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المشاريع الصغيرة والمتوسطة  
**DUBAI SME**



An Agency of the Department of Economic  
Development – **Government of Dubai**

# **A SMALL AND MEDIUM ENTERPRISES DEVELOPMENT PERSPECTIVE OF THE MEDIA INDUSTRY IN DUBAI**

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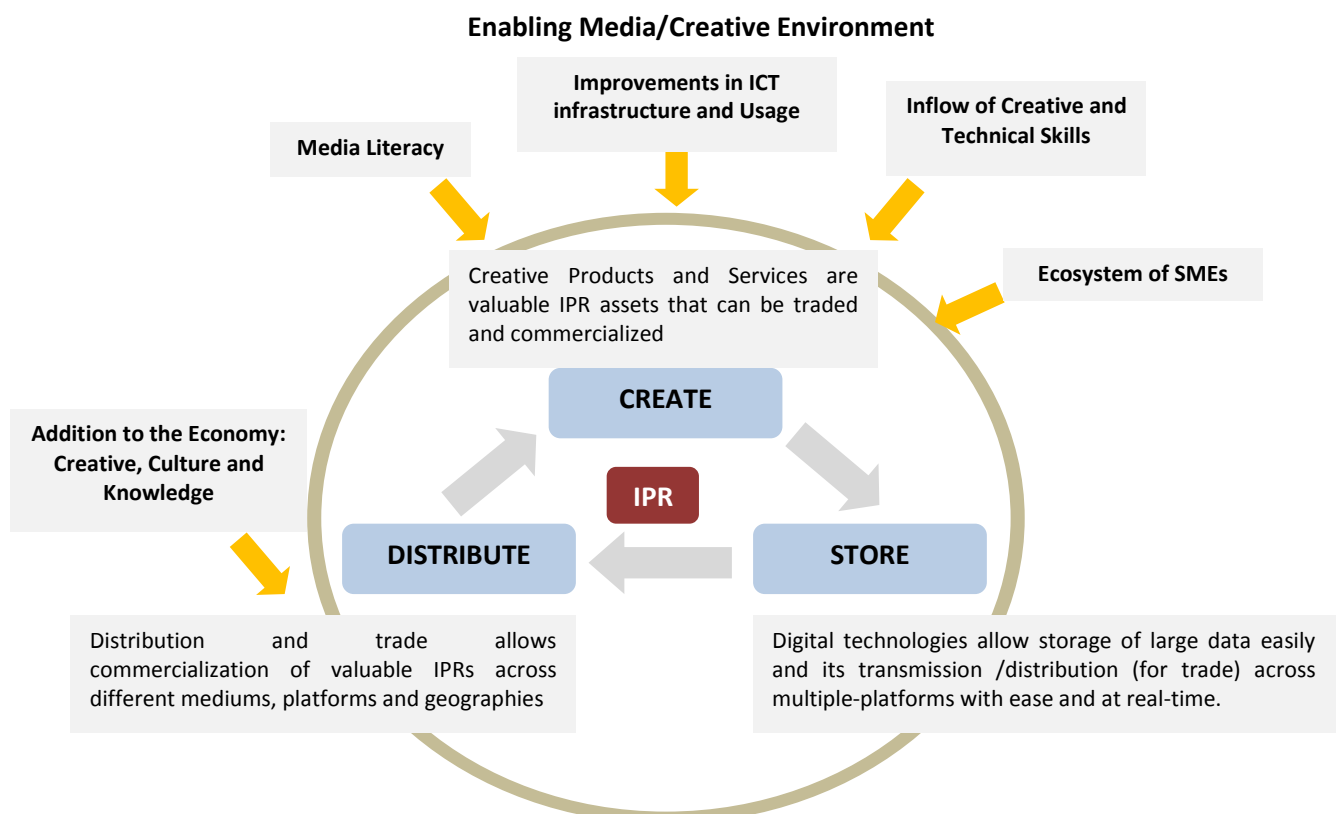
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## 1. Executive Summary

*“Media Transformation”---the report highlights the potential TRANSFORMATIONAL opportunities for Dubai’s Small and Medium Enterprises (SMEs) from the traditional distribution, broadcasting and exhibition format to a more evolved economy capitalizing on various Intellectual Property Rights in different Media segments. IPRs which are capable of ‘creating’, ‘enabling’, ‘storing’ and ‘distributing’ CONTENT that can serve the Arab region in particular and the world in general.*

An integrated evaluation of global trends, local capabilities, and domestic economic landscape reveals the ability of the Media industry to transform and deliver value added creative products and services to the economy and the entire Arab region. The report assesses the opportunities for the development of Media industry in the region. The potential opportunities position the Emirate as the best place among the Arab countries to build and develop its strengths on enabling CONTENT, for the region in particular and the world at large.

Further, Media presents opportunities for the development of valuable IPR assets that can be traded in return of potential foreign exchange. An IPR driven economy, drives the creative, culture and knowledge base of a country to compete globally against developed peers. Additionally, it also provides ample opportunities for SMEs to thrive and enable value-adding businesses. Hence, the role for Dubai is that of creating an enabling environment to assess the Media IPRs, protect them and enforce them when required.



The enabling environment as illustrated above highlights the emergence and participation of high value-added (creative skills) employees, improvements in overall ICT infrastructure and thereby contribution of SMEs to the overall IPR environment.

The report is a detailed assessment of opportunities (with a focus on SMEs) in the Media industry of Dubai. It helps identify activities within each media segment suitable for SMEs and ability of Dubai to cater to the opportunity. As such, it reflects the ability of the Media industry to revitalize the economy through valuable IPR generation. The technological readiness of the Emirate is a key determinant of potential to cater to Content Production and Dissemination activities in the MENA region.

Unlike in developed economies like US and Singapore where Creative/Media industries contribute more than 11% and 6% respectively to the GDP and employ more than 6% of their populace<sup>1</sup>, in Dubai the contribution of Media to the GDP is unknown (not recorded separately). In spite of Dubai being the hub for Media distribution and exhibition for the entire Arab region, the lack of content generating activities in the Emirate has put it behind countries like Egypt and Lebanon. Further, the cost advantage of countries like India (web development and IT support) and Jordan (Arabic support) has added greater pressure for content delivery activities in the Emirate.

However, the challenges do not deter the Emirate from “Transforming”. Moreover increasing participation of Emirati women in the field has opened new avenues for Emiratization and greater youth involvement. Snapshot of opportunities in each media segment (with high SME orientation) have been summarized in the table below.

	Clustering of Key Opportunities (based on research findings)		Current Strengths (Activities)	Opportunity (Activities)
	New SMEs	Existing SMEs		
Motion-picture		✓	Distribution and Projection	Production
Television	✓	✓	Distribution and Broadcasting	Production
Gaming	✓		Distribution	Concept Development, Testing and customization
Web Content Development	✓		Distribution	Production
Mobile Content Development		✓	Development	Production
Advertising		✓		New Media content development
	Related to content development (locally) and its delivery	Related to diversification into new products and new markets		

*Note: The tick represents presence of opportunity. Content refers to both Arab and global content. Green highlights Women led businesses. Emirati participation was witnessed in all the segments detailed above (except mobile content development).*

<sup>1</sup> WIPO – World Intellectual Property Organization

Detailed SME opportunities and respective challenges have been highlighted in the report and summarized in the table below.

Segment	Value Chain Activities	CHALLENGES				
		Funding	Infrastructure	Skills	Regulatory	Others
Motion Picture	Script Development & Financing	✓		✓	✓	✓
	Pre-production			✓	✓	✓
	Production	✓	✓	✓		
	Post-Production					
	Distribution				✓	✓
	Exhibition & Projection					✓
Television	Concept Development & Financing	✓		✓		✓
	Pre-production					
	TV Content Production	✓		✓		✓
	Post-Production					
	TV Content Aggregation and Distribution					✓
Gaming	Concept Development	✓		✓	✓	
	Production	✓	✓	✓		
	Post-production & Testing					
	Publishing & Distribution					✓
Web Development	Requirements analysis					✓
	Software Engineering					
	Coding & Testing					
	Website Integration & support					
Mobile Content Development	Content Development			✓		
	Content Portals / Aggregators					
Advertising	New Media				✓	✓

Note: 'Others' refers to issues related to piracy, research and IPR protection

The challenge now is to upgrade skills, utilize available infrastructure and exploit the available opportunities to benefit the economy. Hence, the way forward for the Media industry in Dubai is to promote the opportunities and address the challenges through policy, programs and initiatives at the public and private level. Some of the possible solutions to address the overall industry opportunities and challenges have been displayed in the table below;

Key Objective	Possible solutions	Favorability			Possible Stakeholders involved in implementation
		IMPACT	COST	TIME	
Planned approach to promote the Media Industry	1. Prepare a Media Plan for the long term (2011-2015)	HIGH	MEDIUM	HIGH	Dubai Press Club, NMC, DCAA, ADACH
	2. Establish a Federal Media body with a wider facilitation and development role. The body to have an informative and interactive website (as a window for creative industries)	HIGH	MEDIUM	HIGH (enhance NMCs role)	NMC
Establish Dubai position as the "Arab Media Hub"	1. Create competitions in various Mediums (Scriptwriting, Game concepts, mobile apps/VAS, TV programs, animation)	HIGH	MEDIUM	HIGH	DCAA, NMC, MBRE
	2. Facilitate Production friendly environment through incentives and rebates (Films, TV programs)	HIGH	MEDIUM	LOW	NMC, DSC, DCAA, ADACH
	3. Create Focal Industry Events	MEDIUM	LOW	MEDIUM	DTCM, NMC, DCAA, other related government organisations and event organizers (DWTC), MBRE
	4. Target partnerships with countries with Cultural Mandate	HIGH	MEDIUM	LOW	DCAA, ADCH, NMC
Enhance Knowledge and Commercialization of IPR	1. Create an IPR body/helpdesk/ website to assess IPR assets and its commercialization potential	HIGH	LOW	LOW	NMC, MBRE
	2. Fund the "Dubai Content Mark" initiative	HIGH	LOW	LOW	MBRE, NMC, DCAA
Build a Talent pipeline	1. Address need for indigenous talent by adding creative subjects at early stages of learning and education	HIGH	MEDIUM	LOW	
	2. Develop website for Internships and scholarships	HIGH	MEDIUM	HIGH	NMC, Ministry of Education
Address seed capital and funding requirements	1. Create a Media Financing Forum	HIGH	LOW	LOW	Government agencies, industry players and PE funds along with Banks

Note: The Possible Solutions highlighted in grey are marked for priority

**Measuring IMPACT favorability:** High - Impacts the entire industry (many SMEs), Low - Impacts a specific segment (few SMEs)

**Measuring COST favorability:** High - No additional cost, Medium - Cost other than infrastructure, Low - High cost in the form of investment in infrastructure and technology

**Measuring TIME favorability:** High - < 1 yr, Medium - 1 yr to 3 yr, Low - > 3 yrs

**NMC:** National Media Council, **DCAA:** Dubai Culture & Arts Authority, **ADACH:** Abu Dhabi Authority for Cultural Heritage, **DSC:** Dubai Studio City, **DTCM:** Dubai Department of Tourism and Commerce Marketing

*Enhance knowledge and Commercialization of IPR is prioritized as a solution (inspite of lack of ease of implementation) since the solution is a key enabler of transformation from a current distribution set-up to a CREATION set-up.*

The report also highlights key stories of existing SMEs in Media and their success / struggle story. These SMEs have developed and pioneered innovative Media products / services and are now planning to export their services outside the country into the Arab region.





## 2. Introduction to the Report

*The Media industry in Dubai is a 'PROMISING industry' which can add significantly to the overall creative, culture and knowledge economy plans as laid out in the Dubai Vision 2015.*

The industry has been a focus area of development since 2001, with government investment in infrastructure in the form of Dubai Media City (DMC). Additionally, DMC also paved way for Television broadcaster's in the Gulf and multinational advertising agencies to cater to the growing base of large companies in free zones like JAFZA and DAFZA. The industry has been completely led by government initiatives like DMC and the new free zones: International Media Production Zone and Dubai Studio City. In the 10 years since its inception the industry has grown into a cluster of large and small media companies catering to the media requirements of not only the domestic market but the entire Arab world (Mauritania to Oman).

The diversification efforts of the government into non-oil industries like Media has led to the emergence of high-value add (creative) and technical professionals who in-turn drive demand for other industries in the economy like real estate, entertainment & retail and specialized education.

As compared to developed countries, the Media industry in Dubai is in a relatively 'NASCENT Stage' and offers a number of opportunities for development. These opportunities have been identified in the report whilst understanding activities in which Dubai has an advantage / disadvantage and how the industry can complement other Media developments across the Arab region.

The opportunity assessment has been done by understanding Industry Description, Industry Structure (key stakeholders) and Key Industry Drivers.

### **Industry Description**

Media is referred to as a "Creative" or "Media & Entertainment" industry. Based on **UNCTAD's definition, a creative Industry is the cycle of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs. ICTs and IPRs are key drivers of a creative economy.** A creative economy strengthens the links between creativity, culture, technology and economic development.

*The definitions highlight the critical components of the Media industry, namely; Creativity, Content Creation & Development, Information & Communication Technology and Intellectual Property rights*



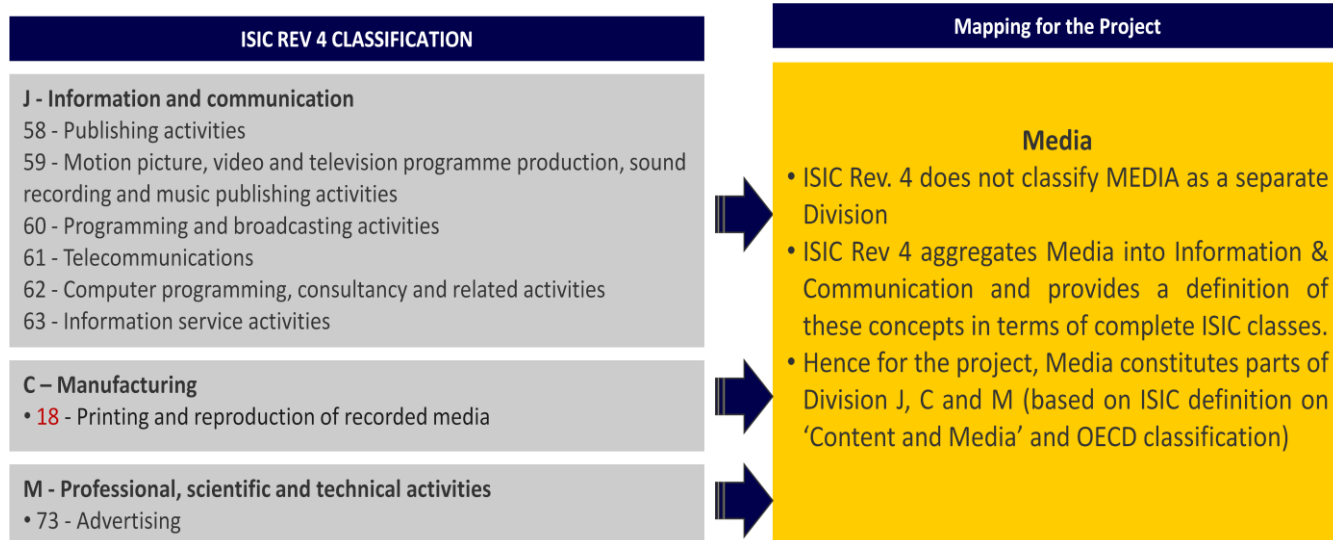
“Digital media” refers to companies that engage in or enable the creation, publishing, distribution, and consumption of audio, video, images, and games stored in digital form.

As per International Standard Industrial Classification, Revision 4, *‘Content and Media’ sector is defined as, “the production (goods and services) of a candidate industry must primarily be intended to inform, educate and/or entertain humans through mass communication media. These industries are engaged in the production, publishing and/or the distribution of content (information, cultural and entertainment products), where content corresponds to an organized message intended for human beings.”*

Media refers to tools used to store and deliver information or data. Advertising includes the creation of advertising campaigns and placement of such advertising in periodicals, newspapers, radio and television as well as the design of display structures and sites. For the purpose of the study, Media industry includes advertising (content development).

Additionally, it is also observed that most advertising companies in UAE perform Media related activities (media placement, branding, etc)

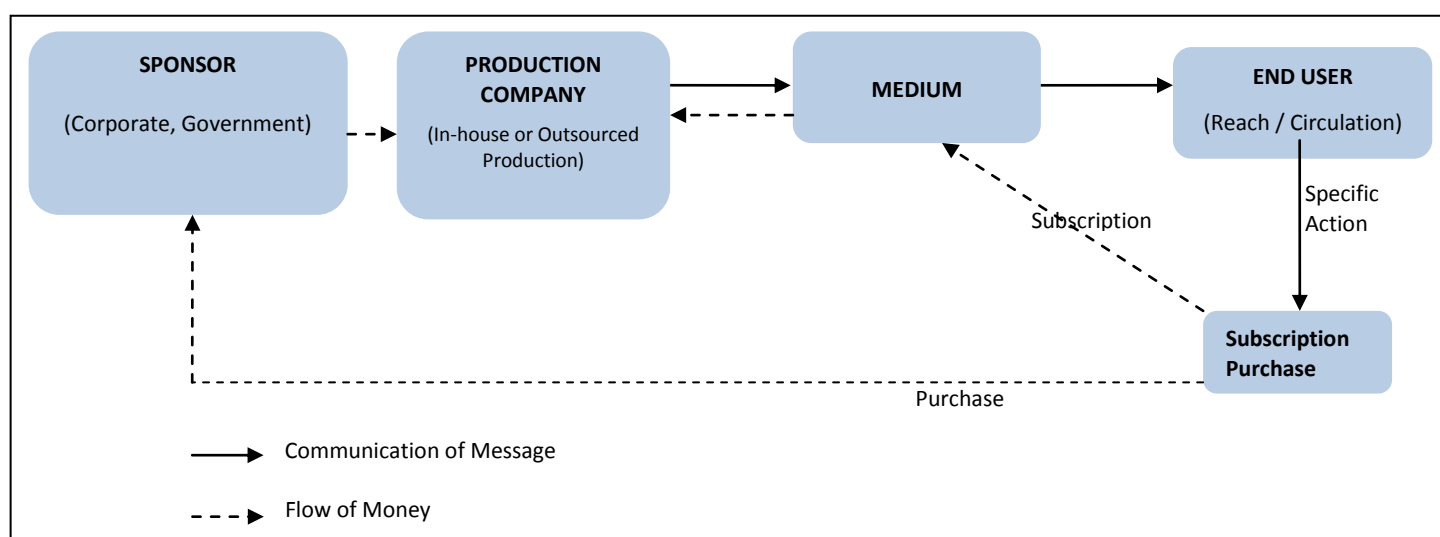
The illustration highlights the various components of ISIC Rev. 4 that have been studied in the report.



ISIC Revision 4 classification of Media Industry

Thus, Media refers to creation of content (communication message) and its distribution over various medium/media/channels to reach a mass audience or a niche user group. This structure is illustrated in the following diagram;

### Industry Structure (Key Stakeholders)



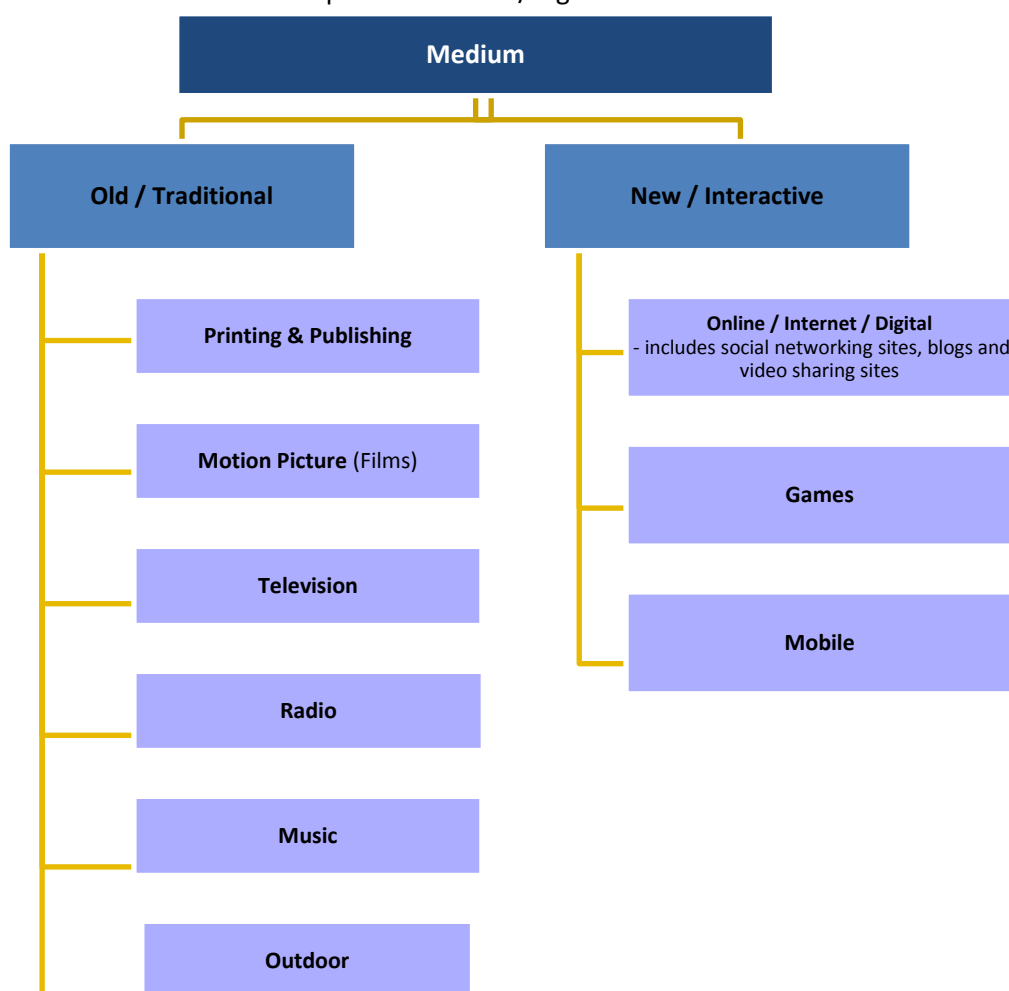
Source: Primary interviews

The roles of each stakeholder in the Media industry are;

- **Sponsor** – is any corporate or government body which pays to develop a communication message for a target audience. The intended message is expected to drive a response – purchase, awareness or entertainment. The Sponsor has a definitive budget (advertising budget) which is disbursed to a production /advertising company.
- **Production Company** – can either develop the message (content) in-house or can outsource it to another company. Such companies employ high skilled professionals excelling in creative and relevant technical skills. SMEs are involved in development of content globally. As such production companies are key stakeholders in the Media structure who drive **CREATIVITY** and **HIGH VALUE-ADD**.

Advertising companies can also act as content developers in some cases. Advertising agencies are the key customers for all media channels. The same advertising message can be distributed across more than one media channel. Moreover, most advertising agencies also have active web development, digital content development and animation departments as a part of their group. Hence, advertising forms an integral part of the study.

- **Medium** – In communication, Medium (*plural Media*) refers to “the storage and transmission channels or tools used to store and deliver information or data”. For the purpose of the study, Media industry is studied under 2 segments: Traditional and New Medium. Traditional medium refers to means of communication which existed before the advent of internet. New Medium refers to media using digital platforms and digital content which are highly interactive. Many products of the traditional media are being transformed into digital products (e.g. On-line newspaper, e-books). These have been covered in their respective medium/segment.



- **End User** – End user is an individual (niche) or group of individuals (mass) for whom the communication is intended. Identifying end users is a critical component for selection of appropriate medium, such that the message is effectively communicated to the desired audience.

Additionally, digital mediums have enabled Media to be tradable across borders. This has created an opportunity to import and export media products and services.

*The key stakeholders who drive CREATIVITY are the production companies and the ones which drive CONTENT DISTRIBUTION are the relevant Medium/Media owners.*

Based on the ISIC Rev. 4 taxonomy and Traditional and New Media classification, the Media industry is studied with reference to the following categorization (for the purpose of this study);

Medium / Segments		Media Activities
Traditional Media	PRINTING & PUBLISHING	Printing (Includes : Content, Design and Printing activities, Digital printing) Publishing Activities
	MOTION PICTURE (FILMS)	Motion-picture Production Motion-picture Post-Production Motion-picture Distribution Motion-picture Projection
	TELEVISION	Television Programming and Broadcasting
	RADIO	Radio Programming and Broadcasting
	MUSIC	Music and related Activities
	OUTDOOR	Included in Printing and Advertising
New Media	ONLINE / INTERNET / DIGITAL	Web Content Development
	GAMES	Gaming and Animation Development
	MOBILE	Mobile Content Development
ADVERTISING		Included as part of the study

### Key Industry Drivers

The demand for media products and services is highly sensitive to the health of the overall economy. Spending by clients/sponsors depends heavily on consumer confidence and retail sales.

Macro-economic factors like high GDP per capita, population growth, favorable demography of the region (youth, children), overall ICT infrastructure advancement and government spending add vigor to the Media industry developments. The Media industry is characterized by a high level of change and evolution, through innovation and technology.

Based on the industry definition, structure and drivers, the report is a detailed study on the status of developments in the Media Industry in Dubai. The study has been carried out with the following objectives.

1. To determine **drivers of and barriers to growth**
2. To identify **areas for SME opportunities**
3. To outline the **major strengths and weaknesses** of the Industry

### Structure of the report

- **Introduction to the report** - The report highlights constituents of the Media industry considered for the project. For the report, advertising has been included in the gamut of Media industry.



- **Overview of Global and Regional Media Industry** - The report studies the status and prospects of media developments globally and regionally (across the Arab region), as it grapples with multiple challenges posed by recession. Advertising Revenue is an excellent indicator in terms of size and level of sophistication of media formats and hence the industry is studied with reference to advertising spending on different formats.
- **Media Industry in Dubai** – This part reflects the developments in various media segments in Dubai and the segments where Dubai has created a distinct advantage as well as segments where Dubai has the potential to grow. It also highlights the evolution of Media in the Emirate and its ability to serve the entire Arab region. The section details: history, regulatory structure, government initiatives, industry structure and key developments in Dubai.
- **Opportunity Assessment** – This section details the various opportunities for developing the Media industry in Dubai. It highlights the activities involved in developing a media product or service and gaps in the value chain that can be occupied by SMEs. The section presents opportunities and challenges for each media segment in Dubai.  
Moreover, Media is not restricted by any geographical boundaries and can be easily tradable. New Media has further reduced the trading barriers with most of the content being shared digitally through the internet. Hence, the study focuses developing and producing media content for the entire Arab region.
- **Industry challenges** – Overall industry challenges such as regulatory concerns, skills development, Intellectual property issues, etc have been highlighted in this section.
- **Benchmarking examples** – The report highlights initiatives announced by the government / private sector globally as well as regionally to promote Media industry in their respective countries. The benchmarking examples highlight the steps taken to promote SMEs, skills development, industry-government collaboration and examples from countries known for their Media activities.

**Note for the study:** Competitiveness of an industry in a Nation is assessed by Michael Porters Diamond Model on Competitiveness. Such industries have an established presence in a Nation and contribute significantly to the GDP of the country. Media is a relatively new industry in Dubai (synonymous with the establishment of Dubai Media City in 2001), and hence, it cannot be compared to countries in which the media industry has flourished and developed over a long period of time. Competitiveness is studied for existing industries and not for 'New industries' which have low / no presence in a nation. The Media industry is hence studied with respect to the opportunities it presents for SMEs and the competitive advantage that can be built over the existing infrastructure for Media related activities in the Emirate.

### 3. Media Industry in Dubai – an Overview

*The growth of media industry in Dubai is being driven by two major factors;*

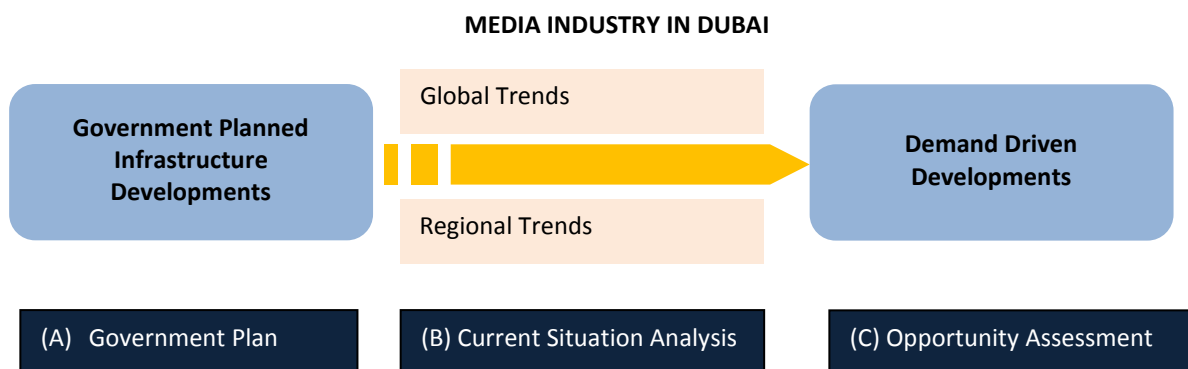
1. *Economic developments in Dubai were planned through various free-zones which attracted a lot of foreign players in various industries.*
2. *Focus of the GCC countries on developing an alternate non-oil economy also attracted a lot of companies to the region.*

These developments resulted in an increase in products and services being offered to the GCC and expat population in the region. The oil money helped increase the spending power of the consumers. This converted the region into a highly competitive retail market and hence necessitated the emergence of the media industry.

Apart from UAE (Dubai), other countries in the GCC were still relatively closed to media developments. Dubai realized the potential to cater to the entire GCC as well as the Middle East and started building infrastructure for media industry in as early as 2001.

The first mover advantages led to streamlining of the regulatory structure and licensing of the Media developments in Dubai. The following pages highlight the Government initiatives, influence of global and regional trends on Media in Dubai and the resultant opportunity assessment.

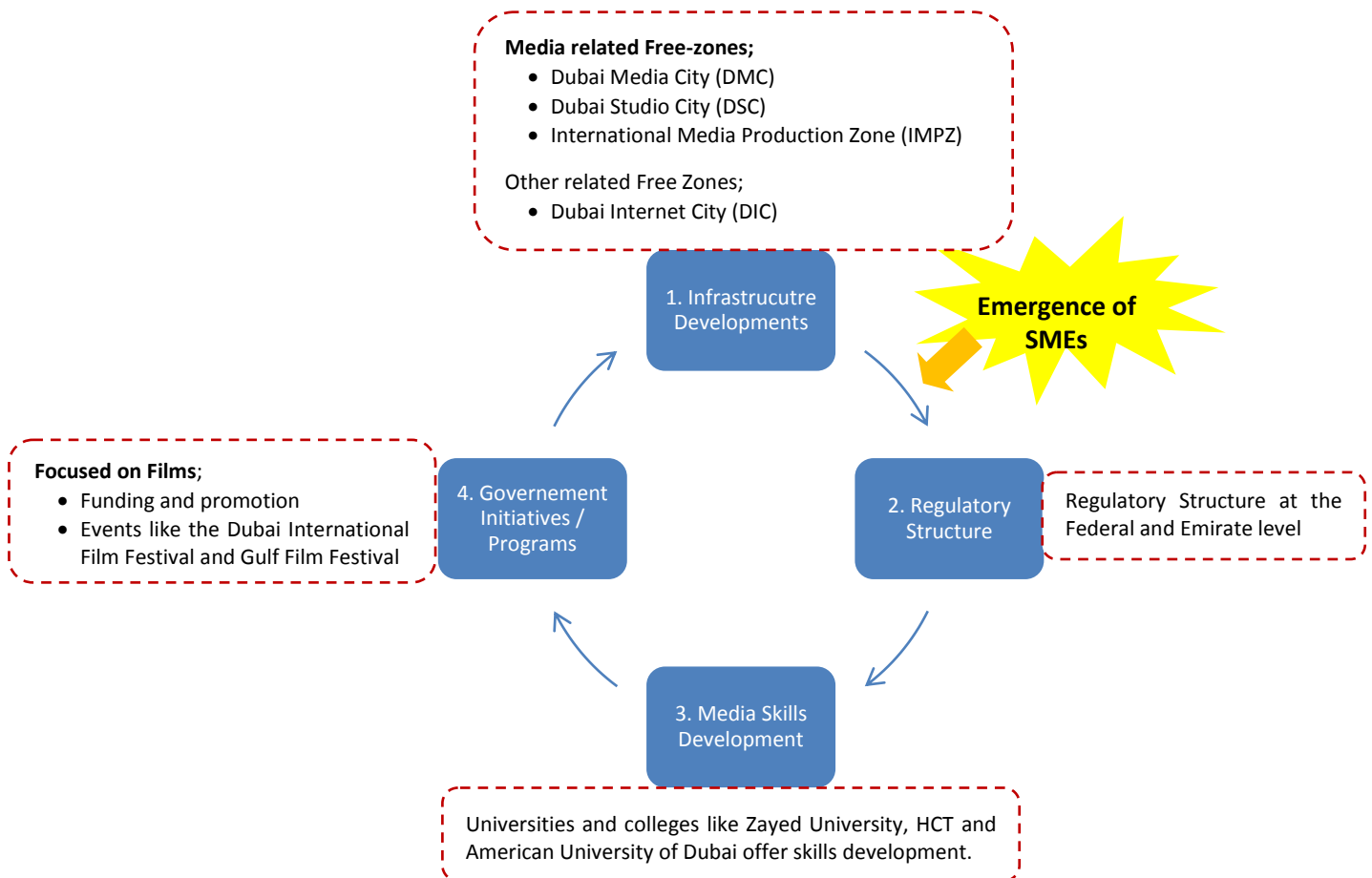
Since, the study focuses on opportunity assessment for SMEs; it highlights the emergence of SMEs in the industry and their role across the media value chain.



### **(A) GOVERNEMENT PLAN**

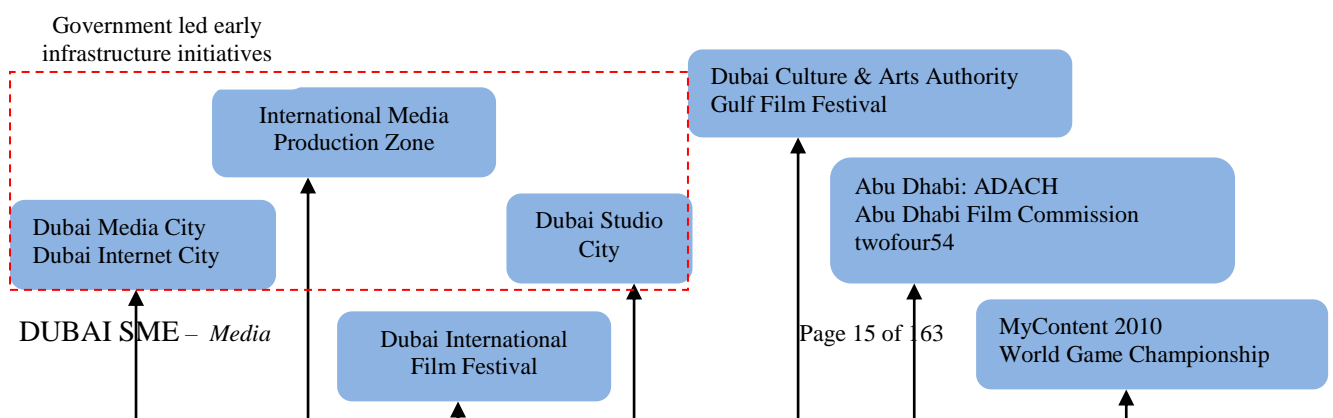
The plan highlights steps taken by the government to develop Media industry in Dubai. The initial infrastructure developments were followed by setting-up of regulatory / industry bodies and developing indigenous media skills.

## Government Plan - Media Industry Infrastructure and Support



### 1. Infrastructure Developments

The first initiative of the government in developing a media industry in Dubai was the formation of Dubai Media city (DMC) which was a free zone that allowed 100% foreign ownership. Additionally, it provided state-of-the-art infrastructure to attract the best players from across the globe to tap the growing opportunity in the Middle East. DMC, attracted large media companies in the emirate. Many SMEs mushroomed around the large media companies for supporting and related activities. The evolution of Media industry in Dubai and UAE in general is led by Government investments in infrastructure: DMC.





#### **DMC in Dubai is the first Media hub in GCC giving it a competitive edge**

- Prior to the emergence of DMC, Lebanon's media industry was the most developed in the region due to a combination of competitive advantages;<sup>2</sup> dominant position of Lebanese Pan Arab press, an open, liberal and multicultural society, underdevelopment of local media agencies in the Gulf and highly talented and educated human resources.

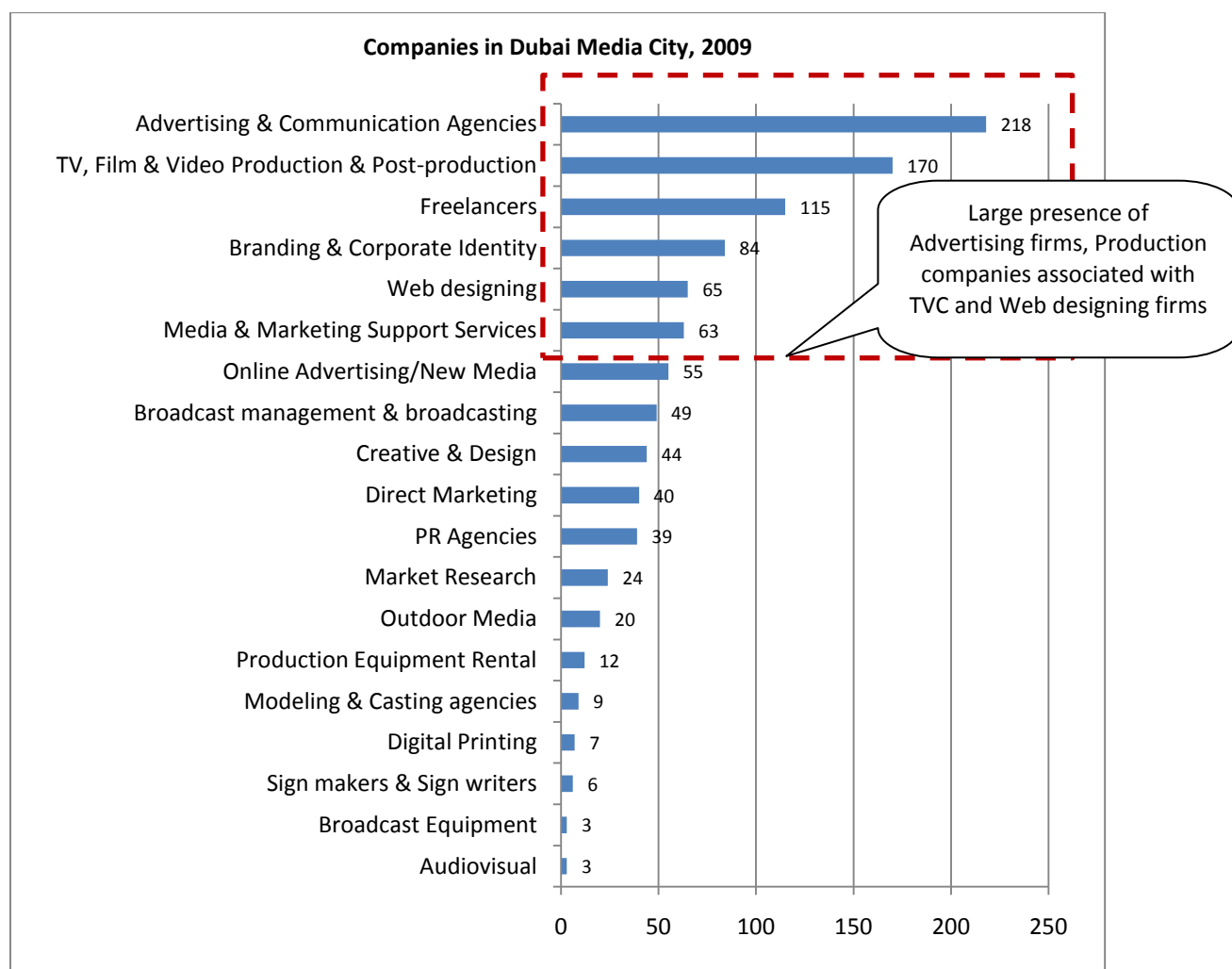
However, war and geopolitical turmoil in Lebanon in early 2000 resulted in companies moving to the oil-rich Gulf countries namely Dubai. A lot of Lebanese advertising agencies and media offices along with hundreds of advertising professionals graduating from Lebanese universities migrated to Dubai (to DMC in 2001). DMC provided the infrastructure and the freedom for foreign enterprises to operate out of Dubai for the entire region.

- DMC built by the Dubai government, has become a regional hub for media organizations: news agencies, publishing, online media, advertising, production, and broadcast facilities.
- For creative firms, TECOM (Dubai Technology and Media Free Zone Authority) provides licenses making it easier for companies to start businesses or branch into new ventures. DMC has more than 1,400 companies registered under the Free Zone, from where they serve the entire region.
- DMC offers satellite connectivity through a number of satellites including: Telstar 12, Atlantic Bird 2, Nilesat 102, Arabsat, PAS 10, Thaicom 3 and Asiasat 2. These satellites provide coverage across an arc from 130 E to 342 E (18 W) -- extending from East Asia and Australia to the east coast of North and South America (potential coverage of the entire Arab population from Mauritania to Oman)
- **Key strengths of DMC are;**
  - Annual growth of 30-40% in 2009 in number of registered companies
  - 30 buildings with 1400 registered companies and a waiting list of about 400 companies
  - 450+ magazines and other publications are issued from DMC

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<sup>2</sup> American University of Beirut





Source: DMC

- The Top 10 global advertising firms and TV groups are located at the DMC premises. Many of these firms have headquarters in Dubai and adapt various advertising / programs for viewership across the MENA region.

Clustering of large corporations at DMC influenced smaller related or competing firms to set base in DMC, thus developing a network and infrastructure of Media firms in one geographic location. With advantages of location (proximity to suppliers and clients), brand image of being at DMC, availability of technology (data servers), facilities (business offices with administrative services) and skills (freelancers registered with DMC), firms can be more competitive than those outside free zone.

- Growing popularity of the cluster has resulted in launch of two new clusters (a) Production & Broadcasting – Dubai Studio City and (b) Printing & Publishing - International Media Production Zone.



- (a) **Dubai Studio City (DSC)**, a free zone created with the objective of attracting media production projects provides technical and infrastructural support. There are 18 boutique studios (attached to an office space), 3.5 million sq ft back lot for outdoor shooting, commercial offices, pre-built studios, a business centre and post-production studios. The development includes three sound stages – one 15,000 sq ft unit and two units of 25,000 sq ft each (these sound stages are currently under-construction).
- (b) **International Media Production Zone (IMPZ)**, cluster catering specifically to Graphic Design, Publishing and Packaging industries. IMPZ houses large and medium sized printing houses, storage warehouses and provides space for design activities.

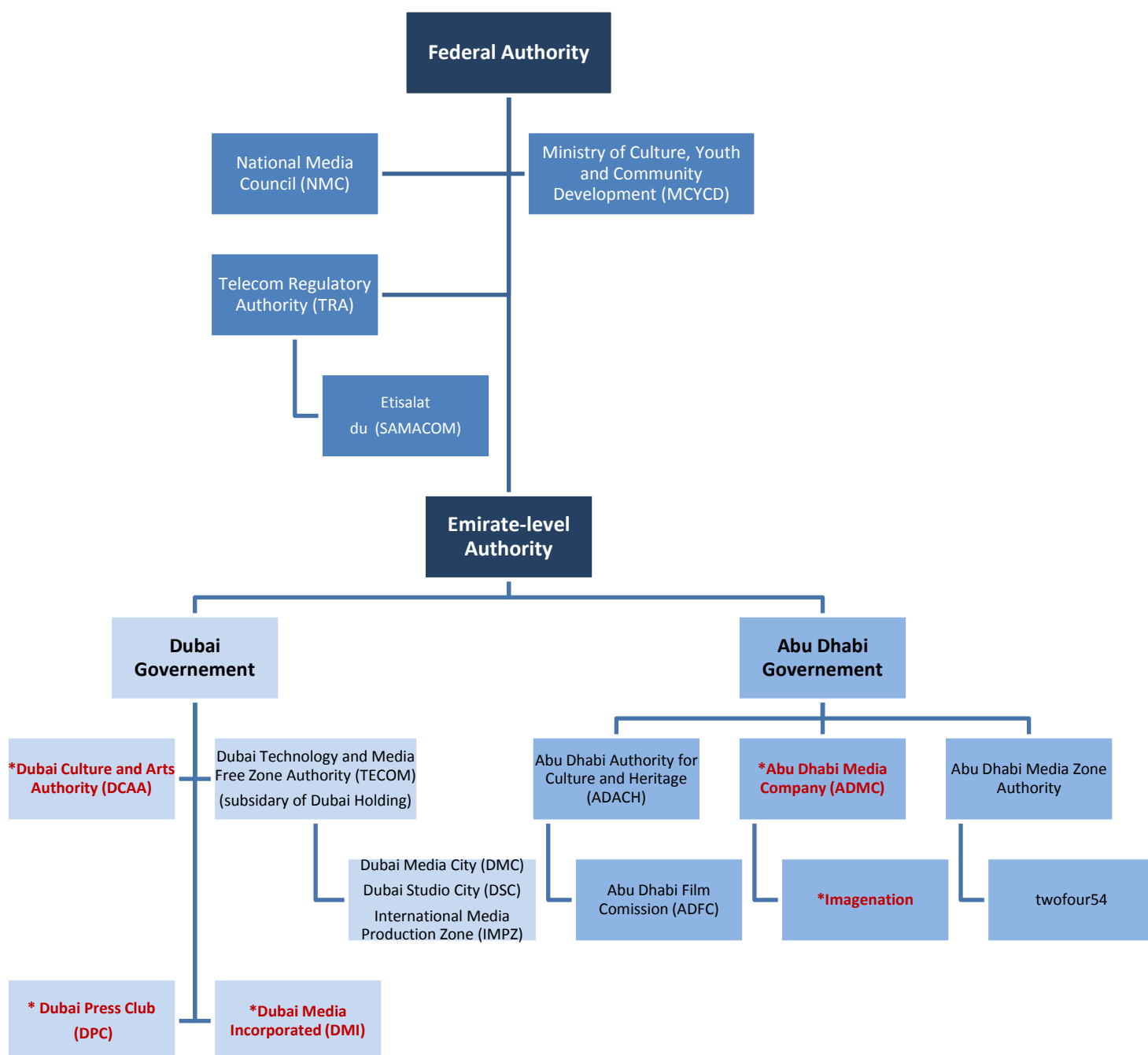
With established clusters and free zones, the Dubai government is actively promoting its Media industry. The DMC cluster has also enabled development of the industry through events like Dubai International Film Festival and Dubai Career Fair (specific to films). Other bodies like Dubai Culture and Arts Authority was formed to promote creativity and culture in line with the Dubai Vision 2015.

