

أرامكو السعودية  
saudi aramco



entrepreneurship

# THE WA'ED NEWSLETTER

Q1 2022



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# NEWS FROM WA'ED



## Ticket Size Increases to SAR 75 Million

Wa'ed has increased its ticket size to SAR 75 million (\$20MM) to target later stage funding rounds.

The news supports Wa'ed's vision to be a long-term partner with founders, to support their journey over the life of the venture. In parallel, Wa'ed has implemented a strategic course to invest in five core areas, including Sustainability, Manufacturing, Social, Digital, and Industrial sectors.

## Four New Agreements Signed During GEC Riyadh

Construction technology company **WakeCap** received a **SAR 7.5 million investment** from Wa'ed to improve on-site operations, productivity, and worker safety.

Wa'ed provided a **SAR 3.75 million (\$1MM) bridge round in Ynmo**, the EdTech platform dedicated to improving the quality of educational support provided to children with special needs.

An **MoU was signed between Wa'ed and equity funding platform Maydan Capital** with the aim to diversify local investment opportunities and advance the local fintech sector.

To accelerate the expansion of the AgTech sector globally and regionally, **Wa'ed co-led a SAR 69.38 million (\$18.5MM) investment round in Red Sea Farms.**

## Fintech Accelerator Kicks off in Saudi Incubation Program

In partnership with Fintech Saudi and venture capital firm Flat6Labs, a 12-week accelerator program was launched in February to boost the growth of FinTech companies in the Kingdom.

The hybrid program, supported by Wa'ed, hosts a series of workshops and training seminars in-person in Riyadh and virtually.

# NEWS FROM WA'ED

## 11 Startups Orientated to Wa'ed's Incubation Program

This quarter, 11 Kingdom-based startups were onboarded to Wa'ed's Incubation Program which will provide strategic guidance and mentorship during the next 12 months.



**Ajwatech**, specialized in marketing dates, date products, and innovative products from Madinah



**ASHYA Tech**, a provider of IoT solutions for field services, energy, and sustainability



**BuySell Marketing Company**, a startup platform that enables companies to obtain comparative price quotes for chemicals



**CensorIT**, an IoT solutions and applications which increase efficiency and scalability



**e-procure**, a B2B platform built on blockchain technology to change how businesses interact



**Mawidy**, a healthtech startup utilizing artificial intelligence to find and book top-rated doctors in the region



**Muktasar**, a Saudi-based global edtech platform offering summaries of international books



**iRAMA Farms**, creator of hydroponics and aquaponics farm environments using advanced smart technologies



**Slates**, a web browser extension which allows people to save, curate, and share their internet discoveries in organized collections with notes in a single URL



**Sorting Medical Waste**, a female-led project developing a small device to sort medical waste for safe disposal



**Spectra**, a Saudi telemedicine startup specialized in addressing and virtually diagnosing developmental and behavioral disorders in children

## Wa'ed welcomes Mohammed Bakhsh as an Investment Manager



With 13 years of work experience in consulting with EY, managing retail businesses, and startup funding, and four years at Ra'ed Ventures managing startup funding, Mohammed brings an extensive tech investment background to the table. He worked with Techstars, the global startup accelerator, to successfully launch and manage their first program in Saudi Arabia. Mohammed holds an accounting degree from King Fahad University of Petroleum and Minerals and an MBA from the University of Sheffield, UK.



# ON TRACK TO EXPAND THE MARGINS OF OUR IMPACT

Supporting an emerging startup ecosystem requires a certain, almost hypercritical, level of perseverance. One that drives us to look back and reflect on where the market gaps are, where support is much needed in each sub-sector, and what, as ecosystem leaders, are the areas we've been inadvertently led to miss out on. During the latter course of the past year, we've been adamantly seeking ways to enrich the programs and services we offer through our two founder-centric units – our capital venture arm and our incubation program.

Reassessing our role and the extent of Wa'ed's contribution allowed us to reaffirm commitment to expanding the margins of our impact that have driven the current performance of our startups, and the future trajectory of their growth. We've worked to expand our investment ticket size to SAR 75 million (\$20MM), welcomed over 163 startups to our portfolio overall, and deployed more than SAR 416.25 million (\$111MM) in funds since our foundation.

