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2030
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KINGDOM OF SAUDI ARABIA

SAUDI ARABIA - 2018

THE OLD WAYS OF DOING BUSINESS ARE BEING DRAMATICALLY CHANGED AS VISION 2030 RESHAPES SAUDI ECONOMY & SOCIETY

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INTERVIEW WITH KHALID MOHAMMED AL SALEM

Director general of Saudi Industrial Property Authority - MODON

Acting president of Industrial Clusters

The arrival of Vision 2030 is encouraging foreign direct investors to set-up key strategic industries in the Kingdom of Saudi Arabia, explains the acting president of Industrial Clusters and director general of MODON



What influence is Vision 2030 having on the industrial sector in Saudi Arabia?

K.M.S.- *Diversifying our economy is vital for its sustainability. While oil and gas are still essential pillars of our economy, we have begun expanding our investments into additional sectors. There are complicated challenges ahead but we have long-term plans to overcome them.*

In the past 25 years, the Saudi economy has grown by an annual average rate of more than 4 per cent, contributing to the creation of millions of jobs. Although we are already among the 20 largest economies in the world, our ambitions are even greater. We aspire to have an even higher ranking by 2030, despite the headwinds of the global economic slowdown and the expected impact of our structural economic reforms. This requires us to invest in all our resources in order to diversify the Saudi economy, unleash the capabilities of our promising economic sectors and privatise some government services.

Can diversification from oil and gas create better prospects for FDI?

K.M.S.- *The Vision will explore the potential of promising sectors and foster their success so that they become new pillars of our economy.*

In mining, we will furnish incentives for and benefit from the exploration of the kingdom's mineral resources.

In the manufacturing sector, we will work towards localising renewable energy and industrial equipment sectors.

In technology, we will increase our investments in, and lead, the digital economy.

In the tourism and leisure sectors, we will create attractions that are of the highest international standards, improve visa issuance procedures for visitors, and prepare and develop our historical and heritage sites.

At the same time as diversifying our economy, we will continue to localise the oil and gas sector. As well as creating a new city dedicated to energy, we will double our gas production, and construct a national gas distribution network. We will also make use of our global leadership and expertise in oil and petrochemicals to invest in the development of adjacent and supporting sectors.

How important is the privatisation of Saudi government services?

K.M.S.- *Although we believe strongly in the*



important role of the private sector, it currently contributes less than 40 per cent of GDP. To increase its long-term contribution to our economy, we will open up new investment opportunities, facilitate investment, encourage innovation and competition and remove all obstacles preventing the private sector from playing a larger role in development.

We will continue to improve and reform our regulations, paving the way for investors and the private sector to acquire and deliver services – such as healthcare and education – that are currently provided by the public sector. We will seek to shift the government's role from providing services to one that focuses on regulating and monitoring them and we will build the capability to monitor this transition. We will seek to increase private sector contribution by encouraging investments, both local and international, in healthcare, municipal services, housing, finance, energy and so forth.

What's the philosophy and differentiation of the National Industrial Clusters Development Programme in supporting the industrial sector?

K.M.S.- *The programme is different in the sense that it is working with the investors hand in hand to develop a model that is only practiced by the programme as a Government entity. Also, Industrial Clusters is a think tank for the Government through the assessment and evaluation of project proposals using economic models. The programme is now a focal point when it comes to evaluating regulations and studies that matter to the industrial sector.*

How important is quality and international presence for success in today's Saudi marketplace?

K.M.S.- *Quality and international presence are not the only success factors. It is important to include the state of infrastructure development, as well as the strategy and policy in place to support new and existing investments. Vision 2030 has emphasised this.*

How can the relative lack of qualified human resources in the kingdom's industrial sector be improved?

K.M.S.- *Saudi Arabia is facing challenges of different dimensions. The population is increasing at around 2 per cent per year, and the youth share is well over 50 per cent; and the majority of existing industries have been established based on low technology and labour intensive production mechanisms.*

The labour market in the Gulf countries, according to a report issued by the World Bank in 2007, remains unusual in that it has the highest levels of labour force growth, the lowest levels of female participation, and the youngest labour force. This is changing but it will take time before an impact is witnessed. The new Vision is focusing on improving productivity through the use and upgrade to new technologies. I am sure you have witnessed Saudi ladies in the airport working on the front desk to show this change.

Riyadh is an economic center. Is the city's industrial sector competitive in a Middle Eastern context?

K.M.S.- *Yes, we believe so. Despite being in the heart of the kingdom, from a demand perspective and a connectivity point of view, Riyadh can certainly be considered competitive. Currently there more than 2,000 industrial facilities operating in Riyadh, providing more than 300,000 job opportunities.*

What are the prospects for Saudi's industrial sector in the long-term?

K.M.S.- *I am sure you have witnessed King Salman heading the official visits to China and Russia, and welcoming the newly elected US President in his first overseas trip. In these, one common outcome was the signing of MoUs and deals that support the new direction of Vision 2030. In the preparation of these state meetings, Industrial Clusters was providing its input to the government and highlighting areas of possible industrial cooperation.*

In terms of reforms and incentives, what can the authorities do to further support Saudi Arabia's industrial sector?

K.M.S.- *The government is currently reviewing its incentive structure to best suit the upcoming waves of investment and these packages will be announced soon.*

VISION 2030 TAKES OFF

INVESTORS ARE RAPIDLY
ADAPTING TO NEW
OPPORTUNITIES AS THE
VISION TAKES HOLD

Almost two years ago, Saudi citizens learned that a revolution was on its way and their country, which already was a key player in the global economy, was going to be transformed almost beyond recognition.

Announced by Crown Prince Mohammed bin Salman in a nationwide televised interview, the ambitious plan known as Vision 2030 is designed to slash the country's heavy reliance on oil, modernise the conservative kingdom and bring it level with the world's leading nations across a number of indices.

The sweeping reforms' goals include scheduling an initial public offering for the giant state-owned oil company Aramco, moving the kingdom from being the 19th largest world economy to placing it in the top 15, cutting the jobless rate from almost 12 per cent to 7 per cent and raising the country from its current 25th position in the Global Competitiveness Index to be among the top 10.

Other targets are increasing foreign direct investment from almost 4 per cent of GDP to around 6 per cent, boosting the private sector's contribution from 40 per cent to 65 per cent of GDP, raising the share of non-oil exports in non-oil GDP from 16 per cent to 50 per cent and increasing SME contribution to the GDP from the current 20 per cent to 35 per cent.

But it's not just about the economy. There are also plans to allow women to drive and boost female participation in the workforce, provide more entertainment options in the kingdom such as opening cinemas, achieve environmental sustainability, fund cultural projects and attract foreign investors to the futuristic Neom City on the Red Sea coast.

As explained by the Crown Prince and Saudi officials, Vision 2030 is a carefully planned, fully thought out roadmap to help Saudi Arabia become a modern and thriving nation that provides its citizens with economic security and well-being.

And to ensure that goal is reached within the next 12 years, the plan includes the National Transformation Programme 2020 that sets out certain interim targets which must be achieved by that year.



H.E. CROWN PRINCE MOHAMMED BIN SALMAN SHAKES HANDS WITH KLAUS KLEINFELD AS HE IS APPOINTED NEOM CITY'S CHIEF EXECUTIVE OFFICER IN RIYADH LAST OCTOBER

The programme uses innovative methods to identify challenges, seize opportunities, adopt effective planning tools, activate the role of the private sector, bring about implementation, and evaluate performances.

The international business community is intrigued by Vision 2030, seeing opportunities for investment in every sector of the Saudi economy. Saudi executives themselves have also welcomed the reforms and initiatives as bringing the country's economy into step with the rest of the developed world - ditching the hidebound and often stifling bureaucracy of the past.

Proud to be Saudi

It's no surprise that among the country's business leaders giving the most vocal support to Vision 2030 are those involved in the financial sector, including Khalid Al-Mulhim, the managing director and CEO of Alkhair Capital.

"When I heard the Crown Prince speak, I was very proud to be a Saudi and that we will be like important nations such as the United States and the United Kingdom," he recalls.

"This will be a major change for the country that will create jobs for Saudis."

The executive credits the reforms with providing more opportunities for his firm which has become involved in the privatisation of public sector entities through advisory work and investment for the government.

"There is going to be a lot of this kind of activity going on, especially in the transportation, healthcare and housing sectors.

"In housing alone, the ministry has already established five or six companies and the airports are also being privatised.

"Healthcare privatisation is also coming. It won't be easy as there are many government-run hospitals and clinics all around the kingdom," he adds.

Al-Mulhim says he has noticed that there is a new attitude among public employees



KHALID
AL-MULHIM

MANAGING
DIRECTOR &
CEO OF ALKHAIR
CAPITAL

**"VISION 2030 WILL BE A
MAJOR CHANGE FOR THE
COUNTRY AND CREATE JOBS"**

tasked with carrying out the reforms as they "are working harder than ever to meet the deadlines for the Crown Prince, filing weekly reports and holding daily meetings".

Established in 2009 and based in Riyadh, Alkhair Capital is a leading investment manager for high net worth individuals, corporations and small institutions. Its activities include asset management, investment banking services and brokerage.

The company's management team has wide experience in foreign banks, the Saudi Stock Exchange, the Capital Markets Authority and other major financial institutions, which Al-Mulhim says makes it the logical choice to work with the government to achieve transformational initiatives.

And it is in this sector where the CEO sees the most potential for foreign involvement in the new business environment, not only with investment but also with know-how.

"Local entities can't do all this alone and they will sometimes need partners from outside - especially in huge transactions like the IPO for Aramco," he says.

"I see a definite role for foreign involvement in financing and setting up joint ventures.

"It's certainly not easy for local players to do it alone from a cash and liquidity point of view, and along with investment we're going to need the foreign expertise in privatisation.

“What’s important to remember is that this is the first time that we are privatising government operations.”

Looking ahead, Al-Mulhim predicts growth for the company both domestically and abroad.

“Alkhair Capital can be considered a regional entity, but by 2020 we will be an international company and investing outside Saudi Arabia and the Gulf Cooperation Council (GCC) member countries. On our current path here at home, we should be one of the biggest investment houses in the kingdom.”



ABDULLAH FARID SHAKER
CEO OF ITQAN CAPITAL

“THE OLD WAYS OF DOING BUSINESS IN THE KINGDOM ARE DRASTICALLY CHANGING”

Happening place

Growth across the entire financial services sector is almost assured thanks to Vision 2030, and the National Transformation Programme will be a driving force, argues Abdullah Farid Shaker, the CEO of Jeddah-based investment firm Itqan Capital.

“Over the next three years, the effects of the National Transformation Programme will impact our industry. We’ll see a consolidation and introduction of new banks in Saudi Arabia and the same will happen with investment banks,” he predicts.

“There will also be an increase in the number of investment products on offer and we won’t rely on the usual equity funds.”

In his opinion, the National Transformation Programme’s effects have yet to reach individual companies, though he expects that to happen soon. At the same time, Shaker praises some of the measures that are being

taken to prepare the financial sector for the changes to come.

“I’m not sure if all the goals are achievable or not but at least we are doing things like stress testing as we go along, which is very important,” he argues.

“I understand that some of the initiatives are underway and being carried out in different phases. This is the first time this country has had a plan spanning so many years as before we only had five-year plans.

“The old ways of doing business in the kingdom are drastically changing,” Shaker continues.

“I wouldn’t say they are improving yet as that would mean we would realise the benefits, but they are changing in a way we hope will benefit us eventually.”

Originally founded a decade ago as the Altawfeek Financial Group, the firm changed its name to Itqan Capital in 2011 and is majority owned by the Al Baraka Banking Group.

Active in asset management, principal investment, investment banking, custodial services and advisory and research services, the company has \$500m in assets under management and the CEO expects that figure to soon double.

Focusing its investments in the kingdom until now, Itqan Capital is today seeking to expand throughout the region and executives are particularly interested in the other GCC countries, as well as Turkey and Egypt.

And with Saudi Arabia getting so much press about Vision 2030 he expects foreign financial institutions to take another look at the country as an investment destination.

“I would advise them to study the market and understand that the regulations are going through a change and they will have to adapt. What is occurring in this country is a core transformation affecting business and society.

“Keep a close eye on Saudi Arabia because there is a lot taking place both long-term and short-term. Our resources are enormous and some 70 per cent of Saudis are below the age of 30. It’s a happening place and its all happening so quickly.”



MOHAMED O. AL-AFIF
MANAGING DIRECTOR OF CASH SOLUTIONS

“WE’VE HAD 30 YEARS OF VERY SLOW MOVEMENT BUT NOW DEVELOPMENT IS SWIFT”

Swift development

Such rapid change is welcomed by Mohamed O. Al-Afif, the managing director of Cash Solutions, a cash management company that works with the government, banks and other institutions.

“The only way to tackle such a vision is to counterattack the old-school mentality of long-lead development, long-lead decision making and long-lead processes,” he argues.

“We’ve had 30 years of very slow movement regarding development but now the government is driving the country towards a bigger challenge which requires strong and swift movement. This is the only way to get things going.”

Moving quickly to grab an opportunity is nothing new to Al-Afif. He started the company four years ago with two partners when they had the idea of filling a niche in the sector by providing out-of-the-box solutions for the cash management supply chain.

“We are talking here of a gap in terms of technology, processes, new ideas and new players in the market,” the executive explains.

The company’s operations cover treasury management solutions, software solutions, automated banking products and services, and cash and valuables storage centres. Along with banks, clients include corporations and SMEs in Saudi Arabia and other GCC countries.

“Starting this company was a huge challenge but you’ll see that wherever the challenges exist, there are always opportunities,” says Al-Afif.

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“For example, we started with a big project with the central bank as a main consultant and are now building a state-of-the-art, multi-bank centre which was a real revolution in Middle East banking.”

Other recent advancements made by the company include partnering with European companies in supplying cash recycling technology, and there are other projects up and running involving manpower supply and equipment installation, all featuring what Al-Aff calls “the best available standards”.

This emphasis on quality has sparked interest from the central banks of the United Arab Emirates and Kuwait, which have invited Cash Solutions for talks as the company revs up its plans for further regional expansion.

And Vision 2030 could bring other exciting new opportunities for the company as more foreign investors bet on the kingdom, the managing director says

“The Crown Prince’s reforms will open up new channels for private investors and within a year or two one of these could take a stake in Cash Solutions. So this is something we must take a close look at because whatever relationship you have with international suppliers, it will be a lot different once they have a stake in your company.”

Insurance growth

Another sector of the financial services industry which has a lot of room for growth is insurance as most companies currently active in Saudi Arabia only offer certain coverage, according to insurance executive Mohammed Al-Besher, the chairman of the board of Broker Care, or BCare.

“There are still many unfulfilled needs in the insurance market. For example, many companies only offer medical insurance,” he explains.

“We believe that the next opportunities in the sector will be credit insurance, life insurance and motor insurance because no more than 51 per cent of Saudis have car insurance and the government is now encouraging drivers to take out coverage.”

Al-Besher also sees Vision 2030 as spurring growth in the market as the economy diversifies away from oil and as the government’s plans to boost privatisation begin to bear fruit - creating more companies which will need insurance.

BCare is in a prime position to reap the rewards of the shakeup of the Saudi eco-



MOHAMMED AL-BESHER

CHAIRMAN OF BCARE

“WE BELIEVE THAT THE NEXT OPPORTUNITY IN THE SECTOR WILL BE CREDIT INSURANCE”



KHALED ALMUTLAQ

CEO OF BCARE

“KEY TO OUR SUCCESS WAS RECRUITMENT, TECHNOLOGY AND PICKING NEGLECTED SECTORS”

nomically. Established just three years ago, the company began with one office, growing to three today- in Riyadh, Jeddah and Dammam.

