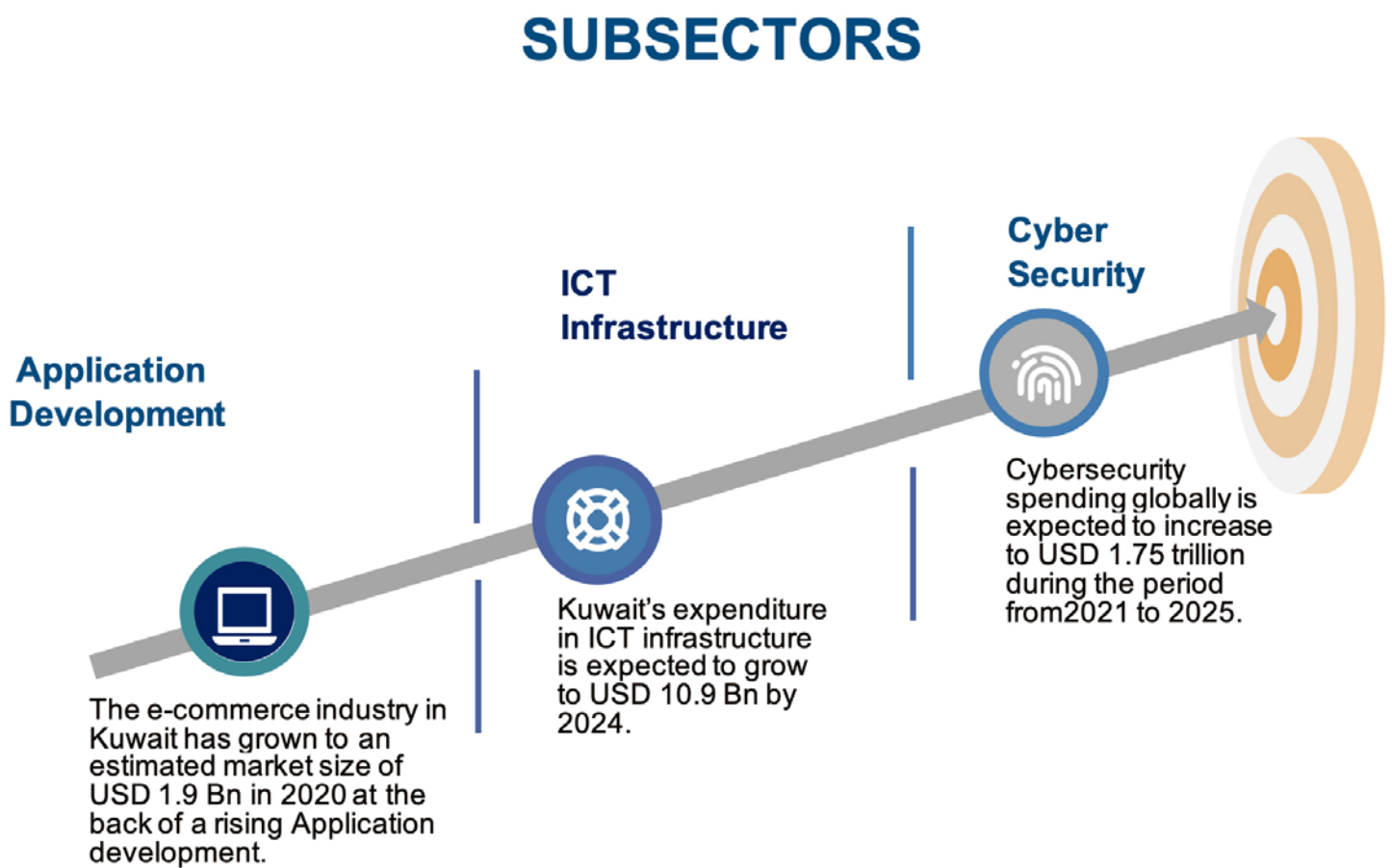


A person wearing a white lab coat is seated at a desk. Their left hand is on a laptop keyboard, and their right hand is holding a smartphone. The background is slightly blurred, showing a wooden desk and some office equipment. The text "Technology Sector" is overlaid in the center of the image.

