

# Riyadh's Buses Go Digital: A Guide to the New Advertising Project

## Introduction: The Big Idea Behind the Screens

Imagine you're walking down a street in Riyadh and a city bus passes by. Instead of a static, printed ad on its side, you see a vibrant, full-motion video advertisement for a new smartphone. Later, as you wait for your own bus, the shelter's information panel displays not just arrival times, but also dynamic ads for local events and restaurants. This is the future of advertising in the capital, and it's a fascinating business case study in the making.

The central idea of this project is to install a network of modern, high-definition LED advertising screens across the entire Riyadh bus system. This ambitious plan includes placing large screens on the outside of buses, smaller screens inside the buses for passengers, and digital displays at bus stations throughout the city.

For a business student, it's crucial to see this as more than just a technology upgrade. It is a strategic move to create a brand-new source of income from the city's existing transportation assets. This is a classic example of **asset monetization**, where an organization finds new ways to generate revenue from resources it already owns. The initiative is a perfect example of modernizing the capital's infrastructure and aligns with the broader goals of economic diversification under Saudi Vision 2030.

With such an ambitious goal, the next logical question is: who are the key players with the capabilities to execute such a plan?

# Powering Riyadh's Future: The Digital Bus Advertising Network

## The Financial Opportunity



**SAR 45M - 120M**

**Projected Annual Revenue**

Expected within five years of the network being fully operational.



**24%**

**Internal Rate of Return (IRR)**

A highly attractive return based on a 4.1-year payback period.



**Tapping a Booming Market**

The Saudi digital ad market is projected to reach \$234.3 million by 2030.

Capital investment	<b>SAR 230 - 280 Million</b>
Payback Period	<b>4.1 Years</b>
Net Present Value (NPV)	<b>SAR 285 Million</b>



## The 4-Phase Implementation Plan



**Phase 1:**  
**Build the Foundation**  
(Months 1-6)

Establish legal companies, select technology partners, and arrange financing and insurance.



**Phase 2:**  
**Deploy the Network**  
(Months 7-18)

Run a pilot on 50 buses, followed by a full rollout across the fleet.



**Phase 3:**  
**Acquire Advertisers**  
(Ongoing)

Recruit a sales team and secure foundational contracts with launch partners.



**Phase 4:**  
**Operate & Optimise**  
(Month 19 Onward)

Maximise revenue through yield management and plan for future technology upgrades.

## 1. Meet the Key Players: The Companies Involved

This project is a collaboration between major players in both local and international transportation. A partnership was formed to bring the right mix of market knowledge and global expertise.

Company/Entity	Their Role in the Project
<b>SAPTCO</b> (Saudi Public Transport Company)	As the Kingdom's premier, publicly-traded mass transit operator, SAPTCO is the main strategic force. It holds a majority <b>80% ownership stake</b> in the company that runs the Riyadh buses.
<b>PTC</b> (Public Transportation Company)	This is the company responsible for the hands-on, daily operation of the Riyadh bus system. It was created as a joint venture specifically for the King Abdulaziz Project for Public Transport, which is one of the most comprehensive urban transit initiatives ever undertaken in the Middle East region. Importantly, PTC provides a robust financial foundation for this new venture, having generated <b>SAR 704 million</b> in revenue in just nine months of 2025, marking an impressive <b>23% year-over-year growth</b> .
<b>RATP Development</b>	A highly experienced transit operator from France, RATP Development is the expert partner in this venture, holding a <b>20% stake</b> in PTC. Their role is to contribute decades of global experience in managing complex city transportation networks.

This partnership between SAPTCO and RATP Development is a textbook case of leveraging a **strategic alliance** to combine domestic market dominance with global operational excellence. By forming PTC, they have created a company that not only has deep local leadership but is also built on a profitable and growing foundation, making it an attractive platform for new investment.

With such a potent combination of players, the next logical question is: what is their strategic blueprint for execution? A project of this magnitude requires more than just good partners; it needs a meticulously structured plan.

## 2. The Game Plan: How the Project Will Unfold

A successful project of this scale requires a clear and logical plan, covering everything from the corporate structure to a detailed timeline for implementation.

### A Smart Company Structure

To manage this venture efficiently for operational efficiency and risk management, a special three-company structure is proposed. Think of it as a team where each member has a highly specialized role:

1. **The Holding Company (The Architect)** This company *designs the blueprint* for the entire operation. It provides strategic direction, secures the overall funding and investment, and manages the big-picture goals of the project.
2. **The Asset Company (The Landlord)** This company *owns and maintains* the valuable property—all the expensive LED screens and equipment. It then leases this multi-million Riyal hardware to the operating company. This structure is a classic risk mitigation strategy, as it insulates the physical assets from the day-to-day operational risks of the sales business.
3. **The Operating Company (The Store Manager)** This is the company on the front lines that *runs the shop*. Its team is responsible for the daily work of selling advertising space to businesses, managing the content that appears on the screens, and interacting directly with customers and clients.

### Project Timeline

The implementation is broken down into four clear phases to ensure a smooth rollout:

1. **Phase 1: Getting Organized (First 6 Months)** This initial period is dedicated to laying the groundwork. It involves legally establishing the new companies and carefully selecting the best technology suppliers for the LED screens.
2. **Phase 2: Building & Installing (Months 7-18)** This is the construction phase where the hardware is purchased and installed. The process will start with a small pilot test on a few buses and stations to work out any issues before expanding across the entire network.
3. **Phase 3: Finding Advertisers (Ongoing)** This phase begins early and never stops. The sales team will continuously reach out to local and international businesses to sell advertising space on the new digital network.
4. **Phase 4: Full Speed Ahead (Month 19+)** Once the installation is complete, the project will be fully operational. The focus will shift to maximizing revenue, improving efficiency, and running a profitable advertising business.