“When we started there were 100 insurance brokers in the kingdom and we’re already among the top 10 thanks to our experience in the market before we started BCare,” the chairman says.

“I had over a decade of experience in handling credit insurance and our CEO, Khaled Almutlaq, had years of experience in underwriting so we knew the products and the market”.

Almutlaq explains the key elements that brought quick success in a crowded market.

“The first was attracting qualified and experienced human resources, and the second was to invest heavily in technology. At BCare we were the first company in Saudi Arabia to provide an online portal for insurance.

“Thirdly and finally, was to work on some neglected sectors in the market to turn them into successful ones.”

Consolidation of the insurance market would be a welcome development for the company, argues Almutlaq.

“There are 35 licensed insurance companies in Saudi Arabia, and for BCare it would be better if the number was reduced to about 15 companies, so we would deal with well capitalised insurance companies,” he says.

“Moreover it would be easier to approach and negotiate with them to get the best quotations for our customers.”

SAMA, the Saudi Arabian Monetary Authority in charge of regulating the insurance sector, is aware of this situation and has adopted a more dynamic approach than recent years. But Almutlaq hopes for more.

“We would prefer for the government to establish an insurance body in Saudi Arabia that was specific to the insurance field, where the contribution of the insurance sector to GDP would be as ambitious when compared with the international markets,” concludes Almutlaq.

Another key to its success, Al-Besher thinks, is that “we channelled all our knowledge into designing policies based on the needs of our clients so we can customise their policies”.

“We decided to give better coverage and better savings in policy premiums,” he adds.

BCare’s lines of insurance include medical, marine hull and cargo, group life, engineering, motor, general accident, property, credit risk, aviation, travel and reinsurance. It offers its clients consultation, analysis, conformity and claims services among others.

But Al-Besher says he believes there are still areas that are not yet covered by local insurance companies because “they may not be in a position to cover some risks”.

“I think that international companies can come in and provide wider coverage through merging with local firms and that would increase the number of companies operating here in the kingdom.

“We ourselves are ready to acquire more companies and form partnerships. We want to be the best company in providing better coverage and we want to educate people about insurance because it is still misunderstood here.”

VISION 2030 TECHNOLOGY

GOOD TIMES ARE HERE FOR
AN INDUSTRY READY TO
BANKROLL ON THE VISION

Announced 18 months ago, Crown Prince Mohammed bin Salman's Vision 2030, designed to overhaul, modernise and open up the kingdom's economy to lessen its heavy dependence on oil revenue, has a special place for the Information Technology sector.

Indeed, there are ambitious plans to make IT a key part of every government ministry and department, every industry and even in the daily lives of the country's 33 million people.

Already, the government has engaged foreign IT heavyweights in the scheme, such as linking up with Japanese mobile leader Soft-Bank to set up a \$100bn investment fund for local tech startups and the Saudi Public Investment Fund has ploughed \$3.5bn into the US online transportation company Uber.

But Saudi IT companies are also gearing up for a major role and local innovators are staking their claims in the rapidly expanding sector. Tech executives say they see Vision 2030 as a new dawn ripe with opportunity with clear government goals to place Saudi Arabia among global leaders in IT.

Measuring success

Ehab Alkhiary, president of tech firm ARCOM, says he was "jumping in his seat" when he watched the Crown Prince announce the plan.

He says: "Finally, we know where we are going. This young man stands in front of the public and says "yes, we will go through some difficulties and reforms, but the future is promising".

"Now there are measurable key performance indicators, numbers and objectives. The country has gone through three or four strategic plans before, but they were never

explained to the public, nor were they measurable like this one is."

ARCOM has grown side-by-side with the global IT sector. Established in 1984 just as the first PCs hit the world market, the company began supplying computer supplies, printers and other accessories.

Today, the firm is involved in providing IT and telecoms service and solutions, including digital transformation, e-gov, infrastructural software development and information security with major clients in the public and private sectors.

"We're very proud of our achievements," Alkhiary says. "We are the only Saudi company that developed an election system which was organically developed for municipality elections and later expanded to cover all types of elections. We also developed the only news management solution that has been deployed at the Saudi Press Agency and over 20 other agencies.

"IT is an integral part of the Crown Prince's vision. It is needed to rewrite and highlight the importance of the digital unit and the National Transformation Programme on how technology can enable the transformation of government services and help as a revenue generator."

The president notes that technology touches all points of our life, with the local entertainment sector being the most recent example. The government is expanding and liberalising this sector to satisfy rising demand from the country's huge youth population.

"I can now book tickets for live entertainment online and avoid waiting in a queue for 30 minutes. The e-government is a complete transformation for well-being, lifestyle and quality of life of Saudi citizens," says Alkhiary.

"Now, we don't need to speak with a public servant or wait for hours in some government office to get an administrative document, as it's all done with the click of a button."

Saudis are also well engaged with e-commerce and social media, with the country's young just as adept in these areas as their counterparts in the West. The kingdom has the highest per-capita use of YouTube of any country in the world and accounts for 40 per



"WE WERE PROUD TO DEVELOP
THE ONLY ELECTION SYSTEM FOR
THE MUNICIPALITY ELECTIONS"

cent of all Twitter users in the Middle East.

But Alkhiary complains that despite their online presence and a good education, only a small percentage of Saudis are qualified for careers in the IT sector.

"The young generation accounts for some 70 per cent of the population but who is qualified to join the workforce?"

"Unfortunately, they get the education curriculum-wise, but they need to adapt to the work environment," he says.

"So you may be a great programmer, but in reality you also need a lot of soft skills like time management, communication, presentation, and so on. IT is a constantly evolving industry and the pressure is on the education sector to provide graduates with the skills they need for our labour market.

"We always welcome international partnerships, and joining hands between local and international players makes perfect sense, especially these days when Saudi Arabia is getting a lot of attention from international companies."

The president explains that international partnerships are key to the growth of the company which is enlarging its portfolio of solutions and services to include business intelligence, data management and analytics.

"We would like to be considered nearly as a one-stop-shop when it comes to delivering technology, IT and telecommunications solutions. We've been doing this for years and we have a vast accumulative knowledge.

"According to the Crown Prince, the private sector is to play an active role in his vision and we'll be given the equal opportunity to do so."



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Personalised experience

Using the latest technologies to improve education in Saudi Arabia is the task of Classera, which was launched in 2012 and has since taken what CTO and vice chairman Mohammed A. Al-Ashmawi calls e-learning to new levels.

“We used some of the top existing solutions during our studies and we recognised that many of them are missing the main factor, which is the right engagement between the students and teachers. Most of them focused only on automating instruction and changing tools, rather than changing the learning experience of the student and the teacher.

“We focused on how to keep the students really engaged on what they were doing, motivating them to love studying while making the lives of teachers and educators much simpler.”

Classera was designed to fulfil three unmistakable values, he says: “To be social and keep you connected, to be inspirational and full of fun, and finally intelligent and personalised.

“Classera is a social learning platform where schools are connected into one network. so students and teachers across the region can benefit from each other by giving them right and simple tools to share and spread the knowledge.

“Gamification is our second technique to inspire students and teachers to add the fun aspect to the learning process, changing it into a type of a game,” he says.

“Students and teachers are now earning points based on their daily performance and activities on Classera according to a sophisticated scoring system. Each member can then track his or her progress, rank themselves against other students and teachers and turn in their points for discounts and rewards at so many attractions such as restaurants, fitness clubs, theme-parks, training centers and other businesses.

“We also personalised their experience by developing a special engine that we call Smart



“THE MISSING FACTOR WAS THE ENGAGEMENT BETWEEN THE STUDENTS AND THE TEACHER”

Mate. It is a digital friend that assesses and helps each student throughout his or her schooling. Smart Mate utilises the latest technologies such as AI and machine learning to provide students with personalised daily content, quizzes and assessments, tailored individually to each student so they can be ready for the next day’s class, improving their skills intelligently with minimal effort from the teachers” he says.

Classera Middle East CEO Mohammad S. Almadani says the Crown Prince’s grand plans for boosting education in the kingdom have already helped the company.

“We have been deeply involved with the private education sector and within three years we covered most of the top-ranked private schools in Saudi Arabia either fully or partially in large and medium-sized cities,” he says

“We also had successful and promising projects with some public schools working with departments of education in some regions like Asir, Al-Madina Al-Munawarah, and others.

“We had a dream to apply our philosophy and way of learning nation-wide, allowing public schools to make a stronger impact on the educational system outcomes for the country.

“But that was not easy, we tried for years, reaching out to target people in the ministry and departments of education, trying to convince them that this important move would transform education in the kingdom and take it to a whole new level.

“Improving the education sector means improving all other sectors as well. Those who are in the schools today are these sectors’ leaders in the near future.”

The dream started coming true after the Crown Prince invited the CEO of Classera and other Saudi entrepreneurs to meet in California’s Silicon Valley, where he explained the details of Vision 2030.

“I told him about our success stories with the private sector and our initiative along the southern border titled One Nation that targeted more than 100,000 students in the southern region of the kingdom. He became very excited about it and asked that we take the step toward transforming all public schools,” he recalls.

“From here we started to hold higher-level meetings and workshops with the Ministry



“WITHIN THREE YEARS WE HAVE COVERED 85 PER CENT OF THE SAUDI TOP PRIVATE SCHOOLS”

of Education and Tatweer, eventually signing a contract with the ministry for a project called The Transformation to Digital Education.”

As well as Saudi Arabia, Classera now operates in the United States, Jordan and Dubai, and has agencies in Kuwait, Egypt, Bahrain and other countries. The executives say they expect to have a presence in every country in Middle East within the next two years.

“The Middle East needs a lot of attention. If you can fix education you can fix a lot of problems,” Almadani says.

“And we believe that by using technology, which is the language of the new generation, we can empower education to help this region immensely in so many ways.”

E-commerce vision

Another hands-on use of technology in everyday lives is e-commerce, with citizens using the Internet to seek out and purchase everything from homes to household goods.

In Saudi Arabia, more and more people are turning to Nana Direct for their online grocery shopping, says founder and CEO Sami Alhulwah, who began his IT entrepreneurial career 14 years ago after graduating from college with a computer science degree.

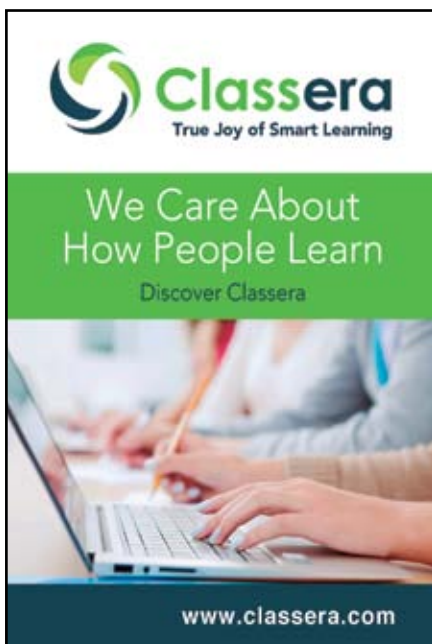
“I began in e-commerce services and then in 2004 web hosting, web development and software development,” he recalls.

“Then I turned to the retail market and Nana Direct was started two years ago with a focus on delivering groceries to customers from big hypermarkets to small grocery stores. Now we have a core staff of 40, plus freelancers working on the same business model as companies like Uber and whom we employ as shoppers or pickers,” he explains.

By the end of 2017, the company had plans to work with around 5,000 of these freelancers with the CEO noting that this style of employment is becoming popular among people looking for a second income.

Nana Direct’s revenue is over \$2.6m, he adds, and is growing about 30 per cent a month, so revenue is doubling every quarter.

“This is just one of the IT-based, online, e-commerce businesses which are really taking off now and I see the technology-focused bu-



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SAMI ALHULWAH
FOUNDER & CEO OF NANA DIRECT

“THE IT ECONOMY TARGETING CONSUMERS DIRECTLY WILL END UP IMPROVING RESULTS GREATLY”

business sector getting even better as more and more consumers are attracted by the convenience and government support is growing.”

The company currently offers its services only in the kingdom but plans are going ahead to establish operations in other Gulf countries though local partnerships.

Alhulwah says he is fully confident that the plans envisaged by the Crown Prince will be beneficial for Saudi Arabia and especially for the private sector and its companies.

“If we want to be specific, the IT economy relying on the government will suffer because the projects are based on government budgets which are being reduced. But the IT economy targeting the consumer directly will end up in a much-improved situation,” he argues.

The CEO predicts that Nana Direct could soon carry out an IPO on Saudi Arabia’s small company stock exchange index.

“This is what you have to do: think big, think smart.”

Promising cloud

Deeply engaged in Vision 2030 is Shared-Tech, the local IT company which built the plan’s website and is now working with the Ministry of Telecommunications to build its new portal based on open-source technology.



ABDULLAH M. ALDEBAS
CEO OF SHAREDTECH

“IN ORDER TO GROW IN IT THE BIGGEST CHALLENGE IS STILL THE LOCAL HUMAN RESOURCES”

“It’s a big initiative and we are trying to encourage this new open-source sector,” says CEO Abdullah M. Aldebas.

“Open-source solutions are being taken seriously by more than a dozen Saudi ministries and official agencies.”

Established by Aldebas and two partners at King Saud University who had built more than 1,000 websites for the institution of higher learning, the first steps were not easy, he recalls.

“It was hard in Saudi Arabia to create an individual company in the IT sector as all the other tech operations here used big partners like Microsoft and Oracle. But what we wanted to do was build systems that would encourage the local IT industry through training, IT software and cloud solutions.”

Today SharedTech serves more than 100 clients in Saudi Arabia, the UAE and Kuwait, as well as 200 cloud solution customers. Since launching in 2010, the company has also developed and managed over 300 IT projects.

During the first three years of operation, net profit was zero but following changes in the kingdom’s business rules and regulations, the firm began to prosper and last year’s revenue growth was over 40 per cent.

“We see our most promising business opportunities in cloud solutions and security in both the public and private sectors, but as with many companies here the biggest challenges is human resources,” the CEO says.

“Saudi Arabia sends all these young people abroad for their bachelor’s and master’s degrees, but they come back without any experience and it’s hard for them to get hired.”

To illustrate the problem, Aldebas cites his own company’s eight-month search for a qualified and experienced person to fill one position. The solution, he says, is for Saudi universities to focus on special majors in IT as well as in engineering and medicine.

Looking ahead, the executive is planning to concentrate on finding partners and clients abroad from technologically advanced countries such as the United States and Malaysia.

“As we work more and more in cloud solutions and security, we need to have these foreign partnerships and that is what we are looking for over the next five years.”



SALEM NAHI ALENZI
PRESIDENT OF JATHWA TECHNOLOGY SOLUTIONS

“COMPANIES ENTERING SAUDI ARABIA WILL NEED SUPPORT IN LOCALISING TO OUR CULTURE”

Future market

Celebrating its first full year is Jathwa. Formed by four IT firms, each with their own expertise, the company was inspired by Vision 2030, explains president Salem Nahi Alenzi.

“We’re very happy with the merger so far, which has been good for the companies and all our employees. Now our vision is to focus on the customer experience in the IT sectors and we’re planning on 20 to 25 per cent growth.”

The executive bases his forecast on the health of the IT sector as everyone needs to integrate business intelligence with mobile apps and call centres - all areas Jathwa is involved in.

And because of the opportunities being created by Vision 2030, foreign companies are beginning to look hard at Saudi Arabia - something Alenzi says is good news for Jathwa.

“All these companies entering the kingdom will need someone to support them as they require localisation and firms here which understand Saudi culture. We’re interested in possible partnerships with education companies related to IT and healthcare, which we see as having huge potential.

“Some 95 per cent of Saudis use smart devices. In 2018 each student, from the first grade through high school, will be given a tablet. With its size and its growing population, Saudi Arabia is clearly a market for the future.”



