

“SEE-LAB enables the interaction between the various stakeholders to nurture a thriving entrepreneurship ecosystem in Saudi Arabia’s different regions.”

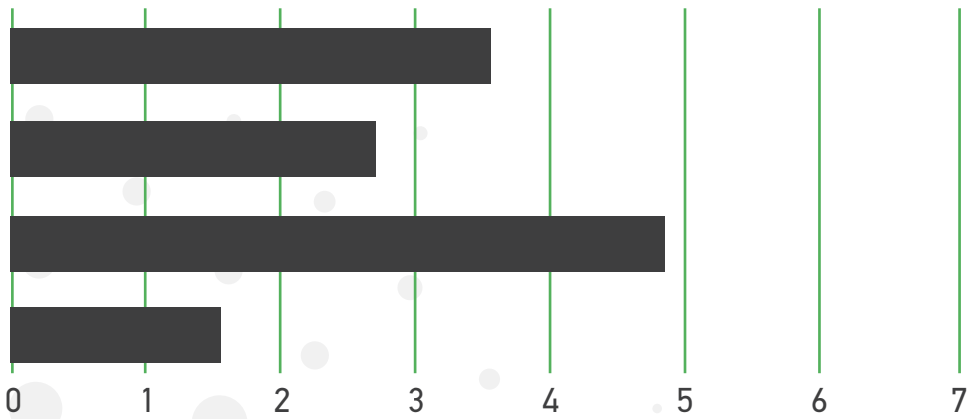
Special Issue- July 2018

Availability of Venture Capital

Survey results to the question, “In your country, how easy is it for start-up entrepreneurs with innovative but risky projects to obtain equity funding?”

Reference: The Global Competitiveness Report 2017-2018

Saudi Arabia’s score
 Median
 Range (Max)
 Range (Min)



Tips and Opinions



Khalid Suleimani



Loulwa Bakr

“VCs operate on three pillars: convertible notes, preferred shares, and deferred valuations. These financial instruments are not available yet to LLCs under Saudi commercial law. This will either force a foreign VC to decline investing in Saudi startups, or ask the startup to move to another jurisdiction that offers these instruments. These are the major roadblock stopping Saudi startups from receiving foreign funding and not the lack of interested funds.”

“Elite corporate Saudi Arabia and prominent regulatory bodies arrived to a realization that innovation is no longer a luxury, but rather an existential matter, and such innovation is readily available for acquisition in the startup economy. The various sandbox and incubation programs supported by leading corporates are paving the way for a new era of corporate dominance over the budding local venture capital industry”



