

Middle East

Point of View

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AI in auditing:

Building organizational resilience
and creating stakeholder value

Rethinking asset insurance in the Gulf

The intelligence premium

AI transformation and economic agility

Resilience Redefined



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Years in the Middle East

Resilience redefined

In an era of accelerating technological disruption, economic uncertainty and shifting market dynamics, resilience has become a defining competitive advantage for businesses across the Middle East. It is no longer simply about navigating disruption, but about anticipating change, seizing opportunities and building the foundations for sustainable growth.

Artificial Intelligence (AI) is changing industries, investment decisions, and the way businesses operate. At the same time, economic changes are creating new opportunities for those willing to rethink how they create and protect value. Traditional approaches to risk, assurance, and asset protection are also being challenged as technology and business needs evolve. Together, these changes are reshaping what resilience means.

For businesses, this means using AI to improve efficiency and decision-making, while ensuring asset insurance keeps pace with new technologies, infrastructure, and risks. For investors, combining human judgment with AI can help identify opportunities and create value. Economic agility is just as important. Businesses that can adapt to changing conditions are better positioned to respond to change and prepare for future growth.

The Middle East's approach to AI is a clear example of this shift. With ambitious national strategies and significant investment, the region has an opportunity to move beyond adopting technologies developed elsewhere and help shape its own AI future. As the Gulf moves from building AI infrastructure to putting it to wider economic use, the focus is on growing local demand and creating more value within the region.

But technology alone cannot build resilience; it also requires strong leadership, good governance, skilled people, and trust. Businesses must be willing to challenge established ways of working, embrace innovation while managing risk, and ensure that progress supports long-term growth.

In this issue, we explore what resilience means for businesses across the Gulf and the wider Middle East, and how they can prepare for what lies ahead. Because resilience is no longer just about dealing with change. It is about using change to build a stronger future. We hope you enjoy reading Issue 50 of the Middle East Point of View.

The ME PoV Editorial Team

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AI in auditing:

Building organizational resilience and creating stakeholder value

Organizations today are operating in an environment of heightened uncertainty, shaped by geopolitical tensions, market volatility, cyber risks, regulatory change, and rising stakeholder expectations, which has made resilience a top boardroom priority. As a result, boards, audit committees, investors, regulators, and management increasingly expect audit to deliver more than compliance—they want insight that strengthens governance, supports better decision-making, and helps organizations remain resilient. At the same time, as organizations move from Artificial Intelligence (AI) experimentation to enterprise-wide deployment, governance, trust, and risk management are becoming essential to scaling AI successfully and ensuring that it contributes to resilience rather than creating additional risk.

Employee access to AI tools expanded by 50 percent during 2025, yet governance readiness across surveyed organizations stood at only 30 percent—an imbalance that represents both a challenge and an opportunity for audit and risk functions across the region. The focus is shifting from deploying AI to governing it, ensuring decisions are transparent, reliable, and aligned with organizational values. Drawing on input from over 3,200 senior leaders across 24 countries, the study found that AI investment continues to climb, even as organizations place more emphasis on governance, trust, and responsible deployment. The chart below summarizes the headline trend.

Boards increasingly expect audit to deliver more than compliance—they want insight that strengthens governance and supports better decision-making

