



LEBANON AN OUTSOURCING BASE FOR I.T SERVICES



Innovations and developments in Lebanon's ICT sector have reshaped the country's economic outlook and increased its attractiveness as an investment destination. Advances in Lebanon's ICT market have not only driven the fast growth of the sector itself, but also improvements and productivity across all other sectors and industries.

A remarkable potential in Lebanon's ICT sector has been recognized by international experts and investors and confirmed by the establishment of world top IT companies in Beirut. Success stories and global achievements have been also generated from the Lebanese base in the last few years due to its highly qualified and competitive workforce and the level of innovation used in new product development.

Lebanon is now one of the region's top locations for offshoring and outsourcing for IT companies. Its position is backed by an open, multicultural and multilingual workforce and underpinned by the country's tradition of excellence in technology and creative fields.

Why Lebanon

A number of facts and figures illustrate Lebanon's competitive advantages in the ICT sector:

1. Quality & Innovation Due To A Strong Human Capital Base

- Open, multi-cultural and multi-lingual society
- Excellent Educational system
- Lebanon ranks 12th worldwide for the quality of its education, while it occupies the 6th place for math and sciences.
- It is ranked 3rd in the MENA region in terms of ICT development skills index which captures ICT capabilities and skills, following Jordan and Bahrain and preceding Saudi Arabia and the UAE, according to International Telecommunication Union (ITU).
- The Lebanese workforce is characterized by its strong command of foreign languages, mainly French and English, in addition to the Arabic native language. With its multilingual and multicultural workforce, Lebanon is an excellent location to serve not only Arabic speaking countries, but also markets in Europe, the US and North Africa.

2. Low & Competitive Salary Base

- Skilled and creative labor force at low cost
- Quality comparable to that in Europe at very competitive prices
- The labor base is relatively cheaper than the US, Europe and GCC countries, with comparable quality and the average wage of IT personnel at nearly 40% lower than in the GCC and nearly 50% lower than developed economies. (figure 1)

3. Access To Regional Markets With Rising Demand

- International business culture and wide exposure to the Arab region, Africa, and Europe
- A wide diaspora network which provides investment and business linkages opportunities
- Booming regional market for ICT services which can be served from Beirut
- Growth of e-industry in the Arab world
- Lebanon's access to expanding regional markets presents a significant opportunity. The ICT market of the MENA region is rapidly growing and is expected to reach USD 120 billion by 2015, up by 30% from its current

size (figure 2). This sharp increase in the level of activities presents a significant array of opportunities to investors as well as innovative entrepreneurs.

- The internet growth rate in the Middle East has grown at an average rate of 22.45% over the last decade, the second highest growth rate in the world.
- The number of Internet users in the Arab world is expected to reach 150 million by 2015, and the Arabic language to be ranked as the 4th most used language on the net.
- A wave of e-government initiatives is being implemented by regional states and will result in a significant increase in regional IT spending. In certain countries, governments account for up to 40% of the IT market, and will fuel the demand for IT products and services in the region.

4. Thriving Business Environment

- A flourishing entrepreneurial ecosystem with a surge in IT incubators and accelerators
- Increased government support and investments in the ICT talent base and infrastructure
- The growth of the ICT sector is among the government top priorities: related ministries are issuing the needed regulations to enhance intellectual property protection given that security will be a strong underlying reason for future IT investments
- With the proliferation of incubators and business development centers, such as Berytech www.berytech.org, Seeqnce www.seeqnce.com and Cloud 5 , the software industry is upgrading rapidly and a number of Lebanese success stories are turning global.

- Public and private sectors are making more and more financing mechanisms accessible to small as well as large companies, including financial incentives provided by IDAL through its Investment Law No.360 (www.idal.com.lb) and a series of loans by Kafalat (www.kafalat.com.lb)
- The Beirut Digital District is the new digital zone in Lebanon, a Public Private Partnership (PPP) led by the Ministry of Telecommunications in collaboration with private managers. Located at the heart of Beirut, the BDD host local as well as foreign ICT companies and provides them with state of the art facilities, including access to advanced IT services and fiber optics infrastructure at reduced rates. By 2015, the zone will comprise of 4 buildings with an area of 15000 square meters.

