



**جدا Jada**  
شركة صندوق المباديع  
Fund of Funds Company

# **Beyond Capital: The Saudi Value Creation Story**

How PE & VC Firms Are Shaping the  
Next Generation of Saudi Champions

August 2025

## About Jada Fund of Funds

Jada Fund of Funds is a Saudi company based in Riyadh. Launched by a resolution of the Council of Ministers, Jada was established by the Public Investment Fund in 2018. Jada is a critical component of Saudi Arabia's Vision 2030 for the purpose of leading the development of a thriving Private Equity and Venture Capital ecosystem in Saudi Arabia.

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# Beyond Capital: The Saudi Value Creation Story

## How PE & VC Firms Are Shaping the Next Generation of Saudi Champions

### Executive Summary

In private markets, "value creation" refers to the deliberate set of actions taken by investors (typically private equity (PE) and venture capital (VC) funds) to improve a company's performance, streamline operations, and set the stage for a successful exit. This process can help transform a successful yet staid business into an engine of growth, aiming to deliver not just short-term financial return but operational excellence, better governance, and ultimately long-term sustainability. For those unfamiliar with the term, it's helpful to think of value creation as a post-investment playbook: once capital is committed, the real work begins.

In Saudi Arabia, the main regional focus of this paper, value creation is increasingly recognized as a differentiator among investors. Many local businesses, particularly family-owned enterprises, have historically grown organically, often without external capital or professionalized operations. When they consider outside investment, especially via minority stakes, it is less about funding and more about finding a true partner. Value creation in this context is about introducing governance structure, improving performance, and unlocking new opportunities or opening new markets, while preserving family legacy and control.

This paper outlines the core levers of value creation practiced in private equity and venture capital today and compares global best practices with local adaptations in Saudi Arabia. We will explore how family dynamics, local traditions, and the region's capital availability shape a unique approach to transforming businesses through investment. This paper does not claim to cover all levers but focuses on some of the most critical ones.

We spoke to both PE and VC funds for this paper. The venture capitalists focused more on coaching, team dynamics, structure, and ecosystem building, while the private equity funds leaned more toward operational improvements, margin expansion, and exit preparation.





**Sulaiman Alkhushi**

Chief Strategy and Business  
Development Officer

Jada Fund of Funds

## Value creation is no longer optional; it's the investment standard

At Jada, we believe that true value creation extends far beyond capital deployment. As Saudi Arabia's private markets continue to mature, the focus has shifted from simply providing funding to delivering transformative operational expertise. This paper examines the critical value creation levers available to investors in our region's unique context.

What makes Saudi Arabia's investment landscape distinctive is not just the availability of growth capital, but how that capital is applied. Our family businesses, startups, and growth-stage companies require partners who understand regional nuances while bringing global best practices. The most successful investors are those who understand the local knowledge and combine it with institutional rigor and operational excellence.


















Vision 2030 has accelerated the need for sophisticated value creation. As new industries are being built and existing ones are being transformed, investors who master these levers will not only generate superior returns but contribute meaningfully to the Kingdom's economic diversification.

The stories and insights captured in this research demonstrate that active management, strategic guidance, and hands-on partnership are now the standard, not the exception.

Jada remains committed to elevating the private capital ecosystem by supporting fund managers who excel in these dimensions. We hope this research provides valuable insights for both investors and entrepreneurs seeking to build enduring institutions in Saudi Arabia and beyond.

## Foreword

We extend our sincere gratitude to the following partners and senior executives who generously shared their time and insights with us, discussing their funds, investment strategies, and the value creation levers they use to improve portfolio companies. Their contributions were invaluable in providing examples and context for our research on the current state of private equity and venture capital value creation in Saudi Arabia.<sup>1</sup>

| Firm  | Interviewee(s)  |
|---|---|
|    |  Niaz Khan  Niklas Ponnert  |
|    |  Walid Majdalani  Wassim Hammoude   |
|   |  Muhannad Qubbaj  |
|  |  Haitham Alforaih  Musaab Almuheidib  Saleh Alrumaih |
|  |  Bilal Baloch  |
|  |  Haitham Bu-Aisha  Kais Al Essa   |

Listed in alphabetical order.

## Disclosure Statement:

The views and insights presented in this paper are based on interviews with representatives from private equity and venture capital funds. Their inclusion does not constitute a comprehensive assessment of each fund's practices, nor does it reflect any endorsement or evaluation of their past, current, or future performance. The content is intended for informational purposes only and should not be interpreted as investment advice or a representation of the broader industry.

<sup>1</sup> The primary geographic focus of this paper, as well as of the fund managers and partners contributing to the dialogue on value creation, is Saudi Arabia. However, their interests, investments and strategic ambitions extend into the wider MENA region, and beyond.