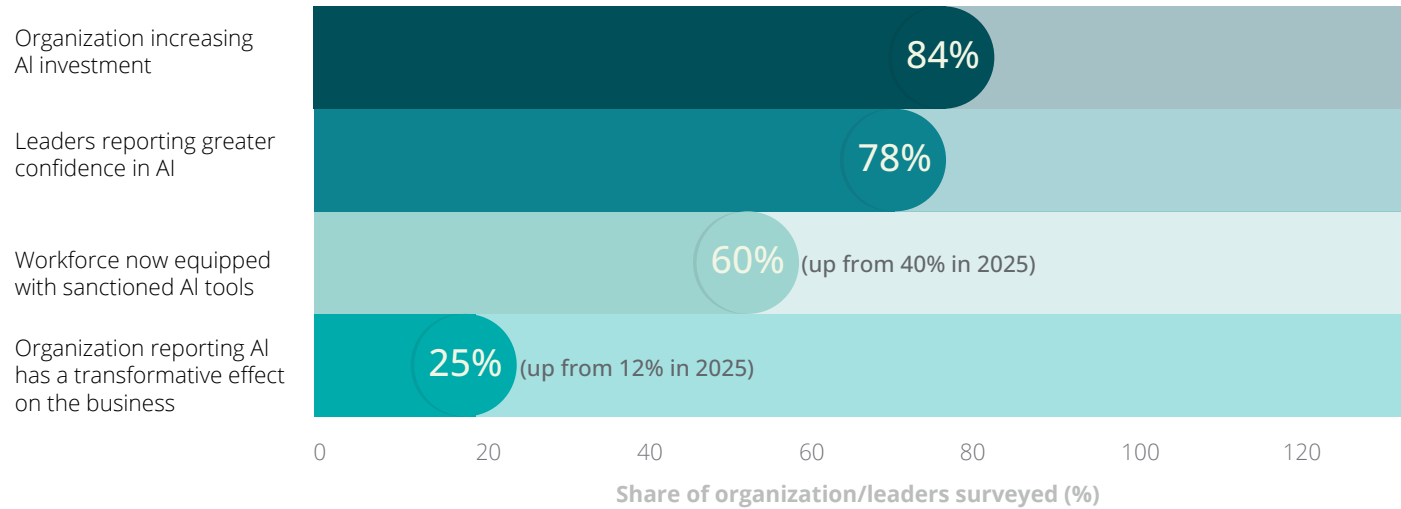


Figure 1: AI investment and adoption signals

Source: Deloitte State of AI in the Enterprise 2026 (n=3,235 leaders, 24 countries)

From vision to value in the Middle East

Across the Middle East, national digital transformation agendas are accelerating AI adoption, making effective governance and risk oversight more critical than ever.



Figure 2: Digital initiatives in the Middle East

Across the GCC, the AI market is projected to exceed US\$23 billion annually by 2030, driven by sovereign-backed national strategies and expanding enterprise adoption.⁴ This trajectory reflects both the scale of regional ambition and the importance of building the governance foundations to sustain this growth.

AI powers the next wave of audit

The Organization for Economic Co-operation and Development (OECD) has documented a similar pattern among supreme audit institutions worldwide, which are increasingly using AI for anomaly detection, predictive risk work, document review, and continuous auditing.² Its 2026 review of public audit institutions found strong institutional momentum behind that shift, as the following chart shows. >

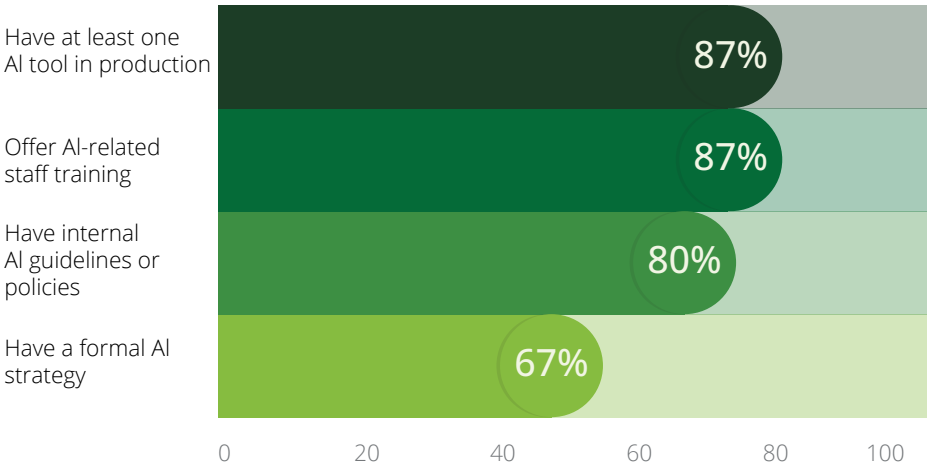


Figure 3: AI capacity among supreme audit institutions (SAIs)

Source: OECD, The state of Artificial Intelligence in public audit (2026) – 15 institutions consulted across 14 countries and the EU

Strengthening governance through intelligent audit

For decades, audit has been grounded in sample-based testing of historical financial information, an approach that remains important but is increasingly strained by the scale, speed, and complexity of modern business. Intelligent audit, powered by AI, offers a more responsive model: one that can analyze entire populations of transactions, detect unusual patterns, and surface emerging risks in near real time. In doing so, it shifts audit from a predominantly backward-looking control function toward a more dynamic source of insight for governance and oversight.

