

SME MONITOR

MONSHA'AT QUARTERLY REPORT Q4 2023

Inside this report:

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Jerry Inzerillo

CEO,
Diriyah Gate Development Authority



Saudi Arabia is remaking itself in more ways than one. The Kingdom's bold policymaking and visionary leadership have enabled it to transform its economy, empower society, and diversify away from oil at an unprecedented scale. This remarkable transformation is reinvesting the country's bountiful resources into smart initiatives, historic giga-projects, and people-centric policies that are helping to boost employment, open new sectors, and empower individuals. On the other side of this story is the incredible work being done each day by millions of entrepreneurs, startups, and SMEs that are dreaming up new ways to meet local and national needs through bold entrepreneurial solutions.

As one of the Kingdom's most exciting giga-projects, Diriyah Gate Development Authority (DGDA) is doing its part to drive national growth, and I am proud that it's featured prominently in Monsha'at's latest SME Monitor. Diriyah is a \$63.2 billion PIF-owned masterplan to transform the UNESCO World Heritage site into a global hub for culture, heritage, and tourism. Over the longer term, it aims to contribute \$18.6 billion to the Kingdom's GDP, creating over 178,000 jobs and positioning Saudi Arabia as a cultural and tourism hub.

As the latest SME Monitor shows, Diriyah is but one piece of a much greater puzzle. Thanks to tenacious non-oil economic growth that reached a remarkable 4.9% over the course of 2023, Saudi Arabia's private sector continued to surge forward in Q4, with the number of SMEs growing by 3.1% q-o-q to reach 1.3 million by the end of 2023. These may seem like simple numbers when written in black and white on the page, but they reflect a much more meaningful reality: the reforms put in place back in 2016 are bearing more fruit than even the most optimistic forecasters could have imagined a few short years ago.

For one, the female labor force participation rate has already significantly exceeded the Vision 2030 target of 30%, and now stands at a remarkable 37% after doubling in the span of six short years. Advances that elsewhere take decades, if not centuries, are being made in Saudi Arabia in a matter of years. I am proud to say that DGDA has played a small but vital part of this progress. For example, of our 2,000 staff, 85% are Saudi and 36% are women, many of whom are in senior managerial roles. Among SME owners nationwide, this figure is even greater. As previous Monsha'at reports have shown, women now account for 45% of SME owners in Saudi Arabia.

Secondly, we are committed to empowering the Kingdom's youth. With one of the youngest, best connected, and most discerning populations on the planet, Saudi Arabia cannot afford to neglect its greatest resource: its youth. For that reason, DGDA was proud to partner with Monsha'at to inaugurate the Diriyah Entrepreneurship Initiative (DEI), a key training and upskilling program for the next generation of Saudi entrepreneurs, which is also covered in this report. Together, our extensive support for skills and training for Saudi youth is preparing the next generation to continue the stewardship and celebration of Diriyah's history.

On the whole, Diriyah's holistic approach to sustainability is directly aligned with Vision 2030, Monsha'at, and the PIF's commitment to delivering a better future for everyone in Saudi Arabia. While we treasure the abiding support that each of our initiatives has received from every level of the public sector, we must also celebrate the millions of entrepreneurs and SMEs who wake up each morning with the grit and determination to turn their dreams into working business models. They are the people whose spirit and work ethic we salute in the latest SME Monitor.

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KEY SME INDICATORS

Robust public support and unprecedented private initiative continued to bolster SME growth in Saudi Arabia in Q4 2023, with the number of SMEs growing an impressive 3.1% q-o-q to more than 1.3 million across the Kingdom.



SME GROWTH SNAPSHOT

Driven by strong public investment, robust personal initiative, and the highest venture capital investments of any ecosystem in MENA, the number of SMEs in Saudi Arabia grew an impressive 3.1% in Q4 2023 to more than 1.3 million.



1.3 mn

SMEs in the Kingdom ¹



3.1%

increase on Q3 2023 ²



1.14 mn

micro-sized companies



150,788

small-sized companies



18,723

medium-sized companies ³



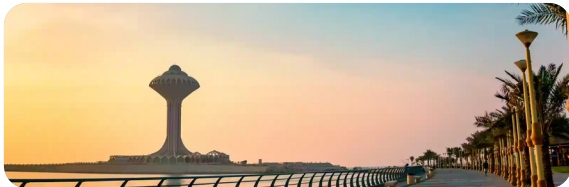
571,298

SMEs in Riyadh region



237,313

SMEs in Makkah region



140,132

SMEs in Eastern Province



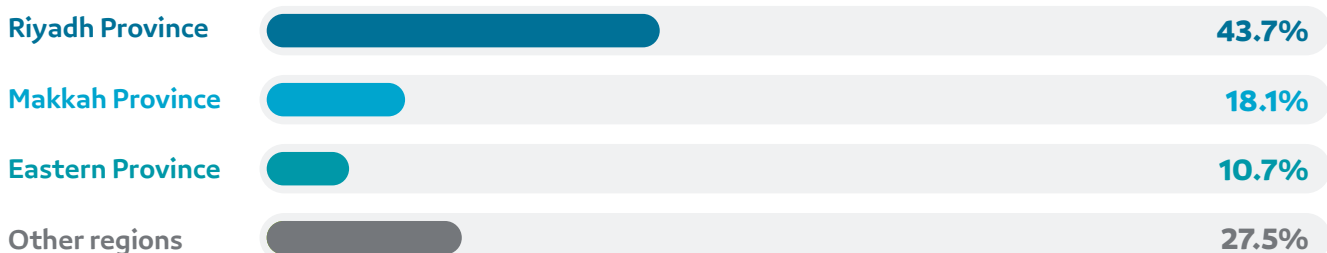
359,356

SMEs in other regions⁴



SME REGIONAL DISTRIBUTION, Q4 2023

Source: General Organization for Social Insurance (GOSI)



RIYADH EXPO 2030



Under the spirited leadership of the Royal Commission for Riyadh City (RCRC), the Saudi capital overcame intense competition from Rome, Italy and Busan, South Korea and was chosen to host the 2030 World Expo, the leading global exhibition held every five years to highlight progress and achievements and foster cooperation.

Selected by the Paris-based Bureau International des Expositions (BIE) to host the event, Riyadh Expo 2030 will take place between October 1, 2030 and March 31, 2031 under the theme, "The Era of Change: Together for a Foresighted Tomorrow." With participating entities from around the world, Riyadh Expo will focus on global policymaking interventions that boost international cooperation, sustainability, and inclusive prosperity.⁵

Expo 2030: Bringing Riyadh to the world



40 mn

expected site visits



\$7.8 bn

allocated for Riyadh Expo by government⁶



1 bn

expected metaverse visits



246

expected participants



6 mn m2

exhibition site in north Riyadh



\$343 mn

earmarked to facilitate participation of developing nations⁷

Focused on helping global policymakers imagine a different future, Riyadh Expo 2030 will be centered around three main themes.

- > **A Different Tomorrow:** Harnessing science and technology to forge a more sustainable future⁸
- > **Climate Action:** Securing global cooperation to reduce water scarcity, mitigate heat, build resistance to drought, and develop clean energy⁹
- > **Prosperity for All:** Addressing global inequalities through inclusive policies that boost health and prosperity for all¹⁰

Riyadh Expo 2030 is more than an opportunity to address global challenges. As a milestone year for the Kingdom, it will also be a key chance to share the story of Saudi Arabia's remarkable transformation amidst broader global changes.

- > **National Milestone:** 2030 caps a 15-year journey to develop a vibrant society, thriving economy, and ambitious nation as set out by Saudi Vision 2030
- > **Global Milestone:** Riyadh Expo 2030 is a perfect opportunity to reflect on progress made toward the UN's ambitious 2030 Sustainable Development Goals (SDG) and develop plans for future targets
- > **A Gateway to Future Decades:** As the bridge to a new era, 2030 marks a new epoch of global collaboration in which the Kingdom will play an increasingly important role

Opportunities for SMEs at Riyadh Expo 2030



To be housed in a strategic compound in the north of the Saudi capital, the six-month event will foster key knock-on opportunities for SMEs in the design, hospitality, transport, clean energy, and infrastructure sectors in particular.

