



SAUDI ARABIA

AS THE NEW VISION 2030 ROADMAP TAKES SHAPE, SAUDI BUSINESS LEADERS PREPARE THEIR FIRMS TO REAP LONG-TERM BENEFITS

Photo: Riyadh Convention Centre

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VISION 2030 REAL ESTATE

NEW DEVELOPMENTS
WILL NEED TO ADAPT
TO MORE DEMANDING
MARKET CONDITIONS

Saudi Arabian business sectors across the spectrum are expecting very deep big changes from Crown Prince Mohammed Bin Salman's Vision 2030 and the real estate sector is certainly among that number with analysts predicting major trends that will affect the industry this year and well into the future.

Among the trends fuelling increased activity are a rise in the number of public private partnerships, a boost from the Saudi Public Investment Fund, more real estate investment trusts and tax reforms.

One of the most significant of these is the so-called White Land Tax which will help halt 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 claim that an expected overhaul of the home finance system, including a possible cut in the required 30 percent down payment to 15 percent, along with reforms of the country's mortgage laws will boost home purchases.

At the same time, the Saudi authorities are working to invigorate the local tourism and leisure sector which should trigger a burst in the construction of hotels and other accommodations, as well as attractions, parks, restaurants, and other tourism infrastructure.



DR SALEH
AL HABIB

EXECUTIVE
DIRECTOR OF
JIWAR REAL
ESTATE CO.

"WE HAVE TO CHANGE THE MENTALITY TO UNDERSTAND THE VALUE OF INVESTMENTS"

Value of Investment

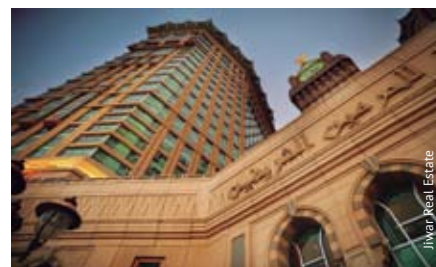
The kingdom's main attraction for visitors is, of course, the Grand Mosque in the city of Makkah, visited by millions of Muslims each year during either the Hajj or Umrah pilgrimages. One Saudi company which was established in 2000 to market the visitor accommodations and other facilities in the immediate area around the mosque is Jiwari Real Estate Management & Marketing Co.

"Our main purpose is to serve and take care of the King Abdul Aziz Endowment of the Two Holy Mosques, also called the Abraj Al Bait, in Makkah with a built-up area of 1.5 million square metres with seven big hotel chain properties totalling over 10,300 rooms," explains Executive Director Dr. Saleh Al Habib. "We also carry out feasibility studies, marketing tasks and attend to the needs of clients."

The project consists of six towers with luxury apartments and the Clock Tower, all overlooking the Noble Sanctuary and the Kaaba.

Jiwari Real Estate Management has also embarked in projects in Riyadh, Al Khobar and Jeddah managing and supervising large hotels under international brands. "The Kingdom of Saudi Arabia is the largest country in the GCC, there is a demand here for tourism projects and we hope to have between 15 and 20 hotels by 2020", says the executive director.

"And now, Vision 2030 will positively affect our business with its goal of attracting 30 million pilgrims per year," he adds. "It is the first time in the kingdom's history that we have a vision and a mission with a plan to transform



Saudi Arabia into a modern country, with its future carefully spelled out."

All well and good but Dr Al Habib, like many Saudi business leaders, warns that there are still challenges ahead and he hopes the crown prince's scheme will address those.

"We have the money, the experience and the management with the necessary skills to succeed, but the problem we are facing is the shortage we have of trained staff, the human resources to carry out the vision. You still find the old, bureaucratic people who are the main obstacle to investment in infrastructure in the tourism sector and in the hospitality business. So we have to change the mentality and bring in more sophisticated people who understand the value of investment."

As Jiwari Real Estate Co. consolidates its hotel, resort and furnished apartments business, it is looking ahead and considering the healthcare sector, specifically hospitals as the government ratchets up its efforts to privatise healthcare and the company is already speaking with potential partners in Europe, the United States and Singapore.

Education is another potential area of business for the company.

"If we are sending our young men and women abroad to study in Jordan or the United States it costs many millions of dollars

Jiwar

Jiwar was established in 2002 as a subsidiary of Saudi Binladin Group of companies. Jiwar is the exclusive marketing arm of the King Abdul Aziz Endowment. As one of the most respected real estate companies in the Kingdom, Jiwar has built a portfolio that features a unique blend of projects across the Saudi Arabian real estate market.

www.jiwar.com.sa

for a four or five-year university education, but we could do what other GCC countries have done very well and bring foreign universities to Saudi Arabia where the demand certainly exists," the executive director says.

"Saudi Arabians are people who believe in tolerance, we are hospitable and whether foreigners want to come here to invest, work or just visit, we're proud to welcome them."



**SHEIKH
JARALLAH
ALODIEB**

CHAIRMAN OF
NUGOOM
AL-SALAM CO.

"VISION 2030 CALLS FOR AN INCREASED ECONOMIC ROLE FOR THE PRIVATE SECTOR"



**ABDULLAH
JARALLAH
ALODIEB**

CEO OF
NUGOOM
AL-SALAM CO.

Impressive Vision

Riyadh-based Nugoom Al-Salam Co., founded in 1992, also develops and markets real estate projects in the kingdom and beyond with operations not only in Saudi Arabia, but through a branch in Dubai as well.

"We're involved in residential projects such as villas, apartment buildings, chalets and vacation properties, as well as petrol stations, malls and shopping centres and warehouses. We also develop vacant land to the requirements of our clients," says CEO Abdullah Jarallah Alodieb.

"Since our start, we've carried out more

than 400 large-scale real estate projects which include well over 9,000 housing units. Our four principal activities are real estate investment, real estate development, contracting and real estate assessment. We draw up the plans and turn them into reality," he explains.

Vision 2030 is a no-brainer, according to the young manager, who runs the company created by his father more than 30 years ago. "We see the plan as creating great potential for the real estate sector here and the entire economy, and it calls for an increased economic role for the private sector" he explains.

"That's why I am so impressed with Vision 2030, its organisation and especially the way technology is to play a much larger role in the economy to everyone's benefit. We're very happy that this will support and empower all sectors of the economy to make it better organised and more prosperous."

With branches in Makkah, Zulfi and Dubai, Nugoom Al-Salam is keen to develop further under the slogan 'together we build the country'. Its specialty in building malls and galleries, along with residential buildings and fuel stations places it in a nice position to withstand the changes coming to the real estate market, while the changes brought by all new laws and regulations settle down.

"With the reforms announced by the 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"

Adapting to Market

Hospitality comes naturally to family-owned RZM Holding which has interests in the hotel, restaurant, healthcare and education industries and more than 30 years of experience.

"Our concern is serving people," notes Chairman Othman Tariq Al-Qasabi. "It's in our blood. My own interests in the group are the hospitality and education divisions but as a



**OTHMAN TARIQ
AL-QASABI**

CHAIRMAN OF
MIRA HOTELS &
RZM HOLDING

"NOW WITH VISION 2030 THE KINGDOM WILL SEE MORE VISITORS AND INVESTMENT"



family we have a wider range of investments including IT, construction and others."

Mr Al-Qasabi's father started off in the private healthcare sector three decades ago and the group's Dallah Healthcare now operates three hospitals in the kingdom. Over twenty years ago he invested in private education and RZM Holding is the parent company for Ataa Education Company, Kingdom University and Adaptive TechSoft which produces software for universities and hospitals.

Indeed five years ago, the group decided to diversify further and established Mira Hotels. "As you know, investors like to invest in different sectors and not put all our eggs in one basket. So I studied the market and I found that the hotel sector dealt in services with which we were already familiar and it had economic potential," he recalls. "And so we thought that the tourism industry and its related businesses like restaurants, food and services would be a good bet."



**ABDULRAHMAN
ABAALKHAIL**

CEO OF
ALMUTLAQ
REAL ESTATE
INVESTMENT

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



Almutlaq Real Estate Investment

“We opened our first hotel in January 2014, and now have four properties. We plan to expand into Makkah and Jeddah as the Riyadh hotel market, we feel, is now over-supplied. With ‘Vision 2030’, the market will change for the better and there should be more people visiting Saudi Arabia and more domestic tourism as well.”

The general manager says that his first reaction to the crown prince’s announcement was positive.

“Like most Saudis, I was happy to hear the crown prince speaking positively, confidently and with knowledge and solid information. He was talking about change and mentioning so many important things that the Saudis have been discussing and demanding for a long time. And he was explaining how he was going to do it.

“With this initiative, Saudi Arabia will see more foreign visitors and more foreign investors. It’s a win-win situation for the kingdom.”

Successful Developments

Investment company and master developer Almutlaq Real Estate Investment company AREIC is also keen to work with foreign partners, particularly in the retail, commercial and hospitality sectors to cooperate on prestigious projects in the kingdom, says Chief Executive Officer Abdulrahman ABAALKHAIL.

“We have been talking to people in the retail business like Tesco and Argos from the UK and they want to provide solutions which you

don’t find yet in the local market. At the end of the day, the world is becoming one village and it is in our interest to attract different investments to the country so we are always open for partners from outside the country.”

AREIC got its start by building showrooms for the furniture business of the Almutlaq Group and spun off to focus on real estate investment and development in 2009.

Currently, the company has three service lines: build-to-suit designed as per strategic partners specifications, own real estate portfolio and facility management. Its investment and development activities include retail, hospitality, commercial, residential and industrial developments across Saudi Arabia.

“We offer a full range of services,” the executive explains. “When a client needs to do business, if there’s no suitable land in our land bank we lease or acquire lands that fit their business needs. We then build to the client’s specifications, arrange financing and once the project is completed, all they have to do is install the shelves and bring in the merchandise.

“Our most recent projects include a shopping centre in Jubail in the Eastern Province and two hotels; one in Al-Khobar and another in Abha. This is on our own land and it is our own development, which can usually be higher risk but also better return. We also do facility management for our properties and for third parties which includes, maintenance, marketing, leasing and security, we do everything.”

The shopping centre, Galleria Mall Jubail,

opened last November in the midst of the recession and AREIC was able to achieve very good leasing rates and its retail partners are doing well as they are offering a premium product in a premium location. “It has a fantastic design and finishing and is clearly the right product in the right place,” he adds.

This year, the chief executive says, will be a good one for the company from the revenue side but they will have to keep an eye on the operational cost: “2017 and 2018 are challenging years, yet I expect AREIC to be twice as big by 2020 as we are now.”

Mr ABAALKHAIL views Vision 2030 as a mixed bag. On the one hand, he worries that over the short term there will be some uncertainty in the market until the reforms, and how they affect the economy and the real estate sector in particular, become clearer

“Over the long term, Vision 2030 will help the real estate business to grow but this will take a little more time, probably up to three to five years, until things come back again,” he explains.

Adapting to Market

In almost 10 years of real estate development and construction, Tatweer Housing has built some 1,000 luxury villas and two years ago won an award from a British organisation for its luxury lifestyle housing, while at the same time the company is involved in the office building sector.

“Actually, right now our biggest business is the office sector but there are a lot of compe-





DR. MESFER AL ZAFER
GENERAL MANAGER OF TATWEER HOUSING

“WE NEED TO ADAPT TO THE NEW MARKET CONDITIONS, CUSTOMERS AND DEMAND”

ting projects going up around Riyadh and at the same time Vision 2030 will force changes in the market so we have to get ready for that,” says General Manager Dr Mesfer Al Zafer.

“When I first heard about the reforms contained in the crown prince’s plan, what came to my mind is that I will have to concentrate even more on quality and price because the ability of the people to pay for our high-end residences will be different. So we will have to recalculate labour costs and there will be a restructuring of the company”

A typical residential unit at Canary AlRaed Villas, an example of Tatweer Housing’s projects in the Saudi capital, features family and visitors halls, a gym, swimming pool, home theatre, sauna, bedrooms, a main bedroom suite, servants quarters and laundry room.

Its most recent residential project is the Al Khozama Canary Resort of luxury housing units along with its own café, minimarket, kids’ club, separate gyms for men and women, festival and hospitality halls and a five-star restaurant.

These villa projects have proven wildly popular with discerning Saudis and it is no surprise that the company plans to switch its focus from offices to residential buildings. “With all these new office complexes around town rents and purchase prices are sure to fall. Housing, we feel, has more potential under current conditions,” he explains.

Dr Al Zafer sees Vision 2030 as beneficial for the country as its main purpose is to wean Saudi Arabia off its almost sole reliance on petrodollars.

“I trust the goal of Vision 2030 so that the

kingdom will not have to rely on oil and so we can change our economic base. But it is going to be difficult because as these reforms are being carried out, things like electricity, fuel, labour and fees are all going up. For example, we put up 100 villas in 2008 when we first started out but if I built those same villas now, it would cost 50 percent more.

“But things will work out,” he predicts, “we’re thinking about expanding to Jeddah so we’ll have to study the market there and what people like. We just have to adapt to the new market situation here in the country and the new customer needs and demands.”

Impressive Vision

When decorating their homes, Saudis are known for demanding the best that money can buy, both in the quality of the workmanship and material and the opulence of design. Meeting that demand is interior decoration and furniture company Zawaya Khafit which opened four years ago and has already become a byword for elegance, style and sophistication.

Since its beginnings, the firm has worked closely with suppliers from Asia and several prestigious French brands like Guy Laroche and Saint Clair. But now General Manager Naser Almelehi says he is looking to expand its supplier base to include even more European brands.

“We currently have a partnership with an excellent carpet producer in Greece and we’re hoping to sign some agreements with good companies from Europe. At the same time, we’re planning to open a factory in the kingdom so we can manufacture more of what we need in our décor line,” he explains.

“This is important because often we have to wait a fair amount of time for the products from Asia and Europe to be shipped here and having our own production facilities close at hand will be better for us and, more importantly, for our clients.”

The general manager is bullish on Vision 2030 which he sees as a step in the right direction, but argues that the government needs



to provide a deeper understanding of what the reforms will entail.

“This is a new start for us and the vision is certainly that of a young and enthusiastic leader,” he says. “He was clear about where he wants to take the Saudi economy and he established stable conditions with plans of how to achieve the vision’s goals.”

“In general, it’s a great start but there are still a lot of fine details which need to be clearer for the business community and some important themes need to be further developed.”

One of the key themes in Vision 2030 is boosting Saudisation, the effort to reduce the number of foreign workers in the kingdom and replace them with locals. Mr Almelehi says he believes that effort is already showing results.

“Over the past five years, the mindset amongst Saudis concerning the jobs they can do has changed and I think that as we gain more experience in training and knowledge we can gradually reach this goal. In our company we can’t do totally without foreigners yet, but we are in the top level for Saudisation and we’ll be looking for even more local employees as we expand,” he explains.

“These young people joining us represent the future of Saudi Arabia which I see as bright and prosperous as we enter this new era for the country.”

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VISION 2030 INDUSTRY

FOREIGN PARTNERSHIPS
WILL SPEARHEAD FUTURE
GROWTH FOR INDUSTRY

Industry and manufacturing are expected to be two of the key sectors most impacted by Vision 2030 as they will play a major role in reaching the crown prince's stated main goals of diversifying the economy, developing human capital, creating quality employment for Saudis and increasing productivity and efficiency in such innovative industries as IT, energy and aviation.

And while petroleum will continue to be the most important driver of the Saudi economy for the foreseeable future, the country already has a fairly solid manufacturing base turning out metals, construction materials, plastics, cement and much more.

Indeed, manufacturing now accounts for 10 per cent of the GDP of Saudi Arabia and analysts predict that Saudi Arabia will enjoy very strong growth, especially in technology as a rapidly improving business environment and growing foreign direct investment is fueling development in a range of manufacturing sub-sectors with IT at the head of the list.

Encouraged by the reforms spelled out in Vision 2030, many businesses are making plans to ensure they benefit from the new environment while the government is taking steps to guarantee the scheme's success with such initiatives as the Industrial Clusters (IC) programme aimed at diversifying the economy and increasing the manufacturing share of the nation's GDP.

"My first impression of Vision 2030 was that it was the first time such a high authority in the kingdom announced a programme like this through the media and that it was a



change from the past," says IC President Khalid Mohammed Al Salem.

"Before, we were working on different strategies which were fragmented among the industrial sector, the service sector, and the economic sector. Now we have a vision that brings all this together and is connecting all the dots."

