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2030
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KINGDOM OF SAUDI ARABIA


Saudi Arabia 2022


Vision 2030 has helped the Kingdom overcome the pandemic and prepare its economy for a sustainable recovery as the lockdown is lifted

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VISION 2030

CONSTRUCTION OF BRAND NEW CITIES IS DRIVING THE GROWTH OF SAUDI ARABIA

These are exciting times in Saudi Arabia which has long boasted the largest economy in the Middle East, making it the richest country in the region.

And despite the volatility in oil prices and the effects of the pandemic, the kingdom is reemerging as a global economic player fueled by the wide-ranging reforms embedded in Crown Prince Mohammed bin Salman's Vision 2030.

Announced five years ago, the ambitious plan has four main goals: reduce the country's economic dependence on petroleum, diversity its economy, fully develop sectors such as infrastructure, medical care, education, recreation, entertainment and tourism, and employ more young Saudis.

These efforts, along with the country's youthful demographic, rising income and consumer spending, embrace of technology and expanding educational opportunities, mean that Saudi Arabia is becoming a favorite for foreign investors with the government eager to help out.

Some sectors garnering the most attention are healthcare, energy, transport and logistics, commerce and industry, while construction and real estate are among the leaders in future potential.

As with the rest of the economy, these two sectors are in recovery phase as the government urges citizens to enter the housing market while there is also a rising demand for offices and plans are going ahead for a number of mega-projects.

Under Vision 2030, officials hope to increase local home ownership by 70 per cent over the next decade through an affordable housing program and regulatory initiatives to expand the mortgage market.

And both sectors are benefitting as young people buy their first homes and demand for high-end office space increases as companies and businesses are created thanks to generous government support.

Vision 2030 also calls for building entire cities and tourist resorts, all cutting edge and high tech, especially along the Red Sea coast, as well as expanding public infrastructure and religious shrines.



HUSSEIN HAMED FAYEZ

CEO OF NAMARIQ ARABIAN SERVICES



"COMPANIES INVESTING IN SAUDI ARABIA NEED TO BE COMMITTED AND PRESENT"

Pandemic Ready

All of these projects require workers from laborers to management to executives and one of the leading workforce accommodation companies is Namariq Arabian Services Co. Ltd., a multi-services firm that designs, builds and operates safe, secure, reasonably priced and full board housing.

Founded in 2012, the company's first project was in the Jazan Province of the Kingdom which hosts a huge refinery and power plant, says CEO Hussein Hamed Fayed.

"What we do is rent the land for our facility and then build it as a long-term investment. Jazan is a temporary workforce accommodation and we always remember that wherever we build, we are serving not just the corporate client but its human workforce who is staying at one of our facilities," he explains.

This is clearly the case in the facilities operated by Namariq, not only in Jazan, but also at its other projects. In addition to Jazan, the company operates the accommodation facilities at King Abdullah Economic City (KAEC), Yanbu Industrial City and Namariq Blue in Jeddah in partnership with the Municipality.

A list of Namariq's corporate clients include Saudi Aramco, Sabic, Hitachi, Honeywell, Siemens, Total, Pfizer, Adif and many more. It also operates the Namariq Baish Hotel in Baish, Jazan and still operates the Jazan

Business Center and outside institutional and mass industrial catering services. It should be noted that Namariq's catering operation is ISO certified for Food Safety Management.

Along with comfortable and safe housing for thousands of local and international workers, the company's accommodation facilities provide dining areas serving international cuisine meals, retail centers, mosques, health clinics, swimming pools, football, basketball and volley-ball courts, barbershops, housekeeping and laundry services and even tailor shops.

Security features include fire protection systems, CCTV security monitoring, guardhouses and first aid stations, with all facilities appropriately and suitably landscaped.

"We built our facilities at Yanbu and KAEC as permanent camps," the CEO says. "Some international companies are coming to KAEC and talking to us about long-term housing solutions for their staff so it all looks good."

As can be expected, the arrival of the Covid-19 pandemic in Saudi Arabia could have caused all kinds of havoc, headaches and perhaps a real health crisis for a company operating such huge accommodation facilities.

But Fayed says Namariq's existing attention to client safety and comfort made it a manageable task.

"We've always ensured that our facilities cater to the workers' business, social and recreational lives with a very clean, humane, secure and safe living space. So this was all in place before the pandemic.

“Even when a worker had to be quarantined it was easy for us to provide an isolation unit with regular cleaning and disinfection procedures and even food delivery,” he says.

“So we already had almost everything the pandemic required. All we had to do was increase the number of bathrooms and implement social distancing in the dining hall and public areas.”

According to Fayez, the pandemic helped the workforce accommodation sector in general as before Covid-19 it was hard to further improve and enforce strict safety and hygiene standards.

“Unfortunately when the virus first arrived, it spread very rapidly among workers housed in poor accommodation facilities. But with Covid-19, the government increased its inspections all over the kingdom and forced many operators to upgrade their accommodations. That will take time but will benefit everyone,” he says.

The CEO welcomes Vision 2030 as it promises to transform businesses in the kingdom but he cautions that some companies are finding it a real challenge.

“A lot of companies just can’t keep up with all the changes to regulations, requirements, etc. But, it is a necessary shift to a new way of doing business.

“Saudi Arabia is now part of the G-20 group of nations and the kingdom has come to the same level or close to the level of the other member nations as far as doing business, so all these changes have to be done. No exceptions,” he argues.

Internationally, Fayez says Vision 2030 will mean there will be more foreign companies coming to the kingdom to set up businesses due to a number of opportunities ripe for development and the fact that investors can enjoy a much better yield than anywhere else.

“However, it’s important to understand that these companies have to be truly committed for a long-time presence and significant investment,” he says.



MOHAMMED SALEH ALAUGAILI
CEO OF WBC



HUSSEIN KASSAB
MANAGING DIRECTOR OF WBC

“BOTH ENTERTAINMENT AND TOURISM ARE BECOMING BIG SECTORS FOR CONSTRUCTION”

Promising Year

Vision 2030 at first put a lot of pressure on WBC - Wadi Albujaidi Contracting Co, a Riyadh-based company which contracts for and constructs buildings and entire projects, and which had been enjoying good times, says Managing Director Hussein Kassab.

“In 2018 and 2019 we were experiencing great years for WBC as the new fees, regulations and requirements under Vision 2030 had yet to impact our clients. There was a huge volume of demand and work then and our annual revenue in this period reached around \$15 million,” he recalls.

“But then late in 2019 we began to feel the effects of this new business environment and we were forced to cope with these financial burdens on the part of our customers.”

And size did not protect companies from the fallout from Vision 2030. Larger companies in the construction sector were equally hit and there was a slowdown in

the government’s mega-projects which had a knock-on effect on contractors like WBC.

Along with its clients, the company was facing its own challenges with the increase in VAT and taxes, plus a rise in the fees which Saudi companies have to pay for foreign staff.

“Then, with all these challenges we were facing, the pandemic came along and many of our projects just stopped for five or six months with no revenue. But we were able to keep the company afloat and keep our employees,” Kassab says.

“That was very important for us as most of our people have been with us for four to five years. They knew the company and the pressure we were under and so were keen to stay with us knowing how terrible the situation outside was.”

That situation turned around in mid-2020 when WBC landed a big government project for King Saud University. Since then, new orders in the pipeline have brightened the company’s prospects for this year.

“We believe 2021 will be a promising year for the construction industry and very



promising for contractors like ourselves," the managing director predicts.

WBC's CEO Mohammed Saleh Alaugaili concurs, saying that the company is excited about its new focus on increasing its specialized fit-out business, targeting the growing hospitality sector.

"We expect to see some hospitality projects signed up soon because under Vision 2030 Saudi Arabia is giving this a high priority. Entertainment and tourism are becoming big sectors for the construction industry and we hope to get deals for two or three hotels," he says.

Alaugaili says Vision 2030 with its emphasis on new regulations and requirements has triggered a shakeout in the construction sector and now there is less competition from companies guilty of unfair practices.

"This is having a very positive impact on our business and opportunities are now offered in a more equitable way," he says.

"The whole business direction is now being operating from a different perspective of standards and the level of quality with fair business practices and high levels of products and competition," the managing director explains.

"I have been living here for 16 years and I have never seen the promise and potential for the economy and for business any higher than it is now. It's a great time to invest," he concludes.

Symbol of Success

Launching any business in the midst of a recession can be a fool's move, but Fahad S. Al Suba'ii pulled it off in 2008 and his company, Hykal Omrani Consultant Architectural and Engineering, now handles some of the most prestigious projects in the kingdom.

"I am a certified architect with a consultant degree with experience in real estate, as a consultant for mega-scale projects and I had worked in Hong Kong," he recalls. "So because of my experience and contacts, I was able to sign contracts with prestigious clients and later I worked for the government as well."

Some of Hykal Omrani's projects include



FAHAD S. AL SUBA'II

PRINCIPAL OF HYKAL OMRANI

"WE WANT TO BE A PART OF THE MEGA-PROJECTS LIKE NEOM AND THE RED SEA"



Riyadh's futuristic Le MERIDIEN Hotel, the Baumax Commercial Mall, the Ricec Exhibition Hall, the Yasmeen Office Tower and many other landmarks, all of breathtaking design.

Along with architecture and interior design, the company offers landscaping, engineering, planning, supervision and project management services throughout the kingdom.

The principal says that while he now fully supports Vision 2030, he initially had what he describes as "some doubts" when he first heard of the sweeping reforms and innovations that the crown prince was proposing.

"I knew that it would not be easy because of our conservative culture and the fact that our people are not open minded and that he would be pushing things to the edge," he explains.

"The crown prince was fighting all the rules, cultural norms, everything. When he said women can now drive, none of the rulers before him did talk about this or take action."

"But people welcomed this and that was a good sign that he could overcome the obstacles, both internally and externally. So I am very optimistic about the outcome of Vision 2030 and I guess we'll

achieve it," Al Suba'ii explains.

One complaint the executive has concerning the plan's mega-projects is that much of the work is going to large international companies, arguing that while the cake is very big indeed, local consultants are receiving only a small piece.

His prescription to resolve this problem is for the local consultancies and others is to step up their game, to prove they can deliver on these huge schemes. True creativity, Al Suba'ii says, is found in small, individual and nimbler firms, not the large multinationals.

As across the entire construction industry, the pandemic heavily impacted Hykal Omrani as almost all activity ceased for around five to six months.

