Agile or irrelevant
Redefining resilience

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Agility and resilience are the need of the hour for CEOs.

A global rise in territorialism, digital disruption, economic challenges, and changing customer expectations have made it imperative for CEOs to adapt quickly and transform their traditional business models to build a resilient organization, or fade away.

Unfavourable macro environment, geopolitical tensions, and patchy financial markets have reduced CEOs' optimism in the global economic outlook. In addition, a series of price fluctuations and erratic growth in the real GDP in Saudi Arabia have raised some concerns for the economy. But CEOs have shown increased confidence in their organizations' growth prospects due to continuous investments in technology and human resources, and because they believe they are having a better understanding of evolving customer expectations.

The Saudi government is also providing a boost to CEOs' confidence - with an approved budget of US$272 billion (SAR1.02 trillion) in 2020, the government's projected annual expenditure exceeds SAR1 trillion for the second year in a row, testament to its commitment of economic diversification and supporting privatization of strategic assets.

In this ever-evolving and volatile environment, it is imperative for CEOs to don many hats at a time, act with agility, and most importantly, stay relevant. CEOs in Saudi Arabia are actively leveraging digital technologies, transforming their leadership team, and embracing all areas of the organization, including people.

In our third annual Saudi Arabia CEO Outlook, we reached out to 50 CEOs across industries to discuss how current opportunities, issues and headwinds are impacting the C-suite.

On behalf of KPMG, I would like to thank all the CEOs who shared their valuable insights and inputs and our partners for their views and opinions.
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Key findings

Development of workforce 4.0
CEOs need to drive change from within to build a resilient and agile organization. To achieve this, they would primarily focus on enhancing digital capabilities, both in terms of technology investments, and upskilling the workforce and attracting new talent.

CEOs recognize the need to invest in human capital to prepare the future workforce and although they anticipate a modest growth of the headcount, they are investing diligently in upskilling of the existing workforce. The private sector is also increasingly getting involved with initiatives of the government to develop professional capabilities, especially those that can guide the digital transformation.

In line with their global peers, most CEOs in Saudi Arabia chose modernizing the workforce as the key strategy to make their organizations future-ready, over improving customer engagement and evaluating assets.

In cyber space
With growing adoption rates of digital technologies in Saudi Arabia, CEOs need to build a robust cybersecurity strategy to safeguard their organization from external attacks and ensure long-term growth. The digital maturity of the Kingdom urges CEOs to embed cybersecurity into their overall change programs, upskill cyber specialists, and partner with technology companies to build their defense systems.

With an increasing level of threats, CEOs do feel better prepared to counter them than in the year before. The majority of them view information security as a potential source of competitive advantage and critical to engender trust with key stakeholders. Especially with growing digital connectedness and wider range of customer interaction through mobile interfaces, coupled with stricter security regulations, protecting customer data is more crucial. Consequently, companies are increasingly focusing on protecting customer data, not just to comply with regulations but also to have a strategic advantage over their competitors.

Evolving customer expectations
In many industries, the continuous advancements in technology and increasing global exposure of Saudi citizens are changing customer expectations. Thus, building a resilient organization also requires CEOs, not only to invest in technology and workforce, but also to maintain close customer connections to deliver on their expectations – 54% of the CEOs in Saudi Arabia believe they can do better on that. The perception of CEOs on the ROI of personalizing customer experiences almost doubled.

To deliver on these evolving customer expectations, companies need to be aware of integration between front and back office, and embrace a connected enterprise model. CEOs that understand their customer needs and can deliver on these with agility will build a competitive edge for their customers.

Customer channels are changing rapidly and Saudis will use what is convenient for them, the customer will drive the engagement and CEOs need to be ready for that.

CEO of tomorrow
Despite macro-economic headwinds, the irreversible transformation taking place in Saudi Arabia is a source of excitement for CEOs who see this as a catalyst for the new age. In this fast-paced environment that demands for innovation, the CEO needs to be equipped to lead from the front. Customer expectations evolve, which makes CEOs feel they need to be more diligently connected. With the vast availability of data, agility will become an important driver of decision making, and CEOs need to step up to build their skills in this field. Lastly, as technology disrupts whole industries, it will be imperative for CEOs to test new business models in real time, as experimenting will be critical in driving innovation.