The IC is leading the development of five fast-growing, export-oriented industrial sectors in Saudi Arabia, automotive, minerals and metals processing, chemicals, energy and desalination and pharmacy, with incentives designed to lure foreign investors in these industries to the kingdom.

These incentives include no personal income, value-added, sales, land or property taxes; 100 per cent foreign ownership allowed; full repatriation of capital, profit and dividends subject to a 5 percent withholding tax; few restrictions on currency conversion, exchanges and transfers and many more.

Support for Defence

Diversification is the main goal of Vision 2030 and one Saudi company that has long experience in that is Jash Holding with interests in technology, security and defence, logistics, IT, hospitality and supply chain, facilities and operational maintenance services, say

company President Bader Saad Al Sulaim and Vice President Faisal Al Sulaim.

"Our two core businesses are defence and facilities and operational management, and as a group we are interested in military manufacturing. We have already made an effort in that sector," the president explains. "With Vision 2030 there is now the political support and the space for more foreign partnerships."

Jash Holding opened a company in the United States 15 years ago for procuring military spare parts on behalf of the government and the executives feel the group has an inside track on any future co-production projects carried out in Saudi Arabia.

"We believe that the Saudi government is determined about military manufacturing and we think that the United States will be involved in the lion's share of these systems. The crown prince Mohammed Bin Salman has been very clear that any contract signed with other countries must have local content and a local supplier," he says.

The president adds that he expects it to be a lengthy process, especially regarding training up local employees and acquiring the technical knowhow to manufacture sophisticated defence systems in the kingdom.

"It is a major long-term challenge and it will

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not happen in one, five or 10 years as you are creating a new industry," he says. "If the manufacturing work force is 10 per cent Saudi in the beginning, by the end of the 10-year period it has to be above 90 per cent and here we are talking about senior staff like technicians and engineers.

"But the government is serious and there is a new environment concerning cooperation between the public and private sectors."

Jash Holding's defence and security divisions handle defence procurement, logistics management, programme management, rotary and fixed wing aircraft support, command and control systems, radio and communications systems, vehicle armoured, APC upgrades, aerial target systems, counterterrorism and avionics and electronic components.

"I'm really optimistic about Vision 2030," says the vice president. "The manufacturing of spare parts, systems and technologies by companies from the United States, Europe or Asia require a local partner for the technology transfer and this will take time.

"The crown prince also said that we will need to promote the companies abroad and we've already started this. There is a programme with the French government we are discussing and we've signed a number of agreements with companies to invest. We will get the blessing of the Ministry of Defence and we could start by the end of next year."

Jash Holding began working with the Saudi Ministry of Defence in 1976 and today its largest projects are with the ministry. The group's Saudisation programme is well advanced with the president calculating that of the 1,100 Saudis working at Jash, some 800 are involved in the group's defence projects.

"I would say that over the past 15 years Jash Holding has been recognised by international defence companies as one of the key players with the ministry. At the beginning we found that these companies knew of us but didn't know anything about us. That has now changed and we are approached by these international firms because of the work we do and our close ties to the ministry," he says.



Photo: Misyan Marketing

The president recalls that when Vision 2030 was announced last year, he felt very positive about it and that it came at the right time.

"About two or three years ago, the business community believed that there was no real vision on the part of the government concerning the private sector's relation with the Saudi economy and that has now cleared up. But we are all still eager to learn more about the details."

Local Production

Another Saudi contractor, Misyan Marketing Group, has supplied the country's armed forces for 25 years and has now moved into manufacturing plastics, logistics and the media, says founder and CEO Abdulaziz M. AlArifi. Vision 2030, he says, will make such moves much easier.

"When I first heard about Vision 2030, I became very happy because it became clearer where we going with the economy. We know what steps we have to take, how the government is going to support the business community and what it will allow. So it is a real encouragement regarding investment.

"With this vision, it is clear to the business community what to expect in the coming years and this makes planning for the future so much easier," he explains.

The group's core business includes military training simulators and software, firearm and taser weapons for training purposes, teaching aids for universities, and construction.

"What we do in the military sector is find a need and fill it. The need is always there, you have to convince the customer that your solutions are what is required. Once you provide the solutions and show how these will improve the client's way of working, then it becomes



ABDULAZIZ M. ALARIFI

FOUNDER & CEO OF MISYAN MARKETING GROUP LTD

"NOW VISION 2030 IS MAKING OUR PLANNING FOR THE NEXT FEW YEARS SO MUCH EASIER"

a project and we get a contract," the CEO says.

Most companies working in Saudi Arabia in the defence sector are agents, "they just carry around catalogues, deliver letters and take commissions," says Alarifi. But he decided that this was not the way to do business and created its own R&D and manufacturing capabilities.

"We believe production needs to be done locally, even if one starts small," he argues. "So we started manufacturing our own products and the Ministry of Defence liked them and now they buy a lot from us."

One of Misyan's most popular products is the Milo Range Pro for training security forces with programmes and video playback for a wide range of situations such as active shooter, armed disturbance, special operations, domestic violence, casino security, drunk and disorderly and many more.

With almost 300 employees, most of whom are Saudi engineers and technicians, and 74 locations around the kingdom, the group has an average annual turnover of around \$40 million.

Unlike many Saudi executives, Mr AlArifi says the group has little problem finding qualified local employees.

"It's not difficult to find Saudis, you just have to understand what you want from them and make sure they understand what is expected. They're talented and in fact last week we hired another 10 Saudis and we want to hire more as soon as we finish our new offices," he says.

"We also don't have a big employee turnover problem like many Saudi companies. I think this is because we train them well, treat



Misyan Marketing Company Group Ltd.

MISYAN

Misyan Group Co., Ltd. is a marketing company, founded in Saudi Arabia - Riyadh in 1414 AH, as a limited liability company. Misyan Marketing Ltd has a set of team members with experience and a high efficiency outlook, and as our vision for the future needs to integrate a team that includes all disciplines of the arts, the technical field and the administrative functions. We are keen to pick the best staff and technical expertise available in the labor market for the implementation of our projects to its fullest.

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them well and give them real responsibility. Some have been with us for 20 years and those who do leave maintain good relations with us and some we even support if they go off and create their own business.”

The CEO says interesting opportunities in Saudi Arabia include healthcare and recreation.

“As we’re so experienced with simulation products and software, and recreation is becoming such a big thing in the kingdom, we’ve decided to get into that sector. And we’re also building a hotel. There are just so many opportunities out there.”

Competitive Markets

One of the most experienced Saudi manufacturing firms in its field is Asia Plastic & Packaging which has been turning out a wide range of products for the food and beverage industry since 1998 when the local market was just taking off, recalls founder and Chairman Ajlan Ibrahim Al-Ajlan.

“That was just at the beginning of flexible packaging in Saudi Arabia and the market here has always been very difficult because it is so competitive. The kingdom is very open to imports and custom duties are low, so it can be very challenging for a new industry to establish itself in this country,” he explains.

“However, there are a lot of opportunities in plastic. Consumption is rapidly growing and although we are still behind Europe and the United States, I expect consumption will pull even within five years.”

This is why it makes sense for foreign industrial companies to come to Saudi Arabia and sign up with a local partner and provide the experience, the know-how and the finance to the benefit of all, he argues.

The company is expanding to meet the demand fueled by a growing and increasing middle class population.

It recently opened its third plastics manufacturing facility for producing extrusion film in King Abdullah Economic City, a state-of-the-art business and manufacturing complex on the Red Sea around 100 miles north of



AJLAN IBRAHIM AL-AJLAN

CHAIRMAN OF ASIA PLASTIC & PACKAGING

“IT MAKES SENSE FOR FOREIGN PARTNERS TO PROVIDE FINANCE, EXPERIENCE AND KNOW-HOW”

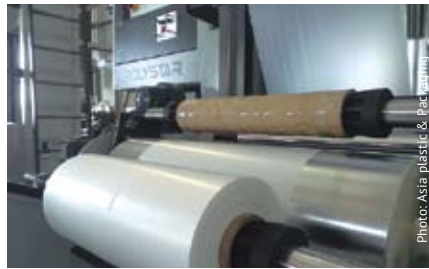


Photo: Asia plastic & Packaging

Jeddah. This plant is equipped with the latest German-made five-layer extrusion film machine that is capable of producing plastics for different types of applications.

The opening came five years after the inauguration of its second plant located in Riyadh. Both this plant and the company’s first factory, also located in the capital, perform a range of production including printing, lamination, bag making and water labels or sleeves.

Among Asia Plastic & Packaging’s products are plastic film, multi-layer collation shrink films, five-layer specialty films, high barrier films, stand-up plastic pouches, plastic shopping bags and water bottle wraps and labels.

Mr Al-Ajlan embraces the reforms contained in Vision 2030, saying the crown prince’s announcement came as no surprise to him and his colleagues.

“Speaking frankly, we were expecting something like that because industry in Saudi Arabia had to be overhauled and it creates even more opportunities for local industry. It comes just in time for us, as over the past two years we have invested in new technology, new equipment and new R&D.”

Rapid Growth

Uniquely Saudi in its product range is the family-owned Al Dakheel Oud company, maker of perfumes, fresheners and incense. These have been a key component of Arab culture since ancient times when the Arabian peninsula was an important source for the widely-traded frankincense, myrrh and oud produced from the gummy sap of plants native to the region and the Indian subcontinent.

Both men and women in Arab countries regularly douse themselves with perfume, and it is common for incense to be burned at home and in businesses and the bazaars. Al Dakheel Oud Co. began 25 years ago as a retailer of these products and 10 years ago began manufacturing its own line, says Executive President Ahmad F. Al-Dakheel.

“In our retail division, we started with just three or four branches and now we have more than 50 around the kingdom. Our manufacturing division is currently adding a new factory and that will add another 100 employees to our current staff of 350.”

He adds that the company is pouring \$8 million into the plant with some financial help from the Saudi government.

The company is expanding production even as demand has dropped over the past several years, almost certainly due to the slowdown in the economy triggered by the drop in price of oil. But the executive president is confident business will improve, partly thanks to Vision 2030 and its expected positive effect on the economy.

“I think ‘Vision 2030’ will provide us with more advantages and encouragement to keep moving ahead. It also encourages the local business community to export and we’re planning on that in the near future. The export product will come from the new factory which will be the most modern in the Middle East with the latest manufacturing methods and the same strict hygiene as the government requires for medicines and cosmetics.

“Along with Saudi Arabia’s economic sectors, the reforms must also support education and research because they can contribute so much

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ALBISHRI**

EXECUTIVE
DIRECTOR OF
MASE

**“THERE IS A SPECIFIC MENTION
IN VISION 2030 OF LOCALISING
THE SOLAR ENERGY INDUSTRY”**

to the eventual goals of Vision 2030,” he adds.

Looking to the future, Mr Al-Dakheel says the company plans to manufacture and market products for hospitals and the healthcare industry such as disinfectants, noting that it already has the necessary machinery. And executives are in negotiations with potential foreign partners.

“We’re open to any company, from inside or outside the kingdom of Saudi Arabia, that will help us grow.”

Safety First

Established in 1984, the Atiaf Al Sulaimania Co. (ASCO) works primarily in providing customised ambulances and other emergency response vehicles but also has interests in construction, electronic systems, safety systems and procedures for natural disasters and other emergencies, and aerospace, aircraft, armoured vehicle and warship parts procurement for the Saudi military.

General Manager Fahad A. Al-Erafy views Vision 2030 as a global and local issue: “As you know, the economy of Saudi Arabia is amongst the 20 largest in the world so any diversification in our economy will affect the entire world,” he argues. “Locally, it aims to diversify from oil and gas and increase the percentage of other investments from 16 percent to 50 percent and that will boost the opportunities for Saudi manufacturers in all sectors.

“This is where it will affect ASCO as we are active in many diverse industries. Also, the programme aims to create a vital and healthy social environment and make the health and safety of all our citizens a top priority. As we’re heavily involved in this, we have felt the effects of Vision 2030 since day one.”

The ASCO Safety division offers safety solutions and procedures for safety and excellence in planning for natural disasters and for industrial sectors to prepare for potential dangers. It is currently working with the Saudi government on disaster and risk management schemes.

And its core business, ASCO fills client needs for a full range of ambulances, specialised handicap vehicles, VIP buses and vehicles.

Vision 2030 calls for increasing the use of foreign experts and foreign firms to help Saudi com-

panies improve, and Mr Al-Erafy says his company has been doing that for decades.

“When we started customising and manufacturing ambulances back in 1984, we brought in foreigners to work alongside us to build the sector and it has been a great success. At the same time, we work with foreign companies in the military procurement division so this is nothing new for us,” he says,

“Saudi Arabia is a great place for foreign partnerships and investments and people from around the world are looking to invest here. There is no civil strife and it is a very safe country. Most importantly, the government offers many services and incentives for foreign investors. It is a perfect country for them to invest in.”

Opportunities in Energy

Only five years ago, flight engineer Fawaz Abishri abandoned his aviation career to become an entrepreneur and is now the executive director of MASE, a company which markets solar-powered lighting, light fixtures, solar-powered generators and a host of other products powered by the ever-present sun.

“We got our start when on a visit to Germany we bought a small light that works off solar energy. We brought it here and it worked perfectly. As you can imagine, we have sunlight here 12 hours a day, almost 365 days a year so it was a perfect

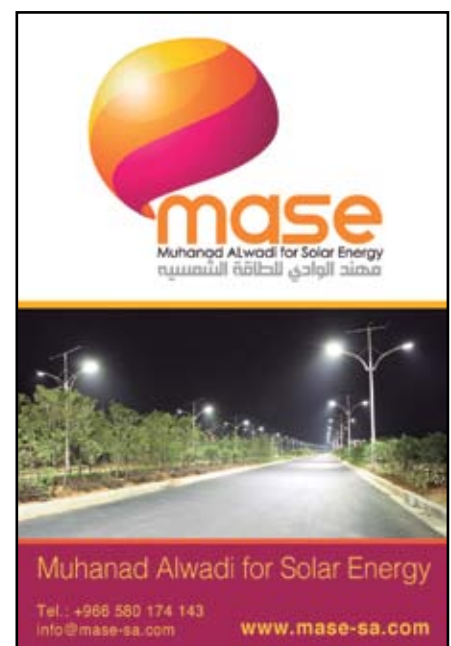
fit. We drew up a business model, made a feasibility study, checked who our customers would be and we found it very viable,” he recalls.

That first German-made light was only a sample and so the company designed its own products geared to the Saudi market and manufacturing is now done in China. Current revenue stands at around \$500,000 and the executive director says he expects that figure to triple over the next five years.

“It is very exciting for us because in Vision 2030 there is a specific mention that Saudi Arabia needs more solar energy companies and the government is looking to localise the sector in terms of research and manufacturing, so we have a real headstart. With the government’s support, this sector should grow very well!”

Along with the predicted growth in the domestic market, MASE is looking for expansion into neighbouring Dubai and eventually to Europe where Mr Albishri notes there is increasing interest.

“Foreign partnerships are, of course, definitely on the cards. I have attended many solar energy conferences in Munich and other Western cities, so I have relations with foreign companies and I’m looking forward to these ties bearing fruit. This sector represents so many opportunities here both for local and international companies.”



VISION 2030 HEALTHCARE

THE PHARMA INDUSTRIAL CLUSTER HAS BEEN CHOSEN AS A PRIORITY FOR THE NTP 2020

One of the pillars of Crown Prince Mohammed Bin Salman's Vision 2030, which aims to drastically overhaul the kingdom's economy, is accelerating the privatisation of government-run services and that includes the healthcare sector in which ambitious domestic players and foreign investors are now taking an obvious interest.

And with almost 80 per cent of health care in the country provided by the government, there are opportunities for all in the privatisation plan. In the hospital sector alone, as the government plans to transform hundreds of the state-owned facilities and thousands of primary care clinics into corporations, Health Minister Tawfiq Al-Rabiab recently told reporters.

Some analysts say they expect the go-

vernment to allocate more than \$100bn into healthcare infrastructure along with technology, insurance and training for healthcare personnel, from nurses and clinical staff to pharmacists and doctors.

And it makes sense. With the local population increasing rapidly and the number of non-Saudi guest workers expected to remain stable for the foreseeable future, healthcare will be a major player in the economy for decades to come.

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 Saudis living scattered across the huge kingdom, remote diagnosis and telemedicine are playing increasingly important roles.

According to one report, healthcare is the second-fastest growth 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 per cent of the Saudi population.

