



# ICT BUSINESS DEVELOPMENT

*Palestinian ICT Sector 2.0: Technology Sector Development  
Report and Recommendations Relevant to Regional Market  
Opportunities*

by

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Information  
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## 1. Executive Summary

This report showcases and provides recommendations on regional and global market opportunities for the Palestinian Information and Communication Technology (ICT) sector. It comes as follow up to a Market Mapping commissioned by Mercy Corps and a sector Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis within an ICT 3-year sector strategy conducted by the Palestinian ICT Association of Companies (PITA). The purpose of the report is to develop a market penetration strategy for three regional markets whose demand is matched by the Palestinian ICT supply of technical skills.

The Palestinian ICT sector holds great potential for growth and is considered a potentially large employer and contributor to Palestinian economic development. At present the ICT sector's contribution to the overall output of the Palestinian economy is disproportional to the number of people it employs with 3% of the workforce (about 5,000 individuals) producing 8% of output. The ICT sector stakeholder ambition is to increase Palestinian ICT companies' international market access (i.e. enhance export activity) to encourage sector growth. To do so, Palestinian capabilities (i.e. the supply-side) have been studied and show that software development is the leading subsector that Palestinian export-ready companies are able to supply competitively and at high quality standards. Another service that export-ready companies are capable of providing competitively is staff augmentation and business process outsourcing. Additionally, the human capital that exists in Palestinian ICT companies is capable of providing the above services with high quality soft skills, including functional management skills, language skills, and other communication skills.

On the other hand, the study also shows that there is some demand for technical skills that are lacking among Palestinian ICT firms and that are related to innovation, research and development opportunities, and exposure to international experiences. These are often unaffordable or inaccessible to the majority of ICT SMEs in Palestine, but all the more necessary to be provided by supportive and representative bodies such as PITA.

The Israel Market Engagement Plan, Constraints and Opportunities Analysis in this report proposes to approach the Israeli market with value-added offers in the fields of business process outsourcing, staff augmentation and Arabization of content. The main areas demanded by the Israeli market are offshore BPO legal, call center services, research and development, management, and accounting services. As of today, many of these demands are responded to by Eastern European suppliers. The report describes how Palestinian suppliers can offer the Israeli market a more competitive alternative than the Eastern European supplier and proposes methods for the positioning and marketing of Palestinian services and service providers as such. This would chiefly entail challenging the negative brand value attached to

Palestinian services or products that permeates Israeli market's perception and enhancing the knowledge of the Palestinian service providers or producers with regard to Israeli market needs.

The Jordan Market Engagement Plan, Constraints and Opportunities Analysis in this report proposes to approach the Jordanian market as an avenue that may mitigate a potential client's perception of risk that is associated with importing from a Palestinian supplier. The perceived risks include political instability, lack of mobility to and from Palestinian company sites, limited awareness about the quality of Palestinian supply, as well as the higher cost structure when compared to Jordanian or Egyptian suppliers. With regard to entry-level skills demanded by international markets, the Jordanian supplier prices prove more competitive than those of the Palestinian supplier. However, and this is where Palestinian value-added lies, higher level, high quality skills can be supplied by Palestinian companies at more competitive prices than Jordanian companies. Thus, given Jordan's strategic location and that the Jordanian ICT market is self-sufficient, this report proposes that Jordan is best positioned as the Palestinian ICT sector's "launching pad" into wider international markets.

After comprehensive research, and in close cooperation with sector stakeholders, the research team identified the third most promising regional market for the Palestinian ICT sector to be the Saudi Arabian market. The Saudi Arabian Engagement Plan, Constraints and Opportunities Analysis in this report proposes to approach this third market with specialized services namely in software development and Arabization services. The large size of the market makes it attractive for large international firms to establish themselves there and supply the market's major needs. On the other hand, there remain smaller more specialized needs pertaining to Saudi Arabia's periphery cities and overlooked areas (due to their small size) to which the Palestinian supplier can and should respond.

This study and report shows that there is a potential for Palestinian companies to export ICT products and services to three identified markets: Israel, Jordan, and Saudi Arabia. Moreover, there are different approaches and strategies to take in order to successfully penetrate these markets.

The report suggests recommendations to improve the legal, regulatory policy framework for the ICT sector focusing on the few key areas including; accessing the 3G and 4G telecommunications' networks, provision of ICT product testing within Palestine, Promotion of ICT application in the basic education system and promoting innovation and R&D through cooperation between private investments and academic higher education institutions.

## 2. Introduction

The Palestine Information Technology Association of Companies (PITA) in partnership with Mercy Corps has commissioned Solutions for Development Consulting Company to conduct a Technology Sector Development Report on the Palestinian Information and Communication Technology (ICT) Sector. The purpose of this report is to identify the capabilities and comparative advantages of the Palestinian ICT Sector. Toward that end, this report includes:

- The Palestinian ICT Sector Supply Side Report
- Report on Israel Market Engagement Plan, Constraints and Opportunities Analysis
- Report on Jordan Market Engagement Plan, Constraints and Opportunities Analysis
- Report of Third Market (Saudi Arabia) Engagement Plan, Constraints and Opportunities Analysis
- A summary of the findings on Public Policy that limits cross border partnerships and recommendations for policy change.

**PITA** represents more than 143 ICT firms and is the main advocate of the interests of the Palestinian ICT sector. In addition, PITA is the primary reference on the ICT sector. PITA membership represents various ICT sub sectors including hardware distributors, software development firms, office automation vendors, internet service providers, telecommunication companies, and IT consultants. PITA's mission is to "lead the Palestinian ICT sector towards a knowledge and innovation based economy through enhancing the ICT business environment, developing a qualified and capable pool of ICT professionals, and improving the positioning of the Palestinian ICT sector internationally" by increasing the sector's competitiveness in international markets.

**Mercy Corps** is an international aid organization focused on effective response to disaster, providing relief services to areas hit by emergency or natural disaster, as well as sustainable economic development, and the provision of health services. Since 1979, and with the mission to "to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities," Mercy Corps has provided \$1.3 billion in assistance to people in 100 nations. Mercy Corps programs currently employ 3,400 staff worldwide and reach more than 14 million people in more than 35 countries. Mercy Corps was awarded a grant by the European Union in 2008 and then again in 2011 to implement an Information and Communications Technology Business Development Project (ICT BDP) through the Partnership for Peace funding instrument. The aim of the Mercy Corps ICT BDP is to instigate the expansion of the Palestinian knowledge economy through strategic investment in the ICT sector.

**Solutions for Development Consulting Co.** is a consulting firm located in Ramallah that specializes in management and strategic planning, market research and marketing, as well as providing advisory services to development efforts in Palestine. Solutions has many years of experience working in Palestine on private sector development. Solutions' team of researchers and consultants has particular experience in ICT research and planning. As it continues to build its specialized knowledge of local private sub-sectors, Solutions continues to aspire to contribute to the development of Palestine by supporting the development of its private sector.

This report will first give an overview of the efforts that have already been exerted to develop the Palestinian ICT sector over the last few years. The report then identifies and discusses the existing capabilities of the Palestinian ICT sector with the overall goal of increasing the quantity of business relations between Palestinian ICT firms and the international community.

Based on the analysis of the capabilities of the Palestinian ICT sector, and in accordance with PITA's Private Sector ICT Strategy, Solutions will propose an engagement plan for regional markets whose needs match the capacities of the Palestinian ICT sector. Every engagement plan will include an analysis of the opportunities and constraints of each of the markets and propose ways to take advantage of opportunities and overcome constraints.

The report will conclude with a set of policy recommendations that would facilitate international partnerships that ultimately benefit PITA's constituents – Palestinian ICT firms.

### **3. Background**

The Palestinian ICT sector is recognized as a significant sector for economic viability and growth by both the Palestinian private sector and the Palestinian Authority. The ICT sector currently employs 3% of the Palestinian workforce. Employees in the ICT sector are highly productive in that they contribute more than 8% to the overall Palestinian GDP. The ICT sector is also a strong contributor to the overall economy in that for each new worker employed in the ICT sector, three employment opportunities are created in other sectors that support the ICT sector. Moreover, in the current climate, the enhanced use of ICT in Palestine, particularly when used to facilitate public service, is considered a crucial component to national infrastructure for improved living standards.



According to the recently finalized ICT 3-year sector strategy and development plan commissioned by PITA<sup>1</sup>, the Palestinian ICT sector strengths include:

- + The demonstrated capabilities among software development and ICT companies. This includes banking, telecommunications, data warehousing, municipal services, university registration, school management, courts' automation, human resource management, financial management, enterprise resource management, customer relations management, Internet solutions and portals, archiving, and many other applications.
- + The established and mutually beneficial relationships with Israeli ICT companies. During the last few years more than 500 Palestinian engineers and analysts have been employed in Palestinian companies working with Israeli IT companies.
- + The existence of PITA as a representative body able to serve and protect ICT company interests.
- + The support that both the Ministry of National Economy (MNE) and Ministry of Telecommunications and Information Technology (MTIT) provide to the sector has been encouraging and is expected to improve.
- + The high level to which Palestinian expatriates are exposed to international markets and experiences.
- + The large number of formal and informal sector leaders who champion progressive ideas toward the sector's development.
- + The large number of university students specializing in ICT fields, with approximately 1500-1600 ICT graduates every year.
- + The active role that fill-gap training entities play such as the Najjad Zeini IT Centre of Excellence (Bir Zeit University) among many other establishments.
- + The significant interest and commitment that donors and donor agencies show for the ICT sector.
- + The availability of a willing and able workforce when trained.
- + The availability and access to venture capital and equity funds including SADARA, Abraj, Siraj and Sharakat fund.

On the other hand, the same study showed the following weaknesses that present obstacles to sector growth but also have been identified by the industry leadership and line ministries to be addressed:

- The significant gap between the skill and knowledge level of fresh graduates and job market demand.
- The minimal readiness and slow evolution that companies show post-start-up phase.

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<sup>1</sup> Solutions for Development Consulting, "The Palestinian ICT Private Sector 3-Year Strategy and Development Plan," PITA, 2012

- The limited telecommunications infrastructure.
- The weak ecosystem for entrepreneurs and innovation.
- The small domestic market.
- Limited access to finance, particularly to SMEs.
- Gaps in the legal regulatory framework including absence of intellectual property law.
- Minimal government spending on the sector.
- Brain drain phenomenon.
- Potential integration problems between IT professionals in Gaza and the West Bank.
- Finally, and most relevant for the purposes of this document, there is a perceived weakness among sector stakeholders in the lack of end-to-end regional and international market penetration programs (exports).

Given the above, and especially the limited government and public sector spending, ICT sector stakeholders agree that the sector's growth lies in the effective engagement with international markets. A growing number of developing countries have been inspired by the success stories of fast growing exports of ICT services from a diverse group of countries such as Singapore, India, Taiwan, China, Malaysia, and Finland. According to a staff working paper published by Information Solutions Group<sup>2</sup>, within a decade or two, countries such as Korea, Taiwan, Singapore, and Malaysia have increased ICT exports to constitute over 50% of their total export. China's ICT exports have reached over \$40 billion annually, with evident impact on markets (transparency), productivity (efficiency), organizations, innovation, education, employment, etc.