Technology Sector

Sector Overview

The technology sector in Kuwaiti has seen a major growth the ICT infrastructure and the cyber security, while the application development witnessed a significant interest upswing. Locally founded FinTech and Food Tech companies have been successfully launched in Kuwait and in the region. Their success has been a catalyst for the launch of several other companies in Kuwait in many domains. The government support to the public in funding new technology companies through its SME Fund is an added incentive for young Kuwaiti entrepreneurs.



Kuwait offers interested investors a host of lucrative investment opportunities in the ICT sector of which application development, ICT infrastructure, and cyber security, supporting the digital transformation efforts in the State of Kuwait, and contributing to attain the goals of the National Vision 2035 and its development plans.

Pillars of Kuwait National Vision 2035



Sustainable Diversified Economy Pillar
Developed Infrastructure Pillar
Creative Human Capital



Sustainable Development Goals (SDGs) 2030



Goal 8. Decent Work & Economic Growth
SDG 9: Industry, Innovation & Infrastructure
Goal 11: Sustainable Cities & Communities
Goal 12: Responsible Consumption & Production

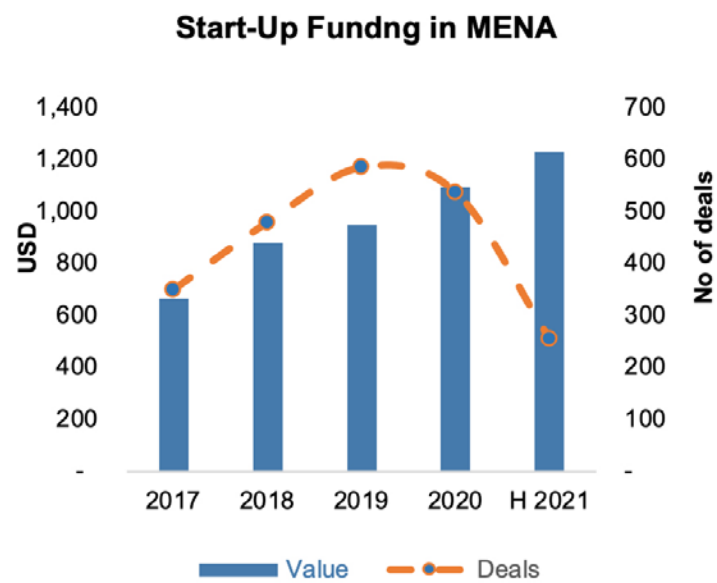


Application Development

MARKET FACTORS

- Application development is the process of developing software applications for mobile devices such as mobile phones, tablets, and others. The application development lifecycle typically involves design, development, testing, deployment, maintenance, and support.
- Kuwait has one of the highest mobile and internet penetrations globally as 99.6% of individuals use the internet while mobile cellular subscription was 178.5% per 100 inhabitants.
- The e-commerce industry in Kuwait has grown to an estimated market size of approximately USD 1.9 Bn in 2020.² While the e-commerce market in the MENA region is expected to reach USD 28.5 Bn by 2022 from a base of USD 8.3 Bn in 2017 a growth of nearly 3.3. times.⁶
- The technology sector is strongly supported in Kuwait by the government, which announced a USD 7 Bn Kuwait National Fund for SMEs to foster entrepreneurship amongst Kuwait youth, and encourage innovation in start-ups.³
- The sector is also supported by many incubators, accelerators and regional venture capitalists who see immense potential in business models.
- A number of local business investors and Kuwait family businesses are also venturing into this domain.
- The sector initially saw huge success with FoodTech with the launch of successful ventures such as Talabat and Carriage. Talabat was eventually sold to an international investor with an attractive valuation of USD 564.8 Mn and Carriage was acquired by the same investor through Talabat.⁴

