

They're not copycats, they're smart iterators

Paul Graham, Y-Combinator's founder, excels at simplicity. His essays are crisp, his sentences are short and his ideas are clear. A visit to YC's FAQ page shows that his ethos irrigated the institution he created. Answers are crisp, sentences are short and ideas are clear. Despite the diversity of startups it deals with, YC seems obsessed with simplifying how it accompanies them.

Temps de lecture : minute

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Consider this [*elegant business model*](#) categorisation.

Distilling complex ideas to the bare minimum is an underrated skill. In many cases, the simplification is rectifying unnecessary complexity (think financial jargon for simple concepts). In other cases, simplification is spotting what matters in a sea of mostly irrelevant information.

Both paths achieve the same thing: the ability to clearly see what others can only slightly perceive. Seeing stuff clearly is essential to moving in the right direction and avoiding obstacles. It is the difference between crossing the street and getting hit by a car.

Simplifying the global startup scene

In the past decade, tech startups have propped up around the world. At first sight, this trend seems awfully difficult to apprehend. Startups in Sudan, Estonia or Brazil can't even be compared right? Surely, political,

social, economic and cultural differences between countries demand a bespoke approach to startup building.

That supposed complexity hasn't really materialised. The tech startup phenomenon has globalised with mundane predictability. Successful startups around the world strongly resemble each other. Shrewd investors are able to predict what startup will function in Geography A by looking at what has worked in Geography B.

This isn't surprising and boils down to a single fact: people's needs are the same, regardless of where they live. So, logically, the services they need will be the same.

It's actually quite simple.

Smart iterators

Many successful startups in non-Western markets have embraced that concept. Copy what works abroad and tweak it to local market specificities. Until all successful Western startups have an equivalent in emerging markets (EMs), there's space for that approach to work.

Careem is a great example. Careem essentially started out as the "Uber for the Middle East". That is: taking a concept that has met clear customer demand in the West and adapting it locally. The macro approach was devilishly simple (copy-paste Uber's ride-hailing app concept), enabling mental energy to be spent on localising the details.

Careem facilitated cash payments for rides, cognisant that the region's cash usage was high. It adapted its product to local gender dynamics recognising that, for example, Saudi women being barred from driving meant they would make great customers (Saudi women have since gained the right to drive). Careem built an in-house mapping system,

since available ones were subpar.

That made it hard for the Western competitor, Uber in this case, to compete. They lacked the cultural comprehension Careem had, despite having come up with the original idea. In 2019, Uber acquired Careem for \$3.1B.

Many if not all of the Middle East's successful startup exits have followed that model. Souq (an e-commerce marketplace) was acquired by Amazon. Maktoub (an email provider) was acquired by Yahoo. Anghami (a music streaming app) IPO'd on the NASDAQ after a rumoured acquisition offer by Spotify.

Tech startups' globalisation follows simple patterns. In the vast majority of cases, startups in young ecosystems can succeed by replicating what has worked abroad and tweaking the details to fit local conditions. Let's call them "smart iterators".

These smart iterators can, in turn, be copied. Take Fawry, an Egyptian unicorn building (among other things) payment rails for unbanked people. This inspired Cashi to build something very similar in neighbouring Sudan. This is normal and smart. Fawry even invested in Cashi.

In the simplest of terms: successful tech startups around the world are locally-relevant replicas of what works elsewhere. There is rarely a need to reinvent the wheel.

It's the same for ecosystems

Startup ecosystems follow the same logic. All startup ecosystems have the same goal: create tech companies that dust off rusty industries, foster new ones and create high quality jobs. In that quest, all ecosystems need the same ingredients: adapted legislation, enthusiastic investors and local

talent. Whether in Argentina, Indonesia or Poland, the equation is the same.

Once again, getting these ingredients right is a matter of seeing how others did it. The problem an ecosystem A is facing has likely been faced (and solved) by ecosystem B. Might as well copy-paste what ecosystem B did, and refine the details to local conditions.

The American model used to be the only available proxy, which was helpful in some aspects but not in others. For one, the American ecosystem has never dealt with the “brain drain” issue plaguing many EM ecosystems.

The startup scene’s globalisation has increased the number of proxies young ecosystems can seek inspiration from. Ecosystem builders can now choose which national ecosystem they feel legislatively or economically close to and gain contextually relevant ideas.

For example, Senegal’s “La DER” was likely inspired by France’s “Bpi”: an umbrella organisation lobbying for, federating and financing the local startup ecosystem. Senegal has an easier time relating to the French way of doing things than the American one, owing to colonial era-induced legal similarities.

Another example. In fostering an angel investor community, Jamaica will gain more inspiration from North Macedonia than from how America did it decades ago. Despite geographical separation, both Jamaican and North Macedonian startups operate in a similar context: small country, severe brain drain and an economy dominated by “old” money. The solutions North Macedonia is coming up with, which themselves may be inspired by another ecosystem such as Estonia, can be hyper-relevant to Jamaica.

A final example: Saudi Arabia is looking to turn its small cap stock market, Nomu, into a hub for local startups to list. While doing so, Saudi

might heed warnings from the Japanese ecosystem. Japan made a *similar move* about two decades ago with its “Mothers” market. This had an interesting effect. Facilitating local startups’ listing process helped the ecosystem’s liquidity, but hampered founders’ ambitions. Indeed, once they’ve listed, their incentive to conquer global markets erodes.

In the simplest of terms: all startup ecosystems want to achieve the same thing and thus need the same elements. The best ecosystems will be the ones feverishly copying what worked in a socio-economically similar ecosystem.

Conclusion

The rapid, recent and explosive globalisation of tech startups can feel overwhelming. What was previously an all-American phenomenon is spreading around the globe, from Sweden to Libya. Some might say that “capitalism has won”. Rather, I would say that the world has realised tech’s evident ability to solve annoying problems.

Striped to the bone, this globalisation isn’t hard to grasp. Or as my generation would say, “it’s not that deep”. People want to live healthier, get around faster and spend less time on menial activities. This applies whether they speak Uzbek or Lingala, whether they eat burritos or kimchi.

This means most successful startups will be locally-adapted copies of each other, and that’s fine. As long as it solves a potent problem, I struggle to see where the problem is. Maybe the stigma surrounding “copycat” startups stems from people’s discomfort with seeing American concepts spread.

I can understand that. The American model is far from my vision of an ideal society. But I don’t see the issue with intelligently adapting American company concepts to local realities. Doing so doesn’t mean you

have to copy-paste American culture with it.

Anyone interested in this topic should read *The Realistic Optimist* of course, but also *Rest of World*, my personal go-to on many of these matters.

Timothy Motte is the founder of *The Realistic Optimist*.

The Realistic Optimist is a weekly, paid publication making sense of the globalised startup scene. Read the publication's manifesto [here](#).



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