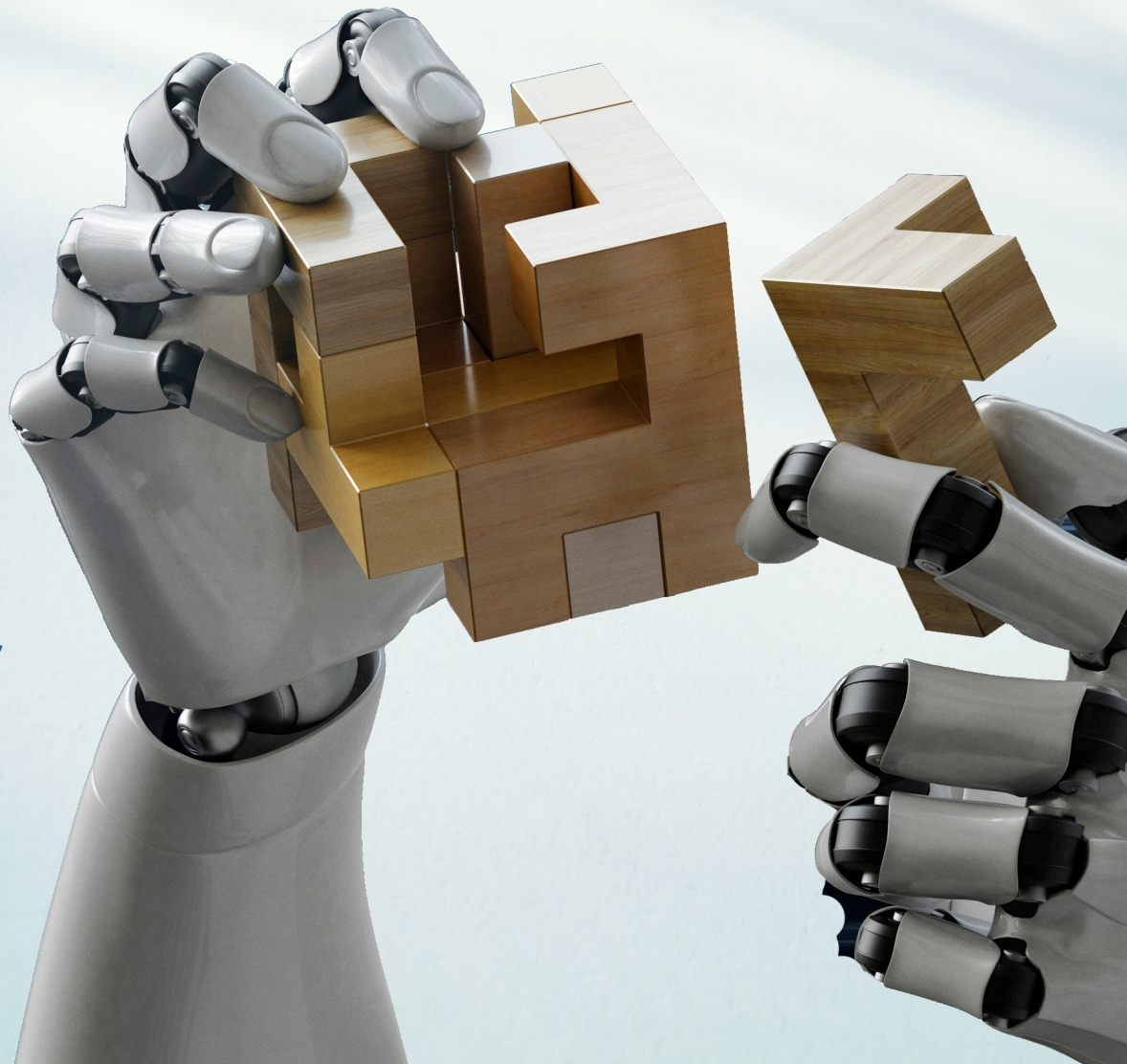




Disrupt and grow

2017 GCC CEO Outlook



October 2017

kpmg.com

Foreword

Welcome to the first edition of the Gulf States CEO Outlook survey, which offers insights into the opportunities and challenges faced by chief executives in the region. It provides a view of the strategic priorities that CEOs are focusing on as they lead their organizations through a period of both uncertainty and opportunity.

The 2017 GCC CEO Outlook follows the release of the KPMG Global CEO Outlook, which garnered the views of over 1200 global CEOs.

The CEO Outlook offers a unique perspective on the strategic business issues CEOs are focusing on every day, as they lead their businesses through a period of unparalleled change and opportunity.

In last year's Global CEO Outlook, KPMG professionals said it was 'now or never' for CEOs focused on making transformational change in their companies. In the year since, many top executives have clearly made progress towards achieving their goals. But those 12 months have also seen new waves of uncertainty that are compelling CEOs to think in fresh ways about the disruptive forces affecting their business.

The vast majority of CEOs in the Gulf states told us they are confidently optimistic about their business and its prospects, as well as their own industry and their region, for the coming 3 years. They are taking steps for their organizations to be disruptors in their respective sectors, rather than be disrupted by competitors or organizations outside their own industry. Most GCC CEOs therefore see disruption as the spur to transform their business model, develop new products and services, get closer to their customers

and reshape their organizations. Adopting such an approach will enable these organizations to face current challenges and yet be more successful than in the past.

With the ongoing pressure to deliver results, CEOs understand that stimulating innovation is a strategic priority for growth and they are investing heavily in this aspect of their business. Much investment will also be made in emerging technologies, increasing headcount, and both physical and digital infrastructure.

