



THE STATE OF SMALL AND MEDIUM ENTERPRISES IN DUBAI CASE STUDIES

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INTRODUCTION

The Report on the State of Small and Medium Enterprises (SMEs) in Dubai will not be complete without highlighting actual case studies in each of the themes of International Orientation, Innovation, Information Technology Adoption, Human Capital Development and Corporate Governance.

Here we present ten case studies – two for each of the five themes.

Dubai SME is proud that the Emirate has such firms with visionary CEOs executing strategies that bring their businesses and organizations to the next level. The case studies illustrate the perseverance, capabilities and investments made by these business leaders to professionalize their companies, develop talent, seek new markets and engage customers.

We hope that readers will understand better the themes of the report through the case studies, and in the process learn how these SMEs do it.

Chapter : 1 INTERNATIONAL ORIENTATION



“

We constantly improve our products through Corrective Action Reporting. Our micro processor based products can cater to ‘7’ types of power disturbances. No other product in the market offers this benefit.”

“

Our vision is to be the market leader in sleep products in the MENA and Gulf region and provide consumers with healthy sleep and healthy sleep products”

*Mr. Hassan Abbas Ali Al-Hazeem,
Managing Director,*



Providing “Made in the UAE”
sleep solutions for the region

Managing Director

Mr. Hassan Abbas Ali Al-Hazeem

Year of Establishment

1974

Line of Business

Manufacturing of polyurethane
foam, mattresses, furniture & bed-
ding accessories

Background of the Managing Director

Banking

Intercoil International L.L.C., ranked fourth in the Dubai SME 100 rankings for 2011, is the pioneer of polyurethane foam and mattress manufacturing in the UAE as well as the Gulf region. The company was incorporated in 1974 as ‘International Foam and Furnishing Company’ by Mr. Abbas Ali Al-Hazeem. Currently, it is involved in production, distribution and retail of sleep products under three brand names - Intercoil, Simmons and Therapedic. Intercoil presently exports its sleep products to 22 countries in the Middle East, North Africa and South Asia.

Background to the Company and its Evolution

Mr. Abbas Ali Al-Hazeem (a Kuwaiti national) started setting up business ventures by establishing a trading company in Kuwait in 1958. Later, he founded a carpet factory in Syria in 1962 and yet another one in Egypt in the late 1970s, followed by establishment of Intercoil in 1974 in Dubai. Mr. Abbas Ali Al-Hazeem's passion for business and his vision of cross border expansion inspired his son Mr. Hassan Al-Hazeem (who took over the family business in 1999) to strengthen the company's market leadership across the MENA region. When Mr. Hassan took over the business, he focused on rebuilding the entire organization in terms of its HR strategies and policies, brand image and international orientation.

Initially, Intercoil was established as a foam manufacturing company and it later diversified into manufacturing of furniture and mattresses. Currently, Intercoil has three main manufacturing divisions - polyurethane foam, furniture and mattresses. The company's headquarters and one of its manufacturing units is located in the Al Quoz Industrial Area, Dubai. With an increasing demand for its products, Intercoil felt the need to enhance its manufacturing capabilities and thus it established a new state-of-art manufacturing plant in Ras Al Khaimah in 2012.

In order to offer a comprehensive suite of sleep solutions to consumers, Intercoil has partnered with Therapedic and Simmons Bedding Company. In 2002, Intercoil acquired the license to manufacture and distribute Therapedic (one of

the leading brands in the US for sleep solutions) products for the GCC region. In 2010, Intercoil became the licensee of Simmons Bedding Company, one of the world's largest mattress manufacturers, for manufacturing as well as distributing Simmons' products across 10 countries in the MENA region.

Focus on International Orientation

In the beginning, Intercoil primarily catered to the domestic demand for its products and exported to only a few of the GCC countries through dealers in those markets. The key turning point for the company was in 2005 when it established its first legal entity (outside the UAE) in Oman. At present, Intercoil has eight distribution centers across seven countries. Overall, the company has more than 50 distributors and vendors across 22 countries in the GCC (Bahrain, Qatar, Kuwait, KSA, and Oman), Levant Region (Lebanon, Jordan, Syria) and South Asia.

The regional and international expansion for Intercoil meant catering to varied market needs. For instance, in the case of Jordan and Lebanon, there is a higher demand for pocket coil mattresses (more advanced type of coil as compared to open coil mattresses demanded in the GCC countries). Consequently, Intercoil has to constantly modify its product mix and evolve its products according to the varied demands of the different markets.

A high degree of geographical expansion also meant higher competition for the company from other regional and international players. In order to differentiate itself from its competitors, Intercoil constantly strives to upgrade its product offerings through incorporation of customer feedback and introduction of technological advancements. For instance, while its competitors only offer standardized sleep products, Intercoil offers customization of its products and end-to-end interior solutions according to the tastes and preferences of its customers.

The company also focuses extensively on continuous research and development to launch innovative products. For instance, it has launched the Ghalya Collection of mattresses, which is specifically targeted at chil-

dren. These products were developed in consultation with pediatric experts in order to identify the sleeping comfort requirements across a child's growth stages (infant, toddler and child).

As part of its strategy to be closer to customers, Intercoil has forward integrated into the retail segment by launching the sleep gallery concept (retail outlets) in order to provide a one-stop solution for all the bedding and linen accessories requirements of its customers. In terms of its retail presence, Intercoil has 24 retail outlets, of which 13 outlets are located in the UAE and the remaining are located across the MENA region (Jordan, Lebanon, Saudi Arabia, Kuwait, Qatar and Oman).

In addition to catering to the end user segment directly, the company also has an extensive client base across furniture retailers, governmental institutions, hotels, and residential projects.

In addition to investing in product and geographic expansion, Intercoil has invested significantly in generating public awareness towards the importance of healthy sleep.



“

We customize our products according to the client's requirements. Other market players do not focus on customization. We have an interior design department that adapts our products and provides complete interior solutions as per the client's needs.”

- Mr. Hassan Abbas Ali Al-Hazeem,
Managing Director,

As a part of this, it has conducted a number of campaigns in Dubai-based schools to highlight the importance of nutrition and sleep in the healthy growth and development of children.

Impact of Focus on International Orientation

Over the last 10 years, Intercoil has progressed towards the company's vision of being a market leader in the category sleep products and has witnessed several milestones during this journey. The company has evolved from being a domestic market-oriented company to being a highly internationally oriented company through enhancement of its export capabilities across 22 countries.

During this transformation, the share of exports in its total revenues has grown from less than 10% in 2000 to 40-45% in 2012. The company's focus on developing its international business is also highlighted by the fact that more than 10% of the company's employees (42 out of the total workforce of 350) are working dedicatedly on handling the company's international business.

Key Challenges

Mr. Hassan highlights that meeting the varied legislative requirements to set up their business operations in other GCC countries was the key challenge faced by the company. Also, difficulty in finding the right people, limited access to bank finance to fund expansion and managing cash flows on an ongoing basis have been the other key concerns for the company.

However, Mr. Hassan's clear vision and his commitment to business helped Intercoil to traverse these barriers and emerge as a market leader in the industry.

Awards and Recognitions

Intercoil was ranked fourth in the Dubai SME100 rankings for 2011 and was ranked seventh on the sub-rankings for International Orientation.

Intercoil has also received an appreciation certificate as part of the Dubai Quality Appreciation Programme (DQAP) instituted by the Government of Dubai and the Department of Economic Development (DED), Dubai.

'Challenges drive us' is one of the core values at Intercoil. Driven by this passion, Intercoil has broken the following three Guinness World records:

1. Year 2000: Largest spring mattress
2. Year 2007: Largest bed set
3. Year 2010: Largest human mattress dominoes event

Mr. Hassan strongly believes that a key factor contributing to the company's ability to achieve its goals has been implementation of decentralization and delegation of authority across the organization.

Future Strategic Objectives

From a future perspective, Intercoil plans to strengthen its leadership position in the UAE, GCC and other Middle East countries by boosting its physical presence in some of the untapped MENA markets. Over the next five years, the company also plans to increase its retail outlets from 24 to 70 across the MENA region (by setting up more stores in its existing markets as well as entering into the retail segment in new markets). Finally, the company aims to augment its manufacturing capability through capacity expansion, improvement in production technologies and further automation of its manufacturing processes. Intercoil also plans to increase its focus on research and development through planned investments in testing of machinery & equipment and establishment of new laboratories.

“We decentralize the system by delegating authority and responsibility to each member in the organization. This helps us achieve organizational objectives.”

