

Five priorities for accelerated reinvention

Health Industries in the Middle East

PwC's 28th Annual Global CEO Survey

This year's survey shows that CEOs in our region understand the urgent need to adapt their organisation as powerful megatrends reshape the business landscape.

The reinvention imperative has reached a critical point as factors such as GenAI, industry convergence and the war on talent rapidly transform the business landscape. Health industries CEOs in the Middle East are confident of revenue growth, are active in the deals space, making progress on AI adoption, and have ambitious plans to develop their workforce at a pace faster than other industries. However, the availability of key skills is a concern for CEOs - suggesting that competition for the best talent, and for digital and AI skills in particular, will be intense.



Lina Shadid

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Here are five priorities for Health Industries business leaders in the year ahead.

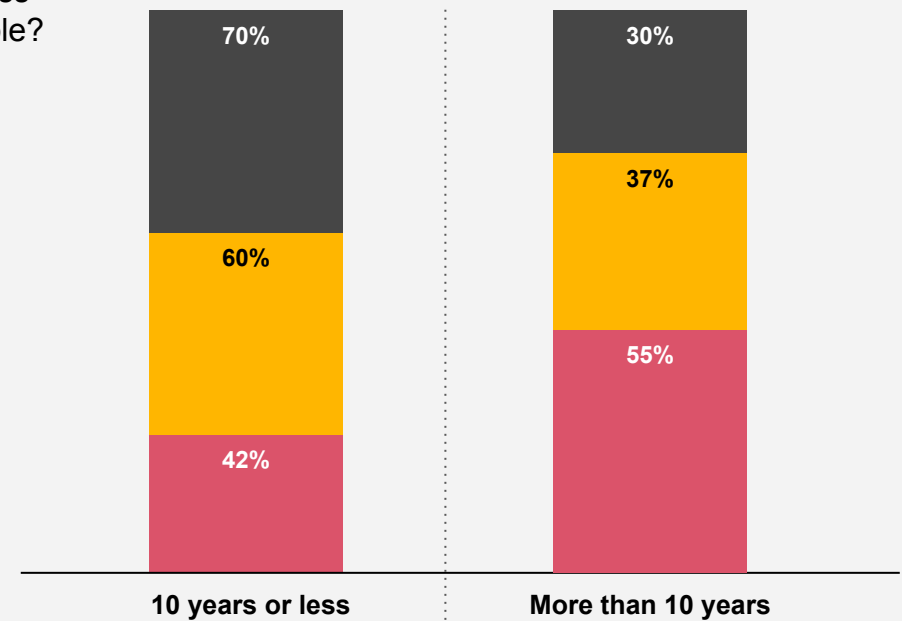
Priority 1: Accelerate reinvention plans

Health industries CEOs in the Middle East are facing a particular urgency to reinvent, with 70% saying they will need to adapt their businesses in 10 years or less to remain viable. This is higher than the wider Middle East average of 60%, and the second highest industry average behind energy, utilities and resources at 74%.

CEOs in the health industries are mindful of the transformational changes ahead, with 90% of respondents confident of revenue growth over the next 12 months - 53% of these being 'very' or 'extremely' confident (second only to the technology, media and telecommunications sector at 63%). To assist with their reinvention agenda, they are looking to recruit new skills to the workforce with 70% planning to increase headcount over the next year (the biggest of all anticipated industry increases).

Q. If your company continues running on its current path, for how long do you think your business will be economically viable?

