

Immature

Manufacturing Optimization & Quality Control

INVESTMENT OPPORTUNITY SCORECARD

ICT

July 2021



Manufacturing Optimization & Quality Control

Immature

OPPORTUNITY'S DESCRIPTION: Enhance the Saudi manufacturing industry by introducing production monitoring and implementing high precision quality control for all aspects of connected equipment on factory floor to optimize manufacturing performance, quality and cost

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Estimated market size of USD 1.5 Bn
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

VALUE PROPOSITION

- KSA is supporting a digitally-enabled industrial revolution for projects in industry, logistics, mining, and energy through a \$453Bn fund
- Support from Saudi Industrial Development Fund (SIDF) which dedicated a \$28Bn fund and offers programs such as Tanafusiya, a program that provides consulting and financing services to enable digital transformation
- Leverage recent FDI measures such as 100% foreign direct ownership to incentivize the private sector participation in KSA's GDP

KEY DEMAND DRIVERS

- KSA is the largest Tech market in the MENA region with a market size of \$USD 13Bn in 2019
- KSA has 40+ industrial cities which contain over 7,600 factories highlighting the importance for digital transformation across sectors
- Pervasive streams of data and algorithms will enable manufacturing lines to continuously optimize towards higher levels of output and quality with below mentioned benefits:
 - 20-25% increase¹ in production volume and 45% reduction¹ in downtime
 - Reducing overall waste in manufacturing by up to 50%
 - Cost reduction
 - Production time optimization

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Due to nascent stage of the opportunity, currently KSA market is not served by any major global AI development company
- Sector marked by select local/regional players

COMPETITOR ANALYSIS



¹Non-exhaustive list. Some players have functional offices in KSA, but they are not regional HQ; others have sales in KSA without having functional office

GLOBAL TRENDS

- The global AI market size is expected to reach USD 390.9 Bn by 2025 registering a growth of over 46% p.a.
- The two major factors fueling market growth are emerging artificial intelligence technologies and growth in big data espousal
- Until now North America dominates the global AI market share due to availability of high government funding, presence of leading players, and strong technical base



Manufacturing Optimization & Quality Control

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- KSA is an optimal hub with access to large Arab population, ensuring access to larger region with increasing demand for artificial intelligence and related technologies
- AI is a key priority for KSA, supervised by the Saudi Data and AI Authority established in 2019 and the government is continuously making investments to ensure strong technology infrastructure as AI has been identified as a key growth factor in multiple sectors especially manufacturing
- Multiple universities (including Misk schools) have introduced AI centered curriculum and KASCT announced the launch of the center of the fourth industrial revolution

ECOSYSTEM ANALYSIS

Provider / Potential partners



Manufacturing sector providers



- Industrial Sites
- Manufacturing Industry
- Factories

End-users



- Factory Employees

KEY STAKEHOLDERS



Immature

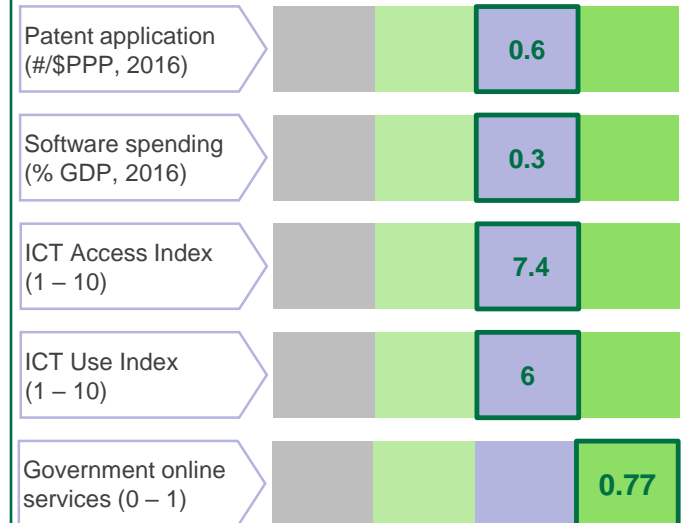
ENABLING FACTORS

ENABLERS

- Subsidized ICT upskilling programs sponsored by the government
- Dedicated entity (National Center for Artificial Intelligence) established by the government to foster sector growth and launch investor friendly measures
- Up to 50% tax credit on Saudi national worker's payroll and training cost for 10 years
- Support from National STEM program
- National IoT programs supporting the adoption of AI and Industry 4.0 solutions across the country

COST OF DOING BUSINESS IN KSA

Factor Ranking Amongst Regional Peers



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	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