Additionally, due to the restrictions imposed by Israel, particularly on the movement of Palestinian people and goods, the reduced transaction costs compared to other industries in Palestine and the increased reach of the ICT industry provide Palestine the opportunity for continued economic development and resilience against restrictive policies. As for export activity, the characteristics of ICT service oriented exports could allow Palestine to engage internationally. Both public and private ICT stakeholders understand the impact that increased ICT export activity can have on Palestine, and seek to take full advantage of it as an economic opportunity.

That being said, several challenges mentioned above as sector weaknesses must be reconsidered and recognized as areas in which there is public (and private) responsibility to address for enhanced ICT export activity. One of the main challenges is the limitations of the weak infrastructure. In recent years there have been many efforts by the Ministry of Telecommunications and Information Technology (MTIT) to increase competition in the telecom market including

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<sup>2</sup> ISG Staff Working Paper, "Why National Strategies are needed for ICT-enabled Development" June 2003

liberalization efforts, building the government network, and the Academic Network. This resulted in improved competition including the introduction of more Internet service providers to the local market. To this end, it is important to note that the information technology infrastructure requires further development and investments. This problem affects the ICT sector in several ways, primarily through keeping the ICT sector and the local ICT market behind in the latest technological developments and ICT trends, which rely on more advanced infrastructure.

Another challenge is the limited ability of the government to support education, research and development (R&D) in ICT. On the education front, given the gap between the skills and competencies of fresh ICT graduates and the needs of the marketplace, the Palestinian ICT worker is less prepared in terms of skills and competencies than ICT workers in neighboring markets. Government efforts are needed to support improved curricula, student training opportunities, etc. Additionally, the financial and human resources dedicated to R&D by the government and the private sector in Palestine is minimal. As a result, there are very few ICT innovations, and even fewer cases of R&D innovations being brought to market as products or services. Public-private dialogue and future partnerships must address the problematic negligence of R&D. Finally, the limited access to financial resources available to firms, especially start-ups and small and medium sized enterprises (SMEs) in ICT must be addressed. This challenge significantly restricts innovation and the entrepreneurial potential that is much needed for a healthy and productive ICT ecosystem.

## 4. Palestinian ICT capacity

The Information and Communication Technology sector is a critical part of the Palestinian economy. The ICT sector employs over 5,000 people (see table below), some of the most productive workers in the economy. The ICT sector's contribution to the overall output of the Palestinian economy is disproportional to the number of people it employs with 1.5% of the workforce producing 8% of output. The ICT sector is also a critical component of the Palestinian infrastructure which is needed to sustain and develop the local economy.

The table below shows some critical indicators of ICT contribution to the Palestinian economy:

Year	2010 <sup>3</sup>	2011 <sup>4</sup>	Change%
Number of Establishments	446	500	12.10%
Number of Workers	4,377	5,418	23.80%
ICT Production in US Dollar	588,918,700	681,698,700	15.80%
Total Output	7,365,581,000	7,925,022,000	7.60%
ICT Contribution to Total Output	8.00%	8.60%	
Value Added to GDP	89.50%	87.00%	

Remarkably, Palestinian ICT creates the highest added-value as compared to total production with 89.6%. The ICT sector is the fastest growing sector among Palestinian economic sectors with annual growth rate of more than 10% contributing 8% to the Palestinian GDP.

In order to strategize toward growth, and particularly in the direction of international market access (export), the starting point is to assess the existing capabilities among ICT firms in Palestine. ICT firms in Palestine are grouped in the following subsectors:

### Large size enterprises: Telecommunications

Telecommunications firms provide fixed and mobile phone lines, Internet and broadband services. As a proportion of the overall ICT output, the telecommunications subsector represents the largest share of the ICT sector. There

<sup>3</sup> [http://www.pcbs.gov.ps/Portals/\\_PCBS/Downloads/book1795.pdf](http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1795.pdf)

<sup>4</sup> [http://www.pcbs.gov.ps/Portals/\\_PCBS/Downloads/book1922.pdf](http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1922.pdf)

are mainly two large sized enterprises: Wataniya Mobile and PalTel Group<sup>5</sup>. The Ministry of Telecommunications and Information Technology has assumed the regulator role until the telecom law of 2009 is approved and the regulator is established. It is worth noting that the Palestinian Authority does not own any shares in the private telecom companies.

Market liberalization is important given its impact on increased competition. According to the recently finalized ICT 3-year sector strategy and development plan commissioned by PITA, there have been many efforts by the Ministry of Telecommunications and Information Technology (MTIT) to increase competition in the telecommunications market including liberalization efforts, the government network, and the academic network. This resulted in improved competition including the introduction of more service providers to the local market. However, the incumbent operator's (PalTel) de facto monopoly is still impeding more effective competition. This is resulting in high connectivity costs and issues with the network quality of service, low speeds, and connectivity reliability.

Companies providing telecommunication services have identified the following challenges or priority areas to be addressed by stakeholders: access to equipment and materials that would facilitate the development of the telecomm sub-sector; the high cost of equipment of Israeli products; the small domestic market; too many Internet Service Providers (ISPs); unclear vision for the Ministry of Telecom and IT with regard to BSA licensing (unclear business model); and the need to open new markets.<sup>6</sup>

### **Small and medium size enterprises (SMEs)**

There are about 250 firms linked to other non-telecommunications and IT-related subsectors, of which approximately 143 are represented by PITA.

These are software development, hardware development, web-related production and services, including mobile application development, internet applications, program development, and Arabization of content and software services. The majority of these firms are small or medium in size with an average of 11-25 employees. These SMEs provide IT-related solutions in human resources management, projects and sales management, finance and accounting, education-related solutions, management information and systems, children's education, entertainment services, products in web development, e-businesses, web portal development, ICT consultancy, and office automations.

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<sup>5</sup> There are other smaller companies working in providing alternative telecommunication services i.e. voice over IP.

<sup>6</sup> Sub-sector workshops' findings, January, 2012, the Private Sector ICT Strategy, PITA.

Generally, SMEs in Palestine tend to be of sole proprietorship, established for self-employment or family employment purposes, and driven to serve the local market, thereby limited to local market opportunities that are too few to begin with, and overcrowded with competition. In a survey conducted by PITA among 66 IT companies (members and non-members), 33% of respondents considered increasing local market share as their main strategy to grow their own business, while 31% chose developing new products or services and 25% indicated exports as their number one priority. The survey also revealed that 82.6% of respondents' sales go to the West Bank and Gaza, while the remaining go to exports.

The SME experience in Palestine often lacks exposure or experience, the financial resources, or qualified human capital needed to access international opportunities which ultimately present an obstacle to growth or development<sup>7</sup>.

SMEs and start-ups particularly face challenges in accessing early stage funding. This is a major obstacle to doing business. Potential sources of finance include: government programs, the banking sector (currently the largest and most important source of formal finance, though least accessible by SMEs in the IT sector), capital markets, venture capital, trade financing, informal sector financing (loans from family and friends).

That being said, there is a group of key firms in Palestine that have the capacity in terms of skills, experience, and human capital to engage external markets. It is estimated that 30 Palestinian IT related companies are contributing to around \$30 million of Palestinian exports<sup>8</sup>.

There has been some effort by PITA to build firms' capacities and business skills using donor funding, and with the absence of government support. Solutions research indicates that the main sub sector that Palestinian firms have capacity in is software development. A workshop to study main challenges facing the software industry in Palestine was organized by PITA on January 12, 2012 and came to conclude the following challenges: skill development to keep up with international trends, transfer new knowledge to the developers (software and web designers), new tools for web and software development that we are not aware of, international Quality Certification for software development, need for a reference code or organization that sets a minimum required quality in the software and web development business, University curricula are not compatible with market needs and need to be upgraded.

Another service provided by export-ready Palestinian ICT firms is staff augmentation and business process outsourcing. These services have recently

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<sup>7</sup> Mapping and Needs Assessment of Business Associations and SMEs in the Agricultural and Tourism Sectors, November 2011, Al-Markaz

<sup>8</sup> Estimates by Ms. Hanan Taha; CEO of Palestine Trade Center-Paltrade.

showed a promising trend as some companies have managed to implement projects outsourced from European, American and Israeli IT providers and employing hundreds of Palestinian engineers and business schools' graduates.

Both these services are limited in scale due to the limited size of the Palestinian ICT sector, and the limited number of firms offering these services, and some lacking infrastructural elements in Palestine. For example, high-speed nationwide broadband network is essential for the development of the IT sector in next generation information society applications: e-health, e-commerce, e-education, e-government, digital media, R&D, cloud computing, etc.

Over the years, there have been several efforts to promote exports by PITA. This included supporting different business missions and funding companies' participation through donors such as the European Union and USAID. Another consistent effort is holding the Expotech in Palestine which is aimed at branding the sector and attracting new investments.

According to the Palestinian Central Bureau of Statistics in its specialized ICT business survey 2011, the entire ICT sector employs a little more than 5,000 individuals, while there is an average of 1,650 additional ICT graduates per year from Palestinian universities. However, there is an evident gap expressed by ICT firms between the formal education of these graduates and the firms' demand for skill and expertise. According to the Palestinian ICT factsheet published by Mercy Corps on "*Outsource2Pal.com*", soft skills available in Palestine include good language skills in Arabic, English and Hebrew that facilitate communication with customers. On numerous occasions, PITA underscores the need to further develop the other soft skills of Palestinian graduates such as those related to professional communication and functional management including human resource management, marketing management, financial management, etc.

The needed technical skills that are lacking among Palestinian ICT firms are related to innovation, research and development opportunities, and exposure to international experiences, which are often unaffordable or inaccessible to the majority of ICT SMEs in Palestine.



## 5. Israel Engagement Plan

### a. Overview

The Israeli occupation is not only a political obstacle but also an economic burden on Israeli and Palestinian firms. The occupation has negative implications for the ability of businesses from both sides to engage in long term and strategic relationships, and attract mutual investments. That being said, there are significant business and trade opportunities that the Israeli market presents to Palestinian firms, and which do not necessarily require strategic partnerships. These opportunities lie namely in business process outsourcing, staff augmentation and Arabization of content.

The Israeli ICT ecosystem is one of the most advanced ecosystems in the world with over 3,000 technology companies, 500 of which earn annual revenues of over \$20 million.

Israel's technology sector is based on start-up companies, whose success boosted a rapidly growing Venture Capital industry. The core of the Israeli technology cluster remains the information and communication technology (ICT) that includes: hardware design, computer software, data communications, electro-optics and network/Internet security. Related important high-tech industries in Israel include military technology and avionics.

