

# NEWS LETTER

STARTUPSCALE 360

ISSUE 17 • OCT 2023



## HELL-O-CTOBER

In this newsletter, we are enthusiastic about covering our expert insights on **CAC and LTV** from our **Knowledge Hub**, and highlighting achievements like **The Playroom's award** at the prestigious BOP.

Furthermore, the diverse array of key highlights we outlined, including the support provided to the **London Business School for their Middle East Business Angels forum**, the meetings with prominent figures like the **Malaysian minister** and the **UAE ambassador**, and the panel discussion on the fledgling **African startup ecosystem**, all present exciting opportunities for building cross-border ecosystem.

Finally, Our deals team has evaluated **12 startups** from around the world, uncovering promising investment opportunities. Stay tuned for updates as we continue to fuel the growth of startup ecosystem.

STARTUPSCALE360  
NEWSLETTER

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# Knowledge Hub

# LTV:CAC

WHY ITS IMPORTANT FOR COMPANY'S SUCCESS?



# Introduction:

In the dynamic landscape of business, companies must navigate through a myriad of metrics to ensure their success and sustainability. Two critical metrics that play a pivotal role in shaping a company's trajectory are Customer Acquisition Cost (CAC) and Customer Lifetime Value (LTV). Understanding and optimizing these metrics, along with the LTV:CAC ratio, can be the key to long-term growth and profitability.



## Customer Acquisition Cost (CAC):

CAC is a metric that measures the average cost a company incurs to acquire a new customer. It encompasses all the expenses associated with acquiring customers, including marketing, advertising, sales team salaries, and any other costs directly tied to customer acquisition.

$$CAC = \frac{\text{Total Cost of Sales and Marketing}}{\text{Number of Customers Acquired}}$$

Let's say a company spent \$50,000 on marketing and sales efforts in a month and acquired 500 new customers during that period. The CAC would be:

$$CAC = \$50,000 / \$500 = \$100$$

In this example, it costs the company \$100 to acquire each new customer.

## Customer Lifetime Value (LTV):

LTV is a metric that estimates the total revenue a company expects to earn from a customer throughout their entire relationship. It provides insights into the long-term value of a customer to the business.

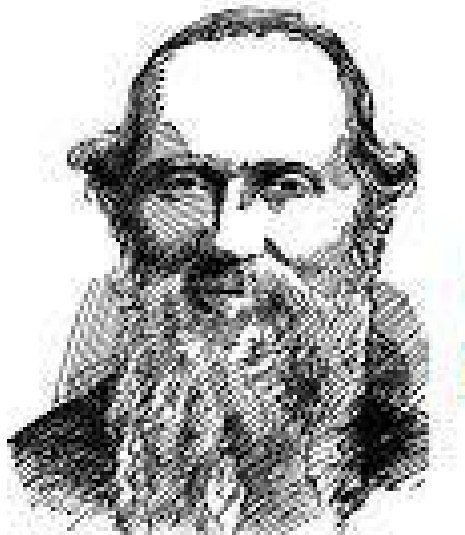
$$LTV = \frac{\text{Average Revenue Per User (ARPU)}}{\text{Churn Rate}}$$

Where ARPU is Total Revenue/Number of Customers, and 1/Churn rate is equal to Average Customer Lifespan.

Suppose a company has an ARPU of \$150 and a churn rate of 5% per month. The LTV would be:

$$LTV = \$150 / 0.05 = \$3,000$$





*"If You Can't  
Measure It, You  
Can't Improve It"*

William Thomson (Lord Kelvin)

## Significance of CAC and LTV

- 1. Cost-Effectiveness:** Monitoring CAC helps companies assess the efficiency of their marketing and sales strategies. By optimizing acquisition costs, companies can ensure that they are acquiring customers at a reasonable cost relative to the revenue those customers generate.
- 2. Strategic Decision Making:** Understanding LTV allows companies to make informed decisions about how much they can invest in acquiring new customers. If the LTV is significantly higher than the CAC, it indicates that the company has a healthy customer acquisition strategy.
- 3. Profitability and Growth:** Balancing CAC and LTV is crucial for sustainable growth. Companies with a high LTV:CAC ratio are better positioned for profitability and can allocate resources more effectively, leading to long-term success.
- 4. Customer Retention:** Both metrics are interconnected, as a higher LTV often correlates with effective customer retention strategies. Satisfied customers are more likely to stay, increasing their lifetime value and reducing the need for constant high-cost acquisition efforts.