All this investment bodes well for a vibrant and cutting-edge healthcare 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.



KHALID MOHAMMED AL-SALEM

PRESIDENT OF INDUSTRIAL CLUSTERS

"THE CHALLENGE IS TO CREATE AN ECOSYSTEM WITH TALENT, RESEARCH AND TECHNOLOGY"

Priority Cluster

At the same time, the government is keen to jump start these efforts through a range of ambitious schemes.

One of the most important of these is the Industrial Clusters (IC) programme which provides support in identifying and activating key enablers, driving processes and coordinating other government agencies to foster local manufacturing in five key areas: automotive, minerals and metal processing, chemicals, energy and desalination, and pharmacy and biotech.

The IC also helps potential investors evaluate opportunities, facilitate requirements for investment and advise the investors on local conditions.

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WAHAF B. AL DAHASEE

GENERAL MANAGER OF PHARMA GROUP

“BETTING ON HEALTHCARE IS GOOD FOR THE PEOPLE AND A WISE FINANCIAL MOVE”

mented so our concept is to bring all of these elements under one roof in a biopark. Also, financing used to be an issue but with Vision 2030 and the National Transformation Programme, support from the government from that end will be much easier.”

Several foreign companies have already signed on for the vaccine programme and Mr Al-Salem says more will certainly become involved. “We have local talent eager to work with multinationals, we have access to the huge Saudi and regional markets and, something which is very important for these high-tech partners, we guarantee intellectual property protection.”

Industrial Partner

Local sector leader Pharma Group has partnered with one of the world’s largest drug companies, MSD, to produce a range of the American company’s products through a state-of-the-art facility built and operated to the exacting requirements of the Saudi Food and Drug Authority, which follows US FDA practices.

“Pharma Group and our partner in this enterprise are transferring the technology step by step and we have begun secondary packaging and preliminary packaging. I think that in five years we will have the know-how

IC President Khalid Mohammed Al-Salem says the main goal of the programme regarding health care is the creation of a local vaccine manufacturing sector.

“We’re talking about a complete biopark - something that is not currently available in the region, let alone in Saudi Arabia itself. It is very challenging, as you have to develop the entire ecosystem around it.

“We are progressing very well on this and hopefully next year we will start the actual project,” he adds.

Saudi officials see the vaccine project as a national security issue because of the influx of Muslims from around the world for the Hajj and Umrah pilgrimages to the Two Holy Mosques in Makkah and Madinah. And with plans to dramatically increase the number of these visitors, the chance that a deadly disease could enter the kingdom and perhaps spread is a real threat.

“In some cases, the threat could be pandemic or it could be a disease which is not of interest to pharmaceutical multinationals to produce a specific vaccine for. It could also be very expensive to produce. After a lot of studies, we found that such an effort could be managed from a capital point of view and be flexible enough to produce different vaccines,” the president says.

It is not just vaccines in which the Saudi government is interested. IC officials note

that the global pharmaceutical market is predicted to be worth \$1.3 trillion by 2020 with a projected global growth rate of around of 5 per cent CAGR and the pharma industry is regarded as a major contributor to the world’s knowledge economy.

Branded drugs with sales of up to \$135 billion expired by the end of 2015, offering pharmaceutical firms opportunities to capitalise on this market. Moreover, the patent expiry of drugs worth \$150 billion by 2020 will fuel the growth of the global generic drugs market.

The Saudi pharma market is considered one of the fastest growing markets today with strong export potential to serve the Middle East and North Africa region. According to the latest available data, the Saudi pharmaceutical market was worth approximately \$6.7 billion last year and is expected to grow at a 10 per cent CAGR to reach \$9 billion by 2020.

“This will be a public-private partnership in that we will have private companies taking part in the initiative which goes along with the government’s plans to further privatise the economy. And as I said, the challenge is to create an entire ecosystem for this, talent, research and technology.

“Saudi Arabia has these elements in the universities and research institutes in the country but we found out that it is all frag-






AHMED
BADER
AL OTAIBI

CHAIRMAN OF
PANORAMA
GROUP

“WE ARE THE FIRST TO BRING 3D PRINTING TECHNOLOGY TO THE SAUDI HEALTHCARE SECTOR”

Pharma Group amongst the top five in the Saudi market by 2020.

“Saudi Arabia is one of the most important countries in the Middle East and any company that sets up here can cover the whole region, or at least the Gulf area,” he says. “So, betting one’s money on healthcare is not only good for the well-being of our citizens, but it is also a wise financial move.”

Foreign Know-how

Opening a chain of pharmacies is also in the plans of the Panorama Gulf Group, a home-grown conglomerate now totalling eight companies which got its start when founder and Chairman of the Board Dr Ahmed Bader Al-Otaibi established a small dermatology and plastic surgery clinic after 10 years working in a Saudi military hospital.

“This was back in 2010 when cosmo-dermatology, cosmo-dental and laser therapies were just beginning in the kingdom. Before then, everyone went abroad for these treatments and now we own two private hospitals, one which covers all types of surgery and one for cosmo-dermatology, plastic surgery and laser therapy,” he says.

The group then grew organically, one related business leading to another.

“Through our contacts with the Ministry of Social Affairs, the authorities asked me to help them supply imported food for people sensitive to gluten, so that led us into the food and beverage sector,” the chairman recalls. “And because of our medical business,

transferred for around 28 MSD diabetes, hypertension and anti-epileptic treatments,” explains founder and General Manager Dr Wahaf B. Al Dahasee.

“We cover the pharmaceutical market from the start through our manufacturing plants and all the way to the end through our retail outlets. This reflects our business sophistication in that we don’t invest in just one pharma sector but rather we are diversified across the value chain of the industry in Saudi Arabia,” he adds.

Currently, Saudi Arabia manufactures just 15 per cent of all pharmaceutical products consumed in the kingdom and there are compelling reasons for the government’s plan to boost that figure to 40 per cent by 2030, sector analysts say, arguing that for a country in such a volatile region, heavy dependence on foreign supplies poses a risk to the health of the nation’s citizens.

And this goal means that from now on, there will be many opportunities for foreign pharma companies to set up operations. Along with MSD, Pfizer is establishing a manufacturing facility as is Sanofi-Aventis.

Pharma Group’s three divisions are: Pharma Consults, which offers contract manufacturing services to clients looking to support their existing production processes or outsourcing; Pharma Factory, with services covering the gamut of regulatory requirements, facility management and sales; and

Pharma Drug Store, providing branding and marketing solutions to help clients increase awareness, sales and goodwill.

This last division also acts as an agent and adviser to international companies seeking to launch operations or products in the Saudi market, and provides warehousing solutions for other manufacturers.

“We got into the pharmacy chain business to protect our own products and profits because it is common practice for pharmacies to ask suppliers for huge discounts, and we already have 100 pharmacies across the kingdom,” the general manager explains. “Some chains have more than 1,000 branches but we’re content that our number protects and integrates our business.”

But other challenges exist. Mr Al Dahasee complains that raw materials for the pharma industry are not locally available and so must be imported at high cost from Europe. But one complaint he does not share with other Saudi business people is the lack of qualified staff.

“We have no problem finding skilled people. Pharmaceutical manufacturing is classified as light industry so women can play a major role. They are more dedicated and work harder than men. We currently have 12 women working for us but we’re looking to increase that number dramatically and one day have a 100 per cent female workforce in our plants” he says.

Looking to the future, Mr Al Dahasee sees

we began importing sophisticated medical technology like laser machines.”

These days, along with healthcare, import/export and food and beverages, the Panorama Gulf Group is involved in advertising, public relations and marketing; construction design and contracting, and energy and electricity.

“And as an agent in Saudi Arabia for pharmaceutical companies, it was logical for us to open our own chain of pharmacies to showcase our products and we plan on establishing 30 of these over the next two years,” he says.

Currently, the group employs around 220 staff and annual turnover is around \$23 million, a figure that should grow as the effects of Vision 2030 benefit the business.

“This is very promising but there are many challenges and difficulties, says Dr Al-Otaibi. “I’m one of those businessmen who see good opportunities and a good chance in the difficulties as the kingdom is transformed into a major manufacturing company - especially of more innovative products.

“We just finished a workshop on 3D printing technology and I will be the first Saudi businessman to bring this technology to this country because it will be the core of manufacturing in the future,” Dr Al-Otaibi argues. “It will be very useful in plastic surgery, dental labs and cosmetics, all areas where we are leaders.”

The chairman notes that the group brought this technology from companies and institutions in the United States, Germany and India and that it is a perfect example of the importance of know-how and technology transfer that will help Saudi Arabia and provide opportunities for foreign investors seeking a presence in the kingdom of Saudi Arabia.

“Now is the time for knowledge investors to bring the know-how from prestigious foreign firms,” he says. “There are big opportunities here for international companies as long as there are clear rules on protecting foreign investment. As for our group, I see us

becoming one of the biggest hospital operators in Saudi Arabia and in the other healthcare sectors in which we are now active.”

Exponential Growth

Cutting edge technology is also at the core of the King Faisal Specialist Hospital International Company which began embracing privatisation before Vision 2030 spelled out how the government wanted to promote public private partnerships, or PPP, explains Managing Director Dr Saud M. AlSemaan.

“Our company was created in 2007 to do genetic testing which was not being carried out in Saudi Arabia. At the time, the tests were sent to the United States and Europe for analysis and as the King Faisal Hospital had excess capacity in its laboratories we could do all the testing right here,” he recalls.

“There have been some recent changes in the structure of the business and now the King Faisal Hospital owns the holding company, but the whole operation is independent with several subsidiaries such as Saudi Diagnostic, which works in laboratory services only. It provides diagnostic services to both the public and private sectors and can perform almost 3,000 types of tests.”

Saudi Diagnostic also provides medical software and IT solutions through a number of foreign partners and acts as a business representative for King Faisal Hospital and Research Center in setting up joint ventures for proven research projects.

The hospital has garnered a number of certificates of excellence from such organisations as the College of American Pathologists and the American Society for Histocompatibility and Immunogenetics.

The group’s revenue has grown exponentially from just over \$500,000 in the first year of operation to an expected \$27 million this year.

“Now that we are a holding company, we have a lot of initiatives with regard to PPPs



DR. SAUD M. ALSEMAAN

MANAGING DIRECTOR OF KING FAISAL SPECIALIST HOSPITAL INTERNATIONAL CO.

“WITH OPPORTUNITIES IN PRIVATISATION & MANUFACTURING ONE HAS TO MOVE QUICKLY”

with different organisations and different government agencies including the Ministry of Health. I hope that by the end of 2017 we have at least three of these initiatives up and running,” Dr AlSemaan says.

One of those initiatives is building multiple outpatient facilities for cancer treatment around the country where there is increasing demand. The centres will be operated privately but in partnership with the government and another private concern, with the agreement yet to be finalised.

“We had been moving towards private management of healthcare from the beginning and this will give us a chance to provide Saudis with good jobs in highly technical and specialised fields such as genetic testing, radiopharmaceuticals and healthcare informatics and IT.

“At the same time, we are also in negotiations with international companies regarding hospital operations and also in teleradiology which involves the transmission of radiological patient images, such as X-rays, CTs, and MRIs, and in which no other company is active in Saudi Arabia,” he explains.

These companies clearly see the value in partnering with local Saudi companies and Dr AlSemaan says they are making a wise move.

“It is definitely the right time to invest in the Saudi healthcare industry because with Vision 2030 and the new emphasis on privatisation and especially localised manufacturing, if you don’t move quickly, someone else will and it will be too late.”

TLC VISION 2030

IT & TELECOMS WILL BE EARLY WINNERS FROM THE MANY CHANGES IN THE SAUDI TRANSFORMATION

Information technology and telecoms will play a major role in the Vision 2030 plan and not long after Crown Prince Mohammed Bin Salman announced his plan - as an indication of how serious the government is taking the issue - Riyadh sealed a deal with Japanese mobile telephony giant Softbank to set up a \$100 bn investment fund, the largest of its kind in history for sector startups, that was appropriately dubbed VisionFund.

And major investors are signing on. Softbank recently announced it had closed an initial commitment of \$93 billion from such prestigious backers as Apple, Qualcomm, Mubadala Investment Company of the United Arab Emirates, Saudi Arabia's PID public fund, Foxconn and Sharp.

Softbank expects more investors to join in, and the \$100 billion target will be reached by the end of the year.

That deal follows an investment of \$3.5 billion by the Saudi Public Investment Fund in the US-based online transportation network Uber, the world's most valuable startup, and the sovereign wealth fund has partnered with a private investor from Dubai to establish a Middle Eastern version of online shopping giant Amazon.

At the same time, the government is creating tech incubators and venture capital funds headquartered in Riyadh and Silicon Valley. One of such funds has pledged to plough \$100 million into Saudi tech companies, as the kingdom contracts homegrown IT firms in a wide range of specialties to carry out specific tasks and others meet the



rising technological needs of the private sector and Saudi citizens, all in accordance with the goals of Vision 2030.

First to Market

Working closely with the government is Power Network Company LTD. (PNC), which provides state-of-the-art solutions in biometrics and identity management, communications and information systems, knowledge management and security with many major ministries on its client list.

"We established our company in 2014 and I think that Vision 2030 gives us an excellent chance to grow as it helps the small and medium-sized businesses like ourselves whereas before, the really big companies got all the contracts," explains CEO Fahad Hassan Algahmdi.

"Now the Saudi market is open for everybody whether growing companies or foreign investors There will be more work for everyone and this plan gives more flexibility to companies like PNC."

The company's biometrics and identity management systems include handheld, mobile, and fixed fingerprint, iris, and biometric technologies, and a leading 3D facial recognition system.

The high-tech tools have the capability to integrate biometric technologies with access control systems in many forms, including national ID programmes, ePassport, personnel identification, and civil identification systems.

PNC's communications and informa-

tion services division specialises in bringing together component subsystems into a whole and ensuring that those subsystems function together working with such suppliers as Cisco, HP, Dell, Oracle, SAP, and Microsoft to offer turnkey solutions.

Supplying data extracting and data mining solutions to both the public and private sectors is the task of the company's knowledge management unit, enabling clients to compete in knowledge and data management discovery needed to make crucial business decisions.

These days, security is a growing concern for both government and private sector entities and PNC helps its clients ensure a safe environment through effective means with the use of the latest security technology such as CCTV systems, radio frequency identification, under vehicle inspection systems, license plate recognition and other tools.

Last year, PNC posted annual revenues of around \$500,000 but the company expects that to increase at least eightfold in 2017 to between \$4 million and \$5.5 million.

"We are expecting this figure because we have a lot of big projects for the government which we have already finished for the ministries of education and interior, as well as the royal court," the CEO says.

Successfully fulfilling government contracts gives companies like PNC a certain prestige and good reputation which helps land contracts with the private sector, where the executive sees more benefit for the company.

"When you work with a private company, you get paid much quicker while with the government it takes longer. So although we have concentrated on government work, we now want to focus more on the private sector and I believe the changes being brought about by Vision 2030 will help us in this regard," he says.

The crown prince's plan will also attract more foreign business interest in

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Saudi Arabia which should lead to further partnerships and eventually more jobs for Saudis, one of the key platforms of Vision 2030.

“Everything is more open now and foreign investors are welcome, especially those which train Saudi staff and allow them to get a foot in the door of the employment market,” says Mr Algahmdi.

PNC already has four partnerships with Turkish, Chinese, Spanish and Italian companies and was to sign a contract with another Chinese company, with whom it is in negotiations to establish a manufacturing facility in the kingdom with one of these partners.

“There are so many opportunities for small and big companies, especially in the security and IT business and the market is hungry for technology,” the CEO says. “The government is ready and willing to work with those foreign investors who want to commit to helping the Saudis reach those goals set out by Vision 2030”.

Digital Future

Since its beginnings in 2005, Kinonah IT Consulting Services has heavily relied on government work and was fortunate to set up shop just as Saudi authorities instituted an ambitious programme to digitalise as many ministry services and functions as it could, recalls CEO Mohammad K. Al-Dahmashi.

“The programme was called ‘Digital Government Initiative’ and was aimed at the concept of what was called e-Government so our main clients were the ministries of culture, interior, information and the National Guard,” he says. “In order to fulfil our obligations we would search the entire international IT sector to find the best products and we developed our own R&D to make sure all the client requirements were met.”

