

THE EVOLUTION OF SAUDI ARABIA'S START-UP ECOSYSTEM 2010-2022



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EDITOR'S NOTE



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Saudi's start-up ecosystem has been on quite a journey this past decade. Ten years ago, there were but a few Venture Capitalists, incubators and accelerators working in the Kingdom; in comparison, there seems to be real options today for startup founders to consider who might appear on their cap tables. The few VCs who were active in Saudi at the time tell us that "local tech entrepreneurs" were hard to come by in the Kingdom back then, and thus many of them were funding entrepreneurs from the region looking at entering Saudi Arabia. Today, it's a very different story, with many local entrepreneurs, both young and seasoned - entering the entrepreneurial landscape. And why wouldn't they? 2022 was the year that Saudi Arabia's funding broke through the US \$1 billion mark, an achievement that neighbouring UAE only broke in 2021. Of this, venture funding was 62% while the remaining was private equity funding.

With the launch of Vision 2030 in 2016, the Kingdom was set on a path to modernization and diversifying its economy away from its dependency on oil. This put a spotlight on the importance of investing in and developing a tech ecosystem in the Kingdom. Developing a tech industry in the Kingdom ticks many boxes for the government and for individual Saudi

consumers. A healthy tech ecosystem not only adds to the country's economy and non-oil GDP, but it also brings new job opportunities and helps lower unemployment rates. Supporting tech also means that Saudis are building and launching localized digital products in areas like Fintech and eCommerce that brings innovation, convenience, efficiency, and a higher quality of life to daily life.

A healthy tech industry also inspires a change in mind-set of the general population; one where Saudis aspire to innovate and build productive new businesses and solutions from the ground-up. This alone is no small feat, as many Saudi's would have raised a skeptical eyebrow at the thought of entrepreneurship as a career path one decade ago. Today, there are seasoned experts with 10 to 20 years of work experience leaving lucrative careers to launch their own startup in the Kingdom.

And with Saudi's young and tech-savvy population of 35 million inhabitants, it has not only been a great breeding ground for local consumer-driven startups, but it has also been a significant battleground for regional heavy-weights coming from the UAE and other GCC countries or even Egypt. Though the start-up ecosystem

is young, it has already proved that unicorns can be developed here, with STCpay and Jahez being the first out of the gates. Exits are growing year on year, with increasing M&A activity and Jahez setting precedence for successful IPO exits. Saudi start-ups are not only expanding beyond Saudi's own borders across the region, but also becoming increasingly sophisticated each year. The country is still sprouting fintech and consumer-focused startups, but have also moved on to include startups that are commercializing robotics, AI, Web3, blockchain, B2B SaaS, agtech and deeptech applications.

This report is the first of its kind; a comprehensive overview of where Saudi's startup ecosystem came from, and where it's going. It highlights some of the Kingdom's interesting startup success stories and up-and-comers. We also provide you with a 360-degree view of the startup ecosystem from the point of view of the investors that see it all. Last but not least, we map out the most important stakeholders active in developing the startup ecosystem into the burgeoning marketplace that we see today, to help guide entrepreneurs, techies and investors to get the lay of the land. It is packed full of insights, data and opinions from the thought leaders and market makers in the Kingdom.





FOREWORD

Over the past few years, the Saudi entrepreneurial ecosystem has undergone a transformational leap due to the unprecedented support from regulators, investors, and startup founders whom together established an unshakeable triplicity that placed the local innovation scene on the map.

The percentage of first-time founders multiplied across sectors and industries as Saudi Arabia's tech sector expands exponentially with the country embracing its new position as the world's 6th ranked country among the G20 countries in terms of market value. More than 19% of adults in Saudi Arabia have pursued entrepreneurial activities between 2021 and 2022, due in large part to the fact that over 90% of adults continue to see good opportunities to take hold of in their area, and are confident they have the needed skills and knowledge to start a business.

For the first time, we're seeing

an active movement to close the gaps that have always separated us from the global digital scene, from localizing the manufacturing of the same solutions and products being invented internationally, to raising the commitment of fund managers and tech leaders to build a sustainable environment of innovation. Our local startups are continuing to find ways to expand into new markets, to bend some of the rigidity that characterized some typical markets, and to drive the whole ecosystem into becoming an extremely relevant market for the global investor.

The Kingdom already ranks the first in the region and the third globally in terms of digital government transformation, according to the World Bank's 2022 GovTech maturity rate, an achievement made possible by the National Strategy for Digital Transformation. This has led the Kingdom to break the record for its E-Government Development Index, being ranked 31st globally in terms

of e-services, telecommunication infrastructure, and human capital. None of these were attainable had it not been for the maturity of the government's digital policies and its commitment to reach more than 90% in both the quality and the reach of digital solutions being offered to its citizens.

This incredible commitment by regulators translated directly into the local startup scene, where digitalization and technological innovation are core drivers for every entrepreneur in the Kingdom. Proudly, our entrepreneurs were able to find correlations between the specifics of their startups, and the overarching governmental strategies being drafted and executed. They see their technological interests in the advancements our leaders are inviting into the Kingdom, and they find deep resonance between the magnitude of their aspirations and the messages and actions of our leaders.

Emboldened by this strong foundation,

venture capitalists, both local and international, have started to seek out ways to further their support of Saudi-based companies. In 2022, \$750 million of venture funding went into local home-grown startups. When we consider PE funding and Corporate Funding rounds on top of venture, Saudi-born startups garnered nearly \$1.2 billion in funding altogether in 2022, a significant jump from the \$605 million fundraised in 2021. Funding for Saudi startups have doubled year-on-year for each of the last three years.

Today, we have a generation of startups carrying the weight of setting the kingdom among the world's leading markets when it comes to new business innovation and scalability. Our Saudi success stories include Zid, Red Sea Farms, Manafa, Foodics, Rewaa, tamara, sary, Leen technology, Classera, Jahez, and more. Giants like Sequoia, 500 Global, Mubadala,

and Sanabil have all been the engines behind this year's top funding rounds, while transformational leaders like Aramco and NEOM are developing cross-industry partnerships and innovation centers to cultivate a self-generating tech cluster within the Kingdom.

At Wa'ed Ventures, we have witnessed the accelerated rate in which the capabilities, the possible reach, and even the visions and dreams of our local founders evolved over time, to materialize from shy ideas and humble models to sophisticated, technically-sound, and competitively aggressive businesses. For these founders to continue their journey of raising the bar for innovation-led teams, we need to help redefine the parameters of our post-investment support as investors, which we at Wa'ed Ventures have established as a central pillar of advancing our contribution to the ecosystem.



Fahad Alidi
Managing Director
Wa'ed Ventures

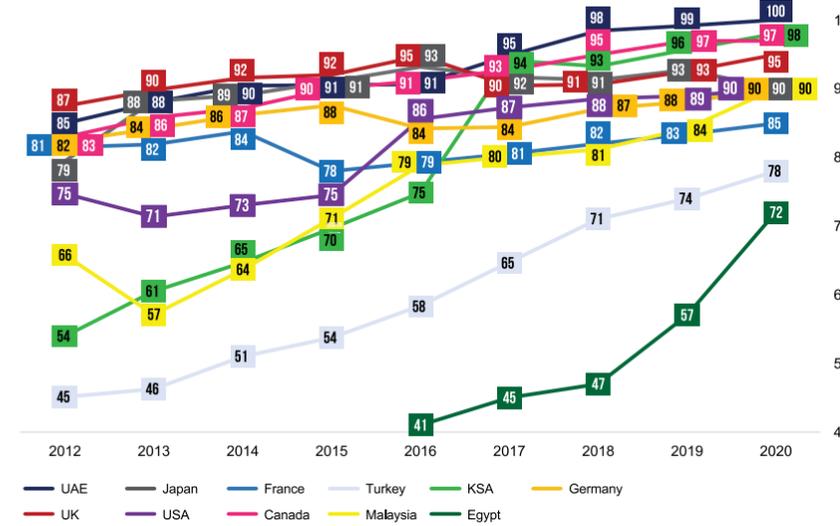
A YOUNG, TECH HUNGRY CONSUMER BASE

We spoke to dozens of the most active investors and VCs in the Kingdom as well as the region to ask them “what’s driving the start-up ecosystem in Saudi Arabia today?” The response was unanimous: Saudi’s tech-savvy consumer base with favourable consumer spending behaviour and a willingness to pay for value-add services. Couple that with the scalability of a market with a population of 35 million, and you get a magical combination for startup success.

Saudi Arabia is a large emerging market consisting of a young, tech-hungry consumer base with great infrastructure in place to satiate that appetite. In the past 10 years Saudi Arabia has dramatically improved its internet penetration rates, growing from 54% in 2012 to reach 98% today. This makes internet penetration higher in Saudi Arabia than in many other leading economies around the world like the UK (95%) and the USA (90%). In 2021, the Kingdom ranked 7th globally for the fastest mobile internet speed, giving way to even higher smartphone penetration rates. Perhaps this speaks to Saudi's love of social media. 79% of the Saudi population are social media users and spend on average 3 hours and 16 minutes on social media platforms, signifying an online presence higher than that of leading e-commerce markets.



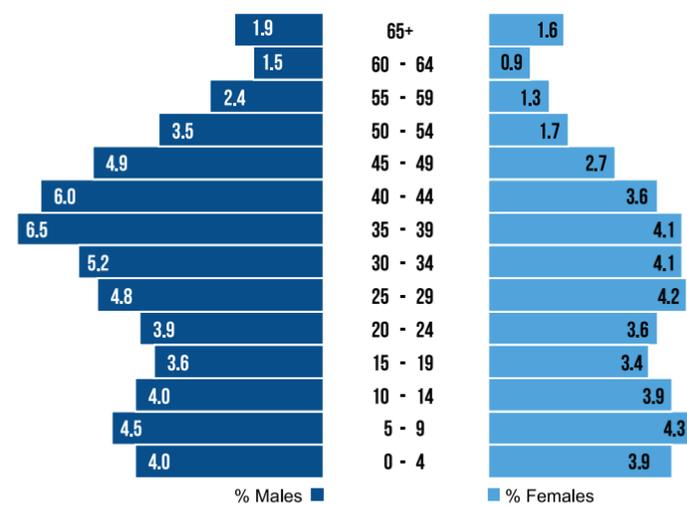
INTERNET PENETRATION GROWTH BENCHMARK (%, 2012-2020)



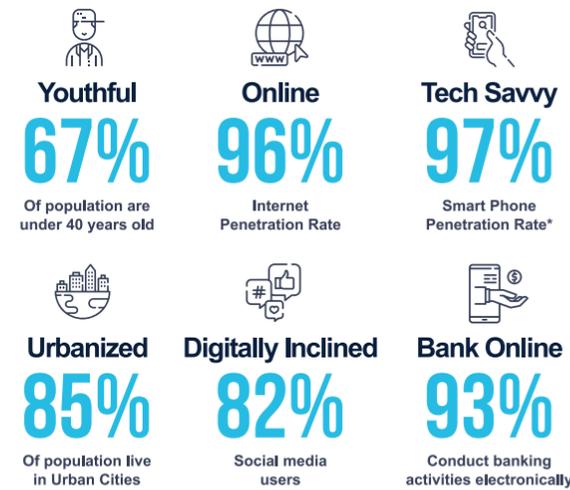
RANK	INTERNET PENETRATION RATE (2020)	CAGR (2012-2020)	
1	UAE	100%	2.2%
2	KSA	98%	8.5%
3	CANADA	97%	2.2%
3	UK	95%	0.8%
3	USA	90%	2.2%
4	GERMANY	90%	1.0%
4	JAPAN	90%	2.9%
5	MALAYSIA	90%	3.6%
6	FRANCE	85%	0.3%
7	TURKEY	78%	7.3%
8	EGYPT	72%	7.3%

Source: Lucidity Insights Research

POPULATION BY AGE AND GENDER 2021

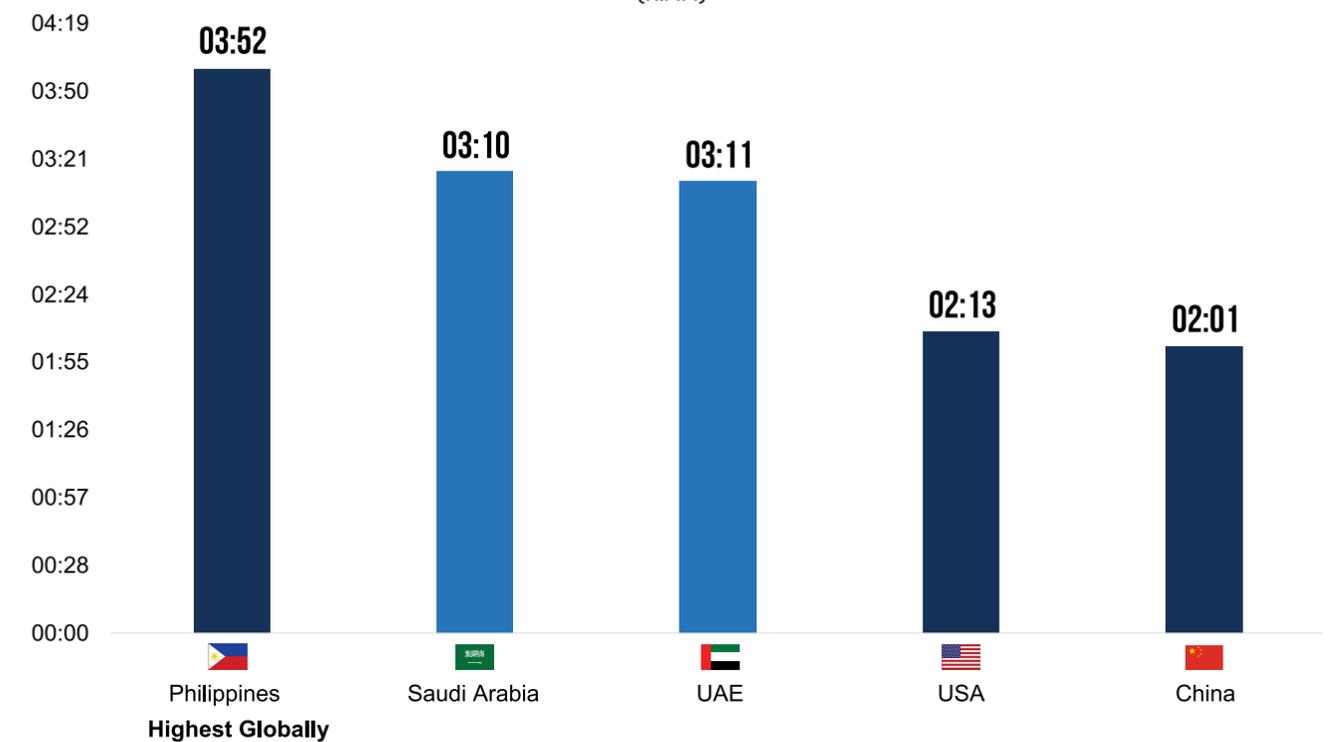


Source: General Authority for Statistics, Saudi Arabia



*Among those aged 18 to 75 years old
Source: Lucidity Insights Research & Analysis

TIME SPENT ON SOCIAL MEDIA, 2022 (H:MM)



Source: GWI (Q1 2022)



STRONG CONSUMER BASE

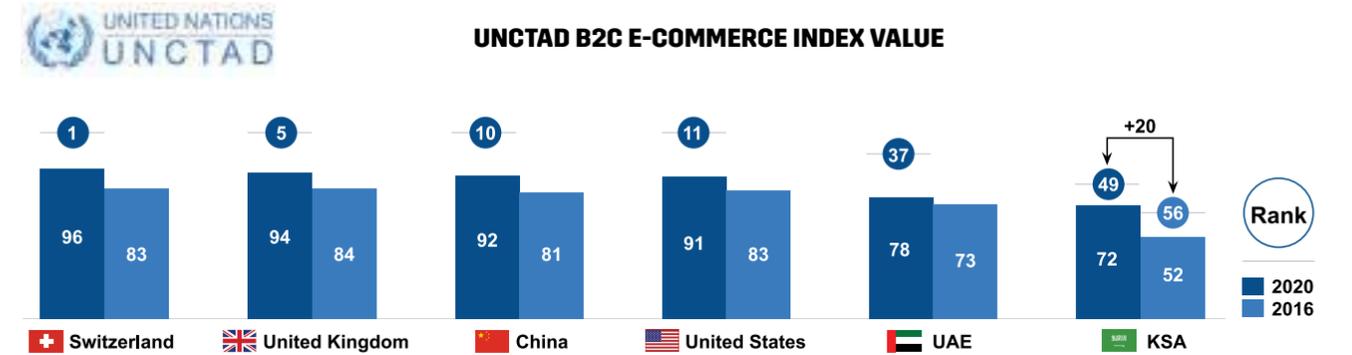
Speaking with many startup founders, venture capitalists, eCommerce and retail entrepreneurs, they tell us that Saudi's strong and consistent consumer-base is what attracts startups from across the region. Saudi Arabia has the largest population in the Gulf, being home to 35 million people. Saudi Arabia relies less heavily on expats compared to neighbouring UAE, 39% of Saudi's 35 million are expats, while 91% of the UAE's population are non-Emirati. This means that the Saudi population is more homogenous, less transient, and - according to

some investors - more reliable for retail, F&B and consumer-oriented businesses. Investors comment on how summers can be a "dead period" for consumertech startups in Dubai while expats escape on summer holidays, while revenues remain a bit more consistent in Saudi Arabia in comparison.

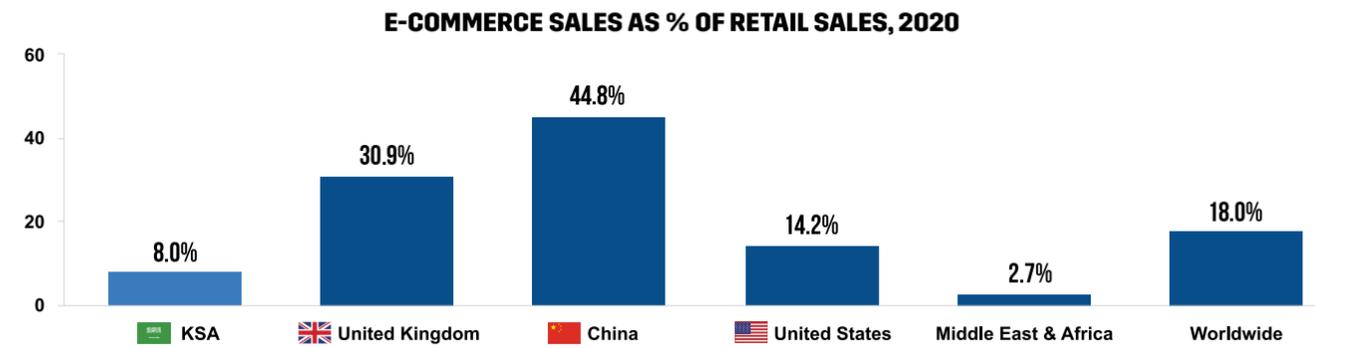
The UNCTAD's¹ B2C e-commerce index value measures a country's competence and readiness to support online shopping. Saudi Arabia ranked second in the region after UAE in 2020 and has

jumped 20 points since 2016, showing tremendous improvement compared to leading countries. E-commerce also relies on postal development and Saudi Arabia ranked 55th out of 168 countries in the Postal Development Report 2021 up from 73rd in 2018. In 2020, the Kingdom's e-commerce sales were only 8% of total retail sales, which is much higher than the Middle East & Africa average (at 2.7%), but when compared to more mature markets like the USA (14%), the UK (31%), and China (45%), it indicates substantial room for growth.

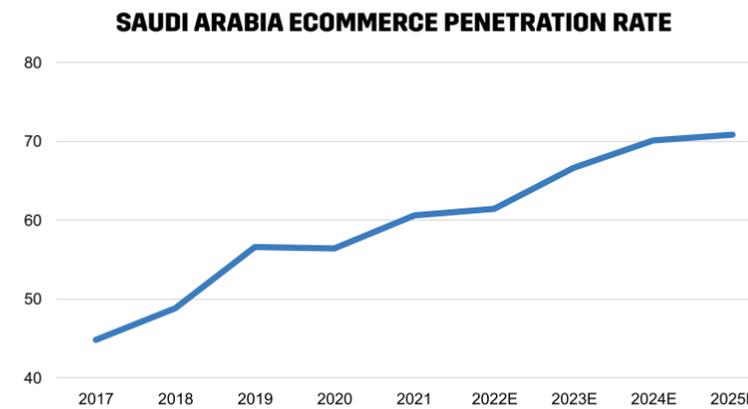
¹United Nations Conference on Trade and Development



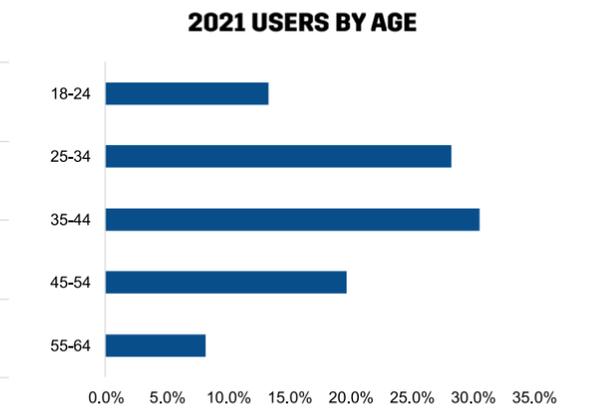
Source: United Nations Conference on Trade and Development 2020 and 2016



Source: eMarketer, Saudi Gazette, BCG Analysis



Source: Statista



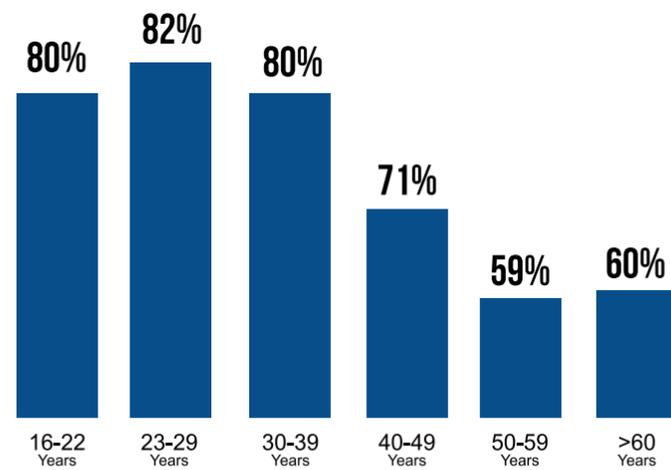


ADOPTION OF DIGITAL PAYMENTS

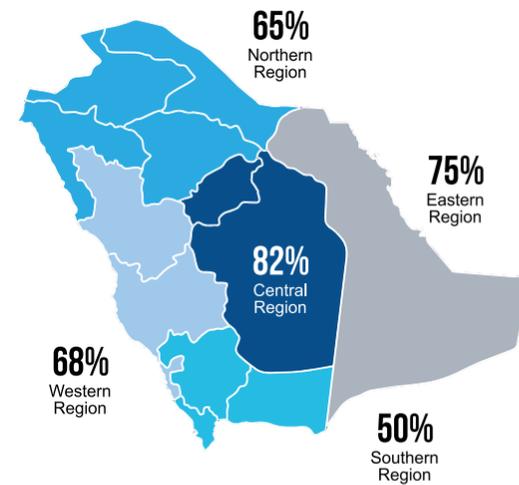
As part of Vision 2030, the government has set a target of achieving 70% cashless payments by 2030. The Kingdom has done so well on working towards this target, that some claim they are aiming to achieve this target by 2025. This means that the government wants 70% of all transactions to be conducted digitally, without the exchange of physical cash. In 2021, Saudi Payments collaborated with IBM and Mastercard to launch instant payments system "Sarie" leading to adoption of faster payments, in line with Vision 2030's cashless aims. According to the Saudi Fintech National Adoption Survey, 74% of individuals have used at least one fintech solution, the majority being under the age of forty. 91% of individuals are aware of e-payments, and two-thirds (69%) regularly use these solutions. The Financial Sector Development Program (FSDP) also set a target for the share of electronic payments in retail to be 55% of total transactions, which was surpassed in 2021 when digital payments reached 57%.



