



شركة وادي الرياض  
Riyadh Valley Co

# Startup accelerators and incubators

## Sowing the seeds of innovation



March 2021

# Incubators, Accelerators and Coworking Spaces



## Definition

A **business incubator** is a company that helps new and startup companies to develop by providing services such as management training or office space.

**Accelerators** are fixed-term, cohort-based programs, that include mentorship and educational components and culminate in a public pitch event or a demo day.

**Coworking** is an arrangement in which workers of different companies share an office space and use common infrastructure like equipment, utilities, and other services.

## Brief History

Business incubation began in the US in 1959 when Joseph L. Mancuso opened the Batavia Industrial Center in a warehouse in New York. The first seed accelerator was Y Combinator, started in Cambridge, Massachusetts, in 2005, and then later moved to Silicon Valley by Paul Graham. Coworking began in the early 2000s in space limited regions in Asia like China, Hong Kong etc and then to western cities by the early 2010s.

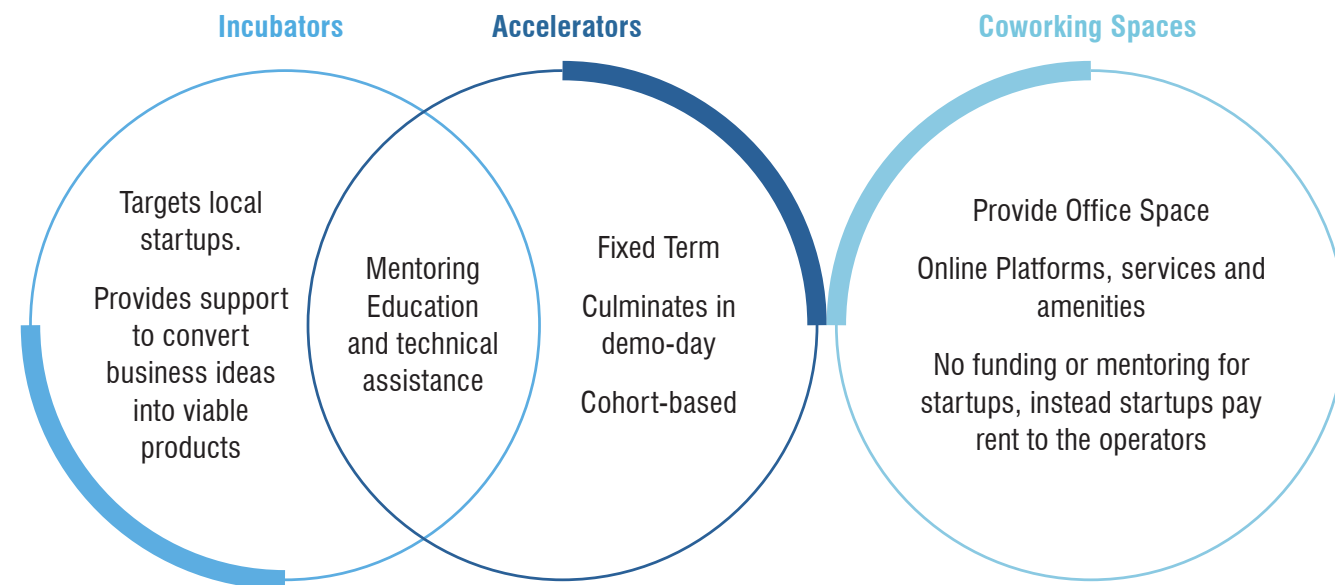
Incubators and Accelerators both provide funding, guidance and mentorship to start-ups; however, they follow different approaches to bring their companies to market. Coworking space operators however are different from Incubator and Accelerators in that they do not provide funding to startups and instead provide office spaces and other amenities in return for rent payments by the startups. Though some incubators and accelerators provide office space, it is generally not a compulsory requirement.

## Incubators compared with Accelerators and Coworking Spaces

Parameter	Incubators	Accelerators	Coworking Spaces
<b>Premise</b>	Provide support to start-ups to help bring their business ideas into fruition. Such startups do not require a minimum viable product (MVP)	Accelerators provide networking, mentorship, and resource allocation support to help startups 'scale-up' the success of already proven business ideas. The chosen companies already have a minimum viable product (MVP)	The Coworking space operator rents out office space and other facilities in return for periodic rent payments. The facilities are shared with other startups to reduce costs and for networking with like-minded entrepreneurs
<b>Goal</b>	Generate a return on Seed-stage investments	Generate a return on Seed-stage investments	Generate returns from the rent payments by startups
<b>Duration of Support</b>	No time limit to the duration of the services provided. Startups can be incubated for as long as necessary	Accelerators are bound by time. They provide training for a limited period of time (3–6 months typically) and a decision on further support is taken based on the progress of the individual projects	The startups can utilize the office space depending on the terms of their lease with the coworking provider