One of Kinonah’s main objectives since it started was to hire as many Saudis as it could to fill its rapidly expanding workforce. A key training initiative was to send many fresh university graduates to learn the ropes



from its IT experts at its offices abroad in Jordan and Egypt.

Mr Al-Dahmashi describes this scheme as a “kitchen” where Kinonah’s future technicians would be prepared for eventual positions back at its offices in Saudi Arabia and sees similar training opportunities in other Arab countries such as Iraq once the company fulfils its regional expansion plans.

The executive says he sees every one of the company’s 85 staff members not as employees but as stakeholders, partners in the company’s success.

Like other Saudi businesses, in the future the company wants to focus more on garnering business in the private sector with Vision 2030 providing the perfect opportunity for the switch.

“Working with the government was always better then because you knew where you stood throughout your work with the ministries from the moment you signed the contract to when it finished,” the CEO ex-

plains. “Now, Vision 2030 will make it compulsory for private companies to act in a similar manner.”

“We want to be one of the major tools in helping bring about the changes prescribed by the deputy crown prince’s plan and be real innovators in the IT consulting field. Most of the other big local IT companies just import products and supply them to their clients here so it is just like moving a box from one room to the other.

“But we want to distinguish ourselves by being different - not just a service provider but rather a real partner with our local clients whether in the public or private sector. That is how we have always looked at ourselves and that is not going to change,” he says.

Kinonah’s suppliers include Oracle, IBM and Microsoft and the consultancy provides a deep understanding of the Saudi market and the Saudi IT consumer, which is invaluable knowledge for foreign companies unfamiliar with the country and the business culture which is now undergoing such a profound transformation.

“I would like to send the message that Kinonah welcomes any international company willing to invest in the Saudi Arabian market,” the CEO proclaims. “We are ready to support them with our know-how of the local business situation so that we can both achieve success.”

Foreign Ambition

One Saudi company that is not content only with the domestic market is MAS Technology, founded in 2005 by Chairman Meshary AlSoairy. The firm provides professional services for IT, security systems, communications and facilities through software applications, data networking systems, switching and packet voice networks, transmission systems, wireless networks, public address systems, master clock Systems, and security systems.

“We began in low current systems for networking and security setups for buildings

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ALSOAIRY**

CHAIRMAN OF
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**ALI M.
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CEO OF
KARIN
TECHNOLOGY
COMPANY

“WE ARE HOPING TO BE THE FIRST COMPANY TO BRING TO KSA THE INTERNET-OF-THINGS”

and over time we have become one of the leading contractors here in Saudi Arabia, especially in systems integration,” he explains. “We have worked very closely for years with Honeywell as an integrator in physical security systems.”

In a rare move for a Saudi company involved in IT, MAS Technology expanded abroad this year by establishing a branch in Dublin, Ireland, to market its proprietary products in 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 his Saudi colleagues are shy about opening in other markets for several reasons. The profit margin is high in Saudi Arabia and it is a good market, so he argues there is no need to risk investment in time and money in a new, unfamiliar environment.

In addition, he says, most of the IT companies in Saudi Arabia may be owned by locals but they are run by foreigners and they don’t think of expanding abroad.

“Our plans call for concentrating our efforts on Europe this year and then in 2018 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 first company in the Middle East to adapt this technology for the local market.

“This will help us achieve one of our principal objectives and that is to be one of the largest IT and technology solutions companies in the Middle East and North Africa.”

But there are still opportunities locally and the domestic demand can only grow with Vision 2030 according to the chairman.

“Back in 2003 or 2004 the authorities wanted to adopt the technology for e-governance, for example, but they were very slow about it. Now, with Vision 2030 we can jump to the next generation in technology. The authorities see that it is already established and working in another country and so they need to have it too.

“There is a fresh mentality in the government and Crown Prince Mohammed Bin Salman is encouraging new technologies and new projects to get the country off of its dependence on oil income and on the way to a truly diverse economy,” he says. “Remember, one of the main goals of Vision 2030 is to globalise at least 100 Saudi companies and we are already up and running in Dublin”.

Local Talent

Installing building management systems and other automation projects is the main activity of Karin Technology Company, which traces its beginnings back to 1993. Founder and CEO Ali M. Abdalla was working in banking when he decided to start his own company.

“I’ve always liked anything related to automation and I saw the country going in that direction with a great need for these types of projects in all the buildings that were going up in the kingdom,” he recalls. “Now we have

“WHEN YOU TRAIN YOUR SAUDI EMPLOYEES THEY TEND TO STAY WITH YOU FOR THE LONG TERM”

annual revenues of some \$37 million and a staff of 145 people, most of whom are engineers, technicians and programmers.”

Building management systems (also known as building automation systems) are computer-based and control and monitor a building’s mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems, and security systems.

Using the latest in software and hardware from suppliers like Honeywell and United Technology Corporation, the systems have been installed in a wide range of structures including residential buildings, offices, embassies, commercial centres and sport facilities from Karin Technology Company’s Riyadh headquarters and branch offices around the kingdom.

“Vision 2030 is going to allow us to grow our product line through partnerships with other foreign companies that will add value to the company and the economy,” the CEO says. “We are expanding into air conditioning and now we are interested as well in electrical installations related to power plants and substations.

“When the crown prince spoke on television about Vision 2030 I recorded it and listened to it twice. My immediate impression was that it was a great idea and I still believe that because in going from point A to point B one needs a guide. You might not obtain 100 percent of your goal but you will achieve something as you must be organised and meet the key performance indicators.”

Mr Abdalla says he has no problem with the plan’s emphasis on increasing the Saudisation of local companies as his firm has always strived to hire as many local staffers as possible and is impressed by recent graduates seeking work at Karin Technology Company.

“The human resources issue is not a real challenge with the young Saudis now coming into the job market,” he explains. “For example, we recently hired five fresh Saudi graduate engineers and we trained them. Even if only two or three stay on, that’s good in my opinion.

MAS TECHNOLOGY
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MARWAN I. ALAHMADI

CEO & CHAIRMAN OF VIRTUSTREAM MENA



“Another advantage to hiring locals is that, unlike people from say India or Pakistan, they don’t go off on vacation and never come back. Plus, we have to train our people well to keep up with the technology so you need them to stay with you over the long term,” he says.

Quick Profits

Cloud computing, or the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer has spread around the world. The local company Virtustream MENA is handling major clients in Saudi Arabia with a range of services to store and protect vital data.

“We offer IT as a managed service, so instead of a public or private enterprise managing their own aspects of IT we come and do everything from A to Z and invoice on a monthly basis,” explains Chairman and CEO Dr Marwan I. AlAhmadi.

“For example we do disaster recovery for anything bad that happens to an organisation’s data in which we can put you back on your feet with an agreement on the recovery time and we incur penalties if we don’t deliver what was promised.”

Now in its third year of operation, Virtustream MENA was profitable from its first year as it managed to fill a niche that did not exist in Saudi Arabia and the executive is especially proud of one of the company’s recent business coups.

“A while ago we won a contract with Saudi Post to host all of their applications across all of their many divisions such as email, courier deliveries, etc and it has tur-

“WITH VISION 2030 WE ARE NOW CATCHING UP IN THE DIGITALISATION OF BUSINESS”

ned out to be the largest private cloud for all of Virtustream on a global basis.”

Regarding the effects of Vision 2030 on the Saudi economy, Dr AlAhmadi sees the programme as beneficial to country in several ways.

“We, and by that I mean Saudi Arabia and the Middle East, are a bit late as far as implementing digitalisation but now we are catching up and it will play a big role in implementing the goals of Vision 2030 in things like improving efficiency streamlining processes, implementing policies, etc.

“But every ministry can’t be off doing this on its own, so it all needs to be centralised using the cloud and the mobile technology backed up by big data and analytics, there you can analyse the trends and preferences and the usage or lack of usage of the services offered by the government,” he argues.

The chairman also cautions the government that it should not just focus on ministries or corporations to boost employment amongst the young when it is passing out the tenders and contracts to be awarded by Vision 2030, but to remember the small and medium-sized enterprises that also create jobs.

“There are many other opportunities for these young men and women who are well educated and one of them is SMEs, encouraging people to build their own businesses and support them to become successful. If you look at all the big economies of the

world - the United States, Germany, Japan and China - the contributions of the SMEs to the GDP is above 60 per cent.

“The government has to insist that 30 percent of a big project, for example, should go to SMEs. This will definitely help create employment for the young and help them see how Vision 2030 can help them and the kingdom,” he says.

Transition Year

Telecommunications systems require a lot of infrastructure and it takes a specialised company with intimate local knowledge to design, build, operate, and maintain telecom towers in the often harsh environment of Saudi Arabia. The market leader in the kingdom is Fast Planets based in Riyadh, which works with major local service providers and international suppliers.

“We work with all three mobile telephony service providers here - Saudi Telecom Company, Zain and Mobily - as we are approved for Global System for Mobile Communications, design, civil implementation, telecom, infrastructure, and Wi-Fi,” explains General Manager Saad Al-Zahrani.

The company’s list of services includes not only everything one could possibly need involving designing and building telecom systems and networks but also open settlement protocols and the dismantling of telecom infrastructure. And the general

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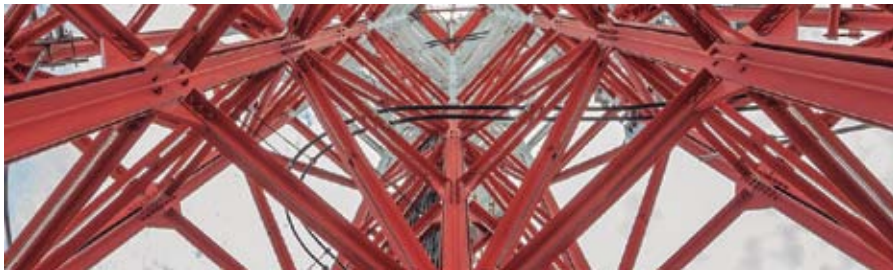
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FAHAD S. ALSUHAIM

GENERAL
MANAGER OF
RESTART

manager predicts business can only get better with Vision 2030.

“The telecoms industry has been evolving here quite rapidly anyway” says Al-Zahrani. “Everyone believed that the Saudi Telecom Company would suffer when competition was allowed but all three service providers are accelerating their development. Of course, Vision 2030 will have a huge impact on economic sectors and telecoms is no exception.

“In this sector, especially because of new technologies like 5G, there will be even more of an impact on the economy. Also, it will provide an even bigger market for international players to step into the telecoms industry here.”

Fast Planets works with a plethora of foreign telecoms and IT companies, with Ericsson, Huawei, Alcatel-Lucent, Nortel Networks, Motorola and a host of others on its partner list.

Like many sectors of the Saudi economy, telecoms suffered a drop in activity recently due to the cash crunch from lower oil prices, and Mr Al-Zahrani describes 2016 as a “tough year” for all as the companies had fixed costs but less income. Now, he says, things are looking up.

“We are already starting to see the positive signs. For example, we recently received an order from Huawei for the design of 200 sites. During the lean years of 2015 and 2016 we were taking on projects directly from the service providers and it was a learning experience regarding meeting international standards.

“So 2016 was really a transitional period for us as we engaged with all the key lo-

cal and international telecoms vendors, and brought our staff, performance and procedures in line with international standards. That prepared us well for what is coming next in a fast-moving industry in this new economic era” he says.

“I think that through Vision 2030 Saudi Arabia will finally be transformed into a country on par with the all the other developed nations of the world in so many ways and it is a huge opportunity for investors from other countries to come here and work with us.”

Growing Market

The Saudi government’s ambitious scheme for the IT and telecoms sector is also eagerly awaited by Fahad S. Alsuheim, the general manager of Restart, which provides innovative technology solutions and products for the public and private sectors.

“With the public and private partnership plans contained in Vision 2030 to upgrade the fibre optic network in Saudi Arabia to the tune of \$5 billion , we certainly can say the market is growing,” he says. “To put it into perspective, the IT and telecoms sectors in Saudi Arabia currently account for 1.21 per cent of GDP and that figure is expected to double to 2.24 per cent of GDP”

The general manager also cites the so-called “smart city” concept involving 20 urban areas around the country which will require upgrades to the existing mobile telephony network of service provider Mobily with which Restart is negotiating the contract.

Mr Alsuheim founded Restart in 2008 when the IT and telecoms sector was just starting to take off, “but at that time,” he

“BY 2030 THE IT AND TELECOMS SECTORS ARE EXPECTING TO DOUBLE THEIR SHARE OF GDP”

recalls, “there were not a lot of experts in these fields so we decided to have an international partner who could help us in training our people so we could find solutions for our clients”.

Restart now has five divisions, trading, consulting, contracting, IT outsourcing and electro-mechanical, and in the product line handles fibre optic cables, ducts, cable machinery and equipment, duct accessories, security surveillance gear, and telephony and networking equipment.

As part of Vision 2030, the government has fixed 2020 as the target date for the National Transformation Programme designed to ensure the completion of interim targets. By then, the general manager says his company should have enjoyed significant growth and the country be well on its way to achieving the government’s overall goals, including attracting more foreign businesses.

“This emphasis by the Saudi authorities on developing modern IT and telecoms, along with the enhancement of the transportation infrastructure, will be key to attracting even more investors from abroad, because they will need state-of-the-art facilities to do good business,” he says.

Fast Planets Co. Ltd. is a Riyadh based Design & Engineering Company specializing in Telecom Tower Design & Engineering. It provides consultancy services to both public and private companies in the telecommunication sector throughout the Kingdom of Saudi Arabia

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INTERVIEW WITH MR. KHALED FAHAD AL BOAYZ

President of KFB Holding Group

With an experience of over 20 years in the manufacturing of kWh meters, Mr Al Boayz sees great opportunities in the power sector, as Vision 2030 brings in a new emphasis on industry that is bound to attract even more international investors to the country



KFB Holding is active in which areas of the power sector?

K.F.B.- The group is active in the manufacturing of power equipment, anything having to do with distribution, transmission or generation of power. The manufacturing facilities of kWh meters started 20 years ago, then we expanded, invested and diversified, mainly to supply to the utilities. We employ about 1,300 people and the turnover is around \$230 million, all from producing kWh meters, transformers, switch gears, breakers, and so on.

How much collaboration do you need to be competitive in this market?

K.F.B.- Since we are working on very delicate equipment, we need the technology in every component that we are producing, so we have a know-how partner for each technology. The industrial sector has a lot of incentives from the government side, we have the financing from the Saudi Industrial Fund, we are getting also incentives for getting land for our factories, so there is a good support from the government side to the industrial sector.

What was your first reaction to the Vision 2030 announcement?

K.F.B.- We were really motivated, especially in the industrial sector. Vision 2030 is looking forward to enhancing and increasing our industrial base, to localising more, and it will open more opportunities and create more jobs for the young Saudis. We are expecting about 100,000 students who are studying abroad to come and to participate, and they will mainly come to the industrial sector. The industry is one of the most active sectors in the kingdom, there is a very good industrial pace whether in localising the technology and coming up with a product for the utilities, or in the petrochemical base manufacturing

“WE ARE EXPORTING ABOUT 35% OF OUR SALES TO THE NEIGHBOURING COUNTRIES”

Have you become more optimistic about your industry recently?

K.F.B.- Definitely. We already started to localise three major new products with technology from the international providers in the power sector. We have been in the kWh meter manufacturing sector for 20 years, we are one of the main suppliers to our utility and to the surrounding utilities, as we supply to our neighboring countries, so about 35 per cent of our sales are exported.

What new products are in the pipeline for KFB Holding?

K.F.B.- Since we are in the distribution and transmission fields we also try to go synergic in our products, so we are now adding products in the power network for the utilities such as polymer insulators, cable joints and terminations with the highest technology. These are high-tech products that need to be localised, and Vision 2030 has encouraged us to diversify and to add more technology and products.

What do you consider the challenges that you will need to overcome?

K.F.B.- The biggest challenge now is how to localise the jobs, how to bring in more nationals, more Saudis to the real production. At KFB Holding we are at a good Saudisation level because the type of manufacturing that we are doing is all high-tech and people like it. We find that Saudis like it and the environment is good, but we are looking further because for us to stay we need to localise also the workers who make the product, not only the product itself. I think that this is a challenge.

Are there new opportunities for more international partnerships?

K.F.B.- Yes, we have three joint-ventures going on now in the initial stages, one with an Australian company, another one with a Malaysian company, and thirdly with an Austrian company. To localise the product you need the right partner with the technology, and we have seen that the international manufacturing companies are interested, as there is the opportunity, there are incentives, so they are coming to have joint-ventures.

