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VISION-2030 FOSTERS DEEP REFORMS WHILE IMPROVING THE INVESTMENT AND BUSINESS ENVIRONMENT IN SAUDI ARABIA'S CAPITAL

Photo: Prince Sultan University



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REAL ESTATE & CONSTRUCTION

THE SAUDI REAL ESTATE AND CONSTRUCTION SECTOR CHANGES TO ADAPT TO VISION 2030



Photo: Hashem Contracting & Trading

Since the announcement last April that deeply conservative Saudi Arabia was embarking on a new and exciting path towards unprecedented economic, social and political change through the government programme "Vision 2030", business leaders have been welcoming the move.

If all goes according to plan, they argue, the measures unveiled by H.E. Deputy Crown Prince Mohammed Bin Salman will transform the kingdom over the next decade and a half, through a radical diversification of the economy, deep cuts in state spending and a growing role for the private sector.

Among the economic sectors expecting a vigorous boost is real estate development with analysts predicting that preparing the country's economy for lower oil prices through a series of structural reforms, increasing public-private partnerships and a wide range of other steps will have a welcome effect on the industry.

One of the most significant is the so-called "White Land Tax" which will help stem rising land prices that in turn should boost real estate development. It is hoped that revenue from the tax will go towards developing affordable housing for Saudi Arabia's growing demographic of young people, especially among the middle class.

Analysts also note that an expected overhaul of the home finance system, including a possible cut in the currently required 30 percent down payment to 15 percent, along with reforms of the country's mortgage laws will boost home purchases.

Private Sector

The Saudi business community overwhelmingly envisions "Vision 2030" as an ambitious and laudable scheme, and one leading construction executive argues that to truly succeed in all its goals, the government must keep a close watch on every aspect over the next 13 years.

"We see the plan as creating great potential for the construction industry here and the entire economy and it calls for an increased role for the private sector," says Mr Abdul Munem Tabbaa, the CEO of Hashem Contracting & Trading Corporation.

"However, those responsible for 'Vision 2030' should not just do a follow up when it is done after 2030 and say, 'Oh, this hasn't been done correctly!' They need to follow it closely during the execution to avoid problems which may be too late to fix.

"Our company will certainly be able to comply with 'Vision 2030' as we have long and deep experience in the sector since Hashem was founded in 1979," he adds.

With a payroll of around 2,300 employees, the firm is involved in almost every aspect of construction including general contracting and sub-contracting for turnkey projects as well as real estate development and operates its own aluminium products factory.

Concentrating on commercial, government and residential projects, the firm builds hotels, schools, mosques, sports stadiums, office buildings, universities and embassies.

Last year, Hashem's turnover was \$127 mi-



ABDUL MUNEM TABBAA
CEO OF HASHEM CONTRACTING & TRADING CORP.

"WE SEE THAT VISION 2030 CALLS FOR AN INCREASED ROLE OF THE PRIVATE SECTOR"

llion and the CEO says he hopes to continue growing with the goal of eventually doubling turnover within the next five years.

"Because for the first time such a plan is coming from the top people in the government, we see 'Vision 2030' as not just an invitation for the private sector to contribute to the Saudi economy but rather it is paving the path for the private sector to be a real force in the country's GDP," notes Hashem CFO Mr Samer Allaf.

Mr Tabba adds, "I think the message the government is sending to the whole world is that we have a dream, so please come join us to make that dream come true."

Population Growth

One Saudi executive expecting a whole new economic environment is Mr Bader A. Al Hammad, the chairman of AL Hammad Holding, a group which has interests not only in real estate, but also in health care, education, services, retail and other sectors.

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BADER A. AL HAMMAD

CHAIRMAN OF AL HAMMAD HOLDING

“WE HAVE TO MAKE OUR COUNTRY MORE ATTRACTIVE TO FOREIGN INVESTORS”

“We are definitely already reacting to ‘Vision 2030’ and there will be a huge effect on some of our major industries like real estate development and there will be, for example, a restructuring of our pricing positions and the type of products we are going to deliver to the market,” he says.

At the same time, the group is adapting a conservative “wait-and-see” attitude regarding consumer reaction to the current situation and so has postponed until next year a planned development of 1,500 housing units in the kingdom.

“I think ‘Vision 2030’ was a must as Saudi Arabia has spent lots of money to upgrade our infrastructure and the lifestyle of our citizens. But then the oil price suddenly dropped and we discovered that we didn’t have enough reserves to support this aggressive development.

“So it is a correction that had to be made and especially when you consider the future. Our population is now 30 million people and with the expected demographic growth in the next ten years we will be talking about a population of 45 million and we’ll have to deal with this.”

Mr Al Hammad cautions that for the country to truly turn around, oil prices have to be at least maintained at above \$40 per barrel and the government needs to curtail what he describes as its “geo-political spending”, such as its military operations next door in Yemen.

“And we have to make our country more attractive to foreign investors by facilitating the

regulations to make a more welcoming business environment and stimulate partnerships with companies from abroad which can bring in the knowledge, know-how and technology that we so urgently need,” he explains.

“Saudi Arabia is a very important player in the international political and economic situation. We have more to offer than just oil and many members of our very young population have been schooled abroad and so have the skills to serve their country and contribute to this rapidly growing market.”

Investing Abroad

Social changes down the road envisioned in “Vision 2030” include a freer environment for Saudi women, a move being welcomed by Hamad Ali Sagri Holding which plans a chain of health clubs for women, a bold new step in the kingdom, says chairman Mr Hamad Al Sagri.

“We have 120 gyms for men under the brand name Fitness Time in Saudi Arabia and now some branches in the United Arab Emirates. By the end of this year, there will be an announcement from the government that health clubs for the ladies will be allowed and we already have a company set up for that.”

In addition to the health club business, Hamad Al Sagri Holding has interests and investments in international and local real estate development, in oil and gas and other sectors, all of which should benefit over the long term from the reforms outlined by Deputy Crown Prince Mohammed Bin Salman.

“This is good for the future of the country because we can’t just look at income from oil and gas,” the chairman argues. “It will give Saudi Arabia a stronger economy over the long term and that includes our holding company.”

But there are challenges to be overcome, Mr. Al Sagri says, including the lack of qualified local workers to staff positions in an increasingly high-tech economy.

“We always have difficulties finding specialists and managers with the right qualifications



HAMAD ALI AL SAGRI

CHAIRMAN OF HAMAD ALI AL SAGRI HOLDING CO

“VISION 2030 WILL MAKE SAUDI ARABIA’S LONG TERM ECONOMIC OUTLOOK BETTER”

and training people up to do the job well is a process that takes a long time.”

Along with its investments in the kingdom, the group has extensive holdings in real estate in Switzerland, United Kingdom and Canada, and is looking further afield for opportunities in other regions like Asia and Latin America. By 2020, the chairman says, at least one of the group’s companies will have gone public.

“We are like many international companies which have investments in their own countries and then some in Saudi Arabia. We do the same only the other way around. But there are still exciting opportunities right here in Saudi Arabia for both local investors and foreigners.”

Empowered Economy

Growing alongside the kingdom is the Hamad Bin Mohamed Bin Saedan group, a sprawling conglomerate that had its beginnings almost 100 years ago when Riyadh was little more than a collection of mud buildings surrounded by a mud wall,

“My father started by buying up land, building on it and then selling and my brothers and I helped him by hauling the building materials,” recalls Chairman Hamad bin Mohammed Bin Saedan. “When I grew up I established a real estate company and got involved in infrastructure so we have progressed along with the kingdom and I’ve seen it all.

“That’s why I am so impressed with ‘Vision 2030’, its organization and especially the way technology is to play a much larger role in the economy to everyone’s benefit. We’re very ha-



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الحماد القابضة
AL HAMMAD HOLDING

Al-Hammad Holding Company was launched in 1965 upon the founding of its maiden corporation; namely Al-Hammad Real Estate, which currently maintains investments in more than 8 different sectors. These include financial investment, education, health, real estate, development and construction, retail, leisure, technology and telecommunications. The Group is comprised of 32 companies, which are all managed by a select team of professionals, and adopts a concise model for its investments that is in line with its short-term objectives.

 Alhammad Holding
  Alhammad Holding

www.alhammadholding.com



HAMAD BIN MOHAMED BIN SAEDAN

CHAIRMAN OF HAMAD BIN MOHAMED BIN SAEDAN GROUP

“REFORMS WILL CREATE NEW OPPORTUNITIES IN REAL ESTATE AND CONSTRUCTION”

ppy that this will support and empower all sectors of the economy to make it better organized and more prosperous.”

The experienced chairman says that he is also impressed with the Deputy Crown Prince’s Economic Council and the speed of its decisions, which helps overcome obstacles and adds a needed element of flexibility that will aid foreign investment.

The group’s real estate development arm, Al Tahaluf Real Estate, has a partnership with K. Hovnanian Homes International, the sixth-largest homebuilder in the United States, and is known for its luxurious, yet tasteful, villas in the kingdom. The company is looking for further opportunities in alliance with the Ministry of Housing.

“So we’re already working with a foreign partner and I believe that ‘Vision 2030’ will help further foreign investment in Saudi Arabia by making the investment environment safer and therefore more trustworthy for those companies from abroad interested in taking a stake in the kingdom,” Mr Bin Saedan says, noting that other foreign partners working with the group include Airbus and a number of British security firms.

“With the reforms announced by the deputy crown prince, there will be new opportunities in the real estate, construction and home-building sectors, as well as retail and entertainment as you know the Saudi population is growing and will for many years be a young, educated and financially-robust society.”



Photo: Faisal Bin Zahrah@binzahrah

Promising Future

Well versed in the intricacies of the Saudi construction sector, Mr Mohammed Al-Hunini has been the Chairman of the Riyadh-based Ejab Saudia Contracting Co. for over ten years. As he has seen the market go up and down following the price of oil, he looks at the current circumstances with cautious optimism.

“2016 was a slow year, and we hope that 2017 will be a better one, but we know things can’t jump from slow to really very fast, so only in 2018 things are expected to improve dramatically”

With a wide range of electrical works around the country, some of its most famous in the nearly finished King Abdullah Financial City, Mr Al-Hunini has great hopes on some of the projects being spearheaded by the “Vision 2030” framework: “Like low-cost housing, as only 47% of Saudis own a house and the Housing Ministry plans to take it to 55%. Also the plan to raise the efficiency of the infrastructure for the three main cities in the country to be rated among the 100 best cities in the world will eventually impact the construction industry”

With more than 12 % of its personnel from Saudi origin, Ejab Co. is well within the goals established by the Saudi authorities. “We are fully supportive of the Saudization effort and I feel confident as we can believe in ourselves and in our quality. We believe that finding trained and experienced Saudis will not be a pro-



MOHAMED F. AL-HUNINI

CHAIRMAN OF EJAB SAUDIA CONTRACTING COMPANY

“QUALITY CONTROL AND SAFETY STANDARDS ARE OUR TOP PRIORITY”

blem in the future, it is our social responsibility.”

Yet in order to tackle future projects some foreign expertise might be needed, and Mr Al-Hunini is realistic about the need to find the right partners to continue on its upwards trajectory, as projects become more complex and demanding: “We are 100% open to have partnerships with foreign companies and we have been looking for professional companies working within the electric sector with experience in large projects” He adds.

Ejab Saudia is planting the seeds for a brighter future, as Mr Al-Hunini likes to say “there are a lot of new projects coming, Saudi is a promising country as the government is supporting these projects, and within the next 10-15 years there will be hundreds of opportunities. So, this is the right time for the companies to come and invest” he declares with confidence.

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INTERVIEW WITH MR. MOHAMMED AL NEMER

CEO of Morood Group

New opportunities will be manifold for investment companies with the right skill set, the young founder of Morood Group explains. He also believes that the best sectors to invest into are education, healthcare, military & defence as well as logistics

What influence do you expect from “Vision 2030” in the investment management sector?

M.N.- The correct and careful implementation of the “Vision 2030” is expected to have a positive impact on the investment management sector in the coming years. This can be positive in two ways: first, it will enhance foreign direct investment (FDI), and secondly, it will enhance private sector growth. The Vision is targeting to increase FDI from 30 to 70 billion Riyals by 2020. Assuming this target is achieved, part of the FDI will be channeled to the private sector. Additionally, the private sector will also benefit from government reforms such as lower bureaucracy, which will motivate private companies to be more professional, transparent and sophisticated. The question is, where will the opportunities be for the investment management companies? In my opinion opportunities will be mainly in the education, healthcare, military & defence sectors, and to a lesser extent in logistics.

Will economic diversification from Oil & Gas revenues enhance the prospects for FDI?

M.N.- Diversifying from the Oil & Gas (O&G) sector will help other sectors grow faster, and will open more opportunities for foreign investors. Currently, opportunities are very limited for foreign investors, as most of them are in the O&G sector, which is mainly controlled by the government. In order for the government to diversify from O&G, it needs to focus on identifying other sources of revenues and increasing its non-O&G revenue; additional revenue sources will come from taxes on land and tobacco, VAT, privatization of public assets such as ARAMCO, etc.; the plan is to increase non-O&G revenue from 163 billion to 1 trillion Riyals by 2030. That said, as the government begins to generate higher levels of non O&G revenues, it will spur other sectors in the economy.

How do you compete with other companies?

M.N.- Morood’s structure is comprised of the Morood Group and Morood Investment Company. Morood Group is an institutional investor that has local and international investments in shopping malls, F&B, healthcare, alternative energy, and residential real estate; Morood Group also owns Morood Investment Company. Morood Investment Company is a multi-family office that provides portfolio management services to its family and friends; Morood Investment Company manages a significant part of the Morood Group investment portfolio. We do not compete directly with others as we are very selective and exclusive to our family and friends. We are actually complementary to other private banks, asset managers, investment management firms, etc.; we build partnerships with them to provide best in class service.

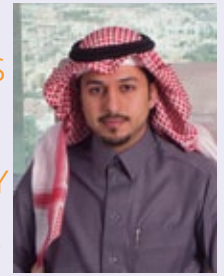
How important has quality and international presence been for Morood?