SMEs across the ecosystem will also benefit from nearly \$1 trillion being invested in Riyadh over the next seven years, especially firms that prioritize sustainability, innovation, and creativity in sync with broader diversification efforts led by Vision 2030.

Sustainability and innovation: Key investments in Riyadh's future



\$92 bn

being invested to make Riyadh more sustainable by 2030¹¹



43 mn

trees planted in the capital under Saudi Green Initiative (SGI)¹²



94,000

hectares of degraded land have been rehabilitated¹³



176km-long

fully automated Riyadh Metro to facilitate transport to the Expo¹⁴



Previous expos have a rich history of empowering SMEs

Saudi Arabia can draw from a rich array of recent experiences of World Expo host cities empowering SMEs in the setup and implementation of their exhibitions.

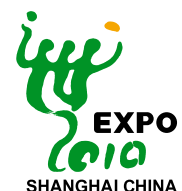
Dubai 2020: To enable its entrepreneurial ecosystem, Dubai Expo 2020 awarded a quarter of all expo-related contracts to SMEs, two-thirds of which were Emirati. By basing procurement processes on three principles - Simplicity, Transparency and Inclusivity - Dubai Expo was able to empower businesses of every size.



Milan 2015: To stimulate growth between European and global SME ecosystems, the Milan Expo held 382 business-to-business meetings for SMEs in a variety of sectors in the EU and ASEAN.²⁰ They discussed how to improve the business environment, provide SMEs with access to financing, and accelerate research and innovation in the following sectors.



Shanghai 2010: To strengthen local ecosystems, Shanghai Expo 2010 had a strong people-centered approach that empowered local businesses, included local residents, and created vast new business- and pedestrian-friendly areas across the city and region.





GAMING: **THE MAKING** **OF A GLOBAL** **MEGALITH**

Thanks to huge public investments over the past few years, Saudi Arabia is emerging as a global gaming and esports leader. With future investments worth nearly \$40 billion in the industry, the Kingdom is driving innovation, creating jobs, and building a global hub that will empower players, fans, investors, and gaming SMEs.



THE EVOLUTION OF GAMING AND THE RISE OF ESPORTS: SAUDI ARABIA'S STRATEGIC IMPACT

Gaming emerged as a key social activity in 1980 when 10,000 people took part in a Space Invaders competition. Donkey Kong, Street Fighter, Mortal Kombat, and Golden Eye soon followed. Within a decade of the launch of League of Legends in 2009, a multiplayer online battle arena, 100 million people were tuning in to watch its championship, making gaming one of the most popular - and profitable - activities on the planet.²²

Today, the industry is global and growing thanks in large part to Saudi Arabia's large base of gaming fans. With a global market worth \$180 billion per year,²³ the Kingdom vowed in 2022 to invest nearly \$40 billion in the sport.²⁴ This will drive innovation, create new jobs and gaming SMEs, boost tourism, and contribute over \$13 billion to Saudi GDP by 2030.²⁵

Esports in Saudi Arabia: A booming industry with significant investments



\$38 bn

Saudi investment in esports through PIF-owned Savvy Games Group²⁶



\$4.9 bn

PIF acquisition of leading esports developer Scopely²⁷



39,000

new jobs to be created in local gaming sector by 2030²⁸



250

local gaming companies to be created under PIF strategy²⁹



\$15 mn

record prize at Gamers8 Land of Heroes tournament³⁰



23.5 mn+

gaming enthusiasts, an untapped market for SMEs



\$13 bn+

in economic activity to be added to GDP by 2030



33+

areas of investment within the gaming & esports sector

National Gaming and Esports Strategy

To achieve its ambitious targets of becoming an undisputed global gaming leader, the Kingdom launched the National Gaming and Esports Strategy in 2022.

**NATIONAL
GAMING
& ESPORTS
STRATEGY**
تسراتيجية
قطاع الألعاب والرياضات الإلكترونية

86 initiatives to be executed by 20 different entities

- > **4** to develop tech & hardware
- > **13** to empower ecosystem for smart phone games & local intellectual property (IP)
- > **14** to develop talent & esports IP
- > **10** to make Saudi the streaming center of the Arab world
- > **6** to attract global companies & build local entities³¹

SAUDI ESPORTS FEDERATION (SEF): A HOLISTIC APPROACH TO GAMING



Founded in 2017 to empower the entire gaming ecosystem, the Saudi Esports Federation (SEF) was established to nurture young talent, guide investors, grow the industry, coordinate policy, and provide gamers with platforms to compete and socialize. As the chief regulator of one of the Kingdom's most wildly popular pastimes, SEF works in two streams.

- > **First stream:** Develop all levels of competitive gamers from grassroots to professional esports athletes
- > **Second stream:** Develop the entire esports value chain by catalyzing the industry and enabling talent ³²

SEF: Empowering gamers and building community through esports events



23.5 mn

passionate gamers in Saudi Arabia stand to benefit from SEF's initiatives ³³



\$10 mn

raised by SEF for charity at Gamers Without Borders event in Riyadh in April 2023 ³⁴



2.66 mn

visitors to Gamers8 event ³⁵



1.31 bn

viewership throughout Gamers8 event ³⁶



3.8 bn

impressions on Facebook for Gamers8 event ³⁷



190%

employee growth at SEF between 2017-2023 ³⁸

In addition to hosting international tournaments and events, SEF works with both the local private sector and international developers to attract investment and develop the Saudi market.

- > **Bandai Namco:** In November 2022, SEF signed an MoU with major Japanese gaming developer to collaborate on building out the Saudi esports industry ³⁹
- > **Mastercard:** SEF and Mastercard signed an MoU in January 2023 to accelerate Saudi's digital transformation and enhance its esports infrastructure ⁴⁰
- > **Afro-Arab Esports League:** In August 2023, HRH Prince Faisal bin Bandar bin Sultan, Chairman of SEF, launched the Afro-Arab Esports League in Riyadh to bring players together from 25 Arab and African nations ⁴¹
- > **KFC:** In September, SEF struck a partnership with Kentucky Fried Chicken (KFC) to nurture local esports talent and promote gender equality through training, a female gaming league, and a content creation program ⁴²

Saudi eLeague: Community through competition

SEF established the Saudi eLeague in 2020 to connect esports clubs across the Kingdom and discover and nurture players to compete at the national level. Now, it is the premier home for competitive gaming enthusiasts to watch Saudi's best talent showcase their skills across a plethora of key competitions throughout the year.

Showcasing top talent in competitive gaming

Rainbow Six Siege

\$107,000 prize pool at Saudi Esports Arena in March 2023

Rocket League

\$107,000 prize pool at Saudi Esports Arena in March 2023

PUBG Mobile

\$107,000 prize pool at Saudi Esports Arena in April 2023

League of Legends

\$40,000 prize pool at Saudi Esports Arena in May 2023

Overwatch

\$107,000 prize pool at Saudi Esports Arena in May 2023

Valorant

\$40,000 prize pool at Saudi Esports Arena in May 2023⁴³

Through partnerships with Savvy Games Group, Saudi Telecom Company (STC), and Mastercard, the eLeague has already empowered dozens of teams and hundreds of local players since its launch.

