

# Submarine Cable

INVESTMENT OPPORTUNITY

ICT



# ICT Submarine Cable

Restricted / مقيد

High Potential

Moderate Potential

Low Potential



**OPPORTUNITY'S DESCRIPTION:** To invest in the submarine cables projects in partnership and/or consortium business models.

## DEMAND

### MARKET SIZE, USD MN

- TeleGeography forecasts that new subsea cable investment could exceed \$10 billion from 2022-2024.

### INVESTMENT HIGHLIGHTS

- KSA plans to partner in all cables that passes from east to west. (Digital hub)
- KSA targets to increase its submarine cables to reach +20 cables by 2030.
- KSA aims to enhance its digital infrastructure resiliency by diversifying its cables landing stations and routes on the Red Sea and Arabian Gulf.

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- The geographical location of Saudi Arabia is very attractive for submarine cables projects, especially those are targeting a redundant path to Europe (accessibility to red sea in west, and Arab sea in the east)
- Submarine cables are expected to grow with the increase of cloud adoption, and growth of demand on digital content/ services, especially that it is driven by the hyper-scalers.
- KSA plans to participate in submarine cables that link Asia and Europe as part of its ambition to be a global/regional digital hub.

### KEY DEMAND DRIVERS

- Saudi Arabia strategic location makes it the optimum option to link Asia to Europe.
- Increasing demand on digital service with limited supply allow Saudi companies to be the main services providers for connectivity and DC services in Africa.
- New submarine cable projects will enhance the digital services and enable Saudi Arabia to become a digital hub.
- Maintaining the resiliency is very important to avoid degradation in digital service

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- Saudi companies are among the top in the region in terms of experience to build submarine cables.
- Growth in DC capacity and broadband will reflect better utilization of International connectivity.
- Saudi ranked 21st in term of Submarine cables number.

### GLOBAL TRENDS

- Hyperscalers started to build submarine cables around the world to meet their increase demand.
- To maintain the resiliency of the internet services, government/corporates are working to diversify route of submarine cables.
- Growth in global data traffic is expected to exceed 450,000 Gbps beyond 2025 driving the need for more international capacities.



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## SUPPLY

### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- KSA's strategic location makes it the optimum option to activate the new silk route.
- KSA targets to increase its submarine cables to reach 20 cables by 2025, with an investment opportunity that is more than \$1.5 billion.
- KSA targets to diversify its cables landing stations and build new sites on the Red Sea and Arabian Gulf.

### ECOSYSTEM ANALYSIS

FDI	-	
Political status	--	--
Data center and cloud environment		

### Current opportunities in KSA



### KEY STAKEHOLDERS

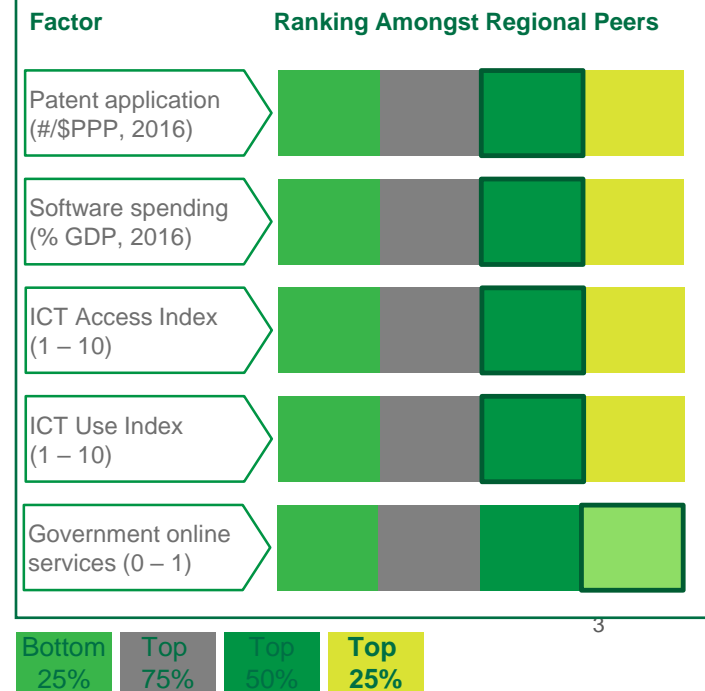


## ENABLING FACTORS

### ENABLERS

- KSA's has 2 sea sides, and accessibility to all GCC countries
- Stability in Saudi economy make it preferred option for digital investment

### 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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