

Investments & Talent Across Sectors

Middle-East & North Africa Region

MARCH 2021



Resilient Middle-East & North Africa Region

Even as the pandemic roiled global economies, the Middle-East & North Africa (MENA) region stood out, in not only weathering the storm but attracting private investments across the region. Private capital promises to be a critical element of the region's recovery. These investments also were coupled with active portfolio management and interventions from the private equity investors. Sectors like Fintech, e-Grocery, Ed-Tech, and Healthcare attracted significant capital and are likely to attract top talent. Combined with the confluence of positive macroeconomic drivers such as the upswing in oil prices and geopolitical stability, the region has bounced back smartly.



Middle East – Beacon of hope

Some of the world's biggest investors are based in the Middle East, with the ten largest institutions in the region managing combined investments of US\$3.71 trillion. Policymakers have made rapid strides in improving the regulatory framework following the collapse of Abraaj Capital. Reflecting the improved regulatory framework, investment managers are seeing an encouraging number of breakthroughs in their effort to draw foreign and organic capital to the Middle East.

It is estimated that private capital assets under management in the MENA region have decreased from US\$349 billion in 2019 to US\$253 billion in 2020. Recovering from a low, however, it is expected to rise at 11.1 percent CAGR by 2025. The estimated forecast reflects the restoration of investor confidence in the region, and the region's outperformance of growth over global growth (9.8 percent) reveals the depth of confidence put in the recovery. Despite the pandemic, venture funds showed signs of continued growth in the MENA region. 2020 saw a record of over US\$1 billion invested in MENA-based start-ups, a rise of 13 percent year-on-year, while the number of deals decreased 13 percent from last year. The small decline in volumes but increase in absolute value reflects the sentiment that investors are prepared to make larger but more vigilant bets. This is further verified by looking at the change from pre-seed investments (deal sizes up to US\$100K) to larger-ticket investments in Seed & Series A (US\$100K-US\$3M). 47 percent of all transactions were less than US\$100K in 2019, and this figure plummeted to 27 percent in 2020. The US\$1 billion is guided more by the first half (US\$723M) vs. the second half (US\$563M), likely suggesting that pre-pandemic transactions were agreed and realized in Q1 & Q2 of 2020. The markets started to show signs of growth from Q4 of 2020. Industries such as E-Commerce & FinTech, which saw increased demand due to the pandemic, held top slots, followed by healthcare.

Transition from passive evaluator to active player

Investors and fund managers were largely akin to the 'King' on a chessboard, the most important piece where all the plays surrounded them. However, during the pandemic, the investors in the region took more of the 'General' role on an Asian GO board, the attacking piece, while being mindful of health and safety. The pandemic demonstrated the importance of effective risk management with progressive investors willing to turn their Environment, Social, and Governance (ESG) assessments to support C-level executives in portfolio companies with informed advice and directions to survive as well as brace against the storm.

The majority of investors helped their portfolio companies address leadership gaps that arose because of the pandemic across three facets:

