

## ARTICLE

## Middle East 2.0: From Oil to Digital Economy

Today, the Middle East is at an important juncture in its history, as it tries to navigate away from its overdependence on the oil economy, while encouraging new businesses. One of the primary concerns is diminishing oil reservoirs, leading to the question – what comes next?

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In this context, the Middle East can be said to be very lucky, owing to its growing smartphone penetration. According to the GSMA intelligence, UAE tops the region in smartphone penetration with 84.76 %, followed by Kuwait with 73.77%, Qatar with 73.2 % and Saudi Arabia with 70.84%. Middle East's high smartphone penetration combined with its young social media savvy population, make it ripe for digital disruption. This is critical for the future development of the Middle East, as Digital will drive GDP, with Accenture estimating that a 10 % increase in digital density will help adding US \$ 13.8 Billion and US \$ 7.8 Billion by 2020 to the economies of UAE and Qatar respectively. On the employment front, digital will help the Middle East to maintain current levels of employment by 2020 by creating 75 million new jobs.

Considering the state of digital readiness, the Middle East should have provided fertile grounds, necessary for incubating more digital unicorns. However, Middle East unicorns, like Careem or Souq, are few and far in between. A report by Gartner in 2016 put the number of SMEs that had gone digital at only 15%, with 2% of the retail online. Similarly, the lack of local content was glaringly apparent, with most content procured from outside. The reasons for these abysmal showing have been put down on the high usage



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