

AR/VR/MR Content Development

INVESTMENT OPPORTUNITY

ICT



ICT

AR/VR/MR Content Development

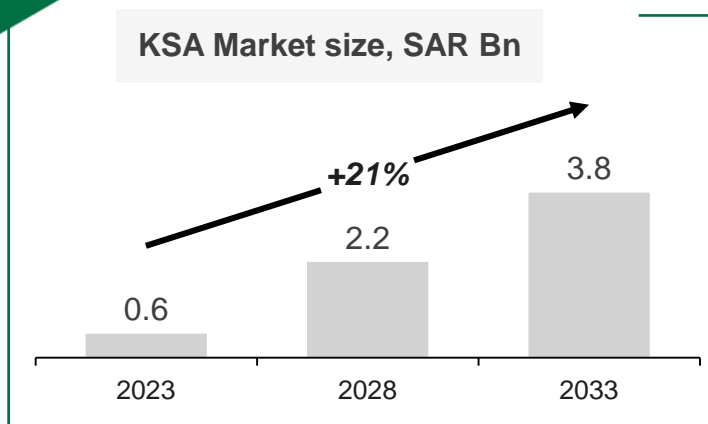
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وزارة الاستثمار
Ministry of Investment

OPPORTUNITY'S DESCRIPTION: Creation of AR/VR/MR content to serve key industries, e.g.: Entertainment, Tourism, Healthcare, Education, Manufacturing

DEMAND



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Local companies can potentially capture ~ SAR 0.9 Bn (~25%) of market annually by 2033
- SAR 0.95 Bn of cumulative investments is required to capture ~25% of market by 2033
- EBITDA of ~16.8% is expected by 2033
- Project IRR of 30% is expected, account for a terminal value of SAR 2.5Bn
- Expected Investment size is 200 Mn USD

VALUE PROPOSITION

- Young tech savvy population that is amongst the highest internet and digital content consumers in the world
- Large local market & rising need for XR with potential to serve regional demand
- Government institutions that provide numerous enablers and infrastructure to support the growth

KEY DEMAND DRIVERS

- Strong growth of adjacent sectors where companies look to enter XR content creation (incl. Gaming and media & entertainment)
- Giga-projects are looking to develop digital twins
- Large Saudi entities are working on developing, prototyping, and training for augmented and virtual reality

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- The market is still nascent where the focus is mostly on start-ups and research
- Media sector (including gaming) contributing largely to the XR content creation demand (>50%)
- New entrants can acquire market share by targeting public and private KSA entities



GLOBAL TRENDS

- Increasing applications of XR across various industries are driving demand for this market
- Technological advancements are enabling advanced user experience and driving higher adoption of XR
- Growing digitalization across all industries has led to change in consumer behavior leading to higher demand for XR solutions



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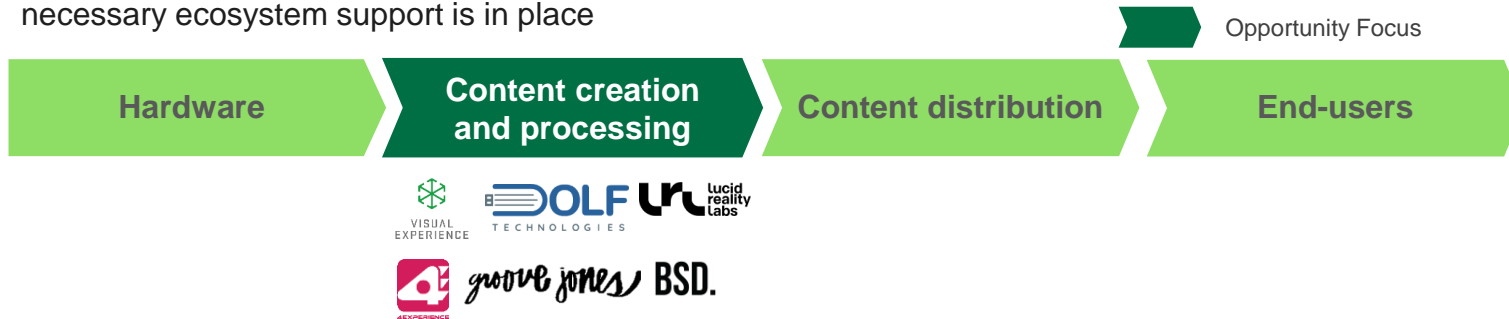
SUPPLY

SCALABILITY AND LOCALIZATION

- KSA is an optimal location within the MENA region, where consumer tastes are very similar, and regionally tailored AR/VR content can be easily exported
- Adjacent sectors are looking to transform and take advantage of the emerging tech to improve productivity, efficiency and ensure immersive customer experience with multiple entities leading efforts to continuously ensure strong ecosystem in KSA

ECOSYSTEM ANALYSIS

- The AR/VR is dependent on several tech to ensure it realizes its full potential, including 5G/6G, cloud computing, AI, gaming, and IoT
- Several national strategies and frameworks are in place to develop majority of such tech in KSA and ensure the necessary ecosystem support is in place



KEY STAKEHOLDERS

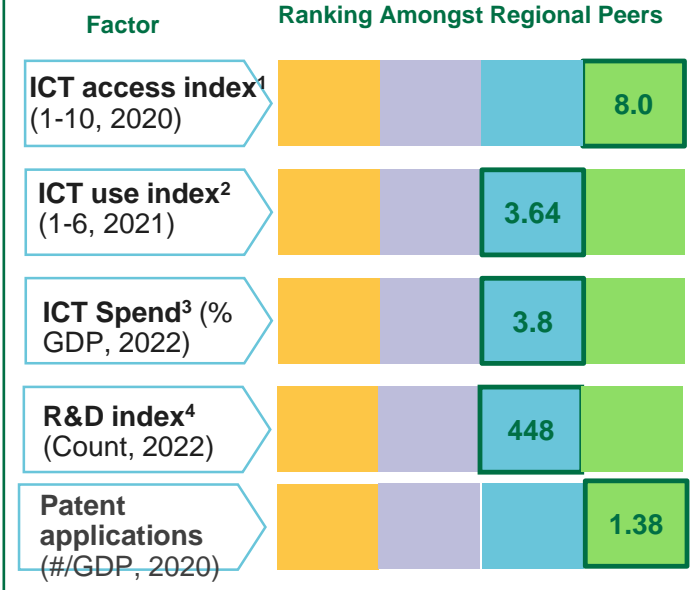


ENABLING FACTORS

ENABLERS

- HRDF offers salaries support for KSA nationals
- MCIT, SDA and MiSK, provide different academies to train talent
- CITC and SAIP are updating regulations to ensure fair playing field and protect IP rights

COST OF DOING BUSINESS IN KSA



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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