Abu Dhabi is also in the forefront of attracting creative industries in the Emirate and has actively created government bodies and institutions to promote Media industries. Based on the recommendation of UNESCO, Abu Dhabi set-up Abu Dhabi Authority for Arts, Culture and Heritage, which in-turn formed a film commission called Abu Dhabi Film Commission to promote and develop the indigenous Film industry. A Media free zone in Abu Dhabi called twofour54 was set-up in 2008 to promote Media companies in the Emirate.

## 2. Regulatory Structure

The Emirate wide developments in Media are regulated by distinct federal and Emirate-level government organisations. The overall regulatory structure and relevant government related Media bodies in the UAE have been illustrated in the Regulatory Structure.

**Note:** the ones marked in red are non-regulators



Both Dubai and Abu Dhabi follow a similar structure of Free Zones, Culture Authority and a dominant government led Media enterprise (covering TV, Radio and Print). Similar structure is also observed in other emerging emirates like Sharjah and Fujairah  
Each of the relevant organisations and their role has been detailed as follows;



- ✓ **National Media Council** - Media industry in UAE is regulated by National Media Council (NMC). The council licenses media businesses and also acts as a censorship body to ensure local customs and culture are preserved. However, NMC does has limited developmental roles and as such its functions are restricted to licensing and content control.
  - **NMC dictates all the content in the country:**
    - Censorship norms are implied and every media personnel are expected to observe self-regulation. In the case of journalists, a dossier with rules and regulations is sent periodically so as to keep them informed on the practices of reporting critical subjects (human trafficking). The guidelines make journalists weary of reporting such issues and they prefer to avoid it.
    - Print – all the publications as well as all their issues need to be vetted by the NMC
    - Scripts – are controlled by NMC. Most of the scripts get rejected without any feedback and hence create a crippling effect on creativity. Scripts have to be vetted either by NMC or DSC.
  - **Web content** – is controlled by TRA and Etisalat. Etisalat blocks access to all content found explicit and inadequate as per NMC. The filtering also applies to free zones in the country.
- ✓ **Dubai Culture & Arts Authority**  
 The Dubai Culture & Arts Authority' (DCAA set up in 2008) aims to stimulate support for the various art disciplines. Its vision is to make Dubai a city where content is created and not merely exhibited. The 2015 Dubai Strategic Plan (DSP) includes a commitment to enrich Dubai's cultural environment through key strategic objectives which have been adopted by DCAA:
  - Increase culture & art awareness
  - Improve governance & upgrade regulatory framework
  - Identify and nurture talent
  - Deliver quality cultural activities & develop physical infrastructure
- ✓ **Dubai Press Club (DPC)** is a well- established forum for journalists and media professionals to debate, discuss and deliberate upon issues that are relevant to daily life. It has endeavored to play a vital role in the growth of the regional media industry through the launch of unique initiatives such as the Arab Media Forum and the Arab Journalism Award.

**In Abu Dhabi, the following organisations have led the development of Media across the Emirate;**

- ✓ **Abu Dhabi Media Company (ADMC)**  
 ADCMC is one of the fastest growing media company in the region. It owns and operates TV channels, publications and newspapers as well as a network of radio stations.

It also owns a number of other businesses including “*Imagination Abu Dhabi*” to develop, finance and produce full length feature films and digital content for Arabic and international markets. In October 2009, Imagination Abu Dhabi and Hyde Park Entertainment Group extended their partnership with Singapore’s Media Development Authority (MDA). Abu Dhabi and Hyde Park will fund 3-4 films a year worth an estimated USD 75 million over the next 5 years.

✓ **Abu Dhabi Authority for Culture and Heritage (ADACH)**

ADACH was created to take charge of the integrated management and promotion of culture and heritage of the Emirate of Abu Dhabi. ADACH projects are;

- **Abu Dhabi Film commission** is an initiative by ADACH with an objective of assisting the development of Film and TV industry in Abu Dhabi, nurturing of talent and promotion of Arab culture through films. Abu Dhabi Film Commission also sponsors a year’s programme of Master Classes with the aim of giving film makers in Abu Dhabi, the opportunity to network with top creative talents in global film & TV industry.
- **The New York Film Academy** has joined hands with Abu Dhabi Film School to provide courses on Filmmaking, Acting, Screenwriting, Digital Editing etc.

✓ **Abu Dhabi Media Free Zone Authority**

Abu Dhabi Media Free Zone Authority has set up **twofour54** - media free zone with the aim of becoming a centre of excellence of Arabic content creation. Twofour54 is involved in a variety of initiatives such as *tadreeb*, *ibtikar* and *intaj*.

- **Tadreeb** is the training academy of twofour54 targeting youth considering a career in media.
- **Ibtikar** ventures offers funding and support to startup and early stage media and entertainment initiatives across all platforms such as online, television, mobile, gaming and print.
- **Intaj** is a state of art production facility of twofour54. It is fully equipped with HD studios, latest production and post production technologies, media management, digital archiving, play-out and uplink services.
- **Tawasol** in a one stop shop for all the services related to setting up a business in twofour54.

**Based on the presence and role of institutions**, it is observed that Abu Dhabi is moving at a relatively faster pace by setting-up councils for films, grants for scripts and short films, tie-ups with foreign expertise (Imagination), partnerships with academic institutions (Cartoon Network Animation Academy, New York Film Academy) and overall promotion of Abu Dhabi as a destination for art and culture (Louvre Museum). Although Dubai has created a first mover advantage through DMC, Abu Dhabi is on the fast track of development through investments in core areas of Media: education & training, funding & support and foreign partnerships.

Around 30 companies have moved from DMC to twofour54 in 2009 alone. The fast pace of developments and relatively wealthy Emirate has attracted many Dubai based companies to expand /

move to Abu Dhabi. To maintain its advantage Dubai needs to either complement Abu Dhabi developments or match-up to the offerings of the upcoming developments in Abu Dhabi.

	Media Vision	Regulators	Education & Training	Funding & Support	Foreign Partnerships
<b>Dubai</b>	✗	✓ NMC, TECOM	✓ Zayed University, New York Film Academy, Cartoon Network Animation Academy	✓ For films: DIFF	✗
<b>Abu Dhabi</b>	✓ To make Abu Dhabi the content development centre of the region	✓ NMC, TwoFour54 ADFC	✓ NMC, TECOM	✓ <i>For films:</i> Imagenation, Abu Dhabi Film Festival <i>For scripts:</i> Sasha Grant <i>For Mobile Content:</i> tie- up with university to encourage and fund innovative student ideas	✓ Imagenation, Cartoon Network, New York Film Academy, Hyde Park, etc.

**Note:** ✓ represents presence and ✗ represents absence.

### 3. Media Skills Development

Skilled resources form a key input for the Media industry. They drive businesses as well as promote its usage i.e. Information Literacy. It facilitates consumers to reach to more products and services available online, and allows governments/businesses to increase online transactions at significant operational cost savings.

Dubai lacks indigenous, trained media professionals which deter its overall competitiveness as compared to countries like Egypt and Jordan wherein students graduating from specialized courses are

absorbed in the local media industry and are encouraged to take on creative roles. Globally countries like UK and Canada have invested in education and skill development in various Media fields. Further, presence of a large film and TV production industry inspires youth to participate and contribute. Singapore on the other hands has developed a large skill base of individuals trained in specific fields of media (both creative and technical aspects).

In the last few years many educational institutions have emerged along with specialized courses to cater to the Media skill requirements. These institutions are new and it will take another 2-3 years for students from these institutions to become ready for the industry.

Institution	Location	Type	Media Courses
<b>Abu Dhabi School of Film &amp; Acting (New York Film Academy)</b>	Abu Dhabi	Private	Film making and acting
<b>American University of Sharjah</b>	Sharjah	Private	<p><b>Undergraduate:</b>  Bachelor of Architecture  Bachelor of Interior Design  Bachelor of Science Design Management  Bachelor of Science in Multimedia Design  Bachelor of Science in Visual Communication</p> <p><b>Post Graduate:</b>  Master of Arts in Translation and Interpreting  (English/Arabic/English)  Graduate Certificate in Museum and Heritage Studies</p>
Institution	Location	Type	Media Courses

<b>American University of Dubai</b>	Dubai	Private	<b>Bachelor of Fine Arts in Visual Communication</b> Launched in June 2010 - The Digital Media Concentration at AUD prepares students for careers in the following professional specializations: Web Design, Animation, Video, Interactive Media, Game Design, Sound Design, Non Traditional Advertising and Design (ambient music, sponsorship of events), and New Media Art  Digital Production, Storytelling and Journalism (both English and Arabic) (a) New writing - breaking news, investigative reporting and news analysis for print, broadcast and the web. (b) Creative and script writing for theater, movies, television and other broadcast media. (b) Copywriting for Public Relations and Marketing writing for electronic games
<b>Zayed University</b>	Dubai	Public	B.S. in Communication and Media Sciences (The College is one of 54 programs accredited by the International Advertising Association (IAA))
<b>Dubai Men's College</b>	Dubai	Public	Graduate program - Mass Media
<b>Dubai Women's College</b>	Dubai	Public	Applied communications (media and design)
<b>SAE Institute</b>	Dubai	Private	Short courses on - Audio Engineering, Film making, Digital animation, Multimedia, Journalism,
<b>Murdock University</b>	Dubai	Private	BA Honors Advertising, Public Relations and Media BA Honors Journalism and Communication Studies MA Marketing Communications
<b>Manipal University</b>	Dubai	Private	Screen Production - (Bachelor of Media) Journalism - (Bachelor of Communication) Public Relations - (Bachelor of Communication) Communication and Media Studies - (Bachelor of Communication)  Journalism - (Postgraduate Certificate) Journalism - (Postgraduate Diploma) Public Relations - (Postgraduate Certificate) Public Relations - (Postgraduate Diploma)

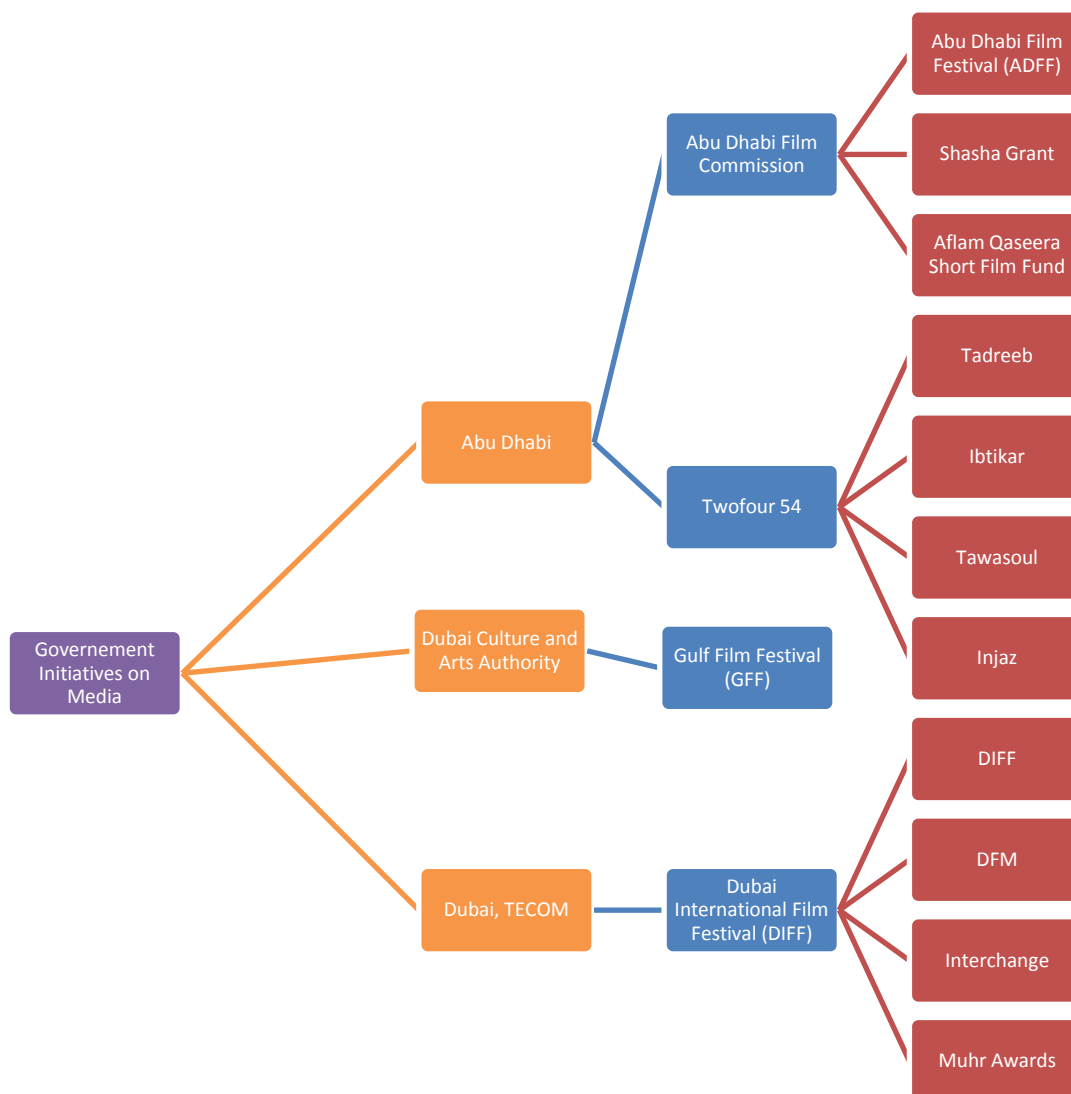
American University of Sharjah is the oldest school offering Media studies in UAE. New schools like AUD, SAE institute and Murdoch University offer graduate programs in Applied Communications / Mass Communications and are based on general media. They also offer programs and workshops on specific Media fields like Films, Journalism, Photography and Animation. Public schools like Zayed University, Dubai Women and Men College offer general media subjects.

Most of the Dubai institutions are located close to DMC to cater to the internship requirements of Media firms as well as to maintain a vigil on the latest skill requirement gap.



#### 4. Government Initiatives / Programs

New initiatives and programs by various organisations and government bodies in the recent one year are all targeted towards developing a Film industry in the country. These initiatives have been highlighted below;



Dubai based initiatives have been detailed as follows;;

- **DIFF (Dubai International Film Festival)** is a not-for-profit cultural event, presented and organised by TECOM (Technology, Electronic Commerce and Media Free Zone Authority, Dubai). DIFF's initiatives include: Dubai Film Connection, Interchange and Dubai Film Market. The DIFF 2010 featured Muhr Asia Africa Programmes and Muhr Arab offering about USD 575,000 in prize money for cinematography, acting, editing, music, and scriptwriting.
- **DFM (The Dubai Film Market)** aims to bring together people from all parts of the globe and the industry who seek to distribute and market films exhibited at DIFF. The DFM introduced two channels to facilitate its objectives: Cinetech and the Market Lounge.



- **Cinetech** is a digital video library of more than 200 films, with screening facilities, possibility of leaving comments for sales agents and request DVD screeners.
- **Market Lounge** encourages networking between industry professionals. The DFM staff helps industry professionals in browsing through the attendance and suggesting business matchmaking meetings.
- **DFC (Dubai Film Connection)** is the co-production market of DIFF. DFC aims to raise the visibility of Arab filmmakers and stimulate the growth of film production originating from the Arab world. DFC brings international and Arab filmmakers to collaborate on approximately 15 selected projects each year. Since 2007 the DFC has showcased a total of 46 films in development (fiction and documentary) and 6 Works-in-Progress. 10 films have now been completed and a further 9 are in production/nearing completion. The combined value of the DFC awards is more than USD 100,000.
- **Interchange** - The Dubai International Film Festival, TorinoFilmLab and the European Audiovisual Entrepreneurs (EAVE) offer training programs. Supported by the European Union's MEDIA programme, Interchange has two intensive workshops and online sessions on script development and project management.
- **DIFF YJA (DIFF Young Journalist Award)** - the programme is open to UAE residents enrolled in either journalism, PR, film studies or mass media communications courses at the tertiary level. In 2009, the festival and the MBC Group teamed up to produce a programme which consisted of a series of open workshops as well as a mentoring programme for 10 selected students.
- **Gulf Film Festival** - GFF offers encouragement through competition: Film festival and Script Competition. The Script Competition is for Emirati short film entries from UAE Nationals exclusively. To nurture the local industry, all prize money (AED 485,000) goes towards producing three winning scripts in UAE. The second edition of the festival (2009), screened 169 films (32 countries), and featured 47 world premieres & 18 international premieres.

*The Government Planned infrastructure developments highlight the evolution, regulatory structure, skill development and recent initiatives in Media in Dubai. It emphasizes the "NASCENT" nature of the industry and the opportunity of different Mediums to develop in the Emirate.*

## **(B)CURRENT SITUATION ANALYSIS**

Globally, the Media industry comprises of a large number of large and small firms and freelancers, acting together to create and deliver the product/service. Dubai has witnessed the emergence of more than 1400 companies in DMC alone and many more across Al Quoz, Jumeirah Lake Towers and the emerging clusters of IMPZ and DSC.

Media industry in Dubai is characterized by presence of international firms in DMC, serving the entire Arab region which is similar in culture and preferences. Given the small market potential of Dubai, firms have expanded their reach and are now offering Media services across platforms, customised for different countries in the Arab region.

**UAE is a small market and hence service firms in UAE tend to serve entire Arab region from their offices in Dubai**

	Land Area (sq km)	Population (Millions)	GDP total (PPP)(USD Bn)	GDP Per Capita (USD)
Qatar	11,521	1.6	102.1	83,840
Saudi Arabia	2,149,690	29.2	585.8	20,400
<b>UAE</b>	<b>83,600</b>	<b>4.9</b>	<b>201.4</b>	<b>42,000</b>
Egypt	1,001,450	80.4	471.2	6,000

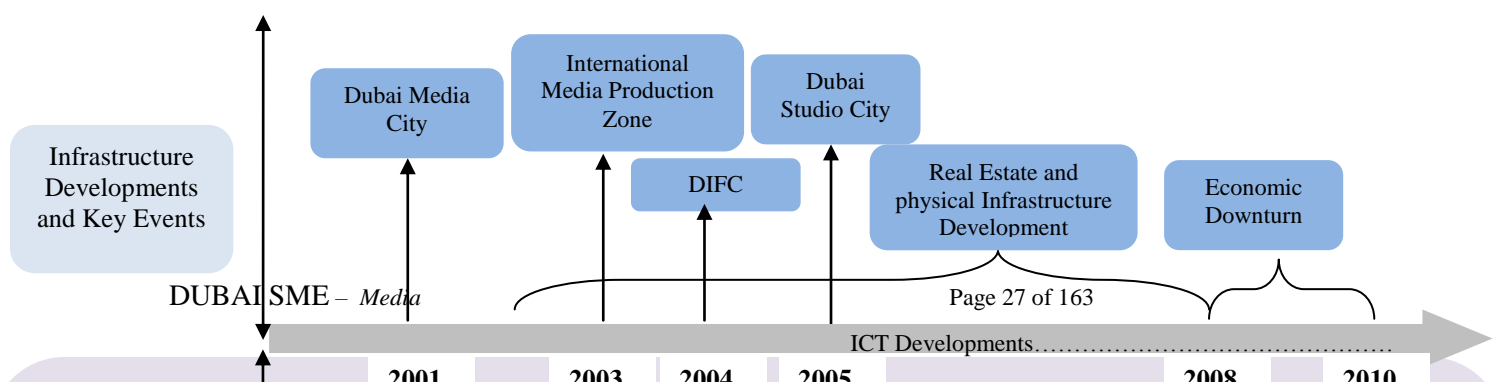
Source: World Bank

The table highlights some of the largest countries in the Arab region with a large population or high GDP per capita, creating a case for increased media absorption.

### Development of Media segments in Dubai

Media in Dubai developed as a result of increased government investments in infrastructure, ICT development and diversification. Government initiatives to develop Media industry in Dubai were focused on inviting foreign players (large broadcasters, advertising groups) into the GCC, through the establishment of free zones. The initiative gave Dubai a distinct advantage over other Gulf countries where media was relatively nascent or restricted to government institutions. Large foreign players set base in Dubai to cater to the entire gulf region. Indigenous firms mushroomed to provide support services and cater to small demands of emerging retail and service sectors of the Emirate.

### Key events leading to development of Media ecosystem in Dubai





Source: Primary Interviews

- DMC created a favorable environment for large advertising agencies and broadcasters thereby providing an environment for SMEs in support services like equipment provision, talent agencies, graphic designing, web designing, etc.
- In the early 2000, the emergence of large MNCs in the Emirate led to the demand for specialized printing (industry specific). Further growing tourism and hospitality also added to the demand for printing and publishing. SMEs started to flourish with small printing presses (second hand).
- Real estate developments coupled with growing retail demand created demand for large hoardings, outdoor advertisements and in-store communication
- Increased traffic conditions due to infrastructure construction resulted in radio emerging as a popular communication medium.

- The overall growth in non-oil sectors led to the creation of increased magazines and industry specific titles.
- However, post-2008, the economic recession led to a significant drop in advertising budgets of most of the advertisers (real estate, retail, automobile). Advertisers focused on creating cost-effective communication solutions through the web and other internet based formats.
- Telecom competition in 2006, resulted in market players resorting to varied means of retaining customers as well as providing value added mobile services.
- Many SMEs mushroomed to take advantage of the digital medium and the inability of large firms to quickly adapt into digital streams. Existing firms diversified into marketing, social networking and mobile content formats.

#### Companies by Media segments – Dubai

	Media Activity	Key Characteristics	Number of companies	Key Players
PRINTING & PUBLISHING	1.Printing	Dominated by large local players like Al Ghurair printing, Dubai Printing Press, etc. A large second hand market for printing presses has resulted in the emergence of small printing presses catering to local demand.	250 licenses have been issued for printing presses (most of them are traditional printing presses) 7 digital printing presses registered with DMC	Printing: Atlas Printing Press, Al Ghurair Printing, Al Nisr Publishing: ITP, Motivate publishing
	2.Publishing Activities	Dominated by large players like ITP, Motivate, etc. for the entire GCC market	<b>SME Presence: High</b>	
MOTION PICTURE & TV	3.Motion-picture and TV Production	Large expat run production companies like Filmworks have dominated the space for film and TV production in the UAE. However, most of their work is associated with making TVC and corporate videos.  Further, Government run Media conglomerates like DMI and private broadcasters like MBC have their in-house production companies  Most of the TV serials are produced outside the GCC in Egypt, Syria and Lebanon	More than 100 companies are located in DMC and some 70 companies are registered with the DSC  <b>SME Presence: Medium</b>	Motion Picture: Filmworks, BusyBee, D-Seven  TV: MBC, Dubai Media Incorporated
	4.Motion-picture and TV Post-Production	Dubai is known for its post-production facilities – latest facilities & equipment and post-production studios  High quality post-production is enabled in Dubai through Filmworks and Chimney Pot like expat run companies. Most of the post-production work for the Gulf is conducted in Dubai	Full service companies – 2  <b>SME Presence: Low</b>	Film works, Chimney Pot
	5. Motion-picture and TV Distribution	Majority of the distribution deals are inked directly between the production company and the TV broadcaster  For films, Grand cinemas dominates the industry with distribution (major studio productions as well as independent films) throughout the GCC as well as through ownership of exhibition screens (more than 177 screens)  The UAE has the largest number of screens in the Gulf and as such most of the distribution is centralized from the UAE (namely Dubai – given its logistic capability and reproduction facilities)	Motion picture: 14 companies (local and foreign) distributing films  TV: 6 TV and Radio programme distributors  <b>SME Presence: Low</b>	Grand cinemas - has a monopoly in the MENA region on distribution and exhibition of films. There are only 4 local distributors of which Gulf films (Grand Cinemas) holds a large market share
	6.Motion-picture Projection	Locally owned Grand Cinemas controls the distribution as well as projection of movies in the country as well as in the Middle East (GCC, Jordan and Lebanon)	14 theaters with over 100 screens (in Dubai alone)	

			<b>SME Presence: None</b>	
	7. Television Programming and Broadcasting	<p>The Emirate has a large number of foreign broadcasters. Terrestrial broadcasting is controlled by Dubai Media Incorporated.</p> <p>Theme based broadcasting is emerging amongst Arab broadcasters (Takhyal Entertainment has launched a 24X7 channel on cooking)</p> <p>The broadcasting is enabled for the entire Arab region and more than 60% of the broadcast content is imported (Arab content mainly from Egypt, Turkey, Syria and Western content from UK and US)</p>	<p>49 broadcast management and broadcasting companies in DMC</p> <p><b>SME Presence: Low</b></p>	Dubai Media Incorporated, MBC, Rotana, CNN, Bloomberg
<b>RADIO</b>	8. Radio Programming and Broadcasting	<p>Radio programming is controlled by large players like Government owned DMI and Arabian Radio Network</p> <p>The entire content is developed by the Radio station themselves.</p>	<p>13 Radio broadcasters with more than 36 channels</p> <p><b>SME Presence: None</b></p>	ARN, Dubai Media Incorporated
<b>MUSIC</b>	9. Music and related Activities	<p>The Music segment in Dubai is focused on developing background scores and related TVC music.</p> <p>The segment is dominated by an expat run company called BKP Music, who is the market leader in audio across the GCC</p>	<p>3 audiovisual companies registered with DMC</p> <p>38 Radio programming and audio recording production companies registered with DCCI</p> <p><b>SME Presence: Low</b></p>	BKP Music
<b>NEW MEDIA</b>	10. Gaming and Animation Development	<p>Gaming and animation is a relatively new segment in Dubai and the region. There are around 4 companies involved in developing/distributing games and more than 10 companies specializing in Animation studios. Majority of post-production companies cater to visual effects and animation requirements.</p> <p>New game development companies are emerging in the Emirate (both local and expat run). However, only concepts are developed in the Emirate with most of the animation and development done in countries like India, Singapore, Japan and Korea.</p> <p>Web games are customized as per region sensibilities while console games are subject to certain censorship laws.</p> <p>Large gaming distributors like Tahadi games and Game Power 7 control most of the customization (done in Jordan) and distribution across the Arab region</p>	<p>Gaming - 4 companies</p> <p>More than 30 companies in Animation and graphics (including post-production and animation studio companies)</p> <p><b>SME Presence: Low</b></p>	Pixel Haze, Vertex Studios, Game 7, Tahadi Games
	11. Mobile Content Development	<p>Most of the mobile value added services are developed in offshore centres of India. However, many Indian companies are now moving base to UAE (mainly Sharjah and Dubai) to cater to the real time demand of its clients in the Middle East.</p> <p>Content is limited to B2B applications with growing interest towards B2C applications</p>	<p>3 known companies</p> <p><b>SME Presence: Low</b></p>	FlipMedia, Sevdotcom
	12. Web Content Development	<p>Large number of companies involved in web designing for companies across the Arab. The Government is also a large customer of web designing services.</p>	<p>Around 60 web designing companies.</p> <p><b>SME Presence: High</b></p>	Olive middle east
<b>ADVERTISING</b>	13. Advertising	<p>Advertising in the Emirate is dominated by large players like JWT, Saatchi &amp; Saatchi, etc. However, small firms cater to</p>	<p>Around 400 companies</p>	Saatchi & Saatchi, O&M

		smaller requirements of firms mainly located in the various free zones of the emirate.  While large firms cater to the regional requirements small firms cater to Dubai and extend services to neighboring Emirates.	<b>SME Presence: High</b>	
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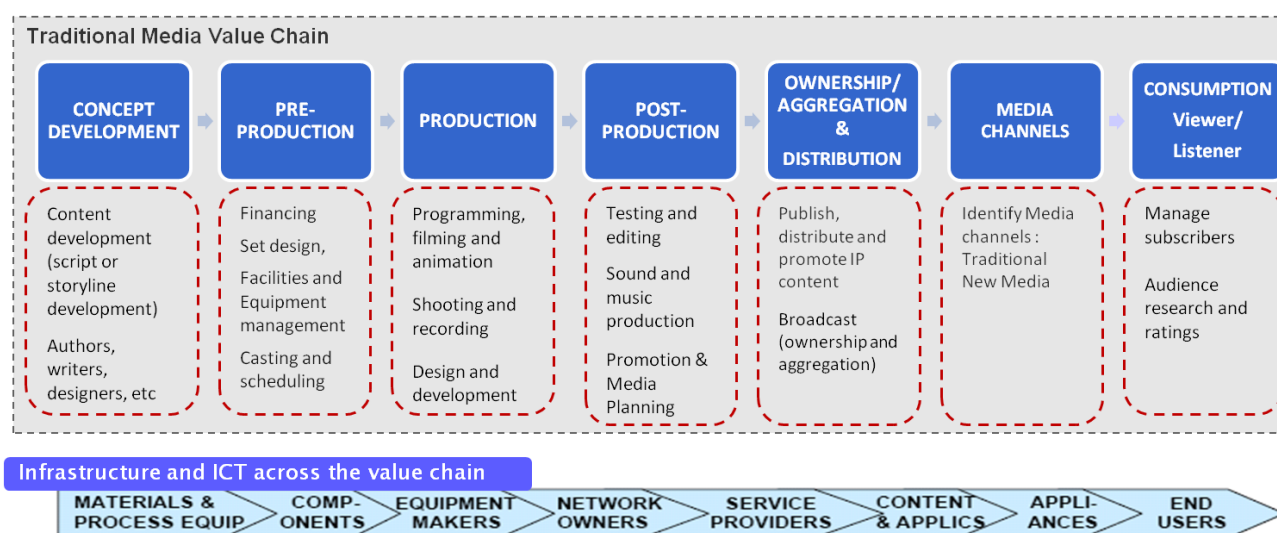
Source: Primary interviews and Secondary research

Note: SME presence is based on whether currently are there any SMEs in the particular Media Activity.

## Media Value Chain Activities

Each Media segment is comprised of an interconnected grid of activities which together help develop the Media product/service. All the activities may either be performed by a single player or by many players. The flow of activities in a Media Value chain is shown below.

### Global Media Value Chain



1. **Concept development:** refers to creating or acquiring ideas, scripts, storylines etc. to be developed as a Media product or service. The activity involves highly creative and skilled people like authors, writers, designers, artists, illustrators, etc who create the concepts. Concept development can either be done by a Production company or an advertising company. The activity is the starting point for all the Media segments. For films, games and TV programs the activity might take longer as compared to other mediums. The Concepts form an important part of the funding process; it is the concept which decides the funding probability and the censorship acceptability (in the case of Arab countries)

2. **Pre-production:** refers to a set of activities which are required to schedule the final production. The activity is most relevant to films, TV programs and music. It also involves obtaining financing either from one or multiple investors based on the strength of the perceived value of the output. The activities may either be performed by a production company or a set of specialized SME firms in scheduling, location approvals, casting, set design, facilities management, etc.
3. **Production** is the most critical activity in the value chain and refers to the actual making of media product/service. In case of films/TV, it refers to shooting / filming and in terms of mobile development it refers to designing the software. A plethora of SMEs are involved in this activity to provide support services. For New Media this step is technical skill oriented, while for traditional media it is creative and skill driven.
4. **Post-Production** refers to activities to edit and finalize the product content. It involves activities such as sound recording, special effects, etc. For New Media the activity involves testing, wherein the developed software is tested for its compatibility to different digital formats (mobile phones, websites) or tested for acceptability and user friendliness in the case of games. A single company may offer all the post-production facilities.
5. **Ownership/Aggregation & Distribution** refers to buying the IP from the producer and obtaining the rights for pre-defined territories for sale. It also involves obtaining publishing rights for books, content rights to use the program on the TV station, selling games in certain territories, etc. In the case of TV, the broadcaster may obtain content/software rights from different producers, aggregate it into one or more channels to be distributed. For films, distribution involves selling rights for exhibition (either to theatres, TV Broadcasters, DVD, etc)
6. **Medium** refers to the channel used to communicate the message. It refers to the user interface: TV, mobile, other hand-held devices, etc
7. **Consumption** is the final stage in the value chain which refers to the actual viewership, readership, circulation, etc. The success of the content and its distribution is measured by specialists' agencies for media research which monitor the media consumption habits.

*Activities like Concept development, Production and Distribution are integral parts of the value chain and are applicable across all the Media segments.*

#### Summary of Activities for each Media Segment

Global Media Value Chain Activities							
Segments	Concept Development	Pre-Production	Production	Post-Production	Testing	Aggregation and Distribution	Exhibition and Projection
TRADITIONAL MEDIA							



- Printing & Publishing	✓		✓			✓	
- Motion Picture	✓	✓	✓	✓		✓	✓
- Television	✓	✓	✓	✓		✓	
- Radio	✓		✓	✓		✓	
- Music	✓	✓	✓	✓		✓	
- Outdoor	✓		✓			✓	
<b>NEW MEDIA</b>							
- Web	✓		✓		✓	✓	
- Games	✓		✓		✓	✓	
- Mobile	✓		✓		✓	✓	

Note:



Refers to activities involved in the specific Segment

### Activities for each Media Segment – as applicable to Dubai

Though the UAE has presence of large advertising multinationals and media companies, most of the content generation and development occurs in countries like India (animation and graphics), Mobile content development), Japan (graphics and special effects), Jordan (Arabization and customization) and Egypt (TV programs and films).

Presently, UAE has developed itself as the exhibition and distribution location of the Arab World. The following table highlights the distribution strengths and nascence of content development in Dubai.

The following illustration highlights activities within each segment and presence of companies in each activity for Dubai.



Refers to activities involved in the specific Segment

Refers to activities currently present in Dubai

Refers to activities currently absent in Dubai

\* refers to activities which have low presence in Dubai

### Global Media Value Chain Activities

Segments	Concept Development	Pre-Production	Production	Post-Production	Testing & Customization	Aggregation and Distribution	Exhibition and Projection
<b>TRADITIONAL MEDIA</b>							

- Printing & Publishing	✓		✓			✓	
- Motion Picture	✓	✓*	✓*	✓		✓	✓
- Television	✓	✓*	✓	✓		✓	
- Radio	✓		✓	✓		✓	
- Music	✓	✓	✓	✓		✓	
- Outdoor	✓		✓			✓	
<b>NEW MEDIA</b>							
- Web	✓		✓		✓	✓	
- Games	✓		✓		✓	✓	
- Mobile	✓		✓		✓	✓	

Lack of concept development and content development activities in Dubai

Traditional Media products / services produced in Dubai, however New Media production capabilities presently absent

Large Presence of broadcasters and distributors

The table highlights segments and activities in which Dubai is weak and strong across the media value chain. The weak activities reflect market gaps for the Media industry in Dubai like concept development, pre-production, production and some distribution activities. This is mainly because of absence/low presence of the industry in Dubai. On the other hand it also reflects activities, in which Dubai has already created a base such as aggregation & distribution especially in the case of broadcasting.

The table highlights media segments which are present and have created a strong base in Dubai like Printing & publishing, Radio and TV broadcasting and Advertising. These are established media segments in Dubai and have been detailed in the following pages.

### SME Orientation of the Media Industry

For the study, 7-8 Media Activities were selected to identify activities with greater SME presence and potential for future growth. Based on a filtering process (what is the role of Government/Large players?, are there any regulatory barriers for SMEs?, what are the typical capital requirements?) the Media activities selected are;

	Media Activities	Filtering
1	<b>Content, Design and Printing activities</b> (including Digital printing)	✓ (will be studied across all the potential sectors as content development)
2	<b>Printing</b>	<ul style="list-style-type: none"> <li>- Printing is Capital intensive industry (Periodicals and books – AED 20-25mn) with large labour requirements (for finishing processes and innovative designs e.g. insertion of USBs or CDs)</li> <li>- Presence of a large number of players in Dubai (more than 40 in Dubai and 400 in UAE)</li> </ul>

Established Segments	Characteristics (examples of innovative SMEs)	Some specializations
3	<b>Publishing Activities</b>	- Dominated by large players like ITP, Motivate, etc. for the entire GCC market
4	<b>Motion-picture and TV Production</b>	✓
5	<b>Motion-picture and TV Post-Production</b>	- Large Post-production units with full suite of services dominate the post-production space - Post-production is capital intensive since it requires state-of the art technology and equipment to produce quality output (Sound Studio + Equipment + Technical staff)
6	<b>Motion-picture and TV Distribution</b>	✓
7	<b>Motion-picture Projection</b>	- Presently Dubai has 13 theaters with over 200 screens - Capital intensive industry dominated by established players like (Grand Cinemas, Reel Cinemas, etc) - Equipping a digital cinema costs USD180,000 (Dh661,000), which is twice as much as a cinema using a normal projector.
8	<b>Television Programming and Broadcasting</b>	- Regulatory barriers and SAMACOM compliances - TV programming and broadcasting is a highly Capital intensive industry – broadcasting license, bank guarantees, studio, studio equipment, etc
9	<b>Radio Programming and Broadcasting</b>	- Regulatory barriers and SAMACOM compliances - Capital intensive industry (AED 25 mn to AED 30 mn) - broadcasting license, bank guarantees, studio, studio equipment, etc
10	<b>Music and related Activities</b>	- Large full suite service providers dominate the market (BKP Music caters to the entire GCC region) - Lack of local music industry curtails growth of this segment
11	<b>Gaming and Animation Development</b>	✓
12	<b>Mobile Content Development</b>	✓
13	<b>Web Content Development</b>	✓
14	<b>Advertising</b>	✓

The established segments have developed specializations to cater to the changing patterns of media consumption.

<p><b>Printing and Publishing</b></p>	<p><b>PRINTING</b></p> <ul style="list-style-type: none"> <li>The printing and publishing segment is well developed in Dubai with all the activities right from concept development to printing and distribution being done in Dubai.</li> <li>Dubai has won awards and accolades for its quality of printing</li> <li>Many printers (both traditional and digital) have set-up base in Dubai to cater to the increased demand for printed material (from the financial and retail industry)</li> <li>Further, the developed transport and logistics base of Dubai has provided the printing industry an added advantage of supplying material across the MENA region</li> <li>Innovation in finishing practices like binding, CDs, which require manual skilled work are possible in Dubai</li> <li>Intense competition among players has resulted in players resorting to more digital formats and innovation (e.g. Atlas printing press)</li> <li>European players in the printing industry are looking at Dubai as a destination for partnerships (to use their investments in technology)</li> </ul> <p><b>Atlas Printing</b></p> <ul style="list-style-type: none"> <li>Medium sized printer based in Dubai</li> <li>Known for its innovative means of doing business</li> <li>Example of innovation - Digital Web Machines, which can print copies of newspapers digitally. These machines will be located in hotels, from where people can print out single copies of various newspapers.</li> <li>Atlas printing represents Newspaper Direct, in Canada, buys content from them, and prints them in the UAE.</li> </ul> <p><b>PUBLISHING</b></p> <ul style="list-style-type: none"> <li>Many publishing houses had to stop production of their titles on account of the economic downturn.</li> <li>However, large publishers continue to maintain their leadership position by catering to niche demand (exhibition and related research) or diversifying into events.</li> <li>Increased focus on developing content for children</li> </ul> <p><b>Pageflip Publishing</b></p> <ul style="list-style-type: none"> <li>Publish Japanese <i>Manga</i> style Arab comic book, Gold Ring. The story is essentially Khaliji in nature, with the general theme of Falconry.</li> <li>Launched by Mr. Qais M. Sedki with the objective of promoting reading in the Arabic language, my creating Arab stories targeted at Children.</li> </ul>	<ul style="list-style-type: none"> <li>Digital publishing, e-books (ITP)</li> <li>Tabloids</li> <li>Printing for packaging and labeling</li> </ul>
<p><b>Radio and TV Broadcasting</b></p>	<p><b>TV BROADCASTING</b></p> <ul style="list-style-type: none"> <li>Presence of large broadcasters in the region coupled with equipment suppliers and leaders in ICT (Etisalat and du). Dubai broadcasts more than 50% of all the channels available in the Arab region.</li> <li>Restrictions on broadcasting from other countries in the GCC has enabled Dubai to develop a competency in broadcasting</li> <li>However, most of the content broadcasted is bought (more than 60%)</li> <li>The underlying technological advancements in ICT are enabling broadcasters to improve their service offerings though internet, IPTV and mobile TV</li> </ul> <p><b>Takhyal Entertainment – (Fatafeat: FTA channel broadcaster)</b></p> <ul style="list-style-type: none"> <li>Operates the only 24 hr food channel of the Middle East – Fatafeat, free to air channel</li> <li>They do all the branding, programs and scheduling themselves, there are a few foreign shows whose distribution rights are with them</li> <li>They focus on developing Arab content (more than 60% of their content is Arab content)</li> </ul>	<ul style="list-style-type: none"> <li>Programs and serial production</li> <li>Films and documentaries</li> <li>Digital media (internet and social networking)</li> <li>iPTV and mobile TV</li> </ul>



	<p>developed by local production companies)</p> <ul style="list-style-type: none"> <li>Have also invested in branding their channel through a cartoon character - ANT. All the animation for the brand is done in-house</li> </ul> <p><b>RADIO BROADCASTING</b></p> <ul style="list-style-type: none"> <li>More than 30 radio stations in Dubai, with Arabian Radio Network and ADMC having maximum market share</li> <li>However, there are growing concerns over the absence of a government body that implements regulation for copyrights and protection of Intellectual Property Rights.</li> <li>Such Rights Bodies protect the original work of authors and composers, authors, publishers, singers, etc. Such bodies are present in developed markets like UK – Performing Rights body, IFPI and WIPO (Switzerland). The Body acts as a pivotal organisation to ensure that royalties are paid, industry is regulated and protected. Publishers can buy rights from such bodies and publish content</li> <li>To establish Dubai as an International Media Destination – such a rights body is important (which will bring credibility to the Emirate)</li> </ul> <p><b>BKP Music</b> (Audio production)</p> <ul style="list-style-type: none"> <li>BKP music's main activity is production of original music and sound. They are mainly into Audio post production for films, sounds for advertisements, radio commercials, music rights management, sound libraries, sound effects, background sounds, voice-overs, dubbing, etc.</li> <li>It is the only full-service audio content production company in the GCC</li> </ul>	
Advertising	<ul style="list-style-type: none"> <li>Dubai is known as the hub for advertising agencies in the Arab world. The top 10 advertising companies of the world have their regional headquarters in Dubai.</li> <li>Exhibition advertising will continue to be big in Dubai</li> </ul> <p><b>B.U.T NV</b></p> <ul style="list-style-type: none"> <li>They do interactive media like;</li> <li>in-flight signage's</li> <li>video walls (Masdar)</li> <li>MOE - way finder .Highly innovative, horizontal multi user touch screen (at an inclination for easy use) which allows people to type the name of the shop and get the location. Further to increase ROI it has added features like the search could access the promotions currently in place (or search for shops with ongoing promotions and then filter the best) and then print a coupon for that store (coupon will come through SMS. Etisalat will earn a fee and the store will get the remaining fee, while the customer is happy with the discount).All the content is managed by BUT remotely and update locally by the management of the mall</li> <li>e-learning --- viewers can view the program in their own language with a new host for every language preference</li> <li>interactive touch-screens, video walls, web cams based applications, multi-user touch screens, based on flash development</li> </ul>	<ul style="list-style-type: none"> <li>Digital signage's (J C Decaux)</li> <li>Interactive signage's (Dubai Mall)</li> </ul>

The remaining segments have been detailed in the report later. These segments are relatively new or have a very low presence in Dubai. The demand and supply dynamics of each of the Media segments in Dubai has been highlighted below.



*Based on the table the growth segments of Media in Dubai have been identified as;*

- ✓ *Film content (production& distribution)*
- ✓ *TV content*
- ✓ *Gaming and animation development*
- ✓ *Web content*
- ✓ *Mobile content*
- ✓ *Advertising*

Opportunity Assessment is based on the segments listed above. The segments have been identified to have greater SME orientation (based on the definition of SMEs for services)

### **(C) OPPORTUNITY ASSESSMENT**

The objective of the study as defined earlier is to;

1. To determine **drivers of and barriers to growth**
2. To identify **areas for SME opportunities**

### 3. To outline the **major strengths and weaknesses** of the Industry

Based on the objectives, the study details a comprehensive opportunity assessment to identify activities for new SMEs and growth areas for existing SMEs. The framework of Opportunity Assessment is discussed below;

#### A – Global and regional Influences on Media Developments in Dubai (Industry level)

#### B - Opportunity Assessment for each Media Segment selected

1. Opportunity Assessment			
Methodology (focused on SME opportunities)	Current		Future
	Regional Trends and Market Gap	Global Trends and Innovation	Based on Latest News and Updates (Local and Regional)
	Primary Research (Based on Value chain analysis)	Secondary Research (Based on trends globally that can be adopted)	Secondary Research (Based on upcoming events, latest news and updates which encourage Media developments)
2. SWOT Analysis			
Methodology	SWOT analysis for each Media Segment selected		

#### Key Considerations for Opportunity Assessment;

- “Advertising Spend” is an excellent indicator in terms of size and level of sophistication of media formats and hence the global and regional trends are studied with respect to the advertising spend across regions and across various segments. The popularity of a segment can be judged by the relative increasing spend on each segment.
- “Advertising spend” refers to the total amount spent on advertising on a particular medium and “Media revenue” reflects the total sales money generated by a media segment. While spend refers to the popularity and preference of medium, revenues reflect the health of the media firm. As such the Media revenue is a direct outcome of advertising spend (i.e. revenue obtained by sponsors advertising on the medium) as well as other revenue streams (subscriptions, licenses, royalties, commissions, etc.)
- The figures and facts mentioned in the report are as per Advertising spend unless otherwise stated.
- The demand and resultant opportunity is assessed for the entire Arab region (Regional demand) unless otherwise stated. The small market size and importance of economies of scale in Media necessitates Dubai based firms to serve the entire Arab region and hence, demand is assessed with respect to the entire region and not Dubai/UAE alone.

## 4. Global and Regional Influences on Media Developments in Dubai

The Media industry is highly influenced by global and regional trends. The graphs below depict some emerging trends and associated challenges in the Media industry globally and regionally.

The report highlights advertising spend by region and segment to identify emerging trends in various segments and its influence on the growing Media industry in Dubai. The graphs will help understand the media segments in Dubai and their market size as compared to the regional and global industries.

### Media Trends - Worldwide

The Media industry revenues globally are led by some largest Media Groups in the US (Times Corp, The Warner Bros., Disney, Universal, etc) which account for over half the revenues globally.

In terms of advertising spend; North America (including Canada) accounts for over 30% of the overall advertising spend.

