

INSIGHT

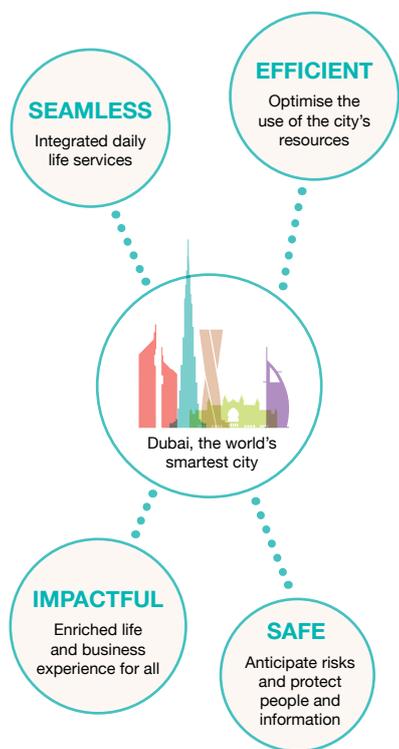


DUBAI

THE WORLD'S SMARTEST CITY

OUTLINING DUBAI'S STRATEGY TO BECOME THE WORLD'S SMARTEST CITY

FIGURE 1
Dubai's strategic goals: the four pillars



The Smart Dubai initiative structures its end-goals across a carefully crafted set of strategic pillars. The pillars provide a distinct view of the impact the city needs to create, in tandem with all public and private stakeholders.

The Middle East, Africa and South Asia (MEASA) regions ever increasing internet penetration offers global firms a great opportunity to expand their businesses into these potential high growth markets. We highlight how firms are continuing to use Dubai as a base for these operations given its developed infrastructure and ambitious plans to become the world's smartest city.

The Middle East, after a late start, is gaining momentum integrating cutting edge technology into everyday life. Dubai has been at the forefront of this with its vision of becoming the World's Smartest City by 2021 and ultimately the Happiest City in the world. To fulfil this mission, Dubai is embracing technology innovation to make Dubai a more efficient, seamless, safe and impactful experience for its residents and the 15.2m (2016) international guests which visit the Emirate.

The progress of becoming the world's smartest city will be tracked by a new Smart Dubai Index which was developed in collaboration with the International Telecommunications Union and the Dubai Statistic Centre to evaluate and measure how facilities and services in Dubai contribute to the vision of Smart Dubai.

Dubai offers much promise in achieving this goal, as it's a relatively new city which can integrate this technology as it expands and develops. This is in contrast to the developed world where change can be slower as the technology has to be retro-fitted into its outdated infrastructure.

Over 300 global ICT firms already operate in Dubai with the city leveraging its location, infrastructure and regulatory structure to attract global players to locate their regional hubs. This figure is likely to continue to grow, as at Q1 2017 of the AED 4.7 billion of foreign direct investment into Dubai, 24.3% was attributed to high and medium technology investment.

Population growth in the Middle East and Africa over the next decade is expected to grow by 30%, a number roughly equating an extra 1.8 billion people and combined with the increasing levels of internet and mobile penetration (Figures 1, 2 and 3) we expect the growth in the technology sector to continue to flourish.

Below we highlight the development of Dubai's smart city initiatives and the development of the technology sector in the MEASA.