Uncharted waters
As the global economy slowed down, the external outlook of CEOs in Saudi Arabia also took a slight plunge in 2019 – from 62% confident about global economy vs. 67% in 2018. This is largely explained by trade tensions between the US and China in 2019 that started to relax in early 2020 and a return to territorialism – the latter mentioned as the top threat to their organizations’ growth, followed by cybersecurity.

CEOs remain confident about their country, industry, and own companies’ growth prospects, adapting to three avenues for growth, expanding in emerging markets, promoting a culture of innovation, and investing in technology.

They also recognize the need for continuous innovation to build resilience, and more than half of the CEOs believe that acting with agility is the new currency of business and is instrumental to stay relevant.
Development of workforce 4.0

CEOs need to drive change in order to build a resilient and agile organization. They can achieve this by focusing on enhancing digital capabilities, in terms of technology investments and upskilling the workforce and attracting new talent.

Investments in technology versus people

Investments in digital technologies are vital to advance in the current global business environment. Technologies such as Artificial Intelligence (AI), virtual reality and Internet of Things (IoT) are transforming the traditional roles of workforce – the advent of intelligent automation and human-robot collaboration (cobots) have largely replaced assembly line workers.

Like their global peers, more than two-thirds (68 percent) of CEOs in Saudi Arabia are channeling their investments into new technologies, compared with the one-third (32 percent) who choose to invest in developing workforce skills and capabilities – albeit the two do not need to be mutually exclusive. Across organizations, CEOs recognize workforce as a critical tool to improve the overall organizational resilience. According to KPMG’s Future of HR report from May 2019, more than half of HR executives in companies in Saudi Arabia recognize the need for workforce to be transformed. CEOs underline this urgency, and therefore modernizing workforce – adopting lean, intelligent automation and skills on demand – has been picked as the top strategy by 36 percent of CEOs to ensure that their organizations are future-ready.

In order to embark on a successful digital transformation, we need to disrupt our culture by embedding new traits within the organization to ensure upskilling our employees to face the new reality. We should promote practices that foster innovation and enable our people to do their best by changing the legacy, direct hierarchal process into a framework of enablement, work in collaboration, implement ideation platforms and accept experimentation. Upskilling staff requires constant communication on the goals of digital transformation to make our people believe in change and not fear from it; it is not about job cuts or replacing people with machines but rather upskilling our staff to do more meaningful jobs.

Rania Nashar, CEO, Samba Financial Group
Maintaining a balance between talent and technology

Investing in technology alone is not enough to build a sustainable organization; the combination of talent with technology will enable successful digital transformation. Therefore, while it is essential for CEOs to brace for the potential impact of technology on their workforce, it is equally important to upskill their workforce to drive those transformations. 

Given this, CEOs in Saudi Arabia believe that investing in talent and ensuring people’s skills evolve over time are essential elements to create future-ready organizations; more than half of the CEOs (52 percent) plan to upskill 40-70 percent of their employees in new digital capabilities – advanced data visualization and coding – during the next three years.

Abdulaziz Al Babtain, CEO, NADEC

The rise of new digital industrial technology has made a wealth of data available to us and this has enabled, faster, flexible and finer production of goods to meet the need of today’s consumers. This has led to a huge shift in the way NADEC looks at its workforce. To be ahead in the industry, we need to be cognizant of these changes and adapt quickly. We are actively looking at making these changes in phases to the skills of our employees, the HR strategies, and on our jobs. We believe that AI and big data analytics are going to be the key drivers for our growth and sustainability, and with that, cybersecurity is equally important. Our strategy for social innovation is to create a truly global organization, aligning innovation with society’s current and future needs. We are already charting out the strategy to improve our knowledge about Industry 4.0 technologies, to upskill our workforce accordingly, and to onboard new skills to take us forward in this journey.
Technology is fundamentally changing how businesses operate and urging companies to rethink their traditional model of office work. It serves as an enabler for distant-working and more flexibility, while medical advancements through technology are increasing life expectancy and thus extending our active working life. People nowadays can have multiple careers in their lifetime, and CEOs need to recognize that they can work with different generations – from young graduates and millennials to seniors with a wealth of experience.

Islam Al Bayaa, Head of Advisory, KPMG in Saudi Arabia
Modest hiring strategy to support growth targets

This year, CEOs have increasingly focused on upskilling the existing workforce, enabling more than two-thirds of the leadership to first define growth targets and hiring new staff accordingly. The previous year, most CEOs were hiring new skills and staff regardless of their future growth targets.