- The sector also consists of business models related to groceries, payment solutions, electronics, real estate, home cleaning services, mobile saloons, and cosmetics.
- The government is keen on the digital transformation of government services provided by the Public Sector through the launching of several applications. The main objectives behind the digital transformation include:
 - Enhancing transparency in government transactions and reducing corruption.
 - Facilitating and expediting public service delivery and raising level of satisfaction.
 - Reducing human interference in transactions to ensure more just and equal treatment.
 - Advancing the efficiency of government performance and raising the level of technical awareness and work culture.⁵
- Some of the government’s initiatives in this regard include applications such as Shlonak, Musafir, Hawiyati, Immune, Meta, and Sahel. Others will also be included as part of the digitalization of ministries and public authorities transactions and services.
- Venture capital funding for the MENA region in the first half of 2021 stood at USD 1.2 Bn, higher than the entire amount of USD 1.09 Bn raised in the year 2020. The most attractive sectors in the region for venture capital were FoodTech and FinTech.⁷



INVESTMENT OPPORTUNITIES

- Kuwait offers lucrative investment opportunities in application development benefiting from a supportive ecosystem, which is expected to gain an increasing share of the application development market with high and high mobile and internet penetration rates, high income per capita and strong purchasing power, technology savvy and talented youth comprising major percentage of the population.

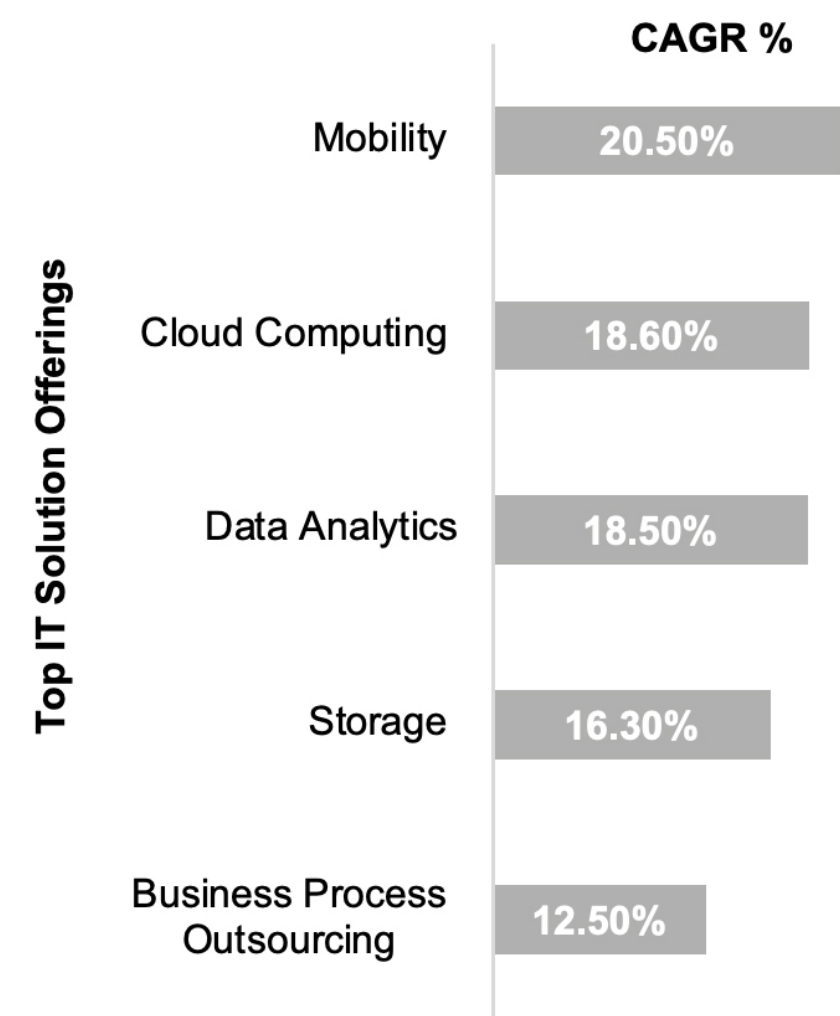
Sources: ¹CITRA, ²Statista, ³The National News, ⁴Arabnet, ⁵General Secretariat of the Supreme Council for Planning and Development, ⁶Bain & Co, ⁷Magnitt.



