SACRA

EQUITY RESEARCH

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Alaan

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Alaan

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Expense management software with smart corporate cards for Middle Eastern finance teams

#fintech #b2b

FUNDING

$55,000,000

2025

Details

HEADQUARTERS

Dubai

CEO

Parthi Duraisamy

in

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Valuation

Alaan raised $48 million in a Series A round in August 2025, led by Peak XV Partners. The company has secured $55 million in total funding since its inception.

Earlier funding rounds include a $2.5 million seed round in March 2022 and a $4.5 million pre-Series A in 2023. Investors include Y Combinator, 885 Capital, 468 Capital, Pioneer Fund, Global Founders Capital, and Presight Capital, as well as angel investors such as the founders of Tabby and Careem.

Product

Alaan is an AI-powered expense management platform that provides corporate Visa cards and automated financial workflows for businesses in the Middle East. Employees receive physical or virtual corporate cards denominated in AED, SAR, or USD, paired with a mobile app that captures and processes transactions in real time.

When an employee makes a purchase, Alaan's AI extracts receipt data through email parsing or photo capture, reads VAT information required under GCC regulations, and checks the transaction against company spending policies. The system can approve, block, or escalate transactions to managers based on pre-set rules, such as department budgets or merchant category restrictions.

The platform includes a web-based admin console where finance teams can issue unlimited cards, set spending limits, and configure approval workflows. Transaction data integrates directly into ERP systems like QuickBooks, NetSuite, and Microsoft Dynamics through automated journal entries. In addition to cards, Alaan processes supplier invoices using AI-powered data extraction and manages employee reimbursements for mileage and cash expenses.

The platform is designed for the MENA region with Arabic and English interfaces, right-to-left receipt OCR, and native GCC VAT handling that extracts tax registration numbers and VAT splits. Cards provide up to 2% unlimited cashback on cross-border spending, exceeding the rates offered by traditional regional bank cards.

Business Model

Alaan operates a B2B SaaS model that generates revenue through interchange fees and subscription charges. The company earns interchange fees of approximately 170-190 basis points on each card transaction, a rate higher than those in Europe and the US, while also collecting monthly SaaS fees for platform access and premium features.

The business model uses AI to lower operational costs associated with expense management. Instead of relying on large teams for manual receipt processing and policy enforcement, Alaan's automated systems manage transaction matching, VAT extraction, and compliance checks. This approach supports a scalable, asset-light model with gross margins exceeding 50%.

Alaan's go-to-market strategy includes direct sales to SMBs and channel partnerships with accounting firms and system integrators. The platform employs a freemium pricing structure, enabling companies to begin with basic card issuance and later adopt advanced features such as multi-entity support and detailed approval workflows.

The company's revenue model benefits from high transaction frequency and increasing spend per customer as businesses digitize more financial operations. Unlike traditional SaaS companies, Alaan captures additional value as customer transaction volumes grow, generating expansion revenue without requiring active upselling.

Competition

Regional expense management platforms

Alaan competes directly with other MENA-focused expense management platforms that have established local banking partnerships and obtained regulatory approvals. Qashio, which has raised $19.8 million in funding and reached profitability, differentiates itself through airline and hotel loyalty partnerships, targeting businesses with significant travel needs across 22 markets. Its emphasis on rewards economics may attract premium SME customers who prioritize mileage accumulation over core expense management features.

Pluto operates as a bank-friendly alternative, with $4.1 million in funding and over AED 1 billion in platform spend. Instead of competing directly with banks via card issuance, Pluto offers middleware solutions that banks can white-label, potentially enabling broader distribution through established financial institutions. Pemo targets the lower end of the market with payables-first solutions designed for micro-SMEs, competing primarily on price rather than feature depth.

Global expense management leaders

International companies such as Ramp and Brex have set the standard for AI-powered expense management with advanced policy engines and deep ERP integrations. These firms illustrate the potential to expand beyond basic card issuance into areas like working capital financing and treasury management. While they lack localized MENA market expertise and regulatory compliance, their product sophistication and substantial venture funding create competitive pressure for regional players to accelerate feature development.

Teampay's integration-focused strategy, leveraging platforms like Slack and Teams, demonstrates how expense management can be embedded into daily workflows rather than functioning as standalone applications. This approach increases switching costs and drives higher user adoption but requires significant engineering resources to maintain integrations across multiple platforms.

Traditional banking incumbents

Regional banks, including First Abu Dhabi Bank and Mashreq, are building their own expense management capabilities, often in collaboration with fintech providers. These incumbents benefit from existing corporate relationships, regulatory licenses, and balance sheet capacity that startups cannot match. However, their reliance on legacy technology infrastructure and slower product development cycles creates opportunities for more agile fintech competitors to gain market share before banks can effectively respond.

TAM Expansion

Geographic expansion

Alaan's immediate focus is on completing GCC coverage by entering Qatar, Bahrain, and Oman. These markets share regulatory frameworks and business practices that minimize localization requirements. Each new market expands TAM, as card acceptance outside the UAE accounts for less than 25% of total B2B spend, indicating significant opportunities for digitization.

The company plans to expand into Egypt and Turkey by late 2026, contingent on securing local banking partnerships and regulatory approvals. These larger markets offer greater scale but involve navigating distinct regulatory environments and currency complexities. Additionally, Dubai free-zone companies with global remote workforces present an opportunity for multi-currency card offerings in USD, EUR, and GBP.

Product expansion into financial infrastructure

Alaan's AI capabilities in receipt processing and transaction categorization provide a basis for extending into accounts payable automation. By implementing three-way matching across purchase orders, invoices, and receipts, the company can address the broader payables workflow market, moving beyond expense management.

The platform's multi-year spend data enables embedded lending opportunities, such as revolving credit lines and revenue-based financing. This approach mirrors strategies used by Brex and Ramp to transform expense management platforms into comprehensive financial infrastructure providers. Offering working capital financing could increase revenue per customer while creating higher switching costs.

Compliance and regulatory services

GCC markets are experiencing growing regulatory complexity due to VAT regimes, e-invoicing mandates, and real-time reporting requirements. Alaan can integrate automated VAT reclaim, ZATCA FATOORAH compliance for Saudi Arabia, and payroll WPS filing into compliance modules. These offerings position the company as critical infrastructure rather than discretionary software, supporting higher pricing and reducing churn.

Public sector and state-owned enterprises represent a stable customer segment, driven by Vision 2030 initiatives that mandate digitization of procurement processes. Alaan's Visa certification and local banking partnerships provide compliance advantages for government contracts requiring specific regulatory approvals.

Risks

Interchange compression: GCC interchange rates, currently at 170-190 basis points, remain higher than those in developed markets. However, regulators are planning gradual caps similar to Europe's interchange fee regulation. As this is Alaan's primary revenue source, potential compression necessitates accelerating SaaS revenue growth and diversifying into lending or treasury services to sustain unit economics.

Regional banking consolidation: Alaan relies on partnerships with local banks for card issuance and regulatory compliance in each market. Consolidation within the banking sector or changes to partnership terms could disrupt operations or increase costs. Additionally, large regional banks may opt to compete directly rather than partner, leveraging their existing corporate relationships and regulatory licenses.

Global competitor entry: International expense management companies such as Ramp and Brex possess significantly greater capital and product development resources compared to regional players. If these competitors establish local banking partnerships and secure regulatory approvals, their advanced technology and venture funding could enable them to capture market share rapidly, particularly among larger enterprises prioritizing global consistency over local optimization.

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