Source: Marmore Research

## Incubators vs Accelerators vs Coworking Spaces



Source: Lansdowne & Company, Crunchbase

## Different types of accelerators

Parameter	Innovation accelerator	Corporate accelerator	University accelerator
<b>Premise</b>	Stand-alone, for-profit ventures	Engage in the provision of seed capital, various combinations of mentoring, technical assistance and networking	Educational non-profits that accelerate the development of student entrepreneurs and innovation at universities
<b>Type of investment</b>	Seed-stage investments in companies with rapid, high-growth potential in exchange for equity	Support start-up teams to advance certain goals of the corporate parent	University accelerators do not take equity stakes in student-founded companies
<b>Goal</b>	Generate a return on the investment	Grow and manage portfolios of complementary startups to accelerate innovation and gain a competitive advantage	Facilitate & foster exchange of ideas between university innovators and industries via various mentors associated with the center
<b>Examples</b>	Y Combinator, TechStars	Siemens Technology Accelerator, Nike+ Accelerator, Microsoft Accelerator	Boston University, MIT and UCLA Accelerators

Source: Lansdowne & Company

## Different types of Incubators

Parameter	Virtual business incubator	Government Incubator	Medical Incubator
<b>Premise</b>	Allows companies to receive advice and training without physically being present at the incubator premises	Government funds promising ideas to advance its strategic goals	Focused on startups producing medical devices and biomaterials. Usually funded by corporates in the medical field
<b>Examples</b>	One Million by One Million initiative, Auburn University virtual incubator	Badir program for Incubators in KSA	Incubator programs of Medtronic Inc. and Johnson & Johnson

Source: Crunchbase, Business Management Ideas

### Leading Accelerators in the world based on different criteria

Accelerator	Number of Startups funded	Number of exits	Amount of Seed Funding provided	Major Startup investments
<b>Y Combinator</b>	3,316	322	USD 700 million	airbnb DOORDASH Dropbox coinbase
<b>techstars</b>	3,127	266	USD 604 million	Bench. DigitalOcean Zagster
<b>500 startups</b>	2,526	254	USD 600 million	credit karma Grab Udemy
<b>PLUG AND PLAY</b>	1,134	95	USD 300 million	GUARDANT MANTLE KIT Life360
<b>ONE VALLEY</b>	150+	-	USD 600 million	sigfox janrain GaN Systems BID OPS twic

Source: Crunchbase, Marmore Research, Lansdowne & Company

### Services provided by Start-up accelerators



#### Funding

Usually, a seed investment between USD 20,000 to USD 50,000 is made in exchange for equity.



#### Mentorship and Training

The startups must “graduate” by a given deadline, typically after 3 months. During this time, they receive intensive mentoring and training, and they are expected to iterate rapidly.

Virtually all accelerators end their programs with a “Demo Day”, where the startups present to investors.



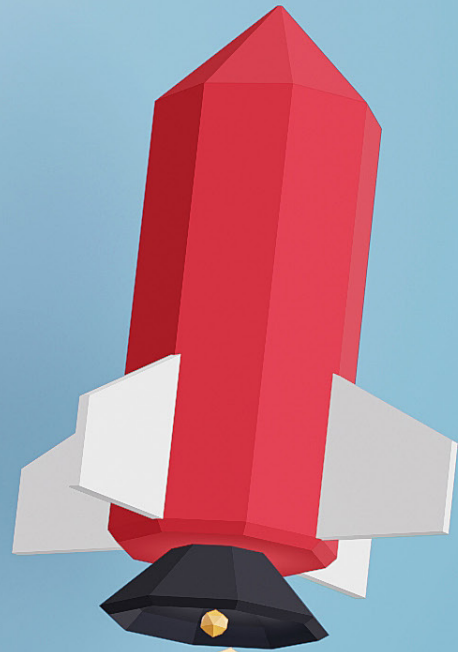
#### Co-working space

Some accelerators provide office spaces, as it helps bring entrepreneurs together where ideas can be shared.



#### Industry connections and access to VC funding

Accelerators provide connections to sources of funding like VCs to entrepreneurs who can secure further funding if they can successfully demonstrate the viability of their product during demo days.



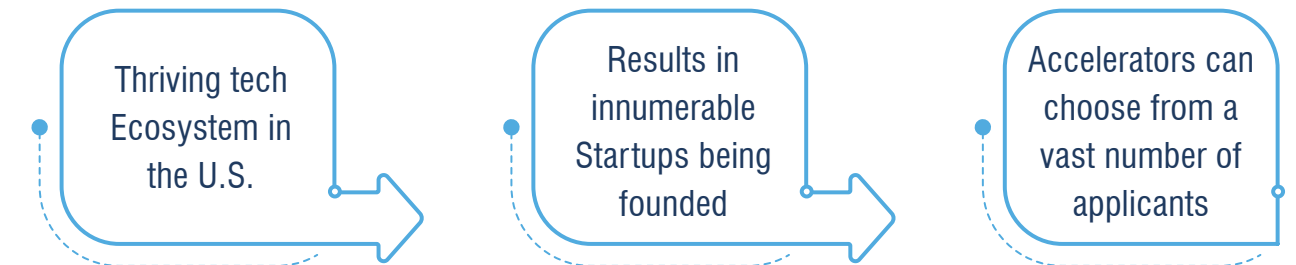
## Start-up accelerators and incubators industry in USA

The United States of America has emerged as the leader in the Start-up accelerators and incubators industry. In 2005, 'Y Combinator' was the first accelerator to be established in the world. Other leading players like TechStars and 500 Startups are also from the U.S.

