

Transcript for the interview with  
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**BML Istisharat**  
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**You are nearly at the end of your journey with BML Istisharat as the company was acquired earlier this year by UAE-based Mawarid Finance and they shall be taking over its management. What prompted you to go ahead with this acquisition? What were the reasons behind it? Also, what will be your role going forward? If you do stay in the company, to what extent will you be involved?**

Mawarid Finance is an investment company based in Dubai, they specialise in buying up small and medium sized businesses. They were interested in our company at the time when I was beginning to think about slowing the pace for myself. We reached an agreement for them to buy the company. The person who will take over is my number 2 right now, he is the head of the banking products which represent around 80% of our sales figures. This person has also been with the company for the last 33 years so he knows it inside out and he was the best choice to run the company. I will stay involved as a member of the board of directors. I will no longer have my day to day work, instead I will have a kind of advisory role within the board of directors.

**As a home grown entrepreneur what is your advice for those starting out?**

I think the critical success factor especially in this part of the world is persistence. As you may have noticed, the environment not only in Lebanon but in the whole of the Middle East is not that favourable for entrepreneurs, so persistence is the name of the game.

**Tell us about the beginnings of BML Istisharat.**

When we started, three partners and I wanted to start a management consultant company, so in 1972 we began working as management consultants. We used to do feasibility reports, market research, business process re-engineering and very little IT. At that time, computers were very costly, they cost far more than they do now of course, and so the local companies used to do what was then called a service bureau. This was a kind of outsourcing of some activities like payroll processing or inventory processing to computer centres. In Beirut those centres were mainly the American University Computer Centre and the French Engineering University Computer Centre. So our fourth partner's activity was to write some basic programs for pay roll inventory and to run them for our clients at those two computer centres. Then the war started in 1975 and the IT guy emigrated to Canada and my other 2 partners emigrated to Europe so I was left with the obligation of processing the end of the month pay rolls and inventories and it was not at all my field, I was not competent in it but I had to do it. As the war went on, people were no longer asking for feasibility reports or market research, the only activity that continued was this IT outsourcing activity. Then a couple of years later, in 1978 or 1979 there was the emergence of mini-computers so I thought that instead of doing the processing at the American or French University we should buy a mini computer. And so we started doing the processing in our company, and at the

same time the local banks multiplied their branches because they were obliged to follow their clients who because of the war that by then spread out everywhere. Therefore there was a demand for banking software including branch banking software and we followed that trend. Then in 1982 and 1983, the local currency went down, and one of my employees came to see me one day and told me that I was paying him as much as a street sweeper in New York. I asked him "How come? You have a thousand pounds!" and he said "Yes, that is 300 US dollars." So I understood that if I wanted to retain my people I had to earn dollars to be able to pay them in dollars. That was the beginning of our export drive.

First I went to Paris and tried a \* network and the Lebanese network but it didn't work. Then I went to IBM in Paris and I told them that some of our software runs on IBM, because at that time it was not standardized like it is now, in those days each company had its own specific operating system. So one day, we received from IBM in Paris, an RFP issued by CitiBank, the number one bank in the world, and I said to myself, we have no chance that a bank like CitiBank would choose a small company in Beirut, in a war zone... but then I noticed that in the RFP there was an obligation that the software be run on a new machine to be released called the AS400, this obligation was the only point whereby we were on even terms with our competition because nobody knew what the AS400 was. So I said, if we are to have a chance at all, we have to focus on this AS400 because our competition doesn't know it and because all the other criteria was not in our favour, I mean we were in Beirut, we were small, we had no references in Europe. So I called up IBM in Paris and asked them about the AS400 and they said it was a new machine that would be released in 6 months' time. I asked if there were any prototypes out there and they told me that there was one in Brittany and IBM were training their systems engineers on this prototype. I asked if we could send some people to be trained there and they agreed. I sent two people and I told them that "from 9 o'clock to 5 o'clock you are following the training and after 5 o'clock you take 30 minutes rest and then you must begin to try to develop some of our models on the new machine." We selected two or three models from our banking software, I think it was the letter of credit rate financing and one other, and they developed those models on the new machine. After two or three months we were summoned to CitiBank to give our presentation. I went there and I took a modest stand and I told them that while everyone was promising you that they would redevelop their software for the new machine which was not yet released, I could actually show you some modules that have been developed on that new machine! Everyone was shocked, including IBM!