## **A Short History: From Passive Leverage to Active Management**

Value creation in private equity has evolved dramatically over the past six decades. In the U.S., the story begins with the rise of leveraged buyouts (LBOs) in the 1960s. These early deals used debt—often excessively—to purchase companies, strip out costs, and sell them at a profit. The financial engineering behind LBOs became legendary, and firms like KKR and Bain Capital rose to prominence using this playbook. The formula was simple: borrow heavily, acquire cheaply, cut aggressively, and exit quickly.

This approach delivered impressive returns—better than those earned in public markets—but also attracted criticism. Many deals led to mass layoffs, underinvestment in growth, and reputational damage. The model prioritized financial engineering over operational improvement, and while it made some investors wealthy, it did little to create durable value for companies or communities.

The 2008 global financial crisis marked a turning point. As credit tightened and scrutiny increased, private equity firms pivoted from financial engineering to operational excellence. The new playbook emphasized margin improvement, strategic repositioning, governance reform, and talent upgrades. Firms began hiring operators, not just financiers. Today, the best PE firms are seen less as predators and more as partners—entities that roll up their sleeves and help businesses grow.

In MENA, this shift took a different path. The region largely bypassed the LBO era. Capital has been less of a constraint, especially in the Gulf. Instead of debt-fueled deals, many PE and VC investments focused from the start on strategic, operational, and ecosystem-building goals. Vision 2030 in Saudi Arabia, for instance, has catalyzed a wave of infrastructure, industrial, and innovation-led investments—many of which rely on local fund managers helping founders scale responsibly.

The result is a uniquely MENA model of value creation: one less about leverage and more about leadership.

## Why Value Creation Matters

Many businesses in the MENA region are at an inflection point. Family-owned for decades, these firms have built impressive commercial footprints but are often held back by legacy systems, informal governance, and constrained access to global talent and technology. For these companies, private capital—especially when offered through minority stakes—provides more than just funding. It offers a path toward modernization, professionalization, and long-term sustainability, all while preserving family legacy and control.

But the opportunity goes well beyond established family firms. Across the region, value creation is also unlocking potential in professionally run mid-sized businesses, scaling founder-led startups, and building entirely new infrastructure ventures through joint ventures with global players. These companies are not weighed down by history but face other hurdles: fragmented operations, talent shortages, inefficient capital use, or a lack of access to global networks. Private equity and venture capital firms bring the experience, networks, and operational rigor to overcome these constraints.

This is particularly visible in Saudi Arabia, where Vision 2030 has catalyzed a wave of strategic investments across sectors like cloud computing, logistics, and smart infrastructure. Many of these initiatives rely on joint ventures between local champions and international operators—pairing technical expertise with local access and backing it all with equity capital. For example, ewpartners, a Riyadh-based cross-border private equity firm that specializes in tech and infrastructure joint ventures with Asian partners, has structured JV-based platforms in cloud infrastructure and logistics that are value-creation engines by design, aligning partners around a shared exit horizon and measurable performance targets from day one.

In this context, value creation becomes not just a toolkit but a philosophy. For MENA-based investors, it means bringing world-class practices into traditional or fast-growing structures, respecting heritage where it exists, and building capability where it doesn't. It requires alignment of vision, trust between investors and owners, and a deep understanding of regional nuance—whether navigating family dynamics or building entirely new categories.

And because many MENA deals are minority stakes or joint ventures, the ability to influence without control becomes paramount. Fund managers must earn the right to guide<sup>2</sup>—not through force, but through results. That means using softer tools—advice, relationships, mentorship, and data—to build credibility, drive performance, and pave the way for exit readiness.

Not only fund managers, but the country's sovereign wealth fund shares this conviction and views strategic value creation as essential for building long-term, transformative growth:

**"At PIF, value creation is about more than just financial impact — it's about systematically elevating operational capabilities, fostering strategic collaborations, and empowering exceptional leadership across our portfolio to drive sustainable and transformative growth."**<sup>3</sup>

<sup>2</sup> Referred to as "the right to play" in VC parlance, or "the right to be in the room."

<sup>3</sup> Roberto Croci, Director, Value Creation & Transformation, Public Investment Fund (PIF).

## The Core Levers of Value Creation

Across the private capital spectrum, eight primary levers of value creation are most often used. These are not standalone tactics but interrelated strategies that, when combined, can significantly improve a company's trajectory:



**Revenue  
Growth**



**Margin  
Expansion**



**Strategic  
Positioning**



**Capital  
Efficiency**



**Governance and  
Transparency**



**Talent and Team  
Development**



**Exit Planning  
and Readiness**



**Digital  
Enablement**



# 1. Revenue Growth

Revenue growth remains one of the most direct levers of value creation—but in Saudi Arabia, it often requires navigating different terrain than in more mature markets. Whereas U.S. or European fund managers might help a company expand across borders or shift pricing strategies, Saudi-based VCs and PEs are more likely to focus on foundational growth strategies: go-to-market execution, ecosystem bridging, and access to early clients.