This evolution is not simply about efficiency; it is about strengthening the quality and relevance of assurance. Through predictive analytics, continuous monitoring, and more sophisticated anomaly detection, intelligent audit enables organizations to identify financial, operational, and compliance risks earlier, giving management and boards greater visibility over issues before they escalate. By moving beyond sampling toward a fuller view of the underlying data, audit can deliver deeper assurance, sharper insight, and greater confidence in the decisions that shape organizational resilience.

From data to decisions

Data becomes valuable when analytics turns raw numbers into clear patterns, anomalies, and visuals that help decision-makers focus quickly on what matters. In audit, this means testing entire populations of transactions rather than relying only on samples, making it easier to identify unusual items, concentrations of risk, and exceptions that require closer review. Research also shows that greater use of data analytics is linked to stronger audit quality and effectiveness.

It is important, however, to distinguish between data analytics and AI. Data analytics helps auditors understand what is happening in the data by highlighting trends, outliers, threshold breaches, and other risk indicators. AI builds on that foundation and helps interpret results at scale, connect multiple signals across datasets, and prioritize the cases most likely to need attention. Put simply, analytics identifies patterns and risks; AI helps turn those insights into faster, more targeted decisions.

Practical examples show how this works across key risk areas. In procurement, analytics can reveal split purchases just below approval thresholds and flag sole-sourced vendors with unusually high win rates despite limited or no competition. In payroll, it can detect potential ghost employees by identifying the absence of signs of genuine activity, such as badge access or benefit deductions. AI can then build on these findings by combining indicators, spotting more complex risk scenarios, and helping auditors focus on the cases where the potential risk is greatest.³

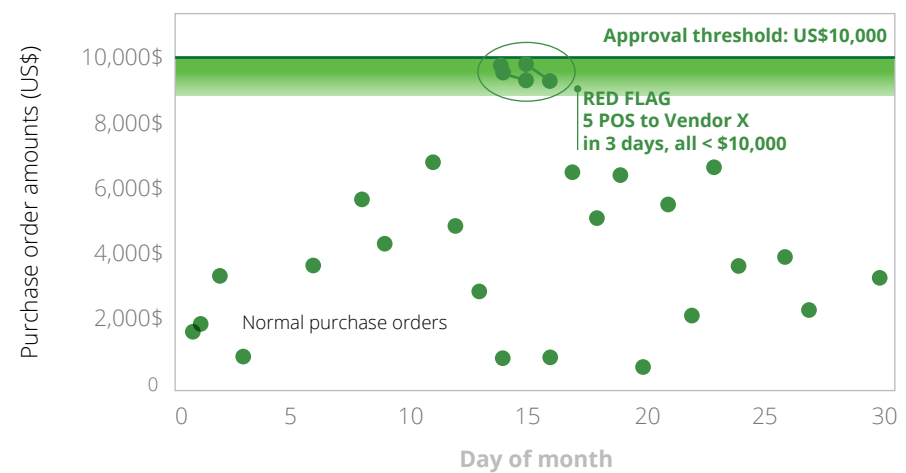


Figure 4: Split purchase pattern: Multiple POs just under the approval threshold

*Figure above: Five purchase orders to the same vendor within a 3-day window, each priced just under the US\$10,000 approval threshold — a split-purchase red flag

Intelligent audit, powered by AI, offers a more responsive model: one that can analyze entire populations of transactions, detect unusual patterns, and surface emerging risks in near real time

From insight to intelligence

AI builds upon analytics by moving beyond identifying patterns to generating predictions, recommendations, and increasingly autonomous decision support. Organizations are deploying AI across a wide range of business functions, including financial forecasting, fraud detection, cybersecurity, and customer service. These applications enable organizations to process information at a scale and speed that would be difficult to achieve through traditional analytical methods. AI can improve operational efficiency, enhance forecasting accuracy, identify complex relationships across datasets, and support more informed decision-making.

