



Saudi Arabia 2022

Vision 2030 has helped the Kingdom overcome the world pandemic and prepare its economy for a sustainable growth in the decades ahead



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INDUSTRY & VISION 2030

THE INDUSTRY'S GROWTH RETURNS AFTER MODON'S POLICIES TAKE FULL EFFECT

Mention "industry" and "Saudi Arabia" in the same breath and images of vast petroleum fields and huge petrochemical plants immediately spring to mind. And while it's true that oil and gas are the Kingdom's main earners, other industries are now getting special attention from the government and investors alike.

This is largely thanks to Crown Prince Mohammad bin Salman's Vision 2030 which is aimed at reducing the country's reliance on fossil fuels and boosting other income sources, especially a diversified industrial base.

Saudi Arabia has an excellent industrial foundation to start from. It already can boast of having the largest industrial output in the Middle East with key sector players in construction materials, food and beverages, plastics, cement and many others.

In 1974, there were only around 200 factories operating in Saudi Arabia and that number rocketed to almost 8,000 by 2018. Over the same period, invested capital, non-oil exports and the number of industrial workers made correspondingly significant gains.

And even though the Covid-19 pandemic forced a brief suspension in industrial activity, these figures are set to rise under the many economic reforms envisaged by Vision 2030 and both the local and foreign business communities have taken note.

According to economists, under Vision 2030, the private sector's contribution to GDP is targeted to grow from 40 per cent to 65 per cent, and along with economic diversification, the plan calls for developing human capital, increasing productivity in key sectors and creating quality employment for Saudis, all of which should trigger unprecedented growth across the economy.

Saudi officials have pledged "to support promising sectors and foster their success so that they become new pillars of our economy. In the manufacturing sector,



KHALID MOHAMMED AL-SALIM
CEO OF MODON SAUDI INDUSTRIAL PROPERTY AUTHORITY

"INVESTORS NOW DEAL ONLY WITH MODON, NOT WITH ALL GOVERNMENT ENTITIES"

we will work towards localizing renewable energy and industrial equipment sectors."

In addition, the government vows "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.

Investor Friendly

A principal player in all of this is the Saudi Industrial Property Authority, or MODON, set up in 2001 for the development and supervision of industrial-use land and integrated infrastructure.

Today, it oversees dozens of existing and developing industrial cities across the Kingdom, in addition to private industrial cities and complexes, which employ hundreds of thousands of Saudi men and women. And progress continues apace, helped by Vision 2030, says CEO Khalid Mohammed Al-Salim.

"Our Ministry of Industry recently announced that we have now 10,000 factories either in operation or in the pipeline and this number is a first for us," he



explains. "Industry is not like trade or tourism in that development takes a lot of time but we see progress with investors.

Sectors which have experienced significant growth over the past several years include medical devices and pharmaceuticals, military equipment and food and beverage.

"The renewable energy sector used to be promising, but then it stopped growing for a time. But now it's back and it was recently announced that 24 new factories will be producing parts for this industry," the executive says.

"This shows the progress from Vision 2030. When the program was first announced a lot of people were questioning whether it would be a real challenge for a country so dependent on petroleum, but it's working and working very well."

Saudi industry in general weathered the Covid-19 crisis fairly well but Al-Salim says there was concern at the beginning that the pandemic could stymie the progress fueled by Vision 2030.

"In 2018 and 2019, Saudi Arabia was opening up to partnerships with international institutions and investors to achieve the Vision 2030 goals," the CEO recalls.

"When Covid-19 hit we wondered whether we could still grow but there was tremendous growth in 2020 as the country wanted to become self-sufficient in many sectors and private investment in ready-built factories tripled from around \$55 million to \$160 million."

"It was a great opportunity to have the investors make a quick decision and invest," he adds.

MODON made investment more attractive by providing discounts of 25 per cent on rents and gave investors a grace period of 90 days on rent deadlines. It also allowed employees to live in the factories to avoid the hassles of mobility restrictions.

At the same time, MODON officials were quick to search out, detect and deal with Covid-19 outbreaks in factories and workers' residential compounds.

"This shows that we in Saudi Arabia care about people, we've mounted a very ambitious vaccination campaign and I believe potential investors take a look at this and appreciate more what a great place the Kingdom is to put their money."

The CEO says that with the pandemic apparently on the wane, international investors are coming back.

"I think the situation was not too clear in the first half of this year but now it's clearer and what we're doing at MODON is upgrading our services in the industrial cities to make them even more attractive for investors, both local and foreign.

"Vision 2030 has made everything easier for investors. Before they had to deal with many government entities but now they come directly to MODON, the land is granted and they can start."

"And now all the ministries are working closely together and cooperating fully with MODON so soon you'll see us involved not only in industry but in transport, high-tech, energy and communications, all to the benefit of the investor."

Demand Recovery

Abdulrahman Al-Areefi, the CEO of Qassim Corrugated Box Factory, or QPack, credits Vision 2030 with opening up new avenues of communication with the Saudi government, easing the way to do business and streamlining the bureaucracy.

"Things have changed a lot over the past three years," he says. "Before this time the government was not focusing on industry and there was no dedicated ministry to which we could address our concerns.

"So some industry leaders went to speak to the crown prince about our problems and he made the Ministry of Industry independent. Since then many things have changed with the government more proactive and the processes are much faster, faster even than in the private sector."

Founded in 2004 in the central Saudi province of Al-Qassim, QPack turns out a wide variety of high-quality printed corrugated cardboard boxes and packaging for everything from bottled water and beverages to fruits and vegetables, and even individual pizzas.



"WE SEE DEMAND COMING BACK, IT'S THE PERFECT TIME TO INVEST IN SAUDI ARABIA"

Produced by a staff of 120, the company's products are distributed all over the Kingdom.

"We were enjoying some good years before the pandemic," Al-Areefi recalls, "with revenue at around \$24 million in 2019. But when Covid-19 happened, demand dropped and we had logistics problems. At the same time, we couldn't buy new equipment or install machinery.

"But now we see demand coming back. We had a good summer which is an important season for us because of the bottled water business, as well as the date season from mid-July to September."

The CEO predicts demand will continue increasing into next year and hopes to engage foreign partners to help meet that demand through improving QPack's manufacturing facility.

"We'd like to upgrade our technology and also open a paper milling company



for raw materials which would, of course, complement our main activity producing our boxes and packing solutions," he says.

"This ties in with our goal of boosting production and sales by 20 per cent over the next three years, as well as improving quality, especially regarding printing.

"It's a perfect time to invest in business in Saudi Arabia for locals and foreigners alike," Al-Areefi exclaims. "Things have changed so much for the better, it's the new Saudi Arabia and it is the time to make money!"





**ABDULRAHMAN
A. AL-MESFER**

CEO OF
CERAMIC PIPES
COMPANY



**“THERE IS A HUGE POTENTIAL
AHEAD, AND I CAN FORESEE
US DOUBLING OUR REVENUE”**

Aligned with 2030

One company based in one of Saudi Arabia’s new industrial cities situated south of Riyadh is Ceramic Pipes Company, or CPC, established in 2007 as a Saudi joint venture to produce ceramic pipes and fittings for sewage works.

“CPC is owned by several big investors with Saudi Ceramics the majority stakeholder with 73 per cent,” CEO Abdulrahman A. Al-Mesfer explains. “I was hired a year ago to solve some of the problems the company was going through.”

