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NEW VISION 2030 ROCKS JEDDAH'S INDUSTRY

A BOLD AND TIMELY PLAN
GIVES INDUSTRY IN JEDDAH
A VERY WELCOMED BOOST

With diversification of Saudi Arabia's oil-dependent economy as outlined by Deputy Crown Prince Mohammed Bin Salman in his announcement of the sweeping "Vision 2030" reforms, the kingdom's industrial sector stands to be a major beneficiary.

The plan includes ambitious schemes to create quality employment for Saudis, enhance productivity and efficiency in selected industries such as energy, aviation, ITC and healthcare, and develop human capital, among other goals.

Analysts say the plan to diversify has a good chance of succeeding as although much of Saudi Arabia's industry is based on hydrocarbon-based products such as petrochemicals, the country already has a solid manufacturing base in cement, metals, commercial aircraft and ship repair, construction, fertilizer and plastics.

Not long after the announcement, it was clear that foreign investors had taken note and were eager to get in on the ground floor.

In May, US industrial giant GE said it had agreed deals with Saudi officials which could eventually total more than \$3 billion, with \$1 billion worth of projects planned with the Saudi Arabian Industrial Investments Co.

A further \$400 million is earmarked for a casting and forging plant for the country's energy and marine industries due to open in 2020 and create 2,000 new jobs, with another \$2 billion in possible projects in the future.

In announcing the deal, GE CEO Jeffery Immelt stressed his company's confidence in "Vi-



**PRINCE
ABDULAZIZ
BIN TURKI AL
FAISAL**

CHAIRMAN OF
SAUDI
INDUSTRIAL
RESINS (SIR)

**"AS LONG AS OIL PRICES
WERE HIGH THERE WAS NO
REASON TO ROCK THE BOAT"**

sion 2030" and its goals of job creation, increased exports and economic competitiveness.

Rocking the Boat

Leading Saudi industrialist Prince Abdulaziz Bin Turki Al Faisal, the chairman of Jeddah-based Saudi Industry Resins Ltd (SIR), welcomes the new plan, arguing that it signals that the country's leaders now realize that major changes are needed if the country hopes to remain prosperous.

"I don't believe that anyone knew that King Salman would be such an advocate for such a transformation and come up with this idea of a vision which we have to reach," he says.

"In the past, there was never a clear idea of where the government wanted to go economically because as long as oil prices were high there was no reason to rock the boat."

"At the end of the day," he adds, "oil is a revenue stream the government has to use that diversify the economy because the world is changing."

Change has been the mantra for the chairman since he took over the post five years ago after being chosen by the company's shareholders. As a joint venture between foreign partner, Ashland Inc., and private Saudi interests, SIR has to adhere to special rules and regulations.

At the same time, Al Faisal knew that the company had to evolve to meet certain criteria addressing issues such as Saudisation and environmental responsibility.

SIR is the kingdom's leading supplier of unsaturated polyester resins and vinyl ester resins in the Middle East and North Africa regions and distributes a wide range of composite auxiliaries such as catalysts, accelerators and glassfibre.

It is also the distributor for Ashland products and owns extensive storage facilities to ensure there is always enough supply of cost-effective quality materials on hand to meet demand.

"When I became chairman we had just the original factory in Jeddah and then we bought our other factory in Jubail," the chairman recalls. "We have a total staff of around 170 people and our annual turnover is in the area of \$80 million.

Along with Saudi Arabia, SIR distributes its products in Qatar, Kuwait, Jordan, Egypt, the UAE, Lebanon, Tunisia, Yemen, Pakistan, East Africa, Tunisia, Morocco and Sri Lanka.

Competition is one worry for the executive who notes that there are some half-a-dozen resin manufacturers in the country, - about the same number as in the United States which is much larger market - and another six in the UAE.

"It is a demanding market but there is also a lot of growth because Saudi Arabia is growing, the GCC is growing and Egypt is growing and



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we supply all of these markets," he says.

Another challenge is the human resources situation. While the company is fortunate in having Saudi managers with long experience for its two manufacturing facilities, the task of finding Saudi nationals for lower level positions can be daunting.

"We need more qualified locals to fill these positions," the chairman explains. "I would love to hire only Saudis but let's face it, there are jobs that Saudis won't do or are not qualified for.

"We have some Saudi engineers and mechanics but after two or three months they tend to move on. As a relatively small private company it is hard to compete for labour with the big state companies like ARAMCO."

One partial solution to the problem may be the privatization of state enterprises following on the announcement by the deputy crown prince that he supported an initial public offering of ARAMCO, which if carried out would make it the world's most valuable listed company.

"Vision 2030", Al Faisal says, should go a long way to addressing the concerns of a new generation of Saudis, amongst whom he includes himself, eager for change and who are taking up important positions in the government.

"In all the ministries you have young people but there are still people within the system who have that old mentality which we have to basically flush out," he argues.

"Once the younger generation takes charge and begin to move this country forward you will really feel it. Already things are changing like, for example, young Saudis have taken up cycling, they're eating healthy and getting involved in outdoor sports."

"This general attitude is, I believe, where the Vision 2030 came from," he adds.

Another change on its way is increased foreign investment in the country where the op-

portunities are boundless, but local companies are not yet able to meet the demand in such sectors as housing, healthcare and logistics.

"It's a big job and there is a lot to achieve for the future so we will need international companies to come in," he says. "Some rules and regulations need to be changed to make it easier and so that foreign investors have more trust in the system. But more needs to be done."

Young Population

Saudi Arabia's youth demographic is fueling the business hopes of Ayman Bin Talib, the CEO of manufacturer Alhamra Ice Cream Factory, who makes the logical argument that children and young people now and in the future will feed the demand for his company's range of top-quality frozen ice cream.

"This is a huge country and the number of young people is much higher than the number of older folks, of course, so we're making plans to ensure we're ahead of the expected bulge in demand," he explains.

Those plans include boosting Alhamra's employment by 25 per cent to 150 employees, hiring new sales personnel, establishing new sales points and moving to a larger production facility in Jeddah by 2017.

"Revenue will also increase and we expect our current turnover of around \$5 million a year to grow to between \$6 million and \$7 million in 2017," Bin Talib predicts.

"So we will be perfectly positioned to benefit from what we hope will be a huge boost in business helped by the king and the prince's plans encapsulated in "Vision 2030".

Alhamra was founded by Bin Talib's father who started by pedalling soft ice cream along Jeddah's Corniche, the city's famous promenade on the Red Sea, popular then as now with families seeking relief from the heat.

Over the four decades since, the company has become a major player in the local ice cream sector operating cutting-edge production machinery to turn out a wide variety of cones, bars, sandwiches and fruit-flavoured ice lollies under the Ohio ice cream brand.



"My take on our future, and the future of the kingdom, is optimistic and for the same reasons," Bin Talib says. "We both have the resources, the young people and the manpower to ensure our prosperity for decades to come."

Expansion Plans

Another consumer goods company counting on growth from an expanding demographic is Al-Shaerqiah Group which manufactures air fresheners, soaps, shampoos and other personal care products.

Founder and General Manager Mohammed Ali Y. Al-Hindi argues that with the growing and increasingly prosperous middle class in Saudi Arabia, more disposable income means more sales for products like those made in his Jeddah factory.

"Our products are medium-priced, they are not for the superrich who will may be affected most, I think, from the drop in oil prices. Plus, everyone needs soap and these things no matter their station in life.

"Also, the drop in the price of petroleum means cheaper raw materials we use derived from oil so that too has helped us," he points out.

Al-Shaerqiah Group also sells its products regionally, with around 35 per cent of its production earmarked for export to such markets as Jordan, Yemen and Egypt.

"And with the new bridge that was just announced linking Egypt and Saudi Arabia, business can only increase with Africa, plus it will mean cheaper transport costs for our goods.

"There has been some turbulence in these markets because of the current situation but we are doing well through cost reductions. And demand is so good in fact that we are planning a second production facility to add to our exis-

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ting and fully-mechanized 100,000 –square-foot factory,” Al-Hindi says.

With a payroll of 125 employees and annual sales of around \$15 million, Al-Shaerqiah Group certainly has room to grow, helped along by the government’s new emphasis on weaning the country off oil-based earnings.

“We’d also like to partner up with foreign investors,” the general manager says. “Jeddah is a great place for manufacturing as it is the commercial centre of the kingdom of Saudi Arabia and with the port it is easy to export goods. I think these factors make it an ideal investment destination.”