Trusted AI for a resilient Middle East

In today's geopolitical environment, resilience has become a defining priority for Middle East economies. Regional tensions, supply chain disruption, energy market volatility, and shifting regulation are placing greater pressure on governments, businesses, and investors to make faster, better-informed decisions. As a result, stakeholders across the economy—from boards and regulators to sovereign investors and business leaders—need confidence that the systems supporting critical decisions are reliable, transparent, and responsive to risk.

Trusted AI can help build that confidence. As organizations across the Middle East accelerate digital transformation, AI is being embedded into finance, operations, procurement, compliance, and public services. But its value will depend not only on adoption, but on governance.

AI builds upon analytics by moving beyond identifying patterns to generating predictions, recommendations, and increasingly autonomous decision support

Strong oversight across the AI lifecycle—from data quality and model design to monitoring, accountability, and risk management—is essential to ensure AI-enabled decisions remain fair, explainable, and aligned with organizational and national priorities.

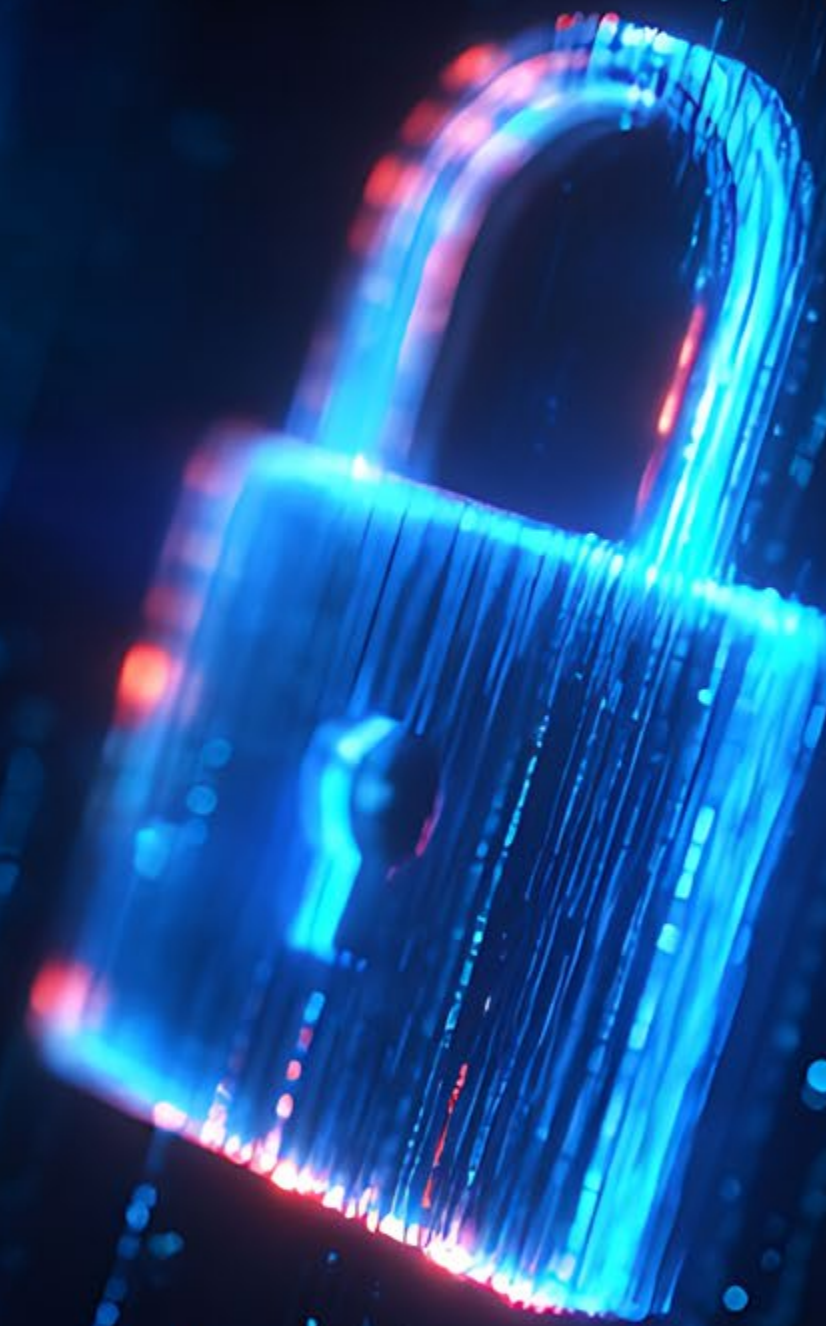
For audit and risk functions, this creates a strategic opportunity. By providing assurance over the governance, controls, and performance of AI systems, they can help strengthen trust in digital decision-making when resilience matters most. In a region defined by ambition and transformation, trusted AI will be critical not only to driving efficiency and innovation, but also to protecting stakeholder confidence and supporting sustainable growth amid uncertainty.