The executive says CPC was not that

well positioned in terms of market structure and following the trends of the market. Its former management team had failed to develop a strategy based on the movement of the economy fueled by Vision 2030.

“We were not planning our strategies in alignment with Vision 2030, so we did not have a broader view of the economic changes. The issue was managing day-to-day activities rather than having both: day-to-day, plus strategic views,” he says.

Al-Mesfer says his chief task is to orient the company with the goals of Vision 2030 regarding heavy industry and plans to stay committed to those goals while being flexible in his approach.

CPC’s main product lines include vitrified ceramic pipes and fittings of all types and dimensions which are used primarily in sewage works and manufactured at the company’s plant with an annual production capacity of 60,000 metric tons.

Future plans call for expanding annual production to 100,000 tons and adding a new line of pipes of larger dimensions.

CPC suffered a few hiccups due to the pandemic such as cash flow problems, hikes in the transport costs of raw materials and spare parts from abroad, along with local logistics holdups due to the lockdown.

But the CEO says that things are looking up this year.

“We had a very strong start in terms of cost efficiency because of the resources we’ve developed locally. Plus, the government is starting to reopen projects and our pipes are very well made, don’t leak and

are environmentally friendly,” he explains.

While some of the Kingdom’s mega-projects under development like NEOM and the Red Sea Project will use PVC pipes, Ceramic Pipes Company has been chosen by the government to be the main supplier for the major housing projects being planned.

“We’re also planning to branch out beyond pipes and we have a new ceramic product in mind that has nothing to do with sewage or water supply,” Al-Mesfer says. “So there is huge potential ahead and I can foresee us doubling our annual revenue of \$14 million to \$16 million in the short term.”

Expanding Sales

Vision 2030’s far-reaching infrastructure plans are also welcomed by Malik Fadul Mohamed, the acting general manager of Albilad Concrete Pipe Company and Albilad Polyethylene and Polypropylene Pipes Factory.

“This Vision has been a huge step for the development and the future of the Kingdom and infrastructure is definitely one of the key pillars with all these mega-projects. Hopefully we’ll get involved in some of these in the future,” he says.

Founded in 1980, Albilad manufactures a wide range of concrete pipes from its 47,000-square-meter plant near the capital with an annual production capacity of 400,000 metric tons.

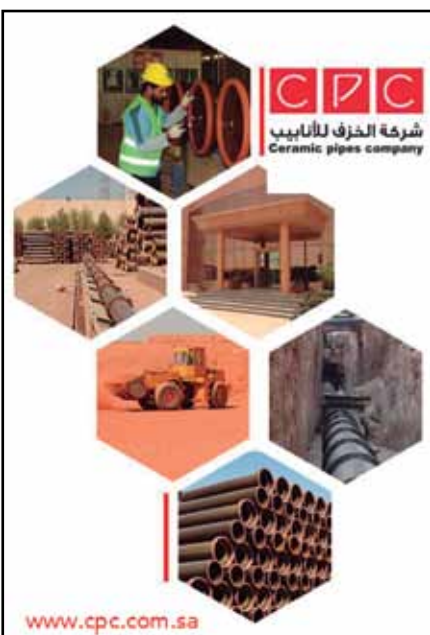
Its product range includes reinforced concrete pipes with or without lining, non-reinforced concrete pipes, reinforced concrete fittings, manholes and catch basins.

“Most of our products are for use in sewage works, storm water management and some irrigation,” the executive explains. “We supply government projects and we have relations with consultancies and contractors working in the infrastructure sector.”

“In 2005, we established our branch factory, Albilad Polyethylene and Polypropylene Pipes Factory, which supplies some of the projects for Saudi-owned Aramco, and we may move soon into SWCC projects for onshore and intake lines as well as sewerage networks and water projects,” he says.

Employing around 300 people between managers and workers, the company enjoys around \$27 million in annual sales which Mohamed says he expects to increase as the effects of the pandemic on business fade.

“With Covid-19, like other companies we halted our activities and so business was reduced. But after a time things began to return to normal and we’re operating





MALIK FADUL MOHAMED

DEPUTY GENERAL MANAGER OF AL-BILAD CONCRETE PIPES



“WITH THE INFRASTRUCTURE PROJECTS ANNOUNCED, WE HAVE A GREAT POTENTIAL”

more or less like we were before.

“I think this year we’ll just about break even, but the hard times seem to be behind us and 2022 and the coming years will be better,” he predicts.

The managing director says he hopes this growth will come through new product lines and the possibility of expanding sales outside the Kingdom particularly in the GCC region.

“In most cases we prefer to have a local partner in marketing. On the technology side, we have partnerships with firms in Germany and Denmark which supply us with machinery,” he explains.

“So we’re optimistic about the future with all the new infrastructure projects being announced. Saudi Arabia right now has the highest potential in the world for business. I would recommend to anyone to come here and study all the possibilities that have opened up thanks to Vision 2030.”



Record Year

Vision 2030 and its wide-ranging reforms have certainly opened up opportunities at Saudi Paint Company, Ltd, or Paintco, where General Manager Thamer M. Al-Khafrah says one of its key production facilities has a 100 per cent female workforce.

“Our products are paints for different types of surfaces, along with industrial and commercial paints and ink,” he explains. “And we also make aerosols or spray paint and the factory is staffed entirely by women.

“Before, it was very hard to hire women but with the changes coming from the government now it is very easy and we’re very happy with their performance.”

Al-Khafrah says he and fellow executives were optimistic but uncertain of what it all meant when Vision 2030 was first announced. But he has since come around to appreciating everything it is doing for the Saudi economy.

“We read about the project and of course we agreed with the goals but we weren’t really sure where it was going. And it turned out that a lot of the reforms and changes helped us all get through the pandemic,” he says.

“People were staying home but businesses were largely still working, most government projects carried on and it turned out that 2020 was good for us and many of my colleagues in other businesses say the same.”

Founded in 1975, Paintco today has an annual turnover of around \$30 million, a workforce of almost 300 at its two factories and distributes its products not only in the Kingdom but regionally as well.

The staff includes chemists, technicians and more than 100 salespeople.

“We currently export to Kuwait, Dubai, Oman and some African countries and we have agents in Bahrain,” the managing director says. “Right now, exports only account for 5 per cent of sales but we’re hoping to see that increase.

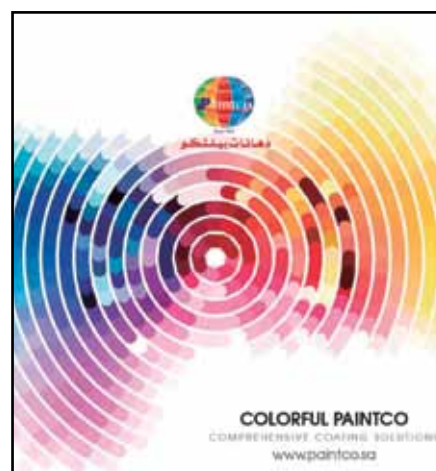
“This year so far hasn’t been as good as 2020 but it’s good enough. Business is different month by month and always goes



“INVESTORS GET MUCH HELP FROM MODON AS WELL AS SAUDI INVESTMENT AUTHORITY”

down in the summer. However, now it’s improving as we expand with more branches.”