Empowering local players and teams



240
players⁴⁴



\$1.33 mn
total prize pool⁴⁵



32
teams⁴⁶



EVENT FOCUS: GAMERS8



Launched by the Saudi Esports Federation in 2022, Gamers8 became the world's largest gaming and esports event. An 8-week bonanza, the event gives gamers and related SMEs an opportunity to connect with global esports enthusiasts and upskill in game programming, sound and music, Roblox, and VR/AR through interactive workshops such as Game Dev Zone.⁴⁷ Hosted at Riyadh Boulevard, it offered the world's largest esports cash prize, attracting 1.4 million visitors in its first season and 2.5 million in its second.⁴⁸

Gamers8 impressive achievements



\$45 mn

total prize pool⁴⁹



2.5 mn

visitors at the 2023 event⁵⁰



1,000

events over the course of the festival⁵¹



40

zones dedicated to popular games and esports teams⁵²



30

competitions⁵³



\$15 mn

prize at the Riyadh Masters for Dota 2 competition⁵⁴



\$1 mn

prize for FIFA Nations Cup tournament⁵⁵

2024 Esports World Cup: Bringing the best in the gaming world to the Kingdom



To consolidate the Kingdom's role in championing the sport, HRH Crown Prince Muhammad bin Salman announced that Saudi Arabia will host the annual Esports World Cup from summer 2024 onward. It will replace Gamers8.

The anticipated Esports World Cup:

- > Further positions Saudi Arabia as the premier hub for esports
- > Rewards gaming passion of country's young majority
- > Drives summertime tourism
- > Supports growth and sustainability of players, clubs, and the sector
- > Builds on global success of Gamers8 festival in Riyadh⁵⁶
- > Largest prize pool in esports history⁵⁷

☆ SUCCESS STORY:

Yannick Theler

CEO,
Steer Studios



As one of the first international game development studios in Riyadh, how does Steer Studios contribute to the growth of Saudi Arabia's gaming sector and the broader goals of Vision 2030?

Steer Studios is committed to developing, producing, and commercializing games globally. As we are at the forefront of a new industry in the Kingdom, we wanted to focus on game development, whilst creating a source for new jobs by offering opportunities to young Saudi game developers.

Our goal is to have 50% of our game developers comprised of Saudi nationals, however we've identified a gap in training programs tailored around game development. To try and narrow this gap, we created the Elite Internship Program to train and enhance Saudi talent alongside experts in the field, with the eventual goal of hiring them.

Around 18 months later, we are now close to 80 game developers, around 50% of which are from Saudi Arabia, all working on developing games from scratch. This is how we are principally contributing to the Kingdom's growth, through providing job and training opportunities in an emerging industry.

In your experience, what is the biggest challenge SMEs face in the gaming market, and how can they navigate this?

The talent gap is the biggest challenge for SMEs in the gaming sector. There can be 40-50 different types of jobs in the production teams, so SMEs are facing a difficulty in onboarding people with the relevant experience and expertise. At Steer Studios, we are focusing on playing our part in upskilling the Kingdom's workforce by introducing new training programs. However, as an industry, I believe we

need to work with academic institutions to develop alumni who can both bridge this recruitment gap for SMEs and create opportunities for them to start their own companies within the sector.

How do you envision the future of both Steer Studios, and the gaming industry as a whole?

In the future, we are looking to collaborate with larger names in the industry, but also to work with local developers and IPs from the region. However, our first task - to be able to forge these partnerships - is to demonstrate what we can do with our own game iterations.

In terms of the gaming industry itself, generative AI is a rising trend, and definitely one to watch. It will aid the development of games, both in improving their quality and helping to create content. It will not replace the work of people, but instead accelerate and improve our processes.

What advice would you give to aspiring game developers and entrepreneurs looking to enter the gaming industry, especially those in Saudi Arabia?

I would advise those looking to enter the gaming industry to be constantly on the look-out for new opportunities, such as our internship program that will recommence next year. Staying informed around sector events is a valuable practice; in the case of Steer Studios, following our LinkedIn page is a good way to keep up to date. Developing a portfolio showcasing examples of their work is also a great way for aspiring developers to build their digital assets. Alongside developing expertise, gaming is made up of a lot of passion, too.

SAVVY GAMES GROUP: BUILDING A ROBUST SAUDI GAMING INDUSTRY

Launched in 2022, Savvy Games Group is a PIF-owned entity at the forefront of Saudi Arabia's efforts to drive the development of the global gaming industry by transforming the Kingdom into a leading gaming and esports hub. With \$37.9 billion at its disposal, it is nurturing a robust domestic ecosystem that fosters Saudi talent and creates new companies and gaming-focused SMEs.⁵⁸

An ecosystem in the making



\$37.9 bn
in allocated funds⁵⁹



\$533.3 mn
to grow early-stage
esport companies⁶⁰



250
new gaming companies
and studios in Saudi
Arabia by 2030⁶¹



39,000
jobs created by
2030⁶²



68%
of Saudis who game will
benefit from industry
growth⁶³

Partnerships to build a robust ecosystem

Savvy has established a series of partnerships and initiatives to empower the Saudi gaming industry and enable the next generation of creators, gamers, and esport innovators.



> **Nine66:** A Riyadh-based integrated support system providing infrastructure, skills development, network, capital and advisory services to game studios and developers around the world⁶⁴



> **Steer Studios:** A Riyadh-based international game development studio with 50+ employees that is dedicated to delivering groundbreaking gaming experiences⁶⁵



> **VOV Gaming:** A Riyadh-based network of gaming venues building world-class spaces around the Saudi capital where gamers can compete, connect, upskill, and network with other esport aficionados⁶⁶

☆ SUCCESS STORY:

Naif Mulaeb

Chairman & CEO,
PLAYHERA



PLAYHERA is a global gaming and esports platform enabling stakeholders from across the ecosystem to connect, compete, promote, recruit, and monetize. Calling Saudi Arabia its regional hub since 2022, it is building an environment for innovators, content creators, and esports amateurs through regional competitions and championships.

PLAYHERA is positioned as a holistic gateway to gaming and esports. What features differentiate it, and how have they contributed to its success within the esports community?

PLAYHERA is a major integrated destination for all esports players whose strong infrastructure has several interconnected pillars: PLAYHERA Max, PLAYHERA online store, the tournament system, a communication space provided by the platform, and two new features, the PLAYHERA digital wallet and live streaming. The platform's flexible and effective system enables players to benefit at every stage of electronic games. Indeed, the process of integrating every gaming platform into one easily accessible platform is one of our biggest success factors.

What challenges did PLAYHERA face in its initial years, and how did it overcome them to establish itself as a prominent player in the esports ecosystem?

Like any start-up, we faced many challenges, the most prominent of which was the dependence of the MENA gaming market on imports, steep global competition, and a local lack of experience and knowledge of available opportunities. MENA continued in this direction until the Kingdom launched its global National Gaming and Esports Strategy, which highlighted these new opportunities. The establishment of a special authority for esports will be very important for the growth and maturation of the sector.

To pull ahead, PLAYHERA expanded into multiple markets, including Japan and Indonesia, and registered its trademark in over 30 countries with the aim of further expansion in coming years. The company also cooperated with more than 80 esports influencers, launched 200 marketing campaigns, and signed important partnership agreements with a number of clubs, most notably Al-Hilal and Al-Shabab, in addition to sponsoring a number of prominent local esports clubs such as R8 and Twisted Minds.



How does the platform support emerging talents and aspiring esports professionals, and what opportunities does PLAYHERA create for individuals looking to enter the competitive gaming scene?

PLAYHERA is a meeting point for professional players and emerging talents. As a platform built by players for players, it represents a first step towards professionalism. Through a series of electronic tournaments, we give emerging talents the opportunity to participate in professional competitions, win financial prizes, receive public appreciation, and network with professional players, clubs, and related companies in the field. In recent years, PLAYHERA has represented many players in the esports community, the most prominent of which is FIFA's Abu Makkah, who recently won the Saudi e-Sports League title as a representative of the Al-Shabab Club.

What strategies is PLAYHERA implementing to expand its reach in the global gaming market?

PLAYHERA is pursuing many of the initiatives in the National Gaming and Esports Strategy by enhancing the role of technology in tournaments and investing in the sector. With the goal of reaching over 23.5 million fans in the Kingdom, we aim to help gaming contribute \$13 billion to GDP by 2030.