■ Global
■ Middle East
■ HI



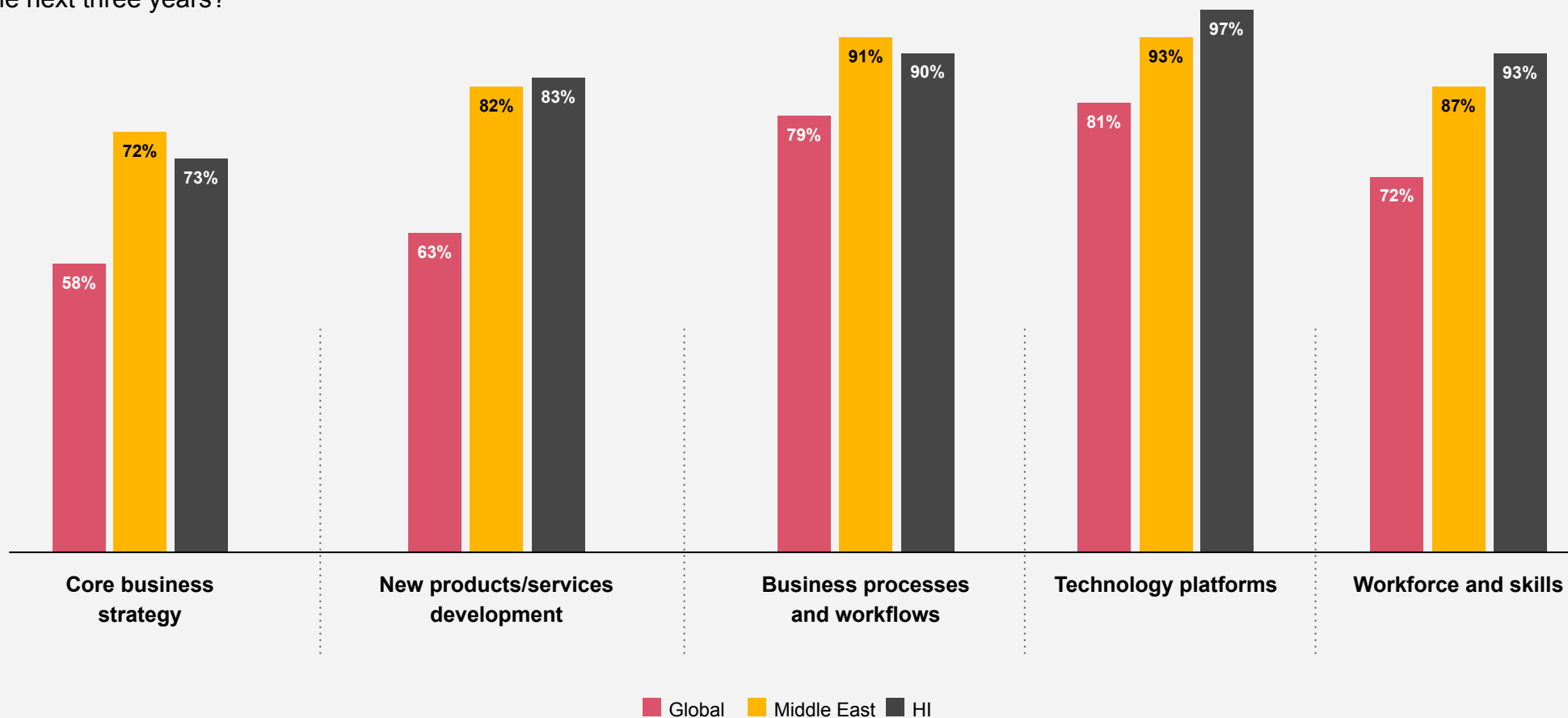
Note: Percentages may not total 100% due to rounding.



Priority 2: Invest in GenAI – an enabler of reinvention

Health industries CEOs in the region see the enormous potential of GenAI, with 87% having adopted the technology in the past 12 months. In addition, 97% believe that GenAI will be integrated into their technology platforms in the the next three years, 93% into workforce and skills strategies, 90% in business processes development and 73% into both their core business strategy.

Q. To what extent, if at all, do you predict AI (including generative AI) will be systematically integrated into the following areas in your company in the next three years?