Where do you wish to be by 2020?

K.F.B.- We think that by 2020 we will be at least doubling our turnover, and we will be fully localising the products that I have talked about as well as the training and absorption of the technology. We are very optimistic.

What should foreign investors understand to be successful in Saudi Arabia?

K.F.B.- I think Saudi Arabia is the only country that is settled in this area, that has a vision. There is growth, 60 per cent of our population is young, so the potential of growth is definitely there. There is also a lot of support from the government, and once the foreign investors localise their company they will be treated like a national company. They can go for government projects and they can participate in any type of projects without any differentiation.

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BUSY AS 2030 APPROACHES

A country which has transformed itself in just a few decades from an isolated and primitive expanse of harsh desert and hardscrabble mountains into the economic dynamo it is today, Saudi Arabia required a lot of engineering.

First, for the petroleum industry which supplied the wealth that initiated the process of bringing the kingdom into the 20th century. Then the transport, residential, commercial and industrial infrastructure which have turned the country into the leading economic power in the region and a major player on the global political and financial stages.

In such a vital sector, it was natural that the Saudi government would want to establish a professional association to guarantee the quality of local engineering and provide a clearing house for training programmes as more and more Saudis entered the profession and expatriate engineers flooded into the kingdom. In 2003, the Ministry of Commerce created the Saudi Council of Engineers, or SCE.

Sound Foundation

“We set this up with the intention of enhancing engineering in Saudi Arabia, laying down the rules and regulations for the engineering sector and organising it to a high professional and international standard,” explains SCE Chairman Dr Jamil Jarallah Al-Bagawi.

“Heading the organisation is a revolving



SCE AND THE MINISTRY OF HOUSING DISCUSS THE INVOLVEMENT OF THE SAUDI COUNCIL OF ENGINEERS IN DIVERSE PROJECTS FOR THE MINISTRY

panel of prestigious engineers from both the public and private sectors, as well as engineering professors from our universities. Below that group are the people who are working permanently for the SCE involved in our entire range of activities and responsibilities such as accreditation, certification and licensing.”

Headquartered in an eight-storey building in Riyadh, the SCE employs around 150 people and has an annual budget of around \$19 million which comes from fees it charges for the accreditation, certification and confirmation of the qualifications of individual engineers as well as the some 3,000 engineering firms or offices operating in the country.

There are branch offices in Jeddah and Dammam, plus representative offices in 17 other cities around the kingdom. With 2,000 Saudis and 20,000 expatriate engineers as members, the SCE is the country’s largest professional organisation.

“When we first heard of Vision 2030, we wanted to tap into the knowledge and experience of all our members and come up with themes that would help us be a positive contributor to the crown prince’s plan,” the chair-

man says. “So, we did brainstorming sessions, collected all the information and then we had some of our members analyse all the data.”

The result was four main pillars for the engineering profession in line with Vision 2030: First, to enhance and improve the local engineering profession; second, to enhance the competency level of local and foreign engineers; third, develop and enhance engineering offices and companies; and fourth, to evaluate whether the SCE itself is performing well in its day-to-day activities.

“Under each of these four pillars we came up with several initiatives each with a set of key performance indicators that have been assigned to managers,” he explains. “We tell each manager which tasks they must carry out every year so that we have a plan with a clear target and we link their annual performance to what they have achieved so far.”

“With Vision 2030 we have to build more capabilities in engineering. We need to give our engineers more competencies, if you will, increase their quality. So there are many challenges ahead.”

It comes as no surprise that Saudi Arabia has some of the finest oil, gas and related industries engineers in the world in such specialised disciplines as drilling, reservoirs, wells, corrosion, facility operations and design, and who are recognised for the international standards they practice and their qualifications. But now, the SCE wants to diversify the country’s engineering sector to obtain those same standards in other engineering fields.

In order to reach what Dr Al-Bagawi describes as the SCE’s “strategic transformation plan”, the organisation has established a free training programme for 2,500 new Saudi engineering graduates in which they are paired with an expert.

“We also started offering short courses



SCE's vision is to promote the engineering profession, facilitate engineers and engineering establishments to reach ideal solutions, enhance the level of performance, and encourage innovation and creativity to achieve an internationally recognized position

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from one to two weeks in length that provide practical experience in some 200 subjects. Last year, 7,000 engineers benefited from these courses which are all in line with the goals of Vision 2030 and free of charge. A week-long advanced course in electronics, for example, can cost almost \$1,900 and we don't charge anything to young professionals and \$50 for everyone else.

"Saudi Arabia is a young and booming country with lots of infrastructure projects underway and scheduled for the future, so I expect the engineering sector will play a very big role along with the foreign and local investors who are looking for a good opportunity," he says.



HASSAN AL QAHTANI
CHIEF EXECUTIVE OF THE TECHNICAL DEVELOPMENT FOR CONTRACTING

cent dependent on government spending and we didn't really have private businesses involved in those big ticket construction projects. But with the new vision as applied to engineering and the power industry, the private sector will produce and generate projects.

"And this also means that private Saudi companies will be in direct contact with those foreign partners which have such deep and wide experience in the industries with which TD is involved," he says.

Established in 2002, TD is a privately-held, Saudi-owned company active in four main high-performance sectors including engineering, electro-mechanical, power generation, automation and heating, ventilation and



should make the market more stable than has been the case until now."

Mr Al-Qatani notes that German companies, known for their caution when investing overseas, are entering the power sector and the move is a clear sign of foreign confidence in the future of the market and the country.

"We ourselves see business improving this year from the first quarter after a disappointing 2016 so we will soon begin recruiting new employees," he adds.

"Any foreign companies thinking about coming to Saudi Arabia should do so now, or next year at the latest, if they want to get into a market that is now slated for ease of operations and spectacular growth"



ABDULWAHAB Y. ALSHAHRANI
GENERAL MANAGER OF ETC - ERAS TECHNOLOGY COMPANY

"WITH VISION 2030 THE PRIVATE SECTOR WILL NOW PRODUCE AND GENERATE NEW PROJECTS"

Private Initiatives

Vision 2030 and the sector changes it will bring is also welcomed by Hassan Al-Qahtani, the chief executive of the Technical Development Company for Contracting, or TD. The company is part of Zahran Holding which specialises in a broad spectrum of industries ranging from maintenance and operation, construction and contracting, travel and tourism, financial and real estate investment, home appliances and a variety of other businesses.

"When I first heard of the then-deputy crown prince's plan, it made me happy first as a Saudi, then as an engineer and businessman," he recalls. "It means we will now have a route map to where we will be in 13 years.

"Until now, the sector has been 100 per-

air conditioning, providing integrated design, functionality and efficiency.

The company also handles infrastructure development, waste generated and renewable energy, data centre development and plumbing and works with a number of foreign partners in all of its activities.

"Particularly in the power sector we began to work with Chinese, Indian, South Korean and Western companies and we continue to look for the right partners to cooperate with us in this sector and also to become involved on the financial end," the chief executive says. "And I think this year it will happen.

"I know the government is working hard to address the legal issues for both local and foreign operators and according to the promises by the authorities, those are to be finalised by the end of this year. It will be a new kind of business with some public-private partnership to ensure a more regular income, which

"WE CAME UP WITH A VISION WITHIN THE VISION TO ENTER INTO THE ENERGY SECTOR"

Vision Within

One Saudi executive who had his concerns at first about Vision 2030 was Abdulwahab Y. Alshahrani. This seasoned executive feared that the reforms could complicate the market for contracting firms like his company, Eras Technology Company, or ETC, where he is general manager and which works in the fields of electrical and mechanical contracting and the import and sale of electrical and mechanical systems.

"All the contractors were very worried as they didn't see any advantage in what the programme set out for the future. But what my company decided to do was come up with a vision within the vision and enter into the energy sector, specifically solar energy," he

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explains. "So we set up an office here and a factory in China to produce the hardware for solar power generation".

"Our first project in this new division of ours will be a build-operate-transfer solar project in cooperation with the government," he continues. "We did the studies for changing from diesel to solar working with a German company and I believe this is a leading project due to its size. It's really quite easy, you just switch the technology."

The project calls for an investment of some \$27 million, and is one of three solar energy ventures in Eras Technology Company's pipeline, with a total budget of around \$80 million.

In addition to contracting, the company also imports and markets such electrical goods as solar energy panels and lighting, chandeliers, indoor and outdoor lighting and fixtures, cables and wires, floor boxes and wiring devices in cooperation with suppliers such as ABB, Schneider Electric, Honeywell and Legrand.

Its integrated systems division provides communications, computer, security and network systems working with technology from companies like Cisco, Alcatel, Panasonic and Mitel. It is also moving into the food and restaurant industry with a dairy in Egypt, a fast food company in Germany and a chain of coffee shops in Saudi Arabia, Egypt and Dubai.

Annual turnover is around \$160 million and the company has a staff of about 500.

ETC's foreign links have provided the general manager with insight into what foreign companies considering a stake in the kingdom must do.

"I would recommend that before they come to Saudi Arabia they read about all the changes going on with the government. I meet a lot of foreign executives and they speak of the old laws governing business operations but all of those have changed," he explains.

"Where I would like to see ETC by 2020 is as the number one company in solar power generation in Saudi Arabia because it has a very bright future here and is part of Vision 2030

which will transform Saudi Arabia's economy and which I now wholly support," he says.

Hard Years

Vision 2030 promises to kickstart a new era in engineering in Saudi Arabia as the country launches a wide range of projects in so many sectors to diversify the economy, notes Eng Khalil Abdulkarim Al Fraih, the director general of Al Jazirah Engineers & Consultants, or AJEC, one of the country's leading companies in the engineering field.

Established in the capital in 1981 with just 50 employees to manage enterprises mostly in the energy sector, AJEC now has five branches around the kingdom with a staff 10 times the original size composed of design engineers, project engineers, project managers, power and water specialists, urban planners, cost engineers, technology experts and safety and security specialists.

AJEC's separate architectural division has working on a number of prestigious projects across the country, including shopping centres, housing compounds, hospitals, schools, palaces, mosques, private villas and entertainment and amusement complexes, and the company is always seeking out new opportunities.

"One of the needs we identified in the engineering sector is safety and fire protection as there have been a lot of serious fires over the past few years, more than 100 I believe, leading the government to establish special rules and regulations," the director general says.

"So, we have a specific engineering company addressing that need and it has won approval by the relevant government agencies such as the Higher Commission for Industrial Safety."

"One can certainly say that any development anywhere, including the kingdom, cannot proceed unless there is engineering. It is the first step. And if you have good engineering with good planning you will achieve that goal.

"The engineering sector is going to be very effective and very busy with new projects, especially with energy as we move from our



ENG. KHALIL ABDULKARIM AL FRAIH
DIRECTOR GENERAL OF AJEC- AL JAZIRAH ENGINEERS & CONSULTANTS

"WE'VE BEEN THROUGH WILD FLUCTUATIONS IN OUR INCOME BEFORE AND WE CAME OUT FINE"



dependence on oil to renewable sources like solar and wind power," he says, adding that new ministries are being created to deal with this ambitious energy switch by 2030. If all goes according to plan, 90 per cent of Saudi energy will be generated by renewables.

Dr Al Fraih believes Saudis will have to wait a while to see the reforms contained in Vision 2030 bear fruit but is confident all will be well in the end. "People will need to be patient," he advises. "Things will be difficult over the next two or three years because of the low oil price, but we've been through wild fluctuations in our country's income before and everything turned out fine."

Recreation Opportunity

Engineering, the environment and, perhaps in the future, entertainment are three major areas of activity for Aran Al-Jazirah Consulting Group which began as a contractor in 1995 but moved into the engineering sector 13 years ago, explains CEO Ali R. Al Hetelah.

"We're specialists in engineering consultancy and also environmental consultan-

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cy and we still carry out highly specialised contracting projects, mainly with the government with which we have a very good relationship.”

Aran Al-Jazirah employs some 160 engineers with many branches around the country, working on everything from desalination and water treatment plants to shopping centres, and from hotels and hospitals to banks and mosques through its five departments: architectural, civil and structural, electrical, mechanical and environmental.

The firm has recently added manufacturing facilities to its portfolio and is focusing more on private sector projects as construction picks up this year after a steep fall in activity due to the low oil price. And as the government begins to pay more attention to environmental concerns, that sector is also starting to grow.

“There is so much work now in the environmental engineering sector with every new enterprise having to file an environmental impact study,” the CEO says. “All the big companies are applying environmental regulations and we need companies with experience in this field to do things like deal with the waste from factories.

“But we don’t yet have the proper infrastructure for environmental waste removal, for example, and so we also need investors from outside with the appropriate experience and ability to help us achieve all of this. The firm already works with a number of foreign partners from Germany, Spain and China amongst other countries in several sectors.

“There is enough work for everybody. We just need to concentrate on know-how and the government is concentrating on those foreign companies that can bring that knowledge and transfer it to us Saudis. The government and the people are very welcoming to those investors who are coming to the country.”

As part of its diversification plans, Aran Al-Jazirah recently signed on for a large recreational project in Riyadh and the CEO predicts that more such projects are on the horizon.



Photo: Riyadh Convention Center

“Recreation is one of the bright spots in the future as Riyadh is currently limited in these things, such as cinemas. I know that the government has yet to allow cinemas and some other entertainment venues but we expect an announcement on this sometime this year,” he says.

Opening up Saudi society though steps like permitting mass entertainment venues is also part of Vision 2030 and the executive says he is bullish on the reforms, both economic and social, but with some concerns.

“We need to be sure someone is serious about applying this vision and we need the tools to do so. If everything goes according to plan, I think it will be very good for the Saudis and for our foreign partners working here. The future is promising and the government is supporting investment for those who are in it for the long term.”

Young Hopes

With five years in Saudi Arabia following a move from its original base in Lebanon, Prisma Circle Architects is now a well-established entity offering a range of services to the local real estate market, explains general manager Tarek Ghandour.

“We’re primarily involved in private villas in residential compounds and in commercial

centres with real estate developers and personal investors who are still putting their money into the market but there is a sense of ‘wait-and-see’ while people hold back to see how Vision 2030 will proceed.

“Since the crisis in oil prices, you still get the feeling the recession is continuing. Compared to 2016, we do see that the market in general is slowing down. I believe that everyone is waiting to see what will happen in 2020, with the targets set for the National Transformation Programme and what the rules and regulations affecting the sector will be,” he says.

Founded in 2008 in Beirut by a group of friends who wanted to create a brand name in architecture which would blend the Islamo-Arabic cultures of Lebanon and Saudi Arabia with Western architectural norms and practices, Prisma Circle’s partners found it easier at first to operate from Lebanon.

“We had more freedom to work as the restrictions of working in the Saudi market for architects and some other professions were quite tough,” the general manager recalls. “So it was easier for us to open in Lebanon and cater to the Lebanese, Saudi and other Gulf markets. Then in 2012 we decided to move to Saudi Arabia.”

Depending almost entirely on private

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TAREK GHANDOUR
GENERAL
MANAGER OF
PRISMA CIRCLE
ARCHITECTS

“VISION 2030 GAVE HOPE TO BOTH SAUDIS AND NON SAUDIS, ESPECIALLY TO THE YOUNG”

contracts and without the big-ticket government projects, the firm’s annual revenue is around \$1.4 million which is a tidy sum for what is considered a small operation employing some 20 people.

Along with architectural design, Prisma Circle Architects also offers its clients interior design, landscape architecture, structural and electro-mechanical services, shop drawings and project management. A perusal of some of its projects displayed on the company’s website shows a range of luxurious, high-end residences with tasteful exterior and interior design with touches of the traditional.

For Mr Ghandour, the announcement of Vision 2030 gave hope to Saudis, especially the young.

“It gave them hope, first of all, because it showed a young prince can rule. In this country, we have never seen someone in their early 30s take up the role as a national leader,” he explains. “Secondly, it gives the young the hope that with this new generation and hard work, we can succeed and survive.

“And the crown prince’s recent appearance on television when he discussed the vision in an interview also gave the many foreigners living here the comforting feeling that things are moving forward.”



Photo: Prisma Circle Architects

Partnerships for Growth

Mshari Naser Al-Shathri, the founder and general manager of Mshari Al-Shathri Consultant Engineering, says he believes Vision 2030 will have a positive effect on his business, which designs large public-funded projects like highway systems and metro networks, along with architectural services for the public and private sector.

