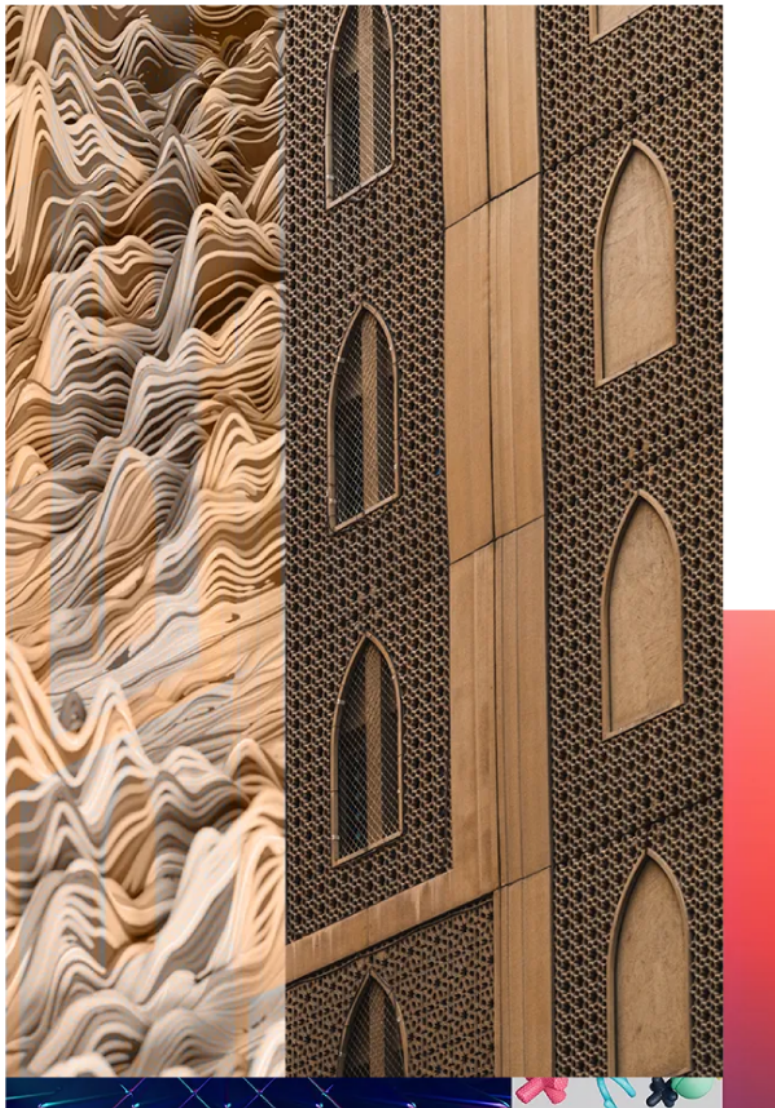


# The VC's Guide to Fundraising in the Middle East

First Edition (September 2023)



---

## Table of Contents

---

<b>The Middle East</b>	<b>4</b>
Regional startup landscape	5
Things to keep in mind	6
The region's main cities to visit	7
Dubai	7
Abu Dhabi	7
Riyadh	8
Fundraising Process	9
The LPs	10
SWFs	11
The Family Offices	12
Royal Family Offices (RFO)	12
Large Family Offices (FO)	12
Mid-Family Offices (FO)	13
Challenges of dealing with the region	14
Calendar / Seasonality	15
Major Regional Events for Meeting LPs	16
Travel/Logistics	17
Where to Stay	17
What to Eat	17

---

## **Who are we?**

[SVVI](#) is a boutique, independent consulting firm. We offer capital formation services to help US-based technologists and VCs access the most relevant, lucrative international partnerships in the Middle East.

We understand Silicon Valley and the Middle East, and have access to the best resources in our markets to get exceptional human capital, regulatory coverage, anchor partnerships, and investors.

In short we create strategic and financial value for all our clients.

## **This guide:**

We've put together this short guide to help answer the most common questions we get about the region's LPs and roadshow logistics.

We are excited to show people around the Middle East, share our knowledge and build relationships. We have done this full-time for the past 6 years.

## **Get in touch:**

This guide is a conversation starter. Get in touch, and we will do our best to answer your questions/support you—no strings attached.

zafer@svvi.co

# The Middle East

The Middle East comprises over 20 countries (~350 million population). The region can be broken down into the GCC, the Levant, and North Africa. Most of the wealth is concentrated in the GCC and it is these countries that should be on a GP's radar.

