RESEARCH FORECAST REPORT

TELECOMS SERVICES FORECAST FOR SMALL AND MEDIUM ENTERPRISES: MIDDLE EAST AND NORTH AFRICA 2017–2022

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About this report

This report analyses the demand for telecoms services by micro, small and medium-sized enterprises (SMEs), expressed in terms of revenue, connections or users, and average revenue per user (ARPU).[1]

It identifies that there is still significant potential for revenue growth from delivering data connectivity services in most Middle East and North African countries.

The report also quantifies the emerging market for other business services, such as security, colocation and hosting, and software-as-a-service (SaaS), which offer longer-term prospects for revenue growth.

It is based on several sources, including data from operators, national regulators, government agencies and other third parties, and from Analysys Mason's 2017 survey on enterprises' telecoms and ICT usage.

WHO SHOULD READ THIS REPORT

- Telecoms operators that want to identify key areas for revenue growth, both in terms of SME segments and individual services.
- Vendors that are considering targeting the SME market.
- Third-party service providers seeking collaborative relationships with operators.

REPORT COVERAGE

Geographical	Services[2]	
Regions modelled: ▪ Middle East and North Africa **Countries modelled individually:** ▪ Qatar ▪ Saudi Arabia ▪ United Arab Emirates (UAE)	**Mobile:** ▪ Voice, messaging and handset data ▪ Mobile broadband ▪ IoT connectivity (mobile and LPWA) **Fixed:** ▪ Narrowband and VoBB ▪ ADSL/SDSL, vDSL, FTTP/B, cable, BFWA, other fixed broadband ▪ Dedicated connections up to 100Mbps, >100Mbps and up to 1Gbps, and >1Gbps ▪ Traditional managed services ▪ IoT connectivity	**Other business services:** ▪ Unified communications ▪ Security ▪ Colocation and hosting ▪ Private cloud ▪ Software-as-a-service (SaaS, public cloud) ▪ Platform-as-a-service (PaaS, public cloud) ▪ Infrastructure-as-a-service (IaaS, public cloud) ▪ Enterprise mobility ▪ Desktop management
Enterprise size		
Segments: ▪ Micro (0–9 employees) ▪ Small (10–49 employees) ▪ Medium (50–249 employees)		

[1] For the complete data set, see the accompanying Excel file at www.analysysmason.com/SME-telecoms-MENA-RDMZ0.

[2] See service taxonomy in the Methodology section of this report.

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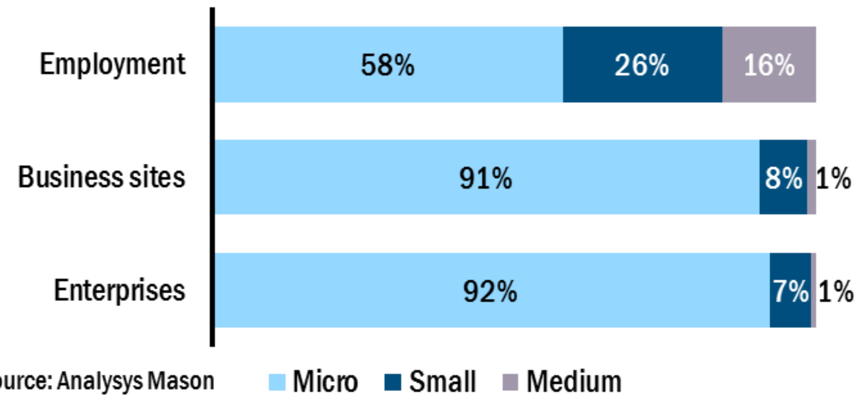
Micro enterprises account for most of the revenue from SMEs but the growth rate will be higher for medium enterprises

Micro enterprises account for over half of SME employment in the Middle East and North Africa.[1] The relative importance of fixed connectivity means that micro enterprises (which represent the vast majority of business sites) also deliver more than half of SME revenue for operators. We expect to see continued growth in fixed broadband penetration and revenue for this segment.

