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Amanat is an established investor in education and healthcare and is well positioned to identify emerging, early-stage opportunities in those sectors, both of which have experienced accelerated digitization as a result of the pandemic. In this edition of my monthly letter I will discuss:

- Amanat's investment mandate
- How venture capital aligns with our strategic objectives
- Key trends in EdTech and HealthTech
- How Amanat is positioned to capture opportunities in this space

# CEO MONTHLY

DR. MOHAMAD HAMADE

**What is Amanat's investment mandate and how does venture capital fit into the company's strategic objectives?**

Amanat's corporate strategy is designed utilizing guiding principles that are underpinned by a central objective to maximize total shareholder returns (TSR) through share price appreciation and dividends.

Amanat invests in companies which can be leveraged and built into multi-asset integrated platforms through influential stakes, whether majority or significant minority stakes, in the regional healthcare and education sectors. Our strong market positioning and track record enables us to target opportunities that arise from market consolidation.

As an active investor, we are looking at opportunities in both of our target sectors with an even broader lens than before so that we can capture technology and early stage companies as well as special situation opportunities. We believe that now is a pivotal time to invest in disruptive technologies that are impacting healthcare and education due to the way COVID-19 has accelerated the use of technology in both sectors. The future success of the sectors we focus on will be influenced and differentiated by the proliferation of technology and we believe that Amanat has a unique opportunity to leverage its network and expertise and lead on the digitization of these sectors in the MENA region.

## What are the key trends emerging in education and healthcare that are paving the way forward in these sectors?

The changing Healthcare and Education landscape is demanding innovation and there are significant macro trends impacting these sectors globally, resulting in a disruption in how their products and services are being delivered and consumed.

In healthcare, the care model has shifted to preventative care and value based payment models to curb the rising cost of care and drugs which has emphasized the requirement of putting patients at the center of healthcare decision-making through driving efficiencies in convenience, accessibility, transparency as well as the personalization of products and services. In turn, this has also sprung more focus on the widening demand-supply gap of skilled professionals, pressuring regulators to introduce digital therapeutics and alternative care to mitigate the global challenge of access to care and improve patient outcomes. Additionally, as digital healthcare proliferates globally and across the region, it is becoming more critical for governance systems to strengthen data privacy, build efficiencies, and close the digital divide.

In Education, the trends slightly vary with a call for democratization and the need for accessibility of education for the rapidly growing demand, especially in emerging economies. The need for a 'One Size Fits One' model of education to personalize and improve the learning outcome and supplement traditional models of learning. We are also starting to see more competency and skill-based learning trends which are aimed at bridging the education to employment gap and in turn demonstrating a higher return on investment than more traditional education models. It goes without saying that a lot of these trends have sprung from growing digital disruption as well as the growing popularity and adoption of alternative pedagogies such as STEM learning and immersive education techniques. Collectively these trends have not disrupted curriculums or education models, but rather improved and enhanced the delivery and methodology.

Ultimately, HealthTech and EdTech companies are capitalizing on these seismic shifts in order to offer solutions that are becoming increasing fundamental to the growth and development of these two sectors as well as a key competitive advantage lever.

## What is the opportunity for Amanat in the EdTech and HealthTech space?

For Amanat, in EdTech, the opportunity we see will be in technology-enabled products and/or services that increase personalization and accessibility of education or improve and facilitate the delivery of educational services through the implementation of new pedagogies that improve educational outcomes such as STEM, VR (virtual reality) and Gamification. EdTech offerings, encompass six areas of the next generation learning lifecycle:

Digital  
Content &  
Curriculums

School  
Operations  
Management

Digital  
Learning  
Platforms

Online  
Education  
Delivery

Next Generation  
Pedagogy &  
Tools

Navigation  
& Education  
Financing

In Healthcare, the sector has been moving towards prevention rather than cure for several years now, and this is where we see an opportunity for a more integrated shift into HealthTech with increased dependence on the data derived for future analysis and diagnostics. Amanat will focus on opportunities that offer products or services that are technology enabled with AI, Big Data, Blockchain etc. and are geared towards improving the quality, cost, access and experience of traditional healthcare delivery and consumption models while catering for broader stakeholder interests including patients, providers, payers, governments etc. In HealthTech, these offerings can be categorized into seven verticals:



We believe there is an opportunity to refine existing digital models and create businesses that do a better job of directing the right cases to the right physicians, building patient-centric approaches, and transferring knowledge and access across a wider spectrum of leading physicits and specialists. We see opportunities in smaller healthcare players who cannot afford to or do not have the capability to digitize, as well as companies in the mid-market that face more difficulty with integrating technology due to challenges such as transporting data across borders.