- UAE: The region's biggest pool of sovereign wealth funds sits in the capital, Abu Dhabi, while Dubai is the region's trade and startup hub
- KSA: The deepest pockets and the largest market in the GCC, with a population of over 30 million
- Qatar: Finally back in the fold of the GCC and an increasingly active LP. Hosted the FIFA World Cup.
- Kuwait: Rich institutions and some sophisticated family offices.
- Others: Oman, Bahrain and the Levant.

---

**TIP:** To prioritize your time for the first visit or two, we recommend keeping it to the UAE and KSA.

---

---

**TIP:** If a sovereign from Kuwait, Oman, or Bahrain is engaged, then a visit would be worth it. Otherwise, start with Dubai, Abu Dhabi and Riyadh.

---

For context, here is a table with the GDP (2021) for some of the region's countries:

<b>Country</b>	<b>GDP (in USD, billions)</b>	<b>Population (in millions) , rough estimate</b>
Saudi Arabia	840	32
United Arab Emirates	415	10
Qatar	179	3
Kuwait	106	4.4
Egypt	404	108
Oman	88	5
Bahrain	39	1.5
Jordan	45	10.5
Lebanon	23	6.5

## Regional startup landscape

- Almost every government in the Middle East is encouraging the entrepreneurship sector. But it remains small, especially when compared to the US.
- Last year more than \$3 billion was invested in startups across the region, the highest that has ever been invested. The most active markets are the UAE, Saudi Arabia and Egypt.
- The number of VCs has boomed, especially in Saudi Arabia, most have a fund size of \$20-50 million.
- The region's biggest exit was Careem, bought by Uber in 2019 for \$3.1 billion.

# Things to keep in mind

- The Middle East is not monolithic, and while there are similarities across the region, there are also differences.
- Arabic is the common language spoken across the Middle East, but each country has its own dialect, traditions and customs. Almost everyone in the GCC speaks English.
- The economy of the GCC countries still rely heavily on oil, this is not the case in North Africa and the Levant (minus Iraq). All six countries of the GCC are implementing economic roadmaps for a knowledge-based economy.
- The GDP of the GCC has grown at an average rate of 3.4% over the past 5 years.
- The GCC countries are more technologically advanced than the rest of the Middle East. Internet and smartphone penetration rates are among the highest in the world, 5G is readily available. The UAE however, still forbids WhatsApp calls and other modes of VOIP, although Zoom, Teams and Google Meet work.
- In 2020, the UAE and Bahrain normalized relations with Israel in the Abraham Accords. However, many are still reluctant to do business with Israel and most partnerships with Israeli entities have been government-led.



# The region's main cities to visit

## Dubai

- The business and financial heart of the Middle East. Dubai's economy is heavily reliant on the services industry, real estate and tourism. It does not have a meaningful income from oil.
- The city has transformed at an impressive scale and attracts talent from all over the world. It is the most liberal in the UAE, has a thriving night-life and is one of the safest cities in the world.
- Dubai has a population of over 3 million comprising more than 200 different nationalities.
- Dubai is a popular base for regional non-royal family offices.
- The Dubai International Financial Centre (DIFC) is a freezone and the financial hub of the region. It has its own jurisdiction and court, following English civil law. It is the most efficient place to meet potential LPs; many of them will have an office based there.
- Dubai tends to have a lot of noise and an endless list of curious people who are unlikely to invest. Having an insider would help.

## Abu Dhabi

- The capital city of the UAE, and the richest of the seven emirates that make up the country. Abu Dhabi has four main SWFs, with a value of over \$1 trillion.
- It has a smaller expat community and is more socially conservative than Dubai.
- The UAE royal family offices are concentrated here.
- A one or two-day visit should be enough - meetings tend to be fewer but of high value.

## Riyadh

- Saudi Arabia is the region's biggest oil exporter and largest economy.
- Riyadh was once a difficult city to navigate and pretty closed off. This has changed dramatically over the past few years. The driving force of change has been the Crown Prince, Mohammed Bin Salman (MBS). He's well-loved in the country and has brought about sweeping reforms that have seen Riyadh emerge as a strong competitor to Dubai's throne as the region's business capital.
- Riyadh is beginning to attract more Western expats after the government required regional HQs for international companies to be based in Riyadh, if they want to win government contracts, starting Jan 2024.
- Saudi Arabia is where most of the region's wealth sits. It is not as concentrated as Abu Dhabi or as networked as the UAE, but it is serious and ready to deploy.
- Riyadh is a big city and has no focal point like the DIFC so it is not as easy to meet people.





