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# UAE VENTURE OUTLOOK

# 2022

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With the support of:



crunchbase



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# FOREWORD

**H.E. Hamad Buamim** | President & CEO, Dubai Chambers

The entrepreneurial ecosystem in the Middle East and North Africa (MENA) has grown by leaps and bounds over the last 5 years, **with respect to capital raised, the average yearly amount reached \$1B**, with this growth reaching a **new high in 2021, with an outstanding \$2.9B of capital raised in the region**, and 141 new scaleups emerging, according to recent estimates from Mind the Bridge and Crunchbase.

This growth momentum is being driven by a number of factors, including the entry of leading tech and e-commerce players into the region, the Covid-led digital shift and the introduction of new strategies and incentives to attract promising startups to this part of the world.

Meanwhile, we are seeing a higher calibre of entrepreneurs and business ideas being launched with Dubai serving as a launchpad for startups that want to expand their reach in MENA and other emerging markets across Africa and Asia.

The IPO of music streaming venture Anghami, recent investment round of leading cloud kitchen platform Kitopi, acquisition of regional eCommerce leader souq.com by Amazon, rideshare platform Careem by Uber ushered in a new area for venture capital in the UAE and wider MENA region. Responding to this disruptive shift, other companies and startups in various sectors are joining forces to fast track innovation projects and digital transformation.

Despite its vast competitive advantages, the UAE continues to add more incentives for businesses and startups. The introduction of golden visas, green visas, freelancer and entrepreneur visas are all bold and positive steps the country has taken to boost its value proposition.

Venture capital is a crucial element needed to nurture thriving entrepreneurial ecosystems and advance digital economies. This is why Dubai Startup Hub, the entrepreneurship arm of Dubai Chamber of Commerce, is working closely with public and private sector stakeholders to ensure a conducive environment for VC firms and investors, as well as entrepreneurs from around the world.



# WE SAY “MENA” WE MEAN “UAE”

**Alberto Onetti** | Chairman, Mind the Bridge

It is without doubt that the MENA region is on a growth path bound to lead the area to compete in the future with some of the top global tech ecosystems.

As of December 2021, the MENA region hosts **587 scaleups** (31% more than the previous year) **that raised \$9.1B** (a 47% increase since 2020).

**This double-digit growth rate should not go unnoticed**, though bearing in mind that the gap with more established ecosystems remains large. As a reference, Germany hosts 2 times more scaleups than the entire MENA region, the UK hosts 6 times more, and areas such as Silicon Valley play in an entirely different arena.

It is also true that the majority of MENA scaleup economies are still in their infancy, while only a few countries are driving the region's momentum.

**The UAE is currently at the forefront of local innovation**, hosting 251 scaleups (42% of total) that raised collectively \$5.4B (about 60% of total).

Moreover, data confirms that **Dubai holds on to its position as the de facto leading tech city hub of the region**, aggregating about 40% of MENA scaleups, attracting the majority of funding (57%), and being home to most of the region's tech giants, e.g. Noon, Careem, Kitopi, Souq.com, Namshi - some of which have been the protagonists of record-breaking M&A deals.

Further signals of the region's growth potential include the **increasing relevance of the IPO channel** for growth funding (+7% since 2020) and the active investing role of large corporates - both local (e.g. Emaar, MBC, EMPG) and international - and institutional players.

**The trend-setting example of the thriving UAE scaleup economy may help sustain the expansion of the whole MENA innovation ecosystem.**

The evolution path of the region is definitely worth being kept under the radar.

## Mind the Bridge





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# UAE IS TAKING THE LEAD

As of December 2021, **587 scaleups** (+139 compared to 2020) have been recorded across 19 countries in the MENA region.

This equals to an average of approximately 0.14 scaleups for every 100K inhabitants.

In terms of capital raised, **MENA scaleups have collectively attracted \$9.1B**, representing 0.12% of the region's GDP.

Data shows that a few countries are driving the effort of the MENA region to compete with the top global tech ecosystems.

Among those, the **UAE** is taking the lead by hosting 251 scaleups (**42.8% of the total recorded in MENA**) that raised collectively \$5.4B (59.3% of total).

The Kingdom of Saudi Arabia follows, with 106 scaleups (18.1% of total) that raised a total of \$1.2B

of growth funds. Egypt ranks third, accounting for 84 scaleups and \$1.4B raised.

These figures show that except for the above-mentioned countries the majority of national tech scaleup ecosystems in the MENA region are currently in their infancy, though there are hints towards an increasing dynamism.

Moreover, **the leading countries may benefit from the presence of more mature tech giants** e.g. **Careem** (the United Arab Emirates, \$771M), **Stc Pay** (Kingdom of Saudi Arabia, \$200M), and **Fawry** (Egypt, \$200M).

“  
THOUGH THE MAJORITY OF  
MENA TECH SCALEUP ECOSYSTEMS  
ARE IN THEIR INFANCY, THERE ARE  
HINTS TO AN INCREASING DYNAMISM.

**251**  
SCALEUPS  
HEADQUARTERED  
IN THE UAE

1 - "Scaleups" are tech companies founded after 2000 that raised at least \$1M since inception, with at least one funding round completed after 2010. See Methodology.

FIGURE 1a  
**TECH SCALEUP MENA**

Source: Mind the Bridge with the support of Crunchbase

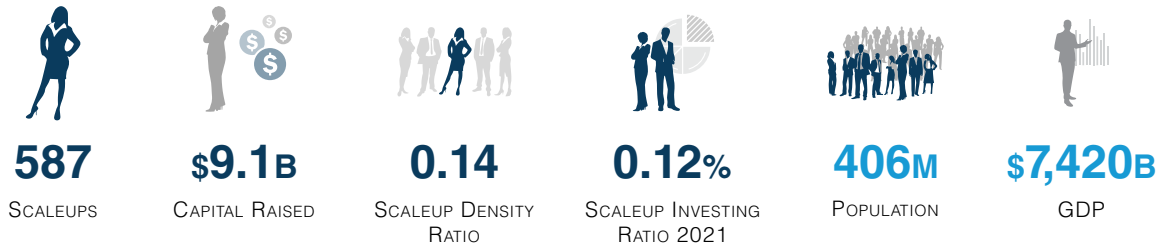
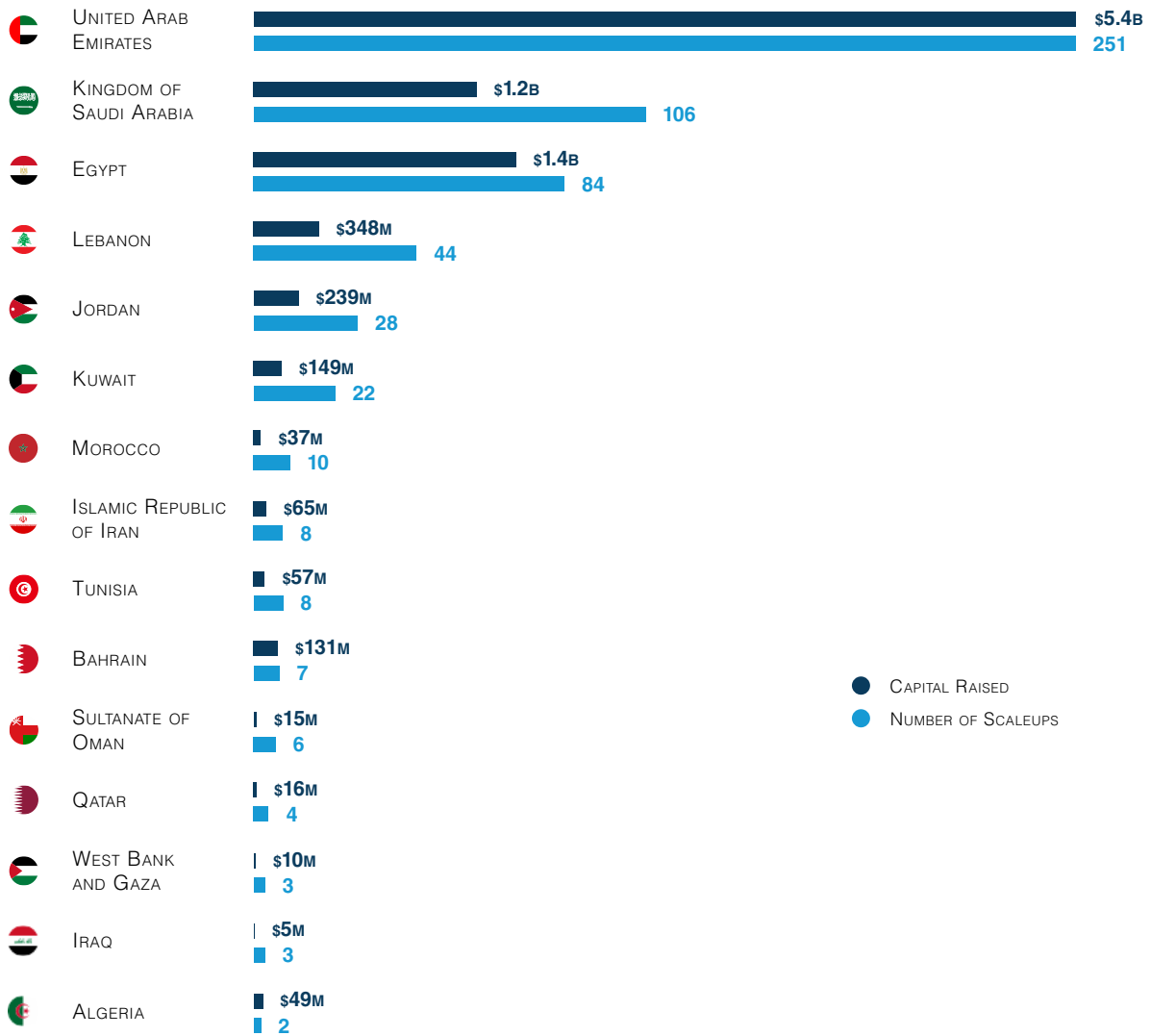


FIGURE 1b  
**TECH SCALEUP MENA COUNTRY INDEX 2022 (TOP 15 COUNTRIES)**

Source: Mind the Bridge with the support of Crunchbase





# A NEWFOUND GROWTH

Before 2015, the MENA tech scaleup scene was virtually non-existent.

Between 2015 and 2017, the tech scaleup ecosystems of the region collectively generated an average of **49 new scaleups per year**, moving from 37 in 2015 to a total of 64 new scaleups in 2017 (+73%). **Scaleup investments increased by about 7 times** - from \$0.3B in 2015 to \$2.1B in 2017.

In the 2018-2021 period, the region's growth path has been even more evident.

With an average of **98 new scaleups per year**, the MENA region practically doubled the previous period's figures.

**With respect to capital raised, the average yearly amount reached \$1B**, except for 2021 - an outstanding year for the tech scene of the MENA region.

In 2021, \$2.9B of capital raised were recorded in the region and 141 new scaleups, the majority of which (58, 41% of total) in the UAE.

These figures were impacted by several **large funding events**, including the IPOs of **SWVL Technologies** (\$405M) and **Anghami** (\$142M) - both through SPAC deals - and the investment rounds of **Kitopi** (\$415M), **Unifonic** (\$125M), **Halan** (\$120M), and **Tamara** (\$110M).