Tourism Growth

Another local businessman bullish on “Vision 2030” is Haitham Ghandoura, the general manager of Al Haykal Co. For Trading & Industry Ltd, a group of four companies involved for a long time in the manufacturing of disposable plastic items for food and beverages and which lately has expanded into construction materials.

“One of the major announcements in the news about “Vision 2030” was the government’s aim to increase the number of religious tourists to 30 million by the target year,” he says.

“This is very significant for us because in Saudi Arabia, tourism means the Hajj and Umrah pilgrimages when millions of Muslims come to our holy cities of Makkah and Madinah from all over the world. They all have to eat and drink and that means big business for our line of disposable plates, cups, spoons and other items.”

With the expected leap in sales, Al Haykal is planning further expansion by consolidating its current four plants into one 50,000-square-metre factory in a Jeddah industrial park. It will also handle the company’s new line of construction materials.

Although the country’s construction sector has suffered from the plunge in oil prices, Ghandoura says it has rebounded lately and sales of the company’s insulation and other materials are healthy.

“We began planning for this move in 2014 and by the time we got all our machinery, the market was a little bit slow. But a government requirement that to save energy all new buildings must be insulated has helped us,” he explains.

Al Haykal currently employs more than 270 people and has an annual turnover of around \$32 million. With the core business booming and construction materials sales expected to follow, the Ghandoura says he sees good days ahead.

“Over the next ten years we’re looking to triple our turnover thanks to the biggest expansion in our business since we started 25 years ago. And if all goes as planned in another 25 years we may even go public.”



Lebanese Expertise

Another company in the sector of disposable plastic containers, Alpha Pack Lebanese Packaging Center, also relies heavily on the tourism industry as it supplies Saudi Airlines with plastic and take-away packaging, with General Manager Muhammad A. Sabra describing the link with the state carrier as “very strategic.”

“The opportunity to work with the airline’s catering service has added great value to the company. We’re based in Jeddah which is the gateway to the holy cities so we are perfectly, and we have offices in Makkah in Madinah for that purpose” he adds.

Employing around 20 people and with an annual turnover of \$5.3 million, Alpha Pack has enjoyed a 4 per cent boost in business so far this year compared to the same period in 2015. The company operates from two factories and imports from Lebanon, Turkey, Egypt and China.

Sabra sees Jeddah as a great place to do business. Its port and other transport links ease the company’s exports as well as imports from Lebanon, Turkey, Egypt and China.

“There is also a lot of industrial space available here and the government is making it easy for us to bring in labour from outside,” he says. “The whole country is opening up and we’re really satisfied that we are here to benefit from that. And this should help us expand and in a few years open up a factory in Lebanon, my home country: that is my dream!”

Commercial Tradition

Construction is the focus of Shaaban Steel which began with one small plant in Jeddah 45 years ago and is now one of the principle suppliers of metal products of all kinds with

plans to export to regional markets.

“We began with around ten workers and now we have more than 150 with an annual turnover of around \$32 million,” explains Managing Director Sammy Saeed Shaaban.

Since I took over the family business in 2003, we have also grown to two operations in Jeddah as well as established our presence in Riyadh and in Damman in the east.”

Shaaban’s Steel strategic five-year plan calls for making further inroads into the domestic market and then covering the rest of the GCC, the Middle East and Africa. At one point the company tried to enter the European market but the timing was not right, Shaaban says.

The company’s product range includes all types of steel products, iron, brass, bronze and aluminium all manufactured to the highest international standards.

“We have a good product and fair prices and we think these foreign markets can easily absorb our output especially with the Arab trade agreement which will do away with customs tariffs.

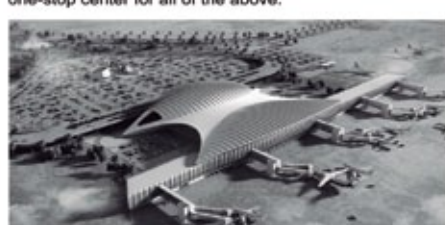
One market where the company is negotiating a possible distributorship deal for its related spare parts and machinery components is Egypt.

“And domestically, with the construction boom, the need for many more housing units and a new generation coming to the fore, demand for steel with certainly grow,” he says.

“The ‘Vision 2030’ concept and things like the king’s visit last year to the United States show that things are beginning to open up. Not just for us Saudis but also for foreign investment and Jeddah, with its commercial history and tradition of looking outwards, is the perfect place for potential investors.”

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CONSTRUCTION HAS BRAND NEW VISION TO GROW

REAL ESTATE PROJECTS REVITALIZE JEDDAH'S CONSTRUCTION SECTOR

These are exciting times in Saudi Arabia where for decades change – whether social, political or economic – moved at the slow, stately pace one expected from a deeply conservative country situated in an often tumultuous region.

But with Deputy Crown Prince Mohammed Bin Salman's unveiling of the "Vision 2030" plan which is meant as a blueprint for the kingdom's immediate future, over the next decade and a half Saudi Arabia could be transformed.

The precipitous plunge in world oil prices, coupled with fresh ideas from the kingdom's new generation of leaders, triggered the strategies contained in "Vision 2013" which has been hailed as a new chapter for the country.

Already, the scheme's calls for weaning the country off its heavy reliance on income from oil, cutting state spending and boosting the role of the private sector are roiling every economic sector.

One of those is the construction and real estate industry, where with many big government projects either being curtailed or handed over to private operators, change is certainly on its way.

Jeddah, the country's second-largest city and long a gateway to the rest of the Kingdom due to its role as a major seaport on the Red Sea and as a transit hub for the Muslim pilgrimage to Makkah, is a case in point.

With supply now catching up with demand for housing, offices, hotels and other

real estate infrastructure in and around the city, rents and purchases are slightly declining or stabilising.

But analysts and industry insiders argue that mega-projects like the new Jeddah airport, new high-speed rail lines connecting Jeddah to the holy cities of Makkah and Madinah, and the major refurbishing in and around the Holy Mosque in Makkah will continue to invigorate the construction and real estate sectors in the region, along with the government's plans to outsource work to the private sector.

Private Demand

"I see two ways in which 'Vision 2030' can hugely impact this business," says Ahmed Koucher, CEO and board member of Saudi Building Material Company (SBM), a major player in the local construction industry. Mr Koucher also chairs the committee of concrete at Jeddah's Chamber of Commerce, and SBM is one of the founders of the National Committee for Ready Mix Concrete under Jeddah's Chamber.

"With privatization of sectors like health care and others, the government will receive a huge source of cash which they will be able to use to fund many new projects.

"At the same time, a lot of activity in our industry now in the hands of the government, such as urban planning, housing, etc., will end up in the hands of the private sector," he says.

"Let's look at housing as an example and a sector on which we keep a close watch. Now, the government does everything from planning to design to development to construction. But the government will now be saying we're not doing this anymore, let's just call in the real estate developers."

Sector analysts agree, explaining that the government will hand over land to developers, give them the specifications of the end product, provide an idea of costs and other guidelines and let these companies build the housing.

With Saudi Arabia needing an estimated three million new homes over the next decade to absorb an expected population increase,



"THE YOUNGER GENERATION HAS BEEN INSPIRED BY THE ANNOUNCED 2030 VISION"

the new plan will provide huge business opportunities for the construction and real estate sectors, they say.

"Saudis will get homes and the government will reach its new targets without having to field huge teams of planners, designers, builders, etc. to get this done," the CEO says.

Founded in 1978 as a joint Finnish-Saudi concern, SBM manufactures and markets ready-mix concrete and also aggregate and sand, chemical admixtures, precast wall panels, boundary wall, hollow core slabs, cladding panels and other construction materials.

Employing around 600 people, the company last year had a turnover of roughly \$70 million, placing it in the midrange of Saudi companies.

SBM has started to bring in specialist in concrete from NRMCA - National Ready Mix Concrete of America - to hold training courses and educate clients, contractors and developers.

Originally based in Jeddah, the company is now expanding and is active in the Red Sea industrial city of Yanbu, where it works closely with state-owned petroleum company, Saudi Aramco, and in the capital Riyadh.

"We opened operations in Riyadh in 2013 with a ready-mix concrete plant and where we are working on the city's new metro system by supplying concrete for the foundations," Koucher explains.

Like other firms involved in construction in the kingdom, SBM is not immune to factors buffeting the sector due to the fall in oil prices and



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resulting constraints on spending, but the executive says that is to be expected in the industry.