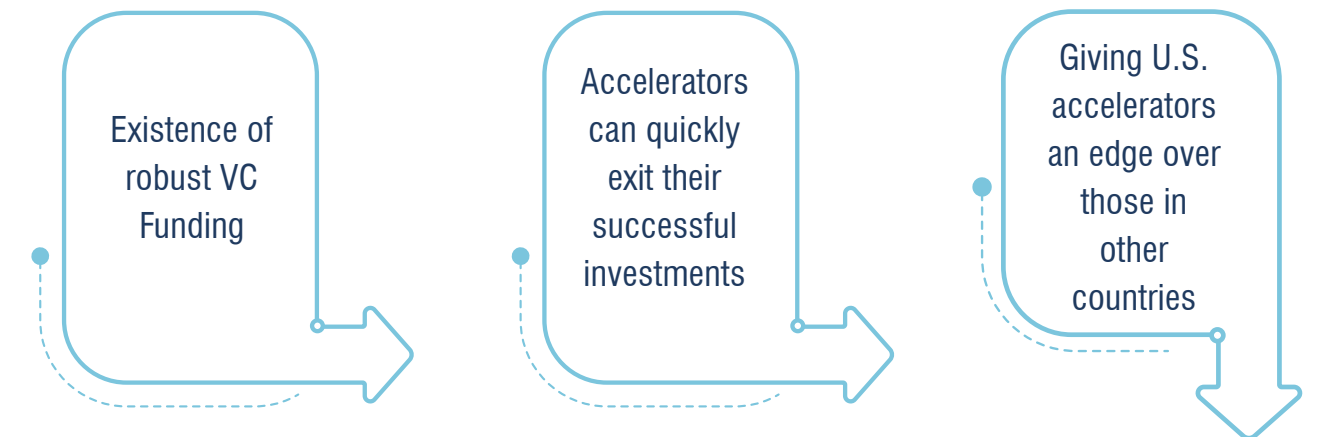
### Reasons for US dominance in the industry

The following points explain the advantage the U.S. has in the industry

### 1. An existing technology ecosystem in Silicon Valley on the West Coast and Boston/New York in the east coast



### 2. Access to next stage funding from Venture Capitalists enables quicker exits for U.S. Accelerators



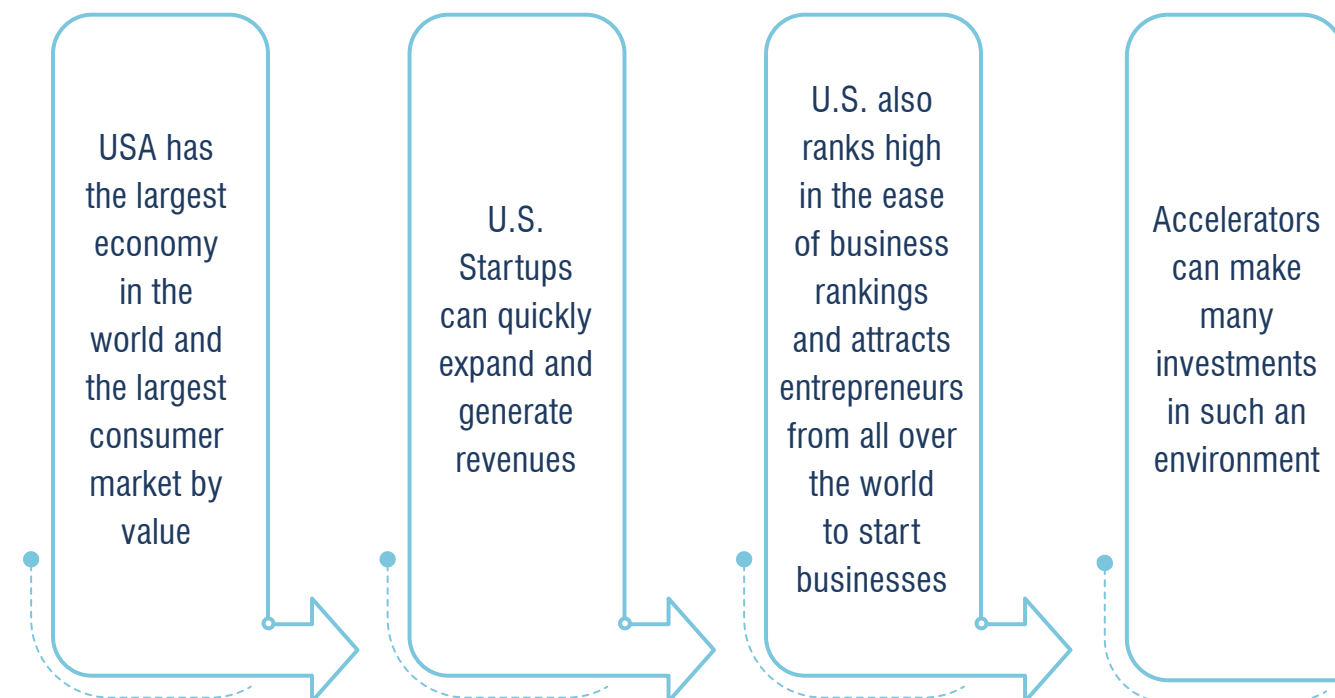
**Example:** Y Combinator partially exited AirBnB in 2010 after Sequoia Capital made a Series-A investment. This was just one year after a USD 20,000 investment by Y Combinator in AirBnB.



