

# 2019 Full Year **Saudi Arabia** Venture Capital Snapshot

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**MAGNiTT** report sponsored by **Saudi Venture Capital Company (SVC)**

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# 1. Key Stakeholders Takeaways



## Mohammed Almalki

VP of Funding, Monsha'at

“ We are proud of the remarkable increase in value and volume of early-stage investments in Saudi Arabia via the Saudi Venture Capital Company (SVC) and its partners. SVC, which was initiated by Monsha'at to address the needs of entrepreneurs and SMEs by increasing access to financing across all stages, makes it easier to conduct business and ensure long-term success by deploying a total of ~SAR 2.8B across different investment vehicles. In 2020, we are eager to establish a bank for SMEs, with the aim of providing financial resources and solutions, including lending, capital funding, and advisory services in line with the best practices. We anticipate a more effective entrepreneurial environment through business incubators, accelerators and innovation centers which will result in higher quality startups and will lead to better deal flow and consequently a more dynamic venture capital environment with greater activities carried out by VCs.



## Omar Almajdouie

Vice Chairman, SAVCPEA

“ The Saudi Arabian Venture Capital and Private Equity Association (SAVCPEA) plans to unite professionals, drive industry awareness, facilitate partnerships in the sector, and encourage closer collaboration between innovative businesses, VC firms, and PE companies. Our objective is to accelerate VC & PE investments in Saudi Arabia in 2020 and beyond with the aim of establishing a robust and globally competitive ecosystem for greater collaboration, innovation and growth.



## Adel Al-Ateeq

Managing Director, Jada

“ Jada was established to tackle one of the main issues that Saudi SMEs face: access to the right active institutional capital. Jada seeks to partner with PE and VC funds that are focused on the Saudi market and are committed to international best practices in governance and fund management. Saudi VC has been one of the fastest risers in the region – we hope to accelerate this even further in order to place Saudi Arabia in its natural first place.



## Nora Alsarhan

Investment Director, SVC

“ The fact that SVC have access to funds enables us to push forward quality investments in the market, because of the stringent criteria that we apply in deciding which investment to match. Furthermore, SVC is well-placed to be the spearhead of quality investment by covering the capital gap in the market and by providing a strategy to mitigate failures through diversification of the risk for investors.

# 1. Key Stakeholders Takeaways



## Abdullah Altamami

Managing Director, iNet Fund

“ In 2020, there will be considerably more money available for entrepreneurs, and we will start to see a clear shift in power from investors to entrepreneurs. Investors will need to differentiate themselves, and work on adding tangible value to their portfolio companies beyond their capital to attract the best deals. This is a healthy trend that will grow the ecosystem and push it forward.



## Ahmed AlJabreen

Venture Partner, 500 Startups

“ As Saudi moves forward to achieve the Vision 2030, we will see a few trends. First, more investors will continue entering the market, utilizing government support. Second, we will see corporates evaluating their innovation strategy, which has been sorely missing in the ecosystem from a startup engagement perspective. Third, experienced employees will leave their jobs to start companies within their field of expertise, disrupting some industries such as FinTech.



## Kais Al Essa

Founding Partner & CEO, Vision Ventures

“ The Saudi ecosystem has been evolving with big steps with initiatives by Misk Innovation, along with the great support from Monsha'at, SVC and PIF Fund of Funds: all big drivers towards a better ecosystem. On top of that, we see initiatives from the private sector, such as the new accelerators that added value to startups and bridge clear gaps, the on-going awareness to entrepreneurs and investors, and the collaboration between investors and decision makers.



## Lateefa AlWaalani

Managing Director, Endeavor Saudi

“ As more entrepreneurs go through the experience of fundraising and managing relationships with investors, the more we see "lessons learned" circulate among entrepreneurs on how to navigate and manage this space. Endeavor focused on facilitating peer-to-peer level learning among Saudi and regional entrepreneurs, as well as global ones. As for trends, we are seeing more regional collaboration between MENA entrepreneurship ecosystems.



## Philip Bahoshy

Founder & CEO, MAGNITT

“ On the back of strong government support, Saudi Arabia has experienced growth in many aspects of its startup ecosystem. 2019 was a record year by both number of deals and total funding, with 2020 expected to grow even more on the back of public and private interest in the sector, including matching programs, the new Fund of Funds, accelerators, licenses, and more.

# 2. Executive Summary

2019 saw a flurry of activity in Saudi Arabia's startup ecosystem – \$67M was invested in 71 deals, increasing by 35% and 92% compared to 2018, respectively. Moreover, there has been an increase in government initiatives, accelerator programs and total number of investors as well, making 2019 a stand-out year for entrepreneurship in Saudi Arabia.



