Unfolding the next growth chapter in the Middle East

How Tech Leaders drive business performance with next gen 5G networks, digital technologies, and innovation

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Executive Summary

A major transformation is unfolding across the Middle East, with enterprises investing in digital technologies and next generation networks. Technology and connectivity infrastructure have become a critical strategic imperative for businesses driven by post-pandemic ways of working, as well as a continuous need to accelerate digital transformation and scale innovation.

These new technologies hold huge promise for supercharging business outcomes—but only if they are harnessed in the right way. End-to-end digital transformation will come about through the convergence of 5G and key technologies: cloud, edge computing, artificial intelligence (AI), and Internet of Things (IoT).

Our new research, which includes a survey of 257 senior executives of Middle East enterprises, reveals that a majority of companies are committed to investing in digital technologies and network modernization. We found that around 80% of enterprises in the region are showing varying level of adoption of new technologies such as cloud, edge computing, AI, and IoT, ranging from wide to partial and pilot stage implementation.

At the same time, an overwhelming majority of enterprises (87%) expect 5G to have a transformational impact on their business, with a further 61% planning to invest in 5G campus networks. Oil & gas (64%) and manufacturing (45%) are the key industries prioritizing near-term 5G campus network investments. Overall,

there is a strong appetite to use 5G as a lever to generate disruptive opportunities outside the scope of usual business activities, in addition to improving existing operations. Companies see 5G as not merely an incremental version of 4G/LTE, but as a catalyst to accelerate their digital transformation and a key enabler of innovative use cases.

However, most companies today are implementing individual technologies and upgrading networks as standalone transformation projects. These investments have not been integrated into the overall enterprise strategy of digital transformation and innovation, and thereby are falling short of delivering holistic business value. Many enterprises also perceive tremendous challenges in navigating the complexity of network and digital technology integration, extracting return on investment (ROI), and choosing the right partner ecosystem and platform for solutioning.

Yet, a small group of companies have been able to break through these barriers. Our research reveals that a small number of high-performing companies are on track to deliver more value than their peers in the next 3 years.

We call these companies **"Tech Leaders"**. These companies distinguish themselves by investing in advanced networks, such as 5G, as a strategic asset, alongside other digital capabilities like cloud, edge, AI, and IoT, and boosting innovation capabilities —driving superior value creation for their business.

Compared to peers, Tech Leaders are more likely to have invested higher in:

1

Advanced networks such as 5G: Expect to invest an incremental 9.3% of their ICT budget on 5G and next-generation network in the next 3 years compared to incremental 5.7% by their peers
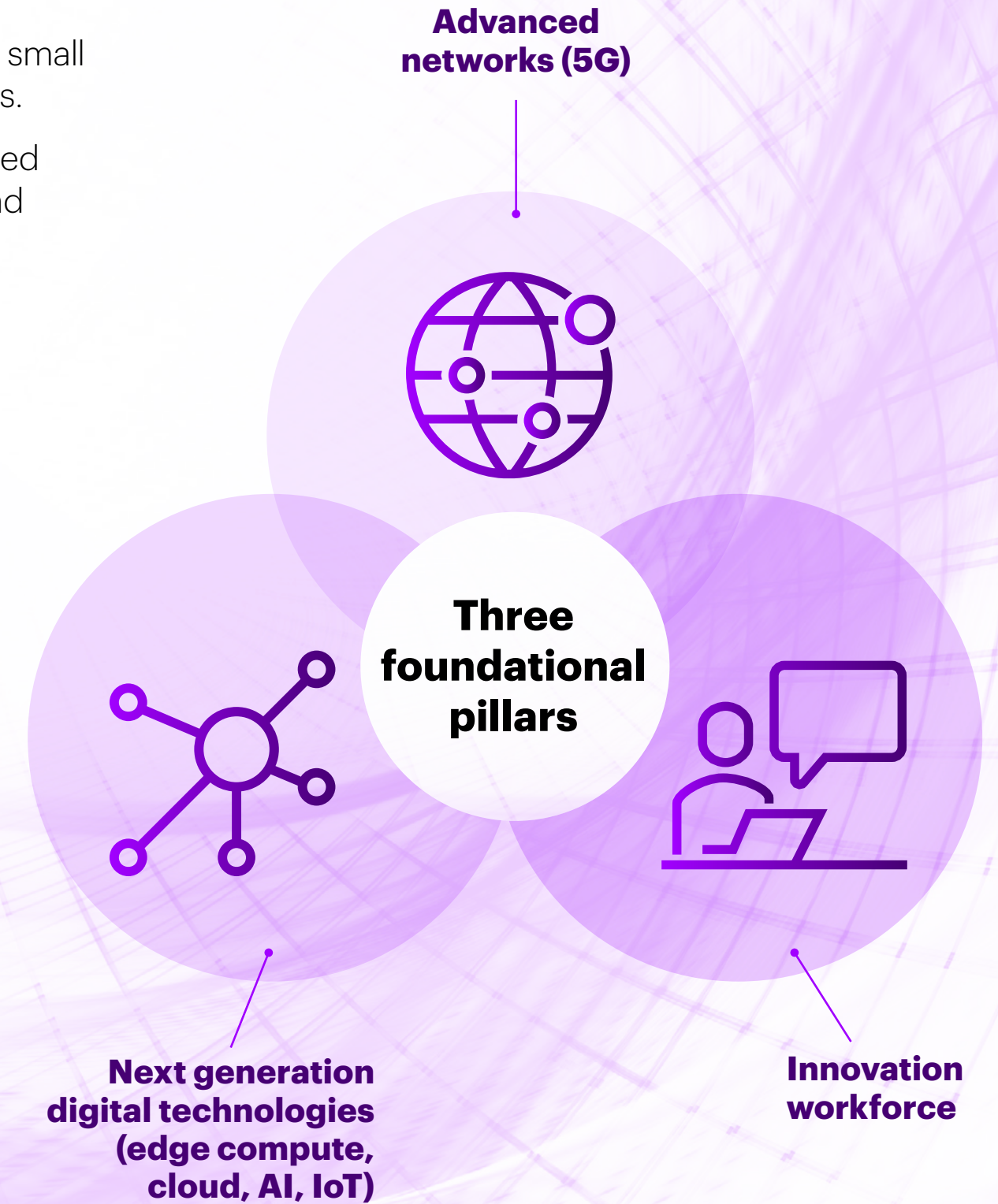
2

Innovation capabilities and workforce: Expect to dedicate incremental 9.6% of their ICT budget on innovation in the next 3 years compared to incremental 5.9% by their peers. 62% of Tech Leaders dedicate more than 20% of their workforce to innovation, compared to just 14% of their peers

3

Converging technologies like cloud, edge, AI, and IoT:

- **27%** are more likely to have partially or fully implemented **cloud**

- **32%** are more likely to have partially or fully implemented **edge**

- **33%** are more likely to have partially or fully implemented **IoT**

- **41%** are more likely to have partially or fully implemented **artificial intelligence and machine learning (AI/ML)**
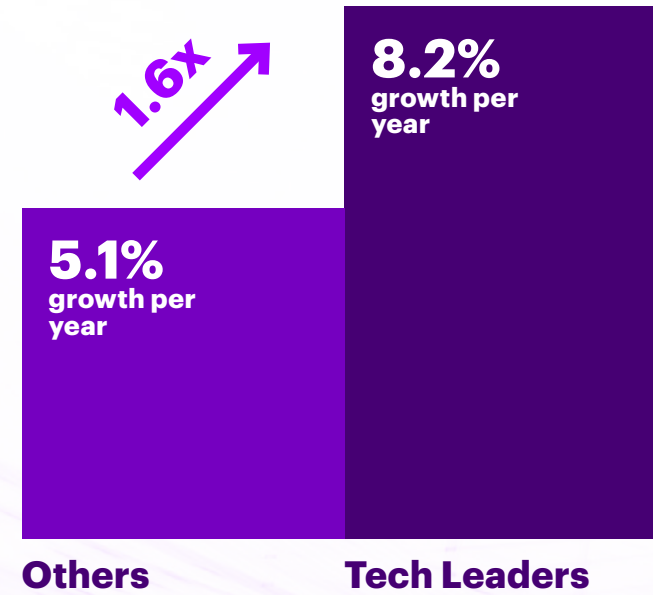
Advanced networks (5G)