The gaming industry is rapidly evolving. How can SMEs and aspiring entrepreneurs navigate this ever-changing landscape?

Thanks to huge public support, the country is making great strides towards becoming a global esports hub by innovating, organizing, and developing intellectual property for esports events. Home to leading professionals and 30 games produced locally that are now among the top 300 globally, the opportunities for SMEs and gaming entrepreneurs are tremendous.



MONSHA'AT'S E-GAMING ACCELERATOR PROGRAM: A CASE IN CREATIVE DIVERSIFICATION

As gaming and animation gain popularity, game development as a hobby and career path are attracting interest from a diverse array of highly motivated individuals and businesses. To capitalize on this momentum, Monsha'at has launched its own e-gaming accelerator to empower local SMEs and entrepreneurs in the gaming and animation sectors.

Accelerator Program Objectives



Support technical advancements that enhance e-game creativity



Establish high growth companies in the gaming industry in line with Vision 2030



Increase awareness of gaming & animation sectors in the Kingdom



Create strong investment opportunities for SMEs in the industry⁶⁷

The program is supported by leading partners and entities in the industry



Saudi Esports Federation
to facilitate services



Savvy Games Group to
incentivize investment in
startups



InspireU (STC) to inspire
startups and facilitate
knowledge transfer



Nine66 to support with
marketing activities



STC Play to provide
knowledge support and select
the participating companies



SHFT to promote local and
international SMEs⁶⁸

To access the accelerator and learn more, please click [here](#).

David Fernandez Remesal

CEO,
Sandsoft Games



Founded in 2019, Sandsoft Games is a Riyadh-based global game developer that invests in studios and high-quality game experiences. It has a team of experienced professionals with a proven track record that are dedicated to delivering engaging and entertaining experiences to players in MENA and around the world.

What is Sandsoft's background, and what opportunities do you see in the Saudi gaming market, especially in the context of Vision 2030?

Sandsoft is a Saudi-owned and Saudi-based company founded in 2019 as part of the Ajlan & Bros Group's efforts to play a more significant role in the socio-economic diversification of the Kingdom's economy in alignment with Saudi Vision 2030. As a business, our ethos is to excel in mobile game development and publishing in order to create and invest in other top-notch gaming experiences and studios. While we are focused on global trends, developments, and growth as a company, we are even more committed to help in expanding the MENA market. In 2023, for example, we partnered with renowned US-based mobile games company, Jam City, to launch their popular title, DC Heroes and Villains.

Considering the appetite for games in Saudi Arabia, we see many opportunities to expand, especially given the government's robust support for quality development within the industry. As one of MENA's core gaming markets, the advantages of having a Saudi base are huge. Not only do we get to try and meet the large and discerning appetite of Saudi's large and curious youth population, we also get to use the Kingdom as a springboard for expansion into other exciting Arabic-speaking markets. In short, this is the perfect place to build and expand a global gaming brand.

Can you elaborate on the challenges there are in the gaming industry in Saudi Arabia, and what Sandsoft's strategy is to overcome them?

One of the challenges we still experience is in talent acquisition. Despite the quantity of passionate people in Saudi Arabia, this does not automatically translate into



having the right experience to run a professional gaming company, especially when it comes to game development. And when you do find talent in the industry, there is an intense level of competition for it. Gaming is a huge global business, but it often has considerably more consumers than producers. Overcoming this challenge is a question of making huge long-term investments in education.

That, for example, is why we developed our internship program, Press Start, which shows more and more promise with each cohort. Since we also have offices in Barcelona, Helsinki, and Shanghai, we are putting more efforts into knowledge-sharing exchange programs between each site. In addition to expanding our internal development capabilities, this also gives people important opportunities to learn and grow as individuals and not just employees.

What opportunities exist for developers to create games specific to the regional culture of the MENA market?

Sandsoft always considers the unique opportunities that are afforded by having a curious and educated Arabic-speaking audience. By working on games that are in Arabic from the beginning, we build up more engaged communities. In addition to forging stronger narratives, this also improves our ability to make role-playing games, which often have suboptimal performance in the region since they are translated or done in English.

To make even more progress, we must continue to have a more inclusive approach that makes every player feel represented. The best way to do this is by having a more diverse character roster, and by incorporating the rich history of this part of the world into our developmental DNA.

CENTER OF DIGITAL ENTREPRENEURSHIP (CODE): GETTING BRIGHT IDEAS OFF THE GROUND



The Center of Digital Entrepreneurship (CODE) was launched to further the growth and development of Saudi Arabia's dynamic young digital economy by upskilling startups and SMEs in the latest digital technology, hosting an incubator where innovative SMEs can experiment, and providing consultation and funding support to digital startups and SMEs.

Empowering the digital economy and fostering innovation in Saudi Arabia



Enable entrepreneurial culture



Increase adaption of new tech



Increase size of digital economy



Empower female participation



Steer digital investment opportunities to SMEs



Create new job opportunities & localize technology⁶⁹

CODE's ecosystem was built to meet the needs and expectations of digital startups by giving entrepreneurs the space and capacity to connect with a wide range of businesses, mentors, and investors that can help them launch and grow their SME.



538+

startups within CODE's network



95+

ecosystem partners



95+

programs



\$2.4+ mn

in program prizes



14+

innovation labs



210,000+

people reached⁷⁰

CODE has developed a wide range of programming to help Saudi digital entrepreneurs get bright ideas off the ground.

Developing Gaming Entrepreneurs Program

CODE launched this six-month training program to give entrepreneurs real-life experience developing video games with a leading gaming studio and publisher, UMX Studio.⁷¹

Game Changers Program

A one-year immersion in a fast-paced, collaborative environment where beneficiaries are mentored by veteran professionals. Selected teams advance to an incubator phase with launch support up to \$18,700.⁷²

GameFounders Program

The first global business accelerator for the gaming industry, GameFounders is a 6-month incubator that helps 100 Saudi entrepreneurs develop prototypes, demos, and pitch their business.⁷³

To apply, click [here](#)

☆ SUCCESS STORY:

Ali Alharbi

Founder & CEO,
UMX Studio



Founded as an independent game developer in 2014 by Ali Alharbi with the launch of “Climbing Sand Dune,” a car-racing game that achieved immediate success, UMX Studios is a growing Riyadh-based game developer with offices in Egypt and India whose exciting suite of games have already surpassed 70 million downloads.

What are the key milestones in the company’s history, and what contributed to its success?

UMX Studio started with a simple game that distinguished itself by developing a local character. It was a huge success, ranking first in 10 countries within a few days of its launch. Now we are the top revenue-generating company in 14 countries in racing games, with over 70 million downloads.

As for our success, starting amidst intense competition compelled us to really brainstorm for an idea capable of penetrating the market, which is when we hit upon car racing games. The revenue from this enabled us to financially support the company and employ over 70 staff, including developers in every gaming field. Attending international conferences and exchanging experiences with global firms was also key to our success. Lastly is our commitment to choosing a path and staying on it.

What is the significance of incorporating cultural elements into game development?

Since the beginning, we have focused on making our games difficult to replicate. This was one of the reasons for choosing an Arab character for the content we offer. It has helped us maintain our player base, improve our level, and expand our market share. Now that we have many players from outside the Arab region, we receive many requests from foreign players. Since some of them confuse the Kingdom with other Arab countries, we now write “Made in Saudi Arabia” on all our games.

How does the company contribute to the growth and development of the regional gaming ecosystem?

Achieving sustainability is one of the toughest aspects of the gaming industry because games, by nature, do not last long.



From the outset, we focused on avoiding factors that could lead us out of the market, which has helped the company to continue growing and achieving its goals.

We are also contributing to the local ecosystem through our training and hiring policies, which include engaging with local universities, designing training programs, and employing our own trainees. As a measure of our local outreach efforts, we collaborated with the National Cybersecurity Authority at a global event sponsored by Global Game Jam.

