

FOODICS: CHANGING THE WAY RESTAURANTS CONNECT WITH CUSTOMERS

Foodics CEO Ahmad Al-Zaini watched as the group of business people finished placing their order for coffees at the Starbucks store in Riyadh, Saudi Arabia. The group input their orders on Foodics' point-of-sale (POS) system on the Starbucks counter, which displayed the various drinks and food in a variety of languages. This feature was particularly helpful as it helped the almost dozen individuals from France, Lebanon, Brazil, and the United States complete their order. Al-Zaini smiled with satisfaction as the group moved to the other end of the serving counter to await their drinks and snacks.

It had been almost seven years since Al-Zaini started Foodics, and he marveled at how the company had grown from one that initially provided a service for digital menus to a firm that now delivered an all-in-one workflow solution to food and beverage establishments. With customers in Saudi Arabia, UAE, Egypt, Jordan, and throughout the MENA region, Foodics in 2020 was rapidly growing and expanding. As Al-Zaini thought about the next steps for his company, his mind drifted back to the company's earliest days.¹

THE BEGINNING OF AN IDEA

In 2014 Al-Zaini joined with his friend, Musab Al-Othmani, to found Foodics. Previously, Al-Othmani had started a company that automated the booking of soccer fields across cities. As Al-Zaini shared,

¹ Data on this case was provided in an interview with Ahmad Al-Zaini on January 18, 2021. All quotations and company facts are from the author's interviews unless otherwise noted.

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We were students who spent our time studying in coffee shops, and we saw how outdated and analog most of the systems were in these stores. We realized that there had to be a better way to operate these establishments.

The founders' first idea for a product was an attempt to digitize the process for updating menus. When most restaurants wanted to change their prices they would simply place a sticker on a menu with a new, higher one. The founders thought that they could simplify the process by digitizing it, which would give more freedom to the store owners to add new items and try varying price points. The two believed that using tablets would be a great way to solve this problem for the restaurants.

However, the two quickly found that the challenge with providing a digital menu was ensuring that the new solution would integrate into a store's existing POS solution. At first the pair explored building a new POS system, too, but then thought that integrating with existing solutions would be easier given the established relationships current POS providers had with operators.

As the team looked at building an integration layer into these existing POS systems, they realized that this was an insurmountable challenge as most of the POS solutions were built on proprietary technology platforms and were on-premise and not in the cloud. Without a broadly published set of application programming interfaces (APIs) with which to integrate, and without the ability to efficiently push down-product updates via a modern cloud-based architecture, integration with existing POS systems seemed like a dead end.

The founders then hypothesized that they could replace the existing POS systems by offering a superior and more modern solution to the restaurants. They realized that despite the challenge of replacing existing systems, the POS machines were the real heart of the business operations of these establishments. If they could win the POS space, they would have a gateway to integrate with the entire operational flow and running of each store.

GETTING THE FIRST CLIENT

Foodics found that penetrating the market was not an easy task. After some early challenging trials, it appeared that the company would have to wait to target large retail brands and chains until after the company established reliability with its solution. The team found that it was easier to build rapport with small and local business owners who were drawn to the company's local support team and local presence. As a result, Foodics landed its first client in a shop located in the company's own building. After winning that one store, Foodics expanded to 40 branches of the same coffee company.

This first client proved to be a strong foundation into the wider market of retailers of food and coffee shops, which numbered over 900,000 throughout the wider Gulf Cooperation Council (GCC). Following a similar approach of local support to serve small retailers, Foodics gained traction both inside and outside Saudi Arabia as it expanded into the UAE in 2018 and Egypt in 2020.

THE COMPETITION AWAKENS

As Foodics gained traction in local markets, the company's large competitors became more aware of the rising upstart. Some POS providers responded by offering steep discounts and extra services to their existing clients who appeared ready to switch to the Foodics solution.