We expect revenue growth to be greatest for medium enterprises over the next 5 years, driven by a significant increase in dedicated connections and IoT service connectivity revenue.

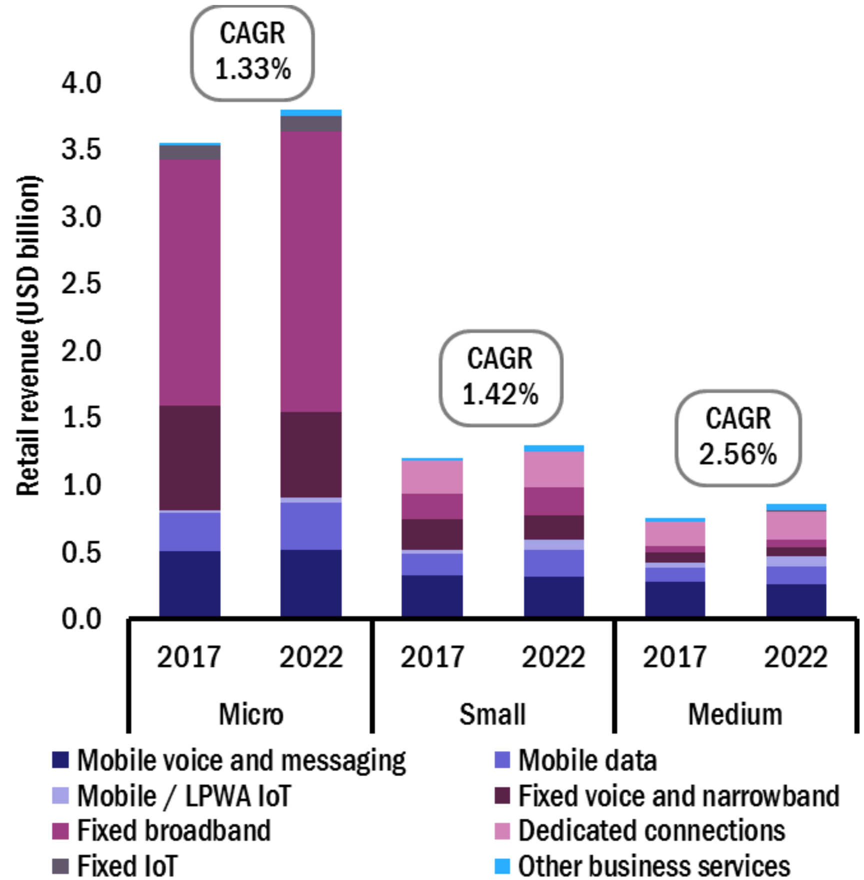
Figure 6: Percentages of business site, total employees and total enterprises by enterprise size, Middle East and North Africa, 2017



Source: Analysys Mason

[1] We seek to exclude informal workers (such as smallholders and casual labourers) from our count of employees, but we still estimate that micro enterprises account for 58% of employment by SMEs in Middle East and North Africa.

Figure 7: Telecoms operator retail revenue from SMEs by service type and enterprise size in 2017 and 2022 and CAGRs for 2017–2022, Middle East and North Africa[2]



Source: Analysys Mason

[2] See *Presentation of results* in the Methodology section of this report for full definitions of the aggregate categories presented in figures and details of currency conversions.

