

# Unlocking opportunities: India- Saudi Arabia start-up ecosystem convergence

December 2024





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# Foreword by CII

India and Saudi Arabia have close and friendly relations with extensive people-to-people contacts. India accounts for a sizeable labour force in the Kingdom. The synergy between these two countries is designed for enhancing strategic and economic engagement.

In this context, India's startup ecosystem aligns with the Saudi Arabia's ambition to diversify and invest in innovation. Together, they create a powerful partnership that can shape the global startup landscape.

A notable facet of the India-Saudi Arabia startup ecosystem involves the exchange of expertise -proficient entrepreneurs are discovering prospects in the Kingdom, while its welcoming policies are attracting investments from all over the world. This convergence of skills and concepts serve as a catalyst for innovation and diversity.

## Chandrajit Banerjee

Director General  
Confederation of Indian Industry



In addition, both India and Saudi Arabia are making significant efforts to simplify regulations to create a friendly environment for entrepreneurs. They are reducing regulatory hurdles and offering support, making it easier for startups to flourish. This is also reflecting in the improvement of their Ease of Doing Business environment.

The two close partners can together embark on an impactful journey of talent and collaborations, forging a path where startups from India and Saudi Arabia lead the way with their creativity and joint vision for future innovations. This report aims to understand the synergies and catalyse new partnerships between the startup ecosystems of the two countries.

As large economies, respective regional leaders, and mutually crucial trading partners, India and the Kingdom of Saudi Arabia are investing significant time and resources to deepen their political, social, and economic relationship. The India-Saudi Strategic Partnership Council, established in 2019, presents a well-structured framework for meaningful progress.



Recent high-level diplomatic engagements underscore the mutual intent to leverage the relationship for tangible outcomes across multiple sectors.

India and Saudi Arabia are developing countries with the potential to gain immensely from a two-sided flow of investments, technology & talent. Both countries are constantly working on policies to attract more investments and boost talent mobility. Bilateral investments between both countries have been rising over the last decade.

Entrepreneurs and businesses in India and Saudi Arabia are exploring opportunities in e-commerce, fintech, health tech, edtech, food tech, renewable energy, enterprise SaaS, digital infrastructure, AI, home services, infrastructure, etc.

Several Indian startups have extended their operations to Saudi Arabia to cater to existing and evolving consumer demands. They aim to serve users in the Saudi Arabian market by leveraging geographical proximity, an intuitive grasp of cultural nuances, and diaspora networks.

Unlocking Opportunities: The India-Saudi Arabia Start-up Ecosystem Convergence Report captures the current status of the start-up ecosystem in both countries. It also showcases opportunities for collaboration and offers recommendations for key stakeholders to strengthen the relationship further.

## Kunal Bahl

Chairman, CII National Start-up Council  
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# Foreword by Grant Thornton Bharat

The Indian start-up ecosystem has emerged as one of the fastest growing start-up hubs globally. With technological advancement and increased internet penetration several new sectors have emerged over the last decade. The ecosystem is home to over a hundred unicorns and is driving innovation across diverse sectors such as fintech, edtech, healthtech, e-commerce, SaaS among many others.

Just like India, Saudi Arabia has significant growth potential driven by its young population and demographic profile, favourable government policies, a thriving consumer market and rapid digitisation. This makes it a stable investment destination.

As the country embarks on an economic and social transformation in the coming decade, its start-up ecosystem will provide a gateway into the Middle East and the broader Middle East and North Africa (MENA) region. Its start-up ecosystem will play a critical role in diversifying the economy and driving innovation.

## Deepankar Sanwalka

Senior Partner - National Management,  
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Investors from India have been actively investing into the Saudi Arabia start-up ecosystem in the past few years, with sectors such as fintech, SaaS and renewable energy getting a disproportionate share of the investments.

This CII-Grant Thornton Bharat report serves as a comprehensive guide, highlighting recent collaboration between India and the kingdom of Saudi Arabia in the start-up landscape. The report uncovers vast opportunities within the start-up ecosystem convergence and provides essential recommendations for investors, start-ups and policymakers to enhance and streamline this promising partnership.







# 01

## Overview of the start-up landscape In India and Saudi Arabia



# Setting the stage

## Brief into global startup ecosystem

In recent years, the global startup ecosystem has emerged as a critical driver of innovation, entrepreneurship, and economic growth. Startups—typically young, high-growth companies that aim to disrupt industries with new ideas or technologies—play an increasingly important role in shaping the future of economies worldwide. The rise of digital technologies, coupled with improved access to capital and infrastructure, has created a conducive environment for entrepreneurs to develop solutions that solve complex societal challenges, from healthcare to fintech and renewable energy.

Globally, some of the most successful startup hubs include Silicon Valley, Beijing, London, and Bangalore, which have gained prominence for fostering talent, facilitating venture capital investments, and encouraging partnerships between governments, universities, and corporations. The startup ecosystem has become a powerful tool for creating jobs and increasing productivity in both developed and developing economies, contributing significantly to GDP growth. According to the Global Startup Ecosystem Index<sup>1</sup>, the top startup ecosystems are valued in billions of dollars, with cities competing to attract talent and capital to fuel the next wave of innovation.

Although 2023 witnessed a decline in the global startup ecosystem, with venture capital funding and exit deal values dropping below 2019 levels, the first quarter of 2024 has shown signs of recovery. The Cleantech and Generative AI sub-sectors, in particular, are receiving positive attention, indicating that cutting-edge innovation continues to attract investor interest<sup>2</sup>. However, it is important to note that the significance of startup ecosystem goes beyond economic metrics. Startups drive technological advancements and social innovations, often challenging established players and traditional business models. They are known to accelerate the adoption of disruptive technologies, which are transforming industries globally.

In the context of cross-border collaboration, convergence between startup ecosystems, particularly between emerging and established markets, is becoming a key trend. India and Saudi Arabia, for instance, have the potential to leverage

their growing startup ecosystems to foster mutual growth. As both countries aim to diversify their economies and support entrepreneurship, focusing on their respective strengths in technology, digital infrastructure, and talent development will be essential for creating long-term, sustainable innovation.

## Why India and Saudi Arabia?

India and Saudi Arabia are uniquely positioned to collaborate and create a powerful startup ecosystem due to their respective economic growth, demographic profiles, and strategic priorities. Both nations have shown strong commitment to fostering innovation and entrepreneurship, making them ideal partners in the global startup landscape. Their convergence presents a unique opportunity for both countries to leverage each other's strengths, foster innovation, and accelerate economic transformation.

India today has world's third largest start-up ecosystem and Saudi Arabia is emerging as a regional leader in start-up space in the Middle East and North Africa (MENA) region. The convergence of India's established startup ecosystem and Saudi Arabia's emerging entrepreneurial landscape offers a strategic partnership where both nations stand to benefit. India's expertise in scaling startups globally, particularly in the areas of technology, IT services, and digital payments, complements Saudi Arabia's vision for technological leadership and economic diversification. The increasing emphasis on sectors like artificial intelligence, fintech, and green energy in both countries aligns their startup trajectories toward cooperation.



1. Startup Ecosystem Report 2024, StartupBlink
2. The Global Startup Ecosystem Report 2024, Startup Genome



## Physical proximity & demographics

India and Saudi Arabia are geographically close, with only about 3,000 kilometres separating them, making trade, travel, and business partnerships more convenient. Over 1000 flights<sup>3</sup> per month operate between major cities in India (Delhi, Mumbai, Hyderabad) and Saudi Arabia (Riyadh, Jeddah, Dammam). This ease of connectivity facilitates greater movement of professionals, entrepreneurs, and investors, lowering logistical barriers for cross-border partnerships. Saudi Arabia is already India's fourth-largest trading partner, and this proximity strengthens the potential for more frequent and meaningful business interactions.



**3496 Kms**

Distance between India and KSA



**Over 1000 flights**

per month between major cities in India and KSA



**1.7 million<sup>4</sup>**

visitors travelled from India to KSA in 2023

This geographical closeness supports various collaborative ventures, including significant projects like the West Coast refinery, which is a trilateral initiative involving Indian, Saudi, and UAE companies. The refinery project, located in Ratnagiri, Maharashtra, expected to be one of the world's largest, underscores the importance of the physical and logistical ease between the two nations. The demographic synergies and physical proximity between India and Saudi Arabia foster a robust bilateral relationship.

India and Saudi Arabia, despite their diverse demographic profiles, are linked by significant population dynamics that influence their bilateral relationship. India, with a population exceeding 1.4 billion, is characterized by a youthful and rapidly growing skilled professionals with entrepreneurial mindset contributing to a dynamic and expanding market.

The Indian diaspora in Saudi Arabia, numbering approximately 2.6 million, is the largest expatriate community in the Kingdom and plays a crucial role in the bilateral economic and cultural exchange. Saudi Arabia, with a population of around 37.47 million, features a younger demographic profile with a significant portion of its population under 30 years of age. This youthful population is driving the Kingdom's ambitious Vision 2030 goals, including diversification of the economy and technological advancement.

3. Raisina Chronicles (orfonline.org)

4. Raisina Chronicles (orfonline.org)

# Understanding the startup landscape of the two countries

This section discusses the current status of start-up landscape in both the countries and discusses the key drivers for the growth of start-up ecosystem.

## India: A thriving startup hub

India has rapidly emerged as one of the leading startup ecosystems in the world. With over 100 unicorns and a vibrant digital economy, it is now the third-largest startup ecosystem globally, after the U.S. and China. As of 30 June 2024, over 0.14 million start-ups have been recognized by DPIIT- Department for Promotion of Industry and Internal Trade Government of India. This growth is fuelled by a young, tech-savvy population, a strong IT services industry, and government support through initiatives like Startup India and the Digital India program.

India's diverse market, access to world-class technical talent, and experience in scaling startups globally are key strengths that make the ecosystem ripe for partnerships. Last decade in India has witnessed an unprecedented growth in the entrepreneurial spirit, marked by a consistent and significant growth in the startup landscape. With the number of tech startups expected to increase by 2.6 times by 2030, India is poised to strengthen its role as a global innovation leader.<sup>8</sup>



**USD 350 billion<sup>5</sup>**

Combined valuation as of March 2024



**1.2 million<sup>6</sup>**

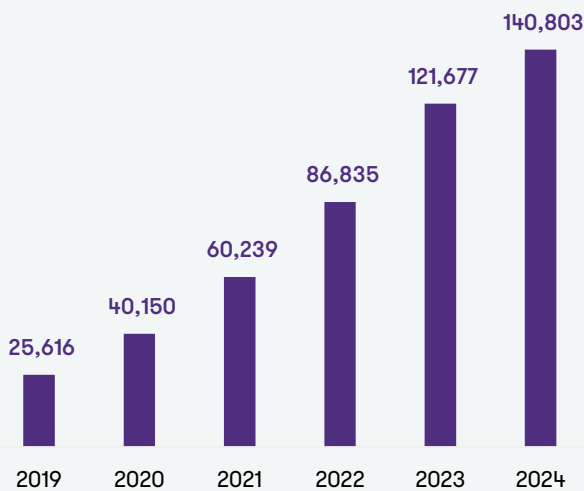
Direct job opportunities created



**0.14 million<sup>7</sup>**

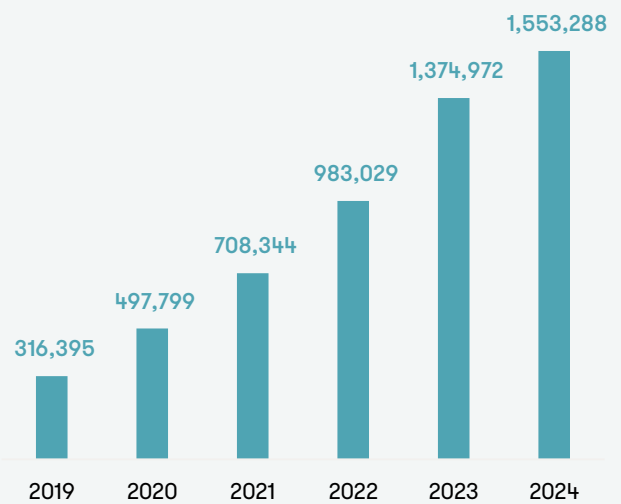
Recognised startups by DPIIT as of 30 June 2024

Number of Startups Recognized by Gol



Source: DPIIT

Number of Jobs Created by Recognized Startups



Source: DPIIT

5. Invest India  
 6. Invest India  
 7. Ministry of Commerce and Industry (pib.gov.in)  
 8. State of Indian Startup Ecosystem Report 2024, inc42.com



# What are the key growth drivers of start-up ecosystem in India

The growth of Indian start-up ecosystem is a product of transformative government initiatives, supportive regulatory environment, availability of premiere institutions producing tech talent, and a wide network of start-up incubators and accelerators. Furthermore, India's expanding digital public infrastructure, driven by increasing internet penetration and fintech adoption, has created a fertile ground for new ideas and innovations to flourish.

## Start-up ecosystem growth drivers in India

### 01

#### Government initiatives

- Programs like Startup India & Digital India to foster innovation and support startups
- Improvement in Ease of Doing Business through simplified regulations and procedures

### 02

#### Tech talent and innovation

- One-fourth of the world's working population in the next decade will come from India
- Institutions like IITs and IIMs producing top-tier talent equipped with technical and entrepreneurial skills

### 03

#### Access to capital

- Government Funds: Dedicated funds to support startups
- VC Money & Angel Investors: Robust venture capital and angel investment landscape

### 04

#### Infrastructure and platforms

- Accelerators & Incubators: Numerous programs to support early-stage startups
- India Stack: Growing digital public infrastructure facilitating innovation

### 05

#### Digital penetration and connectivity

- Internet Users: Rapid growth in internet users, enhancing market reach
- Affordable Internet: Low-cost internet access expanding digital connectivity

## Government initiatives

India's startup landscape is backed by a series of proactive government initiatives designed to foster innovation and growth. Programs like Startup India provide vital support through funding, mentorship, and regulatory ease, helping startups scale rapidly. Digital India drives the expansion of digital infrastructure, ensuring widespread internet access and technological adoption across the country. Invest India offers a dedicated platform for foreign investors, simplifying the process of investing in Indian startups.

S.No.	Initiative	Vision and Objective	Impact on Startup Ecosystem of India
1	Startup India	Launched on 16 January 2016, this initiative provides various benefits, including tax exemptions, funding support, and simplified regulations for startups.	<ul style="list-style-type: none"> <li>Built a strong eco-system for nurturing innovation and startups in the country.</li> <li>India now has over 0.14 Mn startups recognised by the GoI</li> <li>As of March 2024, India is home to 114 unicorns with total valuation of USD 350 Bn.<sup>9</sup></li> </ul>
2	Atal Innovation Mission (AIM)	AIM promotes innovation and entrepreneurship through various programs, including the establishment of Atal Incubation Centres (AIC) and Atal Tinkering Labs (ATL).	<ul style="list-style-type: none"> <li>Supported over 3500 startups out of which more than 1000 are women lead startups as of September 2024.</li> <li>10,000 ATL have been setup engaging more than 11 Mn students.</li> <li>72 AIC have been setup creating over 32000 jobs.<sup>10</sup></li> </ul>
3	Make in India	Launched in September 2014 to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure. This initiative is based on 4 pillars - new processes, new infrastructure, new sector and new mindset. <sup>11</sup>	<ul style="list-style-type: none"> <li>Since the inception of this scheme, there has been unprecedented openings of key sectors to higher levels of Foreign Direct Investment.</li> <li>India's manufacturing sector is poised to reach USD 1 trillion by 2025-26, led by Gujarat, Maharashtra, and Tamil Nadu, fuelled by investments in automobile, electronics, and textile industries.<sup>12</sup></li> </ul>
4	MeitY Start Up Hub (MSH)	Established in 2016 to elevate India's startup ecosystem to new heights, it facilitates start up journey from ideation to market impact. It acts as a catalyst by coordinating, facilitating and overseeing a diverse array of incubation centres, startups and innovation driven endeavours under the umbrella of MeitY.	<ul style="list-style-type: none"> <li>As of September 2024, MSH has 4953+ startups, 465+ incubators, 470+ mentors and 22+ accelerator programs.</li> <li>It has over 300 labs and 71+ venue spaces along with 115+ co-working spaces.<sup>13</sup></li> <li>MeitY Startup Hub (MSH) quests to emerge as a single biggest collaborative platform for tech startup community in India.</li> </ul>
5	Fund of Fund – Start Up India	The Fund of Funds for startups (FFS) scheme was approved and established in 2016 with a corpus of USD 1.18 Bn with contribution spread over the 14th and 15th Finance commission cycle based on progress of implementation to provide boost to the Indian Startup ecosystem and enable domestic capital.	<ul style="list-style-type: none"> <li>Under this scheme, it does not directly invest in startups, instead provides capital to SEBI-registered Alternate Investment Funds (AIF) who in turn invest in growing startups through equity and equity linked instruments.</li> <li>As of 30 June 2024, the FFS has committed to provide 138 Alternative Investment Funds (AIFs) amounting to USD 1.29 Bn.<sup>14</sup></li> </ul>

9. Invest India

10. Atal Innovation Mission (AIM) | Government of India's flagship initiative

11. Make In India | Prime Minister of India (pmindia.gov.in)

12. Manufacturing Industries in India & its Growth | IBEF

13. MeitY Startup Hub

14. Press Release: Press Information Bureau (pib.gov.in)

## Tech talent and innovation

The working-age population in India will continue to grow through 2041, increasing by 96.5 million between 2021-31 and by 41.5 million between 2031-41. India's demographic dividend will peak around 2041, with the working-age population (20-59 years) expected to reach 59%<sup>15</sup>. About 24.3% of the global workforce growth over the next decade will come from India. The country has 23 IITs, 20 IIMs, and 31 NITs, with 7 new IITs and IIMs added in the last 9 years, ensuring increased opportunities for higher education<sup>16</sup>. In 2021-22, 98.5 lakh students (25.6%) enrolled in STEM programs across various educational levels<sup>17</sup>. India has also climbed the Global Innovation Index, rising from 81st in 2015 to 39th in 2024.<sup>18</sup>

## Abundant access to capital

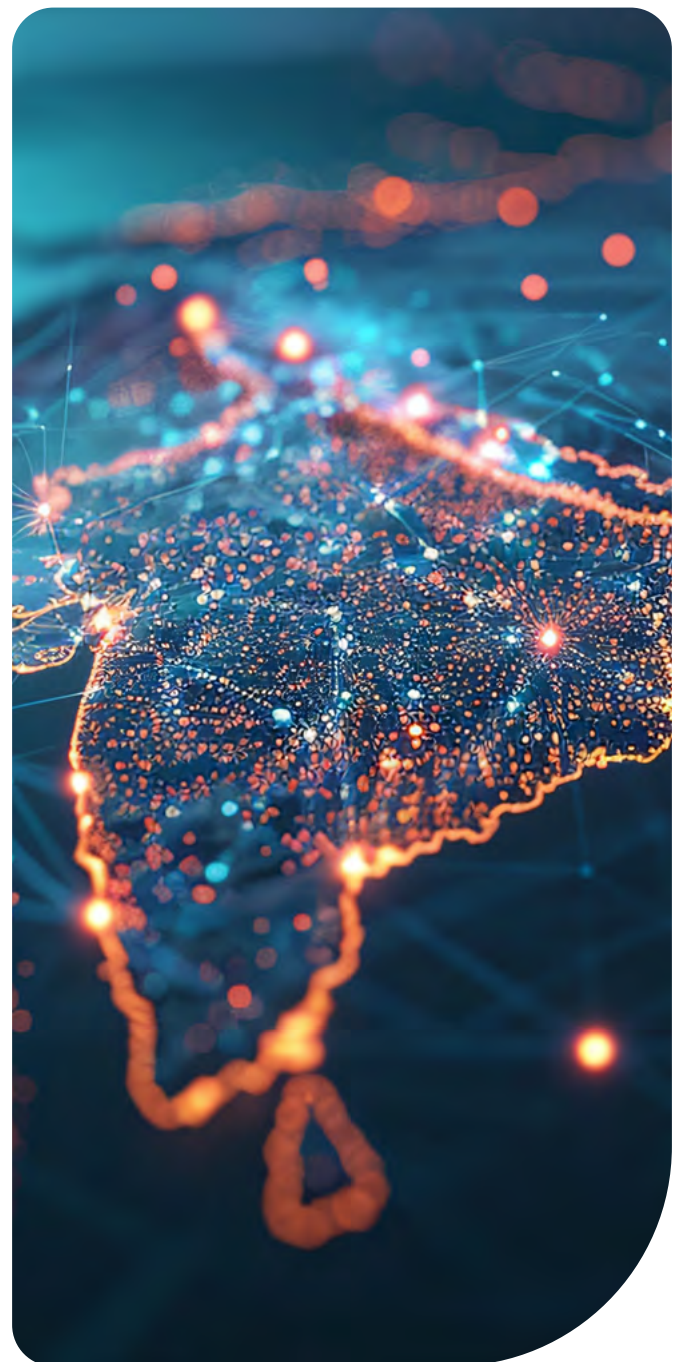
India's startup ecosystem is fuelled by strong financial support, both from the government and private investors. The Startup India Seed Fund Scheme provides vital financial assistance to startups at critical stages, from proof of concept to market entry<sup>19</sup>. Additionally, the INR 10,000 crore (~USD 1.18 bn) SIDBI Fund of Funds catalyses private investments, ensuring increased capital availability<sup>20</sup>. Complementing these government initiatives are 1,700+ venture capital funds<sup>21</sup> and 140+ angel networks<sup>22</sup> active across the country, making it easier than ever for startups to access the funds they need to grow. This extensive capital support makes India an attractive destination for investment and startup success.

## Expanding infrastructure and platforms

India's startup ecosystem is supported by a robust infrastructure with 1,262 incubators, 214 accelerators, and 884 mentors registered under startup india<sup>23</sup>, creating a fertile environment for innovation and growth. The development of India's Digital Public Infrastructure, known as India Stack, strengthens this foundation. Tools like Aadhaar (digital identity), UPI (Unified Payments Interface), eKYC, DigiLocker, and the Account Aggregator framework<sup>24</sup> offer seamless digital solutions that foster transparency, scalability, and ease of doing business. This well-established digital framework is key to accelerating startup success, making India an ideal destination for investors looking to capitalize on its dynamic growth potential.

