IT SERVICES & SOFTWARE

INVESTMENT OPPORTUNITY SCORECARD

ICT

SEPTEMBER 2020

INVEST SAUDI

High Potential | Moderate Potential | Low Potential

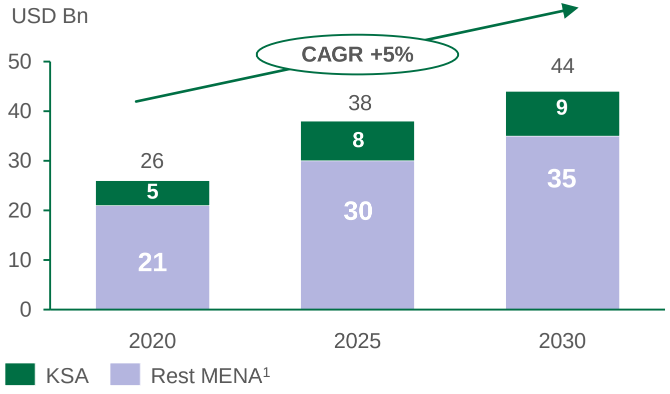
ICT

IT SERVICES & SOFTWARE

OPPORTUNITY DESCRIPTION: Attract IT services players to establish local/regional HQ in order to localize managed IT services as well as software customer support

DEMAND

MARKET SIZE, USD BN



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Setting up a regional software support center in KSA (including call center, virtual troubleshoot, or any support with matters related to IT software, applications, system infrastructure, etc.)
- Localizing managed IT services (Installation and maintenance of devices, outsourcing and management of IT business application environment etc).
- With an initial investment of ~USD 110 Mn and expected generated revenues up to ~USD 2.3 Bn in 10 years (KSA only)

VALUE PROPOSITION

- KSA ambitious digital agenda is driving a large and growing demand for IT services
- Having access to a large and growing market and region (KSA largest tech market in MENA, IT services growing at 5% CAGR in a conservative scenario)
- KSA is an optimal hub with access to large Arab population, ensuring access to large region with unsatisfied IT service demand.

KEY DEMAND DRIVERS

- Vision 2030 promote the acceleration of ease of digitization.
- Growth of IT services.
- Acceleration of digital transformation.

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Relatively mature IT/Tech regulation ecosystem, but with emerging tech, data privacy, and tailored security regulation still in progress.
- Some of the players have functional offices in KSA but that are not regional headquarters. Others have sales in KSA without having a functional office.

COMPETITOR ANALYSIS[2]

Microsoft, ORACLE, CGI, cisco, HCL Technologies, SAP, wipro, Thiqah, Tamkeen Technologies, TETCO, SBM, Naseej, MIS, S.I.T., stc, Solutions, elm, alraesmyat, Olivo

[2] *Non Exhaustive list*

GLOBAL TRENDS

- Global players setting up support closer to customer, establishing regional hubs for customer service provision.
- Growth for tech installation and maintenance services driven by emergence of new tech solutions and drive for digitization.

INVEST SAUDI

[1] *Includes Turkey, UAE, Egypt, Algeria, Bahrain, Djibouti, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Tunisia, Yemen*

ICT

IT SERVICES & SOFTWARE

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low | Medium | **High**

- Regional hub for software customer support center.
- Localization of managed IT services.
- KSA as optimal hub with access to large GCC and MENA market.
- National direction for industry digitization and smart city development.
- Huge potential Arabization and creating content that suits the local requirements / Culture.

IMPORT DEPENDENCY

- Due to early stage of development in KSA and minimal presence by local player, currently the demand is mostly catered by international service providers leading to high import dependency

ENABLING FACTORS

ENABLERS

- KSA has a robust urban coverage in mobile infrastructure & has the 4th largest 5G deployment globally
- National direction for digitization in both public and private sector players, thus creating large demand for the opportunity
- SDA conducting training initiatives for local talents in IT & Software

ECOSYSTEM ANALYSIS

Vendors	Software Distributors	Contractors	System Integrators
S/W Systems & Applications Mobile Apps E-commerce	Matching local needs with vendors capabilities. Provides a One Stop Shop solution, customers services and supports.	IT Support Services, Consultancy & Implementation Cloud Services Data Center hosting Competency Centers Support Centers	Craft specific solutions for customers' needs as well as additional needs such as Demos and training to reduce project risks.

COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regional peers
Patent application (#/$PPP, 2016)	0.6 (Top 50%)
Software Spending (% GDP, 2016)	0.3 (Top 50%)
EIU Index on education quality (0 – 100)	58.3 (Top 75%)
ICTs and business model creation	5.1 (Top 25%)
Global Entrepreneurship Index (1 – 100)	48 (Top 50%)

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

KEY STAKEHOLDERS

وزارة الاتصالات وتقنية المعلومات
Ministry of Communications and Information Technology

وزارة الاستثمار
Ministry of Investment

وزارة التجارة والصناعة
Ministry of Commerce and Industry

هيئة الاتصالات وتقنية المعلومات
Communications and Information Technology Commission

INVEST SAUDI

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

CONNECT WITH US FOR MORE DETAILS:
ICT@misa.gov.sa

investsaudi.sa

@investsaudi

INVEST SAUDI