With the new normal of low global oil prices, the economy of the region has another challenge. CEOs are however sanguine about business prospects and are showing optimism, strategic focus and initiative in adapting to the new reality, by managing to derive revenues from non-oil related sources. They therefore believe the Gulf region's and their own organization's growth are continuing on a positive track.

When thinking of the world economy, CEOs feel the new US administration will have a positive effect on their company's growth while Brexit (Britain leaving the European Union) will have a largely neutral one. That being said, CEOs are still recruiting experts to better understand geopolitical risk, and are conducting more scenario planning.

The Gulf States CEO Outlook 2017 provides valuable insight into the forces disrupting today's business landscape and how today's CEOs are equipping their organizations and themselves to manage the challenges of the near future.

On behalf of KPMG member firms in the region, I would like to thank all the CEOs who contributed to the survey so candidly, and the KPMG partners and professionals for their views.

We are keen to talk further about these insights, and we welcome the chance to discuss how you can 'disrupt and grow' your organization.



Abdullah Al Fozan
Chairman of KPMG's MESA Region

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What's on the minds of GCC CEOs?

Organizational growth strategy

Innovation, essential to achieve growth within an organization, will likely receive significant attention and investment in the coming years.

Understanding customer behavior

Seven in ten CEOs believe that their depth of customer insight is currently hampered by the availability of quality customer data.

High confidence in growth prospects

Nearly all CEOs were confident their organizations will grow over the next 3 years.



Changing risks

GCC CEOs are not indifferent to the current geopolitical landscape and its potential impact on their organizations.

Consolidating the core

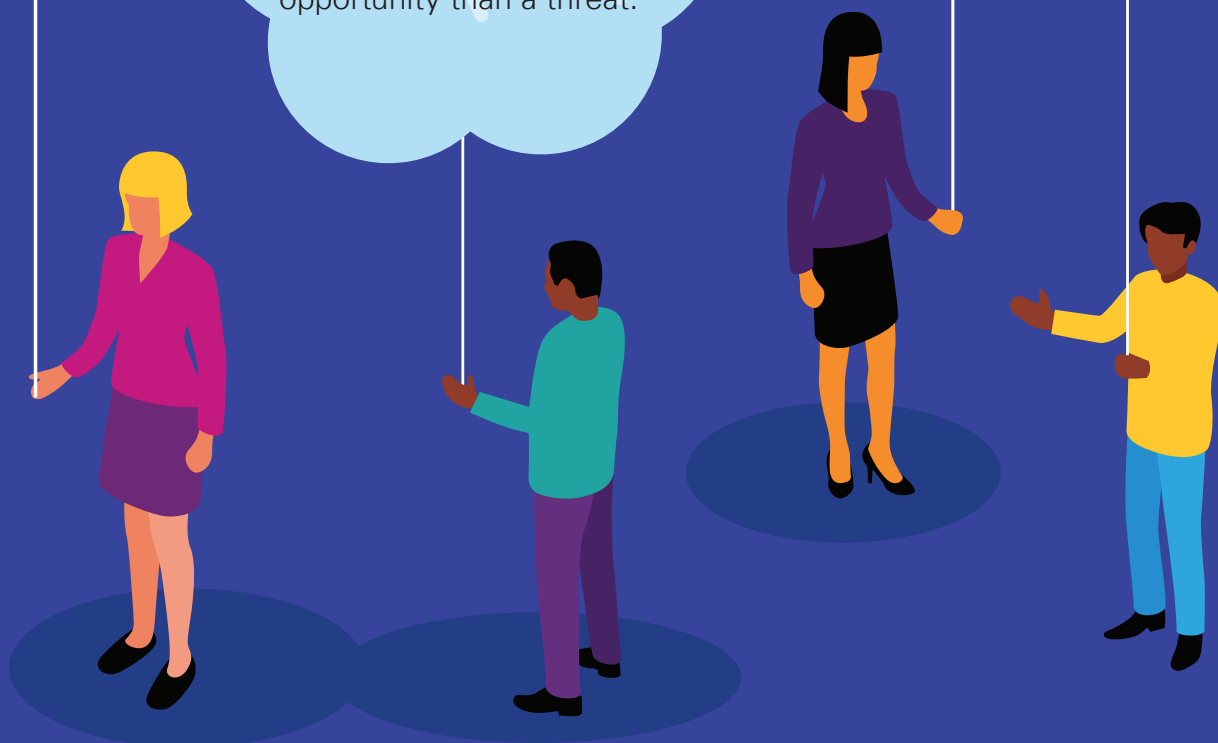
Most GCC CEOs are seeking to increase penetration within their existing markets. In addition 8 out of 10 of them are considering expanding into new geographical markets.

The evolution of the CEO

New, especially soft, skills are critical as they enable CEOs to better lead their business into the future

Embracing disruption

Nine in ten CEOs regard disruption as more of an opportunity than a threat.



Key findings



Embracing disruption

- **Two thirds (68%)** of Gulf CEOs expect major disruption in their sector in the coming 3 years but **nine in ten (87%)** regarded this as more of an opportunity than a threat.
- In terms of investing in technology, **the vast majority (90%)** expected to invest heavily in data analytics tools, blockchain and robotic process automation in the next 3 years.



High confidence in growth prospects

- **Nearly all CEOs (98%)** were confident their organizations would grow over the next 3 years. This optimism was also evident in how they anticipate growth in their own industry (92%) own industry and in their country/region (73%).
- Global economic factors were expected to have some impact on business growth, as mentioned by 18% of CEOs, as were new competitors/disruptors (15%) and new technology (11%).



Transforming the business

- The most common business model transformations as a route to growth were cited as: **being innovation-led (72%), customer-focused (71%) and regulatory-induced (65%).**
- **CEOs were most concerned** about staying on top of what's next in services or products, that their company was not disrupting business models in their industry, and that new entrants not currently perceived as a competitor could be disrupting their business model.