M.N.- Let me take a step back to explain how we started. Initially, during my tenure at SABB - an affiliate of HSBC - I realized that there was a gap in the market; many local investors wanted to diversify their investments internationally, but they lacked the required knowledge to go through the investment process, that is, sourcing a suitable investment, conducting proper due diligence, closing the investment and monitoring it afterwards. This was when I had the idea for Morood Investment Company, which would fill this gap and assist these investors to achieve their objectives. From day one we have been professional, transparent, and investor driven; such qualities are required if you aspire to be successful in both the international and local markets.

Is it difficult to overcome the Kingdom’s lack of qualified human resources?

M.N.- I have to disagree with your statement, while this was the case before, in the financial

“I THINK IN SAUDI ARABIA’S FINANCIAL SECTOR TODAY THERE IS A VERY GOOD POOL OF LOCAL TALENT”



sector it’s actually the opposite, there is very good local talent, and as a medium size investment firm it is difficult to attract such talent as they are looking for larger companies. At Morood’s level our main asset is our employees and we constantly invest in their skills, knowledge, and qualities. To do that we have several in-house training programs and we also send employees abroad for training for one or two weeks every year.

Is Riyadh’s business environment competitive in a Middle Eastern context?

M.N.- Riyadh has the resources of a strong and competitive economic and business city which, if utilized efficiently, could achieve significant economic success. We have a population of 8 million, very strong purchasing power, political stability, and a state-of-the-art infrastructure. Having said that, there are things that require improvement such as easier access to visas, and better social life for families to attract and retain good talent.

Do you believe in the future of Saudi Arabia?

M.N.- Generally, I am a positive person. While the current situation does not appear promising, my medium to long term outlook is very positive. My rationale is simple, ‘knowing the problem is half the solution – the other half comes from the actions; and while “Vision 2030” has identified the problems, the implementation of the action plan is what is unknown to the public. If we are able to execute the action plan and follow the recommendations of the “Vision 2030”, we would be on the right track to have a strong economy in the long-run. That said, I believe that we will be able to execute our action plan properly and follow the recommendations of the Vision, due to the emergence of a new generation in power that is young, very ambitious, and results driven; hence my optimism.

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INTERVIEW WITH ENG. SOUHAIL KAYALI

Chairman of Home Construction Company Ltd.

With the experience of working in many different projects in Saudi Arabia as well as in Qatar and the United Arab Emirates, Home Construction Co. Chairman Souhail Kayali believes that the next big opportunity in the period when "Vision 2030" reforms the Saudi economy will be the low-cost housing programs initiated by the Ministry of Housing



What is Home Construction Co.?

S.K.- Home Construction Company is a contracting company that deals with turnkey projects, residential, commercial, multi-use projects, and all types of high-quality-end projects. Now, with the Ministry of Housing launching low-cost housing for the new generation, we are looking at having a stake in these projects. We are 250 people-strong and our turnover is about 300 million Riyals.

Why the interest in low-cost housing?

S.K.- This is something that the country needs, what we are thinking about is how to change the philosophy of building in Saudi Arabia with new technologies. We have contacted already some foreign companies from the United States, Malaysia and Turkey as we are trying to bring the best and most affordable construction techniques. The ministry of housing wants to choose the right companies that can commit to a certain timing and a certain cost. So it all depends on the techniques we are going to use.

Do you have some international experience?

S.K.- Exactly, between 2005 and 2010 we did a lot of projects in the UAE, especially in Dubai and also in Qatar, and we have a company in the UAE. We also did projects in Lebanon, in Jordan and in Syria, but we are still mostly focused on the opportunities in Saudi Arabia.

Are we beginning to see a recovery of the construction and the real estate sector?

S.K.- My belief is that it will take a little bit of time, because the big companies, about five years ago, became so large that they lost the control of the operations. I believe that a new kind of re-structuring of these companies will help the companies itself and the economy. Actually, we asked those companies about all their good people who really wanted to leave, and we

already took some of them, the good technicians and workers, and they are now in the company.

Is Saudization a challenge in you company as well?

S.K.- Yes, but I'm not bringing Saudis in just to let them go for the regular positions, we try to give them good training. Some Saudis engineers are good, but their lacking point is the training. What we are concentrating on is how to give good training for Saudi engineers to be part of our company.

Regarding Vision 2030, does it feel that it has improved the business environment?

S.K.- I believe so. May be the renewed confidence has come from this Vision and I believe that even if the price of oil goes up, Mohamed Bin-Salam would still come up with the same Vision, because the Vision is very clear and says: all these years, we have had a major income and we have to use it in a good way, we want to continue be an oil producer but not just that! We have to look at what Norway has done, we have to think about other plans and we have to think about the new generation.

What are the biggest challenges that "Vision 2030" has to be overcome?

S.K.- I think the mentality, the training of Saudis, and finally our belief in the country. When you believe in your country, you believe that you are part of the change plan, and then it will be something realistic. So, we have all to be part of this, it is not only the government: the private sector, the banks, and all the citizens have to push for this. And of course, the mentality, what I'm seeing now is that the views are changing, and it is us that have to prove things to ourselves first, not to the world.

Where you see your company by 2020?



Photo: Home Construction Company

"WE BELIEVE THAT THE SAUDI MARKET IS STILL VERY ATTRACTIVE AS THE COST OF CONSTRUCTION IS LOW"

S.K.- We are looking at bringing some partners from outside; we still believe that the Saudi market is very attractive, as the cost of construction is still lower than UAE and Qatar. We should not forget that we are talking about a very big land and huge demand of housing, the biggest population and land in the GCC. By 2020, I think we will be working to be a major part of the low-cost housing program. We will still work with the continuous projects that we are dealing with, in the private sector and with the government and, of course, the other companies in the group that work on the engineering side.

What is your final message about the changes happening in Saudi Arabia?

S.K.- I think the main message for us is that we believe that Saudi Arabia is on the right track. Everybody should believe that we are on the right track, and we have to believe in ourselves, in our capabilities, and that this country will be much better off in the long run. And we have now some good decisions being taken, some good plans from the government, as they are thinking about progress with a level of transparency that we missed before. You will see a lot of young ministers in the government, and young consultants in the private sector. Everybody now feels that he has a chance to be part of this plan, and this is very important.



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INTERVIEW WITH MR. MOHAMED A. ALKHEREIJI

CEO of AL ARABIA

The outdoor advertising leader in Saudi Arabia and the Middle East, Al Arabia is well positioned to take advantage of the changes happening in the advertising industry. As its CEO Mr Mohamed A. Alkhereiji explains, advertising expenditure not only has a lot of room to grow when compared to neighbouring countries, but also the use of new technologies in outdoor advertising and the fast growth in remote areas are all reasons for optimism



How would you characterize the position of Al Arabia in the advertising sector today?

M.A.- The past six years have been very successful for the company; we are the leading outdoor advertising company in Saudi Arabia and the largest in the Middle East. Our geographical presence is limited to Saudi Arabia, because we think that focusing on Saudi Arabia is the right thing to do. We believe that there is still potential here, with new areas to be exploited yet such as transportation, railways, train stations, metros and the new street furniture that you can see in Europe. Our other area of expansion is geographical, because we are in Riyadh, Jeddah, Dammam and Al Khobar, which are major cities, as others were still considered as secondary, but now with the infrastructure investment of the government in all of those remote areas, we believe that there will be a lot of growth.

Al Arabia is vertically integrated, right?

M.A.- Yes, our main focus is on outdoor advertising, despite the big opportunity of investing in other forms of advertising, we focused our attention on outdoor advertising and have made huge investments to excel in this industry. We employ over 1,000 people, and we have invested in our own manufacturing resources and printing, because we thought that to be able to offer the best quality, you need to have your own manufacturing and printing rather than doing it with third parties, who may not understand the quality that your clients have come to expect. We want to be self-sufficient; this goes in line with "Vision 2030" in terms of boosting the economy and helping us to employ more local people. We are also creating an exporting potential if our manufacturing facility goes according to plan.

What was your reaction to "Vision 2030"?

M.A.- I experienced two reactions: one was emotional, because this is like a new page for



Saudi Arabia, we are talking about the new Saudi Arabia that we all dreamed about, and we want to be part of it. Most of the younger generation are very positive about Prince Mohamed, because one can always have a vision, it all goes down to how the Vision is implemented. He did cover a lot of different aspects and areas, he covered the social aspect, education issues, and he covered also entertainment. Secondly, I believe that he is trying to change things from the government side to support the economy, so the private sector will lead the economy, from a business perspective; this is an opportunity.

How do you think "Vision 2030" will impact your line of business?

M.A.- I think there are two main issues: the first thing is the source of income which comes from clients, and we need to start educating our clients that advertising is an investment, specially if that ignites constructive competition and allows different industries to showcase their creativity and talent. So, what we would like to tell to the major decision makers in different sectors is that with "Vision 2030" the market will open up and one will need to start working on developing policies and services and increase their market share because competition will indeed come. According to a Strategy & Report from 2014, the advertising investment per capita in Saudi Arabia is still very low compared to other part of the world; it is 38\$/person here compared to 520\$/person in the US, or even low

"WITH NEW INFRASTRUCTURE WE BELIEVE THERE WILL BE A LOT OF GROWTH COMING FROM SMALL SAUDI CITIES"

if you look at Cyprus with 143\$/person. So there's definitely a large potential for growth.

What is your plan for 2020?

M.A.- We will remain focused on Saudi Arabia and in terms of quality and services, as we believe that we are meeting the highest standard that one can find everywhere. Digitalization is coming on and the social media is more active, yet people are spending most of the time out of the home, so I think there is room for investing in the municipal development to convert the traditional billboard to digital billboard and to create an interactivity between the customers and the billboards. So, I think there is a room in the next five years to make things differently, and we will invest more in Saudi Arabia and in our media and technology.

Where do you see your major challenge to achieve that goal?

M.A.- One of the major challenges that we are all facing is the human capital in the advertising sector. We believe that the major change in technology and social media for the youth was a big change, so a lot of people are working in creativity and in advertising, but we believe that the government needs to invest more in education for those young people.

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ADVERTISING AND BRANDING

VISION 2030 GIVES A BOOST TO SAUDI BRANDING AND ADVERTISING COMPANIES

As with just about every other economic sector in Saudi Arabia, the media is experiencing unprecedented and rapid change and in this case it is due to the increase in digital technology and social media, with the country's youth demographic playing a leading role in the transformation.

Among Gulf Cooperation Council members, Saudi Arabia has one of the highest Internet penetration rates at almost 95 percent for its nationals, according to one recent survey, and these people are connecting with social media for an average of five hours per day.

Indeed, traditional broadcasting media is taking a hit from a steep fall in advertising revenue as the drop in the price of oil impacts spending by both the public and private sectors. But the downturn is also largely due to young media consumers abandoning broadcast television in favour of digital platforms.

And as the kingdom's youth demographic grows, so will the use of digital media. One recent report cited by analysts said that a scant 18 percent of Saudis born after 1994 preferred to view video content on traditional television while the rest, or 82 percent, chose digital platforms.

As these figures demonstrate, digital advertising, branding and marketing in the kingdom will have to adjust, but those in the sector are mostly optimistic, arguing that such factors as the government's new emphasis on non-petroleum economic activity in line with "Vision 2030" and the decision to permit more foreign retailers to operate in Saudi Arabia will mean more opportunity.



Young Minds

Saudi companies in the sector led by young entrepreneurs are embracing these changes and looking forward to the new challenges and rewards they represent such as Mr Ghaith Beshri, the founder and creative director of BeStudio, a Riyadh-based brand communication design firm.

"We focus on ensuring that our branding for local clients is up to international standards which gives them a unique positioning in the market from a design and branding perspective," explains the executive who worked for years with international advertising giant J. Walter Thompson before starting BeStudio six years ago.

"The last position I held at that company was regional creative director for Saudi Arabia, Qatar and the United Arab Emirates, handling international clients like Sony. But I felt I needed to build my own agency and that is what I did in 2006," he recalls. "We began with two employees and we now have 21."

BeStudio's branding and retail operations include digital (social media, mobile marketing, website design and digital retail), brand communication (logo and application design, brand positioning, campaign and advertising, and photography, illustration and video production), retail architecture (store layout, 3D visuals and sketches, shop fitting and lighting design), visual marketing (conception and design, window campaigns and in-store installation and props) and production and logistics (project management, site supervision and quality inspection).

Some of its local branding and advertising clients include the SMEs General Authority, FitnessTime, ALHILAL FCB, Theeb rent a car, Almejbaj, Bank Al Bilad, Capital Market Autho-



GHAITH BESHRI

CEO & CREATIVE DIRECTOR OF BESTUDIO

"IN FIVE YEARS FORTY PERCENT OF MARKETING BUDGETS WILL GO TO DIGITAL ADVERTISING"

riety, Kwalitty Ice Cream and Harvey Nichols.

"We believe in Saudi Arabia's business potential as the growth in the Saudi market is certainly going to increase our business as well," Mr Beshri explains. "With 'Vision 2030' there will be greater emphasis on creating start-ups and small and medium-sized enterprises (SME's). International and local branding and advertising firms like ours will be focusing more on these SME's through social media, content management and even film."

Partly because of the effects of "Vision 2030", the creative director says that BeStudio's clients are switching their advertising spend from television and outdoor media towards social media, as is happening elsewhere in the world, and predicts that within five years 40 percent of marketing budgets will go towards digital advertising.

At the same time, these companies are focusing more on their operations and working with foreign partners in their sectors. "They are also investing more in people, like their new employees who they want to train up to the same level as their long-time staff members to get ready for the changes," he says.

In preparing for this exciting future, BeStudio is seeking alliances with international agencies in the same sector to work in the Saudi market.

"We are looking to collaborate with agencies in the United States and United Kingdom as we have good cultural insight regarding Saudi Arabia and we know how to work with international agencies because we come from an international advertising and marketing background ourselves," he says.

And unlike other sectors, the branding, advertising and marketing industry should have no problem meeting the requirements of Saudization, the creative director explains.

"If you go back five years ago there were no educational programs to provide Saudis who wanted to study creative design, advertising, art direction or video editing. But from what I can see currently there are a lot of talented people now from the new generation.