FIGURE 2
Dubai's smart city development

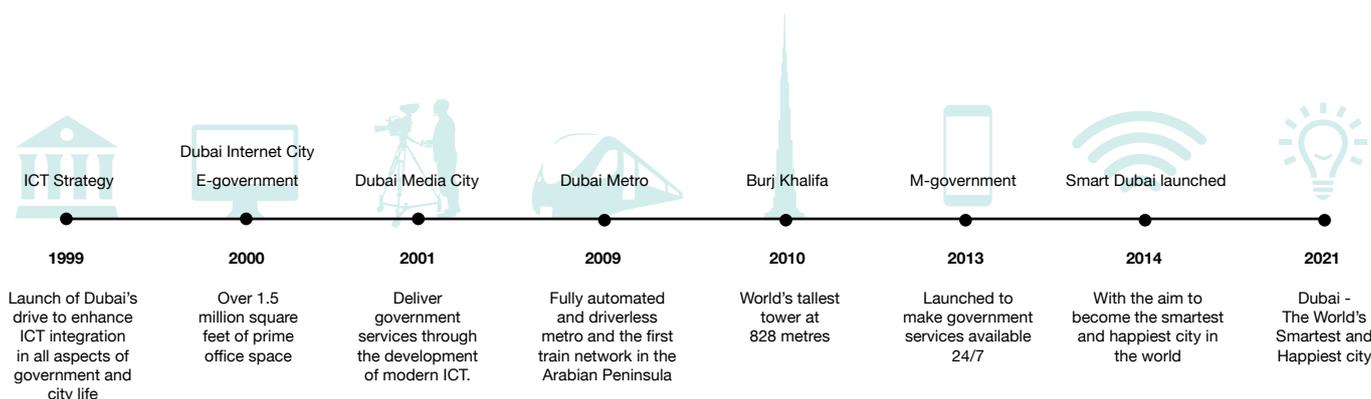
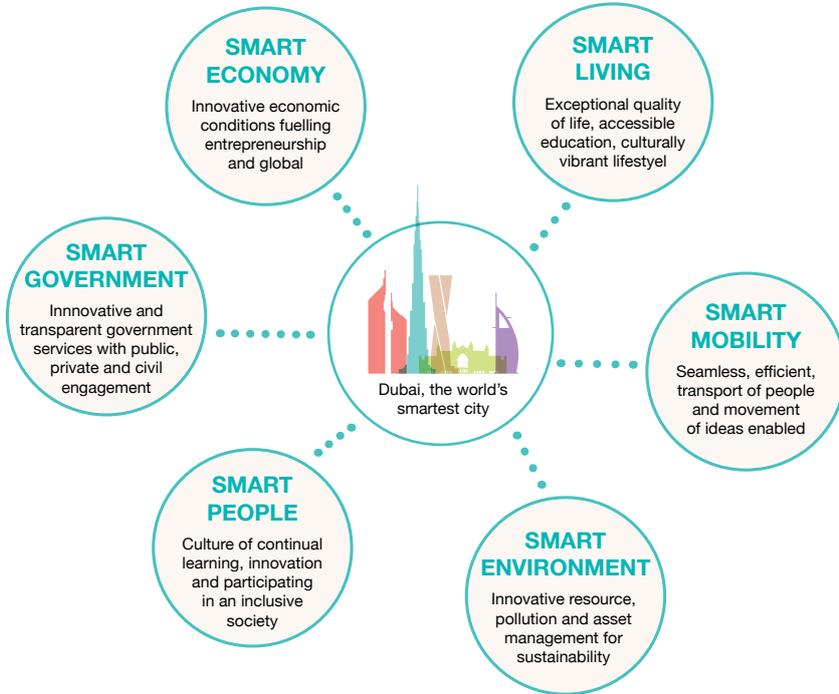


FIGURE 3
The six dimensions to deliver the strategy

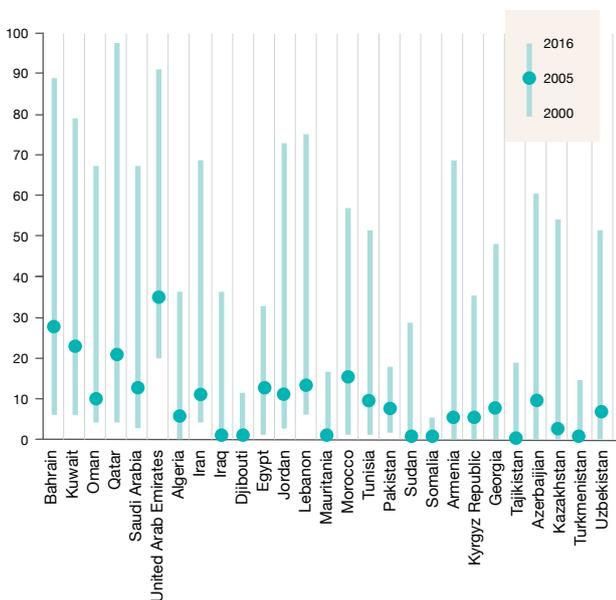


Dubai's goal is implemented via six citywide dimensions, delivering impact across all sectors and industries. Dubai aims to lead globally in the Smart Economy and Smart Living dimensions, fuelling entrepreneurship, global competitiveness and enhancing quality of life for all.

