2.11: IT and Software Development

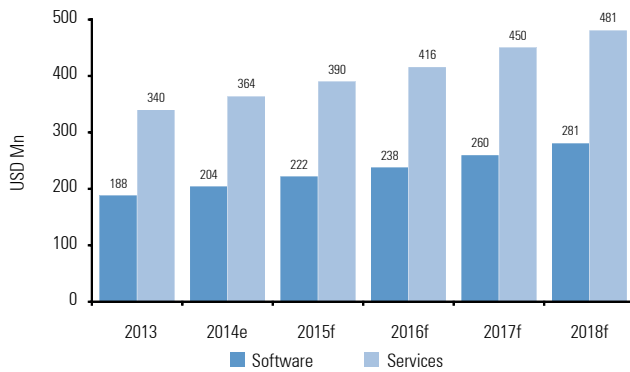**OPPORTUNITY OVERVIEW**

Kuwait ranks high on key IT and mobile infrastructure related benchmarks in the MENA region, such as internet penetration (62%) and mobile penetration (138%) reflecting quick technology adoption and supporting development of software and IT businesses.

The country's young and affluent population also supports demand for emerging technologies and associated software. On the institutional front, the Kuwait Government has initiated many e-governance projects which are expected to drive the use of electronic services by Government organizations and the general public.

The market size for software and IT related services amounted to around USD 528 Mn in 2013 and is expected to grow annually at 8% over the period 2013 to 2018.

Software and service sector sales

	2013	2014e	2015f	2016f	2017f	2018f
Software	188	204	222	238	260	281
Services	340	364	390	416	450	481

USD Mn

■ Software ■ Services

WEB AND APP DEVELOPMENT

Web and app development is gaining importance as businesses strive to meet customer demands and expectations on service quality.

Kuwait's internet traffic in general is expected to continue its historical growth trend over the foreseeable future primarily driven by private consumers, reaching 45.4 petabytes per month by 2016. This overall development will induce the further development of digital applications and solutions especially those which are web enabled.

The opportunity to offer web based services in Kuwait and wider GCC region is relatively new as these sectors have been traditionally served by international players and, to a limited extent, by some regional players.

Favorable demographics and digitization of content are expected to drive the need for IT services such as web and app development.

Source: Business Monitor International, Ipsos, EIU, Cisco, KPMG analysis

2.11.1: Web and App Development

Web and app development is becoming increasingly important for customer-centric businesses in Kuwait. Demand from consumer focused sectors like retail, banking along with IT transformation initiatives at the Government level are augmenting demand for web-enabled IT services and solutions. This provides opportunities for international players with local and regional presence.

Young and educated population

GROWTH DRIVERS

High internet penetration

Government spending on IT

- Kuwait's young and educated population is expected to drive consumption of content and engagement via multiple digital tools (including social networking platforms, mobile applications, online videos, etc.).

- Kuwait's e-government initiatives are expected to drive the expansion of web and app development.

- Kuwait has one of the highest internet penetration rates within the MENA region with 62% of the adult population using internet more than once a day, resulting in demand for mobile apps and internet based services. Around 41% of the population has access to the internet over mobile phones, with more than 64% of Kuwaiti nationals using smart phones.

The market size of the IT services segment (including web and app development) was estimated at USD 340 Mn in 2013, with a projected growth rate between 7% per annum. The market in Kuwait is still at a nascent stage with most requirements being currently serviced out of other markets in the region. There also exists potential for localized and Arabic content.

Source: Business Monitor International, International Data Cooperation