

OPEN MINDED

There's more to Iran than sanctions, nuclear deals and oil, discovers **Amy Guttman**, who finds many Iranians are entrepreneurial, well-educated and welcoming global travellers

On a warm autumn night, in affluent north Tehran, more than 30 aspiring young tech entrepreneurs sit at a trendy, outdoor café. Gathered around a large table, the mostly 20 and 30-somethings share problems, solutions and plates of nachos.

It's a typical Silicon Valley scene, except there, the meeting would be over breakfast. And here, unlike California, there are sanctions; an economic inhibitor, no doubt, but it also follows the law of unintended consequences. Sanctions create opportunities. Much of Iran's population is eager for Western websites customised for the local market – a limitless proposition – but it's not as simple as building identical versions of Amazon or eBay.

Mohsen Malayeri recently launched Iran's first private accelerator. Avatech provides office space, access to capital, and most importantly, education to local entrepreneurs who competed against more than 100 applicants for a place.

Mentoring, 29-year old Malayeri says, is a bigger challenge than funding, in a culture where most young men and women live with their parents until marriage and many work in family businesses.



“Risk is not a high factor in Iran, because you don’t have a lot to lose,” he says. “Imagine you’re an employee in a company in Iran getting around \$300 per month and your house and food are paid for, how bad can it be? More than money, we need strategy, know-how, strategic advice and mentorship. Two years ago, nobody knew what an elevator pitch was. Now, they know what it is, and they’re learning how to do it.”

Even without money exchanged, sanctions stand in the way of valuable mentorship from a long list of successful Iranian entrepreneurs, in Silicon Valley.

“Sanctions are a big concern for a lot of people when it comes to training, mentoring and travelling to Iran. There’s a huge debate going on. There are many successful Iranians in Silicon Valley who could face a threat if they work with the community here so, many of them take a conservative approach, saying they want to support but they just can’t do it right now.”

Those sanctions, the West’s bargaining chip for a nuclear non-proliferation agreement with Iran, have been in place, in varying degrees, since the 1979 hostage crisis.

Currently, US sanctions prohibit almost all trade with Iran. Additional sanctions on oil and gas exports, banks and shipping have been imposed by the US and Europe since 2012. Japan and South Korea have applied their own sanctions on trade, banking, and energy.

Under an interim agreement negotiated a year ago, economic sanctions have eased slightly, allowing Iran access to some of its frozen oil earnings. Both parties failed to agree during talks held in November, but that hasn’t dented US Secretary of State John Kerry’s confidence that a comprehensive pact with Iran will be established well before the new deadline of June 30. He spoke with a measure of certainty to an audience at the Brookings Institution in December.

“When we reached the most recent deadline that we’d set for the negotiation, we all agreed to extend them for this brief period of time...though it said seven months, we’re not looking at seven months...I think the target is three, four months, and hopefully even sooner if that is possible.”

Kerry isn’t the only optimist. It may be a case of wishful thinking, but Iranians, and

many within the international community also believe a deal is within reach. Some are so sure, there’s been a steady stream of representatives from multinational companies marching to Iran to establish MoUs and local partners. Several airlines have resumed regular service and flydubai has launched flights to two Iranian cities. (Tehran and Mashhad).

Reza Soltanzadeh manages an investment firm in Tehran and says an agreement is part of President Rouhani’s mandate.

“The country is quite optimistic Iran and the world are going to work together, not only on political issues, but also economically,” he said. “Lifting of sanctions is part of Dr. Rouhani’s future legacy. During presidential debates, he talked openly about direct talks with the US and people voted on him, so he needs to do this, because he promised everyone he was going to talk, and he did.”

Nevertheless Iran is in the midst of a steep recession, its economy contracting by an estimated 8.6 per cent in the past two years, and the severe dip in oil prices, to below \$60 a barrel, certainly isn’t helping either. ►



BUSINESS IN... Tehran



But Soltanzadeh is bullish on Rouhani's commitment to turning around an economy hampered by former President Ahmedinejad's overly liberal handouts, distributing free government land and cheap credit. "We've seen the government trying to be a lot more disciplined with policies, regulations and laws. Rouhani's main economic agenda is essentially to fight inflation – he's trying to discipline the banks to sell non-banking assets, re-capitalize, and re-inject cash into society."

Soltanzadeh travelled to London last autumn to attend the first Europe-Iran Business Forum. Hundreds of businessmen and women from a wide range of sectors packed a massive hall, participating in workshops about the intricacies of Iran's commercial landscape and its untapped market of approximately 77,000 well-

Clockwise: North Tehran skyline; diners at Leon Café, Hyperstar



educated consumers. Two-thirds of them are under 30, and savvy about the Internet and brand names. Even today, tradition dictates many of them live with their parents until they marry, which means they've got disposable income to spend at shopping malls, restaurants, multiplex cinemas, and other entertainment outlets. And they're hungry for all the latest consumer electronics and convenient services the West enjoys.

Javad Gozad is one of those consumers. "Many items are coming from China, so business wise, it's a very big market for everything – restaurants, hotels. Anything from the cheapest item, to the highest quality, luxury items."

CONSUMER CONFIDENCE

Evidence of consumer spending power is everywhere in Tehran.

On a Tuesday night at 10pm, a shopping mall with western and local brands is packed. Entire families make a mass exodus from HyperStar to the multi-level garage where BMWs, Mercedes', and popular models of 4x4s are fill every parking spot. The "everything under one roof" supermarket owned by a Dubai-based franchisee of Carrefour, opened five years ago with great success. Located in western Tehran, HyperStar solved a major problem for urban dwellers.

