

## **Saudi Arabia Cloud Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 129 pages | Mordor Intelligence

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### **Report description:**

The Saudi Arabian Cloud Services Market is valued at USD 2554.20 million in 2021 and is expected to register a CAGR of 16.70% during the forecast period 2022-2027. The market is anticipated to grow due to rising demands for lower capital expenditure, increased acceptance of digital business strategies, rising demand for the Internet of Things (IoT), and quicker and simpler cloud service implementation.

### **Key Highlights**

The increasing number of internet users is a significant factor contributing to the country's cloud services market. Data generation is significantly growing with internet penetration. Securely storing such a large volume of data is challenging. Many firms still store client and corporate data in actual data centers. As more businesses adopt cloud computing, cloud server providers anticipate offering more cloud-based data centers at cheaper costs. Competitive prices due to the availability of various cloud service providers will benefit enterprises. This development will make it possible to store data in less physical space.

The economy of the Kingdom of Saudi Arabia is rapidly reviving. According to the IMF(International Monetary Fund), Saudi Arabia's real GDP will increase by 7.6% in 2022 instead of 3.2% in 2021. The oil sector, anticipated to develop at the quickest rate since 2003, will play a significant role in the economy's expansion this year. As the nation continues to undo the 2020 oil production cuts by the current OPEC (Organization for Petroleum Exporting Countries)+ agreement, it will increase by 14%. The non-oil sector will also contribute to economic growth since it will profit from increased domestic demand and the advancement of projects for economic diversification.

Organizations in Saudi Arabia have noticed a demand for agile and scalable IT infrastructures and business solutions that are effective and quick to adapt to changing scenarios, enabling seamless adoption of new technologies and encouraging new business models. This is because digital transformation fuels significant change in the nation's business environment. Most innovation strategies have cloud services as priority areas, which also appear as part of overall national approaches to the

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Digital Society, the Information Society, or the Information Economy. However, most participants are primarily limited to industry, technical experts, and government agencies.

The COVID-19 crisis has altered how businesses function. Due to a rise in demand driven by the pandemic, local businesses are implementing cloud services to boost the productivity and scalability of their operations. Cloud computing can increase competitiveness by lowering costs, improving flexibility and elasticity, and maximizing resource use. Big data analytics, hybrid and multi-cloud clouds, storage, disaster recovery, and data backup are a few cloud services and functionalities that can help businesses succeed.

## Saudi Arabia Cloud Services Market Trends

### Economic Benefits Leading to Cloud Adoption

The economy of the Kingdom of Saudi Arabia is rapidly reviving. According to the IMF(International Monetary Fund), Saudi Arabia's real GDP will increase by 7.6% in 2022 instead of 3.2% in 2021. The oil sector, anticipated to develop at the quickest rate since 2003, will play a significant role in the economy's expansion this year. As the nation continues to undo the 2020 oil production cuts by the current OPEC (Organization for Petroleum Exporting Countries)+ agreement, it will increase by 14%. The non-oil sector will also contribute to economic growth since it will profit from increased domestic demand and the advancement of projects for economic diversification.

Further, According to Saudi Arabian Monetary Agency, Foreign Direct Investment in Saudi Arabia increased by USD 1965 Million in the first quarter of 2022. Such a huge rise in the GDP and FDI indicates that the country's revenue from different sectors is increasing, with similar growth in the technology industry. This economic rise will drive the market studied.

Taking advantage of the natural resources in the Kingdom of Saudi Arabia and its physical and cultural location between three continents, the Saudi economy has grown in many sectors. As a result of this expansion, the country established a sound economic foundation, grew to rank among the twenty most significant economies in the world, and joined the G20 actively. Saudi Arabia, supported by a robust financial system, a strong banking industry, and massive government corporations based on a highly skilled Saudi workforce, is one of the major players in the world economy and oil markets.

Since the introduction of the Vision, Saudi Arabia has successfully put several programs and structural changes into place to support economic development. This transformation included several significant initiatives aimed at improving the national industry, local content, promising economic sectors, launching and developing them, and an enabling component designed to maximize the private sector's and SMEs' contribution and improve the sustainability of public finances. These structural changes have improved the Kingdom's economic standing and capacity to fight the COVID-19 pandemic in 2020.

Further, In light of several investment programs under the Public Investment Fund and top corporations, it is anticipated that the pace of this structural transformation will continue in the years to come. The localization of knowledge and innovative ideas is also anticipated. Such vision policies are expected to drive the economy of the market. This will significantly benefit the cloud services providers so that they approach public firms to deploy cloud services, enabling them to expand their market share.

### Healthcare Sector is Expected to Register the Fastest Growth During the Forecast Period

The growth in the adoption of cloud services in the country's healthcare sector is largely governed by the efforts of the government to digitize the same. Saudi Arabia's Ministry of Health (MoH) accelerated the transformation of its IT systems with the onset of COVID-19, which has added strain on healthcare systems and increased the need for various applications, such as booking platforms for vaccinations and remote access to patient records. Since the pandemic, this has accelerated the adoption of cloud services in the healthcare sector.

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Due to the COVID-19 pandemic, Saudi's healthcare industry has been forced to adapt to new ways of working at a pace as the sudden and rapid increase in patient numbers has necessitated a more consolidated and connected approach to care. This has boosted the demand for cloud services in the country to provide patients with access to streamlined, efficient, and high-quality care regardless of location.

Adopting cloud services in the healthcare sector enables providers to switch from using labor-intensive, energy-hungry servers and instead manage their IT operations securely from the cloud. This improved the demand for cloud services in the country's healthcare institutions.

Various cloud service providers, such as VMware and STC Cloud, are working with the Ministry of Health and private healthcare providers to bring the benefits of innovative technology to bear for all patients in the Kingdom. Cloud technologies cut down on paperwork and allow new doctors to have easy access to patients' medical information, thus boosting its adoption in the healthcare sector.

The growing efforts by the Ministry of Health and cloud service providers are expected to result in exponential growth in the coming years. The presence of giant cloud services providers such as Oracle and Google and growth in cloud regions across the country will facilitate increased adoption of cloud services in the healthcare sector in the coming years.

### Saudi Arabia Cloud Services Market Competitor Analysis

The Saudi Arabia Cloud Services Market is highly competitive owing to the presence of numerous large firms such as Google, AWS, Microsoft, Oracle, and CloudSigma. Moreover, product innovations, significant R&D spending, partnerships, and acquisitions are the key strategic activities to have a competitive edge over others.

May 2022 - Microsoft is focusing on startup programs in Saudi Arabia. With Saudi Arabia's Vision 2030 blueprint reshaping the entrepreneurial landscape, Saudi startups are all gearing up to take their enterprises to the next level. The company, with its Global incentive programs of Microsoft corporation, helps startups to scale their growth. These instances help the company in increasing its opportunities to expand cloud services across the region.

December 2021 - Google declared its plans to deploy and operate a cloud region in Saudi Arabia, while a local strategic reseller, sponsored by Aramco, will provide cloud services to businesses in the Kingdom. The company also referred to Dammam as the location for its critical region for cloud services. Google also stated that it would start hiring out of a Riyadh-based office to support the cloud region's overall operation and deployment.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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