## Importance of LTV:CAC Ratio

The LTV:CAC ratio is a critical metric that compares the lifetime value of a customer to the cost of acquiring that customer. A high LTV:CAC ratio indicates that the business is generating more revenue from customers over their lifetime than the cost incurred to acquire them. This ratio is essential for several reasons:

- 1. Financial Health Indicator:** A ratio greater than 1 signifies that the company is generating more revenue than it spends on customer acquisition, indicating a healthy financial position.
- 2. Profitability Forecast:** A high LTV:CAC ratio suggests that the company is likely to be profitable in the long run, as the lifetime value of customers exceeds the upfront costs associated with acquiring them.
- 3. Investment Decisions:** Investors often consider the LTV:CAC ratio when evaluating the attractiveness of a company. A favorable ratio can make a company more appealing for investment, showcasing a sustainable and profitable business model.
- 4. Scaling Opportunities:** A strong LTV:CAC ratio provides confidence for companies to scale their customer acquisition efforts. It implies that the business can invest more in marketing and sales without jeopardizing profitability.

$$\text{LTV} > \text{CAC} = \text{😊}$$
$$\text{CAC} > \text{LTV} = \text{😞}$$

## Conclusion:

In conclusion, CAC and LTV are indispensable metrics for companies striving for long-term success. By carefully analyzing and optimizing these metrics, businesses can fine-tune their customer acquisition strategies, enhance customer relationships, and ultimately pave the way for sustained growth and profitability in an increasingly competitive marketplace.

# PLAY ROOM





# BOP AWARDS

- The playroom took home the award for Best Hybrid Working Solutions 2023 at the 18th edition of the BOP awards
- A massive shoutout to our Playroom team; YOU GUYS ROCK!



Rene Massatti



Alexander Wolf



Maarten Banis



Sophie Prinsen

## DESIGN THINKING WORKSHOP



We appreciate Marc Curtis and Elinor Herincky for hosting an intense design thinking workshop with the Lyreco Group innovation.



A joint project towards a more customer centric approach in Belgium.



The latest PLAYROOM framework on journey mapping has made it's way to WU (Vienna University of Economics and Business).

An intense workshop on human centered processes like design thinking was delivered to all participants.

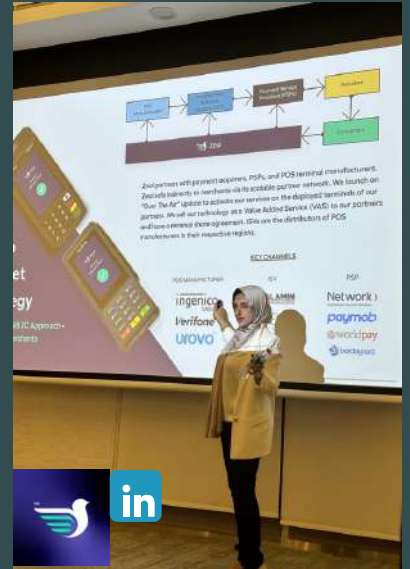


# ◆ OCTOBER ◆ KEY HIGHLIGHTS

The Institute of Entrepreneurship and Private Capital of London Business School had the pleasure of hosting the Middle East Business Angels (MELBA) Investors Forum Fall 2023 at in5 Dubai. Five remarkable startups (Wellx, Revent, Zealpay, Mojo App, and Surpluss) presented to a room full of angels who are now engaged in follow-on discussions and due diligence.



The Venue Powered by Startupscale360



Swethal Kumar, CEO, Startupscale360 met with H.E. Mr. Fahmi Fadzil, Minister for Communications and Digital Malaysia and Mr. Gopi Ganesalingam, SVP of MDEC for promoting Entrepreneurship World Cup Malaysia Final.

Swethal Kumar, CEO, Startupscale360 was invited by Meghan Gregonis, Consul General of the United States of America to welcome The Honorable Martina Strong, the new United States Ambassador to the United Arab Emirates





# AFRICA *Startup* ECOSYSTEM



## Panel Discussion

Our CEO & Founder had a panel discussion at the Africa Early Stage Investor Summit (AESIS) held at the DIFC Innovation Hub. He shared valuable insights about the African start-up ecosystem. He emphasized our commitment to bolstering the ecosystem through the Entrepreneurship World Cup in Morocco and Madagascar in 2024.

Highlighted the significance of the "Big 4" countries in Africa – South Africa, Nigeria, Kenya, and Egypt – and their potential to shape the startup ecosystem.

