
هيئة الاتصالات وتقنية المعلومات
Communications and Information Technology Commission



Communications and Information Technology Commission

Internet Usage in the Kingdom of Saudi Arabia

Business Establishment

The Second year (2008) Report .

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2008 Internet Usage in Kingdom of Saudi Arabia

Background

1.0 Background

Communications and Information Technology Commission (CITC) was established under the name of Saudi Communications Commission pursuant to the Council of Ministers Decision No. (74) Dated 5/3/1422H. The Commission was entrusted with new tasks related to information technology to become (Communications and Information Technology Commission) under the Council of Ministers Decision No. (123) dated 21/5/1424H and the name was changed to CITC. The Mission Statement of the Commission is to ***"Ensure the provision of universally available, high quality and affordable communication and information technology services"***

Internet service was officially made available in the Kingdom of Saudi Arabia in 1997. Internet is becoming an integral part of the Saudi Society and Economy. CITC wants to understand the Internet status and potential growth within the Kingdom. To this end, a comprehensive study covering a wide range of the Internet related indicators in Saudi Arabia was needed. Nielsen was entrusted to conduct the study in 2007. In 2008, this same study was conducted by Nielsen. This document highlights the changes that occurred from 2007 to 2008 in the IT aspect of the businesses in KSA.

The study evaluates the current situation of Internet in Saudi Arabia. The study aims to identify the penetration levels, habits and usage patterns and the future potential of Internet in Saudi Arabia. It covers a wide range of information areas from infrastructure to satisfaction. It covers different types of users – individual users, home users, government agencies, educational institutes and corporate users. The research was such designed, to ensure national representation. Further, the study would be repeated annually for a minimum of three times in order to measure progress and growth.

Salient Features of the Research

- ▶ **National Representation**
- ▶ **Across Customer Types : Consumers, Corporate and Government**
- ▶ **Annual Tracking to measure progress**

This document details the findings of the survey carried out among **Business establishments** in the Kingdom of Saudi Arabia.

Internet Usage in Kingdom of Saudi Arabia

**Methodology /
Sample Profile**

2.0 Methodology

The detailed methodology report has been highlighted in the appendix of this report.

2.1 Research Design

- A quantitative research exercise was conducted.
- A total of around 1614 interviews for the listing module and 700 interviews for the detailed module were conducted.
- Corporate representatives across the country were interviewed.

2.2 Target Respondents

Respondents interviewed for the survey were:

- IT / Telecom managers or the officials who are responsible for such decisions
- Interviews were conducted at the head offices.

2.3 Coverage and Sampling

- Interviews were conducted in Riyadh, Makkah, Jeddah, Dammam, Khobar, Joubil, Maddinah as these cities constitute 90% of the universe.
- Since there were no official numbers for the corporate universe available in the Kingdom. The sample for corporate interviews was designed using the Business Directory from Chamber of Commerce.

2.4 Research Instrument

- Interviews were conducted using a structured questionnaire. The questionnaire was translated into Arabic. Interviews were done in Arabic / English as convenient to the respondent.
- The questionnaires were a mix of close and open-ended questions.
- The length of the listing interview was around 10-15 minutes while the detailed interview was approximately 30-35 minutes long.

2.5 Quality Control

- Rigorous quality controls were followed at both the field and data processing levels. A minimum of 25% of the questionnaire were back checked by the Field Supervisors and Field Managers.
- At the data processing stage, questionnaire which were not filled in properly were rejected and only after ensuring 100% cleaned data were considered for the analysis.
- For details on the Quality Control standards please refer to the CITC Inception Report Section 6 and 7.

3.0 Sample Profile

In total, 1614 organizations from the private sector were contacted for the purpose of this research. The following sectors were covered in the sample.

Exhibit 3.1 Sample Composition by Sectors

	2007	2008
<i>Base: All</i>	1296	1614
Construction	20%	21%
Food sector	13%	17%
Manufacturing sector	12%	12%
Service sector	11%	14%
IT/ Communication	9%	9%
Oil & Gas	5%	5%
Other sectors	30%	21%

The following provinces were covered in the sample.

Exhibit 3.2 Sample Composition by Province

	2007	2008
<i>Base: All</i>	1296	1614
Riyadh	54%	54%
Makkah	27%	22%
Madinah	3%	3%
Eastern	16%	22%

For analysis purpose we have classified the organizations into 3 sizes based on number of full time employees in the company.

Exhibit 3.3 Sample Composition by Employee Size

	2007	2008
<i>Base: All</i>	1296	1614
Small (Less than 50)	68%	49%
Medium (51 to 300)	22%	20%
Large (300 +)	10%	10%
REFUSED TO DISCLOSE	-	21%

Key decision makers on IT related issues

In more than 50% of organizations, IT manager and General Manager / CEO are both involved in the decision making process.

