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Business Insight

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IN THIS EDITION ...

Like the rest of the global economy, Saudi Arabia's economic activity is returning.

The latest IHS Markit purchasing managers' index (PMI) saw the index rising to a five-month high at 50, which is an important threshold as that figure suggests businesses expect overall improvement in the economy.

Four of the five components of the PMI contributed positively in July, with new orders providing the largest boost (+1.5 points), followed by output (+0.8), stocks of purchases (+0.6) and employment (+0.2).

"The level of total business activity neared stabilisation in July, with the Output Index improving to a five-month high," Markit said. "A number of firms reported that a pick-up in market conditions and greater marketing activity had supported business levels."

The kingdom has rolled out 142 initiatives to combat the impact of the crisis and allocated SAR 214 billion, apart from programmes and other incentives and initiatives to support the Saudi economy. More than 659,000 individuals have benefitted from the measures aimed at the country's citizens, residents and families.

In July, the government extended the initiatives for the foreseeable future, amid measures on multiple fronts to protect citizens, maintain their economic wellbeing and at the same time take action to restart the economy.

The next few months will be important as Saudi Arabia, like the rest of the world, navigates the reopening of the economy while balancing its social-distancing measures. Opening land borders with UAE, Kuwait and Bahrain are also important and welcome measures that should lift economic activity.

Amid the downturn, parts of the economy have excelled, especially the healthcare, services and digital economy sectors. Even before the crisis, these sectors had been earmarked as strong areas of investments – and their encouraging performance bodes extremely well for the country's future.

ECONOMIC TRENDS

Moody's underscores the kingdom's strength and ability to bounce back so quickly after suffering from the world's worst public health crisis in a generation.

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OIL AND GAS

The agreements brokered by Saudi Arabia and it's OPEC partners have helped oil slowly regain its footing.

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COVID-19

With Saudi Arabia at its helm, the group hopes to bolster the digital economy and protect the world's supply chain during the turbulence unleashed by COVID-19.

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ICT

Developing a robust infrastructure helped government agencies and businesses run their operations despite mandatory lockdown and social distancing guidelines.

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SME

Latest report underscores investors' growing interest in the kingdom's innovative companies, especially those in the e-commerce space.

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MANUFACTURING

The sector is riding out the COVID-19 storm as foreign capital flow remains strong and projects go ahead as planned.

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SAUDI GDP POISED TO RECOVER IN 2021

Saudi Arabia's second quarter budget highlights the resilience of its economy.

The government's revenue during the period reached SAR 134 billion, a 49% decline year on year, with both oil and non-oil revenue falling, according to Ministry of Finance data.

Oil revenue reached SAR 96 billion, down 45% from the previous year, owing to lower commodity prices, which managed to rebound by the tail end of the second quarter and are expected to remain stable for the rest of the year. The quarter captured the full impact of the coronavirus and the downturn in economic activity amid temporary closures of businesses.

With the economy in lockdown, non-oil revenue also fell 55% compared with the same period last year, which was expected as the government has deferred tax payments and other fees during the downturn. However, the increase in value added tax in the second half should help regain some revenues.

On the other side of the ledger, government expenses also fell 17% to SAR 243 billion in the second quarter. In the first half of the year, public administration costs rose 10% to SAR 14.8 billion compared to the same period last year, as the government spurred into action to ensure citizens remain safe and secure.

Education saw a modest 2% jump to SAR 95.9 billion as authorities looked to maintain schooling despite the lockdown. Infrastructure and transportation saw a 5% increase to SAR 27.3 billion to support the economy and put in place safe-distancing protocols.

Other sectors understandably saw contraction with municipal services expenditures down 8% to SAR 18.9 billion, and economic resources falling 43% to SAR 24.8 billion.

The economic data was predictable as countries across the world have seen similar data emerging, with governments asking their citizens to stay at home, restricting non-essential business activity, temporarily closing their borders and reducing movement. The bounce back is also expected to be equally vigorous as demonstrated by other economies that were hit by the virus first.