Consolidating the core

- As well as innovation (96%) CEOs are giving priority to increasing penetration in existing markets, as **reported by 95% of them**. Other significant plans include: vertical integration of the supply chain (88%) and penetration of new verticals (87%). Expanding into new geographical markets was also considered to be important, 82%.
- **Most growth** will come organically, with **65%** of CEOs planning to scale up their business operations and processes.



Changing risks

- Gulf state CEOs are mostly concerned about **emerging technology risk (35%)**, followed by reputation/brand risk (30%), and geopolitical risk (29%).
- **Two thirds of CEOs surveyed (65%)** said the current geopolitical landscape has had a greater impact on their organization than they had seen for many years, but they are recruiting new specialists (89%) and spending more time on scenario planning (80%) than before.



Cyber resilience

- Although most CEOs will be **treating cyber security as a priority** in the coming 3 years, they were not overly concerned about the threat.
- Most believed that such a **risk may prompt innovation** in products and services (87%), and all declared themselves prepared for a cyber event.



Understanding new customer behavior

- The **biggest challenges to customer relationships** were centered around keeping up with a fast-changing market: targeting millennials who want to interact with brands in different ways, transitioning to digital sales and servicing models, and addressing high customer expectations for personalized services.
- **Nine out of ten (92%) CEOs** believed they were able to confidently communicate how their company creates value for their customers. Seven in ten (68%) however, thought the depth of their customer insight is hampered by lack of quality customer data.



The evolution of the CEO

- New, especially soft, skills are recognized as being critical to CEOs, to enable them to better lead their business into the future, with **81%** having studied or trained for a qualification in the past 12 months.
- 64% rated emotional intelligence as being just as important as technical skills for CEOs.



Developing the organization

- **Over half of CEOs (56%)** believed their company was likely to be transformed into a significantly different entity in the near future. They will achieve this through: adopting new technologies or processes, and offering entirely new products and services.
- CEOs in the Gulf are confident in their ability to balance long-term and short-term performance objectives.



Investing for the future

- **Consistent with the overall mood of confidence, 94% of CEOs** anticipate high investment in innovation in the next 3 years.
- Other levels of high investment were reported to be in emerging technologies (85%), recruitment (81%), and physical (77%) and digital infrastructure (70%).
- Gulf CEOs gave much **greater priority to innovation** than their global counterparts (93% compared with 53%).

Disruption as an opportunity

Today, more than ever, leading a business is about being able to respond to radical changes – technological and cyber risk, geopolitical

and competitor uncertainty being uppermost – but also about being capable of adapting successfully to change. Sometimes the risk, potential or real, is the spark CEOs need to transform business productivity and effectiveness but also to understand and harness new technologies and innovation to effect change themselves.

Embracing technological disruption

Two thirds of CEOs, 68%, expect major disruption in their sector in the coming 3 years as a result of technological innovation. But this is not regarded negatively, with as many as 87% embracing such disruption as more of an opportunity than a threat. They are even more optimistic than their global counterparts, 65%, as seeing it as an opportunity.

Rather than being disrupted by competitors, 82% of CEOs in the Gulf thought their organization was actively disrupting the sector in which they operate. Further, 92% believed they are effective at sensing market signals; and 68% say their company is keeping current with new technologies.

“We would not contemplate going into markets in India and Indonesia, where we are a challenger bank, before digital”

– **Piyush Gupta**
CEO of Singapore’s DBS Group.

Yet, paradoxically, 8 out of 10 CEOs (78%) articulated that their organization does not currently possess the sensory capabilities and innovative processes to respond to rapid disruption – a sentiment shared by only half (50%) of their global counterparts. This limitation may in part justify their perception that their organization must do more when it comes to technology, with 52% of CEOs believing they are not leveraging digital means to connect to customers as effectively as possible. Also, 74% agreed on the importance of integrating basic automated processes with artificial intelligence and cognitive processes.

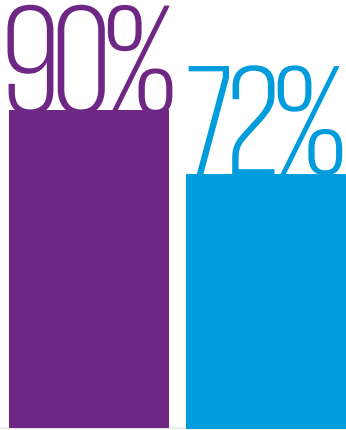
In terms of investing in technology over the next 3 years, the vast majority of Gulf CEOs, 90%, expected to invest heavily in data analytics tools, blockchain (84%) and robotic process automation (80%). This differed a little from global CEOs whose priorities were: data analytics tools, cognitive technologies and the Internet of Things.

“Data has become much more near-term and can be predicted more easily. Now it’s not about how much data you have, it’s how predictive that data can be. What are the interests, trends and desires of our customers in the near term or further afield?”