In addition to established technology companies, 200 startups join the sector every year. Israel has 120 technology companies listed on NASDAQ and has the highest per capita applications for US Patents. Over 80 Fortune-500 companies conduct R&D in Israel. There are more than 3,000 ICT firms, and many more start-ups in Israel, most of which are small companies employing less than 10 employees. Although Israel is a net exporter of high technology with around \$8 billion dollars, in 2010, Israel imported \$18 billion worth of services. The ICT sector is a key driver of the overall Israeli economy. In 2011, the ICT sector contributed 12.1% to the total output of the Israeli economy and contributed 16.8% to the business sector output. In 2011, Israel had a Gross Domestic Product of \$242 billion, with a Per Capita GDP of \$31,986. For the year 2012, it is estimated that there was 3.5% growth in GDP.

In the computer related services and research and development subsector, Israel saw \$16 billion of output in 2011. The ICT sector in Israel employed 119,000 in computer related services and research and development with an average compensation of \$76,000 per employee per year.

In 2009, Israel exports of miscellaneous (outsourced) business services, such as offshore BPO legal, call center services, research and development, management, and accounting services was about \$6 billion, ranking ninth after the U.S., China, India, Canada, Brazil, Russia, Poland and Thailand. Most outsourced services are



provided by Eastern European countries, India and China. Palestinian firms can offer a competitive alternative to the destinations that Israeli firms currently outsource to as based on cost of labor.

Mainly due to the political situation and national income generation, there are vast differences in the standards of living and average quality of life between Palestinian and Israeli communities. Thus, Israeli ICT professionals earn significantly higher wages than Palestinian ICT sector professionals, although for the most part, the skill and competency levels are the same. In turn, this gives Palestinian ICT firms and professionals a comparative advantage in terms of labor costs.

There have been recent cases of Israeli firms outsourcing to Palestinian firms, which mostly started as Corporate Social Responsibility campaigns by large ICT conglomerates such as Cisco and Intel. These business partnerships are beneficial to Palestinian ICT firms in that they expose Palestinian firms to the demands and expectations of international markets and customers, and help create a track record that Palestinian ICT firms can point in developing new business. Hence, it is expected to succeed as a long term commercially viable business relationship instead of CSR based initiatives.

## **b. Engagement Plan with the Israeli Market**

The continued Israeli occupation of the West Bank and Gaza since 1967 resulted in the annexation of the Palestinian economy to Israel, whereas more than 80% of Palestinian trade has been with or through Israel.

Typically, and for political reasons, Palestinian economists, policy makers and private sector leaders are usually extra cautious about strengthening economic ties and relations with Israeli businesses. This might be the main reason why Palestinian business people who are engaged with business and commercial activities with Israeli counterparts are always reluctant to use mass and social media or public relations campaigns in their Israeli-targeted marketing efforts.

Moreover, there are other challenges presented by Israeli market characteristics, namely the negative brand value of the Palestinian ICT service providers among the Israeli ICT community. Over the years, and mainly due to the skewed conflict dynamics, it is the low-skilled Palestinian workers who have been exposed to and immersed in the Israeli labor market (in agriculture, garment production and similar economic activities)<sup>9</sup>. Few Israeli business people understand the depth and expertise that the Palestinian ICT sector harbors.

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<sup>9</sup> Until 2000, the Israeli market absorbed more than 120,000 Palestinian workers, mostly in low technology jobs like agriculture and construction. Currently, it is believed that some 45,000 Palestinians work in Israel mainly in agriculture and construction.

Additionally, the limited Palestinian exposure to the Israeli market's dynamics and their capacity to engage with it (readiness and willingness) is also considered an important challenge. Palestinian companies must prepare themselves through lessons learned from past experiences about how to engage with the Israeli business community (technologically and culturally).

To this end, and based on the positive outlook of the Israeli IT market and the challenges facing the Palestinian IT companies, this report recommends the following plan to engage with the Israeli market in the short and medium terms. Due to the political sensitivity, the plan will depend on more targeted tools which can effectively reach a pre-determined Israeli audience.

### Objective: Introduce a positive image of the Palestinian ICT service providers

#### Strategies:

#### **I. Develop marketing material (English, Arabic, and Hebrew) presenting the Palestinian ICT sector in general**

The first strategy consists of creating a marketing capability that will communicate the capabilities of the Palestinian ICT sector to the Israeli ICT sector. This marketing capability will primarily consist of the creation of marketing materials such as flyers, brochures, and e-brochures, as well as non-conventional marketing methods such as info-graphics on social networks and other digital platforms, etc.

Marketing and information material will be created by PITA to give the Israeli reader some background on the capabilities of the Palestinian ICT sector and on services that can be outsourced to the Palestinian Territory. This marketing material will detail all the benefits that Israeli firms will enjoy from outsourcing to Palestinian ICT firms including a capable and cost competitive ICT work force and the physical proximity that streamlines the outsourcing process.

The marketing communication materials are expected to be distributed in IT specialized events organized by the Palestinian IT industry in Israel (see below), in addition to IT exhibitions organized in Israel i.e. Medax and Analiza, Technology and FISCOM.

*Responsibility: PITA*

*Timeframe: 12 month*

*Estimated cost: \$35,000*

#### **II. Support Palestinian IT companies interested in the Israeli market by organizing business-to-business contact and communication.**

It is recommended that PITA develops a program to support individual Palestinian ICT firms, creating firm-specific marketing materials that detail each firm's capabilities, services offered, track record, and contact information. The objective of the firm specific marketing materials will be to target the thousands of Israeli ICT firms that could benefit greatly from outsourcing services to Palestinian firms.

This marketing material will effectively communicate the capabilities of each Palestinian ICT firm. This material is intended to give the Israeli reader a clear picture of a specific Palestinian firm, and to help the reader make a better informed decision regarding outsourcing destinations.

This second strategy consists of leveraging institutions' knowledge and contact networks to introduce the Palestinian ICT sector to the Israeli business community at large and the ICT industry specifically. This effort is expected to be led by PITA and its Israeli counterparts, but supported by many international businesses involved mainly with the ICT industry in Israel and Palestine; i.e. Cisco, Intel, Ericsson, Microsoft and others. Few of the international businesses have started their own initiatives and others could be encouraged to do so. If coordinated properly with the ICT private sector leadership in both countries, the international element provides an assurance message to business communities not only for the Israeli or Palestinian sides but also for third parties i.e. other international ICT companies.

Activities under this strategy may include organizing tens of business-to-business meetings to explore business opportunities i.e. mutual implementation of R&D activities for the benefit of international companies, specialized training activities hosted by international businesses and internship opportunities for Palestinians in international businesses' offices in Israel.

*Responsibility: PITA*

*Timeframe: 6-12 month*

*Estimated cost: \$15,000*

### **III. Organizing a specialized Palestinian IT event in Israel**

This strategy also includes hosting an annual or biannual event where Palestinian ICT capabilities will be showcased and professional relationships will be built. This activity will provide firsthand experience for potential Israeli "buyers" to engage with Palestinian engineers and business owners. Once sector and firm level marketing materials have been created, PITA and the Israel Association of Electronics and Software Industries (IAESI) will coordinate to set up an annual or biannual event with the help of donors and development agencies that will bring together Palestinian and Israeli ICT firms. The objective of this event will be to expose Palestinian and Israeli firms and professionals to each other in a productive

environment, and to draw the attention of Israeli ICT firms to the possibility of doing business with Palestinian firms. This event will facilitate building professional relationships and networks of contacts that will help bring business to Palestinian ICT firms.

This event should be held on an annual basis to help build and sustain professional relationships. Strong attendance from both Palestinian and Israeli firms of all sizes is critical to achieving the objective of this event, primarily to expose Palestinian and Israeli firms and professionals to each other and to foster business connections. It is important that this event be held annually so that the event becomes a reliable avenue for networking, business development, and as a way for firms to keep up with developments with their counterparts.

At the event, key Palestinian and Israeli participants will have the opportunity to make presentations on their businesses, services, and products. Palestinian and Israeli firms will also have the opportunity to set up informational booths. PITA and IAESI will work to introduce and connect representatives from both sides.

Once the capability of Palestinian ICT firms is communicated effectively to Israeli firms and Israeli firms have the opportunity to interact with Palestinian service providers, with the ability to put names to faces in a productive environment, the scene will be set for Israeli firms to engage Palestinian service providers for services and products.

<i>Responsibility: PITA, IAESI Donors</i>	<i>Estimated cost: \$50,000</i>
<i>Timeframe: Biannual</i>	
<b>Estimated total cost</b>	<b>\$100,000</b>

In addition to reaching a larger audience in Israel, we note that Hebrew marketing materials for Palestinian companies will drive home the benefits Palestinian firms offer as an outsourcing destination for Israeli firms in terms of language knowledge. Hebrew marketing materials will also be more effective in selling Palestinian services especially to smaller ICT firms and start-ups that are not familiar with outsourcing to traditional destinations.

### c. Israeli Market's Opportunities and Constraints

	Opportunities
1	High market demand caused by high growth rate and huge export opportunities
2	Complimentary Palestinian ICT capacity
3	Physical proximity
4	Similar cultural values

5	Excellent ICT ecosystem
6	Potential for development of skills and competencies
7	Potential for direct exposure to end users
8	Limited regional competition

	Constraints	Response
1	Perception and politics	As in other sectors of the economy, the effect of this constraint will be mitigated through active positioning and marketing of productive business relationships as well as a strong track record of successful partnerships (mutually successful cases) between Palestinian and Israeli ICT firms..
2	Lack of Israeli awareness of the Palestinian ICT option	Create sector level ability to market Palestinian ICT firms and capacities effectively through active positioning and marketing of the sector at large.
3	Gap between fresh graduate skills and skills needed to engage with Israeli market	Create a 3 month educational program that will bridge the gap between Palestinian ICT graduates' skills and competencies and Israeli ICT graduates. Example activity is the promotion of internship opportunities and specialized training opportunities hosted for Palestinian graduates in Israeli businesses or international businesses with offices in Israel.
4	Lack of mechanism to market services and products	Create firm level ability to market capacities and skills through marketing materials, professional associations, networks of contacts and donors and development agencies, use conventional and non-conventional marketing tools (brochures as well as web-based info-graphics, for example).
5	Lack of focus on smaller Israeli ICT firms	Leverage professional associations to help target these firms, create Hebrew and English marketing material that will better appeal to the smaller Israeli ICT firms, utilize ICT event as well as the connections made with IAESI to showcase capacities to Israeli firms.

6	Palestinian ICT viewed as Corporate Social Responsibility option	To shift away from CSR towards a more sustainable business model while fully taking advantage of the experience, exposure, and track record of the Palestinian CSR experience, by showcasing capacities in products and services.
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## 6. Jordan Engagement Plan

### a. Overview

Jordan is a mostly landlocked country located in the Middle East. It is surrounded by Palestine and Israel from the West, Iraq from the East, Syria from the North and Saudi Arabia from the South and South East. Jordan is a historical trade crossroads and continues to benefit from neutral relations with its neighbors. Jordan's strategic location and market access put it in an advantageous position for cross border trade in goods and services.