## Digital penetration and internet connectivity

India's digital growth is expanding rapidly, with over 95 crore internet users as of March 2024<sup>25</sup>, making it one of the largest online markets in the world. The cost of data is among the lowest globally at INR 9.18 per GB, with users consuming an average of 20.27 GB per month<sup>26</sup>. Through initiatives like BharatNet, which has connected over 2,10,000 villages, internet access is reaching rural areas, opening up new opportunities for startups to offer services like online healthcare, education, and governance<sup>27</sup>. With such a large and growing digital audience, India is an attractive destination for investors looking to tap into this expanding market.



15. Economic Survey 2018-19, Ministry of Finance

16. Department of Higher Education | Government of India, Ministry of Education

17. Ministry of Education

18. Ministry of Information & Broadcasting

19. Startup India

20. SIDBI

21. Venture Capital Funds | Tracxn

22. Angel Networks | Tracxn

23. Startup India

24. India Stack

25. Telecom Regulatory Authority of India

26. Ministry of Communications

27. Department of Telecommunication, Ministry of Communications



## Some unique initiatives of Indian government

### Invest India

Established in 2009, Invest India is a public-private joint venture involving the Department for Promotion of Industry and Internal Trade (DPIIT), the Federation of Indian Chambers of Commerce and Industry (FICCI), and various state governments. It serves as an advisor, guide, and facilitator for every investor looking to establish a presence in India.

Created under the Hon'ble Prime Minister's vision of a New India, Invest India today is well acknowledged by stakeholders for its tangible contributions and instrumental role in executing the Government's flagship initiatives including Make in India, Startup India, National Single Window System, Project Monitoring Group, and Prime Minister's Science, Technology and Innovation Advisory Council. Invest India leverages private sector expertise to execute Government's vision, embodying high levels of transparency, ethics and corporate governance<sup>28</sup>. In 2021, the organisation was honoured as the world's most innovative Investment Promotion Agency 2021 by OCO Global and secured bronze in the first annual Strengthening IPA Advocacy Services Competition launched jointly by the World Bank & WAIPA.

In recent years, Invest India has played a crucial role in securing investments totalling upto INR 3 lakh crore (USD 33 billion). The organisation has contributed to the creation of 450,000 jobs, supported over 81,000 start-ups, addressed more than 300,000 queries from 174 countries, and facilitated 1,323 investment projects<sup>29</sup>.



### GIFT city

GIFT City (Gujarat International Finance Tec-City) is India's first operational smart city and International Financial Services Centre (IFSC), located between Ahmedabad and Gandhinagar in Gujarat. It was envisioned as a global financial and technology hub. The development of GIFT City is a key initiative by the Indian government to promote international financial services and boost economic activity.

Spelling out the vision of the Prime Minister in terms of green technology, GIFT City looks to be a platform for green credits. It also aims to build diverse fintech laboratory to achieve the target of India's economy becoming USD 30 trillion by 2047. Listing out the growing presence of operations at IFSC, there are now 3 exchanges including International Bullion Exchange, 25 banks, including 9 foreign banks, 26 aircraft lesser, 80 fund managers, 50 professional service providers and 40 fintech entities in the GIFT City<sup>30</sup>.

#### GIFT city: Key highlights



Supported creation of **500,000** plus direct jobs



More than **360** IFSC units licensed



More than **USD 20 billion** of average daily turnover on international exchanges



~ **USD 33 billion** IFSC Banking Business Asset size recorded

28. Press Release: Press Information Bureau (pib.gov.in)

29. Invest India: Meet the team giving wings to PM Modi's Make-In-India dream (businesstoday.in)

30. Ministry of Finance

## Saudi Arabia: A kingdom in transformation

Saudi Arabia is rapidly emerging as a robust ecosystem for entrepreneurship, with its startup ecosystem maturing quickly and dramatically. Driven by reforms under the Saudi Vision 2030, the Saudi government is committed to expanding the startup ecosystem through introducing a wide range of services to the Saudi market for both local and foreign startups.

The Kingdom's rapidly expanding market, high internet penetration, and strategic geographic location make it an attractive destination for startups seeking to enter the MENA region. Additionally, Saudi Arabia is home to the largest economy in the MENA region, with substantial government spending aimed at building innovation clusters and smart cities, such as the futuristic city of NEOM. This environment of economic transformation presents a compelling opportunity for startups to scale and contribute to the country's long-term goals.

## What makes the Saudi Arabia's startup ecosystem an attractive destination

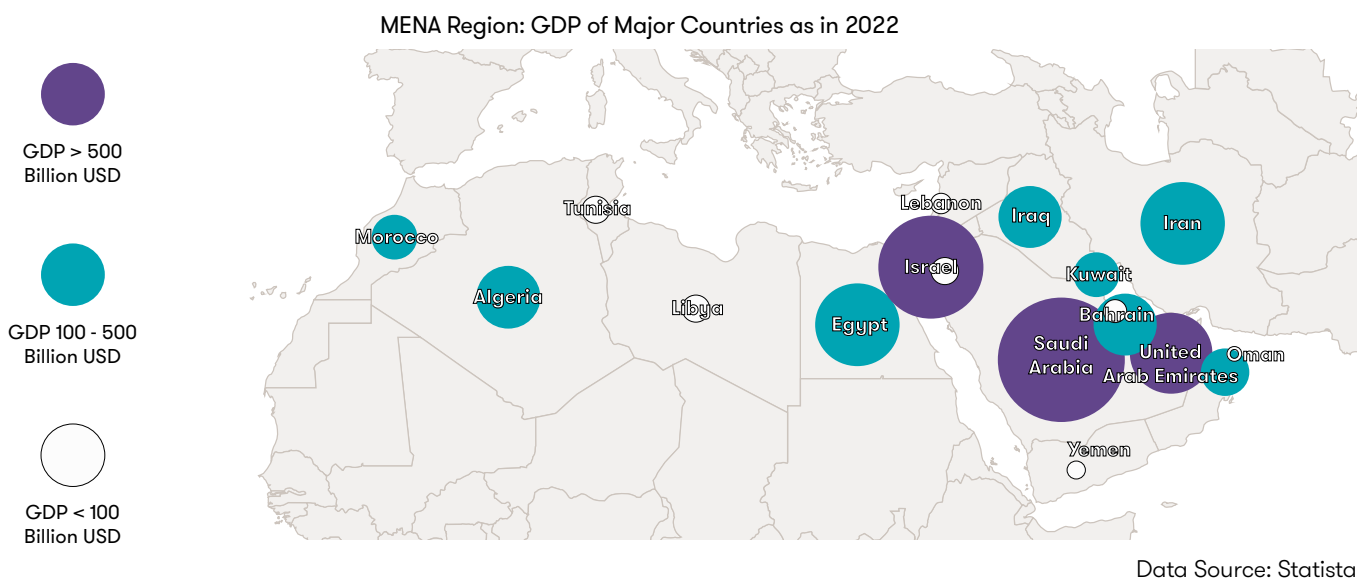
The Kingdom's startup ecosystem is anchored in its strategic vision of becoming a hub for technology and innovation, not only for the Middle East but also for the broader global economy. The establishment of innovation hubs, incubators, and venture capital funds is a testament to the Kingdom's commitment to fostering a thriving startup culture. Over the past five years, Saudi Arabia's venture capital landscape has undergone a significant transformation. Where, five years ago there were only a handful of venture capital funds, accelerators, and incubators, by 2023, there are now over a hundred active investors.

### 'Vision 2030' - A catalyst for change

Saudi Arabia, under its Vision 2030 agenda, is undergoing a profound transformation aimed at diversifying its economy beyond oil. Entrepreneurship and innovation have become central to this mission, with a sharp focus on fostering a startup-friendly ecosystem. The establishment of entities like the Saudi Venture Capital Company (SVC) and initiatives to ease business regulations have bolstered the nation's startup growth.

### Growing GDP and highly digital population

Saudi Arabia is the largest economy in the MENA region, with a GDP of over 1.07 trillion USD<sup>31</sup>. Almost universal<sup>32</sup> access and usage of internet further makes the economy a favourable destination for emerging tech start-ups to expand their footprint in Saudi's young and tech savvy market. With a youthful population—nearly 70% under the age of 35—and a government eager to support entrepreneurship, Saudi Arabia is witnessing a cultural shift towards innovation and tech-driven business models.



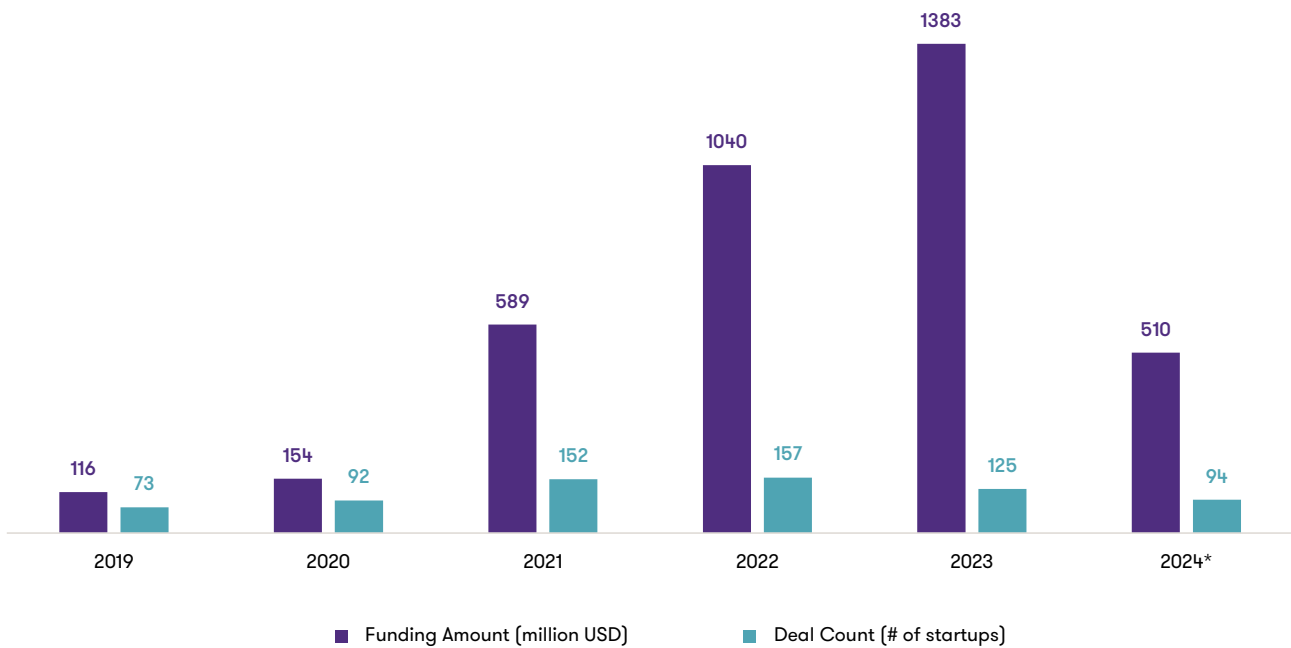
31. World Bank Data

32. CST Issued The Saudi Internet Report 2023

## Investors interest

In 2022, the Kingdom's venture capital ecosystem surpassed the USD 1 billion milestone for the first time and maintained the streak in 2023. Further, despite the global slowdown in the start-up ecosystem, Saudi startups raised a record USD 1.38 billion<sup>33</sup> in 2023, marking a significant milestone in the kingdom's journey towards becoming a tech powerhouse. The momentum continued into 2024, with investments in Saudi Arabia consistently increasing. September 2024 was particularly remarkable, as Saudi Arabia emerged as the leading country in funding, securing USD 165.34 million, which accounted for over half of MENA startup funding.

Venture Funding Evolution in KSA



Source: MAGNiTT | SVC Report 2023

## Increased government efforts to attract investments

With Vision 2030, the government aims to increase the GDP contribution of SMEs from 20% to 35% and boost FDI from 3.8% to 5.7%. In August 2022, the Investment Promotion Authority (SIPA) was established as part of the National Investment Strategy to attract both national and foreign investments. The government is reforming the foreign investment landscape by allowing 100% foreign ownership in specific sectors and streamlining business approval procedures<sup>34</sup>. Additionally, the government is involved in numerous bilateral and regional investment treaties. Saudi Arabia's proposal to host the 28th World Association of Investment Promotion Agencies (WAIPA) World Investment Conference in Riyadh in 2024 further demonstrates the government's ongoing efforts to facilitate investment inflows into the country.

## Progressive policies and conducive regulatory environment

The Saudi government offers extensive support to startups, including funding programs, tax incentives, and simplified business regulations. Initiatives put in place by the Saudi Arabian Ministry of Investment (MISA) and the Public Investment Fund (PIF) provide robust financial backing and resources. Entities such as the Saudi Venture Capital Company (SVC) and Monsha'at (the General Authority for Small and Medium Enterprises) provide funding, mentorship, and business development support. In addition, the National Transformation Program (NTP) has introduced reforms to streamline business processes, simplify company registration, and increase access to finance for startups.

33. Saudi Startup Ecosystem: Pioneering Innovation in MENA (rasmal.com)

34. Saudi Arabia - United States Department of State



S. No.	Key initiatives	Objective	Impact / Benefits to start-ups
1	The Public Investment Fund (PIF)	PIF is Saudi Arabia's Sovereign Wealth Fund, which plays a critical role in driving Vision 2030 and enabling the growth of new startups and jobs in the country. Further, PIF has driven the growth of new sectors, companies and jobs by creating a world-class investment portfolio with a goal of sustainable investments, both domestically and internationally.	<ul style="list-style-type: none"> <li>PIF has created over 1.1+ million direct and indirect jobs, both domestically and globally.</li> <li>It has so far covered 13 strategic sectors and has USD 925 billion assets under management (AUM)<sup>35</sup>.</li> </ul>
2	Invest Saudi	INVEST SAUDI is Saudi Arabia's nation-wide investment attraction and promotion brand. Overseen by the Ministry of Investment (MISA), INVEST SAUDI facilitates investments in Saudi Arabia that support the country's economic growth and position it at the forefront of the global business world	INVEST SAUDI is designed to provide a clear, unified, and effective message about the Kingdom's investment opportunities to both foreign and domestic investors. It is the primary point of contact for foreign investors seeking assistance before, during, and after their entry into the Kingdom.
3	Startup Saudi	A program to empower local, regional, and global entrepreneurs, startups, venture capitalists (VCs), and ecosystem enablers, to succeed and grow within the Kingdom, in alignment with the strategic goals of Vision2030.	By collaborating with ecosystem enablers (private sector, governmental agencies, VCs, universities, R&D centres), it eliminates hurdles and fosters a conducive regulatory environment.
4	Centre of Digital Entrepreneurship (CODE)	The Centre of Digital Entrepreneurship, abbreviated as "CODE," is an initiative established by the Ministry of Communications and Information Technology with the aim of creating an enabling environment for ambitious startups in entrepreneurship.	<p>It offers financial support, guidance, and mentorship, along with incubation programs, innovation labs, and other incentives to entrepreneurs.</p> <p>The CODE network has reached more than 210,000 people, supported 538 startups, partnered with 95 ecosystem partners, and established 14 innovation labs<sup>36</sup>.</p>
5	National Technology Development Program	The initiative was launched to stimulate the growth of technology entrepreneurs and tech-based companies, with the objective to provide support in developing local technology talents and attract global expertise.	Through a range of 15+ interventions like Lead IT, Boost, Saudi Unicorns, Transform+, Lendtech, the program seeks to enhance the technology market and position Saudi Arabia as a leading regional hub for innovation and investment in the technology sector.
6	NEOM	NEOM is developing the world's first sustainable, hyper-connected cognitive city as part of Saudi Vision 2030, leveraging advanced technologies like 5G, AI, and robotics.	The USD 500 billion project includes significant investments in AI and renewable energy, with initiatives like the Oxagon Accelerator to foster a startup ecosystem.
7	Fintech Saudi	Fintech Saudi was launched by Saudi Central Bank in partnership with Capital Market Authority (CMA) to establish fintech platforms and support the development of infrastructure required for growth of fintech industry, building capabilities and talent required and supporting the fintech entrepreneurs at the very initial stage of their development and growth.	<p>Initiatives under Fintech Saudi include Fintech Internship, Fintech Tour, Podcast, and Fintech Summer Sessions.</p> <p>As in 2024, there are 147 members and have impacted more than 100,000 individuals who have attended events organized by Fintech Saudi<sup>37</sup>.</p>

35. <https://www.pif.gov.sa/en/>

36. About Us | CODE | MCIT

37. <https://fintechsaudi.com/>

# Few noteworthy programs in KSA nurturing the startup ecosystem

## Misk foundation

The Misk Foundation, established by Crown Prince Mohammed bin Salman in 2011, is a pivotal institution in Saudi Arabia's efforts to nurture youth talent and foster innovation. Misk Foundation is a non-profit organisation devoted to cultivating and encourage learning and leadership. Through its focus on education, entrepreneurship, and creative industries, Misk plays a central role in developing a thriving startup ecosystem in the Kingdom.

MISK is a dynamic organisation with a diverse range of subsidiaries, including the Mohammed Bin Salman Nonprofit City, Misk Art Institute, Manga Productions, and IImi Science Discovery & Innovation Centre. It offers various program tracks in leadership, community, entrepreneurship, and skills development, and hosts significant initiatives and events like the Misk Global Forum and Leaders 2030.

Key programs such as the Misk Innovation initiative provide entrepreneurs with access to funding, mentorship, and networking opportunities. The Misk 500 Accelerator has been instrumental in scaling Saudi startups, offering intensive training and mentorship. In the span of ten years, the program has benefitted over 6 million beneficiaries, provided 6,031 workshops, 600 programs and enabled 515 startups<sup>38</sup> as on September 2024.

## Saudi Venture Capital Company (SVC)

One of the government funds of funds to seed the Venture Capital and Private Equity funds. It was established in 2018 and is a subsidiary of SME bank, part of the National Development Fund (NDF) to stimulate the financing of Startups and SMEs (Small Medium Enterprises) from pre-seed to pre-IPO. SVC focuses on Saudi based companies only and companies expanding to Saudi Arabia. SVC operates through a mix of investment in funds and direct investment models.

SVC invests in venture capital, private equity, venture debt, and private debt funds to stimulate venture investments. The aim is to lower fundraising barriers for fund managers targeting high-growth startups and SMEs with significant growth potential.

Till 2024, SVC has backed more than 50 funds which includes venture capital, private equity, venture debt and private debt that has supported 700+ startups and SMEs through USD 2.2 billion assets under management<sup>39</sup>.

## Saudi Business Centre

Launched by the Ministry of Commerce and Investment, Saudi Business Centre is a non-profit organisation for business owners that enables the exchange of business opportunities and knowledge. With the mission of fostering a welcoming business environment across the Kingdom of Saudi Arabia, the centre serves around 23,120 customers each month. The centre provides a wide range of services and support for both local and international investors. It is a one-stop shop for all business-related needs, including licensing, permits, company registration, and even offering regulatory support and market research.

Since its inception in March 2020, the Saudi Business Centre has been a driving force in business development. With 17 branches across the nation, the Centre has streamlined startup procedures in line with international best practices, facilitating over 2.5 million services. This has created an investment-friendly environment that attracts businesses and stimulates economic growth<sup>40</sup>.

### Saudi Business Centre: Key highlights



17 Branches across the Kingdom



Reviewed more than **2000** regulations to simplify the investor's journey



Completed **160** initiatives including legislative, procedural and technical reforms



Facilitated **66** partnership agreements for starting and running a business

38. <https://misk.org.sa/en/10-years-anniversary-en/>

39. SVC

40. [english-ntp-annual-report-2023.pdf](#)

# Why convergence matters

The convergence of India's high growth startup ecosystem and Saudi Arabia's emerging entrepreneurial landscape offers a strategic partnership where both nations stand to benefit. India's expertise in scaling startups globally, particularly in the areas of technology, IT services, and digital payments, complements Saudi Arabia's vision for technological leadership and economic diversification. The increasing emphasis on sectors like artificial intelligence, fintech, and green energy in both countries aligns their startup trajectories toward mutual cooperation.

Moreover, the commitment and progress of both countries in fostering a robust entrepreneurial ecosystem are evident from their performance in promoting innovation and creating a conducive environment for business creation. This alignment further underscores the potential for synergistic growth and collaboration.

## Continuous improvements in ease of doing business

Both countries have demonstrated significant progress in improving the ease of doing business, a critical factor for attracting startups and investors. India has undertaken a series of reforms to streamline regulatory processes, simplify taxation, and enhance infrastructure for businesses. According to the World Bank's Ease of Doing Business 2020 rankings, India rose to 63rd place from 142nd in 2014. This improvement has been driven by initiatives like the Goods and Services Tax (GST), the Insolvency and Bankruptcy Code (IBC), and the Make in India initiative<sup>41</sup>.

Similarly, Saudi Arabia has also made significant strides. The Kingdom has risen by 30 places in the Ease of Doing Business rankings since 2018, now positioned at 62nd. This improvement has been fuelled by reforms under Vision 2030, such as the simplification of business registration processes, online licensing systems, and the introduction of new regulations for investor protection. KSA made the greatest strides in the area of starting a business. Costing only 5.4% of income per capita for an entrepreneur to start a business, lower than the MENA region average of 16.7%. KSA also made substantial reductions over time to minimum capital requirements, cutting them from a cost of over 1,000% of income per capita in 2004 to zero<sup>42</sup>.

## Persistent growth in innovation

Both countries have demonstrated strong performance in the Global Innovation Index (GII), reflecting their growing focus on innovation-led economic growth. India ranks 39th in the 2024 GII, a leap from its 81st position in 2015. This improvement underscores India's increasing investment in innovation and entrepreneurship. India's strengths lie in its knowledge-intensive sectors, robust ICT services exports, and a large pool of STEM graduates. The government's support for R&D, various policy and legislative reforms have been undertaken in last decade in the area of institutional strengthening and process digitalization amplifying India's innovation capabilities.