## 71 venture deals took place in Saudi Arabia in 2019, up 92% from 2018

2019 saw 71 investments that took place in Saudi Arabia, a record compared to any previous year. Among the most active investors were the new Misk 500 Accelerator and Misk Growth Accelerator, as well as (corporate) venture capital firms 500 Startups, OQAL and Wa'ed Ventures.



## \$67M was invested in Saudi-based startups in 2019, up 35% from 2018

On top of a record number of deals, 2019 saw \$67M invested in Saudi-based startups. Notable funding rounds include the \$8.6M raised by EdTech startup Noon Academy, as well as the \$6.6M for food and grocery delivery startup Nana Direct.



## 41 institutions invested in Saudi-based startups in 2019, up 58% from 2018

A total of 41 institutions made investments in Saudi-based startups in 2019, which is an increase of 58% compared to 2018. 68% of these investors are based in Saudi Arabia, whereas 32% of them are based outside of the Kingdom – mainly in the United Arab Emirates.



## E-commerce and Delivery & Transport remain top industries

E-commerce and Delivery & Transport remain the top industries in Saudi Arabia and the entire MENA region historically. Rising industries are education and IT Solutions, which took the third spot by both total funding and number of deals in 2019, respectively.



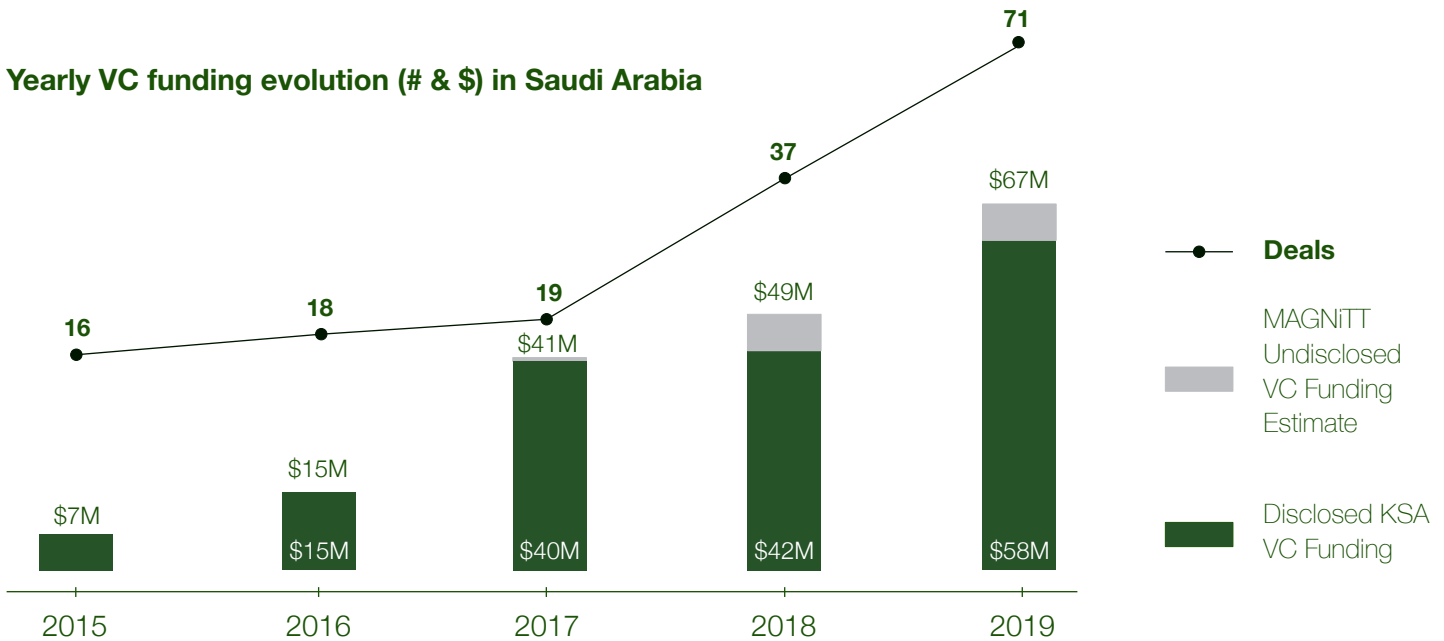
## Accelerators accounted for 32% of deals in Saudi-based startups

With the newly established Misk 500 MENA Accelerator in partnership with 500 Startups and Misk Growth Accelerator, in partnership with Seedstars and Vision Ventures, accelerator programs played a key role in the Saudi startup ecosystem in 2019. In total, accelerators accounted for 32% of all deals.