"When we recruit these people we show them how to produce at an international standard, how advertising works in this market, etc.

www.bestudio.me

And after two years they become true professionals,” Mr Beshri says.

“So we’re planning ahead to when ‘Vision 2030’ really changes the dynamics of doing business in the kingdom,” the creative director says. “There is a huge potential in this market, but we can’t reach that potential without international alliances and I believe that those companies with local, on-the-ground knowledge which join alliances will help us reach the country’s goals.”

Kingdom Rebranded

A Saudi executive who founded his company in the same sector in 2004 sees “Vision 2030” as an exercise in rebranding the kingdom.

“From our point of view, the vision is like new branding for Saudi Arabia and the main point is that we can start a new future with new economic thinking, a new culture, new people and new thinking on many, many things,” says Mr Metib Al-Ahmari, the founding director of Pencil Brands.

According to the executive, 2016 was a good year for his company and 2017 should be even better with change fuelling new business.

“Any time there is change, whether it is an economic crisis or a new direction in the economy like now, companies close and resurface in another form, or merge with others, or make an acquisition. And this means new names are



**METIB
AL AHMARI**

**DIRECTOR OF
PENCIL BRANDS**

“PLENTY OF NEW NAMES ARE COMING TO THE MARKET WITH NEW BRANDING REQUIREMENTS”

coming to the market with new branding requirements,” he says.

“And with ‘Vision 2030’, we have clients in the investment sector or holding companies which have come to us to create new brands because there is that new thinking with the vision. Also, young people are launching start-ups, mostly in retail like stores, restaurants or coffee shops, and they call Pencil to help them build their brand.”

Pencil concentrates on working with leading local companies which include Al Ahsa Development, Arabian Pipes, Solb Steel, Al Othiam Leisure and Tourism Co, Arabian Aircraft Co. and many more in sectors ranging from real estate and financial services to restaurants and petrochemicals, providing branding, website and creative services.

Mr Al-Ahmari says that some of the company’s clients switched to Pencil after



unfortunate experiences with international branding firms operating in the Saudi market.

“Sometimes international agencies look at Saudi Arabians as wealthy clients but don’t have detailed knowledge of the local market and there are problems with delivery, quality, the culture and understanding the clients. This is where Pencil fills the gap because we know the market so well,” he explains.

Their understanding of the local market and its strong position in a changing market is a winning combination for Pencil when facing 2017 and beyond “we have plans to expand our business to Jeddah and to Dammam and to open official offices. Our clients have a more better mentality than 10 years ago, they believe in branding now, they way I see it, Saudi Arabia today is like Dubai was in 2004”.

And looking at where Dubai is today one can understand the excitement of these young entrepreneurs, at the forefront of change as their still young nation takes a giant stride forward thanks to “Vision 2030”.

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HEALTHCARE

PRIVATIZATION OF THE HEALTHCARE SECTOR OPENS NEW DOORS TO FOREIGN INVESTMENT

With privatization of most Saudi government-supplied services one of the goals of Deputy Crown Prince Mohammed Bin Salman's "Vision 2030", the health care sector is set to boom over the coming years with major investment targeting that industry along with education and housing, analysts said.

Indeed, some experts expect that more than \$100 billion will be poured into the sector for infrastructure like hospitals and clinics, along with technology, insurance and health care personnel training from nurses and clinical staff to pharmacists and doctors.

Analysts also note that the private sector currently covers around one-third of the country's health services and amplifying compulsory coverage to the entire population will have a huge impact on the industry as more Saudis will have access to the growing number of private care opportunities.

Billions of dollars are also being spent on the latest medical technology, not only in the big cities but in the smaller and more remote population centres as well. And with so many Saudi living scattered across the huge kingdom, remote diagnosis and telemedicine are playing increasingly important roles.

According to one report, health care is the second-fastest growing market for IT in the country, led only by the government sector, and this will increase as plans call for providing unified digital medical records for 70 percent of the Saudi population.

But who is going to staff these new hospitals and clinics (which are expected to expand by 30,000 beds over the coming years) and run the sophisticated devices which today are so much a part of modern medicine and health care?

In the past, expatriates have been brought in to fill in the gaps in staffing where there is a deficit of qualified professionals, and that practice will certainly continue.

But with shortages in the sector expected to reach more than 100,000, the government has been pushing for years to boost the number of Saudi graduates in the medical field through new medical schools, nurse-training facilities and other programmes.

All this investment bodes well for a vibrant and cutting-edge health care sector in Saudi Arabia and executives in the industry say these are exciting times to be involved in such a vital service to the kingdom and its people.

New Opportunities

Dr Ibrahim Al Dosary has witnessed the deep changes the Saudi health care system as the CEO of the Abas Medical Center which started as a dental clinic in 1997 in Riyadh and has now expanded to seven branches offering a range of medical services as well as dental care.

"As we saw demand growing beyond dentistry, we followed the trend and began branching out into surgery, paediatrics and over the past few years we have been focusing on dermatology and plastic surgery, or aesthetic aspect of medicine," he explains.

"And we expect more expansion with 'Vision 2030' as this dramatic change from government-provided care to private care will turn this sector into a huge business. We've already enjoyed a very good year in 2016 and this year should be the same."

The Abas Medical Center is already on the way towards improving and extending its existing services with cooperation agreements signed with world-class plastic surgeons from the United States and United Kingdom. At the same time, the company is building its first fully-equipped and staffed hospital in the capital.

"Only once we have this hospital strongly established in our home market, then we will expand outside Riyadh and we will finance this planned growth ourselves," the CEO says.

Seeing this dream become reality is contingent on meeting and overcoming one major



challenge: finding and hiring qualified personnel. Dr Al Dosary says bringing in nurses from other regions like Eastern Europe and Asia is no problem but attracting Saudi nursing staff is difficult, as Saudis prefer working in the public sector instead of for private companies.

And this could pose further problems as the government puts new emphasis on the existing Saudization programme as part of "Vision 2030", but the CEO says he doesn't expect to have significant numbers of Saudi nurses on his staff for another few years.

However, he notes, management and other non-medical positions now being created across the industry are almost sure to be filled by the young Saudis returning with qualifications from Western universities.

"A few days ago we were carrying out interviews for management positions and I was shocked by the number of CV's we had received, not only by the number but also by the qualifications," he recalled. "These were all people at least with masters degrees in different disciplines. So there should not be a problem in the future filling these positions."

"These young people are the ones who will guide and reap the benefits of 'Vision 2030'."

A key part of "Vision 2030" is the National Transformation Programme - NTP- which has set a wide range of financial, economic, social and other goals to be achieved by the year 2020, and Dr Al Dosary says he has his own targets for his company to reach by that time,

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including the completion of the initial phases of the new hospital.

“I am optimistic that the Abas Medical Center and the nation will both be able to obtain their goals as the country transforms itself in the future.”

Ahead of the Game

Transforming the health sector is also the strategic goal of Alosrah Medical Company, a Riyadh-based operation which operates three hospitals in the capital and a number of clinics providing emergency medical services and care in such fields as internal medicine, surgery, family and community medicine, women’s health, dermatology, paediatrics and radiology and diagnostic services.

According to General Manager Mr Fahad A. Al-Huzaimi, the company is ahead of the government in working to ensure that Saudis receive the best care possible.

“Since 2015 our company has been developing a transformation strategy which is more advanced than that of the Ministry of Health based on a number of indicators because the health sector cannot continue lacking reliability and efficiency,” he argues.

“Instead of relying on the number of hospitals, we need to invest in order to produce more health care products like home care, school care, etc. by introducing new initiatives that will actually change the landscape of medical and health services in the kingdom.”



The general manager also claims that many health clinics in the kingdom desperately need to adhere to stricter quality standards and be fully accredited by the Ministry of Health’s Central Board for Accreditation of Healthcare Institutions, as the Alosrah hospitals and clinics are.

Regarding “Vision 2030” and the National Transformation Programme and their roles in changing the healthcare industry for the better, Mr Al-Huzaimi says the plans are fine but that implementing the programmes needs to be carried out by authorities who fully comprehend that the public and private health sectors can cooperate and not compete.

“If we can find implementers or executives that understand how the two sectors can complement one another, everything will be okay. But so far, no one from the Ministry of Health has sat down with the private health sector and spelled out exactly how this vision will be carried out and how it will affect the business.”

Alosrah is applying to the government to launch and operate a new concept in Saudi Arabia: school healthcare which will begin with a full check up for all school children to identify existing or potential health issues affecting learning such as vision or lack of concentration.

“We looked at some similar programmes in the United Kingdom and in the United States and customised them for our culture,” the general manager explains.

“This is an example of how we would like to work with investors from foreign health care institutions by taking knowledge and experience from its real sources and bring these things to Saudi Arabia. We share the market and resources, while we get the technology and management experience.”

Partners Needed

Seeking foreign partnerships and investment is under consideration by Sheikh Saad Bin Nasser Al Jafel, the chairman of the Al Jafel Group which operates a major hospital in Riyadh and has also interests in the hotel sector.

“I’m thinking about this issue and why not?,” he says. “I’m ready to deal with other companies and it is a good idea to share our knowledge



“WE ARE WORKING TO EXPAND THE AL JAFEL HOSPITAL HERE IN RIYADH”

together to build the ‘Vision 2030’ dream and that includes our plans to expand our hospital here in the capital.”

The group has just purchased 6,000 square meters of land adjoining their main hospital and plans call for a third building, enlarging the facility where currently some 550 staffers are employed. Around 50 per cent are foreigners and the chairman says he would like a foreign partner to take at least a 30 per cent stake in the operation.

“I’m looking for either a European or American partner to help us with this plan. First, we’ll need to do a feasibility study and that could happen this year. We’re working on this step-by-step and hopefully everything will be up and running at least by 2020.”

At the moment, the Al Jafel Group has rejected expanding outside the kingdom to neighbouring markets like Qatar, Dubai or Bahrain as some Saudi companies in the health care sector have done.

Mr Al Jafel says that “Vision 2030” and the National Transformation Programme are just the medicine the country needs to wean itself off oil and gas as its primary sources of income.

“Some day, the petroleum will run out and it is imperative that we find another way to stay economically viable in this changing world.”

Childhood Vision

One leading Saudi health facility which has evolved along with the kingdom is the Dr Abdulrahman Al Mishari Hospital, whose founder received his own vision to bring first-class medical care to his compatriots because of a personal tragedy he experienced as a child,





MOHAMMED AL-MISHARI
DIRECTOR OF DR. ABDULRAHMAN AL MISHARI HOSPITAL

“VISION 2030 IS THE BEST THING THAT HAPPENED IN THE HISTORY OF SAUDI ARABIA”

says his son and chairman of the hospital, Mr Mohamed Al-Mishari.

“When my late father was a child of five years old in the Eastern Province, a smallpox epidemic carried away a little girl he was very close to and he vowed to dedicate his life to helping others by studying medicine.

“After high school he attended medical school at the University of Cairo, then the government sent him to the United Kingdom where he studied medicine to become the first Saudi gynaecologist in history.”

Following his studies, Dr Al- Mishari worked in British and Irish hospitals, then returned to work as a professor for King Saud University and project manager for King Khalid Hospital. He then established his own hospital, which at the beginning offered obstetrics, gynaecology services and paediatrics. When the founder discovered that the community needed further services, the facility became a general hospital.

Today, the hospital is accredited by international health care organisations, employs 700 full time and part time staff and is managed by the chairman, his mother and his sister, a physician who received her medical training in the United States.

“So we understand what it means to have a vision like my father had and I think that ‘Vision 2030’ is the best thing that has happened in the history of Saudi Arabia,” Mr Al-Mishari says confidently.

“Throughout our history, every decade or so our leaders take a look to see what changes have to be made and this time I believe it is the most important one of all.”

Manufacturing Bonanza

Another exciting development in Saudi health care is the growing number of local manufacturers meeting international quality standards and supplying the country’s hospitals, clinics and laboratories with state-of-the-art products such as Medical Tube Industries and Global Scientific Labs Co, both part of the Sahara Group.

“Medical Tube Industries produces medical tubes and vacuum tubes and is the first internationally-certified Middle Eastern company in the sector,” explains CEO Mr Mohammed F. Al Suwaid, adding that the company now supplies around 60 per cent of the domestic market.

“We began manufacturing in 2013 and a year later we began selling in other Gulf Cooperation Council countries. Now our next steps will be aimed at boosting production so we can further expand internationally.”

The company’s products, marketed under the VacuTrust brand, cover the entire range of vacuum tube devices used for the safe, secure and easy collecting of blood for diagnosis.

The chairman sees “Vision 2030” as an excellent step towards turning the country into a true global player and lauds Deputy Crown Prince Mohammed Bin Salman for his careful planning in designing the scheme in contrast to previous government efforts in a similar vein.

“Before we had goals but if you have goals without plans that means it can immediately fail,” he cautions. “But I see now the government has plans, studies and consultations from outside the country and at the same time is inviting foreign partners to help us improve things in Saudi Arabia.

“That’s why I am happy this time around. Plus, eventual privatisation in many sectors of the economy will reduce the waste of time and money and at the same time improve the human resources situation through key performance indicators and training.”

Foreign Investment

Scienpharma, a Saudi company active in the distribution and marketing of pharmaceuticals, medical devices and ambulances, is loo-



SHEIKH SALEH AL ABDULLAH AL RAHEED
CEO OF SCIENPHARMA

“WE ARE COUNTING ON ATTRACTING WELL-KNOW INTERNATIONAL COMPANIES”

king forward to the key year of 2020 for when the National Transformation Programme is targeted for its own significant milestone, the opening of its first pharmaceutical manufacturing facility.

“This is part of our expansion plan and we’re counting on attracting well-known international companies to be our partners in this endeavour,” says CEO Sheikh Saleh Al Abdullah Al Rasheed.

“We’re now in the process of looking at different foreign firms to see which would be the best fit.”

Scienpharma has a payroll of 100 employees and an annual turnover of around \$50 million, with pharmaceuticals as its most lucrative activity covering treatments for a wide range of illnesses and diseases.

Its medical devices include radiology, diagnostic, surgical and cardiovascular products and the company is the local agent for the U.S. ambulance manufacturer Wheeled Coach Inc.