“This will definitely have a welcome influence on the industry as Vision 2030 includes provisions for managing the government projects with follow-throughs and prioritising. Business will be further developed through increased public and private partnerships and everything will be modernised,” he says.

The firm’s road projects division prepares, studies and designs highway, roads, interchange and flyover systems. Two of the division’s most recent projects were developing parks, markets and low-income housing in the Tabuk north-east region with a budget of \$3 million, and a study done for the Riyadh municipal authorities on the capital’s streets and roads budgeted at \$3.6 million.

Its city planning division prepares and submits cultural development studies for urban areas, including land use studies, feasibility studies, environmental studies and the planning of roads and services networks, while the architectural division prepares and submits proposals and architectural plans for residential, commercial, industrial and recreational projects.

“The two particular projects of which I am especially proud are the design for all the stations of the metro in Dammam and the planning and design for the ring road in Makkah,” the general manager says. These are prestigious projects for a company which got its start just a little over 10 years ago and now boasts offices in Riyadh, Tabuk and Makkah, employing 170 people and its first international office in Dubai. Annual revenue is around \$16 million.

Vision 2030 will also bring changes to the engineering and architectural sector’s job market as new projects, both public and private, to meet the plan’s objectives are given the green light, Mr Al-Shathri says.

“This will bring equality between the en-



MSHARI NASER AL-SHATHRI
GENERAL
MANAGER
OF MSHARI
AL-SHATHRI
CONSULTANT
ENGINEERS

“GOVERNMENT WILL OPEN PARTNERSHIP OPPORTUNITIES TO THE FOREIGN INVESTORS”

gineers who work in the public and private sectors and I think this will be a good thing and I expect that over the coming years we will see more Saudis employed.

“At present, 27 per cent of our work force is Saudi and while currently there are difficulties in finding qualified locals in this profession, I think the situation will improve over the next two years.

“So I firmly believe that Vision 2030 is a very positive move as it will vastly improve the organisational situation for investment in all sectors, but particularly for engineering,” he predicts. “The government is now working in a more corporative direction that will open up great opportunities for partnerships with foreign investors across the economy.”

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INTERVIEW WITH MR. MOHAMED BIN DAWOOD

CEO of Rajhi-Invest Group



As one of the more diversified groups that has invested for years in the economy of Saudi Arabia, Rajhi-Invest knows an opportunity when they see one. As its seasoned CEO Mr Mohammed Bin Dawood moves to adapt the group to the new reality of investing after Vision 2030, he believes that the fundamentals of profitability are still on the side of domestic investments, even if the next few years may prove challenging

What does the Rajhi-Invest Group do and in which sectors is it working?

M.B.D.- The Rajhi-Invest Group was founded about 60 years ago. It started by having a sole proprietorship and ended up today as a closed joint stock company. We deal in different sectors starting from the industrial sector, where we own six factories. We also invest in hospitality. We own the Mövenpick hotel in Riyadh and Coral hotel in Al Khobar. We also have substantial investments in different companies listed in the TADAWUL, in banking and petrochemical, cement industry and retail. We do have a sizable real estate portfolio, we also have very small exposure to local private equity, and we have also an international presence, as an income-generating portfolio of real estate in the UK.

How do you expect Vision 2030 will affect Rajhi-Invest Group?

M.B.D.- It is the first time in Saudi Arabia that we have a clear vision, so the business environment is changing. When you change the rules of the game there will be a lot of impact, and there will sometimes be some pain in the short term. At Rajhi-Invest we are a long-term investors, so we do not bother about the short cycles or what happens in the economy in the short term. We always look forward. We still believe that this is the land of milk and honey, as it has all the basic fundamentals of growth, and it has the basic fundamentals for investment opportunities.

Are there any sacred cows anymore in the Saudi economy?

M.B.D.- I think we have a very transparent approach. The way I see it is that the government is trying to institutionalise most of its processes.



In the 2020 National Transformation Program and the 2030 Vision, one of the major things that was achieved is that we recognised our issues - so we are now into the solution phase, an extremely dynamic one; even the government exceeded my expectation by changing some of its plans.

Has Vision 2030 changed your priorities in terms of what sectors will attract your interest for future investments?

M.B.D.- Let's look first to the bigger picture: Saudi's economy is very sound, the national debt is in its lowest indices, oil price is still in acceptable range between 50 and 70, and government spending is still there. We have a government budget every year of 1 trillion Saudi Riyals. So, the overall market conditions remain healthy.

Which sectors do you recommend for foreign investors to look into when investing into the Saudi economy?

M.B.D.- I would mention the housing, healthcare and education sectors. That is our focus, even if we have a certain presence in the UK, with a real estate income-generating portfolio. Every year we conduct a review and we benchmark the return on investment that we generate from Saudi Arabia across different sectors, and Saudi investments still outperform

other world markets. If you take hospitality, the returns on investment are much better than Dubai, much better than Egypt, Turkey, the United States or Europe. So why shall I go there? If you take the diversification goal aside and in terms of purely return on investment this environment generates very healthy returns.

Are there opportunities for foreign partnerships that are interesting in investing with the Al-Rajhi Group?

M.B.D.- Yes, we are especially interested in the healthcare sector, and we are looking for partners for rehabilitation centers, cancer treatment and hospital operators. I think there will be huge opportunities going forward in the healthcare sector.

What would be your final message about the current investment climate in Saudi Arabia?

M.B.D.- I would say to look at Saudi Arabia with a different eye. Things are really changing today on the ground, there are a great number of opportunities for investors and still the government and the private sector welcomes international relationships. We at Rajhi-Invest Group have many successful partnerships with many companies, whether American, European, from the Far East, and elsewhere. We really do believe in long-term partnerships.

rajhi-invest.com

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EDUCATION & TRAINING WILL BE KEY TO THE SUCCESS OF SAUDI ARABIA

As Saudi Arabia gears up for what will most certainly be the most dramatic economic transformation the kingdom has experienced since the discovery of oil, filling the many thousands of jobs this massive endeavour will require is at the forefront of efforts by both the government and private sector.

As Vision 2030 progresses, workers for the lowliest jobs up to the most highly-skilled professional positions will be needed, whether Saudi or foreign, male or female. Human resources agencies, training companies, educational institutions and firms specialised in placing locals in universities abroad are rushing to satisfy the coming demand.

One of the main objectives of the plan unveiled last year by then-Deputy Crown Prince Mohammed Bin Salman is to create jobs for the many Saudi under-25s who make up well over half the kingdom's population,

At the same time, the country's Saudisa-

tion programme - replacing foreign nationals with Saudi citizens - puts even more emphasis on ensuring that Saudi Arabians of both sexes have the skills needed to at least get that first, low-level job that can lead to a real career.

One-Stop Shop

But even with Saudisation, the country will require tens of thousands of foreign workers each year. Striving to fill that need is the task of SMASCO, a recruitment and placement company that currently has some 55,000 foreign employees on its books from gardeners and nannies to consultants and physicians.

"Saudi Arabia has been recruiting workers from abroad for almost 45 years now and there are more than 10 million foreigners currently employed here," explains CEO Saad N. Al Baddah.

"Before, companies or individuals had to go to the Ministry of Labour to sort out the visas and all the paperwork to hire employees for their businesses or homes.

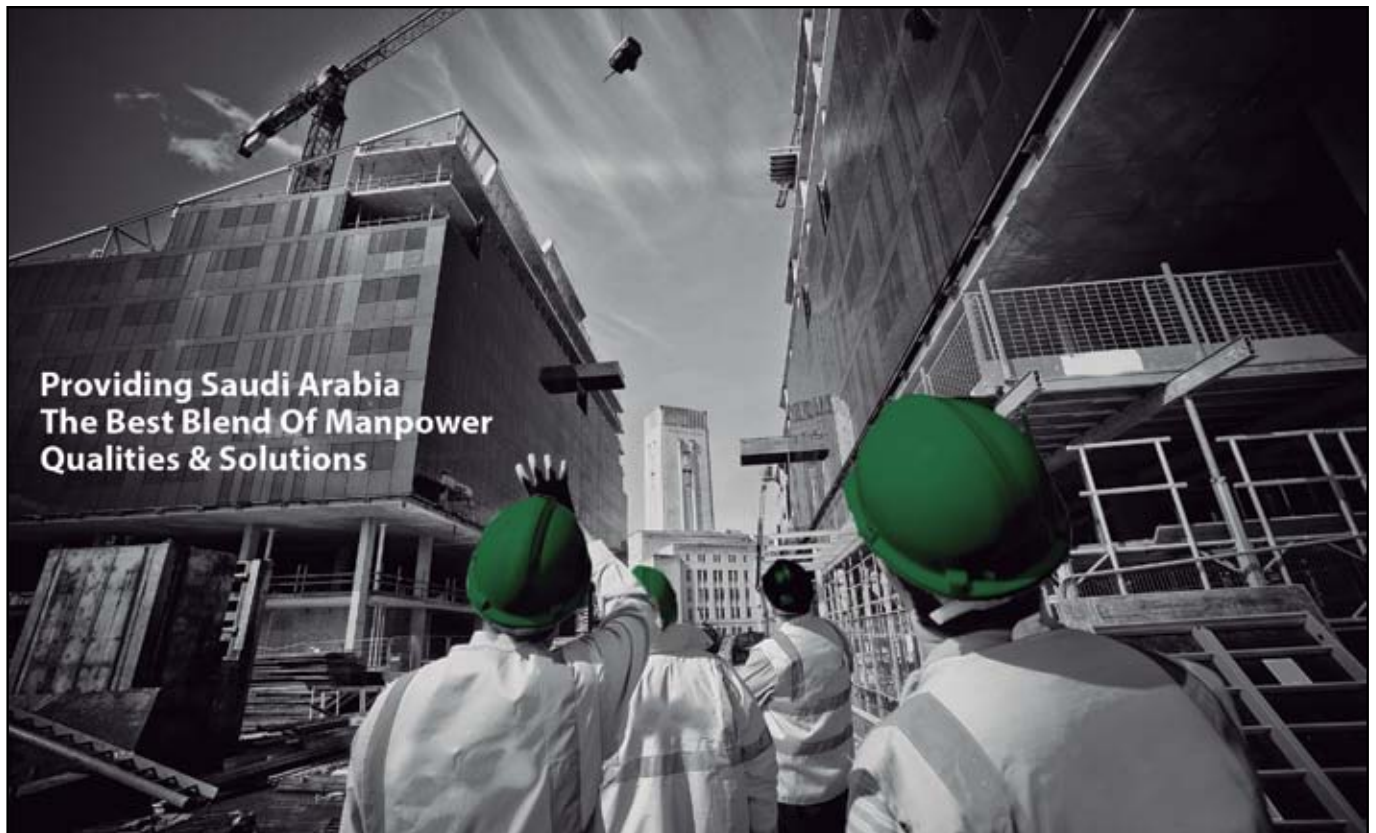
"But since 2012, we've been handling this process as well as training the workers when it is needed, open bank accounts for them, take out medical insurance and provide them with a mobile phone so they can ring our call centre if there is any problem. And they can take out their salaries directly from a local ATM so the old pro-



blem of not getting paid on time is eliminated."

For employers, SMASCO takes care of employee housing and transportation and also safeguards the rights of the employer by ensuring a replacement worker if one leaves, falls ill or proves to be inadequate, along with other customer care services through its 26 branches across the country.

Working with many of the biggest companies in the kingdom such as SABIC, Al Tazaj, Pizza Hut, Coca Cola and Kingdom Hospital, SMASCO can fill just about any job. In household employment, the agency handles nannies, cooks, drivers, gardeners, guards, nurses and housekeepers. For its business clients, the agency can supply low-level workers or senior management personnel.



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SAAD N. AL BADDAH
CEO OF SMASCO

“MANY FOREIGN WORKERS HAVE BEEN HERE FOR OVER 40 YEARS AND THEY LIKE IT”

“We now have a contract with SABIC, a global leader in diversified chemicals, to bring doctors, nurses, consultants, engineers, builders and more, from different countries according to its needs,” says the CEO.

SMASCO recruits from some 20 countries and Mr Al Baddah says that employees from certain countries are known for their diligence and good work ethic as well as for their ability to adapt to the working conditions and lifestyle in Saudi Arabia.

“I think workers from India are number one, followed by Pakistan and the Philippines, as far as working hard and honouring their contracts goes. According to labour skills, Filipinos are high in the technical fields and Indians and Pakistanis for general labour, while Filipinos, Indonesians, Bangladeshis and Africans from certain countries are prominent in household staffs.

“If someone requires construction workers I would recommend Indians, for computer operators or services I would suggest Filipinos and if a client requires a carpenter, I would recommend Pakistanis,” he says.

Mr Al Baddah points out that the contract labour situation in the Gulf countries has attracted bad press internationally but argues that conditions in Saudi Arabia are better than in neighbouring nations and that if the

situation were as bad as sometimes depicted, tens of thousands of foreigners would not apply to work in the kingdom each year.

“Many foreigner workers have been here for 40 years and they like it,” he says.

Vision 2030 calls for higher taxes on those employing foreigners and increases the Saudisation of staff in a number of sectors, but these measures don’t seem to bother the CEO who says that he has always planned for influxes in the number of foreign workers handled by the agency.

“It’s a question of demand which we have always calculated for. Today we may have a company that that requires 10,000 workers but two years from now that number may fall to 1,000. But we also have the household staffing sector and we have diversified into other services for businesses so I’m not that worried about the effects of Vision 2030”.

International Accreditation

Training up Saudis to international skill standards has long been a key activity for an economy like that of the kingdom’s and a number of companies in the sector have earned sterling reputations for doing just that. One of the leaders is Bakkah Inc. founded in 2009 which provides training services and consulting.

“We began as a boutique specialised training company for project management with international accredited certifications and recognitions from international bodies to provide their training courses in Saudi Arabia,” says co-founder and Managing Partner Marwan A. Alarainy.

“So, whether we provide the training course with an exam or the preparation for the exam, this really gives us the edge to become the supplier of choice for a lot of



MARWAN A. ALARAINY
MANAGING PARTNER OF BAKKAH INC.

“WE ARE TOTALLY COMMITTED TO ENCOURAGE THE ENTRANCE OF WOMEN IN THE JOB MARKET”



project managers and professionals in our domain seeking courses tailored and customised to their requirements and needs.”

Bakkah Inc. also assists companies in building and improving their project and programme management in order to facilitate achieving their strategic objectives and operational excellence, and provides business advisory services to major corporations, start-ups and small and medium-sized enterprises.

In its six years of existence, the company has trained 10,000 people on 600 separate courses for 100 clients including Saudi government ministries, banks, energy companies, financial services firms and a range of other entities.

Among its international clients are Airbus Defence and Space, IBM, Nokia, International Hotels and Resorts and Accenture.

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Unlike most other Saudi businesses, employee training companies did not suffer during the crisis triggered by falling oil prices, and the managing partner predicts there will be continued growth fuelled by the demands and requirements under Vision 2030.

“There will be a huge need for increasing the competencies of employees, coupled with the government’s efforts to vastly reduce the nation’s unemployment level. One of the most important ways to do this is to train all these young people who are either unemployed now or who are entering the job market for the first time,” he says.

“We are totally committed to encouraging the entrance of women into the job market as they make up half of society. We believe that in many cases women are better employees than men because they really believe in improving their education and the education of their children. So, they are our most valued clients as women are always seeking improvement and more courses.”

Bakkah’s executives are confident that the company’s links with international accrediting agencies and organisations give it an advantage as local companies are now demanding more from training programmes.

“In Saudi Arabia, whether we’re talking about the private corporate sector, or the government public sector people are better educated and more experienced with training services, programmes and courses of international standard and that has set the bar higher in this industry,” Mr Alarainy explains.

“They expect a certain level of quality and if you are accredited by an international organisation, that gives you an edge and provides the clients with confidence and trust.”

The managing partner notes that in the training and education market, demand is much higher than the supply so there is room for both local and foreign operators. But, he warns, it is imperative that any foreign training companies considering a move to Saudi Arabia engage a local partner.

“International players have to unders-



tand and be very cautious of localisation and translation of the training services and courses because understanding the culture is very important for their eventual success. We have seen lots of examples where foreign trainers came here and their services and courses were not suitable for their audience because they weren’t sensitive to the culture.”

With the rising demand for its services, Bakkah Inc. is expanding beyond its current locations in Riyadh, Jeddah and Damman to around the country and throughout the Gulf region, with more clients expected from the changes being brought about by Vision 2030.

