Always be prepared

In business, you need to have vision and the courage to follow your instincts, says business advisor and multinational entrepreneur Reinhold Karner.

As his plane approached Malta and started its descent, Reinhold Karner looked out of the window. It was his first flight to Malta and he wanted to see what the island looked like.

“In the sunlight, the limestone buildings shone like gold. Even before the plane had touched down, I had decided that I wanted to buy a house in Malta,” says Karner, a business advisor, multinational entrepreneur and co-investor.

Karner’s wife accompanied him on the following visit and they bought an old village house. That was in 1999 and since then, Karner and his wife have settled down well, spending several months a year in Malta.

“I know of several others who fell in love with Malta and decided to settle down or set up a business here,” says Karner. “Malta’s attraction, together with its geographical position, good educational institutions and quality human resources who have a good command of the English language, makes the island an excellent place where to do business. However, you need the structure to support businesses and keep them here.”

Karner believes that start-ups play an important role in any economy, including the local one.

“There are two kinds of start-ups: those started by young people and others which are launched within an already existing corporate environment. Both have so many opportunities in Malta. First of all, the island is a good testing ground for translating ideas into products or services and taking them to the market. Another advantage is that, given the local market’s size, start-ups immediately start to plan their expansion into other markets.

“Start-ups are also favoured by the availability of resources, which makes setting up a business cheap and low risk. Start-ups can also share resources and invest according to their growth — by going in the cloud, they can scale up as they grow.”

“That said, start-ups need support. Government, venture capitalists and public-private partnerships should come together to create a fund that supports start-ups. Fast-track support should also be available — the ICT sector moves so fast and in such a disruptive way that start-ups need fast-track administrative support. They simply cannot afford to wait for weeks or even months in sorting out their legal or administrative obligations in setting up a business.

“Malta can also offer a lot of expertise. I’m always amazed at the level of expertise that is available locally. There are a lot of experts who have settled down in Malta, or Maltese people who have worked abroad and have returned to the island with valuable experiences. Young start-ups usually have great ideas but don’t have the experience in running a business. All this expertise should be made available to start-ups.

“Start-ups add ideas and growth to the economy. However, the bleak truth is that as many as nine out of ten start-ups fail. Karner also experienced failure but learned valuable lessons from it.

“From a young age, I was always interested in ICT. When I was 16 years old, I wrote my first business package software. Then I joined various manufacturing, services and distribution companies and worked my way up to management. At 27, I started my first software and consulting company. I was quite successful — the company had the biggest clients in the German, Swiss and Austrian region and was growing rapidly.

“Then at the end of the 1990s, I started experimenting with Java software, which was still relatively unknown. In 1997, I had the luck to meet the CEO of IBM, Louis Gerstner. At the time, IBM was on the brink of bankruptcy and Gerstner was hired to turn the company around. When he asked for my opinion on what was wrong with IBM, I told him that the company was old fashioned and had the worst software. Gerstner then introduced me to IBM’s software manager and I was asked to help.

“Then the internet came along and I knew that it would revolutionise everything.”

Karner, a European pioneer of web compliant business software, wrote his own enterprise resource planning software using Java. It was groundbreaking.

“The software had 15 million lines of Java code and its own browser. This was a world first. We also invented completely new technologies such as memory computing.

“The development cost a lot of money but it had massive potential. So I asked one of my clients to join me as an investor and we started planning to float the company on the stock market. Before our initial public offering, the company was valued at €200m. Then what was a very exciting development turned into a nasty game. Basically, my partners wanted to squeeze me out. In the end, after a successful 21-year career as an entrepreneur, I lost millions of my own money and had to file for bankruptcy.

“Luckily, I managed to pilot my team and software into the sale harbour of another company, which is still very successful. However, I had to start again. I lost everything, had to live on €700 a month and could not support my children, who were studying in Shanghai and Scotland.”

Yet Karner took this experience as an opportunity to change.

“I lost 50kg, got fit and changed my outlook on life. I’m no longer a workaholic.”

Nowadays, Karner is doing very well and has a business network worldwide.