By: **Haseeb Akram**, Partner, External Audit, **Bhupesh Kaura**, Senior Manager, External Audit, and **Sourav Dey**, IT, Data & Analytics, Deloitte Middle East

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Rethinking asset insurance in the Gulf



When the cost environment shifts faster than insurance policies are reviewed, balance sheet resilience becomes an open question.

Resilience in the Gulf context has always been understood in strategic terms: diversification, long-term infrastructure investment, and the forward-looking commitments embedded in national visions across the region. But the convergence of forces now reshaping the Middle East—including recent geopolitical tensions, disruptions to shipping through the Strait of Hormuz, tariff-driven commodity inflation, and significant oil price volatility—is creating a risk that deserves greater attention than it is currently receiving: a quietly widening gap in property, plant, and equipment insurance coverage.

For large asset-heavy organizations focused on operational continuity, this sits at the core of what asset resilience actually means. The mechanism is straightforward: insurance is only as good as the replacement cost estimate underpinning it, a calculation based on prevailing costs for materials, labor, and equipment at a point in time. When these conditions shift meaningfully across all three dimensions simultaneously, policies written even six months ago may no longer accurately reflect the true cost of reinstatement. The exposure is not abstract.

 Buildings, machinery, and equipment: A triple exposure

The insurance adequacy challenge facing Gulf businesses is not limited to buildings and structures. Machinery, industrial equipment, and specialist plants are often among the highest-value assets on a fixed asset register, and they carry their own distinct reinstatement risk.

US tariffs have introduced significant cost pressure across the global machinery and equipment supply chain. The International Energy Agency has noted that cost pressures on oil and gas and large engineering projects now include the effects of higher tariffs on imported steel and aluminum—the primary raw materials used in industrial equipment manufacturing. The World Economic Forum further observes that higher energy costs are feeding directly into production costs for steel, chemicals, and electronics, with costs passed through to equipment buyers. Meanwhile, disruptions to shipping through the Strait of Hormuz have contributed to sharp surges in crude oil prices, with aluminum and other industrial materials following suit.

For businesses operating processing facilities, manufacturing plants, or energy infrastructure across the Gulf, the replacement cost of key equipment items may have moved materially since the last valuation was conducted. A resilient organization accounts for this. One that does not may find that its insurance program, however carefully structured, does not deliver the recovery it was designed to provide.

 A softening market and the question of adequacy

According to Marsh's Global Insurance Market Index, commercial insurance rates in the Middle East region fell by 10% in the fourth quarter of 2025. For risk managers, this looks encouraging. But a softening premium is only beneficial if the sum insured remains accurate across all asset classes.

Underinsurance can trigger proportionate claim reductions through average clauses, meaning recovery is reduced in direct proportion to any shortfall, regardless of premium paid.

Where machinery and equipment valuations are based on historic purchase cost or book value rather than current replacement cost, the gap can be substantial. In a period defined by disruption, the moment when insurance is most likely to be called upon is also the moment when an undetected shortfall can come as a surprise.



 A moment for appropriate and proactive review

Strong economic expansion, population inflows, and rising infrastructure activity are fueling insurance uptake across the Gulf. This is a good moment for appropriate and proactive reassessment rather than a reactive one. For decision-makers, the question is not whether assets are insured—most are. The question is whether the sums insured reflect the world as it stands today.