INTERVIEW WITH MOHAMMED A. ALSAYEGH
Chief executive officer of Sayegh Group of Companies



As one of the oldest companies in the kingdom active in the water, sewage and storm networks and treatment, Abdullah Ibrahim and Sons Co. - now Sayegh Group of Companies - is getting ready for a new phase in its long life, characterised by the arrival of the privatisation programme and the expected tender for BOT projects



Photo: Alsayegh Group

In what fields is Sayegh Group active at the moment?

M.A.A.- We are active in four categories in our field, as we have water, water treatment, water sewerage, and drainage, and those are the four fields in which we have been dealing for over 50 years now. We are one of the oldest companies in this sector in Saudi Arabia.

How many employees are working in your company?

M.A.A.- We have approximately 1,500 employees working for us.

What is the turnover of the Group?

M.A.A.- We are talking of an amount between SAR200m-250m on an annual basis.

To what extent do you think the new budget for 2018 will have a good influence on the infrastructure sector?

M.A.A.- We are delighted to hear the good news about the growth of the 2018 budget, and I believe it will reflect on the private sector, especially in regards to water treatment and sewerage.

As you know in Saudi Arabia most of the cities, between 50 and 60 per cent, are subject to water, sewage and storm treatment and networks, so I believe the new budget is going to have a very positive reflection on our field.

How do you think that Crown Prince Mohammed bin Salman's Vision 2030 reforms will affect your sector in particular?

M.A.A.- Vision 2030 is going to be very good to our sector, especially as the privatisation effort gains momentum. The government is now more generous and is opening a lot of opportunities for the private sector in terms of BOT projects (build, operate, transfer), and it's all starting now.

Are you going to be an active player in the privatisation process?

M.A.A.- We have already started preparing new departments for the privatisation process, and we are hiring people to participate in it.

How are you dealing with the challenge of finding the right human resources, both Saudi and expatriate, to help you with your future projects?

M.A.A.- It was a problem before, but nowadays we are getting many graduates from the King Abdullah Programme that graduated abroad in engineering and other technical fields, although it is true that we can not find a lot of Saudi candidates with technical knowhow. Yet the problem we have in our company is the basic labour, as about 70 per cent of our employees belong to this category, and most of them are from Egypt, Philippines, India, Pakistan, Nepal and Bangladesh. This large number of workers needs to be offset with Saudi nationals because of the Saudisation program.

Looking at 2020, where do you see Sayegh Group by then?

M.A.A.- I believe that we have a positive position looking at 2020, especially because we will bid for some of the BOT projects to be announced. Now we are planning, in a first phase, to bid for the 50,000 cubic metre water treatment and sewerage plants, and in a second phase we will concentrate on big cities, for an average plant between 100,000 and 300,000 cubic metres. In the north of the country we have a number of 20,000 to 50,000 cubic metre plants to be tendered, if we get two or three of these BOT projects, we will be busy for at least the next 15 to 20 years.

Are you open for foreign partnerships to tackle some of these BOT projects?

M.A.A.- We are currently in discussion with several foreign companies from the Far East, Europe and North America. We are approaching especially companies in Spain, as Spanish companies are very experienced and have a lot of things in common with our culture. Also they are relatively affordable, unlike German and British companies, which are very expensive.

What message would you like to transmit about the opportunities in Saudi Arabia after Vision 2030?

M.A.A.- We are now positive that Saudi Arabia has a good future for most companies in the country. Reforms are happening in Saudi Arabia in different sectors and the doors are open now for everybody to come and participate. We are very optimistic.



Abdullah Ibrahim Alsayegh and Sons Co. Trading and Contracting was founded in 1964 by Sheikh Abdullah Ibrahim Alsayegh in Buraydah. Alsayegh Group is a 100 % Saudi-owned trading and contracting company with grade "A" classification. Alsayegh Co. is considered as one of the leading contracting companies specialized in the design, construction, operation and maintenance of water, storm, waste-water networks and treatment plants. Alsayegh Co. has specialized division for its civil pipeline construction, NDRC services (Sayegh Tunneling Works), electromechanical works (Electro Mechanical Works) as well as operations and maintenance (Sayegh Operation and Maintenance), all with state of the art infrastructure.

VISION 2030 CONSTRUCTION

DESPITE THE SLOWDOWN,
FRESH PROJECTS CAPITALISE
ON THE KINGDOM'S NEW
VISION AND TOP PRIORITIES

Many economic sectors in Saudi Arabia were hit hard by the fall in world oil prices over the past several years, as government spending contracted with the resulting domino effect on the private sector, especially such industries as construction and engineering.

But analysts say this will now change thanks to Crown Prince Mohammed bin Salman's Vision 2030. As part of his plans, the vision calls for new infrastructure projects to ensure the kingdom's economy can wean itself off oil revenue. And construction and engineering firms are set to reap many of the benefits.

Government plans include massive investment in infrastructure such as railway lines, sea ports and airports, along with state-of-the-art sustainable energy and utility facilities.

At the same time, officials are moving ahead to provide affordable housing for the country's growing youth demography, which envisages the need for more than 3 million new housing units over the next seven years as well as some 44,000 schools.

New regulations regarding foreign investment under Vision 2030 are also going to help engineering sectors as the government has approved 100 per cent foreign ownership of engineering firms operating in the kingdom.

There are two conditions: the aspiring foreign company must have existed for at least 10 years and have an international presence in at least four other countries, opening the way for both large and small multinationals to get in on the coming boom in business.

Foreign and Saudi construction and engineering firms are looking at the potential business from Neom City, a \$500bn "city of the future" to be built in the extreme northwest of the country. Spanning 26,500 square kilometres, the transnational city and special economic zone will also encompass parts of neighbouring Jordan and Egypt.

This is just one of several megacities the Saudis are planning along the country's west coast, including the 34,000-square-kilometre Red Sea Project, designed to attract tourists from around the world.



Photo: Namariq

lometre Red Sea Project, designed to attract tourists from around the world.

Success in the desert

Planning to take part in these projects and others is Namariq Arabian Services Co. Ltd., a Jeddah-based firm which builds worker housing compounds at major construction sites around the kingdom.

"This is a huge opportunity," says CEO Hussein Hamed Fayeze. "We plan to build in Neom City, the Red Sea Project and others.

"We're concentrating on investing along the west coast because there are so many opportunities."

Hussein Fayeze got the idea to enter the worker housing sector back in 2011 thanks to the many mammoth construction projects that had been granted to international companies which had entered Saudi Arabia during the construction boom of 2008 and 2009.

During his initial research to prove his concept, Hussein Fayeze visited the future site of Saudi Aramco's Jazan Economic City in the southwest of the country, and he saw that there was almost no infrastructure and very poor logistics in place. Sensing a large business opportunity, he rented land from the municipal government and began to build Namariq's first worker housing compound.

"Logistics was problematic but we carried on. Other customers saw what we were doing and the Royal Commission liked the concept and the idea. There are other companies doing similar projects as ours but they are definitely not using the same model that we are," he says.

Namariq operates worker residences, a business centre and a budget hotel, and employs between 550 and 600 people either staff or outsourced. The company comes up with the project's concept and designs and



HUSSEIN
HAMED FAYEZ

CEO OF
NAMARIQ

"INTERNATIONAL CONTRACTORS
CLOSED DOWN THEIR OWN
FACILITIES AND TURNED TO US"

then hires subcontractors to do the actual building.

Hussein Fayeze says Namariq residences are at an advantage, since they ensure that workers' comfort is paramount.

These amenities, he argues, are not superfluous extras, but basic needs for anyone who wants to live in a decent environment.

"For example, we have a lot of recreational areas in our residence compounds, which often are in the middle of nowhere.





Photo: Namariq



ABDULLAH AZHARI

MANAGING DIRECTOR OF SAUDI ICON

“WE HAVE TO BE CREATIVE IN ATTRACTING RAW TALENT AND DEVELOPING OUR OWN STAFF”

F&B leaders

The ambitions encapsulated in Vision 2030 excite Abdullah Azhari, the managing director of Saudi Icon, a young company based in Riyadh which is active in several sub-sectors of the construction industry.

“It is very positive that the country is actually going to focus on change which is necessary because so many things in our industry are outdated and need to be seriously revisited,” he says.

“And as we know, construction is one of the largest sectors in the Saudi economy and hopefully Vision 2030 will address those problems.”

Founded four years ago, Saudi Icon is involved in fit out services (installing interiors for businesses, retail spaces and offices), construction, architectural and interior design, and mechanical, electrical and plumbing systems.

It also boasts its own manufacturing facility for producing everything from furniture, doors and cabinets to signage, electrical panels and HVAC ducts.

“We’ve become the leaders here in food and beverage fit outs but we’re also heavily involved in retail and offices,” the managing director explains.

“After just a short time in business we are on our way to posting \$27m in revenue.”

Like many Saudi executives, Azhari complains that a major challenge in doing business in the kingdom is recruiting talent.

These people work eight hours a day and need to unwind.”

Namariq, he says, is constantly improving and enhancing its residences as the market is very competitive. Efficiency, and therefore price, is a key selling point to potential clients.

“Over the years this is the challenge we have faced and we have proved we can provide quality housing and quality services at an affordable price for the contractors,” he says.

“In fact, some international contractors have closed down their compounds and turned to us because we can do it more affordably than they can themselves.”

Key to Vision 2030 is the National Transformation Programme 2020 which aims to establish interim targets for the Crown Prince’s sweeping plans. Hussein Fayez says his company is preparing for that important milestone.

“The kingdom of Saudi Arabia is undergoing a major change and that transformation is occurring very quickly which is a challenge in itself because we will require skilled human capital which will be expensive,” the CEO says.

“But all this movement is needed as we are finally shifting from where we have been for the past 30 years into a new era and hopefully it will be a success,” he concludes.



Photo: Saudi Icon



Photo: Saudi Icon

“We have to be very creative in attracting raw talent and developing the staff that we have,” he says.

Born and raised in Saudi Arabia, Azhari attended university in the United States, then trained and worked at a construction company in the Boston area where he says he learned the importance of maintaining very high standards.

“When I moved back here, I saw that there was a big lack of this in the construction market and I moved to correct that through starting my own company,” he explains.

“Vision 2030 will change a lot of things in Saudi Arabia, not just business but society as well. At Saudi Icon we are very happy to see these changes happening and yes, there will be a lot of challenges but if we come out on the other side there will be a lot of benefits.”

Best international practice

A sterling reputation and long experience in the construction industry served engineer Hazim Abdulwahid well when he set out six years ago to establish his own business, Hazim Consulting, to work in the infrastructure and transportation sectors.

“Our objective was to provide a high standard of service according to international



Saudi Icon
شركة الرمز السعودي

Simply Iconic

Saudi Icon (SI) is a leading provider of turnkey interior and fit-out contracting services in the GCC region. SI operates principally in the fit-out sector with a primary focus on hospitality, commercial and residential property developments, as well as retail and specialist construction sectors.

SI is also a provider of manufactured products and procurement services, with a concentration on customised furniture, fixtures and equipment (FF&E), including in-house operations, as well as providing to third parties.

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**HAZIM
ABDULWAHID**

CEO OF
HAZIM
CONSULTING

“GOVERNMENT IS BECOMING MORE EFFICIENT AND TENDER PROCESSES HAVE IMPROVED”

standards and best practices, in addition to supplying local experience and a deep understanding of Saudi culture,” he says.

The firm’s first project was with the Makkah municipal government and business took off from there, helped along by partnering with small and medium-sized consultancies based in the United Kingdom and the United States, and hiring the best engineers available.

Now, Hazim Consulting employs 150 staff and has an annual revenue of around \$7m from road, aviation, rail, and maritime projects around the kingdom, as well as construction management, planning and design, and its newest area of expertise: green building design.

“This unit we have created has a good team and we’re working with solar energy, sustainable water and electricity consumption.

“We are now working as well in disaster and risk management for the government,” he says.

Developing alternative energy sources is one of the key aims of Vision 2030 effects of which Abdulwahid says he is already noticing.

“I’ve seen things changing in the government organisations, they are becoming more efficient and their tender process has improved.”

In addition, there has been a change in the type and size of government projects, he notes. There is also increasing competition in the consultancy sector and while that can be a threat to his company, the CEO argues that those who won’t perform well will go out of business.

Despite these challenges, Hazim is confident his company is well placed to play a full role in the kingdom’s exciting future.



Photo: AREC

“Projects are moving through the pipeline and we’ve received 10 invitations to tender in the past two weeks,” he says, adding that it appears that Saudi Arabia is definitely on a new path.

“Saudi Arabia has a lot of financial resources, our economy is sound, we have talented people and the kingdom is a leader in the Arab world,” he argues.

“This country deserves better and better in all areas and the Saudis are the ones who are the ones who will build their country with the support of others. But we need to develop ourselves more and more to take the lead in this task.”

Future boom

Al-Sayed Group has been active in the construction business for over 30 years, explains Salman Abullah Al Sayed, its CFO and general manager of its trading arm.

“What’s been happening lately in construction has affected us, but we are offsetting the difficult cashflow situation with the growth of our trading arm,” he explains.

The group stayed ahead of the market by importing and distributing air conditioning equipment for small and medium sized enterprises. For the next stage of its growth, the company plans to move into the nascent

solar energy sector.

“I believe there will be a boom in solar energy use in the next few years, because Vision 2030 is focusing on other sources of energy,” says Al Sayed

“We are one of the first companies in the country investing in solar energy, which puts our group at an advantage in this market.”

But these plans don’t mean they have forgotten its roots as a construction company. Rather they are getting ready for the future growth in construction that Al Sayed is sure will come to the kingdom

“In our contracting business we try to be stable for now because we believe that there is going to be a big boom, particularly in the city of Riyadh, and many projects that are now in the pipeline will be confirmed.”

That said, the CFO is confident that international growth is on the horizon, arguing that the United Arab Emirates should be the group’s first step outside of Saudi Arabia.

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**ABDULRAHMAN
ABAALKHAIL**

CEO OF
ALMUTLAQ
REAL ESTATE
INVESTMENT

“PROJECTS IN EDUCATION AND HEALTHCARE ARE LOOKING PROMISING FOR THE FUTURE”

Technology driven

Vision 2030 is also offering new opportunities to Almutlaq Real Estate Investment (AREIC) which develops a wide range of property across the kingdom and specialises in build-to-suit, real estate investment and sale-leaseback operations.

“One of our main investment sectors has been retail but with Vision 2030 encouraging privatisation, we are now looking at education and healthcare. Saudi Arabia has lagged behind in these sectors, but now they look very promising for the future,” explains CEO Abdulrahman Abaalkhail.

International investors are also becoming interested in education and healthcare, emboldened by the new rules aimed at easing foreign investment and the other moves towards liberalising the economy and society that are now transforming the kingdom.

“In the months after the Crown Prince announced Vision 2030 people were reluctant to go along with the changes because there were so many. But now people are getting used to it and it’s becoming the norm.” adds the CEO.

Abaalkhail notes that while Internet shopping is hammering retail, the sector has its own strengths and the company is still signing up projects. It recently concluded a contract for a food and beverage entertainment destination.

“That’s the beauty of our business model and because we are builders we can build for our clients a retail outlet, a hotel or a hospital,” he says.



Founded in 2009 as a spin-off from the Almutlaq Group’s furniture manufacturing operations, AREIC has worked with major international and domestic clients.

“As a real estate and development company we buy, rent or lease land from our own land bank, build the project to the client’s specifications and all they have to do is put in the shelves and the merchandise,” Abaalkhail says.

“It’s a turn-key operation and we can even provide financing.”

The company’s second line of business is its own portfolio of office and residential buildings, along with shopping centres and a pair of hotels, while its third area of activity is facility management.

“Our next big step will be towards boosting the technology element in our business. Today, whether you like it or not, technology is having a profound effect everywhere,” he argues.