Internet Usage in Kingdom of Saudi Arabia

Detailed Findings

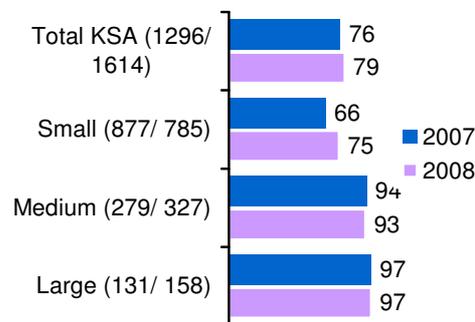
4.0 Infrastructure & Investments

4.1 Computer Penetration

The overall penetration of computers in corporations in Saudi Arabia is growing slightly from 76% in 2007 to 79% in 2008.

Small organizations are driving this growth, while the growth in medium and large organizations is stagnant as the penetration is almost 100% within these organization types.

Exhibit 4.1 Computers Penetration by Organization Size



Computer penetration: % of business establishment owning a computer even if it's only one computer.

As expected the ratio of computer to employees is highest amongst small companies with all the employees having access to more than one computer.

	2007	2008
TOTAL	4	4
Small	1	2
Medium	4	4
Large	10	11

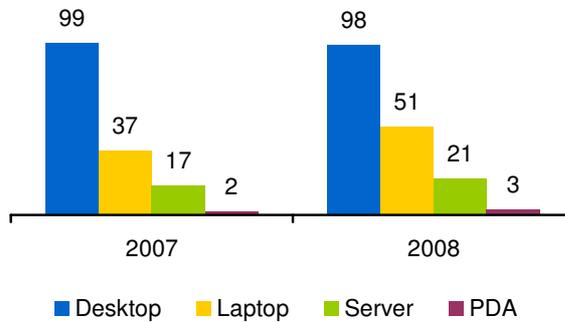
Calculation: No. of employees / No. of computer x % of computer provided to employees

4.2 Devices

Desktop is the most widely used computer device, followed by Laptops and Servers. PDA is the least used. As expected, modern computer devices (Laptops, Servers and PDA) usage increases in line with the size of the organization. The penetration of laptops is growing at the fastest rate from 37% in 2007 to 51% in 2008.

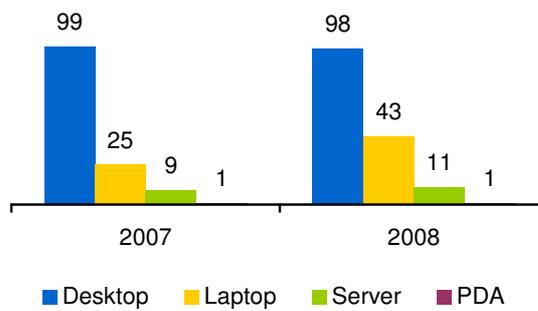
Exhibit 4.2 Computer devices by Organization Size

ALL



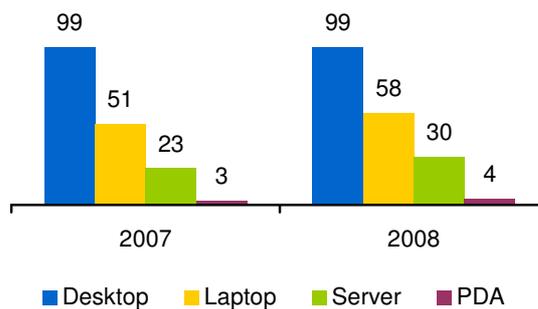
Base: All Establishments which use Computer Devices (981/ 1278)

SMALL

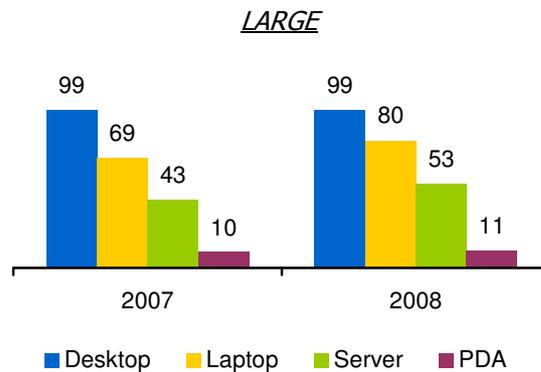


Base: All Small-scale businesses which use Computer Devices (583/ 586)

MEDIUM



Base: All Medium-scale businesses which use Computer Devices (263/ 304)



Base: All Large-scale businesses which use Computer Devices (127/ 154)

This growth, again, is coming from small organizations; penetration has grown from 25% in 2007 to 43% in 2008 for this organization type.

4.3 Depth of usage

The density of computers owned is directly linked to the size of the organization with larger organizations providing computer devices to a higher proportion of their employees.