WITH AN AVERAGE OF 98 NEW SCALEUPS PER YEAR, THE MENA REGION PRACTICALLY DOUBLED THE PREVIOUS PERIOD'S FIGURES.

98

NEW SCALEUPS  
PER YEAR  
SINCE 2018

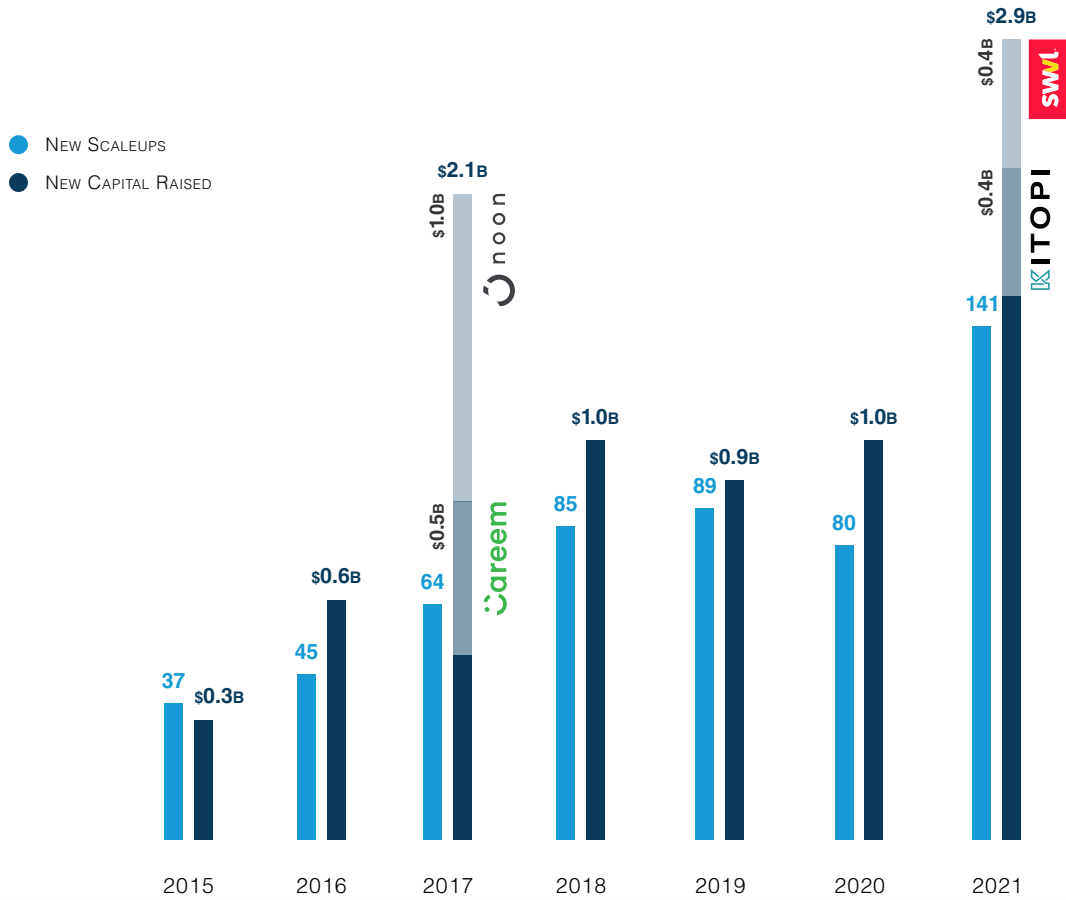
141

NEW SCALEUPS  
IN 2021

\$2.9B

CAPITAL RAISED  
IN 2021

FIGURE 2  
**TECH SCALEUP MENA Y-O-Y GROWTH**  
 Source: Mind the Bridge with the support of Crunchbase



“  
 LARGE FUNDING EVENTS  
 SIGNIFICANTLY IMPACTED  
 MENA GROWTH.



# DUAL COMPANIES: MENA SCALEUPS RELOCATING ABROAD

In order to get funded, startups often relocate abroad. Some do so within regional boundaries while others reach for established ecosystems such as Silicon Valley.

They are defined as “dual companies,” i.e. scaleups that moved their HQs abroad while keeping relevant operations in their country of origin (usually R&D and product development)<sup>2</sup>.

There are **26 MENA scaleups** (4.4% of total) that **relocated their HQ** inside the region to boost their growth.

The local countries chosen as their main targets by MENA Scaleups are the **United Arab Emirates** (8), the **Kingdom of Saudi Arabia** (7), and **Egypt** (4).

The remaining are distributed among Jordan (2), Bahrain (2), Lebanon (2), West Bank, and Gaza (1).

Additionally, a total of **41 scaleups opted to expand their footprint beyond MENA**, primarily to the US (13), the UK (5), France (5), India (3), and Canada (2).

“  
IN ORDER TO GET FUNDED,  
STARTUPS OFTEN RELOCATE ABROAD.  
UAE IS THE MAIN REGIONAL TARGET  
CHOSEN BY MENA SCALEUPS.

**41**  
SCALEUPS  
EXPANDED  
BEYOND THE  
MENA REGION

**26**  
MENA SCALEUPS  
RELOCATED  
INSIDE  
THE REGION

<sup>2</sup> - Mind the Bridge & WSGR, European Dual Companies - Scaleup Migration?, London, June 2017



FIGURE 3  
**SCALEUP RELOCATION INSIDE MENA - FROM AND TO DUBAI**

Source: Mind the Bridge with the support of Crunchbase

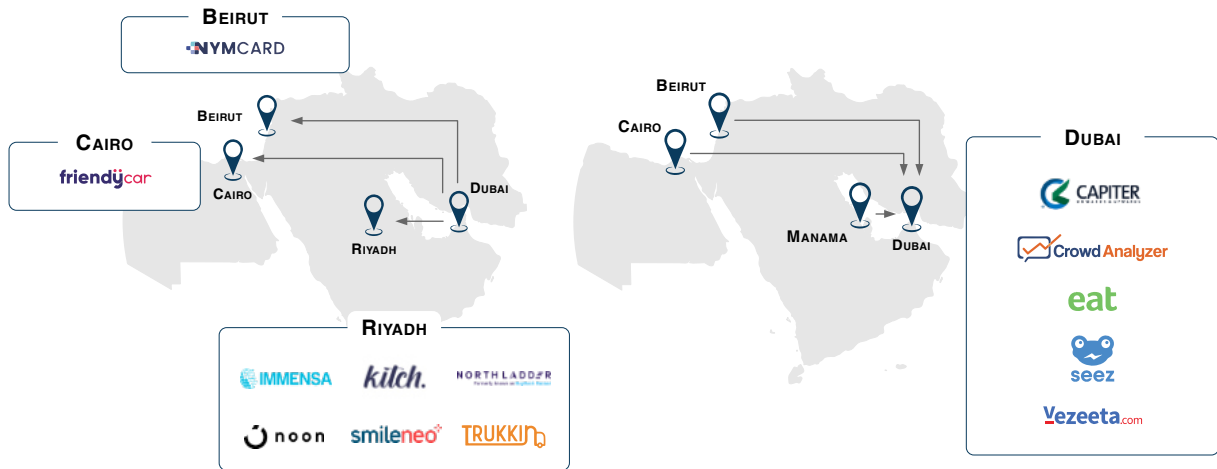
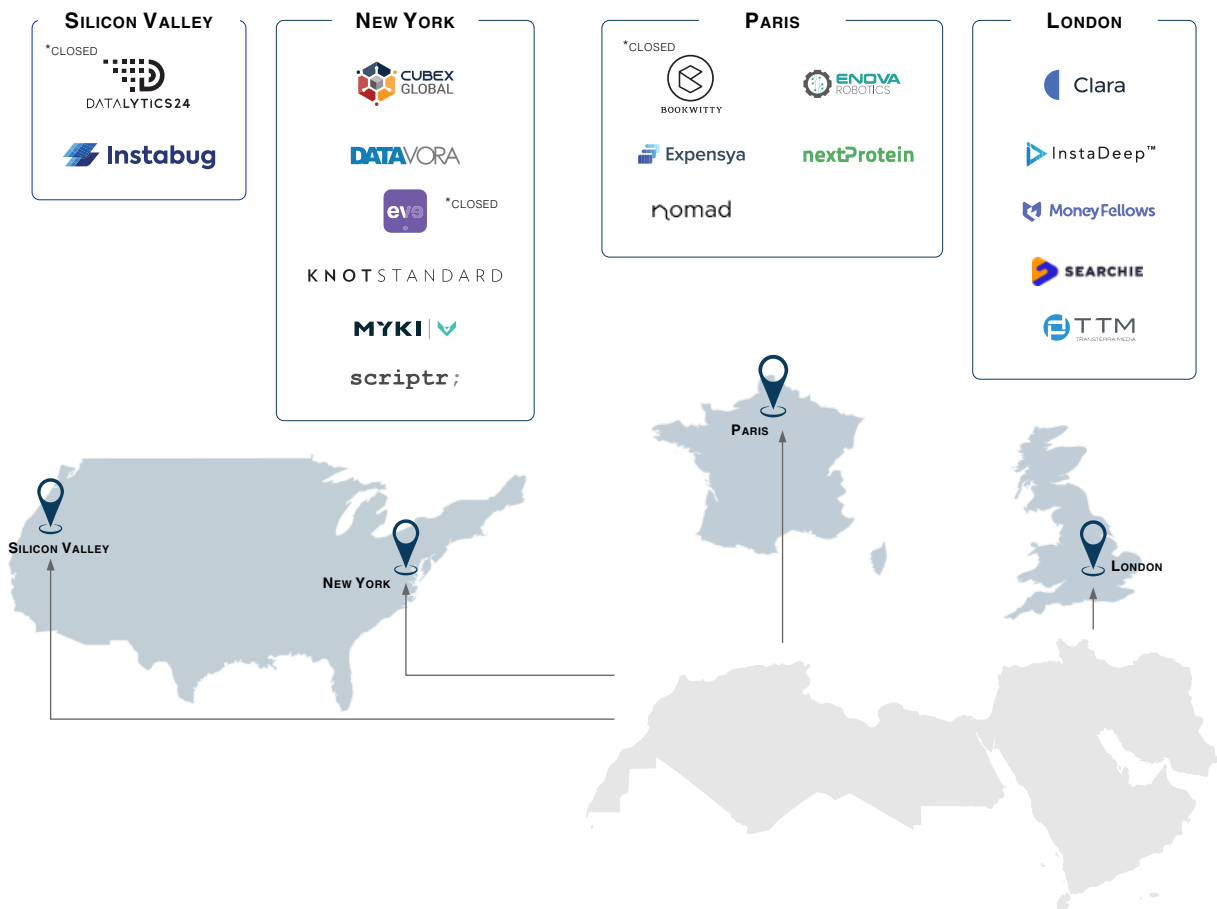


FIGURE 4  
**SCALEUP RELOCATION OUTSIDE MENA - MAIN DESTINATIONS**

Source: Mind the Bridge with the support of Crunchbase



# THE UAE INVESTOR LANDSCAPE

As of 2022, the leading role of the UAE in the MENA region remains undisputed, substantially driven by a vibrant local investment ecosystem.