We are on a track to expand our value-add resources, experimenting around various venture-building initiatives, and we have entered this new year with a laser-focused vision. Our portfolio companies are continuing to benefit from the changes which have been cemented in recent years. With every new partnership our incubation arm has secured, with every step we take closer towards expanding our investment tools, we are taking bold steps towards a more successful future.



*Fahad Alidi, Managing Director at Wa'ed*

With this, our mission and responsibility towards activating the Saudi ecosystem has only grown larger in scale. It is no longer the goal of placing multiple bets on emerging startups that incentivizes us to take part in the local scene. We are instead laying out a relevantly complex and interdependent foundation that can empower founders and trigger self-corrective shifts towards a sustainable path for growth.

We believe in the unbounded power that a single founder has in unlocking an entire market vertical, and we have seen that in the startups we've supported during this quarter, but we're also cognizant that behind each founder there needs to exist a generous and long-term ecosystem partner. This year, Wa'ed will stand as that industry leader, the one whose locally tailored support and strategy proves to be contagiously impactful across the entire ecosystem.

*Fahad Alidi*

# AWAY FROM THE HYPE, NFTS WILL DERIVE VALUE FROM UTILITY

While the legacy of Non-Fungible Tokens (NFTs) is still being debated, what is clear is the growing revenue stream opportunities they present to startups and established companies, by providing a solid business model aligned with their current strategy.

When Twitter founder, Jack Dorsey, auctioned his first tweet as an NFT for SAR 10.88 million (\$2.9MM), other NFTs quickly emerged across art, fashion, gaming, music, and other sectors, with the same eagerness to make similar returns. Fast forward 12 months and the same tweet has failed to attract similar level bids and instead, dropped in value by more than 80 percent. Why? The tweet turned NFT lacks utility, and its value is in the eye of the beholder.

Despite such disappointing outcomes, participation in the NFT market has grown with 2.7 million unique active wallets (registered users) and SAR 86.25 billion (\$23B) in NFT trades in 2021, according to the DappRadar 2021 Industry Report. In fact, at the end of April, Coinbase Global, a US crypto exchange, launched the beta version of its own NFT marketplace. The market also saw investors such as VCs allocating resources to this fast-growing market. After investing only SAR 300 million (\$80MM) in 2020, VCs have invested a record SAR 15 billion (\$4B) in blockchain games in 2021, according to DappRadar 2021 Industry Report

Many critics agree that the value of NFTs are only based on the ability to sell to a greater fool until there are no fools left, a humankind shortcoming known as the greater fool theory. However, for startups to successfully integrate NFTs into their business, it is vital that they carefully consider whether they want those NFTs as a new business model, a value addition to products and services, or as a feature to fuel expansion into a new market.



*Ezekiel Kwenda, Investment Manager at Wa'ed*

## A lesson from history

When oil was first discovered, it bore no utility other than making asphalt. In fact, when people drilled wells searching for water and would find oil they would be disappointed. However, all this changed in the late 1850's when new applications were discovered, with the real game changer being the discovery of the internal combustion engine, that oil became the most valuable commodity to power industry after coal. NFTs are analogous to oil before the invention of the internal combustion engine.

As more sectors begin to explore the application and benefits of NFTs, there is a marked transition away from pure digital art collecting into mainstream product development, showcasing their limited but meaningful real-world uses

Some of the prominent use cases that have been explored thus far are as follows:

- Digital art: NFT platforms provide an avenue for artists to showcase their work, in some cases directly to the public with new or no intermediaries and lower associated costs – connecting the artist directly to the public.

# Careful consideration needs to be made to navigate the evolving nature of regulatory framework



- In-game assets: With a market cap above SAR 375 billion (\$100B) for the gaming industry, NFTs bring about an additional source of revenue for gamers who can buy/sell the collectibles, obtain in-game rewards, and other assets.
- Content ownership: Content in the art and music industry auctioned out by artists via NFTs to raise funds for new albums, sell out old records, whereby the NFTs depict a fractional right of ownership of the content and any proceeds earned from the resale of underlying assets will be distributed proportionally to the NFT token holders.
- Tickets: Tickets to events in the form of NFT serve as memorabilia to be part of a collection.
- Certificates: NFTs are utilized for transparency, provenance tracking and to facilitate the authenticity and verification of records.
- Metaverse: NFTs are the building block for the metaverse, a future state of the internet, designed to replicate the physical world in a digital format.