“My past experiences have taught me valuable lessons. First of all, you have to adapt and be prepared for the unpredictable. When bubble wrap was invented in the 1950s, it was first intended to be sold as wallpaper. However, as wallpaper, it was a disaster. Then IBM came along and started using bubble wrap as packaging material — this changed the material’s fortunes. It’s a story which shows how failure can be managed and turned into success, thanks to the willingness to adapt.

“Moreover, you have to be enthusiastic and visionary. And don’t invest everything — including health and family — in one project because you never know how things will turn out. Follow your instincts and don’t listen to everything you’re told — after all, there is no golden rule that applies to everyone. And if you fail, get up quickly and try again.”
On July 17-19, not-for-profit event Start-up Weekend, the Malta Communications Authority and the University of Malta Takeoff Business Incubator came together to organise the biggest start-up event to date. The event brought in mentors and speakers which firmly puts Malta on the map as a start-up destination.

The event began on Friday morning with a conference entitled ‘Disrupt. Start-Up. Malta’. The aim of the conference was threefold: to highlight to the local corporate and public world that a vibrant start-up community exists; to discuss the local and international start-up investing world; and to bring to light a few Malta based start-ups that are leading the front.

"The Friday morning conference was thrilling," Simon Azzopardi, organiser of Start-Up Weekend, said. "Not only was it well thought through in terms of content and set-up, but the vibe and energy in the room was felt by everyone. Of course, having speakers with backgrounds working at global brands such as Amazon AWS, Citrix, SoundCloud and Seedcamp helps, but we managed to balance the international names with local success stories.

"The event began with a clear message. What we wanted to do was explain that the start-up world is not about tech or software developers. What the start-up industry looks to do is disrupt business models by thinking differently. We look around us and see 3D printing, sharing communities and internet of things and businesses around the world should be thinking about what effect such could have on their own businesses," Azzopardi said.

Bernard Agius, Malta Communications Authority business and innovation development manager argued that: "It is very important that we realise that disruption brings more to our economy than mere threats. This conference has given a taste of the opportunities that may lie ahead for a small economy if it can locate its niche in a disrupted environment. Being small and nimble can give us an edge in making our economy attractive to disruptive start-ups. This is the right time to talk about disruptive start-ups especially..."
when one considers the push for a European digital single market amid other global technology driven trends."

"Malta’s start-up scene is still relatively new in comparison to the larger centres, but what we are seeing is that with the little effort done by the local community, we have already seen early successes," Andy Linnas, Takeoff Business Incubator manager, said. "Companies like Hotjar, Reapra, DiscountIF and Oulala have already achieved impressive traction and we believe that they deserve Malta’s support and attention."

The event came to a close with Reinhold Karner giving a talk on what Malta should do over the next few months to realise its potential. He spoke about attracting start-ups, creating a platform that nurtures businesses, retention of intellectual property on the island, as well as building a foundation of trust and reliability within the ecosystem.

The Friday morning’s event came to a close in the afternoon, only to be followed by a second start-up event.

"At 6:00pm that Friday, the internationally renowned Start-up Weekend began. From Friday to Sunday, we provided 10 ideas with coaching and support to create business models and live the start-up experience," Azzopardi said.

The event invited mentors from global brands such as AOL, Seedcamp, Amazon AWS, Citrix and Microsoft, to support the teams during this intense competition. The event also included mentors from the Malta-based ecosystem with several reputable entrepreneurs showing up to give back to the community.

"It was great to see early ideas with little substance become viable business models in a short period of time. Not only that, we saw personalities and characters being formed, with leaders emerging from the event," Azzopardi said.

On Sunday, after the final pitches, four ideas emerged as having stood out from the crowd. The winning start-ups included:

HealthHero, a crowdfunding platform supporting individuals that cannot afford or are covered by insurance for key surgeries or operations; AirMeeting, a flight search engine that looks to solve the problem of multiple dispersed people looking for a destination that makes financial sense for all; SureGuides, a start-up looking to bring the AirBnB model to tour guides; and the winner SiteProject, a start-up looking to translate customer requirements of a website into a functional specification.

The winner was selected on a single criterion: if the judges had €100,000 to invest, which would be the investable company. HealthHero was awarded as the start-up with the greatest social impact. Therefore the judges agreed that they would invest, though not for the sake of return," Azzopardi concluded.

Start-up Weekend was sponsored by Altaro, V&A Investments, Takeoff and Malta Communications Authority.