Figure 5 summarizes a selection of UAE active investors that are at the forefront of the regional tech scaleup innovation landscape, both in terms of number of deals led and their size.

Some of the most active UAE private VCs include **Wamda Capital** and **MEVP**.

Each of these have led 31 funding rounds of MENA tech scaleups. BECO Capital, Global Ventures, and Shorooq Partners also play a relevant role, each with more than 10 rounds led.

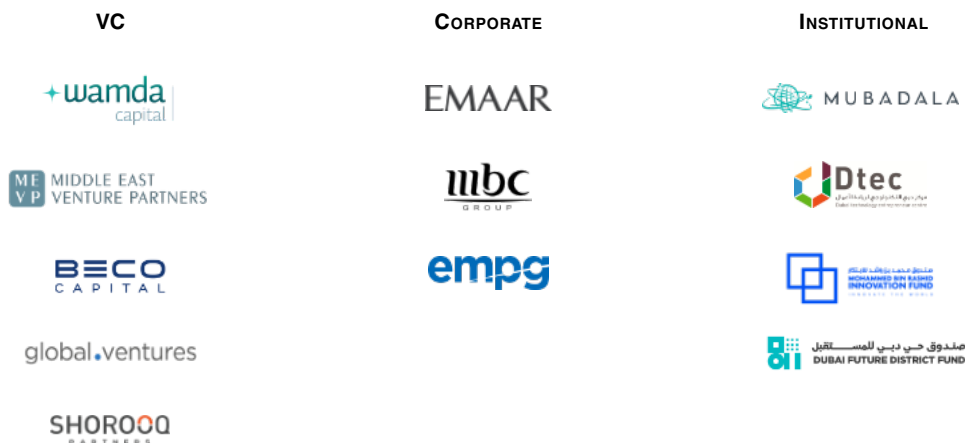
The role of corporate and institutional players is also particularly significant.

The real estate giant Emaar Properties, founded by Mohamed Alabbar, contributed to some of the largest deals of the region, including the establishment of the e-commerce giant Noon.

There is also evidence of multiple rounds in tech scaleups led by institutional bodies e.g. **Dtec** (the VC fund of the Dubai Silicon Oasis Authority), the sovereign wealth fund **Mubadala** (also through its venture investment arm), the **Mohammed Bin Rashid Innovation Fund** (MBRIF), and **Dubai Future District Fund**, recently launched in 2020 by His Highness Sheikh Mohammed Bin Rashid Al Maktoum.

FIGURE 5  
UAE MAIN ACTIVE INVESTORS

Source: Mind the Bridge with the support of Crunchbase



# STEPPING INTO GROWTH INVESTMENT TERRITORY

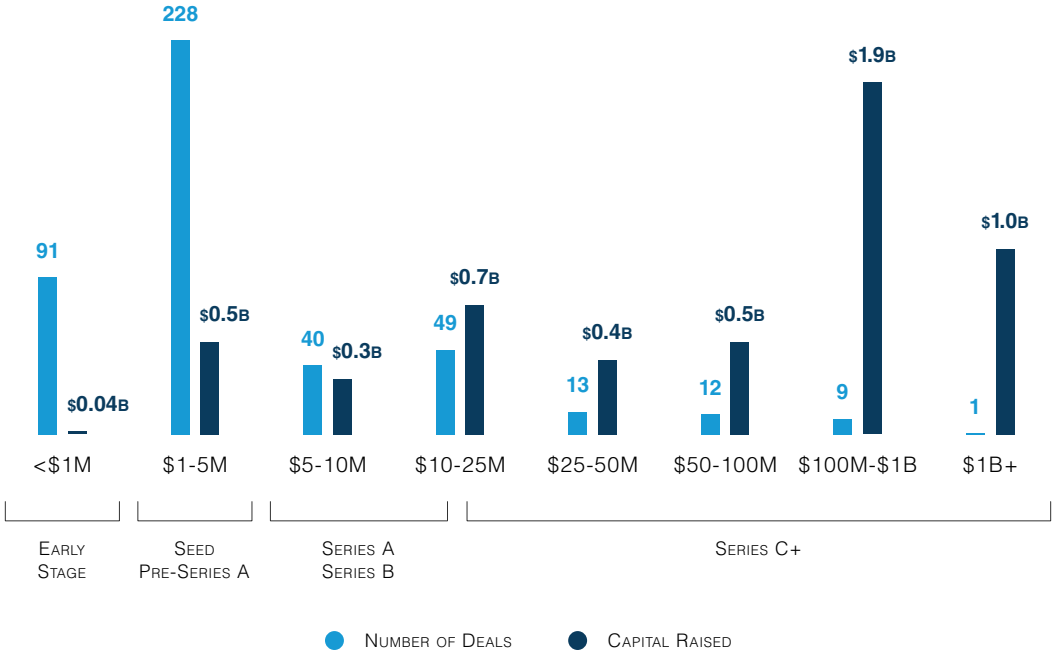
At the current state of the art, the majority of funding rounds completed by UAE tech scaleups (228 rounds, i.e. 51% of total) range between \$1-5M.

A significant amount of rounds (124, i.e. 28% of total) cross the \$5M barrier, effectively stepping into growth investment territory. These figures may hint at an increasing maturity of the UAE scaleup landscape.

It is worth noting, though, that **a very limited number of large deals** (10, i.e. 2% of total) **contribute to the majority of the recorded capital** raised by UAE scaleups (\$2.9B, i.e. 54% of total).

**124**  
FUNDING ROUNDS  
CROSS THE  
**\$5M BARRIER**

FIGURE 6  
**UAE SCALEUP FUNDING ROUNDS BY DEAL SIZE**  
Source: Mind the Bridge with the support of Crunchbase





# UAE SCALEUPS: MAIN DISCLOSED FUNDING ROUNDS

By restricting the analysis to the largest disclosed funding rounds by UAE scaleups, data confirms the **significant role played by international investors.**

The largest deal of 2021 was performed by the Japanese conglomerate **Softbank** through its Vision Fund 2 (solely funded by Softbank itself), investing \$415M of growth funding in the cloud kitchen platform **Kitopi**.

Other large deals include the \$65M round of the agritech company **Pure Harvest Smart Farms** led by IMM Investment (South Korea), and the \$50M deal of the AI tech scaleup **Tabby**, powered by Global Founders Capital (Germany) and STV (Saudi Arabia).

**Historically, UAE scaleups were supported by large deals that recurrently broke the region's records.**

The most notable include those of **Noon** (\$1B at the time of establishment by Emaar and the Saudi Arabia Public Investment Fund) and **Careem** (\$0.5B led by the Japanese e-commerce giant Rakuten).

Other relevant deals include the \$275M round in Souq.com - led by South African conglomerate Naspers - and the \$151M deal by Emaar in **Namshi**.

**\$415M**  
THE LARGEST  
FUNDING ROUND  
OF 2021  
(KITOPI)

FIGURE 7  
**UAE TOP 5 DISCLOSED FUNDING ROUNDS (2021)**

Source: Mind the Bridge with the support of Crunchbase

COMPANY	CAPITAL RAISED	ROUND YEAR	LEAD INVESTOR COUNTRY	LEAD INVESTORS
	\$415M	2021		SOFTBANK VISION FUND
	\$65M	2021		IMM INVESTMENT
	\$50M	2021		GLOBAL FOUNDERS CAPITAL, STV
	\$40M	2021		BYTEDANCE
	\$35M	2021		SAVOLA GROUP

FIGURE 8  
**UAE TOP 5 DISCLOSED FUNDING ROUNDS (HISTORICAL)**

Source: Mind the Bridge with the support of Crunchbase

COMPANY	CAPITAL RAISED	ROUND YEAR	LEAD INVESTOR COUNTRY	LEAD INVESTORS
	\$1,000M	2017		EMAAR PROPERTIES SAUDI ARABIA PUBLIC INVESTMENT FUND
	\$500M	2017		RAKUTEN
	\$415M	2021		SOFTBANK VISION FUND
 an amazon company	\$275M	2016		NASPERS
 نمشي	\$151M	2017		EMAAR PROPERTIES



HISTORICALLY, UAE SCALEUPS WERE SUPPORTED BY LARGE DEALS THAT RECURRENTLY BROKE RECORDS.



# DUBAI: THE TECH SCALEUP CRADLE

Previous research has shown that startups and scaleups tend to aggregate around one main hub per country at a global and regional level, typically the capital city<sup>3</sup>.

The MENA region is not an exception.

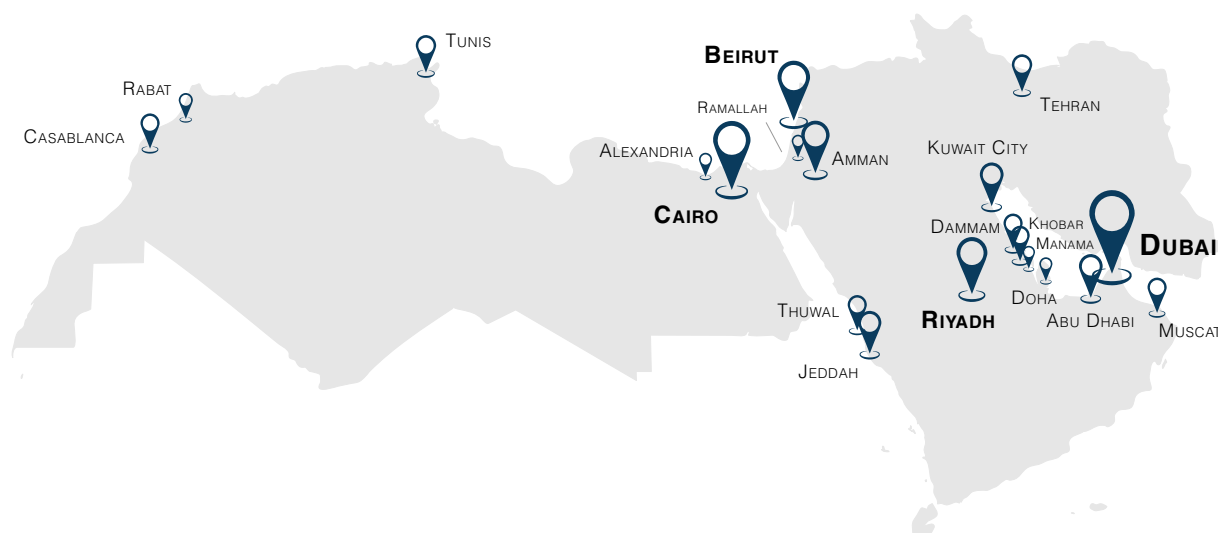
**The capital city of the Emirate of Dubai hosts, alone, 229 scaleups** (39% of the total recorded in MENA), which collectively attracted close to \$5.2B in funding (about 57% of the total amount of funding made available in the region).

**The second-largest hub is Cairo**, which hosts 76 scaleups (more than 3 times less than Dubai) that raised \$1.4B (about 4 times less than Dubai). Following the ranking, **Riyadh, Beirut, and Amman** respectively record \$0.9B raised by 72 scaleups, \$0.3B (44 scaleups), and \$0.2B (28 scaleups).