On the other hand, Saudi Arabia has made substantial gains in past five years, elevating the GII rank from 66th position in 2020 to 47th in 2024. The Kingdom's focus on innovation is primarily driven by its Vision 2030 agenda, which seeks to diversify the economy. Key initiatives like the National Technology Development Program (NTDP) and investments in artificial intelligence (AI), fintech, renewable energy, and biotechnology have bolstered Saudi Arabia's innovation landscape. Moreover, Saudi Aramco's entrepreneurship arm Wa'ed, along with programs like Misk Innovation, have been pivotal in developing homegrown tech startups. Saudi Arabia's increasing focus on R&D expenditure and strategic partnerships with global tech firms is expected to further elevate its ranking in the GII.

Besides the mutual benefits to the two nations, the convergence of India and Saudi Arabia carry significant weight within the global economic architecture. As leading G20 members, the collaboration has enormous potential to enhance global trade and investment relations. Further, the implementation of massive projects like the India-Middle East Europe Corridor (IMEC), will impact development and growth in the global economy due to the planned upgrade in infrastructure, connectivity, flow of goods, and economic integration.

41. <https://www.ibef.org/news/india-among-top-10-improvers-in-eodb-india-ranks-63-rd-among-190-countries-21778-startups-recognised-under-startup-india-initiative>

42. Doing Business 2020: Saudi Arabia Accelerated Business Climate Reforms, Joins Ranks of 10 Most Improved (worldbank.org)









**02**

**India – Saudi Arabia  
bilateral relations**

# India and Saudi Arabia: A legacy of partnerships

India and Saudi Arabia have a long history of close ties, marked by strong diplomatic, economic, and cultural relations. The visit of Hon'ble Prime Minister Shri Narendra Modi to Riyadh in April 2016 and October 2019 and subsequent visit of Hon'ble Prime Minister of the Kingdom of Saudi Arabia, H.R.H. Crown Prince Mohammed bin Salman in September 2023 captured the spirit of enhanced cooperation in the political, economic, security and defence realms.

## 2006

The Delhi Declaration established a framework for enhanced collaboration across various sectors, strengthening bilateral ties and focusing on trade, investment, security, energy, education, and technology.

## 2010

The Riyadh Declaration elevated bilateral relations to a strategic partnership, building on the Delhi Declaration to develop a broad-based economic partnership aligned with G-20 economic transformations.

## 2014

The two countries signed the agreement on Labour Cooperation for domestic service workers recruitment. Marking the starting towards a comprehensive agreement on labour cooperation covering the entire spectrum of Indian workers in Saudi Arabia.

## 2016

The 2016 agreement between India and Saudi Arabia ensures the protection and welfare of Indian Workers through standardized employment contracts and regulated recruitment practices, benefiting workers across all categories -skilled, semi-skilled, or unskilled.

## 2019

The Strategic Partnership Council (SPC) Agreement established a high-level council to guide the Indo-Saudi relationship, covering areas like energy, security, defence, and more, with 12 MoUs signed during the PM's visit.

## 2023

During the visit of H.R.H. Crown Prince Mohammed bin Salam, to G20 Leader's Summit, 8 MoUs/ Agreements were signed by both the countries in the areas of energy, banking, investment, manufacturing, archival cooperation, anti-corruption and water desalination.

## 2023

Startup India has launched bridges with around 20 countries that provides a soft-landing platform for startups from the partner nations and aid in promoting cross collaboration.

## 2024

The Haj agreement is a formal understanding between governments of India and Saudi Arabia concerning the arrangements for the annual pilgrimage of Indian Muslims to Mecca (known as Hajj).

## 2024

The High-Level Task Force, established to facilitate bilateral investments following the 2023 decision by Prime Minister Modi and Crown Prince Mohammed bin Salman, held its inaugural meeting in July 2024.



# Trade and investment relations between India and the Saudi Arabia

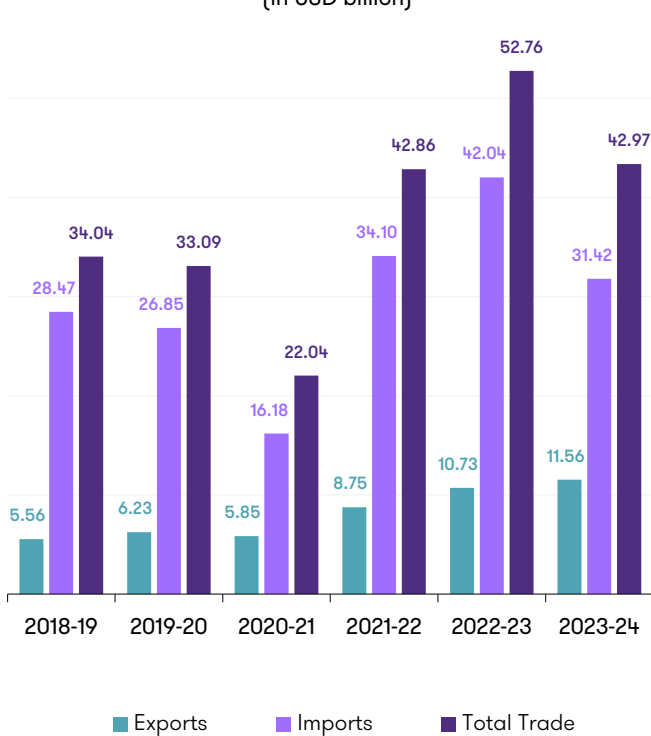
India is the second largest trade partner of Saudi Arabia whereas Saudi Arabia is the fifth largest trading partner of India. The trade relationship has been steady and growing over the years. Bilateral trade in FY 2023-24 was USD 43.3 billion. Indian exports, amounting to USD 11.56 billion during the same period, surged by more than 7.8%, whereas Saudi exports during the same period amounted to USD 31.8 billion<sup>43</sup>.

In 2020-21, total trade between India and Saudi Arabia declined significantly due to the COVID-19 pandemic's global economic impact, which disrupted supply chains and reduced demand. In 2023-24, a notable decrease in imports from Saudi Arabia, particularly petroleum products, was observed. This trend can be attributed to India's strategic shift towards electric

vehicles (EVs), supported by government subsidies. As India increasingly adopts EV technology, its reliance on petroleum imports diminishes, reflecting a broader move towards cleaner energy sources. Thus, while the pandemic caused a temporary reduction in trade, the long-term decrease in petroleum imports highlights a structural change in India's energy consumption patterns.

Percentage share of India's total imports from Saudi Arabia have been more than 5% year on year in the past 6 years, only exception to this was COVID year 2020-2021. Even during this year, India increased its export to Saudi Arabia especially on medical supplies.

Exports and Imports between India and KSA (in USD billion)<sup>44</sup>



Percent share of India's total trade<sup>45</sup>



<sup>43</sup>. Embassy of India, Riyadh, Saudi Arabia: India-Saudi Bilateral Relations (eoiriyadh.gov.in)

<sup>44</sup>. Embassy of India, Riyadh, Saudi Arabia : India-Saudi Economic and Commercial Relations (eoiriyadh.gov.in)

<sup>45</sup>. Embassy of India, Riyadh, Saudi Arabia : India-Saudi Economic and Commercial Relations (eoiriyadh.gov.in)

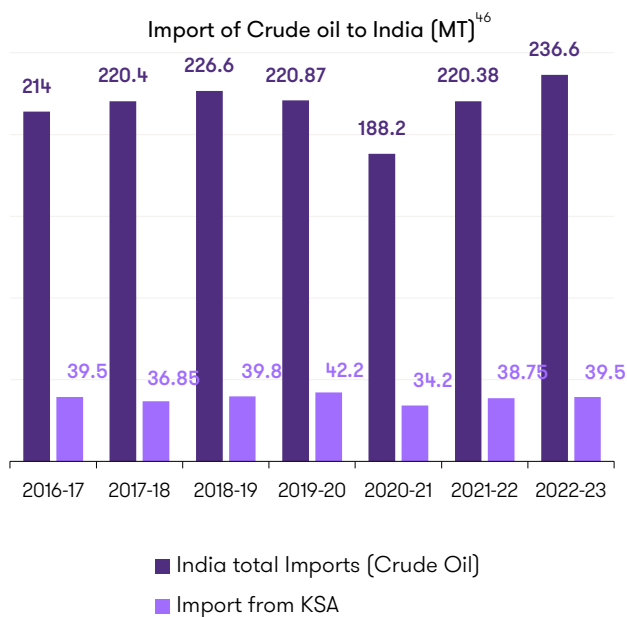
## Sector wise business relationship

There are around 2,783 Indian companies registered as joint ventures and 100% owned entities with investments worth approximately USD 2 billion in Saudi Arabia. Major Indian companies and corporate groups such as L&T, TATA, Wipro, TCS, TCIL, Shapoorji & Pallonji, etc. have established a strong presence in Saudi Arabia. Few traditional sectors where Saudi Arabia has invested are:

### Oil & gas sector

Saudi has invested in various projects in India, including a joint venture with Reliance Industries and a drilling fluids facility. India has invited Saudi Arabia to participate in its Strategic Petroleum Reserves program, offering opportunities for Indian companies in exploration, production, and other areas.

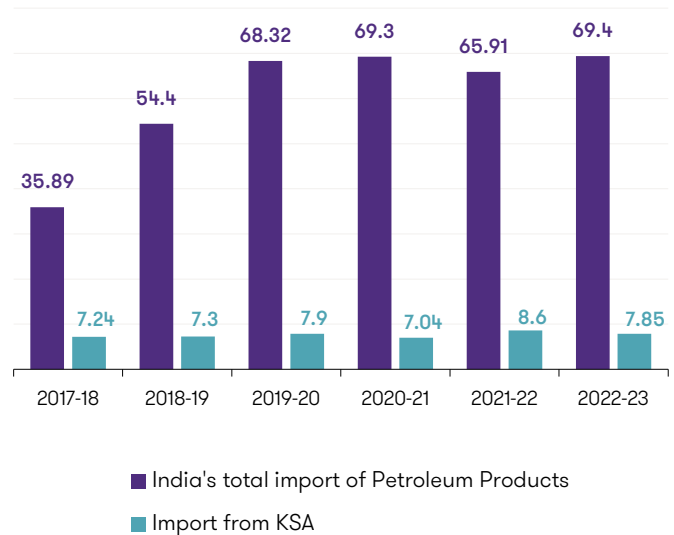
Saudi Arabia became the 3rd largest Crude sourcing destination for FY 2022-23. India Imported 39.5 MMT of crude oil in financial year 2022-23, accounting for 16.7 % of the total crude imports.



Saudi Arabia remained the 3rd largest Petroleum Products (which includes LPG) sourcing destination for India accounting for 11.3% of the total imports.

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Import of total petroleum products to India (MT)<sup>47</sup>



### Renewable energy sector

Both countries are shifting their focus from conventional to alternative energy sources, aligning with Saudi Arabia's Vision 2030 and India's energy policy. Saudi Arabia is a member of the International Solar Alliance and has invested in Indian wind and solar energy projects. Saudi Company Al-Fanar has invested in 600MW Wind Power projects in India. In addition, there are also projects under consideration in the oil and gas sector<sup>48</sup>.

### Automotive & machinery

India is a significant exporter of automotive and machinery products to Saudi Arabia, with companies like Tata Motors and Ashok Leyland already present in the market. India allows 100% foreign direct investment in the auto industry, making it an attractive market for collaboration and joint ventures.

### Textiles

India exported textiles worth USD 600 million to Saudi Arabia in 2021-22. Opportunities for collaboration exist in textile processing, garment parks, retail operations, technology transfer, and skill development.

### Pharmaceuticals

Despite challenges due to regulatory rules, the COVID-19 pandemic presented opportunities for cooperation in the pharmaceutical sector. Both countries supported each other by supplying vaccines and medical products, and there is potential for further collaboration in this area<sup>49</sup>.

46. <https://www.eoiriyadh.gov.in/page/india-saudi-business-relations/>

47. <https://www.eoiriyadh.gov.in/page/india-saudi-business-relations/>

48. Embassy of India, Riyadh, Saudi Arabia : India-Saudi Bilateral Relations (eoiriyadh.gov.in)

49. Embassy of India, Riyadh, Saudi Arabia: India-Saudi Economic and Commercial Relations (eoiriyadh.gov.in)



**03**

**Navigating digital Era:  
India - Saudi Arabia start-up  
collaboration**



India, with a GDP of USD 3.7 trillion as of 2024, is one of the world's fastest-growing major economies. The IMF projects India's economy to grow at an annual rate of 6.5% over the next five years, outpacing many developed nations. The economic and socio-cultural ties between India and Saudi Arabia date back centuries. In February 2019, the two nations formalized their partnership by establishing the Strategic Partnership Council (SPC) and signing 11 MoUs in areas including energy, security, and defence production. The SPC enhances existing mechanisms, such as the Joint Working Commission.

## India: A preferred investment destination for Saudi Arabia

India is increasingly becoming a preferred investment destination for Saudi Arabia. Its rapidly growing economy offers attractive opportunities for investment across various sectors, including technology, infrastructure, and energy. Both countries have been working on enhancing their economic cooperation through various agreements and joint ventures.

Saudi direct investments in India amount to USD 3.15 billion. Major Saudi investment groups include ARAMCO, SABIC, ZAMIL, E-holidays, and Al Batterjee Group. Additionally, Public Investment Fund (PIF) has also invested approximately USD 4.6 billion in many Indian Start-ups through the Soft Bank's 'Vision Fund'<sup>50</sup>

Saudi Arabia's Public Investment Fund (PIF) has made substantial investments, such as USD 1.49 billion in Reliance Jio Platforms and USD 1.3 billion in Reliance Retail Ventures Limited. Additionally, PIF invested USD 75 million in HealthifyMe's Series C funding round and SABIC has invested over USD 100 million in its technology and innovation centre in Bengaluru<sup>51</sup>.

Saudi petrochemical giant SABIC established its R&D centre in Bangalore with an investment of over USD 100 million in 2013. Saudi Aramco and UAE's ADNOC are jointly developing the USD 44 billion West Coast Refinery & Petrochemicals Project in Maharashtra. Aramco also signed an MoU with Mumbai-based GumPro in 2018 to set up a drilling fluids facility and announced plans in August 2019 to acquire a 20% stake in Reliance Industries Limited's Oil and Chemical business at an enterprise value of USD 15 billion. Saudi Arabia has been invited to participate in India's Strategic Petroleum Reserves (SPR) Program, presenting opportunities for involvement in various hydrocarbon sectors, including exploration, midstream, downstream, and service sectors<sup>52</sup>.

With India's dynamic economic growth, extensive market potential, and strategic agreements with Saudi Arabia, the investment climate remains favourable. Saudi Arabia's

investment in India is expected to expand significantly, promising a robust economic partnership that benefits both countries through increased trade, investment, and collaborative ventures. The investment ecosystem in India is shaped by various key government stakeholders, each playing a unique role in fostering growth and innovation. The figure below illustrates a list (non-exhaustive) of these stakeholders.



50. Embassy of India, Riyadh, Saudi Arabia : India-Saudi Bilateral Relations ([eoiriyadh.gov.in](http://eoiriyadh.gov.in))  
 51. Embassy of India, Riyadh, Saudi Arabia : India-Saudi Bilateral Relations ([eoiriyadh.gov.in](http://eoiriyadh.gov.in))  
 52. Unclassified\_Bilateral\_Brief.pdf ([mea.gov.in](http://mea.gov.in))

# Indian investors boost Saudi Arabia startups through strategic collaboration

The recent visit of Saudi Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud to India has spurred a series of high-profile engagements between the two nations. Principal Secretary to the Prime Minister of India reaffirmed the Indian government's dedication to supporting Saudi investments valued at approximately USD 100 billion. This commitment was solidified through an agreement to facilitate regular consultations between technical teams from both countries to advance discussions on specific investment opportunities. An empowered delegation, led by the Secretary of Petroleum, is scheduled to visit Saudi Arabia to further discuss and finalize investments, particularly in the oil and gas sector. Additionally, Saudi Arabia has been invited to establish an office of its Sovereign Wealth Fund, the Public Investment Fund (PIF), in India. This move highlights the strategic importance of enhancing bilateral investment flows and fostering collaborative economic development<sup>53</sup>.

A notable example of the growing investment synergy between the two nations is the Essar Group's substantial commitment to Saudi Arabia. The Indian conglomerate is investing heavily in Saudi Arabia, with a particular focus on its port-related project in Ras Al-Khair and its technology solutions company, Black Box. This initiative follows Essar's ongoing USD 4.5 billion integrated steel project in the same region, one of the largest Indian investments in the Middle East to date. Essar Group's expansion strategy includes establishing a regional hub in Riyadh to oversee its growing business operations across the GCC. The company plans to build two dedicated berths at Ras Al-Khair port, which will support its steel project and enhance its logistical capabilities. Black Box, the group's technology arm, is also set to increase its investments and expand its operations, driven by a robust pipeline of opportunities in the region<sup>54</sup>.

The ongoing collaboration between India and Saudi Arabia is poised to strengthen bilateral investments and foster a conducive environment for startups and technology-driven enterprises. The high-level task force, established as part of the strategic engagement between Prime Minister Narendra Modi and Crown Prince Mohammed bin Salman, plays a crucial role in facilitating and streamlining these investments. Given the attractive investment opportunities emerging in Saudi Arabia and its rising prominence as a gateway to the MENA region, it is crucial to understand the roles of various entities in fostering a robust investment environment. The below figure provides a glimpse into the key government stakeholders in the Saudi Investment Ecosystem, highlighting their contributions and influence.

01

## Ministry of Investment

- Focuses on enhancing the investment environment in the Kingdom and supporting local and foreign startups.
- [www.misa.gov.sa](http://www.misa.gov.sa)

02

## Saudi Venture Capital Company (SVC)

- Provides capital to startups and SMEs by investing in venture capital and private equity funds.
- [www.svc.com.sa](http://www.svc.com.sa)

03

## Ministry of Communications and Information Technology (MCIT)

- Plays a pivotal role in fostering the digital economy, developing the tech startup ecosystem, and implementing ICT initiatives.
- [www.mcit.gov.sa](http://www.mcit.gov.sa)

04

## Capital Markets Authority (CMA)

- Responsible for regulating and developing a healthy investment environment and resilient capital markets ecosystem
- [www.cma.org.sa](http://www.cma.org.sa)

05

## Monsha'at (General Authority for Small and Medium Enterprises)

- Supports and empowers SMEs and startups through funding, mentorship, and policies.
- [www.monshaat.gov.sa](http://www.monshaat.gov.sa)

06

## Saudi Central Bank (SAMA)

- Regulates the financial sector and promotes fintech innovation by creating a conducive regulatory environment for financial startups.
- [www.sama.gov.sa](http://www.sama.gov.sa)

07

## Public Investment Fund (PIF)

- The sovereign wealth fund responsible for driving investments in diversified sectors, including tech and startups.
- [www.pif.gov.sa](http://www.pif.gov.sa)

08

## Small and Medium Enterprises (SME) Bank

- Key enabler in providing funding solutions and strengthening the role of SMEs in the Kingdom's economy
- [www.smebank.gov.sa](http://www.smebank.gov.sa)

53. India- Saudi Arabia hold first meeting of the High-Level Task Force on Investments | Prime Minister of India ([pmindia.gov.in](http://pmindia.gov.in))

54. Essar Group Expands Investments in Saudi Arabia's Port & Tech sectors



# Success story 1: Expansion of India's leading consumer service startup to Saudi Arabia

## Background

The startup began as a platform connecting customers with professional home services providers, offering everything from cleaning and beauty services to appliance repairs. Known for its emphasis on quality, reliability, and convenience, the startup quickly scaled across major cities in India and expanded internationally.

## Why Saudi Arabia? key drivers for entry

The startup identified Saudi Arabia as a potential market driven by its high disposable income, a significant migrant population, and unmet consumer needs. The market's traditionally non-customer-friendly operations and lack of fast, reliable services further reinforced the opportunity for them to introduce its streamlined, customer-centric offerings.

## What were the factors leading their expansion, retention and growth in Saudi Arabia?

By providing services within 30 minutes—compared to competitors' 4-hour offerings with a 7-day advance booking—the startup aimed to revolutionize the sector.

## Key factors that enabled its retention in KSA

- Finding the Product-Market-Fit
- Aligning to Local Norms and Regulations
- Using Localized Marketing Methods

## Key factors that contribute to the startup's growth journey in KSA

- Joint Ventures with Local Companies
- Effective Digital Marketing
- Tailored engagement with Expatriate and Local Communities

## Outcomes and impact

This consumer service company's foray into Saudi Arabia underscores its adaptability and customer-focused approach, demonstrating the potential for success in the region's dynamic market. The experience highlights areas where continued government support could further enhance startup experience:

- Strengthening of existing framework through the one-stop shop for regulatory approvals, like the Saudi Business Centre.
- Building on current workforce policies by considering flexible caps to enable businesses scaling.
- Continuing the supportive approach for startups by offering avenues for compliance corrections.

## Key lessons for Indian startups

- Regulatory Preparedness: Navigating licensing and compliance frameworks in KSA requires persistence and in-depth research.
- Localized Offerings: Customizing products to cultural norms and customer preferences ensures relevance and growth.
- Capitalize on Government Initiatives: Engage with programs like MISA and LEAP to benefit from foreign investment incentives and startup-friendly reforms under Vision 2030.
- Agile Marketing: Digital platforms and targeted events are vital for building brand visibility in a high-data consumption market like KSA.
- Plan for Workforce Challenges: Anticipate restrictions on hiring and prepare contingency plans to sustain operations and growth.



# Success story 2: Experience of India's leading hospitality startup in Saudi Arabia

## Background

This Indian startup revolutionized the hospitality industry in the country, becoming a household name for hotel bookings. With its scalable model and innovative approach, the startup rapidly expanded within India and internationally. In 2019, they entered Saudi Arabia, marking a significant milestone in its global journey.

