Development of end-user software applications

INVESTMENT OPPORTUNITY

ICT

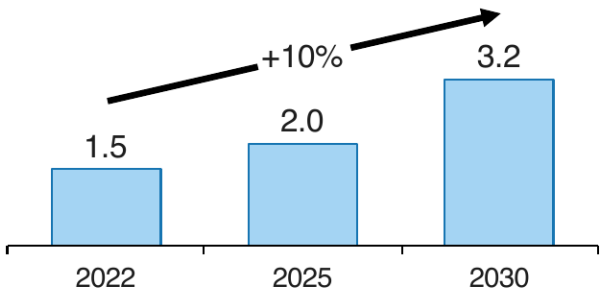
استثمر في السعودية
INVEST SAUDI

ICT
Development of end-user software applications

OPPORTUNITY DESCRIPTION: Launch standard software applications development in Saudi Arabia

DEMAND

MARKET SIZE, Bn Sar



KEY DEMAND DRIVERS

- Rise of digitization and the use of computers, tablets, and smartphones on a large scale
- Increasing demand for project collaboration by large enterprises
- Enhanced demand for simulation software 2ith advancements of technologies like AR, VR etc.
- Surge in adoption of cloud & mobile applications

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS PROPOSITION

- Opportunity to consider different models - FDI with 100% ownership or JV with local player(s)
- 2022-2033 cumulative market to be captured by local players can reach up to SAR 19.3 Bn
- To capture such market, local players will need to invest cumulatively SAR 0.5 Bn in CapEx and spend cumulatively SAR 18.3 Bn in OpEx
- Attractive project IRR of 20-25% expected for the investors

VALUE

- Large and growing Saudi market in addition to regional market that can be served from KSA
- Quickly growing talent pool with several training academies and programs
- Government institutions are leading the efforts to develop the ecosystem and provide the necessary enablers for growth

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- The market is growing but still nascent compared to other global regions
- Market is fragmented with large number of players active in the market

GLOBAL TRENDS

- Low-code and no-code platforms have led to easier, faster software development
- Software developers are increasingly using AI tools for code compilation, debugging and testing
- Many companies are turning to progressive web apps (PWAs) offering a combination of standard website technology and convenience of an app

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SUPPLY

SCALABILITY AND LOCALIZATION

- Rise of digitalization in KSA leading to significant demand for software applications. Regionally tailored applications can tap into the growing demand
- KSA is an optimal location within the MENA region, where standard software applications can be easily exported to the region given similar use cases and requirements

VALUE CHAIN

Hardware | **Software** | Services

Opportunity focus

- Companies with headquarters in the Kingdom will be given preference towards government contracts and quasi-government companies
- Strong efforts by MCIT, STC, Aramco, and other entities to enhance Saudi tech/digital infrastructure to support software development

KEY STAKEHOLDERS

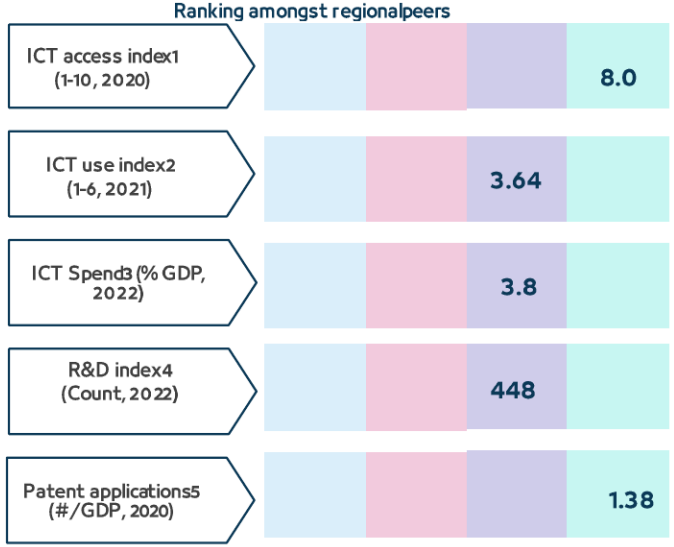
ENABLING FACTORS

ENABLERS & INCENTIVES

- HRDF offers salaries support for KSA nationals
- MCIT provides support related to recruitment, specialized training, qualification, vocational guidance, office space, etc.
- SIDF provides favorable lending rates
- SEDA provides refund on percentage of fees incurred during export activities

COST OF DOING BUSINESS IN KSA Factor

Ranking amongst regionalpeers



Bottom 25% | Top 75% | Top 50% | Top 25%

Definitions

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of $1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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