Exhibit 4.3 Percentage of Employees Provided with Computer Devices

	2007	2008
Small (base: 292/ 267)	29%	31%
Medium (base: 160/ 150)	28%	38%
Large (base: 98/ 100)	43%	51%

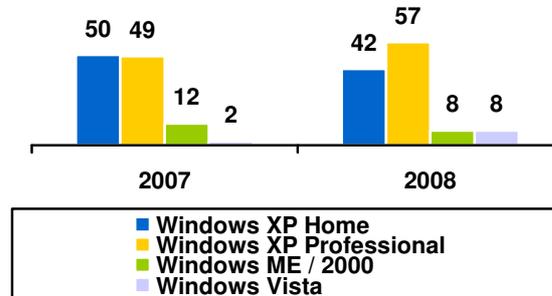
Base : All establishments which use computer devices

85% of the corporate which have branches use computer devices in both head office and branches.

4.4 Operating Systems

Microsoft is the most dominant operating system in the Kingdom. Windows XP (Home and Professional) is the most widely used version of Windows. Other operating systems like Macintosh and Linux have negligible usage. However, from 2007 to 2008 there has been a shift in preference from Home to the Professional version of Windows.

Exhibit 4.4 Operating systems used



Base : All Establishments which use Computer Devices (564/ 593)

Arabic is less becoming the preferred operating system, with more organizations choosing both Arabic and English. English only and Arabic only OS have both seen a decline from 2007 to 2008. This trend is most notable in large organizations where 74% now use both English and Arabic OS.

4.5 Investments

In a month, an organization in the Kingdom spends on an average of about 1600 SR on hardware, software maintenance and training. As expected the IT spends are higher for the larger organizations given the higher usage of devices and internet. The larger organizations spend more the 3500 SR per month on an average. Smaller organizations invest just 945 SR on IT a month.

IT related training is still relatively low within Kingdom. Large organizations offer the most training, albeit a small number of respondents. Photoshop is the main training offered, driving this is small organizations. Accounting packages is a popular training package also.

**IT Training is still not a
priority amongst corporate
organizations in Saudi
Arabia**

4.6 Barriers and Motivators

'Computers are not a part of core business activity' is the key barrier to using computers in an organization, however this barrier has seen a large decrease from 70% to just 59% in 2008.

'The management doesn't allow any computers' has seen an increase in the reasoning why computers are not used in organizations year on year.

Other reasons mentioned for not using computers are '*Lack of staff knowledge*' and '*Lack of funds*'.

Exhibit 4.6 Barriers

	2007	2008
<i>Base: Among Establishments which don't have computers</i>	135	111
Not related to the core of our business	70%	59%
The management doesn't allow any computers	10%	22%
Employees don't know how to use it	22%	19%
There is no budget to buy	13%	14%
Admin staff don't know how to use	6%	2%
Management staff don't know how to use	5%	6%

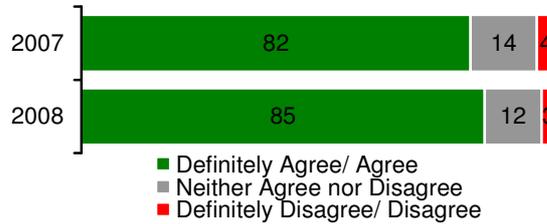
However 33% of the current non users are positively inclined to buy computer devices in the next 12 months. '*Improved documentation*', '*develop work*' and '*make business grow*' would be the key triggers.

5.0 Opinion about Internet

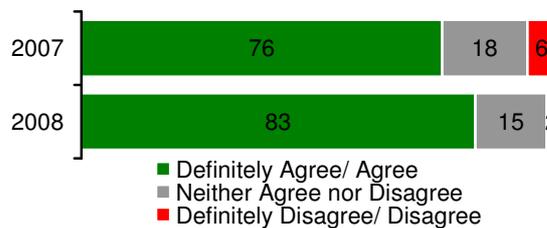
Internet is perceived as a medium that provides access to all the information in a convenient and simpler way. It is also believed to be a medium that is critical for the next generation. 66% of IT managers also find internet as the best way for people to express their views, ideas and thoughts.

Exhibit 5.1 Opinion about Internet

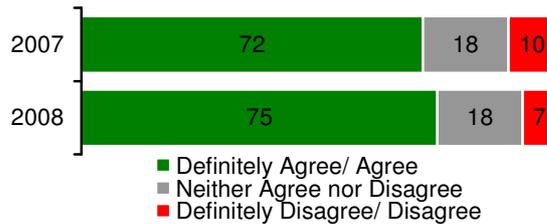
Internet gives people all the information they need in a convenient manner.



