

INFORMATION AND COMMUNICATIONS TECHNOLOGY DEVELOPMENTS IN EGYPT

May 2007

ACKNOWLEDGEMENTS

The researchers would like to extend deep appreciation and gratitude to the following experts and key figures for their support and valuable comments throughout the preparation of this study:

Adel Danish, Chairman and CEO, Xceed Contact Center

Ahmad Gomaa, CEO, Ideavelopers

Akram Farag, Chairman and Managing Director, Digital Systems Middle East

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Hoda Baraka (Dr.), Advisor to the Minister of CIT

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EXECUTIVE SUMMARY

Since AmCham's last report on ICT in 2002, the world's ICT sector has exploded. The fastest growing regions are no longer the developed countries, which are nearing saturation, but lower and middle-income countries with large populations eagerly waiting to be connected to the 21st century. At the end of 2005, almost 800 million people had computers, 965 million had Internet access, and over 2.1 billion had mobile phones, as compared to less than 600 million computers, 620 million Internet users, and 1.2 billion mobile users in 2002. Since 1999, the world has added around 100 million Internet users every year.

This boom has spread not only information, but business opportunities as well. Countries like China and India with large populations and strong technical skills have improved their economies through IT services and products. The coming years will see an even greater diffusion of wealth, due to the decreasing importance of location, and the rising importance of skill and cost. Even professions once thought of as location-dependent are being spread around the globe, such as doctors and financial services.

The countries that can develop their technology talents will be well positioned to create jobs and drive economic growth. Fortunately, Egypt appears to be shaping up as one of the winners. The government has strongly emphasized developing the ICT sector, and so far the private sector is stepping up to the challenge. The number of ICT companies has nearly quadrupled since 2000 to nearly 2100 as of January 2007, and issued capital in the Telecom and IT sectors hit an all-time high in 2006, with almost LE 11 billion through October. Investment in ICT was approximately 15% of total investment, which is quite high for a developing country like Egypt.

Egyptian consumers have also been doing their part to grow the ICT industry. Mobile phone subscribers have skyrocketed from 4.3 million in October 2002, to 18 million in December 2006. Likewise, Internet users have grown from 1.35 million to 6 million in the same period. Most projections show that mobile phone growth has peaked, but the expansion of the Internet is only beginning, and will provide many opportunities for investment. The type of internet subscribers are also changing, going from practically zero broadband users at the beginning of 2004 to over 225,000 users in December 2006.

Although it appears that Egypt is heading in the right direction, its continued growth is far from guaranteed. The government must continue to demonstrate that it is committed to economic reforms that will foster the growth of the industry, and know when to leave the private sector alone without intervention.

This study provides a comprehensive overview of the communication and information technology sectors in Egypt, focusing on placing Egypt in the context of the global information revolution. It provides statistics and indicators on the software and hardware industries, the Internet, and IT services, including contact centers. The ultimate aim of this study is to assist local and international investors in understanding the ICT sector in Egypt and to act as a starting point for exploring potential investment opportunities.

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