**229**  
SCALEUPS  
HEADQUARTERED  
IN DUBAI

FIGURE 9  
TOP 20 MENA TECH SCALEUP CITY HUBS MAP

Source: Mind the Bridge with the support of Crunchbase

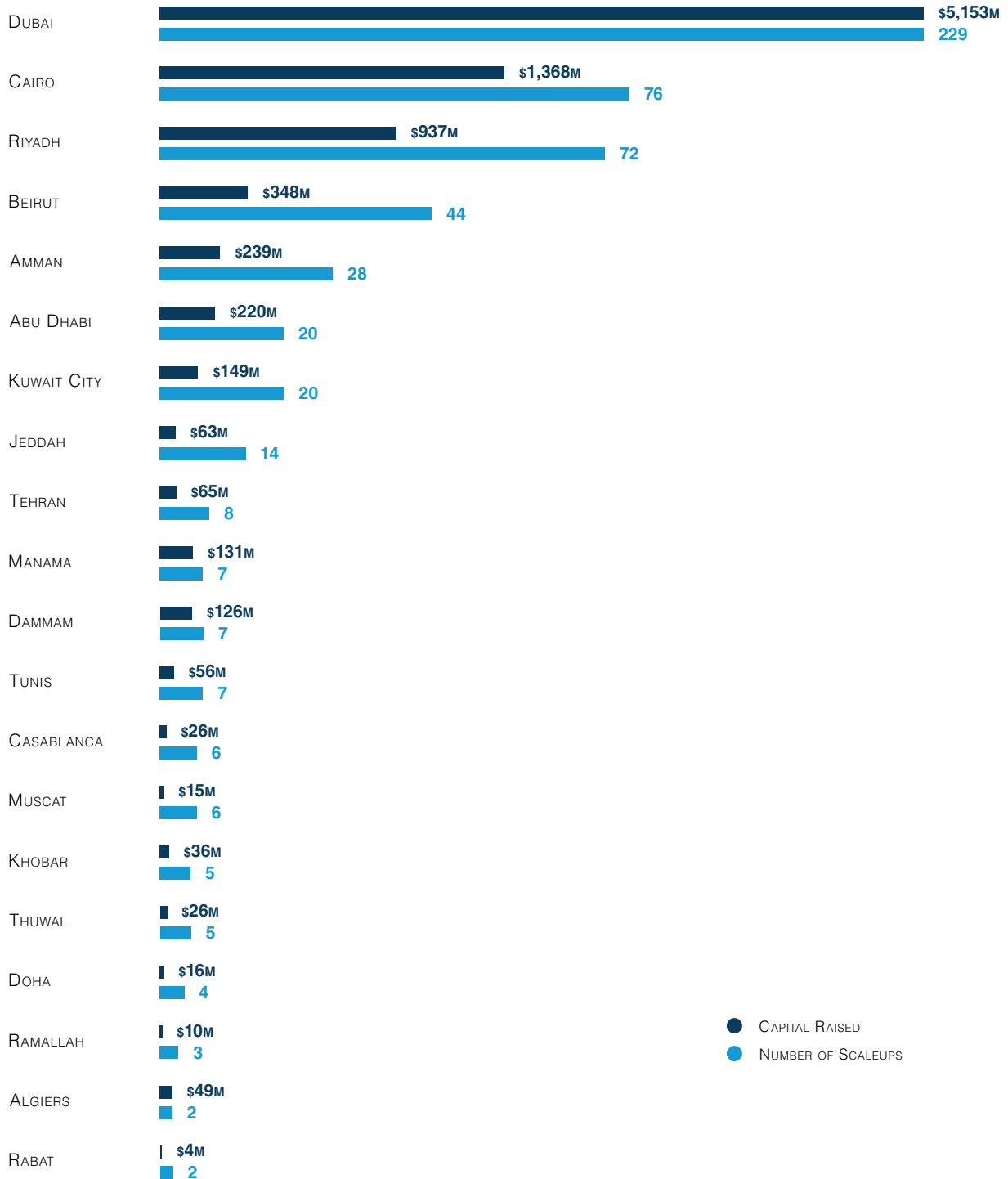


3 - Mind the Bridge, *StartupCity Hubs in Europe - 2018 Report*, Brussels, November 2018



FIGURE 10  
**TOP 20 MENA TECH SCALEUP CITY HUBS: NUMBER OF SCALEUPS AND CAPITAL RAISED**

Source: Mind the Bridge with the support of Crunchbase



● CAPITAL RAISED  
 ● NUMBER OF SCALEUPS



THE HIGH CONCENTRATION OF SCALEUPS AND CAPITAL IN CITY HUBS SUCH AS DUBAI, COULD HELP SUSTAIN THE EXPANSION OF THE WHOLE MENA INNOVATION ECONOMY.

# MENA IN THE GLOBAL FAMILY OF SCALEUP ECOSYSTEMS

According to recent research<sup>4</sup>, the presence of tech giants in an innovation ecosystem may actively foster its health by increasing investment attractiveness, supporting technology spillovers, building, and nurturing entrepreneurial networks.

In MENA, the number of such companies - which are referred to as “Scalers” and “Super Scalers”<sup>5</sup> - has increased since 2020<sup>6</sup> to a total of **18 Scalers** and **1 Super Scaler**, of which **11 are headquartered in the UAE**.

These figures are now comparable to established ecosystems such as Spain, and close to thriving ones such as South Korea (which hosts 26 Scalers and 3 Super Scalers).

From a broader perspective, while it is true that the MENA region as a whole - and in particular the UAE - is becoming one of the most thriving tech innovation ecosystems in the globe, the gap with other regions remains large. Europe (including the UK) hosts about 20 times more scaleups than the entire MENA region. Silicon Valley remains unmatched as it hosts 14 times more scaleups than the entire MENA region, both in terms of sheer numbers and concentration rates.

In terms of scalers, the UK hosts about 9 times as many, Germany and Israel about 5 times as many, while the US and Europe as a whole play in an entirely different league.

Also in terms of capital raised, the MENA region (\$9.1B) presents figures that are more comparable to runner-up scaleup economies of the European continent e.g. Spain (\$11.6B), Switzerland (\$10.7B), and Denmark (\$8.4B).

**The high concentration of scaleups and capital in city hubs such as Dubai**, or countries such as Egypt, Saudi Arabia, and Lebanon (as indicated more in-depth in the following sections) **hints at the presence of benchmarking ecosystems** that, by increased cooperation and capital flow, could help sustain scaleup development also in neighboring areas, thus supporting the expansion of the whole MENA innovation economy.
















4 - See Mind the Bridge, *Tech Scaleup Europe - 2019 Report*, Brussels, June 2019

5 - See Methodology

6 - See Mind the Bridge, *Tech Scaleup MENA - Report 2021*, Beirut, March 2021

FIGURE 11  
**GLOBAL TECH SCALEUP ECOSYSTEMS COMPARISON**

Source: Mind the Bridge with the support of Crunchbase

	 UK	 GERMANY	 FRANCE	 EUROPE	 ISRAEL	 SILICON VALLEY	 US	 SOUTH KOREA	 MENA
 SCALEUPS	3,524	1,194	1,549	7,972	2,276*	7,894	30,007	889	587
 SCALERS	154	88	72	343	176*	748	1,960	26	18
 SUPER SCALERS	11	8	1	21	1*	59	86	3	1
 CAPITAL RAISED	\$97.2B	\$50.8B	\$36.8B	\$250B	\$77.8B*	\$501.3B	\$1,010.9B	\$28.9B	\$9.1B
 SCALEUP DENSITY RATIO	5.2	1.4	2.3	1.3	18.4*	161.1	9.1	1.7	0.14
 SCALEUP INVESTING RATIO	2.97%	1.05%	1.1%	1.06%	18.44%*	71%	4.8%	1.32%	0.12%

\*PRELIMINARY DATA - ONGOING ANALYSIS



TECH GIANTS FOSTER THE HEALTH OF INNOVATION ECOSYSTEMS. MENA HOSTS 19 OF THEM.



# SCALEUP MENA: AN UNTAPPED POTENTIAL?

To best measure the innovation economy of a given country or region, in comparison to the size of the overall economy, two indicators can be adopted, the “**Scaleup Investing Ratio**” and “**Scaleup Density Ratio**”.

The first one compares the total capital invested into scaleups to the GDP, while the second indicator considers the population of a country and the presence of scaleups there.

By plotting those indicators on a matrix, it is possible to assess the “commitment” of each country or region to the local innovation economy and track changes over time. Countries or regions in the top-right quadrant of the matrix are overperformers characterized by a large number of scaleups and a large volume of investments compared to their overall economy.

The bottom-left sector includes countries or regions still at the beginning of their innovation journey. MENA as a region is positioned in the bottom-left sector, though making significant and fast steps

forward towards the center of the Matrix, with a Scaleup Density Ratio of 0.14 scaleups every 100K inhabitants and 0.12% of the region's GDP invested into the local scaleup economy.

These figures appear to be relatively far from both more mature areas (e.g. Europe, with a Density Ratio of 1.3 and an Investing Ratio of 1.06%, and the UK - 5.2 and 2.97%) and emerging ecosystems (e.g. South Korea, 1.7 and 1.32). The US, Israel, and Silicon Valley present concentration rates that are world-leading and probably unmatched.

**By restricting the analysis to the UAE, its ratios (2.54 and 0.77%) are more comparable to the European average as well as to emerging ecosystems such as South Korea.**

In particular, the Scaleup Density Ratio is even higher. Notably, these figures are significantly impacted by the Dubai area, where most of the local scaleups (229) are concentrated.

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THE MENA REGION IS MAKING SIGNIFICANT STEPS FORWARD IN TERMS OF SCALEUP AND CAPITAL CONCENTRATION RATES.