While the field today benefits from numerous government initiatives, this was not the case when we started. However, we are working on collaborating with all stakeholders in the field, including an upcoming partnership with a global company that will enable us to strengthen the gaming ecosystem in the Kingdom and empower new developers.

How does UMX Studios stay ahead of industry trends, and what role does innovation play in the company’s ongoing success?

We operate in a rapidly evolving field where changes occur remarkably often, which is why we always have prioritized innovation since launching in 2014. To achieve this, we rely on various mechanisms, including market analysis, player surveys, and keeping abreast of globally issued annual and quarterly reports in the gaming industry.

What advice would you give emerging studios and entrepreneurs looking to make their mark in the industry?

First, focus on the local market because it holds promising and plentiful opportunities. The rest I can summarize in three points: start small and study the market well; look for a unique idea; and continuously and realistically assess the market.



GAMING AND E-SPORTS FINANCING PROGRAM

Launched by the National Development Fund (NDF) in 2022, the Gaming and E-Sports Financing Program is a comprehensive effort in cooperation with the Saudi Esports Federation (SEF) and Ignite, a Social Development Bank-funded program for digital content creation, to develop the Saudi gaming sector by supporting entrepreneurs in the sector. It provides loans of up to \$12 million to companies developing gaming products.

Supporting local SMEs in digital content, gaming development, and esports



\$80 mn
fund to develop
local talent,
entrepreneurs,
and SMEs⁷⁴



\$12 mn
funding ceiling
for successful
ventures⁷⁵



8-year
maximum loan
duration⁷⁶



1st
of several NDF
efforts to
develop local
gaming industry⁷⁷

Beneficiaries and target audience



Entrepreneurs in the gaming
and esports sectors



Existing companies in the gaming
and esports sectors⁷⁸

To apply for the program, please click [here](#).

Ignite: A crucial partner for gaming and digital growth

Ignite!

Developing the gaming industry is central to Vision 2030's efforts to diversify the Saudi economy. That is why the Gaming and E-sports Financing Program has the full backing of Ignite, an ambitious initiative launched in 2022 to develop Saudi Arabia's domestic gaming industry and digital content ecosystem through training programs that will upskill thousands of people in the coming years.



\$1.1 bn
initiative to boost
local digital content
creation⁷⁹



300%
growth in Saudi digital
content market
targeted⁸⁰



4,400
beneficiaries to be
upskilled in gaming,
filmmaking, and digital
ads⁸¹



RIYADH AND DIRIYAH: A COMMERCIAL AWAKENING IN THE ANCIENT HEART OF RIYADH

Riyadh is spearheading the transformation of the thriving Saudi economy, at the core of which are two ambitious giga-projects, Diriyah and Qiddiya. Diriyah, for its part, holds a special significance as the ancient city that witnessed the birth of the modern Saudi state. Its development is revitalizing the Saudi capital and driving the transformative efforts of Vision 2030 to diversify the economy, empower entrepreneurs, and remake Saudi society.



RIYADH: AN ECONOMIC POWERHOUSE WHERE SMES PROSPER

Riyadh has rapidly become one of the leading places to do business in all of MENA. It is the heart and soul of Saudi Arabia's efforts to diversify its economy, grow the private sector, empower entrepreneurs and SMEs, and become one of the country's most successful cities.



8.8 mn

population⁸⁴



571,298

SMEs in Riyadh by the end of 2023⁸⁵



3+ mn

employed in SMEs in Riyadh
by the end of 2023⁸⁶



50%

of Saudi non-oil GDP⁸⁷



\$17.9 bn

in deals struck at Riyadh's 2023
Future Investment Initiative (FII)⁸⁸



\$7.8 bn

earmarked for Riyadh Expo 2030⁸⁹



40%

of Saudi's active factories⁹⁰

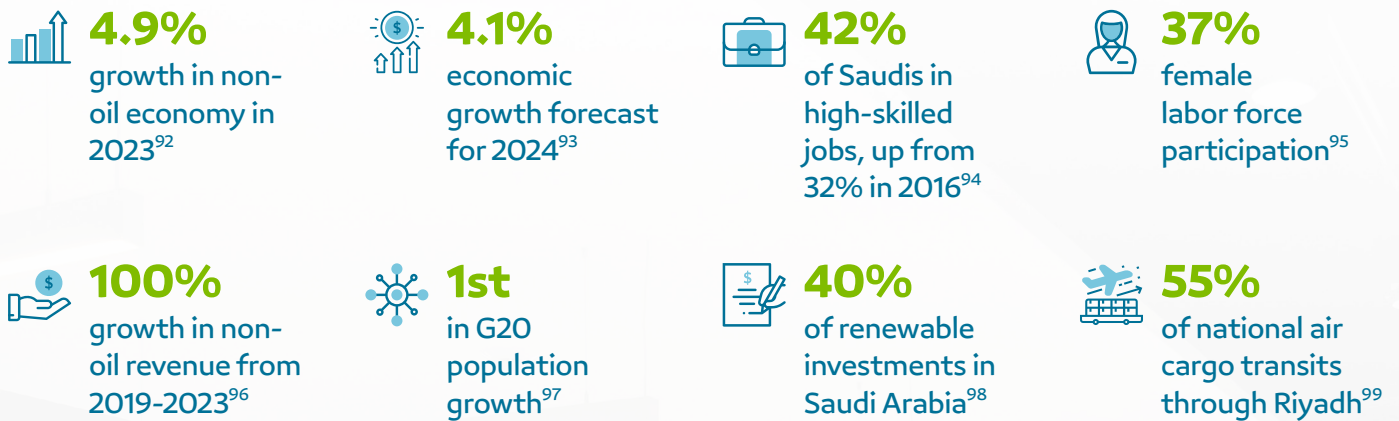
Sectors poised for SME growth

Efforts to double the city's population by 2030 will help SMEs across a range of dynamic sectors benefit from huge investments to improve infrastructure, increase housing, education, and healthcare, and outfit Riyadh with the best amenities and services.

- > ICT
- > Transport & logistics
- > Finance & insurance
- > Healthcare & education
- > Construction & real estate
- > Culture & entertainment
- > Tourism
- > Industrial manufacturing⁹¹

Strong fundamentals for SME growth

Poised at the social, political, economic, and geographic heart of the Kingdom, Riyadh-based SMEs stand to benefit the most from Saudi Arabia's huge uptick in non-oil economic growth, female labor rate participation, and status as a booming logistics and transport hub.



Regional Headquarters Program (RHG): A magnet for better businesses

To secure Riyadh's place as a leading economic hub, the Regional Headquarters Program (RHQ) is offering international companies huge incentives to locate their regional headquarters to Saudi Arabia. To attract thousands of highly skilled professionals, the knock-on effects for SMEs in every sector will be considerable.



A BREAKDOWN OF SMES IN RIYADH

Riyadh continued to lead the Kingdom in both the total amount and relative expansion of SMEs in Saudi Arabia in Q4 2023 with more than 500,000 SMEs, 89% of which are micro-sized enterprises with fewer than 10 employees.



571,298
total SMEs¹⁰⁵



98.6%
of SMEs in the province
are small or micro-sized¹⁰⁶



Highest number
of SMEs by region in Saudi Arabia¹⁰⁷



509,235
micro-sized businesses
(89.1%)¹⁰⁸



53,894
small-sized businesses
(9.4%)¹⁰⁹



8,169
medium-sized businesses
(1.4%)¹¹⁰



DIRIYAH: A CULTURAL AND COMMERCIAL HUB

First founded in 1446 AD, the ancient site of Diriyah, located 20km northwest of Riyadh, is rapidly being transformed from a strategic oasis that gave rise to the first Saudi state into one of the city's most dynamic commercial districts.

Strategically located on the banks of Wadi Hanifah, extensive renovations and comprehensive investments have turned Diriyah into a leading cultural, culinary, and commercial hub with growing opportunities for a wide range of SMEs.