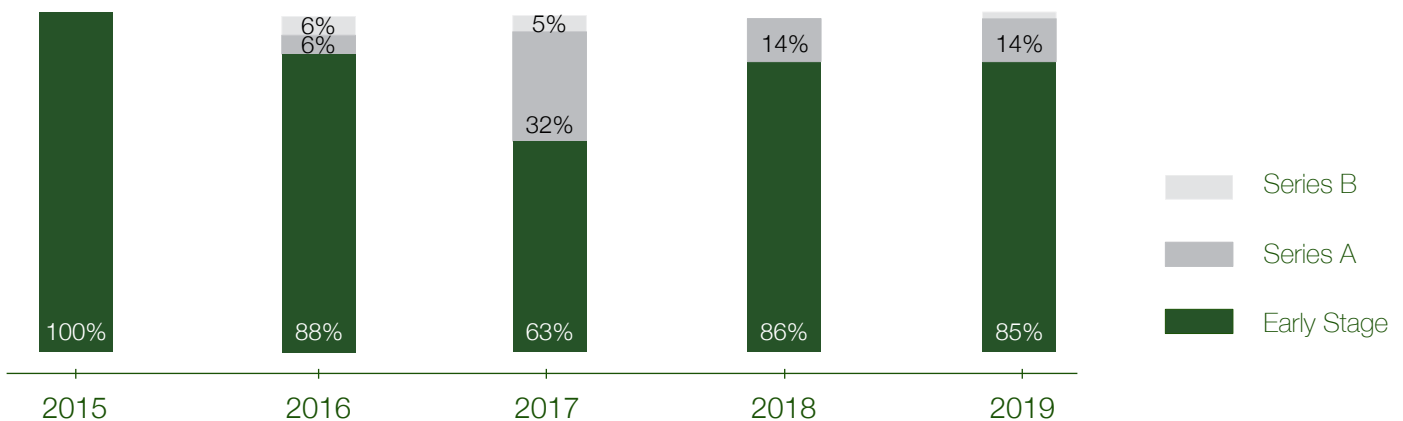
# 3 Saudi Arabia VC Funding Evolution

Saudi Arabia has seen an upward trend in the number of deals and total funding over the last 5 years, with 2019 being a record year in both for the country.

Yearly VC funding evolution (# & \$) in Saudi Arabia



Yearly VC funding by Funding Stage (#) in Saudi Arabia



## KEY TAKEAWAYS



The number of deals in Saudi Arabia increased by 92% from 2018 to 2019



Total VC funding in Saudi Arabia increased by 35% from 2018 to 2019

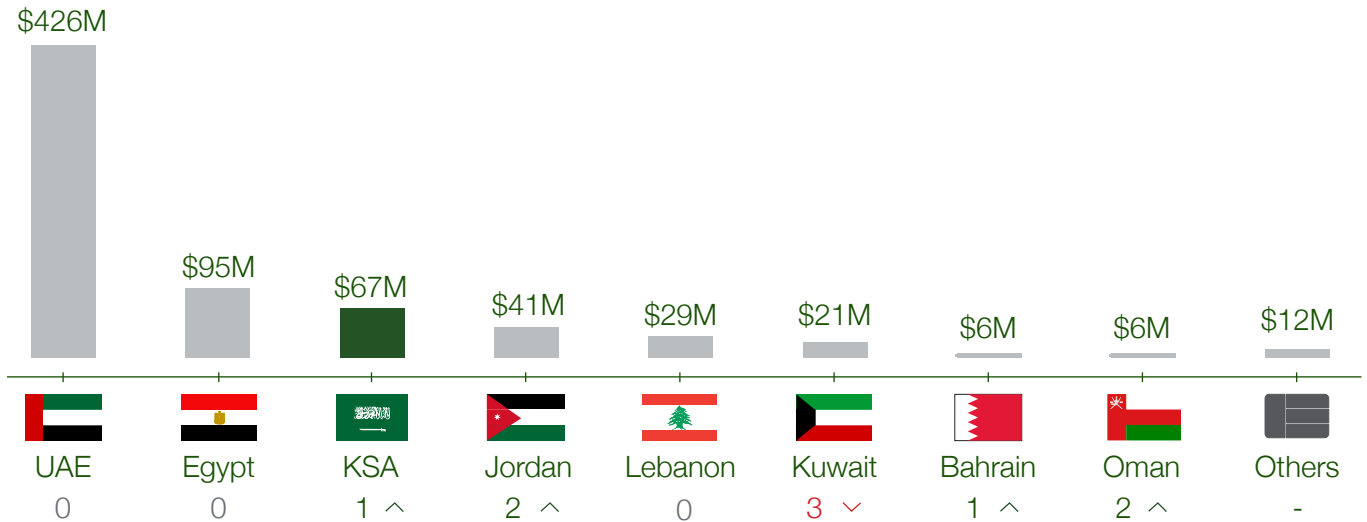


Newly established accelerators and other public and private initiatives spur the growing startup and venture capital ecosystem in Saudi Arabia