- Mr. Hassan Abbas Ali Al-Hazeem,
Managing Director, Intercoil International LLC



Chapter : 1 INTERNATIONAL ORIENTATION

“

“We believe we would like to see it as a company with 5% domestic and 95% export revenues because naturally one has to accept that the UAE is a small market and thus the growth for us has to represent the world markets”

”



Leading exporter of color
and additive master batches

Founder & Chairman

Mr. Arman Ur Rahman

Year of Establishment

1999

Line of Business

Manufacturer of master batches
and compounds used by the
Plastics industry

Background of the Founder

Experience in international oil com-
panies

Background to the Company and its Evolution

Enerplastics, ranked fourth in the overall Dubai SME 100 rankings and second on the parameter of international orientation, is a leading manufacturer and exporter of color and additive master batches in the UAE ¹. Currently, the company's products are exported to 32 countries across the MENA, European, African, CIS and the Indian sub-continent regions. A key strength for its international business lies in its network of agents and distributors who have facilitated the company's geographical expansion over the last 14 years.

Mr. Aman Rahman, having worked in the petrochemical industry in various countries across the globe, had set up Enerplastics in a small warehouse in Al Qouz with three machines in 1999. The idea for the business venture emerged from Mr. Rahman's market assessment that the UAE was completely dependent on imports for color and additive master batches. These products were being sourced from international players from Europe, the US and India. Enerplastics was set up to tap into this market opportunity and over the years it has successfully established itself as a formidable player in this domain.

Focus on International Orientation

In the initial years, Enerplastics was only catering to the domestic demand for color master batches, however gradually the company observed demand for its products emerging from the other GCC and MENA countries.

Taking cognizance of this demand, the team decided to explore the burgeoning potential in these markets. Enerplastics started exporting to Egypt in 2004 and later to a number of African countries in 2005. Within the first five years of being in operation, the company had started exporting its products to plastic product converters in most of the GCC countries and select countries in Middle East and Africa.

In 2006-2007, the Dubai Plastics exhibition introduced the company to leads from Ukraine, Russia and Poland. This was the first step towards the company's expansion in Eastern and Central Europe.

1. The master batch industry is an intermediary industry with polymer manufacturers on the one end and plastics product manufacturers at the other end. Polymers require the addition of various additives that impact qualities like strength and resistance.

The company's distribution model outside the UAE has been distributor-centric rather than focused on setting up its own offices. The distributor purchases the master batches from the company, warehouses them and sells them to the local customers. However, Enerplastics deals directly with certain key institutional clients in its regional and international markets.

In order to penetrate the domestic, regional and international markets, Enerplastics has tried to differentiate its product offerings from international players that dominate the market based on two core propositions: firstly, the company's products can be supplied locally within a few days as compared to weeks taken by the international manufacturers. Secondly, the company is able to provide high quality technical support to its customers in the region, which is not offered by the international manufacturers since the GCC region is not a priority territory for them.

In addition, Enerplastics has always remained extremely conscious about its products' quality and hence has never believed in reducing its products' prices beyond a certain point which could advertently affect the quality. The company has adopted a 'mid-tier' pricing strategy; thus its products are priced between the price levels of the global companies (who generally command a price premium) and the second-tier players (who tend to adopt a penetration pricing strategy).

Key Challenges

The key challenge for the company in exporting to other countries has been a limited availability of resources (manpower and financial resources) to assess feasibility of entering distant international export destinations.

Another key challenge for the company has been to get the right manpower for the business. The company has tried to overcome this challenge by hiring fresh graduates and training them for 3-4 years on the nuances of this business.

Impact of Focus on International Orientation

When the company started exporting its products in 2002-2003, the share of international and regional markets in its total revenues was approximately 20%. Over the years, this proportion has increased substantially to reach the current level of approximately 70%. The company's long-term goal is to increase this share further and make Enerplastics a 95% export-oriented business.

Increasing expansion into international markets led to an achievement of almost full capacity utilization of the company's manufacturing facility around 2004-05. Consequently, the company made an additional investment of AED 7-11 million (USD 2-3 million) to set up the company's current manufacturing facility in Jebel Ali with an initial capacity of 2,000 tonnes. Since then, the facility has increased its capacity from 2,000 tonnes to 14,000 tonnes.

With a high growth emanating from its international and regional business, the company's revenues increased at an annual rate of approximately 30% until 2009. Post the global financial crisis, the company has managed to maintain an annual growth rate of 10% for its revenues.

Awards and Recognitions

Enerplastics was ranked sixth in the Dubai SME100 rankings for 2011 and was ranked second on the parameter of international orientation. According to Mr. Rahman, the Dubai SME 100 initiative enabled the company to identify its areas of improvement, such as corporate social responsibility and corporate governance.

Enerplastics has also been awarded a certificate by the Dubai Chamber of Commerce for being the largest exporter from Dubai for the second half of 2010.

Future Strategic Objectives

The UAE government has recently introduced a law regarding oxo-biodegradation of plastic bags. Enerplastics, having given inputs for this law's formulation, has researched extensively on these products in collaboration with a French university. The research and development, which began in 2010, took around one and a half years to complete and the company today is in a position to offer environment-friendly products. The French collaboration also encouraged the management to set up its own state-of-the-art laboratory. The company aims to apply for ISO 17025 certification for its laboratory, which is the most rigorous certification for testing laboratories. Upon successful certification, the laboratory will be the only facility in the world providing specific analysis for oxo-biodegradable goods.

Besides focusing on these technological developments, the company is planning to set up regional offices in Eastern Europe and/ or Africa in order to further penetrate these markets. Additionally, it is considering setting up manufacturing facilities in Ukraine, Africa and/ or India, in order to expand its presence in these markets. However, the company's key future priority is to expand its manufacturing facility within the UAE, preferably Dubai.



Chapter: 2 INNOVATION



Leading the way for high-end innovation from the UAE

Founder & Managing Director
Mr. Hazim Al-Hajjaj

Year of Establishment
2001

Line of Business
Manufacturer of Power Management Products

Background of the Managing Director
Engineer with 40 years of experience in the field of power solutions

“

We constantly improve our products through Corrective Action Reporting. Our micro processor based products can cater to '7' types of power disturbances. No other product in the market offers this benefit.”

In line with the federal government's focus on promoting knowledge-oriented businesses in the country, Micro Automation emerges as a leading example of an SME focused on innovation in the UAE.

Background to the Company and its Evolution

Established in 2001, Micro Automation is a pioneer in the field of research, development and manufacturing of power protection and power management products in the UAE. It ranked #1 on the parameter of Innovation and 34th overall in the Dubai SME 100 rankings for 2011.

An engineer by qualification with more than 40 years of experience in the field of power solutions, the company's founder, Mr. Hazim Al-Hijjaj, had the vision to create a product that would cater to the market need for power protection solutions in countries that have high 'power pollution' (fluctuating voltage, fluctuating frequency, power interruptions, etc.). 'Power pollution' can have a significant impact on the lifetime and efficiency of appliances and can even lead to fire incidents.

Thus, Hazim laid the foundation of the company on in-depth research & development to create technologically sound power management solutions that can reduce the effects of 'power pollution' on electronic items. It was only after being in operation for four years that the company launched its first micro-processor based power management solutions, under the brand name 'Powermatic' in 2005. These products detect and monitor bad power quality and raise an alarm for the device to be switched off. According to Hazim, the key advantage that offered by Dubai is its geographical location and port and airport infrastructure that allows for faster exports to large export markets (Africa and Saudi Arabia). Although Dubai has the disadvantage of high operation costs for manufacturing businesses, there are significant advantages in terms of seamless and fast pace incorporation of feedback from these markets in order to improve the product quality.

Focus on Innovation

In line with this strategic focus, Micro Automation has constantly evolved and innovated in its product offerings based on market feedback. This is incorporated through Corrective Action Reporting (CAR), which means that all product complaints are analyzed to assess the root cause of the complaint and improvements and interventions are subsequently and systematically implemented. This constant evolution has enabled the company to offer a highly differentiated range of 69 variations of 'Powermatic' products. The extensive range of products caters to needs of different types of appliances and various geographic markets to which these products are exported.

Currently, Powermatic solutions can help prevent seven types² of power disturbances that can adversely impact electronic equipments. In contrast, most other competing products in the market are able to manage only two or three types of these disturbances.

“

“We constantly improve our products through Corrective Action Reporting. Our micro processor based products can cater to ‘7’ types of power disturbances. No other product in the market offers this benefit.”

”

Mr. Hazim Al-Hajjaj,
Founder & Managing Director of Micro Automation

In addition to evolution of its basic product, the company has also focused on development of new products that cater to other market needs. Two of the company's new product developments are:

- **Datamatic** (Shop Floor Data Capturing Solution): Datamatic allows for real-time data capture of any downtime in the production process. It helps in productivity monitoring and tracking machine/man efficiency and time performance.
- **Logmatic** (Product Identification & Data Recording for Recycling of Electronic Parts): The solution when attached to Powermatic products allows for data recording for recycling/ re-use of parts or components from 'end-of-life' products.

In spite of having developed a range of highly innovative products, the company continues to have a high focus on R&D to constantly improve the quality and functionality of its products based on market feedback. Around 30% of the company's annual profits (10-15% of the company's sales) are allocated to research & development.