“A strong business development strategy and go-to-market execution require a relentless focus on customer acquisition,” <sup>4</sup> says Bilal Baloch of Shorooq.

His team guides startups on pricing, identifying the right customer personas, and tactically approaching procurement budgets—skills many early-stage companies lack.

Another example comes from **Calo**, a personalized meal delivery company seeded by Vision Ventures. Instead of following a conventional regional expansion plan, Vision advised the company to test Riyadh first before moving into the UAE. Their strong local knowledge helped Calo identify and secure kitchen space quickly, accelerating market entry. Riyadh became a springboard for Calo’s broader GCC rollout and, eventually, their acquisition of a UK-based peer.

This underscores the importance of localized sequencing, particularly in consumer-facing businesses where infrastructure and regional preferences vary dramatically. In this case, revenue growth is often less about blitzscaling and more about navigating with precision.

SEEDRA Ventures, an early-stage venture fund manager based in Riyadh, backs local entrepreneurs and disruptive innovations. Its network of over 300 partners becomes a powerful distribution channel and a real-world testing ground for its startups. When a startup is ready to commercialize, SEEDRA opens the door to trial adoption across its partner ecosystem, driving feedback, validation, and early traction:

“We encourage clients to test the waters with a product demo or trial—no commitment required—and offer candid and constructive feedback. If the outcome isn’t favorable, we learn something. If it is, the startup could land its first contract.” <sup>5</sup>

This “partner-as-client” approach provides critical validation and revenue growth, often tipping the scales from a stalled product to a funded one. Beyond introductions, they help portfolio companies craft competitive client proposals and tailor product offerings to real commercial needs.

Fund managers in the region also emphasize **non-linear scaling**: revenue growth through network effects, ecosystem positioning, or even inter-portfolio synergies. Vision Ventures, for example, facilitated collaboration between NearPay and Foodics—two companies in its portfolio—to create new use cases and accelerate market adoption.

<sup>4</sup> Bilal Baloch, Shorooq. A conversation in February 2025.

<sup>5</sup> Haitham Alforaih. Seedra Ventures. A conversation in February 2025.

## Key Revenue Growth Metrics

### Time to First Contract (TTFC)

1

Measures how quickly a company converts its product or service into revenue.

Where procurement cycles can be long and trust-based, reducing TTFC is a sign that investors are unlocking early commercial traction through warm introductions or ecosystem validation.

### Percent of Sales via Fund or Partner Introductions

2

Tracks how much revenue is driven by the investor's network.

Especially in opaque or relationship-driven sectors, GPs act as business development engines. This metric quantifies the value of those relationships.

### Conversion Rate of Product Pilots to Recurring Revenue

3

Shows whether early customers become long-term clients.

Pilots are common in the region, but not all convert. A high conversion rate signals product-market fit, reliability, and account management strength.

### Strategic Customer Concentration (% of Revenue from Top 3 Clients)

4

Assesses revenue dependence on a few clients.

A high concentration may indicate vulnerability. VCs and PEs often work to diversify customer bases or institutionalize anchor client relationships to reduce this risk.

### New Geography Revenue Contribution

5

Measures the portion of revenues generated from newly entered markets.

PE investors in Saudi Arabia often focus on geographic expansion—within the Kingdom or across the GCC—as a key driver of revenue growth and valuation uplift.

### Channel Mix Shift

6

Tracks the evolution of sales across direct, partner, online, and retail channels.

PE firms often help optimize channel strategies—expanding into higher-margin or more scalable sales paths to accelerate topline performance

## 2. Margin Expansion

Margin expansion can yield some of the fastest value creation gains, especially where companies have grown quickly without cost controls or formal systems. Local businesses—particularly family-run firms—often lack structured budgeting or disciplined procurement, leaving fund managers ample room to drive efficiencies.

Wassim Hammoude of Investcorp emphasized this directly:

“Businesses are often run on the back of the envelope. The founders are really smart in what they’ve done, but as the market gets more competitive, you’ve got to do a deep dive into the cost base and instill financial discipline.”<sup>6</sup>

SEEDRA’s early work with **Squadio** focused on operational streamlining. SEEDRA guided Squadio’s team towards global Talent-as-a-Service (TaaS) platform benchmarks and helped the team refine its business model by shifting toward an efficient and scalable marketplace offering.

They also helped the company recruit an experienced finance professional and an operations manager. Better resource allocation, a structured pricing model, and improved internal budget tracking resulted in significant cost savings. These improvements helped Squadio become cash flow positive, an early goal.

These margin levers—particularly in a market where capital is available—often have a more immediate impact than revenue levers. That’s why investors focus on improving unit economics by rethinking pricing, right-sizing delivery models, or shifting to variable-cost structures.

<sup>6</sup> Wassim Hammoude, Investcorp. A conversation in February 2025.



## Key Margin Expansion Metrics

### Gross Margin (%)

1

Reflects the company's core profitability before overhead. It's often the first place inefficiencies surface.

