Development of Telematics Related Products and Services in Bahrain: Challenges for Start-Ups
(A Case Study of STS Company)

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ABSTRACT

Telematics is part of Information and Communication Technologies (ICT) which plays a major role in the economic development of countries. In modern transportation, telematics applications are becoming increasingly important, as they play a vital role in the safety and security for both vehicles and drivers. Moreover, it is being widely used by fleet owners around the world as a means of increasing fleet operational efficiency, and reducing fuel usage, which consequently results in reduced toxic car emissions.

Many countries around the world have benefited from the increasing demands of telematics products and services, allowing their private sectors and service providers to develop and thrive, thus contributing to their economical development. Locally, Bahrain market has also witnessed an increasing demand for telematics products and services, particularly in the last six years. One positive indication is the increasing number of vehicle tracking service providers (being a major telematics application area) operating in Bahrain. Based on data obtained in this thesis the number of vehicle tracking service providers in Bahrain increased from a single company in 2005 to more than 12 in 2012, though most of them have very small customer base. During the same period the number of vehicle tracking installations increased from roughly 700 units to more than 4,700 in October 2012. With this in mind, and taking into consideration the total number of registered vehicles in Bahrain, we estimated that roughly only 6.5 % of the potential vehicles for Vehicle Telematics and Management Systems (VTMS) have installed the service, which gives a good indication that there is a large market growth potential for this service. On the other hand this very low market penetration also indicates that there are obstacles to market growth that needs to be addressed.

The aim of this thesis is to present and discuss issues related to the development of VTMS products and services in Bahrain, and to demonstrate the main challenges and obstacles to VTMS market growth in Bahrain. Spatial Technology Solutions Company (STS), a small but experienced VTMS service provider, which started operation in October 2010, was examined as a case study. In this study we examined the business operations of STS in terms of its products and service offering, competitive advantages, and analyzed its strength and weakness, through SWOT analysis. And finally we present a set of recommendations to deal with the obstacles and challenges to the growth of vehicle VTMS market in Bahrain specific to start-ups entering the ICT market in Bahrain, and in general to government and policy makers.