PERCENTAGE OF INDIVIDUALS THAT USE AT LEAST ONE FINTECH SOLUTION



PERCENTAGE OF INDIVIDUALS IN EACH REGION THAT USE AT LEAST ONE FINTECH SOLUTION



Source: Saudi Arabia National Fintech Adoption Survey - Results 2021

SPOTLIGHT | JAHEZ



5 YEARS TO UNICORN-DOM IN SAUDI ARABIA'S HYPERGROWTH CONSUMER-TECH MARKET

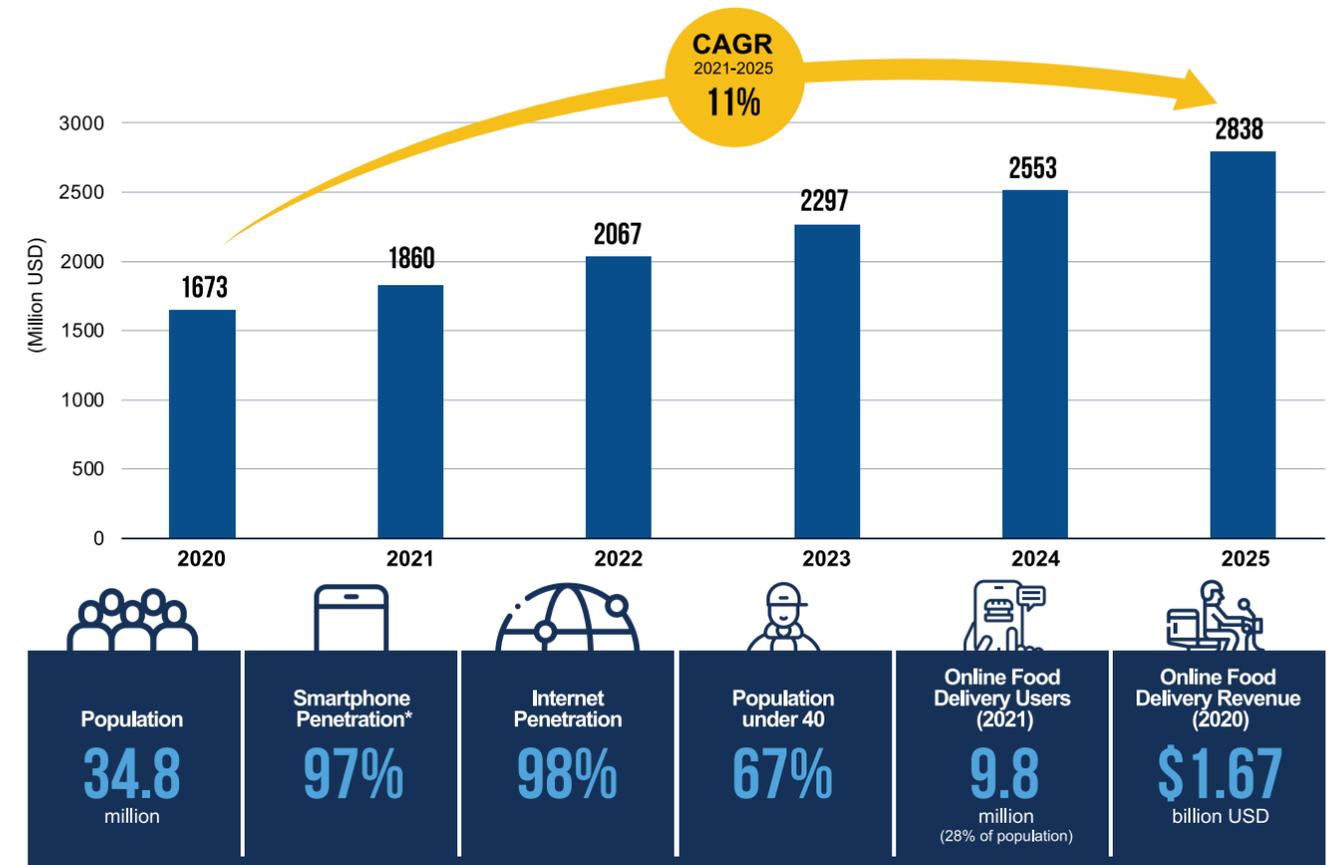
Saudi Arabia's macro-economics are compelling. They tell a story of a large population of young, tech-savvy, Saudis with strong purchasing power, hungry for the latest consumer technologies. With 98% internet penetration across the country, 97% of Saudis owning smartphones, and 69% of the population regularly using e-payment solutions, the country does seem ripe for consumer-tech start-ups to sweep up a strong user-base.

Take Jahez, for example, Saudi Arabia's online food-delivery unicorn, who successfully listed on Saudi's secondary market, Nomu, raising a \$2.4 billion initial public offering (IPO) in 2022. Jahez achieved this stellar exit within 5 years of establishing itself, while delivering a cumulative 100 million meals to Saudi customers through 19,900 merchants and 52,400 delivery partners. A year prior to IPO-ing, the food-delivery start-up grew from serving 22 cities to serving 47 cities, capturing 28% of the country's food delivery market share. In March 2021, the company served over 1.3 million customers. Fifteen months later, Jahez's consumer-base had grown 67% to serve 2.4 million customers.



Jahez's Growth in 1 year	June 2021	▶	June 2022
No. of Users	1.8 Million	+33%	2.4 Million
No. of Merchants	13,500	+47%	19,900
No. of Delivery Partners	37,985	+38%	52,417
Number of Orders in H1	21.6M	+46%	31.5M

KSA'S ONLINE FOOD DELIVERY MARKET SIZE & GROWTH PROJECTIONS



\$194 USD Average Revenue per Online Food Delivery User (USD)

Source: World Bank, Statista, GWI, Lucidity Insights Research & Insights (*) Smartphone Penetration % was calculated within population between the ages of 16 to 64.

SPOTLIGHT | JAEHZ

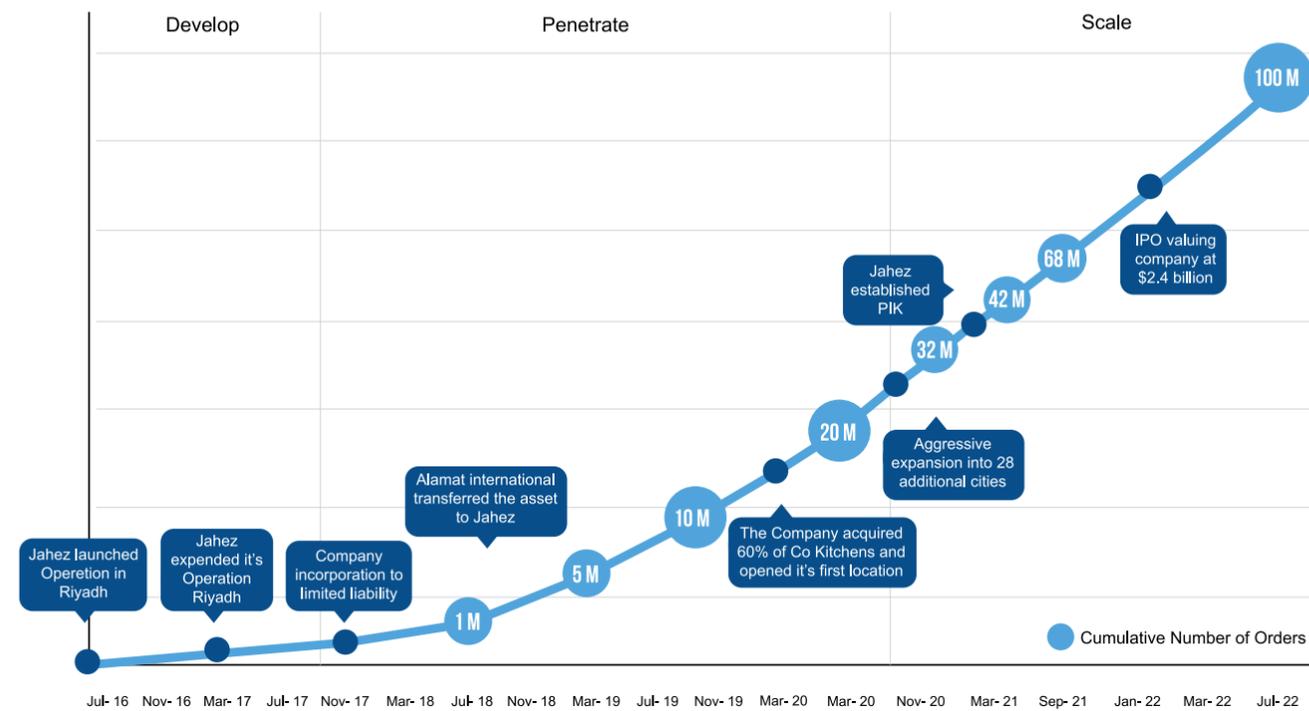
IMPACT46, a Riyadh-based venture capital firm raised a single asset fund for Jahez's IPO amounting to US\$ 37 million. Founding Partner of IMPACT46, Abdulaziz Alomran, has this to say about this listing: "While IMPACT46 impacted Jahez's IPO, marking the first tech startup backed by VC to go public, the much-anticipated IPO move also set an important precedent that will widen the entry funnel of startups listing in the Kingdom. Jahez's pioneering IPO has positioned the Saudi market as a leader in the region, taking the ecosystem to a new horizon."

Jahez's growth story has continued since listing on 5 January 2022. At the end of Q2 2022, revenue had grown

by 1.6x and Jahez had witnessed a 46% growth in the number of orders being placed, from H1 2021 figures. The company also posted an adjusted EBITDA profit of SAR 83 million (equivalent to US\$22.1 million) and is poised to finish the 2022 financial year with over \$40 million in profits to continue funding its market dominance, in a market that is conservatively forecasted to be valued at US\$2.8 billion by 2025.

When we spoke to various stakeholders aware of Jahez's future growth plans, we learned that Jahez has no plans of slowing down. It is working hard to grow its presence to additional cities and adding more merchants to

serve a growing number of consumers across the country. As of July 2022, Jahez had hit a precious milestone of fulfilling over 100 million cumulative orders since inception. As a locally-owned food delivery platform enabling merchants to reach more customers, the platform is investing in providing an increasingly user-centric experience that will continue to delight customers with convenience, and support the development of local communities through continuous technological innovation. Jahez is poised to accelerate its strategy and no doubt contribute to the prosperity of the promising tech sectors in the Kingdom as well as across the region.



Source: Jahez, Lucidity Insights Research & Insights



THE GOVERNMENT'S VISION FOR ENTREPRENEURSHIP

The Kingdom launched Vision 2030 in 2016, a 15-year strategy and roadmap for Saudi Arabia to diversify its economy away from oil. It's an ambitious plan to modernize the Kingdom to serve its youthful population and create millions of jobs that it needs for the stampede of young Saudi men and women graduating from colleges, domestic and abroad on government scholarships. The Kingdom opened its borders to international tourists for the first time in its history in 2019, in hopes that Tourism will contribute 10% of its GDP by 2030. The Kingdom is also developing a greenfield entertainment sector, to make the country a more attractive place to live and work. Entrepreneurship and small businesses are expected to play a major role in contributing to the country's non-oil GDP agenda.



A VISION FOR THE PEOPLE OF SAUDI

The Vision 2030 was unveiled in 2016 and is based on three pillars that would transform the Kingdom economically and socially: an ambitious nation, a thriving economy, and a vibrant society. Vision 2030's main focus is to grow and diversify the Kingdom's economy away from its reliance on oil revenues, increasing employment, strengthening the private sector, attracting FDI and supporting innovation.

When you boil the Vision 2030 down to its essence, it was drawn up primarily to support the next generation of Saudis. It is a Vision to reform the Kingdom, not just economically, but socially and structurally, to lead and serve the next generation of Saudis that increasingly are forming the Kingdom's economy and social fabric. The architect of the Vision is the Crown Prince, His Royal Highness Mohamed bin Salman bin Abdulaziz Al Saud. He himself belongs to the two-thirds of the Kingdom's 35 million inhabitants, who are under the age of 40.



3 Pillars 6 Objectives

Ambitious Nation

- Enhance government effectiveness
- Enable social responsibility

Thriving Economy

- Grow & diversify the economy
- Increase employment

Vibrant Society

- Strengthen Islamic & national identity
- Offer a fulfilling & healthy life

Vision Realization Programs



Ambitious Nation

- Enhance government effectiveness
- Enable social responsibility

Thriving Economy

- Grow & diversify the economy
- Increase employment

Vibrant Society

- Strengthen Islamic & national identity
- Offer a fulfilling & healthy life

Detailed Objectives

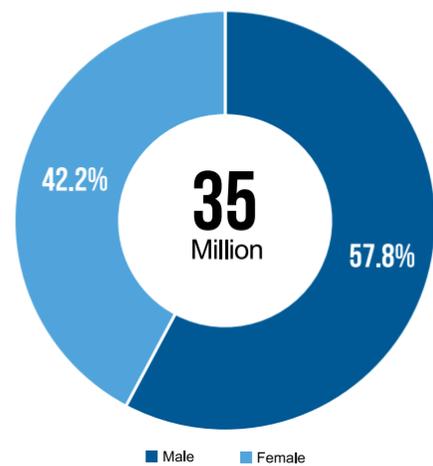
- Decrease the **unemployment rate** from 11.6% to 7%
- Increase **SME contribution** to GDP from 20% to 35%
- Increase **women's participation in the workforce** from 22% to 30%
- Rank in the **top 15 largest economies** in the world
- Increase the **localization of oil and gas sectors** from 40% to 75%
- Raise the **share of non-oil exports** in non-oil GDP from 16% to 50%
- Increase the **Public Investment Fund's assets** from SAR 600 billion to over 7 trillion
- Rank in the **top 10 countries on the Global Competitiveness Index**
- Increase **foreign direct investment** from 3.8% to 5.7% of GDP
- Increase the **private sector's contribution** from 40% to 65% of GDP
- Raise global ranking in the **Logistics Performance Index** from 49 to 25

DRIVING EMPLOYMENT

One of the Vision's primary drivers is to address the country's unemployment rate, which has traditionally hovered around 12%. The Vision aims to bring that down to 7% by 2030. This target, in and of itself, is quite a large feat due to the fact that Saudi Arabia has such a large 'youth bulge'. This means that there are twice or three times as many youth graduating and entering the job-market than those whom are retiring. Add to that, the changing social ecosystem in Saudi that has seen an influx of women join the workforce, which has been supported

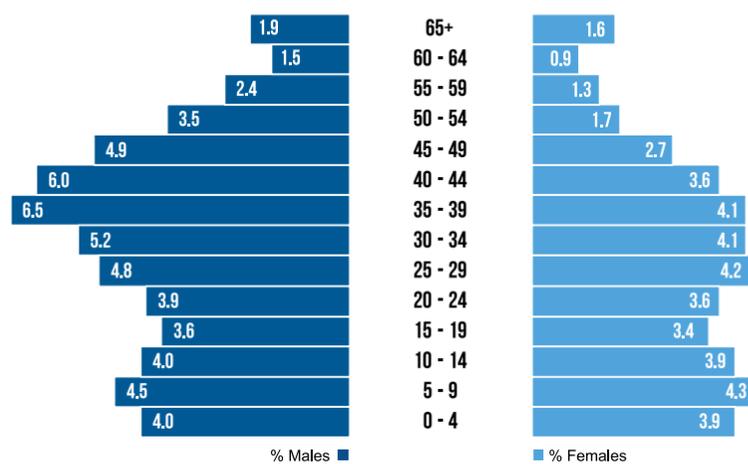
by the government. One of the first Vision 2030 targets which were met, was the target to achieve 30% female workforce participation (from 16% in 2015); at the end of 2021, female workforce participation reached 33.6%. This is just one example of the fast-changing market landscape of daily life in Saudi Arabia. Ultimately though, this means that the Kingdom must create many jobs that do not exist today to cater to the young and ambitious Saudis – both men and women – that want meaningful and exciting careers.

GENDER SPLIT 2021

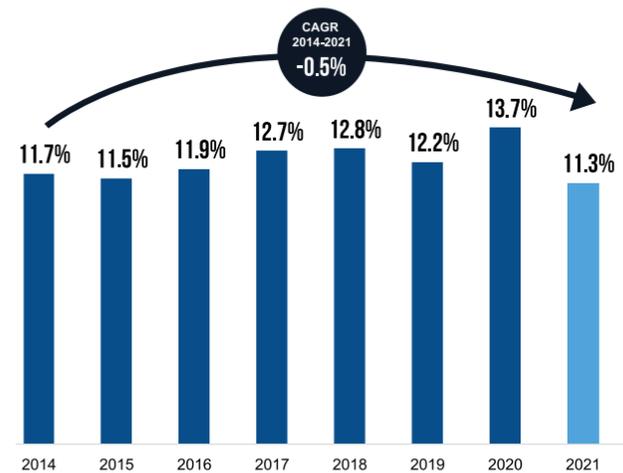


Source: DataReportal, General Authority for Statistics, Saudi Arabia

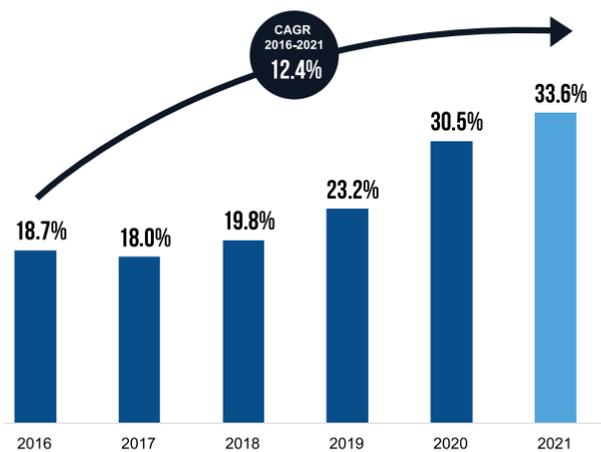
POPULATION BY AGE AND GENDER 2021



SAUDI UNEMPLOYMENT RATE (2014-2021)



SAUDI FEMALE WORKFORCE PARTICIPATION



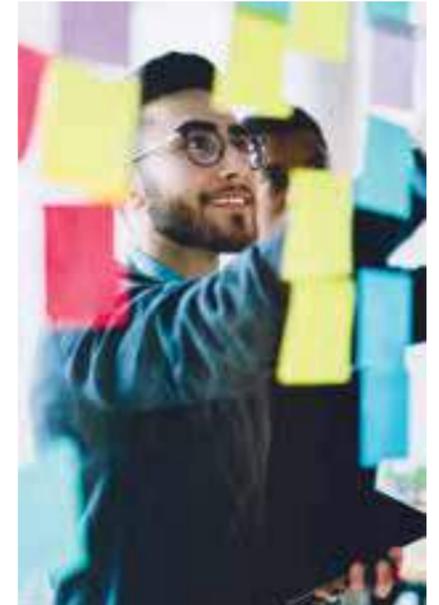
Source: General Statistics Authority, Saudi Arabia, Lucidity Insights Research

ENTREPRENEURSHIP & JOB CREATION

Ultimately, the Kingdom is seeking to create millions of new jobs. In order to do so, the Kingdom is betting on entrepreneurship and SMEs. To diversify away from a reliance on oil, the Kingdom is investing hundreds of billions of dollars into its tourism economy, its digital economy and its sports and entertainment economy, to name but a few of the new greenfield industries being created for the first time in Saudi Arabia. Saudi Arabia aims to emulate what many other economies have done; namely, have SMEs and start-ups generate a significant portion of the country's jobs and economic activity. In the United States, for example, 44% of the country's economic activity (GDP) is generated by small businesses, and American small businesses created 62% of all new jobs in the States over the past 15 years.

Thus, Saudi Arabia is investing heavily in its start-up ecosystem, working to change mindsets and bring about an entrepreneurial culture in all manners of business. Saudi Arabia has been supporting entrepreneurship and encouraging investment in local start-ups as part of the Vision's objectives to increase the number of SMEs and their ability to scale, FDI, and most importantly, the private sector contribution to the country's GDP.

The past five years has seen a flurry of activity, driven by various stakeholders in the Saudi ecosystem. Here, we detail just a few – to provide a sample of what's been driving this step-change for Saudi Arabia. At the end of the third quarter of 2022, over 978,000 small and medium-sized enterprises (SMEs) were operating in the Kingdom.



Strategic Objectives

<p>AN AMBITIOUS NATION</p>	Responsibly enable our citizens and Effectively govern our nation	To increase household savings from 6% to 10% of household income	To raise the non-profit sector's contribution to GDP from less than 1% to 5%	To rally one million volunteers per year (from 11,000)
	To increase non-oil government revenue from 163 billion SAR to 1 Trillion SAR	To raise the government's ranking in the Government Effectiveness Index from 80th to 20th	To raise its rankings in the e-government Survey Index from position #36 to Top 5 Nations.	
<p>A THRIVING ECONOMY</p>	Grow & diversify the economy	To increase share of non-oil exports in non-oil GDP from 16% to 50%	To increase FDI from 3.8% to the international level of 5.7% of GDP	Increase localization of oil & gas sectors from 40% to 75%
	Increase private sectors participation from 40% to 65% of GDP	To increase Public Investment Funds' assets from 600 bn to 7 trillion SAR	To increase women's participation in the workforce from 22% to 30%	To lower the rate of unemployment from 11.6% to 7%
<p>A VIBRANT SOCIETY</p>	To raise global ranking in logistics performance index from 49th to 25th & ensure regional leadership	To go from 25th to a Top 10 position in the Global Competitiveness Index	To move from 19th largest economy in the world into the top 15	To increase SME contribution to GDP from 25% to 35%
	Offer fulfilling & healthy lives with strong roots	To raise its position from 26 to 10 in the Social Capital Index	To more than double the number of UNESCO World heritage Sites	To increase the ratio of individuals exercising at least once a week from 13% to 40% of population
	To have three Saudi cities recognized in the top 100 ranked cities in the world	To increase average life expectancy from 74 to 80 years	To increase household spending on cultural and entertainment activities inside the kingdom (2.9% to 6%)	To increase capacity to welcome Umrah Visitors from 8 to 30 million visitors per year

Source: Saudi Vision 2030, Lucidity Insights Research

Drivers for the Start-Up Ecosystem

KEY STAKEHOLDERS & INITIATIVES IN THE KINGDOM

Here is a non-exhaustive list of some of the key stakeholders responsible for driving the growth of SMEs and the entrepreneurial ecosystem in the Kingdom.