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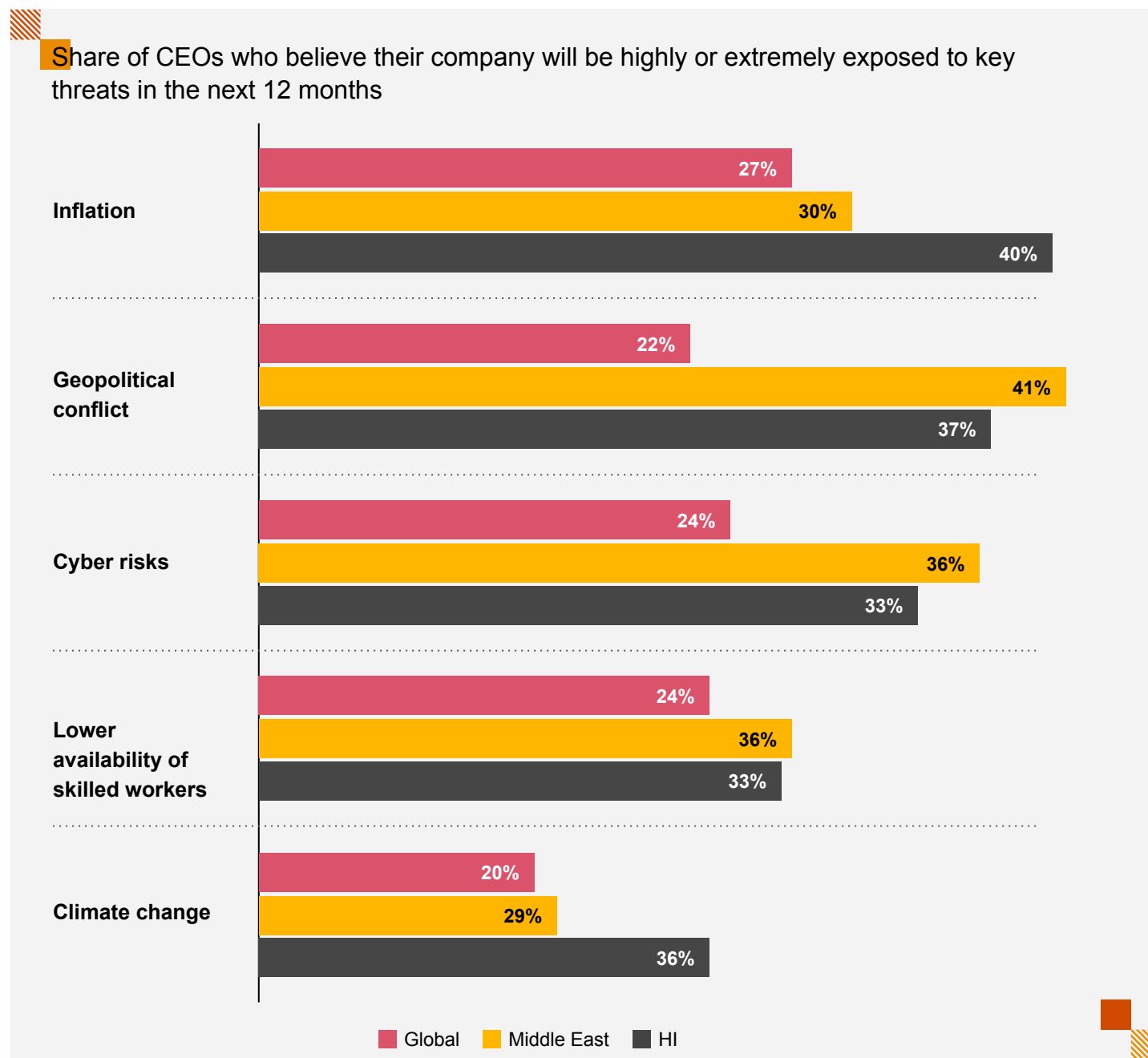
Priority 3: Plan for multiple, diverse, internal and external threats

Effective risk management has never been more crucial.

Health industries CEOs across the Middle East have identified a wide range of highly disruptive external threats that span cyber, macroeconomic, geopolitical, climate change, and internal business risks, including skills shortages and technological disruption.

However, inflation is the primary concern topping the risk agenda for the year ahead, with 40% of health industries CEOs feeling highly or extremely exposed.

And while not the greatest risk, a lack of talent with key skills is, nonetheless, a concern given CEOs' ambitious plans to expand the workforce and capture future opportunities with AI integration.

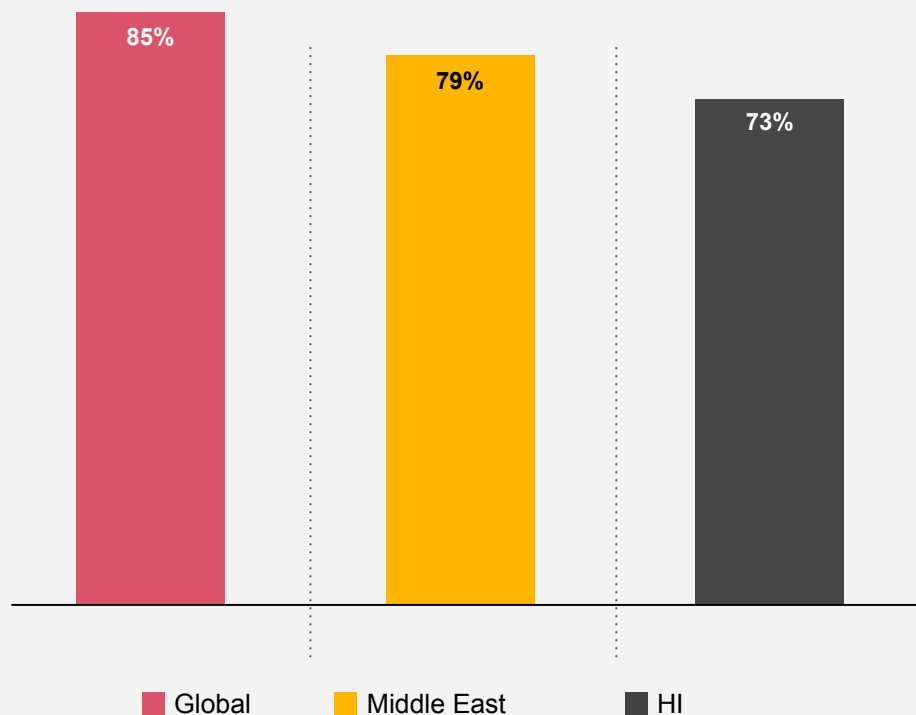


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Priority 4: Focus on green investments

