Saudi Arabia Cloud Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Saudi Arabia Cloud Services Market Analysis

The Saudi Arabia cloud services market was valued at USD 4.77 billion in 2025 and estimated to grow from USD 5.52 billion in 2026 to reach USD 11.47 billion by 2031, at a CAGR of 15.74% during the forecast period (2026-2031). Heightened digital-first mandates under Vision 2030, the Communications and Information Technology Commission's Cloud-First Policy, and accelerating hyperscaler capital expenditure have created a strong foundation for sustained expansion. Software-as-a-Service (SaaS) continues to resonate with enterprises that want rapid deployment and minimal infrastructure upkeep, while Platform-as-a-Service (PaaS) is scaling quickly as developers prioritize modern application frameworks. Robust foreign direct investment totaling more than USD 21 billion in data center campuses keeps pricing competitive and latency low, widening adoption across regulated industries. Growing artificial-intelligence workloads, evidenced by large-scale NVIDIA GPU purchases and sovereign chip alliances, are catalyzing demand for GPU-rich cloud instances. Finally, rising edge-cloud deployments in NEOM and Riyadh enable gaming, streaming, and industrial IoT use cases to run close to end users for improved performance and compliance.

Saudi Arabia Cloud Services Market Trends and Insights

Vision-2030 Digital-First Mandates Drive Systematic Cloud Migration

Vision 2030 obliges government entities to prioritize cloud procurement, triggering consistent demand that spills into private-sector decision making. The Digital Government Authority's Emerging Technology Adoption Readiness Index delivers

assessment tools that streamline migration planning, while a USD 24.8 billion national digital-infrastructure program has driven 99% internet penetration and broad 5G coverage. Eighty-five percent of surveyed public-sector leaders now earmark budgets for cloud-enabled emerging technologies, and 45% actively evaluate AI-driven workloads. National cloud infrastructure coordinated by the Saudi Data and Artificial Intelligence Authority joins more than 200 government systems, reinforcing secure data interchange standards that private firms subsequently mirror.

Hyperscaler Data Center Investments Create Infrastructure Foundation

Aggregated commitments from AWS, Microsoft, and Oracle surpass USD 21 billion, adding multiple availability zones by 2026. AWS alone will invest USD 5.3 billion to deploy three zones accompanied by two innovation centers targeting 30,000 local trainees, 4,000 of whom are women. Oracle opened its second Riyadh region after outlaying USD 1.5 billion to offer more than 100 cloud services under strict data residency rules. Project MGX, a USD 30 billion Microsoft-Temasek-BlackRock alliance, plans an AI-centric campus in Riyadh to serve quantum and generative-AI workloads. These facilities reduce network latency, introduce next-generation accelerators, and intensify price competition, broadening adoption among cost-sensitive sectors such as education and retail.

Enterprise Skill Deficit Constrains Cloud Adoption Velocity

Rapid scaling of digital projects outstrips local talent supply, forcing reliance on expatriate professionals and elevating costs. Fifty-six percent of Saudi tech leaders identify skills shortages as the top barrier to AI deployment. Government programs such as One Million Arab Coders and SDAIA's Elevate aim to upscale 25,000 women, while AWS pledges to train 30,000 citizens. Nevertheless, workforce development timelines keep the skills gap material for the medium term.

Other drivers and restraints analyzed in the detailed report include:

Gen-AI Workload Momentum Drives GPU Infrastructure DemandCost-Optimization Imperatives Accelerate Cloud MigrationLegacy Migration Complexity Creates Implementation Barriers

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

SaaS commanded 44.02% of 2025 revenue as enterprises embraced turnkey software to bypass legacy hardware management. PaaS adoption, projected at a 16.64% CAGR, aligns with developer demand for integrated toolchains and container orchestration that facilitate rapid releases. The Saudi Arabia cloud services market size allocated to PaaS is therefore positioned to outpace other models through 2031. IaaS persists among large firms that need granular control over compute resources, especially for security-sensitive oil-and-gas applications. Function-as-a-Service gains traction within startups seeking operational agility.

From 2019-2024, PaaS shifted from exploratory pilots to mainstream deployments. Saudi Aramco pilots industrial Large Language Models via managed PaaS offerings to avoid infrastructure overhead. Regulatory clarity from CITC's Cloud Computing Regulatory Framework standardizes compliance, further reinforcing PaaS uptake.

Public cloud captured 65.72% of the Saudi Arabia cloud services market share in 2025, leveraging economies of scale and on-demand scalability. Hybrid deployments are forecast to rise at a 16.41% CAGR as enterprises combine on-premise controls with off-premise elasticity. The Saudi Arabia cloud services market size aligned to hybrid solutions is expected to rise sharply as compliance frameworks mandate local data residency.

Financial institutions illustrate the pattern: STCPay runs Temenos on private infrastructure while connecting to public services for overflow capacity. Edarat Group's IBM Cloud Satellite deployment in three domestic sites meets sovereignty requirements while offering multi-cloud provisioning.

The Saudi Arabia Cloud Services Market is Segmented by Cloud Service Model (Infrastructure-As-A-Service (IaaS), Platform-As-A-Service (PaaS), and More), Deployment Type (Public Cloud, Private Cloud, and Hybrid Cloud), Organisation Size (Large Enterprises and Small and Medium Enterprises), and End-User Industry (Oil, Gas and Utilities, Government and Defense, and More). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Amazon Web Services, Inc. Microsoft Corporation Google LLC Alibaba Cloud (Alibaba Group Holding Ltd.) Oracle Corporation IBM Corporation SAP SE Salesforce, Inc. VMware, Inc. CloudSigma AG Saudi Telecom Company (stc) Tencent Holdings Ltd. (Tencent Cloud) Huawei Technologies Co., Ltd. (Huawei Cloud) Rackspace Technology, Inc. DigitalOcean Holdings, Inc. OVH Groupe SA (OVHcloud) Equinix, Inc. Nutanix, Inc. Dell Technologies Inc. Red Hat, Inc. Wasabi Technologies, Inc. Linode LLC (Akamai Technologies)

Additional Benefits:

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

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