Key Stakeholders	Role & Initiatives
	<p>The Public Investment Fund (PIF) is Saudi Arabia's Sovereign Wealth Fund (SWF); it is one of the largest SWFs in the world. PIF is playing a critical catalyst role in driving Vision 2030 and the growth of new sectors in the Kingdom, to create new companies and jobs.</p> <p>Key Stats:</p> <ul style="list-style-type: none"> Over US\$620 Billion Assets Under Management (as of 2022) Developing 13 Strategic Sectors 71 PIF Companies created 500,000+ direct and indirect jobs created <p>www.pif.gov.sa</p>
	<p>The Ministry of Investment (MISA) is in charge of regulating, developing and promoting domestic and foreign investment in the Kingdom and protecting the rights of all investors. The agency is in charge of preparing the Kingdom's national investment strategy, and aims to develop Saudi's investment ecosystem which supports it to become a world-class investment destination.</p> <p>www.misa.gov.sa</p>
	<p>The Ministry of Communication and Information Technology (MCIT) is responsible for building a solid digital foundation that can help foster and sustain the advanced digital economy Saudi Arabia is currently developing.</p> <p>www.mcit.gov.sa</p>
	<p>Monsha'at, also known as the Small & Medium Enterprises General Authority, was established in 2016 with the aim of regulating, supporting, developing and sponsoring the SME sector in order to increase productivity of SMEs and their contribution to national GDP from 20% to 35% by 2030.</p> <p>www.monshaat.gov.sa</p>
	<p>Tayseer, or the National Competitiveness Center (NCC) was established in 2019 as an independent government center that works to develop the competitive environment and improve the Kingdom's position globally. It proposes initiatives and solutions to help eliminate obstacles facing the public and private sectors. It has implemented reforms to improve the business environment such as launching the Private Sector Feedback Platforms, which links investors with government entities and reducing requirements for investment licenses by 54%. It has also helped to implement regulatory reforms such as in the case of raising foreign ownership rates to 100% in specific sectors.</p> <p>www.ncc.gov.sa</p>



Key Stakeholders	Role & Initiatives
	<p>The Central Bank, also known as SAMA, is leading the development of the Fintech sector, helping to regulate the sector, hosting regulatory sandboxes, and issuing fintech licences along with the Capital Markets Authority (CMA).</p> <p>www.sama.gov.sa</p>
	<p>The Capital Markets Authority (CMA) is responsible for regulating and developing a healthy investment environment and resilient capital markets ecosystem.</p> <p>www.cma.org.sa</p>
	<p>Saudi Venture Capital Company (SVC) is a government fund of funds that seeds VC and Private Equity funds, while also participating in some direct investments in start-ups by co-investing with other investors in the market. So far, SVC has backed >30 funds, 5 Angel Groups, and supported 401 start-ups and SMEs with US\$1 billion in Assets Under Management (AUM).</p> <p>www.svc.com.sa</p>
	<p>Jada is a fund of funds company established by PIF in 2018 to develop the VC and PE ecosystem in the Kingdom. It has an investment capital of US\$1 billion. It has supported ±385 SMEs and has 23 funds under its management. Jada has also developed initiatives to educate and engage the stakeholders in the VC and PE ecosystem.</p> <p>www.jada.com.sa</p>
	<p>The Saudi Venture Capital and Private Equity Association (SVCPEA) is an industry body created by a resolution made by the Saudi Council of Ministers with the objective of stimulating the VC and PE ecosystem in the Kingdom.</p> <p>www.vcpea.org.sa</p>
	<p>Fintech Saudi was established in 2018 by the Saudi Central Bank, in partnership with CMA, to act as a catalyst for the development of the Saudi fintech industry. Saudi Fintech works alongside fintechs in the Kingdom to act as an intermediary between government and the start-up ecosystem, to understand what needs and challenges need to be addressed to help the sector flourish in the Kingdom.</p> <p>www.fintechsaudi.sa</p>



Key Milestones in Saudi Arabia's Start-up Ecosystem

1999

- Internet first came to the Kingdom of Saudi Arabia

2010

- KAUST Innovation Fund launched, out of the KAUST Centre for Entrepreneurship
- Electronic Transaction Law allows for digital signatures

2011

- Wa'ed Saudi Aramco Entrepreneurship Center created

2012

- Saudi's Internet Penetration Rate is 54%

2013

- Wa'ed Ventures, Aramco's Corporate VC arm is launched

2015

- Raed Ventures, one of the first private Venture Capital firms is established

2016

- Launch of the Kingdom's Vision 2030
- Saudi Arabia's Internet Penetration Rate grows to reach 75%
- Monsha'at, (General Authority for Small and Medium Enterprises) is established

2018

- Fund of Funds, Jada, is launched with US \$1 Billion to deploy
- Saudi Venture Capital & Private Equity Association is launched
- Saudi startups raise \$53M
- Fintech Saudi is launched to support the development of the Fintech sector
- The Capital Markets Authority (CMA) issues its first testing permits for its Fintech Lab

2019

- The Central Bank accepted its first cohort for its Regulatory Sandbox
- Fund of Funds, Saudi Venture Capital Company (SVC) is established
- Saudi Payments Company is launched to manage all digital payments infrastructure in the Kingdom
- Saudi E-Commerce Law is issued to govern e-commerce activities in the Kingdom
- The National Competitiveness Centre, Tayseer, was established
- New regulatory guidance provided, including new robo-advisory permits, new microfinance regulations, and a cloud-first policy for government

2020

- Saudi Startups fundraise \$324M
- Payment Service Provider Regulations (PSP) were introduced by the Central Bank (SAMA) to regulate PSP and digital payments operators in the kingdom
- Saudi Central Bank uses blockchain for money transfer for the first time
- DEEM, the largest government data cloud in MENA was launched by the Saudi Data & Artificial Intelligence Authority (SDAIA), to be made available for Saudi start-ups
- New regulatory guidance provided, including new insurance aggregate regulations, and new digital bank guidelines, a digital economy policy
- Saudi Arabia's Internet Penetration Rate shoots up to 98%

2021

- Personal Data Protection Law (PDP) aims to govern the receiving, processing and storing of data in the Kingdom
- New regulatory guidance provided, including new debt crowdfunding regulations and new open banking policies
- Saudi Startups raise US\$ 606M in funding

2022

- New Companies Law: On the 28th of June 2022, Saudi Arabia's Cabinet of Ministers approved a new Companies Law. Some of the new changes will enhance the ease of doing business for entrepreneurs and accommodate the growing venture capital market.
 - A Simple Joint Stock Company is a new form of company that was introduced to meet the demands of the start-up ecosystem
 - Micro and small companies are not required to appoint an auditor to encourage the launch of start-ups in the market
- US\$ 1.1 Billion fundraised by local Saudi Startups

Legend: ● Regulatory Milestones ● Start-up Infrastructure Trends ● Venture Milestones

KEY ENTREPRENEURSHIP CONFERENCES & EVENTS IN THE KINGDOM

LEAP

LEAP conference is a four-day international tech conference which takes place each year in early February, organized by MCIT. The conference hosts over 700 speakers, and brings together over 100,000 technological innovators and experts from around the world. In 2022, LEAP announced over US \$6.4 billion in investments and initiatives. Saudi Arabia is gearing up to become the Silicon Valley of the Middle East and has also announced the launch of the Garage, which was inspired by companies such as Apple and Amazon that originated and operated out of a garage at onset. It is an innovation hub that supports tech startups in the Kingdom, fosters creativity and experimentation with ideas, and provides incubation and mentorship programmes as well as an open workspace.

BIBAN

In 2017, Monsha'at launched BIBAN, a four-day annual conference for entrepreneurs, startups, and investors to develop innovation capabilities in the Kingdom and foster its growth. It was a dynamic and interactive event with 12 stations that included conferences, awards, and exhibitions. In these formative years of the Saudi start-up ecosystem, the BIBAN conference was important to help address and tackle obstacles faced by entrepreneurs and stakeholders in the ecosystem, such as lack of familiarity with government systems, procedures and regulatory requirements for start-up founders.

GLOBAL ENTREPRENEURSHIP CONGRESS

In March 2022, Monsha'at and the Global Entrepreneurship Network (GEC) organized the Global Entrepreneurship Congress in Riyadh, a four-day event that gathered entrepreneurs, investors, policymakers, and key stakeholders to promote, connect, and strengthen the ecosystem. The GEC secured US\$13.8 billion in investment directed towards financial products, mentorship, and funding. It hosted 150 speakers including Apple co-founder Steve Wozniak and Netflix co-founder Marc Randolph. Monsha'at announced that it would allocate US\$3.2 billion to start-up funding and the Ministry of investment would allocate US\$1 billion to license international companies and encourage entry to the Saudi market.

RISE UP SUMMIT

In November 2022, one of the region's major startup conferences, Rise Up, came to Saudi Arabia for the first time. The summit took place at the King Abdullah Financial District and attracted nearly 10,000 participants, 150 startups, investors and 200 speakers. This summit is gearing up to become an annual affair.



SPOTLIGHT | SAUDI VENTURE CAPITAL COMPANY

SVC'S ROLE IN CREATING A HEALTHY INVESTOR ECOSYSTEM IN SAUDI ARABIA



Dr. Nabeel Koshak
CEO of Saudi Venture Capital Company (SVC)



In 2018, Saudi Venture Capital Company, more commonly referred to as SVC, came on the scene to help drive investment into Saudi startups and SMEs. SVC is a government-backed investment company with US\$1.5 billion in assets under management (AUM), aiming to stimulate and sustain financing for startups and SMEs from pre-Seed to pre-IPO. The organization is a subsidiary of the SME Bank, one of the development banks affiliated with the National Development Fund, and was established to support the efforts of growing SMEs contribution to the GDP

from 20% (a 2016 baseline) to 35% by 2030.

The premise behind the efficacy of a Funds of Funds is quite simple. A healthy startup ecosystem requires access to capital, so that startups can fund and grow themselves. For that to occur, there must be a strong base of VCs and private investors in the market, providing optionality to startups. In a young startup ecosystem such as Saudi Arabia, VC firms are often few and far between, and can often be considered startup funds themselves. Thus,

governments around the world have stepped in to help finance and stimulate the development of fund managers, who play a key role in growing their home startup ecosystem.

“So, the question we had to ask ourselves,” says Dr. Nabeel Koshak, CEO and board member at SVC “...was: how can we stimulate more VC and PE investments? Once we conducted a thorough global benchmarking exercise on how various countries had done it, two broad-level programs were identified which was the Investment

in Funds Program and the Co-Investment in Startups Program.” Canada, Singapore, United Kingdom, Brazil, South Korea, and the European Union were just some of the government’s assessed for the benchmarking exercise.

Investment in funds or a “Fund of Funds” is important in the development of a healthy venture investment ecosystem in any country. Venture capital and private equity funds both need limited partners (LPs) in their funds, who are essentially investors that feed their funds. “Without this investment, VC and PE fund managers may choose to launch their funds elsewhere, taking their focus away from the Saudi market,” says Koshak.

In a startup ecosystem in its infancy, fund of funds like SVC and Jada support first-time fund managers to raise capital and prove themselves. “Raising a first-time fund is very difficult, because few LPs want to take a chance on a player with no track record,” says Nora Alsarhan, Chief Investment Officer at SVC. “SVC is often the first cheque in for first-time fund managers, which allows for the birth of several investment funds across the Kingdom.”

With co-investing in startups, SVC builds investor confidence in local startups with its investment strategy. At the beginning, SVC was matching startup investments made by local angel investors, while providing added incentives such as profit-sharing up to 90%. This significantly de-risked investments for angel investors. “It’s important to note that, as a government-backed investor, we don’t lead investment rounds,” says Dr. Osamah Alamri, Chief Strategy Officer at SVC. “We support and increase access to capital, but we rely on local and global fund managers and angel investors to lead the way. So that means we aren’t meeting with entrepreneurs ourselves; we rely on the co-investor from the private sector to have the active role.”

Thus far, SVC has invested in 35 funds and co-invested with 16 institutional investors, and 56 angel investors from 5 angel groups, which have directly impacted investments in approximately 525 startups and SMEs. The size of SVC’s fund has recently increased from \$1 billion AUM to \$1.5 billion (5.7 billion Saudi Riyals) AUM.

Today, with the AUM growing to US \$1.5 billion, SVC’s allocation is about 90% for investment in funds and 10%

SVC aims to support government efforts in line with Vision 2030 to grow SME contribution to the GDP from 20% in 2016, to 35% by 2030. SVC will help the Kingdom achieve this by supporting the Venture Capital investment ecosystem in the Kingdom, ensuring startups and SME’s have access to capital.

for co-investment in startups. “When we started, we were a gap filler,” says Dr. Koshak. “This required us to look at the gaps from angel and pre-seed all the way to pre-IPO stages. The largest gap in the market when we initially started had been in seed and pre-seed investments, due to where the market maturity was. Today, we are seeing it move up the value chain, and we are seeing gaps in later stages, beyond Series B.”

To address the pre-seed and seed stage gaps, SVC launched an Investment in Accelerator and Startup Studio Funds product in 2021. Koshak adds, “we like this because VC-backed accelerators and Startup Studios have skin in the game. Unlike the ‘innovation labs’ or ‘innovation theatre’ models. We like investing in investor-backed product offerings.” The Angel co-investment in startups seeks to support angel investors to build-out professional investment experience which cater to the pre-seed and seed stages. Of this, Koshak says, “we’re happy to see that there are five angel investor groups that are quite active in Saudi Arabia today, and they play a critical role in the start-up ecosystem.”

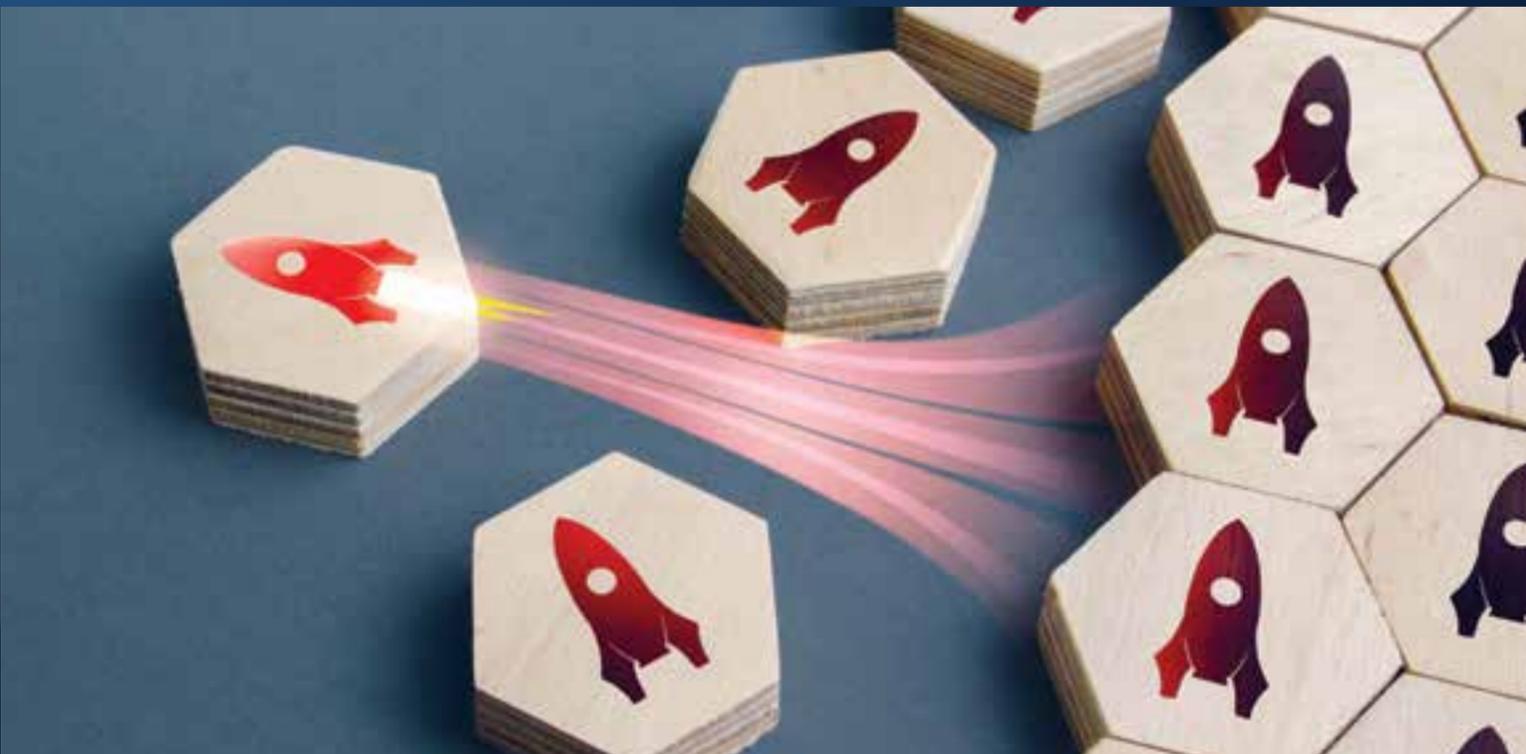
SPOTLIGHT | SAUDI VENTURE CAPITAL COMPANY



Osamah Alamri
Chief Strategy Officer of Saudi Venture Capital Company (SVC)



Nora Alsarhan
Chief Investment Officer of Saudi Venture Capital Company (SVC)



SVC also co-invests with institutional investors (i.e. fund managers) when there is an equity financing gap or to catalyze later stage investments for strategic or financially-driven objectives. “We don’t lead rounds. We rely on local and international VCs to lead the way and introduce us to fast-growing startups with a compelling growth story when additional capital is needed.” Unifonic and Sary are some of the beneficiaries of these programs.

SVC is also tasked with developing the Private Equity market in the Kingdom. For this development, SVC also invests in Private Equity funds that invest in SMEs with growth potential from outside the tech sector, in areas such as tourism, entertainment or manufacturing. Non-tech related SMEs are also important for the

Kingdom’s entrepreneurial ecosystem and are also expected to contribute significantly to the Kingdom’s non-oil GDP. It’s important not to forget these entrepreneurs, and ensure they also have greater access to alternative funding.

Due to the dynamic evolution of the Saudi VC ecosystem, SVC’s strategy is reviewed quarterly to ensure that existing equity funding gaps are minimized, and the private investors are properly stimulated. It’s role as a market maker require SVC to be both agile and careful. SVC, being a government-backed fund, isn’t solely commercially driven; SVC also places high value on developmental activities. To this, Koshak comments, “if we were only commercially driven, we may not invest in first-time fund managers.

We need to support newcomers, and despite the due diligence process we go through, this dramatically increases our exposure to the risk that some of the funds we back may not succeed as planned. But that’s the risk we need to take, if we are going to play a developmental role in the market.”

One of SVC’s ecosystem stimulation approaches first implemented by SVC in the early years, which we learned about through interviews with various VCs was a generous incentive program. The incentive was provided by SVC to angel investors when it co-invested with them. SVC would match their co-investment partners’ investment, while waiving 90% of SVC’s carried interest, sweetening the upside for investors in the ecosystem to take risks and invest in local startups. Every year, as the

market matures, this incentive shrinks – and today the incentive waives 60% of SVCs carried interest.

Another requirement of co-investment from SVC is that the startup must be Saudi-based. “The nature of venture capital is cross-border and international, so we don’t require the funds we invest in to be exclusively focused on Saudi Arabia. But we do ask that SVC’s financial contribution in their fund to be earmarked for either Saudi-based startups or international start-ups with significant operations (i.e. expenses) in the Kingdom.”

SVC isn’t stopping there. SVC has partnered with Partners for Growth, a debt-financing firm out of the San Francisco Bay-area, in order to serve startups looking for venture debt

funding when raising an equity round is not feasible. SVC is currently reviewing several debt-financing firm applications to bring this financing option to the Kingdom. “The global benchmark is that 10% to 20% of financing needs in the market be served by venture debt, so we’re keen to see more applications to make this option available to our startups in the region,” says Koshak.

SVC is also currently discussing the possibility of launching a pre-IPO fund, which is something SVC is looking at launching in 2023. As for future trend predictions, Koshak says he expects many more sector-specific funds and some international funds to increasingly invest in and set-up in the Kingdom. Koshak noted, “The future is here. I thought it would take the market much longer to specialize and launch

sector-specific funds, but we’ve already seen specialty funds in fintech and healthtech form in 2022. We’ve started to see more interest around sectors such as deeptech and gaming as well.”

Ultimately, even Koshak seems surprised by the pace of growth and development in the Kingdom. “The rate of growth we’ve seen in the market surprised even the most optimistic of us. Twelve years ago, I saw a handful of startups graduate from incubator programs and nobody would invest in them. Now startups have a lot of choice in the market.”

Koshak adds, “I think the ecosystem will continue to pleasantly surprise us, and it’s our job to keep ahead of the curve as best we can.”

SPOTLIGHT

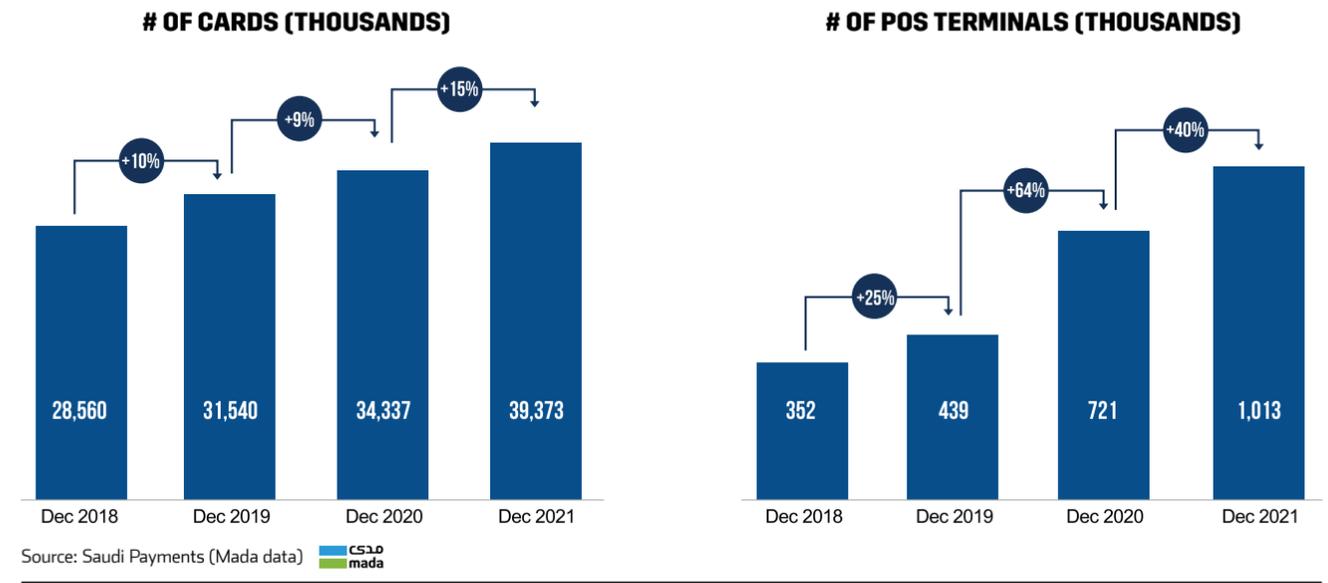
HOW THE SAUDI GOVERNMENT HAS STREAMLINED THE KINGDOM FOR FINTECH



In 2016, Vision 2030 was launched, followed by several comprehensive programs developed to reach specific goals and targets that were set out in the wider strategy. The Financial Sector Development Program (FSDP) is one such program. The FSDP has undertaken several commitments to be reached by 2025 which include supporting financial institutions, promoting emerging fintech companies, financing SMEs, and increasing cashless operations. It aims to digitize the economy and convert 70% of all transactions in the Kingdom to become cashless payments by 2025. The program's efforts have had a major impact on Saudi citizens, especially supporting Saudis through the trying times the world has endured during the pandemic, which has accelerated the adoption of digital solutions, many of which require e-payments gateways.

Prior to 2016, there had been a very few number of fintech players in the Saudi market; one reason for this inactivity identified by the Saudi government was the lack of clarity on policies and the unregulated nature of the fintech market up until that point. The key stakeholders that have really paved the way for the development of the fintech ecosystem since then are the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA). The two institutions have different responsibilities but share a common goal: to regulate and develop the financial sector.

The Saudi Central Bank was established in 1952 and was previously known as the Saudi Arabian Monetary Authority prior to changing its name in 2020. Its mission is to maintain



monetary and financial stability in the Kingdom as well as to support balanced economic growth. In 2019 the Central Bank officially established its digital payments' arm, Saudi Payments, which operates the technological infrastructure of various payment systems for the government and Saudi institutions, such as Mada, SADAD, SARIE, and Esal.

Mada was established in 1990 as Saudi Payments Network (SPAN). It connects ATMs and POS terminals to a central payments switch and has succeeded in boosting their growth as the number of cards has increased by 11% on average between 2018 to 2021 and the number of POS terminals during the same time has increased by 42% CAGR.

Esal is a national electronic platform for business payments (e-invoicing) providing

services to government entities and businesses. In 2019, 99.9% of government payment activities were cashless.

SADAD is a national Electronic Bill Presentment and Payment (EBPP) service provider and facilitates payment transactions such as utility, telecommunications, and other government bills.

SARIE is an Instant Payments system to facilitate cash transactions across local banks and is accessible 24/7.

As a result of these four platforms, the Kingdom is geared to reach its goal of 70% cashless transactions before 2025. In 2021, the Kingdom hit a milestone when cash was no longer the most common means of payment as 57% of transactions had become cashless.

In 2018, SAMA also launched a **regulatory sandbox** to attract local and international fintech companies to infuse new fintech technologies into the Saudi market. Today, 42 firms have been permitted to operate under the sandbox of which 15 have obtained fintech licenses from SAMA to operate in the wider Kingdom.

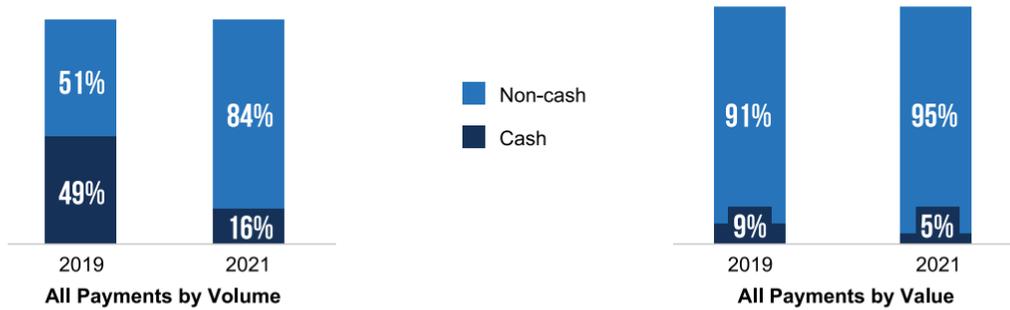
The **Capital Market Authority** regulates the Kingdom's capital markets by developing an appropriate and transparent investment environment, protecting investors and dealers from illegal acts. One of the key initiatives that it has launched is the **Fintech Lab**, which is a legislative experimental environment that attracts local and international firms and allows fintech products and services related to securities activity to test innovative business models.

SPOTLIGHT

SAMA and CMA gave birth to **Fintech Saudi** in 2018, which is tasked with supporting the development of the Kingdom's fintech ecosystem and position the Kingdom as an innovative fintech hub. Its Fintech Accelerator Program provides support, coaching and mentorship to fintech companies. 12 fintech start-ups participated in the program this year and the 3 winners were awarded a financial grant of SAR50,000 each by Wa'ed's incubation program.

Venture Capital firms such as Wa'ed Ventures have shown confidence in the Fintech sector even before it gained momentum. Ali Abussaud, Chairman of Hala Ventures, echoed the sentiments of many Saudi VCs we spoke to, stating that he believes that the fintech sector will continue to grow. "Payments and SMB will continue to lead, and Crowd Funding will be the next area of development for Saudi's fintech sector."