"Design work stopped because no one had the desire to invest. They were scared because no one knew what was going to happen," he recalls. "It was very difficult for us, but we did get some support from the government."

"But we shrank and had to send some people on vacation and terminate many others. Before we had a payroll of around 300, but now we are only 75 people."

Al Suba'ii sees a rebound now in the economy and the construction sector, and says that it is clear that businesses are beginning to grow again. However, despite the big government outlays on the mega-projects like NEOM and Red Sea City, smaller official projects have been downgraded, except for housing.

"But I'm still very enthusiastic about Vision 2030 because the crown prince is really pushing to meet all his promises in all the sectors: health care, housing, medical care, entertainment and leisure."

"And this is really important for the young people who want to prove to themselves that they can deliver to make this dream become a reality, especially the Saudi women," he says.

"As for myself, I'm fighting for Hykal Omrani to be one of the leading consultancies taking part in the mega-projects, like NEOM and Red Sea City. That will be a real symbol of success for us."





HISHAM ABO ALOLA

GENERAL MANAGER OF TOP WINDOWS

“SAUDI ARABIA AND EGYPT ARE THE TWO COUNTRIES ATTRACTING INVESTMENT”



Investment Friendly

The construction and manufacturing sectors combine at Top Windows, subsidiary of a company Gulf firm that fabricates high-end windows, doors and other materials.

Many of its products adorn some of the most prestigious buildings in the kingdom and General Manager Hisham Abo Alola says the company enjoys annual sales in Saudi Arabia of around \$15 million.

“We have our own assembly plant here, putting together components from our suppliers in Germany, Italy and Turkey,” he explains. “But most of our materials come from Deceuninck in Belgium.”

“Our staff in Saudi Arabia is about a tenth of the payroll of the whole group.”

The group was founded in 1998 in Kuwait under the name Top Rock. In 2005 it expanded into Qatar, then Oman. A Saudi operation was the next natural step and Top Windows opened in 2013.



Top Windows’ main products are UPVC windows and doors, but it also manufactures and installs shutters, wooden interior doors, glass façades, domes and skylights.

“Ninety per cent of our production is in UPVC and about 10 per cent is in aluminium,” the general manager says.

The company enjoyed a stroke of luck regarding the pandemic as just before Covid-19 broke out it had signed a contract to provide windows, doors and other furnishings for 2,200 villas.

“But the lockdown closed most construction sites so the installation teams were unable to do their work,” the executive recalls. “We also had to close our showrooms and even our factory shut down for two months.”

“Economically, the pandemic hurt a lot of small and medium-sized companies, that were not able to survive. It also affected Vision 2030 although it is very much alive.”

With the lockdown lifted, Top Windows resumed production to supply major projects like King Abdullah Economic City and several government housing schemes.

“By the end of last year many projects were starting up and we’re supplying many of them. I think 2021 is going to be good because this is still a good market,” Alola says.

“I believe Saudi Arabia and Egypt are the two countries in the Middle East which are attracting the most investment.”

“And Saudi Arabia will continue to be a great investment destination over the next nine years or so until 2030,” he predicts. “Sure, there are some obstacles to overcome but it will be a very healthy business environment for the foreseeable future.”

Sky’s the Limit

Construction has many components and one company, Srouh, has carved out for itself a niche market in supplying and installing specialized security systems.

Part of the Al Srouh United, Srouh was founded just three years ago in a small office in the Saudi capital as a marketing company.

“But we saw potential in other directions and now our main business is construction,” says General Manager Othman Al-Zahrani.

“In 2019 we received a lot of help with CCTV and traffic speed detection contracts, that has helped us a lot over the past three years and remains our main activity.”

“Then the pandemic arrived but it did not affect us deeply. At first there was a negative impact on our IT business but after the government went almost totally online



“SAUDI ARABIA IS HEADING TOWARDS IT-BACKED SMART SOLUTIONS, OUR BUSINESS”

that department really took off and we sold a lot of CCTV systems,” the executive says.

Among the Al Srouh United’s products and services are installing computer networks, surveillance systems, attendance, departure and fingerprint systems, security setups, server installation, cashier and accounting systems and software and hardware firewall protection systems

All very cutting edge using some of the world’s leading tech companies as suppliers including Opterna, Cisco, Panasonic, Samsung, Honeywell and Bosch.

Expanding the kingdom’s high technology sector is one of the aims of Vision 2030 and Al-Zahrani credits the program with providing the support he needed to prosper.

“And we’re looking forward to the advantages it will provide in the future. Saudi Arabia is heading towards IT-backed smart solutions which is our business,” he explains.

“Look at all the projects going forward like NEOM and The Line and Red Sea Resort which we are trying to get a piece of, but as a small company we really have to fight.”

Asked why Saudi Arabia is attractive to foreign investors, Al-Zahrani cites a supportive government, a vibrant private sector, the high purchasing power and the thirst for growth, making it an ideal investment destination.

“As the crown prince said, ‘the sky’s the limit’, and that is my feeling, too!”



ENERGY 2030

IN VISION 2030, EFFICIENCY AND RELIABILITY ARE THE DRIVING FORCES OF THE SAUDI ELECTRICITY SECTOR

A mention of "Saudi Arabia" and "energy" in the same sentence has for decades meant only one thing: fossil fuels. And while oil and gas production will remain important to the kingdom for years to come, officials are striving to ensure that sustainable energy will power the country's future.

Under the reforms of Vision 2030 the country aims to increase efficient power generation, boost reliability, reduce fossil fuels for the generation of electricity and overhaul the sector to make it more eco-friendly and financially viable.

Key to this monumental undertaking are the transition to renewable energy, more efficient natural gas sourcing, overhauling transmission and distribution of electrical power, reducing the sector's carbon footprint and many more ambitious goals.

In announcing these plans, the Ministry of Energy said the reforms were considered "the largest and most extensive on a global scale" guaranteeing a "safe, secure and reliable power sector that is financially sustainable", creating "an attractive environment for investment in the electricity sector and contributing to the economic development in line with the Vision 2030 program."

It will be a big job. According to foreign analysts, because of growing electricity demand Saudi Arabia needs to double its power generation capacity to 160GW by 2040 which will require an annual investment of some \$10 billion.

At the same time, a plan to privatize electricity generation means that there are investment opportunities to boost efficiency, meet strict environment standards and replace out-of-date power plants.



BASHAR ALI ABDULRAHMAN

CEO OF NTCC NATIONAL TRIGENERATION COMPANY

"DURING THE 2020 PANDEMIC WE TOOK ADVANTAGE TO DO OUR HOMEWORK AT NTCC"

Leading Supplier

Saudi companies and local branches of international energy firms are keen to assist in the effort inspired by Vision 2030 and all the opportunities it represents, such as the National TriGeneration Company, or NTCC.

Perfectly situated to play a role in the kingdom's new emphasis on smart, clean energy, NTCC is a Riyadh-based, energy company providing field studies and installing and operating plants for tri-generation, the cutting-edge generation of electricity, heating and cooling from biomass fuel or solar heat.

"When the board of NTCC saw Vision 2030 and the growth the country is going through, they wanted to be part of all that and searched for and found the right team to take the company to the next level," says Bashar Ali Abdulrahman, CEO and founder of the related company, Kafaat Energy.

"That's when I joined NTCC," he adds.

Abdulahman's background is in investment banking where he searched for investment opportunities for large Saudi companies. In his job he came across an investment opportunity in a Greek company involved in energy efficiency for industry.

"But I wanted to work with this myself so I left banking and set up the energy saving company Kafaat to represent the Greek company here in Saudi Arabia and signed up some large clients like National Commercial Bank and McDonald's," he recalls.

"With my knowledge of the power generating sector through Kafaat and my fi-



ancial experience, I was a natural to head up NTCC which was founded back in 2007."

NTCC is specialized in build, operate and transfer (BOT) projects and has two subsidiaries, Source Energy and Intelligent Energy Solutions which focuses on generator rentals and sales. The mother company's client roster includes NCB, Saudi BinLadin Group, Rafal, Landmark Arabia and others.

"When our team arrived in 2018 we decided to grow and search the market for opportunities," the executive continues. "We wanted to be in solar as the weather here is perfect for solar energy generation.

"So we were one of the first companies here to invest heavily in that sector and managed to secure a project with the largest traditional food chain in the kingdom, Al Romansiah."

The solar sector was the first of NTCC's new divisions and was quickly followed by the water treatment and energy efficiency divisions, both in 2019 and early 2020. Then the pandemic began, stopping most activity but not affecting the BOT projects.

"Actually, 2020 was the best year for NTCC because it allowed us to sit back, relax and start looking at the cost side of the business and optimize the energy consumption of the projects we were working on," Abdulrahman says. "We took advantage of the pandemic to do our homework."

The executive says that as concern over the pandemic eases and the Saudi economy opens up, demand is increasing, especially from the government's mega-



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projects like NEOM, the \$500 billion city of the future with surrounding areas totaling 26,500 square kilometers.

“We are the leading supplier of generators for NEOM City and there will be more demand there as the project grows. We have also submitted a proposal for the Red Sea luxury tourism destination as part of the Acwa Power consortium,” he explains. “These mega-projects are definitely our main focus in Saudi Arabia.”

Abdulrahman points out that these mega-projects are bringing much needed innovation and new technologies to the country providing clean energy, sustainable water supply and other advantages.

Without this exciting new creativity, vigor and spirit, he argues, Saudi Arabia cannot advance to the level envisioned in Vision 2030. And NTCC will be heavily involved every step of the way.

“With all this going on, NTCC is definitely going to be one of the leading companies in the energy and cooling sector. We have succeeded in the journey so far and I predict that the company will be listed on the stock exchange in three years’ time,” he says.

“We have a young leadership here now and Prince Mohammad Bin Salman is basically transforming the country into a totally new entity. This transformation will not only affect the kingdom but the whole world as well.”

Energy Efficiency

One of the many multinationals betting on the transformation of the Saudi energy industry is Rexel which joined up with local partner Al Hobayb Group to create Rexel Arabia in 2014, says General Manager Ali Alfayez.

“After a number of years in managing a large electrical materials distributor I was approached by Rexel to help the new Saudi entity and I signed on in January 2015,” he recalls.

Rexel Arabia posted a turnover last year of some \$17 million from its activities in the energy efficiency sector, providing solutions for lighting, cables and routing,



ALI ALFAYEZ

GENERAL
MANAGER OF
REXEL ARABIA

“WITH VISION 2030, NOW THE GOVERNMENT IS VERY MUCH AHEAD OF THE PRIVATE SECTOR”

smart buildings, cable management systems, smart buildings, as Rexel Arabia is also a certified system integrator, and a host of other energy related applications.