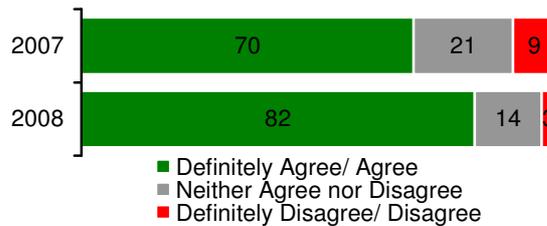
Internet has made access to information so much simpler



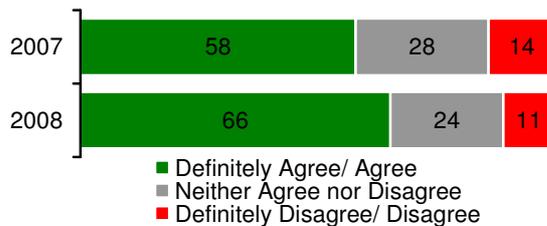
It is very critical to have access to the Internet as this is the medium of today's generation

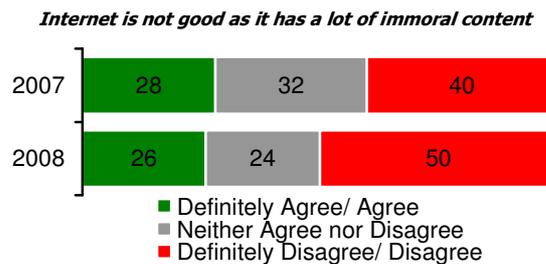
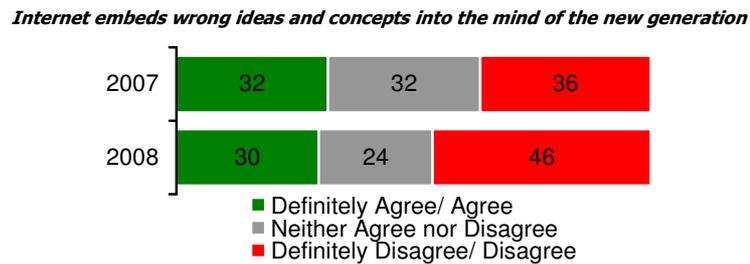
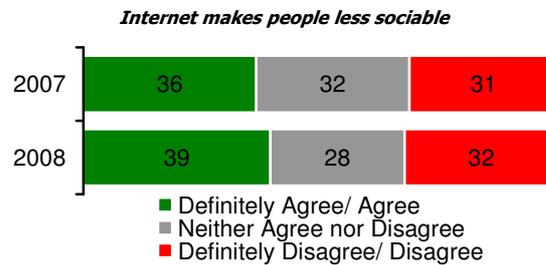


This is the medium which will keep people abreast with all the up-to-date information



Internet is the best way for people to express themselves





However these advantages of internet also come with a fear of making people less sociable, and increasing dangers for children.

The IT managers in the Kingdom are convinced that access to the internet is critical as this is the medium of today's generation.

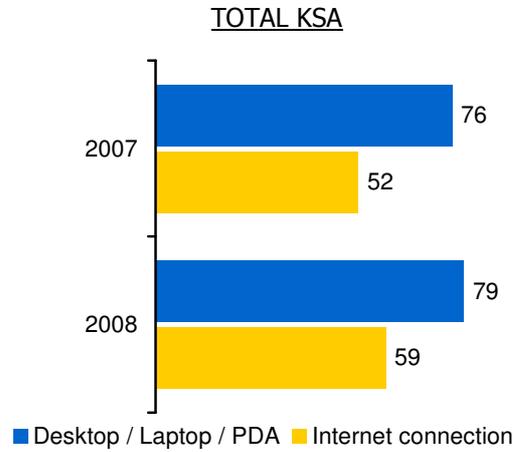
6.0 Internet Usage

6.1 Internet Penetration

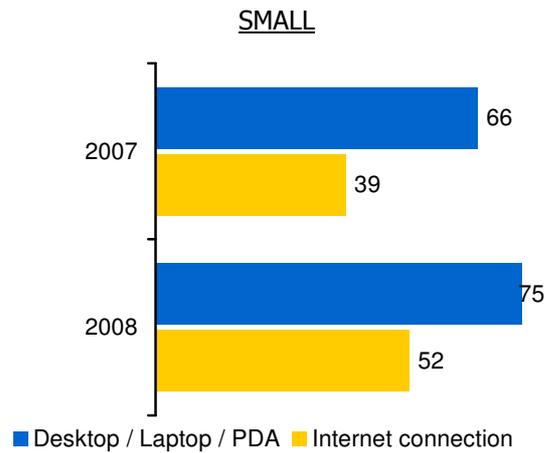
The penetration of internet connection amongst corporates in Kingdom is 59%, this has grown slightly since 2007 from 52%. The growth is being driven from small organizations, where penetration has increased from 39% in 2007 to 52% in 2008.

For medium and large organizations internet penetration is stable, with little or no growth.