“Construction is a cyclical business all over the world, there are peaks and bottoms but as SBM is not a really large company these huge market shifts don’t affect us that much.”

Only around 10 percent of the company’s business is with government projects with the rest coming from the private sector, which also helps.

“Also, we are like the Rolls-Royce of concrete in our region and are known for our top quality product and adhering to U.S. standards and international guidelines so we always have business,” he says.

Kouther sees further opportunity as the country undergoes what could be a profound change, as a new business environment opens up for both Saudi and foreign investors and the young seize fresh opportunities.

“You have to take into account this younger generation who have been inspired by this new vision announced by the government,” he says.

“We have a huge number of young people coming into the work force over the next five years and I think what the crown prince is saying will be a welcome challenge for them.”

Cyclical Business

Business from the private sector is also the mainstay for Specialized Contracting Company (SCC) and its sister-company Cube Metal Industries, both headquartered in Jeddah.

“Our government projects were definitely affected by the economic effects of the oil price slide, but on the private side I have no complaints at all,” says Rayan Dalal, the CEO of Cube Metal Industries and co-CEO of SCC.

“There is still demand for residential projects which is just one of the construction sectors we work with along with building universities, hospitals, office buildings and hotels,” he adds.

Saudi Arabia, Dalal notes, has been through this type of situation before and while this time the crisis may be deeper than those in the past,



he is confident that with hard work, the new government initiatives and enough time, the country’s economy will rise again

“We enjoyed a great boom time and anything that goes up, must come down again. And then go back up!”

Working as general contractors, SCC has completed projects all across the kingdom in Jeddah, Riyadh, Madinah, Makkah, Rabigh and Yanbu, with a current staff level of more than 2,000 employees and recent annual turnover of around \$135 million.

Cube Metal Industries provides designing, engineering, manufacturing and installation of building coverings including curtain wall systems, doors and windows, solar shading systems, skylights, aluminium composite cladding, canopies and other materials.

With its own dedicated manufacturing plant located south of Jeddah, the company can turn out state-of-the-art products from its leading-edge technology boasts a workforce of experienced operators and technicians, some of whom have been in the industry for more than 20 years.

Dalal sees attracting adequate human resources as the construction sector’s biggest

challenge, although the pool of qualified Saudi nationals is improving through the government’s efforts in education.

This is particularly important in light of the official policy of so-called “Saudiazation”, or placing as many locals as possible in businesses in every industry.

“It used to be a challenge but now I feel it is getting easier to find qualified Saudis and especially at Cube Metal Industries we have good locals working in the company,” he says.

“However, we do have to go to recruitment agencies to find people from within the country and from abroad. What we need is a proper system in Saudi Arabia to access the best CV’s from top-notch people with good educations who are looking for jobs.”

Regarding the companies’ home turf, Jeddah and its environs, the CEO argues that there is plenty of more room for growth as the region’s population increases, especially to the north of the city.

“I believe this is the trend of the future. You see growth moving towards Madinah and people there are going to need places to live and shop and have the transport systems and infrastructure, which allow them to do all of this.

“So, yes, construction activity has decreased for the time being, but the demand is still there and it will certainly continue into the future. It’s a good market for the construction industry despite the problems and I’m sure it can only get better,” he says.

International Brand

One young group hedging its bets on the future is Al Hijaz for Development and Real Estate Development by expanding its activities abroad while at the same time adding services for the Saudi and Gulf markets.

“More than three years ago we began carrying out market studies and preparing to launch the company in London, Cairo and Dubai, and we have plans for Turkey,” explains owner and CEO Yasser J. AlAwady. “It’s not easy but I have years of international experience and we have the knowledge to do this suc-

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“BY TRANSFORMING AL HIJAZ GROUP WE WANT TO CREATE AN INTERNATIONAL BRAND”

cessfully.” Africa is also in the group’s sights, especially Morocco.

The Al Hijaz group’s three principle affiliated companies are 7 Sanabel, Al Sanabel Al Mobarekh Trading and Hijaz Events.

In the construction and real estate sectors the group is involved in general contracting, real estate development and management, consultancy and construction management, and design and project management.

Other group activities include trading and supplying and events consultancy and management. Al Sanabel Almobarekh, for example, imports and distributes a wide range of foreign-manufactured bathroom fittings such as sinks, bathtubs, faucets and mirrors.

Its events management company organizes local and international events, supplies tickets and visas for guests, carries out marketing and advertising campaigns and offers training and development programmes.

Construction accounts for around 75 percent of the Al Hijaz group’s business, trading around 15 percent and the rest from real estate and the other activities.

“What we’re doing is transforming the group into a Saudi multinational with operations abroad in selected markets and based in Jeddah. We want to create a international brand!”, the CEO says.

Domestically, the Al Hijaz group’s business is largely focused on government contracts and despite the downturn in spending blamed on the record low oil prices, Alawadi



describes last year’s performance as “not perfect, but it was stable and we have high expectations for 2016.

“What we are doing now is slowly moving away from state contracts to working with the private sector but we’re presently very active in real estate, construction and trading in Makkah where there are a lot government investment going on.”

Another strategy is diversifying the group’s operations. It launched a facility management and security business based in Dubai and which is also active in Saudi Arabia where the CEO says there is a growth market for those services and many others.

“The Saudi market is huge and we need outside knowledge and knowhow and technology to realise its full potential,” he says. “And I think that with ‘Vision 2030’ the opportunities for investors are only going to multiply.”

Dramatic Expansion

Another group active in a range of sectors is Alwatan Al Shamikh Corp. for Construction and Trading founded more than 35 years ago and now is also involved in industry, tourism and health care.

“We started up just at the right time when there was a huge development program by the government in Riyadh, Jeddah and cities in the south,” recalls executive manager Abdul Hakim Al-Kahly.



ENG. ADBUL HAKIM AL KAHLI

EXECUTIVE
MANAGER OF
ALWATANI
ALSHAMIKH

“WE ONLY HAVE THIRTY PERCENT OF THE HOTELS THAT WE SHOULD HAVE”

“Industry, universities and many other sectors expanded dramatically all over the kingdom. And now, King Salman and the Deputy Crown Prince are taking the steps to continue this growth and give a boost to the economy so the country can improve even more.”

Alwatan Al Shamikh Corp. employs just under 500 people from labourers to medical staff in its various subsidiaries. The executive manager sees tourism and health care as the two main growth industries for the group.

“Tourism is not really fully developed in Saudi Arabia when you compare it to other countries of the same size and we only have some 30 percent of the hotels we should have,” he argues.

“And we need to increase the number of attractions for foreign visitors. For example there are some very beautiful islands in the Kingdom like no others, but the business community does nothing to develop them as attractions.”

Al-Kahly says that foreign investors can play a role across all industries in the Kingdom, using the knowhow and local knowledge of Saudi partners and he cites the deputy crown prince’s comments on welcoming foreign investment as a positive sign.

Looking ahead, the executive manager sees the group overcoming the current economic downturn as ‘Vision 2030’ spurs further growth. “There will be huge development in all sectors of industry, education and so on,” he says. “We’ll then be on track back to prosperity and growth.”



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INTERVIEW WITH MR. ALAWI M. BAROUM

Executive Director of BTC Networks

Since its inception forty years ago, the Saudi IT & Telecoms giant Baud Telecom Company (BTC Networks) has grown from a humble beginning to become an over a billion-riyal company that has turned into a reference in its home turf and abroad. As the challenges and opportunities of VISION 2030 become apparent, its executive director explains its immaculate past, lustrous present and readiness for the future

What is BTC Networks nowadays after 40 years of life in the Saudi market?

A.M.B.- Since its inception in 1976, we have transformed from a product oriented company to a systems integrator offering solutions to complex technology integrations. Traditional business models no longer work, so we have reinvented ourselves as technological and economic scenarios evolve. For almost four decades, BTC has helped thousands of companies in and around the kingdom facing tough challenges. From analog to digital, mobile, ICT solutions, data centers to now IoT, from the backroom to the boardroom, BTC delivers the automation, integration, and sophistication that enable the business to perform like never before.

Our core staff is composed of a highly trained and certified staff of 1,250 people, managed by qualified and experienced Country Managers and Regional Managers.

With forty years in the business and having lots of major account customers, we are stable, well-managed and financially sound.

What is your first reaction to the Vision 2030 plan recently announced?