To address the increasingly heated competition, Foodics focused on emphasizing how it could help customers make a seamless transfer to their solution with the help of expert local support who understood the local market and spoke the language of both the region and the parent organization. The company also enabled integrations at no charge for large enterprise accounts, which allowed client chains to integrate with their core software systems—including, for instance, mobile apps, and enterprise resource planning (ERP) and customer relationship management (CRM) systems—at zero cost from Foodics. The company also installed proof-of-concept (POC) tests at the clients' premises to ensure alignment on operational requirements before rolling out a solution into the field.

This tight and personal relationships with clients also enabled key learnings for the company, and led to Foodics upgrading its customer solutions by adding features such as continuous system updates and new features driven by customer feedback, such as cloud kitchens, delivery call centers, drive through support, e-commerce enablement, and other important features.

EVEN MORE GROWTH AND FUNCTIONS

As the company gained traction with customers, it added more features to its product. In addition to the cashier POS solution, the company added more value-added capabilities in business intelligence and reporting solutions, along with loyalty cards and programs, inventory management, and even integration with third-party applications. As Foodics became the operating software of record for companies, the firm grew in size. Revenues in 2018 were over \$2 million, and in 2019 reached almost \$4 million. By the middle of 2020 the company served over 6,000 stores spread throughout the Middle East.

While the sales and geographic footprint of the company expanded, so did the size of the chains that they served. In 2019 the company signed deals with Starbucks and Dunkin Donuts as Foodics became more established as a brand with a full-service solution for various quick-serve restaurants (QSRs) and cloud kitchens. In addition, the company connected to materials and grocery supply chains, which enabled on-demand delivery and lower prices for retail establishments.

Another popular feature that Foodics added was the addition of offering capital to provide loans to merchants for accessing cash through a relationship with Maalem Financing. Via a \$100 million fund these loans not only supplied valuable cash to Foodics' customers, but they also provided insights on credit scoring of these establishments, which further added to the value of the Foodics solution.

FUNDRAISING HISTORY

As Al-Zaini thought about his next fundraiser, he considered that the company had already raised \$10 million combined in its Seed and Series A rounds. This investment came from high-quality

organizations such as the Saudi Development Fund and Endeavor Catalyst, amongst others. The company's relationship with its existing investors was very healthy, and Al-Zaini believed that the company's existing investors would participate actively in the upcoming capital raise.

THE NEXT ROUND OF CAPITAL

When Al-Zaini thought about his next round of funding, he concluded that he wanted to raise up to \$20 million. Despite the benefits of the large footprint the company had established across the Middle East and North Africa, and the digital nature of the company's solution, the business was people intensive, requiring a large field sales organization in each city where it operated. Each country had different rules, laws, and ways of doing business, and this required Foodics to have local staff in each area who knew the local geography intimately.

As he thought about getting ready to raise his Series B funding, Al-Zaini wondered what would be the best strategy for his next steps in raising capital.

Exhibit 1

Selected Company Information

It all started back in 2014 when two friends had the same dream.

Ahmad Al-Zaini and Mosaab Al-Othmani, who were also college classmates in Dahrn, were inspired to change the way restaurants connect with their customers. And hence, Foodics was born!

Throughout its growth journey, the Foodics team has managed to turn challenges into opportunities leading to a strong positioning in the market today.

Armed with the vision of the founders, the excitement of the entire team, and 10,000+ customers, the Foodics brand is always in pursuit of higher ground when it comes to its offerings, culture, and market share.



Core Features



Cashier POS

Cloud-based POS Cashier App with a user-friendly interface



BI & Reporting

Let the numbers do the talking and pave the way for expansion and growth



Loyalty Programs & Gift Cards

Turn your repeat customers into brand advocates



Suppliers

Our system connects you to major suppliers throughout the Kingdom



Inventory Management

Don't run out of an item ever again!



