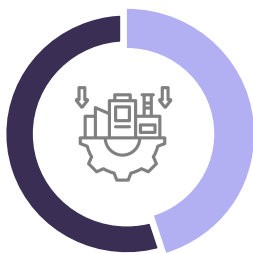




GUIDE

# CHOOSING THE RIGHT INVESTMENT PARTNER.

TANMEYA  
CAPITAL



**45%**  
of new  
businesses fail  
during the first year of  
operation *because of  
a lack of funding*

Raising capital to support and expand a business is an essential decision in any enterprise's lifecycle. Capital injection enhances the production of goods and services. It also bolsters the balance sheet, allowing a company to strengthen its competitive edge through research, development, and marketing.

Nevertheless, raising capital is always challenging. It can be costly and sometimes pose significant risks to a stable enterprise. In most cases, time, money, and expertise must be sacrificed to raise additional financing. Likewise, business productivity and functionality can be significantly affected without proper planning and failing to collaborate with the right investment partner.

Finding the right investors, venture capitalists, and asset management is crucial for any business looking to get everything right to support the long-term vision. The right investment partner will offer financing, advice, and opportunities for growth and success. Similarly, looking and settling on an investment partner who can create value beyond providing capital is essential.

Additionally, it is crucial to team up with an investment partner or asset management firm that has access to a vast pool of internal and external experts who can provide valuable tools, resources, and insights for creating and enhancing value.

Teaming up with an investment partner who understands the industry the business is in and has generated great success for other businesses is sure to bring long-lasting value. In addition, the business's financial security would be more than guaranteed as such partners offer the expertise and experience needed to grow the business beyond providing capital.

Studies have shown that as much as [45% of new businesses fail](#) during the first year of operation because of a lack of funding. Because money is a lifeline of any business, there should always be a plan for raising it using the proper channels. While there are various funding options that companies can tap into, the best-suited option will always depend on the nature and type of the business.

# CROWDFUNDING



Annual Growth Rate

**16%**  
from 2023 to 2030

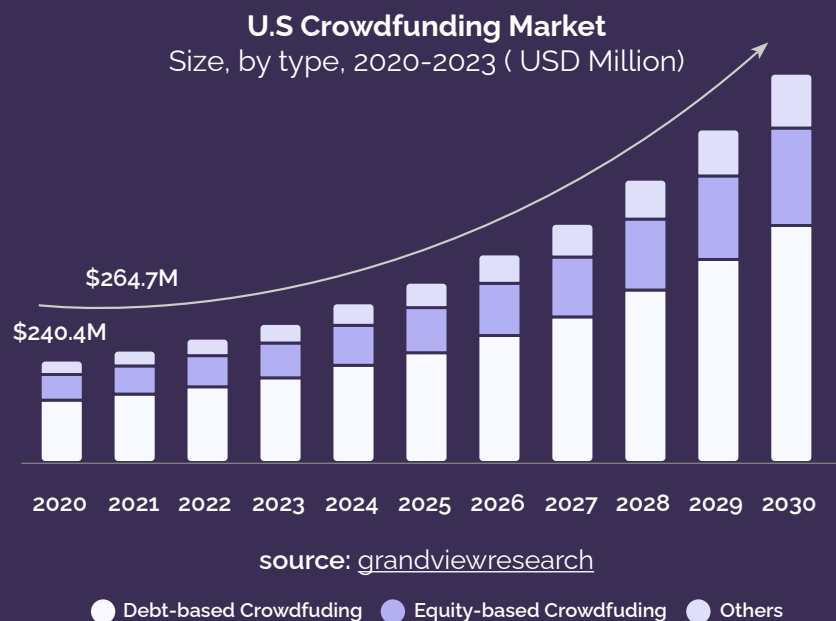
It is one of the most popular ways of raising much-needed capital for different types of businesses. The option involves taking loans, pre-order contributions, or investments from multiple people simultaneously.

With crowdfunding, a business has to provide a detailed business plan on a crowdfunding platform. It must also detail the business goals, plans for making a profit, and how much funding is needed should be mentioned.

The funding option stands out partly because it generates interest in the business while helping market the business

product alongside financing. Likewise, the crowdfunding market is projected to expand at a compound annual growth rate of 16% from 2023 to 2030, with companies able to raise from lows of \$8,000 to highs of up to \$460 million.

The robust growth in the crowdfunding sector stems from investment partners increasingly visiting crowdfunding sites to explore opportunities in emerging and fast-growing startups. Teaming up with the right investment partners makes it much easier to elicit strong interest in crowdfunding platforms when looking for additional capital.





# GET AN ANGEL INVESTOR

---

One of the best and most effective ways of raising capital to support a business is through angel investors. These are simply individuals with surplus cash looking to invest in exciting and highly prospective opportunities.

In most cases, angel investors work in groups, constantly scanning and screening proposals before investing. Angel investors will always be drawn into businesses with credible investment partners as they act as a source of security for whatever investment they make.