### **You were not just one step ahead, you were many steps ahead!**

So we showed them a demo on the new machine, and of course one third of what they wanted was already there and so yes, they bought in! But you know, they have their European headquarters in Brussels and the guy in Brussels apparently said to them "Are you crazy buying software from Beirut and not from Europe, they are at war, don't you watch TV?!" Apparently they told him "but they have the software on the new machine," so he said "I want to see them!" He came to Paris and I returned to Paris to meet him, and at that time there was no airport here so I had to take a ferry to Cyprus and then a plane from Cyprus. Quite an adventure! And so he asked me "How come you have the software on the machine?" and I said, "Well because I sent my engineers to IBM in Britain." He replied "But how do you work in Beirut?" and I said to him "We work every day! No problem!" He asked

me if our telephones were functioning and I told him that we had installed a VSAT on our roof, he asked if we had electricity and I said yes because we had fuel for our generator for 8 months, and we had installed solar panels on our roof. Every time he had an objection, we had an answer. We produced our own electricity, we had our own telecoms etc. and he finally asked "Why do you stay in Beirut? Why don't you go somewhere else?" and I told him that it was the choice my colleagues and I had made. So we got CitiBank and because we had CitiBank on the AS400, IBM began to sell our software in Europe, in Russia, Hungary, Belgium, the Netherlands etc. That was the beginning of our export activities.

### **Quite a story!**

From that time on we have been ranked by IBM in London between 6 and 10 worldwide for the quality of the software.

**It is unbelievable, no-one would believe that coming from the war zone, you could be so many steps ahead!**

Yes, but there are so many people that have done the same thing in their own field of business.

**It is inspirational! The way you sent the engineers to get their training and they worked harder than all the rest. It makes the difference.**

Yes, this is because we all knew that if we didn't try harder, who were we to be selected by CitiBank?

**Coming back to presence; how many employees do you have? How many countries do you operate in?**

We are employing around 70 full timers, and we are deployed in 35 countries from the US to Malaysia. Our most critical clients are our biggest clients, for example in Malaysia the bank using our software has 13 million clients which is four times the population of our country! So they are obviously important clients for us and of course the Fortune 500 clients are very important for our expansion, I mentioned CitiBank, we also have Alliance AGF, Societe Generale, and in the US we have some subsidiaries of Goldman Sachs as our clients. These are important clients because when a prospect sees those names in a list of references, they accept the offer to talk to us.

**What was the most important success factor that enabled BML to become what it is today? You have already mentioned persistence.**

Yes, persistence and chance.

**What would you say has been the biggest success of the company?**

I would say it would be the penetration of the Fortune 500 companies, coming from a country not necessarily labelled as a software originating country. We are not India, people

are used to the idea of software coming from India, and not Lebanon. In the third world, the only country perceived as a software originator is India but we have made it too.

Specific contracts that we are very proud of are of course those with CitiBank, BNP Paribas, Societe Generale etc. In terms of particular partnerships, we were helped in our expansion by two partners, IBM in Europe and Bull, which was a French computer company based in Paris and they helped us in eastern Europe and some western European countries.

**Is there a particular product that has been a specific success story?**

Practically we only have two products, the banking software and the insurance application product. What has helped us is that because of the deregulation, banks can now sell insurance policies and the insurance policies are no longer just policies but they are also financial products, as they are linked with investment products etc. So the fact that we had both products, while our main competitions had just either banking core products or insurance core products, was a great advantage for us.

**Can you tell us what is next for 2018?**

We don't foresee new markets, but we think we are going to consolidate in some of our traditional markets, mainly the Gulf area, because the buyers of the company are from the Gulf and have lots of connections in the Gulf and they promise to make a special effort to sell us in the Gulf. We do already have some clients in the Gulf but not as many as we hope to.

**You believe the Gulf has potential.**

Yes, there is big potential. Also because the oil prices went down, it means that most companies are now more cost conscious. The delusion of grandeur that was prevailing in the Gulf before has reduced, so they are now looking at their costs.

**What is your vision for the future?**

We started to transform our software packages into all the new delivery channels, we now have the banking and insurance on phones and tablets and we are going to continue to upgrade and update this transformation because you now that the banking business is going through a radical transformation. Now you are used to going into a branch to talk to someone before you do anything. In 5 or 10 years, even today in some banks, you will do everything from your phone. So we have adapted our software to this and we are going to continue to evolve alongside the phones and tablets.

**Can you comment on the recent elections and their impact on business?**

In my opinion, the main advantage of the elections is that they took place. There were surprising results, one party doubled their representatives and others were reduced so it means things are changing. The comment in the West was that one particular party is now dominating the scene but this is not true, if you look at the figures it is not true at all.

**As you know the media always try to hijack such details.**

Yes and I suspect that one media did that and all the others copied. That party had 13 representatives and it still has 13 representatives. Of course they have alliances but alliances can come and go. Anyhow, this party has a big advantage, they are not involved in the corruption. So now two of the parties that are well represented in parliament and who oppose everything are now in agreement on one thing, and that is to fight corruption. This is a very good thing because first of all it will reduce the antagonism of those two parties and also if there is less corruption that is a good thing for the economy.