Three foundational pillars

Next generation digital technologies (edge compute, cloud, AI, IoT)

Innovation workforce

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Tech Leaders are set to deliver more value than their peers in the next 3 years. Thanks to their forward-looking strategy, the Tech Leaders:

Expect revenue to grow 2.1x faster than peers over the next 3 years

2.1x

9.2%
growth per year

4.3%
growth per year

Others | Tech Leaders
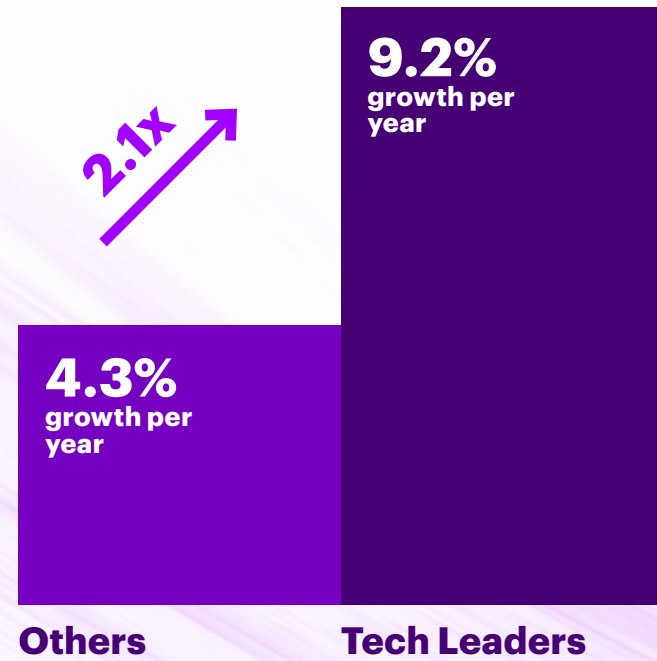
Expect margin to grow 1.6x higher than peers over next 3 years

1.6x

8.2%
growth per year

5.1%
growth per year

Others | Tech Leaders

16% more likely than peers to see their 5G and network investments result in new product and service innovations

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What sets these Tech Leaders apart? They follow four key imperatives, which serve as a guide for other companies looking to attain greater business value and return on their network and technology investments:

1

Elevate the business case for next gen technology solutions:

A strong C-level focus, deep understanding of technology convergence across the organization and resource commitment is required to position solutions enabled by advanced networks like 5G and digital technologies like cloud, edge, IoT, and AI as a part of a broader transformation and innovation agenda. The ultimate objective of such transformation is achieving holistic value creation for the enterprise. For that to happen, C-Suite leaders must first be convinced that the benefits of such projects far outweigh their costs and risks. So, it is crucial to create a robust business value assessment plan and take a measured ROI driven approach to right-size investment in selected use cases and verticals, following a "fail-fast" approach.

Tech Leaders seize the first-mover advantage, investing in and adopting next gen technologies quickly, and scale them to maximize value. Crucially, they understand that 5G is only one part of a broader digital transformation agenda and combining it with converging technologies is a must for unlocking the full disruptive potential. To advance deployment, Tech Leaders prefer partners who offer the ability to track and measure ROI and strategically support use cases.