### 3. USA's universities and research labs provide startups with access to new technology and a skilled workforce



### 4. USA is the largest economy in the world with a huge market



## Startup accelerators and incubators in the KSA

The Vision 2030 initiative has resulted in many reforms in the KSA to encourage the setting up of startups in the Kingdom. In the National Entrepreneurship Context Index (NECI), Saudi Arabia has seen a big jump from the 41st position in 2018 to the 7th position in 2020.



### Business Incubator Regulations introduced in 2018 by Monshaat

- In 2018, the General Authority for small and medium enterprises “Monshaat” set up regulations for business incubators, business accelerators, co-working spaces, etc.
- As a part of the regulations, an incubator/accelerator applying for a license has to provide a business plan, feasibility study, the targeted sectors etc. The regulations also mention the basic services that need to be provided for the beneficiaries (startups) like office spaces, meeting rooms, internet services, printers, copiers and stationery items.
- There regulations also lists the obligations of the incubator and the beneficiaries to protect each other’s interests.

## University Accelerators and incubators:

### Khota – Business incubator of King Saud University



- **About:** Khota is located in Riyadh and it is part of the Entrepreneurship Institute at King Saud University.
- **Services:** Khota incubator and accelerator aims on promoting a knowledge based economy through providing services and consultations for entrepreneurs. This includes open space, consultations, internet connections, access to our partner investors, and assist with exposure to the market.

### KAU Accelerator



- **About:** University accelerator established in King Abdulaziz University in Jeddah focussing on the Information and Communication Technology (ICT) sector.
- **Services:** The accelerator provides a set of programs and workshops for a period of 4 months, interspersed with financial, accounting, legal and technical courses, which help entrepreneurs to operate and accelerate the growth of their projects and start-ups and increase their chances of success. 13 projects are currently being incubated and 20 have graduated.

### King Fahd University of Petroleum and Minerals (KFUPM) Accelerator



- **About:** KFUPM Entrepreneurship Institute offers the 'Entrepreneurial Emerging Leaders (EEL) Accelerator Program' for all KFUPM students, faculty and entrepreneurs.
- **Services:** Participants receive EEL Classes for 6 weeks with extensive mentoring from business experts. They have access to the EI incubator workspace and labs. They also get assistance to develop the Minimum Viable Product (MVP) and to prepare for demo day.

### Sahabat Alimam - IMISIU



- **About:** The Sahabat Alimam is a business incubator at the Imam Muhammad ibn Saud Islamic University.
- **Services:** A one year program that supports entrepreneurial projects of students, graduates and alumni of the university.

### Taqadam - KAUST



- **About:** Taqadam is a Saudi Arabian startup accelerator established as a partnership between King Abdullah University of Science and Technology and SABB.
- **Services:** Over the course of 6-months, it helps aspiring entrepreneurs bring their ideas to market through mentorship and training in topics such as ideation, product design, marketing and fundraising. Accepted teams receive grant-funding and access to co-working space across the Kingdom. At the completion of the program, selected graduates are eligible for zero-equity follow on funding.

### Venture Lab - Prince Muhammad bin Salman College of Management and Entrepreneurship



- **About:** The Venture Lab is the incubator of PMBSCME.
- **Services:** Incubation period is of 6 months and the incubator supports early stage fintech and ed-tech companies. It serves entrepreneurs from inside and outside Saudi Arabia through the provided incubation program and the available services.

## Seed/Innovation Accelerators and incubators:

## BIAC



- **About:** BADIR is a Technology Incubator Program launched by King Abdul Aziz City for Science and Technology (KACST) in 2007. Badir is a national program aimed at accelerating the growth of emerging technology based businesses in Saudi Arabia. Badir has centres in Riyadh, Dammam and Jeddah. Badir is now being managed by Business Incubators and Accelerators Company (BIAC). BIAC was established in 2016 as a government subsidiary of Saudi Technical Development and Investment Company (Takaful).
- **Services:** BIAC establishes, operates and manages incubators and business accelerators and helps develop business support platforms. BIAC also provides project management services, specialized consultations and training services to enhance human resource capabilities. It has invested USD 100,000 in various startups as on date according to data from Magnitt.

## Misk Growth Accelerator



- **About:** One of the Misk's initiative "The Misk Growth Accelerator" is a three-month, post-acceleration program for MENA startups with product market fit that are seeking a scalable growth model located in Riyadh.
- **Services:** With a three on-site bootcamps and a demo-day in Riyadh, the hybrid (virtual/on-site) program permits startups to stay close to their customers all the time, while benefiting from constant coaching from in-house growth and external growth experts. Companies get a USD 100,000 total investment from two renowned investors: Seedstars and Vision Ventures, and a chance to get follow-on of up to \$1 million.

