



هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار
Palestine Investment Conference



INSPIRING BUSINESS



ICT Sector

Project Number:	PIC-2010-IO-045
Project Name:	Technology Educational Kits
Sponsor Company:	Palestine ICT Incubator (PICTI)
Contact Details:	Mr. Hasan Omar Ramallah-Jerusalem Street- Al Sheikh Tower, 4th Floor, Palestine Tel: 970-59-9225092 Email: hasan.omar@picti.ps Website: www.picti.ps
Total Cost of the Project:	US\$ 250,000
Investment by Current Owners:	US\$ 50,000
Contributions by Project's Revenues	US\$ 100,000
Required Investment:	US\$ 100,000

Project Description:

Palestine ICT Incubator (PICTI) is seeking a financing partner to support the establishment of a company that aims to provide the following products and services: Technology Educational Kits, training students and teachers on how to use their kits, and encouraging Palestinian youths to come up with innovative ideas using their kits.

The company aims to target the local Palestinian market which will include schools, universities, educational Institutions and vocational training centers. Additionally, the company's customers will include students, educators and technology hobbyists. The two types of kits available will be the Sysco Lab-MCU Kit Level 1 (priced under \$50) and the Sysco Lab-MCU Kit Level 2 (priced under \$60).

The company's kits are very competitive in international markets in terms of price and functionality. Their competitive advantage is that they will be the first company in Palestine to design these "Digital Kits". They will be designed in an affordable and easy-to-use way, which will allow those interested to better understand the technology curriculum. These kits will also stimulate Palestinian youth to invent technological solutions and applications that benefit the long-term development of Palestine.

Project Development Time Table:

	Expected number of months from finance availability
Phase 3 (Final prior to completion)	6 months

Current Owners' Profile:

Palestine Information & Communications Technology Incubator (PICTI) designs, develops and implements initiatives that lead to the creation of innovative entrepreneurial enterprises focused on Information and Communications Technology (ICT). PICTI's main competitive advantages include its management's strong network extending throughout the Palestinian private sector, its dedicated staff with incubation know-how, its clients (some close to graduation), and a pioneering initiative underway to create a seed fund for the benefit of pre-revenue start-up companies incubated at PICTI. PICTI aims to develop the Palestinian Micro, Small and Medium Enterprises (MSME) sector as a means to generate new jobs, attract foreign investment and improve the economic situation in the Palestinian territories.

Palestine is entering a new era. It faces a changing political environment which is constantly bringing about new economic, social and technological challenges. Access to finance, business advisory services, equipment and reliable telecommunications are all challenges for established businesses and entrepreneurs wishing to participate in the growing private sector.

PICTI's mission is to design, develop, implement, and promote initiatives that support entrepreneurial business ventures with high growth potential by providing them with an integrated package of world-class business development services that nurture and support the commercialization of their ideas while enhancing their development and growth.

PICTI has created many programs such as outreach (awareness campaign with the Palestinian universities and communities on issues related to entrepreneurship, innovation and PICTI services), pre-incubation programs, incubation programs, seed fund investment (fund under establishment and ongoing fundraising), marketing (annual participation in Expotech www.expotech.ps and regional marketing campaigns and fundraising), a matchmaking program to link start-ups with business and investment opportunities, industry-university linkage programs as well as training and policy work.

PICTI also provides entrepreneurs with office space and business development services to transform their commercially viable ideas into established products and businesses, provides job opportunities for talented Palestinians, develops the information and communications sector, helps establish new start-up companies, plays an important role in revitalizing an entrepreneurial culture and capacity building, links Palestinian entrepreneurs with investors, develops business plans and provides business development services for its clients.

Industry Highlights:

The Information and Communications Technology (ICT) sector has a significant influence on the development of Palestinian infrastructure and on general quality of life standards. The ICT sector plays a critical role in shaping the future of Palestine as it facilitates the ability for Palestinians to communicate with others locally and globally.

Economic experts gave high marks to the Palestinian ICT sector for its viability and ability to aid the development of the Palestinian economy. International outsourcing experts attested

“that the Palestinian outsourcing industry is capable of sustaining multiple concurrent IT development projects at levels of quality, timeline and customer satisfaction as buyers would expect from a global IT outsourcing services provider.” Experts stress that despite the current political situation and heavy-handed Israeli restrictions, the ICT sector stands on top of other economic sectors in terms of its readiness to boost the Palestinian economy and significantly penetrate regional and international markets.

Palestine is leaping forward in the ICT world as statistics show a huge increase in the number of households that use ICT technology. According to the Palestinian Central Bureau of Statistics, 32.1% of households have a computer at home and 15.6% have access to the internet; a 72.8% increase from 2004. Other significant statistics such as the number cell phone users indicate that the sector has more than doubled since 2004.

As of 2007 year-end, the ICT sector contributed about 10-12% of GDP with a market size of around \$500 million. There are approximately 250 ICT companies, 150 small computer stores, more than 150 internet cafés and over 5,300 individuals working in the sector in the West Bank and Gaza. Palestinian ICT companies cover a wide spectrum of the ICT market including hardware distributors, software development firms, office automation vendors, internet service providers, telecommunication companies, as well as ICT consulting and training companies

Broadband penetration is mainly dominated by Paltel presently and by having other companies that provide the service with quality emphasis, this will lead to higher internet penetration while lowering the cost. Indeed, due to its heavy cross-sectoral impact, a competitive broadband service industry has the potential to become a main economic driver for future economic, social and democratic change.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Benefits from PICTI's support services • PICTI's technical and managerial experience • Digital kits will stimulate Palestinian youths to invent and innovate technological solutions and applications 	<ul style="list-style-type: none"> • Lack of financial resources
External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • Invented technological solutions will boost Palestine's ICT sector • Ability to sell products to all NGO's dealing with Palestinian youths • Schools and universities can encourage product as core requirement in their curricula • Increasing number of internet application users 	<ul style="list-style-type: none"> • ICT industry subject to quick changes • Competitors can easily duplicate

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	150,000	500,000	1,000,000	2,000,000	2,100,000
Gross Profit	140,000	350,000	680,000	1,260,000	1,323,000
Net Income	133,229	282,500	567,500	1,082,500	1,137,250
Cash Flow Accounts					
Operating Cash Flow	140,000	295,000	580,000	1,095,000	1,149,750
Investing Cash Flow	(250,000)	0	0	0	0
Financing Cash Flow	150,000	0	(500,000)	(1,000,000)	1,000,000
Balance Sheet Accounts					
Total Assets	283,229	565,729	633,229	715,729	852,979
Total Liabilities	0	0	0	0	0
Total Equity	283,229	565,729	633,229	715,729	852,979
Profitability Indicators					
Return on Assets	47%	50%	90%	151%	133%
Return on Equity	47%	50%	90%	151%	133%

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