Many founder-led businesses underprice services or lack visibility on input costs. PE/VC firms help optimize pricing models and cost tracking to improve gross margins.

### Operating Expenses as % of Revenue

2

Tracks cost discipline as companies scale.

Firms can experience SG&A bloat as they grow. PE/VC investors drive operating leverage by introducing budgeting, procurement discipline, and scalable systems.

### Cost-to-Serve per Client Segment

3

Identifies profit variance across customer types.

In fragmented markets like healthcare, logistics, or education, some clients may cost more than they're worth. Fund managers use this to shift focus toward high-margin segments.

### EBITDA Margin (%)

4

Captures operating profitability excluding interest, taxes, depreciation and amortization (EBITDA/revenue).

It's a key indicator of cash-generating efficiency and is widely used for valuation purposes.

### 3. Strategic Positioning

Strategic positioning determines how a company is perceived, whom it serves, and how it differentiates itself. Regionally, the value creation challenge is often not to refine strategy at the margins, but to define it in the first place. Many early-stage companies are born out of opportunity, not vision—what’s possible given capital and relationships, rather than what’s optimal for long-term defensibility.

Originally operating as a project-based software house, Squadio encountered a volatile pipeline, low-margin contracts, and limited market differentiation.

With SEEDRA’s guidance, Squadio pivoted toward a tech talent-matching marketplace. The shift went far beyond rebranding and required Squadio to rebuild its product, restructure the team, and develop entirely new commercial messaging. SEEDRA also introduced Squadio to major clients, grounding its value proposition in real enterprise relationships.

Beyond making strategic introductions, SEEDRA helped Squadio identify which clients would be the best match for their new service model.

A similar repositioning strategy played out in a different context with Investcorp’s portfolio company **Theeb Rent a Car Co.**—a traditional car rental business in Saudi Arabia. Investcorp recognized an opportunity in adjacent services and advised the company to test corporate leasing. Though initially concerned about cannibalizing their core product, a successful pilot ultimately converted over 40% of company revenues to this new segment, significantly improving their valuation at IPO.

Strategic pivots, when anchored in market demand and gradual implementation, can create defensible positions in new verticals—whether transitioning from service to platform or from short-term to long-term contract models.

Strategic clarity is also key in fundraising and cap table decisions.

In a region where category creation is more common than disruption, strategic positioning leans heavily on vision, relationships, and adaptability. Repositioning is not just a competitive tactic—it’s a survival strategy.

## Key Strategic Positioning Levers

### Clarity of Value Proposition

1

Evaluates whether the company clearly articulates what it offers, to whom, and why it matters.

Many early-stage businesses begin with opportunistic models. Investors help define and sharpen the core positioning to attract customers and capital.

### Product-Market Fit in Underserved Segments

2

Measures alignment between the product and unmet demand in target markets.

Fund managers focus on verticals that are underdeveloped in the region—e.g., embedded fintech, HR tech, logistics platforms—and steer companies toward sticky, high-pain problems.

### Strategic Client Anchoring

3

Assesses whether initial customers provide validation and leverage.

VCs and PEs use their networks to connect companies with respected local institutions, creating reputational lift and downstream demand.

### Ecosystem Presence & Category Ownership

4

Tracks how well the company is positioned as the category-definer.

Investors support public visibility—events, speaking slots, partnerships—to help firms shape and dominate emerging categories.



## 4. Capital Efficiency

Squadio's experience under SEEDRA's stewardship is a case in point. The company initially relied on a traditional project-based model and dealt with long payment cycles and unpredictable revenue that hurt cash flow and limited growth.

With the support of SEEDRA, Squadio built a client credit assessment system, created different payment terms for different customer types, and designed a robust collection process. These changes shortened Squadio's collection cycle considerably, improving liquidity and financial predictability. They also implemented monthly cash flow monitoring.

"Early-stage investors now prioritize clear milestones and capital efficiency. This marks a shift from 'growth-at-all-costs' to profitability focus."

This tranche-based model, tied to product-market fit and measurable traction, reinforces discipline while signaling to founders that capital is earned, not assumed. It also improves alignment between investor and founder timelines.

### Key Capital Efficiency Tactics & Metrics

#### Cash Conversion Cycle (CCC)

1

Measures how long working capital is tied up across receivables, inventory, and payables.

When payment delays and inventory inefficiencies are common, improving CCC boosts liquidity and enables faster reinvestment.

#### Burn Multiple (Net Burn / Net New Revenue)

2

Assesses how efficiently a company converts spending into growth.

This metric encourages financial discipline and sharper prioritization of resources

#### Milestone-Based Capital Deployment

3

Releases investor capital in stages tied to product or market milestones.

Increasingly adopted across the region, this method helps prevent overfunding and strengthens alignment between founders and fund managers.

#### Days Sales Outstanding (DSO)

4

Tracks how quickly a company collects revenue after a sale.