A.M.B.- Ambition is evident and the government appears confident in embracing technology and cultural development in the execution of its plans. There is a pretty strong momentum behind it, and locally there is strong support for Vision 2030. Our Management has conducted many in-house meetings on the Vision 2030 and we are very much enthusiastic and optimistic about it, because as I see it new industries will be developed and lots of integrators and companies will come to Saudi Arabia, which will create substantial opportunities and growth in the market.

The Vision 2030's main focus is in the development of Education, Healthcare and the Hospitality sectors and Security to a certain extent. BTC has a unique opportunity to take advantage from these ambitious NTP 2020 and Vision 2030 because of its experience, strong presence, good relations with vendors, wide customer base and qualified staff.

I believe this vision has a lot to offer and I am optimistic, but the biggest challenge will be the availability of the budgets and the levels of execution.

Will the lack of trained human resources be an obstacle to the Vision 2030 plan?

A.M.B.- Like all over the world, the problems in Saudi Arabia is the same: there's a de-

"LEADING THE WAY, BY 2020, WE WOULD LIKE TO BE A PREFERRED REGIONAL SYSTEM INTEGRATOR TO CATER ANY TYPE OF ICT REQUIREMENTS OF OUR CLIENTS"



ficit of highly skilled human resources to cope with the new innovations and enabling technologies being poured into Saudi Arabia because of the ambitious NTP 2020 and Vision 2030.

With growing day-to-day reliance on technology and the strong emphasis on ICT in the Saudi economy, the need for adequate infrastructure and training for professionals is expected to increase in the coming years. A shortage of skilled local experts without the technical level could hamper the progress, there is a huge need for Saudi ICT professionals, and if the government executes its plan properly and with the help of the private sector, this shortage can be addressed in the coming years, which will also create high-quality job opportunities for Saudis.

Will there be opportunities for more Saudi workers to join BTC Networks or the IT sector in general?

A.M.B.- Definitely there will be lots of job opportunities for Saudi experts and technicians in the ICT field within BTC. We have implemented an extensive plan in the past five years in coordination with Country Managers to increase the ratio of the Saudi employees on various positions and departments. Today at BTC Networks we have currently over 350 Saudi nationals working with us.

We have an education center at BTC Networks where we have labs to train our staff for any product we carry and install. Our staff has continue to successfully complete and receive certifications on various ICT disciplines from our vendors and partners. In addition to that we have created a Saudi female section that was started in BTC for more than 4 years now.

Are you also thinking about venturing into other foreign markets?

A.M.B.- We are already present and operating in Egypt, Lebanon and in Jordan, although our main market is KSA, but our business model for our regional offices is the same, we offer and market solutions, services and products similar to our KSA market in these countries as per our client requirements.



We are always looking to expand our horizons, with over forty years of business success, we've proven that we are committed and cautious of current economic changes and shifts, we will take only those risks that have a high chance of feasibility, survival and growth within the Middle East region, North America and UK if the opportunity evolves. We are actively seeking international partners for cybersecurity and managed services solutions.

Where do you see the problems to overcome to make the VISION 2030 a reality?

A.M.B.- The availability of adequate local Saudi manpower with the right skills and the acceptance of low profile jobs such as technicians seems to hinder the vision. Like any other GCC country, we are also facing shortage of advanced local skills and most sectors face a serious challenge in satisfying the growing technology needs which led to project delays, increased dependence on vendors and lack of adoption of new technologies, budget allocations, seriousness in implementation of the plan. To overcome this issue, there should be changes in the culture and to adopt all level of jobs with serious commitment.

Where would you like BTC Networks to be by the year 2020?

A.M.B.- Innovation and its enabling technologies are part and parcel of any national journey toward a digital economy, and this will be no different for Saudi Arabia. BTC is all set to embrace, introduce and deploy new technologies and innovative solutions across all sectors.

Leading the way, by 2020, we would like to be a preferred regional system integrator to cater any type of ICT requirements of our clients whether it be cybersecurity, managed services, data centers and IoT smart solutions.

JEDDAH'S READY

FROM CONSULTANCY TO EDUCATION VISION 2030 PUTS JEDDAH'S SERVICE INDUSTRY INTO HIGH GEAR

As Deputy Crown Prince Mohammed Bin Salman's "Vision 2030" begins to take hold across Saudi Arabia and its reforms transform the country, companies involved in such sectors as consultancy, architecture, human resources, education and a host of others are sure to benefit.

Also standing to gain are the country's young people and its budding entrepreneurs who will enjoy unprecedented access to a more liberalised economy boosted by new, more business-friendly regulations, a fresh wave of foreign investment and freer business and social environments.

Foreign Investment

Typical of this new generation eagerly embracing the change is Dr Khaled Al-Harthi, the CEO of the ARC Consulting Group based in Jeddah which is involved in management, marketing, franchising, hospitality, web and graphic design, translation and organizing seminars and conferences.

"We started this business 10 years ago when I finished my MBA and doctorate in economics in the United Kingdom and returned to Saudi Arabia. "I believe," he says. "at that time I was the youngest person in Saudi Arabia to set up a consulting firm in this country."

"At the beginning, we concentrated only on management consulting, doing some feasibility studies, business plans and that kind of activity. But then we came up with the new idea at the time of 'concept development' of a full package and sold it to young entrepre-



neurs with limited budgets."

This year, ARC Consulting Group began a free consultancy service to help business people just starting out.

Its management consultancy client services include research and studies, feasibility studies, advice on human resources management, a top quality management strategy aimed at embedding quality awareness across the organization, and preparation of operation, training and product or services assembly manuals.

Saudis who are thinking of taking on a franchise of an established chain can turn to the group for advice on finding the right and reputable franchise operator in which to invest. ARC Consulting will also work hand-in-hand with those companies looking to expand through offering their own franchise network.

In the hospitality sector, the group assists hotels and restaurants by providing business development, management and organization design, identifying strengths and weaknesses, and implementing solutions regarding cost effectiveness, financial stability, customer satisfaction and other concerns.

"We have become a full solution provider for firms and we have clients who require all our services or only one," the CEO explains. "We are also becoming involved in real estate development and in fact we now have three projects in Jeddah and are studying another one in Makkah."

An ARC Consulting sister company, the Diyafa Group of which Dr Al-Harthi is chair-



DR. KHALED AL-HARTHY

CEO OF ARC CONSULTING & DIYAFA GROUP

"FOR FDI JEDDAH IS A LOGICAL CHOICE TO SET A Foothold"

man, operates nine restaurants and catering services in Jeddah. Plans call for expanding the brands into other Gulf Cooperation Council countries as well as Egypt.

"We have many partnerships as I believe these bring in different knowledge, experience and networking opportunities which are so important and even more so in the bigger projects," he says.

Dr Al-Harthi sees potential opportunities in the real estate and retail sectors, especially given the demographics of the country with young people making up 60 per cent of the population.

And he also sees a great need for foreign investors in Saudi Arabia which the country becoming much more attractive for FDI thanks to the reforms announced by the deputy prince.

"We are absolutely dying to bring in foreign investors because they will improve the structure of the economy and bring in new ideas.

"Until now there have been barriers to foreign investment but what Deputy Crown Prince Mohammad Bin Salman is talking about is exactly what we need and he is a visionary guy so that makes us happy."

The group CEO says one of the prime destinations for foreign investment could be King Abdullah Economic City north of Jeddah but notes that the whole region has potential as an investment magnet.

"We are the gateway to Makkah which is expected to attract 30 million pilgrims by 2030 and we have the biggest port in

<p>Over the past nine years, Diyafa Company has built a "proven track record" in successfully developing Food and Beverage brands, and familiarizing them in the local Saudi market of Jeddah. Today Diyafa is working on spreading across Saudi Arabia, and several GCC and Arab countries.</p> <p>www.diyafagroup.com</p>	<p>At ARC we are committed to provide the best Consultancy services at all times and to build long term consulting partnerships by supporting our clients with realistic solutions and hand-on implementation.</p> <p>www.arcksa.com</p>

the Middle East," he says. "At the same time, Jeddah has a very open culture compared to the rest of the country. It is the logical choice for foreigners looking for a foothold in Saudi Arabia."

New Language

One Saudi management consulting firm already feeling the positive effects of "Vision 2030" and its call for attracting foreign partnerships is BASEQAT which recently began talks with a company in Oman, its first foreign contact.

"Things are definitely changing," says co-CEO Abdulrahman M. Alrefaie. "With this initial contact the business is going in the right direction and we are seeking opportunities elsewhere. We will go anywhere to sign up clients.