Google, Yahoo, and Alibaba are some of the biggest brands that have come from angel investment to grow into juggernauts. Most business investments by angel investors range [between \\$52,000 and \\$1 million](#). No definite number on how much they can inject into a business exists. However, this depends on the business's nature and scale, whereby angel investors would be willing to invest more for a share in the business, hence the equity purchase.

One of the most successful examples is Mike Maples, a founding partner at the venture capital firm Floodgate. His investment strategy, which focuses on less-capitalized companies with significant upside potential, has proven to be a winning formula. Over the years, Floodgate has invested over [\\$17 million in startups](#), a testament to the success of this approach.

Maple's track record of picking winners has created a flood of investment opportunities. Some of his notable investments include Twitter, Digg, and YuMe Networks. Most of his early investments were in companies that sell business software.

Gil Penchina is another renowned angel investor with investments totaling about \$15 million, and Esther Dyson has invested close to \$14 million through angel investing. Throughout his successful career, he has invested in more than 200 startups, including [LinkedIn and PayPal](#).



# VENTURE CAPITAL FOR A BUSINESS

It is where businesses go when they need extensive checks to sustain and support aggressive business plans. Venture Capitalists (VCs) invest in a business against equity and only exit when it goes public or gets bought.

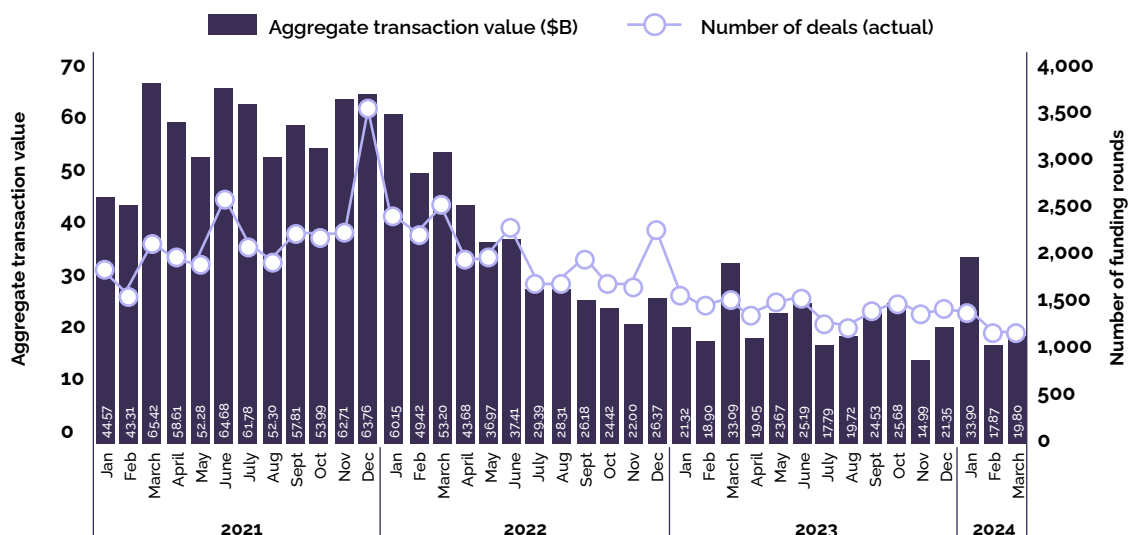
Seeking funding through venture capital is one of the most effective ways of raising capital, given that VCs are also known to offer much-needed expertise and mentorship. Venture capital may be an ideal funding option for businesses beyond the startup level and already generating revenues or earnings.

On the other hand, Venture Capital is ideal for a specific group of companies. For starters, it works best for small companies or businesses with tremendous upside potential for growth. A company must have significant potential for growth before a venture capitalist can consider it.

Likewise, VC also works best for businesses with a potential for an exit. VCs should be provided with a pathway to recoup their investments. Consequently, companies that are open to being acquired or going public through an initial public offering in the future are some of the most sought after by venture capitalists as investment partners.

However, businesses must do more to convince venture capitalists to partner. The total value of investments by venture capitalists has been on a downtrend in recent years owing to uncertainty about the global economy. For instance, the total value of funding rounds was down [40% last year to \\$260 billion](#).

**Global PE/VC investments through rounds of funding, 2021-2024 YTD\***  
Monthly aggregate values



Data compiled April 5, 2024.

\* Year-to-date through March 31, 2024.

PE/VC = private equity or venture capital.

Analysis includes global rounds of funding announced between Jan. 1, 2021, and March 31, 2024, where the buyer/investor is or includes a private equity or venture capital firm. Excludes terminated deals and debt funding rounds.

Source: S&P Global Market Intelligence

©2024 S&P Global.

Source: [spglobal](https://www.spglobal.com)



Nevertheless, the total capital to be raised through venture capital is projected to rise to record [highs of \\$468.4 billion](#) in 2024, with the US expected to account for more than half of the financing at \$264.5 billion. The partnership with investment partners leads to the business attracting investments from some of the most respected venture capitalists, deepening the connections.