The International Monetary Fund (IMF) expects global GDP growth to contract 4.9% in 2020, but rebound next year.

"The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4%," the IMF said in a report in June.

SAUDI ECONOMIC REBOUND

Moody's Investors Service said the kingdom's credit profile remains robust while the country enjoys a "high level of economic strength."

"The Saudi government has made some initial progress in its ambitious and comprehensive reform plans to diversify fiscal revenue streams and the economy away from hydrocarbons," said Alexander Perjessy, a senior analyst at Moody's, in a report in July.

The ratings agency expects the kingdom's GDP to grow at an average of 3% annually until 2024. Saudi GDP fell 1% in the first quarter, according to the Saudi Arabian Monetary Authority.

"Evidence that the government is able to contain the deterioration in its balance sheet and stabilise and ultimately reverse the debt trajectory through implementation of additional fiscal consolidation measures, possibly supported by a faster recovery in oil prices, would likely lead to the outlook being stabilised," the ratings agency said.

NEW SUKUKS

Saudi Arabia's fiscal deficit in the second quarter stood at SAR 109 billion, taking the deficit for the first half to SAR 143.4 billion.

Public debt reached SAR 820 billion at the end of the first half of 2020. Year-to-date domestic issuance and borrowings were at SAR 96.9 billion, with domestic sukuk issuances equalling SAR 46.1 billion over the same period.

The kingdom also announced the early redemption of a portion of its outstanding bonds maturing in August, September, November and December of this year valued at SAR 34.26 billion, according to the Ministry of Finance.

The efforts are part of the National Debt Management Center's (NDMC) initiative to streamline local issuances under the framework of the country's domestic sukuk programme. As part of that effort, the NDMC also issued new longer-term Islamic bonds.

"The new sukuk issuances comprise four tranches with a total value of SAR 34.645 billion," the ministry said. "The first tranche with an amount of SAR 8,970 million maturing in 2024, the second tranche with an amount of SAR 6,025 million maturing in 2028, the third tranche with an amount of SAR 6,500 million maturing in 2032 and the fourth tranche with an amount of SAR 13,150 million maturing in 2035."

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UPBEAT EARNINGS REPORT LIFTS ARAMCO'S OUTLOOK

The latest results of Saudi Arabian Oil Co. (Aramco) offer a strong insight into the kingdom's robust hydrocarbons complex.

Unlike other major oil players, which posted losses, Aramco's net income stood at USD 6.6 billion in the second quarter of 2020 and USD 23.2 billion for the first half. Free cash flow stood at USD 21.1 billion in the first six months of the year, despite challenging market conditions caused by the COVID-19 pandemic.

Indeed, Aramco achieved the highest single day crude oil production in its history of 12.1 million barrels on 2 April 2020.

"Strong headwinds from reduced demand and lower oil prices are reflected in our second quarter results. Yet we delivered solid earnings because of our low production costs, unique scale, agile workforce, and unrivalled financial and operational strength," Aramco president and CEO Amin H. Nasser said.

The company will issue a dividend of USD 18.75 billion for the second quarter, compared to USD 13.4 billion for the same period in 2019. Most majors including BP Plc and Royal Dutch Shell Plc. cut their dividends in the quarter.

Aramco's capital expenditure stood at USD 13.6 billion in the first half of the year and aims to spend between USD 25 billion to USD 30 billion for the full year.

Aramco completed its 70% acquisition of Saudi Basic Industries Corp., while Fadhili Gas Plant reached its full production capacity of 2.5 billion cubic feet per day during the second quarter.

Aramco's CEO said during an earnings call that he had seen a recovery in energy markets, with demand picking up after months of lockdown.

"We are seeing a partial recovery in the energy market as countries around the world take steps to ease restrictions and reboot their economies," Nasser said. "Meanwhile, we continue to place people's safety first and have adapted to the new normal, implementing wide-ranging precautions to limit the spread of COVID-19 wherever we operate."

The company is also making progress in reducing its carbon emissions and intensity.