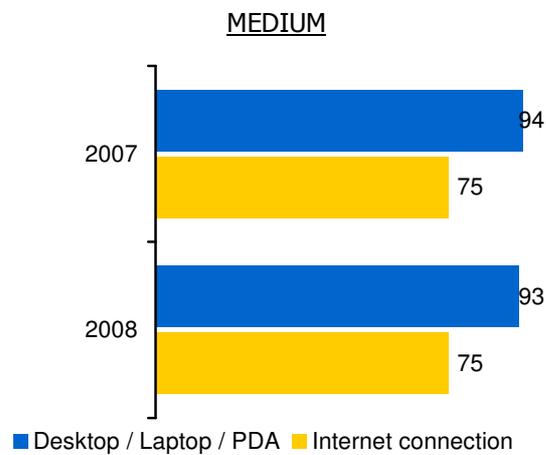
Exhibit 6.1 Computers and Internet Penetration by Organization Size



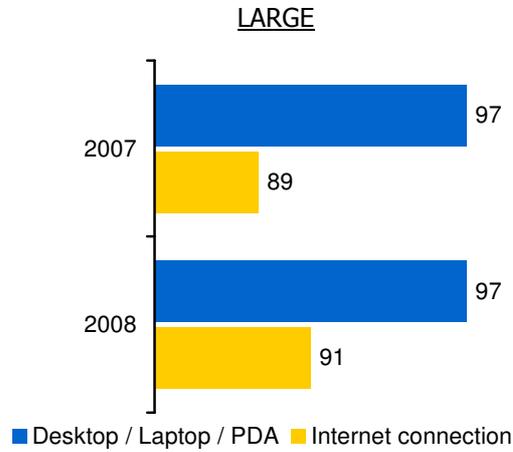
Base : All organizations (1296/ 1614)



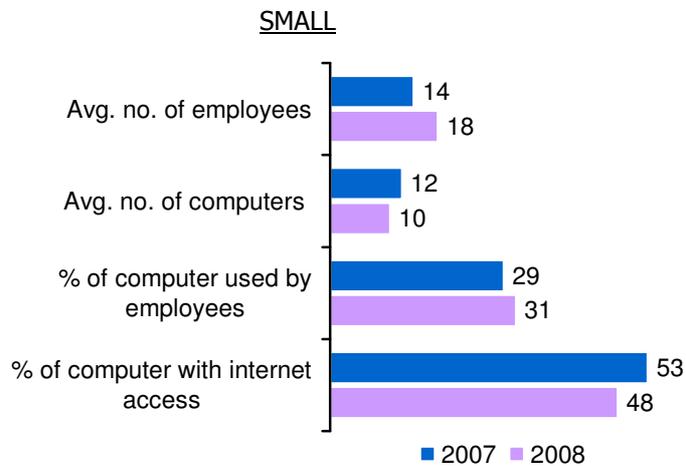
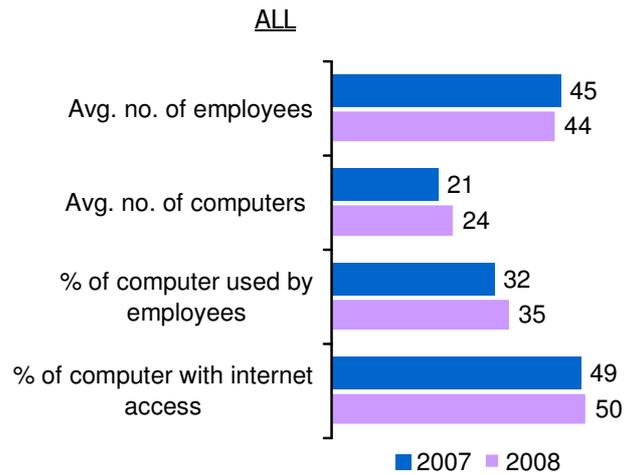
Base : All Small-scale organizations (877/ 785)

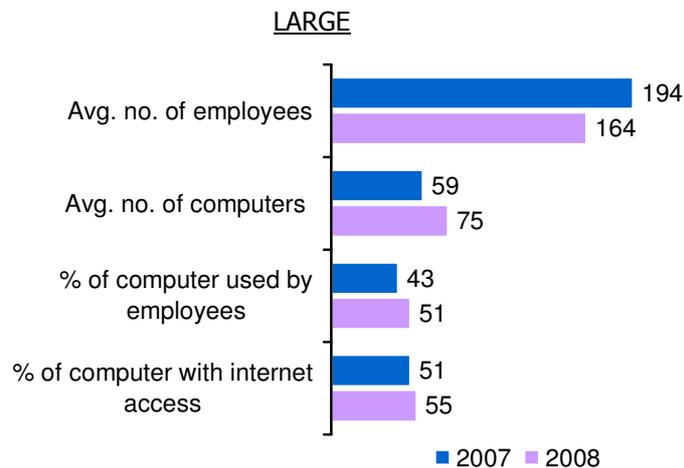
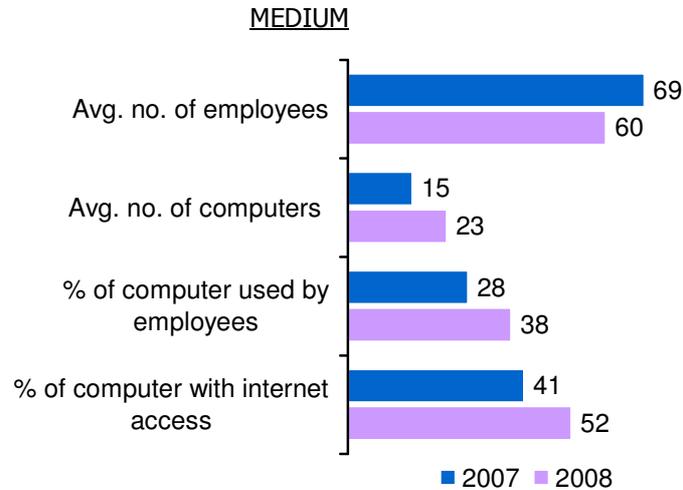