The research is conducted internally at its headquarters in Jebel Ali, Dubai and at its knowledge center and production facility in Belgium (established in 2010). A key reason for setting up the development center in Belgium was to leverage the support provided by regulatory authorities in the European Union (EU) for conducting R&D activities. For instance, 50% of all development costs (including any costs related to brand development, marketing, and product development) are incentivized by EU, after a thorough evaluation of the project.

Moreover, being in Belgium allows the company to leverage on the research being conducted within leading universities in the country. Belgium also offers ample networking opportunities in the form of seminars that provide SMEs with information on upcoming future

2. Seven types of power disturbances are over voltage, under voltage, over frequency, under frequency, power surges, interruption, and loose connections.

trends, which in turn helps to streamline internal research and product development efforts.

The company has not only invested in R&D for its product, but also towards development of its brand image. It has developed focused marketing material that reflects the connection between the nature of the product and the brand proposition. The key brand logo '7' has been designed to reflect the seven kinds of power disturbances that can be managed by the product.

Although the company has its base in Dubai, its Powermatic solutions primarily cater to the international markets. These products are currently being sold across more than 20 countries through the distributors and dealers of the company. Consequently, more than 80% of the company's sales are from exports. Its key export markets include Africa (accounting for 60% of company's sales), followed by the Kingdom of Saudi Arabia.

In its pursuit for high quality and efficiency, the company is ISO certified (ISO 9001:2008) for its design, manufacturing and marketing processes.

Key Challenges

A key challenge faced by the company has been to get access to bank finance to buy some of the expensive machineries required for the production process. In order to overcome this challenge, the company had commissioned some key equipment within its Belgium center, based on subsidies received from the EU regulatory authorities.

Mr. Hazim points out strongly the government needs to promote the brand "Made in the UAE" as a symbol of high quality. He feels that the government has initiated this support through entities such as Dubai Exports Development Center and ESMA that are extremely supportive of export-oriented businesses; however there is a need to do much more in this area.

Awards and Recognitions

Until last year, the company has only been focused on developing high quality products. After being recognized by the Dubai SME 100 rankings (2011), the business renewed its focus on enhancing its revenues and net margins. As an outcome, the business has witnessed a 16% increase in revenues and 50% increase in net profits between 2011 and 2012. Overall, the company has witnessed an annual growth (CAGR) of more than 35% between 2006 and 2012.

In addition to being part of the Dubai SME 100, the company has been recognized as 'Technology Company of the Year' as part of the Arabian Business Achievements Award in 2008 and was recognized as one of the 'Arabia Fast Growth 500' companies in 2012. Its products were also recognized as the 'Best Hardware Product' by the Arab Golden Chip Awards in 2008.

Future Strategic Objectives

In terms of its future plans, the company intends to focus on the retail market in the UAE (through stores, such as IKEA & Carrefour) as this will enable them to target two key consumer segments:

- Tourists coming from other countries, who would probably have issues of power disturbances in their respective home countries
- Trade visitors, since these potential buyers generally frequent IKEA & Carrefour to check out new products that can be sourced from the UAE

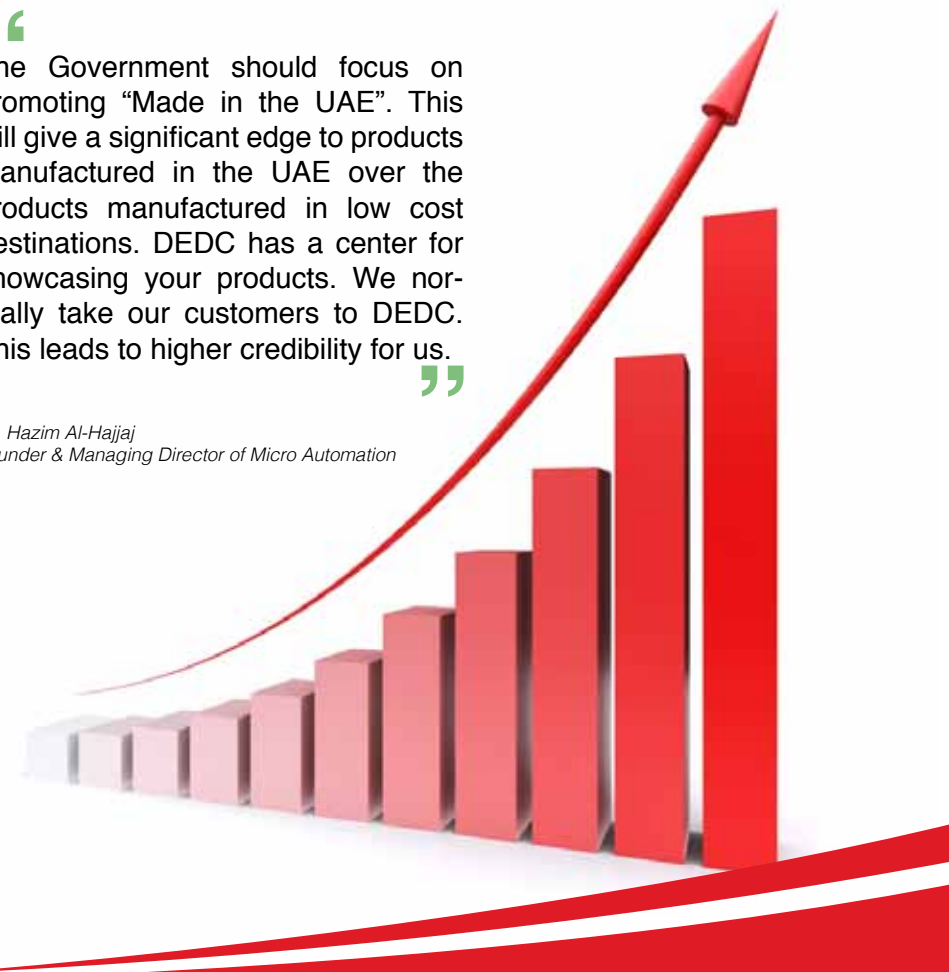
In addition, a continuous focus on developing innovative and intelligent power-related systems continues to be a key strategic focus area for the company.

“

The Government should focus on promoting "Made in the UAE". This will give a significant edge to products manufactured in the UAE over the products manufactured in low cost destinations. DEDC has a center for showcasing your products. We normally take our customers to DEDC. This leads to higher credibility for us.

”

Mr. Hazim Al-Hajjaj
Founder & Managing Director of Micro Automation



Chapter : 2 INNOVATION



Pioneers in residential and commercial automation solutions

Founder & Managing Director
Mr. Ahmad A. A. Al Jaziri

Year of Establishment
1999

Line of Business
Automation products and technologies for residential and commercial properties

E-Home Automation, ranked #2 in innovation as per the Dubai SME 100 rankings for 2011, is a pioneer in the UAE in the field of automation solutions for residential and commercial properties. These solutions seamlessly control all aspects of one's property, including lighting, climate, appliances, curtains and blinds, multi-room audio/video operation, security, digital surveillance, and entertainment. The company's head office is located in the Emirate of Dubai with branches in Egypt, Kuwait, Saudi Arabia and South Africa.

Currently a team of close to 100 personnel, product range of 60 modules and more than 20 applications, E-Home Automation has come a long way with its focus on R&D and innovation to create highly differentiated home automation solutions

Background to the Company and its Evolution

When Ahmad was building his house in Dubai, he could not find an integrated home automation solution that could be customized to his needs. He could manage to get select products from the US and Europe, but installing them was associated with issues related to wattage and frequency differences in the UAE. Having identified the market gap, Ahmad started his entrepreneurial venture in 1999, by entering into distributorship agreements for home automation solutions for some large international principals. Along with being a distributor, the company also modified these products to suit local market needs; however the commitment and response from the international partners was less than satisfactory in this aspect.

At this point, Ahmad decided to take the plunge and moved the entire R&D and production in-house. Around 2005, E-Home tied up with select R&D centers in the UK and China and by 2007, the entire R&D function was internalized in these countries.

Focus on Innovation

The company's products have been evolved and improved over the years in order to differentiate them from the other product offerings in the market. This was also important from the perspective that the other competitors in this market segment are global leaders in home automation solutions.

The first unique proposition of the company's product range is its comprehensiveness as an integrated home automation solution. All its automation modules (such as e-home control systems, e-home security, e-Home motorized curtains and blinds, etc.) use the same kind of technology. Therefore, although these products can be installed as stand-alone applications, if installed together, they can provide an integrated solution for the end client. In contrast, a number of players in this domain generally integrate solutions from different vendors, which can lead to complications in their application, due to compatibility issues.

“So the innovation was that we created our own range of hardware and software that provided a single interface for the end user.”

Mr. Ahmad A. A. Al Jaziri, Founder & CEO, E-home Automation

Significantly, E-Home's solutions are also associated with a high degree of customization; products can be customized to the needs of specific clients. The level of customization can be engineered to an extent, enabling the system to operate as per the profile of specific individuals in a single family i.e. the system can make adjustments to the levels of light, air conditioning, etc. as per requirements of each individual. This can be achieved through voice recognition or tags placed on individual family members' bags or shoes.