A common misconception in the property insurance market is the use of market value as the basis for determining a property's sum insured. Market value typically reflects both the building and the underlying land, whereas land does not need to be replaced following a loss event. For insurance purposes, the appropriate basis is the replacement cost of the improvements only, including demolition, debris removal, professional fees, and reconstruction costs. Reliance on market value can result in overinsurance, causing policyholders to pay unnecessarily high premiums without receiving any additional benefit in the event of a claim.

The compounding effects of tariffs, disruptions to shipping through the Strait of Hormuz, energy-linked cost inflation, and market volatility have collectively shifted the replacement cost environment for buildings, machinery, and equipment in ways that a standard annual index adjustment is unlikely to have captured.

In light of this, it is increasingly important to proactively assess the sum insured. An accurate replacement cost assessment helps ensure adequate and cost-effective coverage. In a period of compounding cost pressures, this proactive review can make the difference between building resilience or allowing it to be quietly eroded. ●

By **Muhammad Faiq Khalid**, Partner, Valuations & Modeling, and **Suzette Clingerman**, Director, M&A, Deloitte Middle East

In a period of compounding cost pressures, proactive assessment of the sum insured is increasingly important

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The intelligence premium

How AI is rewriting private equity value creation in the Gulf

Across the GCC, companies are transitioning from a commercial focus on returns (such as multiple expansion and financial engineering) towards operational and digital transformation. MENA mergers and acquisitions (M&A) reached a record US\$193 billion of announced value in 2025, led by sovereign investors such as Saudi Arabia's Public Investment Fund (PIF), Mubadala, and Abu Dhabi Investment Authority (ADIA).¹ Yet for many regional firms, realizing the full value of these deals can feel elusive.

This challenge is amplified by the region's broader economic agenda. Saudi Arabia's Vision 2030 and diversification programs across the GCC are shifting the emphasis from top-line growth to performance enhancement. Localization mandates such as Saudization (the official Saudi Nationalization Scheme) introduce fixed-cost commitments into the workforce, while non-oil growth targets place the weight of diversification on the private sector. The result is a market that prizes performance at scale—and rewards operators that can grow earnings while containing costs.

From financial engineering to operational alpha

Operational improvements are key levers of portfolio value creation and, increasingly, leverage Artificial Intelligence (AI) and digital transformation to drive growth, improve efficiency, strengthen differentiation, and manage risk.² As cited in Deloitte's State of Generative AI in the Enterprise survey of more than 3,000 senior executives, 84 percent said they plan to increase overall AI spending in the year ahead.³ UN Trade and Development (UNCTAD) projects the global AI market to grow roughly from US\$189 billion in 2023 to US\$4.8 trillion by 2033, an increase of approximately 25-fold.⁴