Advertising Spending Worldwide - By Region (USD bn)							
	2007	2008	2009	2010 (e)	2011 (e)	CAGR (09-11)	
North America	188.3	181.3	162.7	158.7	161.2	-0.5%	Regions with increased advertising spend
Western Europe	124.9	123.5	112.2	112.4	115.3	1.4%	
Asia Pacific	105	108.3	103	107.8	114.5	5.4%	
Central & Eastern Europe	31.2	35.2	29.8	30.8	33.8	6.5%	
Latin America	26.5	30.3	30.4	32.6	35.2	7.6%	
Africa, Middle East & ROW	16.4	20.1	18.3	21.22	23.4	13.1%	
<b>Total</b>	<b>492.3</b>	<b>498.7</b>	<b>456.4</b>	<b>463.5</b>	<b>483.4</b>	<b>2.9%</b>	

Source : Zenith Optimedia

Note: The figures reflect spending across major media (newspapers, magazines, television, radio, cinema, outdoor, internet)

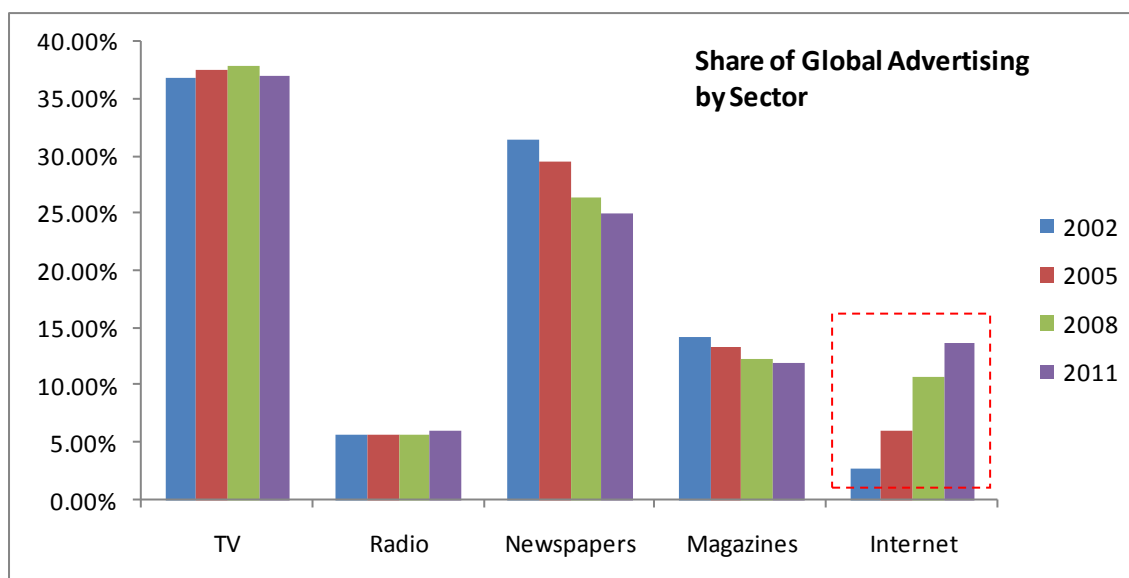
### By Regions:

- The Global advertising spend is expected to grow at a CAGR of 2.9% to USD483 bn by 2011
- The U.S. remains the largest market, however the overall advertising spend is shifting out from developed countries like US to emerging nations like China, India, Brazil and the Middle East. Video games and the Internet will be the fastest-growing segments in the US, with compound annual increases of 8.9% and 8.4% respectively (for 2010-2012).
- Canada is projected to expand at a CAGR of 5.9% to reach USD 41 billion in advertising revenues by 2010 (with increased incentives in promoting gaming in the country).
- Asia Pacific remains one of the fastest-growing regions with a CAGR of 5.4% to reach USD 114.5 billion in 2011, led by explosive growth in Internet, TV distribution and other regulated gaming and video games in China and India.
- **Africa, Middle East & ROW is the only region which is expected to post double digit growth by 2011. Its share in the overall advertising spend is also expected to rise steadily from 4% in 2009 to 4.8% in 2011**

### By Segment:

Market share of Global Advertising by Segment





Source: PwC, Wilkofsky Gruen Associates (2011 are estimates)

- Globally TV and newspapers continue to garner large share of the advertising. However, the trend is slowly on the decline. Newspapers have witnessed a rapid fall from 32% in 2002 to almost 25% in 2008.
- On the other hand, Internet as a medium has witnessed a rapid increase in advertising share and the trend is expected to continue over 2011.

	Advertising Spending Worldwide – By Segments (USD bn)		
	2009	2013	CAGR
TV	149.0	168.4	3.1%
Newspaper	92.6	91.8	-0.2%
<b>Internet</b>	<b>58.7</b>	<b>86.7</b>	<b>10.2%</b>
Consumer Magazines	29.8	33.2	2.7%
Directories	29.1	28.6	-0.4%
Radio	28.6	28.0	-0.5%
Out-of-home	26.8	30.4	3.2%
Trade Magazines	16.2	17.4	1.8%
<b>Video Games</b>	<b>1.5</b>	<b>2.6</b>	<b>14.7%</b>

Source: PwC

- Internet and Video Games based advertising** globally are likely to be the key drivers of advertising by 2013. *The gaming population is increasingly developing in the high GDP per capita nations in the Middle East like Saudi Arabia and UAE. Further, with progress in technology and internet online gaming is also rapidly gaining significance in advertising spends.*

- The online gaming market is worth more than USD 15 mn (2010). In the US average time spent playing: by XBOX gamers – 7.3 hrs per week, by PC gamers 6.6 hrs per week and by PS3 gamers 5.8 hrs per week.<sup>3</sup>
- The game-based advertising sector was worth around USD 120 million in 2004 and is expected to surge to USD D1.8 billion by the end of 2010. It is estimated that 38% of the world's 1.6 billion internet users play online games.
- For **Television Distribution companies'** introduction of IPTV will contribute to subscriber growth, and the migration of subscribers to higher-priced digital services will increase revenue per subscriber. As of 2008, the TV share of ad revenues is the highest at over 36%.
- **The mobile customer base** numbers worldwide has seen an increase.

*While spending in traditional mediums like print, TV and radio have declined; increased growth has been witnessed in digital and online platforms. This has resulted in traditional media industries to consider and adopt digital platforms to diversify their revenues (e-books, online newspapers, on-line video content). It has also opened avenues for high technology media sectors like gaming, web designing, mobile content services and other PDA enabled services.*

### Media Trends – Regional (GCC and Arab)

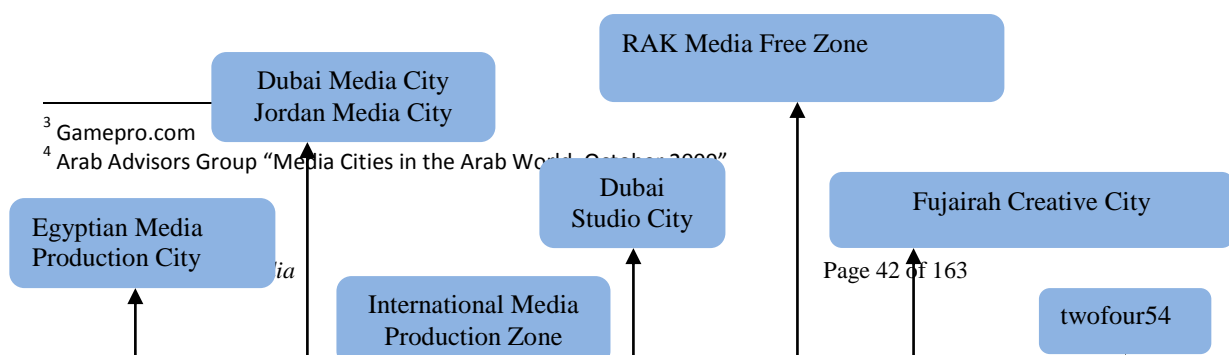
For the Arab Region, its demographic composition, rapidly transforming economic climate and distinctive culture and history, all have a direct impact on the media sector. The region is very distinct in its requirements as compared to the rest of the world and hence requires special customization to regional sensibilities. Government initiative in the form of media clusters has accelerated the developments of the industry in the region.

### Media Cities in the Arab World<sup>4</sup>

There are eight main media cities in the Middle East with six of them in UAE alone. The media cities in UAE are Dubai Media City, Dubai Studio City, International Media Production Zone, Abu Dhabi twofour54, Ras Al Khaimah Media City and Creative City in Fujairah.

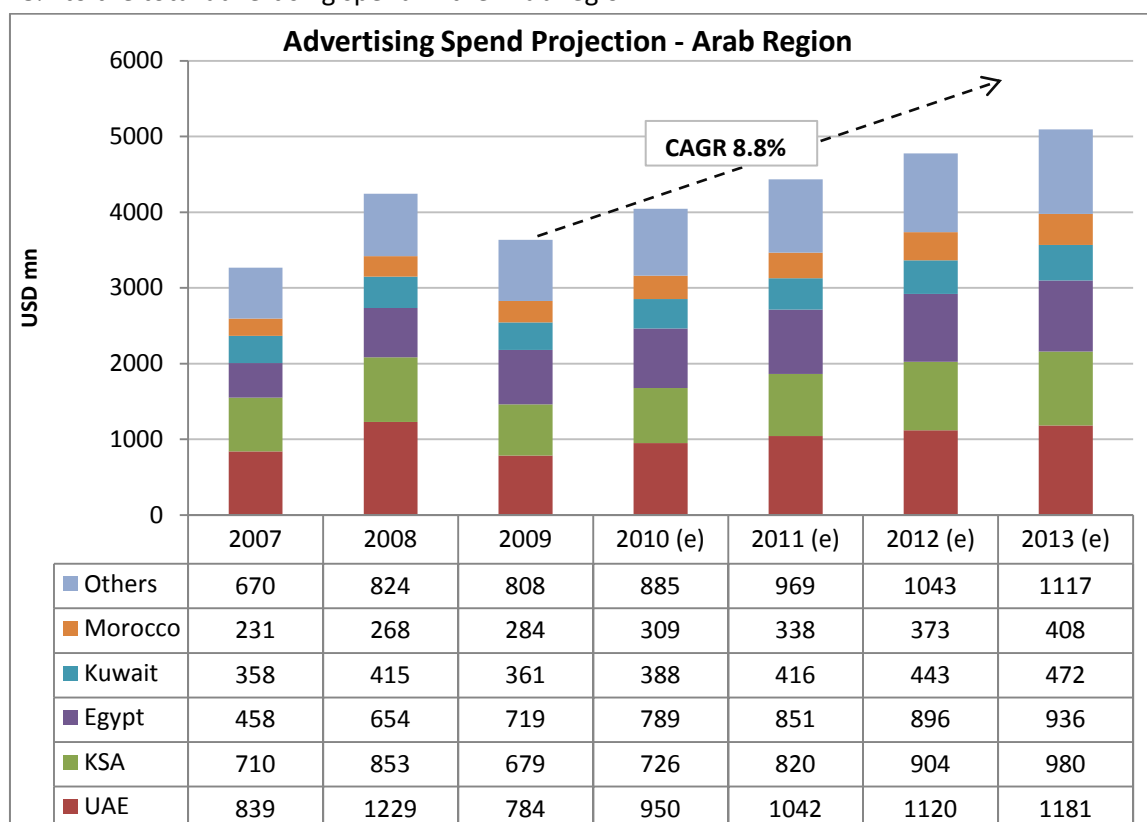
The Egyptian Media Production City in Cairo was the first media city in the Arab world which was followed by Dubai Media City and Jordan Media City in 2001. Interest in establishing media production free zones has been increasing in the Arab World. The Arab Advisors Group has identified six countries namely Bahrain, Kuwait, Lebanon, Qatar, Saudi Arabia and Sudan which have various levels of interest and progress in creating media free zones.

The time scale for Media Zone developments across the Arab region has been illustrated as follows;



### Advertising spend – By region

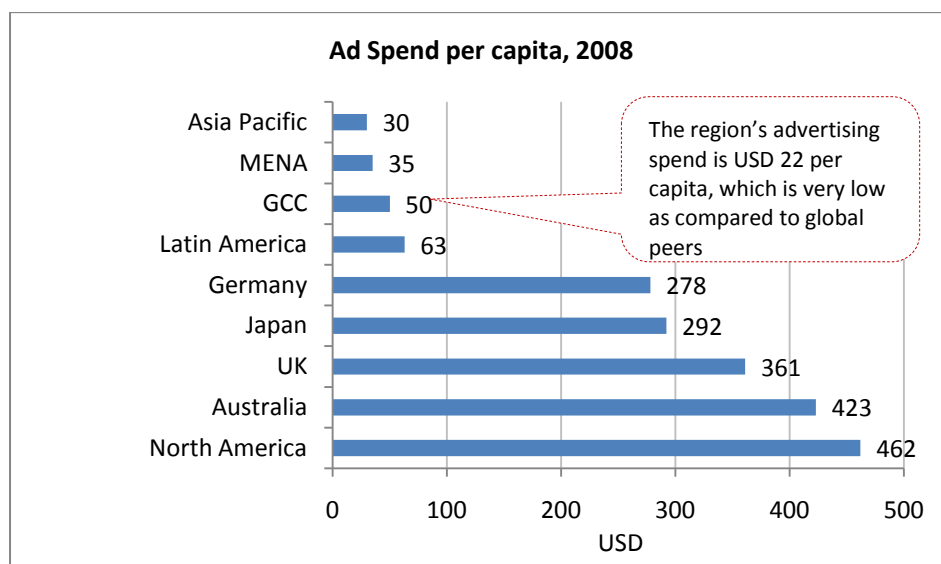
On the demand side, the advertising spend by region highlights the top 5 markets which comprise over 78% to the total advertising spend in the Arab region.



Source: Arab Media Outlook 2009-2013

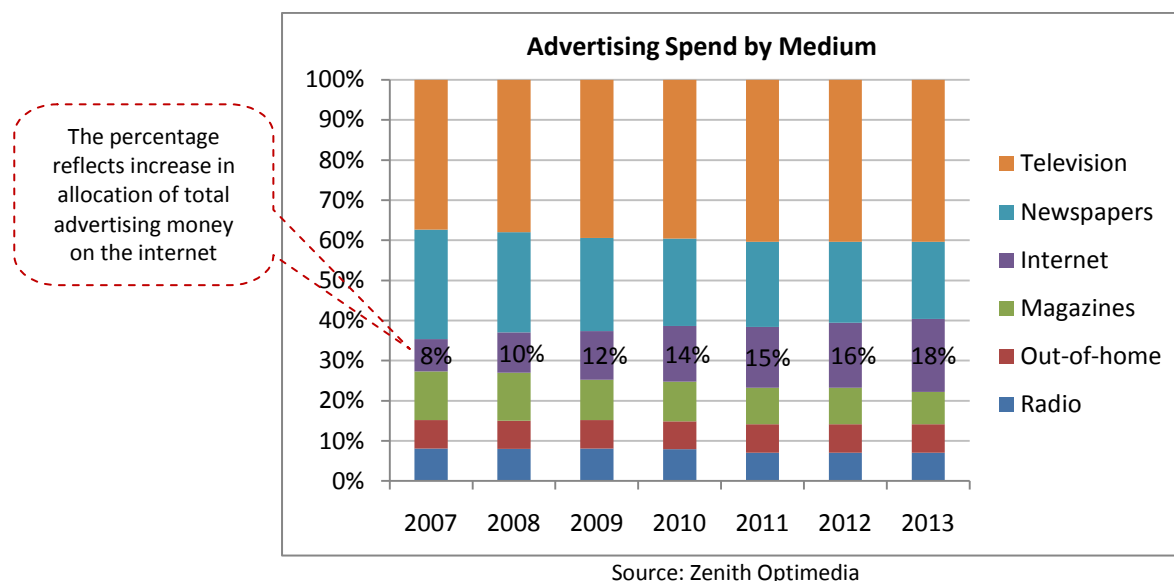
Note: Top 5 countries contribute more than 78% to the total Arab Advertising spend  
The Total excludes Pan Arab revenues (advertising spend by regional media outlets that cover multiple countries in the Arab region)

- The year 2008 saw major changes in the Advertising industry in the Arab world. From 2008 to 2009, the Arab region saw a 10% drop in GDP. This gets clearly reflected on the advertising industry, which witnessed a drop of 13% in advertising spend and subsequently a 13% drop in revenue generated.
- In UAE the Real Estate sector was the worst hit by the recession, a sector which prior to 2008 was the source of major advertising revenues.
- UAE and Saudi Arabia receive the maximum advertising monies in the Arab region, which is somewhat proportional to their GDP. UAE alone comprises more than 23% of the total advertising spend.
- Regionally, advertising spending is projected to have a compound annual growth rate of 8.8% (2009-2013). The total Advertising spending of the region is likely to increase from USD3.6bn in 2009 to approximately USD5bn by 2013.
- The increased spending is expected in line with the overall growth in GDP. The region is expected to post a double-digit CAGR in GDP for the period 2009-2013. Further, increased competition among industries, higher per capita GDP and increased investments in technology and infrastructure are likely to augment well for the overall advertising spending outlook. Moreover, the Media industry is at its nascent stage in most of the economies in the region as highlighted by the low advertising spend per capita (USD 22 per capita) as compared to the developed economies of the world. It reflects greater opportunity for improved content and resultant advertising through various Media channels across the region.



Source: Zenith Optimedia, 2009

### Advertising Spend by Medium



- Currently, advertising agencies are allocating around 40% of their budgets to Television and 22% to Newspapers. In the Middle East, traditional means of communication are still very prominent; however, New Media channels are soon catching up. In 2010, the percentage of advertising funds allocated to the Internet is expected to be 14%, and is estimated to grow to 18% in 2013, at a CAGR of 13% making it the highest growing medium among other communication channels. Currently only around 1% of advertising spending is aimed towards digital media marketing. There is a positive trend towards adopting more digital media channels for advertising.
- The rapid growth in New Media is expected to be on the back of increase intake of broadband subscriptions and mobile phone penetration. The overall ICT infrastructure in the Middle East is evolving at a rapid pace and driving the demand for digital content.
- Notable have been the investments made by GCC countries to keep in pace with the world digital trends. These have ranged from direct government investment in ICT infrastructure, such as fixed, mobile and internet communication networks, to liberalizing the ICT sector in order to promote private sector activity. IT spending in GCC countries is expected to grow 8-10% driven by the larger countries of Saudi Arabia and the UAE, which account for 50% and 25%, respectively, of total GCC ICT spending.

#### Expected GCC ICT Investments (2010-2012)

Country	Expected investment (US\$ mn)		
	IT	Comm.	ICT
Saudi Arabia	21,908	67,627	89,536
UAE	9,381	36,411	45,792
Kuwait	3,739	12,779	16,518
Qatar	3,598	11,451	15,049
Oman	934	6,712	7,646
Bahrain	2,109	2,972	5,081
<b>GCC</b>	<b>41,668</b>	<b>137,952</b>	<b>179,621</b>

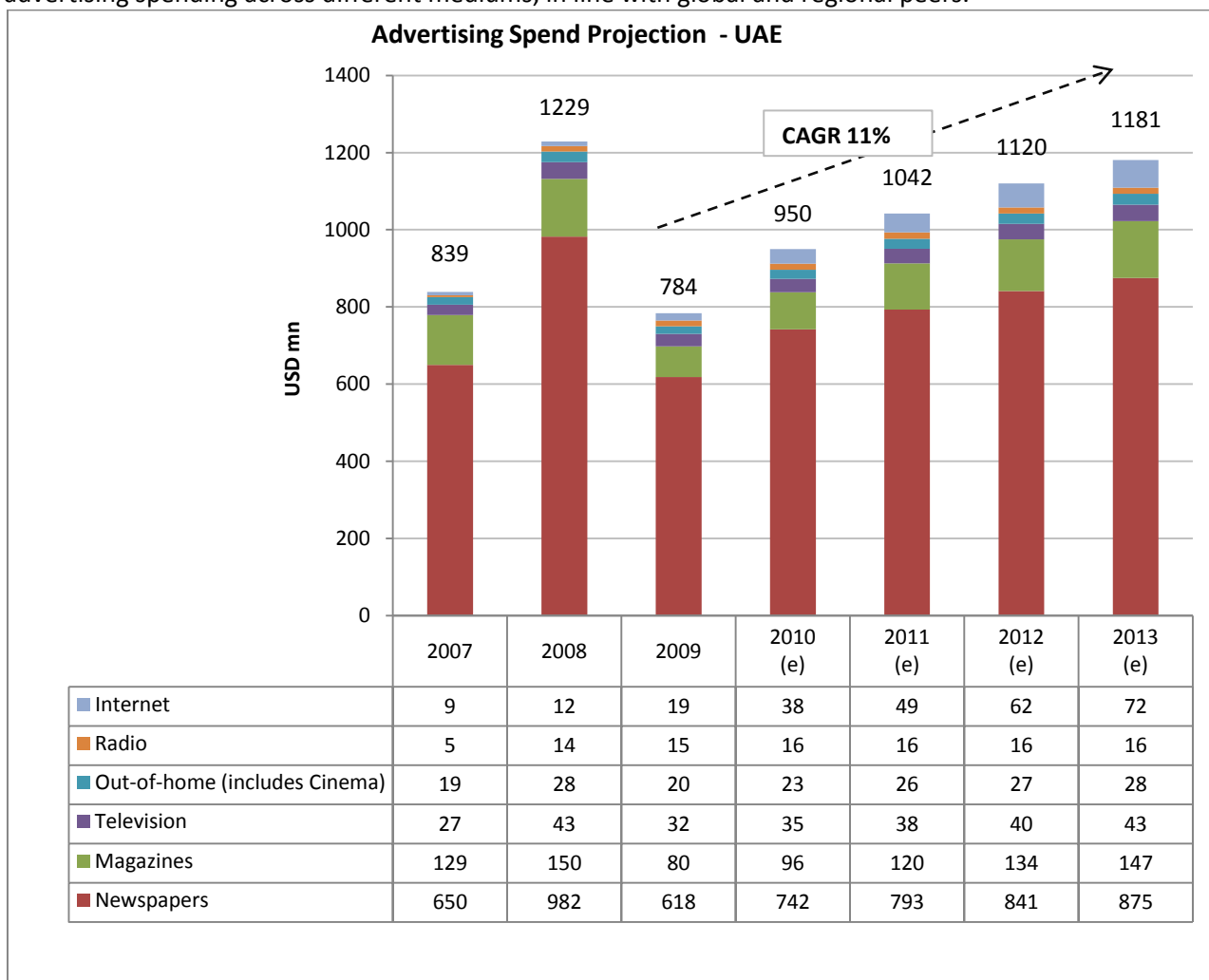
Source: Markaz Research, World Information Technology and Services Alliance (WITSA)

### Media Trends - Dubai

As per the Dubai Statistics Centre GDP calculations Media is recorded partly under Transport, Storage & Communication industry, partly manufacturing (printing) and Real Estate & Business Services (Professional services like advertising). Majority of the Media products and services are exported across the GCC as well as the Arab region, but there is no official record of these service exports presently. The only published source for Media related industries is the Arab Media Outlook (published by DPC) which is an annual report on the performance of the Arab Media industry which includes UAE.

In the UAE, the media developments are centered in Dubai (with the establishment of the Media related Free Zones). Further, large part of the advertising spend is done in the two economic capitals of the country Dubai and Abu Dhabi.

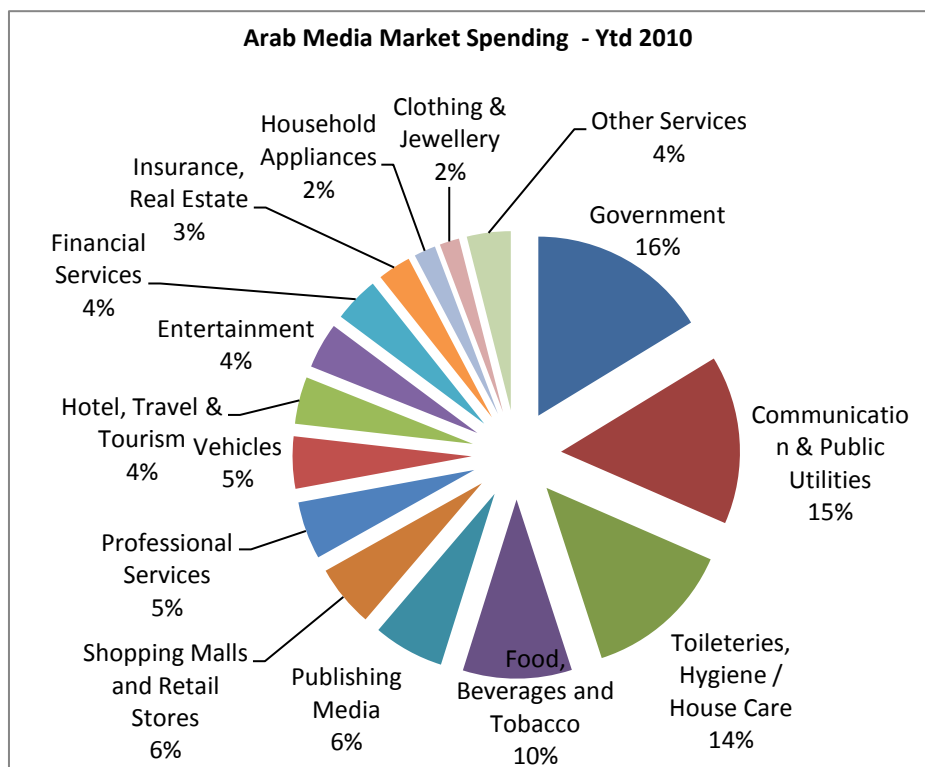
The advertising spend projection by medium is highlighted below. It reflects a growing trend in advertising spending across different mediums, in line with global and regional peers.



Source: Arab Media Outlook 2009-2013

- The overall advertising spending in UAE is likely to witness a double digit growth (CAGR of 11% from 2009-2013).

- Impact of economic recession was visible in 2009, where in line with the global markets; the Media industry in Dubai witnessed a significant decline of more than 30% from 2008.
  - Spurred by soaring ad-budgets of the regions property and financial companies, the number of publications in the MENA almost doubled to reach 1800 by 2008. In the beginning of 2010, more than 100 such magazines have already been shelved.
  - Emaar alone spent around AED55 mn in 2008
- Newspapers form a significant portion of the overall advertising spending, however its share in the overall advertising spend is expected to decline continuously (from 79% in 2009 to 74% in 2013)
- Internet is the only medium which is expected to witness increased interest from advertisers. The CAGR of advertising spend over the internet is projected at 39% (2009-2013)
- TV and Radio will continue to maintain their share at approximately 4% and 1.4% respectively
- **In spite of the decline, the advertising spend is likely to witness revival in 2010 on the back of;**
  - Government continues to be the largest spender in overall advertising in the Arab region. In UAE Government contributes over 60% of the overall advertising spending



Source: PARC

- The top companies which spent on advertising in Television in Q12010 were Etisalat, Hydra, Watani-UAE, Du and Family Forum. The top companies in newspaper Ad spending were Du,

Etisalat, Roads & Transport, Dubai Mall and Nadia. The top radio spenders were Etisalat, Du, Abu Dhabi Cultural & Heritage, Pizza Hut and Al Futtaim Motors.<sup>5</sup>

- Till 2008, the Real Estate and Banking sectors were the largest spenders of advertising, accounting for over half of the advertising spending in UAE. Currently, the Government of Dubai, the Health Care sector and the Automobile companies are the biggest contributors to the advertising industry.

**As compared to global and regional countries some key findings and analysis on advertising spend in UAE are as follows;**

- The Pan Arab region is positioned for high growth in Entertainment and Media as seen from the following table. The double digit E&M spending is likely because of strong growth in GDP in the coming few years. Emerging markets like the BRIC nations are also likely to witness high Media spending in the near term.

**Emerging Versus Established Markets – Entertainment and Media (E&M)**

Country	GDP growth 2009-2010	E&M spending Growth 2009-2010	GDP growth 2011-2013	E&M spending Growth 2011-2013
US	0.1%	-4.3%	4.6%	5.1%
Canada	1.0%	-2.9%	4.8%	5.8%
UK	-0.4%	-3.7%	4.1%	4.7%
Japan	-3.9%	-2.2%	2.8%	3.2%
Germany	0.0%	-2.7%	3.8%	3.2%

<b>Pan Arab</b>	<b>4.7%</b>	<b>10.2%</b>	<b>9.3%</b>	<b>18.5%</b>
India	10.9%	9.3%	12.6%	11.6%
China	9.7%	7.5%	12.2%	10.9%
Russia	4.5%	-5.9%	8.3%	10.7%
Brazil	6.4%	-0.1%	7.7%	7.9%

Source: PWC estimates, GDP at PPP

The area highlighted in red identifies countries which are expected to witness greater GDP and resultant E&M growth. Industrial developments and growing FDI in the BRIC nations is likely to translate into increased competition and hence greater need for advertising across various mediums. The nations collectively boast of a large youth population as compared to the developed nations like US or Germany, which are likely to fuel digital media consumption.

*Thus, the growth in Pan Arab region is likely to lead the Media developments in Dubai. Further, Media is a global industry and as such can be traded across borders; this is likely to create greater avenues for Dubai to trade in Media services not only for the Arab region but the entire world. The*

<sup>5</sup> PARC



*cosmopolitan nature of the Emirate is likely to add to the attractiveness of the Emirate as a testing ground for various New Media and digital products and services especially games.*

The impact of global and regional trends on the Media industry in Dubai is highlighted as follows;

#### Global Influences

- The global downturn has helped define **online advertising and gaming as more effective and cost-efficient solution** to attract consumers.
- **Web design is becoming less for "computers," and more for hand-held and small portable digital assistants.**
- **Increasing growth of producer-consumers as 'prosumers' are affecting the value chain in the content industries** (e.g. publishing, film, TV, radio, new media). Emergence of channels such as YouTube, Facebook enable convenient dissemination of User Generated Content.
- **Consumer attention span on decline** with increased focus on mobile and interactive mediums. There is a fundamental **shift observed from TV to PC usage to phone / PDA usage**
- **Globally, the youth is spending more time on the internet, listening to music, using mobile phones, sending emails, chatting with friends on internet messenger and spending time on social networking sites.**
- Increased use of games for advertising (**in-game advertising**)
- There are **growing concerns over monetization of digital content**; especially with new digital media channels, where material is distributed through the Internet or mobile interfaces.



#### Regional Influences

- Growth in the number of Free-to-Air channels in the region driving the need for **differentiation through quality programs and content**
- The **fragmentation of audiences across almost 500 FTA channels**, the lack of accurate and widely accepted audience measurement systems and the inability of satellite to offer targeted advertising are all contributing to **an undervalued TV advertising market and an overall low advertising spend per capita.**
- **Government spending in ICT developments to promote greater broadband and mobile usage**
- **High GDP coupled with a large youth population** is a case for increased consumerism and thereby media absorption
- **Increased registrations on Online/Multiplayer games**
- The GCC region has a **large expat population** (greater than 60%), except in Saudi Arabia which has a large local population, resulting in **fragmentation of media products and services**
- Based on a MENA IQPC 2010 survey, 55% of the respondents are considering adding digital marketing to their advertising mix, 27% are likely to go completely digital, and the remaining 18% are not likely to make any changes in their marketing strategy. **The most potential markets for digital marketing in 2010-2011 are likely to be KSA (73%), UAE (18%) and Qatar (9%).**



#### Impact on Dubai

Based on the Media developments globally and regionally Dubai is estimated to be in a position to develop content and digital Media products and services by;

- Adopting Global trends
- Catering to the Regional requirements for Media
- Developing Content locally to supplement its established Media distribution services.
- Providing for a testing ground for digital media products

Key Fac

ARAB REGION

**Favorable Demographics**  
- Children  
- Youth  
- Women

**High GDP Growth**  
  
**High GDP per capita**

**ICT investments in broadband and mobile**

**Infrastructure Development**  
(Sound stages and studios)

Macro-economic Factors

*The diagram presents a potential case for Media developments in Dubai. Both the macro-economic and industry specific factors depict a potential for further development of the Industry. Based on the industry structure, increased competition is driving the sponsors to spend while high GDP per capita of end-users is driving the need for entertainment and media products.*

*The value chain activities discussed earlier highlight Dubai as a base for broadcasting and distribution. To strengthen the broadcasting base and to uphold global and regional influences, it is important for Dubai to develop a sustainable Media industry. Such an industry will emerge from development of key elements in Media: CREATIVITY (content), IPR (to protect content) and ICT (to disseminate content digitally).*

#### **Definition and context of Content**

Content: both for the large expat population as well as the Arab population. The large expat population in the GCC is currently served by their home country broadcast channels. There is lack of original

content developed within the region to cater to this market. Further more than 60% of the population in most GCC countries is expat.

*Arab content is content “authored by Arabs”, “made in the Arab region” or “targeted towards the Arab population”. The Arab Media Forum, 2010 highlighted the need for Arab Content;*

- In the Middle East, there is a lot of need for retention of language and culture, and that can be done through media. For that purpose, it is crucial to encourage and develop content from the region.
- The Middle East is facing globalization like the rest of the world, so there is a risk of losing the culture, or getting confused. So, the role of media is to provide a platform for young Arabs to express themselves and retain their society. However, there is a misunderstanding that content in the Arabic language is considered “local content”. The stories need to be of the land and culture, for them to be completely local in nature.
- In the U.A.E, there is a lack of production of content, and an absence of an industry surviving solely on this content. However, there is lots of criticism on the quality of the content that is already existent, and not enough emphasis is given towards its improvement.

**Current status of Arab content in the region is as follows;**

- With more than 20% of Arabic-speaking population having access to internet, a meager 1.4% of Arabic content is a matter of concern.
- The Arab Media Outlook reported that 65% of audiences responding to a Nielsen survey in Egypt, Lebanon, Saudi Arabia and the UAE preferred Arabic versions of international newspapers of which 47% are from the UAE. Arabic is the preferred language for watching TV among 78% of the respondents, while 62% preferred Arabic as the language for browsing internet.
- It is estimated that an average of 30 to 40% of total output is first-run original Arabic content across the top 15 pan-Arab channels. A further 30 to 40% of TV content is imported from other markets (either subtitled or dubbed into Arabic) and the remaining 20 to 40% of output is constituted of repeats and news programming. In the UK, which has a healthy and competitive local production market, the level of first-run original programming on the five main networks is close to 50% of total hours.

*Media is a relatively new industry in Dubai. The key demand drivers for Media products and services in the Emirate coupled with the Emirates ability to serve the entire region highlight the growing importance of the industry in the overall economic structure. In the current situation where the aim of the Dubai government is to identify means of increasing return on investments already made, Media can offer an increased avenue for generating revenues from the production of Media related products*



*and services for the local as well as the immediate GCC and Arab region. The importance of Media industry in Dubai can be explained in terms of the opportunities it presents for growth and development.*

- a. The Media industry attracts young people and with its young population the city is ideal to sustain the Media industry. The industry is at their early stage, which implies that there is potential for jobs to be created in the near future, thus attracting young professionals.
- b. Media sector is a high growth sector and has greater potential for diversification away from natural resources. Hence continued investments in media sector can be expected.
- c. **High Internet usage and mobile phone subscriptions** coupled with high literacy rate are seen as a growth driver for the digital media industry.

*Hence, the report focuses on assessing opportunities across various segments in Dubai with a focus on SMEs.*

## 5. Opportunity Assessment – by Media Segment

### *MOTION PICTURE/ FILM INDUSTRY*

Films are the most creative forms of IPR, which can be created and then distributed globally across various platforms (screen DVDs, TV, mobiles, Internet), creating numerous opportunities for commercial exploitation. Locally developed films support a wide base of SMEs ranging from technical support to

fashion, catering, casting, equipment and related support services. Such capabilities will in-turn attract foreign films to shoot in the country.

#### BUSINESS CASE 1

- 25% (236) of the total Arab cinema screens (955) are located in UAE (Dubai houses 170 screens)
- Total Gross Box Office earnings in the UAE are the highest in the Arab region at USD 74 mn (Egypt is USD 60 mn)
- 80% of the movies screened in Dubai are from Hollywood, followed by Indian movies 12% and lastly Arabic Films 8% from Egypt or Lebanon.
- Less than 1% of films are made and released in UAE, versus 99% of films being bought and released in UAE

**INSPIRE OF THE LARGE MOVIE GOING POPULATION AND IMPRESSIVE GROSS BOX OFFICE EARNINGS --- UAE HAS MADE ONLY 2 FULL-LENGTH FEATURE FILMS TILL DATE**

#### BUSINESS CASE 2

- US producers scouting for new locations globally (other than US and Canada) – based on financial and logistical considerations

**INLINE WITH ECONOMIC DOWNTURN PRODUCERS GLOBALLY ARE LOOKING FOR LOCATIONS WHICH OFFER VARIETY, SAFETY FOR CREW, LOGISTICAL CAPABILITIES AND ABOVE ALL SUBSIDIES/INCENTIVES TO SHOOT. DUBAI IS BEST PLACED IN ALL THESE ASPECTS IN THE MIDDLE EAST, EXCEPT FOR SETTING-UP APPROPRIATE SUBSIDIES/INCENTIVES TO ATTRACT FOREIGN FILMS**

#### OPPORTUNITY GAP

##### Film Industry Structure:

##### (a) For FOREIGN films released in the UAE;

Foreign Films --- Local Distributor --- Screens

##### (b) For LOCAL films MADE and released in the UAE;

Local Production Value-chain --- Local/Foreign Distributor --- Screens

**OPPORTUNITY IN THE FORM OF DEVELOPMENT OF A LOCAL FILM PRODUCTION VALUE CHAIN IN DUBAI TO CATER TO LOCAL FILMS AS WELL AS INWARD FEATURES (foreign films being shot in UAE). THE HIGHLIGHTED PART REFLECTS OPPORTUNITY FOR SMEs**

#### READINESS TO ADDRESS OPPORTUNITY

##### Skills:

- 50-60 directors presently in the GCC, of which notable 10 directors are Emiratis
- Establishment of Acting school, film related educational programs in UAE
- Arab youth study Cinema abroad and contribute to the film industry in foreign countries like US, Canada or Europe or in LEVANT and Turkey in the absence of an active film industry in the Middle East

##### Infrastructure:

#### CONTRIBUTION TO ECONOMY

- Film industry can boost the image of a city
- Overall employment and skills development
- Multiplier effect of films on the economy
- When a project shoots on location, it typically spends 25% -35% of its budget in the location it films.

#### KEY CHALLENGES

- National Media Council Approvals
- Financing constraints
- Distribution (primary as well as tertiary distribution)

Source: Dubai International Film Festival, Screen Digest

Note: Arab Cinema Screens include (Bahrain, Kuwait, Qatar, UAE, Lebanon, Algeria, Egypt and Morocco)

Figures are as per 2009

*“Within 10 years the industry is expected to contribute significantly to the GDP in terms of revenues and employment as well as international visibility for the right reasons. It will start with Arabic films and then in English (Arabic actors speaking in English) for a global audience” --- Production Company*

*“Films not only add to the economy by supporting other sectors like -- tourism, hospitality, entertainment, transport & catering but also support marketing functions of corporates (provide opportunities for corporates to use films to promote their products/services)” --- Production Company*

*“Funding and distribution partnerships are required to form a quality film which can get international recognition” ---DIFF*

### **Industry Structure and Business**

A Motion Picture can either be developed by a Studio or independently by a Production company.

An independent film is “a film that is developed without ties to a major studio, regardless of where subsequent production and / or distribution financing comes from,” and / or where the producer shares some of the investment risk. In the US, a studio system a film is often developed, produced and distributed without leaving a single integrated company.

The Dubai model is based on independent feature film production and distribution, in that a feature film is not made and delivered to its final audience by a single company. Instead there is a chain of companies, businesses, and freelancers, all working on different elements of the production and exploitation process, and adding value in different ways along the chain. Furthermore once the film is exhibited, the money handed over by the consumer (whether in return for a cinema ticket, DVD purchase or online download) is subject to various revenue shares or commissions as it passes back through the chain.

**However, the segment is still in its nascence (only 2 full-length feature films produced till date) in the UAE. The reasons for the same are enumerated below;**

- Culture and creativity have not been a priority of the Government until recently as announced in the Dubai Strategic Plan 2015.
- Local script-writers have not been able to convert them into viable commercial outputs mainly because of;
  - Scripts being focused on one genre: DRAMA. Further, the scripts and screen play lack professional development, thereby creating an unattractive proposition for investors
  - Banks in the region view film financing as a risky business and avoid financing. In the absence of a studio / production house financing availability, independent film-makers find it challenging to source immediate finance for their films. Other film funds were absent, until 2009 when DIFF and ADFC announced film funds. Hence, independent film-makers had to rely on self-funding. With the exception of US, no other Western country is able to sustain its own film industry without Government funding in some form.
  - Moreover, European funding is available for Arab countries other than GCC because of the perceived oil-money in the gulf countries.
  - Limited distribution networks and reluctance of distributors to take on locally developed films versus popular Hollywood or Bollywood films dampen return on investment.
  - Dubai presents a small market and hence it is very difficult for a film production to break-even and attain profits within UAE. The broader GCC market does not offer any support (lack of cinema theater culture in KSA). For a film to be successful it has to reach a wider audience of the Arab region and beyond that in Europe and America.

Hence, film-makers either made movies in countries like Egypt or Lebanon with infrastructure and skills availability, or tied-up with production houses in Turkey/Syria to take advantage of the European funding available to those countries.

**Additionally, in spite of available infrastructure and scenic locations, UAE has not been able to attract many foreign films (inward features) to shoot in the country. The main reasons for the same are highlighted below;**

- There are no incentives/subsidies/rebates to attract inward features

- Dubai has no film commission to represent and promote itself internationally on the festival and trade show circuit. However, the recently established Abu Dhabi Film Commission (ADFC) is expected to take a broader federal role
- Absence of international co-production treaties (ADFC is currently in talks with setting up co-production treaties with different countries, especially by talking to embassies which have a cultural promotion mandate like Canada, Netherlands), production incentive schemes and rebate system (Canada offers 30-40%). Dubai has lost numerous high profile productions due to its lack of incentives (e.g. Miami CSI, Body of Lies). To-date it has facilitated only one Hollywood production (The Kingdom)

**The government is slowly addressing the challenges and issues in light of the potential opportunities that can contribute to the economy. The study assesses the opportunities with respect to global/regional developments and its impact/influence on Dubai.**

#### **Global/Regional developments and its influence on Dubai**

With a box-office of about USD 74 million and 8.75 million admissions in 2008, UAE represents the largest film market among the GCC. In comparison, Kuwait and Bahrain registered about 2.2 million admissions in 2008, while about 1.5 million cinema tickets were sold in Qatar. With 236 screens the UAE accounts for about 62% of the region's estimated total of 382 screens.<sup>6</sup> Although, the UAE has a significant movie going population, the country has made only 2 films in the last one year, highlighting the opportunity for local films to be developed and tested.

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<sup>6</sup> Focus 2010, World Film Market Trends



2009	Units	Egypt	Morocco	Bahrain	Kuwait	Lebanon	Qatar	UAE
Population	millions	76.5	31.9	0.8	3.5	3.8	1.2	4.9
GDP per capita	USD	2457	2655	22809	30041	8132	81861	43857
Gross Box Office	USD mn	54.9	8.5	16.9	19.8	12.2	13.0	74.2
Admissions	millions	25.6	3.0	2.2	2.2	2.0	1.5	8.8
Films made (local films produced)	number	35-40	12	---	---	8	---	1
Average ticket price	USD	0.3	0.1	8.0	9.5	6.7	8.9	8.5
Screens	number	400	74	52	57	80	37	236
Digital Screens	number	3	---	1	10	12	---	3

Source: Dubai International Film Festival, Screen Digest

- The Egypt film industry is one of the oldest in the world and it has an established infrastructure for film production. There are approximately 40 films produced in Egypt every year (however, this figure has come down from around 100 films a year in 2006)
- Morocco is an attractive location for filmmakers. It has managed to build up a reputation for foreign films, producing around 10-12 films per year due to the experienced talent base. The offer of incentives for filming is the key reason for the country to build its film talent base and increase interest from outside players.
- Films being produced in Egypt and Lebanon are localized and other countries like the UAE, Jordan, Qatar and Oman are also trying to adopt the local film culture. In Abu Dhabi, the twofour54 initiative offers funding and support for Film production. For example, the first Emirati Film Director, Nyla al Khaja, has been granted financial support by twofour54 to produce her film, *Mallal* (the film is currently in pre-production).
- The Arab film market is not as large as the market for International Films. However, with various festivals like DIFF and Abu Dhabi Film Festival, the regional film industry is being promoted and has seen a positive growth. With local (e.g. Nawaf al Janahi) and expat talent (like Soniya Kirpalani) being showcased and supported in various festivals, there is a positive trend towards film production.
- Film distribution channels in the GCC region are concentrated and controlled by very few large players, like Grand Cinemas (19 multiplexes throughout the Middle East, housing 165 screens), who buy exclusive rights of distributing content. With competition rising, many production houses from Hollywood and Bollywood have set up their regional distribution branches in Dubai. For example, Yash Raj Films from India and Warner Bros. from Hollywood have chosen to distribute their own films in the region.



- Moreover, a single large distributor in Dubai releases over 300 films per year (for the entire Arab region), which is double that released in a western market. The releases include Western films (80%), Hindi films (12%), and Arabic films (8%).

*To create a real film industry requires the development of local films and the facilitation of international films on a continual basis, which results in a steady flow of work that creates employment opportunities, attracts experienced crew and offers possibilities to train and develop local crews.*

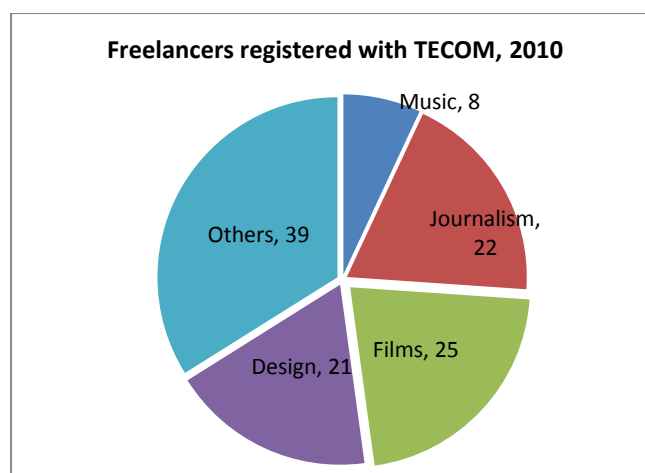
**The opportunity to develop film industry in Dubai is based on (a) readiness to address the opportunity (with respect to skills, infrastructure and funding) and (b) the potential contribution to the economy.**

- **Readiness to address Opportunity**

**Skills**

- 50-60 directors presently in the GCC, of which notable 10 directors are Emiratis
- Presence of Acting school and film related educational programs in UAE (especially Dubai)
- Arab youth study Cinema abroad and contribute to the film industry in foreign countries like US, Canada or Europe or in LEVANT and Turkey in the absence of an active film industry in the Middle East
- **Availability of freelancers at TECOM** - In the case of Films, more than 60% of the entire workforce involved in a production may be an independent freelancer (including the director). In UAE DMC, DSC and twofour54 provide legal visas for freelancers to operate within the free zones and provide services to the companies registered in the zone. The freelancer visa is available only in the Free Zones of UAE and in no other country in the MENA region.

**Freelancer's Permit at DMC** - The Freelancer's Permit identifies a media professional as a sole practitioner, thereby enabling business to be conducted in the name of a single practitioner as opposed to a company or a brand. Initial startup cost is AED20,000 which includes license, desk space, security deposit and a valid three-year UAE resident visa. An annual renewal fee of AED13,500 is payable at the beginning of every year. Freelancers in Dubai are registered with TECOM and concentrated in the Films (content and technical) and Journalist categories. Others include photographers, translators, market researchers and presenters.