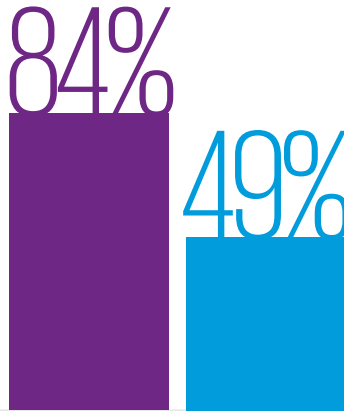
– **Mark A. Goodburn**
Global Head of Advisory
at KPMG International

Areas of technology likely to receive high investment in the coming 3 years

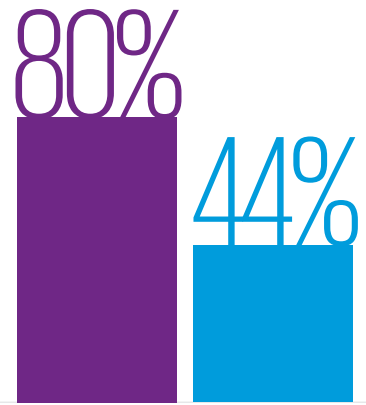
Data analytics tools



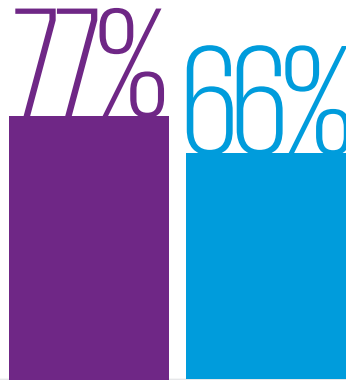
Blockchain



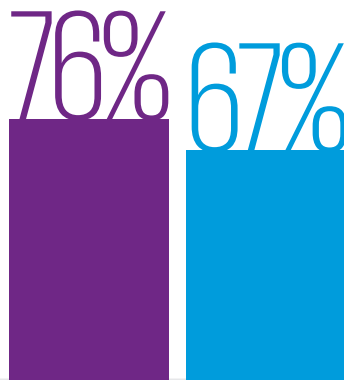
Robotic process automation



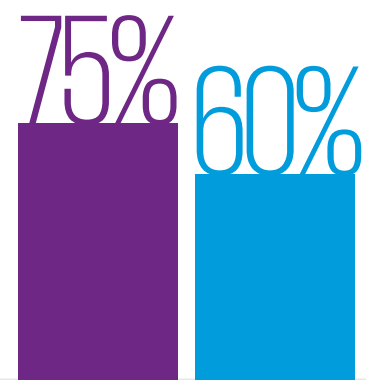
Internet of things



Cognitive technologies



Cognitive automation



● GCC ● Global

The evolving risk landscape

Similarly, when thinking about possible risks affecting their business, Gulf states CEOs were mostly concerned about the impact of emerging technology, 35%, followed by reputation/brand risk (30%) and geopolitical risk (29%). On the other hand, CEOs in the KPMG International global survey expressed most concern about risk from operations, emerging technology and reputation/brand.

Top 5 Risk concerns



Emerging technology risk



Reputational/brand risk



Geopolitical risk



Operational risk



Changing customer needs

In line with their anticipation of increasing technology-related risk, most CEOs in the Gulf states are likely to give more priority to cyber security in the coming 3 years. A third (35%) of them acknowledged they must do more to combat cyber security 'fatigue' within their organization. The majority of CEOs (87%) were in agreement that such threats actually prompt innovation in products and services. Most of them (91%) declared themselves comfortable with the degree to which mitigating cyber risk is now high on their agenda.

While the intention to combat cyber security among Gulf states CEOs is palpable, the route to doing so is less obvious. Less than half of them (44%) felt their organization was currently fully prepared for a potential cyber event.

Meanwhile at a global level, CEOs showed they were less worried about the risk than they were a year ago: having been top of their risk landscape in 2016, it had dropped to being their fifth highest concern in 2017.

“You have to want to understand how technology is impacting our business, changing our customers’ attitudes. That’s where curiosity is important.”

– **Brian Porter**
President and CEO of Scotiabank,

GCC CEOs and their organizations’ attitudes towards cyber threat



I am comfortable mitigating cyber risk as part of my leadership role



VS



87%

We see investment in cyber security as an opportunity to find new revenue streams and innovate



87%

We believe that security prompts innovation in products and services



71%

Human capital is the biggest challenge in tackling cyber security for my organization



45%

Data sovereignty is a growing board-level issue



33%

We need to be smarter in tracking the impact of our investment in cyber security



35%

We must do more to combat cyber security 'fatigue' within our organization

The path to growth

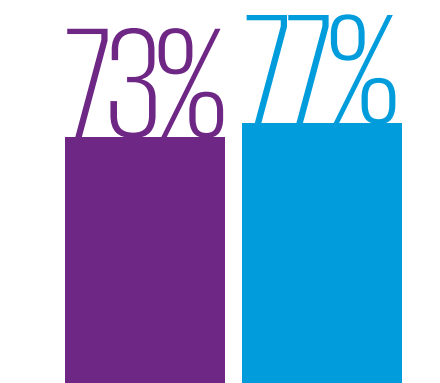
There is no doubt that CEOs are operating in an increasing challenging and uncertain environment. The global economy, the direction of geopolitics in the US, Europe and the Middle East, in particular, look quite different from only 12 months ago. Despite all this, CEOs in the Gulf are optimistic and confident in the ability of their company, industry and region – and in their own personal leadership qualities – to develop and grow their organizations.

Confidence and optimism

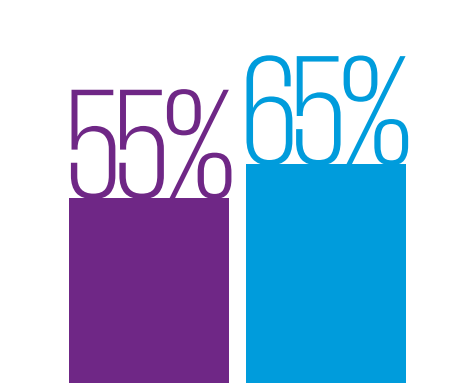
Nearly all (99%) of CEOs interviewed in the Gulf states were confident their organizations would grow over the next 3 years. This growth optimism was also evident in their own industry, 92%, and in their country or region, 73%. Growth of the global economy is anticipated only by 55% of Gulf CEOs.