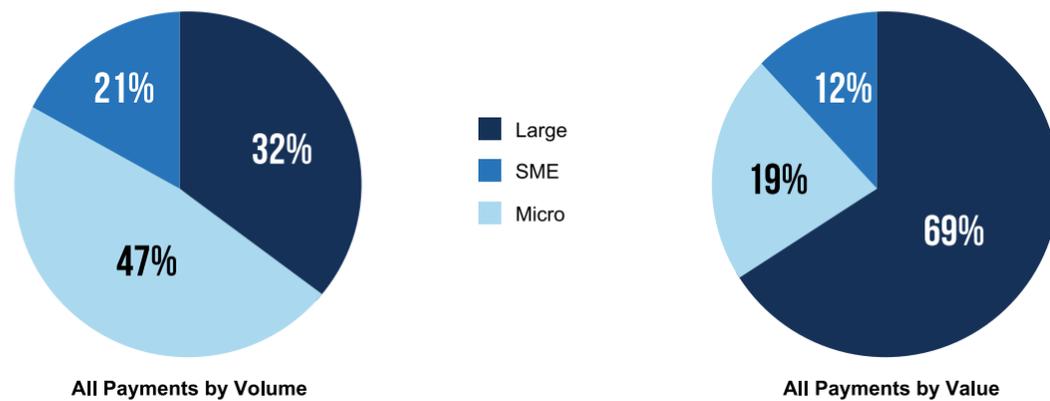
BUSINESS PAYMENTS BY PAYMENT MEANS



SHARE OF THE PAYMENTS BY BUSINESS TYPE (PERCENTAGE)

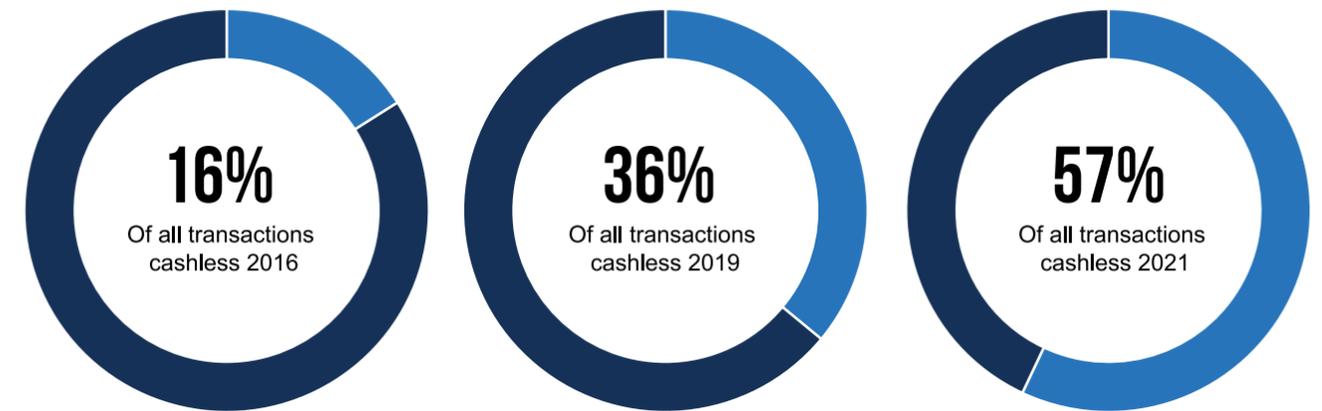
Share of Non-cash payments by volume	2019	2021
MICRO	32%	76%
SME	62%	78%
LARGE	97.9%	99.6%

SHARE OF THE PAYMENTS BY BUSINESS TYPE



Source: Saudi Payments

FINTECH IN SAUDI ARABIA HAS ENABLED 57% OF ALL TRANSACTIONS TO BECOME DIGITAL IN 5 YEARS



Source: Saudi Payments



SAUDI'S START-UP ECOSYSTEM TODAY

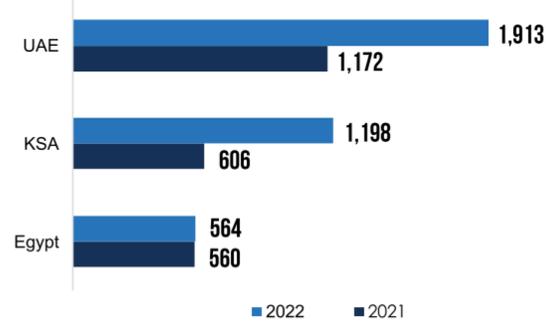
Saudi Arabia's start-up ecosystem has grown at an unprecedented pace, from just a few SMEs prior to the launch of Vision 2030, to ground-breaking life-enhancing tech start-ups six years and a pandemic later. In 2022, the Kingdom came in second in the Arab world in total funding value with US\$ 1.2 billion of Venture, Corporate and Equity funding going to Saudi startups. Saudi Arabia also came in third in the region for the number of deals (91) signed, behind the UAE and Egypt.

A QUICK CLIMB

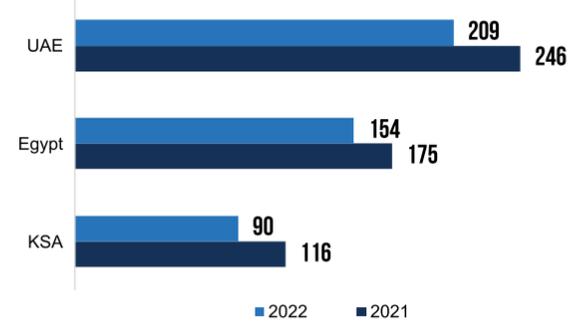
Saudi Arabia may be relatively new on its entrepreneurial and digital economy journey, but the Kingdom's laser focus on developing a strong entrepreneurial ecosystem has helped start-up activity grow, and quickly. Historically, Saudi Arabia has always trailed the UAE and Egypt's startup ecosystems, but this changed in 2021, when Saudi Arabia became #2 in the Arab world in venture funding raised. Saudi strengthened its 2nd place positioning in 2022, pulling further away from Egypt and closing in on the UAE.



FUNDING VALUE BY COUNTRY

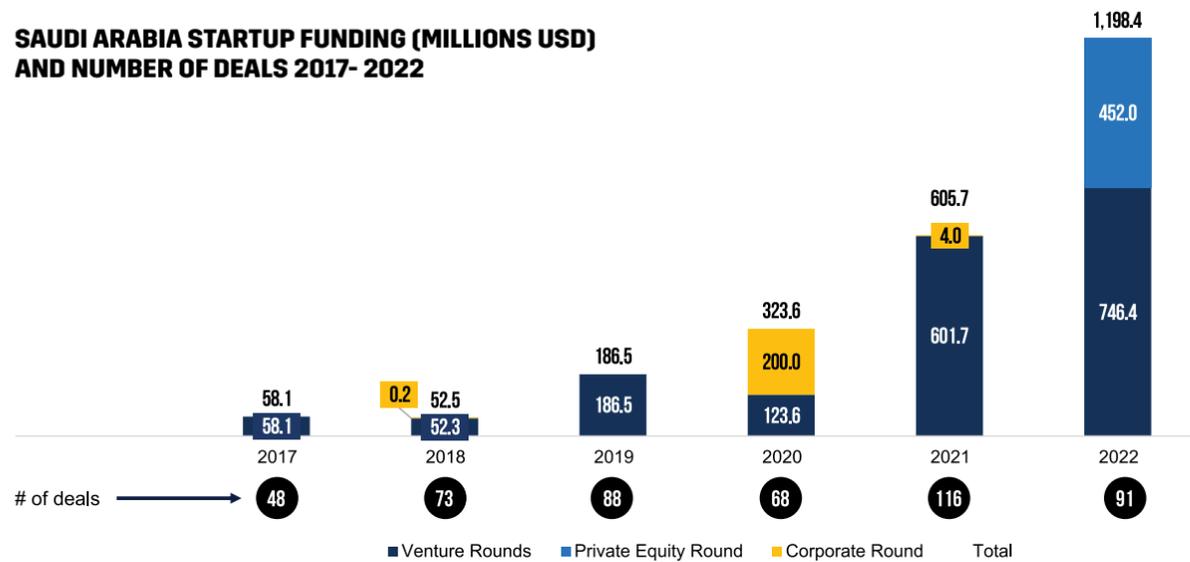


OF DEALS BY COUNTRY



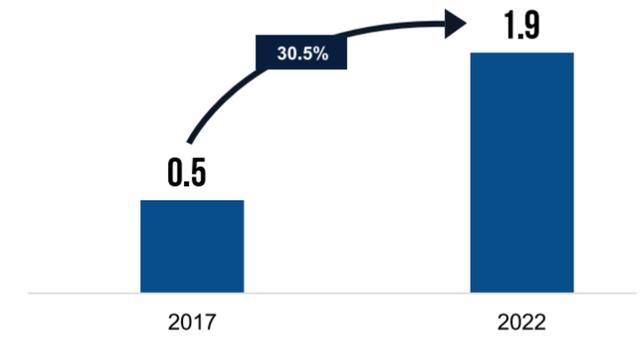
Source: Lucidity Insights Research using Crunchbase data
 Note: # of deals includes both, deals where funding values are undisclosed and those deals which have values disclosed
 Total includes the following → Angel, pre-seed, seed, Series A to C, unknown series funding, private equity, corporate rounds and other funding rounds.
 2022 PE rounds include PIFs investment of US\$ 412 million in Almosafer, omni-channel travel services provider.

SAUDI ARABIA STARTUP FUNDING (MILLIONS USD) AND NUMBER OF DEALS 2017- 2022

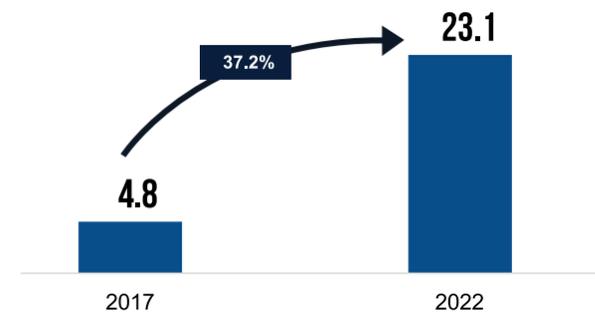


Source: Lucidity Insights Research using Crunchbase data
 Note: # of deals includes both, deals where funding values are undisclosed and those deals which have values disclosed
 Venture rounds include Angel, pre-seed, seed, Series A to C, unknown series funding and other funding rounds.
 2022 PE rounds include PIFs investment of US\$ 412 million in Almosafer, omni-channel travel services provider.
 Only local Saudi-born startups with headquarters and significant operations in Saudi are considered; Trukker and Unifonic are exceptions that have been included - due to the size of their operations in Saudi Arabia.

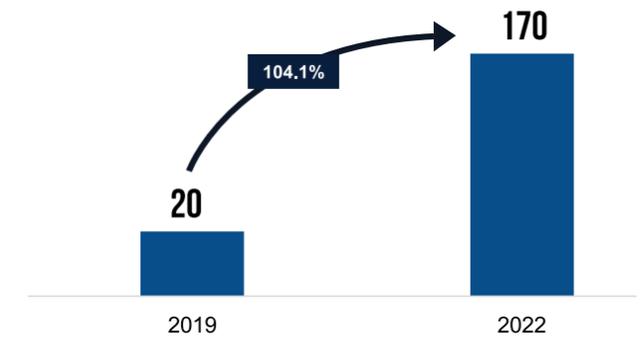
KSA AVERAGE SEED ROUND (MILLIONS USD)



KSA AVERAGE EARLY STAGE (MILLIONS USD)



KSA AVERAGE LATE STAGE (MILLIONS USD)



Source: Crunchbase, Lucidity Insights Analysis
 Note: Seed includes angel, pre-seed and seed. Early stage include Series A and Series B rounds of funding. Late stage includes Series C.

Saudi Arabia's start-up funding has skyrocketed in 2022, growing more than 20x in 5 years to reach US\$ 1.2 billion across 57 disclosed deals (out of 90 deals total); 2018 funding hovered at \$50 million across 54 disclosed deals (out of 71 total deals). This also means that the average deal size in Saudi has grown substantially from <\$1 million per deal in 2017, to an average of over US\$ 20 million per deal in 2022.

It is a remarkable feat for Saudi start-ups to have raised more than US\$ 1 billion in 2022, given that it took the United Arab Emirates, the reigning start-up capital of the Arab world, nearly a decade of fostering start-up activity in Dubai to break the \$1 billion ceiling in 2021. This speaks to the speed of change and growth in Saudi's start-up ecosystem, driven by the calibre of start-ups emerging in Saudi Arabia and their ability to scale across the Kingdom and beyond.

It isn't just the volume of funding being raised in the Kingdom that is growing. Ticket sizes across rounds have grown substantially over the past 4 years. The average Seed Round has increased at 30.5% CAGR from an average of \$500,000 in 2017 to \$1.9 million in 2022. Average early-stage funding (Series A and Series B) rounds have increased at 37.2% CAGR since 2017 from an average of \$5 million to averaging \$23 million in 2022. Late-stage investments, which was a category that was largely in-existent in 2017 have grown the most, showing over a 100% CAGR since 2019. While there has been only one disclosed Series C round in each of 2019, 2021 and 2022, what is encouraging is the value of funding has increased more than 8x from US\$ 20 million in 2019 to US\$ 170 million in 2022.

TOP FUNDED STARTUPS ARE IN FINTECH

Considering that 4 out of the top 10 funded startups in Saudi in 2022 were fintechs, and #1 Tamara and #2 stc pay, each raised more than US\$ 200 million, it comes as little surprise that fintech emerges as the most funded sector in the Kingdom. This is a trend seen around the globe, as fintech is considered the backbone infrastructure from which many other tech industries can commercialize and receive digital payments - from e-Commerce to restaurant tech and delivery aggregators - fintech is always involved.

Fintech has experienced tremendous growth in 2022; the number of registered and licensed fintechs operating in the kingdom grew from 80 to 147 startups. These 147 fintechs that are licensed, only

represent 30% of all fintech companies present in the kingdom. In August 2022, Tamara, a buy-now-pay-later platform that allows users to pay in installments, raised US\$100 million in a Series B round - bringing the total funds raised to over US\$215 million, is now the most funded fintech startup in the Kingdom, surpassing stc pay which raised US\$ 200 million in November 2020.

Unlike other industries that are still facing some obstacles with funding gaps, there are investors that fund fintech startups at every stage in the Kingdom today. As the top 10 most funded Saudi startups (based on publicly disclosed figures) shows, Fintech and Foodtech are the two largest broad sectors pulling in the most capital in the Saudi startup ecosystem.



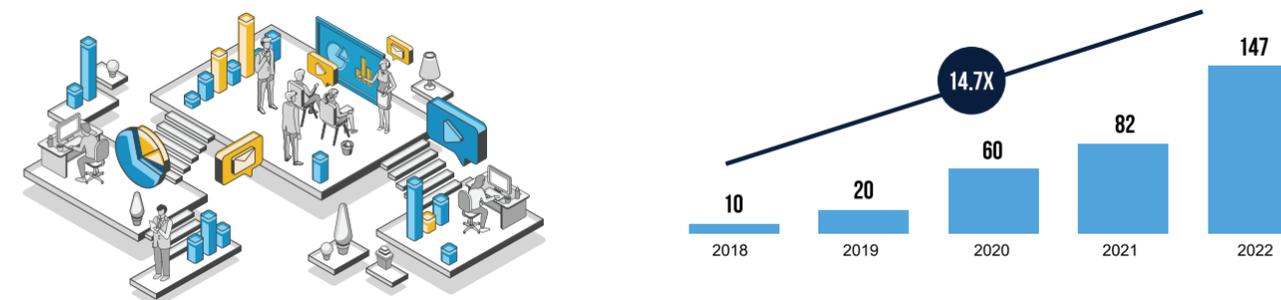
TOP 10 FUNDED KSA-BORN STARTUPS TO DATE + HONOURABLE MENTIONS

#	Company	Top Saudi startups by amount fundraised (US\$ Million)	Industry
#1	tamara	215.6	Fintech
#2	stc pay	200.0	Fintech
#3	FOODICS	198.0	Foodtech
#4	UNIFONIC ^(a)	146.0	Enterprise SaaS
#5	Sary	112.1	B2B Commerce
#6	nana	79.0	eGroceries
#7	zid j	58.9	eCommerce SaaS
#8	HYPER PAY	50.5	Fintech
#9	Most Caffeine	50.0	Blockchain
#10	retailo	45.0	B2B Retail SaaS
#11	nata	40.0	PMO SaaS
#12	FARM	38.8	Agtech
#13	LEAN	36.5	Fintech
#13	jahez	36.5	Food Delivery

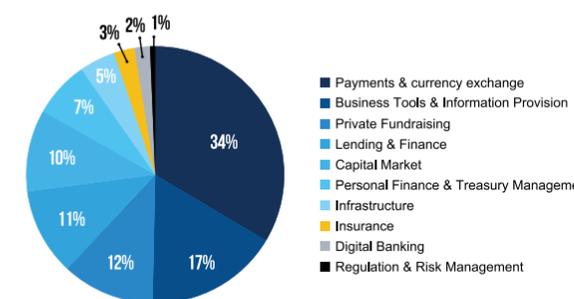
Note: Based on disclosed fundraising amounts, up to December 31, 2022.
a) Unifonic shifted its headquarters to Dubai.

Source: Crunchbase, Lucidity Insights Research & Analysis

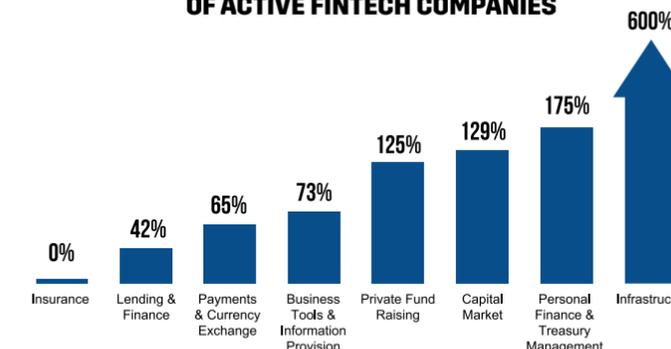
NUMBER OF ACTIVE FINTECHS OPERATING IN SAUDI ARABIA 2018-2022



NUMBER OF ACTIVE FINTECH COMPANIES SPLIT BY CATEGORY, 2022



ANNUAL GROWTH BY CATEGORY OF ACTIVE FINTECH COMPANIES



Source: Fintech Saudi 2022 Annual Report

Note: A few companies can be operating in multiple categories e.g. Foodics operates in both Payments & Currency Exchange as well as Business Tools & Information Provision

WHAT ARE THE FUTURE TRENDS IN START-UPS?

We spoke to key stakeholders in the Kingdom, from venture capitalists, start-up founders, accelerators, incubators and angel investors, with one particular question: "What future trends can we expect out of the Saudi start-up ecosystem?" Here is what we heard:

- More Saudi Startups are reaching the later growth stages,** looking for Series B funding. Many VCs are looking to fund growth stage funds to support their existing portfolio of startups, and meet this growing demand in the Kingdom. At present, some fast-paced Saudi startups in later growth stages are going to international VCs for support, garnering support from the likes of Softbank and Sequoia.
- Direct-to-Consumer (D2C) start-up categories like Fintech and eCommerce will remain dominant, but Saudi will see an emergence of B2B start-ups.** These B2B solutions will emerge in subsectors such as supply-chain technologies, fleet optimization, agtech, and even further into deeptech, driven by AI-powered software solutions.
- Increasing Number of "Experienced" Founders starting companies.** The current enthusiasm and activity in the Saudi start-up market has shifted mind-sets so drastically, that many experienced professionals are

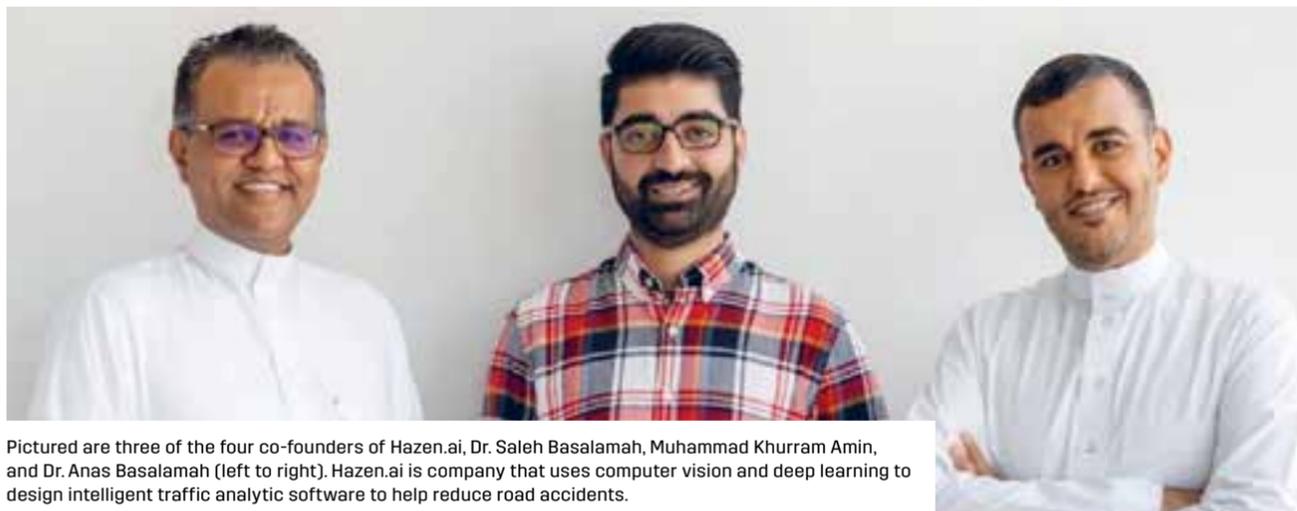
leaving 10-20 year careers to found their first start-ups. This also means that the solutions they are offering are highly specialized, bringing more sophisticated solutions to the market.

- More Globally-Minded Startups.** The first start-ups that came out of the Kingdom were very Saudi-focused. Today, founders are thinking bigger and bolder, from day one. The market expects to see many more start-ups that have a MENA region focus from the beginning, with bold global ambitions in their future.
- Entrance of International Start-Ups.** As the Kingdom continues to open its borders, with accelerator programs such as 500 Global and KAUST sending invitations to international founders, and local VCs like Wa'ed Ventures investing in international start-ups with the aim of supporting their market-entry into the Kingdom, it is predicted that Saudi Arabia will see a gradual increase of foreign start-ups establish themselves in the market. Many international VCs that have started to keep an eye on the Saudi market are also assessing it as a potential market for their international portfolio companies.

SPOTLIGHT | HAZEN.AI

A SAUDI STARTUP USING DEEP LEARNING TO DRIVE ROAD SAFETY

Written by Erika Masako Welch



Pictured are three of the four co-founders of Hazen.ai, Dr. Saleh Basalamah, Muhammad Khurram Amin, and Dr. Anas Basalamah (left to right). Hazen.ai is a company that uses computer vision and deep learning to design intelligent traffic analytic software to help reduce road accidents.

Meet Sohaib Khan, distinguished professor turned entrepreneur. Sohaib is silver haired and has the nurturing smile you might expect from one of your favorite former professors. He brings decades of research experience, first from completing his PhD in the United States, and later from running computer vision research and innovation labs in top Universities in both Pakistan and Saudi Arabia. Today, he is the CEO and one of four co-founders of Hazen.ai, a startup building cost-effective AI-driven software solutions that aims to reduce road fatalities. He is part of a new brand of entrepreneur emerging out of Saudi Arabia, with deep expertise and know-how, and a distinguished career behind him.

He and his team are commercializing computer vision applications. “Commercializing computer vision applications was seemingly implausible

just over a decade ago,” Sohaib explains. “It was largely seen as a fringe research science that could not withstand the rigor of practical or commercial applications.” What changed in the last decade was several breakthrough in the research, with seminal research papers published on ‘unsupervised (machine) learning’ and ‘deep neural networks’. At the same time, computing power was increasing exponentially each year, and the hardware had finally reached capabilities that could facilitate machine-learning. Last, but not least, the availability of data – such as a library of images needed to feed computers as a deep-learning dataset – also played a critical role. Today, we see computer vision applications in Autonomous Vehicle (AV) start-ups, or facial recognition software.

So how did he decide to utilize computer vision in road safety applications? “Unfortunately, there

are 1.3 million unnecessary road accidents all over the world each year, and a disproportionate number of these deaths are in emerging markets.” Sohaib continues, “We don’t call them road accidents at Hazen.ai though. We call them crashes, because they are avoidable. 9.9 times out of ten, it comes down to human error, in the form of bad driving or texting and driving, or poor traffic design, or faulty roadwork and even poor signage. All of these elements are addressable if we could just make the observations and immediate recommendations for rectification.”

That’s where Hazen.ai comes in. Taking his nearly two decades of computer vision research, Sohaib founded Hazen.ai with one of his former Pakistani students and two Saudi co-founders. Hazen.ai has essentially turned a hardware solution, often in the form of speed radars and cameras,

with limited capabilities, into a software solution with unlimited potential. Turning hardware into software solutions allows for artificial intelligence to continue levelling-up the product performance, adding more complex capabilities overtime, while reducing the cost of upgrades and implementation.