This is further reinforced by the CEOs’ modest hiring strategy: 80 percent of the CEOs do not expect the headcount to increase by more than five percent over the next three years, whereas 18 percent of the CEOs expect an increase between 6 and 10 percent. According to Dr. Samer Abdallah, Head of KPMG Academy in Saudi Arabia, this modest growth of headcount numbers can be explained in two ways: first, in 2019, CEOs focused on upskilling the recruits of the previous year and increasing their effectiveness rather than hiring externally. Second, it can be attributed to the optimistic view CEOs hold on the impact of AI and digitalization, and thus anticipate modest, but highly specialized, growth figures of their total workforce. Eight out of 10 CEOs believe that AI and robotics will create more jobs than they eliminate, slightly higher than the global view of 65 percent of CEOs. However, the concern remains that AI may lead to technical unemployment in the medium to long term.

Abdullah Akbar, Head of Audit in KPMG’s Jeddah office, noted that in the in the current environment of war for talent, many positions remain vacant as many organizations believe they are not able to find the ‘right candidate.’ At the same time, our survey shows that the CEOs of today believe that a large number of their employees will require significant reskilling and upskilling in the near future. Many organizations are putting word into action by increasing their Learning & Development (L&D) team’s headcount to achieve the objective of developing and implementing robust work-centered learning programs, together with the business units within the organization. This strategy creates a sense of ownership for both L&D and the business units, assuming accountability for their initiatives and not allowing organizations to depend on new fit-to-work recruits. In addition, it is vital that organizations transparently educate their employees in respect of the skill gap they anticipate. Learning programs should be developed considering employees’ individual journeys and with the appropriate level of coaching.

Akbar added that businesses should also take responsibility for partnering with policy-makers in education and address what skills – either related to technology, business, R&D or soft skills - they expect to be needed in the future. Such partnerships should include developing blended learning programs and apprenticeships.
In cyber space

With the growing adoption of digital technologies in Saudi Arabia, CEOs need to build a robust cybersecurity strategy to safeguard their organizations from external attacks and ensure long-term growth.

Digital maturity leads to increased cyber threats

Over the past few years, CEOs in Saudi Arabia have increasingly adopted digital technologies to upgrade their business operations, realize higher growth potential and align their organizations with the Kingdom’s digitalization objectives under Vision 2030. As a result, organizations are now increasingly exposed to cyber risks, attacks and breaches. As per our 2019 survey, CEOs in Saudi Arabia consider cyber threat to be one of the most important risks, as opposed to 2018 when it was the sixth greatest threat. In 2018, only 2% of the CEOs around the world and in Saudi Arabia strongly agreed that a security breach was to be expected in the foreseeable future, whereas in 2019, these figures are up to 10% and 14%, respectively.

To safeguard themselves from cyber-attacks, CEOs need to embed cybersecurity into their overall change program by instituting a robust cybersecurity strategy, operational frameworks and data security measures to ensure protection of networks, IT systems, infrastructure and data.

Saudi Arabia is destined to become a global digital leader with data being the new oil in the 21st century. We at STC understand the importance of protecting your most critical asset – your data – and we have a strong history of ensuring our customers’ data is available only in the way that serves them. As a nation, and as the digital enabling company, we are exposed to all sorts of attacks, which forced us early on heavily investing and build world class cyber capabilities to become fully resilient – which is now a major advantage for us at STC we are happy to share with our business partners.

Nasser Al Nasser, Group CEO, STC
Increased readiness for cyber-attacks over the past year

CEOs in Saudi Arabia are enhancing their cybersecurity systems by upskilling cyber and data specialists, partnering with technology companies and leveraging defensive cybersecurity software. As a result, they exhibit higher confidence in their cybersecurity capabilities as compared to the last year. Overall, CEOs feel more prepared for future cyber-attacks than in the previous year.

Organizations are prepared for cyber attacks

Global CEOs have had a longer exposure to cyber threats and thus to adapt to new technologies to combat these, they are still concerned about becoming a victim to cyber-attacks. This leaves CEOs in Saudi Arabia with an important learning to not ignore these threats as something less important and continuously invest in upgrading their control systems.

