

Cut to the Chase
Soft Bank
Vision Fund



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WHAT is the Soft Bank Vision Fund?

Soft Bank vision fund is based out of Japan and was set up in October 2016 with the primary objective of investing in technology companies. The fund is backed by sovereign wealth funds of Saudi Arabia, UAE and tech giants such as Apple, Qualcomm, Sharp as well by Soft bank's own fund. The fund has so far raised \$100bn, in equity and debt like preferred units. making it the largest technology fund ever. Of the \$100bn, \$60bn comes from the sovereign wealth funds of Saudi Arabia and Abu Dhabi, a further \$28bn is held by SoftBank itself. The remainder comes mostly from big corporates, from Apple to Daimler.

Mr. Masayoshi San, the founder of the fund, set up Soft Bank as a holding company in 1981. The holding company currently has 761 subsidiaries, 130 associates and employs close to 68,000 employees on a consolidated basis.

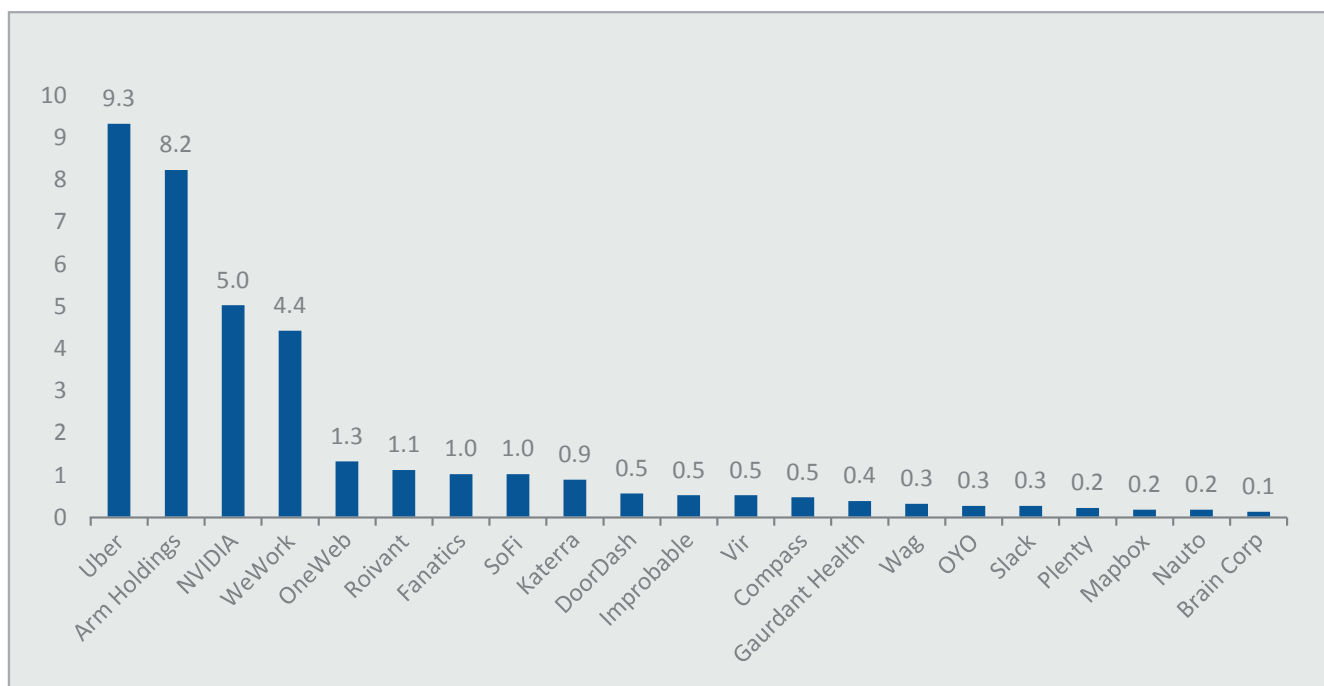
WHAT is their vision?

Mr. Son's ambitions cross generations and investment in technology companies seems to be only a start. In a pitch deck released few years ago, Soft Bank has revealed some lofty ambitions for its investments that span a timeline of 300 years and not just the next three decades. One slide draws parallel to the stalwarts of yesteryears – North Western Railway, U.S Steel and Standard Oil. All of them were an important cog in the wheel of industrial revolution and the vision fund aims to emulate that with significant investments in data and artificial intelligence. Both these technologies promise to be digital resources that modern day life is expected to be built on. In the next thirty years, Softbank aims to be listed among the Top 10 global corporations with a market capitalization of Trillion 200 Yen (USD 1.7Tn).