Base : All Medium-scale organizations (279/ 327)



Base : All Large-scale organizations (131/ 158)





6.2 Barriers to using Internet

As seen for computerization, lack of identified need for internet is the key barrier mentioned for internet adoption as well. 'it is not available' and '*Not necessary for work*' are the key reasons mentioned for not using internet.

6.3 Type of connection

The broadband connection is clearly the most popular type of internet connection, with a huge shift to this connection since 2007; overall, almost all connections are broadband.

Dial-up connection is more popular with small sized organizations; however the penetration is very low with just 9% choosing this connection.

Exhibit 6.3 Types of Internet Connections

	ALL		SMALL		MEDIUM		LARGE	
	2007	2008	2007	2008	2007	2008	2007	2008
<i>Base: All organizations using Internet</i>	672	954	340	408	210	244	116	144
Dial-up	27	7	35	9	22	3	11	3
DSL/ Broadband	69	91	58	88	75	97	84	98
Others	4	8	3	3	4	10	8	29

6.4 Online Activities

Some of the popular online activities undertaken by organizations in KSA are availing information (on goods / services / government organization / public authorities), communication (sending and receiving emails) and performing business activities (online buying and internet banking).

Exhibit 6.4 Online Activities

	ALL		SMALL		MEDIUM		LARGE	
	2007	2008	2007	2008	2007	2008	2007	2008
<i>Base: All organizations using Internet in the head office</i>	410	471	180	200	133	130	92	90
Getting information	84	93	80	90	88	95	88	97
Communication	74	68	71	67	74	72	80	61
Business	71	65	63	62	78	69	76	76
Entertainment	23	20	24	20	19	23	27	13

Despite the various applications mentioned above, only 48% (a decrease from 53% in 2007) of the organizations in Kingdom claim that their work is dependent on internet. As expected the larger organizations are more dependent on internet.

Internet penetration is increasing for Enterprises in the Kingdom as dependence grows

6.5 Browser

'Internet explorer' from Microsoft Windows is still the most dominant web browser in Kingdom with current usage at 94%, penetration has decreased from 96% in 2007 due to 2% who claim to be using Mozilla Firefox. The usage of Netscape has remained at 4%.

6.6 Mobile Internet

The usage of mobile internet is still relatively low at 9%. Currently, it is predominantly being used by large organizations only. 14% of respondents interviewed were not even aware of mobile internet connection.

However, among those who have used mobile internet connection, 63% claim to use it as an alternative to conventional internet connections, which is an increase from 39% in 2007.

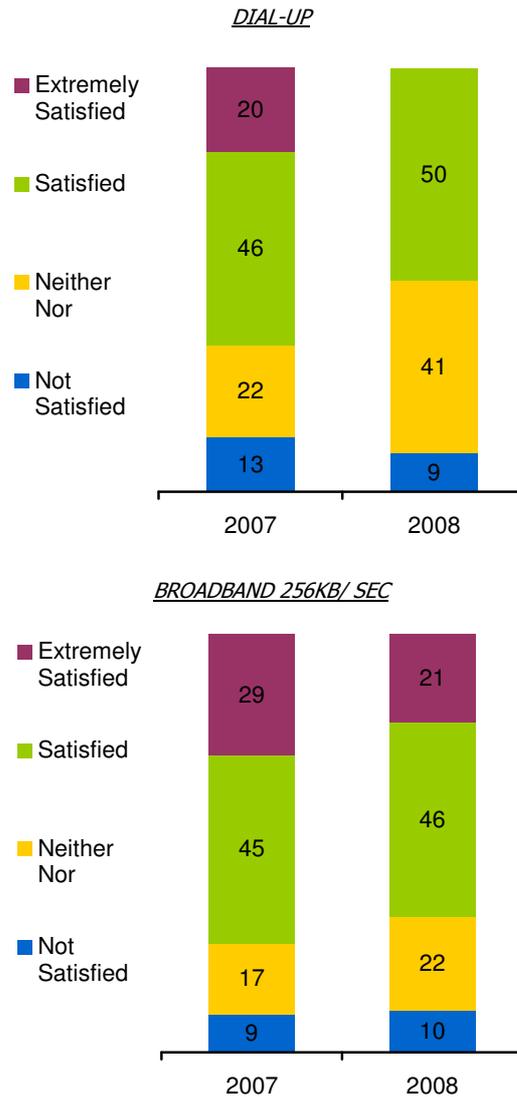
Mobile Internet has had a relatively low impact on the Saudi Corporate Sector