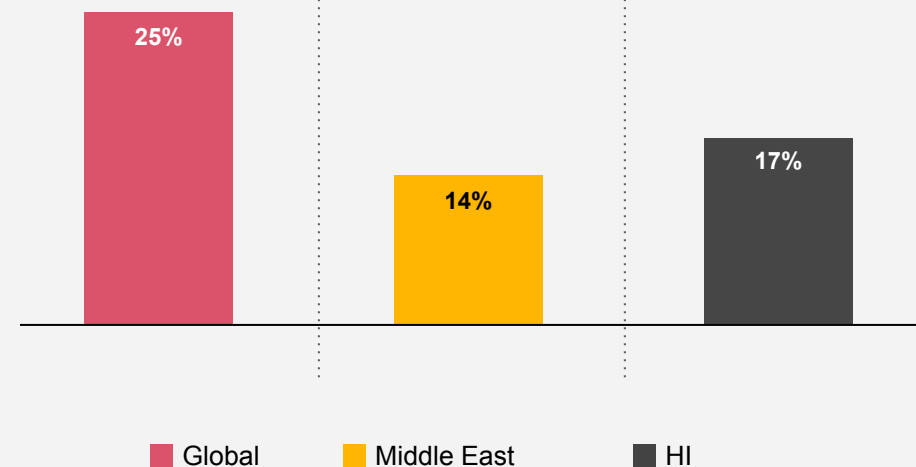
In the Middle East, 23% of health industries CEOs feel that they are exposed to climate change risk, second only to the energy, utilities and resources sector (24%). While 73% of CEOs in health industries have initiated climate-friendly investments in the last five years, only 17% were willing to accept a lower rate of return on these investments. This reflects the sentiment of regional CEOs - with 59% citing lower returns on climate friendly investments as a key barrier to decarbonisation.

We have initiated climate-friendly investments in the last five years



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We have accepted rates of return for climate-friendly investments that were lower than the minimum accepted rate of return for other investments



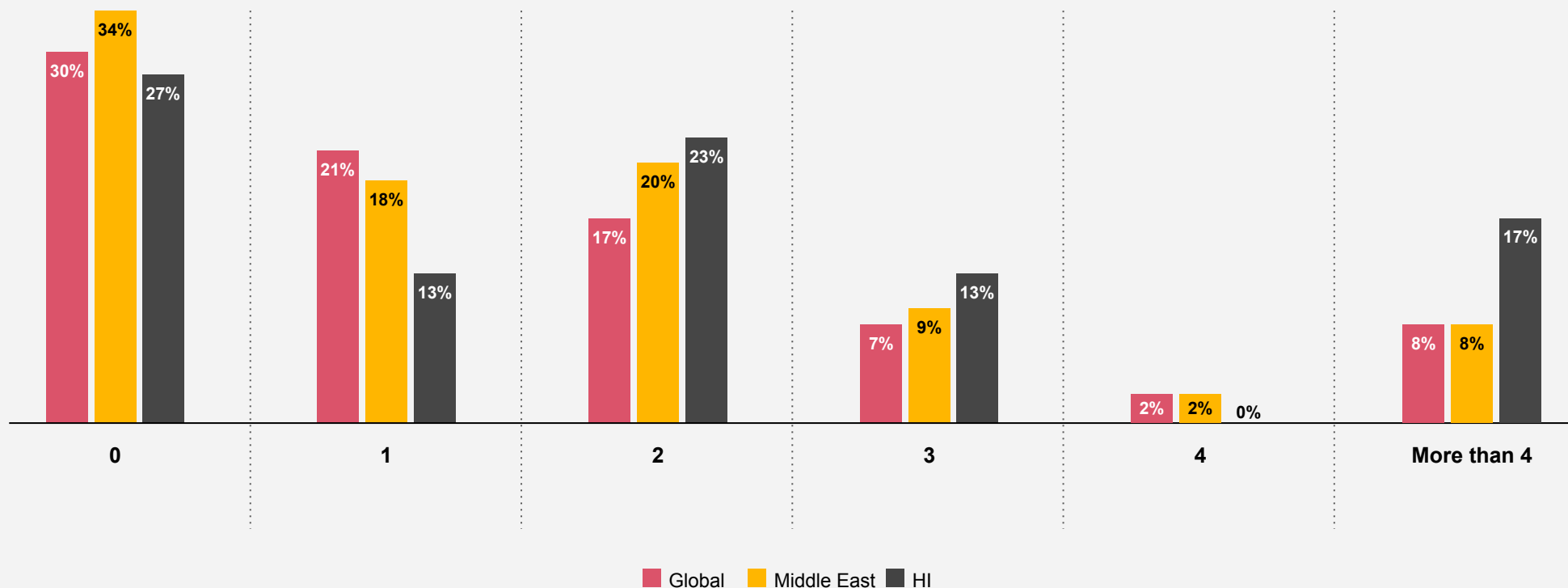
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Priority 5: Look beyond traditional sector boundaries