“So I’m very confident of a bright future for Paintco with all the construction and infrastructure projects fueling the growth in this sector. And foreigners weighing whether to invest here should take note of all the help they can get from government entities like MODON and the Saudi Investment Authority,” Al-Khafrah says.



SERVICES 2030

WHETHER IN RETAIL, I.T. OR E-COMMERCE, SERVICES ARE BOOMING AFTER THE LONG PANDEMIC RECEDES

Saudi Arabia's robust economy and high personal incomes mean that many sectors are healthy and growing and that includes the diversified services industry which is benefitting from the reforms being carried out under the auspices of Vision 2030.

According to analysts, the services sector accounts for some 50 per cent of the GDP, employs more than 72 per cent 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, interior decorating, food delivery, 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 on the horizon.

International Expansion

Visitors to Saudi Arabia are impressed by the glittering retail and restaurant outlets and one of the companies behind the design of many of these establishments is Wide Views, a contracting and trading firm which in just five years has gone from strength to strength.

"I founded this company in 2016 following a career as an operations manager at a facilities management firm," CEO Ibrahim Mehanna recalls. "We specialize in fit out operations have many leading international and Saudi customers." Wide Views' client list includes Marks & Spencer, Zara,



"TO BE A MULTINATIONAL ONE NEEDS TO BE IN 10 COUNTRIES: WE ARE ON OUR WAY WITH 6"

Subway, Guess, Goodies and many other well-known retail and restaurant brands.

"But we have also worked with important brands like Karam Beirut which is a very well-known restaurant in Beirut, and we've just accomplished their latest huge branch in the Saudi Arabia Al Khobar," the executive says. "It has amazing location site which we were responsible for, and it took a very positive repercussion from people who visit it."

Wide Views is a one-stop shop to fulfill its client needs providing them with design, contracting and furnishing services, relying on its employees' vast experience in their respective fields.

"We do everything from A to Z," he explains. "We do everything from construction to design manufacturing our own lighting and furniture design from our offices in China, plus with our representative in Turkey on special order."

The company employees approximately 570 people with many Saudi citizen in top positions working as managers, accountants and the most important we focus on women role between us."

In Saudi Arabia, the company offices located in many reasons Riyadh, Jeddah and in Eastern Province, along with branches or operations in Jordan, Lebanon, Slovakia, China, and Philippines.

"So, you may say we're a global company and that was always my dream when

I started Wide Views, to someday own a multinational firm," the CEO says. "And from my perspective for this goal you have to be in a minimum of ten countries, and so far, we're on the right track with our expansion in six countries"

When setting up in a new country, Mehanna prefers to go in alone as the main investor except for Jordan where the company has partners. "But there I am in charge of management," he says.

The CEO has welcomed Vision 2030 which he says has made doing business so much easier than before.

"Once Vision 2030 really got going in 2018 you can't compare it with what was like a decade ago. Now days the whole world got smaller using the internet, even governmental procedures through internet connections. Today our government in Saudi Arabia is focused more on building the infrastructure, malls, shops, retail, entertainments centers, everything that facilitate the community life for the country growth. So as a company that I named WIDE VIEWS people will figure out ambition for their and our own benefits.

"In fact, when I saw the potential of Vision 2030, it inspired and excited me to focus more on the design department which now has 12 engineers, working with us" he adds.

Mehanna says among his next goals is to expand to Qatar, one more step towards his dream of working in ten countries. "But foreign investors should know that here in Saudi Arabia is the biggest potential for growth especially in the next three years."





“WE EXPECT TO WORK ON THE CYBERSECURITY OF THE RED SEA PROJECT AND NEOM”

Electronic Threats

Vision 2030’s focus on supercharging Saudi Arabia’s technology sector has been a boon for Stage Systems, a Riyadh-based company which handles a range of projects, says Managing Director Ibrahim Elshamaa.

“It has been excellent for our business because it opened up virtual or e-government for us and also for cybersecurity to protect clients in Saudi Arabia from electronic threats,” he explains.

“This is really dangerous for companies as hackers can attack your data and scoop up any kind of information of your organization. This is the new warfare.”

Established in 2009, Stage Systems offers consultancy, development and data center, network and low current solutions to regional and worldwide clients from its offices in Riyadh and Dubai.

The company also works in data storage, disaster recovery, routing and switching, network security, access control, CCTV, and public address, fire alarm and paging systems.



“One of our projects right now is for the Communications and Information Technology Commission for which we are preparing and implementing the cyber command and control room for monitoring the three communications companies STC, Zain and Mobily,” Elshamaa says.

“We are also working on a big project in the education sector involving 150 schools and we are handling 10 per cent of that project. So 2021 has started out well for us.”

Stage Systems revenue last year was around \$10.5 million and the executive expects that figure to rise to between \$13 million and \$16 million in 2021. And 2022 is also looking good thanks to the mega-projects being developed by the government.

“We expect more work in Riyadh and the NEOM and Red Sea Project,” the managing director says, referring to huge multi-billion-dollar developments going on around the Kingdom.

“For the latter, we’re already in talks with one of the larger companies working there and so we would be a subcontractor on the project,” he explains.

Elshamaa says the only real challenge to growth for the company is financing as banks are only eager to lend to large companies and Stage Systems is not at that level yet.

“However, there is now special banking arrangements for the small and medium-sized companies so this should help.”

Growth could be fueled by the executive’s goal of opening a branch in the United States. Plans were going forward but they were halted by the pandemic, but now they are going ahead.

“In three years’ time I expect us to be a much bigger company and double our revenue to around \$26 million,” he predicts.

“And things are going our way, I’m happy to say. Before, we had the drop in oil prices and then Covid-19. But with the crown prince’s focus on boosting the Saudi tech sector, that creates a lot of opportunities for us and the market.

“And these opportunities are there for foreign investors as well. Now is the time to invest, to do business and as the government has said, foreign companies need to have their regional headquarters here if they want to do business in Saudi Arabia.”



“WE STARTED IN 2016 WITH 75 SHIPMENTS A DAY, NOW WE’VE REACHED OVER 75,000”

Last Mile

Covid-19 dealt a severe blow to many companies and there were some which went out of business because of the lockdown or snafus in their supply chains. But one firm which prospered from the pandemic is delivery company TamEx.

“We were a startup in 2018. At that time only the big international delivery companies like DHL and FedEx were operating in Saudi Arabia so we saw a need and applied for a limited license,” owner Talal Al-Balawi recalls.

“In our first year we posted losses and again in 2019 because no one knew we existed. But then we finally began to grow in 2020 and the pandemic came along, everyone is going online, volume is rising and the big companies can’t handle the demand.”

This was TamEx’s lucky break. With everyone staying home and needing food and other goods delivered, the government decided to open up the sector, grant new licenses and lift restrictions on existing delivery companies.





“Now we have a full license and work across the country,” the executive explains. “Things improved by the end of 2020 and by 2021 we were covering our previous losses and we began to grow.”

“In order to give you an idea of our growth when we began we had 14 employees and only seven shipments a day. Then we had 25 shipments a day and at the end of 2020 we were doing 45,000 shipments a month,” Al-Balawi says.

“Now we’re doing 75,000 shipments a month and our revenue should be around \$1.5 million.”

TamEx’s growth continues despite the slowing of the virus and the opening up of the Saudi economy and daily life. The executive attributes part of that growth to the fact that the company is focused on quality and not just quantity like the big companies.