"At the same time, we would like to focus on the Saudi market as it should be the biggest in the Middle East. Plus, it's one we understand very well and of course it is very convenient to us."

Within the country, the company is also branching out from its largely Jeddah-based clientele and this year started operations in Riyadh which the executive noted is a much larger market than that of the Red Sea coastal city.

"Also, all the big ministries are there as well as the headquarters of all the big companies. With 'Vision 2030', the government sector is changing 180 degrees and we feel it will certainly demand more consultancy services like ours," Alrefaie argues.

Dr. Yassir A Nasief, also BASEQAT's co-CEO, points out that "Privatisation will play a big role because most of the government agencies, especially those in education and health care, are definitely moving towards privatisation in many forms. That



ENG. ABDULRAHMAN M. ALREFAIE
CEO OF BASEQAT CONSULTANCY FIRM

"VISION 2030 IS CHANGING THE GOVERNMENT 180 DEGREES"

process will require a lot of help and I think our firm will see a lot of demand."

These moves to expand are part of BASEQAT'S efforts to continue boosting revenue well beyond this year's target of \$2 million and to reach the goal of being among the ten best management consulting firms in the Middle East by 2020.

Launched in 2011, the firm has served 45 clients so far and its own management team has combined consulting experience of 75 years which will stand BASEQAT in good stead when dealing with the expected challenges as "Vision 2030" transforms the country.

"Regarding the reforms, I see the first priority as developing a new investment law because the current law makes investing here very attractive because there is no tax," Alrefaie says. "However, the law as it now stands is very complicated and we can improve a lot in this area.

"Next, I would like to see an effort in human resources development with investment aimed at qualifying the new generation to take on more responsibilities in light of the coming opportunities."

In order to accomplish this, Mr Alrefaie suggests establishing a top business school locally so the country's big international companies do not have to send their best and brightest tapped for future leadership roles to foreign institutions like INSEAD, Harvard or MIT.

Despite the obvious challenges, the executive sees a new day dawning with the ambitious reforms outlined by the deputy prince.



DR. YASSIR A. NASIEF
CEO OF BASEQAT CONSULTANCY FIRM

"PRIVATIZATION WILL PLAY A BIG ROLE IN EDUCATION & HEALTH"

"The language that was used in presenting 'Vision 2030' is one we have never heard before with the deputy prince talking about data, figures and transparency. The authorities are now calling for more efficiency and that is the core of our business so this is a huge opportunity for BASEQAT," concludes Mr Nasief.

Quality Driven

Also bullish on the new era planned for Saudi Arabia is Ahmed A. Zaidan, founder and president of Edge Architects & Consultants which has prospered from big ticket government contracts since it began in 2004.

But he expresses some concerns about the shift from government-sponsored projects to the private sector.

"Vision 2030 is challenging for all because it doesn't really focus on government spending anymore, it's time to shift development of the economy towards the private sector.

"This will put pressure on us because the government is interested in high-quality in its projects while the private sector is very much price-driven and that opens up the field to a lot of competing firms and quality could suffer," he says.

As the firm's name implies, Edge is known for its forward-looking, state-of-the-art design work and along with architecture offers master planning, urban and interior design, structural and civil engineering, sustainability consulting, hospital and education institution planning, MEP and other services.

Current projects include the design for the King Salman Airport in the south of the

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MASOOD BASHA
DIRECTOR OF IEC ABROAD IN KSA

“SAUDI STUDENTS LIKE TO DO THEIR UNDERGRADUATE WORK IN THE UK AND THEN RETURN”

country, an exhibition centre and two towers for King Abdulaziz University in Jeddah, two research facilities for King Saud University in Riyadh and the Saudi Arabian consulate complex in Karachi, Pakistan.

Along with offices in Jeddah and Riyadh, Edge has an office in Jordan, a design studio in Rome and a coordination office in Zurich.

Quite an achievement for a firm which only began with the dream of one man who started the business on his return from years of study in the United States.

“When I got back to Jeddah I noticed two problems with the architecture here in Jeddah. One, the quality of design was not very high and two, neither was the quality of construction. I also wanted to be my own boss so I established Edge,” Zaidan recalls.

The firm’s president notes that it is ironic that although the company was established to provide Jeddah with a cutting-edge architectural firm able to improve the city’s overall building design, most of its work has been in other cities and regions.

“In fact, our first project was a cardiac centre in the eastern city of Damman and since then hospitals have become a speciality of ours and we have done several of them for clients around the kingdom,” he explains.

“Everything went well until last year when because of the drop in oil prices and our reliance on government projects there were cash flow problems with suppliers, payment delays and things like that. But now all of that is starting to let up,” he says.



“Recovery will take some time and there could be a down cycle for firms in architecture and construction,” he predicts. “We’ll just have to wait and see.”

Saudi executives in constant contact with a broad range of colleagues report that the local business community largely welcomes the proposed reforms under “Vision 2030”.

British Education

And helping young Saudis obtain internationally-recognized degrees from foreign universities is the job of the Saudi office of UK-based IEC Abroad Limited, says regional director Masood Basha.

“We opened our Riyadh office in 2009 and then opened a second office in Jeddah two years later,” he recalls. “This year we expect to send about 750 students from Saudi Arabia to UK universities.”

Basha, an Indian national with extensive experience in the region, and a graduate from University of Salford himself, says his background helps in understanding Saudi students’ needs and concerns when they go abroad to a strange country but that they mostly fit in well despite the culture shock.

Many of the students go to English-language summer camps as teenagers for several years so there is less of a problem with the language barrier once they arrive for the

university courses.

“Even though there are more and more institutions of higher learning here in Saudi Arabia, our numbers are increasing,” he explains. “Saudi students like to do their undergraduate work in the UK, then return here for their masters.”

“We mainly focus on the UK because we work with many universities there and it is the first choice for so many of our students, followed by the United States. The UK is popular because many of the families holiday in that country and it is relatively close, only six hours away.”

Basha says the most popular degrees for student clients are business, civil engineering and project management, with many going on to work in government ministries after graduation.

“Civil engineering is popular because the students see all the infrastructure being developed. Our next step is to develop our business with non-Saudi students in the kingdom and we have had two university fairs at international schools in Riyadh, Jeddah and Damman.”

“With the expected boost to business and other sectors from ‘Vision 2030’, the director says, “a foreign university degree will give the students the confidence and the motivation to succeed in this new era.”





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INTERVIEW WITH DOCTOR EL NAIEM IBRAHIM EL NAIEM

CHIEF EXECUTIVE OFFICER OF THE AL-MOSTAQBAL HOSPITAL IN JEDDAH

Al-Mostaqbal Hospital in South Jeddah has found a particular niche in the fast growing healthcare sector in the red sea coastal city, as its CEO Mr El Naiem explains: to provide an excellent and expert care that matches that of the best institutions in the area, at an affordable cost. To achieve that he relies on his extensive experience in the UK and on the values of transparency, accountability and data analysis

Why did you decide to take the offer to run Al-Mostaqbal Hospital in 1999?

N.I.N.- I came with a British background of running hospitals, because I was working in the UK so when I was given this chance to take over the management, I saw the need to make a difference as the hospital was being acquired by a new owner.

Is he basically in this business only or he is into other businesses as well?

N.I.N.- He has other businesses, but this is the very first time that we would like to do something very different, so we adopted a new management philosophy of providing the best available, affordable and comprehensive and compassionate patient care. We aim to match the excellent and expert care available in the market with the professional legacy in the hospitals, in the orthopaedic and obstetrics together with a very friendly and flexible customer service, and this has required us to treat our patients holistically, discussing and negotiating with them, from their health goals to their financial needs. In south Jeddah many people are below average in the social economic class, and we would like to address this as you may see that other hospitals are very expensive. We would like to provide a very affordable health care and we aim to inspire loyalty by providing affordable health services, this is the challenge to us.

What have been the major challenges in turning the hospital around?

N.I.N.- There are two main things, the medical professionals and the professionals as well as the medical technology. And we had to reinstate these two. So the professionals as well as the medical technology coupled with a good philosophy of quality, this is why we have been targetting on reducing the cost of our services and reducing the cost of technology while at the same time adopting a philosophy of quality. In Al-Mostaqbal hospital the quality of our services is very unique and different.

"WE WOULD LIKE TO PROVIDE AFFORDABLE HEALTH CARE AND INSPIRE THE LOYALTY OF OUR PATIENTS"



Different in which way?