Measures to develop strong cybersecurity capabilities and infrastructure

As applications of digital technologies are increasing, the government of Saudi Arabia has rolled out initiatives aimed toward developing cybersecurity specialists and instituting data protection frameworks.

In April 2019, the Governor of the Saudi Arabian Monetary Authority (SAMA) stated that cyber-attacks will pose the greatest threat to central bank governors in the future. In November 2019, SAMA launched the third edition of its cybersecurity training program “Secure 19” to strengthen the skills in this field for professionals in the financial sector.

Saudi Arabia’s National Cybersecurity Authority (NCA) launched a training program for 800 cybersecurity specialists to improve their data protection skills. Under another program, the Ministry of Education agreed to fund cybersecurity degrees for 1,000 students over five years. In February 2020, NCA hosts a two-day Global Cybersecurity Forum in Riyadh, underlining its commitment to develop its expertise with global specialists.

Organizations are also aiming to strengthen their cybersecurity infrastructure by entering into partnerships with technology companies and leveraging defensive cybersecurity software and hardware capabilities. Trend Micro, a global leader in cybersecurity based out of Japan, chose to set up its regional headquarters for the MENA region in Riyadh, and partnered with Saudi’s Public Investment Fund (PIF) to launch its operations.
CEOs understand cybersecurity is more than a defensive capability

Global CEOs identify cybersecurity as more than just a threat-mitigating capability and believe that it is an important factor in becoming an agile and resilient organization. The majority of the CEOs in Saudi Arabia view information security as a potential source of competitive advantage and critical to engender trust with key stakeholders.

Growing digital connectedness and a wider range of customer interaction through mobile interfaces, coupled with stricter security regulations have also made protecting customer data more crucial. Consequently, companies are increasingly focusing on protecting customer data, not just to comply with regulations but also to have a strategic advantage over their competitors.

60% of CEOs view information security as a strategic function and a potential competitive advantage

54% of CEOs believe that a strong cyber strategy is critical to create trust with key stakeholders

64% of CEOs (against 38 percent in 2018) believe that protecting customer data is important to enable the organization to grow its customer base in the future.

The availability of large amounts of data and our ability to analyze them are providing great insights and the opportunity to fundamentally rethink the execution of the audit. Through data analytics, we can gain better insights into an organization’s controls and risks, enable the auditor to challenge assumptions and conclusions, and provide a truly independent view on the business. Through predictive analytics, using historical performance trends and considering current market events, we are better prepared to also assess possible future performance and, where appropriate, share a sensitivity analysis with the management and the audit committee. Through our latest tool KPMG Clara, a smart audit platform, we can provide a deeper understanding of business and audit risks and a robust, consistent audit approach using artificial intelligence and advance data analytics.

Muhammad Tariq, Head of Audit, KPMG in Saudi Arabia
Aligning with changing customer expectations

Continuous advancements in technology and increasing global exposure of Saudi citizens are rapidly changing customer expectations. The needs of customers are becoming increasingly complex and demanding. One such example is the transformation of the financial services industry where the need for instant payments and mobile banking services has nudged financial companies away from traditional banking models, to embrace digital banking technologies.

These evolving customer expectations are forcing companies to transform their traditional business models. Hence, to build resilient organizations, it is essential for CEOs to not only invest in technology and workforce, but also maintain close customer connections to deliver on customer expectations.

54% of CEOs believe that they could significantly improve their understanding of customers

28% of the CEOs believe successful customer engagement is one of the top priorities to ensure future-preparedness

42% of CEOs believe that they are able to link their growth strategy with a wider societal purpose (up from 6 percent in 2018)

“\nIn the digital era, innovative payment solutions will help the banking industry to be embedded seamlessly in the customers day to day use of technology. Hence, in the future customers will use their mobiles and other technical devices and pay for services or get paid without having to notice the presence of the bank. Customer Experience is an important part of our transformation strategy and being innovative digitally is one of our key pillars that will help us reach our goal.

Tareq Al Sadhan, CEO, Riyad Bank\n”
When asked what motivates them the most, 16% CEOs in Saudi Arabia — 6% higher than the global survey — answered upholding the customer’s value while 14% — up from 11% from their global peers — chose enabling long-term business success, indicating a trend of Saudi CEOs looking beyond their horizons to build sustainable businesses.

42% of the CEOs — up from 6% in 2018 — believe that they are able to connect their growth strategy with a wider societal purpose.