“Their delivery and shipment processing is not very professional. For example, a recipient is not home when the delivery person stops by so the company tells them to come to the office to pick up the package. That’s not the way it should be done,” he explains.

Al-Balawi credits Vision 2030 with allowing TamEx to start up and exist as the government, realizing how important locally-owned and operated delivery companies were to the economy, allowed them to compete with the likes of DHL and FedEx.

“You could say that Vision 2030 permitted this company to begin and the pandemic permitted to grow,” he says.

“Now, we’re thinking about going in-

ternational. We already cover all the major cities here in Saudi Arabia and we’re considering our expansion into Egypt. We’ve started talks there with a partner because we don’t want to start from scratch.”

As many in the Saudi business community assert, Al-Balawi says that Vision 2030 has eased the process of doing business, from obtaining licenses and permits to doing banking all through the Internet.

“Everything is transparent and clear,” he says. “When you are starting a business the government tells you exactly what you need to do. And this also applies to those potential foreign investors looking to take a chance in one of the world’s most promising markets.”

Personnel is Key

Many other Saudi companies can attribute their creation and growth to Vision 2030 such as Union Skills International, a firm which recruits employees for companies in a number of fields across wide sectors 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.



“HOSPITALITY IS WHERE THE DEMAND IS FOR FOREIGN HUMAN RESOURCES NOW”

“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 started with only 100 but now we have 3,500. On our own permanent 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, transport and warehousing, 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 late last year we began providing recruits from the Middle East, East Asia and Central Asia for our clients and the ministries here guaranteed immigration so this year got off to a great start,” he says.

“In fact, recently 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 and hospitals are also expanding rapidly so I’d like to get just 10 per cent of all this new business!”

One challenge facing recruitment services like Union Skills International is the Saudization program. Alkathiri explain that it is challenging 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 its human resources development fund.”

“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.”

Reliable Supplier

With so much going on in the Kingdom’s economy companies hoping to get in on the action are in dire need of reliable industrial suppliers to ensure guaranteed and rapid delivery of a wide range of goods vital to their business.

This is where Jalib Advanced comes to the rescue, providing high-quality pipes, tubes, fittings, flanges, valves, plates, coils, fasteners, plates and much more, all of top grade carbon steel, stainless steel and alloys.

In addition, its pipe connection systems are much in demand. Manufactured in a cold-press process according to a breakthrough Swiss design, the Bonlok customized connections deliver safe operations without the risk of explosions or fire.

Jalib Advanced’s third product is iron ore, the primary source for the world’s iron and steel industries, including mills in the Kingdom.



ABDULRAHMAN S. ALAWWAD

EXECUTIVE MANAGER OF JALIB ADVANCED

“AT JALIB ADVANCED WE’RE OPEN TO FOREIGN PARTNERS THAT CAN PROVIDE VALUE”



The procurement company’s clients include major industrial sectors such as oil and gas, petrochemicals, chemicals, mining, fertilizer, metals, energy and water. Jalib Advanced prides itself on its critical services dealing with emergency shutdowns, turnarounds and other project needs.

The brainchild of Abdulrahman S. Alawwad, the company was recently created in Jubail to take advantage of the new opportunities, as its executive manager and founder explains, “with the importance of local content and programs like Iktva from Saudi Aramco, it is the right time to invest in local industry.”

With over 30 years experience at Aramco and Sabic, Alawwad saw the opportunity to create the company, banking on his experience in spare parts and the client’s real demands back in 2015.

And as the oil industry recovers, thanks to higher international prices, opportunities for partnership are perhaps better than ever. “We are open for international partners that can bring value to a partnership, and with our knowledge of the market and our experience possibilities are indeed very good,” the manager explains.



Optimistic Outlook

Design is another sector where the full effect of Vision 2030 is being felt, and Crystal Design is a good example of this dynamic environment. Present in different business and based in Riyadh, it is managed by Abdullah Albahooth.

“Crystal Designed was founded by my father, and I took over the management about fifteen years ago. Since Vision 2030 was launched, our sales have been increasing every year,” the owner says.

The company works mostly in creating sign posts for events, companies and the government, and they manufacture their own products. The total manpower is about 150 workers and sales have reached 25 million dollars, and all sectors are profitable.

“Vision 2030 has made us change our strategy to be in line with the Vision, and we have even began working in Dubai lately. While Covid-19 stalled our growth for most of 2020, the government supported our business and in 2021 business seems to be coming back to normal,” Albahooth says.

Looking into the future, the owner is optimistic. “We are starting some new projects in Apps for mobiles, it’s a new business line for us. Vision 2030 is good for the business and will be good for our company. Riyadh Season is a good example on how business is developing, and we will take full advantage of that,” he concludes.



AL QASSIM & VISION 2030

THE CENTRAL SAUDI REGION BANKS ON ITS LOCATION TO PROMOTE ITS FOOD AND INDUSTRY

Saudi Arabia's central province of Al-Qassim is doubly blessed: its central location makes it an ideal location for local companies distributing their products around the large Kingdom, and its extensive ground water deposits make it a natural for the agricultural, food, bottled water and other sectors.

Indeed, the province is home to an estimated 8 million date palms, making it a major supplier of that sweet fruit so popular across the Middle East and which is now enjoying increasing demand around the world.

And in recent years, Al-Qassim has become a major producer of wheat along with citrus fruit, grapes, tomatoes, cucumber and many other vegetables. This has all helped it become known as "the food basket" of the Arabian Peninsula and the richest province in Saudi Arabia.

Saudi's Food Basket

One firm with extensive experience in Al-Qassim's farm and food sector is Mahasil, a part of the Al-Mallouhi group whose president of the board of directors, Sulaiman M. Al-Mallouhi, says the enterprise was launched in 1982.

"That's when we built our first greenhouse of almost 3.5 hectares in Al-Qassim," he recalls. "Then we added seven more greenhouses of 5,000 square meters each with 13,000 tomato, cucumber and sweet pepper plants.

"We kept increasing our farms to 22 hectares with 44 separate greenhouses just for vegetables and in 2015 we opened our 9,000-square-meter date factory and cold storage for 5,000 metric tons."



SULAIMAN M. AL-MALLOUHI

CHAIRMAN OF MAHASIL AGRICULTURE

"IN 2015 WE OPENED OUR 9,000 SQM DATE FACTORY & A 5,000 MT COLD STORAGE"



"And as soon as we opened that facility, demand skyrocketed so we had to add cold storage for another 5,000 metric tons," he says.

In an often unforgiving climate and with water resources so precious, Mahasil uses the latest technology like hydroponics and methods that utilize substrates instead of soil to dramatically reduce water use.

Information technology is also key to the company's success. A state-of-the-art computer system supplied by a Netherlands-based firm controls the climate, cooling, water management and energy use in Mahasil's vast greenhouses.

"Our methods not only cut down on water use which is so important in this country, but also provide our vegetables with more nutritional value and also make them juicier and tastier," explains Mohammed Sulaiman Al-Mallouhi, the CEO of Mahasil.

"This gives us an advantage as over the past few decades, Saudi consumers have become more globalized, more knowledgeable about food and therefore more demanding. This new generation are more aware of what they want, what they need and where to get it," he says.