N.I.N.- Many hospitals in the region, they just discovered that what they consider quality accreditation is no more than a world market certificate, and we take it that it should be a part of everyday clinical practice and we have to monitor it and it should be a culture which is spread and enforced and can be translated into loyal medical care. We would like them to enjoy the trust that in good faith our clinical staff give the patients, we tell our employees to be accountable through means of data collection, documentation, clinical audits, clinical meetings, technical committees, early bird meetings, daily census. We take these as a real issues and the focus is to improve the quality of the services that we are presenting while generating sustainable revenues for our growth.

How many people are working in Al-Mostaqbal hospital and what nationalities do they come from ?

N.I.N.- We have around five hundred staff. The nurses are around two hundred, about sixty doctors, and this is the consultant base, and in the whole private hospital and the others there are technicians, administrators, laborers and as a quality issue we don't differentiate the doctor or the housekeepers. Everybody should be treated in a respectable way and they have to behave well for the sake of the patient-centered care. We have all nationalities, Europeans, Filipinos, Egyptians, Sudanese, and Somali, so it's a combination.

How difficult has it been to attract and retain qualified professionals?

N.I.N.- This is real concern. I'll tell you that seventy percent of the professionals in the healthcare sector are foreigners, because we cannot solely rely on the locally trained professionals so we have a real shortage in the human resources. Even in Al-Mostaqbal hospital at the moment we are experiencing a 30% shortage of doctors and nurses, and unlike other healthcare facilities we counter the shortages by having overtime and hiring locals temporarily at a higher cost, but this is not always a perfect way... I am trying to fight this shortage. There are so many reasons and the only solution is to import or to allow more medical professionals to be flown in.

Is Jeddah more interesting for workers to come than other locations in the kingdom?

N.I.N.- Jeddah itself is very attractive for people to work in, it is a cosmopolitan city with many nationalities and a lot of amusement parks, making it more attractive than the other parts of the kingdom but still below compared to others destinations, for example Filipino nurses will work in Saudi Arabia, before they go to Europe and to the USA. I think the most important thing is for Saudi Arabia to address the issue of building the backbone of the medical profession by carrying out stronger trainings linked with universities and hospitals in the world e.g. in the USA, Europe, Canada etc.



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INTERVIEW WITH ENG. FAISAL AL-GAHTANI

Founder & CEO of Diamond Glare

When Saudi entrepreneur Mr Al-Gahtani decided to start his own business, he chose the booming hospitality sector, where he saw not only a growing market but also a distinct lack of competition. A few years after his booming business Diamond Glare designs and builds installations for major hotels and industrial kitchens all across the country, as he expects business to continue growing thanks to the VISION 2030

What did you wanted to do when you founded Diamond Glare?

F.G.- As a matter of fact, I found the area of hospitality in general in Saudi Arabia to be an area where I think there is a great potential of growth, specially when you look at the pilgrims and I knew, five years ago, that the tendency was for the number of visitors to Saudi Arabia as pilgrims to grow, as Hajj and Umrah continue to gain importance.

So, you decided to get into your private business six years ago...

F.G.- Yes, I decided at that time that I would established my business, I personally selected this area where there is not much investment in Saudi Arabia. I am from Jeddah, I am from this area. As a matter of fact, I started my work in Saudi Aramco and I worked there for 23 years.

Can you give me an idea about the size of the company? How many people work here?

F.G.- As a matter of fact, the number of people working in my company is about fifty people and we are geared to projects like for example hotels, industrial kitchens, etc

So, you make turn-key projects, not just the equipment but the whole concept?

F.G.- Yes, the whole concept, we build it from A to Z, as a matter of fact and we take it as a project and we executed and we turn it over to the owner or operator. In 2016 we have another six months to go but my expectation is that we are going to reach 30 to 40 million Saudi riyal.

Most of equipment as I understand is European and American?

F.G.- Yes, European such as Italian brands, German brands, American brands and we are really looking to one portion of the market which is 4 and 5 stars.

"PRODUCING HERE WOULD GIVE US A DEFINITIVE LOGISITICAL ADVANTAGE IN THE MARKET"



Tell me some examples of projects that you have finalized in your particularly progress?

F.G.- As a matter of fact, last year I had a project for Al-Hokair Group called Hilton Double Tree in Riyadh, this is one that I'm really proud of and you know it is almost one year, and I have another project now in Makkah called Park Inn, from the Al Rajhi bank group. They are all now expanding in the area of the hospitality because they think there is a potential.

Do you believe the goal of reaching 30 million pilgrims by 2030 is realistic?

F.G.- I think so; you know this area is what we call here in Saudi Arabia religious tourism. This is an area which has not being really been given the attention it deserved so much in the past, only in last five years they started really doing a lot of projects expansions in the Makkah area, for transport, trains, metro, etc.

How do you differentiate yourself from other companies?

F.G.- First of all, I really look at what the customer really needs and sometimes in this area you don't feel that the people often know what they actually want, so we help them in making the decisions. We are consultants and we do pretty much everything. We tell the customer that this is really fitted for their project, and we recommend them to things in a particular way, this is actually like a side service that we provide for our customers.

Are you looking for more partnerships to strengthen your market position?

F.G.- Yes, that is what we are doing. We are partnering as a matter of fact but now I'm looking for the partnerships where we can start developing plants here in Saudi Arabia

So you actually want to start manufacturing in Saudi Arabia?

F.G.- Yes, that is what I really think, especially in some areas where some products are always needed, such as stainless steel and other materials. That will give us definitely an advantage plus logistically, you know it takes long time to ship things to Saudi Arabia. So, the better option is to have things made here and the things will move faster. It is feasibly I think.

Where do you think your company can be by 2020?

F.G.- I think we will be definitely four times bigger than we are right now. Saudization is one of the things where we need to work on, so as to have more opportunities for our locals, but we need the time to train them properly. There is some problem in the discipline here and the Saudi nationals usually prefer to work on the government sector, but to change this in the attitude of the labour market is a challenge to me. In Saudi Arabia we are optimistic as a matter of fact, you know the Vision 2030 will make a change, will make a strengthen difference in the Saudi market!



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INTERVIEW WITH MR. MUAZ Y. KADI

CEO of Aldiyar United

The move from the residential sector into mixed-use and hospitality marks a new turning point for Jeddah's real estate developer Aldiyar United. As its young CEO explains, there are still many untapped opportunities in the western region, provided that much of the currently undeveloped land comes to market thanks to new fees being levied by the government, and the added thrust from VISION 2030 plan

Can you give me a definition of Aldiyar?

M.Y.K.- Aldiyar United is a real-estate development and investment management company. Regarding our real-estate development, in the past years we were focused primarily on residential projects, now we are introducing new products in the hospitality sector and developing a few mixed projects, as we believe the market needs a specific type of new products for residential, leisure and commercial. We are determined to build projects that raise the standard and position Aldiyar as a preferred developer for investors and clients in the western region. Aldiyar also makes continuous investments in different sectors as part of our risk management strategy, in order to capture certain potential opportunities.

Why did you decide to move from residential to mixed use and basically commercial?

M.Y.K.- Traditional residential projects are becoming high risk for us, for two main reasons. First, the land cost has grown astronomically in the past five years, which increases the selling prices, and therefore makes it hard for buyers to own houses. Second, consumers have become price-sensitive and price-driven. This has forced traditional developers to lower their cost, which eventually will lead to lowering their quality to reach a competitive selling price, and that is something that we never compromise on and is against our core values.

We are still developing residential projects, but we are targeting a different segment. We are focusing more on design and on introducing new facilities that give us a competitive edge. The market is very promising if you know how to position your project. Mixed used projects is also an area of great interest to us. Jeddah needs such projects that have international standards, as the supply is very short.

"THERE'S A SHORTAGE IN SUPPLY AND HOSPITALITY DEMAND IS NOT BEING COVERED"



Do you believe that growth of religious tourism defined in Vision 2030 is realistic?

M.Y.K.- Umrah in the past decade increased from 2 million to 8 million, and by 2020 it will reach up to 14 million, and I think by 2030 it will reach up to 29 or 30 million. As you can see this growth is aggressive, which brings many business opportunities in many crossed sectors.

In the hospitality sector, Makkah and Madinah are reaching saturation level. Then again if you build tents in Makkah and Madinah they will probably be leased. These cities are blessed, and are safe havens for many investors nowadays. Jeddah on the other hand is our focus. In the past decade, the Jeddah hospitality market had stagnated, yet the city lacks proper 5, 4, and 3 stars hotels, Jeddah is still an underdeveloped city.