For example, a typical radar system on a four-way intersection in the United States could cost upwards of US \$800,000; roughly 25% for the hardware equipment, and 75% for installation, certifications and maintenance. This radar system’s only capability today is to ticket drivers for infractions like speeding, or not heeding a red light. In contrast, Hazen.ai’s solution seeks to offer an intelligent solution for 1/10th of the cost. “If there are already cameras installed at an intersection, all that is required is to install a small processor next to the existing camera”, Sohaib explains, “reducing the cost even further.”

Hazen.ai has the ability to monitor and detect different types of dangerous and unsafe behaviours like unsafe lane changes, illegal turns, jumping a red-light or a stop-sign, blocking a pedestrian crossing, not wearing a seat-belt or texting-while-driving. The software was also recently upgraded to detect safety hazards for pedestrians and cyclists. Despite every country having different traffic rules, the software has been built for easy configuration in just a few clicks. “We’ve built it so that it’s easily scalable across the world with customization capabilities built-in for a smooth onboarding process,” he explains.

“We’re driven by the million+ lives we can save each year,” Sohaib says, as he

gives the airline industry as an example of a sector that has made air travel statistically safer than driving a car because of the investment, technology and importance given to safety. The flight crew, traffic control and aircraft dispatchers all work together to ensure a safe and successful flight. There’s a central regulatory authority, hours of training for pilots, and technology deployed regularly in the name of safety. When there is a plane crash – which is incredibly rare – it makes the news. Every plane crash is taken seriously, with diligent investigations. Today, air travel results in 0.07 deaths per 1 billion miles travelled, compared to 7.28 deaths per 1 billion miles travelled in a car. That makes air travel more than 100X safer than driving a car. “Or another way to put it,” says Sohaib, “every 24 seconds, someone dies in a car crash, which is equivalent to fifteen 787 Dreamliners crashing every single day! This is what motivates us.”

Today, Hazen.ai is revenue generating, and is currently running pilot programs in several countries including Saudi Arabia, New Zealand, United Kingdom and the United States. They’ve successfully raised pre-seed and seed capital from two angel investors and Wa’ed Ventures. “Wa’ed have been super supportive, and an excellent strategic partner for Hazen.ai. They understood the importance of this work, and that it requires patient capital.” Hazen.ai is gearing up to raise its Series A soon, and is keen to meet international and regional strategic investors familiar with deeptech investments.

As road fatalities hit developing countries disproportionately, and with only 0.1% of the world’s intersections being tech-enabled to date, Sohaib and his team believe Hazen.ai is in an

unique position to be a key player in the fight for global road safety, and in the fight to save avoidable lives lost. While there are other companies attempting to develop similar solutions in the West, not many seem to have exposure to, or are willing yet, to enter the developing markets that need this life-saving technology most.

When I ask him if the emergence of autonomous vehicles (AVs) might make his technology obsolete, he pauses to ponder the question for a moment, and responds. “First of all, a world ruled by autonomous vehicles won’t happen overnight, and we need to reduce road fatalities today. But even in a world where AVs were our sole mode of transportation, I don’t see Hazen.ai as a plug-the-gap technology, but more of a complimentary technology that will evolve with society and autonomous vehicle technology overtime.” Sohaib comments on the other factors, such as roadworks, pedestrian and cyclist behaviours that all need to be taken into account, to ensure safe roads in the future, that would still require a Hazen.ai type solution. “If anything, I would love to see our technology evolve so that our cameras and software directly speak to AVs on the road to warn them of upcoming dangers in real-time.” Now that would be a safer world indeed; and perhaps a future that is not as far off in the distance as many of us might think.



SPOTLIGHT | OQ TECHNOLOGY

SPACE TECHNOLOGY STARTUP SETS UP IN SAUDI ARABIA



Cyril Dufoing
Chief Technology Officer

Omar Qaise
Founder & CEO

Prasanna Nagarajan
Chief Innovation Officer

The latest European startup that has identified Saudi Arabia as its next big market, is OQ Technology. Wa'ed Ventures was a key investor in the space-technology startup's €13 million Series A round, which closed in October 2022.

OQ Technology Founder and CEO, Omar Qaise, has been dreaming of space since he was a young boy growing up in Iraq. His insatiable appetite for all things space led him to Germany to study telecommunications and aerospace engineering on scholarship, followed by an MBA in the United Kingdom. He says that it was with sheer determination that he found his way into various space agencies and companies, holding roles like spacecraft engineer at the European

Space Agency, and Systems Engineering Consultant for Lunar satellite missions at the German Aerospace Center (DLR).

After working for several large space companies and agencies, Omar started to think about launching his own private space tech company. Global companies like Elon Musk's SpaceX were really shifting attention towards private sector companies taking a greater role in the space industry. Simultaneously, Omar was witnessing how countries with new space ambitions, like in Luxembourg, were suddenly building brand new space programs and agencies, seeing space as not only a very viable industry to diversify and grow the economy, but also an industry that helped bring top

talent, capital and culture of innovation to a country as well.

OQ Technology was born in 2016 based on the bet that 5G IoT is the way of the future, and that 5G IoT required new technological infrastructure to be laid down globally that would allow internet connectivity in even the most remote parts of the world. IoT refers to the 'Internet of Things', which describes a network of physical objects – "things" – that are embedded with sensors, software and other technologies. This is what the Industrial Revolution 4.0 is about: sensors and robotics in our factories that help make them safer, more efficient and more intelligent. It's not just Alexa and Siri connecting to your home sound system or turning on

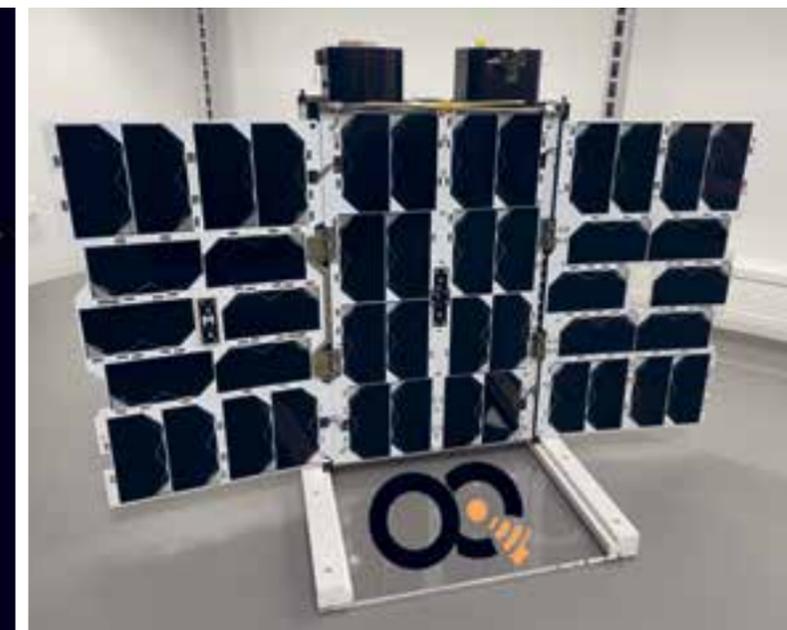
your next day's alarm for you; it's about sensors in cold storage trucks travelling across Africa distributing vaccines, that require internet connectivity to provide real-time temperature readings; it's about sensors for dangerous gases in mining quarries in remote parts of the Australian outback, or sensors on shipping containers traveling the world, and being geotagged and tracked until it gets to their final destination; it's also about being able to install CCTV security cameras all along your border, and being able to view that footage in real-time from half-way across the country. It is no surprise then, that today we have 4 times more machines connected to the internet, than we have people.

OQ Technology is working hard to ensure every machine that wants to get connected, can get connected. It is the first company in the world to provide

direct-to-device 5G IoT connectivity. "In big cities, we have strong cellular network coverage, and we often take for granted that we have internet continuously," Omar says. "But there are many rural areas around the world that don't have internet connectivity, which is the problem we are trying to solve for." Take, for instance, the pilot project Omar and the OQ Team completed in the Fall of 2021 with Saudi Aramco, the world's largest Oil & Gas company, and one of the largest companies in the world by revenue. Omar explains, "Oil companies around the world own and manage hundreds, if not thousands of kilometers of oil pipelines – and these pipelines must be secured and constantly monitored for leaks and issues. Today, in many parts of the world, that involves individuals patrolling the terrain and monitoring the pipeline in person. It's a dangerous job, that is simply not as effective as

when its paired with CCTV cameras, and various gas or pressure sensors in the pipe itself." This is precisely where OQ Technology comes in.

OQ Technology has launched several nano-satellites, that are cheaper and smaller than usual satellites – often the size of a shoebox – that also fly much closer to the earth, providing 5G internet connectivity. In effect, these nano-satellites act as flying cell towers. OQ Technology has launched 3 satellites so far, with the aim of launching 7 more within the next year. Omar says the goal is to launch enough satellites in their network to provide real-time coverage to all IoT machines that rely on OQ Technology for their connectivity time. With a handful of satellites orbiting the earth, data from the various machines can only be uploaded twice or three times a day. As more satellites are launched, machines



SPOTLIGHT | OQ TECHNOLOGY

can upload their data more frequently, to provide immediate feedback to their customers.

Take the Saudi Aramco pilot project for example. OQ Technology placed several routers along the pipeline so that sensors and cameras could also be installed. But the current network of 3 satellites means that the data from these sensors and cameras are being uploaded to the cloud every few hours, versus constantly. This means that if a leak was detected, precious minutes could go by without much warning. This is primarily why OQ Technology closed its' recent fundraising round, to build and deploy more satellites in the coming year.

If you step back and think about it though, there are many applications for OQ Technology's technology. The company has a vision to commercialize its application across various B2B industries, like Mining, Shipping, Agriculture, Oil & Gas, Transportation, and so much more. The company has forecasted US \$400 Million in global revenues over the coming five years. Omar also says it's a company that is inherently globally-minded, because space is one industry that requires collaboration across all of humanity. They recently were the first satellite IoT 5G operator to get licensed to operate in Australia, a large country that struggles with comprehensive internet coverage. The latest data shows that up to 11% of Australians are "highly excluded" from digital services. OQ Technology recently opened its offices in Al Khobar, Saudi Arabia, which it will add to its' global network of offices now in Luxembourg, Dubai, Kigali, and Athens. With its patented technology, head start and funding, and large pipeline of clients such as Aramco, OQ Technology is on the right path to bring this innovative service to the global market.

Having opened their offices in Saudi Arabia in October, the OQ Technology team is still busy hiring and settling in. They plan on building a large satellite control center in Saudi Arabia that will serve the entire region. They also plan on hiring 300 Saudis over the course of the next 3 to 4 years to support that vision. Omar speaks excitedly about Saudi Arabia and coming back to his home region after decades away. "Often, people feel that they have to go to the USA to start a space company; but that's not true anymore. I've been incredibly impressed by the Saudi government. It's incredible how fast they are bringing the space tech industry to the forefront. Regulations have been thoughtfully developed by the Saudi Space Commission and Communication, Space,

and Technology commission (CST), and I've seen remarkable advancements in the past few months that have taken many years in other places. It's clear to everyone at OQ Technology that Space is top of mind for Saudis, and we want to be apart of that."

Omar also speaks about the sense of pride he has, as an Arab, returning to the Arab world with a space technology company. "I'm proud that Arab nations are now accessing this field, as it was very difficult for me when I was younger. But the timing is now right, and I look forward to supporting many young boys and girls from this part of the world get their dream jobs at space technology companies like ours."

When asked what advice he had for the next Arab Space Tech Entrepreneurs, he said:

1. Don't be intimidated, just believe in yourself.
2. Never take no for an answer. Where there is a will, there's a way.
3. Choose a career in something that you are deeply passionate about; entrepreneurship is a tough path, and you must love what you're doing to succeed.



Photo courtesy of OQ Technology & Nanoavionics



SPOTLIGHT | ITSNUQTAH.COM

AT THE CROSS-SECTION OF SAUDI'S CREATIVE AND DIGITAL ECONOMIES

Written by Erika Masako Welch



Nuqtah's current founding team at their last team retreat. From left to right: Wajid, Shahm, Mohammed, Nouf, Murtada, Majid, Salwa, Noura & Jawhara.

Prior to embarking on her own start-up idea, Salwa had been immersed in Saudi's entrepreneurial ecosystem for the past five years, working as the operations and community director for one of the largest entrepreneurial hubs in the Kingdom. I was intrigued to meet Salwa, as I had been introduced to her by one of her investors with a story about how Salwa had to be convinced to accept financing and start her business. "All I had was a pitch deck, which was a thesis I developed as part of my Master's application to study at the Ontario College of Art & Design (OCAD)

in Canada," explains 27 year-old Salwa, "I didn't think I was ready yet."

This seems to be an all too common response when speaking to women founders and 'wantrepreneurs'. "Many women founders spend too much time planning, and waste precious time in getting started - which is where the real learning-by-doing starts," says one of Nuqtah's early believers and investors. Salwa was convinced by investors to start Nuqtah in December 2021, and she moved to Riyadh and entered the 500 Global accelerator program in

January 2022. Today she's successfully raised pre-seed capital from 500 Global and Dubai-based Shorouq Partners, and leads a team of 14 industry experts, of which 95% are Saudi. Whether it be Wajid, an ex-Careemer leading Ops at NUQTAH, or Majid spearheading strategy, gleaning from his past experience leading crypto syndicates in the UK - there seems to be no shortage of talent. Salwa beams, "I didn't have to put out one job description. Youth are gravitating towards entrepreneurship, startups and new technologies like web3.0."

She also credits being loud and making noise, even before an MVP was available. "I think founders of web3.0 companies are often less face forward. We've been loud and proud, and it's worked to our advantage." The beta version of itsnuqtah.com was launched in September 2022, hosting hundreds of live NFTs and with 3000+ users on a waitlist. "We're onboarding our users slowly, releasing access to 10% of our waitlist at a time right now, so as not to lose the power of curation."

Something creative seemed to be in the stars for Salwa. In 2013, she exhibited her own artwork at the British Museum under an initiative to educate Saudi youth on the role of culture and the creative economy. She then received a visual communications degree in her undergraduate studies. After working at the start-up hub in Jeddah for a few years, she felt called to merge her entrepreneurial and creative sides together. "I wanted to do it for the creatives in Saudi. I kept asking myself why there were genius artists in Saudi working accounting jobs from 9 to 5 when the Ministry of Culture and Monsha'at were both investing heavily in creative and entrepreneurial ecosystems. It just made sense to me that a safe creative space like an NFT marketplace that protected artists rights would work."

She also felt that Nuqtah had to be local, in order to succeed in Saudi. "It's not just about localization of language or cultural nuances," she explains, "it's about understanding user behavior that is extremely different in Saudi versus the rest of the world. Take user journeys for example, Saudi customers require localized payment methods, this world should be accessible to our Kingdom as easily as the rest of the world. Saudi users also expect to see me

as the founder to be face-forward, and more accessible, which is unusual with the general crypto-punk population out there."

Salwa also comments on how supportive the startup ecosystem in Saudi Arabia is today, and how valuable that has been for her and her team. She recalls getting calls from numerous leaders from the entrepreneurship scene in Saudi to congratulate her on getting accepted into the accelerator, and to reach out if she ever needed anything. "I truly get the sense that everyone in Saudi is working hard to help each other succeed."

Nuqtah's beta may only be a few weeks old, but plans for the startup are nothing short of big, hairy, and audaciously ambitious. "Nuqtah is one of twelve startups selected to be apart of the Kingdom's Unicorn Program," Salwa beams. "We're so excited about this, because this means that Nuqtah can work hand-in-hand with the government sandboxes to help build out and regulate the web3.0 space."

It seems Nuqtah is also planning on being much more than just an NFT marketplace. "We're positioning ourselves to become an infrastructure builder, with our own accelerator programs so that Nuqtah can help create other web3.0 applications and start-ups, to be built upon our own platform and blockchain technology," explains Salwa. This is an interesting play perhaps inspired by global success stories such as Dapper Labs, a blockchain-based NFT and web3.0 infrastructure player launched in 2018, with a current valuation of US \$7.6 billion. The National Basketball Association's (NBA) "Top Shot" NFT Marketplace was built on top of Dapper Labs' flow blockchain, due to its fast

transaction speeds and low fees (gas prices). In the month of February 2021 alone, NBA's Top Shot processed over US\$224 million in basketball-related NFT sales volume, with over 80,000 unique buyers.

Nuqtah's team are getting ready to raise their seed round in Q4 2022, and from the sounds of it, they'll be raising a large round to feed into their creator-first economy ambitions.



MEET SAUDI'S VENTURE CAPITALISTS

In its early years, venture capital in Saudi Arabia was just a few prominent family offices that filled funding gaps where institutional banks couldn't provide assistance. However, they mainly invested in traditional sectors such as manufacturing and trading, and tech or software start-ups had to rely on bootstrapping or funds from friends and family. This is where venture capital comes in, and its an investment vehicle that has been ballooning in the Kingdom in recent years.

Prior to 2018, there were only a few venture capital firms but the ecosystem had started to gain momentum with fund of funds like Jada and SVC injecting capital into first-time funds and co-investing in start-ups to de-risk and incentivize investments. Since 2017, the number of local VCs have ballooned, predominantly investing in seed-stage and early-stage start-ups.

Today, there are over 65 VC firms, fund of funds, angel groups, incubators and accelerators that are headquartered in Saudi Arabia and whom have invested in one startup or another. The vast majority of them, over 90% have been established in the past 5 years, since 2017-2018. Those established prior to this, and prior to Vision 2030's launch in 2016, are considered the trail-blazers, and include players like BADIR's accelerators,

KAUST's Entrepreneurship Centre, Saudi Aramco's Entrepreneurship Centre, OQAL Angel Investor Network, Wa'ed Ventures, Women Spark Angel Investor Network, Vision Ventures and Ra'ed Ventures.

In this report, we look at who has supported the most Saudi-based startups, which are in turn, nurturing the Saudi startup ecosystem. Wa'ed Ventures ranks No.1 with 43 Saudi startups in its portfolio as of October 28, 2022. 500 Global follows with 38 investments, and Impact46 and KAUST Innovations Ventures are tied for 3rd place with 27 Saudi Startups in each of their portfolios. All data from VCs have been obtained and verified from the VCs themselves, and are up to date to end of October 2022.



KSA STARTUP INVESTMENT ECOSYSTEM DEVELOPMENT TIMELINE (NON-EXHAUSTIVE)

- 2021** Techstars starts accepting start-ups into its Riyadh-based accelerator **500** Global moves its MENA headquarters to Riyadh
- 2019** Riyadh Angel Investors (RAI) launched
- 2018** Saudi Venture Capital Company (SVC) established
Hala Ventures established
Impact46 established
Saudi Venture Capital and Private Equity Association (SVCPEA) established
Jada, PIF's Fund of Funds launched
- 2017** 500 Global establishes its first MENA fund
STV launches its \$500 million MENA Fund
- 2016** Saudi Vision 2030 launched
Vision Ventures is established
KAUST's TAQADAM Accelerator launched
- 2015** Raed Ventures established
- 2013** WomenSpark, Saudi's first Women's angel investor network established
Wa'ed Ventures, Aramco's Corporate VC arm is launched with US \$200 million
- 2011** OQAL, one of Saudi's first Angel Investor Groups established
- 2011** Saudi Aramco Entrepreneurship Centre established
- 2010** KAUST Entrepreneurship Centre and its Innovation Fund established
- 2007** BADIR accelerator program launched by KACST

Source: Lucidity Insights Research



WHAT ARE THE FUTURE TRENDS IN THE SAUDI START-UP INVESTMENT LANDSCAPE?

We spoke to key investors in the Kingdom, from venture capitalists, angel investors, and fund managers, with one particular question: “What future trends can we expect out of the Saudi investment ecosystem?”

Here is what we heard:

- 1. More maturity in the market means more growth-stage investing to come.** We heard from start-ups, VCs and government-bodies alike that there is a major gap in Series B+ growth-stage funding, which will continue to widen as Saudi's start-ups continue to mature at breakneck speeds. Some local and regional VCs are actively looking to raise growth-stage funds, while many also believe that this is a role that international VCs can increasingly play in the Saudi market, like Softbank and Sequoia have recently done.
- 2. Bigger Deal Sizes = Bigger cheque sizes.** As the market matures, investors need to be careful to allocate larger portions of their funds to invest in subsequent rounds with their startups, or to raise additional funds to write bigger cheques.
- 3. Entrance of Specialized Funds:** The Saudi market is already seeing specialized funds form to support investments in deeptech, AI, health tech, biotech, crypto and the metaverse, etc. There is also the expectation that many global investors will start making investments in the market with their global specialized funds.
- 4. More Interest from International Investors.** Eight out of 10 local investors we spoke to expected to see more international investors take interest in Saudi startups. The unit economics in the region is too good for investors to ignore. The ROI per \$1 million invested in startups in the MENA region today is far greater than any other region in the world. Couple that with improvements in government regulations, strong centralized support for entrepreneurship, access to capital, and smart globally-minded, internationally educated local founders – and it becomes clear why Sequoia Capital, Softbank Vision Fund and Founders Fund have already made their first investments in Saudi startups.
- 5. Global Startups moving HQs or opening satellite operations in the Kingdom.** With multiple VCs starting to look outward to invest in global startups with a mind to help them enter and provide its products and services to the Kingdom, an influx of international startups with Saudi offices is expected in the coming 24 months.

NOTABLE ANGEL INVESTORS IN SAUDI ARABIA



Angel Investors

OQAL

Est. **2011** Website **www.oqal.org**

OQAL was the first angel investor network established in the Kingdom in 2011. OQAL is an endowment that was founded by Faris Al-Rashed in his home after meeting with a group of friends and acquaintances who shared the same passion and experience in developing and scaling promising entrepreneurial companies. Today, it boasts over 200 members from across Saudi Arabia and the GCC. OQAL is the conjunction of two Arabic words: Minds (Oqool) and Capital (Amwal).

Based off of publicly available data, OQAL has completed 34 deals to date across MENA, with the majority of deals (22) being made on Saudi start-ups. OQAL's most active funding year was 2019, when it completed 16 deals – 11 of which were for Saudi start-ups. It is estimated that OQAL has deployed over US\$11 million in venture capital since its founding.

Angel Investors

WOMENSPARK

Est. **2013** Website **www.womenspark.co**

WomenSpark was founded in 2013 as the first female angel investor network in the Kingdom. WomenSpark was founded by Deemah AlYahya, a digital economy enthusiast who has spent the past 20 years focused on growing the developer community and tech ecosystem in Saudi Arabia, in various corporate and government roles. In 2021, WomenSpark made 5 investments totalling over 1 million SAR. Four of the startups were led by female founders. It is estimated that WomenSpark has deployed nearly US\$1 million since its founding.

Angel Investors

ATHAAL

Est. **2018** Website **www.athaal.co**

Athaal is an angel investor group based in Jeddah, that invests across the MEA region. It is estimated that Athaal's angel investors have invested over US \$1.5 million.

Angel Investors

RIYADH ANGEL INVESTORS

Est. **2019** Website **www.riyadhangers.com**

Riyadh Angel Investors (RAI) consists over 50+ members who are top executives at leading corporations across the Kingdom. RAI angels average a \$10K to \$100K cheque size per investor on deals, which target startups across the MENA region in the Seed stage, post MVP. To date, RAI have invested in 8 startups, and have deployed an estimated US\$1.7 million.

NOTABLE ACCELERATORS IN SAUDI ARABIA



Incubator & Accelerator

BIAC

Est. **2007** Website **www.biac.com.sa**

BIAC was the first company to be licensed to manage and operate incubators and accelerators in the Kingdom. BIAC is a subsidiary of the Saudi Technology Development and Investment Company (TAQNIA), which in turn is wholly-owned by the Public Investment Fund (PIF). BIAC has experience managing and operating over 20 incubators, accelerators and training programs across the Kingdom to support the development of the SME and entrepreneurship sector.

Its longest running Incubation and Accelerator program is the Badir Program, which at its height operated 8 incubators and 4 accelerators across the Kingdom. It was born out of King Abdulaziz City for Science and Technology (KACST). 2019 was Badir's most notable year, when its startups raised a combined US\$62.9 million. Between 2007 and Q3 2019, the Badir Program incubated 655 startups.



Accelerator

KAUST ENTREPRENEURSHIP CENTER

Est. **2010** Website **www.taqadam.kaust.edu.sa**

KAUST Entrepreneurship Center was established in 2010 to provide training and mentorship to general entrepreneurs on and off campus.

TAQADAM is one of the initiatives launched by the Center in 2016. TAQADAM is a 6 month startup accelerator program specifically designed for deeptech startups that require patient capital, launched in partnership with SABB. TAQADAM provides non-dilutive, grant-based funding. \$40,000 is awarded for startups that are accepted into the accelerator, and an additional \$1 million is awarded to those selected for follow-on investments. To date, TAQADAM has graduated over 300 startups who have raised over \$60 million in funding.