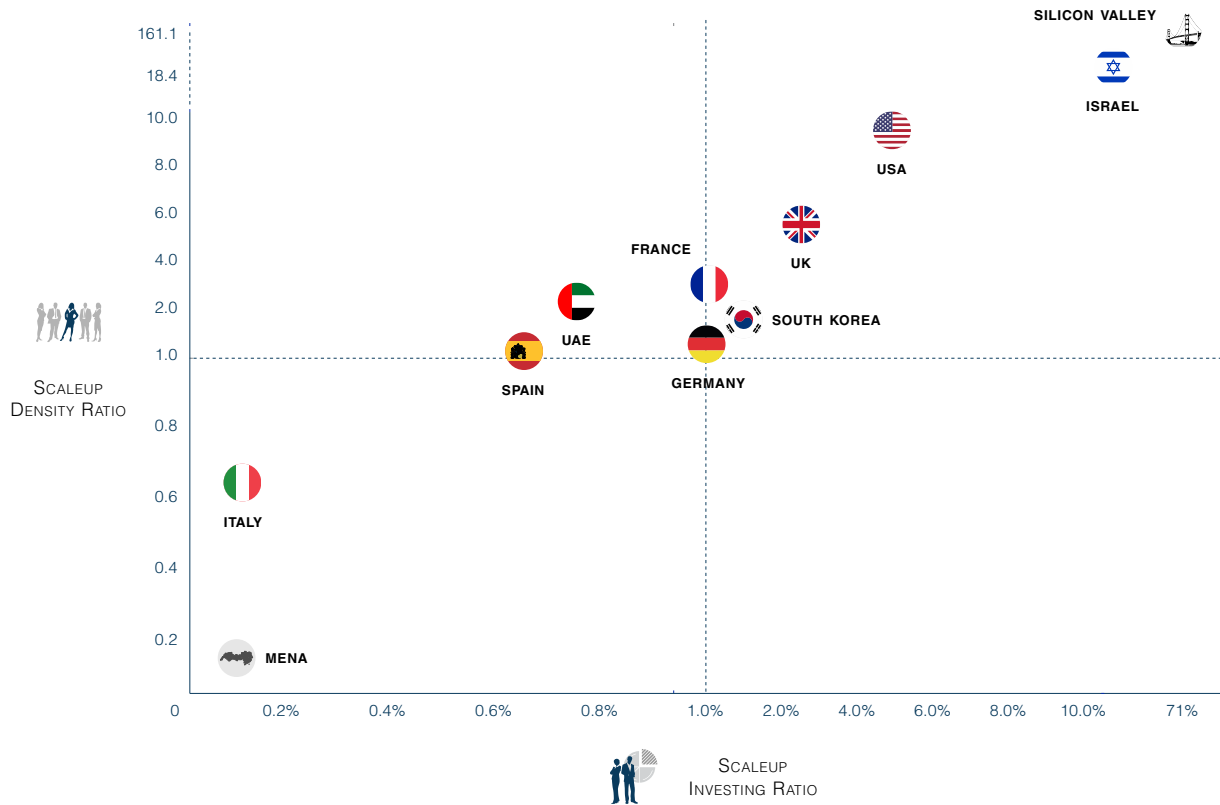
**2.54**

SCALEUPS PER  
100K INHABITANTS  
IN THE UAE



FIGURE 12  
**TECH SCALEUP WORLD MATRIX**

Source: Mind the Bridge with the support of Crunchbase



# SCALEUP MENA: REGIONAL BENCHMARKING

By restricting the analysis to countries in the MENA region, **the UAE stands at the forefront of local innovation** with a Density Ratio of 2.54 and an Investing Ratio of 0.77%.

**The UAE performs better than Lebanon, Saudi Arabia, and Jordan** (respectively sporting Density and Investing Ratios of 0.65 and 0.44%, 0.30 and 0.07%, 0.28 and 0.21%).

Above-average Density Ratios have been recorded also in **Bahrain** (0.41 and 0.17%) and **Kuwait** (0.51 and 0.07%).

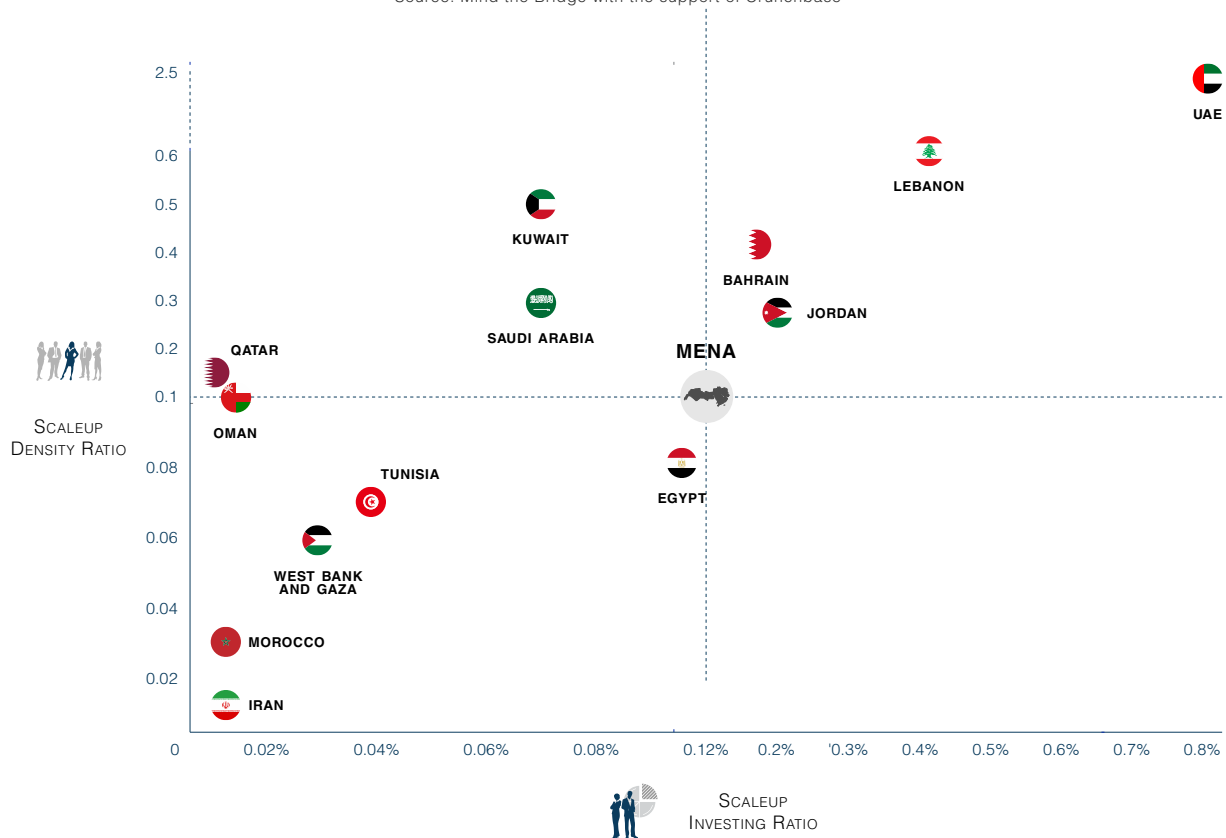
Though starting from different points, these ecosystems appear to be on the right path to reduce the gap with regional and international benchmarks in the coming years.

Among the ecosystems in the bottom-left quadrant, Egypt is closer to the average, with ratios of 0.08 and 0.10%.

In contrast, other ecosystems such as Morocco and Iran appear to be relatively underperforming, compared to the size of their economies.

FIGURE 13  
**TECH SCALEUP MENA MATRIX**

Source: Mind the Bridge with the support of Crunchbase





“

CORPORATES AND GOVERNMENT  
INSTITUTIONS PLAY A MAJOR ROLE  
IN THE MENA VC FUNDING LANDSCAPE.



# SCALEUP FUNDING TRENDS IN THE MENA REGION

By individually assessing each scaleup's equity funding history, the following main trends in tech scaleup financing in the MENA region emerge:

- A **steady year-over-year growth pattern** in terms of aggregate capital raised
- The significant role played by **corporate** and **institutional investors** of the region
- The increasing number of companies effectively taking advantage of the novel tendency of leveraging **SPACs** to raise funding on the stock market

- The **leading position of UAE** in the VC funding landscape of the MENA region

In the following sections, each of these trends will be explored in detail.

“

HAVING PROVIDED 92% OF THE TOTAL CAPITAL MADE AVAILABLE TO LOCAL SCALEUPS, VCS PLAY A KEY ROLE IN THE MENA ECOSYSTEM.

# A VC ROOTED SCALEUP REGION WITH A NOVEL TENDENCY: SPACs

**VCs play a key role in the MENA ecosystem:** 92% (\$8.4B) of capital raised by MENA scaleups comes from VC firms, CVCs, private equity funds, public-supported equity funding vehicles, governmental organizations, and family firms/groups.

**The IPO channel now accounts for 7% of the total funding (\$0.7B)** - it was 2% in early 2020.

This growth was mainly driven by the two largest SPAC deals tracked in the region, performed by **SWVL Technologies** (\$0.4B) and **Anghami** (\$0.1B), both of which were listed on the Nasdaq stock market.

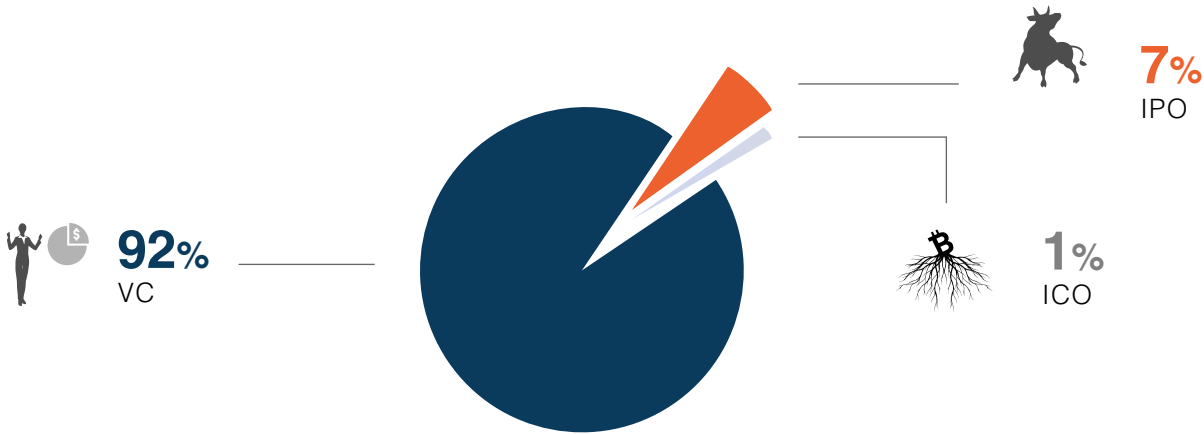
These major events reflect the **global booming trend of SPAC deals**<sup>5</sup>. Reportedly, in 2020, a record

\$83B in funding was raised through SPAC deals by 200+ companies worldwide<sup>7</sup>.

By restricting the analysis to stock exchanges in MENA countries, the most prominent tech scaleup IPO that was recorded is that of **Fawry**, which raised \$100M on the Egyptian Exchange in 2019.

The establishment of the Nasdaq Dubai Growth Market in October 2020 by the Crown Prince of Dubai<sup>9</sup> may represent a change of pace in the near future, especially after the launch of the Future District Fund (\$0.3B of size)<sup>10</sup> to encourage and support tech companies in their listing process. ICOs play only a minor part in the MENA funding ecosystem<sup>11</sup>.

FIGURE 14  
**SCALEUP MENA - CAPITAL RAISED DISTRIBUTION**  
Source: Mind the Bridge with the support of Crunchbase



7 - SPACs can be leveraged as an alternative method of raising capital for scaleups. Unlike an ordinary IPO, the scaleup that aims to go public does not make it through a traditional IPO but, instead, through a publicly listed shell-corporate that acquires or merges with it.

8 - Ramkumar, A., Farrell, M. (2021). *When SPACs Attack! A New Force Is Invading Wall Street*. WSJ.

9 - Invest in Dubai, *Dubai Launches Nasdaq Dubai Growth Market to Support SMEs*, 20 November 2020

10 - See: <https://www.dubaifuture.ae/dubai-future-district-fund/>

11 - Initial Coin Offerings (ICOs) keep the negative trend globally, with no exception in MENA, accounting for only 1% of the total capital made available to local scaleups (\$0.1B). As reported in previous reports, the high volatility of cryptos, the risk of frauds, and the difficulty/high costs associated with converting cryptos into fiat currencies have limited the success of this option as a driver for growth.