# Fundraising Process

- The average fundraising cycle in the Middle East is 4-8 months, from the first meeting to close. On average it will take 3 or 4 meetings with an LP before they close. They also require more follow-up, over an extended period of time. It is helpful to have an IR person do the follow-up.
- Due to calendar complexities (summer season, Ramadan, Eid) it is important to get as much done during the busier months since the low-productivity seasons dampen momentum.
- Each LP is unique, and while the below is a general process, some of the LPs require a more tailored approach.
- Here is the process we follow at SVVI:

<b>Step</b>	<b>SVVI Support / Role</b>
1: Initial Introduction	Identify potential investors
2: 1st Meeting / Zoom Call (1 wk)	Scheduling support, MENA CRM management and updates
3: Sharing of Deck and Data Room (2 wks)	Deck review/feedback
4: Suggest follow-up and meeting key team members (2 wks)	Backchannel and feedback gathering
5: Send an Update email (2 wks)	Process management, moving leads down the funnel
6: Invite to a group webinar/portfolio walkthrough/meet portfolio companies (2 wks)	Assistance with invites, guestlist management
7: Second market visit (optional, would help push for sure) (1 wk)	Roadshow support, schedule management, and logistics
8: Answer questions / address comments before IC (2 wks)	Push to keep things moving
9. IC Decision	
Approximately 12-16 Wks	

# The LPs

- Real estate remains the main alternative asset class of choice and so Middle Eastern LPs vary in degrees of exposure and sophistication when it comes to VC. The most obvious pools of capital are Sovereign Wealth Funds and Family Offices.
- The region has a culture of saying yes to meetings, which is time-consuming. So qualifying potential leads will save a lot of time.
- The region is relationship driven and if a GP dedicates the time, has the right resources and product, they will often raise money.
- The golden ratio for funds raised from Middle East LPs for VC fund managers is 10%-15% of the overall fundraising (there are always exceptions of course).



## SWFs

The region's sovereign wealth funds are well exposed to venture capital and are invested in the top tier funds. Some, like Mubadala, have offices and teams in the Bay area. In general, they write larger checks, which means they are looking for larger funds.

<b>Entity</b>	<b>AUM</b>	<b>Location / URL</b>
Public Investment Fund (PIF)	\$620 billion	<a href="https://www.pif.gov.sa">https://www.pif.gov.sa</a>
Abu Dhabi Investment Authority (ADIA)	\$829 billion	<a href="https://www.adia.ae/">https://www.adia.ae/</a>
Abu Dhabi Investment Council (ADIC)	Merged with Mubadala, runs its own VC program	<a href="https://www.adcouncil.ae/">https://www.adcouncil.ae/</a>
Mubadala	\$284 billion	<a href="https://www.mubadala.com/">https://www.mubadala.com/</a>
ADQ	\$159 billion	<a href="https://www.adq.ae/">https://www.adq.ae/</a>
Qatar Investment Authority (QIA)	\$450 billion	<a href="https://www.qia.qa/en/Pages/default.aspx">https://www.qia.qa/en/Pages/default.aspx</a>
Kuwait Investment Authority (KIA)	\$738 billion	<a href="https://www.kia.gov.kw/">https://www.kia.gov.kw/</a>
Oman Investment Authority (OIA)	\$41.5 billion	<a href="https://oia.gov.om/">https://oia.gov.om/</a>

# The Family Offices

These are broken down into royal family offices, large family offices, and mid-sized family offices.

## Royal Family Offices (RFO)

- AUM ranges between a few billion dollars and infinity
- Connected to each other and often compare notes (more so in the UAE)
- Vary in sophistication, institutionalization, and exposure to VC
- Discreet
- Some have a dedicated venture capital team
- Involvement of the principal varies. Some offices rarely move without the direction of their ultimate beneficiary owner (UBO). Others have structured programs, ICs, and are quite methodical.
- Having access to the UBO is an asset. But even then, the process might require a few nudges as things often slow down after the first meeting.

## Large Family Offices (FO)

- The top family offices in the region see everyone who flies in to meet with the sovereigns and royal family offices. They have top access.
- Quite conservative when it comes to emerging managers and tend to invest in established platforms.
- Often rely on 3rd party consultants for fund selection and DD (Hamilton Lane, Cambridge Associates and others).

