
*News Release****Siemens and Strategy& joint study outlines roadmap for a digitalized future for GCC businesses***

- **60% surveyed believe digitalization has potential to create new business models or lead to a more open culture of innovation**
- **Only 3% of organizations in the GCC believe they are at an advanced stage of their digital transformation**
- **The GCC is positioned to embrace the disruptive potential of digitalization**
- **Governments and consumers lead the digital uptake in the GCC**

Dubai, UAE, December 6, 2016: A joint study conducted by Siemens and the Ideation Center at the management consultancy Strategy& (formerly Booz & Company), part of the PwC network, has emphasized the benefits businesses in the GCC stand to gain from digitalization, and outlined a roadmap of how they can undertake a fully holistic approach to embarking on a digital transformation.

Senior executives from Siemens Middle East and Strategy& launched the *“Preparing for the digital era: the state of digitalization in GCC businesses”* report at Dubai’s 3D-printed Office of the Future, highlighting key findings from the joint study that are intended to help encourage the progress and evolution of digitalization among the region’s businesses.

Of the 300 companies surveyed, 60% believe that digitalization has the potential to create new business models or lead to a more open culture of innovation. However, only 3% of organizations believe they are at an advanced stage of their digital transformation process, with only 18% using the cloud and 30% using big data and analytics specifically. The study also found that GCC companies are lagging behind their government and consumer counterparts when it comes to using digital technologies.

For example, GCC governments have acknowledged the economic and social benefits of digitalization, incorporating them into their ambitious strategies. Saudi Arabia’s Vision 2030 and National Transformation Plan 2020, Smart Dubai, Qatar’s Connect 2020 ICT Policy, and Oman’s digital strategy e-Oman all stress the importance of the use of digital technologies. Similarly, GCC consumers are among the most tech-savvy in the world. The UAE, Qatar and Bahrain have more than 100% smartphone penetration rates and young people across the region are playing an important role in influencing the development of new technologies.

“Governments and consumers in the GCC have been rapid adopters of digital technologies, and our report tells us the benefits of digitalization are widely acknowledged by the majority of organizations,” said Dietmar Siersdorfer, CEO, Siemens Middle East and UAE. ***“However, many companies in the region have some catching up to do, and our research suggests there is still work to be done to encourage the understanding that digitalization is a transformation journey, requiring a holistic approach. Companies must develop a business strategy for the digital age, and finding the right partners is essential. The GCC is taking great strides towards economic diversification, and digitalization is a***

key driver of globally competitive business, industry and infrastructure. The region is in a position to fully embrace the disruptive potential of digitalization, across all sectors.”

Though GCC company executives show great enthusiasm for going digital, many are still coming to grips with its full meaning and potential. In general, executives have a narrow view of digitalization which often ignores the far-reaching benefits that moving towards digital can bring, such as problem solving, reinventing business models, reimagining the customer experience, inspiring trust and accelerating change. The fact that many organizations have a partial understanding restrains the uptake of digital technology and obstructs the formulation of effective strategies.

Discussing the use of digital technology in the GCC, Samer Bohsali, Partner with Strategy& in Dubai, said: “Executives in the GCC are excited by digital. They recognize its benefits, such as stronger customer orientation and increased efficiency, which is vital in an era of budget constraints. Many companies, however, perceive the process of going digital as the adoption of a specific technology, rather than a transformation journey.”

While many organizations are gradually building technology capabilities, some lack the vision and the necessary leadership to drive their digital transformation. Taking practical steps forward can often be beset by internal obstacles, be they cultural, organizational, people-related or financial. For example, 40% of companies in the region have allocated less than 5% of their total investments to digitalization activities. Only 37% of companies have a strategy for going digital, and less than 1% of companies have a Chief Digital Officer.

There is also work to be done on the infrastructure and regulation front, as well as tackling skill deficiencies in areas such as data analytics and human centered design, which are vital for the development of the region’s digital ecosystem.

However, there is a way forward for GCC companies to fully realize the benefits of digital technologies. Instead of simply importing best digital practices and technology, the Strategy& and Siemens report recommends that GCC organizations should approach this transformation holistically by creating the building blocks for digital transformation.

This requires six key steps:

- 1) Organizations need a business strategy for the digital era. This requires assessing digitalization’s impact on their industry and its fit with their ambitions
- 2) They must identify those areas of their business where digitalization can help the most, and how
- 3) Digital change requires senior sponsorship and proper governance. Digitalization should be an organization-wide collaborative effort, not the sole preserve of IT or marketing
- 4) They must develop digital skills, in IT and across the organization
- 5) They should collaborate with stakeholders across the ecosystem including digital players and disrupters, government entities and academia, embracing open innovation
- 6) They should invest more wisely, not necessarily spend more, thereby accommodating investment risk. Companies can achieve savings by outsourcing commoditized technology services, including the adoption of cloud and virtualization, and invest the savings in differentiated value-adding digital capabilities.

To learn more about the Siemens and Strategy& report “Preparing for the digital era: the state of digitalization in GCC businesses” please visit the following pages:

- The microsite: <http://www.ideationcenter.com/digitalization-GCC-businesses>
- The report: http://www.strategyand.pwc.com/me/home/thought_leadership_strategy/reports_and_white_papers_me/display/preparing-digital-era

About Strategy&

Strategy& is a global team of practical strategists committed to helping you seize essential advantage. We do that by working alongside you to solve your toughest problems and helping you capture your greatest opportunities. These are complex and high-stakes undertakings—often game-changing transformations. We bring 100 years of strategy consulting experience and the unrivaled industry and functional capabilities of the PwC network to the task. Whether you’re charting your corporate strategy, transforming a function or business unit, or building critical capabilities, we’ll help you create the value you’re looking for with speed, confidence, and impact. We are a member of the PwC network of firms in 157 countries with more than 223,000 people committed to delivering quality in assurance, tax, and advisory services. Tell us what matters to you and find out more by visiting us at strategyand.pwc.com/me.

About Siemens

Siemens AG (Berlin and Munich) is a global technology powerhouse that has stood for engineering excellence, innovation, quality, reliability and internationality for more than 165 years. The company is active in more than 200 countries, focusing on the areas of electrification, automation and digitalization. One of the world’s largest producers of energy-efficient, resource-saving technologies, Siemens is a leading supplier of efficient power generation and power transmission solutions and a pioneer in infrastructure solutions as well as automation, drive and software solutions for industry. The company is also a leading provider of medical imaging equipment – such as computed tomography and magnetic resonance imaging systems – and a leader in laboratory diagnostics as well as clinical IT. In fiscal 2016, which ended on September 30, 2016, Siemens generated revenue of €79.6 billion and net income of €5.6 billion. At the end of September 2016, the company had around 351,000 employees worldwide. Further information is available on the Internet at www.siemens.com.

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