



Press Release

Digital transformation set to generate additional US\$17bn annually for Middle East industrial sector

- **GMIS: PwC report, 'Industry 4.0: Building The Digital Industrial Enterprise', predicts that over the next five years digitisation in the region will yield:**
 - US\$16.9bn in annual revenue gains
 - US\$17.3bn in annual cost and efficiency gains
- **Middle East industries set to invest US\$42bn each year in digital 'fourth industrial revolution' technologies to 2021**

Dubai, UAE, October 19, 2016: Digital transformation could generate US\$16.9 billion in extra revenue each year for companies in the Middle East from 2017 to 2021, as well as a further US\$17.3 billion in annual cost savings and efficiency gains, according to a new report published by the Global Manufacturing and Industrialisation Summit (GMIS) and conducted by PwC, one of the world's largest professional services firms.

GMIS, a world-first gathering for the manufacturing community bringing together leaders in business, government and civil society to shape a vision for the sector's future, will be held from March 27-30, 2017, on Al Reem Island in the UAE's capital, Abu Dhabi. GMIS aims to take a transformational approach in shaping the future of manufacturing, with particular focus on the role of technology in powering the fourth industrial revolution.

The PwC report, called 'Industry 4.0: Building The Digital Industrial Enterprise', is based on a survey of over 2,000 companies from 26 countries, including more than 50 companies in the Middle East from six key industries. Among the Middle East respondents, the report found that annual digital revenues are expected to rise by 3.8 per cent on average over the next five years – through additional customer benefits and new digital products and services – with some companies expecting an overall increase of as much as 50 per cent over five years. This could yield US\$16.9 billion in added revenues per year across the region.

This increase in revenues stands to be supplemented by a further US\$17.3bn in annual cost and efficiency gains. The report finds that digitisation and integration, by shortening operational lead times and maximising product quality, could cut Middle East company costs by 3.8 per cent annually on average, above global expectations of 3.6 per cent. Demand for digital transformation is strong among companies in the region, with most planning to invest 4 per cent of annual revenues in solutions related to digital operations. That would amount to an investment of US\$42 billion on average in digital transformation by companies in the region each year over the next five years.

"Our Industry 4.0 Report launches at a time of great opportunity as we all prepare for a world where technology plays an increasingly crucial role in the markets we operate and the communities we live in and all that we do day to day, said Bob Moritz, PwC's Global Chairman.



“In the Middle East and across the world, leading industrial and manufacturing companies are integrating digital concepts in practical means into their business models. Leveraging ideas like the Internet of Things (IoT), robotics and big data analytics, deep/machine learning and others, companies are realizing benefits from enhanced customer experiences, effective and efficient supply chains, enhanced top and bottom lines and resulting new competitiveness, all powered by advancements in technology and innovation.” Mr Moritz, added.

Badr Al-Olama, CEO of UAE-based aerospace manufacturer Strata and member of the GMIS Organising Committee, said the report illustrates the potential of digital transformation. “Working with PwC as our knowledge partner on producing this report has allowed GMIS to highlight the regional appetite for Industry 4.0, and guide businesses on the opportunities of either investing in, or benefiting from, the new wave of Industrial IoT. Dubai’s drive towards additive manufacturing and autonomous technology is a great example of how governments can create the optimal environment to support sector growth through innovative policymaking coupled with ambition and future vision.”

In the Middle East, companies are expanding their digital portfolios. The report notes that four in 10 consider digitising their portfolios as critical to future revenue growth. However, more than half identified the absence of a digital culture and the right training as barriers to digital transformation. While companies recognise tools such as big data analytics as being very important, almost half believe they lack a structured approach to mining information for insight that could lead to efficiencies, and therefore greater competitiveness.

“GMIS is about all manufacturing, wherever it is. But technology, especially the industrial internet, is connecting global industry at an unprecedented rate. In IoT, where the digital and physical worlds meet, opportunities for IoT in manufacturing are proliferating. In aerospace, for example, sensors are collecting and analysing manufacturing information to detect production problems in real time, improving the quality of output from the manufacturing floor. Imagine if, together, decision-makers across government, industry and non-government organisations scaled the potential of Industrial IoT to tackle hunger, disease and poverty. That is the potential of GMIS - an opportunity to turn the march of innovation into an agent for global good,” said Mr Al-Olama.

