

## The Carzaty Journey

### To exit or not?

In March 2021 Carzaty co-founders Hassan Jaffar and Marwan Chaar faced an enormous decision. Four years after starting their online used-car sales platform, the friends were poised to scale up their business, having secured term sheets to raise \$15 million of additional venture funding. The data analytics models underpinning their business were so fine-tuned they could confidently forecast threefold growth within a year. They had ridden the highs and lows of starting a business, managing to sidestep failure along the way. Everything they had put into place had led them to this point. The market was hot, the sector was buoyant. “We had a mixture of debt and equity on the table at very reasonable terms. We were very happy with that,” recalled Marwan.

At the same time, Mexico-based car giant Kavak was looking to expand to the Gulf Cooperation Council (GCC) region. Founder and CEO Carlos Ottati had set his sights on Carzaty and had personally asked for the company to be added to Kavak’s acquisition shortlist.

The friends had thought in great depth about how to exit at the start of their journey. They had considered what an exit would be like, who would buy them and for how much. Now, at the crossroad of two paths, Hassan and Marwan were grappling with some big questions. Had this interest from Kavak come too early? Could the exit terms match expectations they had set from the start? Should they continue on their own or sell?

### A friendship anchored in entrepreneurship

Marwan Chaar and Hassan Jaffar were living in Oman when they laid the foundations for their startup in 2016. Both seasoned professionals, they were alumni of prestigious US universities. Hassan held a master’s degree in finance from Texas A&M University. Marwan held a master’s degree in mechanical engineering from Stanford University and an MBA from Harvard Business School. At the time of founding Carzaty they were commanding considerable salaries and bearing the responsibilities that came with that. Marwan was working full-time at solar energy startup GlassPoint Solar. Hassan had recently shifted to working part-time as an investment professional at a global hedge fund to find time to explore founding a new venture.

The entrepreneurs’ early ideation investigations had led them to identify a significant customer pain point in the second-hand car market in Oman. They knew that customers harboured deep issues of mistrust and that there was a lack of competitive pricing. They saw an opportunity to bring to market a digital-first offering that promised reliable cars from a trusted retailer at fair prices.

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