“The vision requires people to be competent and if they are not competent up to a certain level they will be replaced, especially in the public sector, so individuals are driven to improve themselves. This vision is very tough and requires the participation and support of us all, including foreign investors,” he says.

Objective 2020

Foreign partners are important to another of the country’s leading training institutions, the Al Jazeera International Academy, which offers a wide range of administrative and developmental, community service, English-language and information technology courses, and has worked with many Saudi government organisations and private businesses.

Eng. Abdulaziz M. Al-Awad founded the leading learning institution in 2004, after his experience both in the academic world at KACST and the business world at Saudi Telecom, to give shape to his belief in the power of the knowledge economy to transform the life of ordinary Saudi citizens.

“We have agreements with companies



ABDULAZIZ M. AL-AWAD

CEO OF AL JAZEERA INTERNATIONAL ACADEMY

“THE PRIVATE SECTOR NEEDS TO HAVE A VOICE IN ALL DECISIONS CONCERNING VISION 2030”

from Finland, Australia and Germany and we are always looking for new opportunities, especially in education and training,” explains M. Al-Awad. “And with Vision 2030 we expect more interest here from potential foreign partners.

“The vision is going to provide Saudi Arabia with a road map on how best to adapt our methodologies, and how to achieve economic diversification and sustainable development. At the same time, the kingdom will introduce structural reforms to improve the efficiency of the public sector and empower an innovative private sector that will include reforms in education and training systems which will benefit companies like ours.”

The Institute has launched what the CEO calls the “Al Jazeera Institutional Transformation 2020” scheme to align itself with the government’s National Transformation Programme. This programme is designed to identify and monitor the strategic objectives, key performance targets and benchmarks of government bodies and link them to the strategic objectives of Vision 2030 while aiming to build the institutional capacity to cope with the future needs of the market.

“Without an educated and skilled workforce, it will be a big challenge for Vision 2030 to meet its target goals”, Eng. Al-Awad is convinced.

At its three branches in Saudi Arabia, Al Jazeera Academy provides clients, corporate entities, government agencies and private individuals with dozens of training courses.

Its administrative and developmental

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courses include programmes on human resources development, contemporary leadership skills, secretarial skills, marketing and outstanding service skills, basic financial and accounting skills, media and public relations, and tourism skills.

The academy's English-language learning division offers courses for children and teenagers for different levels, chat and conversation classes, foundation classes and more, while the IT division has courses covering data entry and word processing, web design, computer programming, power point presentations and networks.

More advanced courses can lead to certifications in such disciplines as computer maintenance and network engineering, as well as certifications to operate systems from such prestigious international IT companies as Microsoft and Cisco.

"We currently employ 300 people, both men and women, and our turnover is around \$13 million," says Eng Al-Awad.

"These last several years have been difficult but when we compare the first quarters of 2016 and 2017, we see growth. Business might still be slower than usual in 2018 but after that I think things will dramatically improve."

Business aside, the CEO sees two very important but challenging goals for Vision 2030: building a new education system based on innovation and knowledge creation, and creating a highly-educated and skilled local workforce.

"I would add a third goal and that is for the government to give the private sector a larger role in planning. We need to have a chance to speak and share in the decision-making process concerning Vision 2030," he says.

"Overall, I would say that Saudi Arabia needs to become more competitive in the world marketplace through things like improving education and training and boosting the quality of our management schools. Vision 2030 aims to have at least five Saudi universities in the top 200 in the world, and for that I believe Saudi Arabia needs to adapt a new educational system based on innovation and knowledge creation"



**PROFESSOR
ABDULLAH
M. AL-FAISAL**

FOUNDER &
VICE CHANCELLOR
OF ARAB EAST
COLLEGES

"WE LIKE TO WORK WITH THE MOST DISTINGUISHED FOREIGN COLLEGES AND UNIVERSITIES"

Foreign Co-operation

Education in Saudi Arabia received a huge boost 10 years ago when Prof. Abdullah M. Al-Faisal opened Arab East Colleges, which is the only private university in the kingdom to offer graduate degrees in five disciplines.

After almost 50 years in higher education as a university professor, dean, rector and president of King Fahd University, he set out to create a university for those who could not get into a public institute of higher learning.

"There was a lack of space in the country's university system. Back when I was there, one year King Saud University received 6,000 applications from students and we could only admit around 800," he recalls.

"So far, we have graduated 12 classes of students with master's degrees and we offer two law programmes, two business administration programmes, two computer science programmes, two accounting programmes and four education programmes."

As an example of one of the disciplines, the education programme offers degrees in kindergarten education, educational administration and supervision, special education and technology education.

With a current enrolment of 800 students taught by 55 faculty members, Arab East College, the vice chancellor boasts, has one of the best student to professor ratios in the region. But always striving to improve, he wants to attract more distinguished faculty, more students and add more excellence to the learning environment.

"It is very difficult to lure foreign faculty members because of the competition from public and private universities. So far the government doesn't allow foreign universities to operate in the kingdom, although local universities can cooperate with foreign institutions of higher learning.

"We like to work with the most distinguished foreign colleges and universities and the Ministry of Education has a list of the top international schools which local educators are allowed to cooperate with," he says.

Looking to the future, Prof. Al-Faisal would like to expand the number of programmes, add doctorate degrees and perhaps offer undergraduate programmes so that by 2030, Arab East Colleges will become the one of the largest private universities in the country.

"These plans go hand-in-hand with what the government is trying to do with Vision 2030", the vice chancellor argues. "And with all the changes that we will see thanks to those reforms, education is going to be a vital element. The sector and the Saudi students, now and well into the future, will certainly benefit."



**SADIQ
BASHA**

MANAGING
DIRECTOR OF
IEC ABROAD

"THE UNITED KINGDOM IS THE NUMBER ONE OPTION FOR THE EDUCATION OF YOUNG SAUDIS"

UK in Lead

Studying abroad is also an option for many Saudi students and there are several companies operating in the kingdom which help young people to choose a university in another country and guide them personally through the application process. One such company is IEC Abroad which was established in the British city of Manchester then expanded to Saudi



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AHMED H. BADHRIS

MANAGING DIRECTOR OF PILLARS & BLOOM GROUP

“EDUCATION HAS RECEIVED SOME OF THE HIGHEST BUDGET ALLOCATIONS IN THE KINGDOM”

try and a university.”

While many involved in education and training say that Vision 2030 will vastly improve the kingdom's academic level, Mr Badhris argues that Saudi Arabia's emphasis on education is nothing new and in fact can be dated back to 2005 under the late King Abdullah.

“Over the past several years, to the best of my knowledge, education has received the highest budget allocations in the whole kingdom with the exception of last year when defence was first. We have gone from seven public universities to 29 and from a mere handful of private universities to the dozens we have now.

“There are also something like 10,600 scholarships provided by the Ministry of Education alone and 3,000 to 4,000 from other government departments. Many of the recipients will need help making it to their target university and require extra help on what to study next. This is where we come in,” he says.

Saudi education officials have also reformed the entire system from the curriculum itself to targeted condensed teacher training. Local teachers are also being sent abroad to top schools where they observe, work with and learn from foreign teachers and lecturers.

“I believe that by 2020 we will be a more self-sufficient country regarding education so we won't need to send so many students to other countries for their degrees and perhaps there will be fewer scholarships,” the managing director says.

“At the same time, the quality of education will match what is being offered abroad.

“The government is doing a lot in this regard and we in the private sector have to do all we can to support the goals of Vision 2030.”

Arabia when the founders noticed the growing demand.

Mr Sadiq Basha, Founder and Managing Director of IEC Abroad says, “I studied in the United Kingdom and started IEC Abroad to initially assist students from India who wished to go to a British university. I knew all the admission processes and entry requirements and so we helped a few students. This expanded and turned into a business which is now complemented with the New College Group. There were other organisations who were delivering a similar service but IEC recognised student needs.”

An office was opened in Chennai in 2006, then Riyadh three years later in partnership with a Saudi national, and Jeddah in 2011, with another office in Thailand and very recently in China. Last year, IEC abroad sent more than 1000 Saudi students to British universities.

“Even though the number of universities are growing in the kingdom, a good proportion of Saudi students still prefer to study in the United Kingdom, because of its world class universities and technological innovations. Three of the top 10 universities in the world are in the UK,” he explains.

“From a young age, Saudi children are sent to British language schools and summer courses to learn and improve their English. That is why we created New College Group in Manchester, Liverpool and Dublin to cater for such needs.”

Along with British universities, IEC Abroad offers admissions and entry guidance for higher education institutions in the United States, Ireland, Canada, Australia and New Zealand, as well as helping students find English language and boarding schools.

So far, IEC Abroad has placed more than 10,000 students from around the world into

English-speaking universities. Mr Basha also says, “Saudi students prefer studying in the United Kingdom because of its relative proximity, many are familiar with British culture after spending summers there refining and enhancing their English-language skills and they feel comfortable because of Britain's large Muslim population.

“Most are primarily interested in business degrees, followed by health and engineering courses. The UK is a very stable and safe country with great educational institutions that will give them the confidence and motivation for a great career.”


“Our business is growing and we are hoping to expand regionally with another office in Saudi Arabia, and eventually others around the Middle East,” he says.

Rising Quality

A thorough screening using personal interviews and a battery of tests is the method employed by Pillars & Bloom to help its Saudi clients identify the best foreign institution of higher learning for their needs. The agency has an impressive track record placing between 700 and 800 student each year, says founder and Managing Director Ahmed H. Badhris.

“We offer targeted education and career counselling services and not only give advice but we also actually make the placement where the students need to be,” he explains.


“How we do it is like this: we interview them, then we conduct a series of aptitude and personality profiling tests to find out what skill sets they have attained and how those match a possible career. Then we help them choose a major course of study, a coun-



Pillars & Bloom
پلرز آند بلوم

Pillars & Bloom is an education and career counseling service. We are on a mission to close the gap between the aspirations of parents and policy makers of Saudi Arabia and the reality of the current educational system. Our goal is to bring the human touch back to education and career counselling, by not just focusing on admissions, but on helping people make better academic and career choices.

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INTERVIEW WITH MR. GELBAN MOHAMMED ALGELBAN

Chairman of Droob Holding Company & PHOENIX ALSAUDIA



Young entrepreneur Gelban Mohammed Algelban believes that the transformation brought by Vision 2030 has already reached the stage of adaptation, once both awareness and understanding have been achieved. Droob Holding is ready to reap the rewards expected by increasing its revenue no less than four-fold while trailblazing into the healthcare and food & beverage markets as well as its current business in real estate

What is Droob Holding Company?

G.M.A.- Droob Holding was established in 2017. We have about 450 people working, and we are talking about 95 million riyals of revenue, yet we are planning for 2030 to increase that revenue to reach 450 million riyals. I also own PHOENIX ALSAUDIA, a consulting firm. Droob Holding has three main functions that affect the whole economy which are: food and beverage, healthcare and also real estate.

Which sectors do you feel are going to be affected positively by Vision 2030?

G.M.A.- I would say that number one is the healthcare and the food and beverage sectors; the second is consultancy because we all need help in the transformation; and then the real state sector.

How is Droob Holding active in the healthcare sector?

G.M.A.- We are not in a mature stage yet, we are in the beginning of our participation in the healthcare sector, it is new in our group. However, we see it as a potential sector for us to invest, we have opened some small centers in small clinics to support the needs in the market, either in the regular healthcare and also in the derma sector.

How about the food & beverage sector?

G.M.A.- The trend and the culture in Saudi Arabia is moving towards spending time and entertaining themselves by going out and having dinner or lunch. The most important entertainment that we see in the market is dining. Before, in the Saudi culture, when you invited someone, you invited him to your house. Now, you cannot invite anymore to the house as most of the people want to go out and enjoy their time and get some

entertainment and have a good experience outside. So we have two different business lines, we do high dining and also we do retail in the small shopping malls. By 2020 we would have probably in the fine dining sector up to 15 restaurants and in the fast food we will go up to 200.

I understand that the group is also participating in e-commerce?

G.M.A.- Yes, we are opening a new e-commerce channel to respond to the dynamic direction of the market. Things are changing fast and we have to adapt to it in terms of technology, food, experience and even the culture of Saudi Arabia. We have three different cultures in Saudi Arabia: the old culture, the middle culture and the young culture, and there is gap between each one. The old culture has a different direction, but the young generation is leading the change now. In the middle culture, with people aged 45 and above, they are trying to grab something from the old and adapting with the young.

How far advanced is the transformation coming from Vision 2030?

G.M.A.- I would say we are at the adaptation stage. From my perspective, we have four steps: first is awareness, second is understanding, third is adaptation and forth is rewarding, which is the final stage. I think that we are now aware of where we are heading, what was the problem, how we are going to fix it, what are the risks, what things we must focus on and how we set our priorities. People now are aware of everything, and we have new blood committed to innovation and achievement. These are the main messages.

If I met you again in 2020 how would you like to describe Droob holding?



G.M.A.- I would describe Droob Holding as a solid group competing in all its sectors, with innovation, creativity and new ideas. We will try to transform even our internal business processes to be more innovative and competitive, either in Saudi Arabia or outside Saudi Arabia. I can see the group as a benchmark.

If the government supports us in Vision 2030, in terms of regulations, policies, regulatory issues, things being more clear, facilities, utilities, technology and networking, we can compete and have the infrastructure ready to fly. If we fly, the government will fly with us. For example, Aramco is flying in the US, Japan, China, and so on. So, what I see is that some of the companies in the group will be listed through an IPO in the stock market, because the government is trying to facilitate, accelerate and make things transparent and clear. For instance, the labour law from two years ago was not clear, so people were working without knowing their rights. That has changed now.

  <p>EXCELLENCE</p>     <p>DELIVERY INTEGRITY RELIABILITY TRANSFORMATION</p>	 <p>Regional and Global BEST PRACTICE</p> <p>4 OFFICES Riyadh, Dubai, Makkah and Asir</p> <p>+40% of revenue growth</p> <p>EXPERIENCE Team</p> <p>We focus on VALUE CREATION</p>
<p>KSA Level 18, Faisaliah Tower, Riyadh, KSA Tel.: +966114903976 / +966541400400 info@phoenixsaudi.com www.phoenixsaudi.com</p>	<p>KSA Level 18, Faisaliah Tower, Riyadh, KSA Tel. KSA: +966114618888 / Tel. UAE: +97144096825 info@droob.me www.droob.me</p>

VISION 2030 ENTERTAINMENT

SAUDI BUSINESSES GETS READY TO SATISFY A BOOMING NEW SECTOR

Saudi citizens and the country's millions of foreign residents laud the kingdom for its high standard of living and state-of-the-art infrastructure and facilities, but they also often grumble that the government has paid little attention to providing the public with a wider choice of entertainment and leisure activities,

However, that is about to change thanks to the wide-ranging reforms contained in Crown Prince Mohammed Bin Salman's Vision 2030 announced last year, some of which are aimed at encouraging and improving leisure time pursuits from adventure activities to family dining, and from domestic tourism to the simple pleasures of watching television.

"Vision 2030 admits implicitly that Saudi city life is boring and routine, and Saudi citizens constantly complain of the lack of entertainment in their country," one Saudi newspaper columnist wrote, noting that the dearth of fun is felt particularly by the country's under 30s who make up 70 percent of the local population.

Spearheading the government's programme is the General Entertainment Authority, set up last year and responsible for regulating the kingdom's entertainment sector, developing it along lines respecting the local culture, in order to facilitate its growth, and plan and promote venues, facilities and events.

Along with satisfying the leisure time needs of the public, an invigorated Saudi en-

tertainment industry is expected to reduce unemployment from just under 12 percent to 7 percent which is one of the priorities of Vision 2030, as well as attract foreign direct investment to the sector through partnerships with local operators and establish libraries, museums and other cultural attractions.

And analysts argue that the programme is not only aimed at economic development, but is also meant to build a balanced society whose members are capable of enjoying life outside home and the workplace in a healthy, relaxing atmosphere.

Young Country

Emboldened by Vision 2030 and the demand from Saudi Arabia's burgeoning youth demographic, local firms are launching amusement activities for the general public and one of those is 1st Entertainment Company whose CEO, Sultan A. Alsheikh, sees a great opportunity in this new era.

"One of the goals of the crown prince's plan is to foster income from non-oil sectors and one of those is clearly leisure activities as Saudis spend billions of dollars every year travelling all over the world because there is little to do at home," he says. "So when the government recognises the problem, it is a very positive and promising step for companies like ours."

