

## Location Spotlight – Riyadh, Saudi Arabia

January 2022: Complimentary Abstract / Table of Contents



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# This report provides perspectives on key aspects of the global sourcing market in Sri Lanka

Location Spotlight – Riyadh, Saudi Arabia

## Riyadh | at a glance



Driven by the government's strategic Vision 2030 initiative, Riyadh is at the cusp of evolving into a global hotspot in the Middle Eastern region with the potential to support the breadth and depth of IT-BP services global delivery at a significant cost arbitrage over the US and the UAE.

### KEY FACTOIDS

58,000-62,000 annual tertiary graduates

Annual operating cost per FTE 40-50% savings over Dallas 20-25% savings over Dubai

### Current overview

- Primarily leveraged by service providers as a spoke location for IT-BP services delivery, largely providing regional/domestic support to the Middle East and North Africa (MENA) region
- With rapidly growing demand for digital services, enterprises are increasingly leveraging Riyadh to support select digital services (especially analytics, AI, and big data)
- There is evidence of multiple players leveraging Riyadh for multi-lingual delivery (primarily English and Arabic)

### Key drivers

- Driven by the Vision 2030 strategic initiative, Saudi Arabia is undergoing major economic and social reforms to diversify the economy beyond oil, and to position the kingdom as a global hub for private sector investment
  - Saudi Arabia recently attracted 40+ global companies to establish its regional headquarters in Riyadh
- It has attractive cost arbitrage across functions as compared to Dallas, US (40-50%) and Dubai, UAE (20-25%)
- Going forward, the regime intends to leverage the women workforce in both public and private sectors

### Key challenges

- High reliance of the economy on petroleum and associated industries, fluctuating oil prices, and the weakening Organization of the Petroleum Exporting Countries (OPEC) pose significant macroeconomic concerns
- There are some concerns around terrorist activities, repeat human rights violations, and a lack of freedom of expression and speech
- There are some concerns around the country's stringent nationalization policy (Nitaqat), which enables Saudi nationals to replace expatriates in private sector jobs



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Location Spotlight – Riyadh, Saudi Arabia

## Riyadh | risk profile (page 1 of 2)

Stable macroeconomic outlook and robust infrastructure with a strong pipeline of infrastructure projects; some concerns around the geopolitical environment and high economic dependence on the oil sector

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> <li>Saudi Arabia ranks 52nd among 180 countries in the Corruption Perception Index making it moderately corrupt; however, progress has been made in tackling corruption and minimizing bureaucratic red tape</li> <li>The country ranks 156th out of 167 in the EIU Democracy Index and is classified under the authoritarian regime category</li> <li>There is significant concern around Saudi Arabia's involvement in geopolitical issues such as the Syria and Yemen civil war and the Iran nuclear program; however, the King of Saudi Arabia has recently stated in the UN that going forward, promoting peace is his Kingdom's top priority in international affairs</li> </ul>
Macroeconomic		<ul style="list-style-type: none"> <li>Standard &amp; Poor's credit rating for Saudi Arabia stands at A- with a stable outlook</li> <li>While the country's economy experienced a sharp contraction in 2020 owing to the lower crude oil prices and the COVID-19 pandemic, the economy grew at its fastest pace in nearly a decade in the third quarter of 2021 boosted by higher oil prices, and is expected to stabilize in 2022</li> <li>In terms of oil reserves, Saudi Arabia ranks first internationally, with about one-fifth of the world's known reserves; however, fluctuation in oil prices in recent years and the weakening of OPEC makes the country's macroeconomic environment prone to external shocks                             <ul style="list-style-type: none"> <li>Going forward, as a part of the Vision 2030 initiative, the government plans to diversify the Saudi economy and reduce the dependence on the oil sector</li> </ul> </li> </ul>
Infrastructure		<ul style="list-style-type: none"> <li>Saudi Arabia has announced a trillion-dollar pipeline of infrastructure projects aimed at diversifying the economy beyond oil and positioning the kingdom as a global hub for investment and logistics</li> <li>Riyadh possesses an excellent public transport infrastructure in terms of road, air, and rail network, providing great connectivity within the country and with multiple international destinations</li> <li>Saudi Arabia is ranked 34th out of 141 countries in the Global Competitive Index (compiled by the World Economic Forum) for its infrastructure quality</li> <li>It is ranked 40 out of 130 countries in the Network Readiness Index 2021, which signifies a robust telecom and network infrastructure presence in the country</li> </ul>

Source: Everest Group (2022); EIU; Transparency International; WRR; WEF; interviews with market participants.

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# Research calendar

## Locations Insider™

Published Planned Current release

### Flagship reports

### Release date

Location Spotlight – Thailand	July 2021
Location Spotlight – Croatia	August 2021
Location Spotlight – Latvia	August 2021
Location Spotlight – Ghana	August 2021
Location Spotlight – Queretaro, Mexico	November 2021
Global Locations State of the Market 2021: Embracing Uncertainties in a Disrupted World   Key Trends Shaping the Landscape	November 2021
Global Locations State of the Market 2021: Embracing Uncertainties in a Disrupted World   Locations PEAK Matrix®	November 2021
Reimagining Latin America Delivery in a Post-COVID World	December 2021
Location Spotlight – Sri Lanka	January 2022
<b>Location Spotlight – Riyadh, Saudi Arabia</b>	<b>January 2022</b>
Location Spotlight – Uruguay	Q1 2022
Location Spotlight – Jamaica	Q1 2022

### Thematic reports

### Release date

Data & Analytics Handbook – Delivery Location Strategy to Steer Through Digital Disruption	November 2020
Cybersecurity Talent Handbook – Guide to Cybersecurity Skills Across the Globe	June 2021
Technology Services Talent Handbook – Do You Have the Right Locations in Your Delivery Portfolio?	January 2022

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