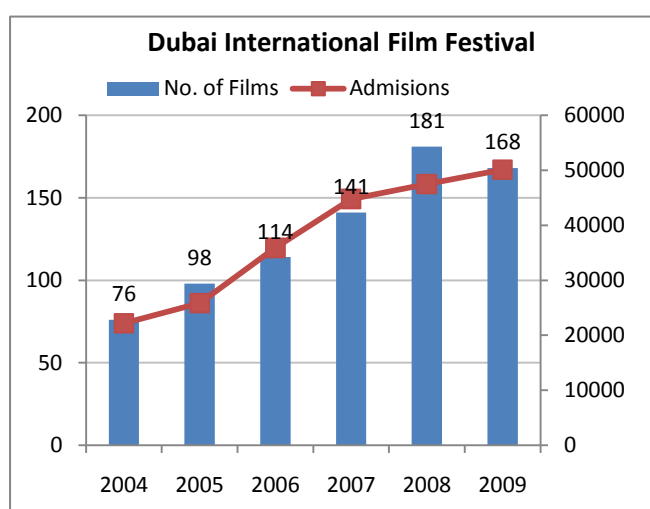
Source: TECOM directory 2010

- However the challenge is to retain the freelancers for regular projects as well as the availability of indigenous, trained freelancers still remains a challenge (especially for film equipment handling, actors, animators, etc)

### Infrastructure

- **Dedicated free zone (Dubai Studio City in Dubai and twofour54 in Abu Dhabi)** - These initiatives are attracting regional talent to the country, and luring media production and management personnel from the West as well. The production and post-production facilities in these two media production enclaves feature great infrastructure and offer a one stop destination for everything from Location permissions to Studio floors, technicians, camera equipment and high end post production equipment.
- **DSC Market** – the online tool allows for a single platform for film and photography based products and services along with skills (freelancers, technical skills, etc)
- **DSC/DMC Location Approval Services (LAS)** – the LAS services have been streamlined into a single body DMC/DSC. The department handles all the permissions and approvals required for filming in the UAE/Dubai. The following services are offered;
  - *Approvals & Permits* – LAS directly acquires approvals for all Emirates. These include but are not limited to approvals from government departments such as: The National Media Council, Dubai Police, Dubai Municipality, Dubai Civil Aviation, Dubai Tourism and Commerce Marketing
  - As per a decree, permissions to shoot in Dubai will be given only by DSC (office located in DMC because of central location and convenience). Only production companies are given permission, further each international company must necessarily have a local production company as a partner (to promote local companies).

- *Visa, Travel & Accommodation* - LAS assists in fast-track immigration process for crew members and film professionals, helps in sourcing reasonably priced accommodation for the crew and guides on travel requirements as well.
  - *Location scouting* – LAS maintains a database of filming locations and guides visiting productions to the locations most appropriate to their needs. LAS also provide professional location managers.
  - *Access to talent* - LAS connects visiting producers with the best local talent in accordance with their needs.
- **Dubai International Film Festival** has created a good start by promoting local films and exhibiting them in the foreign markets. The success of the festival can be gauged by the number of films promoted and distributed during the festival. Most of these films are made by Arab film-makers and producers (77 Middle East and 33 GCC premieres). The festival also provides encouragement for Arab film-makers to move from the festival screen to commercial stream and distribution.



Source: DIFF

Further, support is also available in terms of Carnet – temporary trade of goods. The Dubai customs allows carnets to be easily imported especially for filming purposes.

### **Funding**

The year 2010, witnessed the launch of film funds in UAE.

- **Dubai International Film Festival (DIFF)** – USD 1 bn film fund and Dubai Film Market for distribution and support. The initiative is available for the entire Arab region.
  - Dubai Film Market will work ‘from script to screen,’ covering every aspect of cinema from conceptualization to distribution. It will house the Dubai Film Connection, the



Festival's successful co-production market; the Dubai Film Forum, its popular hub for talent development, funding, workshops, and networking; Enjaaz, the Festival's dedicated post-production support programme; and the proven Dubai Filmmart, previously known as the Dubai Film Market, specializing in content trade, acquisition and distribution.

- DIFF has joined hands with Spain's San Sebastian International Film Festival to promote Arab filmmakers in Europe by supporting post-production and creating networking opportunities with global film professionals
- **Imagination**, (owned by the Abu Dhabi Media Company), launched a USD1bn fund in 2008 to invest in film projects and is committed to developing, producing and financing ten to fifteen films by 2013. Other funds and grants set-up by Abu Dhabi are;
  - International Screenwriting Competition – USD 100,000 Sasha Grant by ADACH
  - SANAD Film Fund – Development and post-production fund USD 500,000 annually

#### ● **Contribution to the Economy**

A Motion Picture Industry will contribute to the economy two fold – firstly it will help develop local film production, thereby increasing SME participation in the production value chain and secondly a thriving local film production will attract foreign inward features (with respect to technical skills, creative skills and necessary equipment and infrastructure).

#### **1. Developing local indigenous film**

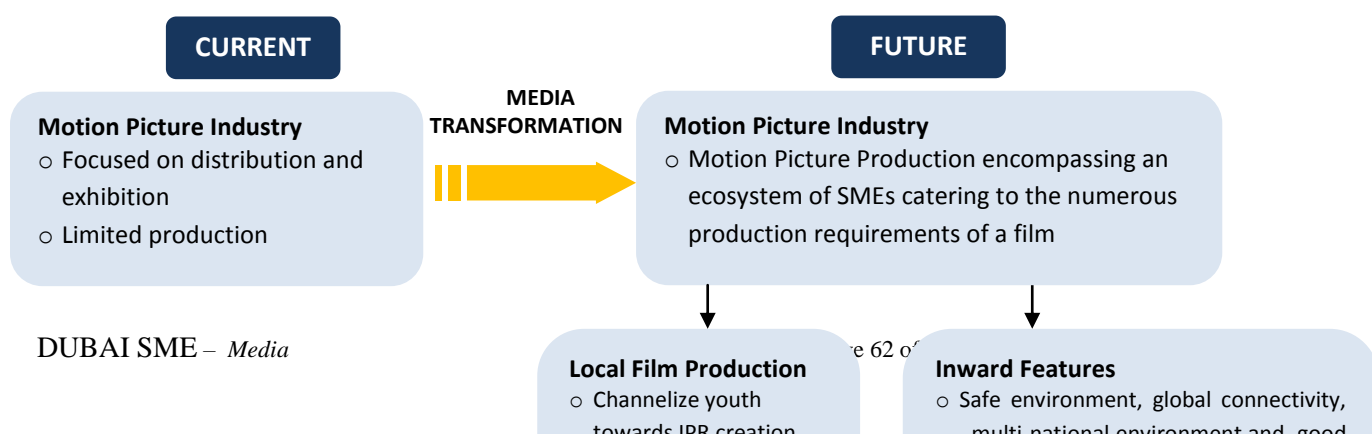
- **Opportunity to have atleast 2-3 options of Arab movies per week** - The local indigenous film industry is defined as films made by the population living in the country / region. Till date only 2 films have been made successfully (are known to audiences) in the UAE. Egypt, Lebanon and Syria have been known for their established film industry. With Middle Eastern stories catching the eye of many global audiences and Middle Eastern books getting good reviews, the market for films is not far away.
- To keep the indigenous trained pool in the country it is becoming more important to offer incentives and encouragement to make films in the country. Further, hands on experience in an environment and on-the-job training can happen only with more films, without which there is no absorption of indigenous talent.
- **Films can offer spin off opportunities** in the form of other media like - comics, games, musicals, novels, TV programs, as well as sequels.
- **Films are valuable IPRs** which can be distributed and traded attracting larger revenues and adding to the overall GDP of the country

#### **2. Promoting Dubai as a destination for filming – “inward features”<sup>7</sup>** (Till date 20 Indian, 4 Pakistani and 3 American films have been shot in UAE)

<sup>7</sup> Filmworks, Dubai based production company

- **Film industry can boost the image of a city** - A film industry is a well-accepted 'cultural ambassador' for promoting cities and countries. Celebrity endorsement can alone be a good enough testimonial to promote the destination internationally
- **Film industry can promote tourism** - Placing a destination in a film can significantly increase tourism by over 20-30% (Lord of the Rings trilogy revitalized the New Zealand tourist industry by an increase in visitor spending by 17% and contributing more than USD 40 million to the country).  
All developed countries have specifically created film commissions and rebate packages to first promote/increase tourism and to stimulate economic growth
- **Overall employment and skills development** – Visiting film crew would contribute to the economy, the industry will attract skilled and creative workforce. Dubai has a very small pool of talent currently, importing skilled labour allows for transfer of skills and further developing those who are already in the market. This in turn would reduce the overall production costs as skilled labour would be available within the country rather than importing it (resulting in overall attractiveness of Dubai as a filming destination comparable to Egypt and Lebanon)
- **Multiplier effect of films on the economy** – in the form of value-added services which are design and creativity oriented and can be performed by specialist SMEs - job creation for a substantial amount of diverse industries ranging from film equipment, make up and design, fashion and retail, photographers, helicopter pilots, insurers, caterers, security companies, set designers, technicians and equipment handlers, computer graphics companies, etc.
- **A Film typically spends 25% -35%** of its budget in the community it films. An on-location feature film spends an average of USD 80,000 per day whilst shooting. Approximately 50-150 international crew work on a film location, many staying in hotels.<sup>8</sup>

*Motion picture production in UAE, is a relatively new activity and as such UAE (particularly Dubai) has created a name for itself in motion picture distribution and exhibition. Hence, opportunity lies in MEDIA TRANSFORMATION from being an exhibition destination to a production destination. This in-turn would, stimulate the creative services industry that can be exploited through the right use of IPR.*



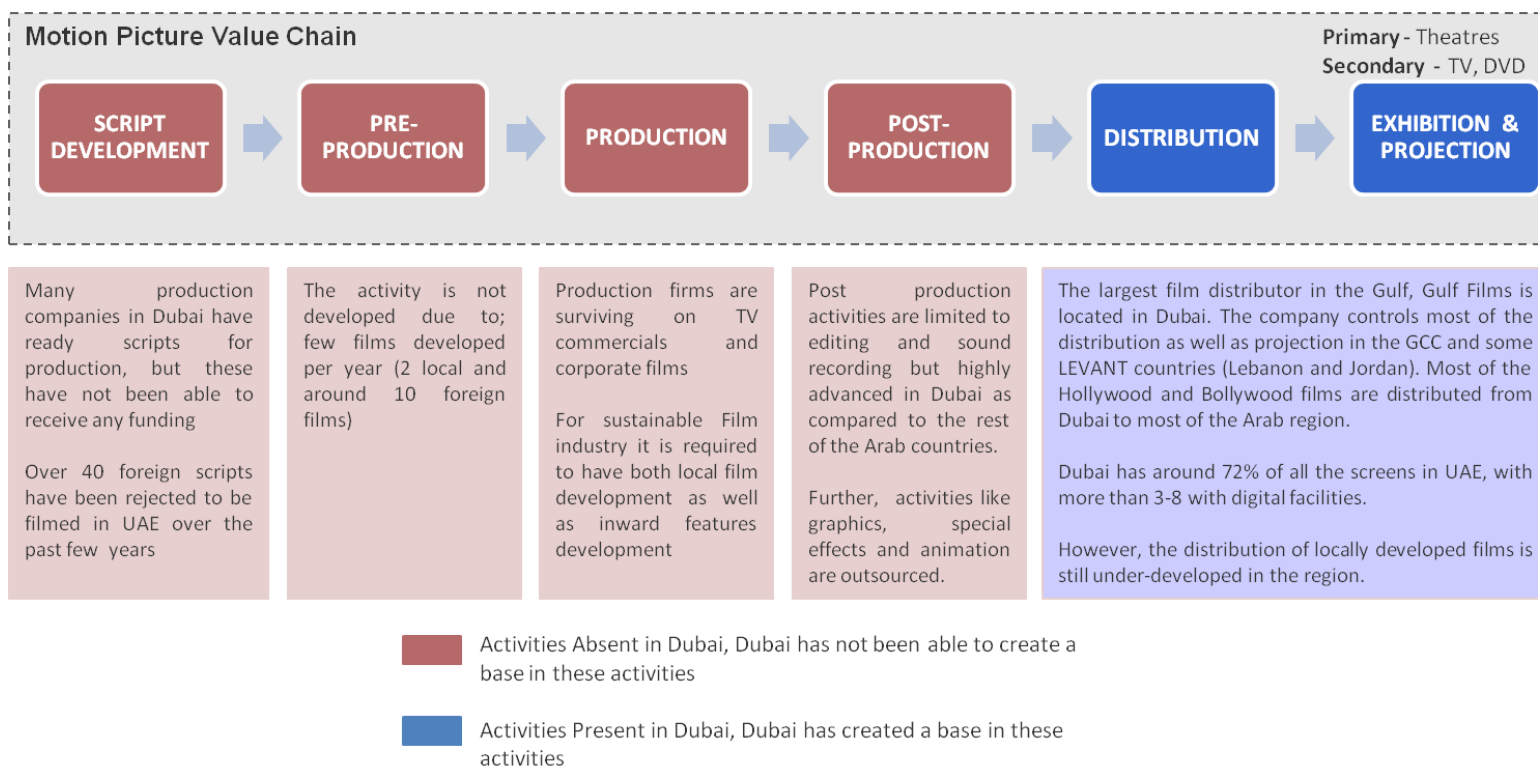


**The report highlights the current opportunities by studying the value chain of the Motion Picture Industry.**

#### **Current status of activities in Dubai – Motion Picture**

The current status highlights activities present and absent in the motion picture value chain of Dubai. It helps determine the activities which Dubai is known or not known for. It also highlights opportunities for SMEs across the value chain.

## Motion Picture Value Chain- Dubai



Source: More than 1 activity may be performed by a single company. The value chain activities have been enumerated on the basis of D&B Hoovers Industry Database and verified by interviews with Media professionals.

	Key Characteristics	Opportunities	Challenges
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<p>Script Development and Financing</p>	<ul style="list-style-type: none"> <li>• Script development is done by creative individuals (producers, authors, directors, writers, freelancers). Such scripts are vetted by the National Media Council for their cultural relevance and content</li> <li>• The individual (producer) creates or acquires a screenplay, gets tentative commitments from a director and principal actors, and develops a budget.</li> <li>• In the absence of studio financing and film financing by banks, film-makers in Dubai are self-funded or they obtain sponsorship from larger companies in return for branding/advertising in their films.</li> </ul>	<ul style="list-style-type: none"> <li>• The UAE is known for its poetry, however the poetry has not been able to transform in film script formats or advanced screenplays.</li> <li>• There are more than 10 Emirati directors and producers who have completed short films or documentaries, but have not been able to reach commercial screens</li> <li>• Further, the first step for movies could be in converting Arabic soaps into movies.</li> </ul> <p><b>Local Films - The opportunity lies in making atleast 10 films per year.</b></p>	<ul style="list-style-type: none"> <li>• <b>Lack of funding support for the indigenous film industry</b> – Lack of funding support from Banks, Movie-studios and Government Grants. DIFF has started competitions for local Arab filmmakers to submit their scripts and get approvals for funding. However, the fund lacks breadth and as such greater public and private partnerships are sought to bridge the funding gap</li> <li>• <b>The scripts lack professional approach</b> (owing to the lack of training for script development) and are done as hobby rather than profession</li> <li>• <b>Completed scripts are subject to NMC approval.</b> The NMC is known for its strict censorship</li> </ul>
<p>Pre-production</p>	<ul style="list-style-type: none"> <li>• Pre-production involves casting, scheduling, location analysis, rehearsals, crew, equipment, props, wardrobe purchasing, etc</li> <li>• Only a few casting agencies in Dubai and most of them secure their models and actors from other Arab countries (Egypt, Lebanon).</li> </ul>	<ul style="list-style-type: none"> <li>• Increased uptake of film production in the Emirate will help develop the small pre-production centre of Dubai.</li> <li>• It, in-turn will result in the emergence of specialist SMEs in casting, modeling, locations, wardrobe and props, etc.</li> <li>• <b>Location specialist</b> - this is a specialist job, typically a small company would be specializing in such services, it involves setting the shoot site, putting up tents, VIP areas, parking (for equipment and transport), green rooms, they also check if equipment can be brought inside studios, power connections, lighting supplies, etc.</li> </ul> <p><b>Local Films – The opportunity lies in emergence of specialist SMEs catering to the requirements of pre-production</b></p> <p><b>Inward Features – Dubai has a distinct advantage of multiple nationalities, varied locations and advanced infrastructure in the region. This adds to the overall attractiveness of the Emirate as a destination for inward features.</b></p>	<ul style="list-style-type: none"> <li>• <b>Visas</b> - A typical film will shoot with atleast 80 people on-location for a minimum period of 3 months. Given these statistics one of the biggest issues is the issuance and extension of visas (on project basis, instead of the normal 1/3 month visas)</li> <li>• <b>Talent bank</b> - Organisations like Imagenation have been one of the first in the field to set-up a talent pool of actors and film-makers by getting them accredited with Abu Dhabi Film Commission.</li> <li>• <b>Location approval Services</b> – Although LAS has been streamlined, production houses need to get prior approval of location owner. Lack of standardization in rates and time taken for approvals are critical deterrents for filming in Dubai. (Emaar charges USD25k per day while DIFC charges USD60k per day. On the other hand Lebanon charges only 1/3rd or sometimes does not charge anything for filming)</li> </ul>



<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Motion-picture Production</p>	<ul style="list-style-type: none"> <li>Filming for a movie may run from a few weeks to several months.</li> <li>Production companies rely heavily on freelancers and other specialist SMEs. They are managed by a leading producer/director who has networking links across the world</li> <li>A typical full length feature film (90 mins) in the UAE costs around USD 1.5 mn</li> <li>Many small production houses have set-up offices in Dubai. Most of these survive on TV commercials and corporate videos. Some of them also specialize in wedding shootings (GCC wedding market worth USD 200 mn in 2008<sup>9</sup>)</li> <li>The companies were set-up in anticipation of the studio support from Dubai Studio City.</li> <li>90-95% of the workforce is skilled and requires professional training</li> </ul>	<ul style="list-style-type: none"> <li>In the absence of a thriving film industry, support services for film production are absent in the country. <b>A production company outsources its work to more than 30-35 SMEs as follows;</b> Talent Agent, Casting, Crewing Agent, Equipment supplier, Special effects, Location experts, Editing, Sound Production, Wardrobe supplier, Set manufacturers, PR agency, Events management, Advertising agency, Graphic designing, Fashion designing, Make-up, Props supplier, Collection agencies, Film studios, Travel agency, Translation services, Dubbing, Subtitling, Language experts, Catering services, Transportation, Insurance, Technical experts, Lawyers, Accounting, etc</li> <li>Presently in Dubai, production companies are able to use around 15-20 companies. Other functions have to be developed in-house (at additional cost)</li> </ul> <p><b>Local Films - The activity can result in a trickle-down effect giving opportunities to a large number of support SMEs</b></p> <p><b>Inward Features – The SMEs shall support foreign films in the emirate</b></p>	<ul style="list-style-type: none"> <li><b>DSC is located on the outskirts of the city and as such lacks infrastructure and necessary support services</b> (transportation, restaurants, as well as other production support activities) Rooms are not sound proof (as per international standards) hence not being used extensively for quality productions</li> <li><b>Lack of film-making skills and training support</b> – Media courses and programs in Dubai and the UAE are relatively new (except in American University of Sharjah). However, greater support in the form of specialized media courses is required to promote indigenous talent. Moreover, to retain the indigenous talent it is critical to develop the local film industry so as to absorb the talent pool within the country and add to the overall economy. The talent has to be trained through on-job participation and learning.</li> </ul>
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<sup>9</sup> International Wedding show and Exhibition



<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Motion-picture Post-Production</p>	<ul style="list-style-type: none"> <li>• Post production includes areas like Sound mixing, technical equipment, special effects, dubbing and editing. The result of the cumulative post-production work is a master negative that will serve as the source for exhibition copies of the movie. An independent company may produce one movie per year; larger studios may produce over a dozen.</li> <li>• A post-production facility would require AED 300,000, plus around the same amount for equipment. To recover such high costs, the only way to survive is to produce in high volumes. Plus such a company needs to work 24/7, provide support 24/7 and comes right at the end of the production process</li> <li>• Such organisations are large organisations with international acclaim and heavy infrastructural investment. These companies are highly skill intensive and creativity oriented.</li> <li>• There are only a few full-fledged post-production studios in Dubai (BKP Music and Chimney Pot) which cater to the entire GCC requirements. The companies survive on advertisements and radio commercials.</li> <li>• <b><i>Dubai is known for its advanced post-production facilities.</i></b></li> </ul>	<ul style="list-style-type: none"> <li>• SME opportunities lie in special effects (on-location and off location), graphics and animation.</li> </ul> <p><b>Local films – Dubai currently houses advanced post-production facilities in the region. The opportunity lies in emerging areas of graphics, special effects and animation for the motion picture industry. However, these might require large capital investment.</b></p>	
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Motion-picture Distribution	<ul style="list-style-type: none"> <li>• Distribution of first-release motion pictures includes marketing to theatres ("exhibitors") that rent ("license") movies; obtaining exhibitor contracts; advertising; and providing promotional materials and copies of the film. Contracts specify what percentage of gross ticket sales go to the exhibitor, the distributor, and the production company.</li> <li>• In the Arab region, distribution is controlled by a Dubai based large player Grand Cinemas (distribution and exhibition)</li> <li>• Most of the distribution content is now becoming digital and requires tremendous ICT infrastructure and support</li> <li>• Film festivals are major markets for selling licenses to foreign distributors and for selecting international movies to distribute in the region. Dubai film market has initiated distribution of local films</li> </ul>	<ul style="list-style-type: none"> <li>• However the opportunities for SMEs are limited given the large investment requirement and repute.</li> <li>• <b>Opportunities for SMEs to convert motion-picture content to content compatible with websites (webisodes), mobiles (mobisodes) and other hand held devices</b></li> <li>• <b>It also presents opportunities for SMEs in digital storage and security</b></li> <li>• <b>Opportunity also exists in developing websites meant for only digital distribution of films.</b> Online cinema has the following advantages; content can be controlled and localized, no need of watching in sub-titles, can be watched at the comfort of one's home, can be of good quality (not pirated) and can be accessed by the population across the world.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Piracy</b> – distributors obtaining unscrupulous license operating in the market pose a big loss of revenue for the film industry</li> <li>• <b>Lack of appropriate marketing efforts by the producers</b> themselves (as compared to Hollywood and Bollywood films) creates a lack luster market for Arab films. Initiatives like, TECOMs Dubai Film Market has started to create interest for local firms and pushing distributors to take their distribution.</li> <li>• <b>Lack of distribution partnerships-</b> to provide networking opportunities for distributors/sponsors to meet up with film-makers</li> <li>• <b>Lack of co-production treaties</b> alienates foreign producers to come to UAE or distribute in their home countries.</li> </ul>
Motion-picture Projection	<ul style="list-style-type: none"> <li>• Screens are capital intensive and hence business is typically driven by large corporations with heavy initial investment. In Dubai, Grand Cinemas is the leader in screens and exhibition</li> <li>• The technology in movie production changes rapidly, due to the increasing power, visual, and sound capabilities of computers.</li> <li>• 3D projectors and associated equipment is expensive (AED300k-400k per screen)</li> </ul>	<ul style="list-style-type: none"> <li>• The activity is large player dominated.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Low profit margins</b> – Ticket prices have remained constant for over 10 years at AED30, inspite of increase in overall production costs, thereby resulting in lower profit share between distributor and production company</li> </ul>

## Success Stories



### Emirati Filmmakers

#### Nawaf Al Janahi

- Pioneered the DIFF concept in 2003. One of the first Emirati directors and actors. His vision is to make the Arab audience move away from Hollywood and watch more local content.
- Currently directing his movie Sea Shadow which is funded by Imagination Abu Dhabi
- Pioneered the EmaratFilms mailing list, the first website serving the Emirati film movement since 2001

#### Nayla Al Khaja (CEO, D-Seven Motion Pictures)

- Nyla al Khaja is one of the first Emirati lady filmmakers (producer and director) in the UAE
- Currently, is producing and directing a film called Mallal, in collaboration with twofour54
- Pioneered various initiatives to train film enthusiasts and professionals;

## TV INDUSTRY

In a multichannel environment, success of a broadcaster depends on securing ongoing rights for distinctive and attractive programming. Consequently the bargaining power of software right owners (TV program) has also increased. Since most of the programs are developed outside UAE, broadcasters in the country have to pay large sums to obtain quality programming rights as a key differentiator to enable higher audience share as well as advertising share.

### BUSINESS CASE

- Broadcasting in the Arab region is dominated by Free-to-air (FTA) sector, with 600 channels.
- Free satellite and terrestrial combined are the platforms adopted by 95% of TV households in the region, leaving just 5% for pay-TV platforms (mainly found in UAE and Qatar)
- There is constant competition to enable greater viewership and prevent viewers from shifting loyalty. 1<sup>st</sup> run exclusive programs demand a greater advertising share, generating opportunities for broadcasters to widen their revenue base through increased focus on new programs.
- The number of households in the region is expected to grow from 21 million in 2005 to approximately 23 million in 2010, creating a demand for greater TV content. The demand for audio-visual content across the Arab region is mainly driven by two distinct segments;
  - Youth (15 to 30 years old)
  - Children (less than 15 years old)
- Presently, TV content is supplied by Egypt, Lebanon and Syria. Dubai is slowly emerging as the reality, talk show, lifestyle and entertainment content production centre with Dubai One and MBC pioneering new concepts

**HIGH LEVEL OF FRAGMENTATION AND INCREASED PREFERENCE FOR FRESH CONTENT IS DRIVING DEMAND FOR 1<sup>ST</sup> RUN SERIES/PROGRAMS.**

### OPPORTUNITY GAP

**TV Industry Structure for Programs MADE in Dubai and distributed regionally;**  
Local Production Value-chain --- Local/Foreign Broadcaster

- Dubai is home to the region's leading broadcasters: MBC, Dubai One and Abu Dhabi Media Company
- More than 60% of the content is presently outsourced from other Arab regions (Egypt, Syria and Turkey) and less than 40% is produced by the broadcaster themselves.
- The average daily viewing time per individual is one of the highest in the world. (Middle East 4.34 hours and world average is 3.12 hours)
- Foreign channels like Cartoon Network are making in-roads in UAE

**OPPORTUNITY TO DEVELOP TV PRODUCTION VALUE CHAIN IN DUBAI TO CATER TO FRESH CONTENT (ARAB AND GLOBAL CONTENT) REQUIREMENTS OF BROADCASTERS**

### READINESS TO ADDRESS OPPORTUNITY

#### Skills:

- Availability of freelancers (anchors, presenters, producers, actors) in DMC
- Emirati students graduating from various Media streams have greater preference for TV roles.

#### Infrastructure:

- Dubai is the broadcasting base for 40 out of 140 TV stations in the Arab Region



#### CONTRIBUTION TO ECONOMY

- Creating and distributing valuable IPR
- The content so created can target specific regional audience as well as multiple cultures globally
- Convergence will allow Content and Technology to join to enable programs to be viewed across new media like mobile, web and other hand held devices, thereby creating potential for complementary industries to grow.
- Outreach to local community

#### KEY CHALLENGES

- Absence of Audited TV audience Measurement System
- Pay TV piracy rampant
- Unavailability of Funding support

***“Multi cultural nationalities allow creation of content that can be used across the world...e.g. developing content that can be made in Dubai and distributed across the world”...MBC***

***More than 30% of the viewership for MBC is by US and Europeans; they are willing to pay for digital content.***

## Industry structure and Business

The TV industry globally is distinguished by the type of broadcasters: Satellite (foreign) and Terrestrial (local). Each broadcaster may provide Free-to-Air (FTA) channels, Pay-TV (PTV) channels or a combination of both. While FTA channels derive revenues from advertising, PTV channels are based on subscription.

The traditional TV medium has evolved digitally into 'IPTV' (TV over internet) and 'mobile TV' (mobile / hand held device). Moreover, advancements in technology have seen the emergence of 3D TV.

The Arab television industry is unique to the rest of the world, largely due to the fragmentation of its audience across a region of approximately 7.5 million square kilometers and a population of over 250 million people bound by cultural and religious commonalities. The industry is characterized by the presence of a large number of FTA channel operators catering to a narrow range of genre and subjects.

Television viewership is strong in the region with over 38 million households, an increasing number of which are affluent. The TV industry is projected to grow at a CAGR of 20% through 2012, due to strong growth in the number of wealthier households, more reliable viewer measurement systems, increasing satellite penetration and greater professionalism in the industry.

**Dubai plays an important role in the overall Arab TV industry; 49 of the 149 broadcasters of the region are located in the free zone of the Emirate. However, since the past decade the activity is limited to content aggregation from various sources and its distribution. Not much has been attained with respect to developing TV concepts and its production in the emirate. The main reasons for lack of production base in Dubai were as follows;**

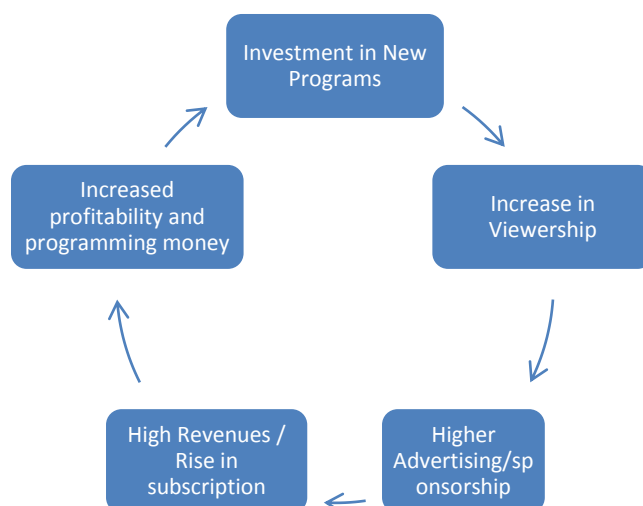
- Easy availability of content (Arab content from Egypt, Lebanon & Syria and Western content from US, UK and Canada)
- Large players and Public-run broadcasting channels developed their in-house productions/content. They did not invest in fresh content and were always on the lookout for ready options (Turkish programs recently have gained prominence across GCC TV)
- Fragmentation of TV audience prevented production houses from developing capital intensive production series. The Arab region and particularly the GCC are characterized by a large expat population base of varied nationalities, diluting the viewership.

As such, the production was limited to TV commercials and non-fiction programs along with news.

*However, the rapid growth in FTA channels has resulted in intense competition of retaining viewership especially in potential countries like Saudi Arabia and Egypt. As a result, broadcasters are resorting to new genres of programming and securing exclusive rights to programming content for retaining and attracting viewership.*



The cycle of increased investments in new programs and their impact on overall profitability of a TV broadcaster is depicted below. Fresh programs retain viewers and help drive revenues through advertising and sponsorships.



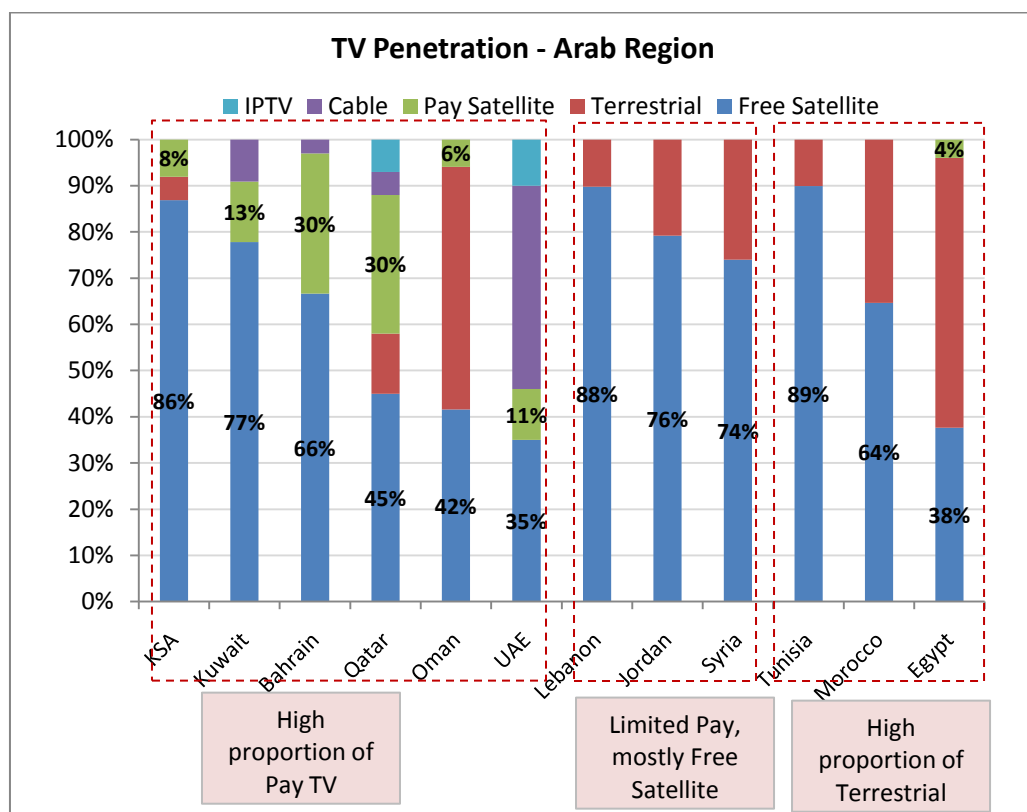
**TV operators across the Arab region are constantly striving to secure new programming rights and innovative concepts to keep up with the changing consumer preferences and sustain operations in a competitive environment. In such a scenario, the distribution and broadcast dominant TV industry of Dubai is expected to invest in original productions and content.**

**The study highlights the current status of the TV industry in the Arab region (in particular Dubai) with respect to FTA and PTV operators and the ability of the Emirate to address the opportunity for content production.**

### Current status of the Industry

The multichannel (FTA and PTV) oriented TV industry in the Arab region is the most popular medium for entertainment and information. TV penetration rates are high (95% across the MENA region<sup>10</sup>) with majority households having more than one television sets. The number of households is expected to grow from 21 million in 2005 to approximately 23 million in 2010, in the region.

**TV Penetration by Platform** – the bar chart highlights the heavy incidence of FTA followed by terrestrial (public broadcasting system). The high income economies in the GCC have witnessed increased penetration of PTV.



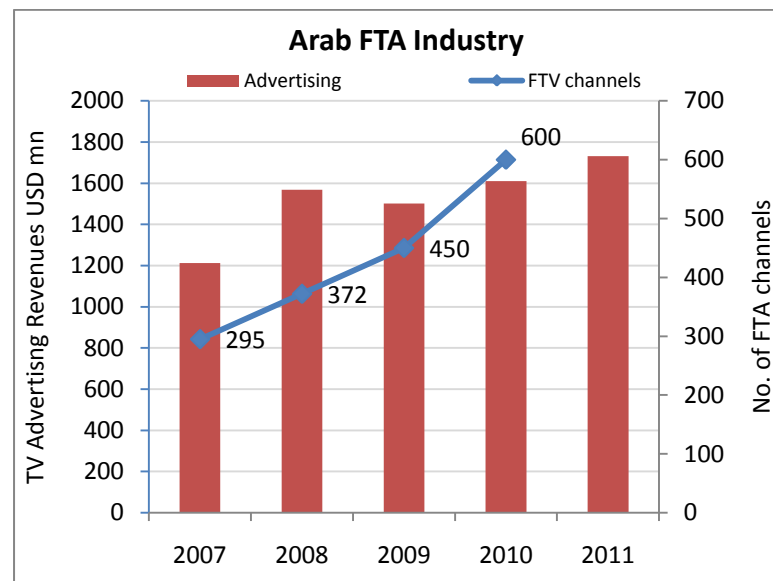
- Television penetration in the region indicates the popularity of the medium as a means of communication. In most of the countries, except for Egypt and Oman, free satellite penetration is the highest.
- In the region, IPTV has penetrated only in Qatar and UAE. The UAE, with 10% IPTV penetration has gained the first mover advantage by capturing this new medium. Etisalat and Du are the first telecommunications operators to have got permission for IPTV. IPTV is commercially launched in UAE (Etisalat and du), Qatar, Jordan and Lebanon as of 2010. As broadband adoption increases in the region, several operators in the Arab World have plans to implement IPTV in the near future.

<sup>10</sup> International Telecommunications Union, 2010

## Free-to-Air Channels

- **Rapid growth in FTA channels** - The number of FTA channels in the Arab region has grown from 100 channels in 2004 to more than 600 in early 2010. Majority of the TV broadcasting is done from Dubai (35% of the region's channels are based in the UAE).

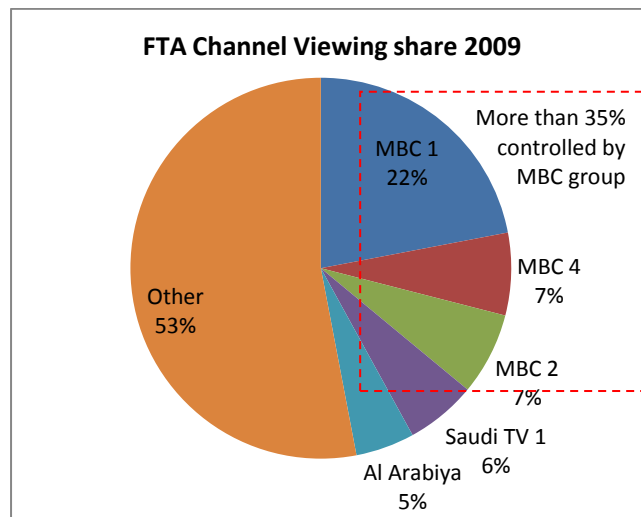
However, the advertising growth on FTA channels has not grown at the same pace resulting in small channels running unprofitable business. Low quality content (same genres of Drama with low levels of technical quality as compared to foreign programming and series) and high percentage of repeat broadcasting has resulted in reduced interest from advertisers. The revenues are completely dependent on advertising and, health of the sector is gauged by the amount of advertising money spent on the channels.



Source: Arab Media Outlook 2009-2013

- While the number of channels have more than doubled from 2007 to 2010, the advertising spend has grown by approximately 40% in the same period. High production and broadcast costs, and the fact that the spend is shared by a staggering 600 stations, makes it difficult to earn decent profit margins leaving some of the smaller stations struggling for revenue.
- **Highly fragmented FTA market** - The top 15 pan-Arab FTA channels make up 64% of audience share, they constitute 80% of the nearly USD900m pan-Arab advertising revenues. In turn, these channels are held by a few groups from the Gulf, namely MBC, Rotana / LBC, Abu Dhabi Media Company, Dubai Media Inc. and Al Jazeera. Other media owners, in Egypt for instance (Melody and Dream), are within the top 10 media groups in the region in terms of advertising revenues.
- The MBC Group (in Dubai) is the dominant broadcasting group, accounting for over 40% of total viewing share and 50% of total advertising across Arab channels. This is due, in part, to the range of

channels, languages and genres over which the group spans, including a 24-hour news channel Al Arabiya, as well as dedicated drama and entertainment channels in Arabic, English and Farsi. Further, the group has also been successful to secure Turkish series for their channels. These series are high-quality drama series dubbed in the Khaliji dialect.



Source: PARC

- Growing broadband penetration has witnessed a large number of FTA channels with online presence (approximately 230-240 channels<sup>11</sup>)
- Free satellite and terrestrial combined are the platforms adopted by 95% of TV households in the region, leaving just 5% for pay-TV platforms (Western Europe PTV accounts for 20%, cable 29% and 6% IPTV).

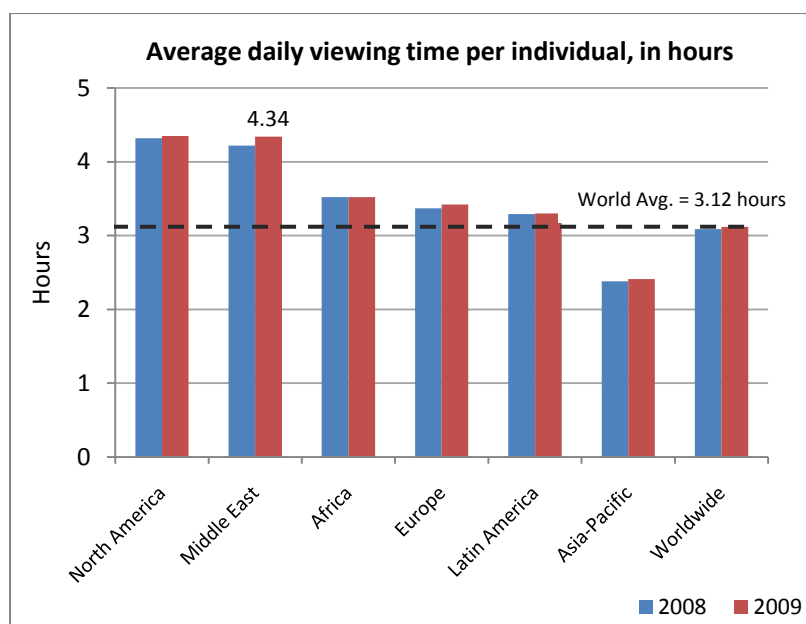
#### Pay-TV Channels

- PTV offers 140 channels by two players: ART (market share 60%) and Showtime –Orbit (40%). The model is based on offering a bouquet of paid channels from across the globe catering to the fragmented base in the region.
- The pay-TV market in the Arab Region is still emerging compared to other regions, largely due to the extensive threat to the sector posed by FTA satellite. When compared to other developed and emerging markets, the pay-TV sector in the Arab Region is one of the smallest. There are several reasons for the low pay-TV penetration in the region, including: an abundance of FTA channels, the widespread issue of piracy in the region, particularly in the form of “dreamboxes” and the limited amount of premium content available in Arabic language

#### TV Consumption and Advertising patterns

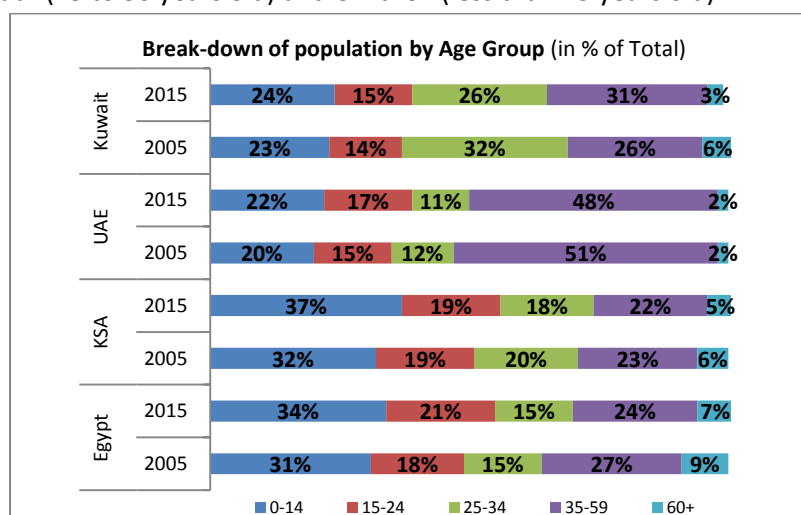
- The average daily viewing time per individual at 4.34 hours in the Middle East is much higher than the world average of 3.12 hours. This highlights the popularity of the medium in the region. The viewership is mainly driven by a growing youth base and a stay-at home women base.

<sup>11</sup> Arab Advisors Group



Source: International Television Expert Group

- The demand for audio-visual content across the Arab region is mainly driven by two distinct segments; Youth (15 to 30 years old) and Children (less than 15 years old)



Source: AC Nielsen and Booz Allen Hamilton Estimates

A marked increase in the proportion of children and youth will drive the need for education and entertainment targeted towards these segments.

- In spite of the high viewership pattern and potential audience base, the overall TV advertising spend per capita in the Arab region is the lowest at USD 7, as compared to developed countries like US and UK. The low spend is representative of the low revenues earned by TV broadcasters in the region as a result of relatively higher percentage of repeat programming driving away viewership.

The low spend is also indicative of the opportunity for broadcasters to enhance their revenue streams through improved programming content.

Country	TV advertising spend per capita, 2008
United States	USD 229
United Kingdom	USD 113
Germany	USD 71
France	USD 62
<b>Arab Region</b>	<b>USD 7</b>

Source: AT Kearney

- The FTA channels rely heavily on content supplied by Arab countries like Egypt and Syria aggregated with relevant western programs and series. On the other hand PTV operators, do not have any programming interests and purely aggregate content from broadcasted channels across the globe. The PTV operators offer a bouquet of channels, wherein each channel has to be subscribed. Such operators cater to the diverse needs for programming by different nationalities in the region.

*An analysis of the current programs on Arab TV shows the increased re-runs and imported content versus the first run original content. This highlights the demand for original content in the region to enable greater viewership and prevent viewers from shifting loyalty. Further, the 1<sup>st</sup> run exclusive also demand a greater advertising share, generating opportunities for broadcasters to widen their revenue base through increased focus on new programs.*

Arabic TV series pricing analysis Price range in USD 000' per episode hour		
	2003-2004	2006-2007
1st Run Exclusive	30 to 60	35 to 85
1st Run Non-Exclusive	15 to 30	30 to 40
2nd Run Exclusive	5 to 10	7 to 22
Open 3rd Run	3 to 5	3 to 5

Source: Booz Allen Hamilton

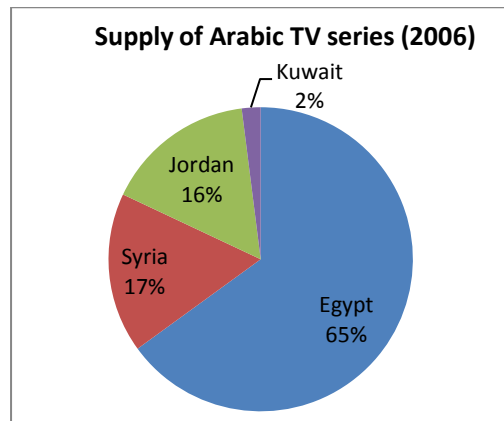
Reruns Vs. Original content across top 15 Pan-Arab channels (% hours in a day)	
First run original content	30-40%
Imported (translated or dubbed)	30-40%
Repeats and News	20-40%

Source: Arab Media Outlook, 2009-2013<sup>12</sup>

### TV Content Creation in the Arab region

- TV Content production is dominated by Egypt, followed by Syria and Kuwait (for the Gulf market).** Egypt's dominant role is due to access to a large regional creative pool (acting, script writing, directing), which is leveraged into a competitive cost structure for producing series. Egypt's dialect is widely understood from Morocco to Bahrain. Egyptian Media Production Company (EMPC) dominates with 46% market share of annual series production in Egypt and 23% of the region.

<sup>12</sup> Rerun - A television program that airs one or more times following its first broadcast is known as a rerun or a repeat.

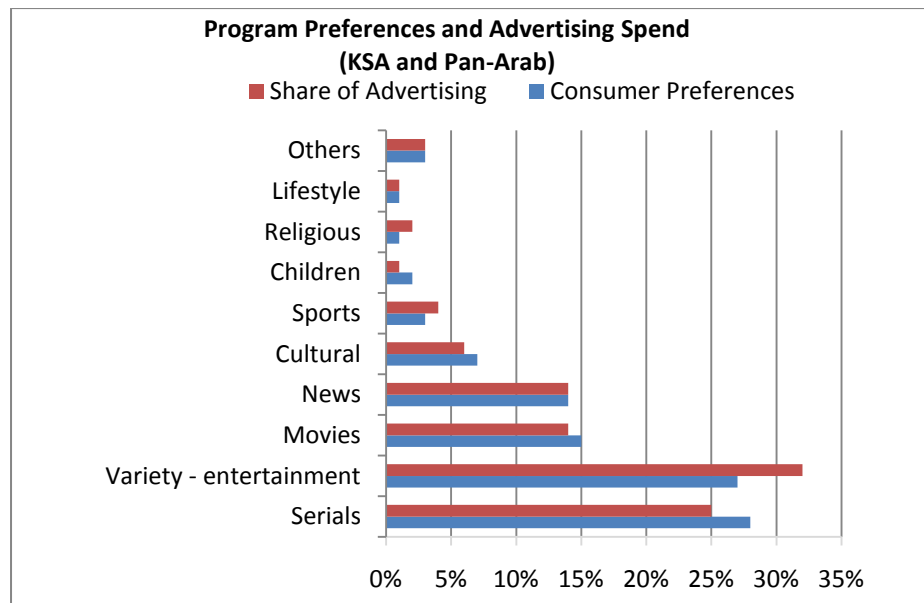


Source: Booz Allen Hamilton (Total = 2250 hours per year)

Syrian actors have become popular across the region for their roles in historic epic series. Syrian Production houses have become competitive due to generous government subsidies for production houses, better quality scripts, outdoor landscapes and archaeological sites and strong technical execution.