## Why Saudi Arabia? Key drivers for entry

Saudi Arabia was an attractive market for companies operating in hospitality industry due to high religious tourism, with millions of Indian pilgrims visiting Mecca and Medina annually, and strong government support under Vision 2030, which encouraged innovation, tourism, and foreign investment.

## What were the factors leading to expansion, retention and growth in Saudi Arabia?

The startup's entry into Saudi Arabia in 2019 faced unexpected challenges with the onset of COVID-19, disrupting the hospitality sector globally. Despite these hurdles, the company's strategy to act locally, diversify its offerings, and prioritize sustainability enabled it to adapt swiftly. By tailoring services to local needs, venturing into new business verticals like hospitality auditing, and building strong partnerships, the startup not only weathered the pandemic but also emerged stronger. Today, its success is evident in its collaborations with the Saudi government, including large-scale tie-ups with the Ministry of Tourism, showcasing its resilience and long-term commitment to the region.

## Key factors that facilitated their expansion in KSA

- Highly Digital Investment Ecosystem
- Ease of Obtaining Licenses
- Efficient Support through Government run Business Centres
- Agile and Non-bureaucratic Governance

## Key factors that enabled their retention in KSA

- High Purchasing Power and Revenue Potential of the Market
- Opportunities for Diversifying Service Offerings, like hotel auditing, luxury and premium stays
- Growing Local Economy

## Key factors that contribute to their growth in KSA

- Strategy of Operating like a Local Company, hiring local staff and adhering to norms
- Diversification of Economy beyond Oil and Religious Tourism
- Support and Collaboration from Government

## Outcomes and impact

This hospitality company's adaptive approach and strategic partnerships in Saudi Arabia yielded:

- Enhanced brand recognition in a global market.
- Diversified revenue streams, including premium services and non-religious tourism.
- Strengthened relationships with the government, ensuring long-term sustainability.

## Key lessons for Indian startups

- Understand the Market: Tailor offerings to local culture and demand.
- Tap into Vision 2030: take advantage of Saudi Arabia's Vision 2030, which promotes foreign investments and facilitates market entry
- Utilize Digital Governance Systems: Platforms such as Saudi Business Centers offer streamlined solutions for licensing, registrations, and other operational needs for expanding companies.
- Leverage Government Support: Collaborate with policymakers to align business goals with national priorities.
- Think Beyond Core Business: Explore ancillary opportunities to maximize growth and relevance.









# 04

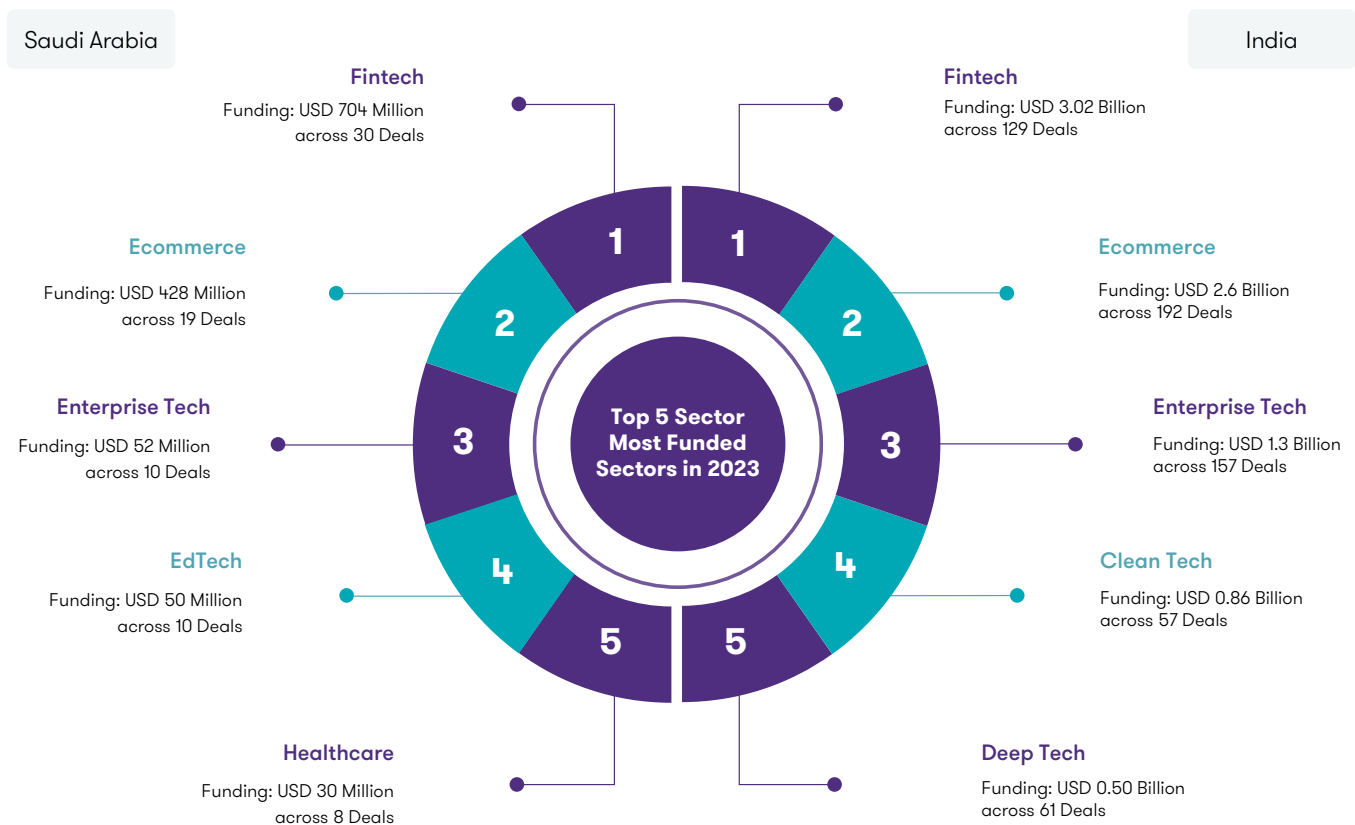
**Collaboration & potential opportunities: High growth sectors**

## Sectors receiving the most funding and traction

In both India and Saudi Arabia, fintech, e-commerce, and enterprise technology have consistently dominated the startup funding landscape, these sectors continue to attract the most significant investments due to their scalability, growing consumer base, and alignment with digital transformation goals in both countries.

In India, besides fintech and e-commerce, sectors like deep tech, and clean tech have seen a surge in funding<sup>55</sup>. The rise of green technologies, driven by India's push for sustainability, and increasing investments in agritech and EVs suggest these areas will continue to gain traction.

In Saudi Arabia, while fintech and e-commerce remain strong, 2023 saw heightened interest in sectors such as enterprise software, edTech, and healthcare. With government backing for sectors around deep tech and renewable energy these sectors also indicate promising growth areas, and sectors like AI, logistics, and cleantech should be on the radar, as these fields are primed for collaboration between India and Saudi Arabia. Both nations are aligning with global trends toward sustainability, digital economy growth, and smart logistics, which offer lucrative opportunities for cross-country investments.



Source: India: Indian Tech Startup Funding Report 2023 | Inc42 Datalabs, KSA: Saud Arabia Venture capital Report FY 2023 | Magnitt

## Saudi Arabia: Exploring key growth sectors

Saudi Arabia's startup ecosystem is undergoing significant growth, fuelled by Vision 2030 Program and supportive government initiatives that encourage innovation and investment. This section explores the evolving opportunities

for startups, focusing on key growth areas, government policies, and funding trends. It also highlights potential synergies with India's startup ecosystem, paving the way for mutual growth and collaboration.

55. Here's How Top Startup Sectors Performed On The Funding Front In 2023

Sector	No. of start-ups	Funding	Revenue	Growth	Govt. Initiative
Fintech Eg: STC Pay, Tamara	280 <sup>56</sup>	USD 1.95 Bn	USD 1094 Mn <sup>57</sup>	CAGR 6.07% <sup>58</sup>	Govt is prioritising the need to foster innovation in financial sector. They are introducing policies to reduce entry barriers, promote competition and ensure data security and encourage development of new technologies.
eCommerce Eg Namshi, Noon E Commerce	1930 <sup>59</sup>	USD 682 Mn	USD 14.38 Bn <sup>60</sup>	CAGR 11.05%	The E-commerce Council is an important government institution that aims to enhance economic growth by proposing E-commerce policies and legislation, supervising the "E-commerce Stimulus Program", coordinating with relevant entities to prevent duplication, eliminating obstacles and ensuring effective implementation of the program <sup>61</sup> .
Foodtech Eg Jahez, Foodics	145 <sup>62</sup>	USD 289 Mn	-	CAGR 8.3% <sup>63</sup>	The Saudi Food and Drug authority (SFDA) provides guidance and support for startups in FoodTech ensuring compliance and safety.
Edtech Eg- Noon, AlGooru	194 <sup>64</sup>	USD 73.9 Mn	USD 256.60 Mn <sup>65</sup>	CAGR 6.60%	The government has made significant investments in the education sector, including the development of online education platforms and the promotion of e-learning initiatives. These initiatives have created a favourable environment for the growth of the Online Education market in Saudi Arabia.
Healthtech Eg- Labayh, O7 Therapy	282 <sup>66</sup>	USD 17.9 Mn	USD 1393 Mn <sup>67</sup>	CAGR 10.1%	Large youth base and a rapidly ageing population with prevalence of chronic diseases are expected to triple healthcare demand in the next 10 years. The healthcare and life sciences sector accounts for 17.7% of the country's budget expenditure <sup>68</sup>
Proptech Eg- Rize, Wasalt	39 <sup>69</sup>	USD 2.9 Mn	USD 2.27 Tn <sup>70</sup>	1.70%	The government has implemented various initiatives and policies to encourage the development of affordable housing projects to cater to the needs of the middle-income population. This has led to an increase in the construction of affordable housing units across the country. The government has implemented several reforms and policies to attract foreign investment in the real estate sector, include easing restrictions on foreign ownership of property and introducing new regulations to streamline the investment process.
Renewable energy Eg: ACWA Power, Alfanar Group	-	USD 336.8 Mn	-	CAGR 42.44% <sup>71</sup>	Vision 2030 sets the ambitious goal of meeting over 50% of the energy requirement from renewable energy sources, boosting market demand for solar, wind, tidal, and other renewables through significant government backing and private sector investments <sup>72</sup> .
Enterprise SaaS Eg- WakeCap, Immensa, Foodics	457 <sup>73</sup>	USD 581 Mn	USD 0.58 Bn <sup>74</sup>	CAGR 18.28%	In Saudi Arabia, the Software as a Service Market within the Public Cloud Market is experiencing a surge in demand, driven by the government's push towards digital transformation and the increasing adoption of cloud-based solutions by businesses.

56. Top 10 startups in FinTech in Saudi Arabia - Tracxn

57. FinTech - Saudi Arabia | Statista Market Forecast

58. Fintech Market in Saudi Arabia - Trends & Size (mordorintelligence.com)

59. B2C E-Commerce | Tracxn

60. eCommerce - Saudi Arabia | Statista Market Forecast

61. PowerPoint Presentation (comceec.org)

62. Food Tech | Tracxn

63. Harnessing Foodtech to Reshape Saudi Arabia's F&B Industry (astrolabs.com)

64. EdTech | Tracxn

65. Online Education - Saudi Arabia | Statista Market Forecast

66. HealthTech | Tracxn

67. Digital Health - Saudi Arabia | Statista Market Forecast

68. Healthcare & Life Sciences | Sectors & Opportunities | MISA (investsaudi.sa)

69. Real Estate Tech | Tracxn

70. Real Estate - Saudi Arabia | Statista Market Forecast

71. Saudi Arabia Renewable Energy Market Size, Share, Report 2032 (marketresearchfuture.com)

72. Energy | Sectors & Opportunities | MISA (investsaudi.sa)

73. SaaS | Tracxn

74. Software as a Service - Saudi Arabia | Market Forecast (statista.com)





## India: Exploring key growth sectors

India's startup ecosystem is rapidly expanding, supported by government initiatives aligned with 'Digital India' and 'Make in India' visions. These programs, along with a focus on financial inclusion, digitalization, and infrastructure development, have created significant opportunities for startups. This section explores key growth sectors, highlighting the role of government policies and investment trends, showing opportunities for investors from Saudi Arabia.

Sector	No. of start-ups	Funding	Revenue	Growth	Govt. Initiative
Fintech Eg- Paytm, Razorpay	13.1K <sup>75</sup>	USD 37 Bn	USD 111.14 Bn <sup>76</sup>	CAGR 30%	Government has taken several measures to increase investment inflows in Fintech sector. The Pradhan Mantri Jan Dhan Yojana (PMJDY) has been targeted at increasing financial inclusion in India by helping in new bank account enrolment of beneficiaries for direct benefits transfer and accessibility to a host of financial services applications. This has enabled Fintech startups to build technology products to penetrate the large consumer base in India <sup>77</sup> .
SaaS Eg: Zoho, Shiprocket	22.1K <sup>78</sup>	USD 24.9 Bn	USD 3.01 Bn <sup>79</sup>	CAGR 25.08%	Government schemes like 'Digital India' and 'Make in India' have played a pivotal role in fostering industry participation. The National Policy on Software Products and its various programmes have played an instrumental role in the growth of the SaaS sector. The Indian Software Product Registry has helped in the creation of Indian Software Product Companies, bringing all software products to one single platform to gain access to the Government eMarketplace <sup>80</sup> .

75. FinTech | Tracxn

76. Fintech Industry in India - Size, Share, Growth & Industry Overview (mordorintelligence.com)

77. Press Release: Press information Bureau (pib.gov.in)

78. SaaS | Tracxn

79. Software as a Service - India | Statista Market Forecast

80. Microsoft Word - NPSP-2019 (meity.gov.in)

Sector	No. of start-ups	Funding	Revenue	Growth	Govt. Initiative
Edtech Eg- Byjus, Physics Wallah	7.67K <sup>81</sup>	USD 9.25 Bn	USD 5.13 Bn <sup>82</sup>	CAGR 19%	The Government of India's supportive policies and efforts. The Interim Budget of 2024-25 set a record USD 8.78 billion for the Department of School Education and Literacy alone. Policy interventions such as the National Education Policy (NEP) 2020, and the National Digital Education Architecture (NDEAR) 2021 aim to provide a level playing field to all <sup>83</sup> .
Healthtech Eg Tata 1mg, Medi Buddy	12K <sup>84</sup>	USD 11.2 Bn	USD 5 Bn <sup>85</sup>	CAGR 39%	The government's push towards digitisation is enabling assisted growth in the healthtech sector. Various policies and initiatives, such as – Health ID (UHID) and Electronic Medical Record (EMR) are unifying the patient management efforts across the board <sup>86</sup> .
Logistics Eg – Shadowfax, Delhivery, Porter	3.39K <sup>87</sup>	USD 10.7 Bn	USD 24.27 Bn <sup>88</sup>	CAGR 12.44%	The National Logistics Policy (NLP) and the PM Gati Shakti programme are significant overarching policy moves taken by the central government in this area <sup>89</sup> .
PropTech Eg NoBroker, Housing	1.67K <sup>90</sup>	USD 2.38 Bn		CAGR 9.6% <sup>91</sup>	Multiple MOHUA (Ministry of Housing and Urban Affairs) schemes and missions have also been directed to propel sector-focussed growth and give impetus to the Make in India initiative. Pradhan Mantri Awas Yojana – Urban (PMAY-U) was launched to address the urban housing shortage among the Economically Weaker Section (EWS)/Lower Income Group (LIG) and Middle-Income Group (MIG) categories including the slum dwellers <sup>92</sup> .
Electric Vehicle Eg- Ola Electric, Yulu	1.68K <sup>93</sup>	USD 7.28 Bn	USD 255.54 Bn <sup>94</sup>	CAGR 23.42	India's electric vehicle (EV) sector is experiencing rapid growth, fuelled by government incentives like the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme, India aims to significantly increase EV adoption, revolutionizing its transportation landscape towards sustainability and innovation.
TravelTech Eg- Iqigo, Makemytrip	2.72K <sup>95</sup>	USD 7.27 Bn	USD 22.3 Bn <sup>96</sup>	CAGR 8.87%	Government initiatives to promote tourism, improve infrastructure, and simplify visa processes have also played a crucial role in driving the growth of the industry. The increasing connectivity through air, road, and rail networks has made travel within India more convenient and affordable for travellers.

81. K-12 EdTech | Tracxn

82. India EdTech Market Summary, Competitive Analysis and Forecast to 2028 (globaldata.com)

83. Opportunities in India's EdTech Industry: Driving Innovation and Accessibility (investindia.gov.in)

84. HealthTech | Tracxn

85. Indian Unicorn Landscape - Startups, Growth, FDI, Investors (investindia.gov.in)

86. Press Note Details: Press Information Bureau (pib.gov.in)

87. Logistics Tech | Tracxn

88. India Logistics Market Size, Growth & Forecast to 2032 (credenceresearch.com)

89. Revolutionizing Transport- The Evolution of Logistics | IBEF

90. Real Estate Tech | Tracxn

91. From clicks to bricks: PropTech startups ride the online home-buying wave | News - Business Standard (business-standard.com)

92. PropTech in India: Transforming Real Estate with Technology and Economic Growth (investindia.gov.in)

93. Electric Vehicles | Tracxn

94. Electric Vehicle Industry in India: Market Growth & Innovations | IBEF

95. Online Travel | Tracxn

96. Travel & Tourism - India | Statista Market Forecast

## Top sectors: Opportunity in Saudi Arabia

Saudi Arabia's thriving startup ecosystem presents significant opportunities across rapidly growing sectors. This section provides an in-depth look at market potential, target audiences, and the main factors driving expansion. It also highlights government support, key players shaping the competitive landscape, and the regulatory environment. Through real-world examples, the section offers valuable insights for Indian businesses and Investors aiming to capitalize on the growth opportunities in the dynamic Saudi Arabian market.

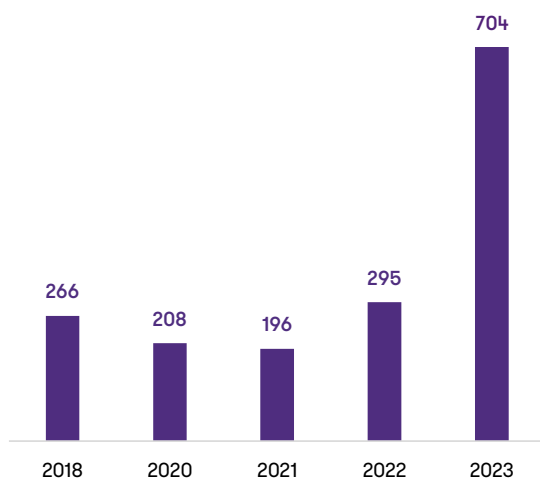
### Fintech

The fintech sector in Saudi Arabia is projected to reach a value of USD 87 billion by 2029, driven by rapid digital transformation. The growing adoption of innovative payment methods, including digital wallets, QR code payments, and bill payment system, has supported the market's continued positive outlook. Cashless transactions are expected to account for 70% of all transactions by 2025, a significant increase from 62% in 2021. Digital wallets have become a dominant force in the Kingdom's fintech landscape, now serving half of the Saudi population. Buy Now, Pay Later (BNPL) has surged in popularity among Saudi consumers, with users rising from 76,000 in 2020 to over 10 million by 2022.

#### Market overview

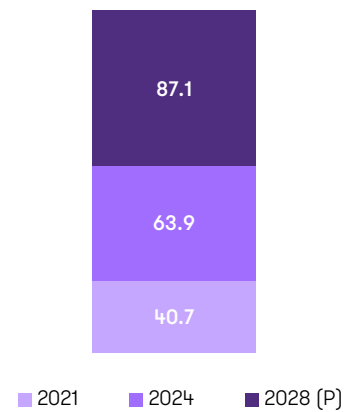
The fintech landscape in Saudi Arabia is witnessing rapid growth, with the transaction value of digital payments and neobanking services on a significant upward trajectory. Between 2018 and 2023, fintech companies in Saudi Arabia attracted more than USD 1 billion in funding, with the number of fintechs operating in the country increasing twentyfold from 10 to 200 during this period<sup>97</sup>.

Fintech Funding Amount Y-o-Y (USD Mn)<sup>98</sup>

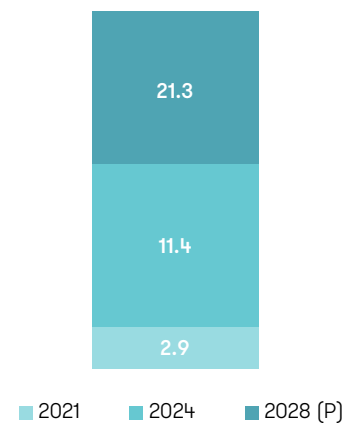


Value of digital payments are projected to rise from USD 63.9 billion in 2024 to USD 87.1 billion by 2028, reflecting a steady Compound Annual Growth Rate (CAGR) of 8.05%. At the same time, neobanking services are expected to grow at an even faster rate, with transaction values jumping from USD 11.4 billion in 2024 to USD 21.3 billion by 2028, representing a robust CAGR of 16.91%. The rapid expansion of neobanking underscores the growing demand for digital banking solutions, which offer convenience and innovation in managing finances. This surge highlights the Kingdom's shift toward a cashless economy, driven by the increasing adoption of digital wallets, contactless payments, and advanced payment services.