Diriyah: From strategic oasis to cultural hub

- > At-Turaif UNESCO World Heritage Site
- > JAX District
- > Diriyah Biennale
- > Seasonal events & folk performances
- > World-class dining and F&B
- > Historic buildings & ancient heritage Oil & Gas
- > Luxury accommodation
- > Arts, markets, and retail¹¹¹

Culture & history

After the remarkable 18th century At-Turaif Fort was designated as a UNESCO World Heritage Site in 2010, plans were made to redevelop Diriyah into a leading lifestyle and culture destination.

Evoking the region's stunning Najdi architecture, Diriyah offers some of Riyadh's most compelling dining, accommodation, and retail options, creating the capital's premier walkable sustainable space for both residents and visitors.

A premier lifestyle destination



\$10 bn
investment¹¹²



100+
restaurants¹¹³



40+
hotels¹¹⁴



14 sq km
site¹¹⁵



5,000 sqm
Salwa Palace¹¹⁶



100,000+
residents¹¹⁷



50+ mn
annual visits¹¹⁸



10+
iconic landmarks¹¹⁹

DIRIYAH ENTREPRENEURSHIP INITIATIVE (DEI)



In October 2023, Monsha'at teamed up with the Diriyah Gate Development Authority (DGDA) to hold the Diriyah Entrepreneurship Initiative (DEI). DEI equipped local entrepreneurs with the necessary skills to preserve Diriyah's unique cultural heritage by fostering strong businesses in hospitality, tourism, retail, culture, and the arts.

In addition to familiarizing entrepreneurs with Diriyah's business environment, participants also benefitted from Monsha'at's long-term support mechanisms.¹²⁰



Interactive entrepreneurship sessions



12-week Accelerator Program



Content review



Nawafth advisory services



Mazaya accelerator service

DEI was designed for every skill level, from budding high school and university entrepreneurs to seasoned professionals and business owners. It consisted of two tracks.

First Track: Diriyah Entrepreneurial Sessions

In addition to workshops and events to meet industry experts, these sessions include insights into Diriyah's business landscape and how to begin operations.

- > **Session 1:** Integrating Cultural Sustainability in Venture Capital for Positive Social Impact
- > **Session 2:** The Role of Cultural Innovation in the Future of Entrepreneurship in Diriyah
- > **Session 3:** Unleashing the Power of Heritage and Community Knowledge in Sustainable Business Success¹²¹

Entrepreneurship Sessions in numbers



433
signups



163
in-person attendees



159
participants have an active business¹²²

Second Track: Accelerator Program

Tailored for entrepreneurs & businesses in Diriyah, this bootcamp and accelerator program helps entrepreneurs launch businesses in hospitality, tourism, retail, and culture & arts.¹²³

- > **3-day pre-Accelerator bootcamp:** After workshops on Visions of Diriyah, the art of storytelling, business modelling, pivoting, and pitching, participants pitch ideas to a 7-member committee of experts.
- > **12-week Accelerator Program:** In-depth consultation in sector-specific strategy development; improved business models, and innovative growth techniques.

Bootcamp participation in numbers



Accelerator Program participation in numbers



To learn more about the initiative, please click [here](#)

☆ SUCCESS STORY:

Muhammad Bin Jdeed

Founder & Owner,
Kharazah



Founded in 2016, Kharazah is a Riyadh-based leather and handmade footwear company committed to offering consumers Saudi-made products inspired by classic designs and signature hand-stitching. Offering a variety of Saudi-inspired leather footwear products, Kharazah has five retail locations and manufactures all its products locally.

Since getting your start in 2016, how has the landscape for local businesses evolved in Diriyah?

Since the launch of Kharazah in 2016, we wanted to build a brand that would achieve growth and expansion by making classic Saudi sandals. Since then, we have witnessed many positive transformations. We started with a small factory and a single showroom in Diriyah in 2017. Today, and after more than eight years of continuous work, we have an integrated factory for producing, finishing, and coloring leather in Riyadh spanning 3,000 square meters, along with five showrooms in various areas of Riyadh. The launch of Diriyah Gate has also completely changed the scene, leading to the flourishing of many businesses and economic activities.

What are some of the challenges you faced when founding Kharazah, and how did you navigate them to build a successful business?

The challenges we encountered in the beginning were either business or manufacturing related. The business challenge was entering large markets in Riyadh and competing with larger companies, most of whose products were international brands. Meanwhile, our manufacturing challenge was a lack of locally processed leather. Despite being globally renowned for its quality, local leather was exported only after tanning, then re-imported after being processed abroad at much higher prices. We decided to tackle this problem by fully processing it ourselves.

At the end of the day, our success has been due to three things: our commitment to heritage and culture, keeping up with modern technologies, and our continuous focus on sustainability. We now have, among our five branches, three branches in commercial centers, while our customer base has expanded to over 100,000 clients. We also do business with important entities and for big events. Furthermore, our leather processing production line will launch in April 2024.



How does Kharazah represent the cultural identity of Diriyah through traditional Saudi sandals?

Diriyah inspired us because of its symbolism and historical value. The Saudi national attire deserves to be celebrated by using the best available materials and technologies. The production of classic Saudi sandals used to be informal, and we consider ourselves the first to aim to establish a major brand in this field. Now we're seeing a great demand from Saudi youth for this product, in addition to many orders from GCC countries. We take pride in our role of representing our national cultural identity.

How have government support programs for SMEs impacted your development?

Government initiatives have provided us with everything necessary for success and growth. One such example is Kafalah, a loan guarantee program, which has greatly facilitated access to financing solutions for SMEs. Monsha'at in particular has contributed through its legal and financial consultations, financing solutions, training opportunities, and knowledge exchanges. Thanks to initiatives like Tomoh, we are confident in achieving our goal of having 40 franchised branches by 2030.

What advice would you give aspiring entrepreneurs considering starting their own venture in Diriyah?

Today, the Kingdom is witnessing rapid growth, and in a highly competitive market, anyone wishing to enter must find a unique idea that will provide added value. If they are capable of continuous innovation and development in the face of challenges and setbacks, the opportunities will be very promising. They just need to get off to the right start and be patient.

EVENT FOCUS: DIRIYAH CONTEMPORARY ART BIENNALE



Under the theme 'After Rain,' the 2024 Diriyah Contemporary Art Biennale will highlight the importance of water to all life on earth through a series of live performances, sound and research-based practices, and digital forms that focus on the interconnected aspect of all organic life. The artistic event of the season, it is the premier networking opportunity for artists, collectors, investors, and art-focused SMEs and entrepreneurs.

Curated by the globally renowned artist Ute Meta Bauer, Diriyah's second-annual biennale will be held from February 20 to May 24, 2024, and feature artists and interactive installations from around the world.

A global celebration of art and life



2nd

season of
world-class
offerings



92

artists¹²⁶



43

countries¹²⁷



30

artists from
the Gulf¹²⁸



100,000+

unique visitors at
previous biennale¹²⁹



100s

of buying opportunities for artists,
collectors, and investors

Shared environs: Over three months, the 2024 biennale will be a collaborative, interactive event that focuses on how human and artistic collaboration can address major themes of environmental history and coexistence.

Interactive features & outcomes

- > Communal-based food events
- > Enriching creative hub experience
- > Forging communal dialogues
- > Personal interaction & collaboration
- > Addressing environmental concerns
- > Special exhibition on Saudi futurism

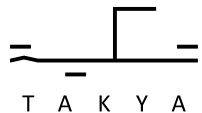
Jax District: With an intimate focus on the fragile relationship between water and civilization, the 2024 biennale will be partially held in the Jax District, a new creative hub designed to support and grow the local arts ecosystem by giving local and international artists a permanent place to live, work, and collaborate.

A creative hub for artists at the 2024 biennale

- > Exhibition spaces
- > Galleries
- > Art fairs
- > Studios
- > Workshops
- > Festival platforms

Hadeel Almotawa

Founder,
Takya restaurant



Opening its Diriyah location in 2023, Takya is a Saudi fusion restaurant located in Bujairi Terrace near the UNESCO World Heritage Site of At-Turaif. Co-founded by sisters Hadeel and Hissah Al Motawa along with Nada Al Qasabi, its diverse menu offers a contemporary reinterpretation of some of Saudi Arabia's famous traditional dishes.