However, TV series production in Egypt and Syria have declined because of lack of good quality scripts, focus of production houses on films and heavy migration of TV actors to cinema resulting in high cost of production (TV actors demanding high price for shooting and they constitute 25% of the total production budget in a series).

- **Types of Content** - Most of the channels focus on targeting family audiences with general interest drama series.



Source: PARC and Booz Allen Estimates, 2005

Films, serials and News are the most preferred programs. Children programs lack content and advertising support. Others refers to – comedy shows and local programs

Lack of different genres of entertainment and programming clearly highlights the need for more original content in the region particularly in the Children and specialized categories.

As more and more viewers get increasingly drawn to foreign programming, new genres of local entertainment (live programs – talk shows, quizzes, games, interactive shows, non-fiction based programs) are a necessity to keep the viewers loyal to the channels and maintain their high content requirements.

- **Content for Arab and expat population** – While the aim of most broadcasters is to develop Arab Content (for Arab population) the large expat base in the region namely in the GCC cannot be ignored. Dubai One has realized this potential and has developed target programs for specific age groups (Twenty something, Out&About, etc).
- **Differentiation in Programming** - Broadcasters are responding to competitive pressures by differentiating their programming. One of the most profitable areas for differentiation is in high-quality Arabic series (high viewership and higher advertising revenues) that appeal large Arab speaking markets of KSA, Qatar and Gulf region. As a result, broadcasters are complimenting their current traditional supply of Egyptian TV series with productions from newer players, particularly from Syria and Turkey (most of the Turkish series are dubbed in the Arab dialect suitable to the Gulf region).





- **Content Production by Broadcasters** - There is increasing operational and financial involvement of TV broadcasters in production, partly to guarantee quality of output and partly to drive innovation through less familiar types of content, such as TV films and sitcoms and new media (MBC has its in house production company called O3 which produced various local content based programs)

Major broadcasters have been responding to rising prices of Arabic content series and need for quality productions by commissioning JVs or making own TV series. Industry leaders like MBC, Rotana, LBC, Al Jazeera and Saudi TV are committing substantial investments to create a strong portfolio of channels and secure attractive programming rights

Strategies used by broadcasters for differentiation;

- **Thematic channels:** MBC 3 for children, Fatafeat – exclusive channel for cookery shows
- **Targeted original productions:** high-quality original productions targeted towards specific audiences, featuring superior casting, scripts and technical execution. These programs could then be sold regionally (as IP strengthens). E.g. Mohammed Harib's Freej – which has now obtained rights for distribution across different channels and regions
- **New content types:** TV films and sitcoms, to get new audiences rather than driving away audiences from re-runs
- **New media formats:** adapting content to new media formats. E.g. MBC groups [www.mbc.net](http://www.mbc.net) which allows video-on-demand, music downloads, etc.

*The increased competition from FTA channels, fragmented market, subdued advertising revenues and large TV broadcasters garnering significant advertising share has resulted adoption of focus strategies (thematic channels, focus on content for specific geographies or population like children/youth) and quality content (different genres of programs in comedy and drama) by broadcasters.*

The opportunity for Dubai to participate in TV Content Development is based on (a) readiness to address the opportunity (with respect to skills, infrastructure and funding) and (b) the potential contribution to the economy.

#### (a) Readiness to address Opportunity

##### **Skills**

- Availability of freelancers for TV content production at TECOM.

##### **Infrastructure**

- **Presence of leading broadcasters in the Emirate** – allowing for greater participation in the content development process specific to the needs of the broadcasters. The value added activities will add to the overall skills of the Emirate.

- **Dubai Studio City** - DSC is home to over 70 broadcasters, while more than 160 TV channels operate from DMC. DSC has over 140 licensed business partners, comprising recognized broadcasters such as MTV, Spacetoon, Nickelodeon and NDTV (Arabia), and value chain companies including EVS Broadcast Equipment SA, Irdeto, Alpatron, and Mediapro. The cluster is offering attractive opportunities for companies across the broadcasting and production value-chain to set-up in DSC. Initiatives by the DSC are;
  - **18 boutiques studios** – allows companies to produce content in-house in the studios (small studios meant for talk shows and small programs) and directly upload it for broadcasting.
  - Along with DSC, Dubai provides studio facility in 10 different locations (Al Quoz and DIP)
- **Investments in ICT** - UAE is the most connected country in the Arab World according to the Arab Advisors Group's annually released Total Country Connectivity Measure (TCCM) The Total Country Connectivity Measure (TCCM) is obtained by adding the household mainlines penetration, cellular penetration, and Internet penetration rates in each country. The TCCM shows the extent of connectivity of individuals in a certain country via fixed lines, cellular lines and/or the Internet. The TCCM for 2010 is given below;

	TCCM	Fixed Line Penetration	Mobile Penetration	Internet Penetration	Population (mn)
<b>UAE</b>	<b>352%</b>	<b>83%</b>	<b>194%</b>	<b>76%</b>	<b>4.9</b>
KSA	286%	82%	166%	38%	25.7
Qatar	254%	102%	100%	52%	0.8
Bahrain	250%	20%	144%	88%	0.7
Kuwait	201%	56%	106%	39%	2.7
Oman	189%	66%	82%	42%	2.9
Lebanon	155%	97%	34%	24%	4.1
Morocco	149%	35%	81%	33%	31.6
Jordan	148%	20%	101%	27%	6.4
Syria	142%	94%	31%	18%	22.1
Egypt	140%	60%	59%	21%	80.4

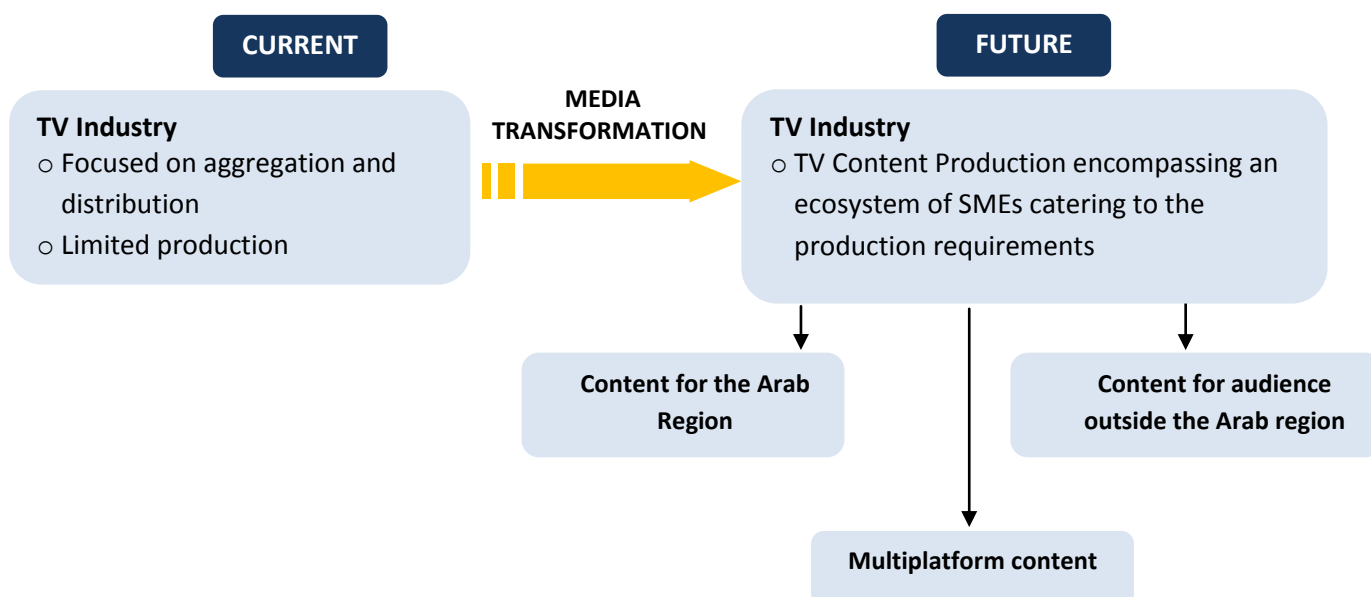
Source: World Internet Stats

The measure highlights the opportunity for Dubai to exploit content on multiple platforms internet, mobile and other hand held devices. Further, the region's telecom operators are active in promoting technology enabled features like IPTV and video-on-demand.

## (b) Contribution to the Economy

- **Creating and distributing valuable IPR** – The content generated in Dubai can be distributed to other channels across the region as well as outside the region to a global audience, thereby creating opportunities for commercial success. Further, adapting the content to multiple platforms also enables increased revenues for the production house. The content created in Dubai can be tested /made available to a wider audience given the availability of more than 200 nationalities in the Emirate.
- **Convergence will allow Content and Technology** to join to enable programs to be viewed across new media like mobile, web and other hand held devices, thereby creating potential for complementary industries to grow.

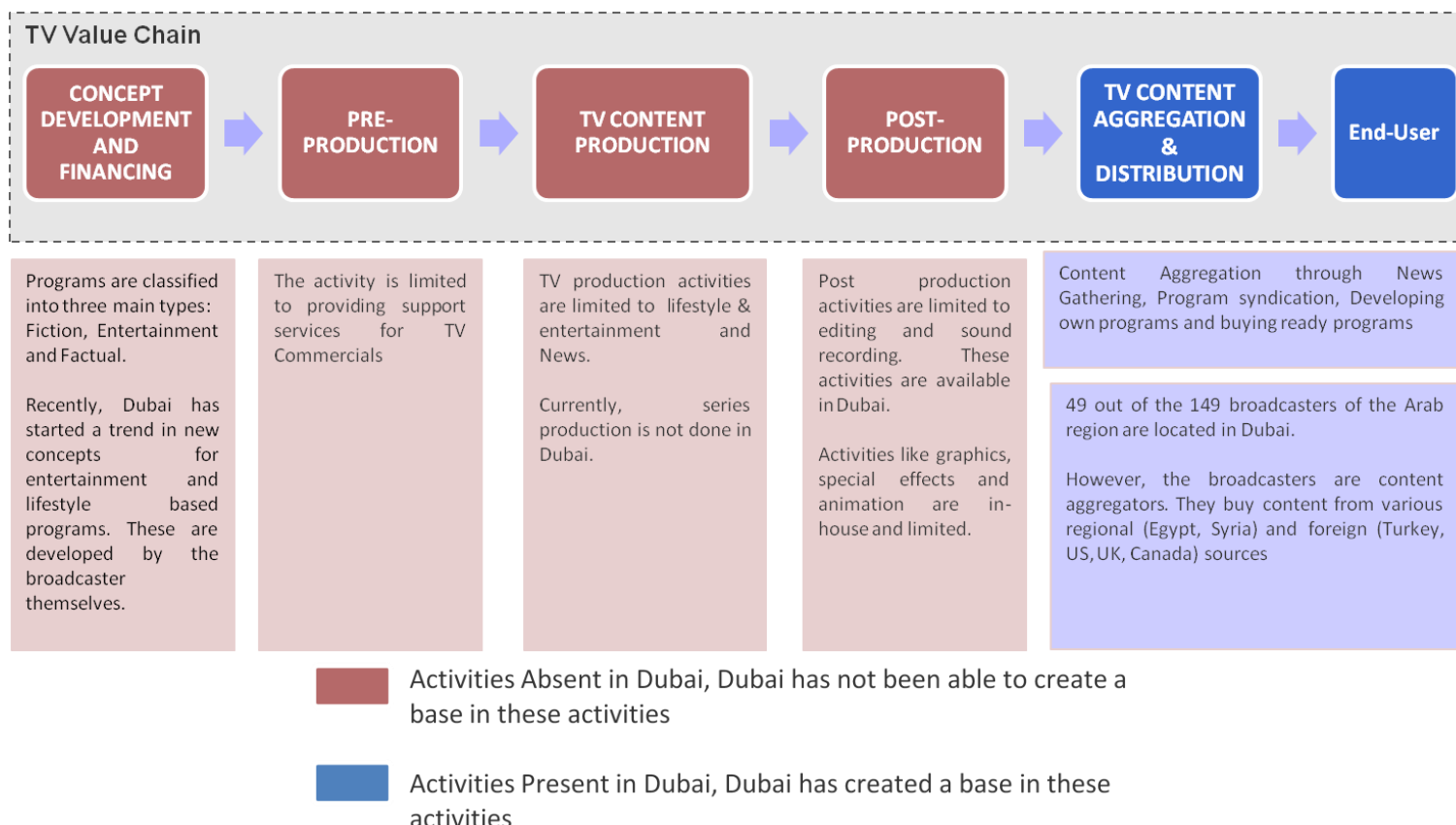
*TV industry in the Arab region is likely to witness increased “Content development” targeted specifically at the Arab audience as well as a wider global audience. Dubai’s participation in the Content Production value chain will benefit from horizontal integration: spread the use of content across more than one platform and geographies.*



**The report highlights the opportunities by studying the value chain of the TV Industry.**  
**Current status of activities in Dubai – TV Industry**

The current status highlights activities present and absent in the TV value chain of Dubai. It helps determine the activities which Dubai is known or not known for. It also highlights opportunities for SMEs across the value chain.

#### **TV Industry Value Chain - Dubai**



Source: More than 1 activity may be performed by a single company. The value chain activities have been enumerated on the basis of D&B Hoovers Industry Database and verified by interviews with Media professionals.

	Key Characteristics	Opportunities	Challenges
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<p>Concept Development and Financing</p>	<ul style="list-style-type: none"> <li>• Large studios and networks often prefer to create concepts on a proprietary basis and own the product/program/software. Other producers develop a program concept or a sample episode (pilot) to pitch to studios, networks, cable operators, or other potential sources of funding. For a potential series, funding may be only for one or a few episodes.</li> <li>• In the absence of studio financing and bank financing, production companies either resort to initial financing from the broadcaster or self-finance.</li> <li>• Dubai, is known for developing entertainment and news oriented concepts, or for taking up franchise of foreign programs to be reproduced in the region</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The opportunity lies in developing concepts;</b> <ul style="list-style-type: none"> <li>- that provide variety and quality</li> <li>- that can be compatible on multiple platforms</li> <li>- for a wide range of audience</li> </ul> </li> <li>• DSC and DMC house production companies both indigenous and foreign which can develop concepts for the Arab as well as the wider global audience</li> <li>• <b>Animation is likely to get easy consent from the NMC as compared to TV programs (since most of the animation is targeted towards families and children)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lack of funding support for the indigenous industry</b> – Lack of funding support from Banks, studios and broadcasters. Even if the broadcasting company accepts a pilot series it may buy the concept and get it developed from production companies outside the UAE (Lebanon or Egypt)</li> <li>• <b>Concepts lack innovation and variety</b> – they are focused on one genre DRAMA</li> </ul>
<p>TV Content Pre-Production</p>	<ul style="list-style-type: none"> <li>• <b>Similar to Motion Picture Industry</b> – the pre-production companies currently cater to the small TVC (TV commercial) requirements of the television industry. with reality shows gaining ground in the region, the pre-production activity is strengthening base in the Emirate</li> </ul>		



TV Content Production	<ul style="list-style-type: none"> <li>Filming for a commercial may take a day, but a show may require a few days to several weeks, depending on the length and number of episodes.</li> <li>Prices for first-run shows typically do not cover development costs, so production companies and distributors depend on licenses from short-term repeats; long-term syndication; additional media, like DVDs or computer games; and formats for other countries and languages.</li> <li>90-95% of the workforce is skilled and requires professional training</li> <li>In Dubai, production activity is limited. Large broadcasters have recently developed their in-house productions catering to entertainment and lifestyle.</li> </ul>	<ul style="list-style-type: none"> <li>Nearly 160 channels run by 40 companies broadcast, out of Dubai. Only 20% of production work, however, is done in Dubai itself.<sup>13</sup></li> <li>Dubai offers the best of East and West, locations and people variety</li> <li>As per the Maktoum directive; Dubai TV to have at least 10 locally produced serials, however only 3 or 4 finally aired, due to lack of local program availability</li> <li>Opportunities for Emiratis to participate in the industry (in front of the camera as well as behind the camera). The UAE news is dominated by non-Emirati Arab Nationalities (it is one of the few countries in the world where the local news is delivered by a non-local)</li> <li>The local content industry will spur the demand for local actors, casting agencies, presenters/anchors, camera men (currently only 2 Emirati cameramen in UAE)</li> <li>Focus on programs on education and children – Cartoon Network plans to launch a 24X7 cartoon channel in Arabic for kids in the region. The channel is expected to announce a quota for local productions. This will allow local content developers to participate by providing content for children (developed locally).</li> <li>KSA and UAE are among the top 10 countries which own 3D TVs – this provides opportunity for 3D content and animation to be developed in the region.</li> </ul>	<ul style="list-style-type: none"> <li>No training centre for voice-over artists</li> <li>Freelancers struggle between various jobs and are not committed to one company</li> <li>High cost of production – equipment and studio rental costs are higher in Dubai as compared to other Arab countries like Lebanon and Egypt, however Dubai provides a distinct advantage of advanced equipment with superior logistics and transport capabilities which makes it a preferred destination in the Arab region</li> </ul>
TV Content Post-Production	<ul style="list-style-type: none"> <li>Post-production finalizes content for the intended broadcasting time, typically a 30- or 60-minute time slot for a show. For a “30-minute” show, the finished product is actually about 22 minutes, allowing time for commercials.</li> <li>Dubai is known for its advanced post-production facilities.</li> </ul> <p><i>Similar to Motion Picture Industry</i></p>		

<sup>13</sup> Arab Media Outlook, 2009-2013



<p>TV Content Aggregation and Distribution</p>	<ul style="list-style-type: none"> <li>• These are dominated by large broadcasters with high initial investment and regulatory requirements from SAMACOM and TRA</li> <li>• Typical employee strength of a large broadcasting company in Dubai is approximately 2000 employees</li> </ul>	<ul style="list-style-type: none"> <li>• Dubai has already created a base for Distribution and broadcasting across the Arab region. The infrastructure support provided by DMC coupled with satellite connectivity (SMAMCOM) creates a case for advanced broadcasting activity from the Emirate.</li> <li>• <b>Dubai has the potential to be the hub for new media platforms. This presents an opportunity for SMEs to convert content into relevant formats and forms compatible for distribution over the internet, mobile phones, hand-held devices, etc</b></li> <li>• Being a heterogeneous market, it also serves as a testing ground for various programs and content forms before distributing it across the world</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Media Audit and research</b> - The number of media audited in the region is well below 50% (1/5th of the total media in the Arab World). Currently about 5% of the marketing budget goes to research in the Middle East, a very low figure compared to international markets.<sup>14</sup> In May 2010, NMC and TRA have announced the federal initiative for TAM (TV Audience Measurement), as a critical step towards development of the Media industry in the UAE</li> <li>• <b>Piracy</b> – Regional PTV operator estimate that at least 60% of the country's south Asian community is illegally subscribing to the Indian satellite broadcaster Dish TV, which does not have licenses to broadcast in the Middle East (there are at least 1.5 million illegal decoder boxes in the Gulf). The result is a huge loss of revenue that makes the pay-TV industry a tough business in the Middle East.</li> </ul>
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### Mobile TV in UAE

Etisalat first launched mobile TV services in the UAE in February 2007. The operator's mobile TV service offering enables both prepaid and postpaid customers to view live selected television channels on their 3G or 3.5G enabled GSM handsets. The streamed TV channels can be viewed via any generic media player such as Real Player. Subscription to the service is free, and the monthly contract fee is AED33. The available channels include Al Jazeera, Abu Dhabi Sports, BBC World and CNBC.

Both Etisalat and du continue to expand the number of channels which are offered to their mobile TV subscribers. In October 2008, du added the Dubai Sports channel to its list of available channels, while Etisalat added two new channels -- Dubai TV and Dubai Sports 2. du's management have said that they plan to launch new mobile TV channels in 2009

<sup>14</sup> Mediastow, a marketing research and audit agency in the MENA region

## ANIMATION AND GAMING

Presently, Gaming is the world's fastest growing media segment and the Middle East is one of the largest users and consumers of games (retail and online games). The large youth population coupled with high GDP per capita spending creates a case for increased game consumption in the Middle East. Additionally, the expat base in the region enhances the consumption and participation in online games.

### BUSINESS CASE

The main user industry for animation is the Gaming industry. Market size of the gaming industry in the region is approximately USD 800-900 mn in 2010 and is expected to grow at 10% pa.

- **Retail Games:** Middle East is one of the largest buyers of console/retail games
- **Online Games:** There are approximately 5 million casual online gamers in the Middle East, each spending an average of USD 18 a month on social media gaming
- **Mobile Games:** (covered in Mobile content Development)

Animation applications (other than games)

- Use of animation content in TV series and architectural walkthroughs
- Government is using animated comic scripts to communicate social messages

**WITH A POPULATION OF 338 MILLION AND CONSIDERED AMONG ONE OF THE WEALTHIEST REGIONS IN THE WORLD, THE ARAB REGION IS MARKED AS A HUGE MARKET FOR ENTERTAINMENT AND GAMES (SPECIFICALLY FOR ONLINE GAMES)**

### OPPORTUNITY GAP

- The gaming market in the Arab region is dominated by 4-5 distributors who have partnered with large global publishers. Presently, game development activity in the Emirate is limited to online games, customization/localization of retail games and games testing.
- Demand for games is driven by youth (Arab as well as Expat)
- Cartoon networks new channel '24/7 Arabic cartoons' in UAE will boost the demand for local animation content and children advertising. Further, more than 20% of the content on the channel is earmarked for locally developed animated series

**INSPIRE OF A GROWING GAME USER MARKET, THE GAME DEVELOPMENT ACTIVITY IN THE EMIRATE IS LIMITED AND HENCE THERE IS OPPORTUNITY FOR GAME DESIGNING AND DEVELOPMENT.**

### READINESS TO ADDRESS OPPORTUNITY

- New courses and animation related educational programs available in Dubai
- Broadband penetration





- Fastest growing media segment in the world
- Leading edge software industry
- Development of IPR and its extensions as films, comics, movies, merchandise, etc.
- Spillover from games into other applications (education, architecture)

#### CHALLENGES

- Funding support
- Education and Skill development
- Promotion of IPR
- Investment infrastructure
- Investment in effective broadband solutions

**Note:** The main user industry for animation is gaming and other segments are spin-offs from gaming. The report discusses the prospects of developing a gaming industry in Dubai and other user segments are discussed as applicable and relevant to the context.

#### Pixel Haze

- Working on developing games for Consoles, in 3D and 2D formats, Mobile Games, Animation, Cartoon strips for government organization, etc.
- Pixel Haze is a recent endeavor, started less than a year back, employees 10 artists, and has plans to grow to up to 50 people.
- It is currently designing and developing a game called Game Power 7 in Dubai
- Pixel Haze concentrates on developing games, but to generate revenue for the business, they also take animation projects, as well as Mobile game development. They also do animation for medical training and education

As per Pixel Haze, ***“There is potential for Game Development in Dubai which is currently untapped. With no competition, no taxes and high returns, the industry has high scope. A single online game CD costs around AED 250, out of which developers can make a profit of approximately AED 100. Even average games sell around 1 million copies, so there are overall very high returns on each game. An average investment AED 25 million- 30 million is required for Game Development.”***

#### Industry Structure and Business

Animation is the rapid display of a sequence of images of 2-D or 3-D artwork or model positions in order to create an illusion of movement. There are various techniques to create animation: 2-D animation, 3-D animation (mostly used in television programmes, movies and video games). It involves the extensive use of animation software programs.

Animation techniques are applicable across industries (particularly in games). The main user segments of the animation industry include; **Entertainment** (TV, fully animated movies), **Gaming segments** (Retail Games / Video consoles, PC gaming, Wireless/ mobile gaming, Online gaming), **E-education**, **Web designing**, **Visual communication** – architecture, product prototypes, **Medical and Defense**.

**Gaming** represents the world's fastest growing media segment. Demand is driven primarily by personal income and gamer demographics. There are two main types of consumers for gaming: **Hardcore gamers** - people for whom video games is a primary hobby. To appeal to this demographic, studios create content-rich games that employ the best of technology and typically have higher development costs due to their design and story sophistication (console games like Xbox). **Casual gamers** - casual games are much simpler, and appeal to gamers who want quick entertainment with less immersion. Platforms that appeal to these gamers are typically internet-based flash games, cell phone games and portable device games.

**Game development is an industry that is highly dependent on the presence of a skilled work force.** The US (41%) and Japan (31%) dominate the game development market globally. The Asia-Pacific region represents a major market for providing outsourcing of animation and gaming services (South Korea, Philippines, India, Singapore, Taiwan, Japan, and China). The success of IT and Information Technology Enabled Services (ITeS) in these countries has led to the increase in volumes in the animation and gaming industry.

By 2011, the worldwide gaming market is estimated to be worth USD 48.9 billion at a compound annual growth rate of 9.1% during the five-year period<sup>15</sup>. The gaming industry has three distinct platforms: Retail /Packaged games, Mobile games and Online Games.

1. **Retail/Packaged Games** – These include console games which are TV enabled. Leading players in this segments are Sony (Playstation), Microsoft (Xbox) and Nintendo
2. **Mobile Games** – These refer to games enabled on the mobile phones. (These will be covered in mobile Content development segment of the report)
3. **Online Games** – These can be single player online games, multiplayer online games (MMO) and massively multiplayer online games (MMORPG)  
(While MMO refers to games played over a server which last till the game ends; MMORPG games are community driven wherein the game world is persistent)

Each of these platforms has gained significant prominence in the Middle East region.

**The Middle East is one of the key drivers for gaming demand in the world;**

<sup>15</sup> PwC – Global Entertainment and Media Outlook



- The Middle East digital game industry was USD 750 million (USD 100mn of hardware) in 2009<sup>16</sup>. With a population of 338 million and considered among one of the wealthiest regions, the Arab world is earmarked as a huge market specifically for online games.
- **Retail Games** - The Middle East accounts for the highest level of sales of Sony's PlayStation 3 games console among the world's developing countries. The UAE console game market reported sales of 4.45 million units worth Dh 17.78 million in 2009 and is expected to grow at an annual rate of 10-15%.<sup>17</sup> However, the growth is predicted to be hampered by convergence; use of smartphones/mobile phones as portable gaming consoles in the future. Sales of games and game systems also spike sharply during the summer, as players look to keep entertained during the hot summer months, creating an important revenue stream for retailers during a traditionally slow season.
- **Online Games** - There are approximately 5 million casual online gamers in the Middle East, each spending an average of USD 18 a month on social media gaming<sup>18</sup>. The demographic profile of video gamers is changing and there is a strong growth in the number of casual gamers, which primarily consist of women and older men. Over 5 million people play Travian (most popular online game globally) throughout the world, 27% of these people are from Saudi Arabia. Travian is the 7<sup>th</sup>-most popular site in Iran, 9<sup>th</sup>-most in Libya, 11<sup>th</sup>-most in Kuwait, and 12<sup>th</sup>-most in Palestine, and 25<sup>th</sup> in Iraq. The developers have also created a mobile version where a gamer can play from an Internet-enabled cell phone, further increasing the accessibility of the game.

The current ratio of MMO players to the Internet users in the region is less than 1%, way below the world average of 23%.

*In spite of the large gamer population (regular as well as casual gamers) in countries like KSA & Egypt and a high per capita spending in the region, the Arab region lags in game development initiatives. The high skilled nature of the industry necessitates continuous convergence of creativity and technology at the highest levels. The multimedia creations require a development team composed of designers, artists, sound engineers and programmers.*

*Jordan is the only country in the Arab region which has taken a lead in design and development of games (online and mobile games) in the Middle East.*

- The National ICT Strategy 2007-2011 of Jordan aims at improving the overall competitiveness of the ICT industry in the Arab region. ICT contributes approximately 15% to Jordan's GDP.
- The strategy focuses on R&D, human resources and regulations to facilitate ICT developments in the country. The technology hub has helped Jordan develop IT products and services catering to the requirements of the Arab world.
- Strong ICT focus of the country has resulted in software companies like Wizards production, Maysalward, Quirkat, Jawaker and Aranim Media Factory to provide localization and

<sup>16</sup> Sony Corp

<sup>17</sup> Sony Computer Entertainment Europe

<sup>18</sup> Gate2Play – an online payment platform

customization to games (console and online games) in the Arab region in line with local customs and sensibilities.

- Quirkat a software firm – is now looking at becoming one of the first console gaming companies in the region and has signed a development deal with Sony to produce an Arabic title for its Playstation portable unit

*While Jordan has invested in developing its ICT base, Dubai houses the major publishers of games in the region. Further, it is also the main transshipment hub for games to be distributed to the Middle East and Eastern European regions.*

In light of the developed strengths in publishing and distribution, the report assesses the potential for Game design and development activities in Dubai.

Gaming, as an industry is very nascent in Dubai, with firms like Vertex Studios and Pixel Haze being formed only recently in 2008 and 2009 respectively. These companies started with animation for real estate and architecture and have moved their way up to conceptualize and develop games with a Middle Eastern flavor.

The companies have also attracted attention of private equity investors with Intel Capital having invested in Vertex Studios. The company is also one of the few companies in the Arab region to own a license to develop games / products for Xbox and Playstation.

Game development is a high skill, high technology segment which involves heavy capital investment and long creative hours to produce a single episode. The game development in Japan started with the comic culture, in Canada it began with Canada offering incentive for foreign animation companies to set base in the country and develop the indigenous industry.

For Dubai, animation and related gaming is a high-skill segment and the lack of indigenously trained resources is the biggest challenge for development of the segment. Hence the development is pegged to proceed with casual, small online games and then into a full-fledged gaming industry.

*Hence, first step towards game development in the region: online casual/flash games, iPhone based games and social networking based games*

However, the competition for gaming is global and the internet further allows easy trade of games over the web. Hence, for Dubai to develop games, the games would be technologically advanced providing enhanced cinematic experience and graphics.

The opportunity to develop Gaming industry in Dubai is based on (a) readiness to address the opportunity and (b) the potential contribution to the economy.

**(a) Readiness to address Opportunity**

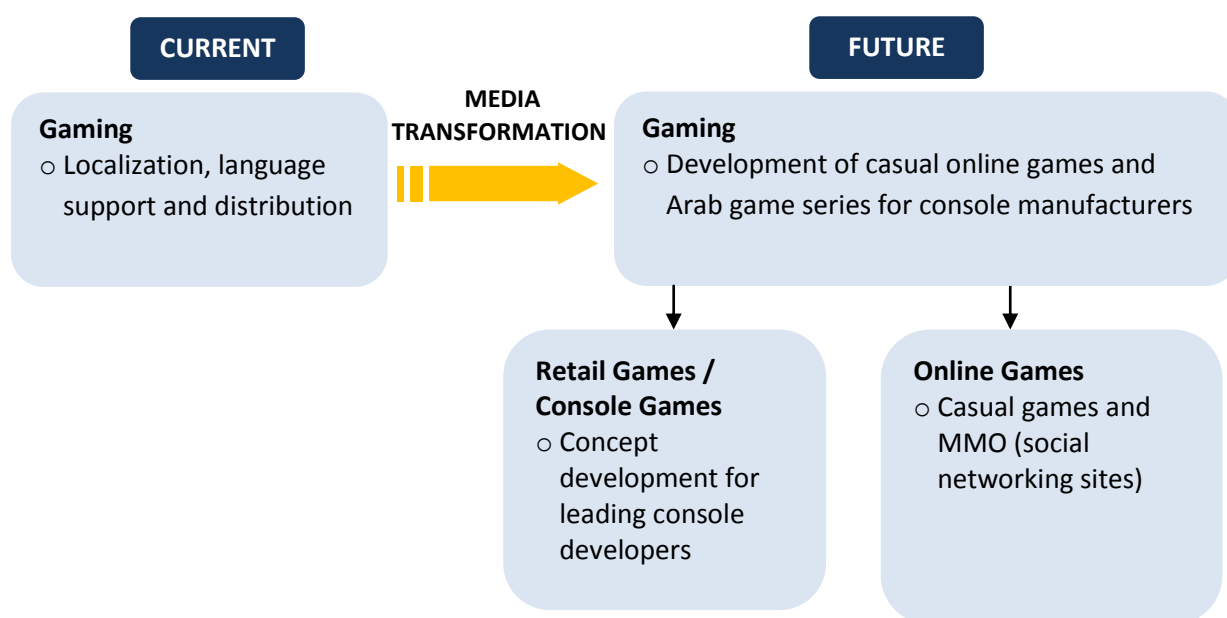
- **Broadband penetration increasing in the country** - the broadband environment in the MENA region has experienced rapid transformations with market liberalization, increased competition, and the introduction of new network technologies are all increasing consumer demand for broadband access. Networking specialist Cisco estimates that yearly traffic for online gaming is expected to grow at 51% in 2010 in the Middle East and Africa region. Internet gaming is projected to grow at an average compound rate of 39% during the same period.

**(b) Contribution to the Economy<sup>19</sup>**

- **Fastest growing media segment in the world** – The segment is one of the fastest growing media and entertainment segments globally as well as in the region.
- **Leading edge software industry**
  - The sector's demand for high performance hardware, software and networks also encourages innovation in the ICT industries as a whole.
- **Development of IPR and its extensions as films, comics, movies, merchandise, etc.**
  - Dynamic online games may be a viable model to counteract piracy. Increasingly, video games are also a platform through which other creative content and intellectual properties can be exploited in innovative ways. As traditional CD sales fall, the revenues that musicians earn from music video games such as Guitar Hero, Rock Band and SingStar are starting to take their place
- **Spillover from games into other applications (education, architecture)**
  - Spillovers from games into other applications e.g. architecture and engineering (image modeling)
  - Spillovers into new education techniques based on interactivity, group dynamics. Applications in other areas where interactivity is required (government services). Video games' highly interactive features make them a potentially valuable tool for learning. The capacity of games to emulate real-life environments and complex scenarios also makes them very suitable for training purposes.
  - If the game is successful, a sequel of the game can be made, and also be followed up by merchandise. Or, the license of the game can be taken for production of a cartoon series or a movie.

<sup>19</sup> OECD

The Arab region is a large consumer of games both retail and online games, but the region does not take part in the game development lifecycle. Dubai is the hub for publishing and distribution, to enable game design and development would necessitate tremendous investment in creative and IT skills development.

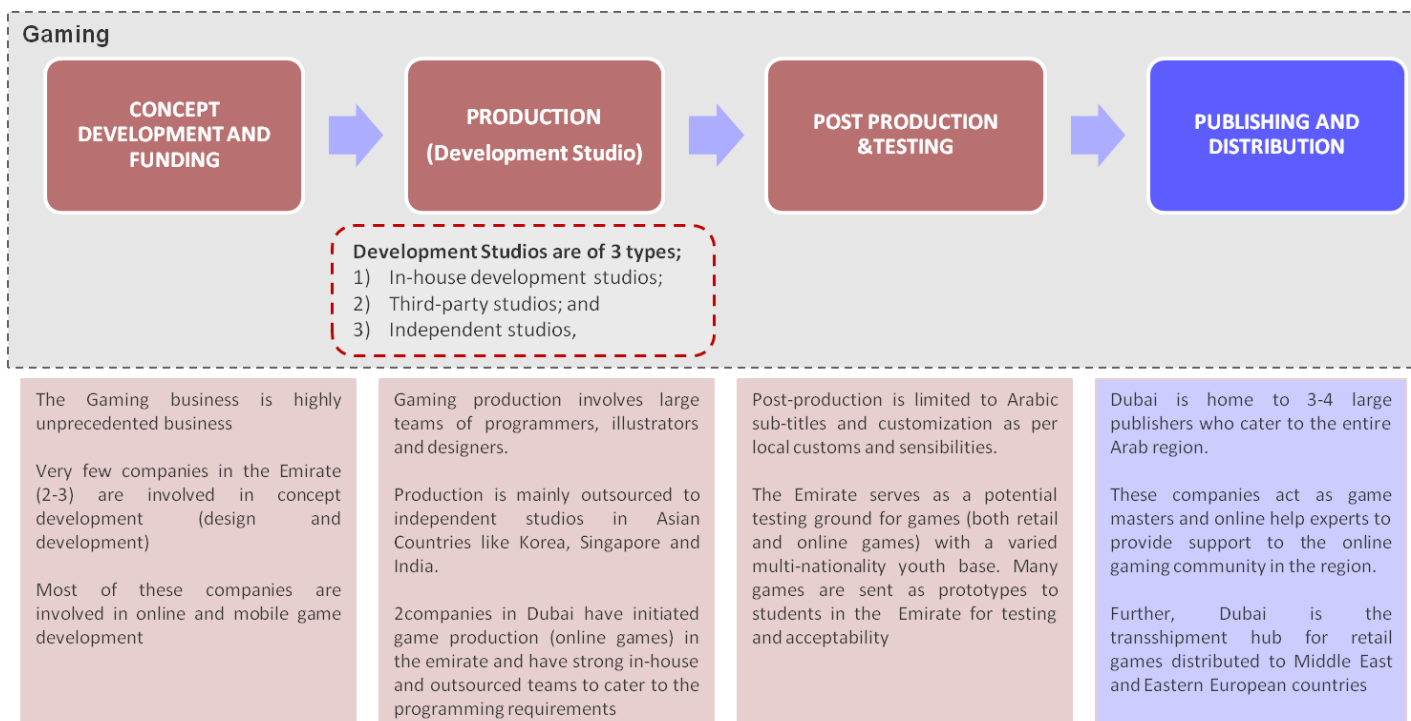


The report highlights the current opportunities and challenges by studying the value chain of the Gaming Industry.

#### Current status of activities in Dubai – Gaming

The current status highlights activities present and absent in the animation and gaming value chain of Dubai. It helps determine the activities which Dubai is known or not known for. It also highlights opportunities for SMEs across the value chain.

### Gaming Value Chain- Dubai



■ Activities Absent in Dubai, Dubai has not been able to create a base in these activities

■ Activities Present in Dubai, Dubai has created a base in these activities

*Source: More than 1 activity may be performed by a single company. The value chain activities have been enumerated on the basis of D&B Hoovers Industry Database and verified by interviews with Media professionals.*

Key Characteristics	Opportunities	Challenges
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<p>Concept Development and Funding</p>	<ul style="list-style-type: none"> <li>• Involves identification of existing intellectual property or generation of new idea and its funding. Concepts are based on other forms of entertainment like movies or comics. Other common sources are sequels or spin offs of existing games and simulations of real-world events (football).</li> <li>• Recently, entrepreneurs have taken up concept development inspirations through books for children (Majid, Falcon Ring) and TV series (Freej)</li> <li>• According to the Entertainment Software Association, a game can cost between USD3mn – USD5mn to develop, with an addition USD10mn for promotion and marketing.</li> <li>• The development of a game involves significant investment of time and money with chances of success remaining unpredictable</li> </ul>	<ul style="list-style-type: none"> <li>• The Arab region is unique in terms of its customs and censorship regulations and as <b>such there is opportunity for Arab culture to be translated into games.</b> (games like Aladdin and Prince of Persia which are based on Arab stories have been developed by companies outside the Arab region)</li> <li>• Growing popularity of comic books like The 99 Series (Arab comic) and Manga comics (Japan) - since the opening of Kinokuniya bookstore at Dubai Mall, UAE has sold over 50,000 Manga books in just eight months in 2009. The comics have a greater potential for animated strips and game inspirations. The first Islamic comic series (The 99) which won accolades from President Obama and Malaysia for being the first Islamic comic is gaining more recognition</li> <li>• <b>Potential for converting comics into games (Majid, The 99 series, etc)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lack of indigenous talent pool</b> in graphic designing, special effects and animation is a big challenge for the industry, and hence SMEs need to identify collaborative gaming and animation services (joint production efforts) to tap the potential in the region</li> <li>• <b>Funding support</b> – in the form of R&amp;D and technology incentives (fostering creativity and identifying spillovers), Business support (software, networking, information exchange for market development)</li> </ul>
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Production	<ul style="list-style-type: none"> <li>• Development studios bring together game designers, producers, programmers, graphic artists, sound engineers, and play testers who may work for months or years to deliver a completed software product.</li> <li>• Development studios are of three types: 1) in-house development studios owned by publishers; 2) third-party studios that may be partially owned by the publishers; and 3) independent studios, which operate autonomously. Typically, third-party and independent publishers are paid a royalty on sales generated from product sales.</li> <li>• Less than 2-3 companies (Vertex Studios, Joybox, Spacatoon, Pixel Haze) involved in local content development in Dubai. The present model is completely dependent on outsourcing (independent studios in Singapore and India)</li> <li>• <b>High technology sub-sector</b> - Gaming engines and animation software are essential to the development of games. Initial game design and content creation is done manually and then transferred to the software for animation.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Production of animated content is capital and skill intensive</b> (approximately USD 140,000 for one episode of animation). <b>As such, the SME needs to be highly specialized to enter this field.</b></li> <li>• <b>Retail games: High production and development cost and longer development cycles and difficulty to create hit games is a severe deterrent for SMEs to enter the field</b></li> <li>• <b>Companies are using online gaming as a technique to attract customers and make them aware of its products and offerings.</b> The global downturn has helped define online advertising and gaming as a more effective and cost-efficient solution to attract consumers. (The game-based advertising sector was worth around USD120m in 2004 and is expected to surge to USD1.8bn by the end of 2010<sup>20</sup>.)</li> <li>• <b>Major broadcast companies are branching into online/mobile games – MBC, Rotana, Spacatoon, ADMC</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lack of tertiary courses in animation and design.</b> Presently Dubai does not have any internationally accredited animation academy for tertiary training. However, Abu Dhabi's twofour54 has set up an animation academy in partnership with Cartoon Network in Abu Dhabi. AUD is also training students in game design and development. They have partnered with Crytech, a gaming engine, to develop games in the region.  Entertainment and games software industry employs programmers, game designers, producers, graphic artists, sound designers, play testers, and customer service personnel, requiring varying levels of skills and training.</li> <li>• <b>Investment in infrastructure (online games)</b> - Lack of large data servers (currently all the hosting is done in London, since large online games have associated payment gateways which need to be secure and effective). No dedicated game server provider in UAE (the nearest in Singapore, UK, Germany<sup>21</sup>).</li> <li>• <b>Investment in effective broadband solutions (online games)</b> - UAE lag and latency is in the range of 300-500ms, the UK is only slightly better as compared to German hosted servers where latency is limited to 160ms.</li> </ul>
Post Production and Testing	<ul style="list-style-type: none"> <li>• Post-production involves extensive testing and review.</li> <li>• During the testing phase, a copy of the game is sent to the Entertainment Software Rating Board (US) to be given a rating.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Dubai has the potential to be the testing hub for games (both retail and online games)</b></li> <li>• Currently, most of the cult leaders for online games are based in Dubai. Large game developers located in Germany, US and Japan often send their game versions to such leaders to test and modify their games.</li> <li>• Many students from Universities in Dubai are also a part of the informal testing base for games throughout the region. <b>The diversified pool of nationalities in the emirate offers a productive testing ground for console as well as online games</b></li> </ul>	

<sup>20</sup> Hyzon

<sup>21</sup> Hypernia Game Servers



<p>Publishing and Distribution</p>	<ul style="list-style-type: none"> <li>• Publishers are responsible for marketing, distributing, and selling software products from development studios. Publishers also influence product design and content, as they're attuned to market demands, and generally maintain a mix of internally and externally developed content to ensure creativity and originality.</li> <li>• Most of the games available in the region are bought from foreign developers and translated or localized for the region.</li> <li>• Market dominated by 4-5 distributors (Game Power 7, Pluto, Tahadi Games) partnered with most major publishers. These play an important role with respect to local language support.</li> </ul>	<ul style="list-style-type: none"> <li>• SMEs can set-up publishing companies for obtaining rights of various foreign games and animated content. Such publishers play two major roles; <ul style="list-style-type: none"> <li>◦ <b>Game localization and culturization</b> – “Arabize” the content and make them suitable for the Arab population, considering religious and cultural sensibilities.</li> <li>◦ <b>Online gaming concept promotion and marketing</b> – Developing and promoting online games and multi-player games, and making them gain popularity in the region.</li> </ul> </li> <li>▪ Online games - Games can be downloaded for free or installed through a DVD. Revenue is earned through in-game advertising, product placements, and in-game items (which are purchased with actual money)</li> <li>▪ Each game costs approximately USD 0.5 mn to USD 1 mn to localize and develop. Additionally, USD 40-50k is required as hosting fees (one server in London)</li> <li>▪ Even if 10% of the total gamers (approximately 10 mn users) pay to buy some extra items for the game, the publishers/distributors make decent returns. Further, the Arab region offers prospects in the form of numbers as well as high spenders.</li> </ul>	<p><b>For both Retail and Online Games</b></p> <ul style="list-style-type: none"> <li>• <b>Develop and promote Intellectual property rights</b> - Effective protection and the development of new business models (since piracy of physical games high); enforcing copyrights and IPR (WIPO Internet treaties) and increasing international co-operation.</li> <li>• <b>Piracy</b> - The MENA region (except UAE) is heavily prone to piracy which leads to decrease in revenue. For every one game that is sold legitimately, 15-20 copies are made illegally<sup>22</sup></li> <li>• <b>Censorship</b> – Strict censorship laws prevent foreign games from being published in the region</li> </ul>
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<sup>22</sup> Tahadi Games



## WEB CONTENT DEVELOPMENT

Digital media is transforming the way Government, Corporates and individuals are engaging and interacting with their customers. Web content development has become an integral part of the marketing mix for firms to maximize their communication effectiveness.