Growth in transaction value of digital payments (USD Bn)<sup>99</sup>



Growth in transaction value of Neobanking (USD Bn)<sup>100</sup>



97. Fintech: Saudi Arabia's Rising Frontier for Growth and Economic Sustainability | Setup in Saudi

98. FinTech | Tracxn

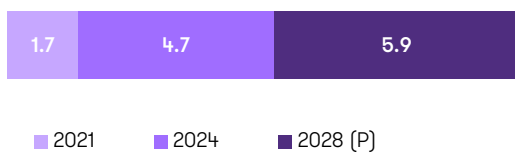
99. FinTech - Saudi Arabia | Statista Market Forecast

100. FinTech - Saudi Arabia | Statista Market Forecast

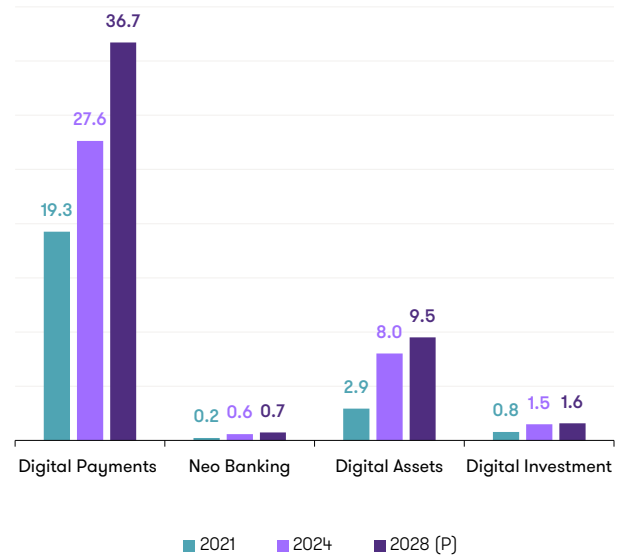
## Growth in assets under management through digital investments<sup>101</sup>

The assets under management (AUM) through digital investments in Saudi Arabia are projected to grow from USD 4.7 billion in 2024 to USD 5.9 billion by 2028, reflecting a CAGR of approximately 5.85%. This steady growth highlights the increasing adoption of digital investment platforms as more investors leverage technology to manage their portfolios.

Growth in Assets under management (AUM) through digital investments (USD Bn)



Segment Growth (Mn users)



## Key segments and target audience

The leading fintech sectors in Saudi Arabia are payments, regtech, and insurtech, making up 50%, 30%, and 20% of fintech activities, respectively. Payments is the most developed, featuring both established companies and new entrants. Regtech, although a newer sector, is the fastest growing as financial institutions increasingly adopt technology to meet regulatory requirements. Insurtech stands out as the most innovative, with numerous startups creating new ways to offer insurance products and services to the market<sup>102</sup>.

### Growth in number of users across segments (in USD Mn)<sup>103</sup>

The growth in the number of users across various digital financial segments in Saudi Arabia is expected to see significant increases by 2028. Digital payments, already a dominant segment, are projected to grow from 27.6 million users in 2024 to 36.7 million by 2028, showcasing continued strong adoption. Neobanking, though still in its early stages with 0.8 million users in 2024, is anticipated to see steady growth, reaching 0.7 million by 2028.

Digital assets are expected to experience notable user growth, increasing from 2.9 million users in 2024 to 9.5 million by 2028, reflecting the rising interest in block chain and crypto-related investments. Digital investments, similarly, are expected to expand modestly, growing from 1.5 million users in 2024 to 1.6 million by 2028. This trend illustrates the overall growing appetite for fintech solutions across different segments, supporting Saudi Arabia's transformation into a digitally enabled financial hub.

## Growth drivers

### Government initiatives

- Fintech Saudi Initiative:** Fintech Saudi was launched by the Saudi Central Bank in partnership with the Capital Market Authority in April 2018 to act as a catalyst for the development of the financial services technology (fintech) industry in Saudi Arabia. Its goal is to transform the country into an innovative fintech hub with a thriving and responsible ecosystem<sup>104</sup>.
- Fintech strategy 2030:** The launch of the Fintech Strategy aims to position Saudi Arabia as a leading global fintech hub, with technology-driven innovation in financial services serving as the cornerstone for promoting economic empowerment for individuals and society<sup>105</sup>.
- Regulatory testing environment:** Saudi Central Bank (SAMA) and Capital Market Authority (CMA) have created regulatory testing frameworks that offer FinTechs a sandbox environment to test innovative products before full-scale deployment. enable the testing of emerging technologies and activities not specifically addressed by current regulations, such as social trading, security tokenization, and digital assets, which could potentially be regulated by SAMA or CMA in the future<sup>106</sup>.
- Fintech Saudi Hub:** Launched in March 2022 through a collaboration between SAMA and the CMA, serves as a central hub for fintech companies in Saudi Arabia. It aims to foster collaboration, communication, and innovation within the local fintech community, providing a dedicated space for growth and development in the sector<sup>107</sup>.

101. FinTech - Saudi Arabia | Statista Market Forecast

102. Saudi Arabia's Fintech Revolution: Insights from the SAMA 2022 Annual Fintech Report (lucidityinsights.com)

103. FinTech - Saudi Arabia | Statista Market Forecast

104. fintechsaudi.com | About

105. Fifty\_Ninth\_Annual\_Report-EN.pdf (sama.gov.sa)

106. English-Fintech-Access-Guide-V3.pdf (fintechsaudi.com)

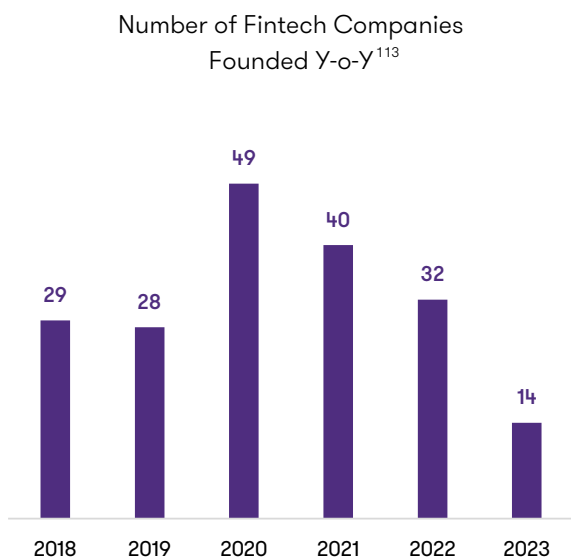
107. Fifty\_Ninth\_Annual\_Report-EN.pdf (sama.gov.sa)



- **Regulatory sandbox:** It offers a controlled regulatory environment where applicants receive conditional consent (no objection) to test new FinTech solutions. This “safe space” allows innovation while ensuring consumer protection through specific conditions and limitations<sup>108</sup>.
- **Open banking lab:** This technical testing environment enables banks and FinTech companies to develop, test, and certify their open banking services. The first version focuses on Account Information Services (AIS), while the second version will focus on Payment Initiation Services (PIS), driving innovation and growth in open banking services in the Kingdom<sup>109</sup>.
- **Financial technology experimental permit instructions:** It creates a regulatory framework that supports FinTech innovation within Saudi Arabia’s capital market. The CMA Fintech Lab allows companies, both from within and outside the Kingdom, to apply for a FinTech Experimental Permit for products and services related to securities activities<sup>110</sup>.
- **Fintech regulatory assessment tool:** It helps fintechs navigate the regulatory landscape by indicating whether their activity is regulated, who regulates it, available market entry options, and relevant technology regulations<sup>111</sup>.

## Competitive landscape

The fintech sector in Saudi Arabia is experiencing rapid expansion, with the number of active fintech companies growing from 147 in 2022 to 525 by 2028. This significant increase reflects Saudi Arabia’s strong push to establish itself as a regional fintech hub, driven by supportive regulations, innovation initiatives, and a growing demand for digital financial services across the Kingdom<sup>112</sup>.



108. English-Fintech-Access-Guide-V3.pdf (fintechsaudi.com)

109. English-Fintech-Access-Guide-V3.pdf (fintechsaudi.com)

110. English-Fintech-Access-Guide-V3.pdf (fintechsaudi.com)

111. English-Fintech-Access-Guide-V3.pdf (fintechsaudi.com)

112. FintechSaudi\_AnnualReport\_21\_22E.pdf

113. FinTech | Tracxn



## Key players and their offerings<sup>114</sup>

Company	Key Offering
Hypergamy	Payment solutions and financial services for businesses
Lendo	Online platform for invoice financing
Tamara	Provider of an online platform for point-of-sale financing
Hala	App-based wallet for consumer and business payments
Geidea	POS and loyalty solutions to retail merchants
Lean	Open banking aggregation APIs for financial institutions
Hakbah	Platform offering an integrated solution for cooperative savings and financial associations
stcpay	App-based wallet for consumer payments

## Regulatory environment

### Overview of relevant laws and regulations and licensing requirements for fintech companies<sup>115</sup>

- **Payment Service Provider Regulations:** For Companies engaged in payment activities include those handling payment transactions, acquiring payments, issuing payment instruments and e-wallets, facilitating money remittance, cash withdrawals, payment initiation services, and providing account information services.
- **Payment processors** that only handle payment processing without holding funds can seek certification from Saudi Payments without needing a license under the Payment Services Provider Regulations. This certification allows them to process all Mada payments. However, if they wish to process payments through international schemes like Mastercard or Visa, they must obtain the necessary approvals and certification from those schemes directly.
- **Rules Governing Insurance Aggregation Activities:** SAMA has issued regulations governing online insurance aggregation activities. These rules outline the requirements for companies intending to engage in insurance aggregation and the steps necessary to apply for a license to operate in this sector.

- **Insurtech Rules:** It regulates insurance technology activities, ensuring client protection, promoting fair competition, and fostering innovation within a flexible regulatory framework. These rules focus on practitioner obligations, client information accuracy, and codes of conduct to preserve clients' rights and support sector growth.
- **Guidelines of licensing criteria, Additional licensing guidelines and Minimum criteria for digital-only banks:** SAMA has issued specific guidance on the licensing criteria for digital-only banks, which must be followed alongside the standard Banking Licensing Guidelines and Minimum Criteria.
- **Rules Regulating Consumer Microfinance Companies:** It regulates for consumer microfinance companies, including those utilizing financial technology.
- **Rules for Engaging in Debt Based Crowdfunding:** It applies to companies developing digital platforms that raise funds from qualified investors, which are then lent to businesses via the platform.
- **Rules of Licensing Finance Support Activities:** It covers finance aggregator and finance support activities, such as finance brokerage support, to ensure that companies conducting these activities comply with regulatory standards.
- **Guidelines for Applying for Permission to Engage in BNPL:** These guidelines outline the criteria and application process for entering the BNPL market.
- **Regulatory Framework for Equity Crowdfunding:** It includes multiple rules, including the Capital Market Institutions Regulations and the Rules on the Offer of Securities, to provide a clear framework for equity crowdfunding platforms.
- **Rules on Outsourcing:** These guidelines cover activities that can be outsourced by banks (regulated entities) to third party organizations such as fintech.
- **Outsourcing regulation for finance companies, insurance and reinsurance companies and insurance service providers:** FinTechs offering services under these guidelines can be outsourced by SAMA-regulated entities, with approval from SAMA's authorization department.
- **Fit and Proper Rules:** Both SAMA and CMA mandate that regulated FinTech companies appoint senior personnel who meet the fit and proper criteria outlined in their regulations.

114. FinTech | Tracxn

115. English-Fintech-Access-Guide-V3.pdf (fintechsaudi.com)

## Case study

M2P FinTech, an Indian technology provider, expanded into Saudi Arabia in 2023, taking advantage of the Kingdom's rapidly growing fintech sector. Offering tailored solutions such as Buy Now Pay Later (BNPL), digital wallets, and payment services, M2P has formed strategic partnerships with local banks and fintechs to facilitate the shift towards digital payments. Their expertise and flexible approach have enabled them to integrate seamlessly with existing financial infrastructure, helping drive cashless transactions and greater financial inclusion across the country.

What sets M2P apart is its role as a technology enabler, allowing it to operate without needing direct regulatory licensing from the Saudi Central Bank. This flexibility has enabled M2P to rapidly scale its operations and partner with financial institutions, offering innovative solutions without the delays typically associated with regulatory approvals. As M2P continues to expand its presence in Saudi Arabia, it is poised to play a key role in transforming the country's fintech landscape, supporting economic growth and digital transformation<sup>116</sup>.

Desired Economic Impact that the Fintech Strategy is trying to achieve by 2030<sup>117</sup>:



**525**

Fintech Players



**18000**

Fintech jobs



**SAR 13.3 Billion**

Direct GDP



**SAR 12.2 Billion**

Cumulative VC Investments

## Fintech: Future outlook and prospects

The fintech sector in Saudi Arabia is at a transformative stage, supported by strong regulatory backing, technological advancements, and changing consumer behaviours. With the ongoing implementation of Vision 2030, Saudi Arabia is well-positioned to become a leading fintech hub in the region, offering new opportunities for investors, entrepreneurs, and technology providers alike.

As smartphones become ubiquitous and government initiatives drive progress, the shift from cash to digital payments is revolutionizing how Saudis shop, bank, and spend. The Kingdom's rapid progress is evident with the achievement of 70 percent non-cash transactions in 2023, two years ahead of the government's target of 2025. This early achievement highlights the vast array of further use cases and opportunities available to all stakeholders in the sector, including deeper applications such as digital insurance, digital lending products, and purpose-driven remittances.

SAMA has recently issued the second release under the Open Banking Framework, focusing on the Payment Initiation Service (PIS). The full rollout of the Open Banking initiative is expected to further drive innovation and competition, opening doors for diverse fintech players and stakeholders to offer new financial services.

116. Indian fintech M2P bets its money on Saudi Arabia's economic opportunity | Arab News

117. FintechSaudi\_AnnualReport\_21\_22E.pdf

# E-commerce

E-commerce is a key component of Saudi Arabia's Vision 2030, aimed at diversifying the economy, attracting investments, and promoting entrepreneurship and job creation. The establishment of the Saudi E-Commerce Council in 2018 has been pivotal in removing barriers by enhancing fintech, payment solutions, IT, and logistics. These efforts have made Saudi Arabia one of the most dynamic e-commerce markets in the MENA region.

## Market overview

E-commerce, the second-highest venture capital-funded sector in Saudi Arabia, is rapidly expanding. However, there is still significant growth potential. Unlike leading markets where online sales make up 18% of retail, the e-commerce sector in Saudi Arabia remains relatively untapped<sup>118</sup>. However, since the Saudi E-Commerce Council was established in 2018 to boost the sector's growth, Saudi Arabia has been actively working to eliminate obstacles to e-commerce. This includes promoting fintech and payment solutions, enhancing IT infrastructure, and supporting the logistics sector. As a result, it has become one of the most vibrant e-commerce markets in the MENA region<sup>119</sup>.

# 12%

Projected e-commerce contribution to Saudi Arabia's GDP in 2025.

# 15%

E-commerce's compounded annual growth rate from 2020 to 2025.

# 80%

cashless payments by 2030

# 34.5 Mn

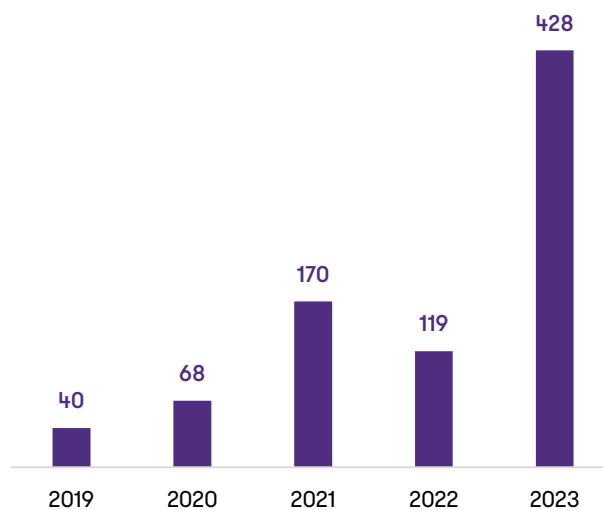
e-commerce users by 2025.

# USD 69 Bn

Projected e-commerce revenue by 2025<sup>120</sup>.

The e-commerce market in Saudi Arabia is experiencing significant growth. In 2024, the market is estimated to reach a value of approximately USD 13.61 billion and is projected to grow at a CAGR of 15.01%, reaching USD 27.37 billion by

E-commerce Funding Amount Y-o-Y (USD Mn)<sup>122</sup>



2029<sup>121</sup>.

## Growth drivers

eCommerce has revolutionized the Saudi market, providing consumers with convenient access to a wide range of local and international products and services. This shift has transformed consumer behaviour, with more people opting for online shopping over traditional stores. The eCommerce sector in Saudi Arabia is set for significant growth, with an annual growth rate (CAGR 2023-2027) of 14.37%, reaching USD 23.46 billion by 2027. The number of eCommerce users is expected to rise to 34.5 million by 2025, with user penetration increasing from 66.7% in 2023 to 74.7% by 2027<sup>123</sup>. Key factors driving this growth are-

- **High Internet Penetration and Mobile Device Usage:** Saudi Arabia boasts one of the highest internet penetration rates in the world, with over 100% of the population using the internet<sup>1</sup>. This widespread internet access, coupled with high mobile device usage, has facilitated the adoption of online shopping.
- **Changing Consumer Behaviour:** The COVID-19 pandemic accelerated the shift towards online shopping as consumers sought safer and more convenient shopping options. This change in consumer behaviour has persisted post-

118. International Trade Administration (ITA)

119. Monshaat Ecommerce Thematic Report

120. The Small and Medium Enterprises General Authority, Monshaat

121. Saudi Arabia E-Commerce Market Size & Share Analysis | Mordorintelligence

122. Saudi Arabia Venture Capital Report

123. Statista

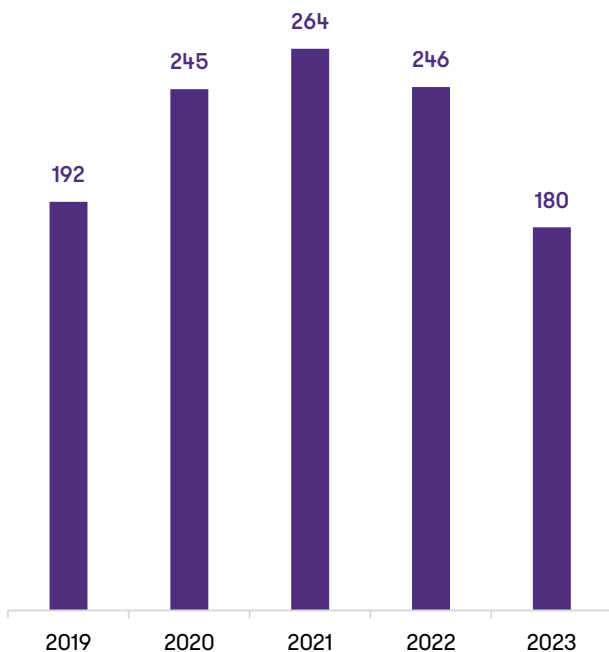


pandemic, with a growing preference for e-commerce platforms.

- **High Per Capita Income:** Saudi Arabia’s high per capita income has increased the purchasing power of its citizens, enabling them to spend more on online shopping. This economic factor has been a significant driver of e-commerce growth, particularly in segments like fashion, electronics, and beauty products.
- **Developed Logistics Networks:** The development of robust logistics and delivery networks has been crucial in supporting the e-commerce boom. Efficient logistics ensure timely delivery of products, enhancing customer satisfaction and encouraging repeat purchases.
- **Social Media Penetration:** The high penetration of social media in Saudi Arabia has also played a pivotal role in driving e-commerce. Social media platforms are not only used for social interactions but also for marketing and selling products.

### Key players and their offerings

Number of eCommerce Companies  
Founded y-o-y<sup>124</sup>



B2C company	Offering
Nana Direct	Platform offering grocery shopping and delivery services through partnered local stores.
Amazon	Opened a new fulfilment centre in Riyadh
Jahez	Online platform for food discovery, ordering and delivery
Floward	Online gifting platform offering flowers.
Morni	App-based platform for booking roadside assistance services.
Golden Scent	Online shop offering a wide range of beauty products.
Retalio	Online regional b2b marketplace offering groceries for SME retailers.
Jarir	Online wholesaler of smart electronics appliances.
Sary	App-based marketplace platform offering multi-category products.
DailyMealz	Provider of subscription-based healthy food delivery platform.
Qawafel	Online B2B marketplace offering multi-category products <sup>125 126</sup> .
Noon	Online e-commerce marketplace
Haraj	Local e-commerce platform
Namshi	Online fashion retail company

124. B2C E-Commerce | Tracxn

125. Top 10 startups in B2C E-Commerce in Saudi Arabia - Tracxn

126. Top 10 startups in B2B E-Commerce in Saudi Arabia - Tracxn

## Regulations and licensing requirements

- E-Commerce Law 2019<sup>127</sup>: It provides a legal framework to regulate e-commerce transactions and protect consumers in the Kingdom's growing digital economy. The law covers both merchants and practitioners of e-commerce, along with service providers who operate inside or outside Saudi Arabia but target local consumers. It also defines key terms such as e-commerce, service providers, consumers, and electronic contracts, ensuring clarity and governance for all parties involved in digital transactions.
- Key provisions of the law require service providers to disclose relevant information such as business addresses, terms of contracts, total prices, and warranties in their e-shops. Consumers are granted the right to rescind contracts within seven days of receiving products or services unless specified exceptions apply, such as customized goods. The law also mandates the protection of personal data, prohibiting its use for unauthorized purposes, and imposes penalties for non-compliance, including fines up to 1 million riyals, temporary or permanent suspension of e-commerce activities, and blocking of e-shops. Monitoring and enforcing compliance with the law is carried out by the Ministry of Commerce, ensuring transparency and fairness in the e-commerce sector.

## Case study

FirstCry, a leading omnichannel kids' wear retail brand from India, has successfully expanded its operations into Saudi Arabia. This expansion is a prime example of an India-based startup effectively leveraging the growing e-commerce market in Saudi Arabia, which is the largest market for childcare products within the Gulf Cooperation Council (GCC) region. The launch in August 2022 marked a significant milestone in FirstCry's international growth journey.