7.0 Internet Satisfaction and Concerns

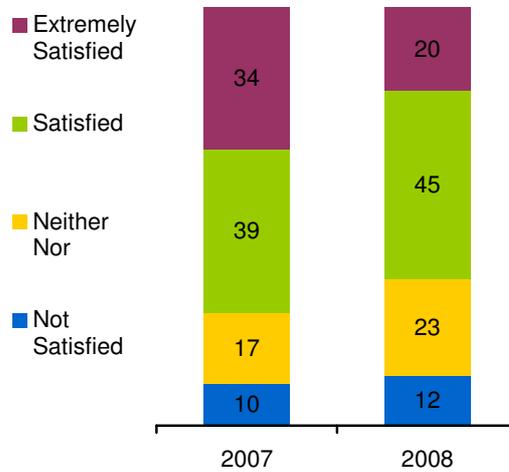
7.1 Satisfaction

Most organizations express satisfaction with the internet service. The organizations using a broadband connection are more satisfied vis-à-vis those using a dial up connection. 0% of dial up customers were satisfied with the service in 2008.

Exhibit 7.1 Satisfaction



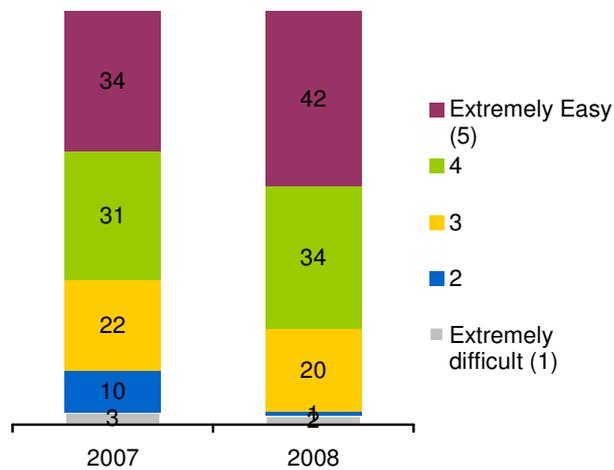
BROADBAND 512 KB/ SEC



100% of those dissatisfied cited 'Slow speed' as the main reason while 'Interruptions' also featured highly.

7.2 Ease of subscribing

Sourcing a new broadband connection in Kingdom is perceived to be easy, this is increasing year on year, in 2008 42% claim that getting an internet connection to be very easy.

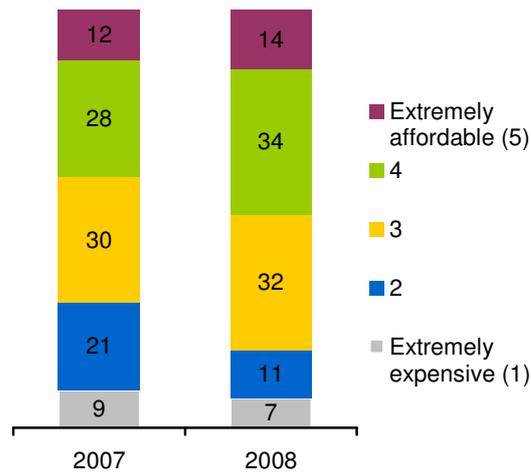


Base : All organizations using Internet (410/ 471)

7.3 Cost Perceptions

The cost perception of internet connection in KSA is becoming cheaper, almost half claim that internet connection is affordable; while 18% find it to be expensive.

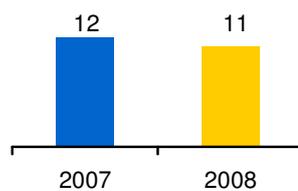
Exhibit 7.3 Cost Perceptions



7.4 Concerns

Information filtering is stated as a concern by just 11% of organizations, 'Prohibition without clear reason' leading to 'Lack of access to relevant information' are the reasons stated.

Exhibit 7.4 Proportion of those concerned with Filtering



Base : All Internet Users (410/ 471)

SPAM email is an increasing concern for organizations, there has been a rise in receiving SPAM from 23% in 2007 to 40% in 2008. SPAM emails received make up an average of 17% of all emails received, organization size is not an issue as there is little variation.

8.0 Websites and e-commerce

8.1 Websites

Almost half of the corporate organizations have their own website, as one would expect this is influenced by the size of the organization – the larger the organization the more likely they are to have a website.