The company's flagship operation is 1st Paintball in Riyadh, where guests don protective gear and arm themselves with rifles which shoot harmless paint pellets at their opponents, practice infantry tactics in a 25,000-square-metre facility. It was the first in the kingdom and is the largest in the Middle East.

"This is categorised as 'amusement entertainment' and our operation targets a certain segment of the population, children and youths between eight and 20 years of age for which there are very limited entertainment options or segments in Saudi Arabia especially in Riyadh," Mr Alsheikh explains.

"This is just the beginning and we are now expanding geographically so as to provide quality entertainment which involves an



SULTAN A.
ALSHEIKH

CEO OF 1ST
ENTERTAINMENT
COMPANY

"WE WILL NEED TO DEAL WITH INTERNATIONAL COMPANIES TO REACH THE NEXT STEPS"



adventure-oriented, physical challenge with fun interaction between players."

While 1st Entertainment Co. is clearly on the road to success, the CEO says it was difficult at the beginning with obstacles including official restrictions on family entertainment and the difficulty of locating and hiring qualified local employees.

"Finding professional, local talent was very tough when we first started out, but I believe in local talent and one of the first things I did when I joined the company was to replace some foreign employees with Saudis. We now have around 60 people working for us in operations and management,"

"Saudi Arabia is still a young country and I think that the entertainment industry here is a greenfield in terms of development potential. So we will need to deal with international companies to reach the next step as we can't rely just on ourselves, and partnerships that will add value to our company and to our customers."

Looking ahead, the CEO envisions expanding domestically through a five-year plan, but slowly and carefully, with at least five entertainment centres in total planned for



فای Phi

Phi is a specialized Marketing and Communications Company.

To help clients compete successfully, Phi offers them integrated range of marketing and communications services. It is located in Riyadh. Led and founded by Saudis who specialize in the field, Phi has the upper hand in knowing and understanding the local market.

www.phi.sa

around the kingdom.

“We have a population in Saudi Arabia of almost 30 million with an enviable purchasing power, a country which is stable both politically and economically. This country is evolving so rapidly that you can easily note the changes from one year to the next, and I firmly believe that this bodes well for business in general and the entertainment business in particular,” he says.

Local Culture

Expansion is also in the plans for another Saudi indoor-activities operator, UPlay, part of the PHI Group which specialises in marketing, communications and brand management, along with entertainment. PHI Group CEO Ahmed Al-Bishri says the entertainment division has carefully examined the market.

“About three years ago we figured out that there was a huge gap to fill regarding entertainment in Saudi Arabia, especially for those young people between 11 and 18 years of age, which represents well over half of the country’s population. There is almost nothing for them to do.

“The older ones just drive around the city in their cars, or go to coffee shops and spend their time smoking shisha and watching television. So we saw an opportunity and created the Uplay idea which is a venue with indoor pastimes based on physical activity like rock wall climbing, obstacle courses and things like that. There are no video games or any of those passive activities,” he explains.

Uplay is currently looking to secure a round of investment to fund a second facility, to be called Uplay Kids, for toddlers and children. The 1,400-square-metre centre will include upscale restaurants and lounges fitted with monitoring cameras so parents can dine while keeping an eye on their children.

“We came up with this idea as here it is forbidden for males and females to mix in public, but at Uplay Kids, groups of families will be able to socialise with each other while their children are having fun,” Mr Al-Bishri says, convinced this will satisfy a real demand for family entertainment and keep



ENG. AHMED AL-BISHRI

CEO OF UPLAY & PHI GROUP

“I LOVE THE IDEA OF VISION 2030, IT IS A REAL REVOLUTION AND I PRAY IT WILL SUCCEED”

many Saudis at home instead of travelling to nearby countries to enjoy themselves.

Every year, Saudis spend many millions of dollars on family trips to Dubai which is replete with family entertainment options such as indoor skiing slopes, ice skating rinks and even professional-level surfing wave pools. In the kingdom most public family outings revolve around visits to shopping malls.

The CEO welcomes the reforms outlined in Vision 2030 but argues that these should have been put in place years ago.

“I love the idea of Vision 2030, it is a real revolution and I pray it will succeed,” he says.

“The problem is that I fear we are a bit late and there will be a lot of obstacles, because the mentality needs time to change and there is a lot of resistance from government institutions, where some people still have an old school mindset. They have been doing things the same way for 30 years and it is hard to change.”

The reforms are expected to spark renewed interest in the kingdom from foreign investors and there are already multinationals seeking potential investments in the entertainment industry. Mr Al-Bishri cautions that outsiders hoping to do well in Saudi Arabia consider treading carefully.

“There are big opportunities for foreign investors but there are still some obstacles. I have seen non-Saudi investors who have tried to launch projects here but failed because they didn’t understand the local culture. The way to do it is to find a Saudi partner or to hire local management. Finding skilled Saudi professionals in some sectors can be difficult,” he warns.

Infrastructure Needed

Serving Saudis who seek entertainment beyond the country’s borders and providing a complete range of travel services is the task of Saudi International Travel Group, a Riyadh-based company which began operations 32 years ago and now is one of the kingdom’s leading travel agencies.



“WE ARE HOPING THAT VISION 2030 WILL KICK-START HUGE INVESTMENTS IN THE SECTOR”

“My brother and I founded this company and we got our big break when we were asked by the Saudi government to organise the King Fahd Forums which took place in Copenhagen and Johannesburg, in 2001 and 2002 respectively. They were huge international events with kings, presidents and even Nelson Mandela attending,” General Manager Waleed I. Al Sobeahi recalls.

“Now we have 86 branch offices in Saudi Arabia as well as in the United Arab Emirates and Paris, a staff of 460 employees and annual revenue of \$100 million.”

The executive says he hopes Vision 2030 will give a boost to the travel industry which has suffered from the dramatic drop in the price of oil and subsequent knock-on effect to the Saudi economy.

“We have seen a fall off in the travel and tourism industry with people curtailing their spending on non-essentials like leisure travel, both foreign and domestic.

“At the same time, because of the global recession, we saw a reduction in the number of Muslims coming to Saudi Arabia for the annual Hajj and Umrah pilgrimages and many of the ones who do come, I’d say 85 percent, are low spenders from poorer countries. But even



wealthier pilgrims have cut their spending and while some luxury hotels in Makkah were full before, now they can't cover their costs," he says.

Mr Al Sobelai says the industry's vision for the future would be for the travel and tourism sector to be a pillar of the Saudi economy and urges the government to upgrade the kingdom's tourism services and infrastructure to not only attract foreign visitors but also to help Saudis spend their holiday riyals at home.

"We expect huge investments from both outside and inside the kingdom to upgrade hotels, beaches and other tourism facilities. We have some very nice places all over the country but they are at a very bad level and we are hoping that Vision 2030 will kick-start huge investments in the sector."

One way for the government to become involved would be for it to fund the improving of sites on the condition that investors use them for tourism purposes and pledge to employ a certain number of Saudis, he suggests.

"Dubai, Singapore and Hong Kong have built up their tourism attractions and services by doing this but we aren't there yet.

"What we need is more vision concerning tourism which can be such a vital part of the economy and provide lots of jobs, as you can see from many global studies of the industry."

International Standard

Dining out is one of the favourite pastimes of both Saudi citizens and expatriates, and the country is fast becoming a key market for international franchisers operating with local partners. One such company is Mira Foods which began almost 20 years ago and now proudly proclaims itself as one of the leading purveyors of fine dining in the kingdom.

"I used to be a physician and at the same time ran a company operating coffee shops," recalls CEO Dr Mazen Almugbel.

"From that small experience we found it easy to move into upscale dining where there wasn't much competition except from the big hotels and one or two restaurants.

"So we started with a franchised operation



DR MAZEN ALMUGBEL

CEO OF MIRA FOODS

"WE NEED YOUNG SAUDIS TO COME AND WORK FOR US, AS MANAGERS AND JUNIOR STAFF"



called The Noodle House in Dubai and now have one in Riyadh. Then we established our iconic restaurant, Lusin, which serves Armenian cuisine and has become very trendy and rated as the best restaurant in Saudi Arabia by social media sites like TripAdvisor or Foursquare."

Other restaurants in the Mira Foods stable are the Venetian-themed Scaramouche Lounge and Patisserie which serves Italian and French specialities, and Melting Pot, a franchise operation of a U.S.-based company which focuses on savoury and sweet fondues. The six establishments employ a total of 350 people and have an annual turnover of \$20 million.

"At the beginning we didn't understand the municipal and national laws which were somehow primitive and we were somewhat unorganised. But as we expanded we overcame these problems. Our big headache is finding staff to work in our restaurants."

Saudi Arabia has no hospitality schools where young people can learn the skills needed for working in hotels and restaurants. And skilled foreigners are often sceptical about the kingdom's lifestyle restrictions.

"It was very difficult finding both key management people and junior staff. At the time,

there were no Saudis trained in restaurant work or who wanted to work in a kitchen or as servers," he says. "Internationally, convincing people with the proper skill set to come to Saudi Arabia was a challenge as they preferred to work in Dubai where there is a more relaxed environment," Dr Almugbel says.

"This is still a challenge as Saudis don't consider restaurant work as a proper job. But I believe that figures show there are more than one million unemployed Saudis with most of them less than 25 years old. We need these people to work for us."

Labour problems aside, the CEO believes that with the economic transformation underway in the kingdom business conditions will improve. "People will be more financially stable and there will be more opportunities and therefore stronger consumer demand," he says. "At the same time, the government will publish standards, rules and regulations and these will make doing business much easier."

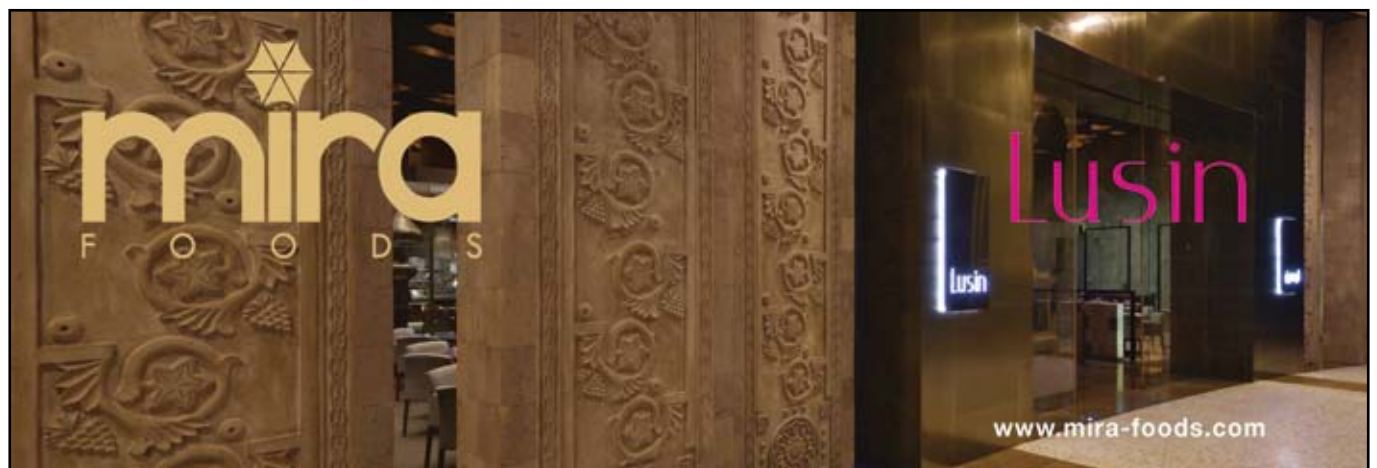
New Concepts

Saudi Arabia's food sector was one of the least affected by the economic problems brought on by the plunge in petroleum prices, experiencing a drop of only around 14 percent compared to the huge revenue reductions in other key industries such as construction.

And the food industry is expected to continue to prosper as more local companies and multinationals set out to meet the demand from the kingdom's growing middle class.

"I'm very optimistic regarding the future of the food business as there is a big gap in the sector here and Saudi Arabia needs more brands," argues Abdullah M. Abu Dabeel, the CEO of Saudi Rakeen Co.

Involved in food development, distribution and franchising, the company operates several proprietary divisions and is the local master franchisee for a well-known Polish producer of world-class hand-made chocolates, Karmello. Its own brands include fast food outlets Casho and Superano, supermarket chain 2Go Mart and supplier Food Development Co. Ltd.





ABDULLAH M. ABU DABEEL
CEO OF SAUDI RAKEEN COMPANY

“CASHO, SUPERANO & KARMELO BRANDS ARE NOW OPEN FOR FRANCHISE IN AND OUT OF KSA”



“Inspired by the Saudi Vision 2030, we are planning to launch the brands Casho, Superano and Karmello in the Middle East. Last year our revenue achieved a remarkable growth and it is growing at a very good percentage annually,” the CEO says.

“We franchise our brands and we are planning an international launch in the region. Investors from the GCC are welcome to work with us to open branches of Karmello, Casho and Superano in those countries.”

At a recent food trade fair in Saudi Arabia, Saudi Rakeen Co. received well over 300 expressions of interest from potential franchisees for its fast food outlets Superano and Casho, including several from the United States. At the same event, the company signed up franchisees for six Karmello outlets in the Kingdom.

“Over the next several years we’re looking to open another 50 Casho branches in Saudi Arabia and we have the plans and budget to do so. With the Superano kiosks, we’re hoping to open 500 branches with each franchisee pledging to open a minimum of at least four outlets,” he explains.

One advantage of the franchise system, he notes, is that the franchisee is responsi-

ble for the sometimes difficult task of finding and hiring employees, while Saudi Rakeen company will provide all information and assistance in terms of interior design, furniture design, kitchen plan, set-up support, equipment purchasing and training to enable the brands to be reproduced in its entirety in the franchisee’s location.

“I believe there is room here for more established food brands from Europe and the United States if they fit Saudi tastes, and we’re open to handling more foreign franchises in fast food, coffee and chocolate. Things are changing in this country with the excellent reforms contained in Vision 2030 and people are getting out more and enjoying the outside dining experience.

“Potential foreign investors should know that now is the time to come here and invest as Saudi Arabia needs more professional companies operating in all the sectors of the economy. The government is appointing many young people to run the ministries and they understand the investment needs of foreigners and how to get things done. It’s a new day in Saudi Arabia,” he says.

Local Content

Change is also underway in perhaps the most passive sector of entertainment, the media. Saudis are among the top users in the world of social media and are keen television viewers, two areas in which local firm I Content is investing heavily, says CEO Fahad Al-Zoghbi.

“We have been working in the media sector for the past 15 years, and around 2012 we noticed that the media landscape was changing in the country so we came up with a business model about creating local content for electronic media of international quality,” he says.

Along with social media and television, I Content also works in newspaper publishing and radio, covering almost all media available to the Saudi public. Its television operation includes producing talk shows aimed at Arab women, religious programming and a sports show for the MBC network. Public reaction has been positive.



FAHAD AL-ZOGHIBI
CEO OF I CONTENT

“MEDIA FIRMS SEE A GROWING APPRECIATION FOR LOCAL SAUDI PRODUCED PROGRAMMING”

“For years most of the television content here came from Dubai or other countries but now the big media corporations are recognising that there is a growing appreciation for Saudi-produced programming,” the CEO explains.

“As you know, 70 percent of the Saudi population are young people, many educated in the UK, the US or elsewhere and they want intelligent, local programming they can identify with.

“It’s the same with social media. There are 90 million views from Saudi Arabia every day of YouTube and much of the Arabic content is from Saudi Arabia,” he adds.

Mr Al Zoghbi sees Vision 2030 as invigorating the electronic media industry, which is becoming more attractive to young Saudis who are embracing these forms of entertainment like their peers around the world.

“When I started working in the media it was one of the most unpopular sectors for Saudis as a job option,” he recalls.

“But now there a lot of people working in the industry and I think with Vision 2030’s focus on entertainment and culture and support for talent it will all become more professional.”

“All of this, I believe, shows that with the help of Vision 2030 and the changes sweeping the entertainment sector, Saudi Arabia will become the media hub for the entire region. Already most Arab media is owned by Saudis who prefer to base their companies outside the country because of cultural restrictions here.

“But this is also changing and if those companies return to Saudi Arabia, it means a broader offering for Saudi media consumers and, of course, more opportunities for I Content.”



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