FirstCry's international business, including its operations in Saudi Arabia, has shown impressive growth. For fiscal 2024, the company's international revenue reported a growth of over 50%, with Saudi Arabia contributing significantly to this increase. The company's focus on profitability and cash flow management has further strengthened its financial position in the region. Looking ahead, Brainbees Solutions, the parent company of FirstCry, is now planning to further expand its operations in Saudi Arabia. The company plans to leverage its successful India play book to drive growth and capture a larger market share. With the childcare sector in Saudi Arabia expected to grow rapidly, FirstCry is well-positioned to capitalize on this opportunity and solidify its presence in the region<sup>128</sup>.

## E-commerce: Future outlook and prospects

Saudi Arabia's e-commerce sector is poised for continued expansion, driven by increasing internet penetration, a digitally savvy youth population, and ongoing government initiatives, which aims to diversify the economy. With the rise of mobile commerce and improved payment infrastructure, the sector is expected to grow significantly in the coming years.

The adoption of technologies such as artificial intelligence, big data, and block chain will enhance customer experiences and streamline logistics, contributing to more efficient supply chains. Local e-commerce platforms like Noon and Jahez are gaining traction alongside global giants like Amazon, which sees Saudi Arabia as a key growth market.

The government's focus on expanding the digital economy, coupled with the growing demand for online retail and digital payments, suggests that e-commerce will remain a dominant force. Investors should watch for innovations in delivery, AI-driven customer insights, and personalized shopping experiences, as these will drive the next wave of growth.

127. Saudi Arabia - E-commerce Law

128. FirstCry: FirstCry to focus on profitability, cash flow; will invest in Middle East biz to raise Ebitda - The Economic Times

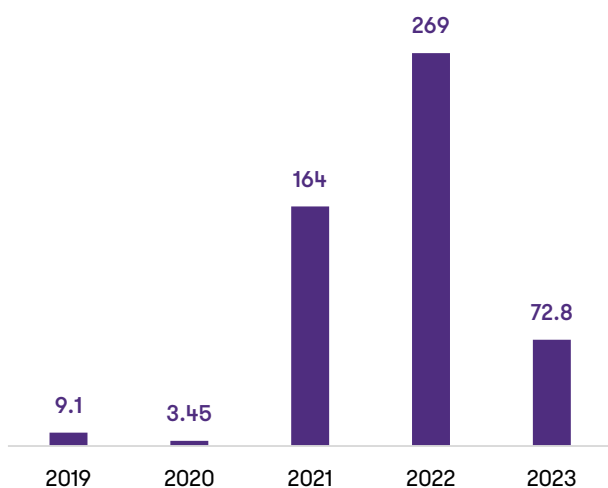
# Enterprise tech - SaaS

Software as a Service (SaaS) is a cloud-based software delivery model where applications are hosted by a service provider and accessed by customers over the Internet. Unlike traditional software models, which require significant upfront investment in licenses and infrastructure, SaaS operates on a subscription or pay-as-you-go basis. This model provides enhanced flexibility, scalability, and cost-effectiveness, eliminating the need for local installation and management, and allowing businesses to adjust their software resources according to their needs.

## Market overview

The Saudi Arabian SaaS market is expected to grow at a robust CAGR of 18% from 2023 to 2028. This growth is driven by several factors, including various digital transformation initiatives by the government and private sector, the cost advantages of SaaS, increasing demand for business agility and innovations, and a focus on improving customer experiences. Investments in digital infrastructure and smart technologies, aligned with Saudi Vision 2030, further support this growth trajectory<sup>129</sup>.

Enterprise Tech Funding Amount  
Y-o-Y (USD Mn)<sup>130</sup>



## Segments

- Enterprise Resource Planning (ERP):** These systems are highly valued for their scalability, flexibility, and cost-effectiveness. SaaS-based ERP solutions facilitate the management and integration of core business processes such as finance, human resources, inventory, and supply chain. Unlike traditional on-premises ERP systems, SaaS-based ERP eliminates substantial upfront infrastructure costs and offers easy accessibility from multiple locations.

- Customer Relationship Management (CRM):** CRM solutions are designed to help businesses manage and analyse customer interactions and data throughout the customer lifecycle. These solutions provide tools for tracking customer interactions, managing leads, and automating marketing efforts, which are essential for delivering personalized customer experiences and boosting overall satisfaction.
- Human Resource Management (HRM):** Human Resource Management systems, delivered via SaaS, are increasingly adopted in Saudi Arabia to streamline and automate HR functions. SaaS HRM solutions offer features such as payroll processing, employee management, benefits administration, and performance evaluation.
- Operations and Manufacturing (O&M):** SaaS solutions for O&M focus on optimizing production processes, supply chain management, and operational efficiency. By leveraging SaaS-based O&M solutions, companies can achieve greater operational visibility, reduce downtime, and enhance overall productivity.
- Others:** Other SaaS solutions in the Saudi market include Security Management, Transaction Processing, and various niche applications. Security Management solutions help organizations safeguard their data and systems from cyber threats, while Transaction Processing systems facilitate efficient handling of financial transactions.



129. Saudi Arabia Software as a Service (SaaS) Market Size, Share, & Growth By 2028 (marknteladvisors.com)

130. SaaS | Tracxn

## Target audience

- **Small and Medium Enterprises (SMEs):** These businesses are attracted to SaaS due to its cost-effectiveness and scalability. SaaS solutions enable SMEs to access advanced software without the need for substantial upfront investment in infrastructure and licenses. The pay-as-you-go model helps SMEs manage their budgets more effectively while benefiting from features that enhance operational efficiency and business agility.
- **Large Enterprises:** These organizations leverage SaaS solutions to integrate and manage extensive business processes across multiple departments and locations. For large enterprises, SaaS offers the flexibility to scale operations, enhance data analytics, and support complex workflows while minimizing the burden of maintaining on-premises infrastructure.
- **Financial Services and Banking Sector (BFSI):** The Banking, Financial Services, and Insurance (BFSI) sector is a key target audience for SaaS in Saudi Arabia. Financial institutions seek SaaS solutions for their advanced security features, regulatory compliance capabilities, and efficiency in managing customer data and transactions.
- **Healthcare Providers:** Healthcare organizations in Saudi Arabia are increasingly adopting SaaS solutions to manage patient data, streamline administrative tasks, and enhance healthcare delivery. SaaS applications offer benefits such as improved data accessibility, integrated patient management systems, and compliance with health regulations.
- **Government Agencies:** Government agencies are a significant target audience for SaaS solutions, particularly as they pursue digital transformation initiatives under Saudi Vision 2030. SaaS solutions help government entities streamline operations, improve service delivery, and enhance citizen engagement through integrated and scalable applications.

## Growth drivers

Several key drivers are fuelling the growth of the SaaS market in Saudi Arabia. Government initiatives under Saudi Vision 2030 emphasize digital transformation, promoting SaaS solutions to enhance agility, efficiency, and productivity. The cost-effectiveness of SaaS, which eliminates substantial upfront costs associated with traditional software, is particularly attractive to SMEs. Additionally, SaaS solutions offer essential tools for collaboration and connectivity, which improve productivity across diverse teams. Investments in advanced IT infrastructure, automation, and healthcare are also contributing to the expansion of the SaaS market.

- **Vision 2030:** Saudi Arabia's Vision 2030 includes a strategic focus on digital transformation and technological innovation. The government promotes SaaS companies as

part of its broader agenda to diversify the economy and enhance the technology sector.

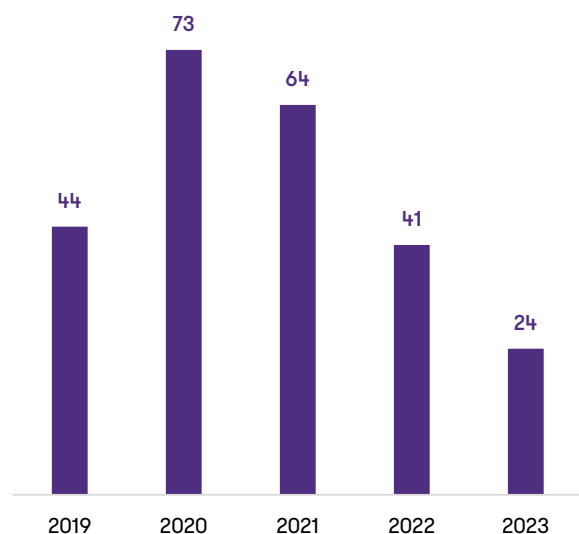
- **Saudi Arabian General Investment Authority (SAGIA):** SAGIA provides support and incentives for foreign investors and technology companies. This includes facilitating business setup processes and offering investment opportunities in the tech sector.
- **Saudi Data and Artificial Intelligence Authority (SDAIA):** SDAIA plays a key role in fostering innovation in data and AI. The authority supports SaaS companies through initiatives that promote data-driven solutions and technological advancements.
- **Digital Transformation Programs:** The government has launched various programs to encourage digital transformation across sectors. SaaS companies can benefit from these programs through grants, funding opportunities, and access to government contracts.

These initiatives reflect the government's commitment to fostering a robust technology ecosystem and provide valuable opportunities for SaaS companies looking to expand in Saudi Arabia<sup>131</sup>.

## Competitive landscape

Consumers in Saudi Arabia are increasingly recognizing the benefits of Software as a Service as it gives increased flexibility and cost-efficiency. This trend is further accelerated by the country's growing tech-savvy population and the government's push towards digital transformation. Additionally, the rise of remote work and e-learning during the pandemic has highlighted the importance of cloud-based collaboration and communication tools, further fuelling the demand for SaaS solutions in the country.

Number of Enterprise Tech Companies Founded Y-o-Y<sup>132</sup>



131. Localization Strategies for SaaS Products in the Middle East Market (zoho.com)

132. SaaS | Tracxn



## Key players and their offerings

penny software	Cloud-based procurement management solutions for businesses.
PalmHR	Cloud based HR Solution for SMEs in KSA
Foodics	Cloud-based point of sale (POS) and restaurant management system
WakeCap	Cloud-based platform offering workforce management solutions for the multi industry
Immensa	Developer of cloud-based on demand manufacturing solutions.
Foodics	Cloud-based suite solutions for restaurants.
Mozn	Artificial Intelligence solutions to empower enterprises in making critical decisions
Unifonic	Omnichannel customer engagement platform
Zid	Provider of software solutions to e-commerce businesses

## Regulatory environment

### Overview of relevant laws and regulations<sup>133</sup>

Saudi Arabia's regulatory landscape for SaaS companies is shaped by a range of laws and regulations designed to ensure compliance with local standards and safeguard consumer interests. Key regulations include:

- **The Saudi Data and Artificial Intelligence Authority (SDAIA):** This authority oversees data governance and promotes the use of artificial intelligence in a secure manner. SaaS companies must align with SDAIA's guidelines, particularly those related to data management and AI ethics.
- **The Saudi Arabian Monetary Authority (SAMA):** For SaaS solutions involving financial transactions, compliance with SAMA's financial regulations is critical. This includes adhering to standards for electronic payments and anti-money laundering (AML) measures.
- **The National Cyber security Authority (NCA):** SaaS companies must follow NCA guidelines on cyber security practices to protect against threats and ensure robust data security protocols.
- **The Saudi Arabia Labour Law:** This law governs employment practices within the country, including hiring practices and employee rights, which SaaS companies must adhere to if establishing a local presence.

Understanding and navigating these regulations is crucial for SaaS companies looking to enter or expand in the Saudi Arabian market. Compliance ensures not only legal adherence but also builds trust with local users and stakeholders.

### Licensing requirements for SaaS companies

SaaS companies operating in Saudi Arabia must obtain specific licenses to legally offer their services. Key requirements include:

- **Commercial Registration (CR):** SaaS companies must secure a Commercial Registration from the Ministry of Commerce. This registration is essential for operating legally and conducting business activities in Saudi Arabia.
- **Saudi Central Bank (SAMA) Licensing:** If the SaaS solution involves financial services, such as payment gateways or digital wallets, obtaining a license from SAMA is necessary to ensure compliance with financial regulations.
- **Saudi Arabian General Investment Authority (SAGIA):** For foreign SaaS companies looking to establish a local presence, obtaining a license from SAGIA is required. This process involves approving the business activity and ensuring alignment with Saudi investment regulations.
- **Data Centre Licensing:** If the SaaS company operates its own data centres in Saudi Arabia, it must obtain the necessary licenses from the Communications and Information Technology Commission (CITC).

Securing these licenses ensures that SaaS companies operate within the legal framework of Saudi Arabia and adhere to regulatory standards.

133. Localization Strategies for SaaS Products in the Middle East Market (zoho.com)

## Data privacy and security considerations

- Data privacy and security are paramount for SaaS companies operating in Saudi Arabia. Key considerations include:
- Personal Data Protection Law (PDPL): Saudi Arabia's PDPL mandates strict guidelines for handling personal data. SaaS companies must implement measures to protect user data, including obtaining explicit consent for data collection and processing.
- Data Localization Requirements: The PDPL requires certain data to be stored and processed within Saudi Arabia. SaaS companies must ensure that their data storage solutions comply with these localization requirements to avoid legal complications.
- Cyber security Regulations: Compliance with the National Cyber security Authority (NCA) guidelines is essential. This includes implementing robust cyber security measures to protect against data breaches and cyber threats.
- Data Breach Notification: In the event of a data breach, SaaS companies are required to notify affected individuals and relevant authorities promptly, following the procedures outlined by the PDPL.

Adhering to these privacy and security considerations not only ensures regulatory compliance but also builds confidence among Saudi users regarding the safety of their personal data.

## Case study

Zoho Corporation, founded in 1996 in India, provides a suite of SaaS applications covering CRM, finance, HR, and various other business functions. It has a strong presence in multiple international markets.

In 2021, Zoho announced its expansion into Saudi Arabia as part of its strategy to enhance its presence in the Middle East. The company opened its regional office in Riyadh to cater to the growing demand for digital transformation and cloud-based solutions in the region. This move aligns with Saudi Arabia's Vision 2030, which emphasizes technological advancement and digital transformation<sup>134</sup>.

Localization and Adaptation Strategies:

- Localized Solutions: Zoho adapted its products to meet the specific needs of Saudi businesses, including compliance with local regulations and cultural preferences.
- Partnerships: They formed local partnerships to better understand market dynamics and facilitate smoother operations within the region.
- Local Support: Zoho provided customer support in Arabic and tailored its marketing strategies to align with local business practices and cultural nuances.

Zoho's expansion into Saudi Arabia has allowed it to tap into a growing market for cloud solutions, contributing to its overall global growth and aligning with regional digital transformation goals.

## Enterprise tech: Future outlook and prospects

The sector in Saudi Arabia is expected to experience substantial growth, underpinned by the country's increasing digitalization and cloud adoption. As businesses transition to cloud-based solutions, SaaS will play a crucial role in improving operational efficiency, reducing costs, and enhancing scalability.

The Saudi government's digital transformation agenda, especially through initiatives like the Saudi Cloud First Policy, is accelerating the shift toward SaaS, with sectors such as healthcare, education, and finance rapidly adopting these solutions.

Key players like Unifonic and Foodics are leading the way in this space, providing advanced tech solutions to a growing number of enterprises. As more industries embrace digital transformation, the demand for customized, scalable SaaS offerings will rise, creating ample opportunities for innovation. Investors should focus on companies that offer AI-driven software, cyber security solutions, and automation tools, as these will be pivotal in shaping the future of the Saudi SaaS ecosystem.

<sup>134</sup>. Zoho to boost investment in Saudi Arabia to support Vision 2030 (zawya.com)

# EdTech

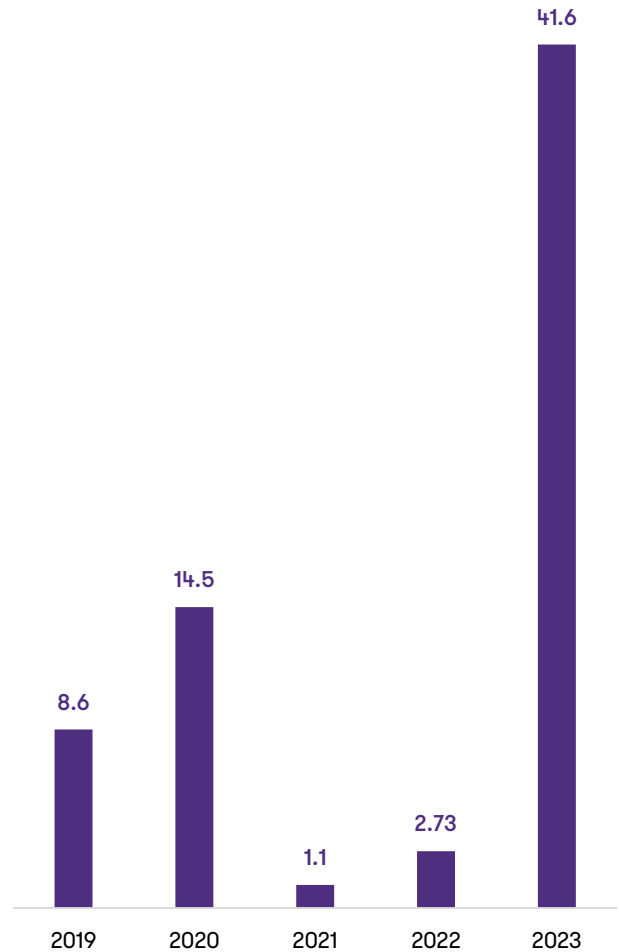
The edtech ecosystem in Saudi Arabia is rapidly evolving as part of the nation's Vision 2030, which aims to diversify the economy and foster innovation in various sectors. This growth is driven by a heightened focus on digital literacy, technological skills, and personalized education. The EdTech market in Saudi Arabia was valued at approximately USD 714.7 million in 2023, with a CAGR of 9.1% from 2018 to 2023. The market is projected to continue its growth, driven by increasing investments in digital learning technologies and government initiatives aimed at promoting digital education<sup>135</sup>. Key factors contributing to this growth include the rise in digital education resources, the need for training educators in technology use, and the increasing popularity of online degree programs<sup>136</sup>.

## Market overview

The EdTech market is segmented into various sectors including preschool, K-12, higher education, and others. It encompasses different types such as hardware, software, and content, with options for cloud-based or on-premises deployment. End users range from individual learners to educational institutions and enterprises. The pre k-12 and k-12 segment accounted for the market's largest proportion in 2023, with total revenues of USD 412.6 million, equivalent to 57.7% of the market's overall value<sup>137</sup>.

The growth rate of EdTech sector in Saudi Arabia is projected to grow at CAGR 13.3% by 2032. Regional growth varies, with significant activity across the Northern and Central, Western, Eastern, and Southern regions. This burgeoning sector reflects Saudi Arabia's commitment to enhancing educational accessibility, efficiency, and engagement through innovative technology solutions, positioning it as a key player in the global edtech landscape<sup>138</sup>.

Edtech Funding amount Y-o-Y (in USD Mn)<sup>139</sup>



135. Saudi Arabia EdTech Market Summary, Competitive Analysis and Forecast to 2028 | GlobalData

136. Saudi Arabia Edtech Market Size, Share | Analysis 2032 (imarcgroup.com)

137. EdTech in Saudi Arabia | GlobalData

138. EdTech | Tracxn

139. EdTech | Tracxn







## Target audiences

### Students

- **Personalized Learning:** EdTech platforms leverage AI to create tailored learning experiences, accommodating individual learning styles and needs. This personalization helps meet the diverse needs of students, including those from remote or underprivileged areas.
- **Engagement:** Interactive tools and gamification, along with VR and AR technologies, enhance student engagement and motivation. Research shows that such immersive experiences can increase student interest and retention rates by up to 40%.

### Parents

- **Real-Time Monitoring:** EdTech tools like online grade books offer real-time updates on student performance and attendance. This capability empowers 80% of proactive parents to engage actively in their child's education.
- **Supplemental Resources:** Educational apps and online resources allow parents to provide additional support at home, enhancing learning outcomes. For example, the integration of Blended Education 3.0 supports personalized learning pathways outside the classroom.

### Teachers

- **Efficiency:** Automated grading systems reduce manual grading workload, allowing teachers to focus on instructional quality. This efficiency is supported by data showing that automated tools can cut grading time by up to 50%.
- **Analytics:** Advanced analytics tools track student progress and identify learning gaps, aligning with Vision 2030's goal for evidence-based education. Data-driven insights enable teachers to intervene earlier and more effectively.

### The Kingdom

- **Economic Diversification:** EdTech contributes to economic diversification by preparing a tech-savvy workforce. Data suggests that upskilling through EdTech can increase employment opportunities in new industries by 25%.
- **National Ambitions:** By fostering a culture of innovation, EdTech supports Saudi Arabia's goal of becoming a global hub for education technology. The national strategy aims to position the Kingdom as a leader in educational innovation, reflecting its Vision 2030 ambitions<sup>140</sup>.