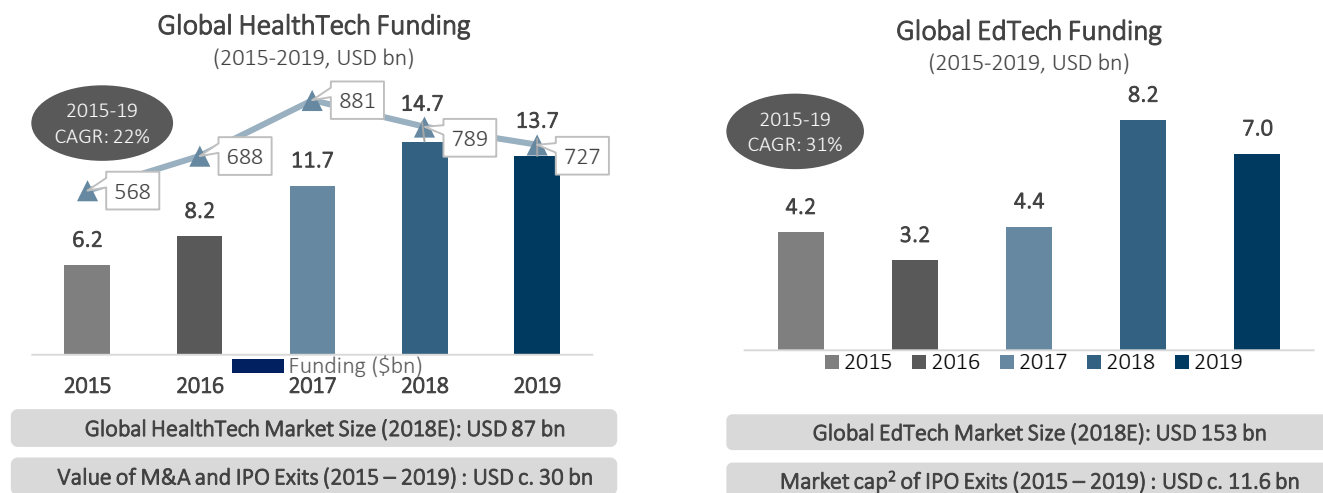
### How is Amanat positioned to capture the venture capital opportunities in education and healthcare?

Amanat is well positioned to be the partner of choice for HealthTech and EdTech companies seeking entry into the MENA region given its access to capital with its ample dry powder and debt-free balance sheet capable of providing the required growth capital. Concurrently, Amanat's access to MENA's healthcare and education ecosystem inclusive of seven portfolio companies in KSA, UAE and Bahrain as well as its extensive regulatory and industry network is supported by Amanat's positioning as a regional investor with access to attractive deal flow.

Our investment mandate focuses on corporate ventures that enable us to develop and establish partnerships based on proven business models to address quality or supply gaps in the healthcare and education sectors. The technical, operational or management know-how needed to fill these gaps is obtained through partnerships with leading international providers whose business models are transferrable to the region and where possible, integrated into platform companies to reduce execution risk and capital requirements.

Both EdTech and HealthTech are capturing global interest; whether new entrants in the market seizing the opportunity to fill the market needs gap, investors seeking higher returns or incumbents adjusting to newer delivery models. To put into context the EdTech and HealthTech saw funding in excess of USD 20 billion in 2019 as shown in the chart below.

Moreover, there is a growing appetite in MENA for HealthTech and EdTech solutions including support for such innovation from local governments with approximately USD 8.5 billion expected to be spent in the HealthTech market in MENA by 2023. The supporting demographics also enable Amanat to tap into the technology driven investments with more confidence.



### What are the parameters for investing in VC opportunities?

We will look to invest in companies in the HealthTech and EdTech sectors that are at a Series B/C phase and beyond, with a clear path to profitability and global reach with an aspiration to expand regionally. Naturally, these investments are expected to be of smaller ticket sizes than our usual private equity investments. We will continue to invest in education and healthcare opportunities with a focus on technology-driven businesses that can be strategically integrated within Amanat’s existing portfolio or have the potential to expand across Amanat’s regional network. We expect that investments of this nature will command higher target returns than our conventional investments and this is another parameter which we have identified internally for assessing future transactions. In such investments, Amanat will be positioned as the MENA strategic partner for companies aspiring to scale and expand globally.

### What are the benefits of investing in such vehicles to Amanat?

There are a series of benefits from investing in such an asset class. To start with, Amanat has an opportunity to be an early entrant in a fast growing and nascent segment with no other major MENA investment firms focused primarily on HealthTech and EdTech. This creates the ability to raise third party funds interested to co-invest alongside Amanat and generate additional revenue streams. Moreover, the avenue of synergies through Amanat’s investments could enable more vertically integrated models across Amanat’s portfolio of companies with significantly higher return profiles compared to mature companies in the market.