Confident of growth

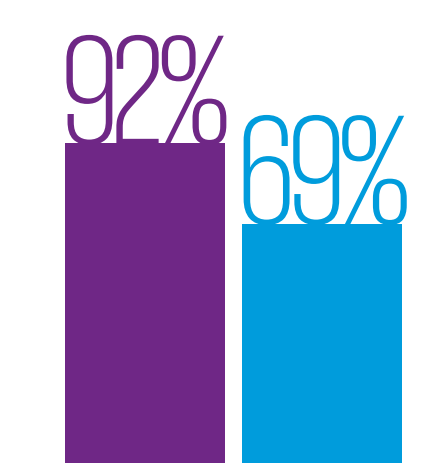
Growth prospects for your country over the next 3 years



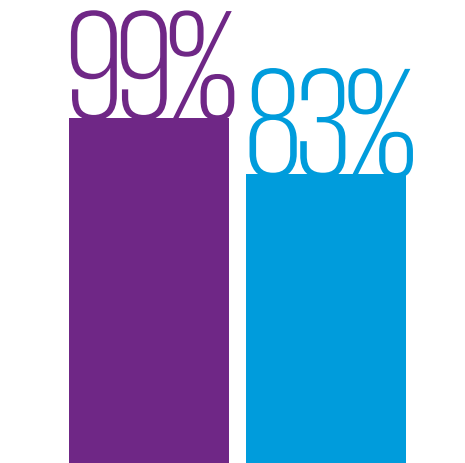
Growth prospects for the global economy over the next 3 years



Growth prospects for your industry over the next 3 years



Growth prospects for your company over the next 3 years



● GCC ● Global

Seven in ten CEOs, 69%, were expecting increases of two to almost five percent growth. If the current view is slightly less bright than last year's survey (with 85% saying their business had grown by 1-10% it is nevertheless fairly optimistic. CEOs in the rest of the world were not as sanguine, with 41% predicting 2-5% growth, and about half, 51%, expecting up to 2%.

“Consumer and business confidence in the US is solid. The US economy continues to perform and Europe and Asia are growing”

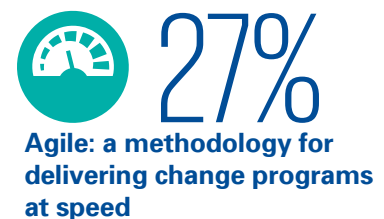
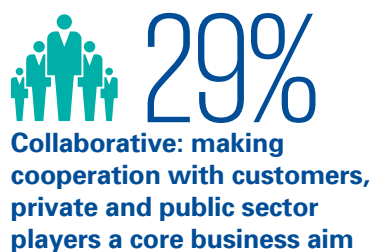
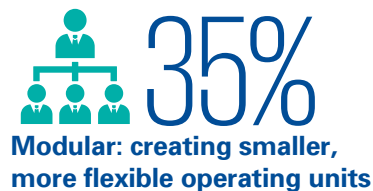
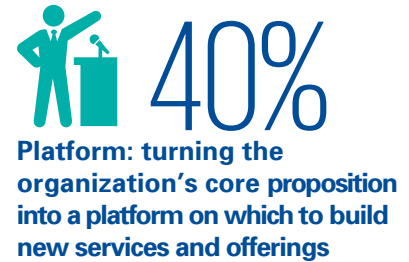
– **Brian Moynihan**
CEO of Bank of America.

Fostering innovation and adopting emerging technologies

The most commonly mentioned business transformation models pursued by CEOs to ensure their organizations' growth are innovation-led (72%) and customer-focused (71%).

Regional and/or global expansion is also on the GCC CEOs agenda. Some of the regions mentioned as being most important for future growth were, in order of importance: Central Asia, Asia Pacific and Australia together, followed by Germany, Central/South America and the Middle East. Perhaps surprisingly, China was only a priority for 2% of Gulf CEOs, compared with 10% of global CEOs.

CEOs preferred models to achieve growth



Global economic factors (18%), followed by new competitors/disruptors (15%) and new technology (11%) are among the factors likely to affect organizational growth over the next 3 years, according to GCC CEOs.

When it comes to expected changes in their country, CEOs anticipate that the rate of globalization (82%) and tax rates (78%) are likely to have an increased impact over the next 3 years.

Navigating the political landscape

The majority of CEOs surveyed, 65%, admitted the current geopolitical landscape in general has had a greater impact on their organization than they had seen for many years. To help deal with this, 89% were recruiting new specialists to better understand the risk, and 80% said they were spending more time on scenario planning as a result of an uncertain climate.

CEOs in the Gulf were however divided in their opinion on what impact the new US administration would have on global economic growth over the next 3 years. While 55% believed it would have a negative effect, 33% felt it would have no effect on the economic health of nation-states worldwide. The essential point however is that 61% were convinced the current US administration would somehow have a positive effect on their own organization's growth.

As regards the potential impact of Brexit (Britain leaving the European Union) on their organization in the coming 3 years, Gulf states CEOs shared views similar to their global counterparts. They too are sure Brexit will have no effect on the likelihood of hiring new talent in the UK (54%), making inbound investment in the UK (64%) and locating HQ/operations in the UK (49%). Unlike global CEOs, however, over half of those in the Gulf states (56%) believed Brexit would have a positive effect on their conducting R&D in the UK.