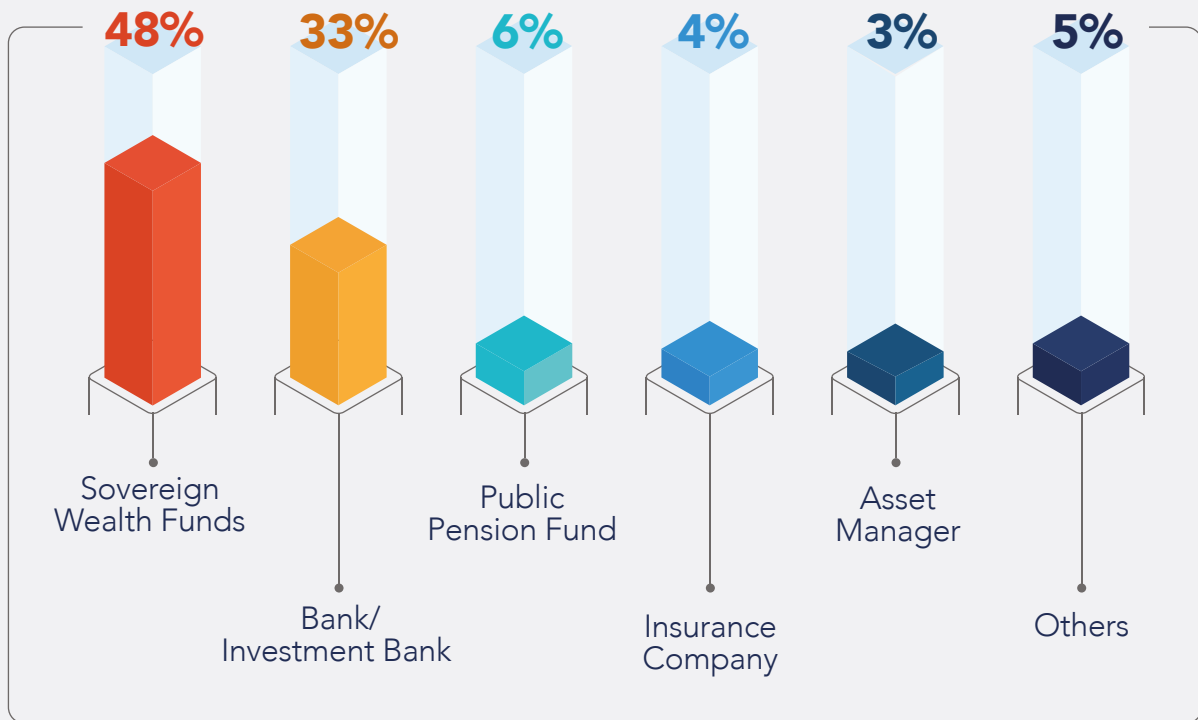


To address the gaps, the C-suite executives of portfolio companies and funded start-ups had to be malleable in financing, efficient in operations, and agile in decision-making. In exchange, investors had to navigate the fine line between evaluating and setting priorities without over-interfering with an increasingly volatile working environment.

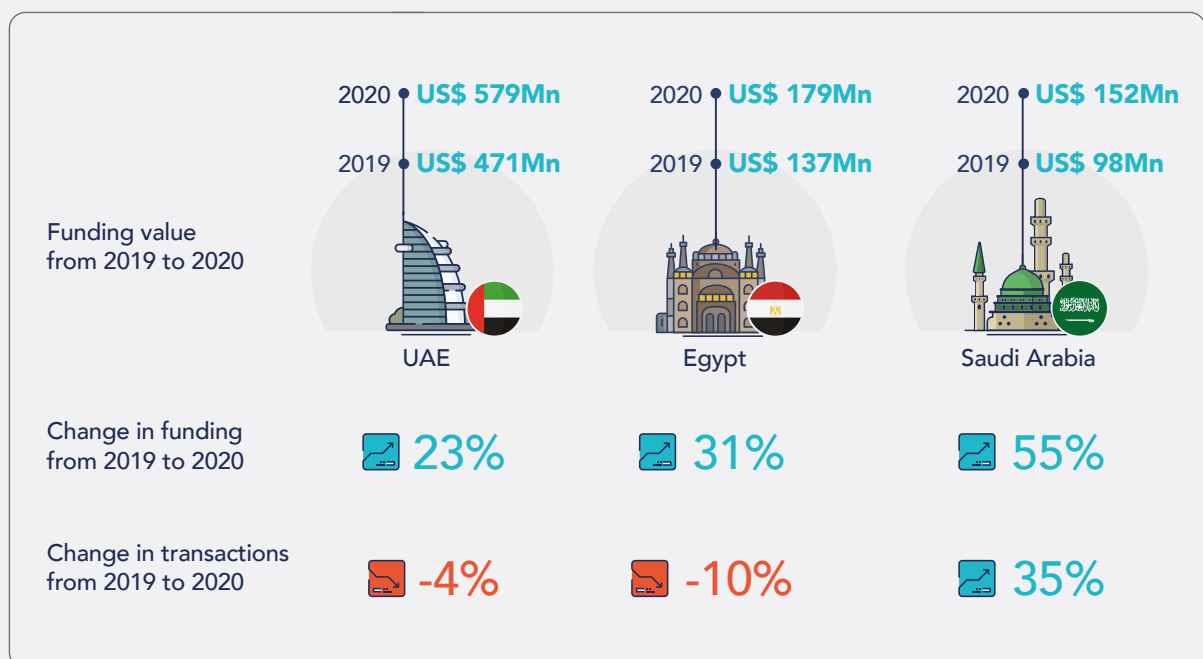
MENA Private Capital Investments Snapshot