Lebanon's success stories

ICT startups of Lebanese origins have started to become global players, introducing new innovations in the development of mobile applications, e-services and platforms targeting the banking and health sectors, as well as multimedia products targeting the Arab world. Lebanese professionals are creatively using their multilingual skills to adapt world innovations to the emerging market of the Middle East and generate Arabic content for a pool of 300 million consumers.

Cinemoz is the premium Video On Demand platform to and from the Arab World. Based on the Hulu model, it provides viewers from the region with free streaming of premium Arabic content.

You can watch, share, and discover all the best of Arab films, TV Series, documentaries and short films while interacting with the community via the full integration of a set of innovative and empowering social media features.

In less than 6 months, Cinemoz has gone from idea, to concept, and is today a state of the art platform dedicated to the Arab World, while matching a globally competitive quality in user experience. By August 2012, they have crossed the 1,000,000 Unique Monthly Viewers milestone and have a projected ad sales of USD 500,000 in Q2 of 2013 alone.

Cinemoz is a Seeqnce Accelerated Startup

Based in the heart of Beirut, **FOO** has been operating in Lebanon and the region since 2009 - the start of the mobile app boom. It has catered local, regional and international prestigious clients and brands with creative mobile apps ranging from content based apps to user driven apps, interactive marketing, video streaming, e-business solutions and much more. FOO's portfolio clearly reflects the four cornerstones of their team's mindset - quality, vision, innovation, and performance, which are their fundamental success drivers in fortifying an impressive presence in the mobile world.

Over the years FOO has built groundbreaking mobile applications on the major mobile operating systems: iPhone, Android, BlackBerry, Windows Phone, and J2ME. It is also constantly researching and developing how to break the next mold of technology with Augmented Reality.

Dermandar is a company specialized in image processing technologies that develops an image stitching algorithm to create fast and seamless panoramas.

In 2011, the iPhone application "Dermandar Panorama" (or DMD Panorama in the US Market) was released on Apple App-store without any advertisement. After two weeks, it became a major hit, reaching the #2 ranking in the photo category, right after Instagram. Originally free, the application is now priced at 1.99\$. As of July 26th, 2012, there has been a total of 4.5 million downloads. The Android version was also released in March 2012.

In November 2011, Georges Harik, one of Google's top 10 engineers, now turned investor, took 5% shares in Dermandar at a valuation pre-money of USD 5 Million.

The expansion of international companies to Lebanon is another solid indicator of the competitiveness of Lebanon as a technology hub. Prominent IT companies have established themselves in the local market and are operating through their subsidiaries in Beirut to serve the region, including Microsoft, Intel, Cisco, Sony Ericsson, Nokia Siemens, Sword Group and Huawei among many others.

Sword Lebanon is a software development company headquartered in France and committed to delivering IT Offshore services to customers across the world.