As the founder of Takya, can you share the inspiration behind starting the restaurant and your vision for introducing contemporary interpretations of Saudi cuisine?

Takya was inspired by two main factors. Firstly, my personal love for food – as a foodie by nature, the idea began taking shape around 2016. I noticed that despite Riyadh's vibrant culinary scene with modern international restaurants, Saudi cuisine lacked innovation and modernization. This realization sparked the concept for Takya.

Secondly, food is a fascinating medium for cultural exchange. We're familiar with cuisines from China or Japan for example, even without visiting those countries. I wanted Saudi food to cross borders and to introduce our culture globally. Takya was born from my love for Saudi cuisine and the desire to test whether our flavors would resonate with international palates and potentially expand beyond Saudi Arabia.

Takya started its operations in 2019. Could you share insights into how the culinary landscape in Riyadh has transformed since then?

When Takya was in its ideation phase, Riyadh had a limited selection of upper casual to fine dining restaurants; people often preferred dining at home. At that time, the majority of restaurants were fast-food joints or traditional Saudi kitchens. Since 2019, there's been a significant shift. We've seen an explosion of local culinary concepts and the arrival of prestigious global franchises. The transformation we witnessed across the years is unparalleled globally in terms of both quantity and quality of restaurants.

Why did you choose Diriyah as the location for Takya, and how has this decision influenced the restaurant?



Diriyah was a deliberate choice. In the early stages of Takya back in 2019, we had the honor to work with giants in the industry, collaborating with catering businesses with over 20 years of experience for a royal gala dinner, hosted by the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud, in Diriyah.

Given that the Kingdom's history originates from Diriyah, it felt natural for Takya to root itself there. We made a bold decision to relocate our flagship restaurant to align with this story. Takya embodies the Saudi story – authentic and deeply connected to our roots, yet modern, mirroring the sophisticated Saudi citizen.

As an entrepreneur, do you see yourself inspiring young entrepreneurs, and what advice could you offer them to succeed in the competitive culinary landscape?

I've always been open to mentoring and advising budding entrepreneurs and we're contributing a lot to NGO participation, particularly in supporting entrepreneurs. Previously, I worked closely within the tech entrepreneur ecosystem, which is relevant given technology's ubiquitous role today. My support spans from business modeling to market penetration strategies, applicable to various industries, including culinary and hospitality. Although my focus is on F&B operations, I'm always ready to assist anyone in this field.

The F&B industry has rapidly evolved from novice to expert levels in just four years, making it fiercely competitive. My advice is to thoroughly understand the market and customer base. Benchmarking and consulting with experts are crucial before making any investment. In today's market, careful planning and strategic thinking are keys to success.

EVENT FOCUS: DIRIYAH SEASON

Opened in December 2023, Diriyah Season will last until Ramadan in March 2024 and features hundreds of world-class events highlighting the uniqueness and charm of Saudi culture from the historic heart of the Kingdom.

Diriyah Season is the perfect opportunity for culture, tourism, and F&B-focused SMEs to network, exchange knowledge, and forge new business ties, not to mention interact with one of the most important markets in the world: the discerning Saudi consumer.



3-month

calendar of world-class programming



178,000

local jobs to be generated¹³⁰



1 mn

visitors¹³¹



300 years

of music, food, and storytelling on display¹³²



5

world-class spaces¹³³

Five spaces: The rich array of events will be held across five spaces that embody Saudi history and culture.

Wadi Safar

**At-Turaif UNESCO
World Heritage site**

Bujairi Terrace

Mayadeen Theater

Diriyah District

Cultural cornucopia: With a special focus on Riyadh's centuries-old cultural heritage, Diriyah Season offers the best of local culture and arts in addition to a rich offering of international concerts and cuisines.



Art, design & architecture



Heritage farms



Theatre & poetry



Calligraphy



Cuisine



Concerts



Tents



Equestrian shows & horse-riding



Dance



Camping & stargazing



MONSHA'AT & ECOSYSTEM UPDATES

A breakdown of the latest updates within the
SME ecosystem.



MONSHA'AT'S ATLAS PORTAL: OPENING DOORS THROUGH BETTER DATA

أطلس الأعمال
Business Atlas

منشآت
monsha'at
الهيئة العامة للمنشآت الصغيرة والمتوسطة
Small & Medium Enterprises General Authority

Monsha'at launched its Atlas Program in 2021 to help businesses navigate the Saudi market by providing them with diverse, reliable, historical, and up-to-date data that helps them make better business decisions. Free and easy to navigate, beneficiaries gain access to Arabic and English-language interactive maps and reports designed specifically to help them grow their business.

Sector-based indicators: The Atlas contains key data for SMEs on the number and nature of enterprises, licenses, employees, and points of sale for every important sector in Saudi Arabia.

Regional indicators: The Atlas features key data on regional demographics, educational levels, income & expenditure, employment, and more for the entire Kingdom.

Product-based indicators: The Atlas gives beneficiaries access to key data on imports, exports, and consumer and wholesale prices for a wide variety of important products.

Beneficiary groups

Monsha'at is committed to enabling individuals and firms of all sizes, backgrounds, and sectors as they launch or expand their business in the Kingdom.



SMEs interested
in starting new
business activities
or expanding
operations



Entrepreneurs
looking to start new
ventures or expand
existing companies



Individuals
interested in
launching business
activities in Saudi
Arabia¹³⁴

To see how you can benefit from Monsha'at's Atlas service, click [here](#).



MONSHA'AT KEY FIGURES

Hundreds of thousands of entrepreneurs and SMEs continued to benefit from Monsha'at's diverse range of support centers and upskilling programs in 2023, helping create a more helpful, resilient, and mature ecosystem across the Kingdom, one better business at a time.



33,000+

SMEs benefited from Monsha'at's SMEs Support Centers in 2023

To learn more, please [click here](#)



130,000+

trainees benefited from Monsha'at Academy in 2023

To learn more, please [click here](#)



6,773

SMEs qualified for Monsha'at's Jadeer service in 2023

To learn more, please [click here](#)



272,000+

beneficiaries benefitted from the Mazaya platform in 2023

To learn more, please [click here](#)



9,350+

beneficiaries benefitted from Thakaa Centers in 2023

To learn more, please [click here](#)



300

franchise brands listed on the Franchise Center's platform

To learn more, please [click here](#)



1,127

SMEs joined the Tomoh program in 2023

To learn more, please [click here](#)



8

SMEs have been listed in the parallel market "Nomu" through the Tomoh program in 2023¹³⁵





QUARTERLY VC FUNDING

Thanks to continued support from public and private initiatives, Saudi Arabia became the leading recipient of venture capital (VC) funding in MENA for the first time in 2023. Crossing the \$1 billion mark for the second year in a row, Saudi-based startups raised an eye-watering \$1.38 billion that year. With one of the most dynamic economies in the world, the Kingdom's robust VC growth is a clear sign that smart policies are propelling the country's booming startup and SME ecosystems to new heights.

Saudi Arabia surges ahead of the pack in VC funding



1st

time Saudi Arabia leads all VC funding in MENA¹³⁶



\$1.38 bn

raised in 2023 by Saudi based startups¹³⁷



86%

compound annual growth rate in VC funding in the Kingdom from 2019 to 2023¹³⁸



52%

of all VC deployed in MENA in Saudi Arabia in 2023¹³⁹



33%

growth in annual VC funding in 2023¹⁴⁰



\$879 mn

raised across four megadeals in 2023¹⁴¹



\$12.8 mn

the average size of deal in 2023¹⁴²



114

investors backed Saudi-based startups in 2023¹⁴³



9

M&A transactions in the Kingdom in 2023¹⁴⁴



125

deals in 2023 for the second-most transactions in MENA¹⁴⁵

Funding by sector

Led by two mega-deals, a series C for Tamara that raised \$340 million and a series D for Tabby worth \$250 million, FinTech accounted for around half of all VC funding in 2023.¹⁴⁶ Followed by three e-commerce deals worth a collective \$339 million, these were proof of global investors' abiding confidence in the Saudi startup ecosystem.