### BUSINESS CASE

- Government, Corporates and individuals increasingly making their presence felt online in the Arab region.
- **Government:** UAE Government ranks high in its e-readiness investments and is a major customer for web content followed by Abu Dhabi, Qatar and Kuwait
- **Corporates:** Traders, retailers and Transport & Storage service providers creating web presence to enhance visibility and trade globally in a competitive business environment
- Corporates are ensuring a healthy mix of online and offline marketing campaigns
- **Individuals:** Engagement of youth in New Media and increased use of social networks for information
- **Less than 1% of the entire content available over the internet is in Arabic**

**DIGITAL MEDIA HAS CREATED OPPORTUNITIES FOR VISIBILITY ONLINE. THE LOW COST EFFECTIVE APPROACH TO MARKETING HAS ATTRACTED MANY CORPORATES TO INTRODUCED ONLINE PLATFORMS FOR INFORMATION, ENTERTAINMENT AS WELL AS TRADE. E-SERVICES ARE ALSO POPULAR AMONG GOVERNEMENT, EDUCATIONAL AND BANKING INDUSTRIES.**

### OPPORTUNITY GAP

**62 million people online in MENA, but the ratio of people to business online is skewed, since only a fraction of the business has a virtual presence.**

#### **Website Development for Clients across the MENA region**

- In emerging centres like Abu Dhabi, Qatar and Kuwait
- Corporates willing to increase proportion allotted to online/web media
- Usage of social media platforms to maximize communication effectiveness
- Search engine optimization

#### **Website Development for Business (e-commerce, limited to UAE)**

- Large retail outlets creating online shopping networks
- Innovative web concepts: foodonclick.com, Dubizzle.com, etc
- Lifestyle and entertainment products key online shopping categories

Majority of the web development is done in Jordan (Arabic content) and India. However, corporates in the GCC prefer Dubai based web development companies to create their websites (through constant engagement and for maintenance requirements)

**WEB DEVELOPMENT IS SUITED FOR SMEs, SINCE THEY CAN EASILY ADAPT TO CHANGING BUSINESS ENVIRONMENT AND DO NOT REQUIRE UPFRONT CAPITAL INVESTMENT**

### READINESS TO ADDRESS OPPORTUNITY

#### **Infrastructure:**

- Dubai Internet City provides a cluster of IT related hardware and software services
- Increased Broadband Penetration
- Increasing numbers of companies registering for “.ae” domain name



#### KEY CHALLENGES

##### Website development for clients

- Adoption of technology among small businesses
- Monetization of content

##### Website development for business (e-commerce)

- Banking system not ready for e-commerce
- Unavailability of e-payment gateways
- Absence of Strict laws and legislations to fight fraud and imitation
- Legitimacy of digital signature and payment through credit cards
- Lack of robust address system in the UAE are a concern for distribution and delivery

*“The growth and potential is not by just selling in Dubai and UAE, since people here have access to all the brands and shopping festivals – the potential is in setting up a base here and catering to the other GCC and overall ME countries” --- ecommerce website*

#### Industry Structure and Business

Businesses in this sector develop web content and applications. Web content is the textual, visual or aural content that is encountered as part of the user experience on websites. It may include, among other things: text, images, sounds, videos and animations. **"Web Content development is therefore a collaborative, iterative process that overlaps with creative and technical development."**<sup>23</sup> Content developers may also be search engine optimization specialists, or Internet marketing professionals.

The content can either be: professionally generated or user generated. **The fragmented and low capital nature of the business makes it suitable for SMEs. In the internet business segment, many businesses start as SMEs and expand into very large companies rapidly.**

There are two major segments in the subsector:

- Web development for clients
- Development of sites as internet businesses

Web Development for clients
<ul style="list-style-type: none"> <li>• Companies are contracted on a project basis to develop and sometimes maintain the websites</li> <li>• Success driven by relationships, reputation, and repeat business</li> </ul>

Internet Business
<ul style="list-style-type: none"> <li>• Most internet businesses either fail or grow very rapidly</li> <li>• The entire business (buying and selling) is run over the internet</li> <li>• Such businesses, necessitate need for a payment gateway over the internet</li> <li>• Examples: Maktoob, dubizzle.com</li> </ul>

*In the Arab region, Dubai has created a base for web development companies. Dubai Internet City has provided infrastructure support and development of IT related companies in the Emirate. Companies in DIC serve the entire GCC and Arab region. They also cater to the growing needs of African countries. The market is driven by economic diversification and various e-government initiatives of the MENA region.*

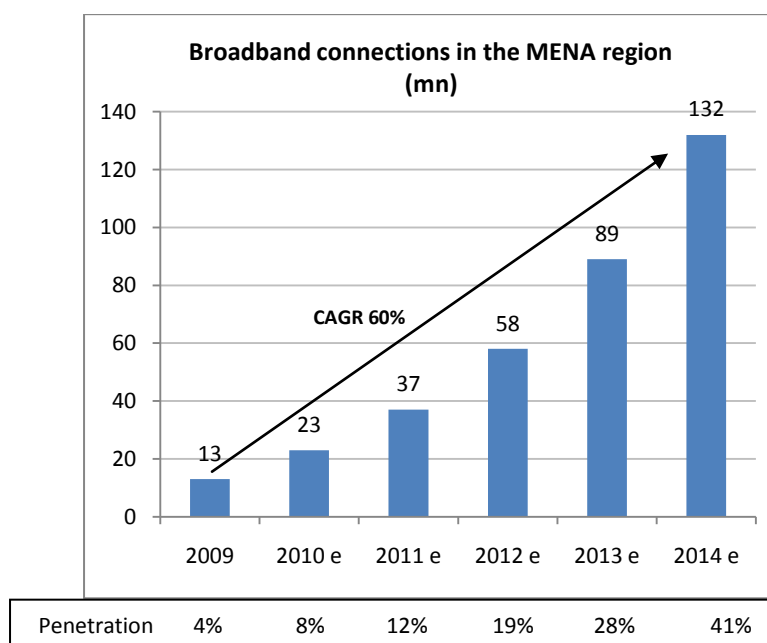
The report highlights potential opportunities for Dubai based SMEs in the growing ICT enabled environment of the Arab region especially in the GCC with respect to the two segments discussed above.

These opportunities are based on (a) demand for web development services and the (b) readiness to address opportunity.

### Demand for Web development services

<sup>23</sup> Institute for Interactive Media & Learning, Australia

The overall demand for web development services is likely to be back on the increased uptake of broadband subscriptions (fixed and mobile) in UAE as well as across the Arab region. The UAE already ranks high in internet penetration at 76% just below Bahrain at 88%. The overall broadband penetration in the region is likely to increase from the present 8% to 19% by 2012.

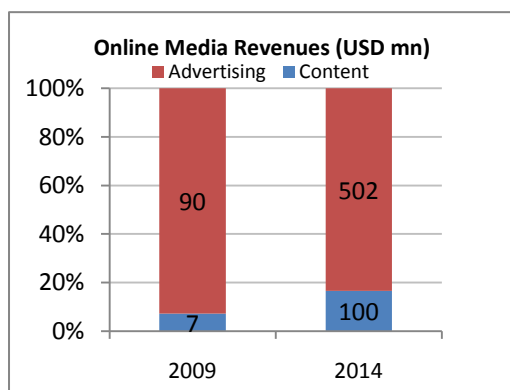


Source: Booz & Company

Note: Includes fixed and mobile broadband connections. Fixed connections account for 47% in 2009 and 17% in 2014

Although the broadband connections present a significant growth, the ratio of business to individuals online is very low indicating low presence of businesses online. Increased competition and globalization is likely to witness more corporations increase their online visibility through creation of websites.

The increased interest for web services in the region is expected to enhance the present web designing companies. New Media revenues in the region are expected to triple by 2014.



Source: Booz & Company

Web design companies are likely to benefit from increased advertising on the medium as well as providing content services to government and corporates in the region.

The report highlights the demand for web content services in UAE as well as the Arab region for the two segments:



### **Web development for clients**

- **Government**

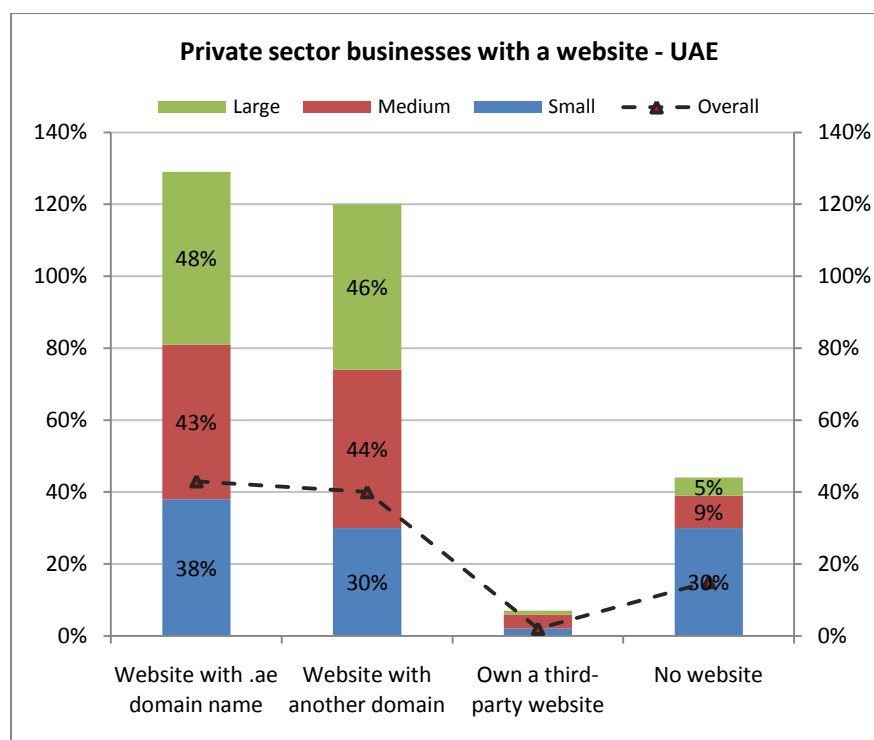
- The digital age has led the government-to-citizen, government-to-business and government-inter-agency communications to become web based. The government in the GCC, particularly UAE is very active in its e-initiatives (Dubai Police, Ministries and other portals)
- UAE Government ranks high in its e-readiness investments and is a major customer for this sub-sector. Dubai is expected to spend between USD 1.6m and USD 2.2m per year during 2010-2012 implementing its plan to get 90% of government services online. Further, spending on information technology in the UAE is expected to grow from USD 3.1 billion in 2008 to about USD 4.7 billion by 2013<sup>24</sup>.
- **Bahrain's eGovernment Authority (EGA)** and the United Nations Development Programme (UNDP) have created a cyberspace initiative (USD 486,000) to ensure the Arabic content in websites increases significantly from the present 1.4%. It aims to develop Arab eContent by increasing its presence on the web relative to other languages, improving Arab online search engine capabilities and building skills in the area of eGovernment. The centre will also audit the quality of eContent and issue accredited certifications. The expertise it will help generate will result in thousands of jobs

- **Corporates**

- Greater demand for web development likely from manufacturing and trading firms seeking efficiencies by making the transition from manual environments to full automation of back-office systems
- As per TRA 2009 statistics, approximately 85% of the businesses have online presence (either through .ae domain name, other domain name or through a third-party website) while 15% still do not have a website.
- Large numbers of SMEs are looking at developing websites to become more visible and participate in the global business environment.

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<sup>24</sup> Business Monitor International Report, 2010



Source: TRA 2009

*Note: TRA definition of businesses: Small business is defined as those with 10 to 49 employees (36% of all businesses), medium business 50 to 249 employees (28% of all businesses), large business 250 or more employees (36% of all businesses).*

- UAE advertisers allot 3.5% of their budgets to online advertising as compared to a regional average of 1%. Many new start-ups are getting into online as their first approach to reach customers<sup>25</sup>. Within the region, mostly entrepreneurs are using tools such as Twitter to update their followers about their organisation (e.g. Wild Peeta – a restaurant selling pita sandwiches promoted itself heavily on twitter).<sup>26</sup>
- Opportunities lie in developing high-end websites with greater interaction and multimedia capabilities.

### Internet business

- Global e-commerce is expected to touch USD13 trillion by 2012, with the UAE alone accounting for more than USD36 billion. A quarter of UAE residents used the internet for commercial transactions. Consumers in the UAE spent an average USD 1000 online during the Q4 of 2009 – the highest in MENA and Asia<sup>27</sup>. The most popular items bought by online shoppers are airline tickets, books, CDs, DVDs, home appliances and electronics.

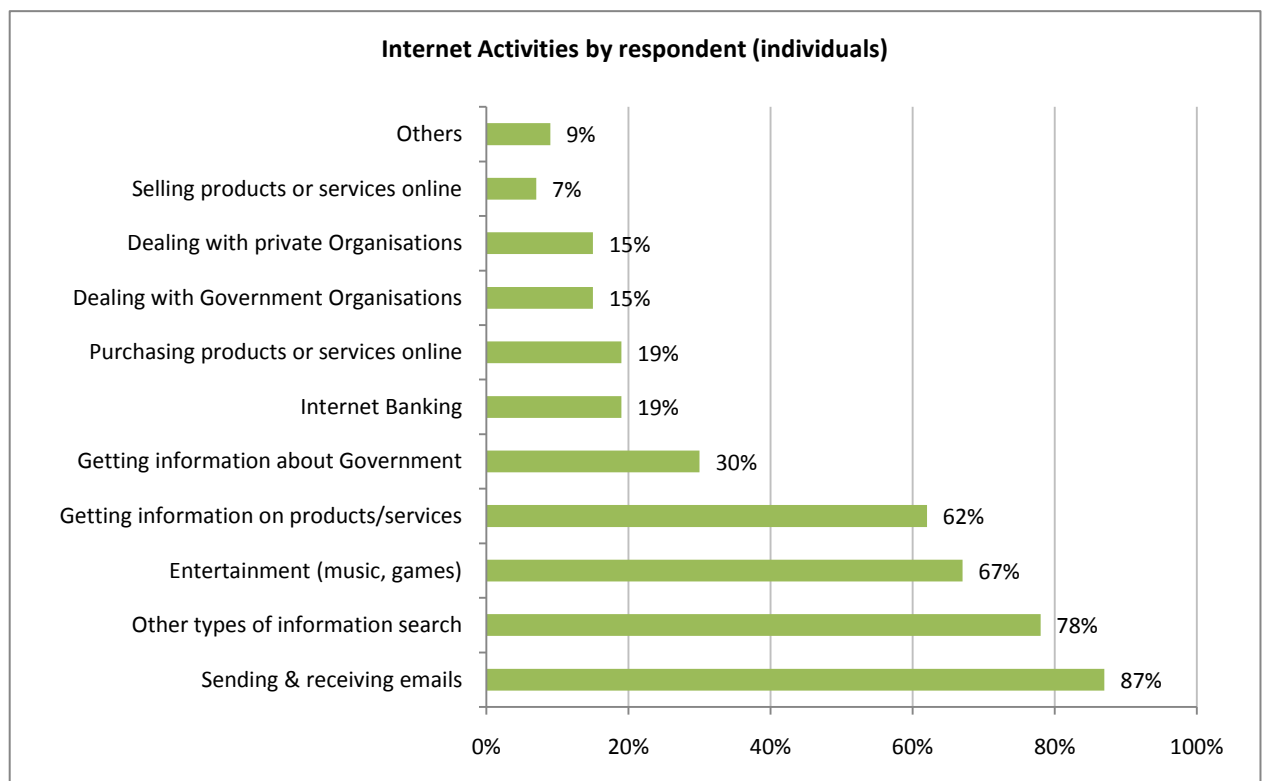
<sup>25</sup> Ikoo advertising network

<sup>26</sup> <http://www.emirates247.com/2.277/media/digital-platforms-picking-up-pace-in-middle-east-2010-03-21-1.70917>

<sup>27</sup> Euromonitor Report



- E-commerce in GCC is expected to grow at an annual rate of 20% for the next two years with UAE and Saudi Arabia being the largest contributors to trade (Saudi Arabia amounted to USD 12 bn a year).
- Although there is a culture for going shopping – yet there are certain advantages of an online channel for sales:
  - An online platform allows people to view products from a number of stores located at different places
  - After being at the mall, the purchase decision can be made at a later stage, where people would be attracted to buy goods at their convenience
  - Dubai has the latest models in every product category; online sales allow people living in RAK, Al Ain to buy from Dubai without actually coming to Dubai.
- As per a TRA 2009 survey, purchase of products/services online is still in its early stages in the Emirate and provides opportunity for further development.



Source: TRA, UAE - survey data for 2009

*The increased B2B and B2C web-based relationships are creating enhanced requirements for web content (in Arabic as well as English) in the Arab region. This is likely to translate to improved opportunities for existing SMEs offering web design and development services.*



#### FUTURE OPPORTUNITIES

##### Web Development for clients

- E-Government initiatives in the GCC
- New markets: Abu Dhabi, Kuwait, Saudi Arabia and Qatar along with Africa
- New Industries: Transport & Storage, Trade

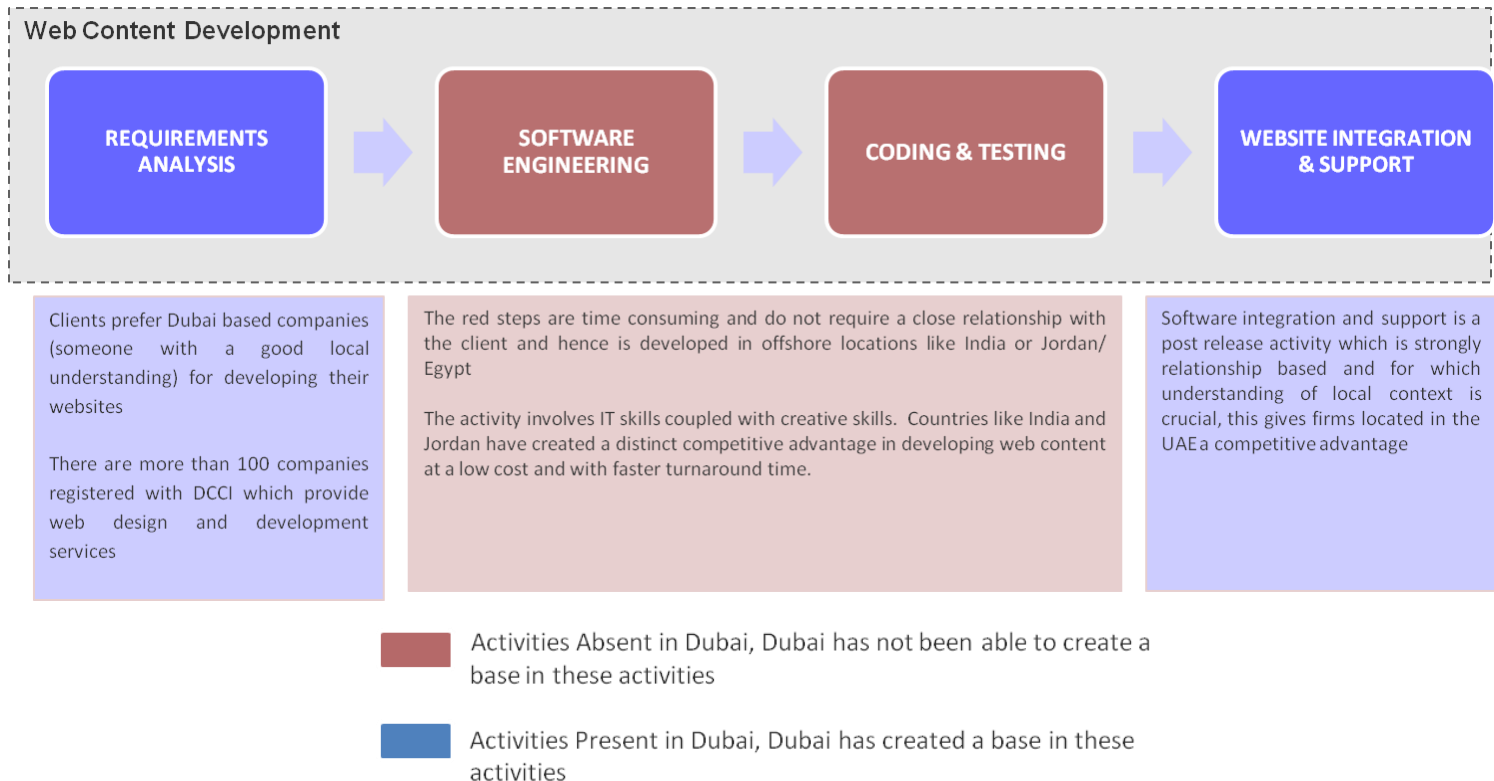
##### Internet Business

- Supermarkets, retail outlets and other innovative concepts

The opportunities identified in the report can be performed by existing SMEs or new SMEs in the Emirate. Currently, majority of the activities in the web development lifecycle are performed in Dubai, these have been enumerated below. Further, activities are limited to the country at the moment.

#### Web Content Development in Dubai

This part of the study details the opportunities for SMEs in the web content development industry value chain and highlight challenges that need to be overcome.



Source: More than 1 activity may be performed by a single company. The value chain activities have been enumerated on the basis of D&B Hoovers Industry Database and verified by interviews with Media professionals.

### Characteristics of SMEs in the segment

- The market for website development is highly fragmented with 60 to 100 companies providing services. However, growing demand has helped companies (majority of which are SMEs operated by small teams of 5-15 employees) maintain decent profit margin in the range of 20% - 30%.
- Business is completely relationship driven with Government and private sector equally important as clients.
- Competition is on price, but also on design niches: developers without established design niches will not be able to compete. Competition also comes from Indian companies (which offer the same services for 1/3<sup>rd</sup> the cost) and Jordanian companies (Arab content and support)
- Web developers need solid project portfolios and good relationships, which are especially important for the government sector.
- Some players also offer specialist additional services such as search engine optimisation (SEO), internet marketing support as well as software integration, localization & support
- Capital required to start varies, many web development companies start as freelance operations and bootstrap themselves without external funding.



- The sector is highly fragmented, with large advertising firms, SMEs as well as freelancers offering such services. Hence, existing companies are using differentiation and focus as strategies to stay ahead of competition. Companies are developing niche opportunities like social networking, designing Facebook profile pages for corporates, social websites monitoring, search engine optimization, etc to sustain competition. Many emerging companies in the field include: Sekari, Olive Middle East, Socialize (specialising in social networking solutions)

#### Sekari

- Sekari consults companies on Search Engine Optimization of natural listings
- Organic optimization – which means higher listings of the company's website on a search engine due to the quality and content of the website.
- Sekari consults companies to improve their website designs and performs Web Auditing – judging the quality of a website

**Major players:** Maktoob: Arabic language content aggregator and Dubizzle: E-commerce.

#### www.dubizzle.com

- Dubizzle was founded in 2005 as an online classified site, chiefly for English speaking expats in Dubai and has now expanded to Abu Dhabi
- More than **200,000** users in Abu Dhabi, growing at **40%** year on year
- Valued by industry experts at **20 mn AED**
- Business model is driven by advertising
- Plans to roll out 15 cloned sites across the Arab world by the end of 2010.
- Is in the final stages of building an Arabic-language site to pave the way for its regional expansion.

#### Maktoob

- Maktoob was founded in Jordan in the 90s as an Arabic content portal
- It was founded for a minimal initial investment by two partners
- **17 million users** across the Arab world
- Sold to Yahoo for **260 mn AED** in 2009
- Group also developed online gaming sites, Arabic news services, and online auctions (souq.com)

## Challenges



- **Monetization of digital content** - In spite of the interest in online mediums, the corporations' reluctance to invest in the medium is mainly due to challenges associated with monetization of digital content. Plethora of information is now available over the internet, hence the challenge is to decide what information is more valuable to the final consumer so as to monetize the content.
- **Challenges in E-commerce:** Only a few entities (like Mashreq and Etisalat) are authorized to operate a payment gateway in the UAE. Further, high charges (UAE: 3.5% while Europe: 2-2.5%) and an initial down payment (AED200,000) make it difficult for businesses to have a payment gateway in UAE. However, banks like NBD are offering merchant banking services in the emirate). Most of the e-commerce websites in UAE are for buying tickets and Mashreq charges AED 3000 per month to maintain a merchant account for e-commerce transactions.
- E-businesses that sell physical products are not growing as fast as they have elsewhere because of a distrust of online payment and because of a lack of cheap package delivery options. Further, absence of a detailed addressable system is a challenge in distribution.

## **MOBILE CONTENT DEVELOPMENT**



## BUSINESS CASE

### Mobile Application Development

- Digital Convergence has resulted in increased availability of content on websites and progressively mobile phones
- The Medium is highly interactive and advancement in technology is enabling various services on the mobile (payment, SMS to TV, etc.)
- In spite of high usage of smartphone and high spending power, a very few B2B and B2C applications are being developed in the region.

### Value Added Services (VAS)

- Competition among telecom service providers in the country (Etisalat and du) has resulted in increased focus on value-added services as a source of additional revenue for data services

**THE ARAB REGION AND UAE IN PARTICULAR HAS A LARGE BASE OF SMARTPHONE USERS (PROFESSIONALS AND YOUTH) CREATING A CASE FOR INCREASED MOBILE CONTENT ABSORPTION.**

## OPPORTUNITY GAP

Currently Egypt, Jordan and India are supplying mobile content to players in the Middle East. However, mobile content development for B2B applications is highly customized and localized as per business requirements and can be done in UAE itself.

### Mobile Application Development

- B2B – for corporate applications and advertising
- B2C – for information, news and entertainment

### Value Added Services (VAS)

Development of VAS for Telecom operators

**THE SEGMENT IS VERY SUITABLE FOR SMES – MANY APPLICATIONS ARE DEVELOPED BY ONE-MAN SHOPS OR SMALL TEAMS. MOREOVER SHORT DEVELOPMENT CYCLES REDUCE WORKING CAPITAL REQUIREMENTS. APPLICATIONS ARE TYPICALLY SOLD ONLINE THROUGH OPEN OR CLOSED SYSTEMS. UNLIKE PC SOFTWARE BUYING BEHAVIOUR WHERE CUSTOMERS BUY EXPENSIVE SOFTWARE RARELY, FOR SMARTPHONES CONSUMERS BUY CHEAP SOFTWARE OFTEN.**

**LESS THAN 5% OF THE OVERALL IAPPS ARE IN ARABIC**

## READINESS TO ADDRESS THE OPPORTUNITY

### • Infrastructure:

- Dubai Internet City
- Ability of web development companies to diversify into mobile content development

- E-readiness budget of the government to support mobile application development



## CHALLENGES

*Most web designing companies have moved to developing mobile application. It is easier for smaller companies to switch to other revenue sources, that's where SMEs score higher than big firms in the ease in which they can look at new product lines (big firms need to develop the expertise, take multiple approvals, by the time the SME is already in the space)*

### Industry Structure and Business

Mobile content is a type of media which is viewed or used on mobile phones, like ringtones, graphics, discount offers, games, movies, and GPS navigation. The significance of the device in everyday life has grown manifold, with many activities now being performed over the mobile phone (calendar



appointments, music, watch videos, shoot videos, redeem coupons for purchases, view office documents, get driving instructions on a map, and so forth).

Mobile content also refers to text or multimedia hosted on websites, which can be downloaded onto the mobile phone. Popular types of Mobile Content; SMS, Games, Images, Music, Video, Mobisodes, Streaming content: Radio, TV, Live Video, etc. The content is either developed as an Application (apps) or as a Value-Added-Service (VAS).

- **Mobile application development** is a software development process by which applications are developed for hand held devices such as personal digital assistants or mobile phones (smartphones). These applications are either pre-installed on phones during manufacture, or downloaded by customers from app stores and other mobile software distribution platforms. The applications are either free to use or downloaded for a fee. E.g. iApps developed by iPhone
- **Value-added service (VAS)** is a telecommunications industry term for non-core services (services beyond standard voice calls). Value-added services *add value* to the standard service offering, spurring the subscriber to use their phone more and allowing the operator to drive up their average revenue per user. E.g. directory services launched by Etisalat, Video-on-Demand offered by du.  
VAS are supplied either in-house by the mobile network operator themselves or by a third-party value-added service provider (VASP).

The subsector is **very suitable for SMEs** – many applications are developed by one-man shops or small teams. Moreover short development cycles reduce working capital requirements. Applications are typically sold online through open or closed systems. Unlike PC software buying behaviour where customers *buy* expensive software rarely, for smartphones consumers buy cheap software often.

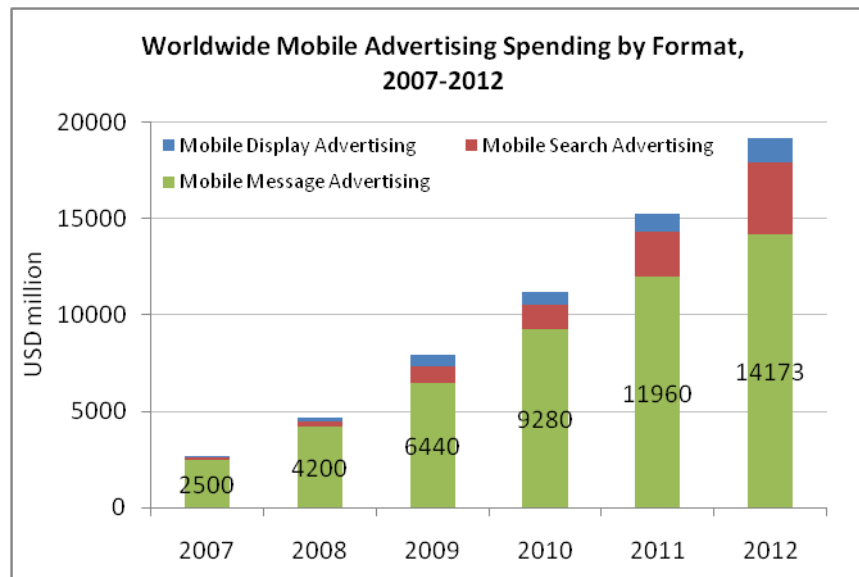
**Globally consumers are shifting to New Media at accelerated speed.** The value of the global market for apps development is estimated to reach USD 6.2 bn by the end of 2010 and USD 2.1bn by 2013<sup>28</sup>. Sales of smartphones are expected to increase 39% annually. As of April 2010, at least 185,000 applications were available on the iTunes App Store, with more than 4 billion copies of applications downloaded.

### Global and Regional Developments

The graph highlights the growing advertising and content market on mobile phones globally. Mobile messaging continues to be the largest advertising platform. Mobile search based advertising is expected to grow at 80% annually in 2010-2012.

<sup>28</sup> Gartner Research





Source: WAN IFRA (World Association of Newspapers and News Publishers)

The growing advertising spend on mobiles is a reflection of the growing sales in mobile phones globally. Worldwide mobile phone (market share of Nokia 36% and Samsung 19%) sales to end users totaled 314.7 million units in the first quarter of 2010, a 17% increase from the same period in 2009. Smartphone sales (market share Symbian 49%, RIM 20% and iPhone 10%) to end users reached 54.3 million units, an increase of 48.7 % from the first quarter of 2009<sup>29</sup>.

Mobile e-mail, rich messaging and social networking will continue to drive demand for smartphones and other enhanced phones.

**Mobile Value added services** – Mobile telephony including music, games, ringtones, interactive TV is worth more than USD 45 bn globally. They are used as a tool for differentiation and allow mobile operators to develop new streams of revenue.

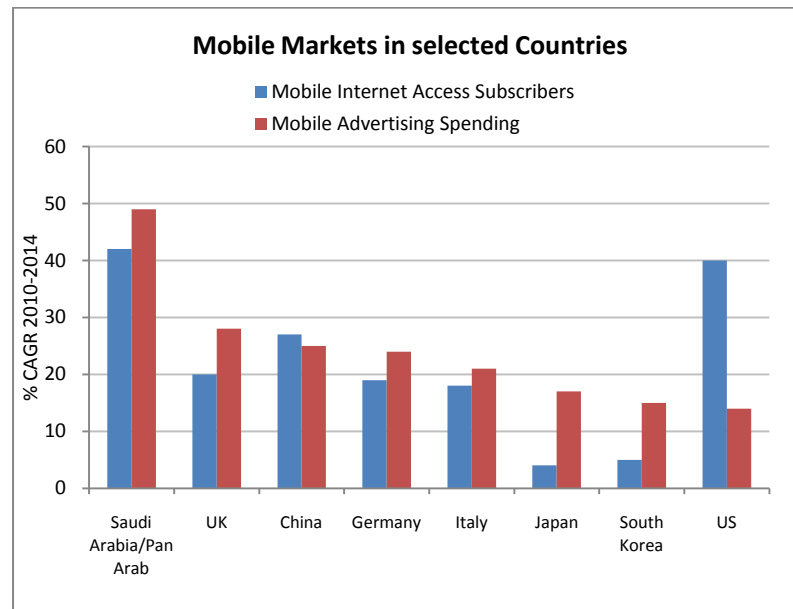
These services can include;

- In-network services – ring back tones, voice SMS
- User-generated content – contests, auctions, audio streaming
- Interactive media solutions – tele-voting (SMS to TV)
- Mobile commerce solutions – bill payments, ticketing, prepaid recharge
- Other applications – games, advertising

Smartphone usage is growing globally and increasingly consumers are spending more time on the New Medium. The medium has become the new focus for advertisers globally, sending customized and personalised messages to drive sales and communication. The growth in various markets across the world has been highlighted in the graph below. High growth rates in the Arab region and increased

<sup>29</sup> Gartner Inc.

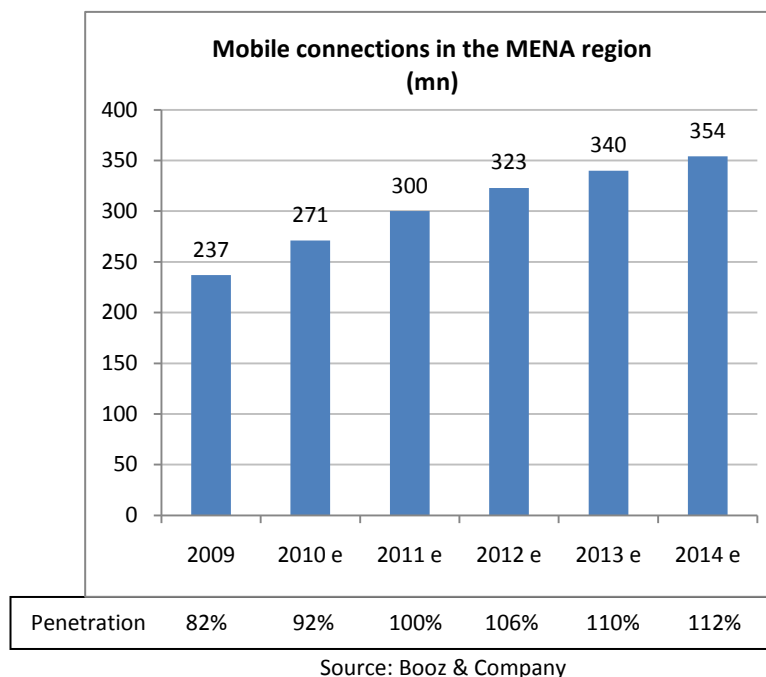
advertising spending on the medium is expected to drive mobile content businesses in the Middle East in the near term.



Source: PWC – Global entertainment and media outlook

Overall the mobile advertising spending globally is on the rise, with significant growth expected in the Arab region and Asian economies (China and India).

*Mobile penetration in the Arab region is high. Higher per capita incomes and increased spending in the region is likely to push the sales of smart phones higher in the region, thereby creating a huge demand for mobile content, especially Arab content.*



Mobile phone sales to end users in the Middle East and Africa region (MEA) totaled 34.41 million units in Q1 2010, a 31.53 per cent increase from the same period in 2009 to 26.16 million. Smart Phone sales penetration was approximately 10% of total mobile handset sales by the end of 2009, and is set to hit 29% by 2015 (as mobile e-mail, rich messaging and social networking continue to drive demand for smartphones across the region). Consumers in the age group of 15-35, who are active on multiple multimedia platforms and social media, are the key drivers of this growth.<sup>30</sup>

Mobile as a means of communicating messages is becoming an increasingly popular medium. With the development and penetration of Smart phones and various high tech mobile devices, entertainment and information through mobiles is a potential area of growth in the Middle East.

Mobile applications and advertisements are increasingly becoming new means of communication for companies. For example, Dubai Electricity and Water Authority has developed an iPhone and Blackberry application, which enables users to be connected and informed through their mobile phones, as well as allows them to track the billing and make payments. Such applications are new in the region, and have high growth potential.

Broadband access on mobile presents another area of opportunity, for which the region already has solid foundations. The Arab Region boasted average mobile penetration of 82% in 2009, strong take-up of mobile broadband in markets such as Saudi Arabia, and some significant advancements, particularly in the world of Mobile TV.<sup>31</sup> Middle East market for 'SMS-to-TV' is estimated to be around USD 80 mn.

<sup>30</sup> Value Partners

<sup>31</sup> Arab Media Outlook 2009-2013

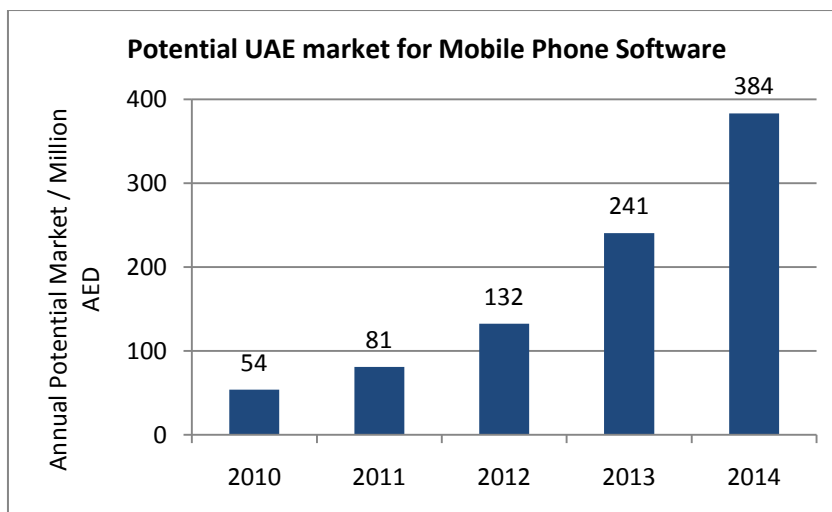
*Inspite of increased smart phone usage, the region lags behind in the number of applications and Value added services developed locally. For much of the application market, the competition is global. Local players can compete globally or can develop applications uniquely for the Arab world or for the local market.*

Presently there are a few (2-3) companies in Dubai are currently developing software specifically for mobile phone platforms (Sevdotcom, Flip Media). Less competition and fastest growing medium allows for more companies to participate in the mobile content development process in Dubai.

The potential for development is highlighted below;

#### **Mobile Applications**

- Close to 193 channels of the (600+ TV channels) have i-TV or SMS to TV business model in use across the Pan Arab market
- The number of Arabic-language mobile applications is expected to grow significantly over the next year as regional organisations invest in the development of new content. Programmes from Egypt's Information Technology Industry Development Agency and twofour54 ibtikar (AppsArabia - the mobile app fund), have recently been introduced to foster the creation of Arabic mobile apps in the region.
- The UAE market potential for mobile phone software is projected to be: AED 132 mn by 2012. The potential comes from applications across various smartphones detailed below;



Source: "Forecasting the Mobile App Gold Rush" a study by the Yankee Group

Apple iPhone:

- Applications sold through online store controlled by Apple
- The average iPhone user spends AED **35 AED** on applications
- 50% of users buy at least one application a month

- Customers find applications through word of mouth or online searches, brand recognition and media mentions only matter to 15% and 20% of users respectively.
- There are 26 mn iPhone users worldwide. There are at least 30,000 iPhones in the UAE, and this number is rapidly growing

#### Google Android Platform

- Has 4 mn users worldwide
- These users typically spend AED 20 per month on phone software

#### Others:

- Blackberry: More than 200,000 sold in the UAE
- Windows 7 based: still very new

#### **Mobile VAS**

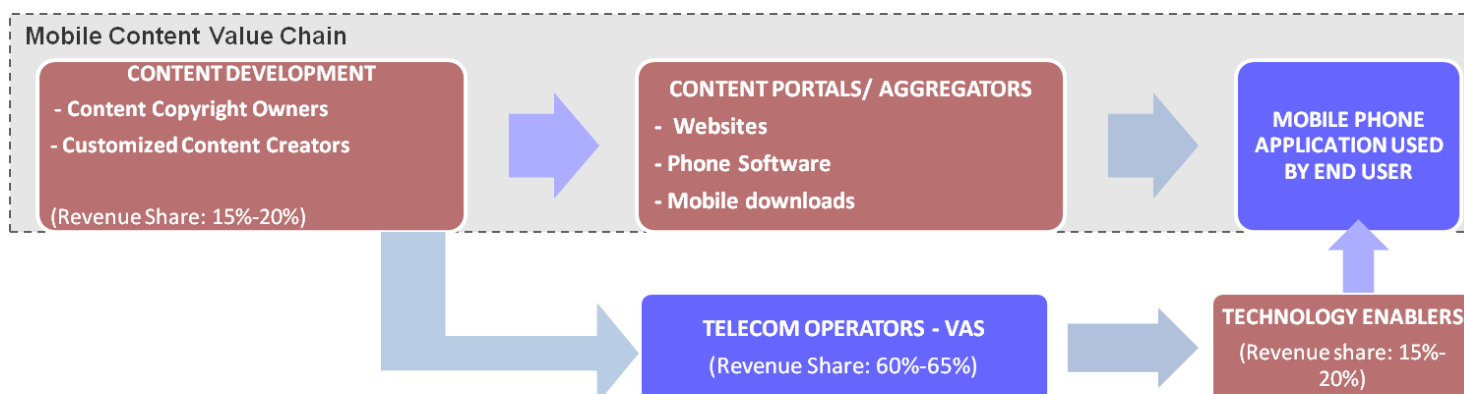
- The UAE VAS market will be expected to grow at a CAGR of 11.9% between 2008 and 2015<sup>32</sup>. Aside from Online Gaming, the MENA telecom operators VAS revenues contribute 24% of which 5% are contributed by mobile games, a sector which is expected to see high growth in the near future.
- Significant potential to develop applications in Arabic and UAE/Dubai specific applications. Further, applications can also be developed specific to a region, location or person.
- Opportunity also lies in transactional services like Video-on-demand, m-payment, etc

#### **Value chain and revenue sharing model for Mobile Content Development in UAE**

This part of the study details the opportunities for SMEs in the Mobile content development sector value chain and highlight challenges that need to be overcome.

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<sup>32</sup> du



The mobile content development activities in the Emirate are relatively new, with a few players like Flip Media and Sevdotcom providing majority of the services. The sector currently has less competition and is the fastest growing segment in the digital business. Many web designing companies are now looking diversifying into developing mobile content applications.

Further, the sector is highly innovation driven with many B2B and B2C services now being made available on the phone (to catch the person on the move).

Initiatives by UAE government to promote content portals ;

- GETMO Arabia, a new venture between the Abu Dhabi Media Company and Arvato Mobile's Middle East division. The venture is aimed at distributing digital content and music on mobile platforms.
- Towfour54 launched a seed fund called Apps Arabia – aimed at increasing the number of apps designed for the Arab world

Source: TECOM

- Activities Absent in Dubai, Dubai has not been able to create a base in these activities
- Activities Present in Dubai, Dubai has created a base in these activities

Source: More than 1 activity may be performed by a single company. The value chain activities have been enumerated on the basis of D&B Hoovers Industry Database and verified by interviews with Media professionals.

#### The Question Company (4644)

- Unique SMS service, which answers questions for any queries or information about Dubai.
- The company has acquired a database and created a network of companies and events in Dubai, and claim to reply to every 'Question' sent through SMS in 10 minutes. The charge of one SMS is AED 3
- Started in April 2010, the company is currently gaining popularity through word of mouth and partnerships.

Key Characteristics	Opportunities	Challenges
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<p>Content Development</p>	<ul style="list-style-type: none"> <li>• SMEs can act as customized content providers (B2B or B2C or VAS for telecom) or facilitate purchase from content copyright owners (music, videos)</li> <li>• Large advertising agencies located in the Emirate are outsourcing their digital content requirement to smaller companies (specializing in digital content and delivery solutions)</li> <li>• Around 2-3 companies in UAE catering to mobile content in the country. Presently, many Indian and Egyptian firms are providing both mobile applications and VAS to businesses and operators in the UAE</li> </ul>	<ul style="list-style-type: none"> <li>• While Nokia, Apple, Windows Mobile and RIM each have an installed base of more than 25 million devices, not all platforms are created equal. This presents an opportunity for SMEs to supply technology base for each of these devices. Further, it is only a matter of time for technology to evolve into a multi-platform application.</li> <li>• Consumer developers should focus on RIM's Blackberry, where consumer-oriented apps are scarce, while those aiming at enterprises should target Apple's iPhone and Google's Android to address those relatively untapped markets.</li> <li>• <b>Localisation:</b> Very few applications for the most popular platforms are available in Arabic (Arabic ranks 8<sup>th</sup> in the Top 10 languages on the internet<sup>33</sup>), approaching the authors of popular packages in the rest of the world and setting up JVs to produce localised versions is a possibility for start-ups.</li> <li>• <b>Provision of Arabic content for news and streaming media applications.</b></li> <li>• <b>Tourism applications: Virtual tours and guides</b></li> <li>• <b>E-government and other applications designed to interface with existing services (e.g. DEWA)</b></li> <li>• <b>Value-added services for telecom operators</b> – competition among the two national telecom service providers has resulted in the operators focussing on developing VAS for generating additional revenues</li> <li>• Developing applications for third parties is a safer business than selling software directly to the public which is very hit &amp; miss</li> </ul>	<ul style="list-style-type: none"> <li>• <b>High cost of development</b> - in the Emirate mean those foreign software producers in low cost countries like Egypt or India can undercut prices.</li> <li>• <b>Unavailability of core developers and engineers</b> in the Emirate creates shortage of skills for sector development.</li> <li>• <b>Further, concerns over monetization of content still remain.</b> Presently most of the apps developed in the Emirate are B2B, wherein the advertiser sponsors the application for a time period.</li> <li>• <b>High pricing of data traffic and high roaming charges</b> has resulted in customers avoiding applications and VAS</li> </ul>
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<sup>33</sup> Internet World Stats, 2009



Content Portals / Aggregators	<ul style="list-style-type: none"> <li>• Applications can be; <ul style="list-style-type: none"> <li>- pre installed on phones during manufacture</li> <li>- downloaded by customers from app stores</li> <li>- downloaded by customers from other mobile software distribution platforms</li> </ul> </li> <li>• Content portals allow storage of various applications on their website where users can download them for free or for a subscription fee.</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity for Dubai to become exporter of applications</li> <li>• Mobile content for iPhone, Blackberries and Androids all require knowledge of different Operating Systems, so SMEs can potentially focus on a specific type of mobile device</li> <li>• Smartphones with touch screens, Wi-Fi connectivity, and advanced Operating Systems are growing in popularity. Internet Devices like the iPad, iPod touch and Sony PSP are changing the way the mobile Internet is accessed. The overall growth in the smartphone segment has enabled advertisers, agencies and publishers to gain more share of the consumer on the move, translating into innovative applications</li> <li>• SME opportunities lie in developing such portals. <a href="http://www.getmoarabia.com">www.getmoarabia.com</a> is the one of the few region specific portals for applications (though websites are global in nature, region specific websites offer content which is location and region specific)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lack of distribution channels</b> – not all apps stores are available in the region, iPhone users must use a credit card registered in one of the official itunes countries to make a purchase on the platform</li> </ul>
Telecom Operators	<ul style="list-style-type: none"> <li>• Dubai is home to large telecom players like Etisalat and Du. They are the first ones to update and upgrade infrastructure, improve ICT readiness and usage and promote innovate services (value added services)</li> <li>• Etisalat has a full-scale VAS office in India, Bangalore to develop new ideas for VAS, while du has an in-house team for developing VAS</li> <li>• Etisalat expects revenue from mobile data sources to increase from 9% in 2008 to 24% by 2013</li> <li>• Etisalat has already released three iPhone apps including a local business directory.</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity for SMEs to develop VAS catering to local requirements in Dubai itself</li> </ul>	





Technology Enablers	<ul style="list-style-type: none"> <li>• Provides software to convert existing internet sites to fit mobile browsers</li> <li>• The activity requires codes and software engineers for developing the codes.</li> <li>• Currently, UAE outsources its entire software requirement to India and Jordan.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunity for local SMEs is limited given the cost advantage offered by India and Jordan</li> </ul>	
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## ADVERTISING

Dubai has already established its position as a regional headquarter for advertising firms in the Gulf and the Middle East region. The large firms have resulted in creation of an ecosystem of support services and smaller advertising firms. The economic downturn has created a crippling effect on the advertising firms, in such a scenario low cost optimal advertising, multiplatform solutions are the key for survival.