“We will continue in retail and hospitality but we’re staking much of our future on education and healthcare with a big move into technology because it is now the link between all the projects we’re undertaking.”

Life standards

Specialised facility maintenance is the task of Tamam, a Riyadh-based firm which carries out a plethora of services from general cleaning and air conditioner upkeep to pest control and electrical repairs.

“We also do landscaping and swimming pool construction and maintenance,” says CEO Musad Al Daood who explains he started the company to offer the high-quality services that he felt were missing among bigger firms in the sector.

“There is a lack of standards because it is a largely unregulated industry. We are concentrating on small and medium-sized companies and home owners with the aim of eventually getting bigger private sector clients and government contracts.”

Employing 150 staff at its two current bases of operations in the Saudi capital and Dammam, the company is in negotiations to merge with another maintenance supplier working in Jeddah and Makkah as part of a larger expansion plan to eventually cover between 15 and 20 cities by 2020.

The CEO says the continuing liberalisation of Saudi society, especially the fact that women are now allowed to work outside the home, means growth for his business is assured.

“Our services make life easier for our clients. As women are no longer staying at home, but entering the workforce, we can cover their needs regarding cleaning and home maintenance.”

Facility management and maintenance, he argues, are key to ensuring improvements in the lives of Saudis which are changing so rapidly thanks to Vision 2030.

“What I would like to see is for the government to establish a dedicated regulator for our industry to implement strict policy procedures, standards and rules,” Al Daood says.

“With these improvements, all Saudis can live in a safer and cleaner environment, leading to a better world for us all as we move to embrace this future outlined by Crown Prince Mohammed bin Salman.”

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INTERVIEW WITH TARIQ AL ABDULKARIM

Managing director of Alsheraa Food Company

As the Saudi economy recovers, companies that kept investing during the lean years are sure to reap the benefits of the expansion, as Tariq al Abdulkarim's successful chain of bakeries proves. Alsheraa Food Company is now looking to accelerate its expansion plans with new concepts and a franchising model to take its delicious fare to the whole country



Where is Alsheraa Food coming from?

T.A.- Alsheraa Food Company was formed in 2010, it was a team effort led by myself and two of my brothers. The business started with a central kitchen and involved six months of product formulations and testing.

What was the concept of the company and what do you offer to Saudi consumers?

T.A.- It is a bakery, and we managed to come up with a number of special bread recipes to differentiate us from the market. Our croissants are our best seller with its unique recipe.

Tell me about your first branch.

T.A.- We opened the first branch in August 2010 under the name Torta and More. We decided to start the business in a low traffic street to gradually build the experience with the customers. Thank God, the first two years were excellent, our customers were very loyal to us due to our great food quality and good service. This excellent performance led us to plan our second location. Presently we operate 18 branches.

Do you produce most of your products that are sold in your bakeries?

T.A.- Yes, we do the dough in-house, and we get our ingredients from local producers and vendors. The dough gets distributed from our dough factory to all branches to be baked there.

Where are you now, eight years after your first bakery opened to the public?

T.A.- Talking about our chain Torta and More, we now have 18 branches and we are operating in Riyadh. In addition, we started Le Moulin back in 2015, which is a French bakery. Currently we have one branch and the second one will be opened the second half of 2018.

Are all your branches self-owned?

T.A.- Yes, but we are working on a franchising model which should start operating in the first quarter of 2018.



Photo: Alsheraa Food Co.

How do you think that Vision 2030 is going to affect your business?

T.A.- We are very optimistic about Vision 2030. The vision gave us a clear path of what is coming ahead. Before the vision announcement, the economy and the future were somewhat unclear. However, the vision has allowed us to work in a systematic manner with a clear understanding of the future market.

Why have you decided that your expansion will be in the form of franchising?

T.A.- We believe in the Saudi youth and our franchising model will create more opportunities to young generations ahead. In addition to that, franchising allows us to expand our brand and cover the entire country and its surroundings.

Was 2017 a good year for Alsheraa Food Company?

T.A.- The early part of 2017 was difficult. We were expecting a low profitability year, but fortunately the increase in sales in the last quarter maintained satisfactory profitability levels.

Are consumers more demanding in this new economic environment?

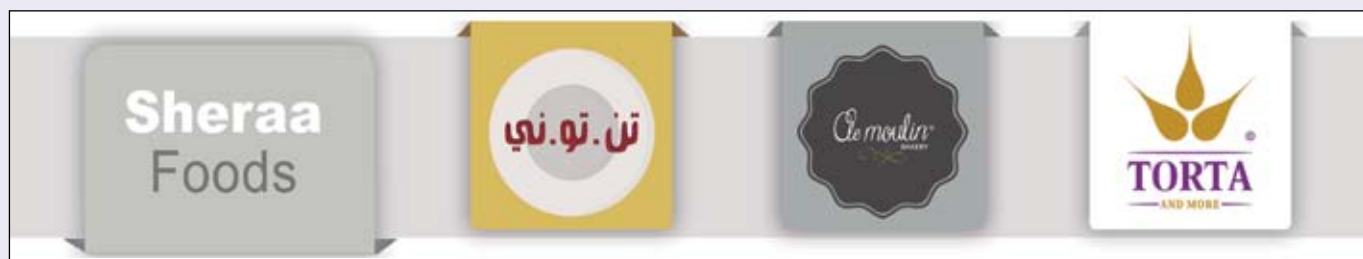
T.A.- Yes. Consumers now are more aware and better educated on what they should be served. Quality is the number one driver of consumer satisfaction.

Is your secret to success to invest in difficult times and reap the benefits later?

T.A.- Yes. During the tough times we were one of the fortunate companies that had no cashflow problems, because we created good cash reserves to get us through the lean times. For instance, we were very conservative with money and spending during the flourishing years of 2014 and 2015. This strategy has helped us survive during the recessionary times that started in 2016.

What kind of a company would you like to have by the year 2020?

T.A.- Our company has the potential and resources to expand. With our future plans being fully executed, we expect a growth of 50 per cent by 2020.



INTERVIEW WITH ABDULLAH I. ALKHORAYEF CEO of Alkhorayef Commercial Company

When Vision 2030 was announced, Alkhorayef Group was already preparing its company for the new challenges that come from a more competitive market, and the challenges of Saudisation and internationalisation. Its pace of change can now only accelerate as demand picks up not only locally but from its other foreign markets as well



How has Saudisation and Vision 2030 affected your operations at Alkhorayef Group?

A.I.A.- I wouldn't say it affected much, because Alkhorayef Group has been aware of the need to adapt for a very long time. We have excellent talented Saudis in our management, we are very proud that most of our management today are Saudis, and we have a lot of training programmes in place regardless of the transformation plan. So adapting our operations is something I think that we have been very proactive on.

Has the issue of late payment from the government now been solved?

A.I.A.- Not completely. They solved all pending payments from October 2015 up to December 2016, yet in 2017 it also created a new debt that has not yet been fully paid. In Alkhorayef Group we are very lucky because almost 60 per cent of our sales are exports, and this figure has become higher in 2017 – this is not because the volume is higher, but because the Saudi figure is smaller, so the proportion has grown. If this had continued this way, I would say that 2017 seemed not to be a really good year; but the fourth quarter was the best of 2017. We are estimating that Q4 has been as large as Q1 and Q2 combined.

As exports are becoming more important? Is your business mix changing?

A.I.A.- Yes, for example, in the generator business we started seriously negotiating with our vendors an international price list, and we will not tolerate a price list that is designed for Saudi Arabia. We are trying to sell in Sudan, in Egypt, Iraq, the UAE and neighbouring countries, and for that we need to have a price that is very competitive with international pricing. In terms of goods handling equipment, instead of having only the best brands that we are already repre-

sent, which is the German brands, we have also signed with a Chinese brand, Anhui Forklift, the second largest material handling equipment manufacturer in China. On the other hand we are also working closely in the Alkhorayef Group to take the local content much more into consideration, and we have created a new department within the group to look into that area.

Is this also because of the influence of the Vision 2030 programme?

A.I.A.- Of course, so we are taking the vision into action, and putting it into practice with our partners. For example, we are discussing with the boat manufacturer Zodiac, which is used by the government for the military, navy and the coast guard. We have signed an agreement to start an assembly line in Saudi Arabia as a first step, as we got a contract with the Navy to start assembling some of these inflatable boats locally. For this assembly line we have different options and we are planning to go either to King Abdullah Economic City near Jeddah, or in the Eastern Province. It will depend on where we will get better facilities. This is one of the several steps that we are taking in Alkhorayef Group to cope with Vision 2030.

Where do you see the group by 2020?

A.I.A.- By 2020 at the group itself we have a very high ambition when it comes to Saudisation. We are setting a plan to go to over 60 per cent in most of the companies' Saudisation level, from our current 34 or 35 per cent. The board of Alkhorayef Group has approved a very ambitious programme of training young Saudis, whether male or female, for this purpose. This is one of the most important things that we are looking into, as well as to increase the international footprint of our businesses, by acquiring



existing companies in North America, as this is a market that we have not really penetrated yet. Despite its uniqueness, there is huge potential in the agriculture business and in the petroleum businesses in the North American market. We already took this decision a couple of years ago, when we acquired a company in the United States for irrigation, yet the reason was to buy it mainly for research and development at that time. When I took over two years ago, my mandate was to increase the sales volumes and change the structure of this company and that moved things along.

What are your final ideas on Vision 2030?

A.I.A.- Well, it's always good to have a goal, whether one agrees with it or not. I know a lot of people who agree with Vision 2030 and some who disagree with parts of it, but we have to be very optimistic, we are a part of this endeavour and we have to continue being supportive. The government never failed us locally, and this is our time to support them, whether locally or internationally, and it is a huge task for every individual and also every company in Saudi Arabia. At the Alkhorayef Group we have to think internationally right now; the government will support us but we also have to change locally our mindset, such as when we are discussing the financial structures of the company, or the human resources. We have to be up to the international standard; the way we think, the ERP system, our people, in everything really.

Success through partnership
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VISION 2030 ENERGY

RENEWABLE ENERGIES ARE RECEIVING A LARGE BOOST IN SAUDI ARABIA

Saudi Arabia and energy have long been synonymous. The country's huge petroleum reserves have made it a key global producer and a major player in the Organisation of Petroleum Exporting Countries, where it often helped stabilise the world market by lifting or cutting output.

This dominating role in the oil industry will certainly continue, but the kingdom is redefining its energy policy as part of Crown Prince Mohammed Bin Salman's Vision 2030 which sets out bold initiatives to boost renewable energy sources.

Solar is at the top of the list and there is certainly no lack of sunlight in Saudi Arabia.

One indication of the government's intentions is that the oil ministry's remit was recently broadened and renamed the Ministry of Energy, Industry and Mineral Resources.

"Even though we have an impressive natural potential for solar and wind power, and our local energy consumption will increase three-fold by 2030, we still lack a competitive renewable energy sector at present," the government said in a statement outlining the new policy.

"To build up the sector, we have set ourselves an initial target of generating 9.5 gigawatts of renewable energy. We will also seek to localise a significant portion of the renewable energy value chain in the Saudi economy, including research and development, and manufacturing, among other stages.

"We will review the legal and regulatory framework that allows the private sector to buy and invest in the renewable energy sec-

tor. To localise the industry and produce the necessary skill-sets, we will also encourage public-private partnerships.

"Finally, we will guarantee the competitiveness of renewable energy through the gradual liberalisation of the fuels market," the statement concluded.

More detailed plans include developing 30 solar and wind projects over the next five years to increase electricity generation and slash the burning of crude oil with dozens of companies on the shortlist to take part in this initiative.

Energy dreams

Executives involved in the kingdom's existing energy sector are embracing the changes and eagerly awaiting the transformation that will take place. Among them is Eng. Omar Abdullah Al Harbi, the executive manager of October Construction Company, which specialises in electricity projects.

"We have already been in contact with our foreign partners and have received a very good response from them," he explains.

"Also, we participate in every meeting related to solar energy and we are trying to build up our capacity for green power.

"Saudi Arabia is strong in many areas but we have always focused on just one thing: oil. But we also have our geographical location and more importantly we don't use a natural resource like the sun to produce solar energy like we should."

Founded in 2006, October Construction has executed more than 50 high-value electricity projects across the country and its more than 400 employees provide services involving extra high, high and medium high voltage projects, overhead line projects, project survey and design, and maintenance.

The Riyadh-based firm has an annual revenue of around \$13.5m.

Al Harbi says he was pleasantly "shocked" when he heard the Crown Prince announce the country was changing from an oil-based economy and that the Saudis had to rely on



ENG. OMAR
ABDULLAH AL
HARBI
EXECUTIVE
MANAGER
OF OCTOBER
CONSTRUCTION
COMPANY

"THERE IS A HUGE OFFICIAL
SUPPORT NOW FOR EVERY
KIND OF RENEWABLE ENERGY"



Photo: October Co. Ltd.

other economic sectors and energy sources for a secure future.

"And then there was his mention of building all these new cities and that the big arm of the government was going to be the Public Investment Fund to where all the money will flow. So yes, it was a shock for everyone but if you think about what he said, he's right."

October Construction is already well placed in the energy sector to participate in the scheme, although he admits that the government requirements forcing companies to employ more Saudis will be a challenge.

"This is especially true for technical personnel, but we're complying by selecting people who were working in multinationals and teaming them up with our employees so they can train together," he explains.

Siemens is among the foreign companies working with October Construction and the executive manager sees other such firms coming to the kingdom to share their knowledge and know-how as Vision 2030 takes off.

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Established in 2006
October Construction Company specializes
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We have executed more than 50 projects
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“Energy is a very attractive market now,” Al Harbi argues.

“The government is trying to reduce oil consumption in Saudi Arabia and so its retail price will be increased. At the same time, as we know, there is this huge official support for renewable energy.”

Green power is clearly the future for October Construction, he continues.

“I hope to take the company into this new sector and I also hope that we’ll be able to do it with international partners and perhaps become involved in nuclear energy as well.”

Al Harbi is also excited about the new cities being planned in Saudi Arabia, such as Neom City, the huge carefully-designed metropolis in the northwest of the country straddling Egypt and Jordan.

“Its location is a great idea as it helps link Saudi Arabia to North Africa and we could sell energy to these neighbouring countries which will bring in even more revenue to the state’s coffers,” he says.

“Along with the creation of these new cities, there will be many opportunities for local and foreign operators. Saudi Arabia will be changing very rapidly over the next 10 years and that means there is no time to delay for those who want to help this succeed and be a success themselves.”

Wise investment

Another company counting on renewable energy to boost its bottom line is Electrical Relays, which builds substations for industrial and power applications largely for the state-run Saudi Electricity Company (SEC).

“We are expecting to do a parallel business with solar power and over the next two or three years we hope to see turnover of around \$13.5m that will be sustainable over the long term,” explains general manager Talal M. Al-Huraibi.



ENG. TALAL M. AL-HURAIBI

GENERAL MANAGER OF ELECTRICAL RELAYS COMPANY

“FOREIGN INSTITUTIONS MUST SHARE THEIR KNOWLEDGE AND TECHNOLOGY WITH US”



tal M. Al-Huraibi.

Until Vision 2030, the company was content with its role modernising and modifying SEC’s existing network of substations and never considered entering the green power sector.

But that has changed, Al-Huraibi says.

“Solar and wind power generation didn’t seem to be wise investment as they were not considered in the mainstream of energy production. However, now we are very interested as it is a very economic energy source that will need little maintenance except for the occasional replacement of solar panels.”

With one factory operational and another opening soon, Electrical Relay employs around 70 people and posts annual turnover of between \$21m to \$26m.

As the renewable energy sector takes off, Al-Huraibi expects to see more and more foreign partnerships vital to supplying local companies with the technology and know-how for renewables.