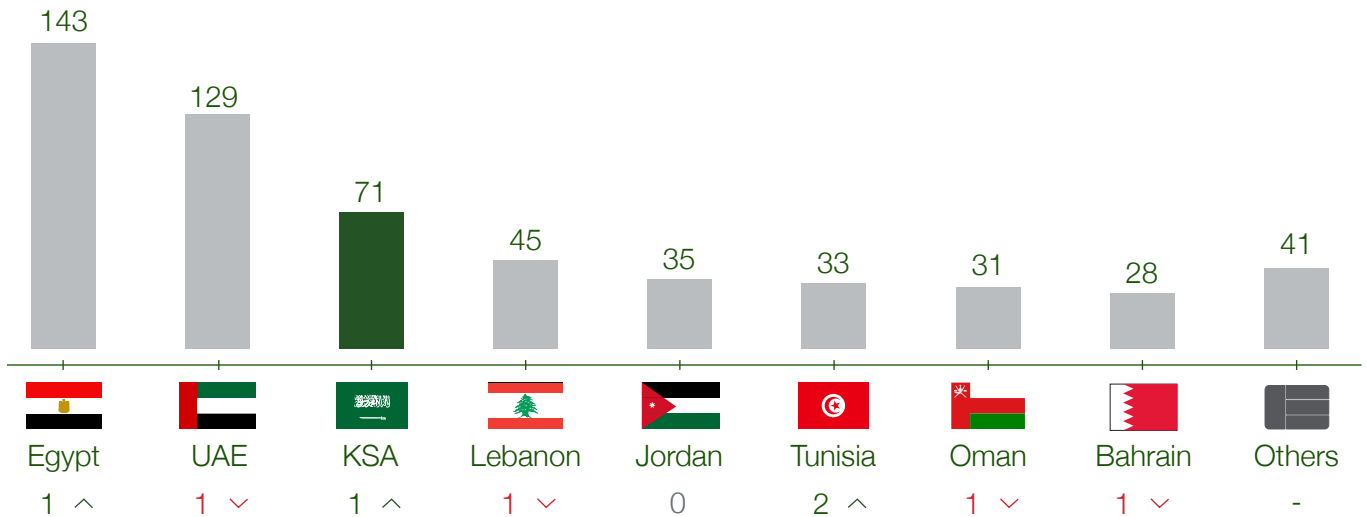
# 4. Country Comparison

Due to the steady increase in VC funding and number of deals, Saudi Arabia increased its regional rank by total funding and number of deals, coming in third for both in 2019.

## Top countries by total VC funding (\$) in MENA in 2019



## Top countries by number of deals (#) in MENA in 2019



^ ∨ Change in Rank from 2018 to 2019

### KEY TAKEAWAYS



Saudi Arabia ranked 3rd by total funding regionally, rising by 1 spot from 2018 to 2019



The country's rank by number of deals also increased by 1, with which Saudi Arabia also ranked 3rd by number of deals