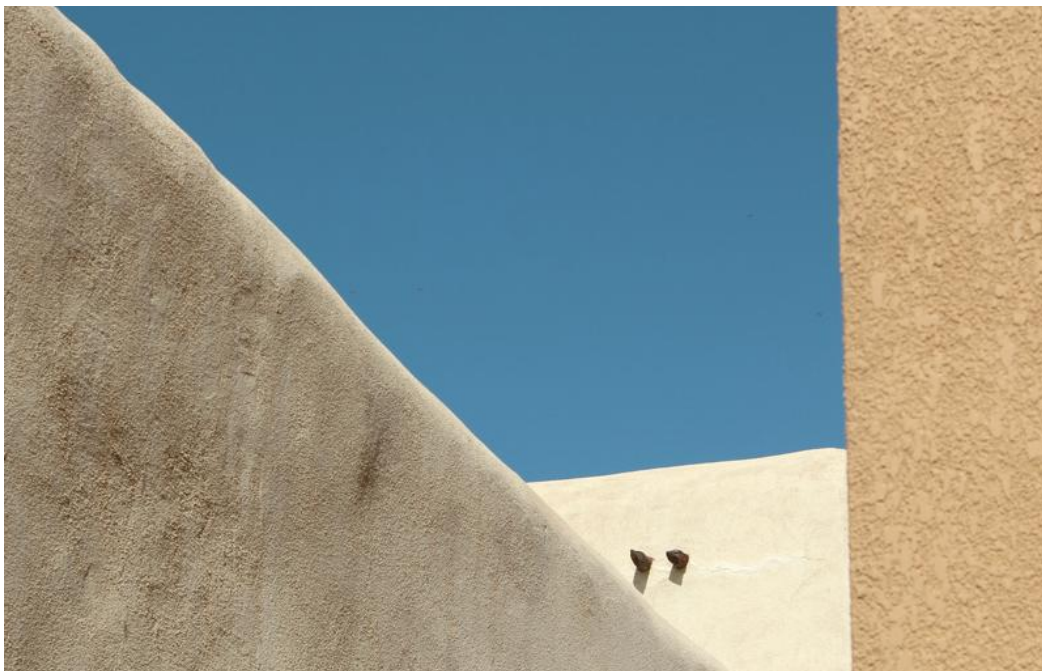
## Mid-Family Offices (FO)

- There are hundreds of them across the region and unlikely to have the same level of access to VCs as RFOs and larger FOs.
- More open to emerging managers, and smaller funds.
- Faster, less complicated process.
- UBO buy-in is needed in most cases.
- Usually prefer to invest in direct deals vs funds.
- Typical VC fund investment is in the ballpark of \$1m-\$5m.
- Some of these family offices also syndicate deals and arrange SPVs. Some do not have much permanent capital and are in essence brokering deals.



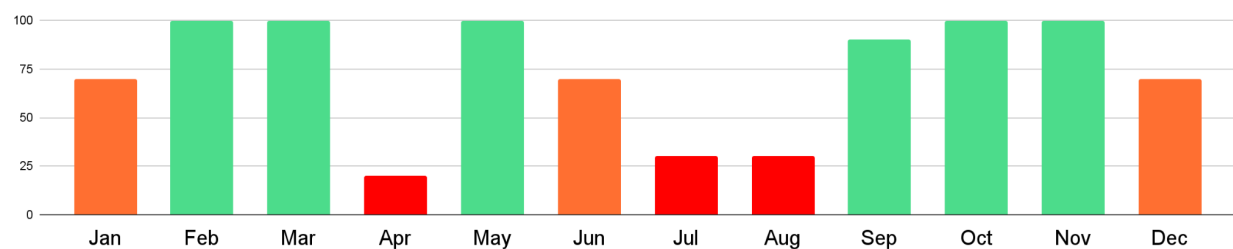
# Challenges of dealing with the region

- Silicon Valley works fast, whereas MENA is a slower, more relationship-driven place.
- MENA LPs are now overwhelmed with US VCs knocking on their doors.
- The region is curious, getting meetings is easy, but converting is tougher.
- The regional calendar is choppy
- The 12 hour time difference makes setting up zoom calls tough.
- The level of maturity and sophistication differs and requires in-depth knowledge of the region to know who to approach and who to avoid.
- There is a common desire in the region to engage with VC managers for direct deals vs investing in funds