But he also notes that Saudi Arabia has been operating a little known solar energy project for more than 30 years.

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

Electrical Relays has contacted two US companies and one French firm with an eye on cooperating in renewable technology and Al-Huraibi argues that any foreigners operating in the kingdom should be true partners.

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

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

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

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

Removing obstacles

Executives at Advanced Technology for Energy, a part of the Legend’s Mist Group, were studying the renewables sector even before Vision 2030 was announced and concluded that it was the right time and place to launch their new company.

“We wanted to start with a product that enhanced the quality of power consumption and provide clean energy while reducing the costs to the client,” recalls CEO Mazen H. Radwan.





MAZEN H. RADWAN

CEO OF
ADVANCED
TECHNOLOGY
FOR ENERGY

“WE INVEST IN TRAINING AND UPGRADING OUR PEOPLE TO INTERNATIONAL STANDARDS”

“So, we entered the field of energy saving systems, solar systems and spare parts for these. But before all of this, we did some detailed forecasts which showed how much the country would be investing in the different energy fields up until 2030 and it looked like a good step to take.”

Since then, the company has forged agreements with international partners which are specialised in renewable energy products and systems and that had experience in solar energy, turbines, transformers and transmission lines.

But growth hasn't been easy with Advanced Technology for Energy, like many Saudi companies, finding it difficult to hire qualified staff capable of working with the cutting-edge technology used in renewables.

“We are facing challenges regarding qualifications, especially with the government's policy of hiring Saudis, and so we have to invest in upgrading, improving and training people to bring them up to international standards of the companies we will be working with,” Radwan explains.

“Some regulations will also be challenging and we have to make sure that foreign experts transfer their knowledge to our local people and make the Saudis capable and qualified to cope with the big projects we will be entering into.”

Along with the domestic economy, the CEO sees the reforms outlined by the vision as also having wide-ranging effects on Saudi society, which will also impact foreign investment.



Photo: Gasoline

“It has been difficult for foreign investors to come here because of the conservative ideas and social issues. But with the liberalisation taking place these restrictions will ease and foreigners will be more comfortable working here, which in turn will boost growth,” he says.

Plans for the next five years for the company and its parent group include further diversification beyond its current focus on energy solutions, manufacturing, publishing and information technology, according to the CEO.

“We are now getting into the retail sector, bringing to the local market new inventions and products that are environmentally friendly. We think they will be a success as Saudi Arabia is clearly catching up with the rest of the world.”

Opportunities for growth

Energy use on a more personal level is the focus of the company Gasoline, which as its name implies, operates a growing chain of petrol stations across the kingdom and was founded two years ago as successor to the Al-Orainy Group.

It was a natural step for the group which had long been involved in transportation services and the distribution of foreign-made parts for heavy lorries, as well as real estate and trade.

“We have seven stations right now which we own and we see a lot of potential here even as companies like Volvo are planning to switch over to all-electric cars by 2025,” notes CEO Ahmed Al-Orainy, whose father founded the group in 1976.

“Our government is encouraging more and more modern petrol stations to be built



AHMED AL-ORAINY

CEO OF
GASOLINE

“OUR GOVERNMENT IS NOW ENCOURAGING MORE MODERN PETROL STATIONS TO BE BUILT”

and as we are an undeveloped country regarding personal transportation, there is still a lot of opportunity for growth.”

Growth in all sectors of the economy will be the result of Vision 2030, says Al-Orainy who enthusiastically welcomed the ambitious plan when it was first announced by the Crown Prince in 2016.

“When I was a young boy I used to wonder why Saudi Arabia with all its resources and talented people couldn't be like the United Kingdom, France or Germany.

“Then as an adult I realised that the problem was with these old-fashioned public officials and their old-fashioned ideas. When these new reforms were announced I knew then that things were going to get finally better,” he says.

Al-Orainy claims that while most government entities are working hard towards the goals of Vision 2030, there are still some ministries which need to get on-board with the programme.

“But I'm an optimist and I think our company and the country as a whole are moving in the right direction,” he says.

“As the country moves to a cleaner energy future, all types of new energy concepts will be needed to cater for the economic reality that Vision 2030 will bring.”



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INTERVIEW WITH ABDULLAH OMAR BAKODAH

Managing partner of Bakodah & Alboulkhair

Accounting and auditing firms are experiencing phenomenal growth as the country implements VAT and moves to adopt international accounting reporting, explains Abdullah Omar Bakodah. As one of the oldest firms in Saudi Arabia, Bakodah & Alboulkhair is well positioned to become one of the first firms to make its mark internationally



How hard was it to establish an independent accounting firm in Jeddah in the 1980s?

A.O.B.- At that time it was very difficult because these services were not fully organised. The Saudi Organisation for Certified Public Accountants (SOPA), a government body that organises and monitors the accounting industry, was not yet established. It was very hard to start a business, and it could take from three to five years to do it.

Where is the company now, 30 years after its foundation?

A.O.B.- We now have branches in Riyadh, Jeddah and Dammam, and this year we will establish a new branch in Al Jubail. Now we are considered at the first stage after the big four accounting firms. We have 75 employees, and we work for publicly traded companies, such as the Al Madina Cement Company, Red Sea Cable Company, some hotels and other large clients.

How difficult is it in this particular sector to hire Saudi professionals?

A.O.B.- It is a bit difficult to find qualified Saudis because even if you go to our universities, you will not find many Saudis who are interested in accounting. They do not know much about accounting even though it is a very good opportunity for them, they just think of book keeping. I am a member of the accounting chapter under the chamber of commerce in Jeddah, and we used to go to the universities and give presentations to the students to explain to them about accounting, because most of them did not know what a certified accountant was.

So is the auditing and accounting market underserved in Saudi Arabia?

A.O.B.- This business is a very good opportunity, because in the whole kingdom there are only about 600 certified accountants. In fact there are no more than 160 companies that are practicing auditing and accounting services to serve more than 30,000 companies.

Are there more opportunities for growth in this market for your company?

A.O.B.- Yes, and actually it is booming, especially in 2017. This is because of two reasons. First is that at the beginning of 2017 the government had taken the decision to move towards the international auditing standards, and that forces the local companies to move from local standards to international standards. For the publicly traded companies, 2017 was the first year to adopt the international standards, and for all others 2018 will be their first year, so 2016 and 2017 have brought very good opportunities for accounting firms to work on their international standards before they start. At the start of this year, value added tax was introduced. This will give us another new business line, and we plan to set up a new firm that will be dealing with this.

You are opening a new office in Al Jubail. What challenges are you facing?

A.O.B.- Our first problem is that you cannot find qualified Saudis with the knowledge to meet our requirements, the other thing is that it is not easy to get a visas for expats. The government has adopted a Saudisation strategy and wants to give opportunities to Saudis, and this makes it very difficult for us to get visas from the outside. Especially with the VAT implementation, we need experienced people from outside the country to help us. We have started to bring in some people from Jordan and Lebanon and Egypt however, and we are trying to get them from countries that have already adopted VAT. So manpower is still a big problem to us.

Have you considered working with international companies abroad to share the work?

A.O.B.- Yes, we are part an international firm that is assisting 70 countries all around the world, it is called BKR International. They are helping us but still we are facing serious challenges. BKR International brings all its members together to inform them on what is going on in the field of accounting, and they also come to see if we are up to their standards.

What came to your mind and how did you react to the ambitious plan of Vision 2030?

A.O.B.- It was a very genius idea that will



“VISION 2030 WILL TAKE US FROM THE 35TH TO THE TOP 10 ECONOMIES WORLDWIDE”

move Saudi Arabia from the 35th ranking to the top 10 strongest economies around the world. We are going to have serious changes and concentrate on factories and industries to make Saudi Arabia one of the most industrialised countries in the world.

Do you think that it is feasible and the programme can be achieved?

A.O.B.- It is possible, very realistic and doable. It will lift up Saudi Arabia as a country and it will make the country stand on its own and depend more on industries than on its oil reserves. This is one of the main visions of the 2030 programme, to make our main source of income not so dependant on oil. We will start to see these things now, especially as we are adapting to value added tax, as almost all other countries have VAT and other taxes.

Where would you like to take Bakodah & Alboulkhair by 2020?

A.O.B.- We want to be one of the biggest firms in the Saudi market, we want to expand across the Gulf and other Arab and Muslim countries, and we want to make our accounting firm one of the leading companies. We have sourced experience from other countries and we have scheduled growth programmes. We also have programmes for training our personnel, because one of the major goals of Vision 2030 is training our people. In the coming years of 2018, 2019 and 2020 we will still have to suffer because we must clean up the bad businesses and only the strong companies and industries will survive. But that is not case not in the accounting sector, and accounting firms are doing very well. We want to be one of the leading companies.

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Our highly qualified expertise and audit teams are the reason for our excellence in serving our clients under the legal aspects of the Accounting & Auditing inside Saudi Arabia and worldwide. Our company's capability is provided by the branches all over Saudi Arabia: Riyadh, Jeddah and Dammam, in addition to the supporting offices in Jubail and Najran. Also our membership in B.K.R international, which is considered as one of the most professional and pioneer in business worldwide providing accounting, auditing, feasibility studies, financial consulting and tax advisory services throughout 300 offices in over 70 countries worldwide, is the reason for our efficiency

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INTERVIEW WITH AHMED A. ZAIDAN President of Edge Consulting Architects

Before the construction sector starts to recover from the recent slump caused by low oil prices, Ahmed A. Zaidan believes it is time for companies to diversify their offering and move into international markets. By then, Vision 2030 will have changed the business environment in the kingdom and design will be again at the forefront of business growth



What was your first impression when Vision 2030 was launched?

A.A.Z.- I think what struck me the most was its long term vision, because we are not used to such a terminology. In the past in Saudi Arabia we had what we called five-year plans, and usually they were copy and paste plans that kept repeating themselves for almost three decades. The second part that struck me was that there was a big effect on the government on how to communicate about the vision and its benefits. It was probably called a Vision because it involved future plans, it was sort of putting big headlines of where we want to go. I was quite impressed that such a transformative way of thinking was happening in Saudi Arabia so quickly.

Do you continue to be impressed? What is your position 18 months after its launch?

A.A.Z.- I continue to be impressed for one important reason, they have recognised the importance of adjusting the vision along the way, which I think is very important. If you make a sudden stop and your plans have not really turned up as you had envisioned, then you will end up failing, however if you acknowledge and adjust along the way, it shows that there is a deep understanding of how this vision is functioning. I remain quite optimistic.

Has the transfer of projects to the private sector been successful?

A.A.Z.- I think that we can see where the vision is heading and that it's in the right direction, and we all believe that it is going to transform the economy and operations as well. But it is good to understand that things like these take a long time to materialise, and it would be very foolish for me to think that in 18 months or two years things will start to flip around; unlike



in the oil boom and bust economy where things would run rather quickly when going up or down, for us to diversify the economy will take time. So I think that it's a fact of life that we have to turn our attention increasingly to the private sector.

But the private sector hasn't really been putting forward as many projects as we had hoped for, therefore this transition from public to private demand has been slower than we had anticipated. I think until all issues are ironed out and the real estate market picks up, we will not see a recovery in the private sector when it comes to projects and infrastructure.

Do you think that the current situation will have been overcome by 2020?

A.A.Z.- The year 2020 is just around the corner so I think that we will see the plans for the Vision panning out by then, but again I am being realistic. The thing that everyone needs to understand is that transforming the economy takes a long time to happen. Our current plan, in terms of our business, is actually to expand internationally, so we have set up an office in Rome. This has picked up pace and quickly taken action, as we have started to build some of our projects abroad.

What would be your target markets?

A.A.Z.- We now have two offices internationally; we have one in Jordan and another one in Rome. Rome is focusing on the European market and also further markets like China and America.

In fact right now we are doing a project for a Chinese developer, which is developing an airport in Zambia. We are doing the hotel for the airport working in conjunction with a French multinational company as well.

What big challenges do you have to overcome as a result of working internationally?

A.A.Z.- I think that the biggest challenge is to break through and to get the work. By going out and setting a business outside, you become a newcomer in that geographical area, unlike the 15-year track record that you offer in your country. This is a challenge faced by any starter of a new business in international markets. I think the reason as to why we have been lucky is because, having a running engineering company during the booming years in Saudi Arabia, we have actually established a lot of good relationships with international companies, and having such a good relationships has helped us to quickly start working there.

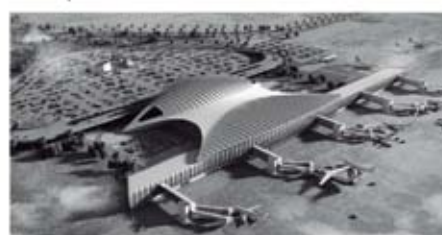
How much of your business do you expect to come from all those international deals?

A.A.Z.- Our reason to have another office in Amman is mainly to focus on the Levant region, Iraq and the Kurdistan region, because there is a lot of growth going on in that part of the world, and also to focus on Dubai and the Gulf area. We are hoping that 30 per cent of our business will come from abroad by 2020, because we are also looking at diversifying the type of services that we offer.

We were focusing mainly on design in our practice, but we are now shifting some of our services to focus more on project management, construction management and value engineering, which I think are more relevant in this economic situation and will continue to be in the coming couple of years. The design will come in later, when the economy starts to pick up again. Design is something that is always affected by the growth curve of the economy, so we will be the first in getting work and the first to start losing work if the economy was to start slowing down again. By diversifying our services we can solve that problem.

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INTERVIEW WITH ENG. ABDULAZIZ K. ALRYES

General manager of Tamkeen International Company

With a diversified and growing portfolio of customers in the power, telecom and private sectors, Mr Alryes believes that the support of Vision 2030 for small and medium-sized enterprises, and the record government budget for 2018, will make demand for his contracting business soar and help his company take a larger market share



What is Tamkeen International Company, and when was the company formed?

A.K.A.- Tamkeen International Company started 24 years ago as a contracting company, and from there it has branched out to establish many other divisions. One of our oldest divisions is the telecom division, as our business started as a Ministry of Defense contractor, and currently we are one of the biggest telecom contracting companies here in Saudi Arabia, covering multiple segments within the telecom arena, from infrastructure works to GSM. Our clients are government entities, semi-government clients and also some private companies, but mostly the mobile operators such as Zain, Mobily and STC.

What other sectors is the company active in?

A.K.A.- Our second division deals with power, we are working directly with Saudi Electric Company (SEC) as contractors for the underground and overhead distribution. That is all that goes from the substations to the final clients, be it homes or commercial customers. That would also include emergency works, as we have three contracts to cover three districts in the kingdom. We have been having very good progress in the power sector.

But contracting remains at the heart of the company, is that right?

A.K.A.- Exactly, as our third division is the civil construction division. It has been growing in a very short time reach to a very good level, while we are seeing other companies in the market fail. We work with SEC to build their substations, and when it comes to substations very few companies are authorised and approved to handle the specifications of these projects, so they deal with only a few companies. Yes it must be said the power sector demand

has gone down lately, as SEC is only now releasing their tenders. Our shining star for 2017 was civil construction I would say.

How did you get to make civil construction a success within the group?

A.K.A.- The board of Tamkeen and myself decided to try to deviate from having the typical governmental projects. When it comes to those projects, when oil prices were higher, some tendered projects had been unnecessarily launched from certain clients, and such demand is not healthy, as probably the money could have been allocated in a better way. We have deviated from those projects and we have focused on private clients and semi-governmental clients, those who really have an actual need for their projects. Such clients, when you deal with them, are very professional, and they know their needs. You may run into obstacles every now and then, but as professional companies they will know how to deal with such issues.

The 2018 budget is 12 per cent larger than 2017. Can it take the country back to growth?

A.K.A.- The growth of the budget is within the target of Vision 2030. When there is a clear vision, it is very clear for a company how to strategise, even on the long term, where previously it was just a bet on two to three years. As for the lack of demand last year, it was due to many companies postponing tenders and projects until they saw what was exactly happening with the government.