High DSO is a recurring issue. Investors often introduce credit policies and payment segmentation to improve cash flow and capital utilization

<sup>7</sup> Haitham Alforaih, Seedra Ventures. A conversation in February 2025.

## 5. Governance and Transparency

Governance in private equity and venture capital is not merely about oversight—it's a performance tool. Regionally, especially in family-owned firms, introducing strong governance is often one of the most transformative acts a minority investor can undertake.

Vision Ventures emphasizes the importance of early engagement:

"One of the first things we emphasize is the importance of establishing a board. In the early stages, many founders don't realize that having a board matters. We explain its importance and how it can provide structure, accountability, and strategic oversight."<sup>8</sup>

This is echoed by Olive Rock's Muhannad Qubbaj, who notes that while most PE buyouts involve majority control in developed markets, GCC firms often invest via influential minority stakes:

"You need at least a 30% stake to be considered influential—where you could claim a seat or two on the board and exercise certain rights and influence strategy."<sup>9</sup>

In such cases, influence is earned—not exerted through control, but through trust, insight, and the ability to guide founders.

A case in point is Olive Rock's work with **LEORON Institute**, a regionally focused corporate education company based in Saudi Arabia. Upon acquiring a majority stake, Olive Rock brought on board two non-executive directors—seasoned operators who had previously built successful corporate education and EdTech firms. These advisors don't just attend board meetings; they mentor management, participate in key committees, and accelerated strategic decision-making.

As Olive Rock explained:

"We're bringing in mentors who speak your language—those who have walked this path five or ten years ahead of you. You can learn from them, hopefully accelerate the process, and achieve in three or four years what might otherwise take five."<sup>10</sup>

<sup>8</sup> Haitham Bu-Aisha, Vision Ventures. A conversation in February 2025.

<sup>9</sup> Muhannad Qubbaj, Olive Rock Partners. A conversation in February 2025.

<sup>10</sup> Muhannad Qubbaj, Olive Rock Partners. A conversation in February 2025.

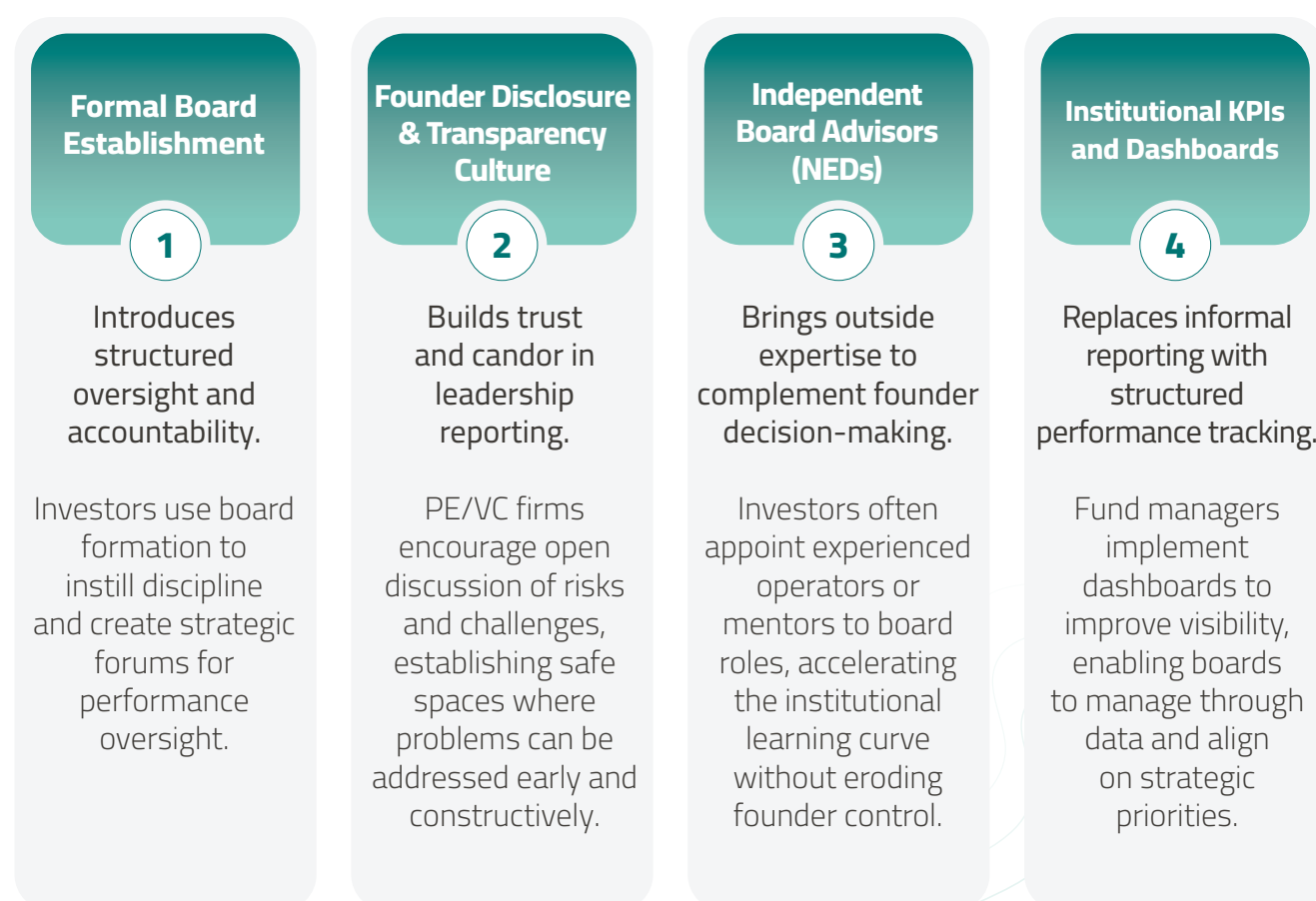
Beyond emotional candor and external mentorship, governance frameworks include:

- Clear decision-making structures
- Performance tracking systems
- Regular and transparent financial reporting
- Definition of board roles and committees

Shorooq and Investcorp, for example, work closely with management to introduce KPIs and institutional reporting tools. Boards become forums for performance accountability, strategic iteration, and risk mitigation—not simply bureaucratic checkpoints.

In more advanced cases, boards are supported by functional subcommittees (e.g., audit, remuneration) and formal dashboards, even in minority-stake contexts. This reflects a stronger emphasis on systematized governance.

## Key Governance & Transparency Levers





## 6. Talent and Team Development

No lever of value creation is more universally emphasized than talent. In both VC and PE circles, effective leadership is viewed as the single most critical determinant of long-term success. This is especially true for first-time founders navigating emerging markets or family businesses transitioning beyond patriarchal leadership.

“At the end of the day, we’re not implementing the strategy; the management is,” says Wassim Hammoude of Investcorp. “Putting in place the best management team, retaining them, and crafting long-term incentive plans is crucial to ensure that every day when they wake up, they think of themselves as shareholders.”<sup>11</sup>

In MENA, however, talent availability is uneven. Engineers are abundant in Egypt, Morocco, and Pakistan, while experienced institutional managers are concentrated in the UAE. Saudi Arabia has emerged as a magnet for top-tier professionals, yet access to experienced commercial leaders remains a constraint.<sup>12</sup>

“Sales professionals from Saudi Arabia are like gold dust,” notes one VC, “but once found, they tend to excel.”<sup>13</sup>

Some funds tackle this head-on by supporting recruitment in the earliest stages of portfolio company development.

As part of their due diligence process, SEEDRA Ventures assesses the organizational structure of potential investments with an eye to achieving a clear and equitable cap table. This helps achieve long-term alignment and motivation of founders, investors, and employees and assures the integrity of future fundraising rounds.

In one notable case, SEEDRA led the restructuring exercise of a startup to help provide for an equity pool sufficient to attract and onboard a commercial co-founder with strong business skills.

“To achieve this, we, alongside other investors, contributed to a share pool intended to attract a co-founder with critical skill sets. Our ability to do so stemmed from being early partners, closely aligned with the founding team and their long-term interests.”<sup>14</sup>

<sup>11</sup> Wassim Hammoude, Investcorp. A conversation in February 2025.

<sup>12</sup> Noted by Bilal Baloch of Shorooq and generally affirmed by other interviewees.

<sup>13</sup> Bilal Balloch, Shorooq. A conversation in February 2025.

<sup>14</sup> Haitham Alforaih, Seedra Ventures. A conversation in February 2025.

Redistributing equity to key contributors in a growing company can be far more valuable than retaining a larger stake in a business with limited growth potential.

Vision Ventures also anchors their investment strategy in founder development.

“We look at how aligned the founders are, how well they understand each other, and how they ensure that all aspects of the business are covered.”<sup>15</sup>

They also coach first-time founders to become “multi-tool CEOs”—capable of fundraising, team building, and product execution. This hands-on engagement fosters deep trust.

“Remove the masks and tell us the bad news, not the good news. That’s where we can really help. I can’t do anything with good news.”<sup>16</sup>

## Key Talent & Team Development Levers

### Key Leadership Roles Filled Within First 6 Months

1

Measures how quickly critical gaps in the team are addressed post-investment.

PE/VC firms often step in to help recruit senior talent early, especially commercial leads or COOs to complement technical founders.

### Equity Allocation to Active vs. Passive Stakeholders

2

Tracks whether ownership reflects actual value contribution.

Investors frequently restructure cap tables to incentivize those building the business, reallocating equity from inactive founders to growth-driving leaders.

### Founder Coaching & CEO Readiness

3

Develops first-time founders into institutional leaders.

Fund managers act as mentors, helping founders build fundraising, hiring, and strategic planning skills necessary to scale.

### Team Retention & Engagement

4

Assesses turnover and morale across key roles.