It provides these services for the commercial, industrial and residential markets.

Two years after Alfayez joined Rexel the government announced Vision 2030 which the executive says was a breath of fresh air for Saudi businesses.

“The first thing that struck me was that finally we’ll have a transparent government. Previously in our business culture in this country we always said that the private sector was stronger than the government in terms of development, transaction, speed and all that.

“But now the government is very much ahead of the private sector,” he argues.

Alfayez is particularly struck by the government’s new efforts to educate young Saudis so they are equipped to enter a highly technological and advanced job market.

“The government is sending this young generation around the world to study abroad and making sure our high school graduates have a chance to con-

tinue on so they can obtain bachelor’s, master’s and doctoral degrees.

“Most of these people now return to Saudi Arabia and are in government and are leading all these new progressive programs and activities. One example that we have seen is that the government is now much faster in generating regulations,” he says.

“Saudi Arabia’s so-called e-government has shifted the businesses in a positive way, transactions are much faster and the regulations are much clearer.”

Alfayez explains that his own company is cooperating with the government by taking on young Saudis who receive a government subsidy for 50 per cent of their salaries.

“These are fresh graduates, fresh engineers who receive this subsidy for two or three years by which time they’ll have gained enough experience to be valued employees for us or another company,” he says.

Last year, Rexel Arabia enjoyed 70 per cent growth over 2019 despite Covid-19 thanks to the company’s pre-pandemic change of focus from small to large projects and the ability of its employees to work remotely.

“Except for our warehouse and inventory operations, everything can be done remotely so our team shifted from coming into the office every day to working from home. The warehouse was shut by the lockdown but a day later it was up and running after we acquired the necessary permits for the curfew,” the general manager recalls.

Being a small yet dynamic company helped in those circumstance but Alfayez confidentially predicts that Rexel Arabia is on its way to significant growth in the years ahead with the government’s emphasis on increasing energy efficiency.

“Energy efficiency is one of our core businesses so I can see us repeating our growth rate in 2021,” he says. “The Saudi market has great demand for solutions in many sectors and is very actively developing industries like manufacturing. Potential investors should take note.”



New Opportunities

Helping the kingdom meet its growing need for the latest energy technology is the task of Electrical Relays Group, composed of three companies offering a wide range of services and engineering in power and energy, manufacturing, rejuvenation engineering, infrastructure and building projects.

Based in the Saudi capital and founded in 1992, the group has grown from five engineers to almost 100 employees today, notes General Manager Ahmed Talal Al Huraibi.

The group was founded by his late father, Eng. Talal M. Al Huariabi, who for more than a quarter century built the group from the ground up until his untimely passing in 2019.

“Back in the 1980s, a university here built a solar power plant to supply electricity to a village. It was a local project for experimentation but the private sector was not involved so accessing this technology was an issue for private companies hoping to enter the sector,” he said shortly after Vision 2030 was launched.

At the time Electrical Relays contacted two US companies and one French firm with an eye on cooperating in renewable technology, and Al Huraibi argued that any foreign companies operating in the kingdom should be true partners.

“They must actually share their knowledge and technology with the people of Saudi Arabia whether it is a company, government or an individual,” he said.

“When you are investing here you should not take the technology back with you when you leave.”

The positive effects of Vision 2030 on his own company aside, Al Huraibi was optimistic that the reforms and other changes would benefit the entire country as the plan calls for clear procedures and monitoring systems that should “correct any deviations that occur during the process”.

“The government is young and promising one and we just have to carry on. In the long run Saudi Arabia will be in a very different place concerning our security, our power and our development,” he added.

And like many Saudi companies, it has seen its share of ups and downs as the economy expanded then contracted over the years. But his son and new General Manager says things are improving.



ENG. TALAL M. AL-HURAIBI

FOUNDER OF
ERC - ELECTRICAL
RELAYS COMPANY

“WHEN YOU INVEST IN SAUDI ARABIA YOU SHOULD LEAVE THE TECHNOLOGY BEHIND”

“Our main customer providing most of our projects is the Saudi Electricity Company or SEC, along with the National Water Company and the Ministry of Defense. With Vision 2030 announced in 2017, many projects we were involved in slowed down as budgets were diverted to the big projects in the group,” he recalls.

“So we had to expand our customer base by exploring other branches of government, semi-governmental and private institutions such as the Ministry of Health, ARAMCO, SABIC and other local firms.”

Eventually, new SEC projects were awarded to the group but they were delayed by the pandemic. Today, Electrical Relays Group is working on several mini projects and one new major turnkey project of a electrical substation.

“So this will give us lots of work to look forward to in the next two to three years and from what we’ve seen from the latest announcements by the government, there will be new tenders and we’re planning on expanding,” Talal Al Huraibi says.

“Vision 2030 had a positive impact on the Saudi energy market by setting a well established path to renewable energy and similar technological solutions,” he explains.

“And better yet there is a new mentality supporting contractors like ourselves.”

Along with turnkey electrical substations, the group provides maintenance, testing and repair of cables, switchgear and transformers, repair of MV circuit



breakers and relays, protection, modification and upgrading of electrical systems.

It also operates a factory producing package substations for power transmissions and lighting, as well as low and medium voltage distribution boards and small boxes for control and communications works.

Its client roster includes ABB, Schneider, Saudi Lighting Company, Al Toukhi, DEWA, International Saudi Karam and many others.

“Our plans call for continuing to work in the kingdom and then expand to other countries,” the general manager says.

“We see a lot of opportunities in the IT sector so our idea is to open up an IT maintenance and services company, then move into software development.

“In the next three or four years, I’d like to see Electrical Relays Group taken to the next level to become a big leading company with divisions in the IT, construction and maybe residential housing sectors,” Al-Huraibi says.

“Anything is possible, not only for local businesses but also to international investors. It’s a new market, new opportunities and a new role in Saudi Arabia for our uprising young generation, both for males and females,” he says. “It’s a great time for investors to come and do business here.”



INTERVIEW WITH MR. ALBERT S. HAYECK

Managing Director of ARMETAL METAL INDUSTRIES and ARMETAL STAINLESS PIPE

With the construction industry reemerging as an important sector of the Saudi economy, companies meeting this rising demand are once again doing well, which is evident at Armetal Metal Industries and Armetal Stainless Pipe



"We're very optimistic about 2021 and we think starting from 2022 moving forward, market will be even better," Mr Hayeck says. "And it will be a continuation of how things were getting better just before Covid-19 hit."

Both companies are part of the Al-Hejailan Group. Armetal Metal Industries, founded in 1985, turns out high-quality architectural metal works manufactured from brass, bronze, stainless steel, aluminum and other fine metals.

Its product list includes, cladding, balustrades and handrails, ceilings and screens, doors and windows, and metal artworks to give buildings a true unique touch.

These custom-made products have been contracted for a wide range of prestigious architectural projects such as airports, universities, hospitals, towers, shopping malls, hotels and other structures in Saudi Arabia and neighboring Gulf nations where it has operations and sales agents.

Since its creation in 1995, sister company Armetal Stainless Pipe remains the only manufacturer in the Middle East producing welded stainless steel and special alloy process pipes and ornamental decorative pipes & tubes.

The companies experienced a slight drop in business during 2018 and 2019, but activity was starting to pick up fueled by the 2020 G20 Summit which was scheduled for last November and turned into a virtual event because of the virus.

"We had to accelerate our schedules to meet the summit deadlines and in terms of performance we were at our peak vis-à-vis engineering, fabrication, and installation on site, and at the same time we were submitting bids for new projects," the executive recalls.

"Like everyone else, we were affected by Covid-19 and revenue was down around 28 to 30 percent at Armetal Metal Industries because the lockdowns, curfews and social distancing



severely impacted our manufacturing and installation processes," he continues.

"However, at Armetal Stainless Pipe we already have a decent stock and a fully automated production line so the revenue loss was much less."

Hayeck argues that it could have been much worse without the full support of the Saudi Government for SME's like his by postponing commercial registration and certificate fees, extending banking facilities repayments without fees, extending health insurance, and providing free PCR tests.

These government efforts to aid business, he says, are an extension of the new attitude by Saudi officials thanks to Prince Mohammad bin Salman's Vision 2030 which initially was not fully comprehended by the business community.

"When Vision 2030 was launched it was a bit strange for us because honestly speaking, we were not anticipating such long-term strategies which considers an effective encouragement of the local content, helping local manufacturers and providing incentives for local people to work in industries," he explains.

"So at the beginning, Vision 2030 was just a conceptual idea but throughout the process we are definitely more confident and all the more than one dozen companies in the Al-Hejailan Group are assisting the strategy in every way possible."

Armetal Metal Industries posts an average annual turnover of between \$22 million and \$27

million, employing more than 220 workers and staff, while Armetal Stainless Pipe's annual turnover averages around \$15 million, with a staff of 48.



"Vision 2030 has also helped our bottom lines at both companies as we used to struggle with foreign competition without any protection for Saudi companies. But now with the government priority on local manufacturers, things are certainly getting better," the managing director says.

"And we trust Vision 2030 even more as we see that the plans which were announced under the scheme are actually happening despite all the negative effects of the pandemic with components of the Vision being implemented."

Hayeck stresses that this feeling is spread throughout all Saudi industries and the business community is particularly happy with the Government's emphasis on local content manufacturing and the Saudization program, although the latter at first presented a challenge.

"There is a change in the mindset of Saudis now compared to before. For example, in our industry you couldn't see much appetite from locals to work in an industry where you have metals, welding, polishing and so forth which is no longer the case.

"Now we have many Saudis on the factory floor, on site and in all our activities which shows that there has been a real increase in developing skills, Saudis are not just working in human resources or administration," he concludes.

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SERVICES 2030

TRAINING, RECRUITMENT, I.T. AND ENTERTAINMENT SERVICES SET FOR GROWTH AS THE PANDEMIC RECEDES

Saudi Arabia's vast oil reserves have permitted the kingdom to enjoy a robust economy without relying on a significant manufacturing or heavy industry sector.

And although that is changing as the government is using Vision 2030 to encourage the establishment of factories, the service industry is now one of the country's most important economic sectors.

Indeed, the services industry accounts for some 50 percent of the GDP, employs more than 72 percent of the working population and is largely involved in financial services, banking, insurance and a growing tourism industry.