In 2011, total revenue generated by the ICT sector in Jordan was \$738 million, \$230 million of which 31% of total revenue was generated through ICT exports. Although the total ICT revenue increased by less than 1% from 2010 to 2011, the proportion of ICT export revenue increased by 13% from 2010 to 2011. What this implies is that since total ICT revenue has not changed significantly, and the share of export revenue has been increasing steadily over the last few years, the domestic share of ICT revenues are decreasing which indicates that the domestic Jordanian ICT market is becoming satiated. The simultaneous increase in export ICT revenues and decrease in domestic ICT revenues indicate that Jordanian firms are increasingly looking outside of Jordan to sell ICT goods and products.

The Jordanian market in itself is limited in terms of business opportunities for Palestinian ICT firms. As the data shows, the income that is being generated by domestic spending on ICT in Jordan has been steadily decreasing over the last few years. Focusing efforts on marketing Palestinian ICT services and products on the Jordanian market will be less fruitful as a result of the decreasing trend in domestic spending on ICT and competition from local ICT companies that are better positioned to capture local business.

The size of the local Jordanian market is too small to be a reasonable target export market for Palestinian companies. However, engaging with this market can add value to the Palestinian ICT firm in different ways. The question is: can Jordan help mitigate some of the perceived risks associated with dealing with the Palestinian sector as it relates to the supply of goods and services to regional and international customers (B2B and B2C)?

Some of the perceived risks are:

- Political stability concerns that may negatively impact the reliability of service flow, i.e. business continuity.
- Inability of regional players to make site visits to Palestinian companies due to political reasons, i.e. Saudi companies who may want to contract a Palestinian company (West Bank and especially Gaza).
- Lack of awareness of the capabilities of the Palestinian ICT sector.

- Higher cost structure compared to Jordan and certainly Egypt.

In addition to their similar cultures, Palestinian and Jordanian ICT firms also have similar capabilities. There are very few comparative advantages between the two. In fact most countries in the region perceive Jordanians and Palestinians equally in terms of skills, quality of work, and in costs of labor. Jordanian ICT firms have many incentives to partner with, or subcontract to Palestinian firms including competitive prices, skilled and responsive workers, and high quality work. The Palestinian ICT sector is well positioned to provide back office services to Jordanian firms that are engaged both internally and externally to Jordan.

That being said, the Jordanian supplier or service provider's prices are sometimes more competitive than those of Palestinians' – particularly when referring to entry-level skill sets, and most likely due to the lower average cost of living in Jordan.

On the other hand, more experienced ICT professionals in Jordan are paid higher. The reason for this is most likely because Jordanian professionals enjoy more mobility than Palestinians, especially to and within the Gulf Cooperation Council (GCC) member states. Experienced Jordanian ICT professionals are drawn to better paying jobs outside of Jordan. This in turn causes Jordanian firms to pay higher wages to keep their more experienced workforce. The result is that for markets that demand experienced ICT professionals, Palestinian firms become more competitive in terms of costs of experienced IT professionals.

Given Jordan's strategic location and historical relationship to Palestine and the Palestinians, and given that the Jordanian ICT market is self-sufficient, Jordan is best positioned as the Palestinian ICT sector's "launching pad" into other, farther, external markets, such as the GCC, Sudan, Libya, etc.

On the one hand, Jordan is already increasing its share in exports of ICT services and products and Palestine is a natural back stop for this expansion since Palestinians can move to and work freely in Jordan.

Additionally, Palestinian ICT firms will benefit from the exposure as a result of cooperating with Jordanian firms to serve local and regional customers. This exposure will help align Palestinian ICT firms' priorities to the requirements and expectations of external markets, and will help these firms develop their marketing capabilities.

By building experience in dealing with regional customers and creating a track record through Jordan, Palestinian firms will be able to move up the value chain and potentially develop significant business, independent of Jordanian firms.

On another note, an opportunity arises from understanding recent trends related to Jordan's ICT sector. In the past, due to limited resources, the local Jordanian ICT



sector was reactive in responding to requests for ICT solutions from the Healthcare sector. Those requests were limited and not end-to-end in nature<sup>10</sup>. The ICT sector did not specialize enough when fulfilling the current and projected needs of that sector. Instead, its level of involvement stopped after delivering on the original request rather than building on the initial expertise to develop comprehensive solutions that can be marketed for the region and the world. Opportunity costs due to this lack of strategic outlook were too high to ignore.

The Jordanian ICT sector is attempting to develop in-depth expertise and specialization in certain sectors based on ICT solutions. For example, the Jordanian ICT industry will focus on developing end-to-end solutions (products/services) for the healthcare sector, education, etc. Jordan will then develop a competitive advantage in the ICT based healthcare solutions. Several Jordanian companies have already succeeded in providing healthcare solutions to markets such as Saudi Arabia, targeting small and medium private businesses. Their main differentiator compared to international competition is lower prices and excellent support services.

## **b. Engagement plan**

The proposed engagement plan with the Jordanian market stems from the Palestinian ICT sector's need to mitigate perceived risks linked to Palestinian ICT firms, as well as identified needs in the Jordanian market to focus on 'product development' and 'specialization' in developing the Jordanian ICT sector.

**Objective: Build a strategic sector-alliance with Jordan to collectively increase capabilities, size, and reach in all (or selected) areas**

### **Strategies:**

#### **I. Build a strategic relationship between PITA and INTAJ**

Representatives of the private sectors in both countries (PITA and INTAJ) must agree on basic principles mentioned above and form a joint task force that will develop and implement the alliance strategy.

Toward that end, the following activities are proposed:

- In depth analysis of the capabilities of both sectors in the context of what serves the above principles.
- Develop value proposition of this alliance.
- Identify potential good matches between Palestinian and Jordanian companies and facilitate the necessary introductions/relations.

<sup>10</sup> Interview with Nidal Qanadilo, Jordanian ICT Minister's Promotion Advisor, February 2013

- Leverage each country's efforts as it relates to export promotions, investment attraction, and capacity building in the context of the above value proposition.
- Identify a potential pilot project and push that as proof of concept of the relationship.
- If appropriate and mutually agreed, PITA and INTAJ may seek support and endorsement for the alliance from the relevant and respective public entities for additional legitimacy.

Creating a PITA satellite office to provide horizontal support services to companies is proposed as part of the effort to promote Palestinian ICT exports. PITA can create an office in Amman that will be the launching pad for Palestinian ICT firms into the Jordanian market, and other regional markets such as Gulf Cooperation Council (GCC) states, Iraq, Egypt, Sudan, and others. This office will act as an address for Palestinian firms that wish to do business in the region, and need a way to mitigate the perception of risk that is associated with doing business in the Palestinian Territory, and vice versa. It will also act as an address for international firms seeking products or services from Palestinian suppliers.

In addition to decreasing perceptions of risk, the PITA Amman office will build a network of contacts with ICT players in the Jordanian and regional markets. The office will also act as a resource center for Palestinian firms seeking information about potential regional markets and customers. The PITA Amman office will monitor regional ICT developments and identify business opportunities for Palestinian firms.

Although there are practical difficulties to setting up a PITA office in Jordan such as financing, staffing, and oversight, the potential benefits of creating a presence for Palestinian companies in Jordan could outnumber the costs. There are ways for PITA to decrease the financial burden of such an office. One way is to bring on a commission-based account manager or country specialist. This will provide the right incentive for the employee to bring business to Palestinian ICT firms.

*Responsibility: PITA and INTAJ*

*Timeframe: Ongoing*

*Estimated cost: \$24,000 (Office costs at \$2,000 per month)*

*\$30,000 (Professional costs at \$2,500 per month)*

## **II. Position the Palestinian ICT sector as one that can add 'product development' and 'specialization' depth to the Jordanian ICT sector.**

This strategy requires efforts in two components. In the first component, marketing material will be created for the Palestinian ICT sector in general, and for specific firms seeking to market services and products to Jordanian customers. The second component consists of holding an annual or biannual event where Palestinian ICT capabilities will be showcased to Jordanian counter parts.

Toward proper positioning, marketing messages should revolve around:

- Building business continuity in Jordan through partnerships with local companies.
- Serving as back offices (outsourcing) for Jordanian companies who already sell in the region (development and or support contracts). We note that by establishing their front offices in Jordan (marketing and business development) while having the back offices in Palestine, regional companies would have a physical presence that can be communicated abroad.

The first component consists of enhancing the Palestinian presence in Jordan through marketing by communicating the capabilities of the Palestinian ICT sector to the Jordanian ICT sector. This will primarily consist of conventional marketing materials such as flyers, brochures, and e-brochures, as well as non-conventional marketing methods such as info-graphics on social networks and other digital platforms, etc.

Marketing and informational material will be created by PITA to present the Palestinian ICT sector as a practical destination where services can be outsourced and as a reliable source of ICT products. This marketing material will detail all the specific capabilities of the Palestinian ICT sector including staff augmentation, software development, and Arabization of content, programs, and applications. The marketing material will also highlight Palestine's capable and competitive ICT work force and the physical and cultural proximity that can make business more efficient.

In addition to sector level marketing materials, PITA will develop a program to help individual Palestinian ICT firms create firm-specific marketing materials that detail each firm's capabilities, services offered, track record, and contact information. The objective of the firm specific marketing materials will be to create publicity for these firms by trying to reach out to as many potential customers as possible.

Both the sector level and firm level marketing materials will be created in English and Arabic. Arabic marketing materials are more effective in selling Palestinian services and products, especially to customers such as small businesses and entities where English might not be used. Arabic marketing materials also give the Arab reader a sense of familiarity that can affect the decision making process of the potential customer.

Once sector and firm level marketing materials have been created, PITA can use its alliance with the Information and Communications Technology Association – Jordan (INTAJ) to coordinate and set up an annual or biannual event that will bring together Palestinian and Jordanian ICT firms and stakeholders. The objective of this event will be to expose Palestinian and Jordanian firms and professionals to each other in a productive environment, and to draw the attention of Jordanian ICT firms to the possibility of doing business with Palestinian firms and to foster business

connections.

This event should be held at least on a biannual basis to help build and sustain professional relationships. Strong attendance from both Palestine and Jordan is critical to achieving the objective of this event – to develop business between the Palestinian ICT sector and Jordanian customers. Palestinian and Jordanian participants will have the opportunity to make presentations on their businesses, services, and products. Palestinian and Jordanian firms will also have the opportunity to set up informational booths. PITA and INTAJ will work to introduce and connect representatives from both sides.