Do you believe that confidence is back?

A.K.A.- Yes, 100 per cent. First, the new VAT may have an impact on us, but again it had to be done because we were the only country that had no VAT, and the money will be used on infrastructure, education, health and so on. Another positive



aspect is the legalisation of manpower, as now it's being vetted very carefully that every company has its own manpower, there is no way that you can compete with companies that do not play by the rules. And last there's the population growth, all these issues make me very optimistic.

When introduced, how did you think that Vision 2030 was going to affect Tamkeen?

A.K.A.- I thought of better results, particularly as it will benefit small and medium companies greatly. In previous years, there was only a certain tier of companies that would be able to compete in the governmental projects, so those companies were taking the large part of the market. Small and medium enterprises are very carefully taken care of in the Vision, such companies will be given a chance to compete in the market in so many projects, and they are getting subsidised and being favoring when they tender for government projects.

Are you surprised at the speed at which Vision 2030 is being implemented?

A.K.A.- Everyone is surprised to be honest. What was supposed to be done in many years is being done in one year, if you look at what happened in 2017. The truth is that major things have happened and they are impacting the society and the economy. It was a very fast move that I didn't expect to happen in one year, but it is necessary so we can reach a level where we are equal to other societies.

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INDUSTRY 2030

SAUDI INDUSTRY GETS READY TO SATISFY LOCAL AND FOREIGN DEMAND

When Crown Prince Mohammed bin Salman and his team designed Vision 2030, four of its most important goals - diversifying the economy, developing human capital, increasing productivity in key sectors and creating quality employment for Saudis - were aimed at spurring growth in the country's industrial sector as never before.

In a statement outlining its plans, the government pledged that it would "support promising sectors and foster their success so that they become new pillars of our economy. In the manufacturing sector, we will work towards localising renewable energy and industrial equipment sectors".

The government also promised "to create suitable job opportunities for our citizens by supporting small and medium-sized entrepreneurship, privatisation and investments in new industries".

While weaning the country off its oil and gas earnings will be a monumental task, economists note that Saudi Arabia has the largest industrial output in the Middle East and North Africa and already boasts an existing manufacturing base producing construction materials, cement, commercial aircraft, plastics, food and beverages and much more.

Indeed, between 1974 and 2016, the number of factories in the country increased from 206 to 7,741, while invested capital, non-oil exports and the number of industrial workers made correspondingly significant gains. And these increases will certainly accelerate with the Crown Prince's plans.

Among the many initiatives that Vision 2030 envisions are developing a local automotive and parts industry, localising pharma-



Photo: Plasco Plastic Ind.

ceutical manufacturing and biotech development, building production centres for light industry, developing a local military manufacturing capability and establishing industry clusters around the kingdom.

Great expectations

These projects will involve massive investment in construction and one company sure to benefit is Plasco Factory for Plastic Industries, which turns out plastic pipes and other construction materials as well as consumer plastic products from two plants in the kingdom.

"We started back in 1980 and are one of the oldest and biggest producers in the market," says CEO Othman A. Al Marool.

"We're seeing a lot of growth, especially in the area of construction materials and we supply many Saudi ministries directly through contractors.

"Our company is really expanding to meet the market demand these days."

Around 15 per cent of the company's production is exported regionally to countries like Jordan and Lebanon and the executive expects to begin exporting to Iraq, Yemen and Syria when rebuilding efforts begin in those coun-



OTHMAN A. AL MAROOL

CEO OF PLASCO FACTORY FOR PLASTIC INDUSTRIES

"WE STARTED BACK IN 1980 AND WE ARE ONE OF THE BIGGEST AND OLDEST PRODUCERS IN THE MARKET" tries once their political problems are solved.

"The border trade between Iraq and Saudi Arabia is supposed to open soon, we've spoken to the Iraqi ambassador here and shown him some of our products. We're already getting calls from potential customers so we are optimistic," he explains.

"With our expectations to increase exports and with local demand, we're adding new machines at our plants."

The pipes are used in all areas of construction, especially in high and low-pressure water supply lines, sewage and sewerage extensions, and telephone, electricity and communications installations

Plasco produces the pipes according to

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Photo: Plasco Plastic Ind.

the latest international specifications and exacting engineering standards required by the Saudi Arabian Organisation for Standardisation and Metrology.

Production is monitored according to a precise system in quality control laboratories using the latest technology and modern equipment to ensure high quality and production.

Plasco currently employs 200 staff with total sales at around \$32m a year, according to the CEO.

The plastics manufacturing operation is part of Saleh Abdulaziz Alrajhi & Partners, a group that has interests in real estate and agriculture, and is now moving into the hospitality sector with a new hotel going up in Medina.

"We have around 90,000 date palms on our many farms," he says, "and alfalfa fields for dairy cattle feed. We're very enthusiastic about our agricultural operations and we can put in greenhouses and maybe a date processing plant.

"In our real estate operations, we have more than 4,500 housing units and we're planning on refurbishing some of the older residences because with Vision 2030 more and more foreigners are coming to live here."

The CEO lauds the moves towards lessening the country's dependence on petroleum and notes that there is a new emphasis on tourism, mining and high technology.

"We have 55 industrial cities around the kingdom and the government is making a real effort to support the small companies as

well as the large ones. All these things will be visible within two or three years when we really see some results from the new structures and the new economy.

"We're going in the right direction because we have a lot of resources which will provide us with the opportunity to increase business in so many fields that we have not yet developed. Especially in industry as we move from commodities to manufacturing, we're on the right path."

Specialised industry

Arabian Wire Industrial Co. is counting on new business generated by Vision 2030 as construction picks up following the recent crisis years as the company supplies its wide range of fencing solutions to everything from residential compounds to agricultural operations, says general manager Abdullah Ibrahim Alrubayan.

"We're a specialist in all types of wire steel and we have the fourth largest factory in the entire kingdom," he adds.

Founded in 2008, the company manufactures, supplies, installs and maintains chain link and other types of fencing, access control systems, swing and sliding gates, barbed wire, fence accessories and related products.

Its team custom designs fencing solutions for contractors, architects and engineers working on commercial and industrial sites, schools, government buildings and installations, athletic facilities and more.

The company says that the key to its success is its range of products and services which caters to a broad range of client requirements.

Quality of service, an intimate knowledge of a broad variety of fences, a group of carefully chosen, highly-skilled professionals and low-cost rapid implementation are the hallmarks of the company, executives say.

A division of ABR Contracting, the Riyadh-based firm has an annual revenue of



\$26m with 60 per cent of its production going to domestic clients and the remainder to its growing number of foreign customers.

"Right now, we're exporting to Egypt, Jordan and Kuwait and we're now planning to add Iraq to that list," the general manager explains.

"The local market is better for us, but we're going to boost production and outside markets to minimise the risk factor.

"We'll be helped in this endeavour by the government because it is forging trade agreements with other countries and there is talk of eliminating customs duties for trade amongst the Arab countries."

Alrubayan sees Vision 2030 benefitting companies like his that "work hard".

"These outfits will deserve to do well as the government system changes. There are challenges such as Saudisation, but our geographical location will help as the government gives support to exports."

The general manager also touts the government's welcoming attitude to foreign companies interested in setting up shop in the kingdom.

"We're certainly interested in partnerships with foreign operators, especially if they have a good technological system which we can use here. We'd also be interested in this type of cooperation in systems and marketing," he says.

"I'd suggest that all companies outside Saudi Arabia come here to work because this country has a very bright future and our government wants to see more and more factories established to serve the needs of this new era and the Saudi people."



شركة أسلاك العربية
Arabian Wire Company

Arabian Wire - Industrial Co. Ltd. is a Saudi Arabia based firm into the business with its Saudi based associate manufacturer, supplying and installing various types of Chain Link Fencing systems in Galvanized & P.V.C.

Quality of service, intimate knowledge of a broad range of fences, a team of carefully chosen highly-skilled professionals, low-cost rapid implementation - these are the hallmarks of Arabian Wire - Industrial Co. Ltd.

www.arabianwireco.com





SALEH F. AL-NAZHA

PRESIDENT OF BADAEL

“WE HAVE BEEN HOPING OF THINGS LIKE THIS TO HAPPEN SO IT’S EXCITING TO SEE THE PLAN”

Changing perceptions

A pair of industrial complexes housing five factories are producing lightweight building materials for homes and having some success, despite initial scepticism by Saudis who traditionally favour heavy concrete for construction, according to the brave executive who came up with the idea.

“I first came across lightweight materials like wood, frames and slabs in Europe and with a little research I discovered this new concept in building materials that started in Australia,” recalls Saleh F. Al-Nazha, the founder and president of the Badael company.

“It consists of EBI cement sheets and other materials and so I found the company that makes the machinery to turn out these products and installed it in our factory complex in 2012.”

Al-Nazha explains that it is easy to bring new technology from outside but the tough part is getting locals to accept it. One advantage to the materials manufactured and sold by Badael, which translates as ‘alternative’, is that they are cheaper than the older heavy materials usually preferred in Saudi Arabia.

“This is one of our major selling points because with the plunge in oil prices there is not much money around so we are an alternative to the expensive way to build homes,” he explains.

“People are going through some difficult times with the economy, so we have to minimise our prices as much as possible.”

Located in the eastern city of Jubail, Badael’s production complex houses a wall panel factory, plastering plant and decorating factory on one site and glass and aluminium on the other. A total of around 130 people, including some 50 engineers, are employed at the company.

Al-Nazha sees a parallel between his efforts to change the way of thinking when it comes to accepting his product and the government’s attempts to change Saudi attitudes through Vision 2030.

“When I first heard of the Crown Prince’s announcement I tweeted him my congratu-

tulations for addressing the youths of this country and his plans for the future.

“We have been hoping and dreaming for things like this to happen and it is exciting to see young people thinking critically. It is time for Saudis to take a look and see how we can benefit from this,” he says.

The company president says that by the National Transformation Programme 2020 date he expects that his products will be well accepted and even preferred by the market and for Badael to have a branch dealership in Riyadh and another city along the Red Sea coast.

And he emphasises that foreign investors should take a look at Saudi Arabia.

“In my 55 years in business I have been involved in many joint ventures which were all successful. Initially, the foreign partners were nervous about operating here but that disappeared the moment they set foot in the country.

“What we are seeing now is a major opportunity for foreign investors with all the new projects and even new cities going up. I am very confident that the kingdom is a very good destination for the international investors,” he says.



Competitive advantage

Forcing Saudi companies to compete on a global level is one of the principal goals of Vision 2030 according to Ahmed M. Al-Hamoudi, the chairman of the Al-Hamoudi Advertising Group.

“I see the purpose of the vision is to have local firms up their game so they can go head-to-head with international competitors, to encourage state-of-the-art production in the kingdom and move the economy away from trade towards quality manufacturing,” he argues.

“At the same time, we’ll see larger companies coming into the Saudi market and this will help us as we are the leading

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supplier in the kingdom for advertising and related products.

“In fact,” he says, “our strategy is to build a larger factory for our outdoor signage division by 2020.”

Executives are searching for a site for the \$6.5m investment in one of the country’s new cities being put up by the government which provides tenants with free land, interest-free loans and other incentives.

“Our factory will be one of the largest in the Gulf region and the Middle East in the advertising field. We also have a plan for manufacturing LED lamps which are specially used for the outdoor signage,” Al-Hamoudi says.

The group’s diverse activities include designing and producing outdoor and indoor signage, digital printing, exhibitions, LED, speed printing, neon signage and interfaces, posting an annual turnover of around \$6.5m.

Citing the Al-Hamoudi Advertising Group’s 30 years of experience, the chairman says it is the logical choice for companies planning for outdoor signage and sees no threat from outside competition.



“Our competitive advantage is that the weather here is very hot and very humid in places like Jeddah. So there are special requirements for outdoor signage, installations and other materials and we are very familiar with the specifications,” he explains.

“It will take foreign companies years to adapt to the conditions in the Saudi market. They may be stronger in indoor signage but I think we have the outdoor market

pretty well to ourselves.

“According to Vision 2030, the local market will create a number of opportunities for us and many other sectors of the economy as the government removes obstacles,” the chairman predicts.

“Foreign investment too will benefit. The first steps will be hard but the economic development we are undergoing is encouraging to both local and foreign businesses.”

TRAINING 2030

NEW WAYS ARE NEEDED TO EDUCATE AND TRAIN THE 2030 GENERATION

Two of the key pillars supporting Saudi Arabia's bid to transform the economy and the nation are education and training, and with under-30's making up most of the population, success in those fields will be vital to Vision 2030.

Another important part of the plan is the relaunched Saudisation programme – replacing foreigners with Saudi nationals – which puts additional emphasis on ensuring that young Saudi men and women obtain the skill set they need to join the job market.

And with Crown Prince Mohammed bin Salman's call to slash unemployment from more than 11 per cent to 7 per cent, the scheme is taking on more urgency.

According to the Vision 2030 manifesto concerning education and training, the government says it intends to "prepare a modern curriculum focused on rigorous standards in literacy, numeracy, skills and character development (and) we will work closely with the private sector to ensure higher education outcomes are in line with the requirements of the job market".

The manifesto goes on to detail that the Saudi government "will continue to improve and reform our regulations, paving the way for investors and the private sector to acquire and deliver services – such as education – that are currently provided by the public sector".

More specifically, the scheme vows to improve the recruitment, training and development of teachers, overhaul the learning environment to stimulate creativity and innovation, and improve both curricula and teaching methods.

Leading the sector

This is good news for companies like Modern Arabia Company Ltd., that has been working in the education sector for more than 20 years, explains its general manager Yazed Abdullah Al-Trgme.

"We started in publishing, printing and marketing books for schools, colleges and universities in all subjects from medical books to engineering to history," he recalls.

"Ever since Saudi Arabia was established, education has been a priority and each year the government budget has expanded. And with Vision 2030 education has been restructured and companies like ours which supply universities and schools are reaping the rewards."



Under the reforms, it is now easier for firms like Modern Arabia Company to deal directly with educational institutions and the process for the Ministry of Education to approve materials has been streamlined.

"Before, the procedure could take a week but now it just takes a few minutes for a book to get the green light to be used in the classroom," Al-Trgme says.

Along with textbooks in the Arabic language, the company handles books in English as much of the Saudi education system is based on British and US curricula, with many of the materials coming from such publishers as Oxford University Press and others.

"We've always had good relations with our suppliers as Saudi Arabia is a huge mar-



YAZED ABDULLAH AL-TRGME

GENERAL MANAGER OF MODERN ARABIA COMPANY LTD.

"WE WANT TO LEAD THE SECTOR BY EMBRACING E-LEARNING SO WE ARE INVESTING IN IT RIGHT NOW"

ket and there are 30 universities here. Each one is like a small city so you can imagine the need," the general manager says.

By 2020, the deadline for the National Transformation Programme and the 25th anniversary of the company, Al-Trgme says he would like to see Modern Arabia Company providing more books to schools and universities along with digital products.

"We're trying to put our company in the lead in this field by embracing e-learning and e-education, in which we're investing right now. Also, we hope our company will expand the list of publishers we represent in the kingdom which will give us more experience.

"This is a great time for foreign companies to take a stake in Saudi Arabia, whether seeking out a local agent for their products or setting up shop on their own. Business can only get better."

Human experience

E-learning is also at the core of the Saudi-based company Classera which got its start back in 2004 working in IT and education with different customers in the telecommunications, banking, oil and gas as well as other sectors.

But CEO Mohammad S. Almadani and vice chairman Mohammed A. Al-Ashmawi, who co-founded the company always wanted to get into the education sector as both their fathers were university professors in Saudi Arabia.

"We got the idea for Classera in 2010 and we wanted to revolutionise the landscape of education and do something really different with it," Almadani recalls.