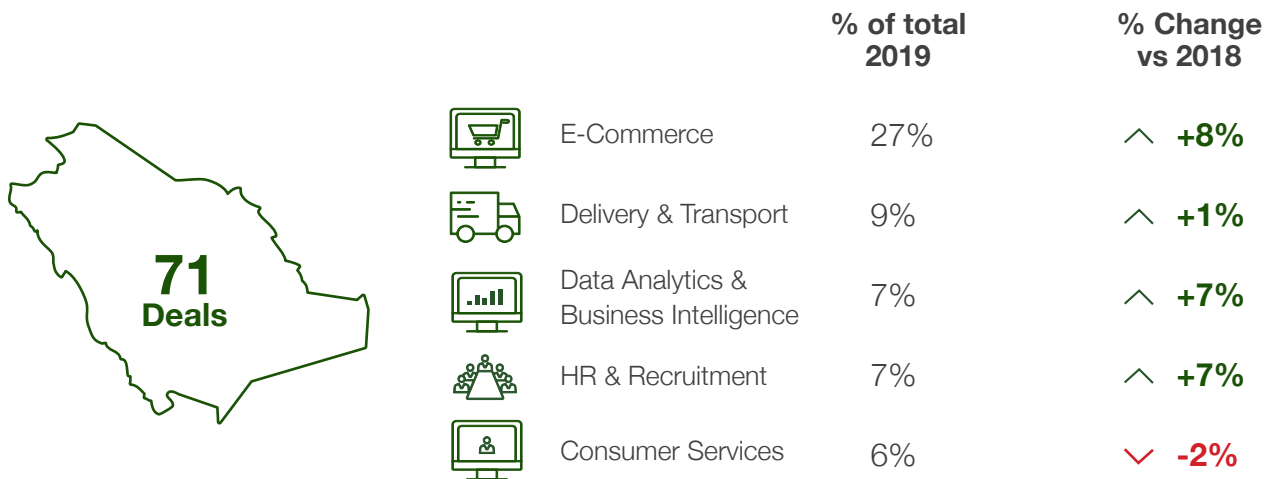


With these rankings, Saudi Arabia accounted for 9% of total funding and 12% of deals in MENA in 2019

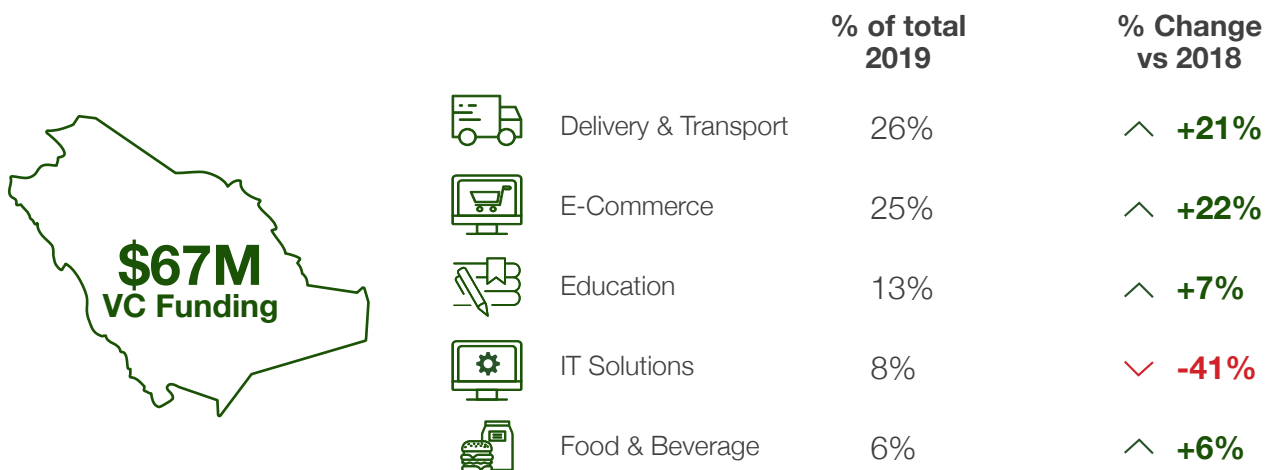
# 5. Industry Comparison

Similar to 2018, e-commerce and delivery & transport were the top industries by total VC funding and number of deals in 2019, while Data Analytics increased to third place by deals.

## Saudi Arabia's top 5 industries by number of deals in 2019



## Saudi Arabia's top 5 industries by total VC funding in 2019



### KEY TAKEAWAYS



E-commerce and delivery & transport have been among the top invested industries in Saudi Arabia and the entire MENA region historically



Education is a rising industry in Saudi Arabia, with Noon Academy's \$8.6M funding round contributing significantly









Data Analytics & Business Intelligence rose to third place with 7% of total deals in 2019