WHERE has the vision fund made its investments?

The Vision Fund aims to invest money into young companies with great ideas. However, two of its biggest stakes are in Arm Holdings and Nvidia, both are high-growth companies. Neither are really bets on the future. They are long standing companies that play in established areas of the tech world. One of the fund's early investments – a \$2.5bn stake in Flip-kart, the Indian online retailer – returned 60% in less than a year, after the stake was sold on to Walmart.

SoftBank's Vision Fund investments (USD Mn)



Source: Recode

WHAT is Saudi Arabia's interest in the investment?

- » The Saudi PIF has been the largest investor in the SoftBank Vision Fund, contributing almost half of the money Son has been raising to accelerate his deal making around the world. Saudi Arabia has committed \$45 billion to the fund. Prince Mohammed, in a statement when the Vision Fund was announced in October 2016, noted “the long history, established industry relationships and strong investment performance” of SoftBank and its founder. SoftBank plans to invest as much as \$25 billion in a new megacity that is being built on the Red Sea coast and the state-controlled Saudi Electricity Co.,
- » Softbank aims to deploy \$15Bn in a new city called Neom that is planned to be built on the Red sea coast and in addition the vision fund also plans to invest as much as \$10Bn in the state-controlled Saudi Electricity Co. Neom project will be backed by more than \$500 billion from the Saudi government, its sovereign wealth fund and local and international investors and Softbank's investment remains low when compared to the total size. Both these investments are part of the diversification strategy of Softbank as it expands from technology investments to asset management while Saudi Arabia's investment in the vision fund echoes the country's long term goal of diversifying its economy away from oil.

References

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About marmore

Our vision

To be the first choice for obtaining strategic intelligence on the MENA region.

Our mission

Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making

Our aim

Advocate intellectual research on MENA economics, businesses and financial markets and provide customized, actionable solutions.

Our foundation

- A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history
- Markaz research activities commenced in 2006
- Marmore established in 2010 to intensify the research activities
- Publishes research reports and provides consulting services

Published research

Industry research

Marmore's industry reports provide information on industry structure, key players, market analysis, demand drivers, competitive analysis and regulatory requirements.

Economic research

These reports are produced as thematic discussions based on current issues in the economy. The reports aid key stakeholders such as investors, businessmen, market participants, and policy makers in understanding the impact of a particular theme on the economy.

Infrastructure research

Infrastructure research highlights bottlenecks in the sector and areas requiring urgent investments. Our infrastructure report analyses the link between economic development and infrastructure and showcases supply & demand challenges in the GCC and investment opportunities.

Capital market research

Capital market reports provide an analysis of stock & bond markets in the MENA region including outlook. These reports are strategic in nature and provides investment perspective to readers.

Policy research

Marmore has partnered with several leading thought leaders and institutions of repute to generate economic policy research studies in key areas like energy, labor, economic structure and public sector.

Periodic research

Our periodic reports capture GCC stock markets' earnings, risk premium studies, and economic development & outlook.

Regulatory research

Our regulatory research series is an effective consolidation, analysis and summary of key business, economic, and market regulations that impact business environment.

Consulting services

Marmore provides customized consulting services based on specific requirements of our clients. Marmore's bespoke consulting services marries the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to our clients' needs.

What type of consulting services we provide?

- Industry market assessment (market size, competitors, regulations)
- White label reports (industry reports, company newsletters, periodic research)
- Databases (competitors' information, target clients insights)
- Company valuation (buy/sell side advisory)
- Due diligence / Business evaluation
- Feasibility studies (market and financial)
- Business plans
- C-Suite support to leaders with intellectual, industry related needs

How do we execute consulting engagement?

Our seven step process to execute consulting engagements:

- **Step 1:** Requirement and scope analysis
- **Step 2:** Proposal submission
- **Step 3:** Project initiation
- **Step 4:** Fieldwork / research
- **Step 5:** Analysis & reporting
- **Step 6:** Review & approval
- **Step 7:** Report submission / presentation