Saudi Aramco joined its fellow members of the Oil and Gas Climate Initiative (OGCI) in June to pledge to reduce the average carbon intensity of their aggregated upstream oil and gas operations to between 20 and

21 kilograms of CO_2 equivalent per barrel of oil equivalent (CO_2e/boe) by 2025, from a collective baseline of 23 kg CO_2e/boe in 2017. Aramco's own upstream carbon intensity, which has been verified by an independent third party, stood at 10.4 kg CO_2e/boe in 2019.

MARKETS REBOUNDING

The hard-fought agreements put in place by Saudi Arabia and its Organization of the Petroleum Exporting Countries (OPEC) counterparts and other allies have helped oil slowly climbed above USD 40 per barrel for the past few weeks.

Energy research firm IHS Markit recently revised its price outlook for Brent to USD 42.35 per barrel this year and USD 49.25 per barrel in 2021 – up USD 7.09 and USD 5.25 per barrel, respectively, from its outlook in May.

"The record cuts set in motion in May and June by Saudi Arabia and its OPEC+ partners played a pivotal role in accelerating the improbable rebalancing of global oil markets," said Roger Diwan, vice president financial services, IHS Markit. "With demand recovering from April lows and after giving markets an extra month to find their footing, these exporters have now moved from managing the immediate surplus of the crisis towards managing the recovery."

OPEC's latest monthly report notes that direction of oil prices in the second half of the year will be dictated by concerns over a second wave of infections and higher global stocks.

"Product inventories may remain elevated due to weak road and air transport fuel demand, while gasoil, fuel oil and naphtha prices are expected to continue to receive some support from sectors less affected by the pandemic, such as the home heating and petrochemical sectors," the group said in its August report.

OPEC and its allies will need to maintain its effort to support market by participating in voluntary production adjustments, apart from initiatives by governments to revive the global economy.

OPEC expects global oil demand this year to fall by 9.1 million barrels per day (bpd) on the back of weaker GDP data in a few non-OECD countries.

"World oil demand growth in 2021 was kept unchanged as compared to last month's report. Oil demand is foreseen increasing by around 7.0 million bpd with global total oil demand reaching 97.6 million bpd," the group said. "The forecast assumes that COVID-19 will largely be contained globally with no major disruptions to the global economy."

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G20 CONTINUES TO SEEK GROWTH AMID PANDEMIC

The G20 response under Saudi Arabia's leadership this year is playing a major role in creating new pathways for global growth amid the pandemic.
In July, the Group of 20 of the world's largest economies and other influential multilateral bodies, such as the International Monetary Fund and World Bank, met virtually under Saudi Arabia's presidency to discuss the digital economy.

The digital economy has played an outsized role in ensuring the supply chain runs smoothly and businesses remain operational and able to supply consumers with vital products and services.

The COVID-19 crisis has also accelerated the issue of harnessing digital technologies to realise opportunities for all in the 21st century. That was already one of the key themes of the Saudi presidency at the start of the year.

But digitalisation also poses certain challenges including how to bridge digital divides, and develop policies that are agile and flexible. At the same time, authorities worldwide need to be mindful of anti-competitive practices, as well as issues related to privacy and advancing security, the G20 said.

"Digitalisation is also increasing the importance of boosting job opportunities, increasing market access for micro, small and medium enterprises (MSMEs)," the G20 said in a statement, noting that it supports fostering a non-discriminatory environment, protecting and empowering consumers and ensuring stability of supply chains.

RESPONSIBLE AI

Other issues discussed were developing human-centred approach to developing artificial intelligence (AI) and building smart cities, which creates nurturing environment for citizens to thrive.

AI is a special focus area given its ability to transform economies and create new innovations. The G20 is undertaking wide-ranging actions to encourage the responsible stewardship of trustworthy AI. These include encouraging research and development, but also ensuring security, safety, and accountability in its pursuit.