Accelerator

500 GLOBAL

Est. **2010 (2012)*** Website **www.mena.500.co**

500 Global is a global venture capital firm, headquartered in Palo Alto, California, that invests across stages with a focus on technology and innovation. 500 Global has been investing in entrepreneurs in MENA since 2012 through several funds, including 500 Falcons, and two Riyadh-based accelerator funds: Misk 500 MENA accelerator fund and Sanabil 500 MENA Seed Accelerator fund, serving entrepreneurs across the region. In 2021, 500 Global established their MENA region Headquarters in Riyadh. As of September 2022, 500 Global has invested in 37 startups in Saudi Arabia.

Note(*): 500 Global was established in 2010, but later established its first Middle East presence in 2012.

MEET THE MOST ACTIVE INVESTORS IN SAUDI ARABIA*

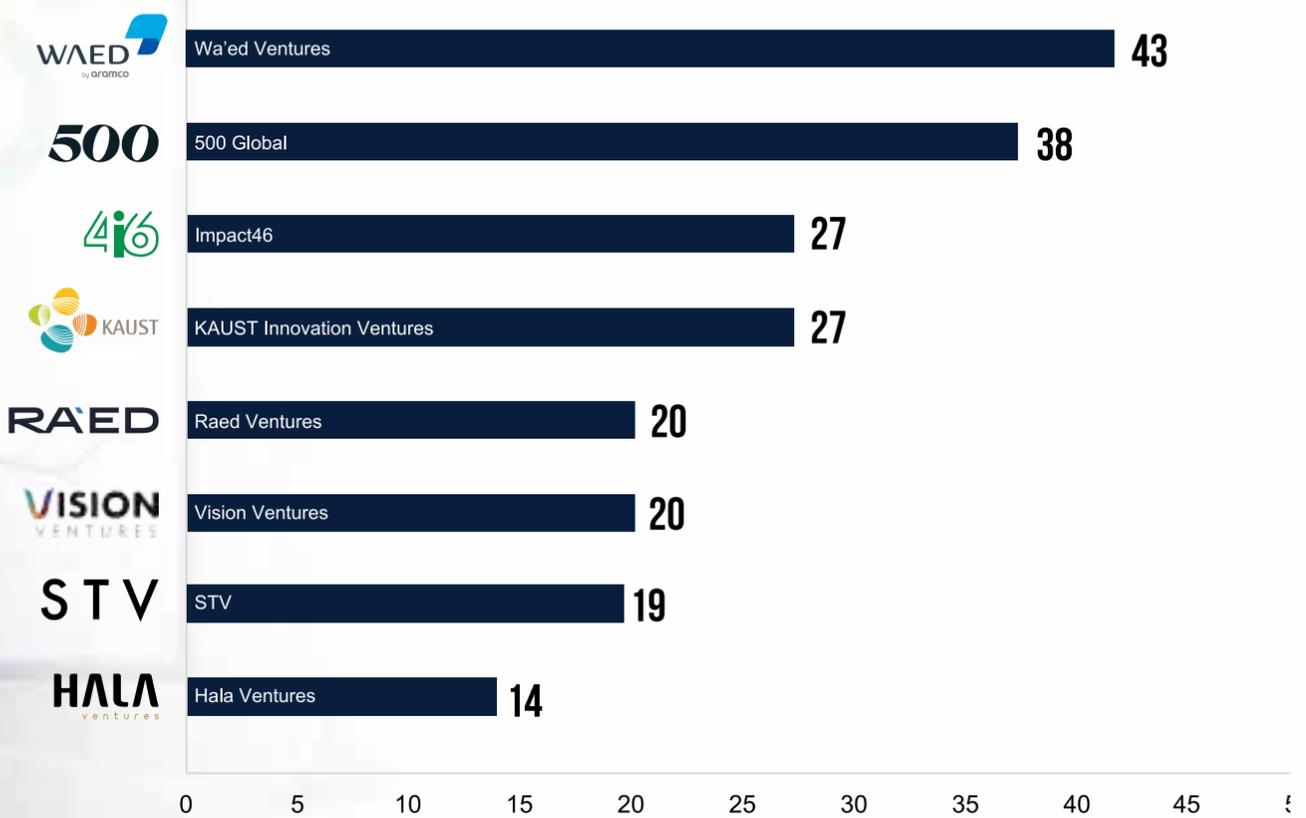
(BASED ON NUMBER OF SAUDI-BASED STARTUPS IN THEIR PORTFOLIO)

The majority of VCs in the Kingdom's entrepreneurial investor landscape focus on early-stage (seed) and growth-stage (Series A) investments, to match both the maturity and the needs of the market. VCs highlighted here are illustrative, and non-exhaustive; they have also been ordered here from those with the largest group of Saudi-based portfolio companies, first. It should be noted that it is typical for investors that focus on early-stage investing to invest in a higher number of startups, and those with a later-stage focus to invest in less, due to the ticket sizes being considerably higher the more mature a startup becomes.

*Note: "Most Active" is determined by the number of Saudi-based Startups in each of the VCs Portfolio. This includes international startups that have significant operations in Saudi Arabia.



MOST ACTIVE INVESTORS IN SAUDI ARABIA BY NUMBER OF ACTIVE SAUDI PORTFOLIO COMPANIES



Source: Lucidity Insights and VC interviews

Note: All investors were consulted on these figures for verification (as of 28 October 2022)



WA'ED VENTURES

Backed by Aramco, WAED is a \$500 million venture capital fund with the aim to invest in tech-based startups pushing the boundaries of innovation worldwide.

43 No. of Disclosed Portfolio Companies in Saudi.*

Year Established: 2013
HQ: Dhahran, Saudi Arabia
Assets under management: US\$500 million
Number of portfolio companies: 52*

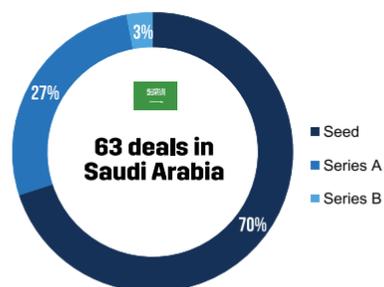
Total Number of Deals: 68
Average Number of Deals per Year: 6-7
Number of exits: -
Funding stage: Early/Growth stage

Ticket sizes: Up to US\$20 million
Team Size: ~50
Percentage of companies in Saudi: ~85%
Website: www.waed.net

*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.

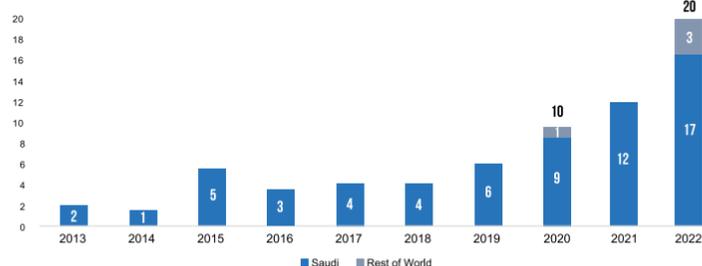
*Wa'ed Ventures has invested in 52 startups over the past decade, all of which have significant operations in Saudi Arabia as a pre-requisite. 43 remain active.

SAUDI ARABIA BREAKDOWN BY FUNDING TYPE



Source: Wa'ed Ventures, Lucidity Insights Research & Analysis

NUMBER OF INVESTMENTS



Wa'ed Ventures is a \$500 million venture fund investing in the next generation of transformative startups which are taking advantage of disruptive technologies. Wa'ed Ventures tells us that they see entrepreneurs as their (and any VCs) biggest asset. They seek to partner with passionate entrepreneurs disrupting traditional industries through revolutionary ideas. The firm is one of the most active investors in the region, with \$100+ million deployed in 2022 alone.

Being one of the earliest players in the Saudi venture space, Wa'ed Ventures quickly outpaced the rhythm of the market when it came to adopting a risk-tolerant and thematic investment approach. The fund aims to drive local economic growth and diversification by becoming the partner of choice for founders, by building long-term partnerships where Wa'ed Ventures actively participates in follow-on funding rounds. Wa'ed Ventures invests in startups from the early seed stages to the mid and late growth stages with a ticket size of up to \$20 million.

Wa'ed Ventures is a sector-agnostic fund; however, as a tech-focused investor, technology remains the key factor behind the

startups it bets on. Specifically, the firm seeks technologies that present wide applications, geographical adaptability, and strategic relevance to the Kingdom, as well as to Saudi Aramco.

Wa'ed Ventures believes in the importance of active post-investment support to startups. Wa'ed Ventures provides tangible operational support and resources, as well as an extensive network of customer and partner relationships to its portfolio companies. To ensure that entrepreneurs with drive, passion, and focus reach their goals, Wa'ed Ventures provides mentorship, advisory, and access to industry experts and savvy investors that help create significant value.

Aramco, being the sole backer of the fund, provides wa'ed with matchless insight and decades of experience in different domains, including nascent technologies like Artificial Intelligence, quantum computing, and blockchain. This is why Wa'ed Ventures was the earliest investor in advanced technologies such as Artificial intelligence and supercomputing when the region was still more focused on e-commerce and platform business.

Today, Wa'ed Ventures assumes an expanded responsibility when it comes to its role as one of the larger and most active venture funds in the region. The fund has diversified its strategy to include a global-inbound investment mandate whereby target companies are mandated to localize the operations in real terms. Startups backed by Wa'ed Ventures must relocate part of its core operations to Saudi Arabia, including tech teams and R&D functions. The focus will stay on emerging and underserved technologies that will act as a catalyst to fill the technological gaps in the local ecosystem.

Wa'ed Ventures' long-term vision and commitment provide local founders with the tools, networks, and infrastructure to ensure success.



500

500 GLOBAL

500 Global is a global venture capital firm that invests across stages with a focus on technology and innovation. 500 Global has invested in MENA through several funds, including 500 Falcons and the Riyadh-based Sanabil 500 MENA Seed Accelerator Fund, serving entrepreneurs across the region. 500 Global has invested in more 38 startups in Saudi Arabia.

38 Portfolio Companies in Saudi.*

Investment Stage: Multi-stage

Industry Focus: Industry Agnostic

Ticket size: US \$100,000 and up

*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.



Amal Dokhan
General Partner, MENA,
500 Global



Entrepreneur.com spoke with Amal Dokhan, a General Partner at 500 Global MENA who is responsible for overseeing the Sanabil 500 MENA Seed Accelerator program and fund. Dokhan says, “500 Global invests across stages. In Saudi Arabia, as the market matures, we are starting to see more requests for Series A investments.” She continues, “Some people might not be aware of this, but the Sanabil 500 MENA Seed Accelerator Fund also makes investments outside of the accelerator. We’ve made seven direct investments thus far.” Prior to joining 500 Global, she was an active angel investor in Saudi Arabia, and was also the Manager of Learning and Design at the Entrepreneurship Center at KAUST where she co-designed and led the TAQADAM accelerator program and

corporate innovation programs. Reflecting on her decade of experience in the Saudi entrepreneurship space, Amal says “what I love to see is the pace at which the market is maturing. Today, many of our founders are people with 10 to 20 years of specialized experience in their field, who’ve left their careers to found a startup that attempts to solve challenges that are often hidden from view. This influx of seasoned entrepreneurs also says a lot about the change in mindset with regards to entrepreneurship in the Kingdom.”

To read Amal’s remarks on Women in Venture Capital, see our special feature on the topic on page 83.





IMPACT46

Impact46 is an asset management and advisory firm established in 2019, focused on alternative investment opportunities.

27 No. of Disclosed Portfolio Companies in Saudi.*

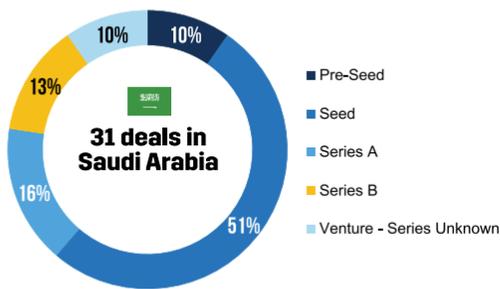
Year Established: 2019
HQ: Riyadh, Saudi Arabia
Assets under management: More than US\$ 1.3 billion
Number of Portfolio Companies: 33

Total Number of Deals: 45+
Average Number of Deals per Year: 9-10
Number of exits: 3
Funding stage: Early & growth stages

Ticket sizes: -
Team Size: 13
Percentage of Companies in Saudi: 82%
Website: www.impact46.sa

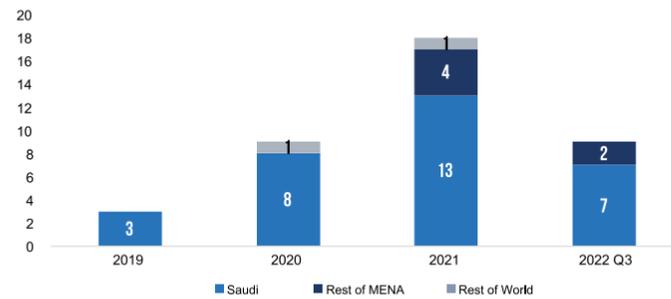
*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.

SAUDI ARABIA BREAKDOWN BY FUNDING TYPE



Source: Impact46, Lucidity Insights Research & Analysis

NUMBER OF INVESTMENTS



The firm's name comes from Riyadh, the city in which Impact46 is based, which sits on the planet's 46th longitudinal line. In a few short years, Impact46 has made its mark predominantly investing in Saudi start-ups (27 out of 33 portfolio companies are Saudi startups), and have already seen 3 successful exits in Jahez (IPO'd in 2021 to reach unicorn status), Tamara and Lendo.

Entrepreneur.com speaks to IMPACT46 Partner, Basmah Alsinaidi, to understand more about the VC firm. "When we launched our first seed-stage fund in 2019, our original target was to earmark 70% of the fund for Saudi startups. Today, close to 90% of our funding has gone to Saudi-based startups. The rest have gone to startups in the UAE, Egypt.

Alsinaidi continues, "It was important for us to launch a growth-stage fund in 2021, to partner with the growing

number of startups maturing in the market whom were entering into the growth stage. With the combination of both seed and growth stage investments we continue to follow our investment thesis and identify market opportunities as they mature, for example we notice many legacy software solutions in the region are ripe for disruption in the local market as we continue to meet local startup software providers."

"With regards to our investment thesis, we are sector agnostic, but have a "follow the unicorns" strategy to de-risk our investments. Saudi Arabia is still developing its way to position itself as a leading ecosystem in terms of developing new technology solutions; however until we reach that leader status, it is our conviction that Saudi Arabia is a strong copy-cat "follower" market at present. That's why we have invested heavily in fintech, marketplace solutions and on-demand services

following the universal unicorn trends. We are backing the Asanas, Stripes, and Paypals of the Saudi market."



Basmah Alsinaidi
 Partner, IMPACT46





KAUST INNOVATION VENTURES

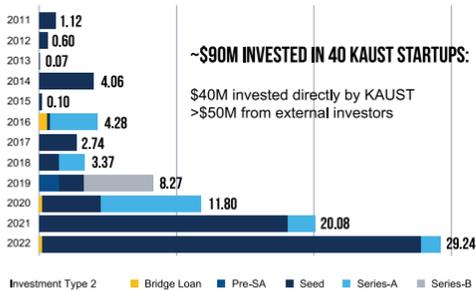
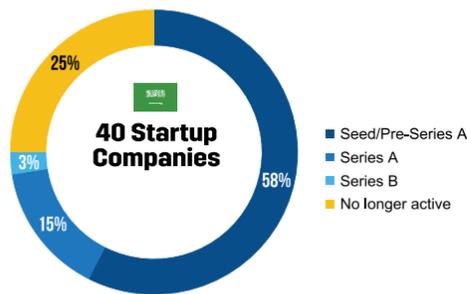
KAUST Innovation Ventures supports the University's pipeline of deep-tech based startup companies. It also invests in high-profile international technology companies willing to establish their operations in Saudi Arabia and to benefit from synergies with KAUST.

27 No. of Disclosed Portfolio Companies in Saudi.*

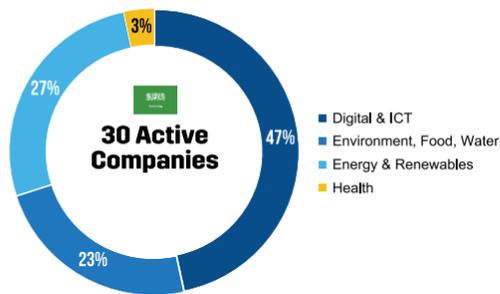
Year Established: 2010	Average Number of Deals per Year: 8-10	Team Size: 8
HQ: Thuwal, Saudi Arabia	Number of exits: 2	Percentage of companies in Saudi: >90%
Number of active portfolio companies: 30	Funding stage: Seed to Early stage	Website: www.innovation.kaust.edu.sa
Number of companies invested : 40	Ticket sizes: US\$100K to US\$2M	

*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.

STAGE OF INVESTMENT



SECTOR



Source: KAUST & Lucidity Insights Research

KAUST Innovation Ventures manages a portfolio of homegrown KAUST spin-outs and also international deep-tech startup spin-ins. The Fund aims to grow an innovation and technology investment community and attract international investors and VCs to the emerging Saudi technology ecosystem. We become a long-term strategic partner of these ventures through seed to early-stage investments. Startup companies are curated through their entrepreneurial programs such as Taqadam and Destination Deep Tech.

Hattan Ahmed, Entrepreneurship Director at KAUST, spoke to us about the importance of deeptech VCs and funds like the Innovation Venture Fund. “Deeptech fundraising has got a lot of white space in Saudi Arabia. There has been significant growth over the past few years in fintech, SaaS and ecommerce transactions, but there is still a significant gap in deeptech investments.”

He continued, “when we’re talking about startups specialized in quantum computing for energy management, or startups developing high performance concrete with low carbon

emissions, patient capital is required. Unfortunately, there is not enough patient capital in the market today.”

Ahmed continues, “the good news is, we are seeing a gradual evolution and shift, and we hope the next wave of VCs will fill these whitespaces. We’ve already seen local Corporate VCs like Savola take an interest in deeptech-Agtech companies, and a number of international VCs with a deeptech focus take interest in various startups in the market as well. That’s the beauty of international investors coming to the market, they bring specialized people to add value to the ecosystem and bring global aspirations to local startups.”



Hattan Ahmed
Entrepreneurship Director, KAUST



RAED

RAED VENTURES

RAED Ventures is an early and growth stage venture capital firm established in Riyadh in 2015.

20 No. of Disclosed Portfolio Companies in Saudi.*

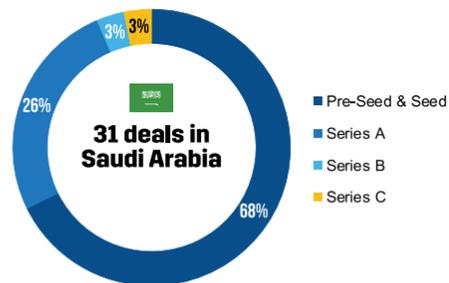
Year Established: 2015
HQ: Riyadh, Saudi Arabia
Assets under management: -
Number of portfolio companies: 39 (20 in KSA)

Total Number of Deals: 67 (31 in KSA, 34 in MENA, 2 in Rest of World)
Average Number of Deals per Year: 8-9
Number of exits: 5 (full and partial exits)
Funding stage: Early stages

Average Ticket sizes: \$1m to \$3m (first cheque)
Team Size: 10
Percentage of companies in Saudi: 51%
Website: www.raed.vc

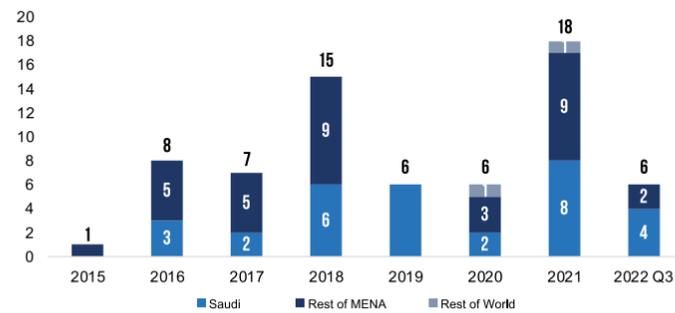
*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.

SAUDI ARABIA BREAKDOWN BY FUNDING TYPE



Source: RAED Ventures, Lucidity Insights Research

NUMBER OF INVESTMENTS



RAED Ventures partners with exceptional founders building transformative companies in the MENA region. The firm was also the first private VC established in the Kingdom in 2015. 20 out of 39 companies are Saudi based. The firm has had 5 successful exits to date, though none yet from its Saudi startup roster.

RAED Ventures had this advice for Entrepreneurs and Founders:

1. Choose a co-founder that compliments you professionally and ideally personality-wise. There must be mutual harmony between the co-founders
2. Customer-centric strategies are more likely to make you a market winner.
3. Spend growth money only after you are satisfied with the product-market-fit level





VISION VENTURES

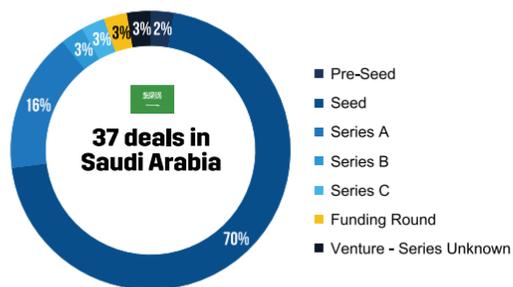
Vision Ventures (VV) is a VC by entrepreneurs, for entrepreneurs. Its team are ex-founders who have the mission of helping founders succeed. VV invests in early stage tech startups in the Seed and Series A funding rounds. Vision Ventures is a sector agnostic VC, but has particular interests in the Cloud, SaaS, Cybersecurity and FinTech sectors.

20 No. of Disclosed Portfolio Companies in Saudi.*

Year Established: 2016	Total Number of Deals: 86	Ticket sizes: Up to US\$3 million
HQ: Dammam, Saudi Arabia	Average Number of Deals per Year: ~15	Team Size: 10
Assets under management: Undisclosed	Number of exits: 4	Percentage of companies in Saudi: ~45%
Number of portfolio companies: 47 (20 Saudi Startups)	Funding stage: Early stage / Growth	Website: www.visionvc.co

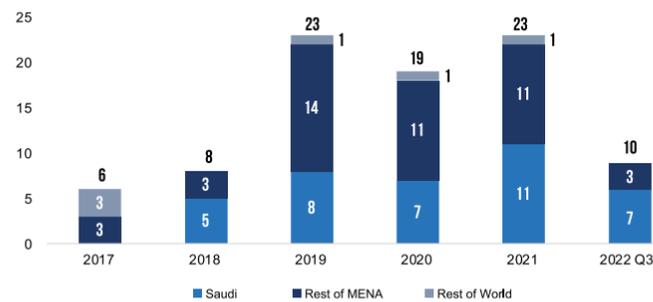
*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.

SAUDI ARABIA BREAKDOWN BY FUNDING TYPE



Source Vision Ventures, Lucidity Insights Research & Analysis

NUMBER OF INVESTMENTS



Since establishing in 2016 in Dammam, Vision Ventures has invested in 47 companies, 20 of which are Saudi-based. The firm has seen 3 successful exits thus far, including MENAbytes, POSrocket, and Munch:on.

Vision Ventures was launched in 2016 in order to diversify its' parent company's business, Sahara Net, which was heavily dependent on Internet Services. In 2018, VV moved from a CVC to GP/LP structure, to become an independent privately run Venture Capital firm. Kais Al Essa, Founding Partner & CEO of Vision Ventures explains, "we saw gaps in the market that we knew innovation is one way to bridge them fast; therefore myself and my partner Haitham BuAisha launched Vision Ventures to invest in these technology startups."

Vision Ventures has inked over 86 deals and built a portfolio of 44 startups, of which 20 are Saudi companies. Over half of which have been invested in across the past 24 months. "Our investment thesis has changed a lot since the preliminary years, in terms of geographic focus, as we now focus mainly on the MENA region," explains Al Essa. "We find that early-stage startups find our experience in the region and advice very valuable to them, often proving crucial to their success and growth. This is also why we've focused more on early-stage startups in the pre-seed to Series A stages."



Kais Al Essa
Founding Partner and CEO, Vision Ventures



Haitham Bu-Aisha
Co-Founder & Investment Manager, Vision Ventures



Mohamed Al-Amad
Chief Financial Officer, Vision Ventures

Vision Ventures has inked over 86 deals and built a portfolio of 44 startups, of which 17 are Saudi companies. Over half of which have been invested in in the past 24 months. On this Al Essa speaks to how far the Saudi eco-system has come in such a short period of time. "Back then [2016], it was really difficult to find an experienced founding team starting an innovative technology startup that we could get excited about and that could shake up an industry. Today, the interest we

have in Saudi companies are a direct result of the level of maturity we see in founders as well as the level of market readiness of the overall ecosystem." Al Essa concludes, "the success we've seen over the past few years with Salla, The Chefz, Gathern, Calo, Tamara, Foodics, Haseel and many others is something we are very proud of. And we're sure there are a lot more success stories being written today!"



STV

STV

STV established itself in 2018 and is the largest privately-held technology VC investment firm launched in the Middle East to date.