Despite the evident NFT market growth, we are still very early in the development and real adoption, hence the highly subjective valuation of NFTs. As a result of the early market development, early adopters may not be able to distinguish the short-term hype from a sustainable, utility conferring and mature market. Despite the debate on whether the current hyper-growth of NFTs is sustainable in the short-term or not, real applications are starting to

emerge. As NFTs can be applied to several types of digital assets, the trillion-dollar question of the moment is how will NFTs transform the nature of assets, their ownership and management, as this is not limited to digital assets but traditional physical assets as well.

As the infrastructure and market continue to mature, NFTs will record further growth through 2022 and beyond. The correct implementation allows for NFTs to be utilized as a solution to problems around asset ownership, attracting increasing attention from VCs. Entering the NFT space is not something that startups should take lightly. Careful consideration needs to be made to navigate the evolving nature of regulatory frameworks since NFTs involve cryptocurrencies such as Ethereum, requiring the hiring of the brightest talent and developing a strong community around your business.

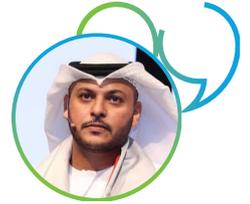
*Ezekiel Kwenda*

## THE STARTUP VIEWPOINT

# WHAT IS THE BIGGEST DIGITAL OPPORTUNITY FOR STARTUPS THIS YEAR?

“In my opinion, machine learning, vision analytics, data analytics, and augmented reality using artificial intelligence are going to be the biggest opportunities for startups for quite some time.”

*Muhammad Saif, CEO at Averos*



“We are seeing a lot of activity around Web3, Metaverse, Crypto, and NFTs, these are in the nascent stages and will witness huge growth in the future. Apart from these the market for SaaS products is growing, almost all players are pivoting to a SaaS business model. With the rise in remote work, we also see the need arising for better solutions to facilitate both remote and hybrid work models. Last but not the least, as we move towards a more digital world, we will have increased need for cybersecurity solutions to help companies protect their data from malicious entities.”

*Taqi Steel, Co-Founder and Head of Operations & Business Development at Last Link*

“Open Banking will introduce many opportunities for the ecosystem, new business and revenue models will emerge, cost structures can be optimized more, and new experiences can be created. OB is not only for fintechs, traditional business can utilize OB as well because it's the start for cross-industry data sharing, this will enhance many offerings in Retail, F&B, Banking and many more.”

*Faisal Alqarni, Chief Strategy Officer at Malaa Technologies*



“Decentralized Finance (DeFi) which is conventional financial tools and services built on blockchain.”

*Faisal Alferdos, Founder and CEO at Narmotion*

“The biggest opportunity for digital companies this year is that the company owns artificial intelligence, smart systems, or innovations that the market desperately needs, including computer programs and accurate electronic devices. The company must be distinguished by a product that serves the community and is required.”

*Ali Alaa Aldin, CEO at Smart Control*



“I look back over the last 2 years and see that we all have been more reliant on digitization. Working remotely, increased video communications, faster internet speeds, more data, more storage. The digital changes in the last decade have been amazing for the digital world and this is only the start. A startup needs to do more than embrace change - I think the opportunity for a startup today is knowing how to create the need for change.”

*Hassan Albalawi, CEO and Co-Founder at Wakecap Technologies*



# HOW STARTUPS CAN REAP THE REWARDS OF THE INTERNET OF THINGS' VAST POTENTIAL

When it comes to “connected things”, we have “just begun to scratch the surface”.

The economic impact of the Internet of Things (IoT) is predicted to reach between SAR 15 and SAR 41.25 trillion (\$4 and \$11T) trillion by 2025, according to research by McKinsey’s Global Institute. While this scale provides encouragement for those operating in this sphere, the sheer gap between those numbers amplifies the true scale of IoT’s potential.

So much so, that Hassan Albalawi, CEO and Co-founder at WakeCap Technologies, insists that we will not “ever fully utilize the benefits IoT will provide us”.

Albalawi adds: “We have just begun to scratch the surface. IoT will play a major role in our lives in the future – more so than we realize. Streamlined app services that save time or enable greater mobility will be what we can expect in the years to come.”