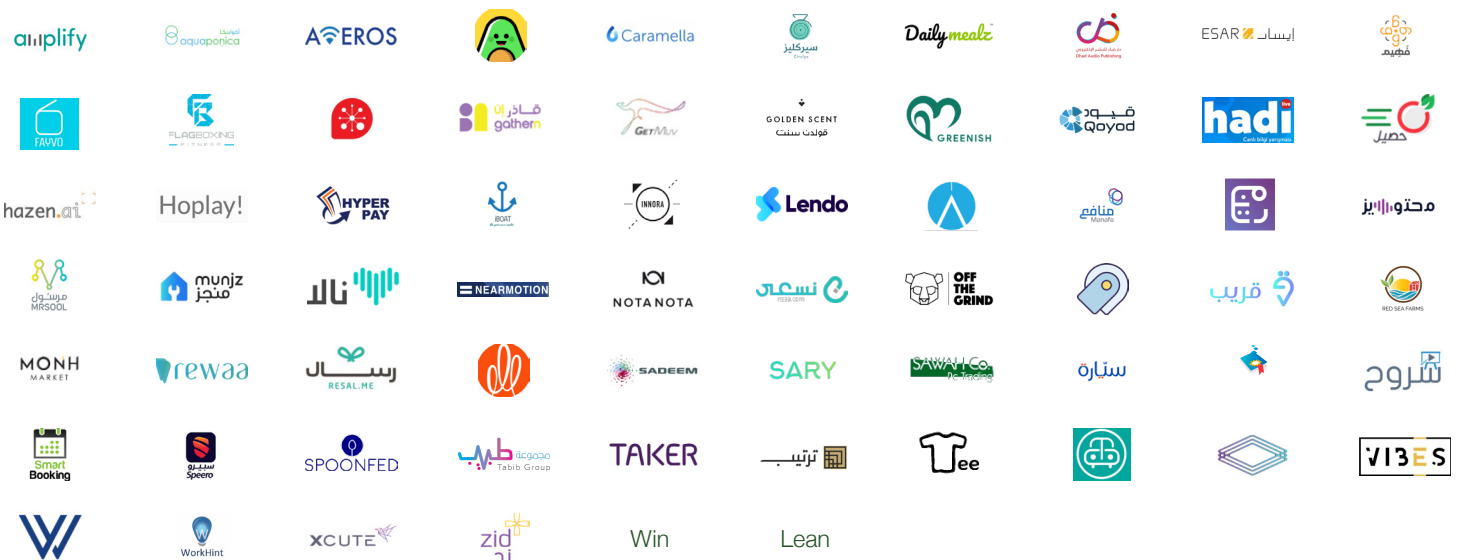
# 6. 2019 Saudi deals

Having raised its \$8.6M Series A funding round in the beginning of the year, Noon Academy, the Riyadh-based EdTech startup, raised the highest disclosed funding round in Saudi Arabia in 2019, with participation from Saudi-based investors STV, Ra'ed Ventures, and Alisamiah Investment.

## Highest disclosed funding rounds in Saudi Arabia in 2019

		Funding Amount	Funding Round	Select Investors
1		\$8.6M	Series A	RA'ED VENTURES, STV, الشركة السعودية للاستثمار الجريء Saudi Venture Capital Company, Alisamiah Investment
2		\$6.6M	Series A	MEVP, 4i6, +wanda capital, الشركة السعودية للاستثمار الجريء Saudi Venture Capital Company
3		\$5.0M	Series A	RTF, الشركة السعودية للاستثمار الجريء Saudi Venture Capital Company, VENTURESOUQ, BIAC
4		\$4.0M	Bridge	Undisclosed
5		\$4.0M	Bridge	RTF, FAITH CAPITAL, naseel, RA'ED VENTURES, شركة الاستثمارات التقنية Tech Invest Com, SAVOUR
6		\$4.0M	Pre-Series A	شركة الخليج للاستثمار KHULJAH INVESTMENT COMPANY, Teejan Technologies

## Other Saudi-based startups that have received VC funding in 2019





# 7 Active Investors

With two newly established accelerators, Misk Innovation was among the most active investment facilitators in Saudi Arabia in 2019, with 500 Startups investing in the highest number of Saudi startups – 20 in total.

## Investors by number of investments in Saudi-based startups in 2019



### KEY TAKEAWAYS

- 500** Misk Innovation launched both the "Misk 500 MENA Accelerator" with 500 Startups and the "Misk Growth Accelerator" with Seedstars and Vision Ventures in 2019
- \$** Wa'ed Ventures, the corporate venture capital arm of Saudi Aramco, was the most active corporate venture capital firm by number of deals in 2019
- \$\$\$** OQAL, the Saudi angel group, invested in 18 Saudi startups in 2019, becoming the most active angel group by number of deals

# 8. 2019 Highlights



## Launch of bank for SMEs

Saudi Arabia plans to launch a bank for small and medium enterprises (SMEs) in cooperation with the World Bank, said Minister of Commerce and Investment Dr. Majid bin Abdullah al-Qasabi during his remarks during the ninth ministerial conference in Dammam.



## CMA grants equity crowdfunding license

The Capital Markets Authority (CMA) launched its Experimental FinTech Permit in 2018 and issued FALCOM Financial Services such a Financial Technology Experimental Permit (ExPermit) to create an equity crowdfunding platform in the Kingdom.



## VENTURE platform for VC & startup licenses

The Saudi Arabian General Investment Authority (SAGIA) has launched VENTURE by Invest Saudi, a new initiative aimed at attracting global venture capital firms to the Kingdom. The platform will also provide streamlined licensing procedures for both VCs and portfolio companies, an 'instant license' available in under 3 hours.