Sources of private capital



3 countries in the region account for majority (68%) of investment activity in start-ups



Top 10 funding deals

	Organization	Industry & Description	Investor(s)
US\$ 150Mn	 EMPG EMERGING MARKETS PROPERTY GROUP	PropTech, Property solutions	OLX Group
US\$ 60Mn	 KITOPI	Food Delivery, Cloud Kitchen	Knollwood and Lumia Capital
US\$ 40Mn	 Vezeeta.com	HealthTech, Doctor Booking	Saudi Technology Ventures (STV)
US\$ 36Mn	 jahez	Food Delivery, Logistic Solutions	Impact46
US\$ 35Mn	 SellAnyCar.com	Marketplace, Automotive	KSA's sovereign wealth fund - PIF
US\$ 25Mn	 Wahed	FinTech, Digital Investments	Saudi Aramco Entrepreneurship Ventures
US\$ 23Mn	 tabby*	FinTech, Buy now-Pay later	VC Arbor Ventures
US\$ 21Mn	 Pure HARVEST SMART FARMS	AgriTech, Sustainable production	Wafra International Investment Company
US\$ 18Mn	 nana	Grocery, Online platform & Delivery	STV, MEVP, Wamda, SVC, Impact46, Watar
US\$ 17Mn	 by SWHK SWEETHEART KITCHEN	Food Delivery, Cloud Kitchen	Undisclosed



Key Sectoral Snapshots

Healthcare



Current climate

There is a spike in the investments by the GCC Member States extensively in healthcare companies with a predicted boom in medical tourism. Healthcare providers are switching to hybrid models with a focus on digital and pharmacy distribution. The funds generated in start-ups in healthcare more than tripled in 2020 (+280 percent) as against 2019.



Growth triggers

In addition to a transition from largely public to private sector paradigms, health awareness with an alarming proliferation of lifestyle-related diseases and a growing population are key triggers. Needless to say, strategies to mitigate COVID-19 pandemic's impact are paramount, which also significantly triggered various growth engines in the healthcare sector.



Impact on leadership talent & trends

Throughout the GCC, major investment and growth ventures are an ongoing phenomenon, leading to increased demand for C-suite expertise, particularly those who understand the local health ecosystem. An uptick in the Import of high-quality healthcare professionals (technical & commercial) is a vivid observation.



Key areas of increased talent demand

Telemedicine, Healthcare logistics, R&D.



FMCG & Retail



Current climate

In 2020, record sales were registered in packaged foods, consumer health, and home care, led largely by the increased demand for essential goods compared to 'aspirational (non-essential) and luxury purchases'. The COVID-19 pandemic highlighted the sector's focus on the emergence of Omni channels (offline to online) and the need to strengthen distribution and avenues for end customers. Furthermore, e-grocery and FMCG e-commerce obtained substantial investments in 2020, comprising 13% of all the originated deals.