There are now HyperStar outlets in other Iranian cities, with plans for 15 branches. Around 80 per cent of the goods filling the vast big-box store are local, with international influences, like fresh sushi. Gozad says there's a huge opportunity in Iran's and restaurant market.

"Eating out is one of the few opportunities to socialise,"

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added Gozad. "You could do very well opening up a fine dining restaurant in Tehran. Iranians have a sophisticated palate and like fine dining. Around 50 per cent are well-educated and most of them have lived overseas, in the US or Europe, so they know everything."

It's not surprising they share many of the same interests and appetites. Women gather at trendy cafes near Tehran University and in the well-heeled northern part of the city to indulge in red velvet cupcakes and peanut butter milkshakes, wearing colourful headscarves and manteau, the mandatory robe women must wear in public covering neck to knee.

Local designers like Anna Sani have all but banished black from their collections since a ban forcing women to wear only dark colors was overturned in 1979. Professional women such as lawyers, judges and doctors flock to Sani's open, airy workshop with its large wooden armoires, for her vivid palette. Her range includes understated elegance, in the form of baby blue linen duster coats, to simple, but bold statement pieces in shades as bright as sunshine with carefully cut-out shapes overlaying solid backgrounds. Her designs could easily sell on the racks at Bloomingdale's, Selfridge's or Galeries Lafayette and probably



will once Iran opens up to the rest of the world.

GROWING TOURISM

Welcome signs are coming in the form of relaxed restrictions on foreign visas, and government loans to build more hotels. Iran's tourism ministry estimates visitor numbers are up 240 per cent in the last year from Europe alone. The rapid rise is a direct result of Rouhani's more moderate stance, says David McGuinness, owner of London-based tour operator, Travel the Unknown.

"Our Iran bookings are up somewhere in the region of 350-400 per cent up this year. I put it down to the political change and people's perceptions of Iran. Since Rouhani came in, you hear more positive things and the announcement of plans to reopen the British embassy in Iran. It's gone from being one of our niche destinations, to being one of our more significant destinations."

Significant not only for tour operators like McGuinness, but

Above from left:
Eating out is one of Iranians' favourite pastimes; Anna Sani; Lobby of Espinas International Hotel



also for those in Iran's hospitality sector, like Amir Mousapour. He manages the front office at Tehran's Espinas Hotel; the only privately owned five-star property since the revolution.

"After Rouhani, we don't advertise. When he took office, there was a feeling Iran would be open for business to tourists" he said. "There has been a big change. Before Rouhani took office, our hotel was about 45-50 per cent full, but now it's 80 per cent. The guests have changed. We're seeing a lot ministers and businessmen from the UK, Germany and Italy. The guests previously were only from Asia, and not the EU, but now it's a lot of EU, US, British and Australian guests. It's a big change in Iran."

The Espinas recently opened a second hotel in Tehran, with 500 rooms, and a helipad.

Tour guides are also benefitting from an increase in clients. Fatehmeh Fereidooni has impeccable timing. She opened her own travel agency two years ago, and is the first in Iran to offer culinary tours – testimony to the influx of Western tourists.

"Australians are particularly



in IT, Nazanin Daneshvar went to work in Germany for a daily deals site. She came back to Iran a few years later to start her own version of Groupon.

"We are solving a problem. Advertising is so expensive, so to the merchants we say 'just give us a discount, and we will get customers for you and bring a lot of PR'. We only sell as many deals as the businesses can handle. Our most popular deals are for restaurants, cafes, entertainment, skiing, paintball is very big."

Milad Razban left a six-figure salary and a comfortable life in Canada to become one of Tehran's tech pioneers. The 27-year old left Iran to study business, entrepreneurship and technology, and was CEO of a startup, before becoming a consultant. He attends the Start-up meet ups every week, to get to know other entrepreneurs.

"I saw the opportunity here and that's why I'm back," he said. "There were lots of sites for downloading and I noticed that we're missing a service like that here, and those services only accept PayPal which is a big thing. No one has access to that here, unless you have some connections to the outside world. So I localised it, providing the payment gateway we have here."

Razban has no intention of leaving Iran. Like Mohsen Malayeri and his accelerator backing the brightest ideas, Razban, too, is betting on his country becoming the next major emerging market.

"It's going to take five to ten years to really mature, but it's going to grow so fast. I want to help people to grow. We don't have lots of investors in Iran, but if there are people willing to invest in this country, it's a gold rush." ■

interested in culinary tours. I will organise a three-week culinary program for an Australian woman who wants to come with her family. I did a three-day culinary tour in Tehran for another Australian woman. She wanted to see traditional Iranian foods, different kinds of bakeries, ice cream shops, coffee shops, and tea houses."

There's no shortage of stops for a culinary tour in Iran. Beyond the bazaars, where you'll spot exotic fruits and 10 different kinds of dried plums, are bakeries selling eight different kinds of bread and every region has its own traditional sweets. The city of Yazd, in Iran's interior, is most famous for its 15 different cookies, most of them laced with cardamom. Flights from Yazd to Tehran regularly transport business executives and other passengers clutching stacked boxes of them. Iran's multi-layered, rich food culture is an easy sell.

But Mousapour and Fereidooni say there is work to be done before tourism numbers rise too high. "We need accommodation, transfers from the airport, restaurants and education for hospitality in our universities. We need our young



people to learn how to present service in hotels. Service does not come naturally and there is a lack of English speakers," Mousapour says.

But that's changing organically, as Iranians from the diaspora return, with English language, skills and profitable ideas.

After graduating with a Masters

Top: City of Yazd
Centre: the Azadi Tower
Above: Apple Store in Tehran