### BUSINESS CASE

- Dubai Media City has provided a base for large foreign Advertising firms to operate out of Dubai for the entire Arab region.
- Smaller advertising firms cater to the local (Emirate-wide) needs for marketing and advertising as well as support large firms in various digital media campaigns
- The economic slowdown has caused various new start-ups to close and large advertising companies to resort to heavy cost cutting measures (layoffs)
- On the other hand, the downturn has led advertisers to pursue low cost digital /internet advertising
- Many firms in Dubai are still owed millions by corporates and government alike.

### CHALLENGES

- Lack of media research and audits
- Industry lacks national youth representation
- Tenders lack transparency

*Advertising firms are more partners than service providers --- a large advertising firm*

*For the advertising industry to be strong the health of the media channels is important. Earlier the industry was being viewed as an agent who works on a commission basis and only recently it has matured to a full blown industry. Now there is in-house / local contribution in terms of content and design, they have started to become consultative with an active role in the overall marketing plan of the client --- a large advertising firm*

### Industry Structure and Business

Advertising includes the creation of advertising campaigns and placement of such advertising in periodicals, newspapers, radio and television, or other media.

Demand for advertising and marketing services comes largely from businesses that sell consumer products, entertainment, financial services, technology, and telecommunications. The profitability of individual companies depends on creative skills and maintaining client relationships. Large companies benefit from being able to serve the varied needs of major customers. Small companies can compete by focusing on niche markets or by offering lower pricing.

Advertising agencies have two main activities: developing ads for a variety of media and placing ads with media outlets. While agencies charge fees for a large number of services, the most significant share of revenues are from commissions on "billings," the amounts customers spend actually buying advertising time. Large agencies provide a full range of services; smaller ones tend to specialize in market or product niches.



UAE has about 400 advertising agencies, 90% business is controlled by top 20 companies that include world's leading names (highly fragmented market). Top 10 advertising firms of the world have presence in Dubai (Dubai is their Middle East Head office from where business across the region is delegated). Dubai Media City has created a first mover advantage in the region by setting up the free zone and opening it to foreign players. Earlier most of the creative work was outsourced to Mumbai, Damascus, and Beirut. Now the trend is that more and more clients want the creative done in Dubai itself.

### **Emerging Media Zones**

The new media zone twofour54 in Abu Dhabi's; content creation and development hub is attracting a lot of companies from Dubai into Abu Dhabi (approximately 30 companies have moved/expanded to Abu Dhabi in the last year itself)

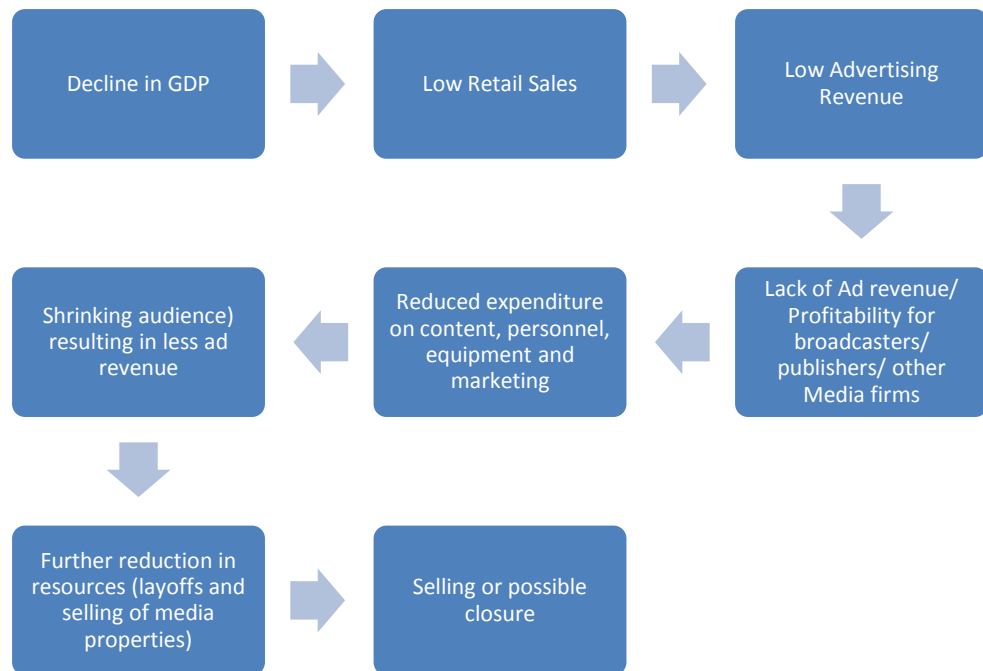
Dubai's homegrown advertising agencies are opening offices in Abu Dhabi and overseas as they look for growth following the severe downturn in the emirate's media industry.

Several small agencies, such as Face to Face and Tonic Communications, say they are launching overseas (south Africa, Cairo) operations while maintaining Dubai as a base.

### **Impact of recession:**

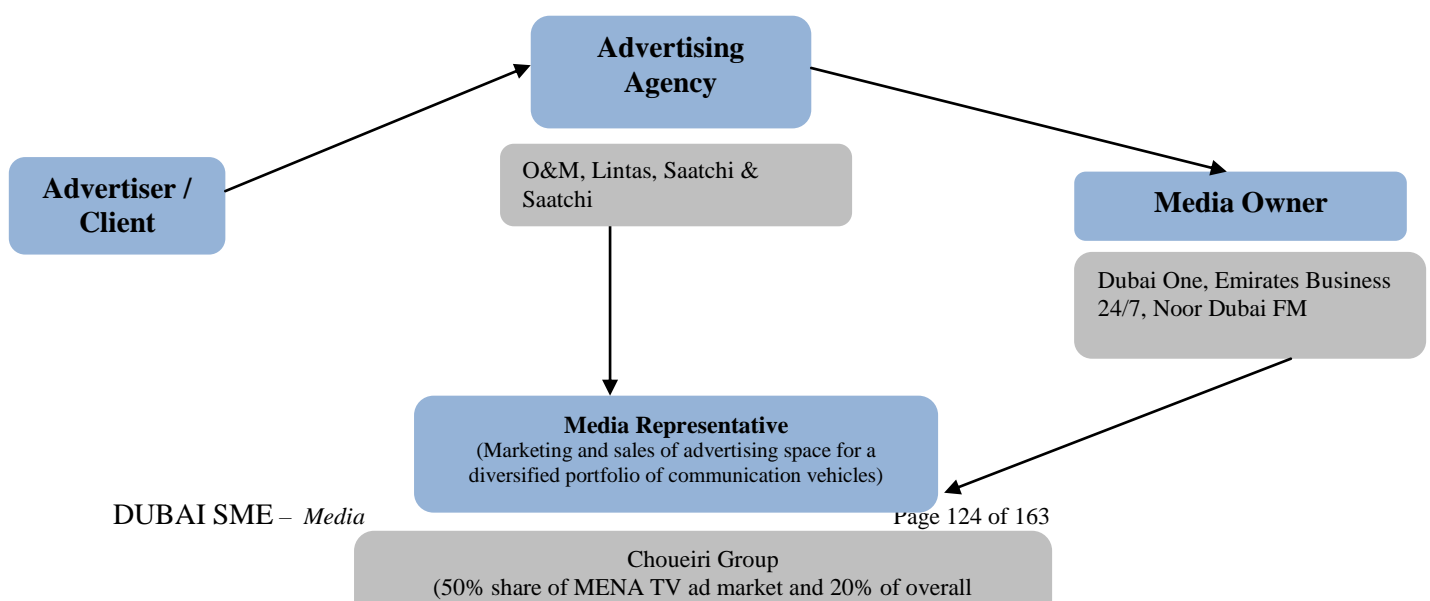
- **Large firms** – these firms are present in Dubai and have branch offices in Abu Dhabi, they have all the services in-house. The big companies continue to get revenue from established client base (80% business comes from 20% of the clients) and have responded to recession in the form of downsizing and outsourcing. On the other hand recession has forced traditional small companies to shut down.
- Government continues to be the largest advertising spender in UAE. Financial and real estate sector spending has declined while other sectors have rationalized their advertising spending. In 2009, there was a 50% drop in advertisement spending in the UAE.
- In 2009, the advertising industry suffered a set-back; resulting in large number of layoffs, cut down in expenditure (training with universities, campus hiring activities) and salary cuts to the extent of 30%. The illustration depicts the impact of economic recession on advertising companies. In Dubai the spiral has caused various new start-ups to close and large agencies to resort to heavy cost cutting measures (layoffs).

### **Spiral of decline for advertising companies created by economic downturn**



- To sustain the condition, firms are creating a separate Digital department (presently Digital content is outsourced to India and 3D content outsourced to Singapore)

### Advertising Value chain in Dubai





Media industry has four main pillars: Advertiser, Advertising agency, Media representative and Media owner. The interaction between these has been depicted above.

Media agencies, buy advertising on behalf of clients, and media representatives, sell advertising on behalf of broadcasters and publishers. Media Agency identifies the consumer insights, to devise a communication strategy with the right channels

The model of media representation, whereby broadcasters and publishers outsource advertising sales operations, adds to the complexity of the market. More than 70% of the TV advertising spend is controlled by media representatives.<sup>34</sup>

The significant presence of advertising agencies (suitcase operators to full-service agencies) coupled with a large pool of freelancers, has made the industry highly competitive.

#### Key challenges;

- **Lack of media research and Audits** - The UAE lacks standardized media research (media consumption and reach) across the industry across various verticals. As a result, most of the advertising is based on speculation rather than quantitative data. For television, research involves a people metering project. For print and other media, this includes stringent and regular auditing. (KSA is the only country in the GCC with credible audits for its printing & publishing sector) A credible common database of information will help clients make informed decisions and encourage transparency.
- **Industry lacks National Youth Representation** - Advertising industry in Dubai is run by 99% expats which is unlike in any other country. Advertising is a very local business and the 18-20% local representation in UAE has high consumption of media amongst them. The industry lacks in-depth

<sup>34</sup> Booz Allen Report

insights on the local population and typically manages to create advertising with sub-optimal results.

- **Tenders lack transparency** – Advertising agencies claim that clients typically ask for proposals from multiple agencies and then decide to award the contract to a freelancer who implements the requirement based on other proposals / ideas. This creates high discontent among agencies, resulting in an unhealthy market.

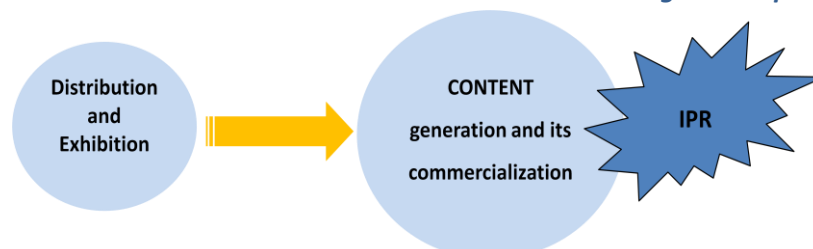
Hence it is important to create laws which enable clients to use a creative while using another agency to execute the creative (by paying both and not by cheating)

IAA is working with government agencies including the Dubai Executive Council to bring in the much needed parameters for orderly growth of the industry. This includes issuing new licenses, grading of agencies and applying ethical practices in the business.

- **Lack of classification of agencies and a proper definition for the advertising business.** Presently, there are a number of organisations operating under a single license of an advertising agency and offering various services ranging from outdoor signage, public relations, marketing services, to event management services.
- **Lack of proper classification of various levels of advertising professionals and executives** in the government records. *"Very often an account director or a senior executive is classified as an accountant in the labour card. Despite the fact that there is a fast growing industry, the profession is yet to be recognized," IAA official.*

## 6. Way Forward for Media Industry in Dubai

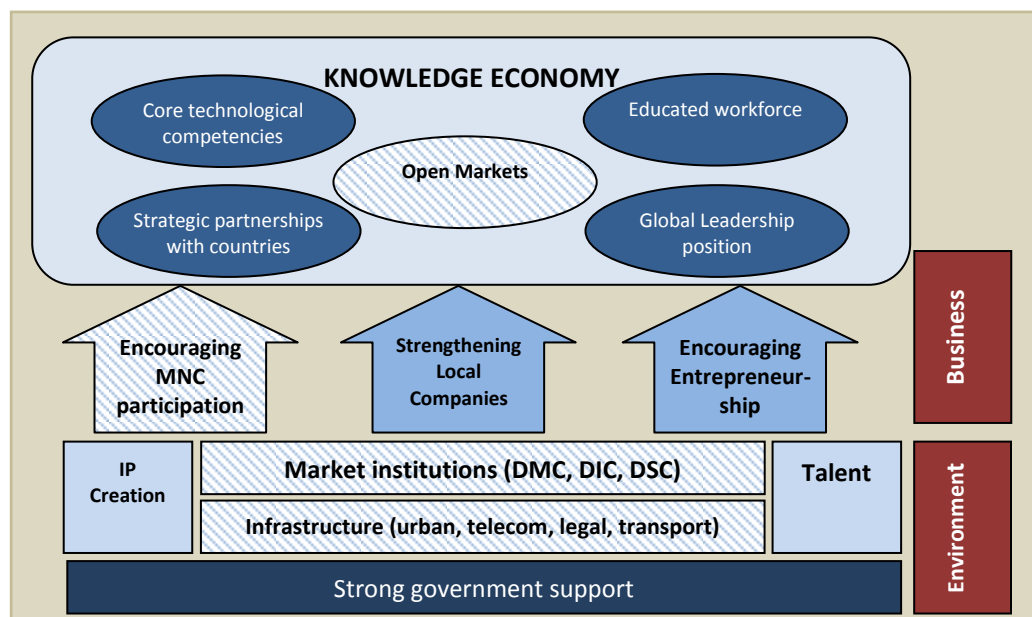
*The report highlights the potential TRANSFORMATION opportunities for Media industry in Dubai from the traditional distribution, broadcasting and exhibition format to a more evolved industry generating Intellectual Property Rights in various Media segments. IPRs which are capable of 'creating', 'storing' and 'distributing' CONTENT that can cater to the demand in the Arab region and possibly the world.*



Currently, the industry does not have a base for production and content oriented activities due to absence of Government support (in the form of grants, enabling media environment, media skills) and presence of early hurdles (funding and censorship) in the country. Hence, the way forward for Media industry to prosper in Dubai is to address the overall challenges to promote development of the creative industry in the Emirate.

### Cultural Development – Dubai Vision 2015

The Dubai government is developing various aspects of a knowledge based economy and Media has been in the forefront of these developments. The important constituents of a knowledge based economy and the developments in Media are highlighted in the diagram below.



Source: Dubai Technology and Media Free Zone

Note: The shaded parts of the diagram highlight developed areas of Dubai.

The diagram highlights components that are present in Dubai and the critical components which need to be addressed to create an enabling environment for Media (content and creative) companies in Dubai. The industry has been led by government initiatives in the form of infrastructure. However, sustainable growth will occur only if enabling environment components like IPR and talent are developed along with enabling business components of strengthening local companies and encouraging entrepreneurship in creative fields.

*The way forward is to upgrade skills, utilize available infrastructure and exploit the available opportunities to benefit the economy.....create a Media Ecosystem*

Way forward for Media  
Industry in Dubai





#### ADDRESS CHALLENGES

##### ✓ Summary and Classification of challenges into KEY THEMES

- Funding
- Infrastructure
- Skills
- Regulatory
- Others

##### ✓ Possible solutions to ADDRESS CHALLENGES

#### PROMOTE OPPORTUNITIES

1. Planned approach to promote the Media Industry in Dubai
2. Establish Dubai's position as the "Arab Media Hub"
3. Enhance Knowledge and Commercialization of IPR
- 4. Build a Talent pipeline**
- 5. Address seed capital and funding requirements**

*Note: Point 4 and 5 are key challenges of the industry*

### Address Challenges

The challenges discussed earlier have been summarized and classified into Key Themes as follows;

	Clustering of Key Challenges (based on research findings)				
	Funding (to promote new SMEs)	Skill Development	Physical Infrastructure	Regulatory Issues	Others
Motion-picture	✓	✓	✓	✓	✓
Television	✓	✓			✓
Gaming	✓	✓	✓		✓
Web Content Development					✓
Mobile Content Development		✓			
Advertising				✓	



Description of Challenges	Funding is critical to enable SMEs to start-up in the sector	Unavailability of Media specific skills	Unavailability of adequate studios for filming and animation	Major concerns regarding standardization of the industry	These relate to IPR and piracy
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Source: Phase III analysis

Note: The tick highlights presence of challenge for the respective segment

### 1. Funding (to promote new SMEs)

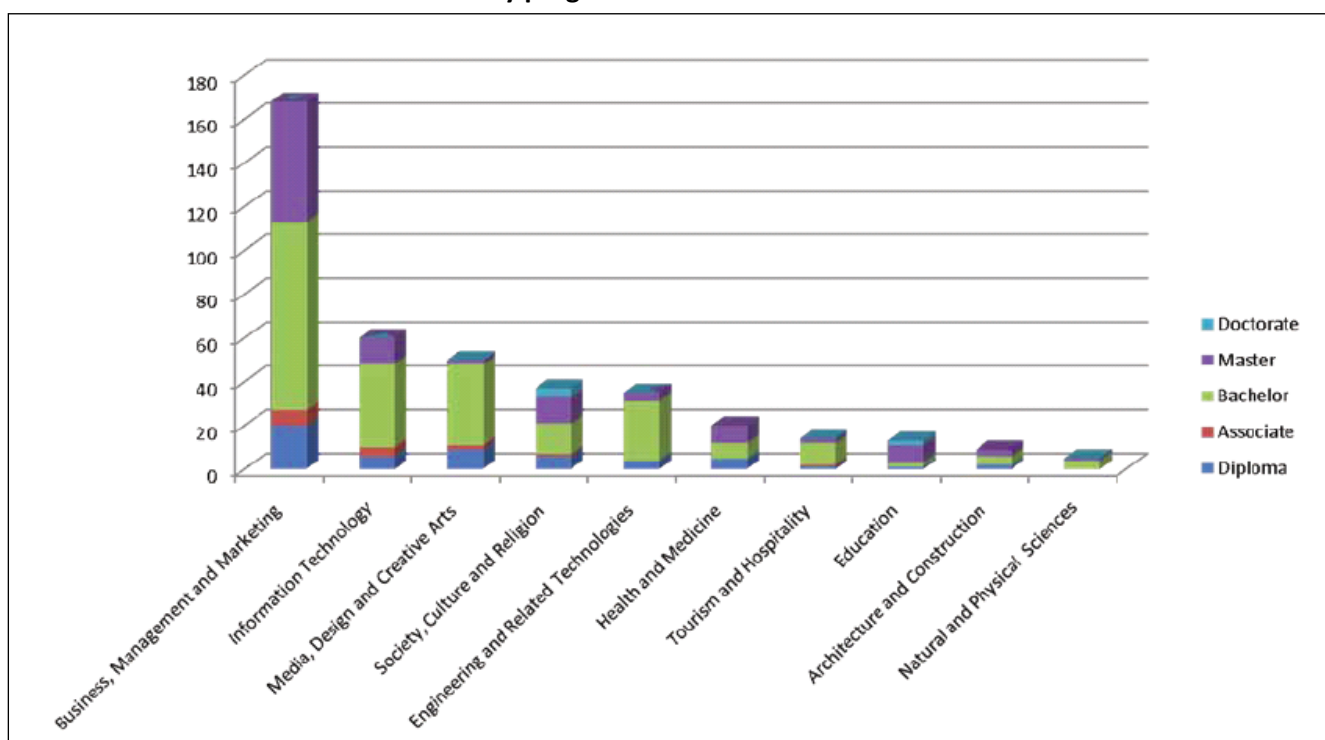
Funding is critical to sectors like films, TV programs, animation and game development. The banks in the Emirate do not provide enough assistance to the media sector. Private investors are also weary of the potential of the industry in the region. Access to bank credit is difficult for Media SMEs mainly due to the high risk associated with success of the media product/service, few tangible assets (equipment and crew are mainly hired), lack of track record (specifically in the case of independent film-makers) and uncertainties in cash flows.

The industry needs funding support from government as well as private sector to enable its growth.

### 2. Skill development

There are 410 programmes presently available in Dubai (2009/2010 academic year) ranging from diplomas to doctorate degrees. Of these less than 60 programs are in the field of Media and Creative education. More than 50% of these programs are bachelor programs targeted at general Media or Applied communication programs. As a result, the industry lacks training facilities in specialized Media fields.

University programs available in Dubai



Source: Knowledge and Human Development Authority, 2009

In the UAE, media education is absent from all levels of study from kindergarten (KG) through post-secondary education within the national curriculum model.<sup>35</sup> This deters development of IT and creative skills in students from an earlier age as compared to the students in developed countries like UK. However, government initiatives to promote Media related education has witnessed set-up of various Media courses and graduate programs in Dubai in the period of 2006-2009. Most of the courses are general in nature and are not directed towards specific media segments.

### 3. Regulatory Issues

Some of the regulatory issues observed in the study are as follows;

- **Evaluation and measurement of Service Exports** – the free zones in Dubai cater to the Media communities in the region. Most of the large Media companies are head quartered in Dubai and serve the entire Middle East region. However, there is no official reporting of services exports in the Emirate which results in the underestimation of potential of Media exports from Dubai.
- **Industry body** – the industry lacks representation in the form of a developmental body.

### 4. Others

- **Low awareness on Intellectual Property Rights**

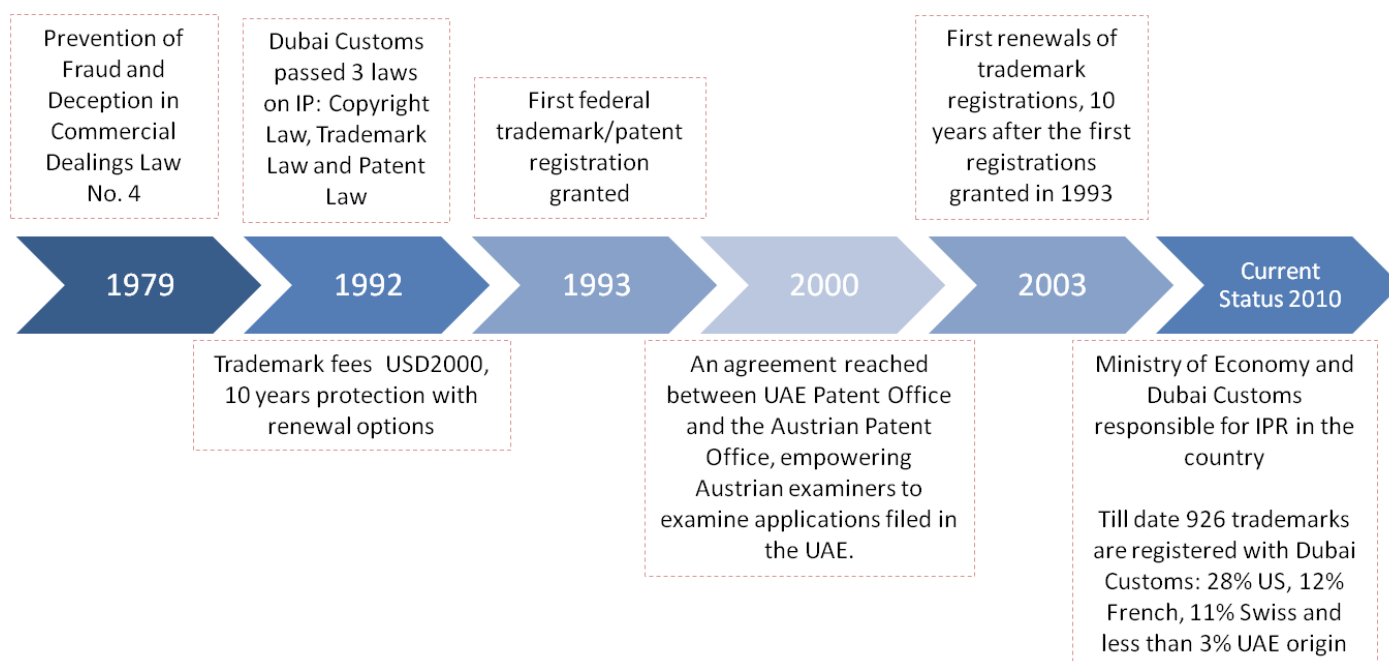
In spite of an established IPR law and rule, there is minimal awareness or knowledge about IPR among the business community. IPRs are critical to creative industries like Media. Moreover, as the Media industry in Dubai evolves from being an importer of creative works to a creator and exporter of creative's, IPR laws need to strengthen to promote an indigenous talent base. Moreover, proliferation of digital media will require stringent IPR measures.

- Presently most of the IPR initiatives and laws are focused on counterfeit goods (which arrive at ports). Laws are in place regarding brand and software piracy in the country however they are not being enforced strictly bringing complacency to the system. The region also lacks a Rights Body to protect the original work of authors and composers, authors, publishers, singers, etc. Such bodies are present in developed markets like UK – Performing Rights body, IFPI and WIPO (Switzerland). The Body acts as a pivotal organisation to ensure that royalties are paid, industry is regulated and protected. Publishers can buy rights from such bodies and publish content. To establish Dubai as an International Media Destination – such a rights body is important (which will bring credibility to the Emirate)
- Ministry of Economy is the pivotal body which makes and enforces IPR laws in the country in accordance to the GCC (regionally) and WTO (globally). Further, an Arabian Anti-piracy

<sup>35</sup> Zayed University, UAE

Alliance (AAA) formed in Dubai following an anti-piracy program by the Motion Picture Association, campaigns for copyright laws and enforcement of IPR for all kinds of media, including software and multimedia content. The timeline and laws in place in the country are highlighted below.

#### UAE IP Protection Framework



- **Piracy in the PTV sector** - The fight against piracy is an ongoing and challenging battle not only in the UAE but the entire GCC.
  - Private initiatives such as the Arabian Anti-Piracy Alliance (AAA) have had great success in the Gulf countries through their efforts to enforce piracy laws and lobby governments for necessary changes in regulation. The AAA have carried out major raids of illegal operations in the UAE, Bahrain and Saudi Arabia, totaling 239 raids across the Gulf, 159 arrests and the seizure of 8,823 illegal decoders since the beginning of 2008.
  - In addition, pay-TV operators themselves are creating new technical solutions to tackle piracy, such as new “anti-pirate” set-top boxes. For example, ART recently introduced a new generation of anti-hacker technology in its set-top boxes. ART signed an agreement with French company Viaccess and Korean company Opentech to roll out new boxes that contain a “Praha” card (“proactive against hacker attacks”) which combats illegal card sharing.
- **Lack of Media Audit and Research**
  - Another means of achieving growth in the industry would be to increase the level of auditing on circulation figures for Arab publications. Currently, out of the 189 daily newspaper titles available in the Arab Region, only 27 are audited using an official auditing body. Other efforts to stimulate auditing in the region include the supporting body CASTOR

(Circulation Audit Steering Organisation), which was formed in the UAE in 2005 as a joint initiative by the IAA, the GCC Advertisers' Business Group and the Media Agencies' Council, with the goal of promoting the adoption of circulation auditing in order to increase industry transparency and credibility.

*Note: Possible solutions to address each of these challenges have been detailed in the next section of the report.*

### Promote Opportunities

The opportunities discussed in the earlier sections have been summarized in the following table;

	Clustering of Key Opportunities (based on research findings)	
	New SMEs	Existing SMEs
Motion-picture	✓	✓
Television		
Gaming	✓	
Web Content Development	✓	
Mobile Content Development		✓
Advertising		✓
Description of Opportunities	Related to Arab content development (locally) and delivery	Related to diversification into new products and new markets

Source: Phase III analysis

*Note: The tick highlights presence of opportunities for the respective column heading*

The Media industry analysis highlights opportunities for new players across the media value chain. To promote such a technology and creative skill oriented industry the Government needs to promote the industry based on key objectives.

#### Key objectives to Promote and Develop the Media Industry in Dubai;

1. Organized approach to promote Media Industry in Dubai
2. Establish Dubai's position as the "Arab Media Hub"
3. Enhance Knowledge and Commercialization of IPR
4. Build a Talent pipeline
5. Address seed capital and funding requirements

*Note: Possible solutions to address each of these objectives have been detailed in the next section of the report.*

Dubai is positioned to invite a large number of media companies especially in the field of film/TV production to benefit from the improved ICT infrastructure and ease of doing business in the Emirate (as compared to countries like Egypt and Jordan which experience power cuts, inadequate bandwidth and overall difficulty in doing business). Companies prefer to set-up businesses in countries which are well connected and technology forward. Further, development of New Media opportunities has a high dependence on technology & infrastructure and emergence of various mobile value-added services providers and animation studios in Dubai are a witness to the high quality ICT infrastructure in the Emirate.

UAE leads the region in Networked Readiness (as measured by the Networked Readiness Index – NRI). Further, known media hubs like Egypt, Jordan and Lebanon rank much lower than UAE in the overall physical infrastructure (number of telephone lines, secure internet servers, electricity production, tertiary education enrollment, accessibility of digital content, internet bandwidth). This gives the country ICT infrastructure advantage over others in the region

Country	out of 133 countries NRI 2009-2010		out of 183 countries Doing Business 2010
	NRI (Overall)	NRI (Infrastructure Environment)	
United Arab Emirates	23	31	33
Bahrain	29	44	20
Qatar	30	37	39
Saudi Arabia	38	48	13
Jordan	44	60	100
Oman	50	77	65
Egypt	70	75	106
Kuwait	76	59	61

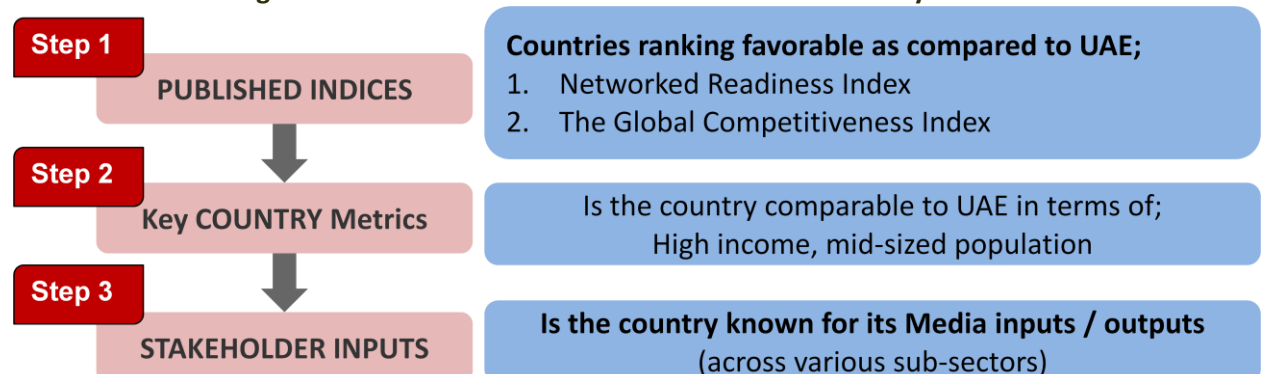
*To enable a sustainable Media industry, Dubai needs to leverage on its capabilities and enable “Distribution, Marketing, Licensing and Merchandising” of Media products and services.*

*The study helps identify policies, programs and initiatives to promote the Media industry in Dubai by studying practices in leading Media centres globally and regionally. The benchmarking study and its detailed assessment is used in identifying “Possible solutions” to overcome challenges as well as promote opportunities in the Emirate*

## 7. Benchmarking Examples

The report helps identify initiatives and programs offered by the government as well as the private sector in leading Media centres of the world - to identify best practices that can be adopted in Dubai.

**Global Benchmarking - Which countries are known for their Media Industry?**

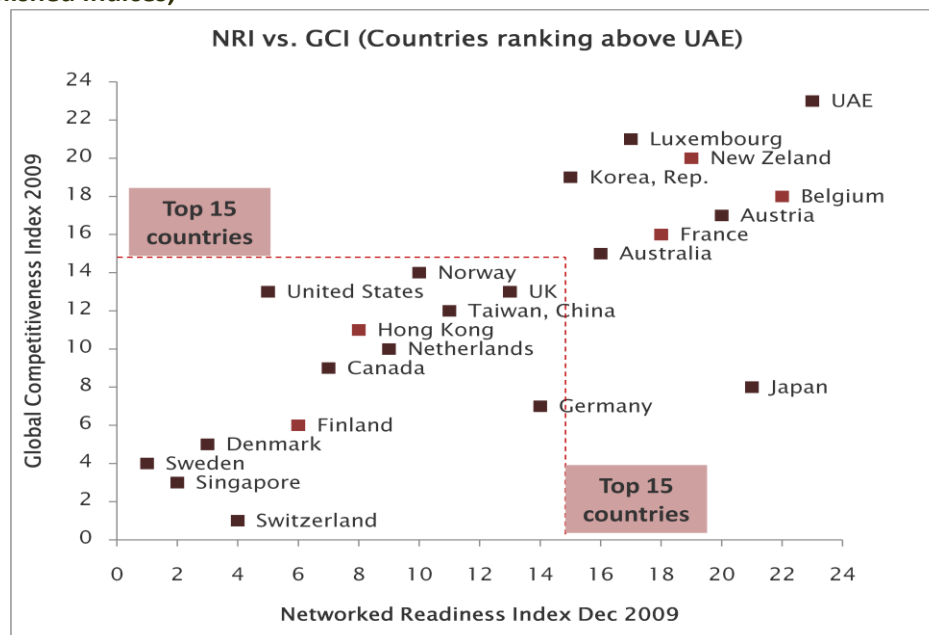


**Key considerations for benchmarking;**

- Published indices:

- *Networked Readiness Index (NRI)*: As per OECD; the Information economy encompasses ICT products and Content & Media products. Both together determine the overall efficiency of an economy to communicate and develop its knowledge capabilities. As a result, a sound ICT environment is the key to the development of a strong Media industry. Moreover, new media segments are completely dependent on ICT infrastructure. Hence, the Networked Readiness Index, 2010 (NRI) is a critical indicator of ICT developments in a country.
- *Global Competitiveness Index, 2010 (GCI)*: to determine the overall competitiveness of a nation
- *Key country metrics*: to benchmark countries which are similar in economic and demographic parameters (high income countries, mid-sized population, industry contribution to GDP, etc)
- *Stakeholder inputs*: Opinions of industry leaders. The business community is the actual investor and hence are accurate on identifying countries which have a distinct competitive advantage as well as adopting best practices

#### Step 1 – Published Indices;



All the countries which rank higher than UAE (NRI: 26 and GCI:26) have been plotted on the scatter plot. The Top 15 countries which are high on both NRI and GCI have been highlighted on the plot

#### Step 2 & 3 – Key country metrics and Stakeholder inputs

Economy*	NRI	GCI	GDP per capita	Population group	Is the country known for its Media inputs / outputs?
Sweden	1	4	50942.9	Mid-sized Population	
Singapore	2	3	34761.9	Mid-sized Population	Animation, Digital Media, TV, Mobile content, Innovation in media
Denmark	3	5	59128.5	Mid-sized Population	
Switzerland	4	1	65333.5	Mid-sized Population	
United States	5	13	47576.5	Large Population	
Finland	6	6	48124.9	Mid-sized Population	
Canada	7	9	41728.7	Mid-sized Population	IP protection, Films, Animation, Mobile Content
Hong Kong	8	11	1798.9	Mid-sized Population	
Netherlands	9	10	50150.4	Mid-sized Population	IP protection, Innovation in media, Publishing
Norway	10	14	87067.5	Mid-sized Population	
Taiwan	11	12	17273.1	Mid-sized Population	
UK	13	13	45394.1	Mid-sized Population	Advertising, TV programs, Publishing, Social Media
Germany	14	7	42435.8	Large Population	
UAE	23	23	54606.5	Mid-sized Population	

Note: the cells highlighted in yellow are countries which are benchmarked for their Media initiatives and programs

As per the “Doing Business” report (based on World Bank specifications) UAE is classified as a “High Income” and “Mid-sized Population” country. Hence, benchmarking with economies of similar scale has been considered.

#### Regional Benchmarking;

Though all the GCC countries rank relatively high in Network Readiness as compared to rest of the MENA countries, they are not known for their Media inputs/outputs. For the purpose of benchmarking with regional peers, the study focuses on initiatives and developments in MENA countries like Egypt (Films), Lebanon (Advertising, Films and TV programs), Jordan (Arabic translation, Web development, Animation) and Morocco (promoting destination for films). Relevant examples have been cited where necessary.

The following tables highlight the various initiatives taken by the public and private sector to promote development of Media related activities in their countries.

#### TV and Motion Picture related Initiatives

	UK	Middle East
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Sample of Key Initiatives Undertaken	<p><b>The Script Factory</b> - Filmmaker's association funds and develops new screenwriting talent; supporting the people who work with screenwriters and screenplay material; and presenting unique and live filmmaking events with some of cinema's top creative talent.</p> <p><b>Inward Features</b> - Film producers who meet the requirements of the <i>Indo - UK co-production agreement</i> qualify for a British film certificate. Qualification means films are eligible for claims in the UK for tax relief on 100% of the production costs of the film.</p> <p><b>The Media Foundation placement scheme (MFPS)</b> - The scheme offers a 12 month positive action traineeships. Roles include Technical Operators, Production Assistants, Finance, Script Developers, Web Assistants and many others</p> <p><b>Student Media Fund</b> - Students on participating courses are eligible to apply for modest funding to help them make a piece of media in a developing country as part of their course. There will be 5-10 scholarships available each year, of up to £1000 each. The USD 23 mn Film Fund of UK, focuses on creative excellence and puts more emphasis on first- and second-time filmmakers</p> <p><b>Film Education</b> is the link between the UK film industry and the school education system. Its aim is to encourage and promote the use of Film and Cinema within the UK's National Curriculum. Also organize Film related events.</p>	<p><b>Qatar:</b> Doha Film Institute - Doha Tribeca Fund (USD 200mn) available across different stages of production. Private investors can invest in the fund backed by the Government of Qatar.</p> <p><b>Egypt:</b> Film Clinic extends support to DFC projects with an award of \$10,000 for a first-time feature filmmaker.</p> <p><b>Morocco Film project:</b> The project is called 'The Film Industry - Made in Morocco,' a 30-film slate by 12 up-and-coming Moroccan directors. The initiative, a collaboration between the SNRT( (Société Nationale de la Radio et Télévision) and Ali N' Productions with support from the Ministry of Communications, will select filmmakers with commercial, music video and short film backgrounds who will be making their feature film debuts through this project. The 30 selected films will emphasize genre: action, comedy, drama, horror, musical, fantasy, thriller and history films.</p>
	Impact	<p>UK is known for its traditional media: TV (BBC) and printing industry</p> <p>Morocco is one Arab country which has managed to build up a reputation for foreign films, producing around 10-12 films per year due to the experienced talent base. The offer of incentives for filming could be a key means for countries to build their film talent base and increase interest from outside players.</p>
	Government Approach	<p>Partner</p> <p>Catalyst- Partner</p>

#### New Media related Initiatives

	Singapore	MENA	Canada
Vision	To make Singapore the "Trusted Global Capital for New Asia Media". Aim to become the future digital distribution hub for the region, to develop close partnerships with industry players to develop both digital content and digital distribution facilities	To leverage on the ICT infrastructure available in the region to develop digital Content especially in Jordan	NA



Sample of Key Initiatives Undertaken and the Champion Agency	<p><b>FutureMobile initiative of MDA</b> MDA is collaborating with key players from the mobile industry to launch the FutureMobile initiative. Comprising industry players such as SingTel, Nokia, Microsoft, MOZAT, Zingmobile, Qualcomm and Huawei, the partner network will work together to develop or distribute on-the-move media services and applications for the global market. The network is seeking innovative content and application proposals focusing on games, mobile lifestyle, healthcare and the transient market that have the potential to be deployed on the partner network's platforms.</p> <p><b>The National Research Foundation (NRF)</b> allocates S\$ 500 million over 5 years from 2005-2010 to fund a strategic research and development (R&amp;D) program to support the idea of Singapore becoming a global Interactive and Digital Media (IDM) capital. A multi-agency IDM Program Office (IDMPO) is set up in the MDA to drive the R&amp;D initiative.</p> <p><b>A Digital Content Development Scheme</b> was established to speed the development of innovative ideas and concepts into real content products. Grants up to S\$150, 000 were provided to develop pilot episodes for original TV animation, technical demo for game series and interactive media projects</p>	<p><b>Tunisia, the first private mobile operator in Tunisia, announced the launch of a fund for value-added services</b> - 30,000 Tunisian Dinars</p> <p><b>King Abdullah II Fund for Development (KAFF) in Jordan for innovative new startups in the country that need to secure some early stage funding.</b> The Oasis 500, will provide an initial capital of between USD 50,000 and USD 100,000 to 500 startups. It will be mainly focused on funding new ideas, especially in media, online, content, applications and the service industry.</p> <p><b>Ideathon</b>, held in Jordan featured 10 of the region's brightest ideas and most promising Internet entrepreneurs, and connect them with internet ecosystem: incubators, angel investors, venture capitalists, established Internet companies, NGOs and influential bloggers.</p> <p><b>Mobile Entertainment Forum (MEF)</b> at Qatar Science and Technology Park in Qatar - The Mobile Innovation hub will play a major role in developing new mobile applications, solutions in health and education services, and will be a main driver for achieving an ecosystem for mobile innovation in MENA.</p>	<p>Funding projects are not restricted to Canadian nationals but available for foreign players as well.</p> <p><b>Canada Interactive Fund</b> - For broadcasting and interactive media - New media financing available.</p> <p><b>Bell Broadcast and New Media Fund</b> - For Digital Media and broadcast content - fund primarily to promote and support digital media channels.</p> <p><b>Canadian Research Funding</b> - concentrated on New Media. Research on new media methods and technologies. Funding given to universities and individuals for New Media projects.</p>
	<p><b>The rapidly developing global media industry prompted MDA to launch a follow up to Media 2 – Media Fusion. The plan is to align Singapore to become a trusted global capital for 'New Asia Media', to empower Singaporeans with digital content development skills and provide access to financial resources.</b></p>	NA	<p><b>Canadian Media industry attracts many international players through tax rebates, good infrastructure and skilled workforce</b></p>
	Catalyst-Partner	Catalyst-Partner	Catalyst

### Gaming and related Animation Initiatives

	Singapore	Canada	South Korea	UK
Vision	To make Singapore the hub for Asian animation and gaming requirements	To become the world's animation destination	Government has identified gaming as one of the core focus areas, which can be developed into a profitable and exportable product	TIGA's vision is to make the UK the best place in the world to do games business



<p><b>MIT GAMBIT Game Lab</b> Singapore-MIT GAMBIT Game Lab, collaboration between the Massachusetts Institute of Technology and the government of Singapore created to emphasize on the creation of video game prototypes as well as complement traditional academic publishing.</p>	<p><b>Ontario's Media Development Corporation (OMDC)</b> is the central catalyst and offers the following incentives:</p> <p><b>Ontario Intellectual Property Development Fund</b> – refunds 30% of eligible early stage development costs to bring screen-based content properties closer to production;</p> <p><b>Ontario Interactive Digital Media Tax Credit</b> – refunds 35-40% of production costs;</p> <p><b>Ontario Computer Animation and Special Effects Tax Credit</b> – 20% of labor costs</p> <p><b>OMDC Interactive Digital Media Fund</b> – USD150,000 in project production funding.</p>	<p><b>Korea IT Industry Promotion Agency (KIPA)</b>, a government established non-profit organisation. The various promotional steps taken are:</p> <p><b>TV broadcasting</b> government has reserved time slots, which require the broadcasting of indigenously developed animation content.</p> <p><b>Strong IP protection laws</b> promoting animation and gaming.</p> <p>Promotion of International exchange programmes to achieve requisite skill sets.</p>	<p>TIGA is the trade association representing UK's games industry (independent games developers, in-house publisher owned developers, outsourcing companies, technology businesses and universities).</p> <p><b>A Games Tax Relief</b> - Video games would need to pass a cultural test, scoring against criteria of European heritage and game locations, languages, innovation, narrative, and location of development and key development staff.</p>
<p><b>META</b> - a five-year tie-up between MDA and the NUS-Digital Hollywood Lab, established by the National University of Singapore's Interactive and Digital Media Institute (IDMI). The partnership will match upto 40 media talents each year with major television and motion picture companies such as The Walt Disney Company, American Broadcasting Company (ABC), ESPN and The Jim Henson Company in the US for up to six-month training stints.</p>	<p>The <b>Quebec games subsidy</b>, handled by Invest Quebec - studios can claim back up to 37.5% of their creative staff's salaries after a year of business – there's even a possible 40% tax credit for R&amp;D and other slightly different credits for major employment-generating projects.</p>	<p><b>KOGIA (Korea Game Industry Agency) and The Korea Culture &amp; Content Agency (KOCCA)</b> have set up <b>Koreacontent.org</b> a B2B e-marketplace showcasing entertainment content for website, mobile devices, publications, movies and TV broadcasts.</p>	<p><b>Nesta/Tiga Shared Resources Project:</b> <b>Trade Support:</b> to provide financial support to games businesses wishing to exhibit at overseas trade shows, including GAMEScom in Cologne, The Tokyo Games Show, Game Connection Europe and GDC in San Francisco.</p>
<p><b>Infocomm Development Authority of Singapore (IDA)</b> introduced 'Games Bazaar' to help games companies enter Asian market. It allows games companies to pay for hosting services and bandwidth based on what they use, with minimal upfront investment and faster delivery to market.</p>	<p>The <b>Next Generation of Jobs Fund</b> is a five-year initiative designed to stimulate economic growth and prosperity in areas where the province already is, or can be, a global leader in Ontario while helping create the next generation of jobs.</p>	<p>The <b>Korea Creative Content Agency (KOCCA)</b> was established to effectively promote and develop the cultural industry of Korea.</p>	<p><b>Creative Industries Knowledge Transfer Network</b> funds gaming, R&amp;D initiatives for digital media and provides lab facility for testing technology based ideas.</p>



	<p><b>IDA has introduced the Virtual Paper Napkin programme.</b> The purpose of the program is to increase students' interest in 3-D applications and train them in the development of simple graphics and animation.</p> <p><b>'Games Exchange Alliance'</b>, which is a network of companies that facilitates gaming companies in the distribution, hosting, localization and marketing of games.</p>	<p><b>The Generator</b>, state-of-the-art digital interactive media production facility designed to enable entire media projects to be completed from one location.</p>		
	<p>Singapore government organizes events: conferences, gaming competitions, etc., at regular intervals that provide visibility to the Singapore animation and gaming sector.</p> <p>The government has taken initiatives to position Singapore as a preferred location for test-bedding, developing, rendering, storing, managing and distributing animation and associated digital assets and software.</p>			
Impact and resultant Success Story	<p>Singapore has become the Asian hub for digital content and animation</p> <p>Within five years, Singapore's animation industry has grown from fewer than 10 companies in 2003 to about 40 in 2009. Many of these companies are moving from fee-for-service work to owning partial or full rights of the content they produce, and penetrating the global market on the back of international co-productions.</p>	<p>Canada has become the third largest video game developer in the world after Japan and USA with its proactive government incentives, skilled resources and creative talent pool along with industry specific infrastructure availability</p> <p>The core of the industry is formed by about 50 development studios that provide work for 5,000 people. These companies benefit from a very competitive business environment, especially with operating costs that are more than 20% lower than in the United States, nearly 24% lower than in Europe and nearly 30% lower than in Japan.</p>	<p>In the gaming industry, Korea is a major player, especially in the online and mobile games segment.</p>	<p>UK is known for its creative orientation and gaming concepts</p>
Government Approach	Catalyst	Catalyst	Partner and Driver	Catalyst

Note: Government Approach has been analyzed based on the role played by the government in promoting the Media industry

- Catalyst: government provides support in the form of training, easy set-up, marketing support, etc
- Partner: government provides partial funding / infrastructure and acts as guarantor

### Benchmarking Summary

	Media Vision	Regulators	Universities	Public-Private Partnerships	Media Associations	Funding Availability (focus on SMEs)
Dubai	✗	✓	✓	✗	✗	✗
Abu Dhabi	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Canada	✓	✓	✓	✓	✓	✓
Netherlands	✗	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓
Lebanon	✓	✓	✓	✗	✓	✓
Morocco	✓	✓	✗	✗	✗	✓
Jordan	✓	✓	✓	✓	✓	✓

Note: A tick represents presence and cross represent absence. Detailed information on the table is available in the Excel sheet.