<i>Responsibility: PITA and INTAJ</i>	<i>Estimated cost: \$ 12,500 (sector level and individual firm level marketing material for 3-5 firms)</i>
<i>Timeframe: Ongoing and biannually</i>	<i>\$30,000 (event)</i>
<b>Estimated total cost</b>	<b>\$96,500</b>

### c. Opportunities and Constraints

	Opportunities
1	Launch pad into other regional markets
2	Cultural and family ties
3	Physical proximity
4	Similar capabilities
5	High potential for alliances between Palestinian and Jordanian firms
6	Comparative advantage in labor costs for experienced ICT professionals

	Constraints	Response
1	Limited size of Jordan ICT market	Take advantage of increasing export business as compared with domestic revenue. Consider the Jordanian market as a launching pad to other markets by building connections, and positioning the Palestinian ICT producer and service provider as easily accessible as the Jordanian.
2	Similar capabilities - No comparative advantage to	Develop comparative advantage through exposure to end users, building connections with INTAJ, and

	Speak of	positioning the Palestinian ICT sector as one that can add 'product development' and 'specialization' depth to the Jordanian ICT sector.
3	Jordan more competitive in entry level jobs	Distinguish entry level ICT professional through quality of work and experience.
4	Lack of mechanism to market services and products	Build a strategic relationship between PITA and INTAJ, create firm level ability to market capacities and skills through marketing materials, professional associations, networks of contacts and donors and development agencies.
5	Perception of risk	Create a presence for Palestinian firms in Jordan which will decrease perceptions of risk and position them better for business in Jordanian and regional markets, by potentially sustaining a satellite office for PITA in Jordan.

## 7. Third Market: Saudi Arabia Engagement Plan

### a. Methodology for Third Market Identification

Solutions used a research-based approach for the identification of the third market for the Palestinian ICT Sector Regional Engagement Plan. Through desk research, the largest and most promising regional markets for the Palestinian ICT sector were identified. These potential markets were selected based on growth in ICT demand and the compatibility of the ICT sectors needs of each market with the capabilities of the Palestinian ICT sector.

After preliminary identification of the potential regional markets, in depth ICT market data was collected on each of these markets for the purpose of comparison. Solutions collected data on Saudi Arabia, Yemen, Sudan, Libya, and Turkey. Analysis of the data indicated that each of these markets was a potentially good match for the Palestinian ICT sector in terms of demand for ICT services and products.

In terms of the competitiveness of the Palestinian ICT sector, Turkey was the least promising of these potential markets. Although the Turkish ICT market is relatively large with high demand for ICT services and products, Turkey is not an Arabic speaking country, and therefore Palestinian ICT firms cannot leverage this important comparative advantage for creating business. Without this comparative advantage, Palestinian firms would be exposed to direct competition with global ICT firms. As a result, it was determined that Turkey is not the top priority in the region.

After the elimination of Turkey as a potential target for the Palestinian ICT sector, the data on Yemen, Sudan, Libya, and Saudi Arabia was analyzed further. This analysis indicated that all of these markets provide opportunities for the Palestinian ICT sector. The data showed that Yemen, Libya, and Sudan have potential for some business, but are relatively limited in the demand for ICT services and products that can be provided by Palestinian firms. Due to their smaller size, these markets do not warrant an engagement plan that is specific to each market. A comprehensive engagement plan would be more appropriate for developing business in these smaller regional markets. This comprehensive approach would provide the Palestinian ICT sector with a plan to benefit from these smaller regional markets without diverting resources to other opportunities.

Through data collection and analysis, as well as consultation with the regional ICT expert and PITA, Solutions determined that Saudi Arabia is the most promising regional market for the Palestinian ICT sector. Saudi Arabia has the highest demand in the region for ICT services and products. Saudi Arabia is a consumer market with very high penetration of information technology services and products compared to other regional markets. Since Saudi Arabia is the largest regional ICT market and demand for ICT services and products is very high, Solutions, with the recommendation of the regional ICT expert, determined that this warrants an engagement plan that is focused on penetrating this specific market.

## **b. Overview**

The Kingdom of Saudi Arabia (KSA) is the largest country and economy in the Middle East. KSA is also the spiritual center of the Islamic world. The country is mostly desert and coastal plain. Since the largest oil reserves in the world were discovered in the KSA, the country has transformed into an economic powerhouse affecting all of the countries in the region. In 2011, the Gross Domestic Product of KSA was \$576.8 billion with a per capita GDP of \$20,540. In 2011 GDP showed growth of 6.7% which indicates a full recovery from the effects of the global financial crisis.

The ICT sector in Saudi Arabia is by far the largest in the region. In 2011, there was \$22 billion spent on ICT products and services in KSA with an average annual growth of 14% since the year 2000. The World Bank estimates that 7.2% of total goods imported are ICT-related, amounting to \$12.53 billion (average 2008-2012). However, the World Bank reports that these amounts relate to goods, and estimates are not available for imported ITC services.<sup>11</sup> The Saudi Arabian ICT market accounts for 68% of the entire GCC ICT market. Although the telecommunications sector comprises approximately 70% of the annual spending on ICT, the information technology sector is quite significant with \$7 billion of spending in 2011.

<sup>11</sup> <http://data.worldbank.org/indicator/TM.VAL.ICTG.ZS.UN>

Within the information technology sector, Saudi Arabia is distinguished by the penetration of social media with 35.3% of internet users using social media. In the Arab world, this level of penetration is only surpassed by Egypt. A recent comprehensive study of the state of the ICT sector conducted by the Communications and Information Technology Commission of Saudi Arabia predicts that software development services will experience the highest level of growth in the immediate future compared with all other services and products that fall under the information technology classification. These growth expectations present an opportunity for Palestinian ICT. Palestinian firms have the capacity for providing software development services, and have the comparative advantage for the “Arabization” of content, applications, and programs.

For Palestinian ICT firms in a large market like Saudi Arabia, high demand translates into diverse opportunities. Although there is tough competition, this especially large ICT market provides opportunities both for big international firms and for small regional firms. It will be difficult for Palestinian ICT firms to compete with the well-established international firms due to technical capability, experience, and scale. The competition by these firms will be fiercest in ICT hubs such as Jeddah and Riyadh.

In a market of this size, there is room in the periphery for Palestinian firms to compete to provide services and products. Established international firms go after big ICT contracts and businesses while the smaller, lower profile business is left to smaller firms. In addition, bigger ICT firms will focus their marketing efforts on the ICT hubs and ignore the peripheral cities due to relatively low demand. In peripheral cities such as Tabuk, Dammam, and Khobar, Palestinian firms will be much more competitive in terms of technical capability and scale. Palestinian firms will also find much less competition from international firms.

Along with exceptionally high demand relative to other regional players, Palestinian ICT firms will also benefit from high demand for Arabic content, applications, and programs. Although Palestine competes with other Arab countries in this ICT subsector, Palestine has a comparative advantage compared to all the non-Arab ICT firms competing for business in this ICT market.

Like Jordan, Palestine enjoys a relatively high perception of quality of services and products in the GCC, which distinguishes it further from the competition. Palestinians receive a higher quality of education, above average international exposure, and higher ICT penetration and experience relative to other countries in the region that are not part of the GCC. Palestinians are also known in the region for their good work ethic.



### c. Engagement Plan

Although the Palestinian ICT sector is limited in terms of international experience, scale, and advanced technical capabilities, and despite fierce competition in the large ICT market in Saudi Arabia, there are opportunities for Palestinian ICT firms to expand into the Saudi Arabian ICT market. By shifting focus from the geographic and economic nucleus of the Saudi Arabian ICT sector to the periphery, and by capitalizing on the comparative advantages enjoyed by Palestinian firms including Arabized software, and a good perception of quality, price, and experience, Palestinian ICT firms can carve out a market share that will help the Palestinian ICT sector grow and build international experience.

#### Objective: Enhance awareness about Palestinian ICT service capacity

##### Strategies:

#### I. Developing comprehensive market studies for the Saudi market that outline the demand in terms of size and specific skills requirements.

The developed market studies will show the potential segmentation the Palestinian sector can approach. This should factor in elements such as potential tendency to support Palestine in non-political ways (that will yield actual tangible results - not giveaways).

*Responsibility: PITA*

*Estimated cost: \$10,000 (study)*

*Timeframe: 6 – 8 weeks*

#### II. Develop business development plan that will include the value proposition, creating awareness of the local Palestinian market capabilities (may include identifying good leads and conducting targeted visits).

It is proposed to package the offerings of Palestinian companies in ways that would appeal to the Saudi market. The tools that can be used are similar to those used in the Israeli and Jordanian market engagement plans. The first is to create a marketing capability that will effectively communicate the capabilities of the Palestinian ICT sector in the Saudi ICT Market. PITA can create marketing materials in Arabic and English that will detail the capabilities and experience of the Palestinian ICT sector. The marketing material will also highlight the benefits that Saudi public and private sector entities will enjoy as a result of doing business with Palestinian ICT firms.

The second tool is the program developed by PITA to support Palestinian firms in developing firm specific marketing material that will target the KSA ICT market. This marketing material will be available in both Arabic and English, and will



highlight the capabilities, specialties, and experience of each firm as well as provide their contact information. Like the sector level marketing material, this firm level marketing material will be very similar to the marketing material developed for Jordan and regional markets.

It is important to utilize a specialized event such as ePACT-Dammam to promote the Palestinian ICT sector through the produced marketing and communication materials. Other exhibitions and events which might be considered are the Saudi ICT- Jeddah, Gitex Saudi Arabia- Riyadh, and TELSAs- Riyadh. Coordination with Palestine Trade Center (Paltrade) would be significantly beneficial in terms of proper pre-, during and post-participation in such events.

*Responsibility: PITA*

*Timeframe: 8– 10 weeks*

*Estimated cost: \$30,000 (sector and firm level marketing material)*

### **III. Compensate for the limited size and reach of Palestinian ICT companies by establishing physical PITA presence in KSA to provide horizontal services and knowledge to companies interested in expanding into the Saudi market.**

Once the marketing capability is developed and capabilities are communicable for both the Palestinian ICT sector and firms interested in engaging the Saudi ICT market, PITA will make contact with the Chambers of Commerce of the peripheral cities of Dammam, Khobar, and Tabuk. In coordination with each Chamber of Commerce, PITA will send a delegation to establish contact with each city to promote the Palestinian ICT sector through presentations and marketing materials, and to identify potential business for Palestinian ICT firms.

The goal of these visits by PITA to the target cities will be to present the Palestinian ICT sector as a quality alternative to existing options, and to publicize the fact that there are Palestinian firms that are capable of providing competitive ICT services and products to the public and private sectors in these cities. PITA representatives will focus on building relationships with each of the Chambers of Commerce. Through these relationships, potential business and customers for Palestinian ICT firms will be identified. Palestinian ICT firms can then engage these potential customers with offers for products and services, or through bidding on tenders.

For the Tabuk area, the PITA delegation will travel to Tabuk for 3-5 days. During this time, the PITA delegation will engage the Tabuk Chamber of Commerce and gather as much information as possible on the economy of the area, the major players in the public and private sectors, the current status of the ICT market in the area and the major ICT suppliers and consumers. PITA will identify potential avenues for business for Palestinian ICT companies. The PITA delegation will document its findings.

Due to the geographic proximity of Dhammam and Khobar, the PITA delegation will be able to carry out its activities in both cities in one trip. The PITA delegation will spend 3-5 days in each of these cities. Like Tabuk, the PITA delegation will coordinate with the Chamber of Commerce in each city, and gather and document as much information as possible.