MOHAMMED SUALIMAN AL-MALLOUHI

CEO OF MAHASIL AGRICULTURE

"OUR METHODS GIVE US AN ADVANTAGE TO REACH THE MODERN SAUDI CONSUMER"



"And I believe in the coming years the food industry will undergo tremendous change in how food is grown, produced, presented and marketed through social media channels like e-commerce."

Another major social change in Saudi Arabia which has also affected the company is the dramatic increase in the number of women working at Mahasil, thanks largely to the government encouraging female employment under Visions 2030.

"We are now attracting and employing very creative, very capable and very motivated women in different positions," the CEO says. "We're seeing this more and more in daily life and getting support from the Saudi government for all of this."

Vision 2030, the government program to overhaul the Saudi economy through major reforms, is also helping companies like Mahasil boost exports, especially such iconic Saudi products as dates.

"The Ministry of Trade and the agricultural sector are coming up with a new strategy for exporting dates worldwide because right here in Al-Qassim we produce something like three hundred thousand tons annually," Al-Mallouhi says.

"So that's an indication of the potential

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of the food industry in this country. Saudi companies will be the lead exporters and that will help us open the door to exporting other varieties of our products.”

Although the food industry, like so many others, underwent a downturn in business due to the Covid-19 pandemic, the general manager says he’s confident growth is on the horizon, both for the Saudi economy in general and his company in particular.

“In three to five years, technology will have helped us to increase our greenhouse sites and we’ll have a wider selection of products,” he predicts. “So I hope we’ll be achieving our short to mid-term goals with a clear position in the market and be the first choice for our customers.”

Export Potential

New developments for the better in the Saudi food sector thanks to Vision 2030 are also on the mind of Kamal Khudari, the general manager of the family-owned and operated Muzzna/ Hala Aljazeera sweets company.

“In Saudi Arabia now everything has changed because of the crown prince’s program and there are challenges,” he explains. “It’s not like before as everything has to be perfect and have nutrition facts and other information on the packaging.

“It’s all to a very high standard and that’s good because in other countries now there is a lot more trust in Saudi brands. But I’m afraid by the time Vision 2030 wraps up, the weaker companies in this sector will have disappeared.”

Muzzna/Hala Aljazeera company was founded by the general manager’s father in 1966 and he has been at the helm for the past 30 years as the company has grown into a group with four brands of traditional Saudi sweets: Muzzna, Afitos, Wook and Shahham.

Employing around 70 people, the company posts an annual revenue of some \$2 million.

One of its star brands is Muzzna which features traditional bakery goods such as klija, date-filled maamoul, cardamom and cinnamon-flavored oqeel cakes, sesame cookies and others.

Popular across the Arab world, these Saudi sweets may soon find a new fan base in the United States, the general manager says.

“We’re planning on exporting to the States because we already have contacts



there through our export of dates for Arabs living there and for Americans who are now discovering our dates and date products,” he explains.

Muzzna/Hala Al Jazeera was one of the first sweets companies in Saudi Arabia to start up an e-commerce department to deliver its products straight to the customer’s door.

During the pandemic, Khudari says the company had to cease production for seven months while he continued to pay salaries, but now things are slowly getting back to normal although there are still challenges.

“One problem is that the foreign workers are not coming back yet and we could sell more if they were here,” he explains. “For example, we don’t have our foreign sales staff to go around Saudi Arabia and visit clients and distributors.

“Also, during the Covid-19 period raw materials from other countries that we need were not arriving. But now there is



“TANKS TO HIGHER STANDARDS THERE IS A LOT MORE TRUST NOW IN ALL SAUDI BRANDS”

local production of these things so that was one good thing to come out of the pandemic.

“But I think we’ll be fine. Once the labor problem is cleared up I think over the next several years we could double production, double sales and double our size,” he predicts. “We just need the delivery, sales and marketing teams to start up.

“We have trust in the future of Saudi Arabia. Our food and medical products meet world standards and we believe the Kingdom will see more and more of its products exported around the world.”

Seasonal Business

In a region famed for its water, it’s natural that one of the more successful companies in Al-Qassim is dedicated exclusively to providing the plastic caps for bottled water which is vital in a country like Saudi Arabia.

“Our company goes back to 2012 with the idea to manufacture caps and closures for the beverage and food sectors,” recalls Cap House Plastics Factory owner and General Manager Youssef Mansour Allassaf.

“We built the factory in 2014, installed our manufacturing machinery a year later and actual production began in January 2016. After two years in business we realized the name was not that catchy so we





“CONSUMERS IN THE MIDDLE EAST ARE FOLLOWING A MUCH MORE LUXURIOUS LIFE STYLE ”

came up with the brand name PlastiCap to be more specific.”

The company began with two manufacturing lines using machinery from Taiwan. Within a year it was clear that PlastiCap needed to increase production so executives turned to a Canadian and a Swiss company and added two more lines by 2019. The number of employees rose to around 40 and annual revenue was \$3 million.

That year was the best so far for the company, but when the pandemic struck restaurants closed, sales largely dried up and production shut down for four months.

“Things are picking up now and the situation is better,” the general manager says. “But you have to realize that our business is seasonal to a large extent because in Saudi Arabia summertime lasts six months. People can drink four or five bottles of water during one meal.

“But wintertime sales go down. In the summer, our clients may produce 40,000 bottles per hour which is about 10,000 cartons. But in the winter, their sales drop to between 2,000 and 4,000 cartons,” he explains.

Alassaf says Vision 2030 has helped his business by making production, marketing and sales targets much clearer. And the government’s new emphasis on exports is also welcome.



PlastiCap started expanding into the nearby Cooperation Council nations and is now targeting markets in East and West Africa.

“Consumers in our region here, the Middle East, the GCC countries and some in Africa are transforming into a more, let’s say, followers of luxury lifestyle so the markets are there,” the executive says.

“Another interesting market is Iraq where the Saudi government is trying to boost economic cooperation and they prefer the Saudi product. So they are growing and we are receiving lots of calls. There are problems concerning delivery but we’re working on it.”

The general manager praises Al-Qassim as the perfect place to do business because of its central location and easy access to transport infrastructure for distribution.

But, of course, even more important is the province’s huge reserves of underground water, one of the two largest in the country, which supplies the bottled water plants headquartered in Al-Qassim.

Looking to the future, Alassaf says PlastiCap certainly wants to grow, primarily though diversifying its products but staying within the plastics sector as its main supplier Sabic, the petrochemical arm of state petroleum giant Aramco, is close and reliable.

“And Saudi Arabia is a great place to do business and not just for locals. The government is changing its investment policies and is trying to attract foreigners. There is huge, huge potential here as the population’s purchasing power grows,” he says.

“Give it a chance, come and visit and see what’s going on!”



BADER J. ALBURAIDI

GENERAL MANAGER OF ALESTOLAT

“THINGS ARE LOOKING GOOD, SO THE MAIN ISSUE WE FACE IS THE INTERNAL MANAGEMENT”

Best Practice

Water is also the business of Alestolat Establishment for General Contracting, which builds, operates and maintains water treatment plants and wastewater treatment plants from its headquarters in Al-Qassim’s capital city of Buraydah, says owner and General Manager Dr. Bader J. Alburaidi.

“I bought this company in 2012 after resigning from a government position and right now we’re working on gaining different projects with a total budget of around \$27 million,” he says.