Self-disruption: a fresh perspective

As the way of doing business changes, CEOs are increasingly expected to be well-rounded individuals. New, especially soft skills, needed to better lead their business are in high demand for CEOs in the Gulf, with 81% having studied or trained for a qualification in the past 12 months. Fifty-four percent were also concerned about the need for additional mission-critical issues they need to take a leadership position on. Sixty-four percent regard emotional intelligence as being as important as their technical skills; fewer global CEOs, 45%, acknowledged this, although it is still key.

"... speaking clearly shows up again as a valuable attribute, as does the ability to listen." said José Antonio Alvarez, CEO of Spain's Santander Group.

A large majority of CEOs in the Gulf states (86%) are more open to new influences and new collaborations now than at any other point in their career. This was also true in the global survey among 70% of CEOs.

There were some, small encouraging signs of accepting – or predicting – greater gender diversity. Eleven percent said their likely successor would be women-slightly more than global CEOs, 9%.

"Nearly all CEOs in the Gulf were confident of growing over the next 3 years, mostly by 2-5%."

Priorities for today's CEO

A core responsibility of CEOs is to identify and subsequently address their priorities in a manner that allows them to strike the right balance between short-term and long-term growth plans, focusing on greater consolidation and internal strengthening, while ensuring progress in existing and new markets.

This section looks at what is of greatest importance, such as: innovation, the required (new) technology and staffing, getting closer to the customer, and the need to build reputation and trust.

In the face of the challenges they face while evolving in a highly competitive market, CEOs in the Gulf are conscious that their organization's success depends on their ability to adapt to changing market dynamics.

CEOs were most concerned about staying on top of current developments in services/products

(70%) that their company was not disrupting business models in their industry (69%) or that new entrants not currently perceived as a competitor could be disrupting their business model (64%).

Fostering innovation was again the top strategic priority for CEOs in the Gulf states over the next 3 years (26%) followed by greater speed-to-market (25%) and responding effectively to regulatory change (24%). CEOs in the rest of the world had similar top priorities: greater speed-to-market, (27%) followed by innovation (23%). There is often an overlap between

these elements, with innovation being an enabler of the others.

François-Henri Pinault, Chairman and CEO of luxury group Kering was very specific;

"The digital revolution allows us to forge new types of relationships with customers, where technology is not only a business enabler but becomes an integral part of the way customers interact with the brand"

"We live in an age of immense technological disruption, with incredible opportunities for innovation"

—Tatsuo Yasunaga

President and CEO of Mitsui & Co

Top 10 strategic priorities for GCC CEOs in the next 3 years



26%

Fostering innovation



25%

Greater speed-to-market



24%

Responding effectively to regulatory change



23%

Implementing disruptive technology



20%

Limiting brand risk



16%

Managing ecosystem of partners/alliances



16%

Stronger marketing, branding and communications



15%

Becoming more data-driven



15%

Stronger client focus



15%

Digitization of business

Over half of the CEOs interviewed in the Gulf (56%) believed their company was likely to be transformed into a significantly different entity over the next 3 years, compared with only 26% of CEOs in the rest of the world. The main reasons for this transformation were: adopting new technologies or processes and offering entirely new products or services.

“Every CEO I meet with is asking, ‘How do I better drive my business in a digital world?’”

– **Mark A. Goodburn**
Global Head of Advisory
KPMG International

Top 6 factors driving business transformation



19%

Adopting new technologies



19%

Adopting new processes



16%

Offering entirely new products or services



13%

Disruption from new competitors



10%

New business/operating models



10%

Disruption from existing competitors

Addressing human resources

In keeping with the positive sentiment on growth rates, a bigger proportion of CEOs (61%) foresaw headcount expansion of up to 5% over the coming 3 years, and a further 38% expected between six and ten percent. The need for more staff reflects their business's predicted rate of growth and a certain skill shortage in 'digital labor'. Thus emerging cognitive technology

(robotic process automation, cognitive computing, cognitive automation) over the next 3 years will result in an overall headcount increase in all functions, but particularly in Information Technology (93% of CEOs) sales (77%) and marketing and communications, (75%). On a global level, IT staffing will grow the most, 69%, followed by middle management (64%) and research and development (61%).

“We see that highly skilled IT talent is vital to businesses disrupting their markets successfully”

– **Farhan Syed**
Partner Consulting, Head of Digital Transformation, KPMG Lower Gulf.