## Panel Members



Andre Jr. Ayotte  
GP, Modus Capital



Rabih I. Khoury,  
Chief Exit Officer, MEVP



Andrew Chisembele  
CEO, Verofax Africa



Mariam Kamel  
Angel Investor, AUC Angels



Vianney Mathonnet  
GP, Modus Capital



Swethal Kumar  
CEO, Startupscale360



Sameer Sortur  
Director, Founder Institute





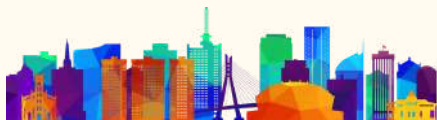
# AFRICA *Startup* ECOSYSTEM



## BIG FOUR GOT 75% OF TOTAL INVESTMENT IN 2022

In 2022, only four African countries (South Africa, Nigeria, Kenya, and Egypt) led funding rounds, comprising 75% of total investments out of the 54 countries on the continent.

Kenya demonstrated a thriving fintech ecosystem and impressive funding rounds, while Nigeria distinguished itself with substantial funding and high valuations within the African startup landscape. South Africa displayed growth, with an increasing ecosystem value and the introduction of new disciplines.



## Lagos

Lagos emerged as the sole African city to make it to the Top 100 list of "start-up friendly" cities globally.



Nigeria has the potential to be recognized as the unicorn capital of Africa. As of 2022, Africa had produced seven unicorns (companies valued at over \$1 billion USD), and five of them originated in Nigeria.

Although several African countries improved their rankings, Morocco experienced a significant decline, dropping 14 places compared to previous years.





# Korean Startups in Dubai



CEO and Founder, Startupscale360, had the honor of co-hosting the Korean startups at in5 Dubai.

In the event, he highlighted about the investment landscape and growth potential for Korean start-ups in the MENA region.

LOCATION: IN5 TECH DUBAI



Delegation led by



Riso Dongok Ahn

Co-hosted by



Sameer Sortur






# Deal360

STARTUPS DEAL ADVISORY PLATFORM



STARTUPSCALE  360



# from our Dealroom

STARTUPS EVALUATED



## Byon8

HealthTech

Seed Stage



BYON8 emerged in response to a burgeoning healthcare crisis, characterized by various challenges. Foundation of BYON8's software is constructed from the ground up, leveraging advanced mathematical algorithms in conjunction with cutting-edge AI technology. It offers an array of services, including 24/7 access to specialists and general practitioners online, prescription and medication services, medical investigations and diagnostics such as X-rays and laboratory tests, access to 100+ partnered healthcare facilities and pharmacies, and comprehensive outpatient care that encompasses all the healthcare needs of patients. The AI interacts with users, posing questions based on their unique medical history, anamnesis, and current symptoms. It facilitates online consultations with physicians, significantly reducing the time required for primary care consultations.

## Indispare

E-Marketplace

Pre-Seed Stage



Indispare has introduced a comprehensive solution in the form of an e-commerce aggregator platform designed to serve sellers, suppliers, distributors, manufacturers, and consumers across India who are involved in the online buying and selling of industrial consumables, machinery, equipment, and spare parts. Indispare boasts an extensive inventory comprising over 20 categories and more than 1,000 subcategories. Their primary focus is on providing same-day delivery directly to the industry, with the aim of minimizing downtime and optimizing inventory management. Their digital solution encompasses a wide range of features, including a vast inventory selection, rapid technical assessments, lightning-fast delivery, real-time tracking, authentic components, warranty monitoring and alerts, and diverse options.



## NabhaVarsha

SportsTech

Pre-Seed Stage



NabhaVarsha Khel Khelo is an innovative application designed to nurture sports talent by seamlessly integrating physical sports with the virtual realm through gamification. This comprehensive ecosystem aims to encourage participation and cultivate healthy competition. Khel Khelo's unique selling points include a Free-to-Play (F2P) model for sports equipment throughout India, cost-effective alternatives compared to traditional options, a community-driven approach with broad appeal, and a low-maintenance product portfolio. Its target audience encompasses individuals, families, government entities at the state and central levels, as well as standalone sports arenas and facilities.