But it also covers such fields as consultancy, training, engineering, labor recruitment and IT services, all of which are taking on growing importance as the economy begins to once again take off from rising oil prices and with the end of the pandemic in sight.

Training Bonanza

Consultancy and training company Expertpath did well during the pandemic as the government supercharged health and safety training, one of the firm's key activities, explains Managing Partner Amin Alamin.

"We established Expertpath training center back in 2015 and consistently suffered losses. But 2020 was the only year in the center's history that we made a net profit.

"And that's because we are an accredited training center of health and safety for Nebosh which is a leading global organization providing health, safety and environmental qualifications," he says.

"There was a huge demand in the health and safety arena in this country with new regulations and a strict enforcement of procedure and precautions, as the Ministry of Labor issued professional health and safety licenses, the base for all these were Nebosh."

Another advantage the pandemic provided was that training switched from physical presence to online and Expertpath was able to quadruple its number of accredited trainers, many from other countries.



Now, the company is considering moving to virtual training using work environment simulation.

Vision 2030 has also helped the company through its creation of the Saudi government's Etimad tender platform which last year became an invoicing platform but is slated to expand in 2022.

"So the performance of the platform is increasing significantly and 80 per cent of the demand today is from the government side, not only in health and safety but training in general," Alamin says.

This growth is reflected in the company's staff numbers. A year ago Expertpath employed fewer than 30 people and that number has almost doubled. "This is because the government has handed hundreds and hundreds of projects to the private sector," the managing partner says.

Expertpath is also the sole Saudi distributor of Birkman, a U.S. human capital assessment platform with decades of experience in the training field.

"Training is demand led, not supply driven, so we need to understand the capability and potential of human capital before we enroll them in training programs and thereby better direct them in their job or

academic journey. It is a great tool for recruitment and development," he explains.

Expertpath has some stiff competition in the marketplace, going head-to-head with giant multinational consultancy firms like McKinsey and PricewaterhouseCoopers, but it is holding its own and then some.

According to Alamin, the Saudi government cannot afford these companies' fees and with Vision 2030's emphasis on going local the beneficiaries are Saudi companies and the largest of these is Expertpath.

"For me, Vision 2030 clearly described the needs of the nation and the people. But there have been lots of challenges and problems in terms of actual execution.

"I still believe that Vision 2030 is correct in content but there are still problems in terms of delivery because at the end of the day the ultimate goal is for Saudi citizens to feel the difference," he says.

"And this transformation through Vision 2030," he concludes, "is one of the key advances in Saudi Arabia where there is a huge space for human capital development and that's where Expertpath plays a vital role."

Government Support

Vision 2030 was the direct inspiration for the creation of Union Skills International, a Saudi-based firm which recruits employees for companies in a number of fields of the economy, says CEO Jaffar Alkathiri.

"I had worked for both the government and large Saudi companies in labor and human resources management and decided to start my own operations in 2019," he recalls.

"And Crown Prince Mohammad bin Salman's support through Vision 2030 with funds and contracts with government agencies and entities was the perfect vehicle for establishing Union Skills."

Alkathiri began by signing up clients and recruiting both Saudis and foreigners. But just as orders started coming in, the pandemic hit. Thankfully, the government provided support for six months for expat employee fees and salaries for the Saudis.

However, the pandemic caused other problems as the lockdowns in several countries from which Union Skills International hires workers restricted or complicated movement.

"For example, for workers from India they had to go to countries like Oman and quarantine for 14 days first before they could fly on to Saudi Arabia," the CEO says.

"Regarding foreigners coming to the kingdom to work, we sponsor them. We

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“WE EXPECT 2021 TO BE A VERY GOOD YEAR FOR HIRING AND FOR UNION SKILLS INT.”

started with only 100 but now we have 3,500. On our own staff, we have around 75 people plus support services in the different sectors we serve like manufacturing, hospitality and others,” he explains.

Along with these industries, Union Skills also recruits for the medical, logistics, communications and IT, maintenance, construction, oil and gas, education, mining and engineering, and consulting sectors.

“But hospitality is where the demand is right now, hotels and restaurants and cafes and it will continue. With Vision 2030 the government is opening all these resort hotels, new entertainment venues, etc. So we expect 2021 to be a very good year for us.”

“After the lockdown was lifted last year we began providing recruits from the Middle East, East and Central Asia for our clients and the ministries here guaranteed immigration so 2021 got off to a great start,” he says.

“In fact, just today we received four orders from clients in the restaurant and car rental businesses for around 700 employees. And there are predictions that the construction sector alone will need tens of thousands of new workers as those mega-

projects like NEOM begin to really take off.

“Other sectors like medical care are also expanding rapidly so I’d like to get just 10 per cent of all this new business!”

Alkathiri complains that it is difficult to find Saudis experienced in the hospitality sector, for example. In those cases, the company has to train the workers for up to a year.

“Fortunately,” he says, “the government provides 50 per cent of these workers’ salaries through the HRDF.”

“So as you can see, this is a good time for foreign companies to come here as so many sectors are expanding and we need lots of investment for which the government provides different types of support.”

Bright Future

Recruitment is just one of the activities of the group comprised of the Riyadh-based Kwadr Madad and Family First companies, along with financial solutions, food production, real estate, cosmetics, paint and coating and car rentals, says its General Manager Abdulaziz Mohamed AlHazzaa.

“We started up in 2014. I had an engineering background from my time as a manager at Sabic and my brother and several friends with various degrees and skills joined up to create this company,” he recalls.

“Day after day we were doing very well, as our income was growing. This was when oil prices were high, the economy was growing and we were taking on silent investors who wanted to get in on the action. It was great!”

But when petroleum prices fell and the government increased fees for foreign workers the group felt the pinch.

“We had a lot of foreign workers at our manufacturing facilities so this jump in costs for employing these people really affected us especially in late 2017 and throughout 2018,” he says.

“We tried to recover in 2019 but then the pandemic arrived and we were back to struggling most of last year. People working for



ABDULAZIZ MOHAMED ALHAZAA

GENERAL MANAGER OF KWADR MADAD & FAMILY FIRST

“THERE WILL BE A LOT OF CHALLENGES AHEAD BUT THE FUTURE STILL LOOKS BRIGHT”

the government had their salaries guaranteed, but they only account for 40 per cent and those in the private sector took a hit.”

The group’s main business is the Kwadr Madad recruitment agency which contracts for employees from 15 countries in Asia and Africa for positions as domestic workers, nursing staff, nannies, drivers and others.

Despite the difficulties of the past few years, AlHazzaa says he is optimistic the situation will turn around in 2021, largely due to the effects of Vision 2030.

“This government program has clear objectives and they have already announced what they are going to do so we can see the light,” the executive explains.

“This is a big shift from the old strategies here in the kingdom, as they update the rules and regulations. Sure, there will be some victims who can’t adapt, but in general Vision 2030 is a very good idea.”

The general manager praises the new generation of highly-educated government officials who have lived and studied abroad, absorbed lessons from other cultures and brought this knowledge home.

This new sophistication has made the country truly globalized with the changes affecting the mentality of Saudis, who now expect more in their lives and are looking to the government to provide it, he argues.

“My friends and I used to dream about jobs in the private sector but now everyone wants to work for the government, because



they want to do something for their country, to be part of this change and transformation.”

“There has also been a reorientation of the part of the government as to what this country needs and expanded and improved medical care is one such example. It’s gotten a lot of attention in the government and so it’s one sector that investors like ourselves is looking at very closely,” AlHazaa says.

“There will be a lot of challenges ahead but the future looks bright for my business and for Saudi Arabia.”

Niche Markets

Information technology has really taken off in Saudi Arabia, fueled by businesses anxious to get a leg up on their competition and the interest of young people who are setting up exciting startups.

One company riding this wave of the future is Wasltec, founded in 2013 and offering IT solutions in sectors like fintech, banking, government operations and others, explains CEO Ghormallah A. Al-Ghamdi.

“We were a young company when Vision 2030 was announced and it affected the IT sector in a very profound way. We now have to be very fast working with the government on projects with specific requirements.

“This is a big change in our business culture and our mindset,” he says, adding that Saudis are eager to embrace new ideas and innovations, especially the young.

“Now we have a lot of partnerships with startups and with new ideas. We support these enterprises with investment and IT solutions and mentor them on how to enter the market in their respective sectors,” he says.

“Before we were systems integrators, now we’re product developers. That’s the big difference between with Vision 2030.”

Another difference for Wasltec and other companies is that they now work with the government more as a partner instead



GORMALLAH A. AL-GHAMDI

CEO OF WASLTEC

“VISION 2030 HAS CHANGED US FROM SYSTEM INTEGRATORS INTO PRODUCT DEVELOPERS”



of as a client, especially in the build, operate, transfer projects which are now common.

Employing 120 people in Saudi Arabia and with an operation in the United Arab Emirates and teams in Jordan, Egypt and India, the company posts annual turnover of around \$7 million. Al-Ghamdi expects that figure to increase as the economy shakes off the effects of the pandemic and oil prices improve. But he expresses caution.

“With Covid-19 the market just basically stopped without any notice so we had to create a market all over again. I think we may be now at the beginning of a recovery.”

“Our solution to all of this is to focus on finding the niche markets, that is where I see our future growth,” he says.

The executive is bullish on seeking out further foreign partners, “there is definitely an opportunity for foreign companies that

want to come to collaborate on product development,” he says.

“We’re optimistic about the next three to four years concerning the IT sector. I work on the Riyadh Chamber of Commerce communications and IT committees so I see the way things are going.

“Crown Prince Mohammad bin Salman said he wants Riyadh to be one of the top ten cities in the world and we have to work towards that goal, not only for the city but for the country as a whole. We’ll get there!”

E-Commerce Boom

The future of the Saudi tech sector is well in hand at Waqood, a Jeddah-based firm which specializes in mobile applications, websites and other IT tools.

Founded in 2003 by three IT graduates, the firm now has 30 employees, according to Managing Director Mohamed A. Milyani.

“We identified a gap in the market for a good software development house, so we set out to develop software for other companies,” he recalls.

“Then with the announcement of Vision 2030, we got a real boost because a lot of government departments started to look for new applications or launched new ideas.

“At the same time, the startup ecosystem began to grow on the market and many people with ideas were starting to seek out software development houses,” he says.

But in 2017 with the rise in VAT, many companies did not understand how to handle their projects with this new economic reality resulting in a fall in sales at Waqood.