## IN THE HANDS OF A FEW

The “**winner takes all**” mantra appears to be true also for MENA tech scaleups, and even more visible than in Europe, China, and the US.

As of 2022, in MENA there is **1 Super Scaler** (Noon) and **18 Scalars** that were able to raise a total of \$5.1B.

Half of those are headquartered in Dubai, having raised \$2.5B (49% of the region’s total).

This means that 3% of MENA scaleups raised more than half (57%) of the total funding made available to tech companies in the region.

# 19

TECH GIANTS  
RAISED

# 49%

OF THE TOTAL  
CAPITAL MADE  
AVAILABLE TO  
MENA SCALEUPS

## GEOGRAPHIES OF VC INVESTMENTS

**About half of the total VC funding supporting MENA scaleups comes from domestic players.**

Investors from the MENA region led 612 rounds (60% of total), having effectively poured \$4.2B into the region’s tech scaleup economy.

US and Japanese investors respectively contributed to 15% and 13% of the total funding made available to MENA scaleups, through larger-than-average deals. Some notable examples include the \$0.5B round of **Careem** led by Japanese giant Rakuten in 2017, and the 2021 deals of **Kitopi** (\$0.4B) and **Unifonic** (\$0.1B), both led by Softbank through its Vision Fund. European and other global players seem to play a relatively marginal role.

Altogether they have led rounds that amount to \$1.5B, about 9% of the total.

In terms of investment geography, saying MENA actually means “GCC” (Gulf Cooperation Council) countries. **UAE players contributed to the majority (55%, \$2.3B) of the aforementioned \$4.2B in funding led by MENA investors.**

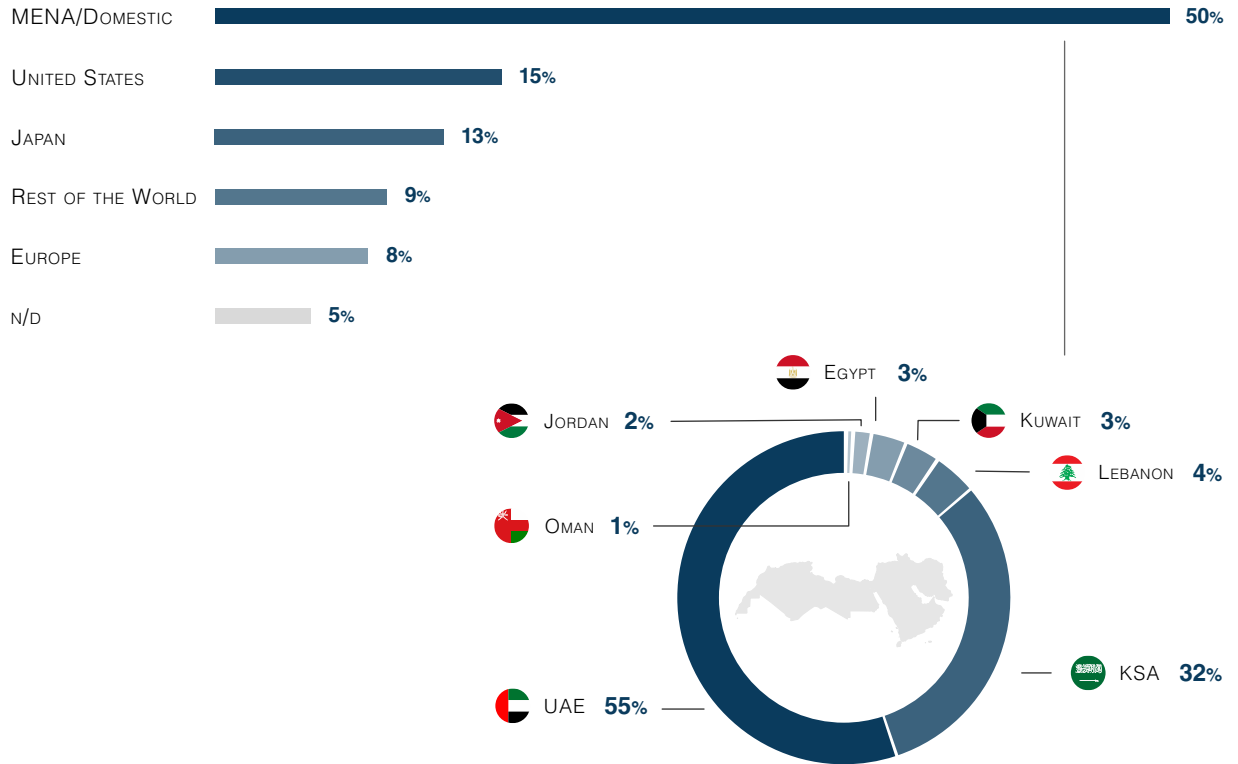
This confirms the UAE as the front-runner of regional tech innovation, steadily transitioning to a post-oil economy. Saudi investors follow at a relative distance, having contributed \$1.3B in funding for MENA scaleups.

A more marginal role is played by investors from Lebanon, Kuwait, Egypt, and Jordan, having injected in local scaleups between 2-4% of the overall funding made available by MENA investors.



FIGURE 15  
**SCALEUP MENA - CAPITAL RAISED DISTRIBUTION**

Source: Mind the Bridge with the support of Crunchbase



# CORPORATE AND GOVERNMENT PARTICIPATION IN VC INVESTMENTS

Previous research<sup>12</sup> extensively explored trends in corporate-startup collaboration, including how corporates are increasingly recognizing the value that startup investments bring, not only in terms of financial returns, but also access to new technologies, talent, and strategic markets.

In the Arab region, this tendency is remarkably visible and hints at a transformation process towards a post-oil, digital economy.

**Data shows that corporate-participated rounds - either through their CVC arms or directly/off-balance - contribute to the vast majority (63%, corresponding to \$5.3B) of the total venture capital made available to MENA scaleups<sup>13</sup>.**

Another relevant characteristic of the Arab region is the **strong government support for the local innovation ecosystem**. About one-third of the total funding made available to MENA scaleups comes from rounds that saw the participation of government institutions or public-supported funds<sup>14</sup>.

Government support in the region appears to be consistent over time. Since 2015, the public has contributed to scaleup investments - in several forms - by providing at least **\$0.1B per year** with a peak in 2017 due to the participation in **Noon's \$1B** round by Saudi Arabia Public Investment Fund.

Recently, the trend has been steadily growing: from \$0.1B in 2018 to \$0.5B in 2021.

Generally speaking, public financing appears to be a regional specificity, providing Shariah-compliant alternatives to conventional VC funding.

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**63%**  
OF CAPITAL  
RAISED SEES  
THE PARTICIPATION  
OF CORPORATES

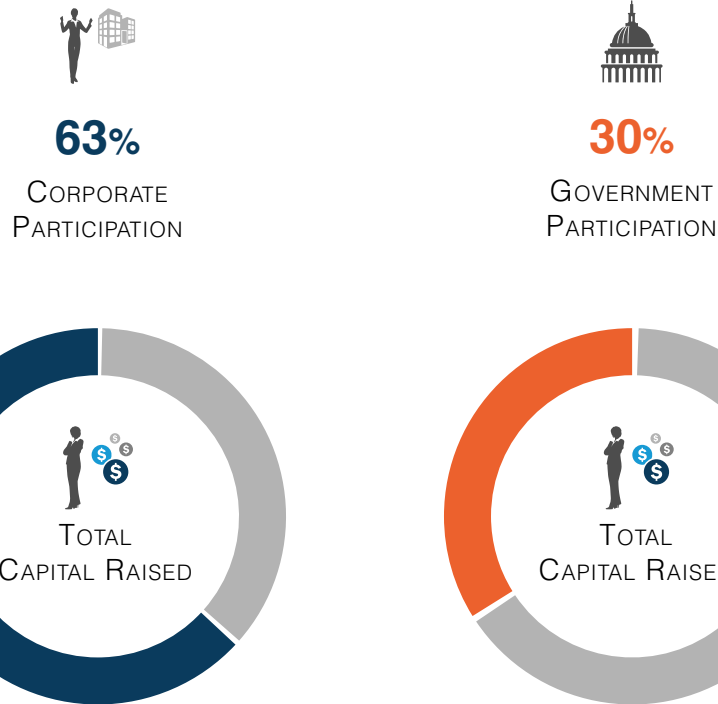
12 - Mind the Bridge, *Evolve or Be Extinct - Current and Future Models of Open Innovation from the 2021 World's Corporate Startup Stars*, Paris, December 2021

13 - This figure is impacted by a few large rounds, namely: Noon (the Emaar spin-off whose peculiar history traces back to a groundbreaking \$1B initial capital endowment), Careem (whose investors in its \$0.7B+ funding history include the Japanese conglomerate Rakuten, the Saudi Kingdom Holding Company, and Seera), Kitopi (whose 2021 round of \$0.4B was led by Softbank Vision Fund), Souq.com (acquired by Amazon in 2017, priorly fueled with a \$0.2B round led by the South African giant Naspers), and the follow-up round of STC Pay (another corporate spin-off which attracted the interest of US-based Western Union, which led a \$0.2B round in 2020).

14 - Sub-totals include all deals where either corporates or public institutions participated, hence the potential double counts. Also to be noted is the locally relatively significant extent - and potential overlap - of partnerships and/or collaborations between corporate holdings, family offices, public support organizations, and private funding institutions.

FIGURE 16  
SCALEUP MENA - CAPITAL RAISED DISTRIBUTION

Source: Mind the Bridge with the support of Crunchbase



GOVERNMENT SUPPORT IN THE REGION APPEARS TO BE CONSISTENT OVER TIME, PROVIDING AT LEAST \$0.1B PER YEAR.

# MENA SCALEUP M&As: STATE OF THE ART

## **MENA is still a relatively young scaleup ecosystem.**

As of 2022, **28 scaleups (5% of total) in the region were acquired by other corporates**, 12 of them in the last year - a clear signal of a growing trend.

Once again, **the majority of those acquisitions targeted UAE-based tech scaleups** (20 out of 28).

Reportedly, there are also 7 active acquiring companies from the UAE.

Historically, the most notable UAE deals are those of **Careem** and **Souq.com**.

The former was acquired in January 2020 by the US tech giant Uber for \$3.1B, a deal that was marked as the largest exit ever for a Middle Eastern scaleup, surpassing the former record of the 2017 Souq.com - Amazon deal that priced the pioneering e-commerce company at \$0.6B.

Other notable deals include the acquisitions of **Instashop** by the German food delivery giant Delivery Hero for \$0.4B, **Namshi** - purchased by Emaar Mall for \$151M, a deal partially backed by Rocket Internet, and **Wadi**, acquired by its previous investor Majid Al Futtaim Holdings.

It is also worth mentioning the acquisitions of two, Dubai-based, revenue-driven tech startups that are not included in methodology as “scaleups”:

In 2016, **Media.net** was acquired for \$0.9B by the Chinese telco giant Miteno Communication Technology - a deal that was defined by TechCrunch as “one of the largest adtech deals in history”.