The executive argues that with the changes taking place brought about by “Vision 2030”, it is now a good time for potential foreign investors to take a close look at Saudi Arabia.

“It is a great opportunity for these companies to take that step and we’re very impressed and encouraged by what ‘Vision 2030’ will do for the country.”



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INTERVIEW WITH DR. MAMDOUH ALBAQUMI

Founder and CEO of ANFAS Medical Care

Associate Professor at New York University in Nephrology

Long-term medical care has long been a problem in the Saudi healthcare system, exactly the sort of challenge that Dr Albaqumi was waiting for; armed with his international experience and a deep knowledge of the local needs, he is about to change the way long terms patients receive treatment with a new state-of-the-art hospital



Where did the idea of founding Anfas Medical Care come from?

M.A.- After studying in the US, I started my medical career not interested in business at all, but as a scientist, working in the lab and eventually joining NYU as a faculty member. There I learned that in the US long-term care patients were being treated in specialized hospitals, as opposed to acute-care ones which get treated immediately and then they get transferred to a long-term care facility; later on 2007 I was recruited by the King Faisal Specialist Hospital in Riyadh to join the nephrology and the transplantation department.

I worked there between 2007 and 2016, during that time I realized that one of our major problems was the emergency room: every day we would have over fifty patients admitted with no beds, they were literally in the hall, some of them on ventilations machines. I became part of an executive task force looking into where the problem was, and we found that it was not a shortage of beds, it turned out that many patients were chronic long-term care ones. These patients cannot be sent home, they cannot be sent to a regular beds, as they need to be monitored; yet they were occupying this precious bottleneck bed. I realised the solution was moving those patients into some sort of long-term care facility.

Which as I understand, doesn't exist in the Kingdom yet....

M.A.- Exactly! I knew the American model was successful, so it is the model to copy; why we don't do it here? I felt it was time to change chapter, every ten years of my life I change the chapter; first it was the research chapter, after that it was the career chapter and now it is that part of my life when doing something that makes a difference appeals to me. I decided to

quit my job - deputy executive director in King Faisal Hospital, to create this new platform to cover chronic long-term care in Saudi Arabia. You already have the platforms that are treating the acute-care patients; the real problem that we are facing is, in order to have those acute beds we need to achieve a better efficiency in chronic-beds, because creating a chronic-bed is actually as if you generated 3 acute-beds!

How big is the need for long-term care in the Kingdom?

M.A.- When we did an initial feasibility study to look at the needs, it was astonishing, if you look at Riyadh alone you probably need around 2,000 beds of chronic long-term care, so we decided to go for 120 beds in our first hospital, they are going to be all ICU high-end beds. We got an affiliation with the Methodist Hospital in Houston as well as with GE, as we want to deliver the best care for those chronic long-term patients. Through telecare, we are going to bring a Methodist Hospital specialist to them, so we are going to have Tele-ICU or telecare where the physicians in Houston can see the colour of the skin, look at all the monitors, look at all the X-rays, MR, CT scans that you have, all the labs results.

How are you financing the platform?

M.A.- We got Dallah group from Jeddah to own a 40% of our company, the whole capital required is 307 million Riyals, so we decided to go with 50% equity and 50% debt in the form of good-grace loans from the Ministry of Finance. In average the construction and the cost of the each bed ranges from a million all the way up to 3.5 million Riyals. We will be opening on the second quarter of 2018, we just started the construction last September, it is going to be in less than two years that we will start receiving the patients.



Photo: Anfas Medical Care

"WE WILL BRING SPECIALISTS FROM HOUSTON VIA TELE-ICU"

How does "Vision 2030" affect your plans?

M.A.- Vision 2030 could not have come at a better time, it is a perfect timing for the private sector, especially for those who are interested in re-inventing the way we deliver healthcare in Saudi Arabia. The Ernst and Young Report in 2016 listed the top six big expected impacts in healthcare, and in addition to primary care and long-term care, they listed home healthcare and specialised medical centres. Those are actually the things that we are doing, long-term care, home healthcare and specialised centres. So our project is absolutely aligned with Vision 2030, and I think we will have a great support from the Vision, because there is a major shift in the government as it moves from being the provider to being the regulator in healthcare.

Where do you think that Anfas Medical Care will be by 2030?

M.A.- I would hope that we will achieve our goal of serving more than 800 beds across the Kingdom, and that AMC will become a big holding company serving all sub-specialties of chronic long-term care, offering more than 10,000 jobs with a proper saudization, and we will be putting in the market multi-billion investments that can really contribute to the economy of Saudi Arabia.



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Home Away From Home

INDUSTRY

LOCAL INDUSTRIES GET READY FOR MORE COMPETITION AND NEW MARKET CONDITIONS

As "Vision 2030" moves ahead on many fronts, Saudi Arabia's industry and manufacturing sectors will be at the forefront of the change as they are vital in four of the plan's most important goals: diversification of the economy, creating quality employment for Saudi citizens, boosting productivity and efficiency in a range of innovation industries such as IT, aviation, energy and healthcare, and developing human capital.

And although much of the kingdom's industrial output is currently based on hydrocarbon-derived products such as petrochemicals, experts note that a solid manufacturing base already exists producing commercial aircraft, cement, metals, construction materials, plastics and much more.

In a report two years ago, the International Data Corporation said that Saudi Arabia was the fastest growing country in the manufacturing sector and forecast an average year-on-year growth of 7.5 percent until 2018. And that was before Deputy Crown Prince Mohammed Bin Salman announced "Vision 2030".

The report went on to say that the growth would be particularly strong in technology and that the manufacturing sector accounts for around 10 percent of the kingdom's GDP and represents significant potential in the ongoing diversification of industries.

Indeed, continuing GDP growth, a rapidly-

improving business environment and increasing foreign direct investment is propelling development in various manufacturing sub-sectors, with IT and software leading the lot. And after the deputy crown prince's announcement, foreign investors began announcing major agreements, further fuelling the FDI surge.

In one example, 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.

Another \$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 Jeffrey Immelt stressed his company's confidence in "Vision 2030" and its goals of job creation, increased exports and improved economic competitiveness.

Basic Elements

One Saudi group that is predicting a coming boom in local manufacturing is Rakaa Holding which has interests in defence and security, real estate, power and water and general and medical equipment, some of which is manufactured locally.

"Everyone is preparing now for 'Vision 2030' and we are doing the same for our companies' short and long-term plans based on the vision," says Mr Salman Fahad Al Malik, the general manager of Rakaa Holding. "This vision gives us the ability to grow and be a partner with the government as before there were some barriers but this opens up channels for true cooperation."

Rakaa Holding got its start in the defence industry 35 years ago as the local partner for leading Western arms and military equipment suppliers then branched out into the medical, real estate and power and water sectors. The general manager says medical and defence are the group's most important businesses at the moment.



SALMAN FAHAD AL MALIK
GENERAL MANAGER OF RAKAA HOLDING

"VISION 2030 CALLS FOR MORE LOCAL CONTENT IN SAUDI'S MANUFACTURING"

"The medical equipment supply business is a constant and not affected by outside events as health spending is one of the priorities of the government and they don't cut back on this. In defence, over the past two years there has been an increase in spending because of what is going on in the region. This sector should also get a boost from 'Vision 2030's call for more local defence sourcing," he says.

Mr Al Malik also welcomed 'Vision 2030' for what he says is its message that Saudi Arabia will now catch up with some of its smaller Gulf neighbours which have impressed the world with their advances in many fields.

"As a young generation, we do look at our neighbours that have made giant strides in so many things," he explains. "Saudi Arabia has all the basics, all the elements to do the same such as wealth and infrastructure. And the vision is trying to make up for those slow years in the past.

"We need to be more aggressive to reach our targets in industry, education, tourism, etc. and Saudis would like to see our country ahead of all the others in the Middle East. So when the vision was announced it was like every Saudi's dream was coming true!"

But the executive cautions that carrying out the radical changes encompassed in "Vision 2030" won't be easy and he urges government officials in charge of the plan to be consistent, take on a new mindset and really believe in the change and the good it will do. Old ways of doing things have to be abando-

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ned, policies should benefit the private sector, the government needs to consult fully with the business community and be aggressive in following up each step of the process.

Mr Al Malik argues that not only Saudi Arabia's private sector will reap the benefits but foreign investors will too.

"As the vision calls for manufacturing to have more local content, businesses across the board will need partners from abroad who are committed to being real partners in helping us produce our own goods, not just suppliers or contractors who come here to do a project and then leave," he says.

Growing Demand

The goals of "Vision 2030" and the country's heavy demographic tilt to the young with the subsequent need for more housing are good news for Tri-Spectrum, a home-grown, 100 percent Saudi company which designs, manufactures, distributes and provides after sales service for electrical accessories such as sockets, switches, switch boxes and other electric items for the construction trade.

Founded in 2012, the company is especially betting on that demographic bulge to help it prosper.

"We based our ambition on the construction business because some 65 percent of our population are below the age of 25 and they don't own their own homes yet," explains Executive Director Sultan Alshalhoub. "So the government has realised this fact and is laying the foundation for very high growth in the housing sector. And every house needs switches, sockets and wiring.

"And we are aiming to double our manufacturing capacity, diversify into more products like lighting which is a very dynamic business," he adds. This expansion will entail increasing the current work force of 140 employees by



SULTAN ALSHALHOUB

EXECUTIVE DIRECTOR OF TRI-SPECTRUM

"SAUDI ARABIA IS A POTENTIAL HUB FOR TRADE BETWEEN EUROPE, ASIA AND AFRICA"

between 20 and 25 percent, mostly on the assembly line and the rest in administration.

Another clear advantage for the company is that it enjoys exclusive access to innovative materials which make the final product safer than those of competitors, especially a new material that is resistant to fire up to 950 degrees Celsius that was developed in cooperation with the Saudi state-owned petrochemical company SABIC.

Tri-Spectrum is also collaborating with Germany's BASF in raw materials development and with other components with companies in the United Kingdom, China and India.

At present, demand for electrical accessories is outstripping supply and local manufacturers including Tri-Spectrum only have 30 percent of the market. But the company is looking to export regionally to countries like Iraq, Syria and Yemen once reconstruction takes off in those markets after the political situations in each stabilise.

"That is going to be a huge opportunity for us and so we have to ready with manufacturing capacity to meet the demand," the executive director says. "And there is also increasing demand from the United Arab Emirates and Kuwait."

Our vision," he continues, "is to be the leading, most profitable and innovative manufacturer of construction electrical products in the region."

Regarding the broader vision for the country as outlined by the crown prince, Mr Alshalhoub says he and his fellow executives are very positive about the government's plans but urges complete transparency and ensuring that those involved in carrying the process forward are held accountable.

"Saudi Arabia is ready for this and it should make us a leading economic power and not just from oil. For example, just look at our geographical location as a potential hub for trade between Europe, Asia and Africa. This could be," he says, "the beginning of a Golden Era for Saudi Arabia."

Strong Partnerships

Diversification has long been the practice at the Alkhorayef Group which began back in 1957 as a small firm operating in the agricultural sector representing international producers of water pumps and irrigation and well-drilling equipment, then branched out into oil, machinery systems, power systems, material handling, printing and paper and other goods and services.

Today, two of the group's main divisions are Alkhorayef Commercial Company (ACC) and Alkhorayef Industries Company (AIC), which incorporate a wide range of products, both imported and made in the kingdom.

"AIC, for example, makes irrigation pivot systems, water pumps and the gear heads for these pumps in Saudi Arabia that are sold by ACC which is the selling arm of the group," explains CEO Abdulla L. Alkhorayef. "We also carry some well-known internatio-

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ABDULLAH I. ALKHORAYEF
CEO OF ACC & AIC ALKHORAYEF GROUP

“VISION 2030 IS A CHALLENGE TO CHANGE THE MINDSET OF THE FIRM’S MANAGEMENT”

nal agricultural sector brands like John Deere of the United States.”

But as agriculture in Saudi Arabia began declining because of the decreasing water supply, the group turned to power systems, starting with the assembly of an engine to run its own irrigation pivot system powered by a larger size generator. The company has agreements with sector leaders such as Volvo Penta and Cummins.

“This is one of the sectors we are really focusing on because we know that this will see a lot of demand over the next 15 years,” says the CEO. “We are enjoying a very good market share, we are appreciated by our customers and we are seeing excellent potential.”

Such experience stands the group in good stead with the goals of “Vision 2030” which the seasoned executive sees as both a challenge for the country as a whole and as a golden opportunity for Saudi and international companies.

“It’s a challenge because changing management mindset is one of the hardest things a manager can do so you imagine the hurdles to changing an entire economy.

“On the other hand you see that Deputy Crown Prince Mohammed Bin Salman has organised it so you have all the ministers related to a sector gathered at one table and

discussing all the related issues and this is a huge jump to a dynamic government cabinet which did not exist before.”

“It’s a different way of running the government and for that reason, I think ‘Vision 2030’ has a good chance of being a success,” he says without a hint of a doubt.

Training for Success

Another industrial concern keen on exporting from its base in one of the industrial zones near Riyadh is AL-Khalefah Holding, a group of companies that comprises metal and fibreglass industries as well as interests in real estate and trading. Its CEO, Mr Hisham S. Al-Khalefah, believes that the time to look at exporting industrial products beyond the GCC has come, hand-in-hand with the new conditions set by Vision 2030.

“I believe that we are still relatively a lower cost producer than much of the European companies or the US companies, we are even now competing with Asian companies” he says, while he notes that before exports were not a big concern for the holding since “in the past years our main market for consumers goods was the GCC, and we are still figuring out how to compete in the international markets.”

For his company and others to be internationally more active, Mr AL-Khalefah believes that certain conditions must first be met, “The Ministry of Industry should be perhaps an independent ministry, as now it includes Energy, Electricity and Industry; if independent it would gain focus and their vision would be more clear”. He also believes that the impulse given to the industry by Vision 2030 is already palpable, but it should stay the course as oil prices slowly creep up.

Part of the challenge lays also within the industrial sector, which for many years became used to lavish public sector contracts, which under the new circumstances will not be coming back, as oil prices are very unlikely to return to its previous high prices.