Two years later the good times returned as entertainment expanded under Vision 2030, and they gained new business in apps and websites for events and special platforms.



MOHAMED A. MILYANI

MANAGING DIRECTOR OF WAQOOD

“A LOT OF RETAILS COMPANIES ARE LOOKING FOR APPS AND WEBSITES FOR E-COMMERCE”

“There were also another wave of new startups which needed applications and 2019 turned out to be our best year,” he says.

“Along came the pandemic but it had little operational effect as we had already allowed our employees to work from home several days a month, and there was little or no disruption in our productivity.”

However, the pandemic triggered a sense of caution among Waqood’s customers and they became shy of investing in new projects, especially technology.

“But late last year we started to receive a lot of orders from the government, big and small companies,” Milyani says.

Waqood’s app development division creates mobile apps for both android and iOS systems. Once the app is launched, the company also offers technical support, maintenance, and operation management.

The company also builds and maintains websites to fit different screen sizes of various devices with the highest security measures.

“Now, as the pandemic recedes, we see a lot of retail companies looking for apps and websites in e-commerce because they saw a lot of growth in online sales,” Milyani says.

Looking ahead, the managing director hopes the company will have more of its own products. It currently has two spin-offs in the logistics and hospitality sectors.

“I think the sector will definitely grow over the next several years and beyond,, which is what we are doing,” he says.

“Vision 2030 has kick-started the IT sector and investors are now more eager to invest into startups, so it’s a good time to invest in Saudi Arabia.”



Local Expertise

Vision 2030 has spurred growth in many sectors and one of the most to benefit is leisure and entertainment with the government keen to expand opportunities for Saudis to enjoy themselves locally.

Faisal Shaker, the founder and CEO of restaurant group Modern Food Company, had the same idea back in 2012.

“At that time there were not a lot of fine dining restaurants existing here at home, and that’s where our idea came from,” he recalls. “Saudis travel frequently within the region to Dubai and Bahrain on the weekend, for example, and dining out at a great restaurant is part of that experience.”

“My professional experience was in the banking sector but I am very passionate about food. I translated this passion into a business model and our first restaurant we opened in 2014 was called Nozomi.”

Nozomi soon became a pioneer in the fine-dining scene in the kingdom and a household name amongst Japanese food lovers, with a focus on quality food, great service and the entire guest experience.

At the beginning, there was scepticism about this idea and whether there will be demand for this concept. Against all odds, the game plan was to create that demand and it proved successful.

The company now operates more than a dozen restaurants in Riyadh and Jeddah, posting annual revenues of \$65 million and employing over 1,100 people.

“Vision 2030, with its strong emphasis on leisure, lifestyle and entertainment, gave us confidence that our strategy was on the right track. This is the future, where we are headed and something we have dreamed about for a long time,” Faisal says.

“We’ve worked extremely hard to be part



FAISAL SHAKER

CEO & MANAGING PARTNER OF MFC

“AT MFC WE ARE CAPABLE OF EXPORTING OUR KNOWLEDGE AND EXPERTISE WORLDWIDE”

of this vision, to cooperate and present an outstanding representation in our sector.”

As other companies did, Modern Food Company used the downturn in business from restrictions caused by the pandemic to turn it to its advantage by reflecting on where the group had been and where it wanted to go.

“We used the time to review our portfolio and our strategy, study our short and long-term planning and learn from our past mistakes,” he explains. “So the pandemic hurt us on the business side but it helped us see in which direction we would like to move.”

That includes international expansion of the group’s restaurant brands such as the Japanese contemporary brand, Myazu, which has been registered as a global trademark with plans to franchise it globally.

“Our target markets include the Middle East, Europe and the United States so we can show the world that we’re capable of exporting our knowledge and expertise.”

As tourism becomes a key drive in Vision 2030, MFC’s mission is to play a major role in the diversity and quality of the food and beverage market in the kingdom.

“We envision Saudi Arabia as becoming a leading destination in international tourism, welcoming visitors from all around the world”, Faisal says.

“Our goal is to contribute to the kingdom’s vision by investing in a diversified portfolio of homegrown and international brands with focus on providing consistent high-quality standards in food and service. This will in turn create employment opportunities for talented locals, and pave the way for the young Saudi generations to pursue successful careers in F&B.”



INDUSTRY 2030

GROWTH IN INDUSTRY IS KEY TO ACHIEVING VISION 2030'S ULTIMATE GOALS

One of Crown Prince Mohammad bin Salman's key goals of Vision 2030 is weaning Saudi Arabia off of its overreliance on oil by expanding the kingdom's industrial capacity with help from the private sector.

The country is already well on its way to this goal. Economists point out that Saudi Arabia boasts the largest industrial output in the Middle East and can build further on an existing manufacturing base producing construction materials, cement, plastics, food and beverages and much more.

And the statistics bear this out. Between 1974 and 2018, the number of factories in the kingdom increased from 206 to almost 8,000 while invested capital, non-oil exports and the number of industrial workers made correspondingly significant gains.

Under Vision 2030, the private sector's contribution to GDP is targeted to grow from 40 per cent to 65 per cent.

Along with economic diversification, the plan calls for developing human capital, increasing productivity in key sectors and creating quality employment for Saudis.

The government has vowed "to support promising sectors and foster their success so that they become new pillars of our economy. In the manufacturing sector, we will work towards localizing renewable energy and industrial equipment sectors."

In addition, the government pledges "to create suitable job opportunities for our citizens by supporting small and medium-sized entrepreneurship, privatization and investments in new industries."

Among the bold steps Vision 2030 envisions are developing a local automotive and parts industry, localizing pharmaceutical manufacturing and biotech development, building production centers for light industry and developing a military manufacturing capability.

Business Continuity

One of the booming sectors which local industries are supplying is construction and the Al Nasser Group is playing a major role in providing a full range of lighting solutions for housing, commercial and government projects across the kingdom.

CEO Waseem Al-Marzoki joined the company in 2019 after being headhunted by the group. "My role was to guide the group through a transition of restructuring and reorganizing. Al Nasser is medium size company with deep roots and has the potential to become a large enterprise," he explains.

Founded in 1976, over the years Al Nasser has evolved into a group which covers the entire lighting sector.

Its Noortek division manufactures high-end professional lighting for streets, tunnels, offices, retail stores, industry, hospitals and schools, while Al Nasser Pro offers indoor and outdoor lighting, building control systems and surveillance cameras and security solutions.

The Sidra brand is dedicated to wholesale, energy saving commercial lighting, Al Nasser Solutions offers building controls, lighting equipment, alarm systems and IoT for smart home configurations, and Al Nasser Company is the group's retail branch with shops around the kingdom.

"When I arrived there were all these regulations regarding importing goods with new certification schemes so there was a shortage of product. It was a challenging time for the group," the executive recalls.

"In my first year it was supposed to be clean up and restructuring and we had to take down the walls between the various divisions, so I restructured it into three main business units.

"One was for projects which is mostly manufacturing, one for retail which is the traditional business thing to do, and lastly wholesale which is kind of a combination of the other two," he says.

Al-Marzoki's solution was to put all the group's marketing, finance and other activities together and consolidate operations based on function. But then the pandemic arrived.

"We had a lot of big projects like, for



WASEEM AL-MARZOKI

CEO OF AL NASSER GROUP

"RIYADH METRO, THE G-20 SUMMIT AND THE AIRPORT ARE SOME OF OUR PROJECTS"



example, supplying the lighting for the Riyadh metro. The G-20 was to meet here and there was all this pressure to finish one line from the airport to the financial district metro station," the CEO says.

"Our supplier is in China and all of a sudden all of China goes on their yearly New Year holiday, then its Covid-19 and there is no air freight for our products to get here because all the air cargo is carrying medical supplies."

When the government ordered the country into lockdown, the Al Nasser group was able to keep working at a minimum level as it provided lighting for vital sectors like highways, hospitals and medical centers.

But its retail shops were closed down due to the pandemic.

"Two things for us were critical, minimize the pandemic's impact and maximize our business continuity. So we offered vacations to those who wanted

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 Founding 1976 شركة الناصر ALNASSER CO.	 شركة الناصر New Brand Nplus / Ngold 1990	 Noortek More Light Established 2009	 Al Nasser Pro Professional Lighting and Controls Established 2011	 Sidra Established 2014	 Nexo Designed & Made in KSA 2019	 Al Nasser Solutions Architectural Lighting Smart & Security Solutions 2021
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them and boosted our online business with our existing sales staff.

“We had a difficult two months which were namely April and May. But we used the downtime to train our staff, the Saudi government offered to cover some of our personnel costs and banks were told to extend loans from the Central Bank,” Al-Marzoki says.

However, large projects had been pushed back by one or two years which forced the group to renegotiate contracts on retail outlets, warehouses and other real estate. At the same time, the company took advantage of government support programs and worked with its banks on loan extensions.

“We had lots of product in stock, we kept the warehouses up and running, we did a strong retail campaign and we covered the losses of the two bad months and in June we were back.”

“The end of last year closed with two business divisions profitable and one at a loss. But overall it was profitable for the group as a whole,” he says.

The Al Nasser group has started to work on several of Saudi Arabia’s mega-projects and is developing new green products now much in demand. “Solar,” the CEO says, “has become paramount.”

The country’s economy is returning to buoyancy and Al-Mazoki urges interested foreign investors to jump in with both feet.

“These companies have to be here so they can get proper access to the market and not try to do it from far away. It’s not an easy market to understand and it is so big so you have to have boots on the ground to be successful here.”

A long term perspective is also given by Mohammed Ali Al Nasser, a second generation shareholder and board member of the the group, that was founded back in 1973 by his late father.

“Vision 2030 has brought a mostly positive impact, especially when it comes to the Ministry of Industry, enforcing regu-



AHMED HAMAD AL SAID

FOUNDER OF HERFY FOOD SERVICES CO.

“THE BAKERY AND THE MEAT PROCESSING OPERATIONS ARE SEEING A HEALTHY DEMAND”



lations towards helping the Saudi Industry to progress, specially in times of Covid.

Optimism is created by people, and it can infect the whole Industry. We have to be optimistic and we are looking at growth in the next few years,” he says.

International Expansion

A Saudi company which is reversing the usual foreign investment scenario by opening branches abroad is Herfy, the kingdom’s biggest fast food chain and which this year is celebrating its 40th anniversary.