E-Home's products are also unique as they are modular and can meet the requirements of a range of units – from apartments, villas, buildings to entire complexes, as these systems can be easily scaled up. In contrast, other competing solutions in the market have fixed topographies and are thus not easily scalable.

Moreover, these systems can be managed easily by the end customers and they do not require comprehensive infrastructure or a highly trained staff for servicing and after sales. This is attributed to a key feature in which the system can self diagnose and report failures and malfunctions.

Another key aspect of innovation associated with E-home's products is the integration of an energy reporting feature. The energy reporting system features dual functioning, one at a passive level which monitors and reports level of energy utilization and another, at an active level, wherein the system can control consumption as per the threshold levels set on the system.

The key unique proposition of E-home's products lies in the fact that it provides all these features in a single solution. In comparison, most competitor products available in the market, are able to offer only a selection of these features.

A high level of innovation integrated within the company's solutions has been possible as an outcome of a high focus on R&D by the company. Until 2012, the company's R&D expenditure (including product development expenses) has been as high as 60-70% of its revenues. In value terms, the company has invested approximately AED 30 million in R&D. From 2012 onwards, the company has started focusing on penetrating its markets with its product offerings, while continuing to invest 10-25% of its revenues on R&D.

“

The other products are far away from it, some of these features are available but they are scattered. So, you might have a company that provides the ID feature, another company can provide energy reporting but they are all under different umbrellas, so you will not find these under one umbrella and one product.”

*Mr. Ahmad A. A. Al Jaziri,
Founder & CEO, E-home Automation*


Impact of Focus on Innovation

With its intensive R&D efforts, the company has expanded its product range from 6 to 60 products, catering to over 20 applications³.

Further, the company has been able to cater to the needs of markets across Egypt, Kuwait, Saudi Arabia and South Africa.

3.Applications refer to specific benefits offered by the products, such as energy reporting, active control of systems, etc.



A modern bedroom interior featuring a bed with a green blanket and white pillows, a white dresser with a plant, and a white TV stand. The room has large windows with white curtains and a red curved graphic at the bottom.

Key Challenges

When the products were first introduced in the market, the biggest challenge faced was that end users were skeptical about adopting a new innovative solution with no past references. However, through a process of building up its reputation through small projects, the product has gained significant traction. Going forward, the entrepreneur is bullish about demand for E-Home's products due to an increasing focus of the UAE government towards green building technology and energy savings.

Awards & Recognitions for the Company

E-home Automation was ranked 7th in the Dubai SME 100 rankings for 2011. In addition to SME 100, it has been featured twice in the Arabia 500 list and was awarded the 'Best Electronics Company' and 'Best IT Company' by Mohammad Bin Rashid Small and Medium Enterprise Awards for Young Business Leaders in 2010.

Strategic Focus Areas

Currently E-Home derives a majority of its revenues from outside the UAE. The company has physical presence in Saudi Arabia, Kuwait, Egypt, UK and China. It is also working with a partner in South Africa that has its own production and R&D facilities.

The South Africa and the UAE operations are expected to be key markets of operation for the future. The UAE operations are expected to benefit significantly from the company's planned contract with Etisalat.

Notably, the business plans to move away from dealing directly with end clients to get into a distributorship model with higher outreach. This will allow E-home to focus its efforts and investments on technology enhancement and product development, rather than distribution of its products.

With technologically advanced products that can easily be localized, E-home Automation is well poised to cater to the demands of the global market.

Chapter : 3 IT ADOPTION



Leading Real 'E'-state portal, enhancing transparency and efficiency in the real estate industry

Founder & CEO

Mr. Michael Lahyani

Year of Establishment

2007

Line of Business

Online real estate portal

Background of the Managing Director

Publisher of print magazines

Propertyfinder.ae, ranked third in Dubai SME 100 rankings for 2011, is a leading real estate portal in the UAE. From 50,000 unique visitors a month in 2007 to 400,000 unique visitors in 2012, and nearly five million page impressions a month, the portal is stacked high on the online portals chart. However, the success has not been achieved overnight and it is the culmination of years of perseverance and acute business acumen dedicated to the ultimate aim of 'success'.

Background to the Company and its Evolution

When Michael Lahyani came from Switzerland to Dubai in 2004, he was involved in the publishing of an equestrian sports magazine in his home country and he wanted to launch a similar publication in the UAE. While he was in Dubai to launch this niche magazine, he realized that there was no focused publication for the real estate and property market. People were dependent on daily newspapers for property classifieds, which were not even classified by areas. Thus, one had to go through reams of paper and sift through hundreds of classifieds to find what one was looking for. This struck a chord with Michael and he realized the need for specialized media for this segment.

His ultimate goal was to set up an online real estate portal. However, due to low internet penetration in the UAE in 2004, he started his business with a specialized print publication (called Al Bab World) for property classifieds. At one point, nearly 70,000 copies of Al Bab World were being distributed. However, the magazine faced intense competition from some of the leading newspapers, leading Michael to a point where he even considered closing his business.

The turning point for the business came in 2007, when one of the leading property portals from Australia, a subsidiary of Newscorp, wanted to enter the UAE market and agreed to buy Michael's company. Thereafter, a new company was established with the name, 'Propertyfinder.ae', which was bought over by the Australian Group.

The buy-out by the Australian company provided Michael with the much needed funds for his business. However, the real benefits of this investment came in the

form of extensive operational knowledge of running an online portal. Up until then, although Michael wanted to set up an online portal, his different professional background made him completely unsure as to how he would be able to monetize the portal.

“The buy-out by the Australian company, helped me understand how the business model works. I realized that it was not an advertising business model, it was a subscription-based business model. So the real estate agent would pay us a subscription fee on a monthly basis.”

Mr. Michael Lahyani, Founder & CEO, Propertyfinder.ae

Impact of the Portal on the Real Estate Industry

The initial uptake of the portal was low and it received acceptance only from some of the western expatriate real estate agents as they were used to the online media back in their home countries. However, the key challenge was getting the local real estate companies to come on board, especially since that was at the peak of the real estate boom, when investment in Dubai property was rampant.

The turning point for the business came in 2009 with the crisis in the real estate industry. While the whole economy reeled under the effects of the crisis, Propertyfinder.ae found more takers as real estate agents became more cost conscious and realized that going online would be a cost effective solution to reach out to a much wider audience unbound by physical boundaries.

“The ticking point was when the crisis happened; all the estate agents kind of accelerated the switch from print to online due to the cost effectiveness of the online media.”

Mr. Michael Lahyani, Founder & CEO, Propertyfinder.ae

Having acquired the expertise and knowledge of running an online portal, Michael bought out the Australian company's stake in 2010. Since then, there has been no looking back for the company; the number of unique visitors on the website has gone up from 50,000 in 2007 to 400,000 in 2012.

On an average, 50,000 properties are updated on the portal on a daily basis. Overall, the company's revenues grew at an annual growth rate (CAGR) of approximately 25% from 2008 to 2011.

In its journey from being a specialized magazine to introducing an online portal, Propertyfinder.ae has helped in bringing about an evolution in the real estate market by enhancing the level of transparency and efficiency in the market.

Transparency has increased due to easier access to information to end customers. They can evaluate prices across areas and within localities to make their decisions.

“There is increased transparency because now you can easily find the prices of say a two-bedroom apartment in a specific tower versus other towers, whereas earlier this information was not readily accessible.”

Mr. Michael Lahyani, Founder & CEO, Propertyfinder.ae

Notably, it has changed the way people search. Earlier, end consumers had to go through hundreds of pages and yet not find property that suited their tastes and requirements. Generally, the practice was to call broker agents and spend days in physically checking out properties across varied locations. Now, with the online portal, a consumer is able to access a lot more information online and, in most cases, is able to figure out exactly what he wants before engaging with an agent.

According to a study conducted in the US, an internet home searcher on an average visits three properties before he purchases it, as compared to up to ten visits made by users of traditional media. This finding has a universal application and hence implies better productivity and better margins for real estate agents, as a deal can in effect be finalized in fewer property visits.

Key Challenges

In Michael's view, the key challenges for Propertyfinder.ae have been limited market acceptability in its initial years and the building of a technologically strong product.

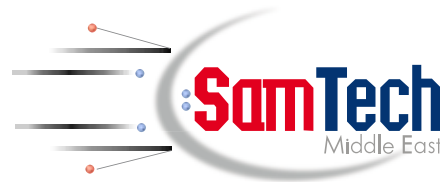
“In the initial days, a lot of attention was paid on creating awareness among the real estate agents on the benefits of going online and how the portal was not competition for them.”

Mr. Michael Lahyani, Founder & CEO, Propertyfinder.ae

Very few agents were willing to spend time in uploading pictures of the properties they wanted to advertise. The company had to invest in creating a library of pictures that displayed default pictures when specific pictures of the property were not uploaded by the advertiser.