To fulfill customer needs and improve retention, CEOs in Saudi Arabia are increasingly investing in personalizing customer experiences. As a result, over the past few years, more and more applications of digital technologies in the country are aimed at identifying, developing and providing personalized products and solutions that address customer pain points.

As a result of increased focus on personalizing and enhancing customer experience, an increasing number of CEOs across Saudi Arabia are witnessing the growth benefits that they were anticipating.

The old adage of know your customer is as true today as it ever was. Definitely, technology has raised customers’ expectations and caused rapid behavioral changes, and continues to do so. The good news is that technology can provide us with accurate trends, data and customer responses. We have invested in understanding consumer behavior to predict and adapt our business accordingly. We have a dedicated team working on the transformation of our business to embrace the evolving digital environment.

Mohamed Yousuf Naghi, President, Mohamed Yousuf Naghi & Brothers Group

According to Arvind Singhi, KPMG in Saudi Arabia’s Head of Markets, CEOs need to be aware of the integration of their front-, middle and back offices. Leaders who understand their customer needs and deliver on them will build a competitive edge for their companies. In 2020 and beyond, the customer will drive the direction of the engagement, whether that is digital or otherwise.
We see that family businesses in Saudi Arabia are undergoing a major evolution as a result of economic and industry trends coupled with the fast pace of technology advancements. With the evolving needs of customers and lower barriers to entry through innovative business models, talent attraction and retention are becoming increasingly critical for family businesses as they strive to become agile and innovate their business models to disrupt rather than being disrupted.

Fuad Chapra, Head of Family Business Sector, KPMG in Saudi Arabia
CEO of tomorrow

Saudi Arabia has embarked on an era of irreversible transformation, and CEOs are excited to be the catalysts for the new age. The significant growth opportunity before them is a major cause for optimism and despite the current macro-economic headwinds, CEOs are optimistic about the future of their businesses.

In an environment that is fast-paced and one that will demand innovation at an unprecedented rate, the CEO of tomorrow wants to be equipped to lead from the front. Our survey highlights the challenges that CEOs anticipate in managing and growing their companies to make the most of the opportunities ahead.

Building a resilient business in an uncertain time

The global postal industry is being disrupted by the force of technology putting serious pressure on traditional mail and services and moving us to rethink our purpose, our strategic assets and our role as service provider. At Saudi Post, we look these changes as a great opportunity to innovate and create new and meaningful services to enrich the lives of our customers, employees and our country. Our evolution and transformation will leverage the advances in technology to reimagine our role and unlock the dormant potential that we have in our assets and resources. We see tremendous opportunities in e-commerce, financial services and e-government services where we will play a prominent role in supporting and enabling these industries creating more value for our customers through advanced services that are faster, bigger, more transparent and efficient. Enriching our offerings through an omnichannel approach based on real-time, machine learning solutions and being the physical touchpoint for the digital government and economy, with a concept of anywhere at anytime and delivering what matters. We are excited about our future and the impact we will create for our country.

Anef Abanomi, President, Saudi Post Group

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Leveraging data-driven insights to drive decision-making

CEOs feel the need to be diligently connected to their customers, maintaining constant dialogue, understanding their ever-changing values and needs, and seek to look beyond purely commercial growth to achieve long-term, sustainable success. And while CEOs rely on their own expertise and insights to provide customized solutions to their customers, they are open to leverage the data-driven insights into customer needs, to bolster their decision-making. Currently, 82 percent of CEOs in Saudi Arabia, as compared to 71 percent of global CEOs, disregard data-driven insights because they observe contrarian insights to their own experience or intuition. To get maximum value out of advanced analytics, CEOs should ensure they can trust the findings and insights generated by algorithms. Therefore, by building a structure of checks that ensure algorithms are not relying on biased information, CEOs can be bolder in basing actions and decisions on data insights because they trust their teams to implement robust and quality-controlled models. This can help striking a balance and combine data-driven analytics with their business acumen to identify new growth opportunities for the firm in the long run.

Data agility becomes critical skills for CEOs

Another imperative is to test business models and hypothesis in real time. In the age of disruption, the fear of failure is no longer going to be tolerated, and CEOs should work closely with their boards and their management to test new go-to-market plans through accelerated programs, reducing the cost and market impact of failures. Experimenting will be critical in driving innovation and failing fast will be a key skill that Saudi CEOs will need to imbibe in their organization culture in order to avoid getting disrupted by competition.