How's that exactly?

M.Y.K.- The supply doesn't meet the demand, for both residential and leisure, and the demand doesn't meet the current expectations of the customer today. We are focusing on certain segments because there is an opportunity for new projects in residential, leisure, and mixed use. The biggest challenge for us is that these projects are capital intensive. Nonetheless, if I had all the resources I needed I would do six to eight projects in the next five years.

With partnerships or on your own?

M.Y.K.- We like to do collaborations and alliances with both local and international pla-

yers. We heavily invest in R&D: international designers, interior designers, architects, building materials, new technologies, etc. In the leisure sector we have already signed agreements with an international operator. International partnerships are essential, they will add value and give an edge to our projects, and most importantly they will raise the standards of the market if they are selected carefully.

The new taxes on undeveloped land, how is that going to affect the real estate market?

M.Y.K.- It depends, if you are a land owner, you might be under pressure. There is some fog about it though experts say that it is coming. I would prefer if the law were implemented as soon as possible, as that would positively impact the economy and would limit the madness of the land price increases of the past years. This law is also good for the consumer and good for the developers and suppliers. Just take a look at Jeddah from a bird's-eye view, you will see 40 to 50% of lands are white lands. There are reasons why they are white lands, and I believe the law will change that.

But is there enough construction capacity?

M.Y.K.- First, these lands vary in size, but I believe most of them are not huge lands. Small and medium developers can capture a big share of these lands, there's no need for mega developers such as the Bin Laden Group or Saudi Oger. Secondly, small and medium contractors are scattered and hungry for new projects. With the slowdown of government spending in construction projects, big contractors, and their all time partners, the medium and small contractors are seeking new opportunities in the private sector. Thirdly, I think investors and developers from the central region and eastern provinces are focusing on the western region, and that will increase the pipeline for projects. The market opportunity is here, and it will continue to be so for the next five to ten years.



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INTERVIEW WITH MR. IHAB KOURDI

Chairman of the board directors of the MTC - Modern Terrace for Construction and Development

A family-owned real estate developer, MTC is getting ready to grow and look for international business following where its clients go. While busy now with major hotel and commercial properties, this young Jeddah-based company has entered into the new technologies by launching a ground-breaking app that helps local residents arrange the maintenance of their properties needs from the convenience of their smartphones

How was MTC founded?

I.K.- In 2007 we started the company as a family business, it was just me and my brothers and sisters. My father worked also in construction, he passed away about 20 years ago so we decided in 2007 to continue with his legacy and do the whole thing, but bringing a new perspective to the table. So, we started by building units in different places in Jeddah. We have done about 50 buildings from 2007 until now.

So you are a real estate developer as well?

I.K.- Yes, we started just developing for ourselves and then selling the property and so on. But then as we worked all across Jeddah, and people came to us and saw our work, they figured why can't I partner with you and you will be my constructor?

Some of the projects that you are working on at the moment?

I.K.- At the moment we are doing the Jarir Bookshop on Kings Road, it is going to be the biggest project that we have ever worked on. It consists of two floors of the Jarir Bookshop and another eight floors for offices. We have another client for whom we have done three hotels, as he liked our work, here in the Alhamra in Jeddah.

How many workers are here in MTC?

I.K.- Until now we have about 130 workers, about 30 of those are Saudis. We are on the green area of the saudization because we have both, men and women, and the rest are from different nationalities, India, Yemen, Pakistan and Philippines.

What do you see in the economy that

makes you trust your future growth?

I.K.- We see opportunities because the population is increasing, the companies are demanding new and improved buildings and more quality units such as business centres.

And in the hospitality business?

I.K.- Yes, from our own business we are doing a hotel also in Kings Road, it is a hotel to sell. We did actually set up a sector here and a department specially for running hotels as we are planning in the future to have people specially for hotel management, and we also added another service because after every residential that we sold we noticed that people called us because we offer a warranty for all the sectors. So, people call us for maintenance, we send our workers and people were quite happy with the work that was done. With this service we added the first mover advantage, it was my brother-in-law idea to have the first application that you can download for all the maintenance.

Have you found people that are interested in that kind of business?

I.K.- Yes, because actually people know from the workers that come from the street because they don't know the price, for example if I wanted to bring a painter, our painter is busy, I just brought one from down the street and he may take a massive amount of money, they don't have a fixed price, but in this application before the guy comes you see a fixed price; it works on everything and you can get a yearly contract with us, say for 3,000 riyals and you will get your whole apartment secured and maintained by us.

For the moment the App is working only for Jeddah?

I.K.- Yes, but I think in Riyadh people will accept this idea because the perspective of Saudi people is that they want everything to be



easy, they don't want to go, they are too busy. Now, even the wife can check and do the maintenance herself. We made it open for everyone, just sign in and order the maintenance and it is really a competitive price you can get your whole house or flat done at no time; workers are from the Philippines, we found they are more welcomed from the Saudi society if that they are from the Philippines.

You have your 5 year plan, tell me about it

I.K.- Our plan is to be an international leading company, we don't want to work just locally in Jeddah, we want to expand because we have all the tools and we have been in the game for some time, it's not that much time but it's enough time to know how to play the game.

We are interested particularly in Turkey because there is also a lot of Saudis there and a lot of clients have asked us to build some facilities for them in Istanbul, since most of the Saudis have flats there, they have work and they are investing now in places such as Turkey. So, we would hope that we can take our work globally.

Are you looking at foreign direct investment into the country as an opportunity?

I.K.- It surely can be an opportunity if there is a cooperation between us and them, because we can use their expertise and we can use their materials. We already have some partnership with Turkey, with a Turkish company from Istanbul that sells in Saudi Arabia bathroom equipment.

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INTERVIEW WITH MR. FAYEZ ALI HAMADAH

Chairman of the Hamadah Group

From bakeries to supermarkets and back to bakeries, only now in a big way. That is the precourse of the Jeddah-based Hamadah group, a traditional bakery and distribution company that sees a big chance to grow as the Saudi population grows in numbers and in taste. As its chairman explains, the lifestyle for healthier bread and the increased number of pilgrims makes the right recipe for a tasty business success

The Hamadah Group was founded 1959, in which business did it start?

F.A.H.- Originally the basic business started with the family, my late father, he was in the sector of bakery. So in the past we were in the field of bakeries, but the idea expanded and we moved into the supermarket business, then hypermarkets. We opened retail markets, and then after retail, the business developed to be distributors of meat and vegetables, so we worked in these three fields in parallel, fruits, vegetables and meat. Then we moved to become a supplier with all the instruments and tools for bakeries and factories as well. We bring them all the equipment. We have the representation from twenty European companies in the field of bakeries.

Please give us some examples of the companies that you represent.

F.A.H.- We represent companies from Italy, Germany, and Bologna from Italy. Mondial Forni is from Italy, Mixer from Italy, from France we represent SASA, it is the first company in Europe for trays and other things. From Turkey we have Atra, from Portugal we import washing machines for the bakeries, from Lebanon we import Arabic bread, from Spain we import a full electric line of automatic machinery.

How many employees are working in the company? What would be the turnover?

F.A.H.- We currently employ between 700 to 800 employees, and our turnover is about 120 million in Riyals, with all the supermarkets included.

How do you think the VISION 2030 program is going to affect the retail sector?

F.A.H.- Regarding the private companies, they won't be affected in a negative way. It is actually the opposite, there is a great chance to increase the economic activity and start to gather all the efforts, and to not have a deficit in the budget, which creates problems for the private sector. We think prince Mohammed bin Salman wants the country to improve and develop. This is a good step and a very beneficial one for us as a private company, as it will give us more opportunities to employ more people to have a better work.

Are you interested in increasing your array of partners for different parts of Europe?

F.A.H.- We are committed for more development in our field and we welcome any opportunity or any idea. Mostly now we are interested in bakery. I said that because before a week we had a Trade Fair at the Al-Harsy exhibition cen-

"AFTER THE PRINCE'S VISION 2030 SPEECH, THE JEDDAH FOOD FAIR WAS A BIGGER SUCCESS"



ter here in Jeddah, we had a big stand, of more than 400 m2. It was a big success. When we put this stand many people asked me why ... when we started this exhibition, after prince Mohamed Bin Salman gave his speech, it proved that my idea was correct, and I found the exhibition to be better than five years before, we signed many contracts during the show.

Do you think Jeddah is a good place for foreign investors to come?