In 2019, OLX Group (a subsidiary of South African conglomerate Naspers) completed the acquisition of **Dubizzle** - an online marketplace - in a deal that ultimately valued the company at \$0.4B.



NOTABLE DEALS INCLUDE THE ACQUISITIONS OF CAREEM BY UBER, SOUQ.COM BY AMAZON, INSTASHOP BY DELIVERY HERO, AND NAMSHI BY EMAAR.

# 20

SCALEUPS  
FROM THE UAE  
GOT ACQUIRED  
BY INTERNATIONAL  
CORPORATES



THERE ARE SIGNALS OF  
A GROWING TREND IN SCALEUP  
M&As IN THE MENA REGION.

# A YOUNG ECOSYSTEM IN ACCELERATION

Data confirms that the MENA tech scaleup ecosystem is relatively young: **61% of the scaleups are less than 6 years old**, while only 10% were founded before 2010.

**The average lifespan of MENA scaleups is 5.4 years**, significantly less than their European counterparts (8 years). On average, for MENA scaleups it takes 2.7 years to cross the \$1M funding threshold.

**The Dubai ecosystem is emerging promptly**, as 55% of scaleups headquartered there were founded less than 5 years ago.

In addition, Dubai-based scaleups on average took 2.1 years to cross the \$1M funding threshold - half of them were able to become scaleups in 1 year or less - definitely faster than the regional average.

Despite the Covid-19 emergency, MENA scaleups have been actively fundraising in the last three years, as two thirds of them raised capital at least once since 2019.

The **striking ecosystem performance in 2021** also hints at the vibrancy of the region, recording 213 scaleups that completed at least one funding round and \$2.9B in total capital raised.

“

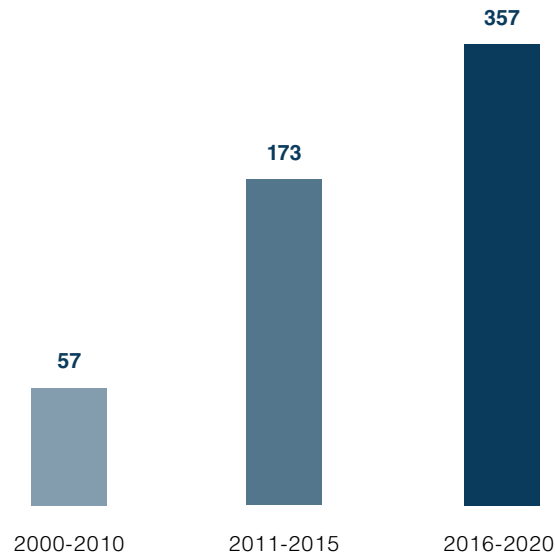
THE MENA ECOSYSTEMS  
IS RELATIVELY YOUNG.  
61% OF THE LOCAL SCALEUPS  
ARE LESS THAN 6 YEARS OLD.

2.7

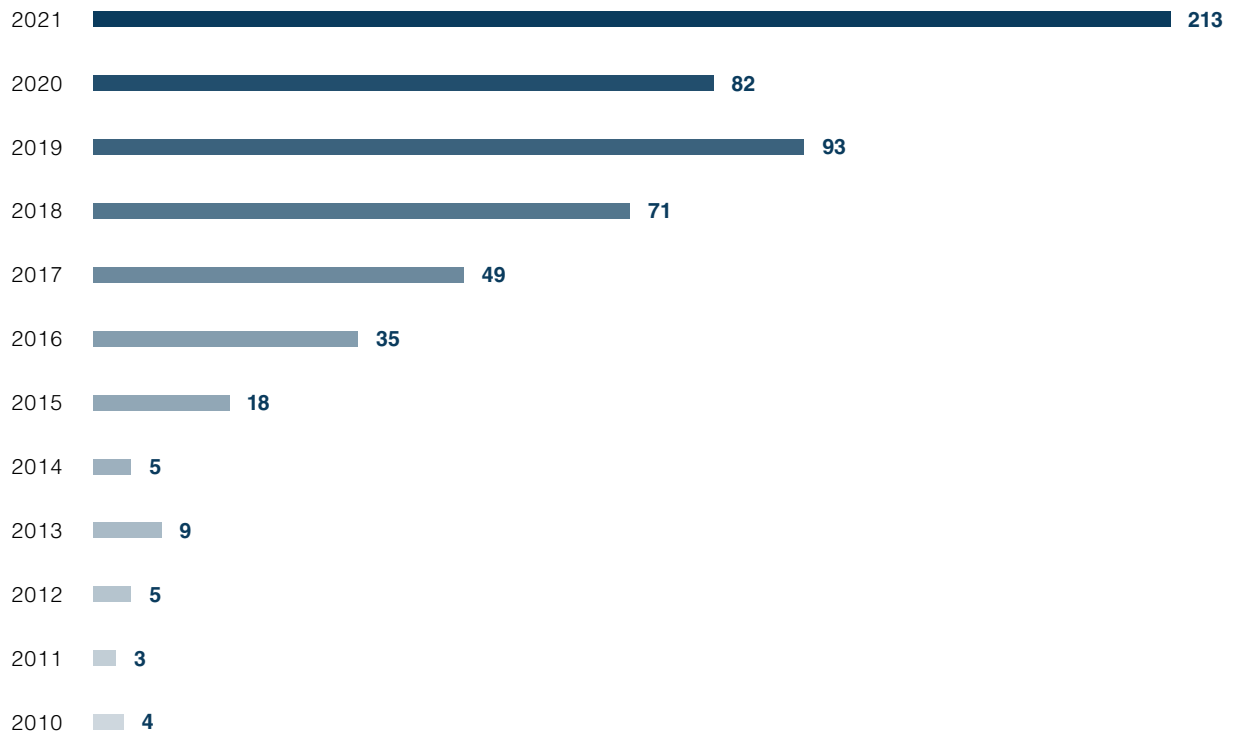
YEARS REQUIRED  
BY MENA SCALEUPS  
TO CROSS THE  
\$1M FUNDING  
THRESHOLD



**FIGURE 17**  
**NUMBER OF SCALEUPS BY YEAR OF ESTABLISHMENT**  
 Source: Mind the Bridge with the support of Crunchbase



**FIGURE 18**  
**NUMBER OF SCALEUPS BY LAST FUNDING YEAR**  
 Source: Mind the Bridge with the support of Crunchbase



# TECH SCALEUPS INNOVATING TRADITIONAL INDUSTRIES

Data suggests that the dominant specialization of MENA tech scaleups is related to the **digitization of traditional industries**, a trend that is typical of emerging innovation ecosystems.

A total of \$2.4B (26% of total) was raised by 94 e-commerce scaleups (16% of total).

Consequently, the **e-commerce boom** appears to be creating a positive ripple effect in multiple industries.

In this respect, at the current state of the art, **the Fintech industry in MENA constitutes the second-largest vertical** both in terms of number of scaleups

and capital raised (respectively 82 and \$1.5B, about 15% of total each).

The **Logistics** vertical follows with 50 scaleups (\$0.5B raised).

Other notable industry verticals - especially in terms of capital concentration - include **Restaurant Technology** - with 23 scaleups that raised more than \$0.7B - and **Digital Media** (20 scaleups, \$0.4B raised).

“

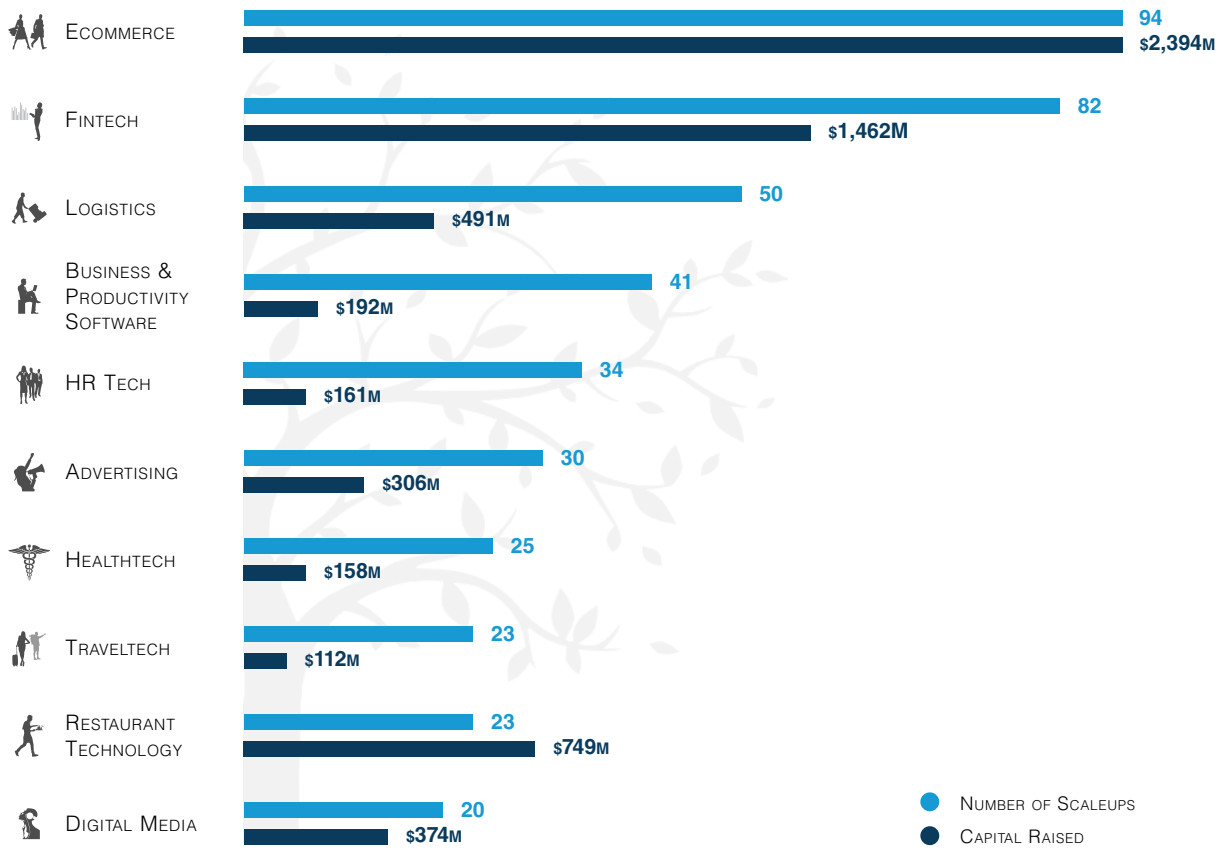
THE DOMINANT SPECIALIZATION OF MENA TECH SCALEUPS IS RELATED TO THE DIGITIZATION OF TRADITIONAL INDUSTRIES.

26%

OF CAPITAL  
WAS RAISED BY  
E-COMMERCE  
SCALEUPS

FIGURE 19  
**SCALEUP MENA - TOP 10 TECH INDUSTRIES**

Source: Mind the Bridge with the support of Crunchbase







# SELECTED SCALEUP CASE STUDIES

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Noon represents a rather unique case in the MENA region by being its most funded company right at inception, and one of the largest deals of that kind at global scale. Headquartered in Dubai and backed by the UAE-based billionaire Mohamed Alabbar and Saudi Arabia's Public Investment Fund, Noon was launched with \$1B in funding, with the aim to challenge the major players in the market - including Amazon.