Although venture capitalists are among the most desirable investment partners of any growing business or start-up, they cannot promise success.

There are some pitfalls that companies should always be wary of before teaming up with VCs:

- 01 Venture capitalists can affect the decision-making process when business goals and plans don't align
- 02 Trying to convince a VC to be an investment partner can be a time-consuming process. This pursuit can distract a business owner from the business's day-to-day operations.
- 03 Venture Capitalists often reduce founder ownership and control by acquiring some stake through their investments.
- 04 In some cases, funding may not be forthcoming as it depends on the performance.







# BUSINESS INCUBATORS & ACCELERATORS

---

Simply put, a business incubator is an organization that strives to help develop and grow new businesses. Such programs concentrate on businesses in the initial stages of development, which could involve implementing an idea.

Consequently, the programs provide resources and services to entrepreneurs as investment partners to overcome initial challenges and establish businesses. Some of the services that business incubator investment partners offer include mentoring, training, access to networks, and shared workspace.

On the other hand, accelerator programs are mainly for established companies or businesses that need some assistance to boost growth development. Unlike business incubators, accelerator programs are designed for established companies that are searching for rapid growth.

Business Incubators and accelerators continue to offer a lifeline to early-stage businesses looking to stay afloat. Available in some of the biggest cities or financial hubs, the programs help nurture and guide enterprises to be like a child while offering financial help and expertise.

Airbnb is a notable success story in incubator programs. Its journey started in 2008 as a small startup. Initially, founders Brian Chesky and Joe Gebbi struggled to attract investment partners. However, with the support of a San Francisco incubator program, they refined the business model to become a multibillion-dollar empire.

Founded in 2007, Dropbox, a cloud-based file storage and sharing service, also participated in the Y Combinator incubator program in 2007. The program ended up providing mentorship and networking opportunities as an investment partner.

# LOANS

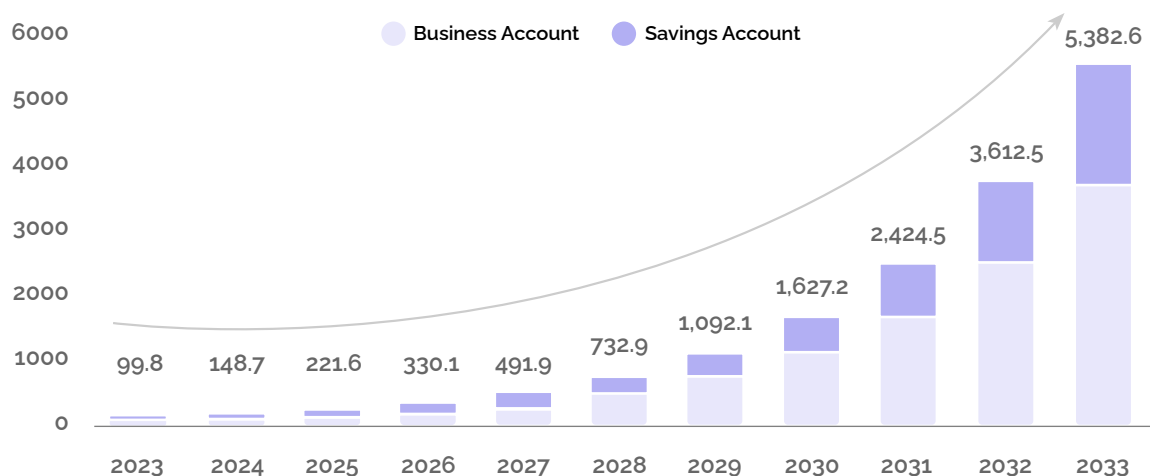
Loans are one of the many standard funding options available for businesses with little history. Offered by different financial institutions like banks, credit card companies, friends, and family, they act as essential credit lines. SBA Loans are some of the most popular loans backed by the Small Business Administration. SBA loans stand out as they offer to finance businesses while providing mentorship, workshops, and counseling.

Business credit cards are also an excellent option for early-stage businesses as some come with a 0% introductory APR as long as one can pay off the balance each month. Businesses can also take advantage of the

short-term loans that must be paid within three to 18 months, often available for companies looking for small amounts of money.

Thanks to the digital revolution, fintech companies are increasingly emerging as lifesavers in dispensing financial support to businesses. Neobanks, as they are commonly known, are increasingly offering financial support purely online while leveraging technology to provide a seamless banking experience. Similarly, the global neobanking market is growing at a 49% compound annual growth rate and is expected to be worth \$5.3 trillion by 2033.

**Global Neobanking Market**  
Size, by type, 2024-2033 ( USD Billion)



Source: [Market.us](https://www.market.us)

The Market will Grow  
At he CAGR of: **49%**

The Forecasted Market  
Size for 2033 in USD: **\$5382.6B**



SoFi is a great example of a Neobank dedicated to helping small businesses as an investment partner. Based in San Francisco, it operates an online personal finance company that provides financial products such as business and personal loans. It offers up [to \\$2 million](#) in financing for businesses looking to scale up.