Identifying and managing alliances will be critical for growth – CEOs will increasingly need the skills to integrate their organizations with other businesses, predominantly to fast-track their market and capability building agenda. The limited time that they have at their disposal means that often there will be no luxury to develop, test and launch new capabilities organically.

Data agility will become a core skill, and tomorrow’s CEOs will need to be equipped to analyze and act on the vast amounts of data that will become available to them. The ability to use information strategically will determine how successful organizations and their CEOs become in future.

Communication, transparency and corporate responsibility will grow as differentiators, and the CEO of tomorrow will need to demonstrate that they are the perfect ambassadors for their organizations and can really create, operate and communicate their responsible agenda as much as their commercial strategies.

Businesses are faced more than ever by an ever-changing and evolving tax landscape with more regulations and international alignment between governments than ever before. The amount of data available, the lack of tax talent and the complexity of transactions make it a real challenge for businesses to manage this risk and mitigate it. CEO must put the tax function on their agenda in terms of tax function organization, the effective and efficient use of technology and the right balance between insourcing and outsourcing.

Wadih Abu Nasr, Head of Tax, KPMG in Saudi Arabia
In the 2019 edition of our annual CEO survey, CEOs in Saudi Arabia continue to exhibit increased confidence in their companies’ growth, despite a dip in confidence in the global economy, country and industry. CEOs are increasingly focusing on accelerating innovation and reprogramming their companies to prepare for future challenges.

Unfavorable external outlook

Saudi CEOs’ confidence in growth prospects over the next three years

The decrease in confidence of Saudi CEOs in the global economy follows the actual global economic slowdown, and reflects the figures of the global CEOs - only 62 percent of global CEOs are confident, down from 67 percent in 2018.

A series of events across the world has kept the CEOs on guard. Continued trade tensions between the US and China, tightening credit policies in China, loosening financial conditions in big economies (leading to elevated vulnerabilities), and a return to territorialism softened the world economy in the latter half of 2018. In line with this, CEOs in Saudi Arabia (28 percent) ranked ‘return to territorialism’ as one of the top four risks posing the greatest threat to their organizations’ growth, followed by cyber security (20 percent), climate change and disruptive technology (12 percent each). Further, series of inflation and deflation in the country, and irregular growth in its real GDP since 2015, have shaken the CEOs’ confidence.

The global economy has become more uncertain and fragile and currently stands at the lowest growth level since the global financial crisis in 2008, at 3 percent. This slowdown is largely due to trade tensions and higher stakes in geopolitics, and it is understandable that confidence in the global economy has dropped with the CEOs. Domestically, on the other hand, the Saudi government continues its effort to implement social and economic reforms, increase transparency, address corruption and improve governance, which is expected to restore the confidence of CEOs in Saudi Arabia, in their economy and the outlook of their firms.

Dr. Hussain Abusaaq, Chief Economist & Head of Research, KPMG in Saudi Arabia
To encourage entrepreneurship, Monsha’at works on access to financing, easing doing business and driving demand. Over 2019, the percentage of loans provided to SMEs increased from 5.8% to 6.2%; SR1 billion was allocated for venture capital, the total amount for guarantees in the financing guarantee programs (Kafalah) reached more than SR6.9 billion and the total amount spent in the indirect lending program reached more than SR1.3 billion. This year, Saudi Arabia jumped 30 places in the ease of doing business index, to place 62. The percentage of government purchasing from SMEs purchases increased to 26%.

Saleh Al Rasheed, Governor, SME General Authority (Monsha’at)

Positive business sentiment despite unfavorable global outlook

Despite relatively lower confidence in the global and domestic economies, CEOs are confident about their companies’ growth prospects, indicating their trust in their organizations; they are transforming their organizations to withstand any challenge, capitalizing on technological disruption and building resilience. And for that, they are primarily adopting three routes — expanding in emerging markets, promoting the culture of disruption and innovation, and investing in technology.

Emerging markets

Out of 60 percent CEOs (against 38 percent in 2018) who are planning to expand in emerging markets, 66 percent are doing so to become more resilient as a business. In contrast to our previous survey, CEOs have shifted their focus from developed to emerging markets.

The majority of CEOs count emerging markets as their top priority for expansion over the next three years.

