Research Highlights:
Examining and analyzing the status of Kuwait ICT Sector highlighting the demand, supply and investment trends. The report also presents growth drivers and key learning points.
Disclaimer

This report has been prepared and issued by Marmore MENA Intelligence Ltd (Marmore), a fully owned research subsidiary of Kuwait Financial Centre "Markaz" K.P.S.C. Marmore is a private limited company registered with the Registrar of Companies in India. This Report is owned by Marmore and is privileged and proprietary and is subject to copyrights. Sale of any copies of this Report is strictly prohibited. This Report cannot be quoted without the prior written consent of Marmore. Any user after obtaining Marmore's permission to use this Report must clearly mention the source as “Marmore.” The Report is intended to be circulated for general information only and should not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.

The information and statistical data herein have been obtained from sources we believe to be reliable, but no representation or warranty, expressed or implied, is made that such information and data is accurate or complete, and therefore should not be relied upon as such. Opinions, interpretations, estimates, and projections in this report constitute the current judgment of the author as of the date of this Report. They do not necessarily reflect the opinion of Markaz or Marmore or other identified parties and are subject to change without prior notice. Neither Marmore nor Markaz have an obligation to update, modify, or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast, or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn.

This Report may not consider the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors are urged to seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report and to understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security’s price or value may rise or fall. Investors should be able and willing to accept a total or partial loss of their investment. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily indicative of future performance.

Markaz may seek to do business, including investment banking deals, with companies covered in its research reports. Markaz may have interests in the areas covered in this research report. Markaz, Markaz managed entities, its clients, or its employees may have from time to time long or short positions in any security, derivative or other types of assets referred to in this research report. As a result, investors should be aware that Markaz may have a conflict of interest that could affect the objectivity of this report.

This report may provide the addresses of or contain hyperlinks to websites. Except to the extent to which the report refers to website material of Markaz and Marmore, Markaz has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Markaz’s or Marmore’s own website material) is provided solely for your convenience and information, and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or Markaz's or Marmore's website shall be at your own risk.

For further information, please contact ‘Markaz’ at P.O. Box 23444, Safat 13095, Kuwait; Email: info@e-marmore.com; Tel: 00965 22248280; Fax: 00965 22495741.
# Table of Contents

1. **Executive Summary** .........................................................5

2. **Kuwait ICT Overview** ....................................................7

3. **Communication Infrastructure in Kuwait** ..............................9
   - Overview ........................................................................... 9
   - Telephone penetration (landline and mobile) ....................... 9
   - Internet infrastructure .................................................... 11

4. **ICT Spending in Kuwait** ..................................................12
   - Investment forecast ....................................................... 12

5. **Regulatory Environment** .................................................15

6. **ICT Application in the Government Sector** ..........................17
   - The Central Agency for Information Technology ................. 17
   - Kuwait Government Online Portal (e.gov.kw) ....................... 17

7. **Key Players and Market-Share** ........................................20
   - Mobile Services Providers ............................................. 20
   - Internet Services Providers in Kuwait .............................. 28