Integration with Third Party Apps

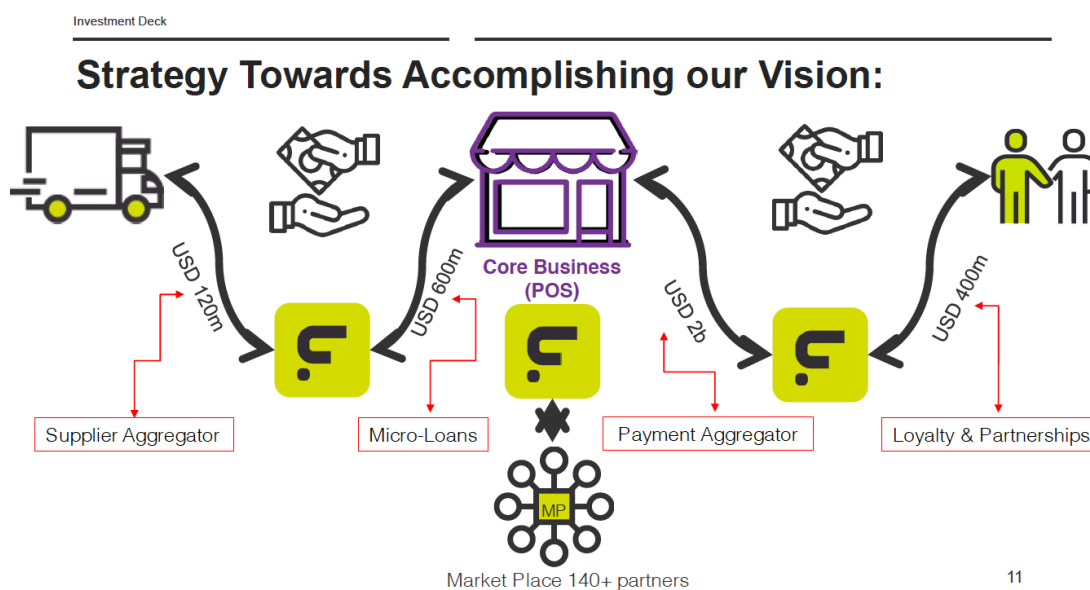
A rich variety of third-party apps for you to compliment your business offerings and make your customers even happier

Exhibit 1 (continued) Selected Company Information



Figures are as of June 2020

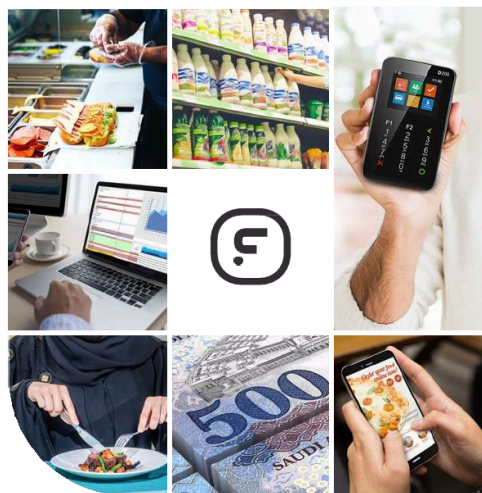
Exhibit 1 (continued) Selected Company Information



11

Foodics Products

-  Foodics Restaurants
-  Foodics Retail
-  Foodics Pay
-  Foodics Now
-  Foodics Supply
-  Foodics Capital
-  Foodics 360°



Source: Foodics

Exhibit 1 (continued)

Selected Company Information



Stay on Top of Industry Intelligence.

Well-crafted BI reports and stats to help customers gain advantage over their competition and better position their business.