While loans can be expensive for funding businesses, they offer some of the most extended repayment terms, which can favor a business. A good credit score also qualifies for a lower interest rate loan. Nevertheless, most loans require collateral, and one might be hit with a high-interest rate due to low credit scores.

For instance, interest rates for business loans in the US can vary from as low as 7% to highs of 99%. The interest rate charged depends on the lender, business finance, the industry in which the business is located, and credit history. Businesses with good credit histories can enjoy rates between 7% and 8%.

Collateral required to secure business loans can include physical assets such as a home, business real estate, and equipment. Nonphysical assets like accounts receivable or cash in the bank can also be attached.



# TYPES OF INVESTMENT PARTNERS

---



A business can target various investment partners depending on what it is looking for. Some partners specialize purely in providing capital. On the other hand, some provide capital, insights, and ideas that can help take a business to a new level. Likewise, investment partners have different investment strategies.

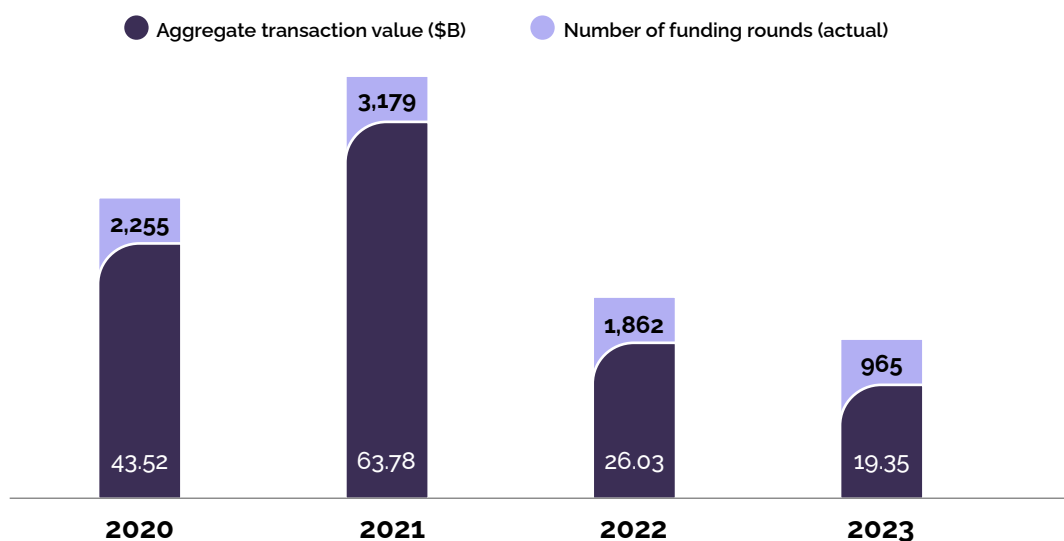
Investment partners also vary depending on the type of companies or businesses they invest in, the relationship they establish, and the amount of money they are willing to pump into a business.

## Late Stage Venture Capitalists

These investment partners look to invest in well-established companies to help them reach the next level. In this case, they provide the much-needed funding in exchange for equity that can be used to fund an aggressive sales and marketing push. In addition, they provide substantial financing that can be used to enhance an underlying product or the delivery of services.

Nevertheless, businesses eyeing partnerships with venture capitalists need to be more specific and aggressive. The value and volume of venture capital investments fell by about 25% in 2023, and the deal count [fell by 48% to 965](#).

## Global PE/VC investments through December funding rounds, 2020-2023



Data compiled Jan. 11, 2024.

PE/VC = private equity or venture capital.

Analysis includes global investments in rounds of funding announced between Dec. 1 and Dec. 31 of the respective years, where the buyer/investor is or includes a private equity or venture capital firm.

Analysis is limited to S&P Global Market Intelligence covered companies.

Excludes terminated deals and debt funding rounds.

Out of 8,261 funding rounds analyzed, 3,378 rounds had unavailable values.

Source: S&P Global Market Intelligence

©2024 S&P Global.

The decline shown in the chart above clearly shows that businesses or entrepreneurs eyeing investing from VCs have a lot of convincing to do to attract the right VCs and persuade them to invest in their businesses.

### Strategic Acquirers

These investment partners invest in a business with a long-term acquisition plan, depending on how much they pump. Strategic acquirers can explore the possibility of blending a business with another business as one of the ways of enhancing scales of operation. Therefore, they could be better investment partners for entrepreneurs who wish to avoid ceding substantial control of the entire business in the long run.

### Private Investment Partners

Private investment firms are partners who invest in a business's long-term success. Such investors can let their investments stay put for up to 20 years with a view to unlocking substantial returns. These kinds of investors are best for entrepreneurs who don't wish to cede any control but also want to gain advice and expertise from investors to drive growth. Private investment partners value the continuity of the leadership and the business.