Exhibit 8.1 Own Website

	ALL		SMALL		MEDIUM		LARGE	
	2007	2008	2007	2008	2007	2008	2007	2008
Base: All organizations using Internet	410	471	180	200	133	130	92	90
Hosts website	39%	48%	26%	35%	41%	61%	64%	68%

Website is predominantly used to provide information about the organization. Some of the other popular services offered include information on events, products / services and news, and offering webmail which is a popular service to provide also. Other advanced services like webinar / e-conferencing are relatively less popular in KSA.

Exhibit 8.2 Services offered on the website

	2007	2008
Base: All organizations with a website	160	224
Information about the organization	82%	88%
Webmail	73%	41%
Events	48%	25%
Products/ services	30%	70%
News	28%	25%
Webinar/ E-conferencing	7%	5%

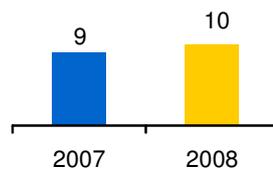
51% of websites are hosted in English only, while the 36% use both English and Arabic languages, 13% use Arabic only. Since 2007 there has been a slight shift from English only to English and Arabic.

Corporate organizations prefer to host their internet site internally, with 67% of those interviewed preferring this option, this is an increase from 44% in 2007.

8.2 e-commerce

E-commerce is still relatively low amongst corporate organizations in Saudi. Only one out of every 10 organizations implements 'e-commerce' into their way of doing business in Kingdom. e-commerce is the least popular among smaller organizations.

Exhibit 8.2 Practice e-commerce



Base : All respondents (710/ 705)

E-commerce is used as a medium to display the product and services offered by the organization by all those who implement e-commerce. Almost a quarter provide an option to sell online. 'Cash on delivery' is the more popular method of payment.

10% of the organizations with internet connection uses internet to make purchases, a slight increase from 6% in 2007. The most popular online purchases made by these organizations are software, spare parts and travel tickets.

Internet Usage in Kingdom of Saudi Arabia

Conclusions & Recommendations

9.0 Conclusions

Computerization of organizations is increasing year on year in Saudi Arabia. Three quarters of organizations across Saudi have computers, driving this growth is small organizations.

Laptops are becoming more popular, which are growing at a fast rate, many of the small organizations opting for this device rather than desktops.

For those organizations who are yet to become computerized the main reason cited is that computers are 'not the core business' and the 'management does not allow computers'.

Microsoft is the preferred choice of operating system, with a shift in preference from an Arabic operating system to Arabic and English. The majority are also moving from Microsoft Home to Microsoft Professional package.

In 2008, just over half (58%) of organizations in Saudi Arabia are connected to the internet. Internet penetration has increased only slightly from 2007 to 2008. The majority of large organizations are connected, while only half of small organizations are connected to the internet.

The main reasons for not being connected to the internet is there are 'no need for it' or 'it not available in the area'.

During 2007 to 2008 there has been a large shift from dial up to broadband connections; the majority (91%) is now connected via broadband. During this shift, satisfaction levels have also dipped across all connection types, particularly dial-up, with most citing slow connection speeds as the main concern. However, the majority believe the process of gaining an internet connection is becoming both easier and cheaper.

Over half of the organizations have a website; this is reflective of the size of the organization, the larger the organization the more likely they are to have a website. Half of those who have a website host it in English, while 36% choose both English and Arabic and just 13% choose Arabic only.

E-commerce is still relatively low in Saudi Arabia, those with a website use this to market the product they sell and allow the customer to browse their products and purchase at the store rather than purchase from the website itself.

10.0 Summary (Key Figures)

Related to Computers

		2007	2008
Proportion of corporates with computers		76%	79%
Type of PC (among corporates with computers)	Desktop	99%	98%
	Laptop	37%	51%
	Server	17%	21%
Investments on IT	Average per month per corporate	SR 1,544	SR 1,605
Operating system usage (among corporates with computers)	Windows XP Home	50%	42%
	Windows XP Professional	49%	57%
	Windows ME/2000	12%	8%
Reasons for not using computers (among corporates not using computers)	Not related to core of our business	70%	59%
	Employees don't know how to use it	22%	19%
	There is no budget to buy	13%	14%

Related to Internet

		2007	2008
Proportion of corporates which use internet		52%	59%
Type of internet connection (among corporates using internet)	Broadband	69%	91%
	Dial up	27%	7%
Web browser usage (among corporates using internet)	Internet Explorer	96%	94%
	Netscape	4%	4%
	Mozilla Firefox	-	2%
Proportion with staff using mobile internet		8%	9%
Satisfaction with Internet Services (among corporates using internet)	Satisfied	71%	64%
	Dissatisfied	10%	10%
Perception on Internet cost (among corporates using internet)	Expensive	30%	19%
	Affordable	40%	48%
Concerns on internet filtering (among corporates using internet)		12%	11%
Receiving spam emails (among corporates using internet)		23%	40%
Corporates with websites		39%	48%
E-Commerce	Proportion of corporates that have implemented e-commerce	9%	10%