Mr AL-Khalefah believes the biggest challenge for that will be the human resou-



rces and how to meet the increasing level of “Saudization” that the authorities are requiring in all sectors. “We do invest in training our employees, there is a government initiative by which we can train the undergraduates and then start to employ them”, he explains.

Optimistic about the future of the company, he is not afraid to recommend foreign investment in the country, as “we have all the enablers for investment, we are also located in the middle of Asia, Europe and Africa and that will give us a lot of advantages. We are actually focusing in Saudi Arabia to be a logistics hub for the Middle East, which would very beneficial for all industries.”

And he proves his optimism by his desire to grow its already extensive industrial base in the next few years, either by organic growth or by acquiring some interesting companies that might become available in the market “We actually can consider both options, and we are always open for new ideas and new investments; we are working in initiatives with the government regarding renewable energies, which we think that it will be a good area to be in the future.” He confides with unbridled confidence, while he likes to call for more partnerships with foreign companies that could “transfer the knowledge and the expertise here to the local market, which is very important for our development as a company as well as a country”.

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INTERVIEW WITH MR. ABDULAZIZ AL SABHAN

President & Managing Director of METSCCO - Heavy Steel Industries Co. Ltd

Thirty-five years after taking over the small under-financed steel construction company METSCCO, Mr Al Sabhan is proof that that time-tested recipe of hard work, patience and attention to quality produce long term results. Ideally placed in the centre of the country, the seasoned president looks at the future with a confidence based on his conservative management style and the expected upswing in FDI coming from VISION 2030

What is your background and how did you become the president & MD of METSCCO?

A.S.- I graduated from university here in Riyadh at the end of the 70's. My major was politics and international relations, so most of my colleagues from university went on to work within the government sector.

I am a self-made businessman; I started my career, step by step, mostly working with European companies. We took over the factory here to run METSCCO in January of 1981. At that time even the roads were not paved and we had to use generators for electricity, as there was no connection to the grid.

Why did you decide that the steel sector was an appealing one to invest into?

A.S.- I believe in steel, it is an essential commodity, it is everywhere you look; for example in petrochemical, refineries and power plants.

How difficult was it to turn METSCCO around after you took over the company?

A.S.- When we took over the company, I became the major shareholder and Managing Director. We had to fix it, even though it was carrying heavy government and private bank loans. This took us time and a lot of hard work.

What were your first measures, how did you manage to turn the company around?

A.S.- To be honest, we managed it by being patient, very patient, because when we took over in 1981 we had many problems here to be fixed. Then in 1986 we experienced an oil price collapse and a very critical economic situation. We were fighting on two fronts; the economy was down and we had inherited all the outstanding loan difficulties from the company itself, but with patience and working around the clock

"SUCCESS TAKES HARD WORK AND PATIENCE, WE HAVE BEEN IN BUSINESS FOR OVER 35 YEARS"



we built our name as one of the companies in the Kingdom with credibility.

How many employees work in METSCCO and what is your turnover?

A.S.- We have here in METSCCO about 700 workers, it depends on the projects, in the case of low demand we can come down to 300. The annual turnover is on average 100 million Riyals.

How do you feel METSCCO is going to be affected by the "Vision 2030"?

A.S.- From what we read and what we see, we will be positively affected, especially as the government will support foreign investment to come to Saudi Arabia and hence there will be new large projects in the Kingdom.

Are you then interested in forging new partnerships with foreign companies?

A.S. Yes, we would be very much interested, when we talk to foreign companies from Europe and the USA these days, they see that we already have the capacity and the knowledge for these huge projects. Some of these big projects will be built by Japanese, European or American companies, so they will take some local companies as sub-contractors, that would also be interesting.

Is Riyadh a good location for METSCCO and the steel industry?

A.S.- We think there are positive and nega-

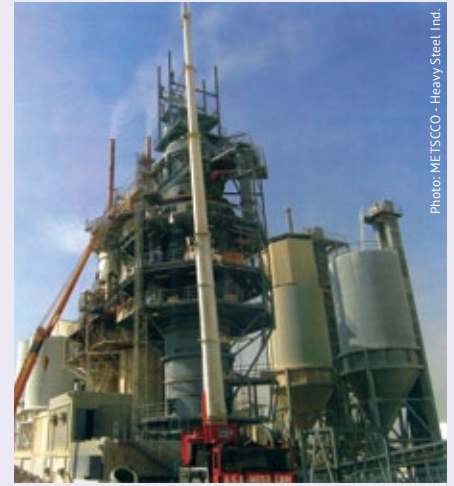


Photo: METSCCO - Heavy Steel Ind.

tive points. On the positive side, we are in the centre of the country and we are doing projects all over Saudi Arabia, this means that we have the chance to go south, north, east and west. Also the government is here and we are from this area, that's a positive point. The negative side is the distance to the seaports as we import the steel, that would be the only negative point.

Has 2016 finished with good results?

A.S.- We will not say 2016 was excellent and we will not say bad, but we hope 2017 will be better. This is related to different elements, one of them is the oil price; if the oil price is stable and improving I think we will have a good chance for bigger projects and more work. We are a very conservative company and we are very careful during the good years, so when difficult years come we are prepared for them.

What have you learned in the last thirty years of doing business successfully?

A.S.- Lesson number one is to be open and honest. Lesson number two is the quality of our product and our credibility. Lesson number three is to be patient. We are not trying to become rich as quick as possible, this is an industry and what we have learned is to be patient, we need good management and we need to support this business so we will get the benefits in the long term. It takes time and now we have been in this business successfully for more than 35 years.



METSCCO Heavy Steel Industries Co. Ltd

Metscco was established with the objective of providing one of the most comprehensive steel construction services, with its proven capability of various types of Storage Tanks, Vessels and steel structure works to all sectors of industries, Metscco continues to pursue this objective in all the projects it undertakes.

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I.T. SECTOR

FROM CONSULTANCY TO SERVICES, VISION 2030 IS SET TO BOOST DEMAND TO LOCAL I.T. COMPANIES

Saudi Arabia's new generation of young leaders is fully aware that the country has to up its game regarding Information Technology in every government department, economic sector and even in the homes of its 30 million people if the kingdom has a real hope of weaning itself off its financial reliance on petroleum, place its economy on a new path and truly join the global information revolution.

That was clearly evident in Deputy Crown Prince Mohammed Bin Salman's "Vision 2030" announced last year, which trumpets IT as a key element in the bold plan aimed at diversifying the economy. And the government has already taken major steps in that direction.

Recently, the government said it had joined with Japanese mobile giant Softbank to establish a \$100 billion investment fund for tech start-ups. Saudi Arabia is to stump up \$45 billion while Softbank will donate \$25 billion with the rest coming from global investors.

This follows an investment of \$3.5 billion by the Saudi Public Investment Fund in the U.S.-based company Uber, the world's most valuable start-up, and the Saudi sovereign wealth fund has partnered up with a private Dubai investor to set up a Middle Eastern version of online shopping giant Amazon.

Other government moves into the sector include creating tech incubators and venture capital funds headquartered in Riyadh and Silicon Valley with one of the funds pledging to plough \$100 million into Saudi tech companies.

And at the same time the kingdom is contracting home-grown Saudi IT firms in a wide range of specialties to carry out specific tasks

while other companies are meeting the rising technological needs of the private sector and Saudi citizens, to meet the goals of "Vision 2030".

Green-field Investment

A company with an extensive government client list is SSSIT which boasts ministries, universities, municipalities, banks, the Air Forces and even the government of the neighbouring Hashemite Kingdom of Jordan amongst its customers for its services covering business process management, IT solutions, systems integration, content management and others.

"We began 13 years ago serving the government exclusively but we've now managed to penetrate the private sector," explains Chairman and Managing Director, Mr. Abdullah AlMohaissen. "Our staff are divided amongst consultants, service providers, programmers and support services with a total full and part-time payroll of around 115 people."

Last year it posted a turnover of around \$21 million, a growth of some 20 percent over 2015 and the Chairman says that "Vision 2030" should help the company keep growing for the foreseeable future helped by a boost in business from the financial and banking sectors.

The company aside, the Executive believes the plan will be a boon to the entire nation and its economy but suggests that for it to be truly effective, the government has to make sure everyone in the Kingdom can grasp its importance.

"This vision is a real revolution but the Saudis who it will benefit most have to understand it well, see how they can benefit from it and be fully aware that it is being done for them," he argues.

"But there is no doubt that we can reach the goals of the vision alone and we'll need the help of foreign consultants and that of foreign companies, no matter how many very qualified Saudi and non-Saudi people we have now working in the kingdom. And it would help if the government could also get the vision's message out to the rest of the world.

"That should attract more foreign investors



ABDULLAH ALMOHAISEN

CHAIRMAN & MANAGING DIRECTOR OF SSS IT

"VISION 2030 SHOULD ATTRACT MANY FOREIGN INVESTORS IN I.T. & TELCO"

who will benefit from the growing economy and especially in the IT and telecoms sectors which are virtually green-field when you compare Saudi Arabia with other countries."

Local Content

With its geopolitically-strategic location, vast oil wealth and importance as the guardian of the Two Holy Mosques, Saudi Arabia is justly concerned about its security, spending billions of dollars each year on the latest weapons technology and while Western suppliers are key, Saudi companies also play a major role in the sector.

Ezah Company for Technologies Ltd. works with domestic and foreign partners in its line of military electronics, communications and security products and services, according to CEO Mr Nasser Al-Ajmi.

"We set out in 2005 to establish a 100 percent Saudi company to work with the military and the government helped SME's like ours very much so we got great support from all branches of the military and the Ministry of the Interior," he recalls. "Then we began seeking out customers in the civilian and industrial sectors so right now it is about a 50-50 split"

"Vision 2030" calls for 50 percent of military purchases to eventually be from local companies and with the current share only 2 percent, there is potential for huge growth for firms like Ezah, but the CEO argues that there will still be plenty of room for foreign contractors.

"International cooperation is going to be very important because Saudi Arabia can't

SSSIT
Secured Services Systems for Information Technology (SSSIT) is a regional innovative IT solutions provider, Headquartered in Riyadh, Saudi Arabia. Provides innovative software products and Services for leading Middle Eastern organizations and Saudi Arabian government agencies that both satisfy their unique needs as well as international standards.

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start from zero with technology so we are going to need those international partners and tech suppliers to come here and work with us so we can reach that goal spelled out in 'Vision 2030,' he says,

Ezah currently works with such foreign companies as Canon, Nexter Systems, Thales Group and Unival, as well as local suppliers, many of which partner themselves with international firms in technology-transfer arrangements.

"As everyone knows, Saudi Arabia is a rich country and we don't want to depend on oil and gas anymore, we want to depend on goods and services we make here at home," the CEO says. "So anyone who wants to come to Saudi Arabia and cooperate with local companies, especially SME's, that is the best way to succeed."

Fresh Opportunities

Another major private IT sector player is Smartech AV which markets high-tech audio-visual systems, video broadcast systems, video broadcast systems and security systems and has a range of government contracts to supply the Ministry of Commerce and Industry, the national electricity company, the largely-state owned petrochemical giant SABIC, the national guard and other state institutions as well as private industry.

Many of its systems are used in training and also teleconferencing, which is an important tool in a country the size of Saudi Arabia.

"Vision 2030" has already meant an increase in business for the company, according to General Manager Mr Mohammed Asswilem, adding that the plan has spurred the public and private sectors to invest in the future by asking Smartech AV to provide them with advanced audio-visual systems.

"I was really happy when 'Vision 2013' was announced because although we are a rich country and have a lot of resources we perhaps didn't use them in a proper way," he says. "Now, we need to improve this new generation of Saudis so they are more open to the world through IT channels like social media."

The general manager explains that another benefit will be the increasing number of foreign companies coming to the kingdom which will need his company's products. "And this will be good for all the Saudi companies, not just us," he says.

Founded in 2010 by Mr Asswilem's father, Smartech AV employs 20 people and last year racked up around \$5 million in sales of its products supplied by foreign partners like JBL, Panasonic, Polycom, Shure, Extron and other leaders in the audio-visual field.

"This is our main activity but we want to expand our security business and get more into the IT business. Since we're growing so fast we want to do this on our own and we will hire specialists to help us do that. In the future we are hoping to hire more Saudi technicians to satisfy the government's Saudization programme.

"And although we don't have any women employees at the moment but we are looking for them. The problem is that it is hard to find women specialized in the audio-visual field," he says. "But it will happen as so many positive changes are taking place here."

Positive Vision

Box moving is already a distant memory for Suleiman Al-Khudhair, General Manager of Nahil Computers, one of the oldest and most established payers in the computer and IT sector. Founded over 30 years ago, it moved from computers distribution to become an indispensable partner in IT services for many private and public institutions in the Kingdom.

"We are proud to be a platinum partner for HP in Saudi Arabia, as we probably cater for 8% of their activity in the country. As we have many small and medium contracts with many customers, an eventual drop in the big contracts from the public sector should not affect us" Mr Al-Khudhair explains, while he stresses that the conservative management that he has implemented in the company has served as an effective defence in turbulent times.

Looking into the future demand, the ex-



SULEIMAN AL-KHUDHAIR
GENERAL MANAGER OF NAHIL COMPUTERS CO.

"NOW WE FINALLY HAVE AN OBJECTIVE, WE NEVER HAD A CLEAR ONE IN THE PAST"



perienced manager has identified business analytics and business intelligence as the next wave of growth for the company, and for that he has partnered up with DELL technologies: "When DELL technologies merged together with EMC, they decided to change partners, and they chose us; They do plenty of things, software services, storage delivery and implementation, so I think we are going to do about a hundred million Riyals of extra business with them."

The next few years presents great growth opportunities for the company, and the seasoned General Manager is keen on hiring young Saudis to join its already multinational team. Those offered a job are given extensive training and get the opportunity to understand the unique history and culture of the company: "Nahil Computers has a great commitment and loyalty to its customers, and also our vendors are committed to us, these two things plus the fact that many of our human resources have been in the company for over twenty years create a unique working culture" he is proud to observe.