Omar Almajdouie

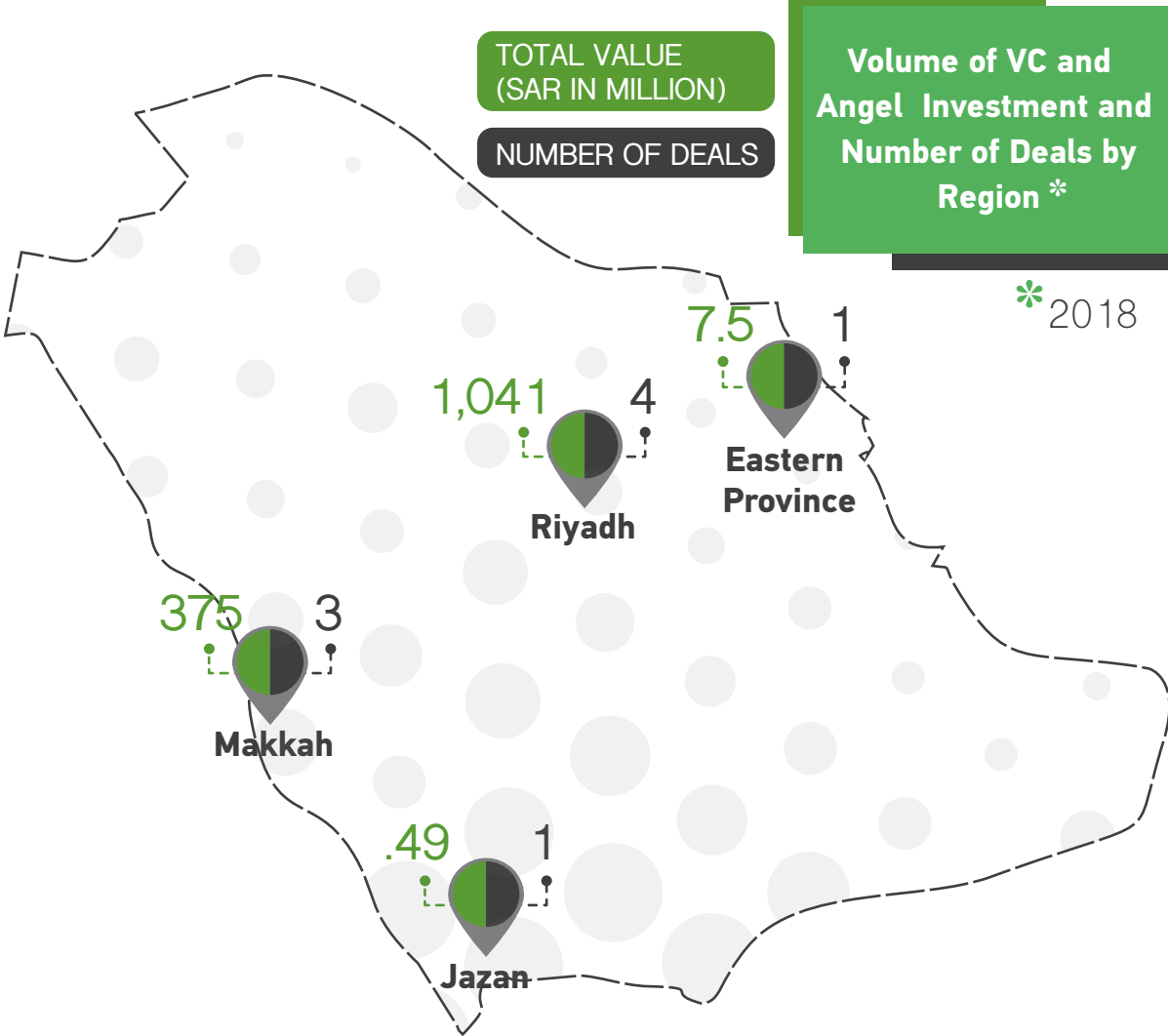


Farooq Aljeraisy

“Many traditional companies are complaining about weak demand in the markets. The fact is that demand is good and rising in general, but is shifting from the old to the new economy, led by innovative startups. This is not happening in all industries yet, but it’s a matter of time before we see all sectors affected by technological development. That’s because the proper technological applications can provide great improvements in efficiency and much better user experiences. There are many challenges, so smart entrepreneurs choose market sectors that are large and feasible with high levels of inefficiency so that they can use technology to create value for end users.”

“There are trade secrets and challenges in every industry. In the near future, the challenges of automating operations and processes will increase. Such challenges will be primarily be associated with the rapid growth in demand and shifts in consumer behavior. Savvy entrepreneurs are those who seize the opportunity to create innovative solutions that can integrate with the value-chain of established entities.”

Sponsors



Startup/Venture	Investors	Deal Value (SAR Million)	Region
Warsha Plus	Wadi Jeddah Venture	Undisclosed	Makkah
Uturn	France Five Capital Fund Webeida	375	Makkah
Salah	• Inspire Ventures • Raed Ventures • Vision Ventures • Direct Influence	Undisclosed	Makkah
Sure Int’l Technology	Riyadh Taqnia Capital	Undisclosed	Riyadh
Sayarah	BECO Capital	7.5	Riyadh
Telfaz 11	ST Ventures	33.75	Riyadh
Geidea	Gulf Captial	1000	Riyadh
B8akt	Riyadh Taqnia Capital	7.5	Eastern Province
Wael Lee	Angel Investment	.49	Jazan
Total based on disclosed deals	1,424.25(SAR Million)		

• All data were based on publicly disclosed information.

Trending Topics

The SME Authority developed the Government VC program built on partnering with private sector investors. The program will have three main deployment strategies:

- 1 Matching Seed Fund for early-stage SMEs
- 2 Micro VC program for pre-seed to series A stage SMEs
- 3 Matching Co-investment program for for Pre-PE stage SMEs

Entrepreneur-Investor Relationship

Measuring the Satisfaction of Saudi-based Entrepreneurs with the Investors

Methodolgy

In an attempt to measure the satisfaction of entrepreneurs with investors in Saudi Arabia, we implemented the Net Promtor Score tool (NPS) as a proxy indicator. Simply, we asked 10 founders/co-founders, who received either an angel investment or a fund, to rate their experiences with the investors on a scale from 1-10 (1= extremely dissatisfied; 10= extremely satisfied). The ratings of their satisfaction were based on their perception of the valuation process, and the level of commitment and value-add of the respective investors. The respondents are Saudi-based founders who received investments from Saudi-based angel investors or VC funds between 2016-2018.

Though a score of 30 is within the positive range, there is considerable area for improvement. Additionally, such a score has to be considered within the broader context of the entrepreneurship ecosystem and how it varies over time.

NPS
= 30



60%

Promoters (9-10): Founder/co-founders who have an outstanding experience with the investors and would spread positive words about them.



10%

Passives (7-8): Founders/co-founders who believe that overall the investment added value to their enterprise. However, they are not fully pleased with the investor’s level of commitment and value-add.



30%

Detractors (1-6): Founders/co-founders who are to a great extent, unhappy about the whole experience with the investors.

- It is very important to note that this is a high-level approach to get an indication of the nature of the entrepreneur-investor relationship in Saudi Arabia. It is not necessarily intended to provide a statistically significant conclusion.

Recommendation

It is recommended that the NPS measurement be used as a proxy indicator to measure the entrepreneur-investor relationship in Saudi Arabia. Such a measurement could be more meaningful when assessing changes over time. This year’s score could be used as a baseline.

Active Seed and VC Funds in Saudi Arabia