“Our first branch opened in 1981 and since then the company has passed through many stages of development partner wise,” recalls Ahmed Hamad Al Said, founder and ex-CEO of the publically-listed company.

“It was my vision to establish a fast food chain and slowly we added outlets, 3,4,5,8,12 and so on until today we have



close to 400 restaurants all across Saudi Arabia,” he says.

“We also have ten branches in Kuwait, four branches in Bangladesh and we’re negotiating outlets in Nigeria, Uzbekistan and Pakistan.”

Like its multinational competitors, Herfy adheres to a strict formula to attract and keep customers such as clean and well-lit premises, a varied and tasty menu of meat, chicken and fish items, a range of side dishes, plus a children’s play area and drive-thru and delivery services.

Herfy operates its own bakeries and meat packing operations, and supplies other companies. In its home market, the company has taken on and beaten its foreign fast food rivals and is a popular investment for franchisees.

“In our franchise operations we borrowed from McDonald’s in the United States the model of owning the properties and renting them to our franchisees, and it has worked out well,” Al Said says.

As with restaurant operators around the world, the Covid-19 pandemic hit Herfy’s hard, especially at its dozens of outlets in malls which were shut during the lockdown.

But the company is now experiencing a solid recovery thanks to a major marketing effort and maintaining its price structure.

“We are now seeing very good sales compared not to 2020 but to 2019 before the crisis even began,” the executive explains. “The bakery and meat processing operations are also experiencing healthy demand.”

“And we expect the business to continue flourishing, along with the Saudi stock market and the economy as a whole. And a lot of this has to do with Vision 2030 which brought in young ministers to the government with solid business experience.”

Al Said says the biggest challenge on the horizon for the company could be human resources. With more than 5,000 employees, Herfy has to maintain a certain percentage of local staff at each level to satisfy the government’s Saudization quotas.

“We are trying to fill the slots for Saudis in all our operations such as restaurants, production facilities and the offices. At the same time, the costs of employing foreign workers are becoming higher for everyone now.

“But everything has a solution. And the key to this solution is reducing costs and looking for the best in our Saudi employees so we can put them in very good positions,” he says.

Overall, Al Said sees a smooth road ahead and is confident the next generations will benefit from the positive changes Saudi Arabia is undergoing.

“We’ve optimistic and happy about what is coming for our sons and daughters and the following generations, helped along by the government and the private sector under Vision 2030.”

On-Line Presence

The new Saudi Arabia has certainly directly benefitted Mathaq United Company, a sweets producer of the Sugar Coated brand, and the logistics and transport firm Cloud Shelf.

“Mathaq is the mother of multiple brands and we were established in 2016 so we have lived through the changes which Vision 2030 has brought about,” says founder and CEO Ibrahim Alsegayyir.

“We set up the Sugar Coated brand before the Vision was announced and another company afterwards. It took us 18 months between setting up the first company until we were selling our first products.

“But for the second company, it took less than a week. It’s as if we’re in another country,” he explains.

The CEO credits the new emphasis on e-government for the improvement, allowing companies to get all the licenses, pay fees, etc. through the official portal.

At the same time, he lauds the Internet for helping Sugar Coated survive the



**IBRAHIM
ALSEGAYYIR**

FOUNDER OF
MATHAQ
UNITED CO. &
CLOUD SHELF

“WE WENT ON-LINE TO LURE OUR OFF-LINE CUSTOMERS, IT WORKED OUT WONDERFULLY”



pandemic and for providing the tools for creating Cloud Shelf. Sugar Coated produces and markets cakes and other sweets based on chocolate, dates, coffee and nuts.

“When the pandemic hit, all of our more than 200 distributors shut down, selling zero and our sales dropped by 42 percent. But we already had an online presence in which individuals could order our products and they’d be delivered within less than two hours,” he says.

“So we launched a campaign to lure our off-line customers, those who usually bought our products in shops, to go on-line and order what they wanted with our promise of prompt delivery. And it worked wonderfully.”

Sugar Coated ended up doubling sales and having a better 2020 than 2019. This year, Alsegayyir is hoping to double that figure again.

Online retailing also was instrumental in his latest venture, Cloud Shelf which



offers logistical, inventory and transport solutions for local companies.

A client’s products are received and inventoried at Cloud Shelf’s warehouses, placed in the appropriate dry, chilled or frozen storage section, processes orders from the final purchaser and arranges delivery.

“A lot of people are making sweets at home and selling them online through websites and food delivery applications,” the executive explains. “But we take care of all the other stuff so they can focus on production.”

Alsegayyir says he has exciting plans for the group over the next several years, including the export of Sugar Coated’s products to Europe and the United States, and setting up branches of Cloud Shelf outside the kingdom.

“The government is being very helpful in promoting export and expansion by Saudi companies and we’re going to use that assistance in creating a new international presence for Mathaq United Company!”

Investment Opportunities

Seeking out opportunities is the lifeblood of SADIG, established ten years ago to focus on downstream industries and consultancy services and boost diversification, innovation and job generation, three of the principal goals of Vision 2030.

“I established a small group in 2011 for developing and investing mostly in the chemical industry,” explains co-founder and Managing Director Ahmad Alubaid. “We look for opportunities built around that sector bringing the right technology and the right knowledge to develop projects in which we then invest.”

SADIG welcomes both local and international strategic partnerships that bring in technology, experience, and opens foreign market possibilities.

Besides the obvious opportunities in the kingdom such as hydrocarbons, machinery, energy and minerals, the executive sees real potential in everything from the automotive to pharmaceuticals and food industries.

Saudi Arabia’s geographic location situated between Europe, Asia and Africa is a clear advantage for export-oriented industries.

“At this stage my group is looking at specialty chemical and petrochemical investments. We are developing an integrated project right now that has been



AHMAD ALUBAID

MANAGING DIRECTOR OF SADIG

“WITH THE RIGHT PRICING SYSTEM FOR ENERGY MANY PROJECTS CAN BE FEASIBLE”



approved by the government and starts with phosphorus from phosphate rocks and downstream becomes 20 or 30 specialty chemicals,” Alubaid says.

“It took us several years to develop this and the project is in two parts, one with an Italian partner and the other with a German partner. There are also Saudi investors with us.”

The managing director is particularly excited about Vision 2030’s proposed partnership with the private sector, helping both large and small enterprises.

“The investments from the participating companies in this program will definitely drive further growth and create more opportunities for local businesses” he says.

“However, these projects should be fea-



sible, sustainable, and based on sound economics. Additionally, there has to be a fair governance for incentives, pricing for feed stocks and energy, and transparency for the investor, whether local or international.”

And the managing director sees Vision 2030 as invaluable for not only for improving the business environment for the private sector but also for a less tangible transformation, that of the Saudi mindset.

“Vision 2030 led by Crown Prince Mohammad bin Salman makes an even bigger change in the ambitions and dreams of the local business community and for the younger generation in Saudi Arabia.

“It will take a lot of effort and resources to build it, but it brings more energy and momentum to the thoughts and objectives of the people. It’s not simple because we are moving from one business environment to another, however I am confident the outcome will be great.”

Industrial Growth

Long experience in Saudi Arabia and much of the rest of the Middle East has provided Ahmed Elewa with a unique take on Vision 2030 which has taken on new importance since named CEO of Saudi Lime at the beginning of the year.

“I come from a financial background and have worked not only in the kingdom but also in Bahrain, Kuwait, Egypt, Sudan and Tunisia. And I was CEO of a fuel terminal company at the port in Jeddah,” he says.

“So I can see that Vision 2030 is going to help not only our industry but also the economy as a whole because after 80 years of largely focusing on oil and gas the government is now concentrating on a lot of other industries.”

Based in the Saudi capital, Saudi Lime was founded in 1977 and today is a regional leader in the supply of limestone rock and its derivatives, as well as limestone bricks and blocks for the construction industry.

Its product line includes dolomite, quick lime, dololime, hydrated lime and dolomitic hydrated lime for applications in the iron and steel, glass, mining, food, agricultural, and pulp and paper industries.

With clients from Saudi Arabia to China, the company posts an annual turnover of around \$53 million and is among the top three lime producers in the kingdom.

Since coming on board, the CEO says



AHMED ELEWA

CEO OF SAUDI LIME

“FUTURE INVESTMENTS WILL INCLUDE AN INCREASE IN OUR ROBOTICS IN THE PROCESSING”



he has made some necessary changes to the company which included creating two brand-new departments, reducing costs across the board and carrying out evaluations of the 400 employees to eliminate redundant positions.

“Future improvements I’d like to see are increasing our robotics in processing and restructuring the sales, services and manufacturing departments. After that is all done, we can talk to our customers about prices and improved quality,” he says.

“That’s very important but we’ve already achieved so much in the past few months of 2021 and that gives me the confidence that we can meet the demands of the market over the next five years and beyond.”



HEALTH 2030

VISION 2030 HAS SHAKEN THE HEALTH INDUSTRY SO OPPORTUNITIES AROUND

One of the key components of Crown Prince Mohammed Bin Salman's ambitious program, Vision 2030, is a sweeping effort to further develop the kingdom's health care system through privatization. And Saudi entrepreneurs and foreign investors are taking note.

Indeed, shortly after Vision 2030 was unveiled, the Ministry of Investment announced that foreign businesses could have 100 percent ownership in health care, among other sectors, opening up opportunities worth \$180 billion.

The privatization program will complement an already impressive public system which provides health care services to more than 31 million citizens and residents, as well as several million visitors during the Hajj and Umrah pilgrimages, through health facilities that include medical complexes, specialized hospitals, university and military hospitals and primary care centers.

A growing population, increased income and the government's plans for the sector mean that there is a very strong market for pharmaceutical goods and medical equipment, with analysts estimating that the Saudi market for medical equipment alone is estimated at just under US\$2 billion and is growing annually at around 10 percent.

High Tech Factory

Taking the plunge into this expanding sector is NABD, a company which has become a medical device manufacturer targeting the Saudi market and eventually exporting to other countries in the region.

"It all began in 2018 when I was in the United Kingdom where I had studied for two degrees in medical imaging and health sciences," recalls Executive Manager and Founder Dr. Abdulrahman Al Quait.

"A friend working here in Saudi Arabia in the catheterization department at a private hospital phoned me to suggest that we needed to stop importing balloon catheters to dilate the coronary artery and make them ourselves.