Hailing from a completely non-IT background, another major challenge addressed by Michael was building the right technical team and a technologically sound portal. To overcome these challenges, Michael hired his Chief Technical Officer (CTO) from Switzerland, who helped in building the right technical team. The efficacy of the portal has been achieved and maintained by practicing continuous improvement by the internal team. In fact, the entire code has been re-written at least five times, from the time the website was started, in order to create a robust system.

Chapter: 3 IT ADOPTION



Introducing smart track technology for higher efficiencies in the transport and distribution-oriented businesses

Founder & CEO

Mr. Samir Abdul Hadi

Year of Establishment

2003

Line of Business

GPS based tracking and asset management systems provider

Background of the Managing Director

Computer engineer with 21 years of experience in IT and communications

SamTech Middle East provides GPS based tracking and asset management systems in the UAE. From one employee in 2003 to a 35 member team currently, SamTech has established itself as a formidable player in this market. SamTech's success can be attributed to its ability to identify market opportunities and customize its solutions to meet varied market needs for tracking and asset management systems.

Background to the Company and its Evolution

Samir Abdul Hadi, a computer engineer came to Dubai from Palestine in 2002-03, with close to 21 years of experience back home in the field of IT and communications. He assessed the IT market in Dubai and realized that the competitive landscape for most of the IT and communication systems and domains in which he had relevant expertise (mobiles, communications, switch-boards, alarm systems, etc.) were saturated. However, the use of vehicle tracking and fleet management systems was almost non-existent amongst transport and distribution-oriented businesses in Dubai, in spite of the fact that most of these companies had a majority of their investments in vehicles. Thus, none of these companies were monitoring their vehicles to assess if the delivery jobs were being completed on time, if there was wastage of fuel, and whether the customers were satisfied with their services. This reflected a huge gap in the UAE market, especially in Dubai, which is considered as the transport and logistics hub for the entire GCC.

Having worked in this business in his home country, Samir decided to offer vehicle management solutions in the UAE, and thus established SamTech in 2003. However, Samir soon realized that the use of vehicle management solutions was not readily acceptable in the market due to a lack of awareness about their benefits. SamTech focused the first three years of its operations on educating its target market about these solutions and the associated benefits to garner relevant interest.

As clients started appreciating the value of these solutions, SamTech started developing more sophisticated offerings, with Global Positioning System (GPS) technology at the core.

A critical success factor for SamTech has been its adeptness in evolving its product offerings in line with the varied needs of different market segments. The software for these solutions is developed internally by the company.

“Why we call all our products Smart is because we use Smart technology to report the location and other key facts. We offer more or less standard products; but every solution talks to a different sector.”

Mr. Samir Abdul Hadi, Founder & CEO, Samtech Middle East

The first evolution of the product offering came in the form of Smart Trace solutions, introduced in 2003-04, for transportation, logistics and delivery-based companies. These solutions offer a number of features, including vehicle tracking, temperature sensor, fuel sensor, indication of number of kilometers covered, and tracking time of arrival at all locations. Smart Trace is especially good for dairy and food transportation since it has an in built temperature sensor, which allows the owner to track and detect the temperature of every cooling vehicle.

Thereafter, in 2006-07, Samtech introduced the Smart Waste Management solution which tracks and reports movement of waste management vehicles from the time garbage is collected until it is disposed off at designated locations. This solution was first developed for and implemented in Saudi Arabia and is currently also deployed and endorsed by the Dubai Municipality for disposing cooking oil used in restaurants in Dubai. Another innovative solution devised by SamTech was Smart Job Management in 2007. As a part of this solution, delivery employees receive their logistics plan for the day on their handheld devices. Thus, the employee can commence his delivery schedule, without reporting to the office in the morning. The system can give details of the time when an employee starts his sales/delivery calls, the time at which he reaches specific clients' locations and time of completion of all these deliveries. Invoicing can be done on a real-time basis, as soon as the delivery happens. This leads to savings in fuel consumption, efficiencies in time management and business processes, and enhanced employee productivity.

The latest addition to Samtech's product portfolio is the Smart School Bus solution (introduced in 2008-09). The solution was devised after some unfortunate incidents involving students in school buses were reported. The solution tracks the school bus from the point the driver checks the vehicle in the morning every day until the student is safely dropped back home. The tracking is made simple by sending SMS alerts to parents and school authorities about the movement of the bus. In addition to this, buses are equipped with a 3G live monitoring camera, which is monitored by the police.

Recently, SamTech has introduced a vehicle tracking solution in association with Du. Any customer who wants implement a tracking system in his/her vehicle can approach Du and SamTech would provide the solution.

Impact of SamTech's Vehicle Management Solutions on Productivity and Efficiency in Transport & Distribution-oriented Businesses

With SamTech's cost effective solutions, its clients are in a better position to ascertain effective use of their vehicles, thus improving productivity and bottom line performance of their companies, while ensuring high levels of customer satisfaction. Till now, SamTech's systems have been used by hundreds of clients, including government entities, schools, large companies and SMEs. Two instances of how SamTech's solutions have helped its clients improve productivity in their businesses have been cited in the box stories below:

Case Study 1:

SamTech Middle East with its Smart Trace solution helped Logfret Middle East improve its productivity significantly. Earlier, Logfret's management was unable to monitor its drivers in terms of their arrival times, their locations and there was hardly any control on fuel bills. Once Logfret implemented the Smart Trace Solution, the management was in a position to get details of every vehicle in seconds. Vehicle activity reports, ignition on/off times, and routes taken by the drivers were some of the parameters that helped the management to keep a tight control over the fleet and hence on deliveries. The activity report helped Logfret improve productivity by almost 10% and schedule accuracy by nearly 20%. This in turn has led to significant fuel savings by reducing distances travelled by vehicles by an average of 20 kms per vehicle per day.

Case Study 2:

McDonalds was facing a transportation problem as they had very little control over drivers who would drop employees from Al-Quoz to McDonald's branches across the UAE. The company was under pressure since there were a lot of delays in this process, which were affecting the performance of its branches. In addition, fuel consumption, use of vehicles and drivers' actions were unreported and unmanaged. After implementing the Smart Trace solution, the activity report enabled the manager to determine the vehicle location, route taken, time taken and driving speed, thus making the drivers much more accountable. The implementation of these solutions led to an improvement in employee productivity by nearly 200% and reduction in fuel consumption of upto 15% of the earlier costs.

Chapter: 4

HUMAN CAPITAL DEVELOPMENT



Investing in Human Capital Development to provide high-profile government services

Founder & CEO

Mr. Waleid Abdulkareim Mohamed Abdulkareim

Year of Establishment

2003

Line of Business

Outsourcing Solutions for Government Services

Background of the Managing Director

Ex-Government Employee
Experience in the field of PRO

On Time Dubai is a premier outsourcing partner for government entities providing government services (on behalf of the government entities) to businesses as well as individuals in the UAE. From starting out as a small firm offering PRO services to being an outsourced service provider for more than 250 government services, On Time has traversed a long journey with its determination, passion and the sole aim of providing best-in-class customer service.

Background to the Company and its Evolution

In 2003, when On Time was started, the market was saturated with PRO firms offering services for immigration and labor offices. However, there was a gap in the market for firms offering PRO services for embassies and consulates. Waleid leveraged this market opportunity and started On Time as a specialized PRO service provider for this under-served segment. However, he always had the vision to make On Time as a one-stop-shop for providing all types of government services to businesses and individuals. Gradually, On Time moved away from the business model of offering PRO services to being a reliable outsourced service provider for key government entities in the UAE.

On Time's business model was not very well accepted by the government entities in its initial years. It took immense focus and effort to convince and educate these entities about the benefits of outsourcing their services. The key turning point for the business came in 2007, when On Time bagged a huge contract for managing issuance of Emirates ID cards. The project required On Time to expand its reach and, thus, the company established 16 branches within a span of two years (2007-2009), taking the total number of branches from 2 in 2006 to 18 in 2012.

Having established credibility in serving the government sector, On Time went on to win several projects from the Labor Office, Roads & Transport Authority, Department of Economic Development (Dubai) and the Dubai Courts over the next few years. Today more than 70% of Dubai government's services and a large part of the federal government services are handled by On Time. One of the key drivers for this growth has been an increase in the focus of the government to improve efficiency in its processes by adopting an optimal mix of public and private partnerships.

Focus on Human Capital Development (HCD)

Being a service-oriented firm involving direct dealing of the company's staff with end customers, the most important resource for the business has been its human resources. The company has always focused on human capital development in order to ensure that they have a well-trained and well-motivated staff that can provide a high level of customer-service.

On Time's approach and focus towards HCD has evolved from an informal approach to instituting well-defined and formalized human resource management (HRM) policies. Currently, the company has a core HR team of three employees that has supported rollout of these policies.

Training & Development of Employees

A key focus of human capital development for the company is training and development of its employees. Initially, when the employee base and number of branches were limited, a senior supervisor used to conduct training sessions for new recruits to make them adept at the technical aspects of the job as well as to enhance their customer handling skills. In addition, employees were also sent for specific external training programs in customer service skills.