Growth in fixed service revenue will be primarily fuelled by a rapidly increasing number of broadband connections

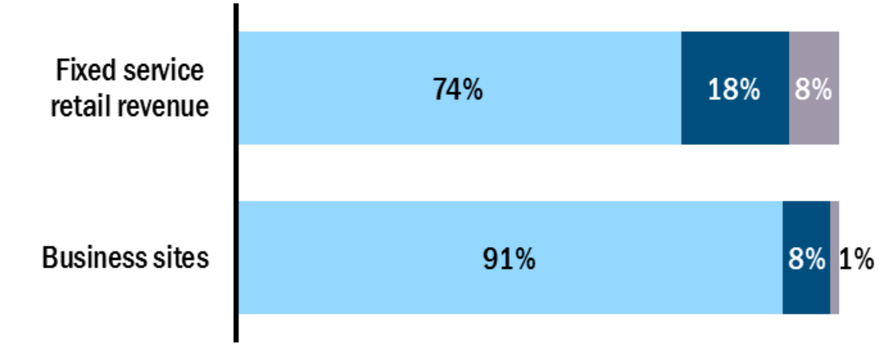
Fixed service revenue from SMEs will increase from USD3.7 billion in 2017 to USD3.9 billion in 2022.

Fixed broadband revenue will rise as the volume of connections continues to increase; the number of dedicated connections is also forecast to increase.

Although we expect revenue from voice services to gradually decline, the number of lines will rise slightly between 2017 and 2022 as availability increases in less developed markets in the region.

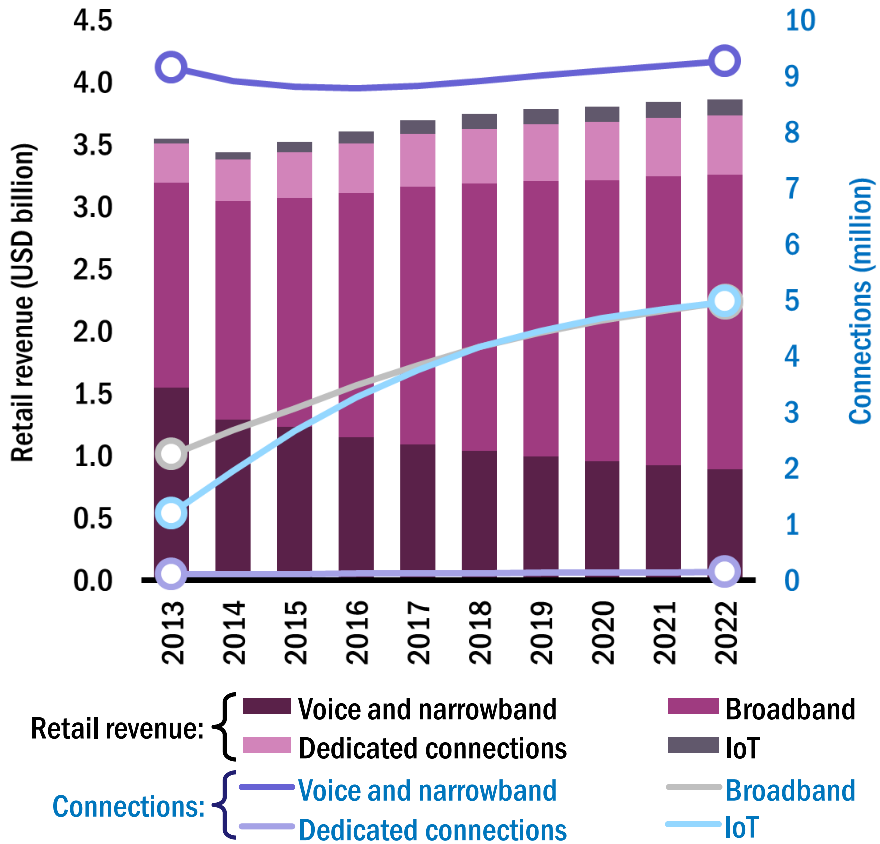
Small and medium enterprises represent a small percentage of business sites (9%), but have a much higher fixed services spend per site than micro enterprises.

Figure 10: Percentages of fixed service retail revenue and total business sites by enterprise size, Middle East and North Africa, 2017



Source: Analysys Mason

Figure 11: Fixed service retail revenue and connections for SMEs, Middle East and North Africa, 2013–2022[1]



Source: Analysys Mason

[1] See *Presentation of results* in the Methodology section of this report for full definitions of the aggregate categories presented in figures and details of currency conversions.