### Traditional Private Equity Firms

These are firms that invest in businesses in the early stages of growth to generate substantial returns down the line. These kinds of investment partners can push to restructure the company they have invested in through management changes as one of the ways of unlocking any hidden value to drive short-term returns.



# INVESTMENT PARTNERSHIP AGREEMENT

---



While looking to partner with an investment partner, crafting an investment agreement that clarifies all parties involved is essential. The deal goes a long way toward building trust while establishing expectations and detailing each party's responsibility.

The investment partnership agreement can be a legal document detailing the partnership's terms and conditions. In this case, each party's rights, obligations, and responsibilities as part of the investment venture should be detailed.

In the long run, the agreement will ensure transparency of how the business operates on each partner sticking to their roles and responsibilities. Additionally, it will help prevent conflicts and provide a mechanism for addressing any issues.

## **Crafting an Investment Partnership Agreement**

Crafting an investment partnership agreement is vital for finding a successful partner. Such contracts are legally binding and help clarify expectations while protecting the interest of the investment partner and the business.

Crafting an investment partnership agreement begins with identifying the goals and objectives of each party involved in the agreement. This makes it much easier to determine what terms and obligations will apply to the investment partner and the business or entrepreneur soliciting funds.

The next step involves detailing specific details about the investment, focusing on how much money the investment partner will pump into the business. The agreement should detail the terms the investment partner invests in the company under.

It's also vital to include potential risks and challenges that might arise as part of the partnership to ensure everyone is on the same page if the unexpected happens. Such provisions should provide mechanisms for addressing some of the issues that arise down the line.

Finally, it is essential to detail exit strategies as part of the investment strategy. The strategy should clearly define how each party can terminate their partnerships. Consequently, it is necessary to consult a lawyer to formulate an agreement that meets all requirements and is legally binding. The investment partnership agreement should comply with all the relevant laws and regulations.

## Benefits of an Investment Partnership Agreement

Any business or entrepreneur looking to team up with an investment partner should consider the following benefits of drafting an investment partnership agreement.

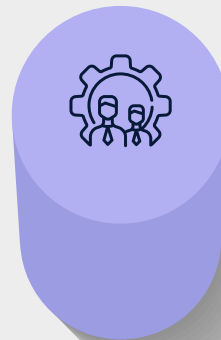
### 01.

The partnership agreement sets the expectations and goals of the collaboration.



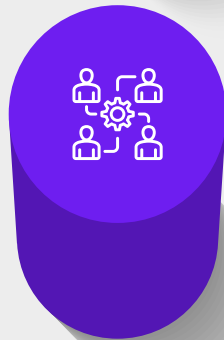
### 02.

The partnership details how decisions will be made within the partnership



### 03.

The partnership agreement defines the responsibilities and obligations of each party



### 04.

The investment partnership agreement defines how profits and losses are to be shared



### 05.

It can also help prevent disagreements between partners by addressing potential issues



# HOW TO FIND THE RIGHT INVESTMENT PARTNER

Finding the right investment partner can be challenging, even for the most accomplished entrepreneurs, in a field where options are plentiful. Therefore, it is essential to consider what an ideal investment partner would be like.

**Some of the critical factors to take into consideration while choosing the right investment partner include:**

## Financial Backing

It is one of the most significant factors when looking for an investment partner. The nature and size of the business will always determine the type of investment partner a business can target. Therefore, one should consider the amount of money they wish the investment partner to invest before searching for one.

### Look for investors who share your values



Source: [Fastercapital](#)

It is crucial to clearly understand what needs to be achieved financially as part of any investment partnership. Additionally, explore whether the business needs short-term or long-term financing.

In addition to the financial backing, knowing how much control one would be willing to cede in exchange for the financial support is critical. In most cases, it is a balancing act when choosing the amount of money to be invested in the business and the control one is willing to give up.



## Track Record

An investment partner with a strong track record in financing businesses would always be a perfect fit compared to one that is only starting. Investment partners' track records can be ascertained by looking at the businesses they have invested in and how they fared. By evaluating their deals and how they have interacted with other entrepreneurs, you might gain valuable insight into whether they are highly suited for your business.

If any red flag arises while carrying out the due diligence, it would be wise to back off from signing any deal. If something feels wrong, even from a personal standpoint, in addition to track record, it would be wise to explore other investment partners.

## Industry Experience

Do you wish to partner with an investment partner with in-depth knowledge of your industry of operation, or do you want to partner with one with experience in other sectors? These are some of the hard questions that one needs to ask themselves before venturing into the market in search of an investment partner.

An investment partner with expertise and experience in other industries would be well suited for a business looking to expand into different sectors or seek new opportunities. Likewise, a partner with expertise in a given industry would be ideal for a company looking to strengthen its competitive edge in the provided field.

## Investment Style

Active investment partners are known to deploy a hands-on approach to businesses they team up with. In this case, they insist on being involved in the business's day-to-day operations, which can be a nuisance for a company seeking to maintain its independence.