As CEOs compete over new domains of growth, accelerated by rapidly developing technology, industry boundaries are becoming increasingly blurred. A third of health industries CEOs say their company has entered into a new sector or industry in the past five years.

Acquisitions are a significant strategic step towards industry convergence, with 27% of CEOs having made a significant acquisition (more than 10% or more of assets) in the last three years. This is the second most active industry in the deals space, behind consumer markets. And almost three quarters of health industries CEOs are planning at least one deal within the next three years - the highest of all industries.

Q. Industries making at least one acquisition within the next years



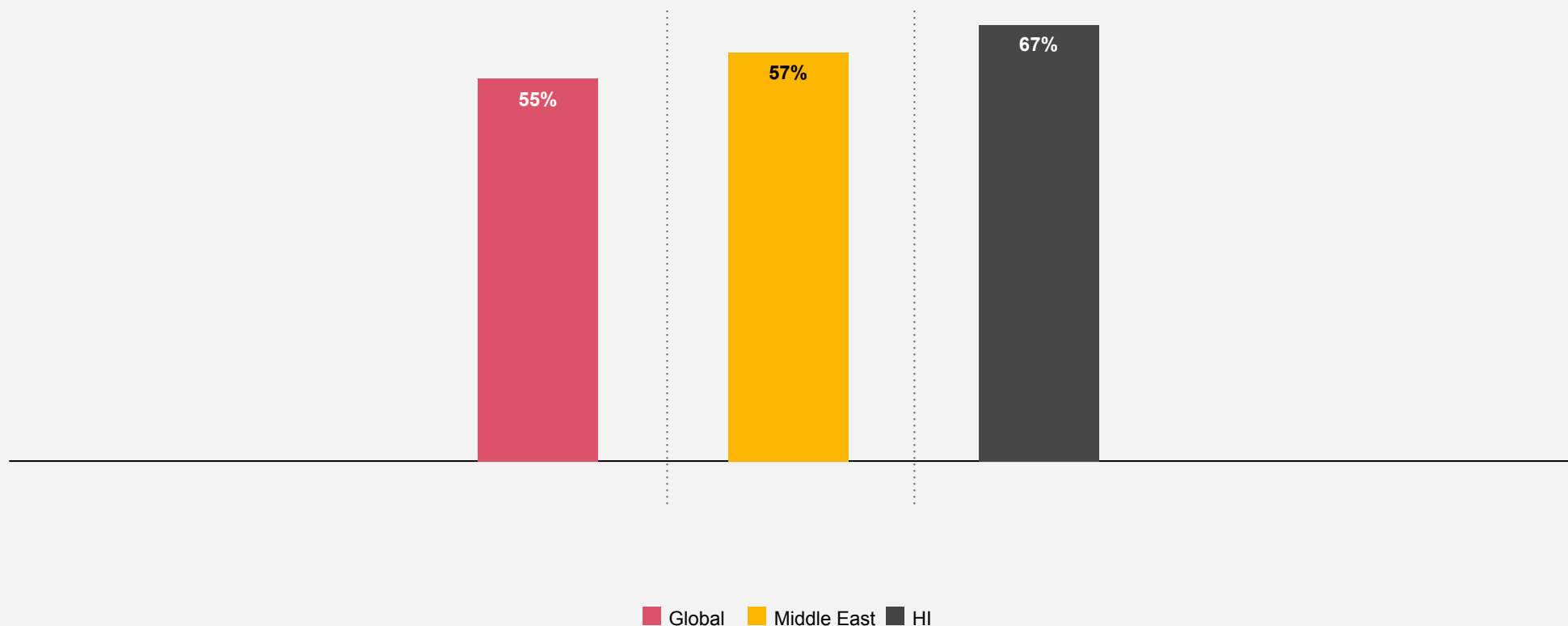
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