Nahil Computers
النهل للحاسب الآلي
Partner in Technology

Back in 1984, the Information Technology landscape in the Kingdom of Saudi Arabia was very different and of course, much less developed than it has become today. As a fully Saudi owned and operated business we clearly saw the need to contribute and participate in the growth of our nation, utilizing our early expertise in IT, and so Nahil Computers Company was born
















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When asked about his expectations on Vision 2030 Mr Al-Khudhair is mostly positive but also conservative in his estimates: "I am optimistic, even if the objectives can not be fully achieved, at least 70% or 80% of them will be. Now we have vision, we have objectives to reach, we have KPI's for our economy to achieve; Saudi Arabia is on the right track, we have an objective and that is something that we never had in the past".

Proven Commitment

A foreign IT company but now considered Saudi is Mashreq Arabia, which was founded in Egypt and operates also in the kingdom, Qatar and the United Kingdom as a provider of business consulting, IT, system integration, and outsourcing services. It is also investing in the renewable energy and power industries and focusing on solar power plant construction.

"One of our biggest projects is working with the Saudi National Guard, and transforming its supply-chain to manage its entire inventory, down to the smallest items, along with finance, human resources, command and control and much more. It was the biggest automation system in the Middle East," explains Group CEO Ashraf Mahmoud, adding that the company also counts a number of other government organisations and private businesses amongst its clients.

One of Mashreq Arabia's strengths is the high number of Arabic-speaking personnel amongst its staff of 70 in Riyadh. Although some of the senior management are Westerners, those in closest personal contact with clients are Arabs.

"This is really an advantage because there are many consultancies here in Saudi Arabia which have problems because of the language barrier. But we don't have that problem, we are a company that works in Arabic and thinks in Arabic for our local clients but we have the Westerners' vision," the CEO explains.

From an outsider's perspective, the executive says that "Vision 2030" proves that Saudi Arabia is going in the right direction and he



ASHRAF MAHMOUD
GROUP CEO OF MASHREQ ARABIA

"OUR NATIONAL GUARD PROJECT IS THE BIGGEST AUTOMATION PROJECT IN THE MIDDLE EAST"



Photo: Prince Sultan University

expects big benefits for his company which is now hoping to work with the Ministry of Defence to centralise its IT systems throughout the organisation.

"There are so many possibilities in Saudi Arabia at the moment and the prince's vision can only open up new horizons for all companies operating here whether Saudi or foreign," he declares, while pointing out that the Mashreq Arabia has been treated as a local provider since it has shown a strong commitment to the country by setting up a strong local office and hiring plenty of local staff.

Mr Mahmoud goes on to make a call for partnership to cover the promising Saudi market: "come and join us in the Saudi market, there are a lot of opportunities, as 70 % of the market in the Middle East is in Saudi Arabia, and 50% of it is in Riyadh. This is the place and the time to participate in the 2030 VISION".

Asked in which sectors they are interested in setting up ventures he explains: "those companies with expertise in artificial intelligence, something like war gaming, we can go with them to the National Guard or to the defence sector, we can work together!"

Foreign Expansion

A sentiment shared by Mr Meshari Alsoairy, the chairman of MAS Technology, who urges the Saudi government to liberalize rules and regulations covering foreign companies to make the situation clearer for those who want to enter the local market.

"I've spoken with executives from many foreign companies and they say they'd like to invest here but they don't have any information on their rights and duties, what they can do and what they can't do. It's a great market here in Saudi Arabia and the entire region and they should invest," he says.

Established in 2007, MAS Technology began as a provider of low current systems for networking security setups like access control and CCTV systems and then branched out into software and a wide range of IT products and telecoms infrastructure including wide area networks, wireless local area networks and virtual private networks.

And in a rare move for a Saudi company in the IT sector, MAS Technology is expanding abroad this year by establishing a branch in Dublin to market its proprietary products Europe which the chairman describes as "the best market in the world for accepting new technologies, new ideas and new businesses."

"I decided to go to Ireland after 11 years of experience in this field," he continues. "I know the market and I know how to set up a new business in another country with low risk."

Alsoairy believes Saudi companies don't open branches in other markets for several reasons: the profit margin is still high in Saudi Arabia and it is a good market so there is no need to risk investment in time and money in a new, unfamiliar environment.

"Our plans call for concentrating on Europe in 2017 and then the following year we'll launch in the Far East and in North America," he says. "We're also now focusing on IOT, or the Internet of Things, and we're hoping to be the one of the first company in the Middle East to adapt this technology for the local market."

MASHREQ ARABIA

Mashreq Arabia is a leading professional services organization dedicated to helping organizations improve and streamline their business operations all over the world. Our practice areas include business advisory, IT, system integration and outsourcing services.

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INTERVIEW WITH DR HAZEM SHAATH B. PH.

Founder & CEO of KÖLN Naturstoffe KN GmbH

KÖLN is a company with the capacity of a well-experienced and rooted medical and healthcare provider, able to see the differences in the lifestyle of each human being and to provide the best solutions to healthcare problems. KÖLN values its tooling in professionalism and in healthcare while it keeps looking for innovative research. By inspiring its employees, KÖLN engages in sustainable practices to anticipate the needs of its customers and society in order to improve their lives



MR ASHRAF
A. EL-SAMMAN
Vice President of
KÖLN



Launching ceremony of Bonn Healthcare offices in Riyadh

“KÖLN WILL BE ONE OF THE MAJOR HEALTHCARE PROVIDERS IN THE SAUDI MARKET”

What has been the greatest challenge when setting up Bonn Healthcare?

H.S.- Bonn Healthcare started the organization from scratch and we have followed all the SFDA regulations to have the official licensed pharmaceutical warehouses applying international SOP's, and to prepare the complete registration files for all the products and the factories abroad. In Saudi Arabia to promote pharmaceutical products, the medical representative should be a pharmacy graduate.

How has your plan been affected by the cuts in government spending?

H.S.- It is very important question because the government just announcement the budget for 2017 and it was promising for the private sector. We decided to focus on the products covered by the health insurance. Also, the markets have become more mature and the real consumption of the medicine will be more realistic

Where will KÖLN be in KSA by 2020?

H.S.- Our target for 2020 is that KÖLN will be one of the major healthcare providers in the Saudi market, reaching 500 million Saudi riyals, including the factory sales, which is almost 135 million dollars. We have more than 35 products under registration; we hope to get the approval for all these products during 2017, so in 2018 we will start working with a full portfolio. We have eight lines of products and despite the recent cuts in the government budgets for 2017 we remain optimistic. Even if our business plan has been affected by these cuts, it remains solid and we remain committed to the Saudi market, as KÖLN has also scientific offices in the gulf region.

What is KÖLN and Bonn Healthcare? In which lines are you working?

H.S.- KÖLN is a German healthcare research company, managed by myself as a CEO, Phd Dr Mathias Schmidt as Vice President for Europe & USA, and Phd Dr Ashraf A. El-Samman as the Vice President for Asia, Africa and Middle East. We work in different product lines: pharmaceutical products, family care, lifestyle products, eyecare, oral care, nutraceuticals and nutritional products.

Bonn Healthcare was set up in 2012, it is our sole distributor in Saudi Arabia. We are linked together to an excellent model of partnership. Bonn has already 150 employees in five offices across the Kingdom, the head office is in Riyadh while the other four branches are in Jeddah, AlKhobar, Abha and Qassim. Our 8,000-square meter licensed warehouse services all the cities in the Kingdom. 2016 was KÖLN's first full year of operation in Saudi Arabia and we reached a revenue of 39.4 million Riyals, and in the forecast for 2017 we are expecting to reach 107 million Riyals. Mr. Mansour Al-Qahtani Bab manages this organization as Bonn Healthcare Managing Director.

The growth has been very rapid ...

H.S.- Yes, due to many new launches. The Saudi FDA has just approved some of our main strategic products. We recently attended a confe-

rence set up by them, and it was clear that the government's direction is to facilitate the non-oil businesses and the healthcare sector in particular, we actually heard that if you have the American FDA or EMEA approval for a certain product it will be accepted here in Saudi Arabia within 2 months, which is major news!

How do you think “Vision 2030” will affect the healthcare sector in Saudi Arabia?

H.S.- We are very fortunate that “Vision 2030” was announced, because it has put the focus in the non-oil and non-gas business development, and in particular I believe that the private healthcare sector will become bigger and bigger. Our Vision goes in a parallel line with “Vision 2030”, and we are happy since the pharmaceutical industries are getting its full attention and support; “Vision 2030” will provide more facilities and support by the government, and it will accelerate the approval of new products in the Saudi FDA.

Have you considered an industrial base in Saudi Arabia?

H.S.- That would be challenging, yet our cosmeceutical factory first stage will start the production in the second half of 2018. Saudi Arabia is the biggest market in the Middle East, if you look at the Middle East countries and North Africa, Saudi Arabia is still the largest.

INTERVIEW WITH MR. KHALID N. AL-AAMER AL RUMAIH

President & CEO of AL AAMER Furniture Company

From a small general shop in Madinah to a kingdom-wide chain of furniture stores, Al-Aamer has followed the evolution of the kingdom and its development for the last 80 years. As the country enters into a new chapter with "Vision 2030" as a playbook, the long-geous company is preparing itself to take advantage of the opportunities to come, while it updates its way of working by hiring more Saudis, as its CEO Mr Al Rumaih explains



How and when was the company founded?

K.A.R.- It goes back to the year the Kingdom of Saudi Arabia was founded, Al Aamer Furniture was started as a general store in Madinah by my father in 1932, when he left the Saudi Army. This small store eventually began selling appliances and in the 1960's furniture was added as well. By today we are spread to different locations throughout the Kingdom, and we sell household furniture to Saudi clients. I took over the company after my father died, as we turned the establishment into a limited company with my brothers and my mother, in 1995.

How far has the company gone in its long history?

K.A.R.- We are considered a medium company, with a workforce of over 350 and revenues of about 70 million Riyals. One of the problems that we are facing is that around the world furniture is bought on a credit basis, yet in Saudi Arabia you still buy furniture on a cash basis, as we still don't have a financial system that provides security for the retailer and for the buyer in furniture purchases.

How do you think that "Vision 2030" will affect your business?

K.A.R.- Let me first say that the announcement of "Vision 2030" meant a lot for my sons and my grandsons, because Prince Mohammed Bin Salman is young and he speaks in their language, we never had someone at that age group talking to a young nation as Saudi Arabia is. He is the right person to be the spokesman for "Vision 2030", as he is very transparent and his language is understood and appreciated, he speaks like a young Saudi who is really interested in the future, so the feedback from the young generation is really tremendous and genuine.

It will affect us in several ways, especially as our biggest problem is labor. Employing Saudis instead of foreigners is very important, and the Vision should make foreigners more expensive to employ and therefore it will give us the incentive to hire more Saudi employees; but in order to employ them, you need to have well-trained individuals, so the government needs to do a better job in training our young people. Our sales people will have to be replaced, as we don't have Saudis in our sales teams. The clerical staff should be replaced soon, but we have to find people who are well-trained, as training them by ourselves is very costly. The other alternative is of course outsourcing some of our services to other companies, which we are also considering.

Are you optimistic for the development of the economy in 2017?

K.A.R.- Yes, I think so. In 2017 oil prices should improve, which will ease the burden on the government somewhat, but still will not make them give up on all the economic reforms. "Vision 2030" actually represents nothing less than a Thatcherite revolution; the UK was never again what it used to be, the same thing that happened to China; after the economic reforms in China, China was never what it used to be. Equally Saudi Arabia will never be what it used to be by the year 2030, it will be a completely different country.

So you see "Vision 2030" as an economic revolution?

K.A.R.- It is an economic revolution designed in such a way not to be too disruptive, it is very gradual, with very well studied moves. Don't forget that our government is more liberal than our people, so socially you don't want to hurt the local sensibilities, you cannot do like Ataturk did

"VISION 2030 ACTUALLY REPRESENTS NOTHING LESS THAN A THATCHERITE REVOLUTION IN SAUDI ARABIA"

in Turkey or the Shah did in Iran, modernizing by force, you have to go by our traditions and our religious beliefs. Otherwise, you may have a backlash which will even hurt you more.

Where would you like your company to be by 2020?

K.A.R.- I think we will continue to be a retailer as we are now, we will benefit from a new system of credit sales, and we will benefit from more well-educated and well-trained Saudi workers that I can depend on; of course, you cannot replace every employee from your company for Saudis, there are people, such as manual labor, that will not be easy to replace with Saudis. We should not forget the female element as well, as we can change many of our staff to hire females, especially for secretarial and clerical work.

How do you think that foreign investors should look at the Kingdom now?

K.A.R.- I think they should look at the Kingdom of Saudi Arabia as a very important market; our demographic situation is extremely good, as 70% of the population is under 30 years of age. They are sophisticated, the consumer market is really moving in big steps and I think they should really come and see for themselves, the country is open and this is their chance. Economically speaking we are opening up new sectors to foreign investment, and more reforms will happen to the economy, so companies will find it much easier to do businesses and to invest in Saudi Arabia, as we will have a very well educated young generation.



INTERVIEW WITH MR. FAYEZ SALEH 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.S.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.S.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.S.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.S.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.S.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 center 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.S.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.

"AFTER THE PRINCE'S "VISION 2030" SPEECH, THE 2016 FOOD FAIR HELD IN JEDDAH WAS A BIG SUCCESS"



Where would you like to be by 2020?

F.S.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.S.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?

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EDUCATION & TRAINING

FROM I.T. TO EDUCATION
AL ALAMIAH SET ITS GOALS
HIGH AS VISION 2030 IS
RESHAPING THE NATION



Photo: Al-Alamia Group

Saudi Arabia's "Vision 2030" and the National Transformation Program which flows from it set out an ambitious road-map for education reform in the Kingdom of Saudi Arabia. The success of the plan depends in large measure on reforms in the education system generating a better basis for employment of young Saudis.

As the Vision itself states: "We will continue to improve and reform our regulations, paving the way for investors and the private sector to acquire and deliver services – such as education – that are currently provided by the public sector. We will seek to shift the government's role from providing services to one that focuses on regulating and monitoring them and we will build the capability to monitor this transition."