The intended outcome of these activities is to create awareness about and publicity for the Palestinian ICT sector and the services and products that it is able to provide. In order for these efforts to be as effective as possible, PITA must strive to reach out to as many people, businesses, and entities as possible. Although the Chambers of Commerce of these cities are a good starting point for these activities, it is important to utilize all means for disseminating information about the Palestinian ICT sector to as many potential customers as possible.

Some avenues for identifying potentially beneficial contacts include diplomatic and political connections between Palestine and the KSA. For this to succeed it is expected that PITA contact the Palestinian Ministry of Foreign Affairs to identify Palestinian and Saudi contacts that would be helpful in sharing information about the Palestinian ICT Sector in the KSA. PITA must also take advantage of the significant Palestinian Diaspora in KSA. The Palestinian community in Saudi Arabia is large, established, and is an invaluable resource for developing ICT business connections. By taking full advantage of all the resources available to PITA, there is a better likelihood that engagement will yield business for Palestinian ICT firms.

<i>Responsibility: PITA</i>	<i>Estimated costs: \$10,000 delegation to Tabuk</i>
<i>Timeframe: Annually</i>	<i>\$15,000 delegation to Dhammam and Khobar</i>
<b><i>Estimated total cost</i></b>	<b><i>\$65,000</i></b>

#### **d. Opportunities and Constraints**

	<b>Opportunities</b>
1	High Demand
2	Very large market
3	High demand for Arabic content, applications, and programs
4	High quality perception of Palestinian services and goods
5	Potential for development of skills and competencies

	<b>Constraints</b>	<b>Response</b>
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1	Risk perception of Palestinian ICT producers and service providers due to political instability	This risk can be abated by sector-level marketing and positioning efforts by PITA, promoting success stories, and building direct relations with Saudi buyers. Supplement for the limited size and reach of local ICT companies by creating a physical PITA presence in KSA that can provide horizontal services and know how to advise companies that are interested in expanding into the Saudi market.
2	Lack of awareness of Palestinian ICT services and products	To create a marketing capability that will effectively communicate the capabilities of the Palestinian ICT sector, using the above strategy.
3	Palestinian ICT sector must compete with everyone for KSA ICT business	To focus the marketing of Palestinian ICT services and products in periphery locations of the KSA where there is less international competition, and to utilize the competitive advantage in Arabic content, applications, and programs. Developing in depth market studies for the Saudi market that outline the demand in terms of size and specific skills requirements for each periphery location.
4	Lack of mechanism to market services and products	Create a business development plan that will include the value proposition, creating awareness of the local Palestinian market capabilities, build networks of contacts, and identify potential business opportunities.

## 8. Public Policy and Recommendations

Due to the current political situation in the Palestinian Territory, and under the Paris Protocol which is the framework agreement under which all of Palestinian international trade is conducted, Palestinian policy makers have very little control over policies that govern cross border trade. As a result, there is very little that Palestinian policy makers can do to increase cross-border partnerships in a direct way without reevaluating the Paris Protocol, which has proven extremely difficult, even for dealing with issues that are critical to the Palestinian economy.

On the other hand, Palestinian policy makers can make changes that will strengthen the Palestinian ICT sector, and indirectly increase its capacity and competitiveness and therefore affect an increase in cross border partnerships and trade. Although the recommendations do not have a direct effect on cross border trade, and are still very difficult to implement in the current political and economic situation, Solutions believes that these recommendations will be the most effective.

The main change that policy makers should try to effect is to push on the political level to give Palestinians access to 3G and 4G networks and larger high speed internet bandwidth. These capabilities are critical for the development of a competitive Palestinian ICT sector. This upgrade in ICT infrastructure will allow individuals, businesses, governments, and other entities to take full advantage of the latest ICT technology to improve their businesses, education, connectivity, and quality of life.

The general trend in information technology usage is indicating that mobile applications and cloud computing are the future of information technology. 3G and 4G networks and high speed internet access are essential for the growth of the ICT ecosystem that will allow Palestinian ICT firms to excel in these subsectors.

The ability to test products in the local market is critical to developing the skills and experience needed to compete on the international level. In a local setting, there is proximity between the developer, marketer, and end user of this product or service. This proximity allows the development process to be streamlined with information between the different parties moving quickly and smoothly. As long as this necessary infrastructure is not available, the Palestinian ICT sector will continue to be at a disadvantage in terms of international and regional competitiveness.

Another way for policy makers to effect positive change in the Palestinian ICT sector and indirectly increase cross-border trade and partnerships is through an increase in government ICT spending. There are many avenues that the government spending on ICT can be politically justified including building the e-government infrastructure and increasing ICT spending in key ministries such as the Ministries of Education and Health. Having said this, it is important to note that government efforts to lead e-government initiatives have been fragmented.

Increased government spending is an excellent way to support the local ICT sector and overall economic development for several reasons. The most direct benefit is that by purchasing ICT services and products from the local ICT sector, the government will be strengthening the sector financially and in terms of knowledge and experience. As the ICT sector is an important driver in overall economic growth, the direct benefits of government ICT spending to the overall economy are obvious. Beyond the immediate financial impact, this increase in demand for ICT products and services will be met by an increase in supply. This increase in supply means more firms competing for government business, and thereby becoming more knowledgeable, experienced, and efficient. This allows Palestinian ICT firms to hone their service delivery skills in the domestic environment which will make them more prepared for competing on international markets.

Another recommendation for policy change that will indirectly affect the competitiveness of the Palestinian ICT sector and its ability to engage in cross border partnerships is an increase in government investment in education.

Government should put more computers in schools and build networks to connect those schools. Aside from the direct benefits to the ICT sector mentioned above, this type of government spending is in essence an investment in skills and capabilities of the workforce of the future. The more students have access to information technology in school, the better prepared they will be to be productive members of the workforce. In addition to creating a more productive overall workforce, this investment will make those entering the ICT field better prepared and ultimately more productive ICT workers.

Another investment in education that is critical to nurturing a thriving ICT ecosystem is to subsidize or incentivize higher education in ICT related fields and in research and development (R&D). It can be argued that this type of investment is essential to creating an internationally competitive ICT sector that is distinguished by innovation.

Most stakeholders in the Palestinian context are fully aware of the limitations of Palestinian policy makers and government, both politically and financially. However, there are opportunities that do not require political influence or financial capabilities. The Palestinian government and policy makers have excellent contacts with regional public and private sector leaders. There should be better coordination between PITA and Palestinian policy makers to harness these contacts for the purpose of developing the Palestinian ICT sector. There are many ways that these kinds of relationships can result in successful business transactions including securing contracts for providing services and products, making promising connections with key market players, and even creating a presence and a hospitable business environment for Palestinian businesses in regional markets.

This strategy of taking advantage of the contacts and networks of policy makers for the benefit of the Palestinian ICT sector requires close coordination between PITA and these policy makers, and clear communication of the capabilities and needs of the Palestinian ICT sector.

The table below summarizes recommendations on required changes at the policy levels to further the development of the Palestinian ICT sector.

*It is important to note, however, that these recommendations and strategies are neither exhaustive nor comprehensive. Rather, they are meant to advise on the direction to be taken in addressing critical policy and regulatory issues.*

Outcome	Strategies	Who?
Access to 3G and 4G networks has been ensured	<ul style="list-style-type: none"> <li>- Preparing necessary technical documentations and studies to support political and media campaigns efforts.</li> <li>- Prepare necessary policy and procedures required to be implemented once access will be granted.</li> <li>- Developing a media and PR campaign to present this issue at regional and international levels.</li> </ul>	<ul style="list-style-type: none"> <li>- Ministry of Telecommunication and IT</li> <li>- Ministry of Foreign Affairs</li> <li>- Negotiation Support Unit</li> <li>- PITA</li> <li>- Telecommunication and IT private sector companies.</li> </ul>
Ability to test Palestinian ICT products has been enhanced	<ul style="list-style-type: none"> <li>- Preparing necessary studies and documentations on required testing labs, technical training and certifications.</li> <li>- Preparing specialized study on policy adjustments required to support.</li> </ul>	<ul style="list-style-type: none"> <li>- Ministry of Telecommunication and IT</li> <li>- Palestinian Standard Institute</li> <li>- Universities</li> <li>- PITA</li> </ul>

Palestinian Authority's (as an administration) e-government initiatives are formally adopt and implemented	<ul style="list-style-type: none"> <li>- Integrating the e-government initiative with many public sector reform programs.</li> </ul>	<ul style="list-style-type: none"> <li>- Prime Minister's Office</li> <li>- Ministry of Finance</li> <li>- General Personnel Council</li> <li>- Ministry of Telecommunication and IT</li> <li>- PITA</li> </ul>
ICT has been integrated within the formal education system	<ul style="list-style-type: none"> <li>- Introduce a national initiative to train and certify thousands of educators on ICT integration within education at the curricula and education methods.</li> <li>- Provide all schools with access to internet, computer labs with adequate technologies.</li> </ul>	<ul style="list-style-type: none"> <li>- Ministry of Telecommunication and IT</li> <li>- Ministry of Finance</li> <li>- Ministry of Education</li> <li>- PITA</li> </ul>
Innovation and R&D programs within higher education institutions have been improved	<ul style="list-style-type: none"> <li>- Prepare white papers on required policy adjustments to promote private investment in universities' activities in the R&amp;D fields i.e. tax breaks, etc.</li> <li>- Develop special programs to encourage ICT managers' involvement in education programs especially in IT related schools.</li> </ul>	<ul style="list-style-type: none"> <li>- PITA</li> <li>- Ministry of Higher Education</li> <li>- Ministry of Finance</li> <li>- Members at the Palestinian Legislative Council</li> </ul>

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## **Annex 1: Literature Review in preparation for “Palestinian ICT Sector 2.0: Technology Sector Development Report and Recommendations Relevant to Regional and Global Market Opportunities”**

### **Palestine**

- **National Strategy For Telecommunications, Information Technology and Post in Palestine**

Ministry of Telecom and Information Technology “National Strategy for Telecommunications, Information Technology and Post in Palestine” 2011-2013

[http://www.mtit.gov.ps/index.php?option=com\\_content&view=article&id=412&Itemid=20](http://www.mtit.gov.ps/index.php?option=com_content&view=article&id=412&Itemid=20)

The Palestinian Authority’s National Strategy for the Telecommunications, Information Technology and Post in Palestine for the years 2011-2013 is the main public policy document defining the ICT sector strategy on the national level. As the guiding strategy for the public institutions working with the ICT sector, this document identifies the Palestinian Authority’s vision for this sector and gives an overview of the current state and the challenges facing this sector. This document also identifies strategic objectives as well as sector policies for the telecommunications, information technology, and post sectors. The primary focus of the information technology sector policy is building the e-government capability of the PA as well as developing laws and regulations that will create a hospitable ICT environment.