## GEN launches Saudi chapter, appoint CEO

The Global Entrepreneurship Network (GEN) has launched its GEN Saudi chapter, appointing Amal Dokhan as new Chief Executive Officer (CEO) in order to strengthen its presence in the Kingdom, as well as the establishment of a board.



## Misk Innovation launches 2 accelerators

Misk Innovation launched 2 accelerators: the "Misk 500 MENA Accelerator" with 500 Startups and "Misk Growth Accelerator" with Vision Ventures and Seedstars, providing world-class support to local, regional and international startups through growth-hacking techniques by international experts.



## Establishment of the SAVCPEA

Saudi Arabia has launched its Saudi Arabia Venture Capital and Private Equity Association (SAVCPEA) to enhance the private equity and venture capital sector and spur investments by implementing partnerships through workshops, trainings, and conferences about the industry.



## Endeavor Saudi experienced network growth

Endeavor Saudi experienced growth in the number of newly on-boarded entrepreneurs. By June 2019, three companies had joined the global network of high-impact entrepreneurs; Salasa, NiceOne and Whites, as well as Noon Academy in July.



## VC Unlocked came to Riyadh

500 Startups hosted its first edition of VC Unlocked: Saudi Arabia, which is a four-day training program for VCs and angel investors in the region who want to invest like Silicon Valley VCs. Participants worked with 500 Startups' investment partners and a professor from Stanford University to design their investment theses, with SVC as one of the key sponsors.

# 8. 2019 Highlights



## Misk and Hub71 sign partnership

Hub71 - Abu Dhabi's global tech ecosystem - signed a Memorandum of Understanding (MoU) with Misk Foundation that outlined steps towards creating a more dynamic market for startups between the United Arab Emirates and the Kingdom of Saudi Arabia.



## PIF invests \$400M in ex-Uber CEO

Travis Kalanick's new food start-up has taken \$400 million of funding from Saudi Arabia's Public Investment Fund. The financing valued the ex-Uber chief executive officer's CloudKitchens at about \$5 billion, according to a WSJ report, which said the deal was completed in January.



## Saudi Arabia launches AI Center

A royal decree was issued by King Salman for the construction of a new AI center in Saudi Arabia. The announcement for the AI center is in line with Saudi Arabia's commitment to modernize its economy by adopting state-of-the-art technology for the Kingdom's Vision 2030 objectives.



## Launch of first Hajj-focused accelerator

The Badir Program for Technology Incubators and Accelerators has launched the first business accelerator specialised in supporting and developing the works of entrepreneurs and projects participating in the recently-held Hajj Hackathon.



THE WORLD BANK

## Saudi Arabia improves business ranking

Saudi Arabia carried out a record number of business reforms in the past year, earning the country a spot in this year's top 10 global business climate improvers, according to the World Bank Group's Doing Business 2020 report, ranking 62nd globally in the report.



الهيئة العامة للاستثمار  
General Investment Authority

## SAGIA signs 18 new international VCs

The Saudi Arabian General Investment Authority (SAGIA) has announced its second batch of VENTURES, with 18 venture capital firms getting on board with the investment initiative. The companies represented several countries such as the US, UK and France.



## PIF launches \$1.07B FoF Jada

The Public Investment Fund of Saudi Arabia (PIF) the largest sovereign fund in the world with an assets amount estimated at \$320B, has announced its launch of a \$1.07B Fund of Funds that will be dedicated for the investment in both startups and SMEs, called 'Jada.'



## MCIT stimulates digital innovation

MCIT worked to establish a supportive environment for digital startups and provide easy access to cutting-edge technology through the launch of 7 tech areas, while also launching a SAR 1B startup fund with SDB to provide financing for entrepreneurs and digital projects, and creating its Technology Pioneers platform with 40 partners in 4 regions to match tech talent with entrepreneurs, which has already received 3,000 applications and aims to create 50 prototypes.

# 9. H1 2020 Upcoming Events

29-1  
JAN



 **BIBAN RIYADH**  
 biban.monshaat.gov.sa

Biban Riyadh focuses on creating the appropriate environment for existing SMEs to ensure their continuation and growth, while stimulating new enterprises into the market by encouraging entrepreneurs.

17-19  
FEB

 **SAUDI INTERNATIONAL EXHIBITION FOR INTERNET**

Saudi International Exhibition for Internet will exhibit new and innovative concepts, offering opportunities for tech entrepreneurs and business people to build partnerships with international firms.