With the NIDLP program, we seek to improve the investment environment by providing the necessary enablers such as better policies and regulations, financial enablement, infrastructure and industrial land development, building special economic zones (SEZ), R&D support, and export development. Through leveraging on KSA location and the unexploited natural resources - estimated at around USD1.33 trillion – we can take advantage of the demand in the region to stimulate new industries, accelerate innovation and transform the economy into a model based on partnership with the private sector.

Suliman Almazroua, CEO, National Industrial Development & Logistics Program (NIDLP)
Continuous innovation and disruption

CEOs in Saudi Arabia recognize the need for innovation and disruption to build resilience and continue the pace of advancements. 54 percent of the CEOs believe that acting with agility is the new currency of business and that if they are too slow, they will become irrelevant.

72 percent of CEOs (up from 52 percent in 2018) believe that their organization is actively disrupting the sector in which they operate, rather than waiting to be disrupted by the competitors.

66 percent of CEOs agree that growth relies on the ability to challenge and disrupt.

68 percent of CEOs (up from 16 percent in 2018) believe that they need to improve their innovation processes and execution over the next three years.

Although CEOs in Saudi Arabia are increasing their investments in innovation and partnering with technology companies, they also have to consider a cultural approach to ensure the success of their digital transformation. There is a disconnect with ‘wanting to create an innovative environment’ and the ‘presence of such an environment’. An increasing number of CEOs (84 percent) want their employees to feel empowered to innovate, without worrying about negative consequences if the initiative fails. However, they have yet to instill such culture, as only 52 percent of CEOs believe that their organizations have a culture in which ‘fast-failing’ unsuccessful innovation initiatives are celebrated.

We believe that in 2020, the ability to embed innovation in their businesses will set CEOs apart. Those who understand their customer and build agile organizations where employees can thrive, will build a competitive edge over their competitors.

Technology investments

Increased confidence of CEOs in Saudi Arabia in their organization is reflected by their continuous investments in technology and technical workforce.

CEOs in Saudi Arabia are embracing digital technologies, with 70 percent of them leading the technology strategy of their organizations. AI, cloud technologies, big data and new digital capabilities (such as advanced data visualisation) are some of the areas of interest for CEOs. Consequently, 62 percent of CEOs (up from 40 percent in 2018) in Saudi Arabia have begun a limited implementation of AI for some specific processes and 6 percent (as compared with none in 2018) have already implemented AI to automate some of their processes.

72% of CEOs in Saudi Arabia are more confident about increasing the use of cloud technologies today than they have been at any point in the last three years.

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The global survey data published in this report is based on a survey of 1,300 CEOs in 11 of the world’s largest economies: Australia, China, France, Germany, India, Italy, Japan, the Netherlands, Spain, the UK and the US, and in addition a survey amongst 50 CEOs in Saudi Arabia was conducted to compare the results.

The CEOs operate in 11 key industries: asset management, automotive, banking, consumer and retail, energy, infrastructure, insurance, life sciences, manufacturing, technology, and telecommunications.

Out of the 1,300 CEOs, 310 came from companies with revenues between US$500 million and US$999 million; 543 from companies with revenues between US$1 billion and US$9.9 billion; and 447 from companies with revenues of US$10 billion or more. In Saudi Arabia, out of the 50 CEOs, 25 came from companies with revenues between US$500 million and US$999 million; 15 from companies with revenues between US$1 billion and US$9.9 billion; and 10 from companies with revenues of US$10 billion or more.

KPMG would like to thank the following for their contributions:

— Rania Nashar, CEO, SAMBA Financial Group
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— Anef Abanomi, President, Saudi Post Group
— Saleh Al Rasheed, Governor, SME General Authority (Monsha’at)
— Suliman Almazroua, CEO, National Industrial Development & Logistics Program (NIDLP)
For further information about this report and how KPMG can help your business, please contact:

**Arvind Singhi**
Head of Markets
KPMG in Saudi Arabia

M: +966 (0) 553582615  
E: asinghi@kpmg.com

**Dr. Samer Abdallah**
Head of KPMG Academy
KPMG in Saudi Arabia

M: +966 (0) 555236266  
E: samerabdallah@kpmg.com

**Hassan Al Redha**
Head of Marketing
KPMG in Saudi Arabia

M: +966 (0) 555884873  
E: balredha@kpmg.com