- **Palestinian ICT Private Sector 3 Year Strategy**

Solutions for Development Consulting, “The Palestinian ICT Private Sector 3-Year Strategy and Development Plan,” PITA, 2012

[www.lacs.ps/documentsShow.aspx?ATT\\_ID=5644](http://www.lacs.ps/documentsShow.aspx?ATT_ID=5644)

The Palestinian ICT Private Sector Strategy is the basis of most of the activities and programs being implemented by the Palestinian private sector ICT stakeholders. This document provides an analysis of the Palestinian ICT sector, identifies strategic issues that need to be addressed, and presents a three year strategy based on a Results Based Management approach. The Palestinian ICT Private Sector strategy was commissioned by PITA through GIZ.

The Palestinian ICT Private Sector Strategy focuses on capitalizing on the availability of young human capital and its potential to promote innovations as a basis for the overall development of the Palestinian ICT industry. The strategy defines external markets for exports of services and products as main targets as opposed to the local Palestinian domestic market. In light of the Palestinian

Authority's present financial crisis and the absence of major government initiatives and reform plans in the foreseeable future, the strategy does not consider government spending to encourage growth in the ICT sector or the capabilities of ICT firms as a viable strategic direction. This approach is contrary to the proven model of government spending led ICT sector development that has been very successful in countries like Singapore and Israel.

Having said this, the political and economic hardships that are endured by the Palestinian private and public sectors are a primary factor in strategic decision making. In the context of the development of the ICT sector, there is a tradeoff between policies that are proven to be effective and policies that are achievable given the limited resources. The PITA strategy sets goals which are achievable given the resources.

- **ICT Business Development: Market Mapping of the Palestinian ICT Sector and the Opportunities for Partnership in the Region**

Nicholas White "ICT Business Development: Market Mapping of the Palestinian ICT Sector and the Opportunities for Partnerships in the Region. 2<sup>nd</sup> Edition" Mercy Corps, 2010

[www.outsource2pal.com/userfiles/2009110971027.pdf](http://www.outsource2pal.com/userfiles/2009110971027.pdf)

Mercy Corps' Market Mapping of the Palestinian ICT Sector and the Opportunities for Partnerships in the Region provides a thorough analysis of the ICT sector in Palestine in general and in the West Bank in particular. This document includes a multilayered overview of the ICT Market including a global, regional, and local overview of ICT markets. The document also provides a very informative perspective on outsourcing in general, including a SWOT analysis of Palestinian outsourcing and analysis of which type of outsourcing is most compatible with Palestinian ICT sector capabilities. The document also provides an overview of the Israeli ICT market and policy recommendations to help develop the competitiveness of the Palestinian ICT sector.

- **ICT Business Development: Market Opportunities in Gaza and the Region**

Nicholas White "ICT Business Development: Market Opportunities in Gaza and the Region" Mercy Corps, 2012

<http://www.cims.uk.com/media/591/Market%20Opportunities%20in%20Gaza%20and%20the%20Region.pdf>

Mercy Corps' "ICT Business Development: Market Opportunities in Gaza and the Region" provides an examination of the ICT Sector in Gaza and identifies potential strategies based on local and regional opportunities. This document is very useful in that it supplements Mercy Corps' previous document, "ICT Business Development: Market Mapping of the Palestinian ICT Sector and the Opportunities for Partnerships in the Region. 2<sup>nd</sup> Edition" Mercy Corps, 2010, which focuses

primarily on the West Bank ICT market. Together, the two documents provide a thorough profile of the Palestinian ICT sector as a whole. The document also provides profiles of key ICT firms operating in the Gaza Strip.

In its recommendations and proposed strategies for increasing cross border trade in ICT goods and services, this document treats the West Bank and Gaza Strip as separate entities, which currently is a political, economic, and geographic reality.

- **Palestinian Central Bureau of Statistics (PCBS): ICT Survey 2011**

PCBS “ICT Business Survey, 2011: Main Findings” Palestine, 2012

[http://www.pcbs.gov.ps/portals/\\_pcbs/PressRelease/Press\\_En ICTBS2011E.pdf](http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En ICTBS2011E.pdf)

The ICT Survey 2011 published by the Palestinian Central Bureau of Statistics is the most recent set of official data on the ICT Sector. PCBS is the main source of data on the Palestinian ICT Sector and most recent research and analysis on the Palestinian ICT sector relies primarily on the data and information provided in this report.

Although the PCBS is the main source of data on the ICT sector in Palestine, it must be noted that telecommunications data are included in the survey and the telecommunications segment is disproportionately large relative to the other segments that make up the ICT Sector. The reader should keep this in mind when dealing with official Palestinian ICT sector data.

- **Challenges Facing IT in Palestine**

PalTrade “Challenges Facing ICT in Palestine” 2010

<http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/ChallengesFacingICTPalestine.pdf>

This document provides an overview of the Palestinian ICT sector as well as a summary of the major challenges facing the growth of the ICT sector. This document does a good job of articulating that one set of barriers to Palestinian ICT development and growth are the limitations placed by Israel on Palestinian telecommunications companies. As a result of limited access to bandwidth for high speed internet access, and no access to 3G and 4G cellular networks, the Palestinian ICT sector lacks the necessary resources and infrastructure for continued ICT development, especially in growing sub sectors such as cloud computing and mobile applications.

## **Jordan**

- **National ICT Strategy of Jordan 2007-2011**

<http://www.intaj.net/node/414>

Jordan’s National ICT Strategy is based on a four pillar approach. The first pillar is connectivity, which focuses on expanding the ICT infrastructure of Jordan and increasing internet connectivity by bridging the gap between those who are

connected and those who are not. The second pillar focuses on developing the research and development (R&D) capability of the Jordanian ICT sector as Jordan recognizes the importance of strong R&D to sustainable ICT led economic growth. The third pillar deals with labor issues and education and focuses on improving the quality of education and increasing the skills and competencies of the pool of ICT graduates, which will help grow and sustain the Jordanian ICT sector. The fourth pillar of the Jordanian ICT Strategy addresses regulation and the investment climate, focusing on nurturing a financial and regulatory environment that is best suited for developing a strong ICT sector.

Jordan's ICT Sector strategy sets goals that both identify the sub sectors best suited for growth in the context of the Jordanian economic environment as well as goals that challenge the government to facilitate ICT sector growth.

The Jordan ICT Strategy also identifies the key challenges and hurdles to achieving the strategic objectives and outcomes.

- **Jordan ICT Sector Profile – INTAJ**

Information and Communications Technology Association – Jordan “Jordan ICT Sector Profile: Analysis, Achievements, Aspirations” 2011

[http://www.intaj.net/sites/default/files/JORDAN ICT SECTOR PROFILE - FINAL.pdf](http://www.intaj.net/sites/default/files/JORDAN%20ICT%20SECTOR%20PROFILE%20FINAL.pdf)

The Jordan ICT sector profile is an excellent source of general knowledge about the current state and the potential of the Jordanian ICT market. The report is published by the Information and Communications Technology Association – Jordan (INTAJ) which is the main representative body of the ICT sector in Jordan. The profile provides in depth information about the ICT sector including relevant and up to date economic indicators showing the contribution of the ICT sector to the overall economy, ICT subsectors that are particularly promising, as well as information on Jordan's rankings in several categories such as the Global Competitiveness Index, E-Readiness by the Economics Intelligence Unit, and Global Services Location Index.

The Jordan ICT Sector Profile also identifies the main stakeholders in the Jordanian ICT sector including private sector, government, and international organizations, and multinational corporations.

Although the Jordan ICT Sector Profile is an excellent source of general knowledge, this publication is intended as a tool to familiarize the reader with the Jordanian ICT sector in very general terms.

- **2011 ICT ITES Industry Statistics Year Book**

Information and Communication Technology Association – Jordan and the Ministry of Information and Communications Technology “ICT & ITES Industry Statistics & Year Book” 2011

<http://www.intaj.net/content/2010-it-and-ites-industry-statistics>

The ICT ITES Industry Statistics Year Book is an invaluable resource for building a strong understanding of the current state of the Jordanian ICT sector, recent developments and trends, and for forecasting trends in Jordanian ICT for the short to medium term. The document is published by the INTAJ and the Ministry of Information and Communications Technology. In addition to an overview of the IT and Telecom sectors, this document provides in depth analysis of ICT related revenues, exports, employment, and investment. The Statistics Year Book is an excellent tool for policy and economic research, market and investment analysis, and for marketing and product development in the Jordanian ICT market.

In addition to the economic data and analysis, the year book includes a directory of ICT sector companies.

## **Kingdom of Saudi Arabia**

### **▪ A Comprehensive Study The State of the ICT Market in Saudi Arabia**

Communications and Information Technology Commission “A Comprehensive Study on the State of ICT Market Development in Saudi Arabia” 2010

<http://www.citc.gov.sa/English/Reportsandstudies/Studies/Pages/TheStateofICTMarketDevelopmentinSaudiArabia.aspx>

This study provides a comprehensive examination of the ICT sector in Saudi Arabia. This study reports on comprehensive surveys including a survey of individuals and households, a survey of establishments, a survey of ICT services and technology suppliers. Based on the surveys, the report analyzes the penetration and usage of ICT services and products in the KSA, trends in ICT spending, current and future ICT products and services, consumer needs and demand analysis, and growth forecasts. This study is a good resource for building a detailed understanding of the KSA ICT sector and for developing a market penetration strategy.

### **▪ CITC 2011 Annual Report**

Communication and Information Technology Commission “2011 Annual Report” 2011

[http://www.citc.gov.sa/English/Reportsandstudies/Reports/Pages/CITC\\_Annual\\_Reports.aspx](http://www.citc.gov.sa/English/Reportsandstudies/Reports/Pages/CITC_Annual_Reports.aspx)

This report provides a general overview of the ICT sector of the Kingdom of Saudi Arabia. As the main publication by the Communications and Information Technology Commission, the report sets out the strategy of the CITC, sets out the regulatory framework for the KSA ICT sector, and highlights activities of CITC with regards to promotion of competition and sector development. This report also details activities and accomplishments in consumer protection.

- **KSA CITC 2011 ICT Indicators**

Communications and Information Technology Commission “2011 ICT Indicators” 2011

[http://www.citc.gov.sa/English/Reportsandstudies/Indicators/Indicators%20of%20Communications%20and%20Information%20Techn/2011\\_ICT%20Indicators%20\\_English.pdf](http://www.citc.gov.sa/English/Reportsandstudies/Indicators/Indicators%20of%20Communications%20and%20Information%20Techn/2011_ICT%20Indicators%20_English.pdf)

This publication provides the most recent set of data available on the KSA ICT sector. The publication provides data on the mobile telecommunications market, the broadband market, fixed broadband services, mobile broadband services, and others. This document provides very useful data on spending on ICT services trends in the KSA, the contribution of ICT to GDP, and data on social media penetration.

## **Israel**

- **IATI Annual Review: Israel ICT Industry 2012**

Israel Advanced Technologies Industries “IATI Annual Review: Israel ICT Industry 2012” 2012

<http://www.mfa.gov.il/NR/rdonlyres/05733EB2-3F82-42C6-AF32-9BABFC044EF2/0/IATIreview2012.pdf>

This report provides a thorough overview of the recent developments in Israel's high-tech industry. The report analyzes industry dynamics and trends across a range of technology fields, highlights prominent Israeli companies catering to global markets, and provides insights into the outlook for the industry.