Growth triggers

Despite the dependency on imported goods, retailers could reliably monitor and maintain prices. Seamless logistical connectivity, a mature e-commerce ecosystem with accelerated deliveries allowed the digitally savvy population to continue to make advancements in this space. Combined with technology-driven innovations in last-mile distribution, increased focus on Omnichannel offerings, and breadth of convenience offered for customers, this sector looks highly propitious in the times to come.



Impact on leadership talent & trends

With challenges in the supply chain, distribution, and fulfillment of FMCG & retail, leadership talent with strong digital/technology skills that allows organizations to leap-frog rather than 'play catch-up' are in high demand to fuel the inevitable growth.



Key areas of increased talent demand

Cloud Kitchens, Food/Goods Delivery, Grocery Marketplace, App Aggregators/Super Apps companies.



Telecommunications & Technology



Current climate

With the growth of global smartphones and VoIP apps, Middle Eastern member states have to a certain extent relaxed IT, core tech, and infrastructure regulations to make it easier for the industry and unfold future possibilities. In the Pre-COVID era, restructuring and M&A activity was extensive, which did slow down in Q1 & Q2 of 2020. With the Abraham Accord and other Geo-synergies, it will be an interesting era of the entire Telecommunications and Technology space going ahead.



Growth triggers

For both policymakers and businesses in the region, data privacy and cybersecurity issues become a top priority. Key sectors such as healthcare, consumer goods, and finance accentuating their dependence on technology infrastructure will further fuel the upward trajectory.



Impact on leadership talent & trends

There is a benign transfer of leadership talent from the IT industry with increased investment in technology to various industries, allowing room for the potential influx of new talent, especially in product, innovation, and engineering functions.



Key areas of increased talent demand

Cybersecurity, International Handoffs, Data Center connectivity, and storage.



BFSI & Fintech



Current climate

In terms of both investment and top-line growth, the banking, finance, and insurance companies saw the highest growth surge. The FinTech sector was the biggest beneficiary, representing more than 15 percent of the funding mainly raised in the digital payments arena.



Growth triggers

With digital service transformation, InsureTech, neo-banking, fraud detection, risk analysis, application of AI to personalize banking services, 'anywhere banking', and other innovations, Fintech is poised to grow further. Much akin to the consumer sector, BFSI is also experiencing an extensive shift toward Omnichannel offerings and prioritization of customer convenience and experience.



Impact on leadership talent & trends

With diverse finance ecosystems, particularly FinTech in the UAE, KSA, Bahrain, and Kuwait, leadership expertise is in demand across retail banking functions, digital banking functions that recognize the complexities of current subsystems and work tenaciously to simplify them.



Key areas of increased talent demand

Digital investments, Core Technology Architecture, 'Buy-now Pay-later schemes', Regulation & Government Affairs.



Real Estate



Current climate

Although the real estate sector was the mainstay sector in the MENA region for years, it suffered from fluctuations in real estate prices before COVID-19. Amidst the pandemic, it saw an over-supply problem which prompted organizations to recalibrate their approach. Although with recent government directives and major developers scaling back cautiously, unabsorbed inventory was at the lowest level in 2020 compared to the last 8 years in the region.



Growth triggers

Real estate investors are placing crucial bets on assets that will be augmented after the economy somewhat settles down to normalcy. Changes in the behaviors of end-users towards risk-averse investments, leasing vs. outright purchase, switching to lower density locations, etc., will affect the sector growth in the coming years. Much like other sectors, technology continues to play a key role in real estate through property aggregators, pre-fabricated unit developers, etc.



Impact on leadership talent & trends

Driven primarily by family offices, large private funds, and sovereign wealth funds, the demand for leadership expertise in this field is still very consistent to pre-COVID levels. There is an observed shift towards competent techno-commercial leaders with proven skill sets in binding organizations together and having high levels of financial acumen.



Key areas of increased talent demand

Property Portals, Vertically Integrated Organizations (Property acquisition & management, construction & development and classified portals), Business Development.