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About the author

Catherine Hammond (Senior Analyst) is an analyst for Analysys Mason's *Enterprise and IoT* research programme, specialising in market forecasting. She previously worked for nine years as a Senior Manager within Analysys Mason's Consulting practice, undertaking work for a wide range of operators, regulators and government agencies in Europe and Asia. Her work included the development and review of quantitative models, assessment of business plans, development of market forecasts, collation and analysis of benchmarks, development of white papers and leading client workshops and major presentations. She holds an MA in mathematics from the University of Cambridge.

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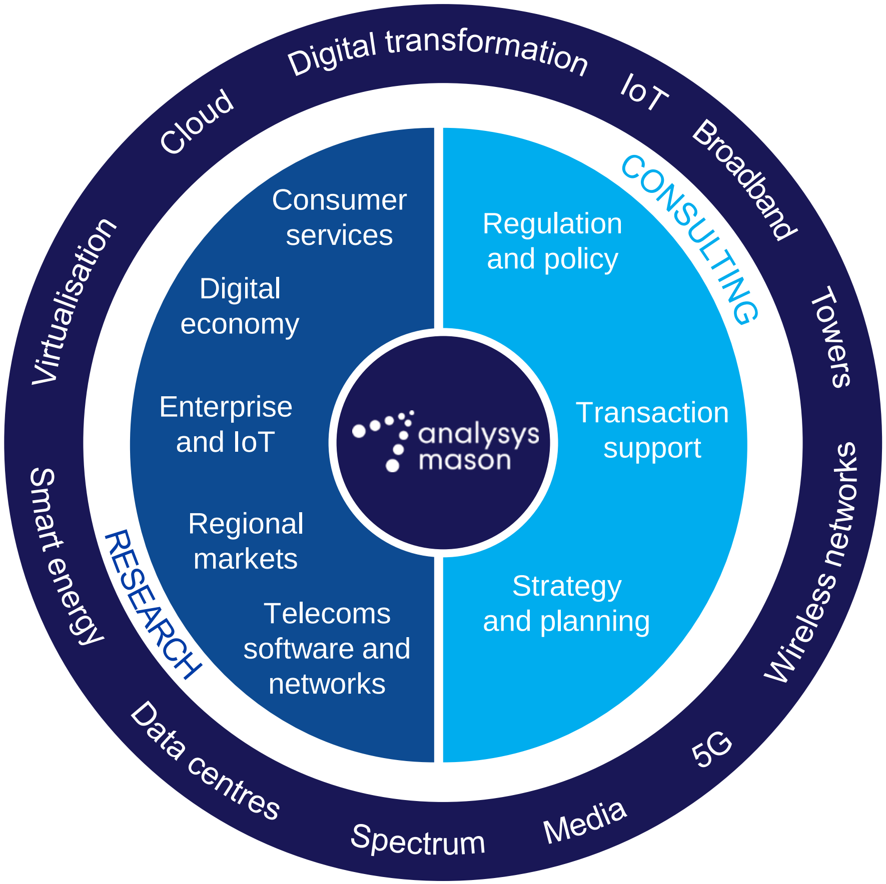