"But I told him it was impossible to successfully carry out such high-tech manufac-



DR. ABDULRAHMAN AL QUAIT

EXECUTIVE
MANAGER OF
NABD

"WE HAVE BLAZED A TRAIL IN INDUSTRY THAT OTHER SAUDI ENTREPRENEURS CAN FOLLOW"

turing and he said he had found someone in Spain willing to help us," he says.

Two weeks later, Al Quait flew to Spain to meet the Spanish inventor of the catheter, Manuel Parente, the chief of Conic Vascular, who agreed to work with the Saudi entrepreneurs. He then returned to Saudi Arabia to seek out an investor.

"I needed to find someone who was really eager to do something different and be brave because as you know, high-technology medical devices can be very high risk.

"So we found a foreign investor with experience in medical devices but it was still very difficult to get the company off the ground," he explains.

Challenges included dealing with Saudi health authorities, meeting regulatory requirements and searching for and locating a proper factory. "All the factories which were available through the government were too big for our needs, but as our product is very small, we needed a much smaller facility which we eventually found.

"We've invested about \$5.5 million and we're still waiting for some licenses. Also Saudi Arabia doesn't have the capacity to certify a high-risk medical device like ours so we had to go through the U.S. Food and Drug Administration. But with travel restricted due to Covid-19, the factory audit and product approval was delayed."

The company is still having to ship its products to Europe for testing and then shipped back again. And three years after the partners' initial idea, NABD has yet to sell a single coronary balloon catheter.

"But we have succeeded in creating the first high-tech medical factory in the Middle East and because the balloon catheter is the most difficult to produce, we can go on to manufacture four or five critical coronary devices here in Saudi Arabia," he says.

"And this will lead to the further development of a local medical device manufacturing sector and that's great for the country."

With a production capacity of 160,000 balloon catheters, Al Quait plans for 25 percent of the factory's turnout to be sold on the Saudi market and the rest earmarked for other Gulf countries, Egypt, Iraq, Jordan and eventually Africa.

And he credits Vision 2030 with assisting the project.

"Vision 2030 helped us a lot through the Ministry of Industry and what is called 'the medical device cluster scheme.' We worked with ministry officials who tweaked some of the regulations to help us along."

"Another challenge we have is convincing the hospitals to switch to a Saudi-made product after years of them working with big



American medical device companies.”

“But we’ve faced so many obstacles and now we’re on the way to success so I’m confident we’ve blazed a trail that other Saudi entrepreneurs can follow for the betterment of our health care, our economy and our country,” he says.

Future Growth

A company which is involved in several exciting sectors, including health care, in the Saudi economy is Woodmans Saudi, part of the international Woodmans Group which got its start in the United Arab Emirates in 1991.

Besides the U.A.E. and Saudi Arabia, the group is also active in the United Kingdom, India and Ghana with its main business providing turnkey intensive care units, operating theaters, x-ray rooms and many more facilities for cutting-edge hospitals and clinics.

“Along with medical engineering, we are also involved in contracting and steel manufacturing but the medical engineering division is our principal activity in the kingdom,” explains Director Faizal Sirajudeen.

“We also work in Qatar, Kuwait and Bahrain, and for the moment we’re happy staying in the Gulf Cooperation Council.”

Just one example of Woodmans projects for hospitals are modular operating theaters offered in different specifications for a perfect sterilized environment for carrying out any surgical procedure.

The company also provides radiation protection consultancy which includes supplying total x-ray shielding packages, medical gas pipeline systems, steel products for hospital systems and premises, nurse call systems and medical and laboratory furniture, among many other services and products.

“This is a growing sector here in Saudi Arabia and the health care business is



growing faster than any other,” the executive explains. “Of course, the pandemic helped the health care industry and even if the worst of the crisis has passed here, the sector is still on an upward trajectory.”

But Woodmans did not escape totally unscathed by the Covid-19 pandemic with many projects halted by the government and funds held back for projects already in the works.

“The government didn’t release the funds so that led to cash-flow problems for us. This affected not only us but all the small and medium-scale companies. In our case, we had to pay salaries for our 130 employees and cover expenses, so it was quite hard.

“But this year has started out better for us as the government has told us the funds that had been held back were to be released soon. So that means if we resume our projects this year will be better than 2020. But it’s all good as business is sure to grow in the future.”

Even before the pandemic, it was clear to the director that Vision 2030 was reinvigorating the country’s economy with the accompanying positive knock-on effect for companies like Woodmans.

“Prince Mohammad Bin Salman is bringing new ideas, new concepts as he wants the kingdom to develop into a country like you find in Europe,” Sirajudeen says.

“And Europe is also in our plans as we are collaborating more and more with prestigious European companies to bring the finest medical technology to Saudi Arabia.”

As the threat of the pandemic eases and the Saudi economy is once again on the road to prosperity, the director sees the near future as providing an exciting business environment.

“The next three or four years will be very good years, I’m sure of that,” he says.

Great Market

Covid-19 also caused problems for Technology Fundamentals Trading Co., a Riyadh-based firm which imports and distributes medical equipment, supplies and pharmaceutical products, says Managing Director Ashraf El Samman.

“Our company was created in 2016 and I took over as managing director in January 2019. My first year was normal and we were doing very well with our surgical drapes, or gowns for patients undergoing a wide variety of operations,” he recalls.

“We introduced our products to 25 private hospitals so my beginnings here were going well with a turnover around \$2 million.”

But with the arrival of the pandemic, the company’s fortunes changed as the government-ordered measures such as a lockdown and restricting patient visits and surgeries.

“If you were dealing with products related to the coronavirus, you had excellent business, but for companies like ours handling conventional products it was not good,” the executive says.

“With the lockdown and the curfew, patients scheduled for regular operations at hospitals and clinics had their procedures delayed and we ourselves weren’t allowed to visit hospitals on sales calls.”



DR MOHAMMED AL-MISHARI
VICE CHAIRMAN
DR. ABDULRAHMAN AL MISHARI HOSPITAL

“OUR COMMUNITY-BASED HEALTH SYSTEM HAS COPEd WELL WITH THE PANDEMIC”

El Samman tried to adjust to this new reality by importing new products such as pharmaceuticals but was again stymied by the rules banning hospital visits by the firm’s sales staff.

“It was very bad from March until August so we tried to launch these new products in September but this time we faced another problem in that the hospitals had become very conservative regarding spending.

“In fact, some of our products we sold to our clients back in September have still not been paid for more than six months later,” he says.

Sales are now slowing coming back as the market recovers and the managing director says that he expects 2021 to be much improved compared to last year.

Concerning the general economy, El Samman says that Saudi consumers are holding back on spending on big ticket, luxury items but there is still good business in mass market consumer goods.

“People have changed their spending habits and instead of throwing money around like before, you see that they’ve become more conservative,” he explains.

Looking ahead, the executive predicts a return over time to how things were before, encouraged by the government’s new emphasis on supporting the private sector with loans and other instruments to boost local manufacturers of medical goods such as surgery instruments and disposables.

Despite this focus on Saudi companies, El Samman argues that there is still plenty of room for foreign investors in the medical field, especially regarding pharmaceuticals and specialty products.

“I wouldn’t recommend generic drugs because we have more than 14 local manufacturers of generics. But if they have patent-protected pharmaceuticals, or special technology in deliver systems, etc., then Saudi Arabia is a great market.”



Community Medicine

Dr Mohammed Al-Mishari runs one of the most efficient and modern hospital in Riyadh, named after his late father Dr. Abdul Rahman Al Mishari Hospital.

The hospital was actually born out of the early life experience from his father and the smallpox pandemic that ravaged the Middle East in the 1940s.

From that moment he was destined to become a doctor, and after finishing his studies at the Royal College of Obstetrics and Gynaecology in London, he became the first qualified doctor in the Eastern Province.

The hospital was inaugurated in 1987 and today it has become a reference for high quality care in the fields of the fields of gynecology, nutrition and family medicine, among others.

One of the surprises for the wider world is how well the kingdom of Saudi Arabia has dealt with the Covid-19 pandemic, as has been recognized by the WHO.

Dr Al-Mishari has a very clear opinion on how the Kingdom of Saudi Arabia has achieved this major feat “The subject is very complex, but we can summarise it this way: No one was really prepared for a pandemic, here or anywhere.

“But in our community-based health care system we had a number of features that made us better prepared to deal with the Covid-19 pandemic and produced this positive result,” he explains.

“Most countries in Europe were ready for an epidemic, not a pandemic, so most health systems had problems to cope, with it and it has provoked a paradigm shift.”

Dr Al-Mishari believes that the Saudi legislation was better prepared than others in Europe, as virtual medicine has been adapted quicker in Saudi Arabia than in Europe.

At the same time, Saudi Arabia is an advanced country and has the experience to control the yearly Hajj, when millions of pilgrims go to Mecca to fulfil their religious duties, and this has enhanced their experience with controlling communicable diseases such as MERS.

“So once the pandemic landed in the country, our system was uniquely positioned to provide a good level of control, and we have done better than most countries,” he adds, pointing out that data protection laws in Europe has also been one the hurdles that Saudi Arabia did not need to deal with.

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INTERVIEW WITH MR. ABDULLA AL-SUWAYED

General Manager of
ALRAMLY TRADING COMPANY

The sheer diversity of sectors in which it operates has helped this seasoned trading company balance its books during the pandemic of 2020, while the future brings new and exciting opportunities in promoting a local Saudi military industry



Many companies offering a wide range of goods and services across several industries have weathered the effects of the Covid-19 pandemic well as a decrease in business in one sector was balanced by an increase in another.

That has certainly been the case for Alramly Trading Company, according to founder and General Manager Abdulla Al-Suwayed.

"Our group works in many fields – construction, military, security, media and advertising, IT and medical," he explains. "So our diversity has helped us through these rough times in 2020 due to the Covid-19 pandemic, as some sectors struggled and others did not."

"And as can be expected, our medical products division was operating very well throughout the pandemic as we supply face masks, medical gowns and laboratory equipment," the executive says. "So we thrived in this particular sector."

Established back in 2005, Alramly Trading Company's main source of income is its construction division, followed by military and security.

It is a representative as well of the UK-based Aardvark Group, that develops mechanical land mine clearing systems and has contracts with a number of NATO nations including the United States, Canada, the United Kingdom, the Netherlands, Italy and France.

Another subsidiary, SMT, is involved in software development in Saudi Arabia.

"Our newest addition, which we call Alramly for Loyalty, is a specialized service providing loyalty programs for Saudi businesses. Most Saudi banks and big companies have loyalty programs of this type, and we handle the distribution of luxury items for their clients," Al-Suwayed explains.