2

Plan for workforce and cultural transformation:

Adoption of 5G and digital technologies will generate new sets of workforce expectations and is likely to require entirely new skill sets. For 5G to go from concept to reality, enterprises need to develop the necessary skills in their workforce. Upskilling and acquiring the talent needed to get their organizations 5G-ready should be high on the CXO agenda. It is also important for companies to infuse a "learner" mindset, focusing on skills in emerging fields such as machine learning, robotics, edge, network architecture, augmented reality/virtual reality (AR/VR) etc. to realize benefits from these deployments. Overall, building an evolving roadmap for talent transformation and regularly revisiting their workforce strategy and gap reassessment is crucial.

Tech Leaders aggressively re-skill, hire, and leverage partner expertise to build the workforce of the future, critical to derive value from the new network. Importantly, they cultivate a culture of experimentation, testing, and risk-taking, which is key for the success of new technologies.

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3

Build security into every step of the process:

Next gen networks such as 5G presents new features for improving security compared to previous generations, but those are not adequate to ensure end-to-end security of the enterprise considering the complexity of new network architecture and vulnerability points. Introduction of 5G leads to considerable increase in surface area of attack due to greater number of IoT devices. Moreover, the cloud-based 5G network enables services such as network slicing and introduces new zones at the edge of the mobile network, which require a fundamental reimagining of security design. Companies need a complete overhaul of their end-to-end network security strategy and governance, by implementing a zero-trust model, keeping security-by-design mindset, and building trust throughout multivendor ecosystems.

Tech Leaders understand that simply upgrading to new network technology does not ensure higher security standards; instead, they view it as an opportunity to transform their security mindset and architecture. They revisit their network security strategy and governance, by keeping security-by-design mindset, building zero trust model, and working with partners who ensure high security standards.

4

Identify the right partners and platform for solutioning:

Future network and technology architecture and integration is a massive undertaking involving significant capital outlay and cannot be done end-to-end in-house. By investing jointly with partners in the development of innovative use cases, enterprises can unlock greater value from their tech investments through strong cross-industry plays, improve risk-adjusted returns, and drive monetization. CSPs are key partners in this journey and are taking on the role of X-industry orchestrator, powering intelligent, context-aware industrialization and use case scalability.

Tech Leaders prefer to work with strategic partners – not standalone suppliers – who share a common vision and are ready to co-innovate and co-create new products and services. They engage with specialized providers who can help them navigate the complex ecosystem needed for deployment of 5G. These specialized providers in turn work with an ecosystem of partners to aid enterprises in end-to-end adoption of 5G solutions along with other digital technologies.

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Ready for tomorrow

The trail being blazed by Tech Leaders offers a beacon for others looking to light their own path to transformation and innovation.

By preparing the right strategy and partnerships, organizations across the Middle East can connect to the huge opportunity offered by next-gen networks and digital technologies to get ahead of the competition and make the most of the far-reaching shifts that technology convergence will unleash.

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Contacts

Giampiero Terzi
Managing Director
Communication, Media and Technology
Lead Accenture, Middle East
giampiero.terzi@accenture.com

Tejas R. Patel
Managing Director
Cloud First Lead – Accenture, Middle East
Technology Strategy & Advisory Lead—
Accenture, Growth Markets
tejas.r.patel@accenture.com

Vimal Sethi
Managing Director
Accenture Microsoft Business
Group Lead—Middle East
vimal.sethi@accenture.com

Khaleelo Khan
Regional Business Lead
Telecoms & Media Industry, Microsoft MEA
Khaleelo.Khan@microsoft.com

Carla Hansen
Senior Partner Development Manager,
Global System Integrators, Microsoft MEA
cahansen@microsoft.com

Oskar Nilsson
GTM Lead, Advisories
& Global System Integrators
Microsoft MEA
nilsson.oskar@microsoft.com

Authors

Swati Vyas
Associate Manager
Accenture Research
swati.vyas@accenture.com

Samyukta Mallapragada
Specialist
Accenture Research
s.mallapragada@accenture.com

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Mark Flynn
Senior Manager
Accenture Research

Jakub Wiatrak
Senior Analyst
Accenture Research

Carla Issa
Middle East Lead
Accenture Research

Yusof Seedat
Thought Leadership Director
Accenture Research

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