Source: Knight Frank Research

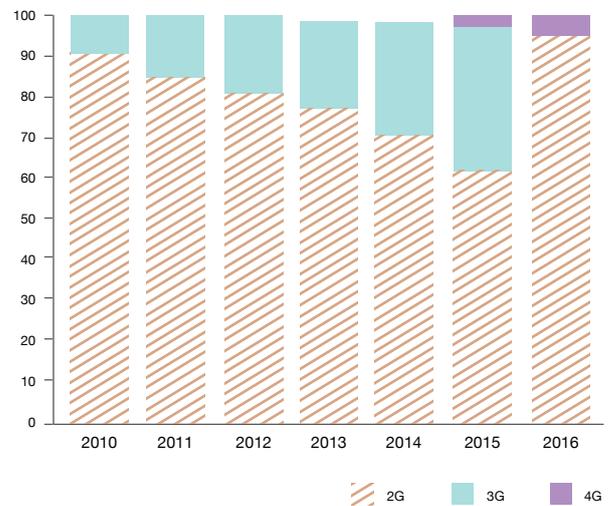
Below we highlight the development of internet penetration in the MEASA region including the development and migration of high grade mobile internet connectivity and potential implications for the region. Furthermore we look at the implications for Dubai, as a hub for serving the region for technology companies.

FIGURE 4
Internet penetration (% of population)



Source: Knight Frank Research and the IMF

FIGURE 5
Technology migration in MENA (% of connections)

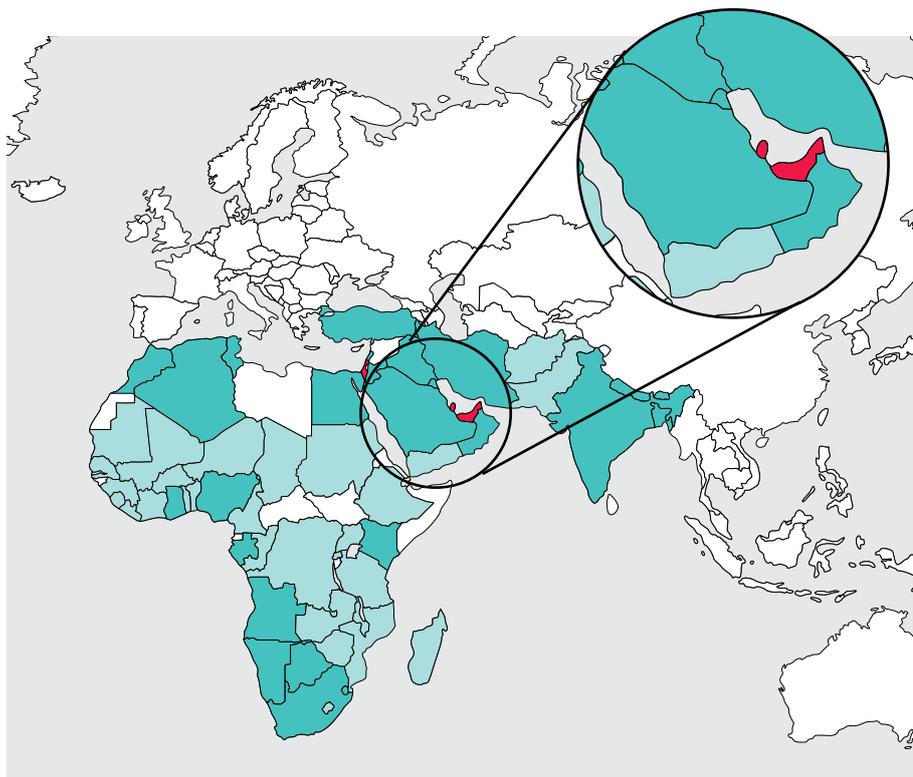


Sources: International World Internet Statistics 2016; and GSMA (Groupe Spécial Mobile Association) 2016.

The development of internet and mobile technology in MEASA and the opportunities for Dubai

- Increased internet penetration in the region offers global technology firms a greater opportunity to expand their businesses into these potential high growth markets.
- Increased quality of internet service can facilitate the ability for fintech to penetrate markets where current speeds and infrastructure (in some regional countries) may limit the viability for fintech implementation.
- With a larger segment of the population using faster mobile internet connections, the cost is likely to reduce and therefore the pace of migration will likely increase.
- Dubai's reach as a regional hub (offering global connectivity, developed infrastructure and regulatory certainty) and the highest mobile connectivity index score in MEASA plus the second highest internet penetration percentage, places Dubai as an ideal location for firms to operate from.

FIGURE 6
Mobile connectivity index score for MEASA



Source: Knight Frank Research and the IMF

Low: 0-40 Medium: 40-70 High: 70-100

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