## 500 Startups' Saudi Branch



- **About:** 500 Startups has partnered with Sanabil Investments, a financial investment company focused on global private investments in venture capital, growth and small buyout, to launch the Sanabil 500 MENA Seed Accelerator Program in Riyadh.
- **Services:** Applications for the first batch of the Sanabil 500 MENA Seed Accelerator kicked off on February 22, 2021. 500 will select startups from Saudi Arabia and the wider MENA region, and its global network of expert mentors will deliver the program to help them scale and build regional and global connections.

## Flat6Labs Jeddah



- **About:** The first startup accelerator established in Saudi Arabia in 2013 and backed by corporate sponsors like Arabian Cement Co. and IKEA Saudi Arabia.
- **Services:** The aim of the Flat6Labs Jeddah accelerator is to provide a three-month program whereby the entrepreneurs will hone their soft skills and business models to get their startups running/operational and attractive to potential investors.

## Fintech Accelerator - Fintech Saudi



- **About:** Fintech Accelerator program is a brand new and unique innovation and entrepreneurship program launched by Fintech Saudi and powered by Flat6Labs.
- **Services:** This program is set to help fintech startups grow and designed to transfer best practices, tools, and resources available for fintech companies to develop and scale their solution-driven businesses.



### Biotech KAIMMRC



- **About:** Biotech is the business incubator in King Abdullah International Medical Research Center (KAIMMRC). Also referred to as “**Medical Biotechnology Park**”, it focusses on startups in the biotechnology and nano-technology sector.
- **Services:** • The incubator provides facility space, flexible leases, shared use of common office equipment, direct business assistance and guidance, mentoring, networking to capital, and other technical resources. It also provides a number of R&D and innovation services as well as a variety of research support consultancy and capacity building services. Startup clients could either seek already existing services or request customized services to fit their exact needs

### Corporate Accelerators and incubators

#### InspireU



- **About:** InspireU is a corporate digital incubator-accelerator started by Saudi Telecom Company (STC) to incubate and support ICT/Digital innovation startups.
- **Services:** It's a 4-6 months program and provides seed grant of up to SAR 100,000. It provides mentorship, logistics support, office space and the use of STC infrastructure. As of May 2020, it has supported 38 digital startups and does not take equity from the startups.

### Coworking Spaces

#### Astrolabs - KSA



- **About:** Located in Riyadh, it provides various services like the following though primarily it is a co-working space provider:
- **Services:** Holding specialized training courses in various fields like accounting and law in partnership with local institutions. Assistance in recruitment and obtain financing through our partnerships with local investors and related parties.

#### Jovia



- **About:** It is the first co-working space in the Eastern Province at Al Khobar city.
- **Services:** Jovia is targeted at freelancers, entrepreneurs and independent website owners who aspire to form a business entity.

#### SheWorks



- **About:** SheWorks is a co-working space exclusively for women in the city of Riyadh.
- **Services:** It provides an integrated work environment for entrepreneurs and self-employed women. Provide solutions necessary to develop businesses led by women leaders.

### Windows



- **About:** It is a co-working space in Khamis Mushait city in the Asir region of KSA.
- **Services:** It provides office spaces and administrative services.

### Scale



- **About:** Located in Riyadh.
- **Services:** Provides an integrated work environment that allows members to benefit from shared facilities, or private places when needed. Other available services are technology solutions and digital services, administrative services, consulting and counselling.