140. EdTech in Saudi Vision 2030 | Vazco

## Growth drivers

### Government initiatives aimed at diversifying the economy and promoting digital transformation<sup>141</sup>

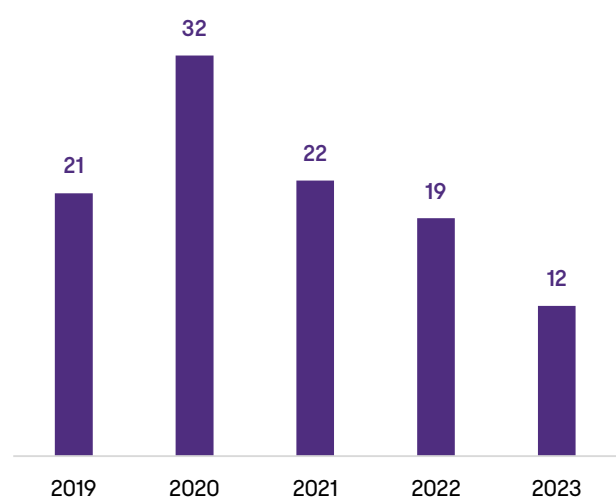
- KSA Cloud First policy:** In October 2020, the Ministry of Communications and Information Technology announced the KSA Cloud First Policy. This policy encourages governmental and semi-governmental entities to adopt cloud computing services. A significant implementation of this policy is Oracle's launch of a cloud data centre in Jeddah, which aims to enhance the country's digital infrastructure and support its growing technological needs.
- Digital transformation acceleration:** The COVID-19 pandemic significantly accelerated the deployment of digital tools in education. To ensure the continuity of education during school closures, there was a rapid adoption of online learning platforms. This shift not only maintained educational standards during the pandemic but also highlighted the importance of digital readiness in the education sector.
- Emphasis on STEM education:** Saudi Arabia has placed a strong emphasis on developing STEM (Science, Technology, Engineering, and Mathematics) skills to support its economic transformation. Investments have been made in top-notch institutions like King Abdullah University of Science and Technology (KAUST) to advance scientific and technological research. This focus aims to equip students with the necessary skills to thrive in a technologically advanced economy.
- Support for remote learning:** Government initiatives have been pivotal in integrating digital tools and distance learning models across K-12 and higher education sectors. To ensure the effective use of new technologies in education, urgent training programs were implemented. These efforts have facilitated a smoother transition to remote learning and have enhanced the overall educational experience.
- Vision 2030 alignment:** EdTech initiatives in Saudi Arabia are closely aligned with Vision 2030's goal of fostering a knowledge-based economy. Investments in digital infrastructure and educational technologies are aimed at preparing students for a digitally driven future. These initiatives are designed to create a robust educational framework that supports the Kingdom's long-term economic and technological goals.

## Competitive landscape

At present, the increasing focus on digital literacy and technology skills among people represents one of the primary factors impelling the growth of the EdTech market in Saudi

Arabia. In line with this, the growing demand for EdTech to train educators and ensure they are proficient in using technology to enhance teaching, along with the rising number of online degree programs in Saudi Arabia is offering a positive market outlook. This has led to the growth of several EdTech players in Saudi Arabia.

Number of EdTech Companies founded y-o-y<sup>142</sup>



### Key players and their offerings<sup>143</sup>

Noon	App based platform offering online tutoring solutions for students
iStoria	Mobile based platform providing English language learning solution
AlGooru	Online platform to discover tutors for multi-disciplinary subjects
Annab Platform	Online platform providing training for teachers
Taleem	Digital learning solutions and platforms for educational institutions in Saudi Arabia
Rwaaq	Platform offering massive open online courses (MOOCs) in Arabic

<sup>141</sup>. Saudi Arabia | Technology | Education Profiles (education-profiles.org)

<sup>142</sup>. EdTech | Tracxn

<sup>143</sup>. EdTech | Tracxn

## Regulatory environment

### Overview of relevant laws and regulations

In Saudi Arabia, educational institutes must adhere to a comprehensive framework of laws and regulations that govern their establishment and operations. Key regulatory aspects include adherence to standards for physical infrastructure, curriculum development, and staffing. Institutes are required to comply with specific regulations set by the Ministry of Education and other relevant authorities, which cover the quality of educational facilities, the appropriateness of the curriculum, and the qualifications and experience of teaching staff. Additionally, legal requirements for mergers and acquisitions (M&A) are significant, involving thorough evaluations of financial metrics and operational synergies to ensure that transitions are seamless and compliant with local regulations. The operational model of an educational institute must be well-structured, defining organizational hierarchy, resource allocation, and procedural frameworks that align with regulatory expectations. Asset management regulations necessitate a strategic approach to identifying, acquiring, and maintaining physical and intellectual assets to support the institute's objectives. Moreover, expansion into new markets or the acquisition of other institutions requires careful consideration of regulatory compliance, as any deviation could result in legal repercussions. Institutes must maintain detailed documentation and regular communication with regulatory bodies to ensure ongoing compliance and mitigate legal risks.

### Licensing requirements for EdTech companies

For EdTech companies operating in Saudi Arabia, obtaining the appropriate licenses is crucial for legal operation and market entry. The licensing process typically involves several stages, including submission of detailed applications to relevant regulatory bodies such as the Ministry of Education or the Communications and Information Technology Commission (CITC). Companies must provide comprehensive documentation demonstrating that their educational technologies meet national standards for educational quality, security, and privacy. This includes proof of compliance with technical specifications, software reliability, and educational efficacy. Additionally, EdTech firms must address data protection requirements by implementing systems that secure student information and comply with local data protection laws. The licensing process also requires companies to present detailed operational plans, including the qualifications and experience of their staff, technical infrastructure, and the educational benefits of their technology. Failure to meet these licensing requirements can result in delays or denial of operational permits, impacting the company's ability to launch and deliver its services effectively.

### Data privacy and security considerations

Data privacy and security are paramount for educational institutes in Saudi Arabia, particularly given the increasing use of digital platforms and technologies in education. Institutes are required to comply with stringent data protection regulations, which mandate the implementation of robust security measures to safeguard sensitive information about students, staff, and institutional operations. These regulations include the protection of personal data against unauthorized access, breaches, and misuse. Educational institutions must adopt comprehensive data protection strategies, including secure data storage solutions, encryption technologies, and regular security audits to identify and address vulnerabilities. Additionally, institutes must establish clear policies regarding data access and handling, ensuring that all staff are trained on data protection practices and that any data breaches are promptly reported to the relevant authorities. Compliance with these regulations not only helps to prevent potential legal and financial penalties but also fosters trust among students, parents, and stakeholders by demonstrating a commitment to protecting personal information. Institutes should work closely with legal experts to navigate the complexities of data privacy laws and stay updated on any changes or new requirements in the regulatory landscape<sup>144</sup>.



<sup>144</sup>. <https://globallawexperts.com/the-legal-implications-for-education-institutes-in-the-kingdom-of-saudi-arabia/>

## Case study

Indian origin EdTech Startup—Cuemath – a one-on-one personalised math learning platform backed by Google recently expanded its operations in Saudi Arabia. Founded in 2013 by Manan Khurma, Cuemath is an edtech platform focused on teaching children essential maths and coding skills created by experts from Cambridge University and the Indian Institute of Technology. The EdTech company started its entry in the MENA market with UAE and is now also present in Qatar and Saudi Arabia.

The company's growth in the Middle East has been driven by rapid consumer word-of-mouth and the effectiveness of its

personalized learning approach. Cuemath's unique teaching methods have quickly gained traction in the region, and the company is optimistic about its prospects in Saudi Arabia. The platform's focus on personalized, one-on-one learning is particularly well-suited to the needs of students in the kingdom, where there is a strong emphasis on quality education<sup>145</sup>.

Cuemath's entry into Saudi Arabia represents a strategic move to capitalize on the growing demand for digital education in the region. The company's success in other Middle Eastern markets, combined with the favourable conditions in Saudi Arabia, positions it well for continued growth.

## EdTech: Future outlook and prospects

The Vision 2030 initiative, which seeks to diversify the economy and reduce reliance on oil, is a significant driver behind the Kingdom's investment in EdTech. The government has identified the development of a knowledge-based economy and the improvement of education quality as essential goals and a key enabler to fulfil the objectives of Vision 2030. Hence, the future outlook for EdTech in Saudi Arabia is highly promising, driven by strong regulatory support, technological advancements, and a growing demand for digital learning solutions.

The COVID-19 pandemic further highlighted the importance of digital education, leading to significant investments in smart technologies and online learning platforms in the Kingdom. As a result, Saudi Arabia is poised to become a leading EdTech hub in the region, offering vast opportunities for investors, educators, and technology providers to innovate and expand their services.

Further, the Ministry of Education, is actively reviewing and updating the executive and organizational rules of the Private University Education Regulations. This legislative update, will further support and provide a boost to the growth and innovation within the EdTech sector.



145. CUEMATH'S MIDDLE EAST EXPANSION ACCELERATES WITH MOVE INTO MAJOR MARKET – SAUDI ARABIA - Pan Time Arabia



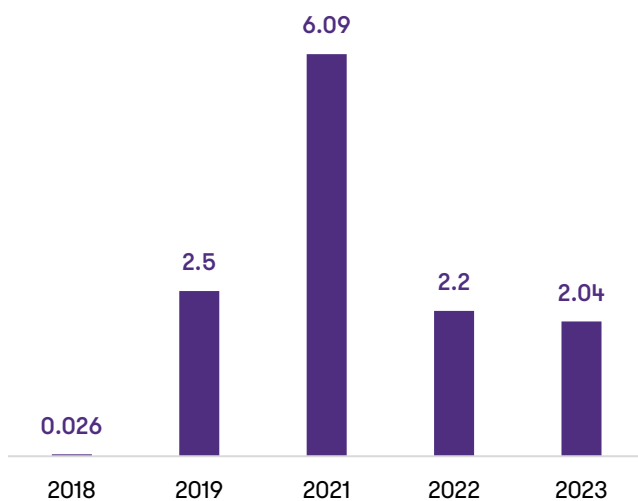
# HealthTech

Saudi Arabia's health tech sector is rapidly evolving, driven by the government's Vision 2030 initiative which emphasizes innovation and digital transformation in healthcare. The Kingdom is focusing on expanding its digital health capabilities to improve accessibility and efficiency in healthcare delivery.

## Market overview

The Saudi healthcare market is experiencing significant growth, with investments of over USD 65 billion planned for the development of healthcare infrastructure, including digital health services. The market for medical devices alone is valued at approximately USD 2 billion and is growing annually by about 10%<sup>146</sup>. HealthTech attracted investments every year except in 2020 due to Covid<sup>19</sup>.

HealthTech Funding Amount  
Y-o-Y (USD Mn)<sup>147</sup>



## Segments

The health tech sector in Saudi Arabia encompasses several dynamic segments, each contributing to the country's vision of a technologically advanced healthcare system.

- Digital Health includes telemedicine, e-health platforms, and health IT systems, exemplified by the Seha Virtual Hospital and widespread adoption of telehealth services.
- Medical Devices cover a broad range of equipment from basic supplies to high-value diagnostic and therapeutic technologies, reflecting a shift towards advanced medical manufacturing.

- Pharma and Biosciences focus on the production and distribution of pharmaceuticals and biotechnologies, driven by growing demand for both patented and generic medicines and local production incentives.
- Specialty Clinics and Ambulatory Care Centres involve the development of specialized medical facilities, addressing gaps in areas like gynaecology and oncology.
- Health Insurance includes both traditional and emerging insurance products, supported by mandatory coverage requirements and expanding private sector involvement.

## Target audience

The target audience for these health tech segments in Saudi Arabia varies based on the specific focus of each segment.

- Digital Health primarily targets patients seeking remote consultations and healthcare providers looking to integrate digital solutions.
- Medical Devices serve healthcare facilities needing advanced equipment and government procurement bodies involved in centralized purchasing.
- Pharma and Biosciences engage pharmaceutical companies, research institutions, and government health authorities overseeing regulations and local production.
- Specialty Clinics and Ambulatory Care Centres are aimed at private sector investors interested in specialized care facilities, healthcare providers requiring specialized services, and patients needing advanced treatments.
- Health Insurance targets insurance providers offering policies, employers complying with insurance requirements, and consumers seeking comprehensive coverage. Each segment addresses distinct needs and opportunities, contributing to the broader goal of enhancing healthcare quality and accessibility in Saudi Arabia.



146. Saudi Arabia - Healthcare (trade.gov)

147. HealthTech | Tracxn

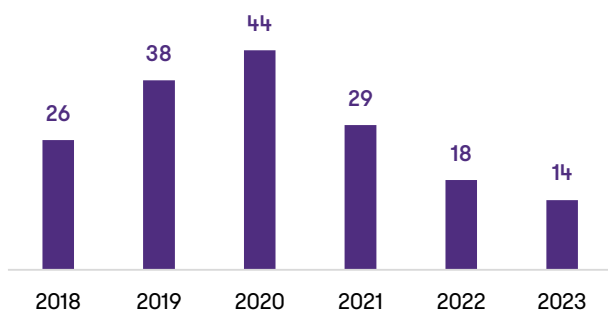
## Growth drivers

- **Digital health investments:** The Saudi government has allocated USD 1.5 billion for healthcare IT and digital transformation. The establishment of the Seha Virtual Hospital, which supports over 130 hospitals and offers more than 30 specialized services, represents a significant advancement in telemedicine and e-health infrastructure<sup>148</sup>.
- **Telehealth adoption:** Telehealth services have seen a substantial increase, with a 70% adoption rate. The government's e-Health strategy aims to leverage telemedicine to enhance care quality, particularly in remote areas.
- **Artificial Intelligence (AI):** AI is being integrated into healthcare, with around 34% of young physicians utilizing it for diagnostic support. This reflects a broader trend towards incorporating advanced technologies in patient care and management.
- **Health clusters:** Under Vision 2030, the MOH plans to develop integrated health clusters, which will create networks of healthcare providers serving approximately one million people each. These clusters are intended to streamline care delivery and enhance service accessibility.
- **Private sector involvement:** The government is actively pursuing privatization and public-private partnerships (PPP) to boost investment and innovation in the healthcare sector. This includes a focus on expanding digital health services and integrating more private sector solutions.

## Competitive landscape

Saudi Arabia's digital health trends are driven by various initiatives, including Saudi Vision 2030 and the National Transformation Program, employed to enhance healthcare quality and access. The Saudi government is working hard to develop a digital health service reimbursement system as part of its "Vision 2030" agenda. The government recently launched several initiatives to improve healthcare in the country, such as increasing the healthcare budget and promoting private sector contribution to the medical care system thus laying the foundation for healthtech companies.

Number of HealthTech Companies  
Founded Y-o-Y<sup>149</sup>



148. Saudi Arabia - Healthcare (trade.gov)

149. HealthTech | Tracxn



## Digital Health Transformation

Digital health is another important pillar in healthcare, with the promotion of telemedicine. The Ministry of Health has aggressively encouraged telemedicine, which resulted in the establishment of around 10 teleradiology enterprises. The government devotes enormous resources to healthcare, allocating 60 percent of the GCC's healthcare budget. Vision 2030 proposes to invest USUSD 1.5 billion in health information technology and telemedicine, as well as privatise hospitals to boost private sector participation from 40 percent to 65 percent. With this digital effort, Saudi Arabia hopes to develop a sustainable, efficient healthcare system for its rising population.

Telemedicine, smartphone apps, and remote sensors are all part of Saudi Arabia's quickly growing digital health landscape. During the COVID-19 pandemic, the Ministry of Health (MOH) prioritised telehealth, supporting treatments through remote contact. Investments are expected to be more than USUSD 65 billion by 2030. This digital transition is being pushed by increasing smartphone use and an increased need to service a growing population in rural places.

### The role of Public-private partnerships (PPP)

- Public-private partnerships (PPP) have become a pivotal strategy in Saudi Arabia to improve healthcare services, infrastructure, and overall quality. The Ministry of Health (MOH) and other government agencies are actively establishing strong PPP frameworks to attract private sector engagement. PPP involves partnerships between public and private enterprises, where private partners provide finance, design knowledge, building skills, and operational know-how. This enables the government to develop healthcare facilities without taking on the entire financial load.
- In June 2024, the MOH granted Altakassusi Alliance Medical a PPP to strengthen radiology and imaging services at seven hospitals, affecting more than one million people. The MOH intends to privatise 290 hospitals and 2,300 health institutions, boosting private sector participation from 40 percent to 65 percent. This initiative will also create the country's first collaborative network to help hospital workers, thus improving treatment quality in rural locations. Such collaborations allow knowledge and skill transfer, therefore, benefiting the local healthcare workforce through training programmes and knowledge sharing<sup>150</sup>.

### Key players and their offerings<sup>151</sup>

Cura	App based online medical services and consultations
ALTibbi	Digital health platform in the MENA region that offers telemedicine consultation services
Integrative Health	Tech-enabled healthcare services network for Home Health Care, Telemedicine, Urgent care centres, Pharmacies
Nala	Premier digital health providing virtual assistance using AI-driven Arabic-language care programs
Labayh	App for finding psychological counsellor
O7 therapy	Provider of an online teleconsultation platform for mental health
AL-DAWAA	App offering an online pharmacy
GetMuv	App based social platform to search and book sports and fitness activities
YNMODATA	Developer of care management solution for special needs patients

150. Impact of healthcare investments on Saudi Arabia's economy (orfonline.org)

151. HealthTech | Tracxn

152. Saudi Healthcare Exhibition - KSA Healthcare Industry Report (globalhealthsaudi.com)

### Regulatory environment<sup>152</sup>

Saudi Arabia's healthcare sector is governed by a range of laws and regulations designed to ensure quality and compliance within the industry.

- The 2019 Private Health Institutions Law allows foreign investors to own and operate healthcare facilities in Saudi Arabia through public-private partnerships (PPP) and build-operate-transfer (BOT) models.
- The Saudi Food and Drug Authority (SFDA) regulates the import and distribution of medical devices and pharmaceuticals, requiring SFDA market authorization for all medical products.
- The Council of Cooperative Health Insurance (CCHI) oversees health insurance regulations, including mandatory health insurance requirements for private sector employees.
- The National Centre for Privatization (NCP) facilitates the privatization of healthcare services and assets, aiming to increase private sector participation in the sector. These regulations collectively aim to enhance the healthcare infrastructure, encourage private investment, and improve service delivery.

### Licensing requirements for HealthTech companies

Health tech companies aiming to operate in Saudi Arabia must navigate a regulatory framework that includes several licensing requirements. To market medical devices or pharmaceuticals, companies need to obtain market authorization from the Saudi Food and Drug Authority (SFDA). This involves registering the products and meeting the SFDA's stringent standards. Companies must also secure a business license from the Saudi Arabian General Investment Authority (SAGIA) if they are foreign investors seeking to establish operations. For healthcare facilities, including clinics and diagnostic centres, operational licenses from the Ministry of Health (MoH) are required. Furthermore, companies must adhere to local regulations for data handling and technology use, ensuring compliance with both Saudi Arabian standards and international best practices.

### Data privacy and security considerations

In Saudi Arabia, data privacy and security in the healthcare sector are regulated under the Personal Data Protection Law (PDPL), which governs the collection, processing, and storage of personal data. Health tech companies must ensure compliance with these regulations, which mandate that personal health information be securely managed and protected against unauthorized access. The Saudi Data and Artificial Intelligence Authority (SDAIA) oversees data governance and the implementation of robust data protection measures. Health tech firms must also align with international standards for data security, such as those set by the ISO/IEC 27001 certification, to ensure their systems are secure and their practices comply with global privacy norms. Compliance with these regulations not only safeguards patient information but also builds trust and credibility in the evolving healthcare landscape.

## Case study

Augnito, an Indian startup specializing in AI-powered clinical speech recognition, has partnered with ATTIEH Medico, a leading medical equipment and services distributor in Saudi Arabia. This collaboration aims to enhance medical documentation and streamline clinical workflows in the Kingdom, aligning with Saudi Arabia's Vision 2030 initiative. The partnership between Augnito and ATTIEH Medico was announced in March 2023<sup>153</sup>.

Augnito's advanced voice AI technology, which supports a wide range of medical specialties and comprehends global accents without voice training, will be integrated into Saudi Arabia's healthcare system. This integration is expected to improve clinical documentation accuracy, reduce physician burnout,

and enhance overall patient outcomes. The collaboration opens up significant growth opportunities for Augnito in the Middle Eastern market. By partnering with ATTIEH Medico, which has over 30 years of experience in the healthcare sector, Augnito can leverage local expertise and expand its footprint in the region.

More recently, the startup made another announcement during the prestigious LEAP 2024 technology conference, to establish a partnership with Cloud Solutions, an industry-leader in digital transformation in the Middle East. This collaboration holds immense potential to revolutionize the healthcare landscape by significantly improving the efficiency, accuracy, and accessibility of healthcare services for patients and providers alike<sup>154</sup>.

## HealthTech: Future outlook and prospects

Saudi Arabia's health tech sector has strong growth potential, spurred by government investments in digital health and healthcare transformation. Innovations in telemedicine, AI-powered diagnostics, and electronic health records are expected to revolutionize healthcare delivery across the Kingdom.

The World Health Organisation (WHO) ranks Saudi Arabia's healthcare system 26th in the world, ahead of many wealthy nations. The government's 2023 budget allocated more than USUSD 66.6 billion for healthcare and social development, demonstrating its commitment to improving digital health infrastructure.

Increasing demand for healthcare services, an aging population, and rising incidences of chronic diseases will further drive the need for health tech solutions. Companies like Nala and Altibbi have already made significant strides, and with more funding channelled into research and development, the sector is set to thrive. Saudi Arabia's healthcare infrastructure is also seeing increased integration of wearable health devices, remote monitoring technologies, and digital therapeutics, which will enhance patient care and efficiency in the coming years. Health tech startups that offer solutions in these areas are well-positioned to capitalize on the growing demand, making this a promising sector for future investments.



153. Augnito Announces Partnership With ATTIEH Medico To Enhance Medical Documentation In The Kingdom Of Saudi Arabia

154. Augnito Announces Strategic Investment to Accelerate Digital Health Innovation



# Renewable energy

Saudi Arabia is undergoing a transformative shift in its energy sector, driven by its Vision 2030 initiative, which aims to diversify the economy and reduce reliance on oil. Central to this vision is the transition from fossil fuels to renewable energy sources. The Kingdom has strategically positioned ACWA Power, a leading local developer, as a key player in this transition. ACWA Power is spearheading several major projects, including the development of the Sudair Solar Plant, one of the largest solar PV plants globally, with a capacity of 1,500 megawatts. Additionally, ACWA Power, in collaboration with NEOM, is working on a groundbreaking green hydrogen plant, set to produce 660 tons of green hydrogen daily, equivalent to current global production levels.