This objective of larger involvement of the private sector as provider of education and training is a shot in the arm for companies that have for years contributed to improve the employability of young Saudis, which often leave College and University with weak marketable skills and are hence unable to find proper jobs that match their acquired qualification level.

Ingraining such vital job skills is the business of the Al-Alamia Group which has for 35 years operated training centres offering English-language skills, computer skills and communication skills, all necessary for any young Saudi hoping to get his or her foot on the first rung of the ladder to success, says Mr Al-Sharekh.

"I see the human resources issue as perhaps one of the greatest challenges for 'Vision 2030' and you cannot work these days in the public or private sectors, anywhere really, without a high level of English, coupled with IT skills and the ability to communicate."

International Standards

The company Al Alamia for Education and Training Company -AET- offers English-language training through its Native English subsidiary, and computer skills through its Institute for Computer and Technology, while the Skills Development Centres offer courses



HAMED A.
AL-SHAREKH

CHAIRMAN OF
AL ALAMIAH
GROUP

"WE NEED CONSISTENT AND STRICTER STANDARDS & A NEW REGULATORY FRAMEWORK TO RAISE EDUCATION BENEFITS"

covering human resources, sales and marketing, career development, customer service, leadership, and tourism and hospitality.

The Al-Alamia for National Recruitment division handles human resources and job placement. Its mission states it clearly: "to provide comprehensive, innovative, customized and sustainable educational & training services and solutions, to address the needs of our region, capitalizing on our distinguished human capitals, geographic locations, innovative services and following international standards and industry best practices."

Companies and universities work with AET and other clients include government organisations and agencies such as the Ministry of Education - whether its is for higher, general or vocational education - the Saudi Electricity Company, and SABIC, the largely government-owned manufacturing company involved in petrochemicals, fertilizers, metals and industrial polymers and is the largest public company in Saudi Arabia and the Middle East.

Mr Al-Sharekh applauds "Vision 2030" and especially the increased role of the private sector. Yet the main challenge in the education and training sector is that "we feel that consistent and stricter standards, and a regulatory program that governs the certification and quality controls among the educational sectors, from schools, colleges, universities and institutes of all levels, will help raise the benefits to the country and the

employers as well as the students and their families" Mr Al-Sharekh explains.

"The Vision is great and so is its emphasis on private businesses and the need for them," he says. "And we can play a very important role in this vision that aims to boost employment among our young population. Training leads to employment, and that's our main task. As our slogan says, excellence and your education is our future."

Vendor of Choice

Al-Alamia for Education and Training, as a member of Al Alamia group which comprises 400 employees, benefits from the combined power of the group, with more than 13 training centers all over the kingdom, and is aiming for an aggressive growth in the next few years.

Its own formula for success includes a continuous program for hiring the best graduates and regularly place them on "train-the-trainer" courses. "Our staff is our most valuable and important asset", says Mr Al-Sharekh who likes to showcase a company's culture that has been built on values of teamwork, excellence and accountability, with a clear and ambitious objective in mind: "Our mission is to be the region's education & training vendor of choice"

Yet his goals for the future go beyond mere excellence; "I hope in 2020 you will see our company in the Saudi stock market. We already have been invited, representatives from Tadawul came to make a presentation because we are already a closed joint stock company, and they are supporting us as they want to increase the number of companies listed. Now we are strengthening the financial, managerial and administrative capabilities of our company, Al Alamia for Education and Training, to be ready for that deadline" he says with confidence.

His prediction is very realistic, as despite the challenges the Saudi market for education will be one of the sectors to flourish under "Vision 2030", as he likes to explain: "I think this market is still virgin, and our exposure is very high to the training sector so our business can only grow".

INTERVIEW WITH ENG. BANDAR K. AL AOUDAH

CEO of Najd Engineer Company

The engineering fields offers plenty of opportunities for investment and partnerships in the new environment that Vision 2030 is creating, and as the founder of Najd Engineer Co. is happy to explain, renewable energy and transportation networks are leading the way



When was Najd Engineer Company founded and what was it set to do?

B.K.A.- Najd Engineer Co. was established in 2010, and we are working in the engineering fields: IT, telecommunications, mechanical, electrical such as power stations, oil and gas; we have agreements with several international companies from Germany, Italy and China. We employ about 60 people in the company and our sales are expected to be around 100 million Ryals in 2017.

Is Saudization a problem for your company?

B.K.A.- It really is, but everything is changing as Vision 2030 is trying to push the Saudis to go to work the private sector market; before everyone wanted to work with the government, but I hope in the next years we will not find any problem in hiring Saudis.

Who is your main foreign partner in the telecommunications sector?

B.K.A.- Huawei is providing hardware and software and we are doing the implementation, configuration and installation. With them we serve the main operators, STC and Zain in Saudi Arabia.

What are the biggest challenges for Vision 2030 to succeed?

B.K.A.- Vision 2030 needs to change the mentality of Saudis, who prefer to work for the government sector, and part of the vision is to change the mentality of the people so they are willing to work with private companies. All those people who studied abroad, over 500,000 in different countries, cannot all be working in Aramco or a Ministry... Here we are ready to take engineers for our projects in Najd company, for instance in the energy field, as Saudi Arabia is moving towards solar energy and wind energy to save resources; the new solar project in Tabuk is an example, with a generating capacity of 600 MW.

Which one of your projects are you most proud of?

B.K.A.- One project that we are working on with COBRA for Spain, it is the project of the high speed rail for Al Haram, we are working there for the administration and the commissioning activities. We have no problems to share our large experience with companies like COBRA, GE or SIEMENS, as now with Vi-

"VISION 2030 OPENS NEW OPPORTUNITIES FOR FOREIGN MANUFACTURING PARTNERS"

sion 2030 supporting the industry, I am willing to have partnerships with any company in Saudi Arabia to manufacture the equipment and take advantage of the government provided facilities in taxes, free land, etc. For big project the savings of manufacturing in Saudi Arabia can be very large.

What does a foreign company need to succeed in the Saudi market?

B.K.A.- They need to find good company in Saudi Arabia to make a joint venture, a legal partner, a strong company that already has good relations and a good history in the market, so they can win together. And Najd Engineer Co. will be a leader in Saudi Arabia in different fields, especially in the energy and the communication services, so we are certainly open for partnerships.

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CASH & FINANCE

CASH MANAGING COMPANIES MERGE TO ADAPT TO VISION-2030

Saudi Arabia is considered one of the world's most secure destinations for money transactions processes and programs, as the Kingdom is blessed with a high level security and stability through one of the strongest security organizations in the region. The country has succeeded in granting licenses to specialized companies in cash transfer, applying the highest international standards and technologies, which facilitates cash transfers to their destinations with ease and safety. The Kingdom security system is tightly integrated, due to the close coordination between security organizations and money transfer companies throughout the country, distinguishing the Kingdom from other countries that suffer from cash flow piracy all over the world.

The private security sector in the Kingdom is expected to be developed and expanded in the near future to comply with the expected economic growth accompanied with the Kingdom's "Vision 2030". Some national companies are preparing to cope with that developments in the Kingdom; the "Arabic Security & Safety Services Company" (AMNCO) is in the forefront, in addition to the "Cash Solutions Company" which recently merged with AMNCO in order to create an integrated industry in the monetary sector, to show their optimism with regards the "Vision 2030" as initiated by Minister and Deputy Crown Prince Muhammad Bin Salman" who has shown great commitment towards real change and reform.

Cooperation Model

"It is a critical period that witnesses a significant shift in the Saudi economy based on the national transformation programs and

Vision 2030"; says AMNCO CEO Mr. Fahad M. Alguthami, who joined the company in April 2016 after leaving American Express Saudi Arabia, where he held several senior positions over many years until he reached the position of Chief Operating Officer.

"I'm happy with this 'Vision' because of the importance of its objectives, especially the overall objective to diversify sources of income in the Kingdom, so that the oil would be a part of national income rather than being its main source. This vision shall have a positive impact on foreign investments and national corporations, and the private sector shall be the main engine of the national economy; in addition this expansion will help creating more jobs for the Saudi youth and will contribute to moving economic activity from the public to the private sector" says Mr. Alguthami.

"This Vision is building an ambitious society and by implementing the required key performance indicators, everyone will change their work behavior and will feel as it is a part of their property, which will lead to positive results at the end of the day," he adds.

Mr Alguthami thinks that the kingdom has taken the implementation actions to achieve the 'Vision 2030'; and the national transformation programs have begun to restructure all the ministries, bodies and organizations of the economic group to standardize performance and avoid "isolated islands" philosophy, as these entities have started to move according to the new reform orientation led by the young prince. These actions also include the diversification of income sources and increase the incomes of non-oil State. In addition, any reform program or transformation in economic path shall face some difficulties and rejections by limited-vision people, but he thinks that those who delve deeper into the 'Vision' will know that it will diversify the Kingdom's income sources and put it on the map of the world developed countries.

Founded 30 years ago, AMNCO offers a wide range of complete integrated cash management services; its security division provides



FAHAD M. ALGUTHAMI
CEO OF AMNCO

"NEW PARTNERSHIPS WITH MORE FOREIGN COMPANIES ARE NOW BEING EXPLORED"

security guards, alarm systems, access control systems, CCTV networks, security gate systems and physical security products such as metal detectors and x-ray scanning machines.

The company's Cash in Transit division operates hundreds of staff to serve thousands of ATM's all around the kingdom, while the cash and assets transportation division boasts hundreds of specialized armored cars and highly trained personnel to protect the properties of the clients, financial Institutions and precious items.

Many leading Saudi banks and the Saudi Arabian Monetary Agency entrust the company to execute cash processing and counting services following strict international standards.

AMNCO has its own performance vision, which is to be "a customer-driven organization, empowering the right calibers in order to lead the market by providing safe, reliable, reachable, innovative and tailored security services. And Mr Alguthami goes on to explain that "Our Mission is to provide wide-range security solutions and implement the most advanced procedures through engaging leading experts supported by experienced and accomplished organization".

However, the security business in Saudi

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Arabia is sensitive because it operates under the supervision of the Ministry of the Interior, which grants operating licenses only to local companies, he explains. "But the Saudi government is keen to basically obtain the know-how technology and develop the sector, so partnerships with foreign companies are being explored, instead of joint ventures or franchises."

And these technology and knowledge transfers are the key to the success of "Vision 2030", as the government continues its efforts to provide jobs for the local workforce.

"Our security guard force, for example, is already 100 percent Saudi staff and what we have done is to make employment more attractive by showing potential employees that they have rights; as there is a clear job description, a clear key performance indicators, training, a hierarchy and a poll to measure employee satisfaction" he says.

Explosive Growth

Keeping employees contented helps maintain loyalty which is vital as AMNCO expands its business partly through absorbing other operators in the sector such as its recent acquisition of Cash Solutions Company Ltd, whose Managing Director, Mr Mohamed O. Al-Afif, says was a logical move for both firms.

"It was all about completing the supply chain in the cash and asset transit business which is a major link in the chain and AMNCO is the leader in the sector with the biggest market share by far," he explains. "We also have a similarity in our visions, they are focused on operations while we are more into innovation technology systems and processes. So we complement each other perfectly"

Cash Solutions Co. Ltd was founded by Mr Al-Afif along with two colleagues just two years ago with the idea of filling a gap in the industry by providing what he calls "out-of-the-box" solutions in the cash management supply chain. It was an idea whose time had come, he says.

"We are talking here of a gap in terms of technology, processes, new ideas and new pla-



MOHAMED O. AL-AFIF

MANAGING DIRECTOR OF CASH SOLUTIONS CO.

"WE HAVE VERY SIMILAR VISIONS AND WE COMPLIMENT EACH OTHER'S STRENGTHS PERFECTLY"

yers in the market," he explains. "Starting this company was a huge challenge but you'll see that wherever a challenges exist, there are always opportunities. For example, we started with a big project with the Saudi Central Bank as a main consultant and are now building a state-of-the-art, multi-bank centre which will be a real revolution in Middle East banking!"

The company's operations cover treasury management solutions, software solutions, automated banking products and services and cash and valuables storage centers. Clients include the central banks, corporations and SME's in Saudi Arabia and the Gulf Cooperation Council countries.

"Since we began two years ago, we have doubled our turnover and we are expecting to do very well in 2017 because we will be getting into big projects in terms of operations and buildings for central and commercial banks, all of which will take us to a much higher level," Mr Al-Afif says.

Partnerships with foreign firms could help the company in reaching its goals and he says the company is already involved in reaching out and working with companies from abroad.

"We have already been active in that regard and we are doing it. Plus, there is a lot in the pipeline, we are always open for this and bringing in foreign investment as well. We are now at a very advanced stage with a very strong player with a well-known name in the international market but because of a confidentiality agreement, I can't identify it."

One project the company is launching is the 100 percent, automated multi-bank cen-

tre cash handling system for the entire region.

"This began as a conceptual idea and turned into a ready-to-implement project and now we are entering into the next step to actually construct the system," the managing director says. "We work with six to nine global companies under our umbrella to come up with the multi-bank cash centre."

The managing director says "Vision 2030" came along just in time for the company. But he was not really surprised at how bold Crown Prince Mohammed Bin Salman's program turned out to be as he knows that Saudis of their generation are ready for a fresh way of doing things and are not relying on the old formulas practiced for decades by the kingdom's leaders.

"This is a revolutionary step for the government that has never been taken before so we can expect great things if we stick to the Vision," he argues. "Every person and every sector in the economy has its own approach which we can't question but we should all be united players in each sector, whether cash management, retail, manufacturing or whatever, and do the best we can for the good of the economy and the good of the country."

Mr Al-Afif sees the National Transformation Programme and its goals for the year 2020 as a sort of practice run for 'Vision 2030'.

"We don't expect this vision to be implemented in the smoothest way and I'm sure with the National Transformation Plan we will certainly learn from our mistakes, that is why I am more optimistic about seeing real results from 'Vision 2030'.

"I would like to reiterate what his royal highness said when he unveiled 'Vision 2030': that the private sector is now the name of the game in this ambitious plan, and we should all be united behind it. Of course we don't expect a rosy path and there will be a lot of challenges, but again, this means there will be a lot of opportunities!"