With an increase in the number of branches and number of employees (from 40 employees across seven branches in 2007 to 220 employees across 18 branches in 2012), there has been an increasing focus on formalizing the training processes. With this focus, On Time has recently established a sister company, On Time Training and Development, with a team of nine trainers. Each of the trainers focuses on training employees on process-related as well as customer-handling skills for specific government services. On an average each data entry employee undergoes 20 hours of training per year and each supervisor undergoes 14 hours of training each year.


Performance Management Systems for Employees

Implementation of a well-functioning performance appraisal system has been another cornerstone in On Time's efforts of developing a motivated human capital base. Key Performance Indicators (KPIs) are currently being defined at a department-level in line with On Time's five-year strategic plan.

Currently, performance evaluation is conducted at a branch level (each branch's performance is evaluated as a separate entity) as well as at an individual level (each individual's performance is evaluated on certain technical and non-technical parameters).

Each employee's performance on technical aspects of the job is evaluated by tracking the productivity of the employee, based on the number of requests handled in a month. Based on the individual's productivity evaluation and overall performance of the branch, incentives are rolled out to employees on a monthly basis.

Each employee's performance on non-technical parameters (customer service, team work, etc.) is evaluated on the basis of qualitative feedback from the employee's supervisor and the HR department. Additionally, mystery shopping is conducted on a regular



“ There is a need of continual brushing-up as pressure leads to employees forgetting basic things, which might have an adverse impact on the quality of service. So, employees are provided with periodical training and refresher courses. ”

- Mr. Waleid Abdulkareim Mohamed Abdulkareim,
Founder & CEO, On Time

basis in order to get an independent view and feedback on each employee in terms of his/her job performance and adherence to service standards. An evaluation of the individual's performance on technical and non-technical parameters is culminated to obtain a performance rating, which is linked to salary increments and incentive payouts to employees. The company provides an average salary increment of 5% and an average incentive payout to the tune of 25% of total gross salaries to its employees.

Other Focus Areas for Human Capital Development

The company also has an increasing focus on augmenting the level of decentralization and delegation of authority related to business operations. On Time is currently implementing a five year strategic plan, wherein senior managers have contributed significantly to the process.

By virtue of this, these key personnel are expected to be well aligned with the organization's future roadmap, which will help foster higher decentralization and delegation of authority on key tasks.

On Time is also in the process of implementing 'third level leadership', wherein every individual is backed up by another employee. In case of the former's absence (on account of leave or attrition) the follow-up individual can take charge of his duties. In addition to this, even a third level of succession is being identified and documented.

Impact of Focus on Human Capital Development

All the efforts in terms of formalizing, documenting, institution and operationalization of good human capital development practices have led to higher levels of employee morale and sense of involvement with the company. One of the indicators

reflecting this has been a significant reduction in the attrition rate within the company, from approximately 30% between 2007 and 2011 to less than 10% in 2012.

Above all, Waleid believes that the key benefit of focusing on human capital development is to have a motivated and dedicated staff that is committed to the vision of the company.

Overall the company's revenues have witnessed exponential growth over the years (CAGR of more than 35% from 2008 to 2012).

Awards & Recognitions

With an exponential growth in revenues between 2008 and 2012, On Time has been featured in the Arabian 500 list. It has also been recognized as one of the fastest growing companies in the 'GCC Fast Growth 100 rankings' and ranks 10th on the Dubai SME 100 rankings for 2011.

Waleid feels that the ranking process associated of Dubai SME100 has helped the company to identify its strengths and weaknesses. The ranking has also enhanced the company's credibility and has increased its marketability manifold. Consequently, a number of banks and financial institutions have been approached On Time in the recent past, to cater to its financing needs and a number of private entities have expressed intent for formulating partnerships.

Future Strategic Objectives

Although regional expansion is part of the company's plans in the long-term, the entrepreneur plans to focus on strengthening the firm's position in the UAE market in the near future, by catering to government entities across the emirates and at the federal level.



“
See, without human capital you cannot move actually, I think high contribution was done by human capital, not by technologies in the beginning.”

Mr. Waleid Abdulkareim Mohamed
Abdulkareim, Founder & CEO, On Time

Chapter : 4

HUMAN CAPITAL DEVELOPMENT



Driving operational excellence through a strong impetus on human capital development.

Founder & Managing Director
Mr. Robert Keay.

Year of Establishment
2004.

Line of Business
Providing mystery shopping solutions, training and consultancy solutions to a range of clients.

Background of the Founder
Owning and running a software company.

Ethos Consultancy, established in 2004, is a leading example of an SME with a high focus on Human Capital Development. It has been ranked 1st on the parameter of Human Capital Development as part of the Dubai SME 100 rankings for 2011. It has also received the 'Best Employer Award' in 2009 as part of the Middle East Business Awards.

Background to the Company and its Evolution

With experience in the field of owning and running a software company, Robert Keay had come to the Gulf region to explore potential sales and partnership opportunities for his software solutions, as well as look for new business opportunities. Consequently, he established Ethos Consultancy in 2004 with the aim of helping organizations assess the efficiency of their back office operations. It took him around 18 months to realize that he had misunderstood the market requirements and his potential clients were keener on measuring efficiencies in their front-end processes. Keeping this in mind, he changed the company's business model (around 2006) and started offering mystery shopping solutions to banks and retailers.

The key differentiating factor for Ethos over the other firms offering mystery shopping solutions was its ability to deliver reports in a short span of time. A faster delivery mechanism was enabled through development of an online, mystery shopping reporting tool that generated relevant reports immediately after the data was entered in the system.

"The traditional research agencies, that were doing mystery shopping, were delivering mystery shopping reports after 1-3 months of conducting the exercise. That's far too late to be able to do anything. So, I told my clients that I am going to provide you reports within 48 hours of conducting mystery shopping. So, we gave them a unique benefit and in a very short space of time, within about 2 years, we were working with 15 banks".

- Mr. Robert Keay, Founder & Managing Director, Ethos Consultancy

A further enhancement to the business model was made in 2005-06, when to the company started offer a comprehensive solution to its clients – from measuring and evaluating performance to providing training and consulting services in order to help them enhance their performance.

“Our USP is that we provide a comprehensive solution that no other company provides. There are mystery shopping firms, training companies that do the training work and there are consultancy companies that do the consultancy work but we provide all these services as a one-stop solution for our clients.”

- Mr. Robert Keay, Founder & Managing Director, Ethos Consultancy

The key turning point for the business came in 2007 when it won two projects worth AED 5 million from two key government entities. Since then, the company has garnered a client base of 30-40 prestigious clients across the UAE ranging from banks (HSBC, Mashreq Bank, Abu Dhabi Commercial Bank, etc.) to government entities (Ministry of Interior, Abu Dhabi Police, Dubai Customs, etc.) and retailers (IKEA, MAF Fashions, etc.).

Focus on Human Capital Development

Along with developing the business and re-strategizing focus, Robert realized that the core strength of the company lies in its human resources and thus he had to focus on keeping his employees motivated and in ensuring that they stayed with the company. Over the years, the company has implemented a number of initiatives as a part of human capital development efforts. These range from implementing informal group activities for employees, ensuring a comprehensive training & development agenda and a well defined compensation management system linked to employee performance. Some of the notable initiatives undertaken include:

Informal Fun Activities: A number of games and fun activities are planned on a regular basis for employees, such as “Can’t Wait for Lunch”, organized as a monthly event wherein a number of awards are distributed to recognize performance of employees. Other fun activities, such as desert safaris, bowling and barbeque nights are organized on a regular basis in order to promote interaction and bonding amongst employees. Employees are also engaged in fun activities on Thursdays in office. Some of these are ‘Hunt the 500 competition’, ‘Who wants to be a millionaire quiz?’ and ‘General knowledge team quizzes’.

Awards & Recognitions for Employees:

A number of awards are given to employees based on their performance and their contribution to the company. In 2012, the company distributed awards worth AED 200,000 to its employees across a number of categories:

- **Employee of the month:** The recipient of the award is decided on the basis of voting by the staff and the winner gets AED 1,000.
- **Bob’s 5K Award:** The award is announced on special occasions and is given to a staff member who has gone an extra mile in terms of his/ her performance.
- **Falcon Award:** The Falcon Award is given to an employee if he has delivered something special to a client, to a colleague or has contributed to the business significantly.

Formal Annual Performance Appraisal System: The company conducts formal annual appraisals at the end of each year. The appraisals are conducted on the basis of a performance evaluation form with defined parameters for assessment. The ratings from the appraisal process are further linked to salary increments for each employee, which include a 5% standard increment for all employees, with an additional increment of 5-10% based on each individual’s performance for the year. In addition, the appraisal process is used to identify the training and development needs of each employee.