## Annex 2: List of Interviewed ICT Companies

Firm Name	Description	# Empl oyees	Services Provided	Specialty	Contact Information
<b>Bisan Systems Ltd.</b>	Established in 1988, Bisan Systems Ltd. has been the leader in fulfilling the ever changing information needs of companies and institutions in Palestine through its Business Management and Financial Applications. With well over two decades worth of technical experience Bisan Systems has come to the realization that the creation of the ultimate business management system could only be a product of precise customization to our client's exclusive desires and our united vision of their future needs. Many enterprises including multinational companies in diverse industries are using Bisan Systems to assist them in their quest for efficiency, productivity and profitability.	25	Business Management and Financial Applications	Software Solutions	Tel: 970 2 298 5941 Fax: 970 2 298 5942 info@bisan.com
<b>ASAL Technologies</b>	ASAL Technologies is a software and IT services outsourcing company in Ramallah, Palestine that was founded in 2000. Today, ASAL is the largest ICT company in Palestine and a premiere software solutions provider. From the	120	1) Custom Software Development 2) Staff	Software Development	Tel: 970 2 2966640 Fax: 970 2 2966 641 info@asaltech.com

	beginning, ASAL has worked towards providing excellence in ICT solutions for a large number of local, regional and international organizations such as Cisco Systems, Intel and many others.		Augmentation: Creating IT teams that including members with specialized expertise that are offshore 3) Hardware Verification and Design 4) Arabization – Localization of content		
<b>EXALT Technologies Ltd.</b>	EXALT Technologies Ltd. is a software development center of excellence with a culture of innovation that is based on openness, empowerment and personal responsibility. Established in 1997, EXALT spearheaded the software outsourcing industry in Palestine with customers such as Siemens, Alcatel Lucent, HP and Cisco. As a company that is providing intellectual services, EXALT places a great emphasizes on the qualifications of its human resources. As such, their well-knit team comprises of technically qualified and goal-oriented professionals who at the same time posse a positive team culture augmented with an in-depth understanding of customer's	90	1) IT Outsourcing Services 2) Software Development Outsourcing 3) Software development (Mobile application development)	Software Development	Tel: 970 2 2965740 Fax: 97022965742 tareq@exalt.ps



	requirements and challenges.				
<b>iConnect</b>	<p>iConnect is a talented team of highly skilled and comprehensively trained IT professionals, including software engineers and developers. iConnect collaborates with other firms to achieve their technology goals on time, on budget, and on target for performance. iConnect are solution providers as well as service providers. iConnect is responsive to its customers and aligns with their goals, taking pride and ownership in the success of their projects. iConnect are technical experts, and use state-of-the-art tools and methods. iConnect's team shares in several US and foreign patents, with others pending. iConnect offers relevant experience completing outsourced projects and integrating the offshore team with clients' home-based teams.</p>	35	<p>1) Mobile Application Development 2) Enterprise Solutions 3) E-Health Care Systems 4) Web portals 5) Application Service Provider 6) Custom Software Development</p>	<p>Building customized software applications for SMEs. Main focus is on working with clients in the healthcare industry. Services include web, desktop and mobile application development</p>	<p>Tel: 970 2 2424014 Tel: 970 595013399 Fax: 970 2 2424014 feras.nasr@iconnecths.com</p>
<b>Jaffa.Net</b>	<p>Jaffa.Net is a total IT solution company. Jaffa.Net provides Software (the Core Unit of Jaffa.Net), Hardware, Networking and Internet solutions. Jaffa.Net puts a great deal of emphasis on quality and uses state-of-the-art CMM level 4 software engineering process. Since its inception, Jaffa.Net has one vision: To build Software and Networks for the Information</p>	35	<p>1) Software Development 2) Internet &amp; e-Commerce 3) Hardware Solutions 4) Networking &amp; Wireless 5) System</p>	<p>Software development</p>	<p>Tel: 970 2 2412020 Fax: 970 22413030 info@i-jaffa.net</p>

	Age.		Integration 6) Security & Protection Solutions		
<b>Infinite Tiers Group</b>	Infinite Tiers Group, Inc. focuses on building strategic relationships with clients. Infinite Tiers provide clients with services and products that make their business better. With numerous success stories and outstanding references, Infinite Tiers Group, Inc. has set very high standards for excellence in service.	52	Software Development	Software Development	Tel: 970 9 2372498 Fax: 970 9 2381211 mbarkawi@infinite-tiers.com
<b>Art Technologies/ Pal Earth</b>	Art Technologies is a professional corporate that, among other its areas of expertise, addresses geographic Information Systems (GIS) as well as Business Intelligence Systems (BI). It provides its clients with total integrated technical solutions, which eventually help them pave the way towards fulfilling greater profits and objectives.	18	1) Software Development 2) Mobile Technologies 3) Business intelligence (BI) 4) GIS Services	Software Development	Tel: 970 2 2988875 Fax: 970 2 2988875 info@arttech.ps
<b>Idevator</b>	Idevator is a social game development company with a focus on producing content that is relevant to MENA region users	5	Gaming	Gaming	Tel: 970 599101149 info@idevator.com

<b>SteadyPoint</b>	SteadyPoint provides software solutions including software and application development, document management and business process outsourcing.	5	<ul style="list-style-type: none"> <li>1) Document and Archiving Management Systems</li> <li>2) Business Process Management System</li> <li>3) Collaboration Portals</li> <li>4) Business intelligence Solutions</li> <li>5) Website and Content Management</li> <li>6) Knowledge Management System</li> </ul>	Archiving Management Systems	<p>Tel: 970 2 241 4415</p> <p>Fax: 970 2 241 4415</p> <p>info@steadypoint.net</p>
<b>Al Andalus Software Development</b>	Al Andalus Software Development (ASD) is an IT firm specializing in management, finance, and business information systems design and customization. ASD serves both local and international customers through offices in Jordan and the United Arab Emirates.	15	<ul style="list-style-type: none"> <li>1) Software Development</li> <li>2) E-Business Solutions</li> <li>3) Work flow Automation Solutions</li> <li>4) Staff</li> </ul>	Software Development	<p>Tel: 970 2 2422406</p> <p>Fax: 970 2 2422407</p> <p>info@asd.ps</p>

			Augmentation Services 5)Arabization and Localization Services 6)Consulting		
<b>Hulul Business Solutions</b>	Hulul Business Solutions is a PalTel Group company which is operating, managing, and supporting the IT services of all the Group's companies BSS/OSS, Datacenters, Network and Security Infrastructure of the fixed, mobile, and ISP operators owned by the group. It is also responsible for managing all IPCC solutions used by call center operations.	131	Business Solutions for PalTel Group	Business Solutions	Tel: 970 2 2410000 Fax: 970 2 2411111 info@hulul.com
<b>Isra Software &amp;Computer (ISCO)</b>	ISCO is a private company established by a group of professionals in the field of software development, with a vision of building leading professional software solutions in Palestine and the region. Throughout the past 12 years, ISCO has achieved a great reputation status as one of the leading software development companies in Palestine. ISCO's primary focus is custom software development and Information Systems Integration.	32	1) ERP Systems 2) E-Trading Solutions 3) Outsourcing Services	Software Development	Tel: 970 9 2373001 Fax: 970 9 2373002 info@iscosoft.com

<p><b>eGate for Self-service Solutions</b></p>	<p>Easy Way to Pay e-Payment Gateway is agrowing Palestinian start-up company backed by efficient and elegant professionals. The company has various aspects and goals to lead the market and provide 100% satisfaction to its clients.</p>	<p>11</p>	<p>1) Mobile Application Development 2) Enterprise Solutions 3) E-Health Care Systems 4) E-Education 5) E-Government 6) Application Service Provider 7) Custom Software Development 8) Software publishing 9) Wired telecommunication activities 10) Other telecommunications activities 11) Data processing, hosting and related activities 12) Wholesale of telephone and communications</p>		<p>Tel: 970 2 2414717 Fax: 970 2 2414718 Izzedin@e-pgs.com</p>
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			<p>equipment</p> <p>13) Wholesale of computer, peripheral equipment and software</p> <p>14) Repair of carrier equipment modems</p> <p>15) Repair of communication transmission equipment</p> <p>16) Repair of computer and peripheral equipment</p>		
<b>Cystack</b>	<p>CYSTACK is the leading information security consultancy firm in Palestine. CYSTACK understand the need to protect the CONFIDENTIALITY, INTEGRITY and AVAILABILITY of organizational assets. CYSTACK brings top information security professionals to the market</p>	6	<p>1) Enterprise Solutions</p> <p>2) Wireless telecommunication activities</p> <p>3) information security consultancy</p>	Information Security Consultancy	<p>Tel: 970 2 2989189</p> <p>Fax: 970 2 2989189</p> <p>rabi.barakat@cystack.ps</p>
<b>Technopal for Engineering &amp;</b>	Technopal for Engineering, Communication & Building Technologies limited was founded in	10	1) Enterprise Solutions	Technopal has a large	<p>Tel: 970 2 2957622</p> <p>Fax: 970 2 2957622</p>

<b>Communication</b>	Ramallah as a security, safety, control and IT solution provider. Technopal employs highly dedicated and qualified personnel with many Years of experience in the fields of security and IT. As a distinguished Security Solution provider, Technopals' products and services focus on meeting not only today's business needs, but also the needs of the future.		2) SaaS 3) Wired telecommunication activities 4) Wireless telecommunication activities 5) Computer hardware consultancy and computer hardware facilities management activities 6) Wholesale of telephone and communications equipment 7) Wholesale of computer, peripheral equipment and software 8) Repair of computer and peripheral equipment	market share in the Palestinian market in S&S (Security and Safety)	anas@technopal.ps info@technopal.ps
<b>ALTARIQ Systems</b>	ALTARIQ Systems is a software development		1) Software	Software	Tel: 970 8 2847736

	house providing complex and complete HI-Tech solutions, software development, outsourcing, PLC - factory automation business as well as innovative IT consultancy services.		development (Online Payment Software, Online Billing Software, Human Resources Development) 2) Outsourcing 3) Factory automation 4) IT consulting	development	Tel: 970 8 2860280 Fax: 970 8 2860280 tarek@altariq.ps info@altariq.ps
<b>Castle Establishment Company</b>	Castle Establishment is a computer systems company with more than 20 years of experience in Palestine. Castle Establishment's main goal is to serve the Palestinian market through complete professional quality software, especially accounting and commercial packages to different sectors such as Commercial, Governmental and NGO's. Castle Establishment's skilled technical expertise provides clients with efficient technical support, training, manuals and interactive video training, and aims to provide clients with state of the art information technology.	14	1) Software development 2) Application Service Provider 3) Custom Software Development	Software development	Tel: 970 8 284885 Fax: 970 8 2833211 info@castlesoft.net