Investment Deck

Total Addressable Market

To date, we have been focused on restaurants. With the launch of our new version, we will be tapping into the retail market, therefore we now have a larger TAM to target within the same region

All figures in USD	Bahrain	Kuwait	Qatar	KSA	UAE	Total
Number of Restaurants	4,693	12,031	8,099	98,000	27,941	150,765
Number of Retailers	23,467	60,156	40,495	490,000	139,707	753,826
Expected number of Terminals*	61,014	156,407	105,288	1,274,000	363,239	1,959,947
Price per terminal	425	425	425	425	425	2,125
Total TAM	25,930,865	66,472,802	44,747,258	541,450,000	154,376,427	832,977,353

* Assuming 2 terminals per retail store and 3 terminals per restaurant

Market Potential Analysis	
Using number of stores as a benchmark:	
Total number of stores in the GCC	904,591
Expected cumulative stores in 2020	9,180
% of TAM to acquire in 2020	1%

Using potential revenue as a benchmark:	
Total USD Value of TAM	832,977,353
Expected ARR in 2020	8,292,437
% of TAM to acquire in 2020	1%

Whether we look at the number of stores, or at the revenue value in the TAM, with the growth that we are predicting for 2020, we will only be obtaining 1% of the potential!

The existing revenue opportunity available for our product

- Total USD Value of TAM
- Expected ARR in 2020

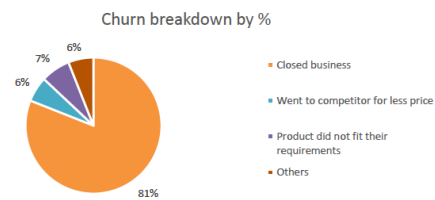
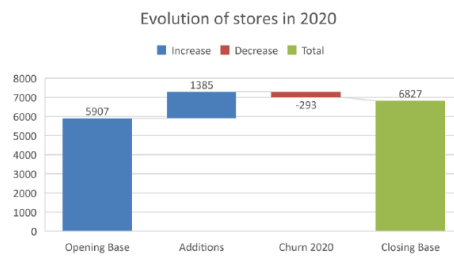
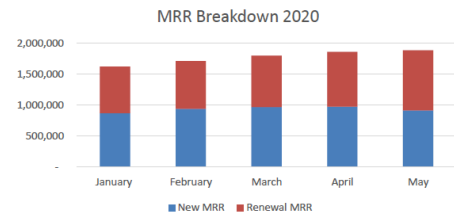
Source: KSA Statistics Department & Foodics Estimates

Source: Foodics

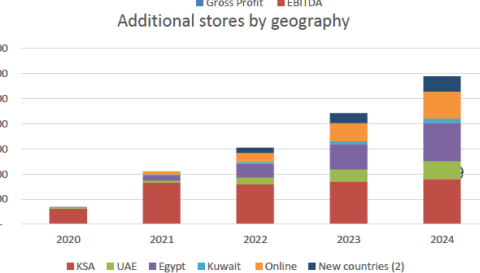
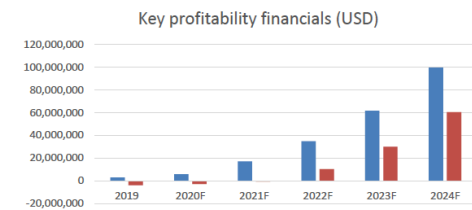
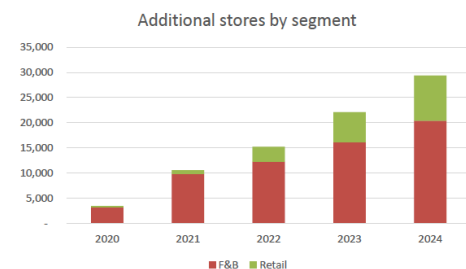
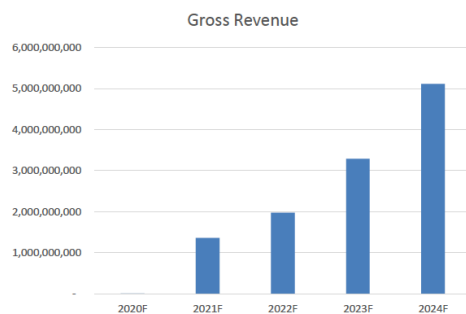
Exhibit 1 (continued)

Selected Company Information

Historical Financials:



Five-year Forecast:



Source: Foodics