25-26  
FEB

**MEFTECH**

25-26 February 2019  
Riyadh International Exhibition  
Centre, Kingdom of Saudi Arabia

 **MEFTECH 2020**  
 meftechksa.com

Top decision makers from government, banks, and large and small enterprises attend MefTech to discuss vibrant FinTech ecosystems, e-commerce and payment strategies.

8-10  
MAR



 **SAUDI IOT**  
 saudiiot.com/

Saudi IoT will bring together the tech leaders, innovators, visionaries, technocrats, tech giants on a single platform to promote the 'Digital Transformation' in the Kingdom of Saudi Arabia.

TBD  
MAR



 **STEP SAUDI**  
 saudi.stepconference.com

The last edition of STEP Saudi featured 4 content tracks, more than 100 startups, and 1,500+ attendees. Riyadh is STEP Saudi's home of the best entrepreneurs, creatives, and digital enthusiasts.

30-31  
MAR



 **GLOBAL ARTIFICIAL INTELLIGENCE SUMMIT**

The Global Artificial Intelligence Summit 2020 is the leading international forum to advance AI understanding and knowledge sharing among global AI experts.

# 10.

## About SVC



Saudi Venture Capital Company (SVC) is a Government Venture Capital (GVC) established in 2018, part of the Private Sector Stimulus (PSS). The entity aims to minimize current equity funding gaps for Startups by investing SAR 2.8 Billion (\$750 Million). The investments, which are made along with funds that invest in these companies, focus on innovation-focused startups that have the potential to achieve rapid growth and have an impact on the Saudi economy.

### Principles



Balance economic impact and financial success



Prioritize national mandate and focus on local investments



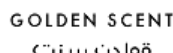
Sector agnostic and gap-oriented approach to develop the overall VC ecosystem



Minority stake in startups as per VC best-practices

### Co-Investment in Startups with our Partner Investors

Direct co-investment along with angel investors, venture capitalists, and sophisticated investors in Startups through matching (up to 1:1). This is to stimulate seed, early stage, and growth stage investments in startups.



### Investment in Funds

Investing in VC funds to catalyze venture capital investments and lower the barriers to entry for fund managers looking to operate in the VC market. This is done through a GP/LP structure, where SVC would be Limited Partner (LP).

### Funds:



### Some startups that these funds invested in:



# 11.

## About MAGNiTT

### MAGNiTT'S KEY STATS

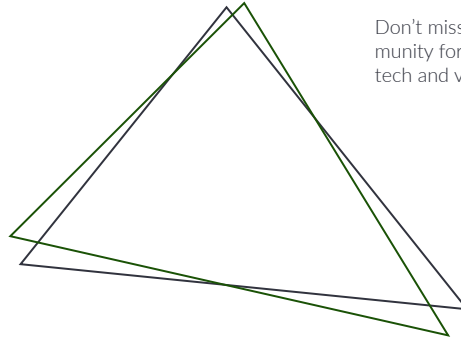
**12,700+**  
startups

**500+**  
investors

**40+**  
research reports

**300+**  
jobs

## MAGNiTT IS STRUCTURED AROUND 3 CORE PILLARS



### 01. COMMUNITY

Don't miss out! Join MENA's most engaged community for startups, investors and enablers in the tech and venture space across the region.

### 03. RESEARCH

The reference point! Empower your team with data-driven research reports on trends and insights on the tech ecosystem, as referenced by TechCrunch, Bloomberg and the FT.

### 02. DATA

Use data to drive decisions! Access the most in-depth and comprehensive database of startups, investors, funding rounds, and more, in MENA.



### COMMUNITY

**Ecosystem News:** Never miss out! Stay on the pulse, subscribe to our newsletters and follow us on social and WhatsApp for breaking news.

**Funding Applications:** Looking to raise capital? Use your MAGNiTT profile to apply directly to 60+ of MENA's leading investors.

**Startup Jobs:** Want to join a startup? Apply to MENA's leading startup roles directly through MAGNiTT.



### DATA

**Comprehensive Database:** Empower your decisions with data. Access over 40,000 data points directly through the platform.

**Startup Sourcing:** Find your match! Identify the companies that match your criteria and connect with the founders. You can even discover your competitors!

**Sell Yourself:** Have an innovation initiative to share? We make sure it gets in front of the audience that matters to you.



### RESEARCH

**Data-driven Reports:** We do the analysis, so you don't have to! Access our industry, geography and insights-driven reports from across MENA.

**Insights & Analytics Tools:** Want to customize our charts? Use our analytics tool to create charts and access data that matters to you.

**Subscription Plans:** Unlock the full potential of the platform! Check out our Enterprise solution that supports you with bespoke requests.



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