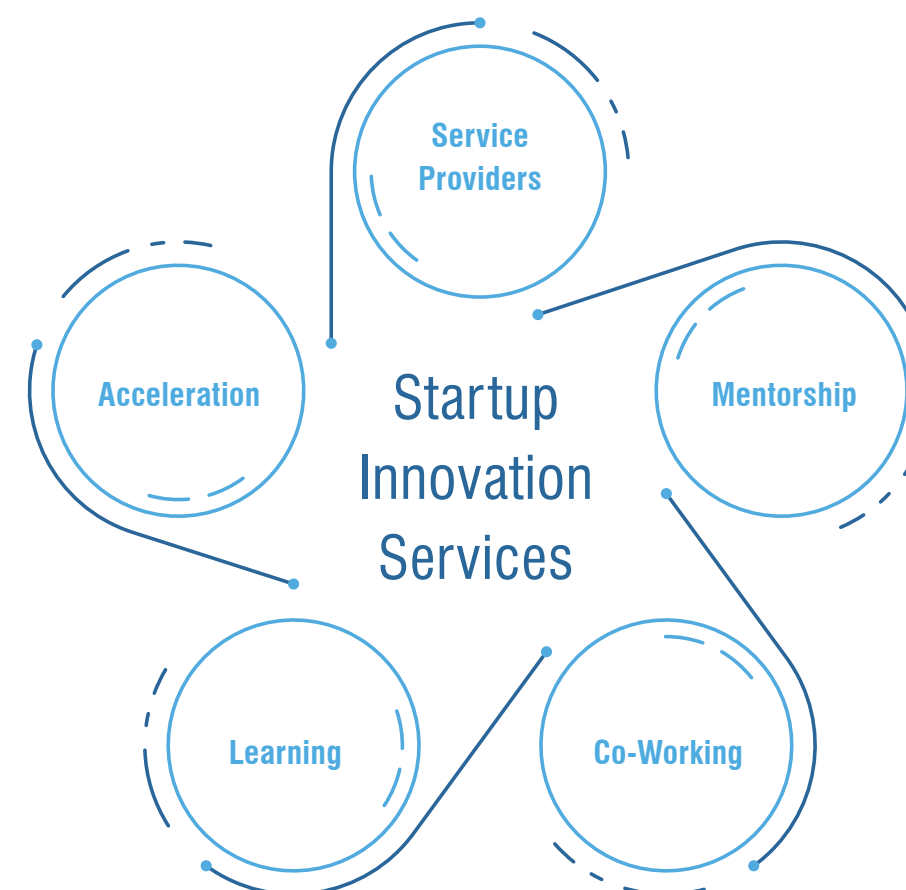
## Spotlight: OneValley

OneValley Inc. (formerly GSVlabs) is an investment by Riyadh Valley Company which has evolved its business model from a startup support center to an internationally recognized accelerator and global innovation brand.

### Incubation and acceleration

Supporting entrepreneurs through services provided in **OneValley** innovation centers and online, e.g. acceleration, co-working, mentorship, etc.

### Various services provided by OneValley



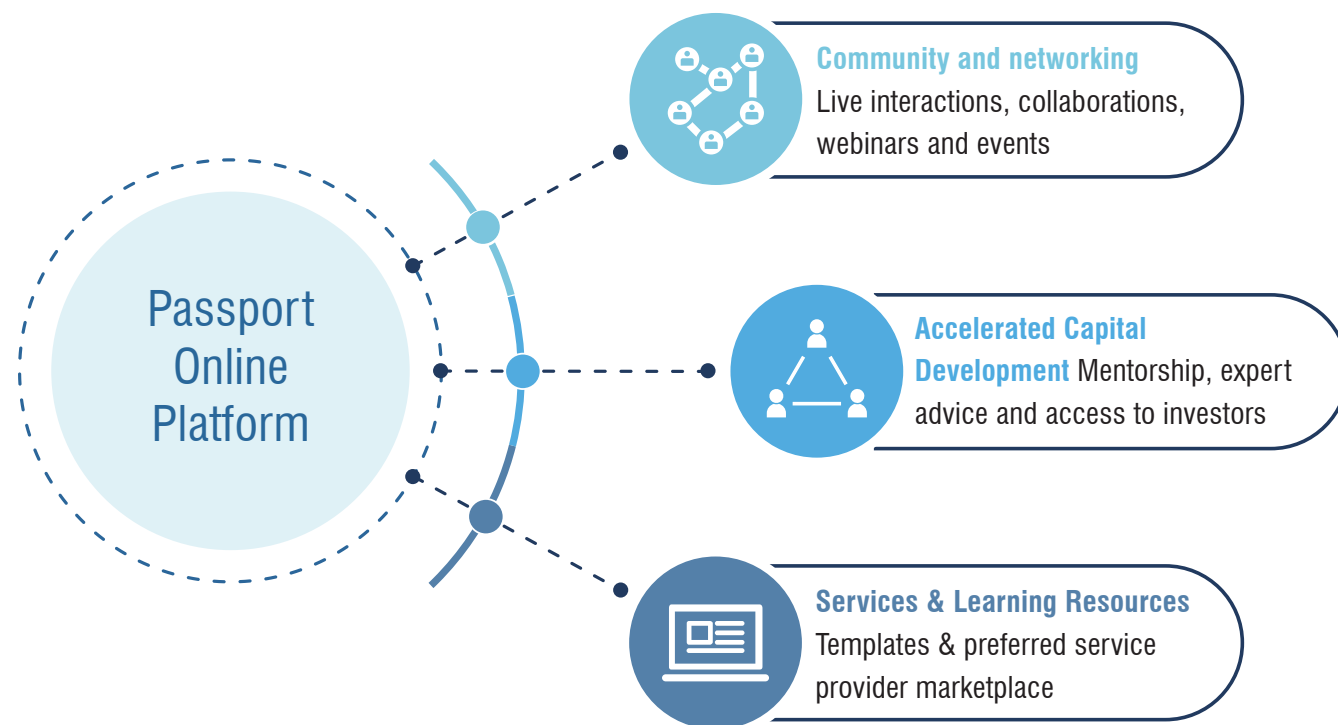
Source: OneValley, Lansdowne & Company

**OneValley** offers all services of accelerators / incubators, including an online platform (Passport) & coworking space. The below table compares the services provided as compared to other prominent names.

### 'Passport' platform

OneValley Passport is an "Innovation-as-a-Service" digital platform that provides on-demand, actionable tools for entrepreneurs, innovators and their supporters. It addresses the 3 key needs that are central to any innovation ecosystem. It is designed to not only to support entrepreneurs, but also the community supporting the entrepreneur, such as mentors, employees, investors and advisors & technology service providers.