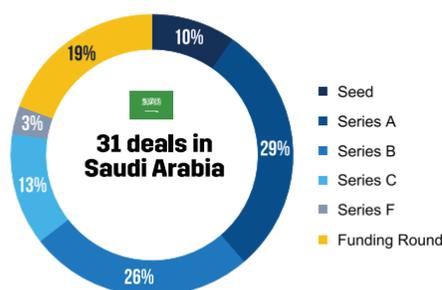
19 No. of Disclosed Portfolio Companies in Saudi.*

<p>Year Established: 2018 HQ: Riyadh, Saudi Arabia Assets under management: \$800,000,000 Number of portfolio companies: 29*, (of which 19* are based in Saudi)</p>	<p>Total Number of Deals: 45*, (of which 31 were for Saudi startups, 12 were rest of MENA, and 2 Global) Average Number of Deals per Year: 8 Number of exits: 1</p>	<p>Funding stage: Growth stage Ticket sizes: \$5M to 50M Team Size: 20 Percentage of companies in Saudi: 66% Website: stv.vc</p>
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*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.

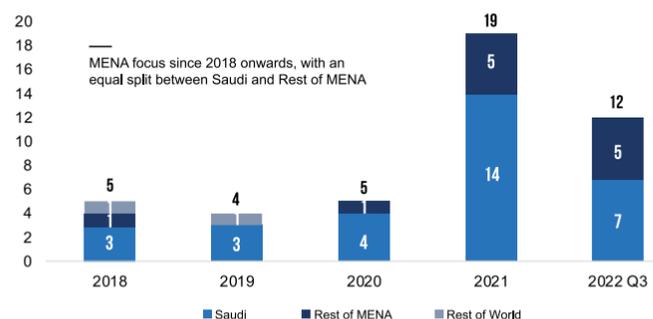
*Includes undisclosed rounds/portfolio companies

SAUDI ARABIA BREAKDOWN BY FUNDING TYPE



Source: STV, Lucidity Insights Research & Analysis

NUMBER OF INVESTMENTS



MENA focus since 2018 onwards, with an equal split between Saudi and Rest of MENA



Abdulrahman Tarabzouni
 Founder and CEO
 STV



With over \$800 million in capital, STV backs and scales the region's most exciting and disruptive technology companies, primarily focused on growth-stage technology. 19 out of STV's 29 portfolio companies, and more than 2/3rds of STV's deals are inked with startups with significant Saudi operations.

STV believes there is a strong and increasing dichotomy between digital supply and digital demand in the MENA region; the areas where supply has yet to meet demand is referred to "white spaces". We identify these white spaces and invest in companies that we believe will become the leaders in these segments and future market champions. In pursuit of our ambition to build and scale the region's top technology companies, STV remains series- and tech-sector agnostic. STV is currently

raising its second fund to replicate the same investment strategy of the first fund.

We spoke to STV's Founder and CEO, Abdulrahman Tarabzouni about the state of Venture Capital in Saudi and the greater MENA region. Tarabzouni has had a colorful career in tech in the region and globally, working with Google in its formative years in the region, where he started their 'Emerging Arabia' operation and built it to become Google's 2nd fastest growing region globally for a few years. Today, Google's team in the region number in the thousands. After working to develop Android and Google's Mobile business in Russia, Eastern Europe, and Middle East and Africa, he ran Global new business development as an executive at Google's global HQ in Mountain View, California. There, Tarabzouni

came to conclusions that would help him embark on his VC journey. "Spend a little time in Silicon Valley, and you realize the formula for success isn't rocket science, it's quite straight forward actually: it's capital, plus a concentration of very smart people, and a supportive ecosystem." Tarabzouni said he had a very strong conviction from the very beginning, that the Middle East region should build our own technology, champion our own talent, fund it with local capital and nurture and develop this ecosystem with selective outside support. "At STV, we essentially gathered a syndicate of people who believe in this mission."

Tarabzouni remembers vividly looking at the ecosystem and fund allocation strategy in its early days in 2017-18. "We felt that we were bullish at the time," says Tarabzouni. "We were

originally planning on raising a few billion dollars for our first fund, but you have to remember that at that time, the entire MENA region had \$800 million or so being invested into it each year. So, we decided to raise a \$500 million fund, and we had a global investment strategy at the on-set, because, quite honestly, we didn't think the local markets could absorb this much capital."

How pleasantly surprised Tarabzouni and his team were, when they realized quite quickly that the region could absorb the capital. Their investment thesis went from geographically agnostic, sector agnostic and stage-agnostic to, exclusively MENA-focused, looking predominantly at growth stage startups while identifying a few early-stage opportunities, and a focus on B2B and B2C SaaS companies.

Tarabzouni and his team seem particularly enthusiastic about investing in local startups across the region. He juxtaposes the US market to the MENA market. "In the US, VCs optimize for returns because there are a plethora of (startup) options to choose from. In the MENA region, we can not only do that but also can absolutely transform and create value in some markets with the implementation of some of the most basic digitization efforts. Of course, we focus on generating returns for our LPs, but it's the opportunity to transform entire economies that excite us every day."

Hearing Tarabzouni speak, you begin to realize that there are major opportunities to bridge the gap between the region's potential, and where the region is today. Technology and technology startups being a

major amplifier – that have the ability to transform communities, cities, economies, and societies in very exciting ways.

On the types of investments STV is looking at, Tarabzouni explains, "there are three waves in which we as investors can invest. First, there is the 'copy-cat model' wave; which is the development of the Amazons, Ubers, Instacart, and Deliveroo's of the world but customized to the local market. The second wave is the 'Indigenous Innovation' wave; this is where you have hyper-local use cases and culturally adapted bolt-ons or adjustments to the copy-cat model. The third wave is seen when indigenous use cases become exportable. The beauty of the Saudi market is that we have seen all three waves take place in Saudi almost simultaneously."

When it comes to the biggest pain points Tarabzouni sees on the horizon, he simply replies, “Talent. Helping our startups hire C-level execs is one of the biggest ways in which we are supporting them today.” Today, as the startup ecosystem is still too young, especially in Saudi Arabia, there are limited experienced techies that have graduated from one successful startup exit to mentor or become part of the 2nd generation. And because of the cost of living and limited supply of top tech talent in Saudi Arabia, it is often cheaper to hire data scientists in parts of Europe than to hire them at home. Though we live in a globalized world where hiring data scientists out of market seems reasonable – it’s not the most sustainable or healthy approach for the ecosystem’s holistic development. On this, Tarabzouni remarks, “remote work can work, but given how different markets in MENA are, you really do need to have data scientists to be on the ground to understand consumer behaviour.”

With regards to STV’s own play book, Tarabzouni says that they are looking to create the next digital giants of the Middle East, and in order to do that – they need to assess who is going to win the Saudi market. “The startup in its sector that wins the Saudi market will be the regional incumbent, and that’s who we are looking to back.” After they back the Saudi winner, they expect the Series B cheque to be used towards M&A consolidation across MENA, and then pre-IPO and list on the Saudi Tawadul exchange. “Saudi’s market that has scalability paired with its healthy capital markets make it core and critical to MENA startup success stories.”

When we ask Tarabzouni to provide his top 3 pieces of advice for startup founders today, he doesn’t skip a beat:

1. **Know What You’re Getting Yourself Into.** “Startups are hard, and they are a long-term play. You’ve really got to have passion for the work and for the problem you are trying to solve for, so that you have the stamina to outlast your competitors.”
2. **Not all Dollars are Created Equal.** “Founders need to be intelligent about the dollars your raising and who you’re putting into your cap table. Your choice of who’s investment you take is, at the end of the day, your choice. And who your investors are can either make you, or break you.”
3. **Tackle a BIG hairy problem.** “Swing for a home run. Make sure that the problem you’re trying to solve is big enough that you and many others can chew on it for many years. Too often we see startups playing too small, with limited scalability options.”

Finally, Tarabzouni reflects on what’s to come. “Lastly, it is important to emphasize how truly exciting the next 7 year vintage for MENA is. On a relative and risk adjusted basis, MENA is a better per dollar investment ROI than most of the rest of the world for Venture Capital. There is so much room to grow, there is an exciting investment alpha in tech that needs to be captured here, and we at STV believe that 45 new unicorns will emerge out of the MENA region in the next 7 years.”





HALA VENTURES

HALA Ventures is a Saudi VC firm which started operating in 2014 under the umbrella of its affiliate company, Financial Horizon Group, as a Corporate Fund investing in various Asset-Classes including Venture Capital. HALA Ventures was later established as a stand-alone VC firm in 2018, with offices in both Khobar & Riyadh.

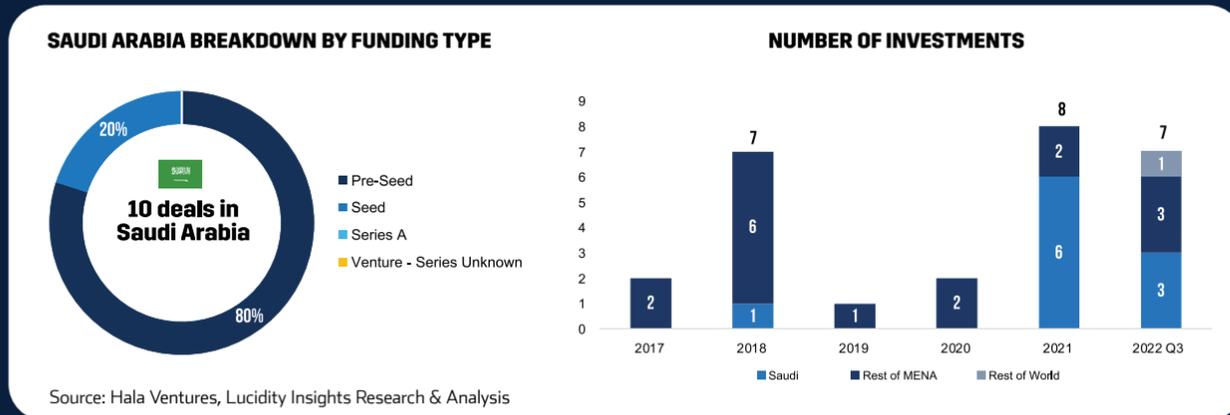
14 No. of Disclosed Portfolio Companies in Saudi.*

Year Established: 2018 (Previously existed since 2014 under Financial Horizon Group)
HQ: Al Khobar, Saudi Arabia
Assets under management: Undisclosed

Number of portfolio companies: 27
 (10 in KSA, 16 in Rest of MENA, 1 in RoW)
Total Number of Deals: 33
Average Number of Deals per Year: 8
Number of exits: 3

Funding stage: Early- growth stages
Ticket sizes: US\$ 250,000 - US\$1,000,000
Team Size: 8
Percentage of companies in Saudi: 37%
Website: www.halavc.com

*Note: the Number of Disclosed Portfolio Companies in Saudi refers to Saudi-born startups and/or imported startups with significant operations in the Kingdom.



Today, 37% of Hala Ventures' portfolio companies are Saudi-based, with 10 deals inked in the Kingdom so far. To date, the VC firm has seen 3 successful exits, though only one of the three exits was a Saudi-based startup.

Entrepreneur.com spoke with Founder and Chairman of Hala Ventures, Ali Abussaud. Abussaud is an investor at

heart; he comes from an institutional banking background, having spent 2 decades working at leading institutional banks and running a private investment fund, before embarking on a full-time VC career. Regarding Hala Ventures' formative years, Abussaud says, "you know, back then, my business partner and I were doing a lot of angel investments and decided to join forces by forming a Corporate Fund back in 2014 and realized that there really were no VCs in the market, and so Hala became one of the first." He continues, "Before then, family offices in some sense laid a lot of the foundational groundwork for venture capital in the Kingdom, filling gaps and funding startups that institutional banks wouldn't touch with a 10-foot pole."

Abussaud continues, "2018-19 was when we saw a real shift in the market. Monsha'at came onto the scene with various well-funded initiatives to stimulate SMEs and entrepreneurship.

SVC and Jada both came online with their Fund of Funds with an combined US\$ 2 billion to deploy. At this time, I also saw a lot of family offices starting to allocate a portion of their annual investments to go towards tech startup investments."



When we begin discussing why Saudi Arabia is such a hot market, Abussaud has an interesting take. "It's population and scalability, but its also purchasing power and the consistency of that purchasing power. Saudi Arabia doesn't really have that a summer lull period like some of its neighboring countries. 70% of the users on platforms in Saudi are local Saudis, so they might go on holiday here or there, but most of them stay right here in the Kingdom all year around." And for those reasons and more, Hala Ventures seems to be increasingly betting on Saudi startups. Until 2018, Hala Ventures really didn't invest in any Saudi startups, choosing instead to back founders in the UAE, Egypt and Jordan. Today, it seems the tides have turned, and investments in Saudi startups are multiplying. "Today, one-third of our portfolio are Saudi startups, and we only started investing in Saudi shortly before the pandemic."

"Investors and startups shouldn't underestimate the Saudi market. Vision 2030 clearly states that it is trying to expand SME driven GDP from 20% to 35% by 2030. That additional 15% accounts for more than US \$560 million annually. It's no small feat, but that's also why there is support from every possible level of government, because startup success in the Kingdom, is success for the entire Kingdom."

When it comes to advice for founders in the Kingdom, Abussaud had this to say:

- 1. Think Big & Think Expansion Sooner:** "Founders need to start thinking beyond the MENA region into the EU, Asia, India and Africa. Investors need scale. Success needs scale. So do it quickly."
- 2. Choose Investors Wisely:** "Picking investors as important as picking your wife or husband. They are partners for life. Founders must identify who are value investors, that are ready to go the long-haul with you, and those that are ready to invest into you in future rounds."



SPOTLIGHT | SAUDI'S WOMEN IN VC

WOMEN IN SAUDI'S VENTURE CAPITAL ECOSYSTEM

Written by Erika Masako Welch



The issue of underrepresentation of women in tech has been a long-standing issue around the world. When I was in Silicon Valley studying at Stanford's Graduate School of Business in 2017, it was at the forefront of conversation amongst prominent VCs and tech companies as the #MeToo movement gained momentum across the US. Despite more women graduating than men from STEM degrees like biological sciences, far less graduated from computer sciences (18%) or engineering (20%) degrees, according to a 2015 study¹.

Saudi Arabia is also keen to increase female participation in the venture capital (VC) and start-up ecosystem; though in its nascent stages, there is some very promising data, and perhaps some surprising data for some, coming out of the Kingdom. For a start-up ecosystem still in its infancy, and for a country that traditionally had very few women in the general workforce to begin with— it's remarkable how far the country has come in such a short period of time.

For starters, one of the first 2030 targets that were met by the Kingdom, was the target of 30% female participation in the workforce across the country, which was surpassed ten years before target. Today, female workforce participation is still rising and hovers at around 34%, more than double the 16% rate recorded in 2015. This influx of women entering the workforce has penetrated the tech ecosystem as well. In 2019, the Ministry of Communication and Information Technology (MCIT) set a target to increase the participation of women in the tech sector by 50% by 2023 from 2018 figures. The female participation rate in the tech sector has more than doubled from 11% in 2017 to 28% in the third quarter of 2021, 10% higher than the European average of 17.5%² according to an analysis of start-ups registered in the capital city of Riyadh. It was also noted that female founders were most evident in the e-commerce sector.

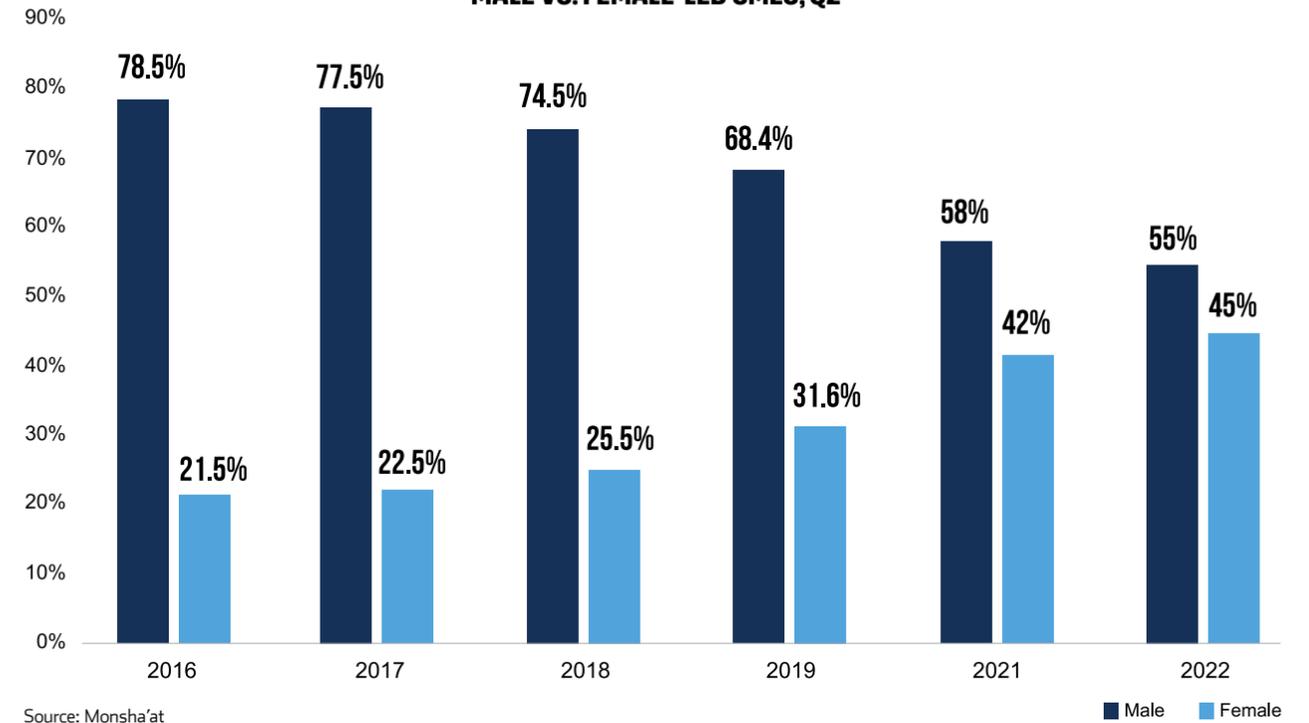
Furthermore, interesting data has been released by Monsha'at at the end of

Q2 2022, which shows an increasing trend of women-led SMEs over the past 5 years. In 2016, the same year when Vision 2030 was launched, only 2 out of every 10 registered businesses were women-led. Today, 45% of all registered small and medium enterprises are led by women. This led to the World Economic Forum (WEF) recognizing Saudi Arabia among the 5 most improved countries globally in closing the gender gap. Between 2021 and 2022, Saudi Arabia saw the highest increase globally.

Despite this formidable growth, the unanimous sentiment amongst the male and female stakeholders we spoke to across the start-up ecosystem was: we need more women in this space; we need more female investors, and we certainly need more female founders. We want to see more of them, and the potential is there for more representation.

Basmah Alsinaidi, Partner at Riyadh-based Impact46 shares, "I've recently started to see more female founders

MALE VS. FEMALE-LED SMES, Q2



or at least women on the leadership teams of start-ups coming out of Saudi Arabia, specifically in the e-commerce, retail-tech and fintech space."

Nora Alkadi, Partner at Graphene VC, told us that it's still rare for them to see female founders from Saudi Arabia, but that might also be because of Graphene's positioning and investment thesis. Graphene VC was founded in Silicon Valley solely by a Saudi born entrepreneur who had an initial mission to invest mainly in US start-ups, with an eye to bring back some of that know-how to the Kingdom, as and when it might fit. Graphene only started to focus on funding Saudi start-ups in 2020, when they saw the dramatic shift in the Kingdom's start-up ecosystem. It

was at this time that Graphene decided to allocate roughly 30% of their current active fund towards international early-stage start-ups, including those in the Saudi market. Alkadi added, "another reason why we might not see as many female founders as others is because our investment focus is on the B2B space. Even though we are sector agnostic, some of the verticals we are interested in include supply chain tech solutions, PropTech, Agtech, and B2B SaaS – all of which tend to be male-dominated industries, globally."

Amal Dokhan, a General Partner at 500 Global, sees hundreds of MENA start-ups go through their accelerator programs in Riyadh. She remarked, "We go out of our way at 500 Global to

try and source more female founders into our deal-flow and accelerator programs. I've personally observed in recent months that there are more solo-founded women-led start-ups, while I have seen more men working on start-ups they have co-founded with others in the Kingdom." When I ask her what might be the meaning we could glean off this observation, she shrugs with a smile. "Women are perfectionists?" We laugh, but the question lingers for a few days and has me wondering why there are more solo female founders in Saudi Arabia. During my time in Silicon Valley, I had heard the opposite phenomenon from many of the VCs I spoke to. Many female founders in the West would wait for months or years to find the right co-founder, so

¹National Girls Collaborative Project

²Endeavor Research Report

SPOTLIGHT | SAUDI'S WOMEN IN VC

they wouldn't have to go about the entrepreneurial journey alone.

Latifa BaNasr, Investor at STV and former CEO of OQAL - Saudi Arabia's largest angel investors network said, "The speed at which female participation in the entrepreneurial and venture capital ecosystem has evolved. In 2018, I remember going to a major tech conference in Saudi, and the only female speaker was Her Royal Highness Princess Reema Bint Bandar, and female founders were hard to come by. This year, we saw at least 20 women featured in the media for leading tech startups in MENA, and we keep noticing the trend of more commercial registers issued to women in Saudi. Although there are more today, I tend to think we still have considerable room for growth. BaNasr elaborated, "At STV, we are proud to have partnered with great women founders, such as Latifah AlTamimi - founder of gathern, and Afnan Sherbeeni - co-founder of Sabbar. On STV's latest insights report, we projected that MENA will be poised to output around 45 unicorns by 2030, and I am certain that women founders and investors will play an instrumental role in that."

I spoke to Hattan Ahmed, the Head of KAUST Entrepreneurship Center, to comment on women in the Kingdom's start-up ecosystem. Ahmed remarked, "We're currently seeing a fascinating phenomenon at KAUST. As a university and entrepreneurial ecosystem that is deep tech and research-focused, we are proud that 38% of our student body is female. As deep tech is an even more specialized subset of the tech industry, it generally suffers from lower participation rates amongst women." Ahmed continues, "Interestingly, we're witnessing very high participation rates amongst women in our entrepreneurial

programming at KAUST, that is open to and attended by participants from Saudi Arabia and across the MENA region. For example, 60% of our hackathon participants are Saudi women; and 49% of the startups that go through our flagship accelerator program, TAQADAM - which is open to both local and international startups - have female founders." This is remarkable in the deeptech entrepreneurial scene, as recent data released by the European Commission shows that only 15% of deeptech startups in the EU have women founders onboard.

When I ask Ahmed and his team why they think more women are interested in entrepreneurship at KAUST than their male counterparts, he responds, "I don't know. But it's fascinating, and someone should study it!"

When I ask the women why they think we don't see more female investors in Saudi Arabia, it's clearly a difficult question to answer. Sarah AlSaleh, Partner at Outliers VC, was born and raised in Saudi Arabia. Being an ex-Googler, attempting a start-up in 2011, and joining a Fintech unicorn in New York before leading at a MENA tech company, she's no stranger to the tech ecosystem. But she says her career path into venture capital wasn't planned. "I was and still continue to be an operator at heart. I love to dig deep into the product vision and detailed product metrics." AlSaleh continues, "I didn't naturally gravitate to investing early in my career, but once I made the switch, it was clear that VC is not only about financial transactions. It's also a tool to realize the future and and materially unlock new value in the world. This is where diversity, be it in gender, ethnicity, background, or thinking process matters. We see it as a

prerequisite to success both within our team and in our investment decisions."

For Alkadi, it was a scholarship to complete her MBA in San Francisco that altered her path. She had been in corporate finance for the 10 years prior, first at KPMG as a financial analyst, and then at the Capital Markets Authority (CMA) in Saudi Arabia in their IPO and M&A division. "Moving to San Francisco and being surrounded by entrepreneurs and immersed in the tech ecosystem here, I caught the bug. With my finance background, venture capital was the most logical step for me to follow my new passion." She added, "as a Saudi woman myself, it's incredibly important to empower more women in Saudi Arabia, especially as many of us didn't grow up seeing women in leadership positions."

Dokhan echoed the sentiment, "500 Global is serious about diversity, and it's apparent in our leadership. Our Global CEO and COO are both women, and many of our Managing Partners across the world are women. I think seeing that modelled in the firm's leadership played a big part in my deciding to join the 500 Global team."

Dokhan has been around the Saudi entrepreneurial ecosystem since 2013, having had stints at KAUST co-designing their TAQADAM Accelerator program, Global Entrepreneurship Network, and as an active Angel Investor. When I asked her about her journey towards venture capital, she replied, "I didn't really realize that venture capital could be a career option for me until I saw an American woman and founding partner of an all-woman VC come give a talk at KAUST in 2013. A seed was planted right then and there, but it took me 7 years until I made the jump. Now that I meet with



female founders across the region, I see that this might be a trait more common in women than men. I've noticed that many women hesitate, and want to 'be better prepared' before they start anything. Today, my biggest piece of advice is to just start. The real learning only starts when you commit, and start to build on your idea."