"Setting AI ethics principles that place emphasis on safeguarding human rights and promoting fairness across groups in society," are vital for the growth of AI, G20 noted in its report. "Such principles can guide businesses and governments as they design, develop and deploy AI, and may incorporate both expert input and public consultation to build broad societal support."

Developing smart cities will also be vital to reduce carbon footprint and pollution, and create efficiencies in the economy that can help individuals, businesses and governments.

"We recognise that smart mobility is one of the elements of a holistic approach to smart cities and communities, serving as a vital engine of innovation and investment, and that smart mobility data and technology solutions can address some of the challenges of smart cities and communities, potentially reducing inequality of access to cities' services in an environmentally friendly way," the G20 noted.

GLOBAL ECONOMY

Focusing on many aspects of the digital economy is important, as the G20 expects global economic activity to contract this year due to COVID-19, with developing nations bearing the brunt of the crisis.
The group recently launched the Debt Service Suspension Initiative (DSSI), which could provide around USD 14 billion in immediate and critical liquidity relief by official bilateral creditors alone for the poorest nations in 2020.

"In response to COVID-19 pandemic, G20 countries have implemented unprecedented fiscal, monetary and financial stability measures and ensured that international financial institutions can provide critical support to developing and low-income countries," said Mohammed Aljadaan, Saudi minister of finance.

"As the crisis remains unfolding, we will co-ordinate with G20 member countries to promote sustainable financing for developing countries, support the return of capital flows to emerging markets and developing countries, build resilience and promote more sustainable sources of financing."

In a separate communique, G20 nations said they are also taking immediate and exceptional measures to launch unprecedented fiscal, monetary, and financial initiatives to mitigate the impact of the pandemic.

"Fiscal and monetary policies will continue operating in a complementary way for as long as required. Monetary policy continues to support economic activity and ensure price stability, consistent with central banks' mandates," the G20 nations said in a joint statement in July.

"We will continue to facilitate international trade, investment and to build resilience of supply chains to support growth, productivity, innovation, job creation and development. We will continue to take joint action to strengthen international co-operation and frameworks."

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BOOSTING DIGITAL ECONOMY TOPS SAUDI'S ECONOMIC AGENDA

Saudi Arabia's economy owes a lot to the Internet, communications and telecom (ICT) sector during the pandemic.

The kingdom's robust ICT infrastructure, strong communications network and access to world-class telecom systems and technologies allowed companies to function remotely, and keep the engines of the economy revved up.

Even before the health crisis, Saudi Arabia was focused on building a digital economy and creating a strong platform that would nurture digital start-ups and bring more efficiency in the workplace, in government processes and in the lives of its citizens.

IDC, an IT research firm, expects Saudi Arabia to spend USD 37 billion on ICT this year, a 2.4% jump over 2019.

"The Saudi ICT market is grappling with a wave of new digital transformation realities," said Hamza Naqshbandi, IDC's country manager for Saudi Arabia and Bahrain. "The growth we are seeing in ICT spending is primarily being driven by an increased focus on giga projects and smart governance. These initiatives are spurring the adoption of artificial intelligence, robotics, the Internet of Things, cloud, blockchain, and a host of other emerging technologies as both the public and private sectors look to create synergies, cut costs, increase safety, and optimise processes across verticals in a whole new way."

But that forecast was made in February, before the virus swept the world. Since then Saudi authorities and companies have accelerated the push towards digitisation.

The Ministry of Communications and Information Technology is already pursuing an ICT Sector Strategy 2023, which is in line with the Saudi Vision 2030 initiative of diversifying revenues and developing the base on which a knowledge economy can thrive.

Some of the measures include developing the telecommunications and information technology infrastructure especially high-speed broadband, strengthening the governance of digital transformation, developing building standards to facilitate the extension of broadband networks, and supporting local investments in ICT sector.

The goals are to create 25,000 jobs in the ICT sector and raise women's participation by 50%. Other key targets set out in the 2023 strategic vision is to raise the sector's economic contribution by SAR 50 billion and expand the size and breadth of the IT market and emerging technologies by 50% over the next three years.