#### Services provided by OneValley's 'Passport' platform



Source: Landsdowne and Company

#### Provides access to VC Capital

OneValley provides founders the tools & know-how to raise capital from investors. Startups have access to major investors like Sequioa, Andreessen Horowitz and Greylock partners through OneValley. One Valley has helped startups raise over USD 600 million since 2016.

#### Major Corporate Customers

AWS EdStart, an accelerator with 300+ EdTech startups is a user of the Passport platform 'Powered By' deployment to grow and engage their startup community.

### Blue Chip Clients:

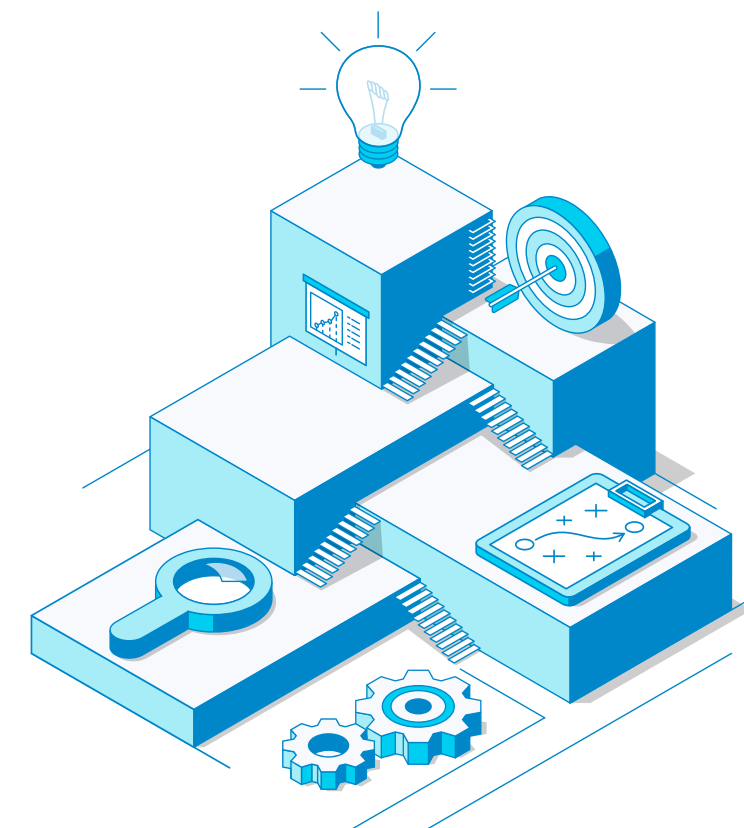


### Major Startups backed by OneValley



### Activities in Saudi Arabia

OneValley has developed a tailored strategy to support the growth of KSA's entrepreneurship and innovation ecosystem through strong local partnerships.



- In 2019, OneValley partnered with Riyadh Valley Company to launch the RVC Venture Capital Summit. The Summit includes a startup challenge for Saudi entrepreneurs.
- In 2019, Riyadh Valley Company launches KSU Passport the Virtual Entrepreneurship Platform in collaboration with OneValley to provide entrepreneurship support services to faculty and students of KSU.
- OneValley chosen by MiSK Global Forum as technology partner to build an online Entrepreneurship World Cup community of global startup founders

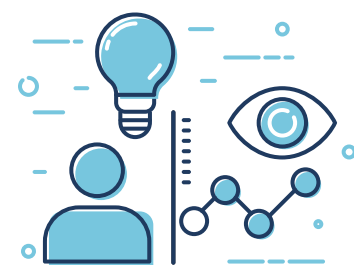




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### Riyadh Valley Company

Riyadh Valley Company established in 2010 by Royal Decree No.116 dated 13/4/1431 AH to be the investment arm of King Saud University in the fields of Knowledge Economy and the university strategic projects.



#### Vision

To be the regional leader in knowledge-based investment and technology.



#### Mission

Riyadh Valley Company is a strategic investor, focused on leveraging the local capabilities, investing locally and globally in growth - stage businesses to create financial and strategic returns that will support the future of economic development in the Kingdom.