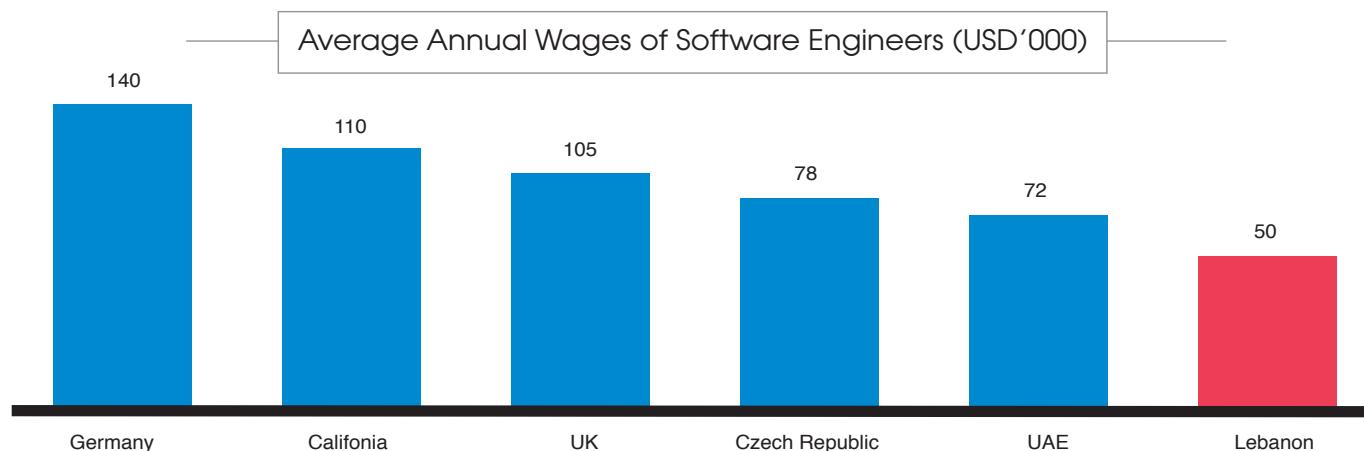
During 12 years of working with the European Market, Sword Lebanon delivered large scale projects to clients such as Orange Telecom, Swiss Government, Omega Watches, Swatch Group, UBP Bank, Nestle, etc... These projects were mainly in the area of CRM, Business Intelligence, and Transit and Enterprise Application Integration.

Sword Lebanon benefit from the skills available in Lebanon to develop applications from scratch, re-engineer existing applications, and offer application management support services.

Cisco, the worldwide leader in networking, have established a significant presence in Beirut since year 2000.

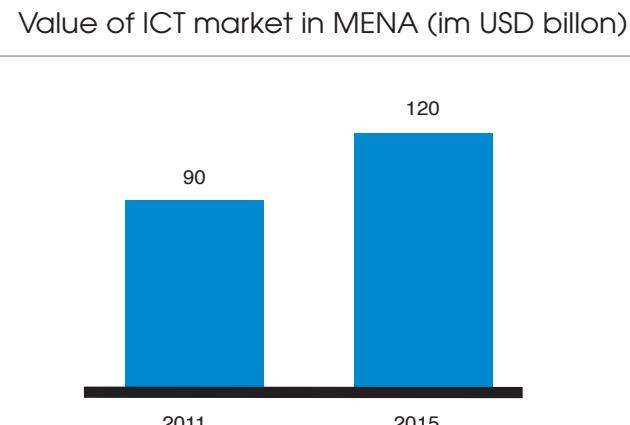
Cisco's recognition to the potential present among the Lebanese workforce fostered the creation of a series of activities led by Cisco and tailored for the Lebanese market. It targets local professionals, providing training and business resources to develop talent and speed the growth of small businesses. It has partnered with the country's top universities to build on the local talent and export it to Cisco international offices.

Figure 1: Annual wages of software engineers in selected countries



Source: The Tech America Foundation, Global 50. Remuneration Planning Report 2009/2010, Watson Wyatt Data Services

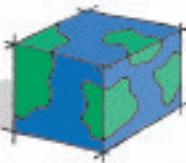
Figure 2: ICT market value in Lebanon and MENA



Source: Booz 2011

How IDAL can help you.

- Provide you with information about the Lebanese ICT sector and the overall investment environment
- Identify the investment opportunities available in the sector
- Identify suitable locations and offices for your operations
- Provide you with a complete sector database and help you build linkages or partnerships with Lebanese partners
- Grant you fiscal incentives to decrease your tax burden
- Help you register your company and receive your licenses and permits
- Liaise with relevant government parties and major ICT players in Lebanon



IDAL

INVEST IN LEBANON

INVESTMENT DEVELOPMENT
AUTHORITY OF LEBANON



Your main portal to investment information
and services for opening a business in Lebanon

www.investinlebanon.gov.lb
NEW WEBSITE
that puts
LEBANON IN FOCUS