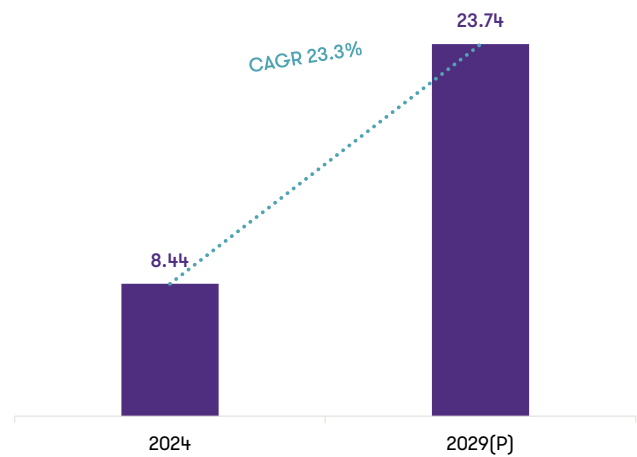
Saudi Arabia’s commitment to renewable energy is further reflected in its substantial investments and the ambitious targets set under the National Renewable Energy Program (NREP). The government plans to develop 58.7 gigawatts of renewable energy capacity by 2030, with a significant focus on solar and wind energy. The Renewable Energy Project Development Office (REPDO) is responsible for implementing these projects, aiming to install 40 gigawatts of solar energy alone by 2030. This initiative is expected to drive substantial growth in the sector and foster international investment and collaboration<sup>155</sup>.

## Market overview

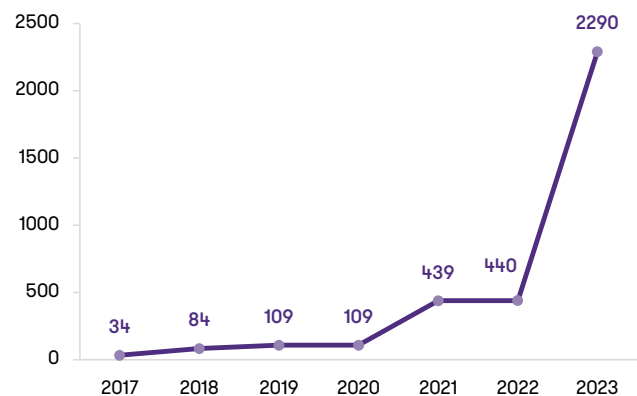
The Saudi Arabian renewable energy market is poised for significant expansion. As of 2024, the market size is estimated at 8.33 gigawatts and is projected to reach 23.74 gigawatts by 2029. This growth reflects a CAGR of 23.30% during the forecast period. The growth trajectory is driven by favourable government policies, increasing investments in renewable projects, and the Kingdom’s strategic push towards achieving its Vision 2030 goals. The market’s expansion is also supported by the shift from traditional fossil fuels to cleaner energy sources, aligning with the global trend towards sustainable energy solutions<sup>156</sup>.



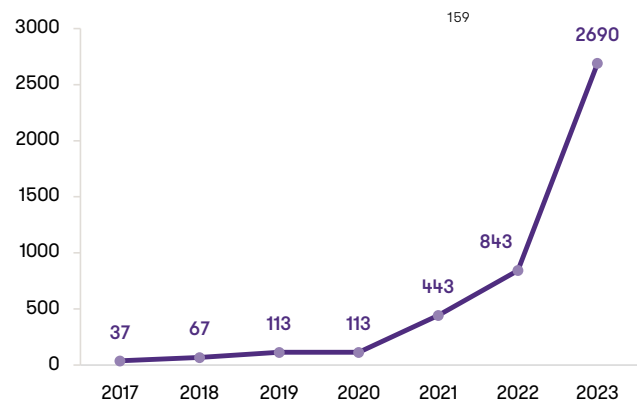
Renewable Energy in GigaWatt<sup>157</sup>



Renewable Energy market: Solar energy installed capacity (Mw)<sup>158</sup>



Renewable Energy Market: Installed Renewable Energy Capacity (Mw)<sup>159</sup>



155. Saudi Arabia Renewable Energy (trade.gov)

156. Saudi Arabia Renewable Energy Market - Companies, Size, Share & Industry Analysis (mordorintelligence.com)

157. <https://www.mordorintelligence.com/industry-reports/saudi-arabia-renewable-energy-market>

158. Solar Energy in Saudi Arabia Market - Companies & Industry Size (mordorintelligence.com)

159. Solar Energy in Saudi Arabia Market - Companies & Industry Size (mordorintelligence.com)

Saudi Arabia's renewable energy sector is experiencing significant growth, as illustrated by the increase in capacity from 8.44 gigawatts in 2024 to a projected 23.74 gigawatts by 2029, with a CAGR of 23.3%. This expansion is largely driven by a surge in solar energy, which saw installed capacity rise from 34 MW in 2017 to 2,290 MW in 2023. Similarly, the total installed renewable energy capacity in the country grew from 37 MW in 2017 to 2,690 MW by 2023. These trends, supported by strong governmental initiatives and investment in clean energy, signal Saudi Arabia's commitment to becoming a major player in the global renewable energy landscape, aligning with its Vision 2030 sustainability goals and energy diversification efforts.

### Segments

The renewable energy sector in Saudi Arabia is primarily segmented into solar and wind energy. Solar energy is expected to dominate, given the country's advantageous position in the "sun belt," which offers high solar irradiation and substantial sunshine hours. The government plans to develop over 35 solar and wind energy farms by 2030, with solar energy technology installations leading the sector. In addition to solar, wind energy is gaining traction, with projects like the NEOM Wind Garden contributing to the overall renewable energy mix. The sector is supported by international developers and local investments, enhancing the Kingdom's capacity to meet its ambitious renewable energy targets and diversify its energy portfolio.

## Growth drivers

### Government initiatives

The Saudi Arabian government is actively driving the renewable energy sector through a series of strategic initiatives aligned with its Vision 2030 goals. A cornerstone of these efforts is the Renewable Energy Project Development Office (REPDO), established to oversee and implement ambitious renewable energy projects across the Kingdom. The government has set aggressive targets to enhance the share of renewable energy in the national energy mix, aiming to develop 58.7 gigawatts of renewable capacity by 2030. To support these targets, Saudi Arabia has introduced various policies, including power purchase agreements (PPAs) and attractive incentives for investors, which create a conducive investment climate and attract both domestic and international stakeholders. These initiatives underscore the government's commitment to reducing dependency on fossil fuels and advancing sustainable energy solutions, driving the transformation of the renewable energy landscape in the country.<sup>160</sup>

### New sustainable city - NEOM

NEOM is an ambitious Public Investment Fund project aimed at creating a groundbreaking model for sustainable and innovative living. Located on the Red Sea, NEOM is envisioned as a city free from the traditional economic and environmental constraints that impact other urban areas. The development is designed as a living laboratory where innovation, entrepreneurship, and advanced technologies converge to create a unique and prosperous urban environment.

NEOM comprises three eco-friendly sub-projects:

- **The Line:** This linear city spans over 170 kilometres and embodies the principles of zero cars and zero energy. The design focuses on seamless integration of high-speed transportation, logistics, and digital infrastructure. It aims to accommodate over 9 million residents in walkable communities, ensuring that all essential services are within a 5-minute walk.
- **The Oxagon:** A next-generation port city and clean energy development area, The Oxagon covers 48 square kilometres and is designed as a floating structure. It seeks to revolutionize industrial development and trade by harmonizing people, industries, and technology. The city will serve 90,000 people and generate more than 70,000 jobs.
- **Trojena:** Positioned as a year-round remote working and eco-tourism destination, Trojena will offer diverse leisure activities such as skiing, water sports, hiking, and mountain biking. The development emphasizes minimizing its environmental footprint while preserving natural reserves.

Through NEOM and its sub-projects, Saudi Arabia aims to diversify its economy, foster a dynamic business environment, and establish a new benchmark for conservation and sustainable living<sup>161</sup>.

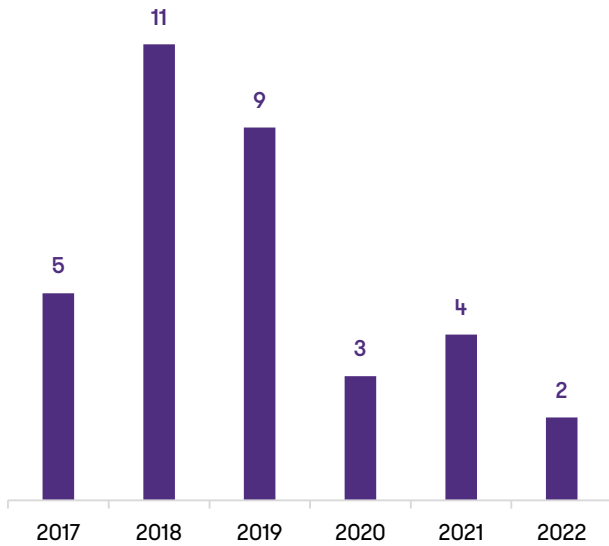
## Competitive landscape

The Kingdom's ambitious Vision 2030 initiative has set the stage for a diversified energy mix, with a strong emphasis on renewable sources. The goal of meeting over 50% of the energy demand through renewables by 2030 has spurred significant investments in solar, wind, and other clean energy technologies. This shift towards renewables is not only driven by environmental concerns but also by the economic advantages they offer. This has led to the growth of several players across all major cities in the kingdom.

160. Saudi Arabia Renewable Energy Market Size | Market Research Future

161. NUA Report Final\_05Dec2022-compressed.pdf (urbanagendaplatform.org)

Number of Renewable Energy Companies  
Founded Y-o-Y<sup>162</sup>



Key players and their offerings<sup>163</sup>

NGHC	Green hydrogen production
ALTEC Energy	Provider of energy monitoring and management solutions
Clean Tech	Provider of solar and clean energy solutions for homes and businesses
Mirai Solar	Provider of solar based autonomous farming system
Shams	Provider of AI-driven drone inspection services to monitor solar power plant assets
KACST PV LAB	Manufacturer of solar PV modules

## Regulatory environment

Saudi Arabia's regulatory framework for renewable energy is designed to support the growth and integration of sustainable energy sources into the national grid. Key regulations include the National Renewable Energy Program (NREP), which outlines the targets and strategic goals for renewable energy development. The Renewable Energy Project Development Office (REPDO) is tasked with managing and overseeing these projects to ensure compliance and success. The government also employs power purchase agreements (PPAs) to facilitate long-term investment and development in the renewable energy sector. Additionally, supportive policies and incentives are in place to encourage private sector participation and international collaboration. The regulatory environment is continuously evolving to address emerging challenges and opportunities in the renewable energy sector, ensuring alignment with Saudi Arabia's Vision 2030 and global climate goals<sup>164</sup>.



162. Renewable Energy | Tracxn

163. Renewable Energy Tech | Tracxn

164. Saudi Arabia Renewable Energy Market Size | Market Research Future

## Case study

Larsen & Toubro (L&T), an Indian multinational conglomerate, has expanded its global presence in Saudi Arabia since the last few years. From power projects to the establishment of L&T Valves Arabia Manufacturing LLC, a new manufacturing facility located in Al Jubail, the company has provided well diversified solutions to the country. With recent focus on Vision 2030, L&T has provided multiple services and completed several projects on power transmission and distribution, providing renewable solutions.

- L&T has built over 400 km of 380 kV overhead transmission lines, crucial for reinforcing the electricity grid in 2022<sup>165</sup>.
- The company also constructed a new 230 kV gas-insulated substation that includes automation and protection systems to ensure efficient power management.

- These projects were part of Saudi Arabia's efforts to ensure a reliable, safe, and efficient electricity supply as the country works towards its National Renewable Energy Program, a core aspect of its Vision 2030 strategy to diversify its energy mix.

These orders from Saudi Arabia's largest electric energy system provider demonstrate L&T's strong capabilities in the energy sector. L&T has earned repeat orders from its long-standing association with the Kingdom, underscoring the customer confidence in its technical expertise and project execution skills.

## Renewable energy: Future outlook and prospects

Saudi Arabia's renewable energy sector holds immense potential as the Kingdom seeks to diversify its energy mix and reduce its dependence on oil. Vision 2030 has set ambitious targets for renewable energy, particularly in solar and wind, with the goal of generating 50% of electricity from renewables by 2030.

Projects such as NEOM and the Sakaka Solar Plant demonstrate the government's commitment to green energy initiatives. With global trends moving toward sustainability, Saudi Arabia is increasingly becoming a hub for renewable energy investments. The Kingdom is also focusing on hydrogen production, aiming to become one of the world's largest exporters of green hydrogen.

The increasing support for research, infrastructure, and green finance in renewable energy presents vast opportunities for collaboration between local and international players. Investors and entrepreneurs should consider the long-term potential of solar, wind, and hydrogen projects, which will be crucial in driving Saudi Arabia's energy transition.



165. <https://www.larsentoubro.com/pressreleases/2022/2022-10-31-lt-construction-secures-significant-power-transmission-orders-in-saudi-arabia/>





**05**

**Recommendations**

# Recommendations for policymakers

To cultivate a vibrant and sustainable start-up ecosystem in Saudi Arabia, policymakers should consider the following recommendations:

## Simplify administrative processes

- **Streamline Business Registration:** Enhance the efficiency of business registration processes by reducing bureaucratic hurdles and providing clearer, quicker pathways for setting up new ventures<sup>166</sup>.
- **Improve IP Protection:** Strengthen intellectual property laws and enforcement to protect entrepreneurs' innovations. Develop specialized IP courts and arbitration centres to handle disputes effectively.

## Enhance funding and investment

- **Expand Funding Opportunities:** Increase the availability of venture capital by encouraging the growth of angel investor networks and expanding government-backed funds to cover later-stage investments.
- **Foster Investor Experience:** Provide training and resources to investors to increase their understanding of start-up dynamics and risk management, thus improving their willingness to invest in innovative ventures.

## Support talent development and attraction

- **Technical Education:** Invest in educational programs focused on critical skills such as coding, data analytics, and product design to build a robust talent pool for start-ups.
- **Create Incentives for Talent Retention:** Develop policies that make entrepreneurship more attractive compared to stable, high-paying government jobs. This could include offering equity-based compensation options and other financial incentives.

## Promote innovation and technological advancements

- **Encourage Deep Tech Start-ups:** Support the development of start-ups focusing on advanced technologies such as AI, block chain, and robotics. Provide grants and subsidies for research and development in these areas.
- **Develop Innovation Hubs:** Establish sector-specific innovation hubs leveraging Saudi Arabia's strengths in oil and gas, cyber security, and other strategic industries to foster niche start-up ecosystems.

## Nurture the building start-up culture

- **Promote Risk-Taking:** Launch public awareness campaigns to shift cultural attitudes towards entrepreneurship, emphasizing the value of innovation and the acceptance of failure as part of the learning process.
- **Integrate Entrepreneurship in Education:** Embed entrepreneurship courses and practical experiences in university curricula to prepare students for start-up challenges.

## Enhance support infrastructure

- **Develop a centralized platform** that offers comprehensive support, guidance, and resources for start-ups, including information on legal, financial, and administrative aspects.
- **Improve Access to mentorship:** Facilitate better access to experienced mentors and advisors, especially in areas like legal, accounting, and market entry strategies.

By implementing these recommendations, Saudi Arabia can address the current challenges within its start-up ecosystem, foster innovation, and create a supportive environment that nurtures the growth of new ventures

166. ICT Start-ups in Saudi Arabia | Arthur D. Little (adlittle.com)

# Recommendations for investors and start-ups

To effectively capitalize on the emerging opportunities within Saudi Arabia's start-up ecosystem, both investors and start-ups should consider the following recommendations:

## For investors

- **Expand Investment Horizons:** Move beyond seed capital to include funding opportunities for later-stage ventures. Investors should be encouraged to diversify their portfolios and increase risk tolerance for scaling and mature stages of start-ups<sup>167</sup>.
- **Develop Sector-Specific Expertise:** Specialize in key sectors such as cyber security, oil and gas, and deep tech to leverage Saudi Arabia's strengths. Investors should focus on developing expertise in these areas to identify high-potential start-ups.
- **Participate in Capacity Building:** Engage in training programs designed to enhance understanding of start-up dynamics and risk management. This will enable investors to make more informed decisions and better support entrepreneurial ventures.



## For start-ups

- **Focus on Innovation and Deep Tech:** Shift from replicating existing business models to developing proprietary intellectual property and leveraging advanced technologies such as AI, block chain, and robotics. This focus will differentiate Saudi start-ups in a competitive global market.
- **Leverage Government Support Programs:** Actively engage with government initiatives like the sandbox regulatory environments and funding opportunities from institutions such as the Public Investment Fund (PIF) and Monshaat. Understanding and utilizing these resources can provide significant advantages.
- **Build a Strong Network:** Seek mentorship and build relationships with experienced entrepreneurs, advisors, and potential customers. Effective networking can provide critical support, insights, and opportunities for growth.
- **Adapt to Local Market Needs:** Tailor products and services to meet the specific needs and preferences of the Saudi market. Understanding local customer behaviour and regulatory requirements can enhance market fit and business success.

## Collaborative efforts

- **Foster Partnerships:** Investors and start-ups should collaborate closely with academic institutions, incubators, and innovation hubs. These partnerships can provide valuable resources, such as research capabilities and access to a talent pool.
- **Embrace a Culture of Experimentation:** Both investors and start-ups should cultivate a culture that encourages experimentation and learning from failure. This approach can lead to innovative solutions and improved risk management practices.

By adopting these strategies, investors and start-ups in Saudi Arabia can better navigate the current challenges and leverage the opportunities within the burgeoning start-up ecosystem.

167. ICT Start-ups in Saudi Arabia | Arthur D. Little (adlittle.com)

# List of nodal agencies

## India

### Start-up India

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## Saudi Arabia

### Ministry of Investment, Saudi Arabia

Website: [www.misa.gov.sa](http://www.misa.gov.sa)  
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Contact: +966 8002449990



# About CII CIES



## Centre of Excellence for Innovation, Entrepreneurship & Startups

CII Centre of Excellence for Innovation, Entrepreneurship, and Startups (CIES) serves as a catalyst for fostering innovation, driving entrepreneurship, and bridging the gap between corporates and the dynamic startup ecosystem in India. Through a comprehensive suite of services, CIES aims to elevate organisations in innovation, technology adoption, and investment potential, thereby contributing significantly to the growth of the startup ecosystem. CII is a force multiplier, uniquely positioned to catapult growth in the country by leveraging its 300,000 members connect, 500+ sectoral councils, 65+ offices in the nation, 8 international offices, and 300+ MoU's with international partners from over 100 countries.

### Mission

Empower corporates to thrive by embracing innovation through startup connect, simultaneously guiding startups to grow into renowned corporate leaders.

### Vision

To be a world-class, state-of-the-art, corporate-driven, startup resource platform that enables growth of successful startups in India.

### Key services

- **Capacity Building Programs:** CIES offers meticulously curated programs aimed at addressing the unique needs of startups, providing them with the tools and resources necessary for sustainable growth.

Family Offices | C-Suite Executives | Government Officials

- **Market Access Initiatives:** Facilitate market access programs for startups by leveraging our extensive network of corporate members and employing the Open Innovation Paradigm to create opportunities for collaboration and growth.

Corporate Accelerator Program | Open Innovation Program | Corporate Pitching

- **Summits:** Our flagship events bring together high-impact companies, thought leaders, and stakeholders to foster collaboration, share insights.

Unicorn Summit | Investor Summit | Startup Summit | Social Entrepreneurship Summit

- **Academic Collaboration:** Collaborate with academic institutions to establish incubation centres, fostering a culture of innovation and entrepreneurship among students and faculty.
- **Policy Advocacy:** Regular and active engagement with central and state governments to represent diverse policy-related issues. Regular policy round tables are held for key sectors for advocacy to promote ease of doing business.
- **Awards and Recognitions:** Through initiatives, CIES recognises and celebrates the achievements of India's top startups, unicorns, fostering meaningful partnerships between established corporations and innovative startups.

Startuppreneur Awards | Women in Innovation  
| Unicorn Awards

- **Community Building:** ICONN is an industry connect platform to catalyse strategic interactions between key stakeholders in the ecosystem to create an integrated, inclusive, and vibrant entrepreneurial ecosystem in the country.

ICONN Alpha is a dedicated mobile app for connecting with CII CIES startup and innovation community.

- **Bilateral Engagement:** The overarching objective is to empower businesses by providing exposure to international markets and facilitating connections with innovation ecosystems worldwide.

International Delegations | Institutionalised Framework | Inbound and Outbound

- **Startup Affiliation Framework:** Enabling growth stage startups in the ecosystem to be affiliated by CIES for enhanced market access opportunities.

### Confederation of Indian Industry

The Mantosh Sondhi Centre

23, Institutional Area, Lodi Road, New Delhi - 110 003 (India)

T: 91 11 45771000 E: info@cii.in w: www.cii.in

# About Confederation of Indian Industry



## Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government, and civil society, through advisory, and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organisation, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 365,000 enterprises from 294 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness, and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Through its dedicated Centres of Excellence and Industry competitiveness initiatives, promotion of innovation and technology adoption, and partnerships for sustainability, CII plays a transformative part in shaping the future of the nation. Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

For 2024-25, CII has identified "Globally Competitive India: Partnerships for Sustainable and Inclusive Growth" as its Theme, prioritizing 5 key pillars. During the year, it would align its initiatives and activities to facilitate strategic actions for driving India's global competitiveness and growth through a robust and resilient Indian industry.

With 70 offices, including 12 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with about 300 counterpart organizations in almost 100 countries, CII serves as a reference point for Indian industry and the international business community.

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**19 offices | 10,000+ people**

(as of 2024)

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**Part of GT international:  
73,000 people | 150 countries**

## Our offerings

Our offerings include solutions for Governments, large corporates, middle market and digital natives across various industries and channels:



**Assurance**



**Global Delivery**



**Deals Consulting**



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**ESG & Risk Consulting**



**Transformation Consulting**

# Acknowledgements

This report is an outcome of collaborative efforts from multiple contributors, whose dedication and expertise have shaped its content and analysis. Gratitude is extended to the reviewers and senior leadership for providing invaluable guidance throughout the process.

Special thanks are conveyed to representatives from leading startups in India for their time and for sharing valuable first-hand insights, which have significantly enriched the report. Their contributions have provided a deeper understanding of the dynamics shaping the India-Saudi Arabia startup ecosystem.

This collective effort reflects the commitment and enthusiasm of all involved, aiming to serve as a valuable resource in fostering meaningful connections between the two ecosystems.

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