### Investment Sectors:



#### Knowledge Investments



Healthcare investment



Renewable energy & sustainable resources



Information & Communication technology



#### Real Estate Investments



Innovation and R&D Projects



Educational Projects



Healthcare Projects



Commercial Projects

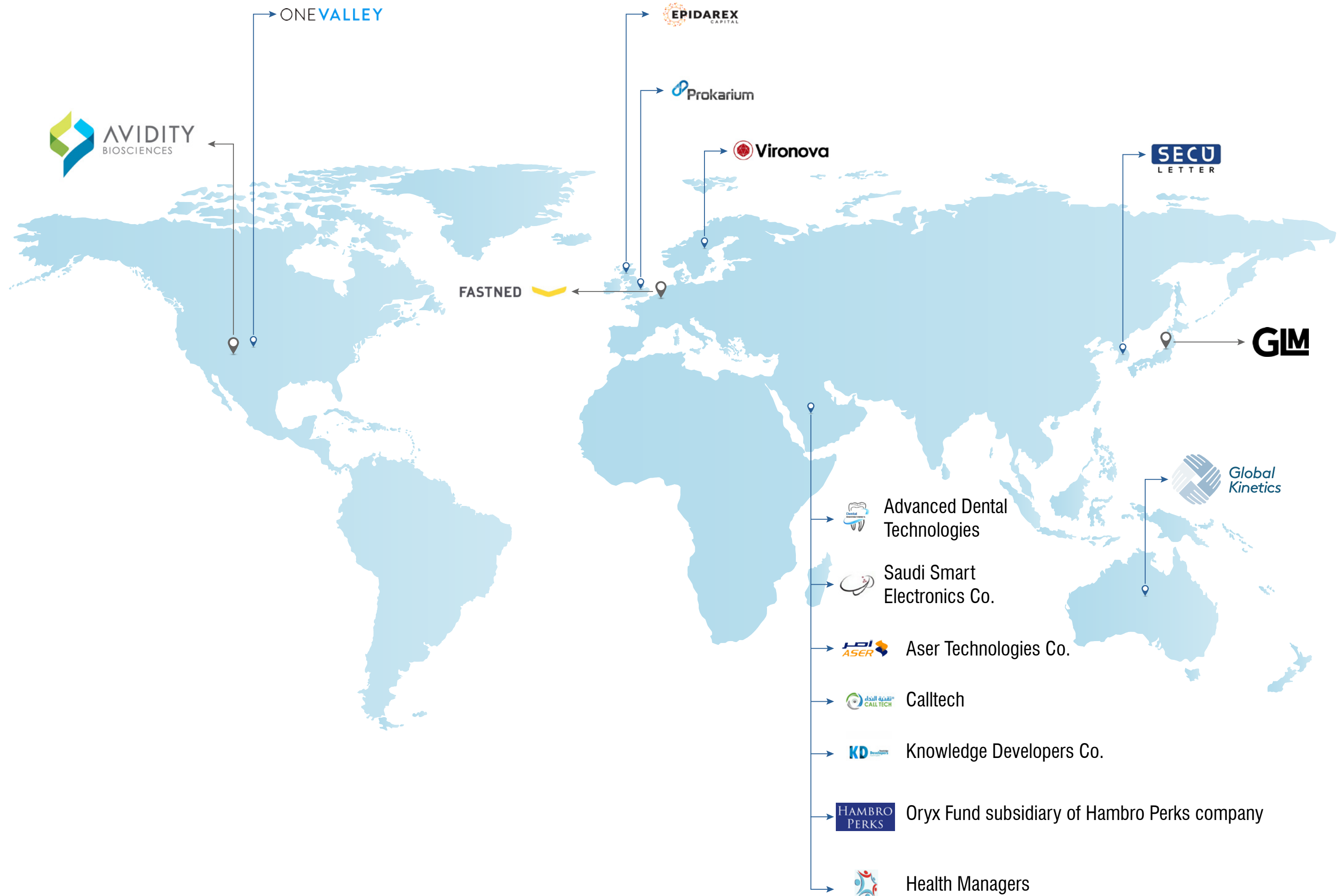


Residential Projects



Mixed-use Projects

## Knowledge Investment Portfolio





## Real Estates Investment portfolio



### Sudair Pharma Company Project

Research center and company offices for Sudair Pharma Company



### ELM Information Security Company Project

Innovation Center project for Elm information security company



### Four Directions Company Project

Commercial and office project contains office buildings and multi-use halls



### Retail Real Estate Company Project

Social-Entertaining and sports project



### Derma Clinic Company Project (Residential)

Residential project for Derma Medical Clinics



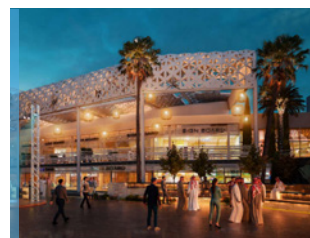
### City Lights Real Estate Company Project

Entertainment-Commercial project contains screens on the building and architectural blocks, in addition to areas for live shows



### NMR Real Estate Company Project

Mixed-use project includes a hotel, restaurants and cafes



### Hamad Bin Mohammed Bin Saedan & Partners Investment Company Project

The project serves King Saud University Campus residents. It includes large areas where events that reflect Saudi culture are held



### Al-soroooh Al-Mubarakah Company Project

Mixed-use project contains office complex, Mall, Restaurants, cafes, and walkway for visitors



### Obeikan Company Project

Commercial project contains various stores near the Common First Year building



### Derma Clinic Company Project

Medical-Commercial project contains several medical clinics, medical products stores, and pharmacies



### Dur Alkuttab Company Project

Educational project for Primary Schools



### Arrowad For Higher Education Company Project

Educational complex, Arrowad colleges University campus in Riyadh



### Omnia Real Estate Development Company Project

Commercial project contains various shops



### Unified Real Estate Development Project

Cultural-Entertainment project that includes Luxury restaurants, Cafes, Cinemas and green spaces



### University Boulevard

Commercial-Entertainment project gives visitors a different experience, and it includes Restaurants and cafes



### Sahat Al-Ardh Company Project

A commercial project contains various shops



### Majd Real Estate Project

Office-space project



### Four Directions Company Project

Residential & commercial project



## Riyadh Valley Company

Kingdom of Saudi Arabia, Riyadh – King Saud University, Innovation Tower

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