ICT Infrastructure

MARKET FACTORS

- The Kuwaiti government places a strong emphasis on the digital transformation of both public and private sectors, supported by the availability of high-end IT infrastructure in the country coupled with 5G internet speed.
- Kuwait’s expenditure in ICT is expected to grow to USD 10.9 Bn by 2024, at a CAGR of 10.2% (base 2019) by adopting various technologies such as Artificial intelligence (AI), Big Data, Cloud Computing, and Internet of Things (IoT).¹
- There are five main drivers for the country’s digital transformation growth that include Mobility that is expected to grow at 20.5% CAGR, followed by Cloud Computing (18.6%), Data Analytics (18.5%), Storage (16.30%), and Business Process Outsourcing (12.50%).¹



- A large number of ICT projects were undertaken to assist transforming Kuwait into a diversified and sustainable economy². They include:

Project Name	Cost (USD Mn)	% of GDP
Broadcasting and digital archiving network	59.4	0.05%
Fiber optic network between switches	13.3	0.01%
FTTH Optical Network (Phase III)	347.2	0.29%

- Banks are increasingly focusing on tech-based solutions for providing e-wallet and digital payment facilities.

INVESTMENT OPPORTUNITIES

- Kuwait is expected to offer several lucrative investment opportunities for interested investors to participate in tenders commissioned by the government in digital transformation segment, along with several opportunities in:
 - Mobile content management and enterprise mobile device management.
 - Data and analytical tools for businesses.
 - Cloud-computing solutions.
 - Expanding the ICT digital infrastructure.
 - Use of satellites for different purposes including R&D, Education and Scientific Research.

Sources: ¹GlobalData, ²Kuwait Vision 2035.



Cyber Security

MARKET FACTORS

- Cyber Security is securing computers, systems, and networks from disruption by protecting them against damage to their hardware, software, or electronic data from malicious attacks caused by viruses, malwares, hacking and trojans.
- Cyber Security spending globally is expected to increase to USD 1.75 trillion cumulatively for the period 2021 to 2025. It was merely USD 3.5 Bn back in 2004.¹
- Cybercrime losses globally have risen exponentially from USD 3 trillion a decade ago to USD 6 trillion in 2021. It is expected to cross USD 10.5 trillion by 2025.¹
- The government of Kuwait launched the National Cyber Security Strategy for the State of Kuwait for the years (2017–2020). The Strategy has mandated the creation of a National Cyber Security Centre to undertake the risk assessment analysis of 45 critical national infrastructure stakeholders.²
- The Central Bank of Kuwait has mandated Cyber Security Independent Audits for all banks, to detect inherent limitations within the respective ICT systems so that corrective measures can be taken.
- Kuwait ranked 65th out of 194 countries globally and 9th regionally in the Global Cyber Security Index in 2020.³
- Kuwait has faced multiple Cyber Security issues in the past years with attacks on shipping, transportation firms and financial institutions, and continues to be exposed to cyber attacks:
 - As per Trend Micro’s Annual Cybersecurity Report for 2021, Kuwait witnessed over 14 million email threats, more than 3.5 million URL victims attack, over 1.7 million malware attacks. With increasing remote work, the Smart Home

Network (SHN) solutions shielded and prevented more than 756,857 SHN events. ⁴

– As per Kaspersky Security Solutions 784,043 phishing attacks occurred in Kuwait in the second quarter of 2022.⁵



INVESTMENT OPPORTUNITIES

- Kuwait is expected to offer several lucrative investment opportunities to interested investors within the Cyber Security solutions domain to provide optimal solutions locally that meet international standards, within the training domain as employees need to be aware of Cyber Security threats and the mechanisms to avoid them.

Sources: ¹Einnews, ²OBG, ³International Telecommunication Union (ITU), ⁴Zawya, ⁵Arab Times.