"So, we did some trials in several places and then launched our company in the Uni-

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**ZAIN ALABDIN
A. FALLATAH**

GENERAL
MANAGER OF
RETAJ TECH

“THE OLD WAY OF DOING THINGS WAS NOT CREATING ENOUGH EMPLOYMENT OPPORTUNITIES”

Riyadh, Dammam and other cities and predicts hitting his target of \$10m in annual revenue by 2020.

“The Crown Prince had a brilliant idea as we should be getting into a new era and follow the rest of the world in terms of diversifying the economy. And the most important goal of all of this is creating long-term jobs of our young people who make up the majority of the population.

“There are around 500,000 new Saudi graduates in the job market every year and the old way of doing things was not creating employment opportunities,” he argues.

One new scheme under Vision 2030 is increased assistance for small and medium-sized enterprises such as Retaj Tech.

“Previously there were a lot of barriers but now with the establishment of the SMEs Authority there will be a reformulating of the whole funding of small and medium-sized businesses,” he says.

“And all of this will benefit foreign companies coming to Saudi Arabia as the message is very clear: there is a huge transformation taking place and it is creating lots of opportunities for them.

“The market is here, the population is here and if a foreign investor comes up with something unique, the sky is the limit.”

ted States where we picked up some clients. With that success, we decided to focus on the Middle East.”

Classera’s e-learning system based on social media models emphasises engagement between the student and instructor while at the same time it makes learning fun and simplifies tasks for educators.

Structured like a game, the system enables students to follow their progress, compare their performance with classmates and earn points they can exchange at retail outlets and restaurants.

“We are trying to touch the human experience as other systems only concentrate on the technical side,” the CEO explains.

“Gamification, social learning, artificial intelligence and personalisation are the elements of our e-learning system.

“And I truly believe that our system not only helps students learn, but also prepares them on a social level for the time when they eventually join the growing workforce here in Saudi Arabia.”

Sky is the limit

Preparing young Saudis for the labour market is one of the tasks of Retaj Tech, a recruitment firm which has branched out into coaching for job seekers and Vision 2030 promises to boost business as more companies are created, says General Manager Zain Alabdin A. Fallatah.

“Since we began 17 years ago, our clients were only asking us to match them up with potential employees but now they want consultation services as well so we began providing coaching and assessment so they get the right people at the right time,” he says.

“Clients are also consulting us on grading, scaling and benchmarking so they see us as an efficient partner and utilise our expertise.”

The oldest licenced recruitment firm in the kingdom, Jeddah-based Retaj Tech has a turnover of around \$400,000 a year and a staff of seven with three remote offices in neighbouring Jordan.

But with the reforms under Vision 2030 on their way, Fallatah plans an expansion to

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HEALTH 2030

PRIVATISATION WILL BRING QUICK CHANGES TO MOST HEALTHCARE PROVIDERS

Saudi Arabia has much to brag about when it comes to healthcare for its citizens thanks to the massive state investment in the sector over the past several decades.

The country has 2.2 hospital beds for every 1,000 people, world-class health facilities and medical specialists in all fields with more and more Saudis, both male and female, entering the highest ranks of healthcare professionals.

And the proof is in statistics such as the rise in average life expectancy from 66 years to 74 years over the past 30 years.

But the kingdom is not resting on its laurels. In their comments on what Vision 2030 will mean for healthcare, government officials vowed to "optimise and better utilise the capacity of our hospitals and healthcare centres, and enhance the quality of our preventative and therapeutic healthcare services.

"The public sector will focus on promoting preventative care, on reducing infectious diseases and in encouraging citizens to make use of primary care as a first step, and to focus on its planning, regulatory and supervisory roles in healthcare."

However, it was the following phrases that made the country's increasing number of private sector healthcare operators really sit up and take notice: "We intend to provide our healthcare through public corporations both to enhance its quality and to prepare for the benefits of privatisation in the longer term.

"We will work towards developing private medical insurance to improve access to medical services and reduce waiting times for appointments with specialists and consultants."

With close to 80 per cent of healthcare in the kingdom provided by the government,

there are opportunities for all in these privatisation plans. In the hospital sector alone, the government plans to transform hundreds of the state-owned facilities and thousands of primary care clinics into corporations, officials have said.

Much of the more than \$100bn healthcare budget will be channelled into infrastructure, but many hundreds of millions of dollars more are earmarked for 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.

Charity at the centre

It is not just the public and private healthcare sectors expecting major changes in their operations. Charities active in the field will also be deeply affected, according to Professor Adnan Ahmed Albar, the chairman of the board of the Zamzam Society, one of the country's leading healthcare and services NGOs.

"I would say that Vision 2030 created a wider supportive umbrella for our hopes and ambitions in charity healthcare as a non-governmental organisation. I believe that for the first time in the health sector, charity healthcare has been put at the heart of the plans and developments of the whole country.

"Also, for the first time there is recognition of the value and importance of non-governmental organisations in the development of the country alongside areas like education, community development, women's affairs and family affairs," he says.

The chairman notes that Vision 2030 also clearly puts a strong emphasis on work by both men and women related to the country's advancement.

"It sets the goal of having one million volunteers working in all areas of development by 2030," he says.



"WE WILL BE MORE HEAVILY INVOLVED IN PROMOTIONAL AND PREVENTIVE ACTIVITIES"



The society is named for the Well of Zamzam, a water source located at the Masjid al-Haram in Makkah, Islam's holiest site. According to Islamic tradition, the well miraculously appeared when Ishmael, the infant son of the prophet Ibrahim (or Abraham as he is known in the Bible), was thirsty and cried out for water.

Today, millions of the Muslim faithful drink from the Well of Zamzam while observing the Hajj and Umrah pilgrimages.

Since its establishment 12 years ago, the Zamzam Society has become an indispensable component of the healthcare sector through donated charity contributions and emphasising health promotion and prevention measures for the needy.

"In every society, there is a percentage of the population, ranging between 10 and 40 per cent, who are not covered by healthcare so they need the help of charities like ours," Albar explains.

"In Saudi Arabia, this population is around 10 per cent which is an important margin in a country like this and they need our help. We



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will continue contributing through our current activities as well as vertical and horizontal health services like polyclinics and hospitals.”

While the society is a charitable organisation, the chairman explains that access to polyclinics and hospitals cannot be entirely free and that Zamzam Society’s business model reflects this reality.

“We will be building, operating and executing healthcare functions and activities through entities run like businesses but which are still non-profit with the earnings ploughed back into the society for developmental purposes,” he says.

“In this part of the world, anything which is provided for free is not well regarded so when it comes to large setups like polyclinics and hospitals we use this model because it is the only sustainable model that we believe in.”

With two years to go until the National Transformation Programme of 2020, Albar says the society is well on its way towards achieving its own goals for that important date.

“First of all, we will be more heavily involved in promotional and preventative activities. Secondly, we will have finished rebuilding our infrastructure to prepare for the following 10 years as well as developing manpower, shifting into project management operations and implementing a balanced scorecard for our performance.

“All this in addition to having our first hospital up and running. In short, we’ll have totally rebranded Zamzam Society for this new era in our history.”

Reforms long overdue

Vision 2030 will bring a whole set of sweeping changes to the kingdom’s healthcare sector, according to Dr Loai Al-Salmi, founder and chairman of SMI (Safe Medical Innovation) a company which provides the latest technology in the medical field.

“In general, the privatisation of healthcare will bring in more diverse revenues to the Ministry of Health, have a long-term impact on the sector’s financial resources, improve the efficiency and productivity of

healthcare providers and maximise investment capability by introducing large multinationals and emerging technologies into the sector,” he says.

In addition, the executive sees more IT-driven systems and tele-medicine reducing waste and a more concentrated effort by the government to have at least 70 per cent of the Saudi population participating in a unified healthcare system, all connected among different providers, whether public or private.

Founded five years ago, SMI and its some two dozen foreign partners supply patients, providers and government healthcare entities with the latest in safe and innovative medical technology and devices.

An affiliated company has been launched to build hospitals and is currently constructing a 120-bed hospital in Riyadh designed to take advantage of the latest advances in medical technology to boost efficiency and slash costs.

“Vision 2030 has opened doors for us and now there are more international companies acquiring our services as a way to enter the Saudi market,” Al-Salmi explains.

“And we’re interested in any innovation that applies to our market. For example, we have partners in the ultrasound sector who have come up with an application for carrying out an ultrasound with a smartphone which will make the current devices costing between \$100,000 and \$200,000 obsolete.”

Looking ahead to where he wants SMI to be in 2020 and beyond, the chairman is confident the company will be the leader in what he calls “smart, specialised hospitals” with the IT and telecommunications capabilities to provide excellent, cutting-edge and cost effective medical care as opportunities open up in the Saudi Market.

“These reforms and plans show that the Crown Prince is young, smart, innovative and enthusiastic, and knows that goals cannot be obtained unless there is a clear target. Many people say that the changes have occurred too fast but I would argue that reforms are long overdue.”



DR. AHMED BADER AL-OTAIBI

CHAIRMAN OF PANORAMA GULF GROUP

“WITH THE VISION THERE ARE NOW BIG OPPORTUNITIES FOR INTERNATIONAL COMPANIES”



Market opportunities

One Saudi company which got its start in the healthcare field and then branched out into a myriad of largely unrelated sectors is the Panorama Gulf Group, founded by current chairman of the board and physician Dr Ahmed Bader Al-Otaibi almost a decade ago.

“I had worked for 10 years in a Saudi military hospital as a dermatologist and when I left, I established a small dermatology and plastic surgery clinic,” he recalls.

“This was back when cosmo-dermatology, cosmo-dental and laser therapies were just taking off in the kingdom. Everyone used to go 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.

Thanks to the chairman’s government contacts, the authorities asked Al-Otaibi to help them supply imported food for people sensitive to gluten which led the group into the food and beverage sector.

“And because of our medical business, we began importing sophisticated medical technology like laser machines.”

Along with healthcare, import/export and food and beverages, the Panorama Gulf Group operates in advertising, public relations and marketing; construction design and contracting, and energy and electricity.

And as the Saudi agent for foreign pharmaceutical companies, the group's next logical step is to open a chain of pharmacies to showcase its own products. Plans call for establishing 30 pharmacies over the next two years.

Currently, the group employs around 220 staff with an annual turnover of around \$23m, 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, but I'm one of those businessmen who see good opportunities in challenges as the kingdom transforms into a major manufacturer," he says.

With his wide experience working with foreign partners, the chairman appreciates the importance of know-how and technology transfer that will help Saudi Arabia and at the same time provide opportunities for foreign investors seeking a strong presence in the kingdom.

"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."

Reality based plan

Overhauling the kingdom's healthcare system is a logical goal of Vision 2030 and the overall plan has more to do with the emerging young generation and technology than economics, says Dr. Mohammed Amin, the managing director and CEO of the Elaj Group, a Saudi-based multinational which operates a wide range of medical facilities in the Middle East, Africa, Asia and Europe.

"I think two major tsunamis are happening



DR. MOHAMMED AMIN
MANAGING DIRECTOR & CEO OF ELAJ GROUP

"TWO MAJOR TSUNAMIES ARE HAPPENING HERE, AND THEY ARE DEMOGRAPHY AND TECHNOLOGY"

here which are demographic and technological, so Saudi Arabia is trying to catch up and Vision 2030 is a reflection of this," he argues.

"Somewhere between 60 and 70 per cent of Saudis are young and these people are well educated and/or Western educated and totally focused on technology. Therefore, their requirements and expectations are completely different from those of the previous generations."

Amin says he fully welcomed the announcement by the Crown Prince because "it was based on reality and not on imagination. This was the first time someone sat down and did the math on such a plan like this".

Since its beginnings 24 years ago, the Elaj Group has positioned itself as a quality of life enhancement and healthcare services provider in the Middle East region and beyond.

Present in Saudi Arabia, Oman, Egypt, Kuwait, United Arab Emirates, Qatar, Ethiopia, Sudan, Sri Lanka, United Kingdom and Italy, Elaj operates hospitals, medical centres, laboratories, psychiatric clinics and pharmacies.

"We're very focused on the private sector and we are trying to build an integrated healthcare system through all our facilities. Healthcare is a need, not a want, and every one of us, at some time in our lives, needs healthcare," Amin says.

"As one of the few organisations which has a vision and a strategy aligned with the Crown Prince's plan, we'll play an important part in conceiving this vision from the private sector point of view.

"The pressure to transform the system is very strong and we're using mergers and acquisitions to consolidate the network so by 2020 we'll be among the top private healthcare providers in the Gulf region."

Home care chance

Vision 2030 and its emphasis on privatisation in the healthcare sector is also instrumental to the plans of Al Ssafwa Dimensions, which markets a wide range of specialised medical products.

"This year we are going to see the government begin to encourage the concept of home care, for example, with private companies like ours helping out," says CEO Al-Hasan Abdul Wahab Noorwali.



ENG. AL-HASAN ABDUL WAHAB NOORWALI
CEO OF AL SSAFWA DIMENSIONS

"THE GOVERNMENT BEGINS TO ENCOURAGE THE CONCEPT OF HOME HEALTHCARE IN 2018"

"Many of our rehabilitation and mobility products are a perfect fit for things like this."

Founded seven years ago, the company is a major provider of wheelchairs, bathroom and bedroom fixtures for the mobility impaired, lift chairs, medical beds, canes and crutches, limb braces and similar products.

"Under the new privatisation programme, we are working with the smaller projects in Dammam, Jeddah and southern Saudi Arabia but the bigger hospitals are still not purchasing in large amounts so our involvement with them has yet to really take off," the executive explains.

Noorwali has future projects planned for the company and would like to attract investors from outside the kingdom.

"I would be interested in a company with long experience in working with hospitals. I have been speaking with a company from South Africa that also works in Canada and I think this company could be the perfect partner in hospital operations all across the kingdom," he explains.

"This vision of the Crown Prince is going to add value to our country. I firmly believe that nothing can stop us and Saudi Arabia is finally on the right path towards a brilliant future," he affirms with the confidence that comes from his deep knowledge of the healthcare market.

VISION 2030

Elaj strives to utilize its presence in the Middle East & Africa to benefit from synergies and its size to provide leading health care services focused on closing the gap of tertiary care services.

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INTERVIEW WITH MAZEN ALMUGBEL

Chief executive officer of Mira Foods

A pioneer in the high-dining scene in Saudi Arabia, Mira Foods is well known for such iconic names as the famous Lusin restaurant in Riyadh. As Vision 2030 accelerates changes in the economy and society its founder and CEO, Mazen Almugbel strives to adapt his services and locations to the higher expectations of his demanding clientele



How did Mira Foods become a byword for high-dining in Saudi Arabia?

M.A.- We started with a franchised restaurant called Noodle House for Jumeirah Hotels in Dubai, and then we opened our iconic place, called Lusin restaurant: it is a Middle East cuisine restaurant, a fancy and trendy place which has been doing very well, as it was voted by customers in social media as the number one restaurant in Saudi Arabia.

How will changes regarding women driving in the kingdom affect your high-dining business?

M.A.- I believe it will make our life much easier in general, and it will change consumer behavior in a way that our restaurants will be available and easier to access for a major part of our clientele, such as families and ladies. So one of the obstacles, which was the need of a driver for the car, is out of the way. We hope that such businesses as ours, with very good infrastructure, ample parking, and other amenities, will benefit from this change.

How was 2017 for Mira Foods and the restaurant sector overall?

M.A. In 2017 we had a lot of changes, and there were some difficulties in dealing with the economic situation of the whole country, as some of the businesses closed down. But the strong ones are now adjusting themselves with the new requirements of the market, which we hope are in favour of the economy in general, yet it will take some time before we see that.