“We now have a water treatment plant budgeted at some \$16 million which is 80 per cent complete and should be handed over in a few months. And we have another \$27 million worth of projects in the pipeline pending final approval, including a \$2.5 million project in Makkah”

In a country as arid as Saudi Arabia, water treatment is a vital industry and Alestolat’s 60-strong permanent staff of engineers, foremen and laborers are all highly-trained professionals.

The company uses only the best equipment and methods, and its client list includes government entities like the Ministry of Environment, Water and Agriculture as well as leading private construction companies.

Its sterling reputation ensures the company receives constant contracts, even



during the Covid-19 pandemic, the executive explains.

“The whole world was suffering then, except here in Saudi Arabia where we continued working. A well-managed company will survive through thick and thin, so those not so well managed have to close.

“And Vision 2030 has also helped as before there was lots of work but no clear road map. Now this program has provided us with a clear path and transparency so we know how to plan our business and make our own schedule.”

In 2020, Alestolat posted revenue of \$2.5 million and with business growing, revenue so far this year is \$6 million with total expected revenue for 2021 forecast at between \$8 million and \$9 million.

“So things look good and the only issue we have is internal management,” AlBuraidi explains. “One has to manage oneself and realize you can’t try to grow bigger than your capability.

“For instance, if you finish 40 per cent of one project, then you can take on another so as to grow step-by-step. Some companies go from step one to step five and some of them succeed, but 80 per cent of them will fail.”

Over the short term, the general manager hopes to become more involved in the construction sector as new projects under Vision 2030 go forward and he is open to further cooperation with foreign companies.

“I am already the agent here for a U.S. company and a Japanese company and I am interested in expanding that role,” he says. “But I am selective and if someone asks me to be their agent here I have to make sure it benefits my people and my country.”

“Opportunities are here for foreign investors but they have to be quick. If they study Vision 2030 and can add value to the Saudi economy, they are most welcome!”

Industrial Start Up

Starting a new company is never an easy thing. Yet for Sultan Alreshoodi, founder and manager at Randa factory Chemicals, there is no better time than now, and no better place than Al Qassim.

“We started this business from a small base in 2008, trading and producing chemical products for the industry of Saudi Arabia, with two partners,” he says.

“The strategic location of Al Qassim allows us to go anywhere in the country so we are very well placed, and we are close to Riyadh. But the infrastructure could be better, as most of the improvements are going towards Riyadh.”

With Vision 2030 helping all types of business in the Kingdom expand their international horizons, Alreshoodi wants to sell its product further away.

“We believe we have the potential to sell



MANAGEMENT TEAM
RANDA FACTORY CHEMICALS
AL QASSIM

“THE STRATEGIC LOCATION OF AL QASSIM LETS US GET TO ANYWHERE IN THE COUNTRY”

in the Middle East, and the Vision is giving us the opportunity to become more international and reach other countries,” he explains.

The main challenge remains the transportation costs, but the pandemic did not prove to be such a hindrance. While other companies were closed, Randa Factory for Chemicals was allowed to continue operating during 2020 and 2021.

All this proves that start up companies are more than welcome in many sectors of the economy, and young entrepreneurial Saudis are taking up all kind of opportunities to create firms in Qassim.

“When we started we were only five people, and we have now thirteen workers. While growth stalled during the pandemic, we see now possibilities to become a distributor for international firms willing to reach the Saudi market, specially from Europe. We are ready for that,” he concludes.



INTERVIEW WITH MR. ABDULLAH SULAIMAN AL SUDAIS

Chief Executive Officer of
AL-WATANIA AGRICULTURE HOLDING COMPANY



As a leader in the growing agriculture sector in Saudi Arabia, Al-Watania's CEO agrees that Vision 2030 has brought much needed certainty for its sector, while potential for investment remains strong

Agriculture doesn't spring immediately to mind when discussing Saudi Arabia's more important economic sectors and the question arises of where does one grow crops in all that desert?

But the Kingdom now not only covers its own needs of many fruits and vegetables and meat products but even exports large amounts of some agricultural output abroad.

Much of this is thanks to the wise use of water and extensive government programs which have turned huge once arid parts of the country into viable agricultural land, with the result that Saudi companies involved in agricultural and food production have become true success stories.

One such company is Al-Watania Agriculture Holding Company, a Riyadh-based group established in 1982 as a social initiative to achieve self-sufficiency in food and provide healthy and safe agricultural products for Saudi consumers.

Since then the group has become a leading agricultural producer with four subsidiaries and embraced the sweeping changes brought about by Vision 2030.

"This national transformation program has really helped companies in the food business like ourselves as before nobody knew what the future of food security would be in Saudi Arabia," explains CEO Abdullah Sulaiman Al Sudais.

"You need a plan from the government or the Ministry of Agriculture for that to happen. Now, the government is fully engaged in food production and processing issues."

The group has its own ambitious plans. Already the largest wheat seed producer in the Kingdom, Al-Watania also has 3.5 million olive trees at plantations in the north of the country with a goal of producing 3.5 million liters of high-quality olive oil annually within three to four years.



"We want to triple our wheat-growing areas and eventually double our number of olive trees. Demand for olive oil in Saudi Arabia is growing incredibly because people are demanding healthy and organic food," the executive says.

"In fact, we've been dealing in organic crops since 1996 and now we're the biggest producer of organic food in the entire Kingdom," he adds. Al-Watania also leads in the manufacture of jams, natural honey, fruit pastes, flour, organic pasta, organic groats and other products.

Further plans include expanding the group's six hectares of green houses for cucumbers and tomatoes to 15 hectares (the group is the country's leading producer of tomato paste), and enlarging its current livestock holdings of 30,000 sheep and 600 milk-producing camels.

On the trading side, Al-Watania has 18 sales centers around the country for market-

ing its own home-grown, Saudi-processed products as well as food products from abroad sold under the group's brand name.

Annual revenue is around \$40 million and Al Sudais says the group has a target of increasing that figure to some \$93 million over the next five years.

"Growth is easy if you have a solid foundation, experience and knowledge of the sector, coupled with the increasing demand we're seeing in Saudi Arabia. You just need time to prepare yourself from all the different angles and contract with your clients," he says.

Around 450 employees work at the group's subsidiaries. The National Agricultural Company handles organic produce and is the largest of its kind in the Middle East, while the National Factory for Foodstuff Company is the food processing arm.

Nakheel National Agriculture Company grows, processes and packages organic dates from Al-Watania's 180,000 palm trees, and Organic & Health Products Trading Company runs the group's retail operations.

"We're working to get out the organic market soon because at the end of the day, the market is not as big as non-organic foods," the CEO says. "Plus, organic food costs more





and while customers say they want good, organic foods, they don't want it at any cost."

Although the company suffered during the pandemic because of the scarcity of imported raw materials and rising logistics costs, Al Sudais says 2021 has so far been better for the company than 2020, and he expects the improvement to continue into next year.

But there are challenges and the CEO cites climate change as the one which keeps him up at night.

"It's the weather that is the real concern and we never know what will happen. In 2016, for example, we lost 50 per cent of our production because of frost so climate and the weather will be factors which could upset our plans," he says.

"And as agricultural producers of course we have to focus more and more on water. We're thinking of increasing our technology on the irrigation side as 35 per cent of our costs come from irrigation which is impacted by things like manpower and fuel costs."

The group already follows strict eco-friendly policies using alternative energy sources such as wind, water and solar power and it recycles byproducts like olive peat and tomato pomace, turning them into feed for the company's livestock or as compost for fertilizer.