For startups such as WakeCap Technologies, which develops products that incorporate wearable

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*Hassan Albalawi, CEO and Co-founder at WakeCap*

technology, real-time communication, and artificial intelligence to connect and digitize construction worksites, there have been big benefits through the extensive and varying implementations of IoT.

Albalawi, who started WakeCap Technologies five years ago and has PhDs in Electrical and Computer Engineering from Duke University and Electrical Engineering from Carnegie-Mellon University, says: “The construction industry is quickly adopting new technologies and most of these services are IoT-based. There is a long way to go but we are seeing increased acceptance of IoT solutions in the construction process and I’m confident we will only see this increase in the future.”

There is clear evidence that companies can generate value through IoT by initiating new revenue streams from implementing connected solutions and services to consumers and enterprises and by reducing costs in operations. And while there are already more “connected things” than the 7.9 billion people in the world, tech analyst company IDC predicts that by 2025 there will be a colossal 41.6 billion connected IoT devices .

IDC believe industrial and automotive equipment represent the largest opportunity of connected things, but also see strong adoption of smart home and wearable devices in the near term.

This resonates strongly with Faisal Alferdos, the founder and CEO at Narmotion, who sees “smart home applications, in addition to retail customer behavior analysis using IoT technology,” as the main opportunities within IoT this year.

Alferdos, who describes himself as “a passionate entrepreneur and investment management professional”, is based in Al Khobar in Saudi Arabia and founded the firm in late 2014 as a global portal for digital wayfinding and location-based customer engagement.

Particularly excited about the benefits of IoT due to the digital transformation initiatives of Vision 2030, he has sage advice for any early-stage startup looking to utilize IoT within their business.

Alferdos adds: “They have to be patient and agile until they find the right market fit. And give the business side, including sales and marketing, similar attention to what you give the technical side of your solution.”

Thoughts echoed by Muhammad Saif, CEO at Averos, the location-based and RTLS (Real-Time Location System) technological solutions providers who were established in 2016 as a spin-off from GIS Innovation Center of Umm Al Qura University. Saif recommends “a good amount of sales and marketing, both online and offline” once a product or solution is set to come out.

Commenting that “security and crowd management issues are some of the most important ones that can be converted into opportunities” in IoT this Saif: “The benefit and success of IoT products lies with gathering the right data and information, then efficiently utilizing this data in such a way that saves a lot of cost and time to the client and helps them improve their decision making.”

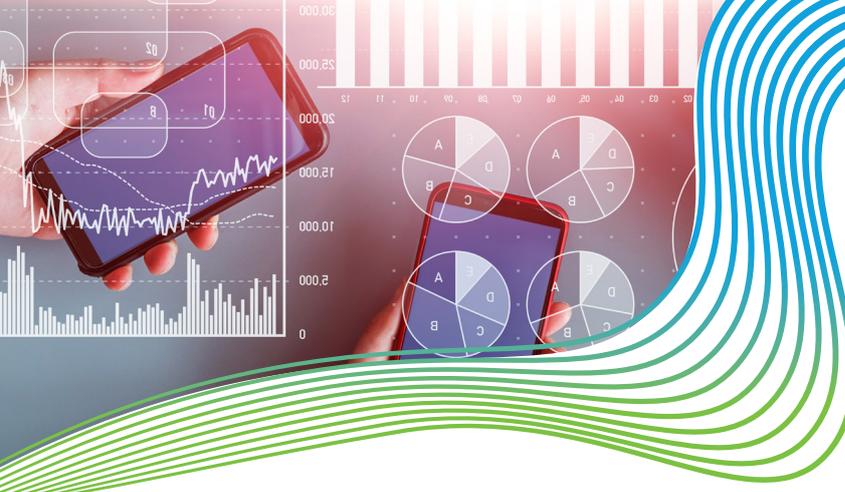
With the potential of IoT so vast, there are trillions of reasons for doing exactly that.



**“The benefit and success of IoT products lies with gathering the right data and information, then efficiently utilizing this data.”**

*Muhammad Saif, CEO at Averos*

- [1. By 2025, Internet of things applications could have \\$11 trillion impact | McKinsey](#)
- [2. What is the IoT? Everything you need to know about the Internet of Things right now | ZDNet](#)



# SANDBOX & MALAA NAVIGATING THE OPEN BANKING SANDBOX

In March, Malaa Technologies became the first Saudi fintech to deploy an open banking solution in the Kingdom, a milestone it believes will provide opportunities across the SME ecosystem.