Hani Ashkar, Territory Senior Partner at PwC Middle East said: “Innovation is about solving issues through new ideas and business models that contribute to global competitiveness. Over the last few years, countries and companies in the region have become increasingly aware of the importance of both technological and business innovations. Innovation has indeed become the watchword for economic planning and private sector engagement and you see in the UAE some of the best illustrations of this.”

“The Fourth Industrial Revolution promises significant efficiencies and convenience for all through the use of a range of technologies. By bringing the public and private sectors together with civil society, GMIS will encourage greater investment in those manufacturing capabilities, drive innovation and promote skills development worldwide”, **Mr. Ashkar** also noted.

Dr. Anil Khurana, Partner, Strategy & Innovation at PwC Middle East and the report’s lead author, said that if digital consumer applications were transforming consumer industries, the impact of the Industrial Internet on the enterprise would be a revolution. “The recent digitisation trend is indeed receiving a lot of attention, in particular for the industrial sector. We use the term “Industry 4.0” to describe the focus on end-to-end digitization of all physical assets and integration into digital ecosystems. We find that



companies around the world are using digitisation to increase their design and production efficiencies, enhance their interactions with customers and suppliers, and deliver new business models with the aid of digital offers and services. This is almost a new \$1 trillion a year business (2016 Global Survey "Industry 4.0: Building the Digital Enterprise"). Our survey found that several UAE companies are active adopters of Industry 4.0, demonstrating their efforts to move to where the future resides."

Dr. Khurana further added that the Middle East's enterprise base should accelerate digital integration over the coming years. "Companies here in the region should map their own Industry 4.0 strategy, taking steps now to become fully digital enterprises. Although some companies will face challenges linked to skills availability, culture, leadership and data readiness, there is strong awareness of the importance of digital transformation to drive new revenues and growth."

"In GMIS, we have a ready-made platform for enhancing competitiveness and sharing expertise across the broad manufacturing sector. In our report, we have an evidence base for informed decision-making that combines our strengths and catalyses a new enterprise era, powered by innovation," **Dr. Khurana** ended.

The inaugural edition of GMIS will be held from March 27-30 2017 at the Paris-Sorbonne Abu Dhabi. The Summit will bring together more than 1,200 delegates from across manufacturing sectors – including aerospace, automotive, aviation, electronics, food production, healthcare and pharmaceuticals, and textiles – as well as from global governments and NGOs. The Summit programme and its outcomes-driven agenda are being developed by knowledge partner Economist Events, part of the Economist Group, with support from strategic partners PwC, the leading professional services network, and Thomson Reuters, the world's leading source of news and information for professional markets.

Download the report at: <http://www.pwc.com/m1/en/publications/industry-40-survey.html>

ENDS

About GMIS

As the world's first cross-industry forum, GMIS is a global gathering for manufacturing minds. It is a voice and a venue for global manufacturing transformation. More than 1,200 delegates will attend, including world leaders, industry CEOs, policy-makers, specialist researchers and academics. GMIS will deliver (i) a voice for transformational ideas, (ii) a venue for the generation of new networks and cross-industry partnerships, (iii) a showcase for pilot projects arising from cross-industry research, and (iv) a post-event report with recommendations for action to be submitted to global stakeholders. It is planned that GMIS will be held in leading global cities every other year, with the inaugural GMIS in Abu Dhabi in March 2017. See www.gmisummit.com.

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

Established in the Middle East for 40 years, PwC has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 4,000 people. (www.pwc.com/me).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.



GMIS

Global Manufacturing &
Industrialisation Summit



For additional enquiries contact:

GMIS

ASDA'A Burson-Marsteller

gmis@bm.com

PwC Middle East

Rasha Adi

Head of PR & External Communications

04-515-7397 / 056-682-0550

Rasha.adi@ae.pwc.com