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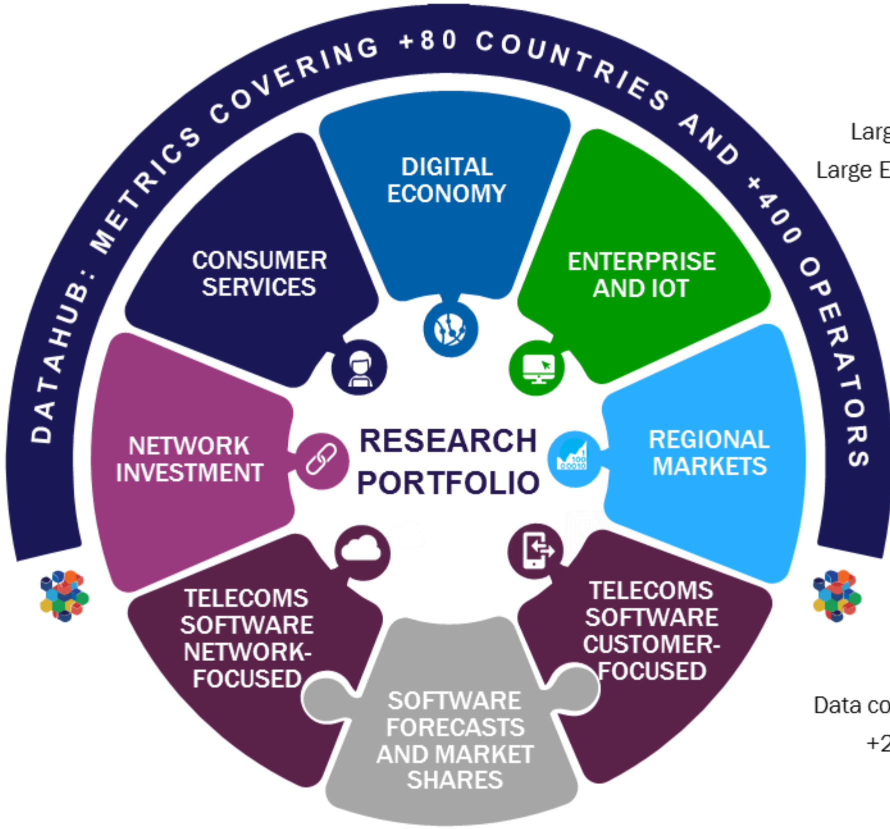

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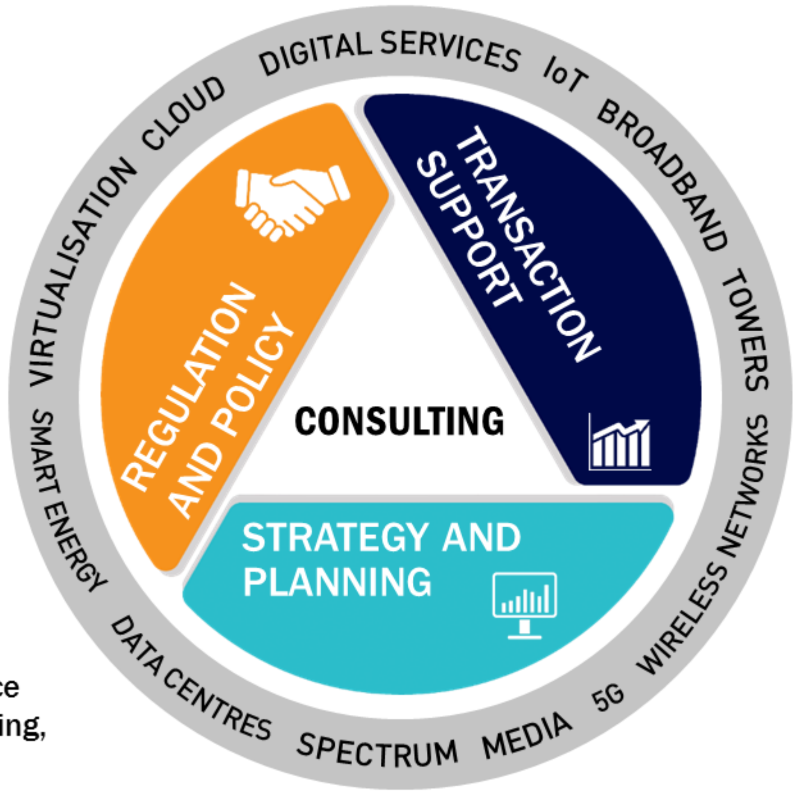

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