Other challenges Al-Watania faces are market prices and taxes which the government could raise at any time.

"Another challenge to potential growth is that under the regulations of the Ministry

"THERE IS DEFINATELY MUCH POTENTIAL FOR FOREIGN INVESTMENT IN THE SAUDI AGRICULTURE SECTOR"



of Agriculture we're not allowed to export our products yet, like olive oil, because of the government concerns with food security," Alsudais explains.

"Saudi Arabia is famous for its potatoes and has been for 25 years. In fact, we produce the highest quality potato chips and it would be a great idea for foreign companies to come here and partner with local producers for the

domestic market and eventually to export.

"Something like 95 per cent of the French fries consumed in the Kingdom are imported," he explains.

"So if you have knowledge of growing potatoes, the right technology and a partner to build a factory, the sky is the limit. There is definitely potential here for foreign investors in our sector and in many others."

INTERVIEW WITH MR. OMAR AL DOAILH

Founderv & CEO of
SMT LOGISTICS SOLUTIONS



The Covid-19 pandemic has proven to be a very positive development for SMI Logistics, its founder and CEO explains, as the young company positions itself to take full advantage of Vision 2030 and its main focus on making Saudi Arabia the logistics hub for the Middle East before the decade is out

Saudi Arabia's prime geographical location has long made it a hub for international transport and logistics dating back centuries to when camel caravans crossed the sands of the Arabian Peninsula carrying precious goods to far-flung markets.

Situated on the shores of both the Red Sea and the Arabian Gulf, along with its proximity to Africa and the Mediterranean countries, the Kingdom is also a natural bridge for maritime trade between East and West.

And with the strongest economy in the Middle East by far based on oil exports to foreign markets, world-class transport infrastructure and its own rapidly growing population, Saudi Arabia is today fast becoming a global trade superpower.

Further fueling the country's logistics and transports sector is the new emphasis on exports thanks to the ambitious plans put into place under Crown Prince Mohammad bin Salman's "Vision 2030" which aims to liberalize the Saudi economy.

Taking advantage of the Vision's chances is SMI Logistics, a Riyadh-based Saudi company which has been operating since 2009, says founder and CEO Omar Al Doailh.

"We started SMI to help make Saudi Arabia a global logistics platform by providing multiple logistics and transport services to important sectors in the Kingdom," he recalls.

"And since that time we've expanded into parcel delivery services and most recently we've established our sister company, Last Mile Express, for e-commerce which is growing exponentially in Saudi Arabia."

SMI Logistics offer clients a full range of services. Its international shipping department handles sea, air and land transport worldwide, using the latest technology, well-trained staff and international partners to ensure that its clients' deliveries are carried out rapidly, safely and with a minimum of bu-

"SINCE VISION 2030 HAS BEEN INTRODUCED, BUREAUCRACY IS NOW DONE ONLINE AND THAT HAS BOOSTED BUSINESS"

reaucratic obstacles.

Domestically, the company covers the entire Kingdom from its branches in Riyadh, Jeddah, Dammam and Batha on the border with the United Arab Emirates. It also has offices in Dubai and India.

"Our entire fleet of some 55 late-model heavy transport vehicles are equipped with high-tech follow-up systems that work around the clock to deliver goods to customers' warehouses right on time," the executive says.

SMI Logistics customers using the company's customs clearance services for both import and export activities are offered clearance documents and invoices, import and export tax payment assistance, heavy cargo clearance and the handling of all specialized documents.

The company also offers short and long-term warehousing with secure storage facilities and loading and unloading services, specialized packaging and logistics consulting.

"Our packaging department, for example, is open to meeting any and all needs of our customers as we can handle specialized packing for fragile goods like glass, ceramics, sensitive IT equipment, special machinery and anything else," the founder says.

"SMI Logistics is a truly modern, cutting-edge company and we are adhering to all of the transformative goals of Vision 2030. You can really see the changes this program has brought about in Saudi Arabia."

Al-Doailh explains that in the years before the Vision there were no high-tech systems for dealing with the government bureaucracy as everything was done on paper with no online or other alternative.



"So you had to take the forms and papers to a government office to personally hand them in with all the time, trouble and expense that would entail. But after Vision 2030 was introduced, there has been a complete transformation with everything done online," he says.

"And this boosted our business because we gained a good number of new customers who needed a more professional service like ours which could now match their particular requirements."

SMT Logistics serves a diverse range of

SMT LOGISTICS

SMT EXPRESS

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clients, from small and big local companies to large multinationals and, like companies in a few fortunate sectors, actually handled the crisis brought on by Covid-19 fairly well.

“Honestly, I can say the pandemic was positive for us,” Al Doailh explains. “We definitely saw a huge increase in business from the food and medical supply sectors as can be expected because these are essential products.”

But the downside was the dramatic increase in the cost of shipping containers, in some cases rising five times or more

“So there are obviously two sides to this as our income actually went up, but then so did our costs. Before the pandemic, we could bring in a container from China, for example, for a total of \$2,000, but that has now gone up to between \$9,800 and \$10,000.

“What happened was that our clients in

some sectors like manufacturing, small retail, etc. couldn’t afford these higher costs and so couldn’t make a profit. That meant that from some sectors our business went up and in others it went down,” the CEO says.

“Fortunately now it seems to be stabilizing but we’re still having issues with containers from the United States and Europe.”

As with many Saudi companies, Covid-19 affected its staffing situation as with lockdowns and travel restrictions, many potential employees, mostly from Asia, were not able to return to the Kingdom from their trips home.

Now, SMI Logistics recruits largely from countries whose citizens can openly travel such as Nepal, Bangladesh and Sudan, to add to the increasing number of Saudis applying for positions at the company.