In high-growth environments, maintaining team continuity is a leading indicator of execution strength. Investors monitor churn and intervene if needed.

<sup>15</sup> Haitham Bu-Aisha – Vision Ventures. A conversation in February 2025.

<sup>16</sup> Kais Al Essa, Vision Ventures. A conversation in February 2025.

## 7. Exit Planning and Readiness

Value creation is ultimately measured by the quality of the exit. Whether through IPO, strategic sale, or secondary transaction, a successful exit crystallizes years of operational and strategic effort. In the MENA region—particularly Saudi Arabia and the UAE—exit planning is no longer theoretical. Capital markets are maturing, local acquirers are growing more sophisticated, and cross-border M&A is accelerating.

Still, challenges remain. Many companies are not prepared to meet the transparency, governance, and reporting standards required by institutional acquirers or IPO regulators. As such, PE and VC firms must begin positioning for exit from day one.

ewpartners has embraced this proactive mindset and notes that building a JV means you've also lined up at least one potential buyer from the outset. If the JV succeeds, there's a strong chance that your strategic partner—the technology or operational expert—will want the business all for themselves. That's planning.

This approach has already led to four successful exits, including one IPO. Their cross-border model helps pair international operators with the local opportunities, and exit is designed into the operating model. Performance starts from zero and is tracked cleanly over time.

A JV built by ewpartners begins with a clean slate, so value creation is measured in absolute terms, not relative ones. With financial performance starting from scratch, the impact of value creation is easy to see within a couple of years.

Vision Ventures, meanwhile, takes a longer-term view. Their support for startups includes preparing founders for secondary sales, strategic M&A, or public listings. Vision's founders have already achieved one 7x exit and have made exit planning a KPI for all portfolio companies. They actively connect startups to downstream investors—VCs, sovereign funds, and corporates—and track follow-on capital raised.

The importance of local credibility is particularly acute. Many regional companies must first establish themselves as national champions before attracting external attention. For this reason, many MENA fund managers focus heavily on building domestic reputations—for example through awards, certifications, and government contracts—as a bridge to broader exit options.



As one investor observed, “In Saudi Arabia, the traditional private equity playbook—buying mid-market companies and applying standard value-creation tools—is just beginning to take root.” While the pool of acquisition targets remains relatively narrow for now, the real opportunity lies in shaping new platforms and building value from the ground up in alignment with the Kingdom’s transformation agenda.

## Exit Planning & Readiness Levers

### Recurring Revenue & Contracted Cash Flows

1

Measures revenue visibility and predictability at the time of exit.

PE/VC firms work to shift businesses toward subscription, contract-based, or long-term service models to appeal to institutional buyers or IPO markets.

### Exit Option Design from Day One

2

Ensures exit pathways (IPO, strategic sale, secondary) are built into the operating model early and that exit stories resonate with both strategic and financial buyers.

JV structures and strategic partnerships are often used to pre-align potential acquirers before performance ramps up.

### Cap Table & Financial Clean-Up

3

Prepares equity structure, auditing, and financial reporting for external scrutiny and aligns with growth narratives. Establishes formalized growth structures.

Fund managers resolve legacy founder disputes, tighten equity allocations, and implement audit-ready systems to meet exit due diligence standards.

### Strategic Buyer & Investor Signaling

4

Tracks engagement and interest from downstream acquirers or follow-on investors.

Warm intros, term sheets, or M&A inquiries signal market validation. Funds actively cultivate these relationships over time.

## 8. Digital Enablement

In a region where legacy infrastructure is limited and digital leapfrogging is viable, **Digital Enablement** has become an essential lever of value creation. Unlike in more mature markets, where technology is often layered onto existing systems, Saudi-based PE and VC funds in many cases use digital platforms to build businesses from the ground up—embedding data systems, cloud infrastructure, and AI into the operational core from day one.

This is not about technology as an overlay. It's about digital systems as the spine of scale.

The most advanced examples of this approach are found in ewpartners' joint ventures. Their model doesn't just localize tech—it transfers intellectual property, operational control, and data sovereignty into Saudi-based entities, forming JVs with Asian operational and technical powerhouses to seed infrastructure from scratch. The goal: foundational platforms in logistics, cloud computing, and fintech that become national champions and potential IPO candidates.

Digital enablement here is architectural, not cosmetic. Performance starts from zero and is measurable from inception.