# Calendar / Seasonality

What	When	Why it matters
Start of the year	1st of January - 7th of January	→ Low response rates due to the new year
Ramadan	10th March 2024 - 9th April 2024	<ul style="list-style-type: none"> <li>→ Muslims fast during the holy month</li> <li>→ Response rates diminish</li> <li>→ KSA is almost off during the month</li> <li>→ First week is the toughest for people who fast (no water, no coffee, no food from sunrise to sunset)</li> <li>→ Great networking opportunity after Iftar (in the evening) as there is Majlis visit culture (but you need to be hooked up with the local scene)</li> </ul>
Small Eid / Eid Al Fitr / Ramadan Eid	9th April ~ 13th of April 2024	<ul style="list-style-type: none"> <li>→ Second longest holiday for Muslims</li> <li>→ No meetings during Eid</li> </ul>
Eid Al Adha	17th of June - 24th of June 2024	<ul style="list-style-type: none"> <li>→ Safest to assume the whole week off</li> <li>→ No meetings during Eid</li> </ul>
Summer Season	July & August	<ul style="list-style-type: none"> <li>→ Expats and locals utilize their vacation days during these two months</li> <li>→ If the folks you want to meet are in town, it is a great time to visit (as the cities are empty)</li> <li>→ It is difficult to build a meaningful schedule as so many people will be away</li> <li>→ Slow down in responsiveness and typically a slower season</li> </ul>
Events Season	November	<ul style="list-style-type: none"> <li>→ Future Investment Initiative Summit, Milken Abu Dhabi, Formula 1</li> <li>→ LPs receive an overwhelming number of meeting requests from visiting VCs / Founders</li> </ul>
Holiday Season	Dec	→ The last week of December is usually slower due to the Christmas holiday and travel for NYE



Productivity Graph / Month

# Major Regional Events for Meeting LPs

Event	2023 - 2024 Dates	Website Link	Notes
Future Investment Initiative	Oct 23-27 (2023 dates)	<a href="#">Website</a>	<a href="https://fii-institute.org/conference/fii7/">https://fii-institute.org/conference/fii7/</a>
Milken Abu Dhabi	Dec 7-8 (2023)	<a href="#">Website</a>	<a href="https://milkeninstitute.org/events">https://milkeninstitute.org/events</a>
Formula 1 (Abu Dhabi)	Nov 24-26 (2023)	<a href="#">Website</a>	<a href="https://www.formula1.com/en/racing/2023/United_Arab_Emirates.html">https://www.formula1.com/en/racing/2023/United_Arab_Emirates.html</a>
Fintech Week	May 2024 (2023)	<a href="#">Website</a>	<a href="https://dubaifintechsummit.com/">https://dubaifintechsummit.com/</a>
SALT Abu Dhabi	tbd	<a href="#">Website</a>	<a href="https://www.salt.org/events/about">https://www.salt.org/events/about</a>
Qatar Economic Forum	May (2023)	<a href="#">Website</a>	<a href="https://www.qatareconomicforum.com/">https://www.qatareconomicforum.com/</a>



# Travel/Logistics

## Where to stay

### **Abu Dhabi (AD):**

Four Seasons Al Maryah Island

### **Dubai:**

Four Seasons DIFC, Ritz Carlton DIFC or Bvlgari Hotel if transit times do not matter

### **Riyadh:**

Four Seasons Riyadh, Ritz Carlton Riyadh

## What to Eat

### **Abu Dhabi:**

LPM & Zuma. Next to each other within minutes of the Four Seasons AD.

### **Dubai:**

- Gaia, LPM, Cipriani, in order of preference. All in DIFC.
- Orfali Bros (number 1 on the world's 50 best MENA List). Casual. Not licensed. Inventive.
- Aleppo grills Barsha (or Sharjah if you are really into food). The best shawerma in the world. Super casual. Not for LPs. No Reservations.
- Rivas - The Mall - Jumeirah. Best Iranian. One of the best meals in Dubai. Super Casual. No Reservations.
- Operation Falafel. Probably the best falafel outside of Jerusalem. Healthy fast food.

### **Riyadh:**

- International: Myazu (Japanese), Spago, LPM, Meraki (Greek)
- Traditional / Saudi Food: Mama Noura, Alromansia, Najd Village

**Flying in:**

- If flying private, Abu Dhabi Airport is perfect.
- If flying commercial, fly Emirates. Land and depart from Dubai.
- Use Dubai as your regional travel hub.

**Logistics:**

- We typically pack the days here with meetings and the only way to do it well is if you have 1-2 cars with drivers on 12-hour shifts. This applies to Saudi, and the UAE.
- Ask for an experienced driver. Your hotel is a good place to book the cars (as they usually have knowledgeable drivers). Four Seasons drivers in Riyadh know the fundraising circuit well and often predict your next stop.



Get in touch if you want to learn more - [zafer@svi.co](mailto:zafer@svi.co)