8. **Kuwait and the GCC – A Comparison** ..................................31

9. **Growth Drivers** ............................................................36
   - Young and affluent population ....................................... 36
   - Internet use ...................................................................... 36
   - Mobile broadband ........................................................ 36
   - Technology ...................................................................... 37
   - Government Investment .................................................. 37
   - E-government .................................................................. 37
   - Data use and “bundling offers” or media convergence .......... 37
   - Independent regulator ....................................................... 38
   - More competitive retailing and foreign expertise ................. 38
<table>
<thead>
<tr>
<th>Tables</th>
<th>Charts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Kuwait ICT market growth trends (2004–2010)</td>
<td>1 ICT Spending in Kuwait</td>
</tr>
<tr>
<td>3 Zain Financial Highlights</td>
<td>3 ICT spending in Kuwait</td>
</tr>
<tr>
<td>4 Zain Metrics</td>
<td>4 Zain Group subsidiaries/investments</td>
</tr>
<tr>
<td>5 Wataniya Financial Highlight</td>
<td>5 Wataniya Telecom subsidiaries/investments</td>
</tr>
<tr>
<td>6 Wataniya Key metrics</td>
<td>6 Network Readiness Index—evolution of ranking during 2006–2012</td>
</tr>
<tr>
<td>7 Current ISP services – Residential</td>
<td>7 World Internet users on June 2012</td>
</tr>
<tr>
<td>8 ISP in Kuwait Ownership structure</td>
<td>8 Middle East Internet Users on June 2012</td>
</tr>
<tr>
<td>9 Main indicators for the GCC countries</td>
<td></td>
</tr>
<tr>
<td>10 Internet penetration rates (2010)</td>
<td></td>
</tr>
<tr>
<td>11 Telecommunication penetration rates in 2009 per 100 pop</td>
<td></td>
</tr>
</tbody>
</table>
Kuwait is the only GCC country yet to establish an independent communications regulatory body.

### Executive Summary

Information Communication Technology (ICT) is in constant growth in quest with economic and demographic trends of Kuwait. This induces a great need for capacity building and maintenance. In the early eighties, Kuwait adopted telecommunication technology before its GCC peers by establishing MTC (Zain), the first telecommunication company in the region. Kuwait was one of the earliest internet adopters in the region as well. However, it lagged behind other countries in the recent years in terms of various key indicators. For e.g., in terms of network readiness index, it ranks 62 compared to 27 for Bahrain and 28 for Qatar. Similarly it has lower mobile and internet penetration compared to other GCC countries. One of the key limitations of Kuwait ICT sector is the lack of an independent regulatory body which is slowing further development in this evolving sector.

<table>
<thead>
<tr>
<th>ICT Spend Forecast (USD$m)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KUWAIT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecoms</td>
<td>3.9</td>
<td>4.1</td>
<td>4.3</td>
<td>4.5</td>
<td>4.7</td>
<td>21.6</td>
</tr>
<tr>
<td>ICT</td>
<td>1.2</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td>1.4</td>
<td>6.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5.1</td>
<td>5.3</td>
<td>5.6</td>
<td>5.9</td>
<td>6.1</td>
<td>28.0</td>
</tr>
</tbody>
</table>

Source: Markaz Research, World Information Technology and Services Alliance (WITSA), and the IMF.

Kuwait is the third largest spender on ICT infrastructure in the GCC. ICT spending has grown at a CAGR of 12.6% between 2003-2011 and is expected to moderate to a 6.4% annualized growth over the next three years. We expect total ICT spending to reach USD 28 billion between 2011-2015. The bulk of ICT spending, about 80%, is towards Communications, followed distantly by Computer Hardware and Software. Based on segment analysis, ICT spending is concentrated on consumer segment with 47% of total 2011 spending, followed by energy and utilities with 9.3% while the government segment contributed to 7.2% of total ICT spending.
Consumers might be leading ICT adoption in Kuwait; however this is not the case in the government sector. This issue was addressed by the Government of Kuwait, through the establishment of the Central Agency for Information technology. The CAI is in charge in digitizing the government, the task is long and challenging but fruitful as we can see with several unified communication tools including Ministry of Health digital medical record initiative and TASDEED portal. CAI projects once implemented will require increased spending on ICT infrastructure.
Who we are

We are a research house specialized in MENA economies and business issues with the focus on providing actionable solutions.

What we do

- Reports
- Bulletin
- Webinars
- Presentations
- Videos
- Blogs

Our specialization

- Industry
- Regulatory
- Policy
- Economic
- Infrastructure
- Captial Market

Customized research

- Feasibility
- Business plan
- Database
- Valuation
- White-label reports

Our country focus

- GCC
- MENA
- Saudi Arabia
- Kuwait
- United Arab Emirates
- Qatar