

Israel ICT - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Israel ICT Market size is estimated at USD 52.45 billion in 2024, and is expected to reach USD 61.90 billion by 2029, growing at a CAGR of 3.37% during the forecast period (2024-2029).

The growing emphasis on digital technology, cyber security, artificial intelligence, robotics, and healthcare IT in Israel is significantly driving the market's growth.

Key Highlights

- Moreover, the increasing demand to explore and adopt digital technologies and initiatives, the increase in the overall demand for digitalization and scalable IT infrastructure, the wide adoption of the 5G network, and the rising penetration of technology giants are boosting the growth of the ICT market significantly.
- According to the IMF (International Monetary Fund), Israel's GDP is expected to grow to USD 678.59 billion by 2027. The country's GDP is growing significantly with increasing IT investments that would create new growth opportunities for the Israel ICT market.
- Key players in the ICT market are taking initiatives to deploy 5G services in Israel. For Instance, Cellcom was awarded a 5G license from the Israel Ministry of Communication (MoC). Cellcom 5G network is deployed to provide 5G services for the location, including Ashdod, Haifa, Jerusalem, Netanya, Rishon LeZion, Petah Tikva, and Tel Aviv. The demand for deploying 5G services will significantly grow in the future with the growing number of IT tech parks.
- Government authorities are working with private IT and telecom service providers to expand their telecom sector. For Instance, Israel's Ministry of Communications established a tentative outline to shut down 2G and 3G networks by the end of 2025.
- The COVID-19 pandemic had minimal impact on the Israel ICT market. But during the COVID-19 lockdown digital transformation, companies realigned their IT strategies, automated processes, managed operational costs, and implemented new systems for better and improved efficiencies. In addition, emerging technologies such as robotic process automation, artificial intelligence, big

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data, machine learning, cloud computing, the internet of things, blockchain, cybersecurity, and augmented/virtual reality have helped to a great extent to accomplish these goals and create new growth opportunities for the ICT market.

Israel ICT Market Trends

Growing demand for Cloud Technology

- ICT market vendors widely adopt cloud computing for application development and testing, resource management, data storage, backup, orchestration services, etc. Cloud computing technology is adopted across various sectors, including IT and telecom, healthcare, BFSI, manufacturing, retail, media, and entertainment. For instance, Microsoft plans to launch its first cloud in Israel to provide cloud services in local data centers across the country.
- BFSI sectors in the country have led to the increasing deployment of cloud-based services for secured payment gateways. For instance, TCS is working with Newgen to enable Israel's central bank to transform its banking sector by building a cloud-hosted centralized platform to provide end-to-end banking solutions.
- Key players in the ICT market have upgraded their existing data centers with cloud computing solutions, primarily driving the market growth. For Instance, Israel signed a contract with Google and Amazon Web Services (AWS) worth USD 1 billion to provide cloud services for the public sector and military.
- Furthermore, the increasing investments by the government in promoting the development of numerous technologies, such as 5G, AI, IoT, machine learning, Big Data, etc. is expected to drive the growth of the ICT market. For instance, IBM acquired the Israeli provider of data observability software company Databand.ai. This acquisition will help the company to extend its leadership in observability to the full stack of capabilities for IT across infrastructure, applications, data, and machine learning and is part of its efforts to boost its hybrid cloud and AI skills and capabilities.
- Globalization in this region and the growing need for adopting advanced technologies such as Cloud, IoT, and artificial intelligence are boosting the market's growth. According to the IMF, Israel will record a GDP of USD 678.59 billion in 2027. This indicates that the GDP is growing, and so will the ICT market.

The IT and Telecom Sector is Expected to Drive the Market

- The government is taking initiatives to boost the country's IT sector because of the growing demand for digital transformation. For instance, based on the Human Capital Fund Program, the Israel Innovation Authority will fund training and placement schemes with a total budget of USD 10.59 million (public and private funds). Such initiatives from the government will bring new growth opportunities for the Israel ICT market.
- The demand for greater agility and flexibility in IT infrastructure is driving the growth of the ICT market. For Instance, Google LLC plans to build its fourth data center in Israel. Such infrastructure investments will bring new growth opportunities for the Israel ICT market.
- The transition to 3G, 4G, and 5G is still rising in the country due to expanding new networks and increasing demand for high-speed connectivity services. For instance, Israel plans to allow Palestinian mobile operators to launch 4G networks in Israel.
- According to GSMA, smartphone adoption will grow by 85% by 2025. The growing population of adults in the country is increasingly using smartphones which will increase the demand for ICT products and services.
- The growth in the telecom industry is mainly due to the increasing population with the rising adoption of broadband services in the country. According to the Ookla Speedtest Global Index, Israel ranked 33rd with a median fixed broadband download speed of 95.66 Mbps in November last year. Fixed broadband services penetration is growing significantly and thus increasing the demand for the telecom services sector.

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Israel ICT Industry Overview

The Israel ICT market is moderately competitive and moving toward the fragmented stage as the market currently consists of various significant players. Several key players in the ICT market IBM Corporation, Cognizant Technology Solutions, Google LLC, Microsoft Corporation, and Oracle, are putting constant efforts to bring advancements.

In February 2022, Google, the world's leading cloud service provider, activated a local cloud region for Israel, offering cloud services to the country's government and military in a move expected to boost economic growth.

In February 2022, Israel's Ministry of Communications (MoC) approved its deal to sell a controlling stake in local mobile network operator (MNO) 018 Xfone.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

1.1 Market Definition and Scope

1.2 Study Assumptions

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Stakeholder Analysis

4.3 Industry Attractiveness-Porter's Five Forces Analysis

4.3.1 Bargaining Power of Suppliers

4.3.2 Bargaining Power of Consumers

4.3.3 Threat of New Entrants

4.3.4 Threat of Substitute Products

4.3.5 Intensity of Competitive Rivalry

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Consistent Digital Transformation Initiatives

5.1.2 Robust Telecommunication Network

5.2 Market Restrain

5.2.1 Concerns Relating To Economic Crisis Across the Country

6 KEY TECHNOLOGY INVESTMENTS

6.1 Cloud Technology

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- 6.2 Artificial Intelligence
- 6.3 Cyber Security
- 6.4 Digital Services

7 MARKET SEGMENTATION

- 7.1 By Type
 - 7.1.1 Hardware
 - 7.1.2 Software
 - 7.1.3 IT Services
 - 7.1.4 Telecommunication Services
- 7.2 By Size of Enterprise
 - 7.2.1 Small and Medium Enterprises
 - 7.2.2 Large Enterprises
- 7.3 By Industry Vertical
 - 7.3.1 BFSI
 - 7.3.2 IT and Telecom
 - 7.3.3 Government
 - 7.3.4 Retail and E-commerce
 - 7.3.5 Manufacturing
 - 7.3.6 Energy and Utilities
 - 7.3.7 Other Industry Verticals

8 COMPETITIVE LANDSCAPE

- 8.1 Company Profiles
 - 8.1.1 IBM Corporation
 - 8.1.2 Cognizant Technology Solutions
 - 8.1.3 Google LLC
 - 8.1.4 Oracle
 - 8.1.5 Microsoft
 - 8.1.6 Golan Telecom
 - 8.1.7 Orange
 - 8.1.8 Telefonica
 - 8.1.9 AT&T
 - 8.1.10 TCS Telecom

9 INVESTMENT ANALYSIS

10 FUTURE OF THE MARKET

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