Education



Current climate

It would not be too far-fetched to claim that COVID-19 has changed the Middle East education sector, especially in the GCC. The pandemic has highlighted the importance of technology in higher education. For established educational institutions across all stages, e-learning has become a standard pillar, and Edutech businesses made considerable advances last year.



Growth triggers

Previous bottlenecks like lack of provisioned laptops/tablets offerings and internet penetration has improved. Sustained efforts by the governments across the region in favor of shifting towards online/digital education are promising. This is substantiated by the increasing number of start-ups in the Edutech Space and the highest ever funding received up to US\$20 million across 29 deals.



Impact on leadership talent & trends

The industry is at a nascent stage of 2-3x year-on-year growth, and the need for talent is very evident, particularly at leadership levels with an emphasis on driving scale and profitability and ensuring the delivery of world-class education digitally.



Key areas of increased talent demand

K-12 learning, Executive Education, B2B Edutech.



War for talent redux

Investments in the GCC region and the MENA region as a whole, especially now with greater political stability in the region, will continue to rise. **EMA Partners** is actively engaged with private capital investors and portfolio firms providing tailored human capital interventions. We at EMA Partners, believe that capitalizing on an imminent growth period with robust business & talent strategy to back it up, will be most critical for companies looking to bolster growth in the immediate and near future.



Authors



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Bala has conducted primary and secondary research on business topics to create white papers/ thought documents for clients & prospects. Additionally, he has also helped organize topics and discussion panels for EMA HR connects for Senior business leaders across India, Dubai, and Singapore. Previously, he worked with McKinsey & Company on Growth & Regulatory Strategy.

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EMA Partners at a glance

Established in 1988, EMA Partners is one of the largest Executive Search firms in the world with over 40 offices across 33 countries.

Summary

EMA Partners' presence in the GCC is strategically located in Dubai and Riyadh. Its regional offices are ideally positioned to serve its clients across the MENA region.

An enviable track-record of leadership assignments, a deep understanding of the region and a close affinity to its unique culture, makes EMA a trusted partner across the region.

With access to global intellectual property, EMA Partners Executive Search is also a provider of **Leadership Advisory Services** through a joint venture with Sweden-based Decision Dynamics™.

Expertise

Our expertise lies in **hiring and developing leaders at the Board, C- Suite and Senior Executive** level across an array of industries.

Our clients include global MNCs, regional corporates, government entities, financial institutions and VC/PE-funded start-ups.



GLOBAL FOOTPRINT

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Paris | Prague | Riyadh | Santiago | São Paulo | Shanghai | Singapore | Stavanger
Stockholm | Tokyo | Toronto | Warsaw | Zurich

Our Local Presence

United Arab Emirates

EMA Partners' Dubai office (DIFC) is the chosen search partner of prominent companies across sectors including Financial Services, Private Equity, Industrial, Retail, Real Estate, Energy, Healthcare, Education and Technology.

Our focus is not on numbers, but on the quality of the candidates that we present to our clients. Cultural understanding, adaptability and the ability to integrate with the ethos of the company, is equally as important as technical competence. A large emphasis is placed on attracting the right behaviors that are in line with the company's values.

One of our key strengths is supporting our clients with new and niche roles that have not previously existed in their respective organizations, the need for which often arises due to a change in business strategy or growth into a new sector. This also includes nationalisation initiatives across the Gulf.

EMA Partners has significant cross-border hiring experience and has advised several clients on international hiring strategy.

Saudi Arabia

EMA Partners Saudi Arabia has partnered with some of the Kingdom's largest and most prominent Public and Private Sector organizations across sectors. EMA Partners is one of the very few Tier 1 executive search firms with a presence on the ground in Saudi Arabia, which gives the firm significant strategic and geographical advantage.

EMA Partners Saudi Arabia is the preferred executive search partner for large financial institutions, government entities and family-owned conglomerates.

Its consultants, several of whom are Saudi nationals, are reputed ex-industry professionals, whom are regarded as trusted advisors and experts by their clients.