Perhaps more than anyone, Nora Alsarhan, Chief Investment Officer at SVC, has the most venture-groomed resume. After studying Computer Information Systems at Prince Sultan University, Nora spent five years at Ernst & Young as part of their transaction advisory services team. She then completed her MBA and immediately joined the Saudi Venture Capital Investment Company as an investment associate. Off the back of Vision 2030

being announced, Nora then joined the Small & Medium Enterprise Authority (Monsha'at) as a founding team member of their Equity Team. She spent several years working with government to build the infrastructure to support the development of a VC and PE investment ecosystem and spur on SME funding in the Kingdom. Becoming Chief Investment Officer at SVC seemed to be a logical next step in her career.

When I ask Nora about this issue around Women in tech and VC, she says, "I can only be objective if I let the numbers speak." She continues, "at SVC, women are represented on the board and two executive directors are women leading the investments and legal, the core business of the company. Overall, women represent 40% of our staff at SVC - and we're proud of the fact."

We're also proud of the women that are leading many of the funds we invest in. There are more than 11 women partners in several funds in the Kingdom, including but not limited to the women highlighted here - but also at Endeavor, Nuwa, Global Ventures, and VSQ." Nora also explains to us that an analysis of the underlying startups that have been funded through the VC's SVC has supported - approximately 46% of total startup employment in the Kingdom are female.

STV's BaNasr adds, "I think women need to start recognizing the value of our voice, and the value we bring when we take a seat at the table. Women have a unique perspective that is a tremendous asset to any company, start-up, or investment firm. We should stay curious, and commit."

WOMAN TO WOMAN: ADVICE FROM SAUDI WOMEN IN VC TO THOSE ASPIRING TO ENTER VC

Here are the top pieces of advice these women had for the next generation of women in Saudi that want to become founders or venture capitalists:

- 1. Be curious and be open to all learning and input.** Whether you're a founder or a venture capitalist, it's all about listening, constantly learning, and making incremental improvements on your product every single day.
- 2. Equip yourself with the necessary skills and competencies.** Building a career doesn't happen overnight. You've got to take strategic steps towards acquiring the skills and competencies you need over several years, and often times, decades. Build and gain the right experience to achieve your goals. You don't have to have it all figured out - but if you want to be in VC, understand finance and cap tables, learn about negotiations and term sheets, strengthen business development skills, communications and network building.
- 3. Be humble, be kind and ask for what you need.** Building a start-up requires help, from your founding team, from your investors, from your board and mentors. All stakeholders bring something different to the table, whether that's sweat equity, the idea or the capital - we all have to work together for the start-up to succeed. Kindness, humility and focus on teamwork is critical for a smooth ride on an inevitably bumpy road.
- 4. Prioritize "like-valued" over "like-minded".** Surround yourself with people who see differences of perspective as an asset, not a liability. So long as your values are the same, different perspectives can be expressed and used as a tool to make your team stronger.
- 5. Don't be afraid to take the first step.** Get out of your head, stop over-planning and get out there. Meet with angel investors, incubators, accelerators and get feedback on your idea. Just remember: while you're busy over-thinking your idea, someone could be developing a mediocre version of it and getting it out to market before you. Starting is the most important step, and learning from failures along the way is part of the learn-by-doing process. Commit.
- 6. Build your network.** Both being a founder and a VC requires you to be a people person. In both roles, you need to get yourself out there, meet and recruit potential team members and co-founders, investors, and key stakeholders that are going to help bring your vision into reality. So start building your network now, schedule meetings with people you want to meet, and start having the conversations you want to have.
- 7. Be Flexible.** You might think you want to be an investor today. Tomorrow, while you're an investment analyst, you might meet a startup founder that blows you away and inspires you to join an agtech startup. Who knows what the future will bring, just trust the process and remember you can always change your mind. In fact, that is the one thing that is certain. The more life you experience, the more people you meet and careers you come across, the more opportunities to tweak your career of choice.





CONCLUSION

Saudi Arabia is unequivocally booming. It was the fastest growing economy in the world in 2022. The recent oil price surge around the world indicates continued favorable conditions for the Saudi economy, which is using its oil revenues to invest in Vision 2030 strategy to diversify away from oil reliance.

It is also this oil revenue that the government and private sector will continue to feed into its startup ecosystem. Wa'ed Ventures, for

example, have made announcements that they will make 4x more VC investments in the next year, than it has made in its 9 year cumulative history.

The government has also launched various stakeholders doing its part to stimulate entrepreneurship across various areas, from Monsha'at to SVC and Jada, the Central Bank and various regulatory authorities and government entities built to support startup founders and the burgeoning startup ecosystem.

Five years ago, the entire MENA region was raising \$800 to \$900 million in venture capital each year, and today Saudi Arabia has already surpassed the US\$ 1 billion in funding mark in 2022, when we include both venture funding and PE funding. This is a formidable achievement, one that Dubai only hit in 2021, after over a decade of nurturing its own startup ecosystem.

With a healthy population of 35 million who are largely young, tech-savvy and disposable income – Saudi Arabia

has all the makings of a great startup market. The pent up demand for digital consumer and business tools and solutions is so great, that startups have trouble building fast enough to keep up with demand.

As investors flood the market, so do startup founders. In Saudi, there are an increasing number of seasoned veterans leaving 20-year decorated careers to found a startup. It's not just the young, fresh-faced and bushy-tailed recent graduates. This speaks volumes about the cultural shift that is currently underway in the Kingdom, where many Saudis are now dreaming of becoming an entrepreneur; this was largely unheard of ten years ago. As

many entrepreneurs we spoke to said, "it was very uncool to be self employed. Parents and universities were really educating us to try and get top tier jobs in government, which paid well and had favourable work-life balance." This is a far cry from the Riyadh and Jeddah you visit today, where young people are congregating at co-working spaces and cafes, huddling over their laptops coming up with their next move.

Speaking to global investors, it's hard for any to come up with global examples where so much focus, energy, capital and resources are geared towards entrepreneurship like they are currently in Saudi Arabia. With Vision 2030 clearly indicating that it expects

entrepreneurship, SMEs, and its digital economy to contribute significantly to its future economy, regulatory bodies, support infrastructure, deployed capital, and incentives all should it be follow suit like a targeted campaign. All signs read: "Got an Idea? Start your startup in Saudi Arabia, and we'll support you every step of the way." Competition is still young and nascent, and the barriers to entry for foreigners, whether real or perceived, are still high enough that local Saudis have a head-start to create the local startups of their dreams. So come one, come all – don't underestimate where Saudi Arabia is heading today. By 2025, it just may become the regional startup heavy-weight.

APPENDIX: THE KINGDOM'S MACROECONOMICS

Welcome to the Kingdom of Saudi Arabia, the fastest growing major economy in the world in 2022. Despite the pandemic, the Kingdom has managed to grow at an impressive cumulative annual growth rate of 5.3% over the past five years, and is set to grow by 7.5% in 2022. Despite the Saudi economy shrinking by 12.5% in 2020 due to the pandemic, the economy made a full recovery by 2021. It seems the Kingdom's Vision 2030 is kicking into high gear, and truly moving away from its economic reliance on oil, while benefiting greatly from the recent uptick in energy prices around the world.

DROP ME A PIN



Saudi Arabia is located in Western Asia and occupies 80% of the Arabian Peninsula with a land area of 2.15 million sqkm. It is the largest country in the Arabian Peninsula, second largest in the MENA region and the 13th largest country in the world, by land area. Its unique location gives it great

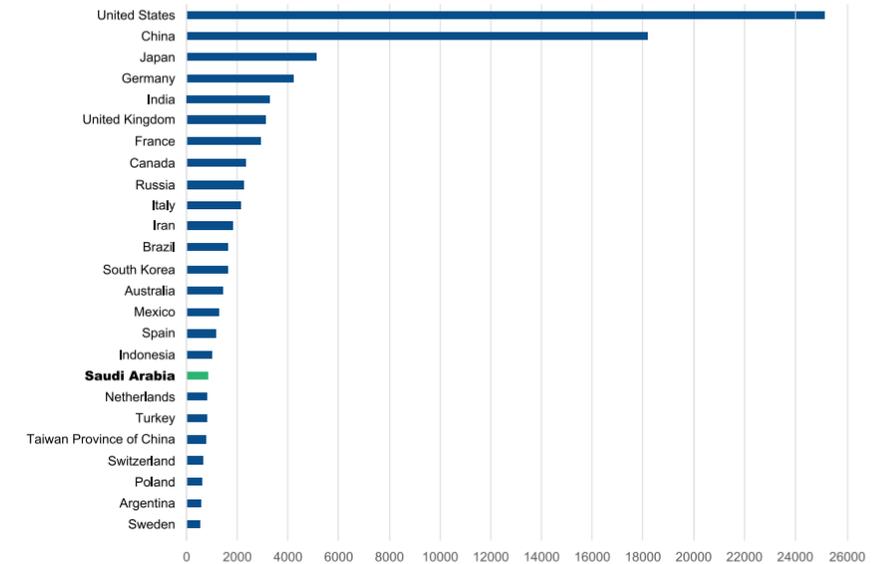
advantages as it is bordered by 7 countries, the Persian Gulf and the Red Sea which play a crucial role in global shipping lines; the neighboring Suez Canal, which connects the Red Sea and the Mediterranean Sea and is operated by the Egyptians, is responsible for shipping 12% of global trade.



OIL RICH AND DIVERSIFYING

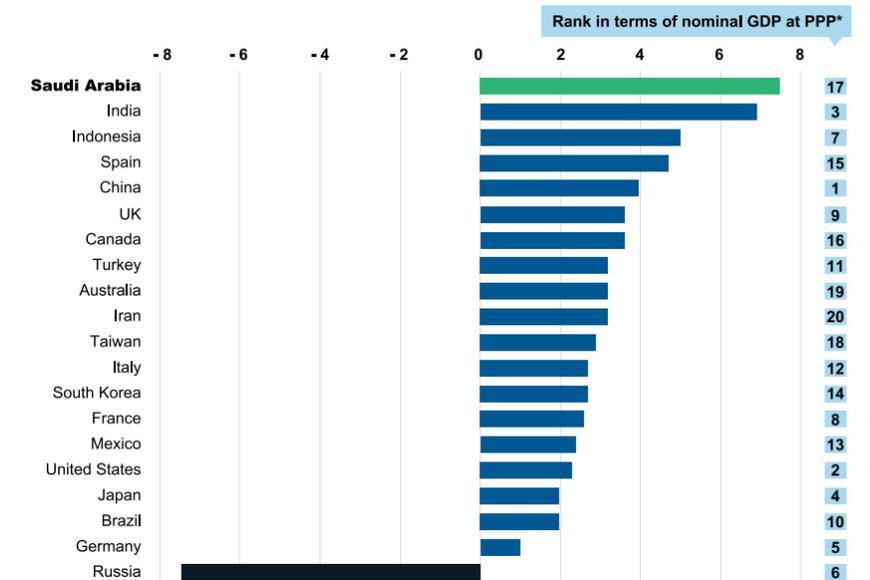
Saudi Arabia is the 18th largest economy in the world and the second largest in the Middle East. Its GDP has grown at an average annual growth rate of ~8% since the launch of Vision 2030 in 2016, reaching US\$ 1 trillion in 2022. Though the Kingdom's economy shrank by 12.5% in 2020 due to the pandemic, the Kingdom more than recovered past 2019 figures in 2021 and has further grown in 2022 to touch US\$ 1 trillion. This rapid growth is driven by two main drivers: the first is the Kingdom's Vision 2030, a national top-down strategy which aims to diversify the Kingdom's economy away from its reliance on oil. Meanwhile, the recent surge in global energy prices has helped Saudi Arabia reap rewards for its oil activities that is financing the Kingdom's diversification away from oil-reliance. Non-oil activities formed almost half the GDP last year in 2021.

TOP 25 LARGEST ECONOMIES IN 2022 GDP (USD BILLIONS)



Source: International Monetary Fund

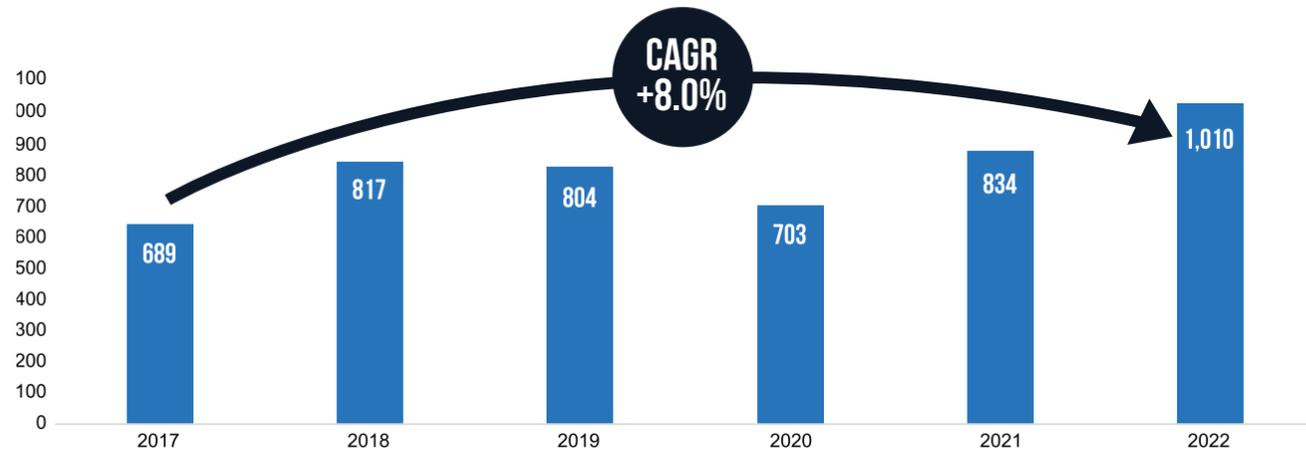
RELATIVE PERFORMANCE OF MAJOR ECONOMIES, 2022 (REAL GDP; % CHANGE, YEAR ON YEAR)



Source: EIU

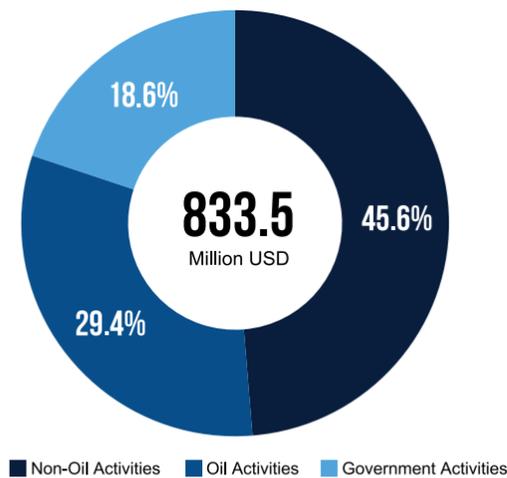
*Purchasing power parity

SAUDI ARABIA GDP 2017-2022
(BILLIONS USD)



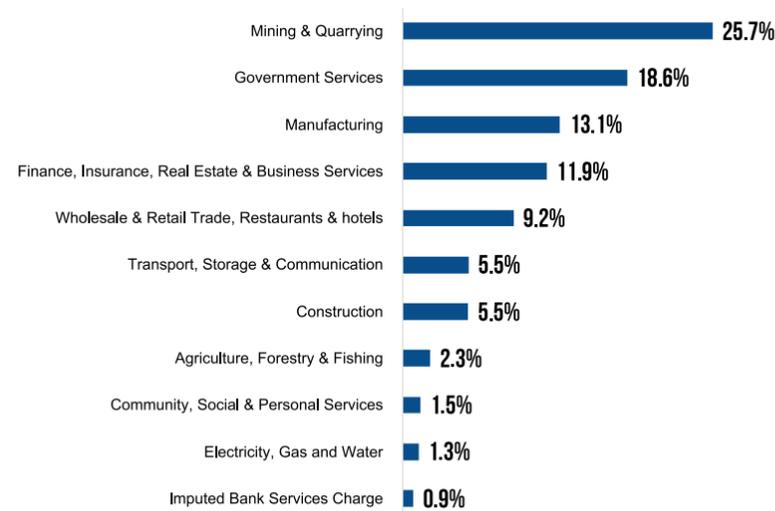
Source: International Monetary Fund

PERCENTAGE OF GDP DISTRIBUTION BY MAIN ECONOMIC ACTIVITIES 2021



Source: General Authority for Statistics, Saudi Arabia

PERCENTAGE OF GDP DISTRIBUTION BY KIND OF ECONOMIC ACTIVITY 2021



EASE OF DOING BUSINESS

Doing business has become easier in Saudi Arabia as the Kingdom ranked 62nd out of 190 economies in the Doing Business Report 2020, up 20 points from 2016. It is based on 10 indicators and its ranking has improved in 7 of areas. Most notably, Saudi Arabia has jumped 92 places for ease in starting a business.



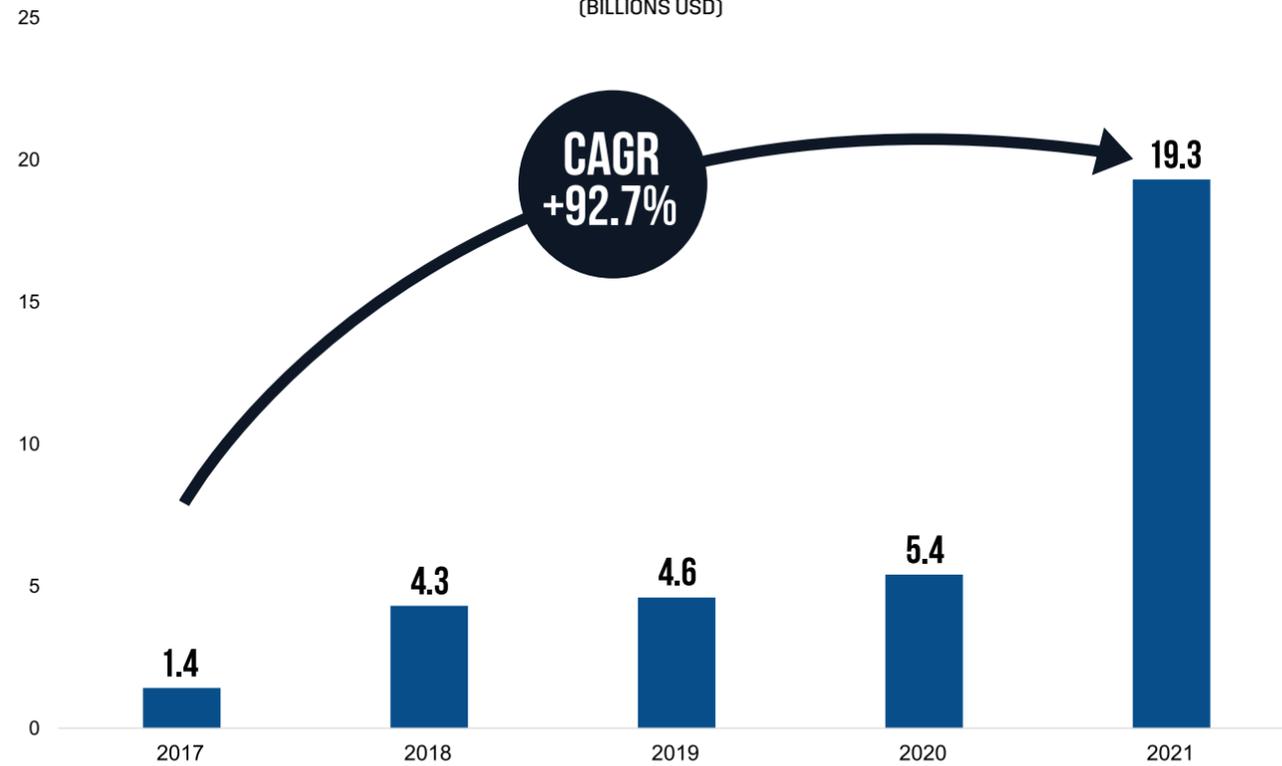
	2016	2020
Doing Business Rank	82	62
Starting a Business	130	38
Dealing with Construction Permits	17	28
Getting Electricity	24	18
Registering Property	31	19
Getting Credit	79	80
Protecting Minority Investors	99	3
Paying taxes	3	57
Trading across Borders	150	86
Enforcing Contracts	86	51
Resolving Insolvency	189	168

Source: World Bank Ease of Doing Business Rankings



Foreign Direct Investment in the Kingdom has increased by 92.7% in 5 years, hitting a record-high last year since 2008 of US\$19.3 billion. US\$12.4 billion of that was due to Saudi Aramco's successful share sale of its subsidiary Aramco Oil Pipelines Company to an international investor consortium. In 2021, the government set an FDI target of US\$100 billion annually by 2030 and aims to increase its GDP contribution to 5.7%. Over 4,400 new foreign investment licenses were handed out by the Ministry of Investment in 2021.

SAUDI ARABIA FOREIGN DIRECT INVESTMENT 2017-2021
(BILLIONS USD)



Source: World Bank



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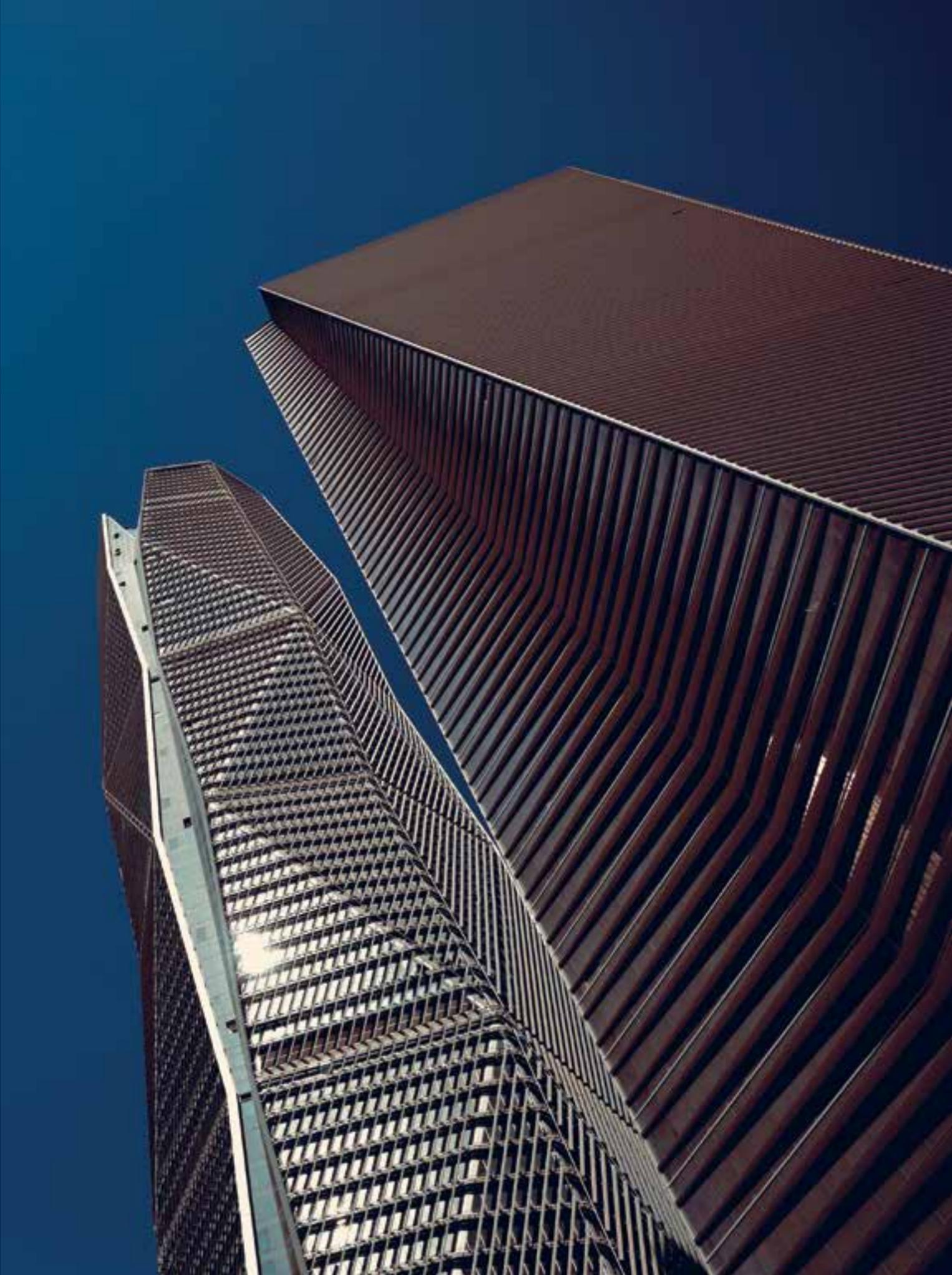


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THE EVOLUTION OF SAUDI ARABIA'S STARTUP ECOSYSTEM 2010-2022