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EDUCATION AND TRAINING

VISION 2030 REFORMS WILL AFFECT BOTH SAUDI FIRMS AND LOCAL UNIVERSITIES

Education and training are two pillars of Saudi Arabia's bid to transform its economy and the nation under the ambitious "Vision 2030" program unveiled in the beginning of 2016 by the deputy crown prince Mohammed Bin Salman. Currently under-25's make up well over half the kingdom's population, so it is easy to understand the government's firm efforts to support these sectors.

In addition, the Saudization programme - replacing foreign nationals with Saudi citizens in the workplace - puts even more emphasis on ensuring that Saudis, both men and women, have the skills needed to at least get that first, low-level job that can lead to a real career.

Since 2005, the Saudization rate for the private sector has been set at 75 percent, however analysts say that in many sectors the actual rates are much lower because most Saudis do not want to work as manual labour.

But most recently, with "Vision 2030" aiming to reduce the unemployment rate among Saudis from over 11 percent to 7 percent by the end of 2020, Saudization is taking on more urgency

Over the past year, the government has issued a series of decrees banning non-Saudis from working in a range of private and public sectors from human resources, the pharmaceutical industry and healthcare to automobile and mobile phone sales, with more bans expected.

Private Partners

As Vision 2030 aims to change the way government works and is organized, companies with experience in training employees in



Photo: Prince Sultan University

public sector institutions are poised to become even more relevant and important for the success of the ambitious program.

Expert Path is one of such companies; as its Managing Partner and one of the founding partners Mr Amin Al-Amin explains "Ten years ago we set up the company to be a government partner, as actual government restructuring started around 1999. Since the beginning we positioned ourselves to be a government partner, to support them in their journey."

With a turnover of over 30 million riyals, Vision 2030 has come as a big boost to the company's base business line. As a consultancy and training company, Expert Path is focused more on results than on handing out certificates, and they have partnered with some of the major names in the industry for that purpose: NEBOSH, OSHA, ILM and the British NBQ.

As Mr Al-Amin can testify, the changes in the way the government operates are for real: "I have been part of the economical cycle of almost 30 years, and for the first time we see a real alignment between different government entities. For instance in 2016 and for the first time, the Ministry of Planning sat with everybody in the government and came up with a consolidated plan."

Some major obstacles are still on the way for Vision 2030 to fully succeed, as many needed changes that are long in the making. Regulation and human resources is high on the

list, and some deep changes may be needed so all the key programs within the "very ambitious and very aggressive program" can be achieved.

"I think the biggest obstacle in this country is the need to change regulations, specially for the public-private-partnerships to become relevant, and those changes take time; second, the human capital capability within the government sector is still too weak and this needs a significant improvement" Mr Al-Amin is quick to note.

The way forward to overcome all this difficulties is no other than foreign partnerships, as Expert Path's Managing Partner likes to point out "Our motto is international capability delivered with local arms; we believe that International expertise from top firms need to be customized and made domestic to our country, and this is why I believe that there is a major value for partnerships between international firms and local firms".

Yet perhaps the biggest challenge is one that can change the way the kingdom has been relating to the world since its foundation "One of the biggest problems in this country, over the past fifty years, is that most of our relations with the world were government to government, and it is the time now to change that relation

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Expertpath is a well-established provider of management consulting and training services to our clients in both private, government, and nonprofit sectors in Saudi Arabia. We consistently lead to client successes in growing or improving their business. Our services cover a range of business fields including strategy, operation, organization, marketing and technology across different industries

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into an economy to economy framework” and Mr Al-Amin says that he is indeed willing to play local partner to the big International firms.

International Ambition

Despite the strong demand in training and education that the Saudi market has shown these last few years, a few trail-blazing companies have decided to grow internationally and venture into the neighbouring countries. One such company is SAC Training & Consulting, which since it was founded in 2003 in Riyadh has been growing an average of 20 % a year.

Its founder and General Manager Ayed Al Qasimi is quick to list the different locations from where they impart their training courses “we have now branches in Riyadh, Jeddah, Dammam, Qatar, Dubai, Amman and we are growing toward having more international offices. We conduct our trainings even in Europe according to our client’s needs” which is certainly proof of the international ambitions of the young group.

As Mr Al Qasimi explains “we are facing the same challenges in Saudi Arabia as in Qatar, Kuwait and the UAE” which explains his acute interest in the GCC markets. In all those countries he did not find much difficulty to enter, with the exception of Dubai and Amman, since “In Dubai there are a lot of international expats, so it was a little bit different for us, and



in Jordan people cannot afford to do the training, so training is paid only through charities”.

Asked about his reading of the changes being brought by “Vision 2030”, he has a clear idea of what it will mean for his business “in the beginning it will affect our sector in terms of spending cuts from the government, yet training is becoming more resultant-oriented and this is a positive thing, since we are focusing on quality and hands-on training, which is making us stand out in a crowded field.”

Indeed lower public budgets are expected to clear the educational field, as many companies had entered the market to provide its services when demand outstripped supply. Those times seem to be over, and Mr Al Qasimi’s secret weapon to gain market share is what he calls “blended training”, by which theoretical content is sent to students to review before the practical sessions, much like an MBA course from many western business schools.

But the biggest change that the young entrepreneur is witnessing is a sudden change in the mentality of Saudi job seekers, as he is witnessing that since “Vision 2030” was announced “people are retreating from the government and trying to find jobs in the private sector, mostly for big companies”.

As the market conditions change quickly Mr Al Qasimi believes that this is the time to gain market share rather than to think about large profits “it is a big market and it is wide open for everybody, now all can train in Saudi Arabia but with the right company” which is where he wants to be, in order to take a pole position in the race to serve the new educational demands arising from “Vision” 2030.

Key Ingredients

The pioneer in private education in Saudi Arabia is Prince Sultan University (PSU), the first non-state institution of higher learning that was established in 1999 and which today is a beacon of quality education, not only for Saudi students but foreigners as well, says Rector Dr Ahmed S. Yamani.

“PSU was launched with the vision of becoming the leading non-profit private university in the Middle East. That is the goal it aspires to, and our objective is to provide a quality education equal to other reputable universities in the world,” he explains.


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From an initial enrolment of 152 students with 16 faculty members, PSU now has more than 4,000 students and more than 400 on its faculty roster teaching in five colleges: business, computer and information science, engineering, law and humanities, offering a growing array of undergraduate and graduate degrees.

Dr Yamani says that the indispensable element in providing a top grade education is quality and PSU has what he calls “the recipe of success” focusing on three key areas.

“One is to enrol outstanding high school graduates, Saudis and non-Saudis from different backgrounds, the second is to recruit qualified and diversified faculty members from different schools and backgrounds, and third is to constantly review and update our academic programmes to keep up with the changing demands of the marketplace.”

The rector is particularly proud of PSU’s role in educating women, who have their own campus separate from that of the male students, and boasts of six female law graduates who went on to post-graduate studies at prestigious universities like Harvard and Colombia and then passed their bar exams.

“Five of them went on to work in top law firms in Saudi Arabia and the sixth works in Washington DC for the World Bank,” he says.

PSU’s international ties are deep as the medium of teaching is English. Twenty-five percent of the student body are non-Saudis, mostly from English-speaking countries, and 70 percent of the faculty are from other countries representing 39 nationalities.

“We also benchmark and engage our students with the international programmes that we do have such as the semester abroad programme which give students opportunities to spend one semester at one of 16 universities in other countries like the US, Korea, Ireland, Japan and Poland,” Dr Yamani says. “This gives them the international exposure of studying in



DR AHMED S. YAMANI

RECTOR OF PRINCE OF SULTAN UNIVERSITY

“OUR VISION IS TO BECOME THE LEADING NON-PROFIT PRIVATE UNIVERSITY IN THE MIDDLE EAST”



Photo: Prince Sultan University

another environment while they continue their education at the graduate level.”

The rector sees “Vision 2030” as a huge undertaking for Saudi Arabia and describes it as “a very comprehensive, ambitious and daring road map as a goal for the country over the next 15 years. The whole idea is to free the kingdom from the challenges of relying on a commodity which has a volatile price and trying to shift from this dependence on oil to relying on human resources - particularly today’s youth in the years ahead.

“This of course means the young gene-

ration but the challenge will be to prepare these young people and qualify them through character development and a university education,” he argues.

Dr Yamani notes that the kingdom’s unemployment rate is above 11 percent with around a fifth of the nation’s university graduates who are job seekers. “So that is who we are targeting for some of our continuing education programmes, that is, university graduates who are finding it difficult to find work.

Our education for employment (E4E) intensive courses train young men and women to earn international certifications in a variety of professional fields. Our E4E graduates get jobs”

He notes that 1.9 million young Saudis will be entering the job market over the next 10 years as indicated in the MISK Global Forum last November.

“This is a big challenge and you need to start with the universities and I believe that private universities, like PSU, with their flexibility and rapid decision making can help so much with the support of the government.”

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EXCELLENT SOLUTIONS CO.

PROVIDING DISTINCT VALUE IN HUMAN RESOURCES SOLUTIONS

One of the many Saudi companies fully embracing "Vision 2030" is Excellent Solutions Co., a provider specialised in human resources and manpower solutions, contact centre operations, debt collection, customised training and business consultations which is known for its excellence in quality service delivery that adds distinct value to its customers.

"Vision 2030's drive to diversify the Saudi national economy and create growth as well as more local content will position human capital development at the forefront of the decision makers' agenda," explains Excellent Solutions' CEO Dr Mutib Ibrahim Al-Ruwaitea.

"It is a golden opportunity for local and international players because of the government's commitment to long-term economic development and the engagement of the private sectors, both national and international.

"Therefore, the human resources sector is expected to play a pivotal role in the development of national talents and we're likely to see moves towards process management outsourcing, particularly for non-core human resources services to specialist service providers such as Excellent Solutions," he says.

Founded in 2004, Excellent Solutions prides itself on being a Saudi company with international standards, and has become the leading partner in human resources solutions for many companies in a range of different business sectors. Over the years it has found positions for more than 20,000 people across the kingdom and currently employs 1,500 staffers itself.

The company is targeting a much higher number with a Saudization rate of 94 percent. It has already trained more than 5,000 people in such fields as specialised English, customer service, call centre operations, sales and telemarketing.

These activities are helping the kingdom's lack of qualified human resources but the CEO explains that there are indications that the situation is now changing: "This very hot topic has been discussed and debated at length and it could be much improved," he says. "First, there should be an alignment between higher education and the job market for qualified human resources. Until very recently none of the universities addressed this important specialty in their curricula. National companies need human resources expert providers to revamp company human resources systems and coach national talents."

Win-Win Approach

Excellent Solutions' key offering is the provision of outsourced managed services to meet the requirements of its partners and clients.

Its proven track record as the leading services provider in its field comes thanks to a deep knowledge and long experience in local business practices and culture, clearly demonstrated by the number of awards of appreciation and excellence it has received from its satisfied clients in both the public and private sectors. These include several ministries and government departments, as well as many private customers in different sectors such as banking and telecommunications.

Dr Al-Ruwaitea credits Excellent Solutions' sterling reputation with its success in providing clients with "on-time services and excellent support and on the success of its employees by assuring job security, self-satisfaction and excellent career paths as this addresses the interests of all stakeholders in a balanced and fair manner.

"We have always put the interest of our strategic customers and employees at the forefront of our business dealing and we align our strategies with our customers' priorities and integrate our business service offering into the processes of our customers," he explains.

"Excellent Solutions strongly believes in a win-win approach for all its stakeholders and this is what differentiates us from all the others."

The company is keenly eager to play its role in "Vision 2030" with executives seeing its manpower and services outsourcing operations as an excellent on-the-job exercise for Saudi youth and a promising opportunity to develop the country's manpower talent through the company's mature and professional experience in managing manpower, handling human resources and operating support services within the local market.

But Dr Al-Ruwaitea cautions that the government should go further, and he has several suggestions: "Saudi authorities are already engaged in the reform process and 'Vision 2030' provides a good framework," he points out. "However there must be more engagement of qualified local companies in the transformation process of the economy, an effort to liberalise the market at a faster rate to lure more foreign direct investment in critical areas and more support for the creation of start-ups."

"Vision 2030's" aim to place more emphasis on the private sector and entice more foreign companies to Saudi Arabia bodes well for Excellent Solutions.

Saudi Arabia has been a magnet for foreign investment in recent years thanks to a low tax regime, cheap energy, affordable labour costs and other factors and analysts say the number of international companies entering the market will now increase even more.



"V-2030 WILL POSITION HUMAN CAPITAL AT THE FOREFRONT OF THE DECISION MAKERS' AGENDA"



Local Understanding

"Vision 2030" promotes direct private investment, particularly through public-private partnership, so local firms can team up with foreign ones to enhance their local capabilities and share investment risks and rewards," the CEO says.

"In addition," he adds, "such a potentially encouraging investment environment would definitely generate many promising job opportunities for Saudis; international companies will be looking for local partners and expert service providers to support the business initiation phase. That's where we would be the best choice due to our experience and full understanding of the local market and business environment."

This theme is one that Excellent Solutions likes to emphasize as a key part of its commitment to quality, paying particular attention to articulating a distinct value proposition that meets and even exceeds the expectations of its customers, especially those international firms contemplating a move into the Saudi market.

"We believe that local problems can only be addressed through solution providers like Excellent Solutions which understand the local environment, culture and traditions," the CEO says. "The role of international companies cannot be ignored as they bring tried and tested industry best practices solutions. However, their introduction needs to be adjusted to suit the locals."

The human resources solutions sector, he continues, will witness a major overhaul as the Saudi business landscape attracts more foreign investment, more start-ups and SME's are created and more Saudi human resources professionals join the ranks of senior management.

"There will also be a trend towards outsourcing non-core human resources operations. With this in mind, Excellent Solutions is already positioning itself with a view to participating in future public-private partnership."



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Excellent Solution (ES) is a Managed Service Provider, highly specialised in HR solutions, Contact Centres, Debt Collection, Sales, Customer Service and Training within the GCC.

ES was established in 2004 in KSA, and for more than 12 years ES has been committed to delivering excellent quality in all its services to become the top preferred solution provider for KSA customers & partners.

We believe that our success will be shared by our clients, employees and business partners.



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