F.A.H.- On my opinion, Riyadh is still a bigger market, in Dammam there are many factories that are starting already. Jeddah is like Italy, the city that makes the fun. So the best is to start in Jeddah and then go to make it in Riyadh. Actually, I say Jeddah because it is near the port and near Makkah and Madinah. This is like that Prince Mohamed Bin Salman has said, 30 million pilgrims will come every year to visit the holy cities. Imagine how many bakeries

will be needed in Makkah and Madinah! Also, the growth of the population also is important, I think there is a very big potential in the population growth in Saudi Arabia.

Where would you like your group to be by the year 2020?

F.A.H.- I would like to see myself in the top list of the Kingdom and to increase the size of my investments. Now, we have a project in Makkah, and we are thinking for more and more. We must launch a retail business, like a showroom bakery in Makkah and Madinah. This needs people, so, this is a chance for people to work in this sector, to hire more people and that will be good for the economy.

Do you have any additional message that you would like to send to our readers?

F.A.H.- The message that I would like to add is an invitation for all the factories in UK to come and invest here, as they didn't enter in the bakeries industry in the Kingdom yet. The bread is one of the main parts of human nutrition -if you want a healthy bread you go to London-many people now are searching for a healthier food like bread without gluten, olive bread, etc. They travel to UK to bring some bread a freeze it. So, why the UK factories don't come and invest here?

INTERVIEW WITH MR. AHMED M. GASHLAN

Chief Executive Officer of AlKawther

One area of fundamental importance for the Kingdom is water, and over many years AlKawther has been leading the way in constructing desalination and sewage plants all around the country. As its CEO Mr Gashlan explains, a new phase is starting where successful companies will become full service providers and this will open new and exciting opportunities for accelerated growth

How was 2015 for AlKawther?

A.M.G.- Actually it was beyond my expectations, it was a very good year in many levels, on business, on people, and you know we are one of the main players in the water and sewage sector. At the moment we have over 300 workers and I think by the end of this year we will reach over 1,000 people. For a simple reason, we recently won a major tender, so now we are expanding on the operations side and as we are going to control all Jeddah water plants, that will require on its own about 600 people.

Are you going to be hiring Saudis or are you going to hire people from abroad?

A.M.G.- We are doing both actually, we hire locals and we hire also from abroad. In the end, frankly speaking, Saudi Arabia is the largest country on desalination treatment plants, and we have lots of sewage treatment plants. This industry is kind of closed, and the know-how is very limited within the country, but we know we bank on our 36 years' experience. So, we bring fresh people and we keep on training them.

What kind of people are you looking for?

A.M.G.- For people in the whole structure, from the management all the way down. You know, when you manage a plant of let's say 300,000; 400,000; 500,000 m³, that is not a joke. At the moment the water under management related to AlKawther is on daily basis about half million m³ a day, and we will reach about 3 million m³/day which comprises both drinking water and sewage. So, definitely we need more people in the command, in the operation, on the maintenance and then normal workers of course.

How important is technical collaboration for your business bottom-line?

A.M.G.- Of course it is very important, as I told you since you are a solution provider you keep on

"SAUDI ARABIA IS A WORLD LEADER IN DESALINATION AND WE BANK ON 36 YEARS' OF EXPERIENCE"



thinking and finding new solutions to come up with ideas out of the box. For instance, now, we are just about to conclude on a project of expansion of the North Jeddah sewage treatment plant and add another 100,000 m³ to the capacity of that plant without adding any more read basins. So, it is a pure mechanical innovative solution.

Do you believe that the new VISION 2030 transformation plan is going to affect in a positive way your future business growth?

A.M.G.- Of course, it is so important. What we are suffering from is that the government was playing many roles, wearing many hats; they are the investors, sometimes developers, sometimes to the point of being even operators, regulators, they do everything. Once the government focuses on what they are supposed to do and let go of the commercial side of the service, I think that by far will generate many good things to the country and of course directly or indirectly for us as service providers. We will come and play our role right, we can invest heavily in this industry which is water. In the end, with or without, available not available, this is water and within a country which is almost all desert, we don't have serious resources for water.

So, what the management become increasing important in that situation, right?

A.M.G.- Of course, and I think once the government is very serious and keep on pushing on that, that will influence our education system,

influence training and researchers that will actually open the door for related manufacturing.

Have you had the idea of going abroad and working in foreign projects?

A.M.G.- Of course, we have lots of previous engagements in many countries around us but indirectly we help contractors, we build plants and we shipped for them, we send some of our people to help them in the installation but this is not enough. In Saudi Arabia we have the bulk of people, the accumulation of experience, this company has built the largest RO plants in the world during the early days of Reverse Osmosis technology.

So where do you plan to concentrate in the next few years?

A.M.G.- We will keep on focusing our efforts on Saudi Arabia, this is the real market, we will also look at some GCC countries from Kuwait all the way down to Oman, and we do have some engagements with some other business partners in UAE, in Qatar and Kuwait, but those countries also need to change their mindset in terms of process of tendering. I mean in the end we are dealing directly with governmental policies and procedures, and that sometimes is very painful, and it varies from one country to another. It is a lengthy process and time is money, which means cost, people, time, loss of opportunity and so forth. Unfortunately that dimension of the commercial side of the service has not come yet to be realized for most of the GCC governments.



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INTERVIEW WITH DR. HAIFA R. JAMAL AL-LAIL

President of Effat University

Founded in 1999 to provide Saudi women with a higher education in the technical fields, Effat University has become one of the most respected institutions of its kind in the Kingdom. As its president explains, the new impulse given to higher education in the VISION 2030 program should create the conditions for the Universities in Saudi Arabia to start competing internationally with its Western partners

How much of a challenge was the establishment of Effat University?

H.R.J.- I think that the changes that happened in the kingdom of Saudi Arabia from 2004 really have enabled women to major and work in new and different fields. Queen Effat Al-Thunayyan Al-Saud, wife of the late King Faisal Bin Abdal- Aziz was the founder of Effat University, and she also established the first female high school in 1955. Based on that tradition we are continuing to offer Saudi women chances and opportunities that had never been offered to them before. In 2004 it was unusual for the family, for the students to come and see that we have an architecture program, an engineering program, so in the beginning we had only ten students and now we have over 800 students in the technical fields.

How do you think that VISION 2030 will affect the higher education of women?

H.R.J.- Without education you would not be able to achieve the goals of this transitional and transformation plan. I think that the focus will be on the private sector and on higher education, and in general education, and by offering a private education it will really help improve the quality of the workforce. Boosting the quality of education will bridge the gap between the higher education institutions and the workforce, this is really a problem that the whole country is facing, so VISION 2030 will have the effect that every kind of education will be directed towards the labour market.

How important is international co-operation for achieving those goals?



H.R.J.- We have partnerships with fifteen institutions all over the world, from Tokai university in Japan, to Georgetown, Syracuse, Miami and Duke University in the US, to Bocconi in Italy. We have achieved accreditation as an institution and as a program in a very short span of time, because having partners has helped us address our weakness while at the same time it enabled us to see what is available internationally. We like to keep our identity but at the same time we don't want to throw ourselves away from the world.

Does Jeddah have the potential to be at the forefront of education in KSA?

H.R.J.- I am expecting a lot to happen because we have already two private women universities here in Jeddah, in addition to the government ones, and a number of schools that are very old, schools here have been since the 1960s. So I think that Jeddah is going in that direction and we will be producing the graduates that the employers need to help the country grow.

Where would you like Effat University to be by 2020?

H.R.J.- I want to see a ranking system developed in Saudi Arabia, because that will help us to know where we are within ourselves, within our country, and then should be able to be included



"IN 10 YEARS THE PARTICIPATION OF WOMEN IN THE WORKFORCE HAS GONE FROM ONLY 8 TO 20 %"

in the international rankings like the Shanghai ranking. In the last ten years, a very short span in the age of a university, we achieved a high level of quality which makes me think that we are ready to establish a ranking system. I want to see Effat University and some of the other universities really getting into that kind of ladder and see where they are within our country.

What message would you like to convey about the changes happening in Saudi Arabia?

H.R.J.- I think one particular thing is very important, because I am a woman and I see the change in the employment, that is the goal in VISION 2030 of making the woman's participation in the economy of Saudi Arabia to increase from 22 to 30%. That is something that by itself is a message to the whole world and I want to emphasize it because it shows how the country is changing, towards its women and their contribution to the economy. Ten years ago we had an 8% participation of women, and now we are at 22%, which proves that the foundation that will help boost the participation of women has been achieved.

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