Tanweer (Training & Development Program): In 2011, the company introduced an internal training program, called Tanweer. As part of the program, the training needs of each employee are identified on the basis of an annual performance appraisal and relevant training is provided internally and/ or through external programs and certifications. Ethos contributes partially or in full for these external training programs. For instance, in 2011, three of the employees received Project management qualifications and the training was paid for in full by Ethos. In 2012, four of its employees were sent to London for a week to learn new concepts related to eLearning.

Productivity Tracking through MyTime: MyTime is an online system that allows the company to track time spent by employees on specific projects in order to invoice the clients based on billable hours on the project, and also to track each employee’s productivity on specific projects.

In addition to these initiatives, the company has formulated other employee-friendly initiatives and policies, such as weekend offs on Fridays and Saturdays, flexibility of working hours, standardization of salary levels as per industry norms and institution of an open door policy to interact with Robert on any professional and / or personal issues.

Impact of Focus on Human Capital Development

The impact of employee-friendly policies and initiatives is visible in the high satisfaction level of employees. The company conducts an annual employee satisfaction survey that evaluates how satisfied and engaged the employees feel in the organization. The survey in the last 2 years has reflected that 92-96% of its employees are either satisfied or very satisfied with the company.

This in turn has led to high employee and client retention rates within the business. The company has developed a strong core team of 39 employees across various organizational functions of HR, IT, Operations and Marketing. All the employees have been with the company since 2009 and only one person has left voluntarily since then on account of personal reasons. With a high employee morale, the company is able to retain and renew up to 90% of its contracts on an annual basis.

With a consistent base of 30-40 clients, the company's turnover increased by 35% in 2008 and it has managed to sustain these revenue levels every year since 2008.

Awards & Recognitions

In addition to being rewarded by SME 100, Ethos has won several accolades in the past. It received Lloyds TSB's award for the 'Most Innovative Business' in 2008, followed

by the 'Business Star of the Year Award' in 2010 and the 'Best Consultancy Firm' in 2011 and 2012 (both awarded by the 'SME Advisor', a leading publication focused on SMEs in the Middle East). In 2013, it has also been honored with the 'Vendor of the Year' award by Dubai Roads & Transport Authority.

Future Strategic Objectives

In terms of its future plans for ensuring business growth, the company intends to extend its wings outside the Middle East market and become a global player by offering standard internet-based solutions that can help companies in tracking the performance of their customer service solutions. A soft launch of these solutions is planned in Singapore and Australia and partner agreements have been signed in the UK and India. This would mean a further enhancement of its product offering that has evolved from being limited to measurement of customer service performance to training & consulting solutions to now being a full suite of e-solutions for organizations across the world.



“
So it's an interesting
process and I am a firm
believer that happy staff
makes happy clients.”

*Mr. Robert Keay,
Founder & Managing Director,
Ethos Consultancy*

Chapter : 5

CORPORATE GOVERNANCE



German Imaging Technologies Dubai L.L.C.

Charting out a systemized expansion roadmap, on the back of a strong corporate governance framework.

Founder & CEO

Dr. Sassan Dieter Khatib-Shahidi

Year of Establishment

1999.

Line of Business

Re-manufacturing of toner cartridges, offering managed print services for clients and offering short-term printer rental services

Background of the Founder

Studied law and practiced as an attorney

German Imaging Technologies (GIT), a premier manufacturer of OEM compatible toner cartridges, was established in Dubai in 1999 by Dr. Sassan Dieter Khatib-Shahidi. Currently, GIT is the number one producer of re-manufactured toner cartridges in the MENA region. It is also amongst the top fifty re-manufacturers of toner cartridges worldwide (as per the Recycler Trade Magazine, UK). Today, GIT produces, markets, and sells its products directly to over 2,500 corporate customers in the UAE and exports to 18 countries in the MENA region through its distributor network.

Background to the Company and its Evolution

Prior to starting a business, Dr. Sassan practiced as a corporate attorney in a leading law firm in Germany. Initially, GIT was founded in Dubai as a co-manufacturing partner for a leading German manufacturer of toner cartridges⁴. Dr. Sassan highlights Dubai's strategic geographical location and prevalence of a tax free business environment as the key motivators to establish the facility in Dubai. The company's operations were set up in a span of less than six months with a capital investment of AED 2 million and a staff strength of 40 employees. Unfortunately in the year 2000, the company's key customer (Germany-based manufacturer of toner cartridges) filed for insolvency, due to which GIT reached a stage of bankruptcy.

Dr. Sassan was faced with two options - "pack your suitcases and run," as he puts it, or "stay and work hard." He chose the latter and started exploring related market opportunities. He assessed the market and identified an opportunity for re-manufacturing environment-friendly toner cartridges in the UAE, which was a huge market (of approximately AED 37 million; USD 10 million) across the world. Thus, in the year 2000, the company shifted its focus from being a co-manufacturer, to being a manufacturer of its own brand of toner cartridges.

4. Remanufactured toner cartridges are laser printer consumables which are rebuilt (i.e. filled with toner, assembled and packaged) using components of original toner cartridges.

GIT's evolution roadmap included several important milestones including the following:

- 2000: GIT began selling re-manufactured toner cartridges.
- 2001: GIT started offering printer servicing solutions for clients, enabling printer issues to be resolved quickly; along with offering annual supply and maintenance contracts for printers.
- 2004: GIT started sale and distribution of HP printers.
- 2007: GIT began to offer Management of Print Service solutions (managing the entire print environment, offering printer rentals and sales of printer consumables and providing printer maintenance services) to corporate clients.
- 2010: GIT started the short-term printer rental service for all its customers. With its current business model, GIT has witnessed significant growth in its revenues over the last three years (average growth rate of 28% per annum). Further, the company's employee base has increased from 9 employees in 2001 to 70 employees in 2012.

Focus on Corporate Governance

In its journey of success, focus on corporate governance has always been an integral part of the organization's philosophy. Hailing from a legal background, Dr. Sassan believed strongly in transparency and management reporting in business operations. Thus, from the first year itself, the company initiated the practice of maintaining audited financial statements. Moreover, roles and responsibilities of the two active shareholders were clearly defined in the Articles of Association. One of the shareholders managed the Administration and Finance departments, whereas Dr. Sassan was in charge of the Operations and Sales functions. In October 2000, GIT implemented ISO 9001 entailing documentation of key processes and institution of management control mechanisms within the operations.

Being part of Dubai SME 100 served as a further motivator for the company to formally begin implementation of the prescribed nine pillars of corporate governance.

“Dubai SME 100 was an inspiration to us to implement corporate governance practices. Dubai SME has opened our eyes for what is the path of excellence for a company.”

Dr. Sassan Dieter Khatib-Shahidi, Founder & CEO, German Imaging Technologies

Post the Dubai SME 100 rankings, one of the first steps towards a structured approach to corporate governance for GIT was the establishment of a formal Board of Directors in 2012.

The company's Board of Directors comprises four external non-executive directors, with Dr. Sassan assuming the position of Executive Director. Each non-executive director holds expertise in a specialized field so that the company can gain access to comprehensive guidance for strategic business decisions. One of the Board Directors is from the investment banking field and guides the founder towards strategic financial decisions. The Regional Head of Marketing of a well known multinational organization in Dubai serves as the Sales and Marketing expert on the Board. The BOD is headed by the CEO of a Financial Services provider, who brings in operational expertise to the Board. The Board Directors are remunerated on an annual basis and their roles and responsibilities have been well defined and documented.

As per the Board's advice, the company has developed a five year growth plan and has started preparing annual budgets that are presented to the Board for approval. Periodic board meetings are held to track progress on milestones, in relation to which minutes of the meeting are prepared and duly documented. Moreover, all critical business decisions are made only after an approval from the BOD.

The company has also implemented some key provisions for effective succession planning of the owner through formalization of the Board and by taking up a Key Man Insurance policy cover for the owner. A set of broad guidelines for succession planning for key employees have been followed from the company's initial years (all employees have been cross trained, and every function in the company is known by at least three employees who could act as substitutes for each other at any point in time).

Impact of Focus on Corporate Governance

Overall, adherence to principal aspects of corporate governance has provided a structured platform for taking strategic decisions and better management of the company's operations. In 2012, the company had to make certain key strategic decisions; one of these was to set up two new offices in the UAE (one in Abu Dhabi and one corporate sales office in Business Bay, Dubai). Both these proposed suggestions were presented to the Board and were thoroughly vetted, before the company actually decided to set up these offices.

“One key decision was to open in Abu Dhabi, in fact I was actually against it because I wanted to do it with substantial investments on a large scale, for which we needed additional investments. However, the Board advised that we should open in Abu Dhabi immediately, even if it was on a small scale. The decision was taken in March 2012 and the office was opened in May. By October, we were profitable. So, it was a fast track to profitability and I was very happy with that decision which I would not have taken on my own.”

Dr. Sassan Dieter Khatib-Shahidi, Founder & CEO, German Imaging Technologies

Presence of a BOD has also enabled effective management control in the organization. In order to maintain a consistent flow of information within the organization, the Board has instituted a system of dashboard which provides crucial information about every department on a daily basis. This dashboard helps the CEO to monitor the operations of the company closely and facilitates him in detecting any deviations from the planned course.