\$52 mn

enterprise software

\$428 mn

in E-commerce & retail

\$704 mn

in FinTech

\$50 mn

in Edtech

\$30 mn

in Healthcare

VC INSIGHT:

Philip Bahoshy

Founder & CEO, MAGNiTT

MAGNiTT

MAGNiTT is the leading venture capital data platform in the MEAPT, enabling investors, corporations, companies, and government entities to make informed and data-driven decisions based on verified information.



In a historic milestone, Saudi Arabia outpaced its MENA counterparts in annual venture funding, recording an impressive 33% year-on-year increase despite a 23% decline in funding across the region. Marking five consecutive years of expansion, this solidifies its status as a regional leader in the venture capital space.

On the one hand, investment-friendly public policies have been key in influencing regional startups to choose the Kingdom as their base. On the other, significant deals at Tabby, Tamara, Nana, and Floward have propelled fintech and e-commerce to the forefront, which saw 170% y-o-y funding growth.

Saudi-based investors are also contributing to the country's thriving ecosystem, comprising 57% of investors in 2023. The Kingdom's ability to attract local investors and sustain growth in key sectors positions it as a formidable force in the MENA venture capital landscape.

PRIVATE SECTOR SME FINANCING

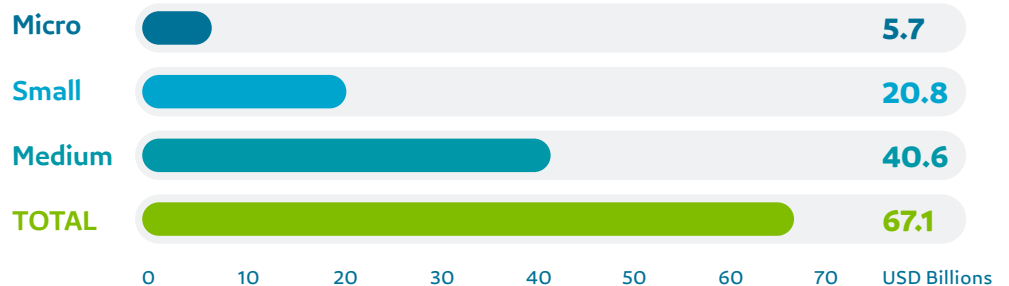
As per the latest data from the Saudi Central Bank (SAMA), total credit facilities allocated to SMEs by the private sector increased by 17.8% y-o-y, from \$60.8 billion in Q3 2022 to \$71.6 billion in Q3 2023. Spurred by robust lending from banks and finance companies, these figures are a clear sign of the private sector's continued confidence in Saudi SMEs. Medium-sized enterprises (50-249 employees) remained the greatest beneficiaries with 59% of total lending.



18.4%

y-o-y increase in SME financing provided by banks in Q3 2023¹⁴⁷

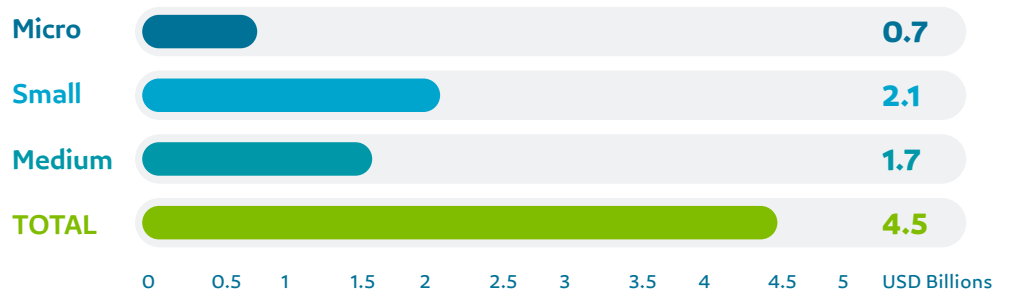
Credit facilities provided to SMEs by banks, Q3 2023 Y-O-Y



9.5%

y-o-y increase in SME financing provided by finance companies in Q3 2023¹⁴⁸

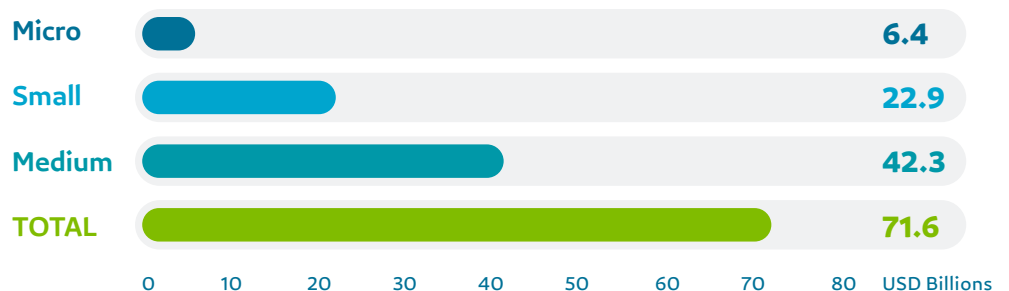
Credit facilities provided to SMEs by finance companies, Q3 2023 Y-O-Y



17.8%

y-o-y increase in total credit facilities provided to SMEs in Q3 2023¹⁴⁹

Total credit facilities provided to SMEs, Q3 2023 Y-O-Y



FUNDING AWARENESS SERIES

As part of its efforts to keep SMEs up to speed on the latest opportunities, the SME Monitor now features a quarterly Funding Awareness Series to update entrepreneurs on aspects of how to obtain the right financing to start, sustain, or grow their business.

Identifying funding needs

To better understand when to seek financing, SMEs should identify their long-term financing needs and how to meet them.

- > Build a financial plan that includes future forecasts, expenses, and sales
- > Develop a time-weighted cash flow statement that matures with each loan disbursement and income adjustment
- > Conduct a feasibility study and identify liquidity requirements on a three and six-month basis
- > Apply for financing with relevant entities before making business expenditures

How much funding does your business need?



Identify cash-flow requirements before securing financing



Identify size of financial need until enterprise can break even or turn a profit



Add cost of loan to cash-flow forecast

Funding options

To raise financing, some firms sell equity, i.e., an ownership stake, in their company to institutional investors. There are several kinds of investment financing available.

Angel investors

In addition to high liquidity and a great familiarity with financing start-ups, angel investors have leadership experience in consulting, management, and guidance.

Venture capital (VC) funds

- > These consist of multiple investors who collectively invest in SMEs with a high probability of success
- > Unlike angel investors, which do not have intermediaries, VC funds are intermediaries between SMEs and investors
- > VC funds provide a larger amount of funding than angel investors
- > VC funds are more risk-averse, making them harder to secure funding from



ABOUT MONSHA'AT

Established in 2016, the General Authority for Small and Medium Enterprises' (Monsha'at) chief objective is to organize, support, develop, and sponsor the SME sector in accordance with best global practices.

Monsha'at deploys a wide range of initiatives that directly speak to the challenges that SMEs face in the market, with assistance being further broken down by company size and type. In addition to providing firms with critical administrative, technical, and financial support, Monsha'at also assists SMEs with marketing and human resources.

Vision



To transform the Small and Medium Enterprises sector into a vital pillar for economic development in Saudi Arabia and an enabler for achieving Vision 2030 and beyond.

Mission



Support SMEs growth and competitiveness through building a supportive ecosystem and an entrepreneurial society, by driving the cooperation with our strategic partners in the public and private sectors and the non-profit sector, locally and internationally.

Please visit www.monshaat.gov.sa for more information.



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