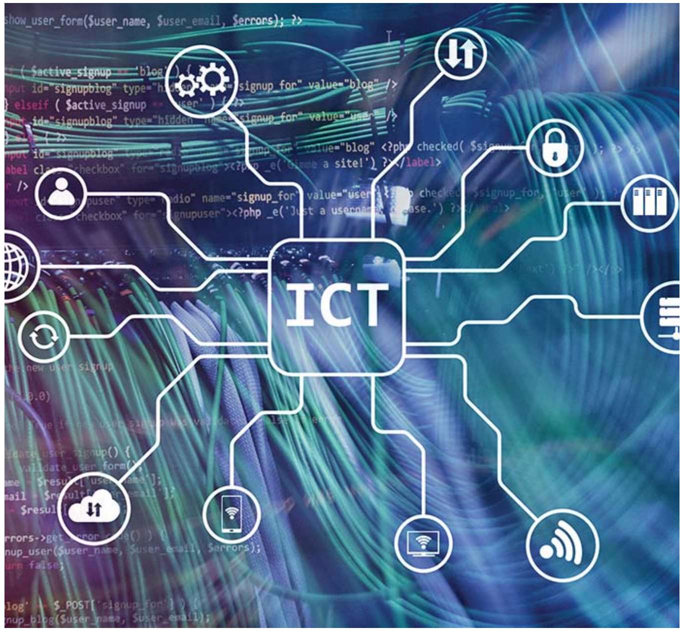
TELECOM EARNINGS

Given the importance of mobile phones and the Internet, it is no surprise that Saudi Telecom's earnings rose 9.67% in the second quarter compared to the same period last year, while half yearly profits grew just under 7% in the first half.

"The company, despite the emerging epidemic conditions of the coronavirus (COVID-19), was able to grow its top line by 9.7% in the current quarter compared to the same quarter of the previous year, mainly due to the increase in Enterprise and STC's subsidiaries revenues," Eng. Nasser bin Sulaiman Al-Nasser, STC Group CEO, said in a second quarter earnings statement.

The company has increased its fibre optic customers' base by 21% and broadband by 2.9%, while data revenue increased by 8.6% during the period, highlighting Saudi businesses' increasing dependence on the Internet during the pandemic.

STC is also accelerating the deployment of new services and has rolled out advanced technologies such as 4G and 5G.



"Moreover, in a move that can transform the way consumers use smart phones and devices across Saudi Arabia, STC is localising the platform for E-SIM for the first time in the kingdom by obtaining an international accreditation for rolling out E-SIM technology," the company said.

Mobily also pushed through the headwinds with revenues rising to SAR 3.6 billion, a 6.8% jump compared to the same period last year – its ninth consecutive quarterly increase. Profits rose 12.8% during the period. The company said data consumption jumped 34% quarter to quarter, while business unit and fibre-to-home revenues grew.

Zain Group also noted that it invested USD 299 million in the Saudi market, the most among the seven key countries it operates in.

"The 5G and FTTH expansion across the kingdom, saw Zain KSA invest USD 495 million (47% of revenue) during H1 2020 on tangible capex and spectrum/license fees," Mohammed Shereef, the company's executive finance director, said in an earnings call. "This relatively high ratio of CAPEX/revenue reflects the significance the operation has in positioning itself as a dominant digital player in the kingdom, preparing itself for the next phase of profitable growth."

The kingdom contributes 41% to Zain's revenues, and 15% of its customer base. Its revenues in the country dropped 5% to a still substantial USD 549 million, the company said.

The kingdom's telecom providers have played a commendable role during the pandemic. And with the focus on remote working and digitisation, they will likely be one of the biggest beneficiaries of the new era.

NEW FUND FLOWS ENERGISE SAUDI START-UPS

Saudi Arabia's start-ups raised USD 95 million in the first half of the year, a staggering 102% higher than in the same period of 2019.

A new report by Magnitt, in collaboration with Saudi Venture Capital Company (SVC), said funding for start-ups in the first six months had already surpassed that of the whole of 2019.