Becoming more customer-centric

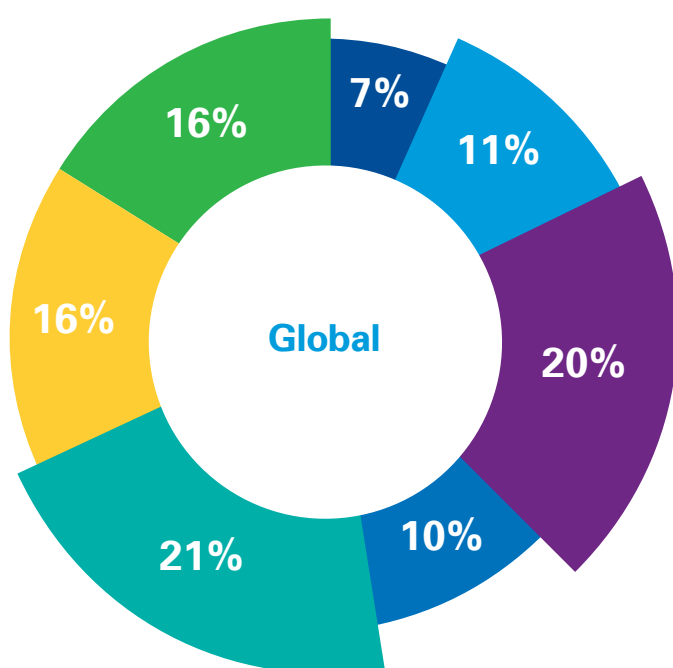
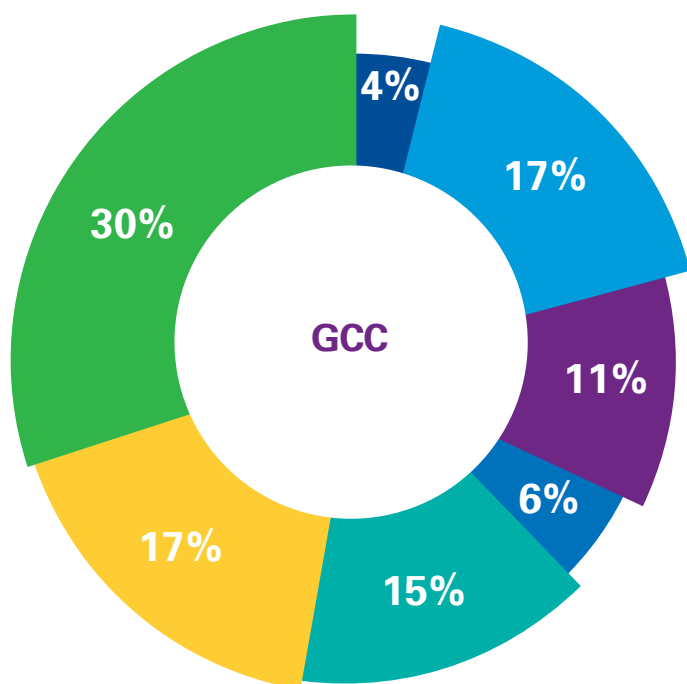
CEOs believed the biggest hurdles to building and strengthening customer relationships were largely centered around keeping up with a fast-changing market. Thus an inability to target millennials who want to interact with brands in different ways (30%) transitioning to digital

sales and servicing models (17%) and addressing high customer expectations for personalized services (17%) came top of the list of challenges.

At the same time, most CEOs (92%) believed they were able to confidently communicate how their company creates value for their customers.

There is still much room for progress, though, 68% of CEOs thought the depth of their customer insight is hampered by lack of quality customer data.

Strategies to improve customer relationships



- Adapt to the changing needs of customers
- Address high customer expectations for personalized services
- Maintain/ build customer base due to disruptive competitors
- Target growth segments/ demographic groups overseas
- Target growth segments/ demographic groups in home markets
- Transition to digital sales and servicing models
- Target Millennials who want to interact with brands in different ways

"Innovation is less about changing everything you've got. It's about being ready to take on new challenges and opportunities, to be flexible and agile"

– Lisa Heneghan

Global Head of Technology, Management and Consulting, KPMG International.

Transforming business models

As demonstrated at various points in this report, Gulf CEOs are aware that the ways of 'doing business' have changed over the years and have now become more organized and structured.

Following the same logic, nine in ten CEOs (94%) were expecting high investment in innovation, including new products/ services and ways of doing business, in the next 3 years. Innovation in the Gulf was given much greater priority than in the global survey, 53%, of CEOs.

Other priorities in the Gulf for investment were cited as emerging technologies and recruitment (there is a correlation between the two); physical and digital infrastructure were also relatively important. As Rob Lloyd, CEO of Hyperloop One in the US put it;

"There's no proven playbook for leading disruptive innovation. You need a killer team, clear technology milestones, a sharp focus on customers and a little bit of luck."

Other areas of priority for investment were cyber security, mentioned by 87% of CEOs, followed by governance and risk.

The main objectives driving these investments were to get closer to their companies' customers/ improve customer engagement, to strengthen organizational resilience and to improve bottom-line growth. Building greater trust among external stakeholders and customers is among the top 3 priorities today, according to 83% of CEOs.

Top 7 areas likely to receive high investment in the next 3 years



94%

Innovation



87%

Cyber security



85%

Governance and risk



85%

Emerging technologies



81%

Recruitment



77%

Physical infrastructure



70%

Digital infrastructure

Top 3 investment objectives (Perspective of GCC CEOs vs Global CEOs)



Consistent with the desire to consolidate their position and strengthen their business core, most GCC CEOs will give priority to innovation (96%) and increasing penetration in their existing markets (95%). Other priorities mentioned were: vertically integrating the supply chain, 88%, and penetrating new verticals, 87%. This approach was echoed by Tatsuo Yasunaga, President and CEO of Mitsui & Co:

"Our strategy is to strengthen our core businesses as a foundation on which to establish new business in sectors with promising growth potential."

Expanding into new geographical markets was also important, as cited by 82% of Gulf CEOs.

"Our strategy has always been that we go into new markets as a new company... We build from scratch, get into the market and start competing with a lot of people, some of whom have been there for 50 years before us"

– **Aliko Dangote**
President and CEO of Nigeria's Dangote Industries.

Strategic priorities for the next 3 years

 **96%**
Focusing on innovation

 **87%**
Penetrating new verticals

 **95%**
Increasing penetration in existing markets

 **82%**
Expanding into new geographical markets

 **88%**
Vertically integrating the supply chain

Business growth strategy



Scaling up our own business operations and processes



VS



46%
Large-scale business model transformation



32%
Merger and/or acquisition



32%
Collaborative partnerships/joint ventures

Consistent with greater consolidation and internal strengthening, most growth will come organically, with 65% of CEOs planning to scale up their own business operations and processes. A comparatively large proportion (46%) were planning large-scale business model transformation, but few anticipated merger and acquisition or partnership activity to drive growth. A similar pattern emerged in the global survey.

Beyond the short term: Building trust

When thinking about their organization's ability to handle and achieve short-term and long-term objectives, CEOs in the Gulf remain fiercely confident.