As a matter of fact, the US e-commerce giant established its presence in the region in 2017 - Noon's year of foundation - by clinching the acquisition of the online retailer Souq.com.

Five years later, Noon accounts for 5% of the Electronics & Media market in the UAE, and its influence in the MENA region is expanding. With the onset of the coronavirus pandemic, more consumers and retailers are embracing online shopping. In this respect, Noon recently signed a 5-year partnership with Visa to increase co-marketing support and security for SMEs and ensure faster and more secure digital payouts to shoppers across the region.

---

## 2017

YEAR OF  
ESTABLISHMENT

## \$1B

CAPITAL  
RAISED



# CAREEM

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Established in July 2012 with headquarters in Dubai, Careem is a pioneer of the region's ride-hailing economy.

With more than \$770M of growth funds raised in ten years, Careem is considered the leading multi-service platform of the region encompassing multiple services across its platform including mass transportation, parcel and food delivery, and payments.

In 2020 Careem became a wholly-owned subsidiary of Uber after being acquired for \$3.1B. As a result of the deal, Careem preserved its brand and continued to operate independently under their current leadership, with the

aim of expanding the variety and reliability of services offered to simplify people's life.

More specifically, the platform is expanding its services by offering food and grocery delivery and payment services to become the region's everyday "super app".

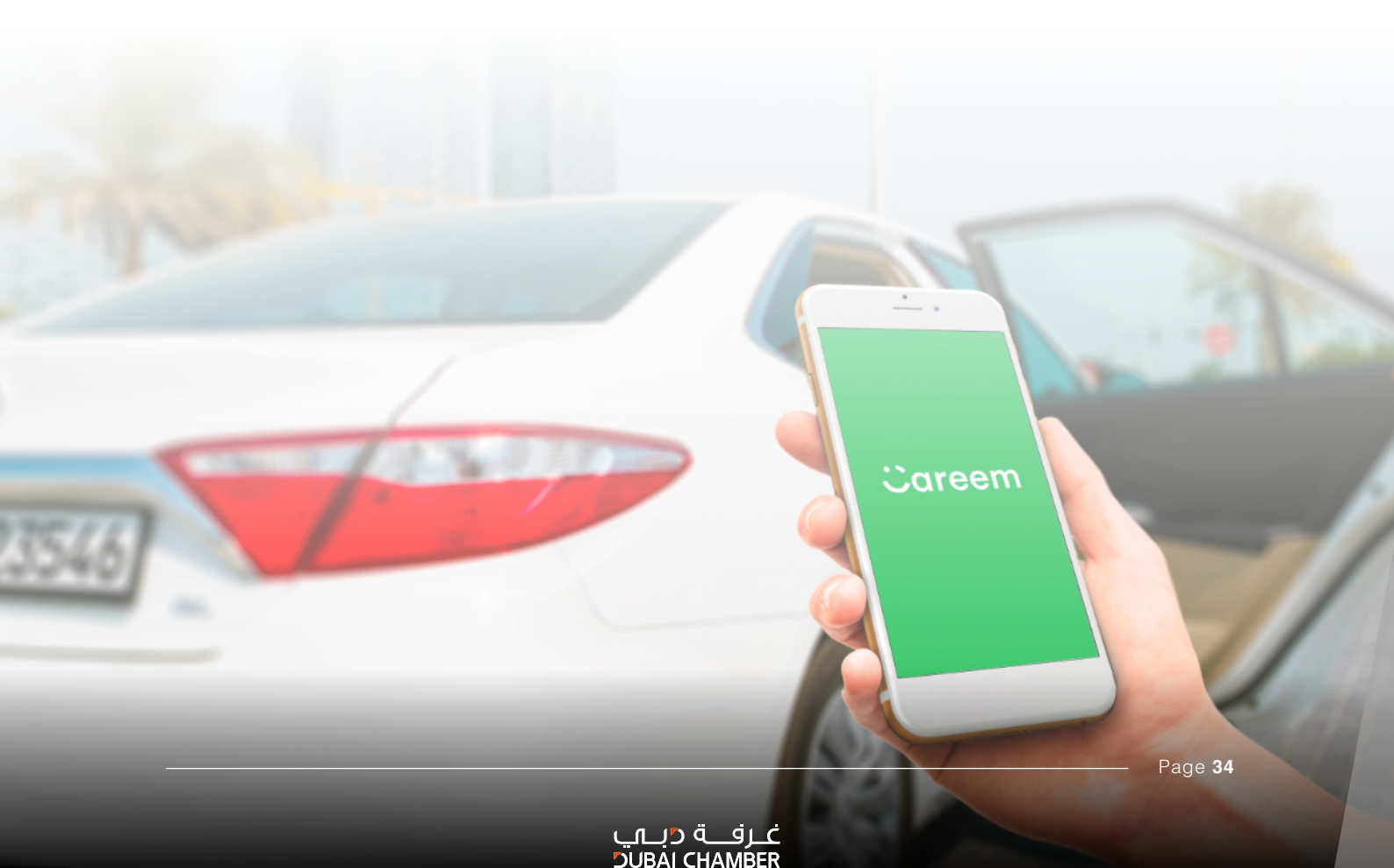
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## 2012

YEAR OF  
ESTABLISHMENT

## \$770M

CAPITAL  
RAISED





# METHODOLOGY

## DEFINITIONS

### “Tech Companies”

Mind the Bridge categorizes “Tech Companies” as follows:

- “Startup” <\$1M funding raised
- “Scaleup” >\$1M funding raised
- “Scaler” >\$100M funding raised
- “Super Scaler” >\$1B funding raised

Mind the Bridge defines “Tech Companies” as companies:

- operating in Tech & Digital industries,
- founded in the New Millennium,
- with at least one funding event since 2010.

Companies operating in the Biotech, Life Sciences and Pharma, Semiconductors industry verticals are currently not included.

Mind the Bridge also includes in the analysis so-called “Dual Companies”, defined as:

- Startups founded in one country that relocated their headquarters – and with that part of their value chain – abroad, while maintaining a strong operational presence in their country of origin.

### “Closure”

We consider “closed” all scaleups that shut down and do not continue to operate anymore. Reasons for closure include (but are not limited to) non-voluntary closure - e.g. bankruptcy - and voluntary closure

### “GDP (Gross Domestic Product)”

Data from IMF (PPP, most recent data and/or projections).

### “Population”

Data from World Bank, United Nations, Local government and other reliable sources (2018, or most recent census data).

## FUNDING

Mind the Bridge categorizes funding as follows:

### “Equity Funding”

- All private equity funding rounds (including angel investments, seed capital, series A, B, C, etc...), either coming from VCs and CVCs; funding raised on equity crowdfunding platforms; convertible notes and other equity-based financial instruments.
- Public funding provided in exchange for equity (e.g. specific investments vehicles from the EIB).

- IPO proceeds, at closing price, including over-subscribed shares.
- Capital raised through ICO (exchange rate of cryptos at the day of ICO).
- Operations with no new cash entering company’s balance sheet as a number of existing shareholders sell all or a portion of their holding are not considered. This includes e.g. secondary funding rounds, buyouts and buy-ins.

### “Non-Equity Funding”

Includes (but not limited to): public grants, debt financing, product crowdfunding.

### “IPO (Initial Public Offering)”

For companies that went public, the exit valuation is that on the day of the IPO.

### “ICO (Initial Coin Offering)”

A means of raising capital using cryptocurrencies issued by the company (“tokens”) in exchange for legal tender or other cryptocurrencies such as Bitcoin or Ethereum. Price data converted in US\$ at day of sale.

## INDICATORS

Mind the Bridge produces and monitors the following indicators:

### “Scaleup Density Ratio”

Number of scaleups per 100K inhabitants. A measure of density of scaleups in a given ecosystem.

### “Scaleup Investing Ratio”

Capital raised by Scaleups as a percentage of GDP. A measure meant to measure the capital invested in scaleups in a given ecosystem, compared to the size of the overall economy of that country.

### “Scaleup Country Index”

Country ranking built upon Scaleup Density Ratio and Scaleup Investing Ratio. A measure of the overall innovation commitment of a given ecosystem and its ability to produce significant tech players.

### “Scaleup Matrix”

The matrix visually compares ecosystems by factoring the Scaleup Density Ratio and Scaleup Investing Ratios.



## GEOGRAPHIES

### **“Europe”**

We analyze scaleups headquartered in 45 Continental European states as listed below.

We categorize European sub-regions as follows:

British Isles: United Kingdom (including Gibraltar, Guernsey and Jersey), Ireland

Central Europe: France, Germany, Switzerland, Austria, Principate of Monaco, Liechtenstein.

Nordics: Denmark, Iceland, Finland, Sweden, Norway.

Southern Europe: Spain, Italy, Portugal, Greece, Malta, Cyprus, Andorra, San Marino, Vatican City.

Benelux: The Netherlands, Belgium, Luxembourg.

Eastern Europe: Poland, Czech Republic, Slovakia, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia, Kosovo, Albania, Romania, Bulgaria, Hungary, Moldova, Ukraine, Belarus.

Baltics: Estonia, Lithuania, Latvia.

### **“MENA”**

Scaleups headquartered in 19 countries identified based on World Bank definition, excluding Malta (included in Continental Europe due to its participation in the Eurozone), Israel, and Turkey (analyzed separately for international comparability purposes).

Middle-East: United Arab Emirates, Kingdom of Saudi Arabia (KSA), Kuwait, Qatar, Bahrain, Sultanate of Oman, Yemen, Kingdom of Jordan, Iraq, Islamic Republic of Iran, Syria, Lebanon, West Bank and Gaza, Djibouti.

North Africa: Egypt, Morocco, Algeria, Tunisia, Libya.

### **“Unites States of America”**

Scaleups headquartered in all 50 US states (Overseas territories (e.g. Guam) are not included).

Data collected with the support of Crunchbase and analyzed and reclassified by Mind the Bridge.

### **“Israel”**

Scaleups headquartered in Israel.

Data collected with the support of Crunchbase and StartupNation and reclassified by Mind the Bridge.

### **“South Korea”**

Scaleups headquartered in South Korea.

Data collected with the support of Crunchbase, TheVC.kr, Startup Alliance Korea and reclassified by Mind the Bridge.

### **“Silicon Valley”**

The following 46 cities are home to various high-tech companies and have thereby become associated with “Silicon Valley”, although some are technically outside of Silicon Valley: Alameda, Albany, Atherton, Belmont, Berkeley, Brisbane, Burlingame, Campbell, Castro Valley, Cupertino, Daly City, Dublin, East Palo Alto, Emeryville, Foster City, Fremont, Hayward, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Millbrae, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Newark, Oakland, Palo Alto, Pleasanton, Portola Valley, Redwood City, Redwood Shores, San Bruno, San Carlos, San Francisco, San Jose, San Leandro, San Mateo, San Ramon, Santa Clara, Saratoga, South San Francisco, Stanford, Sunnyvale, Union City.