The kingdom's thriving, but nascent, digital start-up sector saw 45 venture deals take place in the first half, up 29% from the comparable period last year.

"H1 2020 saw 45 investments take place in Saudi Arabia, an increase compared to H1 2019," the research company said in its report. "Among the most active investors were the Misk 500 MENA Accelerator, as well as other investors and angel groups 500 Startups, Impact46, KAUST, OQAL, and SVC."

As many as 32 institutions made investments in Saudi-based start-ups during the period, an increase of 7% compared to the same period last year. Just under 60% of these investors were based in Saudi Arabia, while 41% were international, primarily from the UAE and the United States.

"E-commerce has been among the top invested industries in Saudi Arabia and the entire MENA region historically. A specific segment within e-commerce that has seen the majority of this funding is grocery e-commerce, with Jahez and Nana both raising significant funding rounds" Magnitt said.

Jahez, the Saudi food delivery service, led the funding in the first half, raising USD 36.5 million in a Series A round led by Saudi venture capital firm Impact46.

Impact46 said it was looking to tap into the SAR 4.4 billion online food delivery market through Jahez, which employs 180 people and operates in 19 Saudi cities, including all the main urban centres.

"Our starting point when creating Jahez was to give restaurants the tools they need to remain competitive in a digital world," said Ghassab Al-Mandil, Jahez CEO and co-founder. "In the current climate in particular, we help restaurants, supermarkets, pharmacies, and other retailers gain access to a new digital channel and generate revenue by selling through Jahez."

The funding round will help the company invest in building new offerings, expand its verticals products and develop in-house technology.

Nana, a grocery delivery service company, saw the next biggest round of fund raising this year in the kingdom, securing USD 18 million in Series B funding from current investors Watar Partners, SVC, and Wamda. The company's key partners include Panda and Carrefour hypermarket chains.

AGENCIES STEP UP SUPPORT

Government agencies are playing a nurturing role in boosting small businesses and creating new supporting networks and policies to ensure that the pandemic do not threaten their prospects.

Saudi Arabian Monetary Authority launched five key initiatives to support SMES in March, including deferred payments, loan guarantees, funding for lending, support for e-commerce and POS fees, and exemption of all fees for e-banking facilities.

Similarly, the Saudi Industrial Development Fund said it will restructure and defer loan instalments this year for small projects and set up a special programme to fund SMEs' working capital.

The Saudi Development Bank also launched a SAR 12 billion programme to support start-ups, small enterprises, and low-income households.

These measures are important as the SME sector and the wider private sector is emerging as major growth drivers of the economy. Last year, the private sector expanded 3.8%, with strong growth in construction, wholesale and retail trade, restaurants and hotels and transport, storage and communication sectors – all of which are dominated by SMEs.

The kingdom's Vision 2030 programme aims to raise the private sector's contribution to the economy to 65% by 2030 from 40% currently.

"The establishment of the National Competitiveness Center (Tayseer) helped to develop a competitive environment in the kingdom by implementing more than 400 reforms to serve investors," according to SAMA.

These include procedures automation, and development of regulations and policies.

In addition, authorities have launched Meras, the Comprehensive Service Center, which offers a licenses and electronic services package, including a one-hour set up for starting a business and establishing companies.

"The launch of the Biban forum seeks to create the appropriate environment for existing and new SMEs to ensure their growth. In addition, the launch of the municipal investment portal 'Furas' to present investment opportunities in all regions of the kingdom," SAMA said.

SAUDI MANUFACTURING CONTINUES TO LURE INVESTORS

New investments continue to pour into the kingdom's industrial sector.

The Saudi Arabian Ministry of Investment (MISA) licensed 348 new foreign investment projects in the first quarter – its strongest period for investor interest in 10 years. The ministry issued 69 industrial and manufacturing license in the first quarter, compared to 40 during the same period last year, according to MISA's half-yearly investment report.