Talking about the process to secure the Saudi Central Bank (SAMA) permit, which began in November 2020, Co-Founder and Chief Strategy Officer, Faisal Alqarni, says it was a “result of successful efforts across technology, compliance, security, and finally rolling out our solutions to the public for anyone to use”.



**“The work we have done so far with partner banks will pave the way for new startups to easily integrate, not only the technical part of things but also valuating the commercial models with banks.”**

*Faisal Alqarni, Co-Founder and Chief Strategy Officer at Malaa Technologies*

## The Open Banking Permit Journey

1. Apply to the Sandbox early
2. Demonstrate deep knowledge in the open banking field and a high level of readiness in the technical part
3. Align your goals with the regulators and partner banks
4. After the initial acceptance in the Sandbox there will be a series of workshops and meetings with the subject matter experts in security, data privacy, technology, and governance
5. A collaborative effort in a feedback loop will ensure the fintech’s readiness to handle financial data
6. Once that is done, a final permit is issued and the solution can be deployed to the market

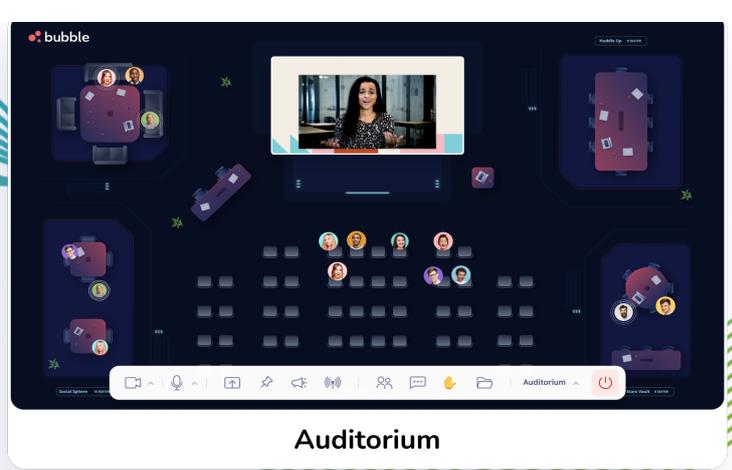
## Malaa

Permitting a number of fintechs to test and develop solutions, ahead of the issuance of new regulation and licensing, Alqarni advises others looking to follow in their footsteps to present readiness and to deliver upon promises in due time. He also adds that it was important to “actively engage with the regulator as a partner in every interaction as this mentality will allow you to enhance your offering in a unique way”.

Though Malaa’s success signals a key turning point for the sector, Open Banking is still under development in the Kingdom, with regulators reviewing necessary laws and regulations “with the promise that after this Sandbox period a new regulation and standard to be issued,” Alqarni says.

# PRODUCT HIGHLIGHT

## MEET ON BUBBLE



Last Link's virtual meeting platform, Meet on Bubble, has continued to attract success since its official launch in January, securing subscribers from across education, government, and corporate sectors.

Its growing customer base has expanded beyond the Saudi market with customers as far as the USA. Global educational and training institutes are one of the platforms core users, according to the startup's Co-Founder and Head of Operations & Business Development, Taqi Steel. "Educational service providers use Bubble as a learning platform to conduct classes for students," he says.

To date, the team has secured multi-market success, with the platform being utilized for live events and conferences, internal interactions, and ongoing corporate training exercises.

Born out of the need for a better platform to conduct virtual events and to facilitate virtual interactions just like in the physical world, Meet on Bubble provides a platform that has supported numerous professional meetings, workshops, and social events.

As an intuitive platform users can move in and out of rooms, join conversations naturally, and collaborate with others just as they would in real-life.

For Steel, the immediate plan is to expand Meet on Bubble's customer base, understand their needs, and build capabilities to support their various use-cases, with medium plans to "act as a bridge into the metaverse" and integrate VR capabilities and eventually support both 2D and 3D interactions.