The majority of CEOs (89%) believed their organization had a good track record in balancing short-term financial goals with long-term growth plans. This was mainly because shareholders or board members of Gulf companies place equal importance on long-term and short-term performance objectives. In this regard Gulf CEOs differ from their global peers, 54% of whom believed a short-termist culture has had a negative effect on their long-term objectives.

Further, in the Gulf having a long-term outlook is regarded as compatible to having a socially responsible business: 68% of CEOs in the region. Moreover,

a very high proportion (94%) correlated being a more empathetic organization with higher earnings. Seventy-two percent of global CEOs were in agreement, showing that building trust is consistent with their business objectives.

"An inclusive culture is vitally important in our industry to bring the diversity of thought we need to innovate and grow our business"

– **François-Henri Pinault**
Chairman and CEO of luxury group Kering

Conclusions

Optimism and stability

A buoyant picture emerges of CEOs in the Gulf States foreseeing strong and steady growth for their company, industry and country, and not being too reliant on the global economy. While GDP growth in the Gulf may not be as muscular as in recent years, the level of CEO optimism reflects a growing maturity and confidence in their ability to adjust to a new reality and develop other, non-oil driven sources of expansion.

Innovation-led transformation for disruption

Although CEOs are expecting major disruption in the near future, they are also embracing it. They see disruption as an opportunity to transform their business into a significantly different entity, by adopting new technologies and offering entirely new products and services. Fostering innovation is the top strategic priority.

Strengthening the core

In anticipation of a degree of uncertainty, and with the continual need to expand their business, CEOs are consolidating their position and strengthening the business core.

They are increasing penetration of existing markets and integrating vertically with the supply chain, though new geographic markets will also be somewhat important. Most corporate growth will be organic.

CEOs will be investing heavily in emerging technologies and recruitment. Although CEOs are planning on increasing headcount across all functions, one challenge is to bring in suitably trained IT experts, for example in artificial intelligence, to derive results from new technologies. Paradoxically, at least in the near term, the need for increased automation will result in more manpower. Smart technology still needs smart people.

Building trust is vital

CEOs are placing more emphasis on the long term establishment of trust: being an empathetic, socially responsible, inclusive and diverse business with a purpose correlates with high earnings. And mitigates against reputational or brand risk. Responsible business is smart business.

The personal challenge

CEOs have been cultivating new, often soft skills or additional qualifications, to ensure they remain current, relevant and best equipped to succeed in their roles. Emotional intelligence and good listening skills have therefore become as valued as technical skills. The ideal is to have an understanding of their own strengths while remaining open to new influences and collaborations relating to technology, their organization and the customer.

Summing up

A confident, optimistic picture emerges of Gulf States CEOs who are anticipating disruption and taking steps to either respond successfully or to bring about the disruption themselves. In this regard, they believe the ability to innovate is crucial.

CEOs also recognize the need to consolidate their organization's core structure and systems, to invest in emerging technologies and to recruit expert talent. Other challenges take the form of establishing reputation or trust, largely through being socially responsible, and being able to employ greater soft skills.

Methodology

The survey data published in this report is based on 110 face-to-face interviews with chief executives from across the Gulf states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. They took part in the Global CEO Survey conducted among 1,261 CEOs from around the world including Australia, China, France, Germany, India, Italy, Japan, Spain, the UK and the US. The survey was conducted between 21 February and 11 April 2017.

These CEOs operate in 11 key industries: automotive, banking and investment management, infrastructure, insurance, investment management, life sciences, manufacturing, retail/consumer markets, technology, energy/utilities and telecommunications.

There was a spread of business size, with 45% of CEOs coming from firms with annual revenues of less than US\$1 billion, the same number from companies with revenues from US\$1 billion up to 10 billion, and 13% from organizations of US\$10 billion or more.

Reflecting the Gulf region's economy as a whole, the majority of CEOs, 79%, worked for public companies.

KPMG would like to thank the CEOs in the Gulf who participated in the survey for their contribution.

Figures may not add up to 100 percent due to rounding.

About KPMG

Today, with over 2,400 professionals and associates working across 14 office locations in 6 countries, we are among the largest and most resourced professional services network in the region.

Within the region, KPMG member firms in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates work closely together.

KPMG firms provide a broad suite of audit, tax, management consulting,

risk consulting and deal advisory services to business corporations, government bodies and non-profit organizations. We are proud of our reputation for developing our people and the wider business community. We actively support our staff and are recognized as a leading employer of choice.

Complemented by dedicated partners and professionals located across the global network of individual firms, we believe our

value lies in our depth of talent and the experience we have gained helping clients respond to industry, market and regulatory changes and challenges. We work with clients to adapt and capitalize on the trends being set by today's rapidly changing environment. With deep industry experience, insight and technical support, KPMG professionals deliver a range of services to meet the unique needs of clients.

KPMG member firm services in the MESA region

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High quality, independent financial statement audits are essential to maintaining investor confidence.

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- Valuations
- Debt Advisory
- Transaction Solutions
- Mergers & Acquisitions
- Restructuring

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A company's approach to tax is increasingly subject to public scrutiny and is now a major reputation driver. From company set-up to cross-border and transfer pricing solutions, we work with a wide range of national and multi-national organization to deliver effective tax solutions. Our tax professionals combine international experience with local knowledge to provide leading edge commercial tax strategies tailored to specific client needs.

Tax issues are constantly evolving. Changes in law, practice, or approach can have major ramifications on local and international organizations.

- Inbound and indirect taxes
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- International tax services
- Transfer pricing
- Tax management consulting
- Global mobility services
- Automatic exchange of information
- VAT

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