## Orook

HR Tech

Seed Stage



Orook offers a one-stop solution: a specialized digital marketplace for AEC recruitment and career development, tailored exclusively to engineers and AEC companies. Their specialized industry platform offers greater transparency and reduced hiring costs compared to conventional HR agencies. The team, originating from the industry, prioritizes professionals' perspectives, offering free services and welcoming feedback. Orook's user-friendly process begins with creating a profile and specifying skillsets, backgrounds, and interests. Candidates then receive personalized recommendations based on their profiles, potentially leading to direct invitations from companies. Furthermore, the platform allows companies to filter job applications efficiently, saving time and enhancing the likelihood of finding the ideal match for their requirements. Additionally, Orook's portal rewards users with credit points that can be used for e-learning courses.



## Zario

HealthTech

Seed



SZario strives to foster digitally balanced lives by transforming screen time reduction into an enjoyable and rewarding endeavor. Setting itself apart from mere usage monitors, Zario leverages the latest in psychological research to craft engaging real-world challenges, aiding in the reduction and replacement of unhealthy screen habits. This progressive approach aims to incrementally enhance habits by at least 1% daily, culminating in a transformative 100% change within 70 days. Zario operates as a digital well-being app, harnessing AI to customize individual journeys of insights and challenges, meticulously designed to curtail excessive phone usage. The process entails users identifying distracting applications; when these are accessed, Zario's circuit breaker prompts users to reconsider their choice, presenting a unique opportunity to transform distraction into constructive action. This process is not only efficient but also gamified, offering rewards for successful habit adjustments.

## A|LOUD

FashionTech

Seed Stage



AG Design FZ specializes in eco-friendly casual clothing, offering a diverse product range that includes dresses, skirts, t-shirts, tops, blouses, trousers, shorts, and more. A|LOUD operates as a sustainable e-commerce business between the luxury and high street clothing sector. It prioritizes sustainability by utilizing environmentally friendly fabrics in their clothing production process. AG Design FZ also embraces a second-hand clothing policy to further reduce waste. Additionally, the platform manages the proper disposal of clothing, while also facilitating material acquisition through donations. This approach contributes to the creation of a circular economy. To establish these rental services, the company begins by identifying suitable retail locations through extensive research. Following this, their team devises a comprehensive marketing strategy to promote the dress rental service within the chosen stores.



## Veggie Lover

AgriTech

Seed Stage



Veggie Lover, a pioneering start-up, is committed to advancing the realm of plant-based foods by utilizing technology and harnessing organic, untamed, and exotic resources indigenous to the region. Their primary goal is to foster community engagement and gain insights into future market trends. It is a socially responsible, environmentally conscious, and organically innovative company dedicated to transforming the plant-based food industry while actively contributing to a circular economy. Veggie Lover is not only dedicated to innovation but is also deeply committed to social responsibility and economic sustainability. They are at the forefront of organic innovation and are actively participating in the circular economy.

## Arcab

Mobility

Seed Stage



Arcab has introduced a shared network to address these challenges, enabling enhanced resource utilization and cost reduction through the digitization of transportation. This transformation not only boosts resource utilization but also opens up new revenue-generating opportunities for vehicles within the network. Services offered by Arcab encompass Employee Pick & Drop, Shuttle Services, Event Transportation, University Transport, Bus Rentals, and Individual Commutes (Carlift). Arcab's primary goal is to maximize fleet utilization, which in turn enhances potential cost savings. The system collects operational details such as schedules, locations, and passenger information, and then processes this raw data by applying operational constraints and business rules using factors like time windows, vehicle types, working hours, journey duration, and vehicle capacity





## Beachsearcher

TravelTech

Seed Stage



Beachsearcher, a global platform dedicated to beach searching and social interaction. This platform empowers users to discover their ideal beaches, make accommodation reservations, and share their personal beach experiences. Beachsearcher introduces a novel approach to planning beach vacations, by amalgamating beach and travel data. The intuitive search and filtering tools enable users to identify the ideal holiday spot with just two clicks. With an extensive database boasting over 35,000 beaches, users can leverage powerful filters and intelligent AI to effortlessly align their preferences with a suitable beach choice. Each beach is meticulously cataloged with more than 50 parameters for thorough information. Moreover, the company has launched a beta version for nearby hotel bookings.

## Careconnect

Health HR Tech

Pre-Seed Stage



Care Connect is a marketplace that connects healthcare institutions and healthcare professionals. The platform has an innovative and automated machine learning technology and a large candidate pool thereby ensuring superior allocation of scarce staffing resources. The platform will maximise working satisfaction, allowing candidates to filter recruiters by flexible or permanent roles. Workers can apply for jobs, submit documents, select available shifts, and connect to the CareConnect community via the app. Healthcare institutions can leverage CareConnect's applicant tracking system, temporary staff booking tool to ease their administrative burden.

