Creation and localization of CDN providers

INVESTMENT OPPORTUNITY

ICT

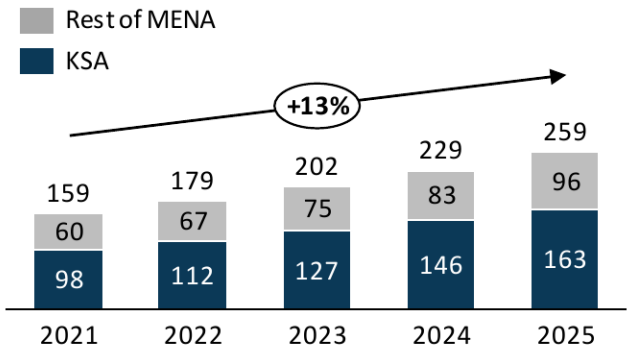
استثمر في السعودية
INVEST SAUDI

ICT
Creation and localization of CDN providers

OPPORTUNITY DESCRIPTION: Deployment of content delivery infrastructure (caching servers) and supporting capabilities for content distribution

DEMAND

MARKET SIZE, USD



KEY DEMAND DRIVERS



Demand for video, immersive and gaming content

- Increased demand for video streaming services such as high definition video streaming (e.g., 4K video), immersive content (e.g., VR, AR) and gaming are driving the demand for CDN as these require fast and reliable delivery of large volumes of data



Cloud and edge computing adoption

- Growing adoption of cloud and edge computing is increasing the demand for CDN services, as organizations look to optimize the delivery of content over the cloud and bringing computing and storage closer to the edge in order to reduce latency and improve performance



Accelerated roll-out of 5G networks

- The rollout of 5G networks is also driving the demand for CDN services, as customers are now capable of consuming low latency and high bandwidth applications and content and services on the go, increasing the need for CDN services



Increase in cybersecurity concerns

- Growing concerns about cybersecurity and the increased risk of cyber attacks are increasing the demand for CDN services that offer robust security features, such as DDoS protection, firewall and SSL encryption

INVESTMENT OVERVIEW

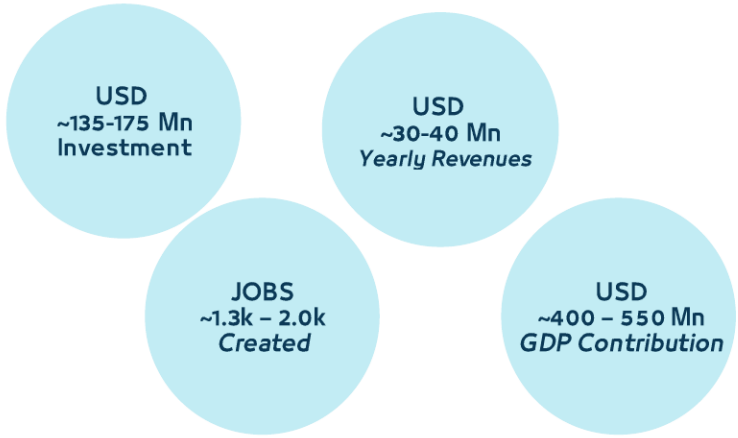
INVESTMENT HIGHLIGHTS PROPOSITION

- Limited local competition but significant international competition operating in KSA
- Leading players globally include well-established CDN providers such as Akamai, Cloudflare, Amazon Cloudfront, Fastly, and Azure CDN, and others spread over more than 15 points of presence across Riyadh, Jeddah and Dammam, some of which are in partnerships with local ICT companies
- Also worth noting that STC announced a partnership with Tata Communications in 2014 to launch a dedicated ME Content Delivery Network, with the goal is to enable content providers across the region to outsource their distribution by tapping into Tata's global network through a local CDN node

VALUE

- KSA is well positioned to be a strategic choice for CDN deployment:
- LOW PRESENCE OF CDN PROVIDERS: More than half of the global CDN providers are yet to setup in KSA, with potential to attract them through partnerships with local ISPs
- GAP IN DIGITAL CONTENT LOCALIZATION: KSA currently lags on digital content market contribution to GDP driven by low localization, with an opportunity to focus on gaming and digital ads market distribution
- BOOMING CONSUMPTION TREND: A globally leading digital content consumer driven by a young population locally and in the region positions KSA at the center to serve this demand hub

INVESTMENT HIGHLIGHTS



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SUPPLY

VALUE CHAIN

Internet Service Providers

PROVIDE ACCESS & CONNECTIVITY

Content Delivery Network Providers

DISTRIBUTE CONTENT TO A WIDESPREAD GEO USERBASE

Content Providers

CDN CLIENTS, PUBLISH CONTENT ON OWN PLATFORMS

High ease of localization of different CDN value chain elements below

Infrastructure

Ensuring suitable infrastructure to enable stable and low latency content distribution, including suitable data centres for caching, as well as high quality connectivity through 5G or Fibre networks

Content delivery capability

Efficiently deliver various types of content (images, video, web pages, etc.) to end consumers by automatically invoking the closest/lower latency server to deliver the requested content, as well as efficiently managing caching

Integration & security

Ability to integrate the CDN service with the customer's existing infrastructure and applications by providing APIs and needed documentation. Robust security features are also needed to ensure protection from cyberattacks

Customer support

Strong customer support team to provide implementation and technical support needed to use the CDN services effectively, ensuring customer satisfaction

KEY STAKEHOLDERS & REGULATORS

هيئة الاتصالات والفضاء والتقنية
unications, Space & ology Commission

GCAM
الهيئة العامة للإعلام المرئي والمسموع
GENERAL COMMISSION FOR AUDIOVISUAL MEDIA

وزارة الإعلام
Ministry of Media

ENABLING FACTORS

ENABLERS & INCENTIVES

- Local programs such as Shareek and Ignite offer a range of enablers and incentives to attract investment into opportunities establishing KSA as a regional content hub

COST OF DOING BUSINESS IN KSA Factor

Ranking amongst regionalpeers

ICT access index1 (1-10, 2020)	8.0
ICT use index2 (1-6, 2021)	3.64
ICT Spend3 (% GDP, 2022)	3.8
R&D index4 (Count, 2022)	448
Patent applications5 (#/GDP, 2020)	1.38

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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