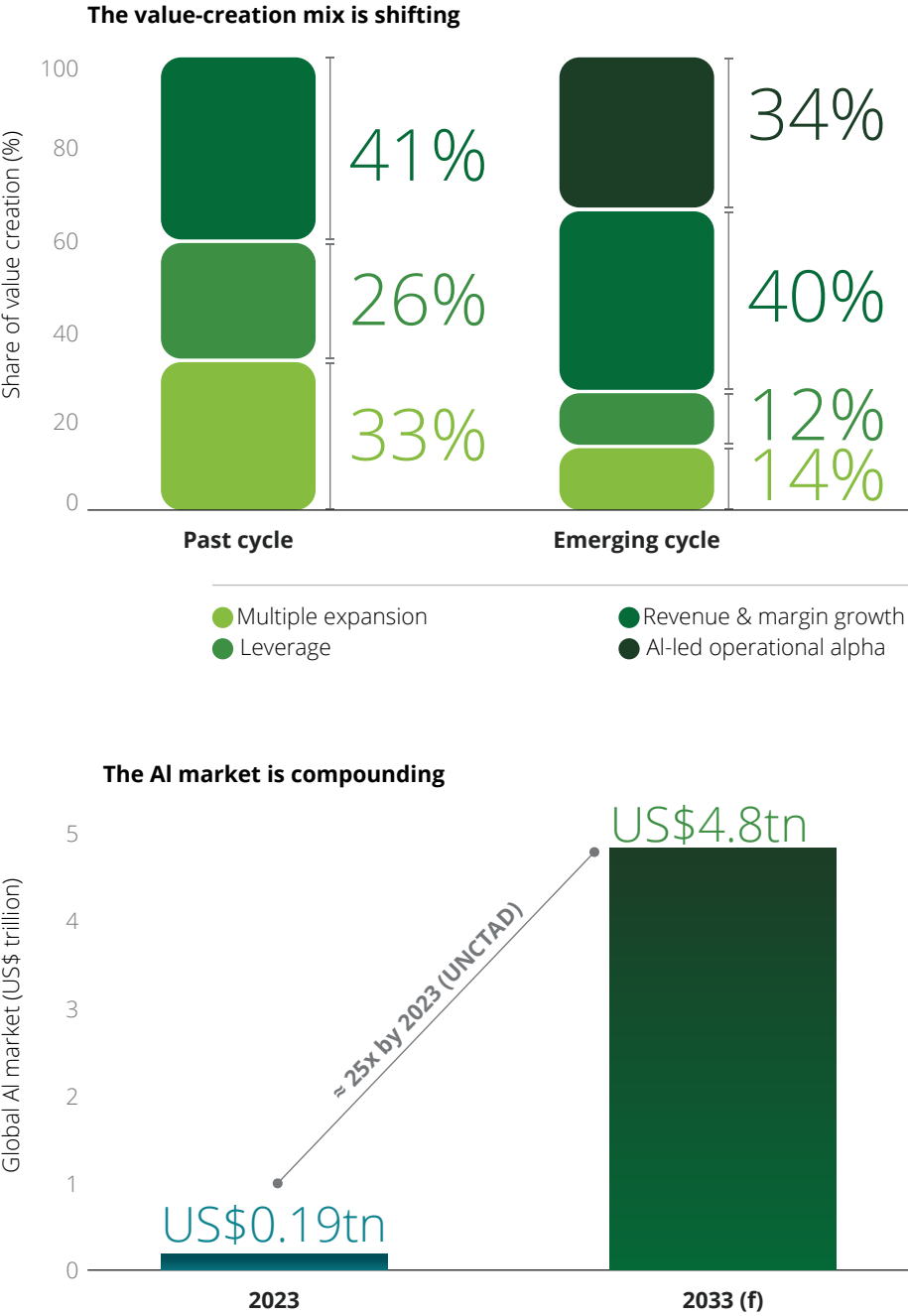


Figure 1: Changing emphasis on deal value 2020 and 2026

*Two forces behind the shift—a value-creation mix tilting from financial engineering toward AI-led operational performance (left, directional), set against a global AI market that UNCTAD projects will grow about 25-fold to US\$4.8 trillion by 2033.
Sources: Deloitte analysis (left, illustrative); UNCTAD Technology and Innovation Report 2025.

Identify, evaluate, quantify: AI across the value creation lifecycle

The practical question for a general partner is not whether AI matters, but where and how it can be applied across the value creation process. Used well, AI can span the entire lifecycle—from identifying opportunities to demonstrating value at exit.

Natural language models read filings, news, patents, and alternative data to surface targets and map sector whitespace, while signal-scanning tools flag assets whose data and workflows are structured to support automation. In addition, machine reading of contracts and data rooms, automated quality-of-earnings checks, and scenario models can stress test a thesis against demand shocks, competitive entry, and AI-driven disruption itself. An increasingly important part of diligence is assessing the target's own "intelligence layer"—how ready are its data, governance, and processes to merge and scale?