On the other hand, passive investment partners deploy a hands-off approach focusing primarily on providing much-needed financial backing and advice whenever called upon. Therefore, an entrepreneur should consider which investment partner would work best before engaging.

## Location

It must be apparent from the onset whether you want to work with an investment partner based in your city of operation or far away. For a business that needs mentorship and guidance, dealing with an investment partner close to the business is good. However, partnering with an investment partner located far away will suit companies with everything figured out and a solid management team.

## Personal Chemistry

It would make a significant difference to deal with an investment partner that one gets along with. An investment partner who shows genuine interest in the business, its operations, and its goals would be easy to work with and would take the business to a whole new level. This way, it becomes much easier to share the finer bits of the company and exchange ideas on the best way to improve it.

When analyzing the chemistry of a potential investment partner, below are some of the questions to ask:

- Is the investment partner likely to share and support the long-term visions of the business
- Does the investment partner culture align with your business ethos and culture
- Will you enjoy working collaboratively with the prospective investment partner



# CEDING CONTROL

---

When looking for an investment partner, the amount of control you are willing to give up as part of any partnership should be apparent from the onset. You must target passive investment partners to maintain 100% control the company and its direction. On the other hand, if you want additional resources and expertise in addition to capital injection, you might have to consider ceding some control to the investment partner. In this case, an investment partner could inject capital into the business and demand up to 30% equity stakes. The equity stakes oftentimes depend on the amount invested.

If a business is in the early stages of development, the possibility of giving up some control to partner with an investment partner is always high. However, once the company grows and proves itself, it becomes much easier to negotiate with investment partners for greater control.



## HOW TO STRATEGICALLY TARGET THE RIGHT INVESTMENT PARTNER

---

There are different investment partners, each with its focus and areas of expertise. While some invest in a wide range of industries, some focus on niche sectors, and others focus on specific types of businesses based on size. In this case, there are essential factors that one should always keep in mind when targeting the right investment partner.

# PRE-WORK FOR TARGETING INVESTMENT PARTNERS:

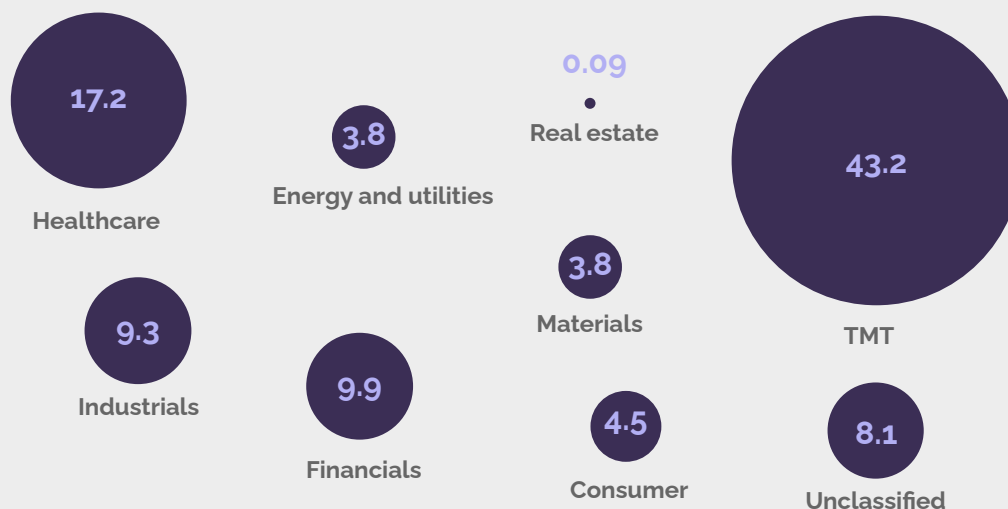
Even before you start creating an investment pitch to target a given investment partner, it's essential to do an in-depth analysis of two things:

## Sector Specialization

Only some investment partners with financing and connections would be willing to invest in any business. Some investment partners are specific in the sectors they are willing to put their hard-earned money into. Therefore, it is essential to focus on prospective partners who are conversant and open to investing in the sector in which your business operates.

Technology, media, and telecom are some of the sectors investment partners seek the most. Venture capitalists are likely to invest in businesses with exposure to these sectors [43.2% of the time](#), with healthcare coming a distant second at 17.2%.

**Global PE/VC investments through rounds of funding per sector in December 2023**  
As a percentage of total value of funding rounds



Data compiled Jan. 11, 2024.  
PE/VC = private equity or venture capital.  
Analysis includes global rounds of funding announced between Dec. 1, 2023, and Dec. 31, 2023, where the buyer/investor is or includes a private equity or venture capital firm.  
Analysis is limited to S&P Global Market Intelligence covered companies.  
Excludes terminated deals, deals with unavailable values, and debt funding rounds.  
Out of 965 funding rounds analyzed, 325 rounds have unavailable values.  
Source: S&P Global Market Intelligence  
©2024 S&P Global.