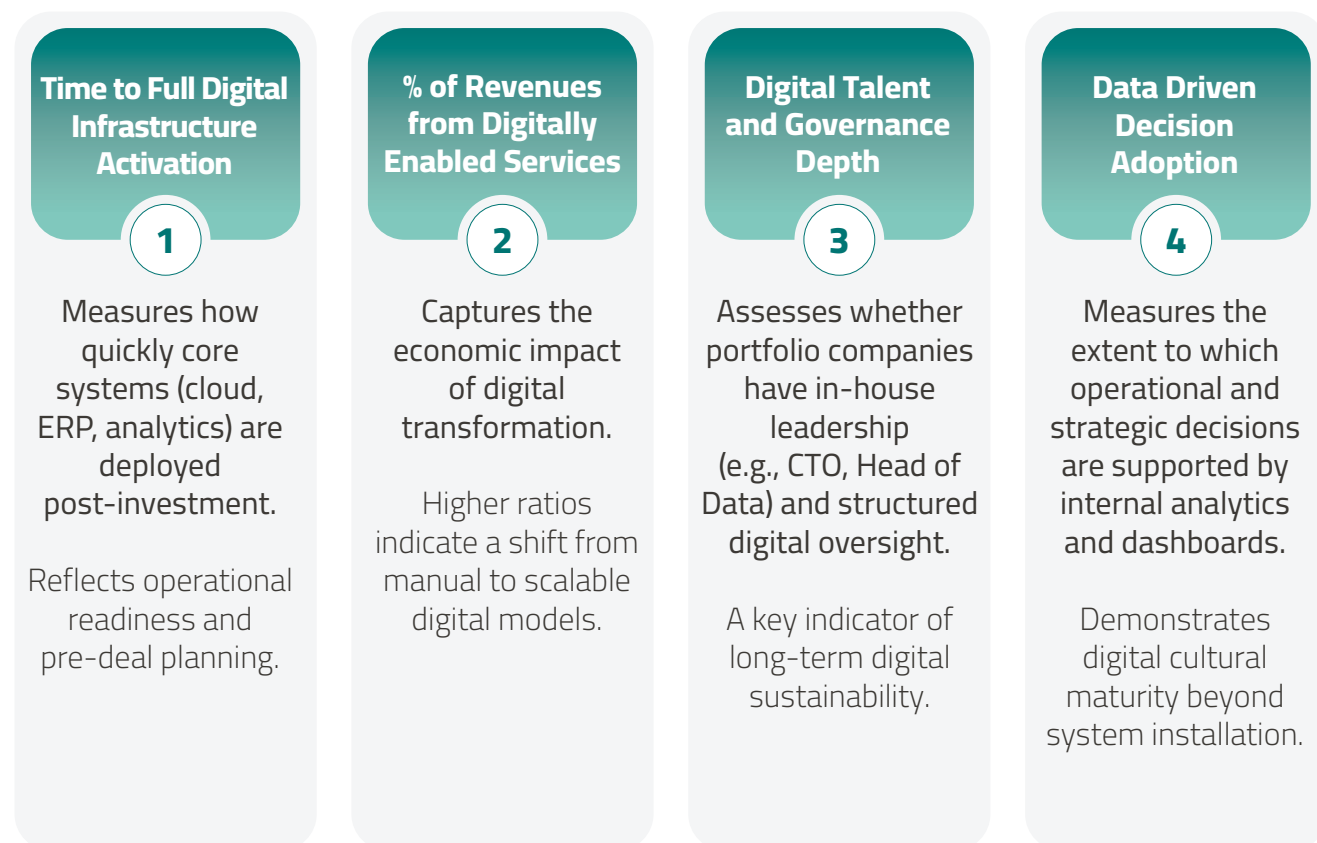
Other firms apply this lever through more surgical means. Olive Rock Partners, for example, identifies sectors ripe for digital transformation—like education and healthcare—and brings in international operational experts to mentor local management teams. At LEORON Institute, advisors who had scaled EdTech firms abroad were embedded in board and ops committees to guide the digital product roadmap. Their presence shortened the transformation cycle considerably.

Such advisors are often compensated via board fees or shadow carry—not only incentivizing results but keeping them aligned with exit objectives.

Investcorp's contribution to digital enablement is often through analytics and business model enhancement. In one portfolio company, fleet-level data mining revealed profit and utilization gaps invisible to management. The addition of long-term digital leasing products improved both margin profile and exit positioning. The lesson: digital visibility precedes strategic pivoting.

Vision Ventures, meanwhile, applies this lever in seed-stage startups. Their technical due diligence has become a regional benchmark, with other investors deferring to their assessments. Founders receive tailored guidance on how to embed technology that scales with growth—ensuring that burn rates remain manageable and future investors see a robust technical foundation, not a retrofit mess.

## Key Digital Enablement Levers



## Summing Up: What Endures

Together, these levers form a comprehensive approach to value creation—one that is not imposed but adapted, not formulaic but responsive, and always anchored in long-term partnership. What endures is not any one lever, but the ability to apply the right combination of levers at the right time and adapt global best practices to local realities.

Value creation is more than a financial tool—it is a mechanism for building scalable teams, aligning incentives, structuring joint ventures, introducing digital infrastructure, instilling solid systems of governance, and preparing for exits.

For limited partners, founders, and fund managers alike, mastering the art of value creation is not just about producing returns—it's about building institutions that endure.



Source: 5 Quadrants Pte Ltd





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