

EDGE COMPUTING

INVESTMENT OPPORTUNITY SCORECARD

ICT

JUNE 2021



ICT EDGE COMPUTING

Public / متاح

High Potential

Moderate Potential

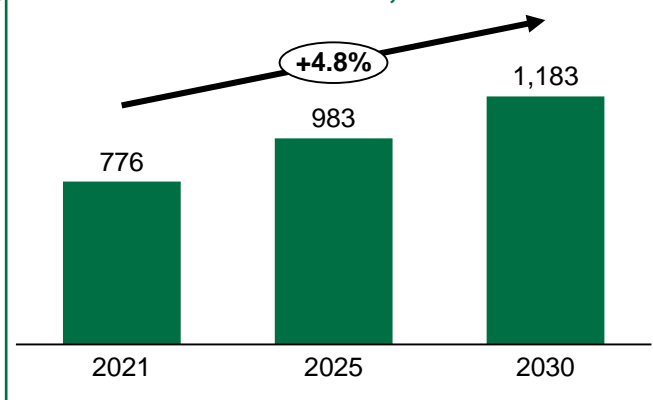
Low Potential

Immature

OPPORTUNITY'S DESCRIPTION: Attract an international Cloud provider or invest in a local company to accelerate the rollout of Edge Data Centers

DEMAND

KSA MARKET SIZE, USD BN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 8 Bn
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

INVESTMENT OVERVIEW

VALUE PROPOSITION

- The government is leading a comprehensive digitization strategy of Saudi Arabia
- Opportunity to enter a large and fast-growing cloud services market characterized by relatively low competition
- Attractive power tariff and special tax treatment available
- First mover advantage given the limited presence of major international players posing competition
- 400+ traditional data centers with average utilization of 18% present largely untapped opportunities

KEY DEMAND DRIVERS

- The ongoing digital transformation and fast 5G rollout in KSA will accelerate the growth of IoT market. 50% of expected traffic will require Edge Computing due to low latency requirements
- KSA made massive investments in Industry 4.0 that will generate above the average GCC market demand
- Rapid increase in network utilization will add pressure to reduce congestion and latency by computing locally
- Increasing preference and demand from companies for computing and storage capacity
- Rise in latency-sensitive use cases will require local computing capabilities through edge

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- KSA is currently a greenfield market for Edge Computing opportunity
- Most public entities in KSA are in early stages of cloud migration
- There are few players that have started Mobile Edge Computing, while no players have explored the Edge Hubs market

GLOBAL TRENDS

- Edge computing is following increasing need to localize computing and storage
- 5G will be a strong driver of increased edge usage through latency sensitive application enablement and rapid acceleration of bandwidth consumption
- Edge Computing is expected to reach 50% of global cloud traffic by 2030



ICT EDGE COMPUTING

Public / متاح

Immature

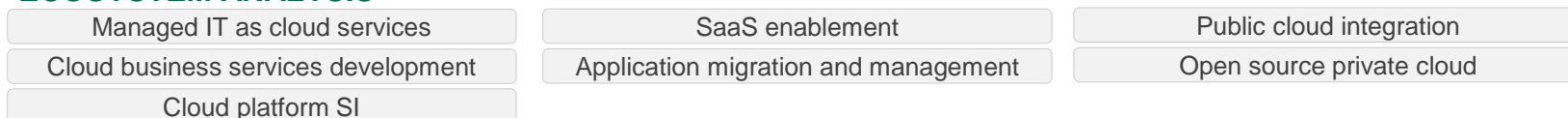
SUPPLY

SCALABILITY AND LOCALIZATION

- KSA offers good infrastructure and customer base with potential scalability to neighboring markets, 3-5 years to fully scale up operations
- KSA's strategic location to allow global Cloud Service Providers to serve larger MENA market and ramp up product portfolio in short time
- Opportunity to further expand by bundling edge computing with connectivity and providing security services to edge proposition
- Opportunity to conduct vertical plays in 5G and IoT use cases such as V2X, drones, virtual reality applications and so on
- Edge can serve as a steppingstone for companies to offer integrated IT solutions by expanding from IaaS to PaaS and SaaS

Grade: Low Medium High

ECOSYSTEM ANALYSIS



Current opportunities in KSA



KEY STAKEHOLDERS



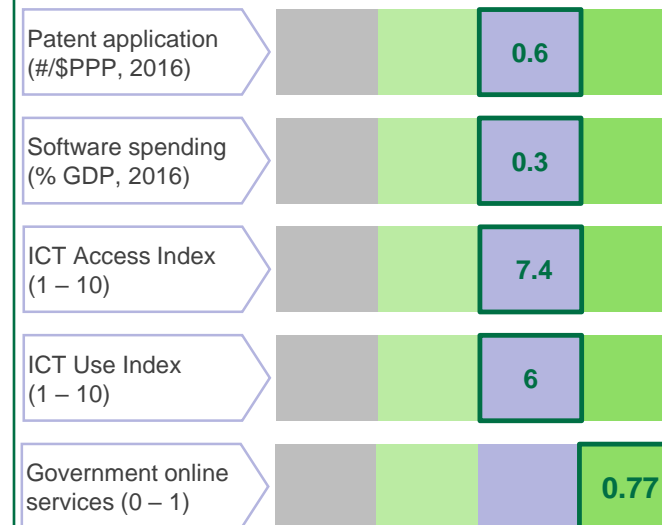
ENABLING FACTORS

ENABLERS

- SDA conducts regular training programs to build cloud capabilities with local content
- CITC launched National Center for Information Security to enhance cyber security and provide healthy environment for electronic transactions and attract FDI
- Availability of cheap dark fiber to connect PoPs to backbone

COST OF DOING BUSINESS IN KSA

Factor Ranking Amongst Regional Peers



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



Sources for Cost of Doing Business: EIU, World Bank

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	Demand 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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	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
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region

DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

CONNECT WITH US FOR MORE DETAILS:

ICT@misa.gov.sa

investsaudi.sa



@investsaudi