**"Our long-term vision is to become the go-to player for all things related to virtual and hybrid spaces."**

*Taqi Steel, Co-Founder and Head of Operations & Business Development at Last Link*



## The Benefits of Meet on Bubble

1. Creates a more natural way of interacting with others, be it customers, students or co-workers
2. Greatly improves collaboration and communication compared to other alternatives like video calling which tend to be time-consuming
3. Makes businesses more accessible to customers and helps elevate the entire customer experience aspect. Instead of chatting with a bot or waiting in line endlessly, they can simply 'walk' into the virtual office space to experience better customer service

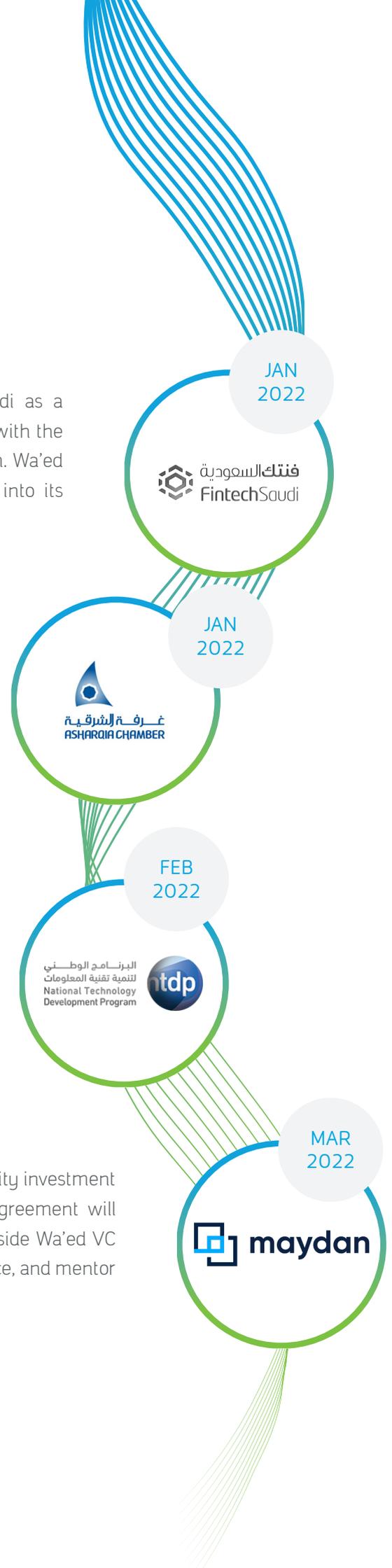
# OUR PARTNERS

**Fintech Saudi:** Wa'ed Incubation collaborated with Fintech Saudi as a strategic partner to launch the 2022 Fintech Accelerator Program with the aim to accelerate the growth of the fintech startups in the Kingdom. Wa'ed will provide qualifying fintechs with seed grants and enrollment into its incubation program.

**Asharqia Chamber:** Wa'ed signed an agreement with Asharqia Chamber to empower local SMEs by providing technical support, training, and consultation services within the Chamber's offered startup programs.

**National Technology Development Program (NTDP):** Wa'ed Incubation collaborated with NTDP to launch its TTech Entrepreneurship Support Initiative targeting high-growth startups and business platforms. The collaboration will extend the program's benefits to Wa'ed's incubation portfolio startups, such as acquiring a monthly salary of SAR 18,000, along with receiving mentorship and training services.

**Maydan Capital:** Wa'ed Ventures signed an MoU with UK-based equity investment platform Maydan Capital to support local fintech startups. The agreement will provide the opportunity for Maydan's members to co-invest alongside Wa'ed VC into Saudi-based companies, as the two partners work to find, finance, and mentor founders wishing to launch their innovative fintech startups.





## ABOUT WA'ED



Wa'ed was established in 2011 as the entrepreneurship arm of Aramco to develop a thriving ecosystem by nurturing and investing in innovative entrepreneurs, converting early-stage startups to SMEs through venture investment, business incubation, and access to partner resources.

### Wa'ed Ventures:

Wa'ed's SAR 750 million (\$200MM) fund provides venture investment and support up to SAR 75 million (\$20MM) to innovative Saudi start-ups that can become KSA industry sector leaders.

### Wa'ed Business Incubation:

Wa'ed is a leader in business incubation, and an innovator in the latest incubation techniques.

### Wa'ed SME Lending:

Wa'ed is one of the Kingdom's few no-collateral lenders (SAR 5 million (\$1.33MM)) to Saudi entrepreneurs.

## CONTACT US



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Waed.net



Saudi Aramco Entrepreneurship Center (Wa'ed)