### 3. The Numbers: Costs, Earnings, and Payback

This section covers the financial side of the project—how much it costs to set up and how much it's expected to make.

#### Investment Breakdown

The project requires a significant upfront investment in technology and installation.

- **Total Investment:** The overall capital needed is estimated to be between **SAR 230 million and SAR 280 million**.
- **Where the Money Goes:** This budget covers all the physical assets, including the purchase and installation of LED screens for bus exteriors, bus interiors, and stations, as well as the central computer systems needed to manage the advertising content.

#### Revenue Projections and Scenario Analysis

Once operational, the network is expected to generate substantial and steady income. However, professional business planning never relies on a single number. Instead, analysts create multiple financial models to understand the range of possible outcomes. This is called **scenario analysis**, and it helps leaders stress-test their assumptions and prepare for different market conditions.

The project team developed three scenarios for the first ten years of operation:

Year	Conservative (SAR M)	Base Case (SAR M)	Optimistic (SAR M)
1	18	25	32
2	42	58	75
3	62	88	115
4	78	110	145
5	88	125	168
6	92	135	185
7	95	142	198
8	97	146	205
9	98	148	210
10	98	150	212

- The **Conservative** scenario assumes slower sales and pricing pressure.
- The **Base Case** is the most realistic target, projecting annual revenue of **SAR 125 million** by the fifth year.
- The **Optimistic** scenario assumes rapid market adoption and high demand.

## The Payback Period

In business, the **payback period** is the time it takes for an investment to generate enough *net cash flow* to recover its initial cost. A shorter payback period is generally preferred as it indicates lower risk and a faster return of capital. For this project, the anticipated payback period is **4 to 6 years**, which is considered favorable for a large-scale infrastructure investment.

While these numbers look promising, smart business planning always includes preparing for potential challenges.

## 4. Playing it Safe: How the Project Manages Risk

Every major investment comes with risks, from economic downturns to equipment failure. This project has a clear plan to manage and minimize these risks.

- **A Financial Safety Net (Sinking Fund)** The project will establish a *sinking fund* arranged by a bank. Think of this as a dedicated, protected savings account. Money is regularly deposited into this fund, guaranteeing that cash is always available to make critical payments, like loan installments, even if business is temporarily slow. It's a safety buffer that ensures financial stability.
- **A Comprehensive Insurance Plan** To protect the multi-million Riyal investment, the project will be covered by multiple types of insurance. This includes:
  - **Business Interruption Insurance:** If something happens that stops the ads from running (like a power grid failure), this insurance covers the lost revenue.
  - **Equipment Breakdown Insurance:** If screens or other hardware are damaged or fail, this covers the cost of repair or replacement.
  - **Credit Default Insurance:** If a company buys advertising but fails to pay its bill, this insurance protects against that financial loss.

While these safeguards cover key financial and operational issues, a truly comprehensive risk plan goes further. The project's full risk assessment also addresses strategic threats such as **Technology Obsolescence** (ensuring screens don't become outdated too quickly), **Regulatory Compliance** (adhering to advertising laws), **Market Competition** from other media platforms, and **Cybersecurity** to protect the digital network from attack.

By understanding the plan, the players, the finances, and the safeguards, we can now see the full picture of why this project is so important.



## 5. Conclusion: Why This Project Matters for Riyadh

This initiative is, at its core, a plan to integrate a state-of-the-art digital advertising network into Riyadh's public transportation system. But its true significance goes much deeper.

For students of business and innovation, this project serves as a prime example of a smart, modern strategy. It demonstrates how to leverage a large-scale public asset—the city's bus network—to create a new and profitable revenue stream through **asset monetization**. Instead of just being a cost center, public transport becomes a value-generating platform for the city. It showcases the power of **strategic alliances**, sophisticated **financial modeling**, and comprehensive **risk management** in turning an ambitious idea into a viable enterprise.

Ultimately, this initiative does more than just support the financial health of public transportation. It aligns perfectly with the forward-thinking and innovative spirit of Saudi Vision 2030, contributing to the development of a more modern, dynamic, and economically diverse Riyadh.



Revenue Category	Estimated Annual Revenue (SAR M)	Investment Requirement (SAR M)	Deployment Locations/Units	Primary Technology Providers	Implementation Phase	Key Financial Metrics (Inferred)	Source
Exterior Bus Advertising Displays	17-35	90-110	800 buses	Planar, Leyard	Phase 2 (Months 7-18)	Payback Period: 4.1 years; IRR: 24%	Riyadh Study.pdf
Station-Based Digital Advertising Network	18-40	75-95	200 stations	Planar, Leyard	Phase 2 (Months 7-18)	Payback Period: 4.1 years; IRR: 24%	Riyadh Study.pdf
Interior Digital Signage	6-14	35-45	2,400-3,200 displays (approx. 800 buses)	Planar, Leyard	Phase 2 (Months 7-18)	Payback Period: 4.1 years; IRR: 24%	Riyadh Study.pdf
Sponsorship and Ancillary Revenue	3-8	Not in source	Major stations/Specific lines	Not in source	Phase 3 (Ongoing)	Payback Period: 4.1 years; IRR: 24%	Riyadh Study.pdf