"This can be largely accredited to momentum carried over from 2019, another record-breaking year, and is highly encouraging given the uncertain economic climate. As MISA, we have been given the mandate of safeguarding the stability of the kingdom's full investment ecosystem, and this is the central aim of our COVID-19 business continuity initiatives," according to Khalid Al Falih, minister of investment.

In June, Nusaned Investment and Germany's Schmid Group said they completed a joint venture transaction to build a vanadium redox flow batteries (VRFB) facility in Saudi. The Riwaq Industrial Development Company will join the JV as an additional investor and shareholder over the next few months.

"The JV aims to become a global technology leader and champion in the fast-growing utility-scale energy storage segment, supporting the kingdom's Vision 2030 economic diversification objectives," Schmid said in a statement. "With R&D facilities in Germany and Saudi Arabia, the JV plans to set up a GW-scale manufacturing facility in the kingdom, expected to be in production in 2021. The JV's strategy for developing value chain integrated production will allow it to achieve global cost leadership."

The facility aims to produce energy storage systems for use alongside utility-scale renewables projects, telecom towers, mining sites, remote cities and off-grid locations.

The products can be utilised for renewables capacity grid integration, establishment of mini grids at remote locations, optimisation of diesel generator capacity, and power back-up, the company said.

The development will help the Saudi government realise its ambition to install 57.5 GW of renewable capacity in the kingdom by 2030.

In June, the General Authority for Military Industries (GAMI) signed two co-operation agreements with the Ministry of Industry and Mineral Resources and The Royal Commission for Jubail and Yanbu (RCJY) to localise military industries in the country.

The industrial cities are being eyed for more investments, with a media report suggesting that requests for investments in the cities stood at SAR 50 billion during the first quarter.

SECTOR SUPPORT

Saudi Arabia's manufacturing sector also received a big boost in June as the government looked to support key parts of the economy and position them for growth as the virus subsides.

In June, the Saudi Industrial Development Fund (SIDF) launched initiatives valued at SAR 3.7 billion (USD 986.40 million) to support private sector industrial enterprises.

The SIDF noted that 536 industrial companies will benefit from the initiatives, which includes deferral or restructuring of small, medium and large enterprises loans. Other measures include a new financing product to support manufacturers of medical supplies and medicines to purchase raw materials, apart from launching a line of credit to support operating costs of small and medium enterprises (SMEs).

"The fund pointed out that small projects that (had) their instalments postponed and restructured reached 381 with a value exceeding SAR 800 million, while the medium-sized projects reached 123 projects with a value exceeding SAR 900 million, and large projects reached 18 projects with a value exceeding SAR 1.3 billion, in addition to 14 medical projects with a value exceeding SAR 74 million," SIDF said.

The fund granted 53 loans to SMEs valued at SAR 519 million, while the medical equipment sector saw five projects worth SAR 254 million.

In another move, the Saudi Authority for Industrial Cities and Technology Zones (Modon) cut annual rents by 25% until the end of 2020 and delayed the payment of other fees by 90 days for 1,800 factories across the kingdom's industrial zones.

Saudi industrial sector is also embracing digitisation in the post-COVID-19 era with upgrades to take advantage of the 4th Industrial Revolution in line with the massive National Industrial Development and Logistics Program.

In May, SIDF said it is teaming up with US technology services company SAP to replace more than 70 legacy applications, bringing in real-time digital dashboards, fully automating system, and going paperless, with completely electronic approvals, the company said.

"As the kingdom's industrial sector grows, SIDF needed to migrate 40 years' worth of data to one digital platform to deliver the optimal financing for the kingdom's industries," said Abdulaziz Al-Ghufaili, vice president of technology, SIDF. "Now, we have full and real-time visibility on our loan processes, leading to more streamlined loans and a more competitive industrial sector aligned with Saudi Vision 2030," he added.

Tawkeen Advanced Industries Company, a supplier of plastic conversion technologies, also digitally transformed on SAP's cloud data centre. The company said it replaced 24 paper forms with a single digital system, boosting employee efficiency by 10% and reducing human resources emails by 70%.

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