“Unlike before, there is no problem fin-

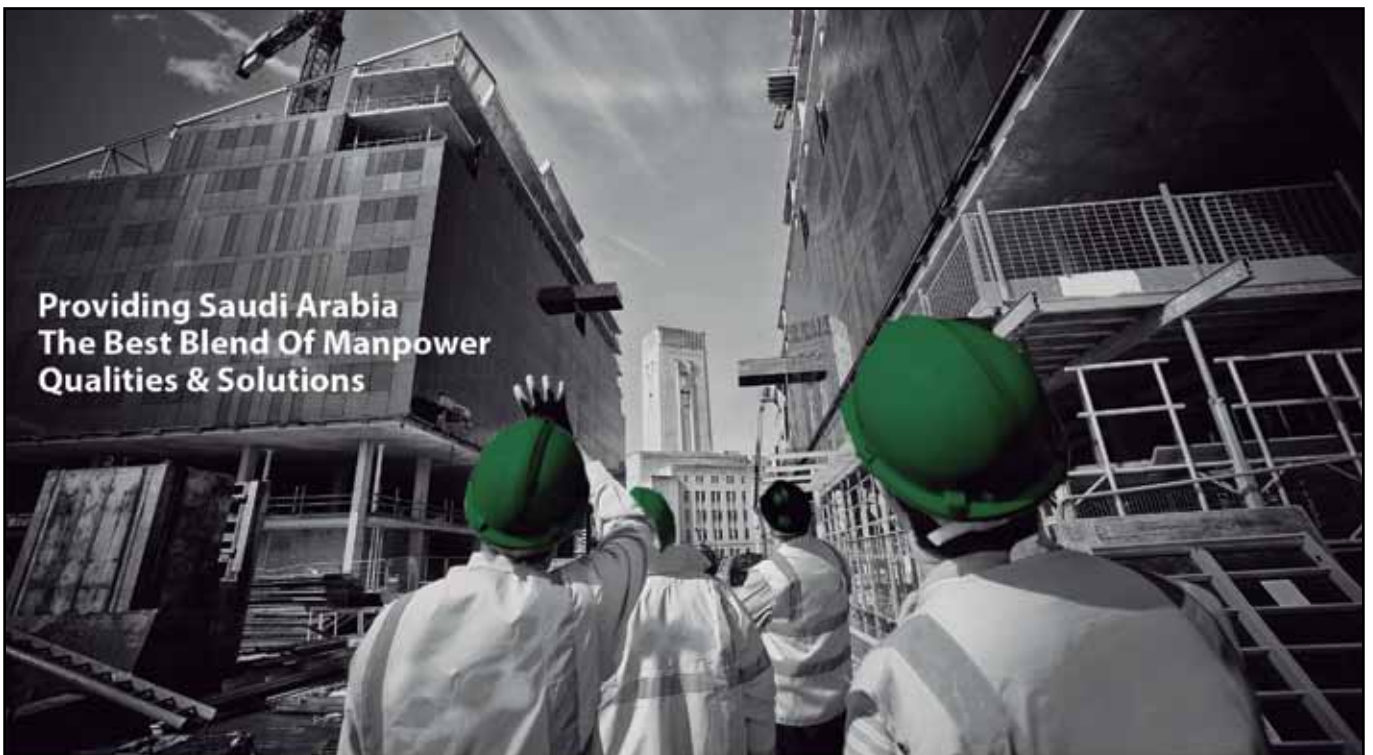
ding Saudi employees as there are so many academies and institutes out there that are providing excellent training for the logistics industry,” the executive says.

“In fact, our staff is now around 30 per cent is Saudi and that will certainly increase over the coming years.”

Looking ahead, Al-Doailh says he hopes to further expand internationally by opening a branch in the United States and domestically by doubling its current fleet of trucks to some 100 vehicles.

“The demand is there,” he says.

“And I’d like to add that we’re open to partnerships with any foreign companies now active in the Saudi market. They need to understand that the Kingdom is not like it was before as it’s become so much more open and it’s so much easier to do business.”



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INTERVIEW WITH MR. GHASSAB S. AL MANDEEL Chief Executive Officer of JAHEZ International



Once the Kingdom went into lockdown at the beginning of 2020, and the e-commerce deliveries shot up, one company was particularly ready to reap the benefits of its previous work. Its founder and CEO explains how JAHEZ took this chance to become one of the most admired companies in Saudi Arabia

The online food delivery business was one of those which defied the challenges of the pandemic and prospered on a worldwide scale because of its effects. That was certainly true in Saudi Arabia.

Connecting through apps to choose and order a meal from restaurants was already well established in the Kingdom before the pandemic, but with the months-long lockdown many people who had yet to use online food delivery services were inclined to do so.

Analysts say that this became a whole new market mainly encompassing more traditional Saudis who had not previously been comfortable with, or trusting of, digital technology with online payments.

Now wielding the apps as deftly as their younger compatriots, these new users are expected to continue ordering meals online even as the pandemic wanes, fueling further growth in the Saudi sector.

A business consultancy which tracks the global online food delivery business valued the Saudi sector at some 510 million in 2020 and predicts that it will grow by 10 per cent annually over the next five years.

Along with the older demographic, young Saudis who are leading increasingly busy lives thanks to new job opportunities and a dramatically expanded choice of leisure activities will turn more and more to the convenience and ease of online food delivery.

Well-traveled and sophisticated when it comes to appreciating fine food, the young Saudis of today are fully familiar with all the cuisines on offer in their country, from local and regional Middle Eastern specialties to dishes from Mexico, Thailand or Italy.

One of the online food delivery companies enjoying this new boom in business is Riyadh-based Jahez which was founded in 2016 just when the recently-announced Vision 2030 was shaking up the Saudi economy.

"Vision 2030 transformed the country with the new emphasis on adapting to cutting-edge technology and the resulting surge in startups. And all of this encouraged us to get involved in the sector," recalls Jahez CEO Ghassab S. Al Mandeel.





"I have a background as an IT engineer and we built on this know-how, plus the expertise from outside Saudi Arabia, all of which gave us the opportunity to be one of the leaders in the technology applied to this very particular business," he says.

This knowhow included how to adapt to artificial intelligence, cybersecurity and automation which could be applied to the online food delivery business.

Adapting and improving on the latest technology helped Jahez when the pandemic struck as the government imposed a slew of new rules and regulations which challenged businesses in all sectors.

"What helped us a lot was the fact that we had built government regulations into our system when we first started. So with the pandemic, our system was ready for things like online registration for our drivers, online registration of the restaurants that we are partnered with and everything else," the executive explains.

"And when there is a change in technology, people will not adapt until they are motivated to, which happened in the pandemic. This helped us to invite the restaurants to learn how to register online, format their menus and many other things which we were doing for them before Covid-19," Al Mandeel says.

"Our system allowed them to do all of this very easily and it also helped the older users get the experience to use the app and learn how easy it is to order and receive their deli-

"WHEN THE PANDEMIC HIT, OUR SYSTEM WAS READY, WITH THE GOVERNMENT REGULATIONS ALL BUILT-IN"

very in just 30 minutes."

Jahez's system is also easily exported as the CEO says they made sure when developing it that it could be adapted anywhere. The company has plans to expand in the Gulf region and eventually go global.

In Saudi Arabia, the company provides its many customers with the ability to order meals three hours ahead of time and track the delivery every step of the way, from the restaurant kitchen to their door. These features will be also incorporated as Jahez opens in other markets.

Along with big international chains like McDonald's and Subway, the company works with small, local restaurants and cafes to offer a full range of cuisines, meals and drinks.

Currently employing over 400 people, and the executive says he's satisfied with the enthusiasm and work ethic of the local employees.

"These people are eager to obtain knowledge and knowhow relevant to this business," he says. "This tells us that the employee wants to evolve because one thing that differentiates Jahez from others in the sector is the environment.

"We ask our staff questions like: 'How do

you add value to the company?' 'What can you give us that is new', so we encourage them to add value even if it means they take to a new job what they have gained with us."

Al Mandeel argues that Vision 2030 has helped the entire Saudi economy, and his company in particular, to embrace the necessary modernization to ensure the country prospers in the future and moves away from its reliance on oil and gas earnings.

"Vision 2030 is being implemented in the correct manner and we see that everywhere," he explains. "And over the years since it was first announced, the changes in the regulations and other practices have made the economy and therefore Jahez more robust."

This transformation has attracted the attention of overseas investors who see Saudi Arabia as a promising market with an expanding, well-paid demographic of young people fully comfortable with new technology.

"With Vision 2030, it is clear that we are acting upon the changes which are happening. There is an honest will in Saudis to see things improve," the CEO says.

"Many of the companies from outside the Kingdom as well as the investors that we have talked to are aware of the undergoing changes upon Saudi Arabia.

"And I firmly believe that we need to open up even more to the outside world, through events like international exhibitions and I think we'll see that happening over the next several years."



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