Key Challenges in the Implementation of Corporate Governance

Adopting the code of corporate governance has been a challenging journey for Dr. Sassan and his team. The key challenge was to get the right set of professionals to serve on the Board of Directors. Drafting by-laws and agreeing on a financial remuneration model for the Board members were the other major concerns.

Moreover, formulating the five-year plan and annual budgets required rigorous effort and time. One of the key hindrances in the direction of a higher orientation towards corporate governance was to influence a change in the mindset of the employees and align them to the importance and benefits of these practices. Hence, GIT focused its efforts in fostering a culture towards corporate governance amongst its employees, through a process of continuous orientation and education.

“There is a general misperception among SMEs as well as the workforce that corporate governance is mainly relevant for large corporations with diversified businesses.”

“Successful implementation of corporate governance principles materializes only when every employee in the organization embraces the significance of adopting these principles.”

Dr. Sassan Dieter Khatib-Shahidi, Founder & CEO, German Imaging Technologies

Awards & Recognition

GIT was ranked 11th in the Dubai SME 100 ranking in 2011. It has also been accoladed as one of Arabia's 500 Fast Growing Companies in 2011 and 2012.

Future Strategic Objectives

A part of its future agenda towards enhancing the adoption of corporate governance in the organization is to prepare a conclusive and comprehensive document for ensuring clarity of these principles to all the relevant parties.

“We still don't have that coherent corporate governance document. We have ownership succession and employee succession in place in separate documents; we have the Board of Directors in place and business plan in place. Only the finishing touches are missing to put the entire corporate governance picture together. We might have executed 80% of corporate governance principles but we need to execute the balance 20%.”

Dr. Sassan Dieter Khatib-Shahidi, Founder & CEO, German Imaging Technologies

At a strategic level, the company envisions itself as the market leader in the Middle East and Africa through constant product innovation and business model re-engineering. Further penetration of the domestic market and replication of the direct sales models in the GCC countries (primarily in Qatar, Kuwait and Saudi Arabia) as part of its five year growth plan, is expected to increase sales seven fold over the next five years. This would be implemented by setting up operational offices in these countries with a dedicated sales and operations team on the ground.

Moreover, Dr. Sassan believes that the Board's role would be crucial for the implementation of the company's strategic plan.

“The decision to go and open a branch in which year and at what time will be the Board's. The fact that we have four experts to guide us will provide us with tremendous confidence in making these decisions.”

Dr. Sassan Dieter Khatib-Shahidi, Founder & CEO, German Imaging Technologies

Chapter : 5

CORPORATE GOVERNANCE



Reflective of a strong belief in corporate governance to increase transparency and efficiency in business.

Founder & CEO

Mr. Ibrahim Bin Shaheen

Year of Establishment

2003.

Line of Business

Import and distribution of beverages, fruits, vegetables and meat.

DGT LLC, ranked 39th in the Dubai SME 100 rankings for 2011, was established as a general trading company in 2003 by Mr. Ibrahim Bin Shaheen. The company is currently engaged in import and distribution of beverages, fruits, vegetables and meat products in the UAE. DGT LLC primarily serves the UAE market but has specific distribution agents in some of the GCC countries, such as Saudi Arabia, Qatar, Kuwait and Bahrain.

Background to the Company and its Evolution

In 2003, the company began by trading in heavy materials. However, Mr. Ibrahim was faced with intense competition in the sector. Moreover, he realized that a higher market potential existed in the food and beverage sector in the UAE. Hence, in 2006, DGT LLC started trading in fruits and vegetables. It was only in 2009 that DGT LLC ventured into the beverages market by collaborating with the SIRMA Group in Turkey. Presently, DGT LLC is the sole agent of the SIRMA Group with exclusive distribution rights for the GCC region. In 2012, DGT LLC signed an agreement with T.C. Union Global Public Company Limited, Thailand to be their sole distributor for Blink products. This initiative was the company's first step towards entry into the health supplements sector.

DGT LLC operates with the key objective of providing high quality and healthy products to its customers. DGT's product range in the beverages sector includes SIRMA water, Blink Collagen Drink, Royce Energy Drink and Coconuto.

SIRMA Water, their key product offering, is sourced from the fresh and untouched springs of Turkey after being tested by 40 SIRMA water plants. Blink products are collagen drinks that revitalize and rejuvenate the skin. DGT LLC is the sole agent in the UAE for distributing Royce Energy drink produced by Park Gida in Turkey. As the name suggests, Coconuto is a coconut based drink manufactured in Thailand.

DGT LLC has a full operational set up in the UAE with warehouses and fleet of more than twenty two trucks. The company has more than 700 to 800 points of sale in the country. The company places a high level of significance on marketing to promote its products. In coordination with the health authorities, the company strives to educate consumers on the benefits of spring water since it has low sodium content. It has also invested heavily in marketing its products through advertisements on radio and distribution of flyers. The company participates in school events and sports events by offering SIRMA water at reduced prices.

Over the last nine years, the company's sales have increased significantly they increased at a CAGR of more than 75% during the period 2010-2012.

Focus on Corporate Governance

Since its inception, the company has maintained externally audited financial statements to ensure transparency and accountability. Further, DGT LLC also uploads its audited reports on its website.



“If we are planning to become a listed company, we should incorporate a strong framework of corporate governance principles in our company.”

- Mr. Ibrahim Bin Shaheen,
Founder & CEO, DGT LLC

Mr. Ibrahim's vision to get the company listed in the secondary market for SMEs has inspired him to embark on the journey of implementing a strong corporate governance framework in the business.

DGT LLC has participated in the capability development workshops held by Dubai SME to enhance the understanding corporate governance amongst SMEs. This has led to the company taking a few steps towards implementation of the corporate governance framework.

The company has appointed a CFO in its move towards improving its accounting and finance processes. It is further planning to set up an Advisory Board to provide expert guidance towards strategic business decisions. This would further provide a higher level of confidence in executing strategic initiatives.

“Sometimes I get ideas for growth and expansion of my businesses and I feel I need some guidance for making those strategic decisions. An Advisory Board will really help in making those important decisions.”

- Mr. Ibrahim Bin Shaheen, Founder & CEO, DGT LLC

One of the major steps undertaken by the company to improve its internal processes has been integration of its warehouse systems with the head office to track the inventory and maintain effective controls on warehouse operations.

“We were completely unaware of what was happening in the warehouse everyday; they were sending us manual invoices, but it was hard to know the inventory status on real-time basis. Integration of warehouse systems to head office will help in tracking the inventory levels.”

- Mr. Ibrahim Bin Shaheen, Founder & CEO, DGT LLC

Although the company has documented procedures only for the warehousing function currently, going forward, it plans to formulate process documents for all its key functions.

“We strongly feel the need to document all our key processes. We want to make sure that even if anyone goes from the company, a process is there, everything is documented.”

- Mr. Ibrahim Bin Shaheen, Founder & CEO, DGT LLC

Impact of Focus on Corporate Governance

The entrepreneur believes that establishing clear corporate governance principles adds a lot of value to the company as it reduces the risk for potential investors. Adopting the key principles of corporate governance reflects that the company is managed in a professional manner with implementation of high standards in its internal processes.

“Corporate governance ensures everything is done in a professional way with proper systems in place for key functions such as management, operations, sales, etc.”

- Mr. Ibrahim Bin Shaheen, Founder & CEO, DGT LLC

Besides improving operational performance, a corporate governance strategy embeds principles of accountability throughout the organization and creates a mechanism of regular checks.

Key Challenges for the Company in Implementation of Corporate Governance

Lack of internal know-how for implementation of corporate governance in the business is one of the key challenges that the company is facing currently. Another major concern is changing the mindset of the employees and creating belief in a sound corporate governance culture.

“The challenges were how to implement corporate governance in the business, how to give confidence to my team to adopt it and to make it work.”

Awards & Recognition

DGT LLC was ranked 39th in the Dubai SME 100 rankings for 2011. Mr. Ibrahim highlights that being a part of Dubai SME 100 not only provided recognition but also contributed towards the company's top line.

DGT LLC was also awarded as 'Best in Food and Beverage Sector' in 2010 for its performance by Dubai SME. Apart from this, the company was recognized by Khalifa Fund as the 'Best Local Talent in Project Management' in 2011. DGT LLC has also been identified as one of Arabia's 500 Fast Growing Companies.

Future Strategic Objectives

The key future focus areas of the business are to promote the Royce Energy drink in the local market as well as to expand its distribution network into regional markets (particularly Saudi Arabia). In order to enable their distributors to succeed in the respective markets, DGT LLC plans to create support packages for them.

In addition to these, the company plans to enhance its focus on the hotels, restaurants and catering segment to distribute its products.

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THE STATE OF SMALL AND MEDIUM ENTERPRISES IN DUBAI CASE STUDIES