Source: [spglobal](https://spglobal.com)

It would be a waste of time and resources to prepare an investment pitch and target an investment partner focusing on healthcare businesses while yours is in the retail industry. Always be strategic and specific when targeting investment partners so that you can ink a deal with a partner who is passionate about the business and comes with relevant expertise and connections. A good start is to look for investment partners or asset management firms that have invested in businesses in your sector.



## Business Stage

The stage at which your business is in terms of development is also essential when scanning for partners to secure much-needed financing and mentorship. Asset management firms or partners mainly focus on well-established companies with final products and services and generating revenues. Likewise, some partners are fond of and prefer companies still in the initial stages of development but are showing tremendous potential owing to their unique products and services.

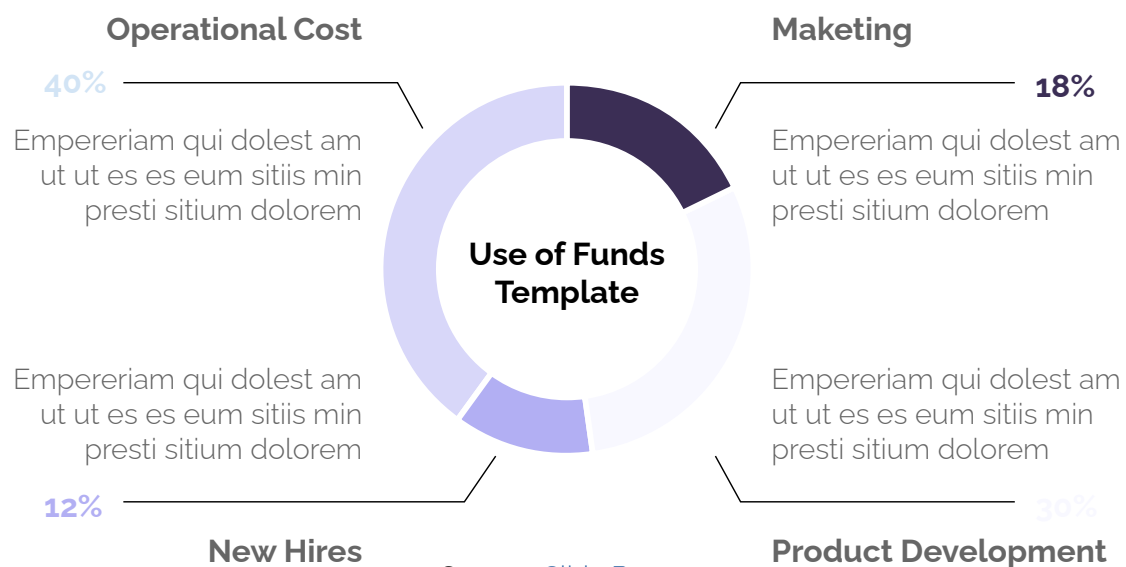
## Use the Right Story

Once you have ascertained the best investment partners interested in businesses in your sector and the company's stage, it's time to start preparing an investment deck. The investment pitch should address two crucial aspects to get your desired partner: who you are and why your business.

The pitch should address why the investment partner should collaborate with you and provide the much-needed funding. It should also articulate what the partners would be missing out on if they didn't invest in the business.

## The pitch slide should contain

**Use of Funds slide:** This slide should articulate in a few words the amount of money the business needs and how it will be spent. It tells potential investment partners how their money will directly impact the business.



**Financial Slide:** While anyone can create a financial statement, showing how the funds have contributed to the company's success story is essential. Therefore, contextualizing the financials is crucial for prospective partners to understand how valuable their funds would be in taking the business to another level.

## Financials

We delivered outstanding financial results in 2022, reflecting strong demand for our differentiated services and our focus on innovation.



Source: [Venngage](#)

**Please talk about the Team:** Investment partners would also wish to know more about the team behind the business and the expertise and experience they bring to the table. Articulating the people who help run the company could convince investment partners that they would be dealing with a team that knows what they are doing.



# IMPORTANCE OF A GOOD INVESTMENT PARTNER

---

Teaming up with the right investment partner is crucial to the success of any business looking to achieve a long-lasting legacy. It is essential to select the right partner, as they provide access to capital, the right amount at the right time, and reasonable rates. This makes it much easier for a business to meet its obligations and achieve its objectives.

The right investment partners go beyond providing capital by helping create value by providing valuable expertise and advice that enhance decision-making. Their years of experience investing in various businesses offer industry-specific knowledge and market insights that can help take a company to a whole new level. Additionally, investment

partners are known to provide valuable insights and advice for navigating complex financial situations needed to grow a business.

Dealing with a credible and reputable investment partner can go a long way in impacting the business reputation as well. Therefore, dealing with an investment partner with a solid track record is essential to ensure the business has a positive image in the highly competitive landscape.

Additionally, partnering with an investment partner that shares the same goals and values will come in handy in accelerating the rate at which the business achieves its goals.