Cinemas and other forms of mass entertainment will be authorised from this year. Do you consider that as a competition or complementary to your business and the high-dining sector in Saudi Arabia?

M.A.- From my perspective, I think a lot of people in my domain agree with me that it is a sort of competition, but it is a welcome one, as it is bound to increase the level of focus of the people on entertainment and going out in general. It will in the end show us another perspective to complement our business, but we think for now it's just competition.

Is Mira Foods still growing despite the challenging business environment?

M.A.- We are still expanding and we have high expectations. Of course we are changing the structure of our company, because those are the new legal requirements for the economy or the needs of the country. We are coping with this as much as we can but it doesn't stop us from expanding. But for the short-term, which is up to 2020, we want to be one of the leading companies in this sector, that is the upscale dining sector in Saudi Arabia.

High-dining will continue to be your priority?

M.A.- Yes, with new concepts, new brands and new locations.

Are you considering locations the same way you considered them in the past?

M.A.- Yes, it is the same way we looked at them, but of course now we are targeting to get better deals or bargaining better deals in our contracts. As for approaching any other business, we want to present new brands to the market within the same category.

Vision 2030 is accelerating the change in Saudi society. Are you surprised by the speed in which it is happening?

M.A.- No, we are following the changes coming from Vision 2030 since we were ex-



pecting them, so it is not a surprise. We were prepared very well for them, so there was not that much of a surprise. The thing is how are they going to be implemented? How will they be influencing things with our business or other businesses? But we were not surprised. We think this is the right track and it should be done this way.

Where would you like to see Mira Foods by the year 2020?

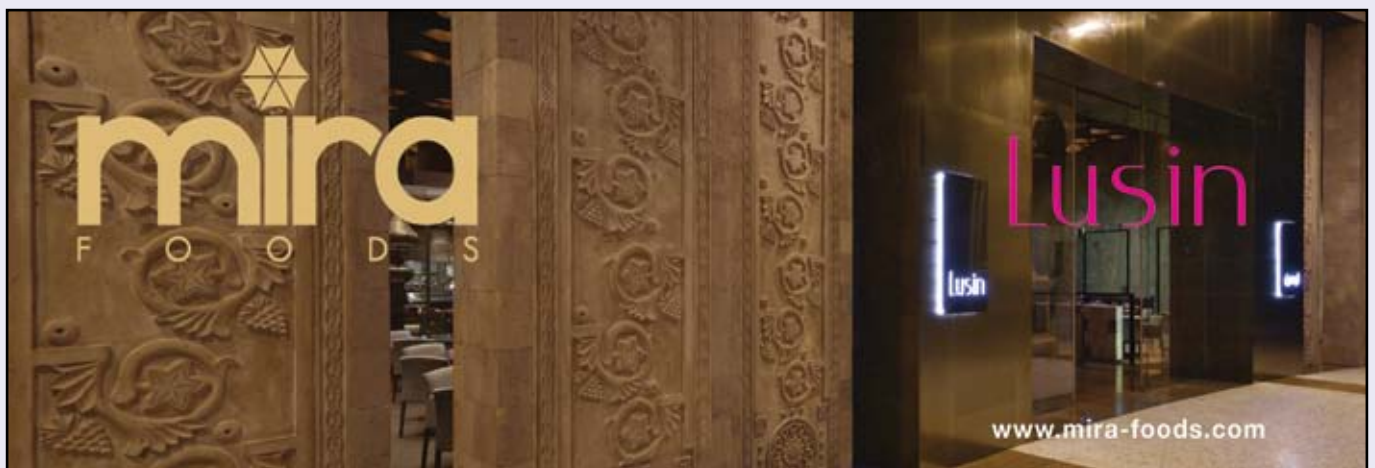
M.A.- As I said before, we wish to continue our expansion, and we will be covering five new brands under our umbrella in most of the major cities in Saudi Arabia.

So you remain optimistic regarding the future of the Group?

M.A.- There is a need for what we are offering, and we believe that we are the best and we will stay up there.

What would your message be to international observers about the current changes?

M.A.- As a country we might face some difficulties on the economic side, and hence in the private sector, during these economic changes, but I believe it is all to the favour and benefit of everybody at the end of this transitional period.



INTERVIEW WITH MAJED FAHAD ALQURAISHI Chief executive officer of Lift Technology Company - LTC

The service industry is providing plenty of business opportunities to young Saudi entrepreneurs, as Majed Fahad Alqurashi can attest with the runaway success of his elevator maintenance and service business. Next steps will include an expansion to under-served cities while it diversifies into exhibitions and opens a new European branch



Where did you get the idea of starting Lift Technology Company?

M.F.A.- The elevator maintenance sector here in Saudi Arabia is not offering a good service. When I was doing construction a few years ago I could not get good elevator services, so I started hunting for professionals with experience in elevators and launched LTC, a small business. After 10 years we are doing very well as we have 1,000 elevators in Riyadh under service.

Are you working in the rest of the country?

M.F.A.- We have two branches, one here in Riyadh and the other one in Dammam. I started with the Dammam branch one year ago, and with 120 elevators it has been a quick success, because of the word-of-mouth about LTC's quality service and management.

What did you do differently to achieve such quick success?

M.F.A.- First of all I take great care of my employees. I tell them that the most important thing to me and to the company is the client, after the dealings with the clients we have to call them to know if they are facing any problem. We also offer some materials for the elevators for free, it is not expensive stuff but gives something special to our clients. We do take customer service very seriously.

What are your expansion plans for 2018?

M.F.A.- Right after I launched my first branch in Dammam I started the implementation of an ERP software. My plan now is to open a branch in Abhor city, it is in the southern area of the country, which we hope to start in February. You may ask why not in Jeddah, where there are many more people, but in Abhor there are no companies servicing elevators. After this I plan to open in Jeddah by end of 2018, and then I will open branches all across Saudi Arabia.

How much do you expect to grow in 2018?

M.F.A.- In 2018 we should double 2017's turnover, as we are doubling our revenue every year. My team sometimes is surprised by our goals but at the end they are achieved.

Do you have other businesses in the group?

M.F.A.- I do not like spending my time on just one thing. When I started Lift Technology Company, I also had a real estate and a marketing operation. I found myself doing advertising and merchandising, and that was when I opened

Signature Ad. It did very well, and I even opened a branch in the Netherlands, as I do exhibition stands in Belgium, Germany, and Greece in order to get new clients. Together with a gentleman from the Netherlands we are starting our own BV Company in 2018. We have started the registration already, the office is ready, our website is ready and we have started on the human resources recruitment.

Why are you setting up a holding company?

M.F.A.- With the growth of my companies, I have faced some problems in the management. So if I have an HR manager in LTC and another one in Signature Ads, it will be costly and communication will take time. So in the holding group the HR manager, the finance manager and the IT manager will manage all the work through the ERP system, and it will be easy for me even if I opened any new company.

How do you feel about the 2018 budget?

M.F.A.- Well, budgets have always been approved and they are all the same. The big companies end up taking all the money and the income they make, they do not always spend it here, in the country but they may invest in other countries or hold it for other projects after a few years. These are all government companies which I do not target, because you have to be very careful with the capital and logistics. I am used to working and targeting the middle market, because working with the government is very complicated. My clients are small real estate developers, hospitals, schools, and the like.

Where do you see your group by 2020?

M.F.A.- This is a good question now because my strategic plan is set on 2020. I like the new changes like the cinemas, women driving and all that because it will open things up. I can now



hire a woman as a professional, just as any man, without any problem of transportation. People can go to cinemas instead of just sitting in the streets and feel refreshed. In my business I expect good things by 2020, as I have opened the new business in Netherlands to support all those who want to do exhibitions in Europe. I am not afraid of any changes because there will always be changes, but business must go on as usual, people must live and invest, this cannot be stopped.

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

M.F.A.- After the launch of Vision 2030, it is clear that there is room for more businesses to come. The government is making room for investors and there are a lot of investment opportunities in Saudi Arabia, because the government has changed the business culture. Before, most of the investments were done by the government but now they are creating room for foreign investors and companies with professional experience to come and expand in the Saudi market.

So would you advise investors to come and invest in Saudi Arabia?

M.F.A.- Yes, but they must study the market well because the people and culture in Saudi Arabia are very different, and they must study what the people like, what they do, and the government restrictions as well to be successful.



INTERVIEW WITH RYOUF ALRUMAIH

Chief executive officer of Nithar

Coming from a traditional entrepreneurial family, Ryouf Alrumaih took the chance to start her own company Nithar even before Vision 2030 was launched, yet she is already experiencing the changes that affect the Saudi economy and its society as her business takes off



What is your impression about Vision 2030 in regards to women entrepreneurs?

R.A.- First of all let me say that I am very happy, as I perceived the Vision as very positive for us women. I trust Prince Mohammed bin Salman, and I know it's a great change for us in the private sector, which I think will increase by more than 30 per cent by 2030. As for women, a lot of changes are coming, yet as you know more than 70 per cent of women here in Saudi Arabia are still working mainly in the education sector. But now the whole social structure is changing.

What practical changes do you perceive in business and society?

R.A.- Let me tell you a personal experience. About four years ago I was not even allowed to attend some business meetings, and I had to hire a Saudi man to attend the meetings on my behalf, but now I can attend any business meeting anywhere. These last two years everything has changed.

How has your business been doing for the last 18 months?

R.A.- It is very healthy, maybe because we are dealing with marketing services and not physical products, which may be facing some difficulties. Our services have increased, and everything in our company grew growing rapidly during 2017.

How fast is this growth?

R.A.- We have 15 employees now, and last year we had 10 employees. We have grown by 70 per cent in revenue and we are anticipating more growth in 2018 and 2019. Something very important for that growth is that Saudi customers trust Saudi companies more than before in the marketing business, which was not always the case in the past.

Which sectors are mostly demanding your services as you grow?

R.A.- Nithar's customer base is very diverse. We work with different sectors, including



the Public Investment Fund; We also do a lot of rebranding, as many company are changing their logos, their company image, all of which is bringing a lot of work to my company.

Are you able to find enough qualified professionals in Saudi Arabia?

R.A.- Yes, we don't have such a problem, yet I can't find many Saudi designers as I only have one, but I have another two from Egypt and Jordan. There are many Saudis in accounting, marketing and other departments, because we know our culture, and we know what we need. I will give you an example, when you see any artist who is not a Saudi in a photo session, often they don't know how to wear the shemagh properly, yet we as Saudis know what is needed and we know our culture.

Where would you like Nithar to be 2020?

R.A.- We anticipate continued growth in staff and business, so we are planning to relocate to the King Abdullah Financial City in Riyadh, into a larger office space, in order for us to be closer and with convenient access to our present and future clients.

Do you think new projects such as Neom City and the Red Sea project will create business opportunities for Nithar?

R.A.- We certainly have some plans regarding those new cities in the west of the country, though they are still confidential so I can't disclose them now.

Have you considered expanding your services to other Gulf countries?

R.A.- Yes, by 2021 I want to expand to Dubai in the UAE. I have long had the notion that 2021 will be a good year and we will be ready to become international by then.

In what sectors can you see the changes regarding women working in Saudi Arabia?

R.A.- There are a lot of changes everywhere, and it is hard to highlight only one field, but education and media services are two important sectors to mention.

Are these changes in line with the expectations of Saudi society?

R.A.- Let me tell you something about Crown Prince Mohammed bin Salman: he is the fresh blood that has come to lead our generation, that's why he knows what we need as Saudis. This is the time for big changes, I feel that he can read our mind. He really represents our generation.

Are you afraid that the change is going too fast so the older generation will have some problems adapting?

R.A.- Before I thought about it, but we have had 30 years of no change, it's too much for us. So I don't think it is too fast now.

What message would you like to send about the effects of Vision 2030?

R.A.- Saudis can do everything, especially our generation. Men's traditional work can be done by women, and women can work in all sectors. Saudi Arabia can become better even than Dubai, although we can't compare with Dubai but we can do better as Saudis. I do believe in Saudi people, I love my country and I love it when I see young girls and boys coming to me and I can see there is a bright future ahead for them if only they are given the chance.

INTERVIEW WITH RAWAN I. ALSAHSAH

Founder and chief executive officer of RIS Group

Starting her design and contracting business 18 years ago, trailblazing entrepreneur Rawan I. Alsahsah has been at the forefront of finding a place for Saudi women in the business world. Despite the recent market difficulties, her plans include opening a greenfield furniture factory with her own brand for the Saudi and foreign markets



What is RIS Group, how did it become a company and what is it today?

R.I.A.- RIS started in 2002 as an interior design firm. Two years down the line we decided to add the contracting department so we have more of a design and build solution for our clients. We added RIS Living four years ago - a showroom with furniture, home accessories and fabrics, where we deal with most of the designers in both the fabric and wall papers. Regarding furniture, we are agents for several brands, including those from Europe and America.

How was 2017 for the Group?

R.I.A.- Last year was not our best year, but we were ready and we were expecting this since 2016, with all the new rules and changes, so we were expecting it to be more of a reconstruction year. We revamped our organisation and systems throughout 2017. We are expecting the beginning of 2018 to be similar to 2017, but at the end of 2018 things should start getting better.

What was your first reaction to Vision 2030 when it was introduced?

R.I.A.- I was very excited, because it is good to start having clear rules, it is for our advantage. Honestly I believe in the Vision and we are supporting it, even though we know that it will take us three to four years to start benefiting from the Vision. Just like in any other country, it is going to take time because big changes take time.

How are you dealing with the challenge of Saudisation in RIS Group?

R.I.A.- It is a challenge, but as RIS is not a big company and we were able to fit in the Saudi employees, so it is not a challenge like it is in the big companies. We do not have hundreds of employees, actually I know all my employees by name,



so it is easier to adjust to changes and I believe that things are getting easier and better and we feel it especially with the government bureaucracy, as government paperwork is becoming easier.

How difficult was it for a woman to start a company 15 years ago?

R.I.A.- Back then very few women would start a business, there were very few sectors they could work in, such as being a teacher. I think that I was the first Saudi woman to get into designing and contracting. It was very difficult by then, I was not able to get the commerce certificate as a designer, they had a lot of laws, but nowadays it is much easier, especially now that we will start driving by June.

Where do you expect RIS Group to be by the year 2020?

R.I.A.- Hopefully things will be great and I personally believe strongly in the Vision. The effect is on every Saudi, the whole population and all business and my gut feelings tell me that we are getting somewhere by 2020.

How would you describe the new Saudi Arabia after Vision 2030?

R.I.A.- We are fighting corruption, the Saudi government is doing its best to stop corruption and this alone will make a big difference, especially when you start from the lowest jobs up to

the top jobs. If this is well implemented by 2020 Saudi Arabia will be a different country. We are getting our rights as women, workwise and driving-wise and I think that by 2020 we will be growing again, unlike 2016 and 2017, which have not been good years for us. With all the restructuring and the ideas we have for growth we are thinking of opening a furniture factory as well.

Tell me about it, what is the idea?

R.I.A.- It is more like having a furniture factory and creating our own brand as a Saudi brand, as RIS, not just for the Saudi market but also for international markets.

How far are you with that idea?

R.I.A.- We have had the idea for the past year or so, we also planned to go online with our showrooms, so we are finalising things and working on our resourcing and all these things to be ready by February. We want to be done with the restructuring and implementing all these new methods of how we do our business by then.

Are you still as optimistic as when Vision 2030 was launched a year and a half ago?

R.I.A.- I am even more optimistic, as I am an optimistic person by heart and I believe that we have a bigger chance to grow with Vision 2030. There are openings in many sectors and things are becoming a lot easier for us women.

RIS is one of the leading established Architecture and Interior Designing Firms in the Middle East. Established in 2002 in Jeddah, Saudi Arabia, RIS gained its reputation through its commitment to forming enduring relationships, delivering distinguished designs, catering to each client preference and insuring the quality of its services to regional and international markets

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