With more than 100 employees, the group's annual turnover is around \$40 million and the general manager credits Vision 2030 with spurring Alramly's growth in recent years.

WITHOUT THE REFORMS OF VISION 2030, I DON'T BELIEVE WE WOULD HAVE SURVIVED THE PANDEMIC OF 2020

"Vision 2030 has provided a lot of opportunities for companies like ours. The market for us improved remarkably as transparency improved. This is important for the group, because we are involved in a lot of government tenders, both military and non-military," he says.

Bureaucratic reforms and improved online access to government ministries carried out under Vision 2030 have eased the tender process for the private sector from initial contracting to delivery, Al-Suwayed says.

"We started noticing all the opportunities that are available within the Saudi government either for military or non-military goods and services. So I believe that Vision 2030 has provided the whole business sector with new potential."

"This is particularly true regarding the awarding of military contracts," he continues. "Before Vision 2030, it was almost difficult to win them but with the new transparency it has become a more competitive market, and we now know and see exactly what the client requirements are and we can fulfill them."

Alramly Trading Company's various divisions have extensive partnerships with foreign firms and the general manager argues there are lots of opportunities opening up for international firms eager to go into business in the kingdom.

"Saudi Arabia is a very developed country and there are great opportunities for every kind of investment with the government keen to have foreign companies involved in industry and the services sector.

"There is a lot of potential here and the whole investment landscape is very promising indeed," he says.



Looking ahead, Al-Suwayed sees the group becoming one of the leading military manufacturers in the country as it switches from importing to production in that strategic industry.

One obvious sector would be land mine clearing equipment and technologies drawing on the knowledge and skills of its Aardvark partner. Another, the executive says, is ammunition manufacturing.

"We're looking forward to a future spurred by Vision 2030 which we've seen has carried Saudi Arabia forward even through the Covid-19 pandemic," he says. "If it weren't for Vision 2030 and increasing diversity of the Saudi economy, I don't believe we would have survived 2020."

Alramly Trading Company

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TRADE AND LOGISTICS 2030

THE KINGDOM'S LOCATION BRINGS FRESH INVESTMENT TO THE LOGISTICS SECTOR

Saudi Arabia has for many hundreds of years been one of the world's great trading hubs, blessed by its location between the Mediterranean, Asia and Africa and its inhabitants' natural skills in trading and logistics.

The kingdom has retained and built on these advantages, assisted by its position as having the strongest economy in the Middle East, world-class air, land and sea transport infrastructure and its own rapidly expanding population, placing Saudi Arabia among the world's trading powerhouses.

Thanks to these factors, the country consistently ranks in the top 20 of exporters and is the 32nd largest global import market with foreign trade accounting for some 70 per cent of GDP.

According to analysts, these figures are expected to rise thanks to a recovering economy and the economic reforms introduced under the auspices of Crown Prince Mohammad bin Salman's Vision 2030.

With local commercial outfits and logistics companies dominating their respective sectors, executives are looking forward to the expected benefits as the effects of Vision 2030 steadily liberalize the economy and the problems created by the pandemic fade away.

Restructuring Drive

Alkhorayef Commercial, one of Saudi Arabia's largest trading firms, managed to get through the pandemic thanks to intelligent management decisions and a stroke of luck, says CEO Abdullah I. Alkhorayef.

"We continued doing business during the Covid-19 crisis but we were lucky in that in January 2020 we had appointed a consultant to help us rein in operational costs.

"So we sat back and looked into the



ABDULLAH I. ALKHORAYEF

CEO OF ALKHORAYEF COMMERCIAL



"IT WAS OBVIOUS FOR US THAT WE NEEDED TO HAVE A MAJOR CHANGE IN OUR STRUCTURE"

business from a panoramic view, analyzed the structure, the product portfolio and the way we were doing business," he recalls.

Executives realized that their business structure, which was created in 2015 when the Saudi economy was booming, was not up to the challenges of the downturn.

In one of the group's divisions involved in the power sector, business dropped almost 50 percent, from \$380 million to \$200 million. The situation worsened considerably with the pandemic.

"It was very obvious to us that we needed to have a major change in our structure. So, for example, we introduced periods of unpaid leave for most of our 460 employees, myself included as CEO," he says.

"Then we focused on two other areas: inventory and cash flow. We stopped all our orders from suppliers unless it was a customer confirmed order so inventory replenishing was halted.

"And for the sales teams we came up with incentives if they collect from the customers before the payment's due date which helped the cash flow," he says.

All was going well until the government increased VAT from 5 percent to 15 percent in June with Alkhorayef describing July and August as "the two worst months ever."

Company restructuring was next on

the fix-it list featuring a reorganization of the regional management system, a new supply chain and other measures.

Supply chains are key to the success of large commercial firms like Alkhorayef which includes five product divisions: marine, agriculture, power systems, heavy duty handling equipment and motorcycles.

Its suppliers include such world renowned brands as John Deere, Volvo Penta, Dräger, Bauer, Zodiac, ABB, Linde, Kalmar and Hangcha, among others.

Alkhorayef also has its own manufacturing facility for power generators under the brand name Gulf Power using components from leading international companies like Cummins, Perkins, Lister Peter, Mitsubishi, General Electric and Stamford.

The CEO says demand began to recover in late 2020 but that the government and private customers are still cautious because of the pandemic. "There is an obvious slowdown so we have to be very rational concerning our sales prospects," he adds.

But Alkhorayef says that the pandemic has strengthened Vision 2030 and therefore the well-being of the Saudi economy.

"Without having a solid vision in this country, without practical actions on the ground when it comes to manufacturing, agriculture, logistics hubs, tourism and all the rest, we won't succeed after the pandemic.

"Vision 2030 enhanced all these sectors regarding efficiency of individual businesses and that proved invaluable in getting through the pandemic successfully," he argues.

Looking ahead, the CEO says further changes in his company are necessary, with a focus on customer and after sales service.

"If we stand still we would not be able to post impressive profits and my obligation to the shareholders is to have good profits and growth," he explains. "And I have to use whatever tools are available."

Alkhorayef urges international investors to take a good look at the kingdom, especially those companies interesting in industry.

"I see international firms coming with new ideas, especially if they set up manufacturing so as to add value, which is something the government wants very much to happen."

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AHMED AL-ORAINY

CEO OF GASOLINE



“OUR MENTALITY WAS NOT TO LOOSE ANY OF THE HUMAN RESOURCES WE INVESTED IN”

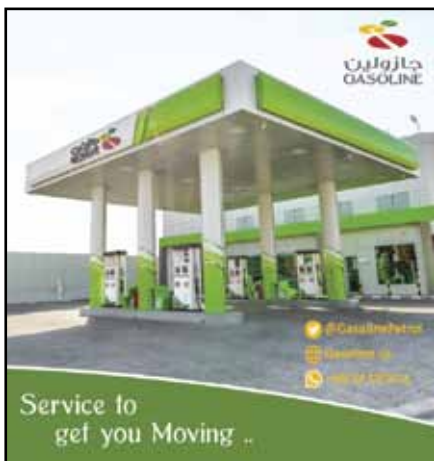
Key Human Resources

Commerce and logistics combine in the activities of the appropriately named Gasoline, a Riyadh-based group involved in gasoline stations, mini-markets, coffee shops, real estate and transport, and which saw its fortunes affected by Covid-19.

“We saw our business slow down and not do as well as we expected,” explains CEO Ahmed Al-Orainy. “Prior to the pandemic we were growing in the coffee shops, grocery stores and transportation, but not in the number of our gas stations.”

“We were also hiring new people then and as the pandemic took hold we did all we could to keep them along with our veteran employees. That was our mentality during the crisis: not lose the human resources we had invested so much in.”

Gasoline’s income dropped but the



group remained stable, the executive says. “We didn’t get help from the government but we managed to power through on our own.”

Along with the Gasoline-branded stations the group operates the brands Gasoline Transport, NOS, Noosh Mart, Noosh Café and Rajeel Real Estate, and its gasoline station division recently got a boost with permission to operate stations on the country’s vast network of highways.

“We had always concentrated on gas stations in cities but now we can expand to the highways and we can open five stations a year under the government regulations.

“Right now we are negotiating to open two new stations, one in the north and the other in the south where we never thought about operating,” Al-Orainy explains.

The CEO argues that companies like Gasoline are perfectly situated in Saudi Arabia given the size of the country and its fuel, transportation and logistics needs.

“For gasoline station operators and transport and logistics this market is a dream as Saudi Arabia is the size of Western Europe or two-thirds the size of India,” he says. “And the cities are very far from each other.

“Everyone, everywhere needs food, medicine and other basic goods so fuel and transportation are excellent sectors to invest in.”

Al-Orainy says despite challenges such as the rise in VAT, the government is on the right track with Vision 2030 and the changes it has brought to the business climate.

“Sometimes it is difficult to keep up with all these changes but that happens when you are transforming from the old era to a new era. One major benefit I would like to highlight is the e-government and on-line services which make it much easier for businesses dealing with bureaucracy,” he says.

Opportunities abound and the CEO sees the group expanding not only at home but also in markets outside Saudi Arabia, specifically in Asia

“I see for us a bigger presence domestically as well as internationally, over the next three years I’d like to see more stability in government regulations as well as Gasoline to be listed on the Saudi stock market!”



“EVERYONE IS FOCUSED IN SAUDI ARABIA AS IT HAS THE BIGGEST MARKET IN THE GCC”

Saudi Arabia Focus

Vision 2030 helped and hindered the Mannasah Holding group which incorporates nine companies, eight in Saudi Arabia and one in the United Arab Emirates, according to owner and CEO Joudallah M. Al-Mutairi.

“Thanks to Vision 2030 we were able to increase our output for contract packaging from our industrial company. We mainly work with Heinkel in that sector,” he says.

“But on the other hand, Vision 2030 brought in higher taxes and increased VAT which cut into our profits, even though we are still a profitable group with an annual revenue of around \$20 million.”

Along with its industrial company, the group’s other divisions are involved in importing medical products and health supplements, food and snacks, and other sectors, employing a total of 500 people.

One of its companies imports LED lights from China and now supplies 20 per cent of the Saudi market in the bulbs which are sold to wholesalers.

“Another benefit of Vision 2030 was that with taxes higher on locally produced goods, our imports became more profitable, and although we import mostly from China, we are expanding our source markets and working to buy more from countries like the Netherlands and Belgium,” Al-Mutairi says.



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