## Regulation Landscape

The regulatory environment is an important determinant in Saudi Arabia because of the country's unique legal and business frameworks. Although SAGIA, now part of the Ministry of Investment, specifies guidelines and incentives designed to entice foreign investors, it also imposes certain restrictions that are not found in other regions.

For instance, in sectors where foreign investment is strictly controlled or even prohibited, businesses would need local partners to bypass restrictions more easily.

## Cultural Alignment

Cultural alignment in Saudi Arabia is of paramount importance. Investment partners should not just carry a business vision but must respect and understand the local business culture, where business is very personal in relationships and regards face-to-face meetings as very important. Trust building is a gradual process that involves long-term partners who are well-versed in the norms and expectations of Saudi business etiquette.

## Legal and Financial Due Diligence

This further includes the legal regime in the country that holds some of the stringent requirements that may alienate foreign investors. There is a need, therefore, for due diligence not only on the potential partner but also on the legal implications of agreements on investments. To this end, an intimate knowledge of the subtleties of Saudi corporate laws, tax regulations, and repatriation of dividends is very necessary to observe the legal framework to protect the investment and enhance the country's business framework.

## Watch Out Regulatory Changes:

The Saudi government is often known for changing policies at will to boost economic growth and attract foreign investment, resulting in drastic changes in business landscapes. It is important to monitor these changes constantly to adjust strategies accordingly.

**Cultural Missteps:** Avoiding critical cultural practices and the general local business environment would have caused misunderstandings that could have led to potential conflict.

**Local Presence:** Significant local presence or even majority local ownership may be required in some sectors. Therefore, this is one of the guiding influences in choosing the right partner and structuring the investment. By merging these two, the essay will provide valuable localized insights that cater to businesses and investors considering partnership opportunities in Saudi Arabia, rendering them relevant and practically useful in that market.

As Saudi Arabia progresses with the implementation of Crown Prince Mohammed Bin Salman's Vision 2030, it confronts significant external challenges that are shaping its investment climate. These challenges, coupled with regional turmoil risks, underscore the importance of stability and predictability for foreign investments. However, Saudi Arabia's commitment to transforming its economy, reducing oil dependence, and striving for a diversified, sustainable economy presents a promising investment landscape.

## Alignment With Vision 2030

An investment partner in Saudi Arabia should be considered concerning their strategic goals toward implementing [Vision 2030](#), a vision ensuring a diversified economy that will reduce the dependency of Saudi Arabia on oil and develop public service sectors covering health, education, infrastructure, recreation, and tourism. Informed—not to say enthusiastic—partners in these priorities can lend critical support to projects attuned to this national agenda.

## Overall Economic Outlook and Investment Needs

The economy of Saudi Arabia stands as a testament to resilience, with a projected GDP growth of [around 3% in 2024](#), up from the 0.9% as a result of the past oil production cuts. This resilience is further underscored by the country's plan to increase spending by 12% to \$355 billion, as it pursues its goal to fund a number of megaprojects and development initiatives under the Vision 2030 plan. This robust economic outlook provides a secure foundation for the kingdom's efforts to ramp up its non-oil revenue and stimulate economic diversification in various sectors.

## Key Strategic Investment Partnerships

Saudi Arabia is not only open but also eager to attract strong foreign direct investment (FDI) into the country, aiming for a volume of [\\$100 billion every year by 2030](#). To this end, the kingdom has implemented robust pro-business reforms, opening the market with 100% foreign ownership, introducing a new bankruptcy law, and simplifying digital licensing procedures. These measures are a testament to the kingdom's commitment to creating a welcoming and favorable investment climate, complemented by attractive fiscal incentives such as zero personal income tax and a low corporate tax rate.

## Public Investment Fund (PIF) Mandate

At the heart of financing Saudi Arabia's transformation is the \$700 billion Public Investment Fund, or PIF, one of the world's largest sovereign wealth funds. In 2023, PIF committed \$31.5 billion to Vision 2030 projects, primarily focused on funding domestic megaprojects like Neom and the Red Sea Project. This underscores the pivotal role that the fund plays, not just in funding, but also in attracting private-sector investments through profitable joint ventures, instilling confidence in the country's investment capabilities.

## Challenges and Considerations

While Saudi Arabia offers a wide range of investment opportunities, it's important to acknowledge the challenges that potential partnerships may face. These challenges could include regional geopolitical risks, the need for transparency in business practices, and the impact of domestic policies such as the use of Saudi nationals via Saudization.

This underscores the importance of conducting thorough due diligence and strategically selecting an investment partner in Saudi Arabia. Investors should seek partners who share the business's goals and understand the nuances of the Saudi market and regulatory environment. Establishing relationships with local entities, particularly those with a strong track record and governmental ties, can help navigate the complexities of this investment landscape.

# BOTTOM LINE

Often, the right investment partners are the missing link most businesses need to hit new milestones and growth. They not only come in handy in providing the much-needed financing for expansion or product development but are essential when seeking to achieve long-term success. An ideal investment partner will always provide access to expertise, reputation, strategic alignment, and access to capital crucial to helping a business achieve its goals and growth.