## Tranxpay

FinTech

Seed Stage



TranxPay, a Neobank, addresses these issues by offering USD accounts to non-US residents and businesses in over 60 countries. The process is straightforward, requiring only a Passport ID, a valid US Visa, and a US residential address, and offers global flexibility and user-friendly features, all at affordable foreign exchange rates. Users also benefit from a VISA debit card that can be used worldwide, along with additional features such as bill payment, QR code transactions, check deposit, cryptocurrency transactions (buying, selling, and holding), and comprehensive money management tools. The platform also provides a creditworthiness check to assist immigrants, travelers, nomads, businesses, foreign students, and families. TranxPay offers a streamlined, modern banking solution with a digital-first approach, lower fees, and competitive interest rates, complete with real-time tracking and reporting and 24/7 customer support.

## Fagus

BioTech Research

Seed Stage



Fagus Antibody Services comprises a seasoned team of scientists dedicated to offering a comprehensive suite of antibody development solutions. The company provides an array of services, including the creation of hybridomas using carefully selected antigens, covering screening and culture processes, and culminating in the purification of preferred clones. It specializes in the development of polyclonal antibodies with affinity purification, as well as the conjugation of antibodies to a variety of small molecule dyes, fluorescent proteins, or traditional labels like HRP or biotin. Fagus boasts an extensive catalogue of over 22,000 monoclonal, polyclonal, and recombinant antibodies, with website featuring a collection of more than 40,000 antibody products. Furthermore, the antibodies are available in preferred buffers to cater to diverse research needs.






# BOOK COMPLIMENTARY SESSION WITH OUR EXPERTS

 <b>SHIRIN PATWA</b> HR TECH AND GOVERNANCE	 <b>HAZEM AL SAWAF</b> MARKETING & BRAND MANAGEMENT	 <b>RAJAN MOHINDRA</b> GROWTH HACKER & FUNDING	 <b>NAUSHAD OOMER</b> STRATEGY AND GROWTH	 <b>SONAM SAHAI</b> TRANSFORMATIONAL LEADER & GROWTH	 <b>MUHAMMAD AKBAR</b> STRATEGY AND GROWTH	 <b>AHMED SHAWKY</b> CORPORATE GOVERNANCE
Organization: ACWA POWER, London Business School Alumnus: London Business School	Organization: وزارة السياحة والترويج السياحي, London Business School Alumnus: London Business School	Organization: DYNASPEDE, London Business School, Harvard Business School Alumnus: London Business School	Organization: hyperloop, London Business School, TEXAS Alumnus: TEXAS	Organization: RAKBANK, London Business School Alumnus: London Business School	Organization: LYXOR, London Business School, LSE Alumnus: London Business School	Organization: UP, London Business School, Durham University Alumnus: London Business School

 <b>YEVGENY BEBNEV</b> CAPITAL MARKET, CRYPTOCURRENCY	 <b>AKSHAY SINGH</b> DIGITAL HEALTH	 <b>ARIZ RIZVI</b> BUSINESS DEVELOPMENT PROPTech SPECIALIST	 <b>ARNAV RATH</b> FINTECH & FINANCIAL SERVICES
Organization: BLOCKSTONE CAPITAL, London Business School Alumnus: London Business School	Organization: IBM, London Business School Alumnus: London Business School	Organization: property, London Business School Alumnus: London Business School	Organization: YOU Got a Gift, London Business School Alumnus: London Business School

← A startup can book 30-min complimentary mentoring session with our experts.

**CLICK** on their picture to book session with them.

Click on  to check their LinkedIn page.

## MEET OUR TEAM

“World Class Team”



**SWETHAL KUMAR**  
Founder & CEO  
UAE

**AISHWARYA RATHI**  
Analyst - Due Diligence  
India

**RIYA CHATTERJEE**  
Ecosystem Lead  
India

**RADU JITARU**  
Head of Valuation  
Romania



**RENE MASSATTI**  
Head of Playroom  
Austria

**VIKAS MOHANDAS**  
Head of Venture Studio  
UAE

**KAVISHA GOEL**  
CFO360 Lead  
India

**TAPIWA SENAH**  
Director of Operation, EWC2023  
UAE



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STAY TUNED FOR OUR NEXT ISSUE



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[startupscale360](https://www.startupscale360.com)  
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founder & CEO