominent startups in which CresVentures have invested include Sukoon- a startup for home-based services, and Shahi Sawari - a door-to-door pickup and drop service for regular commute. Our preferred sectors are Travel and logistics, Home and office space, healthcare and Artificial Intelligence (AI).

ICMA Pakistan: How do you see the growth potential of startup business in Pakistan?

HM: The startup ecosystem in Pakistan is in early stage, however the potential of growth looks very promising. The number of startups coming out each year have significantly increased and so has the number of investors. However, we need to be focused and try to direct growth in certain verticals i.e. verticals which are not only pertinent to Pakistan but are also attracting significant portion of global Angel/VC funds.

“Just an increase in number of startups coming into the system is not the answer. We need to be focused on Verticals attracting hot money across the globe”

ICMA Pakistan: What are main challenges for an emerging startup in Pakistan and how these could be overcome?

HM: Tech startup is not defined in Pakistan i.e. it is radically different from a traditional startup. Therefore, I think that the regulators like SECP, FBR and Punjab Regulatory Authority (PRA) need to acknowledge this fact and provide a conducive environment for its enablement. Similar is the status of Angel Investment/investor.

The best Angel Investor/ Tech Startup growth incentive package in the world is being offered by the Australian Government, closely followed by the UK and India. We need to learn from these enabling environments and incorporate the necessary changes in regulation of Tech Startups and Angel Investment. A proposal in this regard is pending for consideration with the Securities and Exchange Commission of Pakistan.

ICMA Pakistan: Do you think the Government is doing enough to encourage entrepreneurship culture in Pakistan?

HM: I think setting up of the National Incubation Centers (NICs) by the GOP/Ignite is the right step in this regard. However, just an increase in number of startups coming into the system is not the answer. We need to be focused on Verticals attracting hot money across the globe. Once again enabling regulatory environment i.e. for tech startups and Angel Investment is the need of the hour and the Government of Pakistan is found wanting here.

ICMA Pakistan: How you relate startups growth with the overall economic growth of the country? Are our policy makers aware?

HM: I fully endorse that SME /Startup growth is essential for the overall economic growth of the country. I don't think that the policy makers are aware of how to make Pakistan a significant player in the tech startup arena.

ICMA Pakistan: How do you compare our IT exports with competing countries like India?

HM: This is not an area of my expertise; however, I think that lack of sufficient trained skills and geo-political situation of Pakistan is restricting our potential in this regard.

ICMA Pakistan: Do you think professional accountants can become a good entrepreneur?

HM: An entrepreneur by definition is someone who takes risk by setting up a business entity to gain profit. A professional

accountant on the other hand is someone who by definition is risk averse. However, there are examples of successful entrepreneurs who were professional accountants in traditional business due to their attention to detail and systemic approach. If we are talking about tech entrepreneurship that is a totally different ball game i.e. the global mortality ratio in this sector at best is 20%, perhaps not suitable for the skill set of a professional accountant.

ICMA Pakistan: How can our both organizations promote startups and develop entrepreneurship in Pakistan? Please suggest few areas of mutual cooperation.

HM: A tech startup is funded in a radically different way as compared to a traditional startup i.e. a promising tech startup in Pakistan at idea stage is typically valued at US\$ 200 thousand; it may be valued anywhere from US\$ 500 thousand to a million if it has a MVP or traction. These startups are looking at an investment of anywhere from US\$50 thousand to US\$500 thousand whereas their capital base is nominal.

In the absence of any hard assets the investment and evaluations decisions are typically based on the promise of their idea and the quality of founders. Most of these startups raise money through offering equity, at premium, or through CDN. Similarly, an Angel investor typically does not cross the threshold of taking the more than 30% stake in these startups. This results in high premium paid for equity, which may require 3rd party evaluation. Similarly, most of the Investors want the founder equity to be vested and there are various mechanism used for the same. I think this is an area where collaboration with ICMA Pakistan will be very beneficial to the startup ecosystem.

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ICMA Pakistan: What are your views on proposal of jointly organizing sessions on startups for our members and students?

HM: I think this is a good idea, we can do it either in collaboration with CresVentures or The Indus Entrepreneurs (TiE), Lahore Chapter i.e. <https://hub.tie.org/c/tielahore>.

ICMA Pakistan: What is your message to students and members of ICMA Pakistan for jointing startup community?

HM: I think there is a large potential for accounting-based tech startups and we see very few of them coming out of the current startup eco system in Pakistan. The valuation and investment side of the startups is another area for your students and members to consider getting involved in.

The Editorial Board thanks Mr. Humayun Mazhar, President, The Indus Entrepreneurs (TiE)- Lahore and CEO, CresVentures - An Angel Capital Firm of The Crescent Group for giving his exclusive interview for Management Accountant Journal.