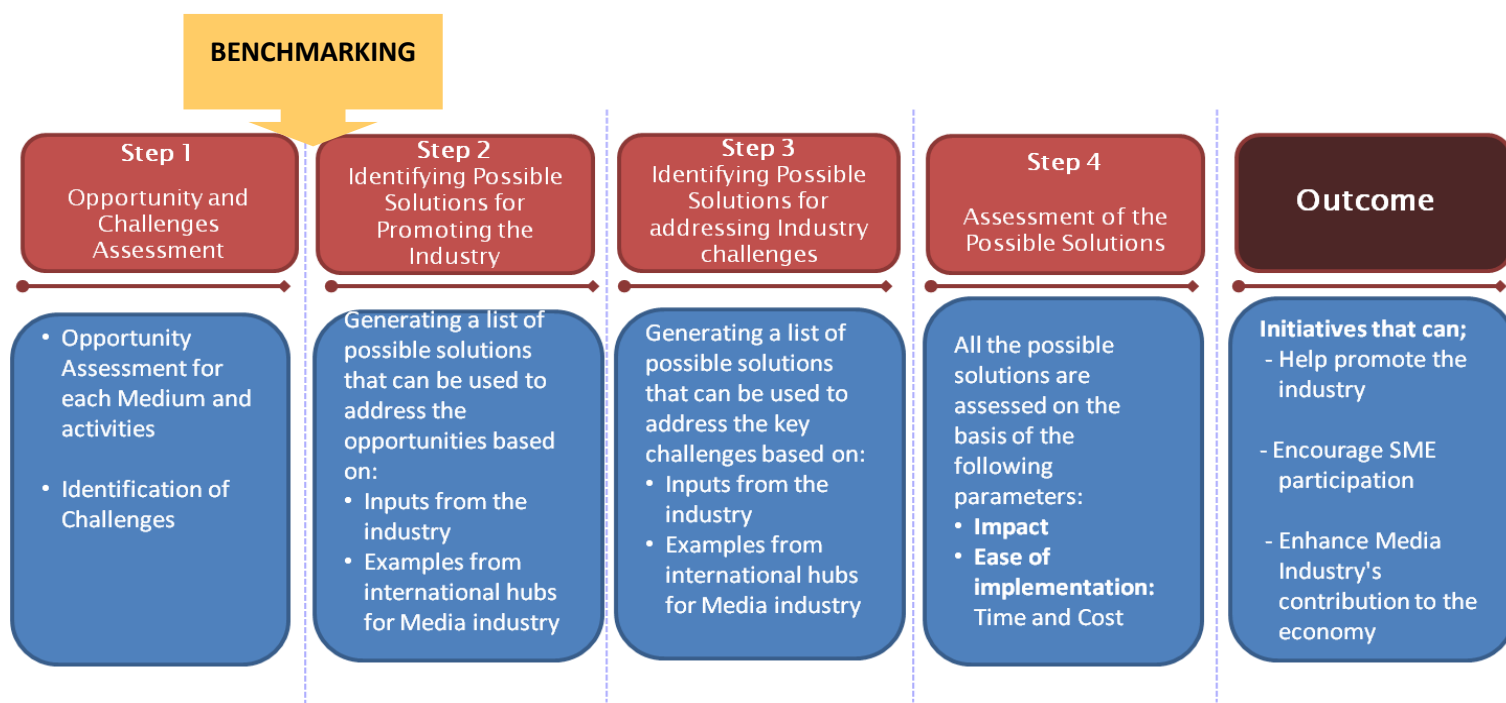
The above summary reflects the type of Champion agencies and Industry groups formed in renowned Media hubs of the world. The details of the same have been included in the excel sheet.

*It highlights the organised development of Media in the country in the form of educational institutions, PPP relationships and recognized Media Associations.*

## 8. Possible Solutions to address Challenges and Opportunities

*The report identifies possible solutions that can cater to the challenges and promote the industry. The possible solutions are based on primary research, stakeholder views and benchmarking analysis.*

The steps involved in determining possible solutions are detailed in the following illustration.



**Step 1** is the detailed analysis of challenges and opportunities at the segment and industry-level.

**Step 2&3** involves generating a list of 'Possible Solutions' to address the opportunities and challenges for each segment of the Media industry

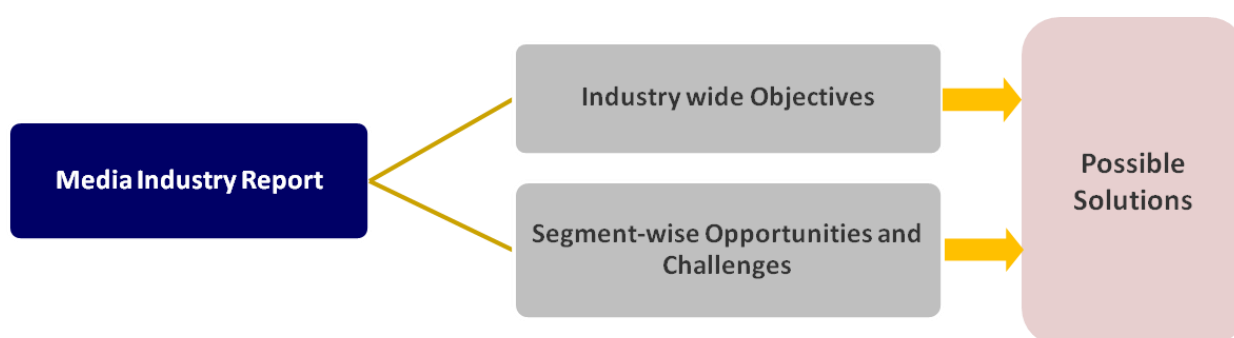
**Step 4** is a 'High Level' assessment of all the possible solutions identified in order to achieve the "Most Appropriate" solutions. The Assessment is based on key characteristics of the solution;

- **Favorability:** refers to "How favorable/feasible is the Possible Solution with respect to;"
  - a. **IMPACT** – What is the outcome of the solution? What is the benefit to the Economy/ Industry and Government?
  - b. **COST** – What is the cost/investment to implement? Does it require an additional administrative set-up?
  - c. **TIME** – What is the time-frame for implementation?
- **Stakeholders involved in Implementation:** Will it be acceptable to all stakeholders involved?, Who will be the owner?

**Outcome:** Based on high-level favorability assessment, possible policy areas, programs and regulatory interventions shall be highlighted to identify solutions which can be addressed immediately with no/low cost investment within a relatively short time period (less than 1 year).

**Benchmarking:** Based on the benchmarking section of the report (explained earlier), relevant benchmarking examples and initiatives will be cited for identifying possible solutions.

Each of the above steps has been followed for identifying “Possible solutions”. Possible Solutions are detailed as per two categories: Industry-wide Objectives and Segment-wise issues and opportunities.



*Note: the Media Segments refer to segments which have SME orientation and which have been discussed earlier in the Study*

### Industry-wide Objectives

The overall objective of promoting the Media industry in Dubai has been addressed through the Industry Objective. The industry objectives reflect the need for streamlining the industry in Dubai and are derived from analysing all the media segments. The key objectives to promote and develop the Media Industry in Dubai are;

1. To organize a planned approach to promote Media Industry in Dubai
2. To establish Dubai's position as the "Arab Media Hub"
3. To enhance Knowledge and Commercialization of IPR
4. To build a Talent pipeline
5. To address seed capital and funding requirements

Objectives 4&5 highlight the key challenges of the industry. The Possible Solutions and their high level assessment are detailed in the table below.

### Possible Solutions and its High-level Assessment: Industry-wide Issues

#### Industry-wide Initiatives - MEDIA



Possible Solutions		Favorability			
Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation
<b>Objective1: Planned approach to promoting the Media Industry</b>					
<b>1. Preparing a Media Plan for the long term (2011-2015)</b>	<p>The Plan should serve as a blueprint for various Government organisations and set targets for short and Long term It should encompass few target media segments and monitor its progress regularly. The plan should highlight the cultural mandate of Dubai and its capabilities for being the hub for Media activities in the Arab Region</p> <p>Plan to act as a monitor for Government, support for industry and act as a source of vital information about the growing Media market of the Arab region. It will also act as a guideline for all policy and program decisions. Research for the report will provide additional boost to the research and audit deficient situation</p>	<b>HIGH</b>	<b>MEDIUM</b>	<b>HIGH</b>	Dubai Press Club (Arab Media Forum host), NMC, DCAA, ADACH
<b>2. Establish a Federal Media body with a wider facilitation and development role. The body to have an informative and interactive website (as a window for creative industries)</b>	<p>Expand and empower the National Media Council to take on a more developmental role from the present Censorship and Licensing role</p> <p>The Council should establish strategic business units for Traditional and New Media channels and facilitate their development in the country. The mandate should be to develop the local media industry, nurture homegrown media companies and attract foreign direct investment (FDI)</p> <p>The body should be supported from partner Govt agencies (ADFC, DCAA, ADACH, MoYC) and industry players</p> <p>Role to provide legal, regulatory, financial and advisory services to create a dialogue between the industry requirements and the Government</p>	<b>HIGH</b>	<p><b>MEDIUM</b></p> <p>(Since NMC - Federal body, is already formed, the task would be to empower the council with additional roles and responsibilities)</p>	<b>HIGH</b>	NMC
<b>Objective2: Establish Dubai's position as the "Arab Media Hub"</b>					



<b>1. Create competitions in various Mediums</b> (Scriptwriting, Game concepts, mobile apps/VAS, TV programs, animation)	The competition can be for UAE or wider across the GCC and Arab region, to identify and nourish budding talent and encourage their participation in the industry. The competition prize money should encourage talented individuals to develop creative products and services (CONTENT) capable of generating valuable IPR assets.	<b>HIGH</b>	<b>MEDIUM</b>	<b>HIGH</b>	DCAA, NMC, MBRE
<b>2. Facilitate Production friendly environment through incentives and rebates</b> (Films, TV programs)	<p>Incentives for location filming (filming in the UAE, filming with UAE crew, filming in partnership with UAE production company) like discounted rates for accommodation, travel and equipment</p> <p>Discounted rates for Location Approval Services and facilitation of Visas</p> <p>Support for Script proofing (strict censorship norms of the country often deter films to pursue Dubai as a location)</p> <p>Dubai is in the best position among the Arab countries as a centre for Media industries mainly because of;</p> <ul style="list-style-type: none"> <li>- the vibrant and liberal business environment</li> <li>- good tourism locales puts</li> <li>- advanced infrastructure (physical infrastructure, global connectivity, ICT)</li> <li>- safe environment</li> <li>- availability of various Nationalities (over 164)</li> </ul>	<b>HIGH</b>	<b>MEDIUM</b>	<b>LOW</b> (approval driven process)	NMC, DSC, DCAA, ADACH
<b>3. Create Focal Industry Events</b>	Like MyContent, Arab Media Forum, Gaming Championships and other large events which attract media (sports, conferences, International events)	<b>MEDIUM</b>	<b>LOW</b> (such events are already being hosted in Dubai)	<b>MEDIUM</b>	DTCM, NMC, DCAA, DWTC, MBRE
<b>4. Target partnerships with countries with Cultural Mandate</b>	This would involve co-production treaties (to benefit from mutual co-operation and cost benefits)	<b>HIGH</b>	<b>MEDIUM</b> (currently the ADFC is already identifying such partner countries)	<b>LOW</b> (approval driven process)	DCAA, ADCH, NMC
<b>Objective3: Enhance Knowledge and Commercialization of IPR</b>					



<p><b>1. Create an IPR body/helpdesk/ website to assess IPR assets and its commercialization potential</b></p>	<p>IPR Body to help assess assets, protect and promote them. It should help to protect creators rights and promote sustainable businesses with opportunities of spill-overs.</p> <p>The body should promote awareness and learning about IPR, make the process user friendly and simple for registration for all businesses (small and large)</p> <p>The role should also extend from regulatory to advisory in the form of commercialization of IPR (licensing, franchising and merchandising)</p> <p>Encourage creation of Content for cross-media platforms through funding and support. Aim to back long-term, viable businesses with diversified, recurring revenue streams (rather than single creative projects)</p>	<p><b>HIGH</b></p>	<p><b>LOW</b></p>	<p><b>LOW</b></p>	<p>NMC, MBRE</p>
<p><b>2. Fund the "Dubai Content Mark" initiative</b></p>	<p>Promote Content Development and production in Dubai through funding and grants for entrepreneurs if the product or service originates in Dubai, has Dubai elements (filmed in Dubai above 60%), has local crew participation, Dubai storyline, etc</p> <p>This shall help promote entrepreneurship and enhance visibility of Dubai in the Arab and global scenario</p>	<p><b>HIGH</b></p>	<p><b>LOW</b></p>	<p><b>LOW</b></p>	<p>MBRE, NMC, DCAA</p>
<p><b>Objective4: Build a Talent pipeline</b></p>					

<b>1. Address need for indigenous talent by adding creative subjects at early stages of learning and education</b>	<p>Work with the Ministry of Education to enhance creative writing and drawing skills at the pre-school, primary and secondary levels</p> <p>Such skills to be incorporated into language and literature curricula to build up creative writing, story-telling and storyboarding skills</p> <p>At secondary and tertiary levels, videography and graphics skills training can be developed to enhance project work</p> <p>Students of cultural or creative industries encounter future as self-employed and this is important to build a healthy talent pipeline</p>	<b>HIGH</b>	<b>MEDIUM</b>	<b>LOW</b> (approval driven process)	NMC, Ministry of Education
<b>2. Develop website for Internships and scholarships</b>	<p>The website can be maintained by MBRE to allow talented students to apply for scholarships and or get internship opportunities for participation in the industry</p> <p>Further, interested students can also be attached to Media experts (Nayla initiative) for career enhancement</p> <p>Many Emirati students are looking for opportunities to be absorbed in the Media industry but face high rejection on account of lack of industry interaction. The Website will allow students to constantly get industry updates and requirements and participate in the requirements promptly</p>	<b>HIGH</b>	<b>MEDIUM</b>	<b>HIGH</b>	MBRE, Industry players
<b>Objective5: Address seed capital and funding requirements</b>					
<b>1. Create a Media Financing Forum</b>	<p>Create a platform for international players, local investors, PE funds and banks to provide funds for Media enterprises where the government can act as a guarantor</p> <p>Special focus on Women owned businesses</p>	<b>HIGH</b>	<b>LOW</b>	<b>LOW</b>	Government agencies, industry players and PE funds along with Banks

### Segment-wise Opportunities and Challenges

Detailed SME opportunities and respective challenges highlighted earlier in the report are summarized in the table below.

Segment	Value Chain Activities	OPPORTUNITY	CHALLENGES				
			Funding	Infrastructure	Skills	Regulatory	Others
Motion Picture	Script Development & Financing		✓		✓	✓	
	Pre-production	SME *			✓	✓	✓
	Production	SME * ++		✓	✓		
	Post-Production						
	Distribution						✓
	Exhibition & Projection						✓
Television	Concept Development & Financing		✓				✓
	Pre-production						
	TV Content Production	SME* ++			✓		✓
	Post-Production						
	TV Content Aggregation and Distribution						✓
Gaming	Concept Development	SME *	✓		✓		
	Production	SME		✓	✓		
	Post-production & Testing	SME *					
	Publishing & Distribution	SME *					✓
Web Development	Requirements analysis						✓
	Software Engineering						
	Coding & Testing	SME					
	Website Integration & support	SME					
Mobile Content Development	Content Development	SME *			✓		
	Content Portals / Aggregators	SME					
Advertising	New Media					✓	
Note: “*” highlights participation of Emiratis and “++” refers to women run businesses			Funding is critical to enable SMEs to start-up	Unavailability of adequate studios for filming and animation	Unavailability of Media specific skills	Concerns regarding standardization of the industry	Piracy, Media Research and Monitoring

The Possible solutions to address the challenges and promote opportunities are discussed in the table below. Solutions which can be addressed by MBRE are mentioned in the table.

### Possible Solutions and its High-level Assessment: Segment-wise opportunities and challenges

<b>Motion Picture</b>
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Opportunity / Challenge	Category	Possible Solutions		Favorability			
		Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation
Opportunities	Local Films	1. "Screen Quotas"	<ul style="list-style-type: none"> <li>- Quota for local cinema houses to show locally developed movies</li> <li>- to encourage distributors to take up locally made films (atleast 3 per week)</li> </ul>	High	High	Medium	NMC, DCAA
		2. Promote TV Movies	<ul style="list-style-type: none"> <li>- mandate movies exhibited in DIFF over TV networks (broadcasters in DMC) after their release on primary networks</li> <li>- special screening for TV networks to take up distribution of TV films (this will offer differentiation of content for the TV broadcaster and thereby greater viewership)</li> <li>- Students to get opportunity to show their films over TV networks. This will serve dual purpose of encouraging independent film-makers as well as provide them opportunity to convert hobby into profession</li> </ul>	High	High	Medium	DMI, DIFF
		3. Support in marketing of movies	<ul style="list-style-type: none"> <li>- marketing package (prime location banners and poster funding, dedicated spaces) for independent filmmakers will enable them to compete with foreign films</li> <li>- this can also include grants for participation in foreign film festivals and cinema events</li> </ul>	High	Medium	Medium	TECOM (dedicated spaces), DIFF, DMI (allocate time on their channels), NMC sponsors part of marketing budget
	Inward Features	1. Rebate for production in UAE	<ul style="list-style-type: none"> <li>- since the UAE provides a tax-free environment, rebates can be offered on lodging costs, transportation, location charges, etc (accommodation and travel vouchers)</li> <li>- rebate on labour cost: these can include rebates on local labour recruited for shooting in the Emirate. This will enable inward films to save on labour cost while providing essential training to local media participants</li> </ul>	High	Medium	Low	Set-up new Film commission, NMC
		2. Co-production treaties	<ul style="list-style-type: none"> <li>- Treaties signed with neighboring countries with cultural promotion agenda (Canada, India, Egypt, and Europe). The countries will then be able to share resources and cost for mutual benefit</li> </ul>	High	Medium	Low	DCAA, NMC, Set-up new Film commission

Challenges	Funding	1. Cine-starter package for independent film-makers	<ul style="list-style-type: none"> <li>- package with camera, equipment and talent pool -- to be ready to film at subsidized cost</li> <li>- requires PPP with equipment providers, industry leaders, financiers (PE funds, banks)</li> <li>- DSC already has a website, so leverage on the website to match demand with suppliers</li> </ul>	High	Medium	Medium (DSC already has the website)	DSC, DCAA
		2. Film Fund	<ul style="list-style-type: none"> <li>- to promote indigenous films the govt could either act as a guarantor to the bank or partly fund the film</li> <li>- set criteria shall determine eligibility for funding (cultural match, use of Arab locations, use of Arab cast/ crew)</li> <li>- Banks: create a bank pool of funds for disbursement based on track record, actors involved and script genre. The government can act as guarantor</li> </ul>	High	Low	Low	NMC and DCAA, DTCM
		3. Distribution Funding	<ul style="list-style-type: none"> <li>- large distributors in the region can set-up funds for promoting local films (serves dual purpose of funding of film and ensuring distribution)</li> </ul>	High	Medium	Low	NMC and private institutions
	Infrastructure	1. Set-up a Film Commission / council at DSC to promote the location and attract foreign players to the cluster <sup>36</sup>	<ul style="list-style-type: none"> <li>- the role of the commission is to attract foreign films and establish co-production treaties</li> <li>- this will indirectly promote development near DSC (Hotels, facilities, restaurants, events)</li> </ul>	High	Low	Low	DCAA, TECOM, NMC, Ministry of Youth, Culture and Community
		2. Facilities to be accredited as per international standards	<ul style="list-style-type: none"> <li>- the boutique studios as well as the sound stage to be accredited internationally</li> </ul>	Medium	Low	Low	DSC
Challenges	Skills	1. Skill development; - Script writing - Film making - Acting	<ul style="list-style-type: none"> <li>- partnership with renowned film-making schools and setting up specialist Film Schools especially in the following fields: Script writing, Film making and Acting</li> </ul>	Medium	Low	Low	British Business Group, Abu Dhabi Film academy, Ministry of Education

<sup>36</sup> Note: Cells highlighted in yellow reflect solutions for Inward Features

		<b>2 Attach Local talent to Media experts</b>	- promote internships of indigenously trained students with renowned film-makers locally or in select countries to enable work experience and training	<b>High</b>	<b>Medium</b>	<b>Medium</b>	Ministry of Education, TECOM, DSC, MBRE
	<b>Regulatory</b>	<b>1. Facilitate Visas</b>	- visas to be on project basis and carnets to be facilitated	<b>High</b>	<b>High</b>	<b>Medium</b>	Ministry of Labour, DSC
		<b>2. NMC to create presence and awareness</b>	- to enhance its role as a facilitator and encourage new films (to promote culture and customs)  - NMC to announce genres of films it supports to promote first level of film making  - especially children's films which have lesser chances of rejection	<b>High</b>	<b>Medium</b>	<b>Medium</b>	DTCM, NMC
	<b>Others</b>	<b>1. Standardize location rate cards</b>	- promote filming in other emirates and other GCC countries to enable varied location options for foreign films to shoot in the country	<b>Medium</b>	<b>High</b>	<b>Medium</b>	DCAA
		<b>2. Implement regulations regarding Piracy</b>	- stringent fines to enforce piracy across the country	<b>High</b>	<b>High</b>	<b>High</b>	DCAA, Ministry of Foreign Trade
<b>3. Promote online distribution</b>		- MBRE can host a website for independent film-makers and student films  - specially for KSA, a minimum fee can be paid to watch the movie online	<b>Medium</b>	<b>Medium</b>	<b>Medium</b>		

Television <sup>37</sup>							
Opportunity / Challenge	Category	Possible Solutions		Favorability			
		Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation

<sup>37</sup> Note: Most of the Motion Picture Content based solutions hold true for TV content

Opportunities	1. Quota for local series / program for local broadcasters	<ul style="list-style-type: none"> <li>- Quota can be based on total hours or number of programs per channel / per TV station</li> <li>- quota for children content across all leading broadcasting channels to promote content development locally (Key opportunity as discussed by Arab Media Forum)</li> </ul>	High	Medium	Medium	NMC, Public broadcasters
	2. Enable Export of TV content	<ul style="list-style-type: none"> <li>- secure partnerships with foreign distributors (with presence in Dubai) to carry locally developed programs on foreign channels. Such initiatives can be funded by foreign broadcasters as well</li> </ul>	Medium	Medium	Low	NMC

Challenges	Funding	1. Funding support from large broadcasters	<ul style="list-style-type: none"> <li>- broadcasters to develop funds with govt support (this will enable them to monitor the content and ensure its quality)</li> <li>- the fund can also target pilot productions to enable concepts into the production phase</li> </ul>	High	Medium	Medium	NMC, DSC, Public and Private broadcasters
	Skills	1. Develop indigenous talent to participate in the industry	<ul style="list-style-type: none"> <li>- match interns with media experts for internship opportunities</li> </ul>	High	Medium	Medium	MBRE, NMC, DSC, Public and Private broadcasters
		2. Establish soft skill training centres	<ul style="list-style-type: none"> <li>- soft skill training in areas like - voice over, acting, anchoring, etc, will enable a pool of talent within the emirate</li> </ul>	Medium	Low	Low	Ministry of Education, NMC
	Others	1. Media Audit to be made compulsory by the NMC for all public and private Media communication channels	<ul style="list-style-type: none"> <li>- KSA is one of the first countries in the GCC to have an external media audit to verify its circulation and reach figures. This will ensure transparency and enable advertisers to price their offerings and research accordingly -- resulting in overall efficiencies</li> </ul>	High	Low	Low	NMC, TRA (since they are currently developing the TAM - people monitoring project in UAE)
		2. Strict enforcement of piracy laws by setting up a body for enforcing Media related infringements	<ul style="list-style-type: none"> <li>- setting up of a separate body for enforcements and performing strict checks on media products like CD, DVD, etc and services like satellite channels, etc.</li> </ul>	High	Low	Medium	TRA, NMC, Ministry of Foreign Trade

Gaming							
Opportunity / Challenge	Category	Possible Solutions			Favorability		
		Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation



Opportunities	Animation and related Gaming	1. Game Match making	<ul style="list-style-type: none"> <li>- match making: foreign game developers and local concept developers</li> <li>- competition for game concepts developed locally can be created . Winning concepts can be matched with foreign developers (through FTAs with Singapore)</li> <li>- concept development for console makers (this will enable customization from step one and prevent case of censorship which is typical in the region)</li> </ul>	High	Medium	Low	NMC, DED (for FTA)
		2. Game Starter packages	<ul style="list-style-type: none"> <li>- packages for online gaming which could include payment portals + server space + offshore team + locally developed concepts. These packages will promote first step of game development in the country</li> </ul>	High	Low	Low	NMC, MBRE
		3. Developing Infrastructure for beta testing of games	<ul style="list-style-type: none"> <li>- beta testing is final testing of games before its distribution</li> <li>- creation of R&amp;D centres/ animation studios and formal labs for testing and localization</li> </ul>	Medium	Low	Low	NMC
		4. Licensing for New Media	<ul style="list-style-type: none"> <li>- NMC to create a separate category for New Media and allot licensing accordingly especially for game development and mobile content development activities</li> <li>- this will enable monitoring and tracking business in this segment</li> </ul>	Medium	High	High	NMC

Challenges	Funding	1. Game fund	<ul style="list-style-type: none"> <li>- grants by the government or PE funds (technology support funds like Intel Capital) for entrepreneurs</li> </ul>	High	Medium	Low	NMC
	Skills	1. Scholarships for students for animation and gaming roles	<ul style="list-style-type: none"> <li>- this will enable indigenous students to participate in the industry</li> </ul>	High	Medium	Low	NMC, Ministry of Education
		2. Employment rebates	<ul style="list-style-type: none"> <li>- since the industry involves heavy employment and large costs are associated with expat hiring, employment rebates can be given to companies for hiring of locals/ indigenously trained professionals</li> </ul>	High	Medium	Low	NMC, Ministry of Education

Web Content Development							
Opportunity / Challenge	Category	Possible Solutions		Favorability			
		Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation



Opportunities	Animation and related Gaming	1. Encourage SMEs to establish online presence	<ul style="list-style-type: none"> <li>- create a group of web developers to cater to bringing the SME community online (Trade, T&amp;S)</li> <li>- this could include web development services at subsidized rates provided by a list of preferred web developers</li> </ul>	High	Medium	Medium	MBRE
		2. Training in Arabic Web Content development	<ul style="list-style-type: none"> <li>- to provide training in Arabic software, typing, fonts, design elements and customs</li> </ul>	Medium	Medium	Low	MBRE can provide this certification training in partnership with technology providers
		3. Tie-ups with merchant banks outside UAE to promote/ expand e-commerce (which are currently limited to UAE)	<ul style="list-style-type: none"> <li>- merchant banks to have tie-ups with GCC and regional banks to enable e-commerce throughout the GCC (expansion of online activities). Banks could also offer certain number of free transactions per month to encourage new SMEs to avail the business opportunity</li> </ul>	High	High	Medium	MBRE, TRA

Challenges	Others	1. Promote e-commerce packages	<ul style="list-style-type: none"> <li>- package to include merchant bank account + payment gateway at reduced prices for SMEs, with simplification of processes and applications</li> <li>- it should initially be for UAE (linked to all the emirates) and then allow for the entire GCC</li> <li>- partnerships with local courier services: dual purpose of promoting local courier agencies and logistics support for e-commerce website</li> </ul>	High	Medium	Low	<p>TRA, Etisalat, Merchant banks (Mashreq, NBD), MBRE</p> <p>Private courier companies (SMEs) Speedex (UAE), Euro Express, Immex</p>
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Mobile Content Development							
Opportunity / Challenge	Category	Possible Solutions		Favorability			
		Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation

Challenges	Skills	1. Encourage Competitions	- address skill shortages by developing closer partnerships with local universities that have STEM (Science, Technology, Engineering, and Math's) focus such as HCT and Zayed University. (Khalifa University already organizes an annual iPhone development competition for its students)	High	Medium	Medium	Ministry of Education, MBRE, Telecom Operators

Advertising							
Opportunity / Challenge	Category	Possible Solutions		Favorability			
		Possible Solutions	Description	IMPACT	COST	TIME	STAKEHOLDERS involved in implementation
Challenges	Skills	1. Develop an intern finder website	- the website will help link interns and the industry, through a common portal to provide opportunity for indigenous students to be absorbed in the local industry	Medium	Medium	Medium	MBRE, public and private media educational institutions, NMC
	Regulatory	1. Implement Media Research and Audit	TV: research involves a people metering project.  Print: includes stringent and regular auditing.  A credible common database of information will help clients make informed decisions and encourage transparency.	Currently underway with initiatives from TRA and NMC on TAM			
		2. Setting-up an Advertising body	- set up an Advertising body like the IAA charter for catering to advertising regulations and accreditation  - IAA to provide means to improve overall research and monitoring , measure service exports, improve transparency in bidding, etc	Medium	Low	Low	IAA, NMC

## 9. Conclusion

Based on favorability of solutions discussed in the previous section, the table highlights 'Most Appropriate Solutions'. However, detailed feasibility needs to be conducted for the solutions to ascertain their implementation.

The **‘Most Appropriate Solutions’** are relatively short-term objectives (less than 2 years time-frame for implementation), assigned High or Medium favorability with respect to Impact, Cost and Time and are accordingly highlighted green in the tables below. Additionally, likely participation of MBRE in implementation of solutions is also marked with as asterisk.

### Industry-wide Objectives and Possible Solutions - “Most Appropriate Solutions”

Key Objective	Possible solutions	Favorability		
		IMPACT	COST	TIME
Planned approach to promote the Media Industry	1. Prepare a Media Plan for the long term (2011-2015)	HIGH	MEDIUM	HIGH
	2. Establish a Federal Media body with a wider facilitation and development role. The body to have an informative and interactive website (as a window for creative industries)	HIGH	MEDIUM	HIGH
Establish Dubai position as the "Arab Media Hub"	1. Create competitions in various Mediums (Scriptwriting, Game concepts, mobile apps/VAS, TV programs, animation) *	HIGH	MEDIUM	HIGH
	2. Facilitate Production friendly environment through incentives and rebates (Films, TV programs)	HIGH	MEDIUM	LOW
	3. Create Focal Industry Events *	MEDIUM	LOW	MEDIUM
	4. Target partnerships with countries with Cultural Mandate	HIGH	MEDIUM	LOW
Enhance Knowledge and Commercialization of IPR	1. Create an IPR body/helpdesk/ website to assess IPR assets and its commercialization potential *	HIGH	LOW	LOW
	2. Fund the "Dubai Content Mark" initiative *	HIGH	LOW	LOW
Build a Talent pipeline	1. Address need for indigenous talent by adding creative subjects at early stages of learning and education	HIGH	MEDIUM	LOW
	2. Develop website for Internships and scholarships *	HIGH	MEDIUM	HIGH
Address seed capital and funding requirements	1. Create a Media Financing Forum	HIGH	LOW	LOW

Note: Enhance knowledge and Commercialization of IPR is prioritized as a solution (inspite of lack of ease of implementation) since the solution is a key enabler of transformation from a current distribution set-up to a CREATION set-up.

### Segment-wise Possible Solutions – “Most Appropriate Solutions”

	Category	Possible Solutions	Favorability		
		Possible Solutions	IMPACT	COST	TIME
Motion Picture					
Opportunities	Local Films	1. "Screen Quotas"	High	High	Medium
		2. Promote TV Movies	High	High	Medium
		3. Support in marketing of movies	High	Medium	Medium
	Inward	1. Rebate for production in UAE	High	Medium	Low

	Features	2. Co-production treaties	High	Medium	Low
Challenges	Funding	1. Cine-starter package for independent film-makers	High	Medium	Medium
		2. Film Fund	High	Low	Low
		3. Distribution Funding	High	Medium	Low
	Infrastructure	1. Set-up a Film Commission / council	High	Low	Low
		2. Facilities to be accredited as per international standards	Medium	Low	Low
	Skills	1. Skill development; Script writing, Film making, Acting	Medium	Low	Low
		2 Attach Local talent to Media experts *	High	Medium	Medium
	Regulatory	1. Facilitate Visas	High	High	Medium
		2. NMC to create presence and awareness	High	Medium	Medium
	Others	1. Standardize location rate cards	Medium	High	Medium
2. Implement regulations regarding Piracy		High	High	High	
3. Promote online distribution *		Medium	Medium	Medium	
Television					
Opportunities		1. Quota for local series / program for local broadcasters	High	Medium	Medium
		2. Enable Export of TV content	Medium	Medium	Low
Challenges	Funding	1.Funding support from large broadcasters	High	Medium	Medium
	Skills	1. Develop indigenous talent to participate in the industry *	High	Medium	Medium
		2. Establish soft skill training centres	Medium	Low	Low
	Others	1. Media Audit to be made compulsory by NMC	High	Low	Low
		2. Strict enforcement of piracy laws by setting up a body	High	Low	Medium
Gaming					
Opportunities		1. Game Match making	High	Medium	Low
		2. Game Starter packages *	High	Low	Low
		3. Creating competencies for beta testing of games	Medium	Low	Low
		4. Licensing for New Media	Medium	High	High
Challenges	Funding	1. Game fund	High	Medium	Low
	Skills	1. Scholarships for students for animation and gaming	High	Medium	Low
		2. Employment rebates	High	Medium	Low
Web Content Development					
Opportunities		1. Encourage SMEs to establish online presence *	High	Medium	Medium
		2. Training in Arabic Web Content development *	Medium	Medium	Low
		3. Tie-ups with merchant banks outside UAE *	High	High	Medium
Challenges	Others	1. Promote e-commerce packages *	High	Medium	Low
Mobile Content Development					
Challenges	Skills	1. Encourage Competitions	High	Medium	Medium
Advertising					
Challenges	Skills	1. Develop an intern finder website *	Medium	Medium	Medium
	Regulatory	1. Implement Media Research and Audit	Currently underway		
		2. Implement Transparent Tendering System	Low	Medium	High
		3. Setting-up an Advertising body	Medium	Low	Low

## Annexure I – ISIC Classification

- ISIC Revision 4 does not classify MEDIA as a separate Division
- ISIC Revision 4 aggregates Media into Information & Communication and provides a definition of these concepts in terms of complete ISIC classes
- The list of ISIC, Rev.4 industries that comply with this definition is provided for in Division J of the ISIC classification

- Further, OECD classifies Media industry on the basis of Central Product Classification (CPC) of the United Nations Statistics Division (UNSD) 2008 to include ISIC classes;
  - 7310 – Full service Advertising, Purchase or Sale of advertising space or time
  - 7420 - Advertising and related photography services
  - 9000 - Original works of authors, composers and other artists except performing artists, painters and sculptors

#### Detailed ISIC Revision 4 Components of the Media Industry

Sector	Media
<b>Sector Definition (ISIC References)</b>	Media encompasses primarily publishing, content creation and reproduction of films, advertisements, newspapers, magazines and content creation for electronic media such as Television, Radio and internet.
<b>Subsectors</b>	<p><b>ISIC rev4 – Section C (Manufacturing)</b></p> <p><b>18 - Printing and reproduction of recorded media</b></p> <p><b>181 - Printing and service activities related to printing</b></p> <p><b>1811 - Printing</b> This group includes:</p> <ul style="list-style-type: none"> <li>• Printing of newspapers, books, periodicals, business forms, greeting cards, and other materials, and associated support activities, such as bookbinding, plate-making services, and data imaging. Printing can be done using various techniques and on different materials.</li> </ul> <p><b>1812 - Service activities related to printing</b> This class includes:</p> <ul style="list-style-type: none"> <li>• binding of printed sheets, composition, typesetting, plate-making services, engraving or etching, etc</li> </ul> <p><b>182 - Reproduction of recorded media</b> This class includes:</p> <ul style="list-style-type: none"> <li>• reproduction from master copies of gramophone records, compact discs and tapes with music or other sound recordings</li> <li>• reproduction from master copies of records, compact discs and tapes with motion pictures and other video recordings</li> <li>• reproduction from master copies of software and data on discs and tapes</li> </ul> <p><b>ISIC rev4 – Section J (Information and</b></p> <p><b>5812 - Publishing of directories and mailing lists</b></p> <p><b>5813 - Publishing of newspapers, journals and periodicals</b></p> <p><b>5819 - Other publishing activities</b> This class includes:</p> <ul style="list-style-type: none"> <li>• publishing (including on-line) of: catalogs, photos, engravings and postcards, greeting cards, forms, posters, reproduction of works of art, advertising material, other printed matter,</li> <li>• on-line publishing of statistics or other information</li> </ul> <p><b>582 - Software publishing</b> This class includes:</p> <ul style="list-style-type: none"> <li>• publishing of ready-made (non-customized) software: operating systems, business and other applications, computer games for all platforms</li> </ul> <p><b>59 - Motion picture, video and television programme production, sound recording and music publishing activities</b></p> <p><b>591 - Motion picture, video and television programme activities</b></p> <p><b>592 - Sound recording and music publishing activities</b></p> <p><b>60 - Programming and broadcasting activities</b></p>



	<p>Communication)</p> <p><a href="#">58</a> - Publishing activities</p> <p><a href="#">581</a> - Publishing of books, periodicals and other publishing activities</p> <p><a href="#">5811</a> - Book publishing</p> <p><a href="#">6201</a> - Computer programming activities</p> <p>This class includes:</p> <ul style="list-style-type: none"> <li>designing the structure and content of, and/or writing the computer code necessary to create and implement: software applications and web pages</li> <li>customizing of software, i.e. modifying and configuring an existing application so that it is functional within the clients' information system environment</li> </ul>	<p><a href="#">601</a> - Radio broadcasting</p> <p><a href="#">602</a> - Television programming and broadcasting activities</p> <p><a href="#">620</a> - Computer programming, consultancy and related activities</p> <p><a href="#">63</a> - Information service activities</p> <p><a href="#">631</a> - Data processing, hosting and related activities; web portals</p> <p><a href="#">6312</a> - Web portals</p> <p>This class includes:</p> <ul style="list-style-type: none"> <li>operation of web sites that use a search engine to generate and maintain extensive databases of Internet addresses and content in an easily searchable format</li> <li>operation of other websites that act as portals to the Internet, such as media sites providing periodically updated content</li> </ul>
Allied Sectors	<p>Some aspects of the following has linkages to the media sector:</p> <p>ISIC rev4 – <a href="#">M</a> (Professional, scientific and technical activities)</p> <p><b>73 - Advertising and market research</b></p> <p><a href="#">731</a> - Advertising</p> <p>This class includes the provision of a full range of advertising services (i.e. through in-house capabilities or subcontracting), including advice, creative services, and production of advertising material, media planning and buying. This class includes:</p> <ul style="list-style-type: none"> <li>creation and realization of advertising campaigns: <ul style="list-style-type: none"> <li>creating and placing advertising in newspapers, periodicals, radio, television, Internet and other media</li> <li>creating and placing of outdoor advertising, e.g. billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding etc.</li> <li>media representation, i.e. sale of time and space for various media soliciting advertising</li> <li>aerial advertising</li> <li>distribution or delivery of advertising material or samples</li> <li>Provision of advertising space on billboards etc.</li> <li>creation of stands and other display structures and sites</li> </ul> </li> <li>conducting marketing campaigns and other advertising services aimed at attracting and retaining customers: promotion of products, point-of-sale marketing, direct mail advertising, marketing consulting</li> </ul> <p>ISIC rev4 – <a href="#">R</a> (Arts, entertainment and recreation)</p>	

#### 90 - Creative, arts and entertainment activities

#### 900 - Creative, arts and entertainment activities

This class includes:

- production of live theatrical presentations, concerts and opera or dance productions and other stage productions:
  - activities of groups, circuses or companies, orchestras or bands
  - Activities of individual artists such as authors, actors, directors, musicians, lecturers or speakers, stage-set designers and builders etc.
- operation of concert and theatre halls and other arts facilities
- Activities of sculptors, painters, cartoonists, engravers, etchers etc.
- Activities of individual writers, for all subjects including fictional writing, technical writing etc.
- Activities of independent journalists restoring of works of art such as paintings etc.

## Annexure II – Licensing of Media Segments in Dubai

### Licensing requirements as per TECOM (AED per annum)

Segments	Activities (may add upto 5 activities from the segment)	License Fees	Minimum Paid-up capital
<b>Broadcasting (TV and Radio)</b>	Applies to DMC and DSC	AED 25,000	AED 2,500,000





<b>Publishing</b>	Applies to IMPZ	AED 20,000	AED 200,000
<b>Printing</b>	Certain activities like New Media and Media & Marketing apply to DMC	AED 15,000	AED 500,000
<b>Other than Printing and Publishing in IMPZ</b>	Upto maximum 5 publication titles for AED 2500 p.a. per title. For the 6th, and more titles the rate is AED 5000 per title p.a.	AED 15,000	AED 300,000
<b>Freelancer</b>	Actor, Artist, Animator, Audio/Sound Engineer, Cameraman, Cartoonist, Choreographer, Commentators, Composer, Copywriter, Creative Director, Critics, Director, Editor, Fashion Stylist, Fashion Designer, Graphic Designer, Journalist, Lighting Technician, Marketing Specialist, Media Planner, Media Representative, Music Director, Musician, Newsreader, Painter, Photographer, Photojournalist, Presenter, Producer, Reporter, Scriptwriter, Set and Exhibit Designer, Special Effects Producer, Writer, Translator, Compere, New Media Specialist, Sculptor, Web Design	AED 8000	

## Annexure III – DMC and other Arab Media Cities

Competitive advantage of Dubai Media City versus other Arab Media cities is given as below;

*Note: Arranged by order of development/origin*

Name	Enterprise Units	Main Focus	Characteristics and Competitive Advantage
<b>Egyptian Media Production City (EMPC)</b>	65 in 2009	Studio and educational training for media, broadcasting,	<b>Facilities:</b> EMPC contains a movie theater, television studios, satellite channels, digitally pressed and alternative radio and television broadcast systems. The total number of EMPC studios was 67 by the end of 2009. EMPC production facility is significantly larger than the lot at Paramount Studios and is at par with Universal Studios. A large back lot with clear stretches of road



1997		television production and film companies	<p>for action sequences/car chases and a wealth of existing sets help to keep construction costs down. The vast store of props, vac-forming, wardrobe, engineering and 'chippie' facilities make it the ideal location for any drama. The close proximity of the five-star Movenpick to the studio ensures that travelling times are kept to a minimum.</p> <p><b>Education:</b> The International Academy for Media Sciences [IAMS] located at EMPC offers BSc. in Media Science and Media Engineering - with specialization in cinema, advertising, internet, radio&amp; TV.</p> <p><b>Incentives:</b> Except for passenger cars, all project imports are exempt from capital, sales and other taxes and custom duties and tariffs for the project's duration, no restrictions on rent-leasing to others, foreign investors and their employees are granted visa facilities, and are allowed to stay as long as their project lifetime.</p>
Dubai Media City (DMC) 2001	1200 in 2008	All kinds of media businesses	<p><b>Facilities:</b> Licensing fees at the Dubai Media City range between AED15,000 and AED20,000 based on the business activity of the company. The current rent for new entrants is AED 180-200 per sq ft annually. The company is permitted to have 100% foreign ownership and there is a guaranteed 50 year tax exemption status.</p> <p><b>Education:</b> Media related courses and educational institutions are present in related free zones like Knowledge Village</p> <p><b>Initiatives:</b> DIFF(Dubai International Film Festival) and IBDA (Media students award in categories - Animation, TV Documentary, Film Feature, Print Advertising, TV Advertising, Graphic Design, Analogue Photography, Digital Photography, Journalism (Non News), and Radio)</p>
Jordan Media City 2001	150 in 2007	Broadcasting and production businesses	<p><b>JMC is the first private media zone in the MENA region</b></p> <p><b>Facilities:</b> JMC has two production studios, one post production editing suite and an outside production unit. It also has fully-equipped production studios, with their own control rooms, dressing rooms, cameras, lighting and sound halls, scenery sets, a workshop, storage halls, equipment maintenance area, and spare parts stores.</p>
Name	Enterprise Units	Main Focus	Characteristics and Competitive Advantage
International Media Production Zone (IMPZ) 2003	110 in 2007	Publishing, graphic arts, packaging and media production	
Dubai Studio City (DSC) 2005	160 in 2008	Production, post-production, equipment rental and satellite	<p><b>Facilities:</b> Dubai Studio City will have pre-built studios, sound stages, workshops, back-lots and stage areas, a broadcast centre housing offices and post-production studios, and a business centre for freelancers. The cluster will also house film and television academies, location approval services, entertainment and retail spaces, and hotels and residential facilities to accommodate crews and casts. Presently majority of the infrastructure is under</p>

		facilities for Filming and Broadcasting	construction.
<b>RAK Media Free Zone</b> 2006	20 International companies	All kinds of media businesses	Since 2009 RAK Media City has stopped sponsoring freelance visas, leaving media professionals who want to market themselves as freelancers in the UAE with no alternative but to register with DMC. The decision was taken because it proved too challenging for the free zone to monitor the freelancers.
<b>Fujairah Creative City</b> 2007	5	Broadcasting	Freelancers and companies alike can obtain a license for Dh12, 500. The annual lease fee is estimated at AED 90 per sq ft, with a minimum office space of 350 sq ft.
<b>twofour54</b> 2008	21 by Jan 2010	Content creation, Training and Funding	<b>Facilities:</b> Registration and licensing for media businesses at twofour54, Customised office space solutions and studio production and post-production facilities supported by technical staff. [twofour54 tadreeb (the training academy), twofour54 ibtikar (innovation and support) and twofour54 intaj (state-of-the-art production facilities) all supported by business enabler twofour54 tawasol (one-stop-shop)]  <b>Education:</b> The Academy offers over 200 industry courses as well as tailored training solutions for organisations.

Globally, media clusters have formed naturally – London (70%-90% of total UK employment in Media industries estimated to be in London) with an equal mix of foreign and indigenous firms.