If done correctly, the final stage is where AI can really come into its own. It can turn a value creation plan from a list of ambitions into a measurable portfolio of initiatives: earnings before interest, taxes, depreciation, and amortization (EBITDA) bridges and value driver models. With the quantification of initiatives, realization becomes about disciplined execution—deploying agentic automation, monitoring performance in real time, and attributing value as the asset progresses toward exit. ➔

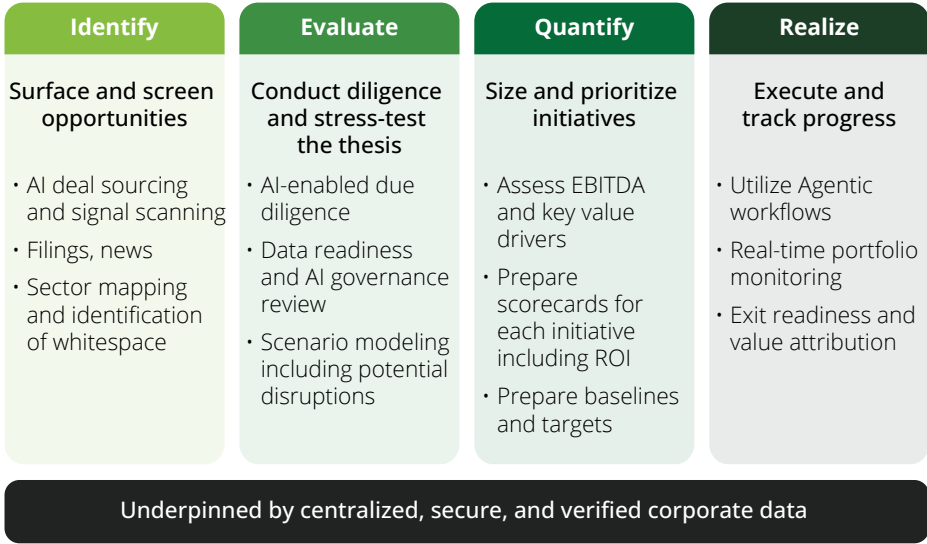


Figure 2: Considerations in agentic AI deployment across the M&A lifecycle

*AI can be used across the value creation lifecycle—from identifying and screening opportunities, evaluating and stress-testing the thesis, quantifying and prioritizing initiatives, through to realizing value in the hold period—all resting on a governed data foundation.
Source: Deloitte analysis

The practical question for a general partner is not whether AI matters, but where and how it can be applied across the value creation process

Five levers, made measurable

Deloitte's analysis of value creation work across sectors points to five practical, AI-enabled levers: (1) building AI-ready talent, (2) growing revenue through predictive analytics, (3) expanding margin through automation, (4) differentiating through data and new business models, and (5) protecting the asset through cyber and risk management.² Each can be instrumented and measured.

Five practical, AI-enabled levers can help organizations grow revenue, expand margins, differentiate, and protect value

Value lever	AI/technology applied	How value is identified & quantified	Illustrative KPI/outcome
AI-ready talent	Leadership & digital skills assessment; capability mapping	Readiness scored pre-deal; skills gaps baselined against the value plan	% of roles AI-enabled; time-to-adoption (only ~22% feel highly prepared)
Revenue growth	Predictive lead-scoring, dynamic pricing, demand forecasting, D2C	Uplift modelled vs. baseline; A/B-tested before scaling	+15% sales productivity; +30% online sales; +25% conversion
Margin expansion	Process & Generative AI automation; agentic workflows	Cost-to-serve baselined; ROI/payback set at 12-18 months	-40% processing cost; -60% manual effort
Differentiation	Data monetization; cloud migration; new data products	New revenue lines and cross-sell sized and tracked	New recurring (SaaS) revenue; -25% cost via data-led optimization
Asset protection	Cyber controls, ITDR, AI governance & explainability	Risk exposure quantified; exit-readiness scored in diligence	Breach-risk reduction (~5% avg. share-price drop avoided on disclosure)

Figure 3: Mapping value creation levers to AI technique, measurement and illustrative outcome

Source: Deloitte research and analysis

Talent, data, and governance are critical: only around a fifth of organizations consider themselves truly prepared to address the talent implications of Generative AI (GenAI), and a similar percentage feel ready on governance and risk.³ Winning portfolios treat data as strategy rather than infrastructure, and pair every initiative with a clear owner and measurable KPIs. ➔

An asset's capacity to support intelligent operations, including data, governance, and workflows, is increasingly becoming a determinant of its valuation

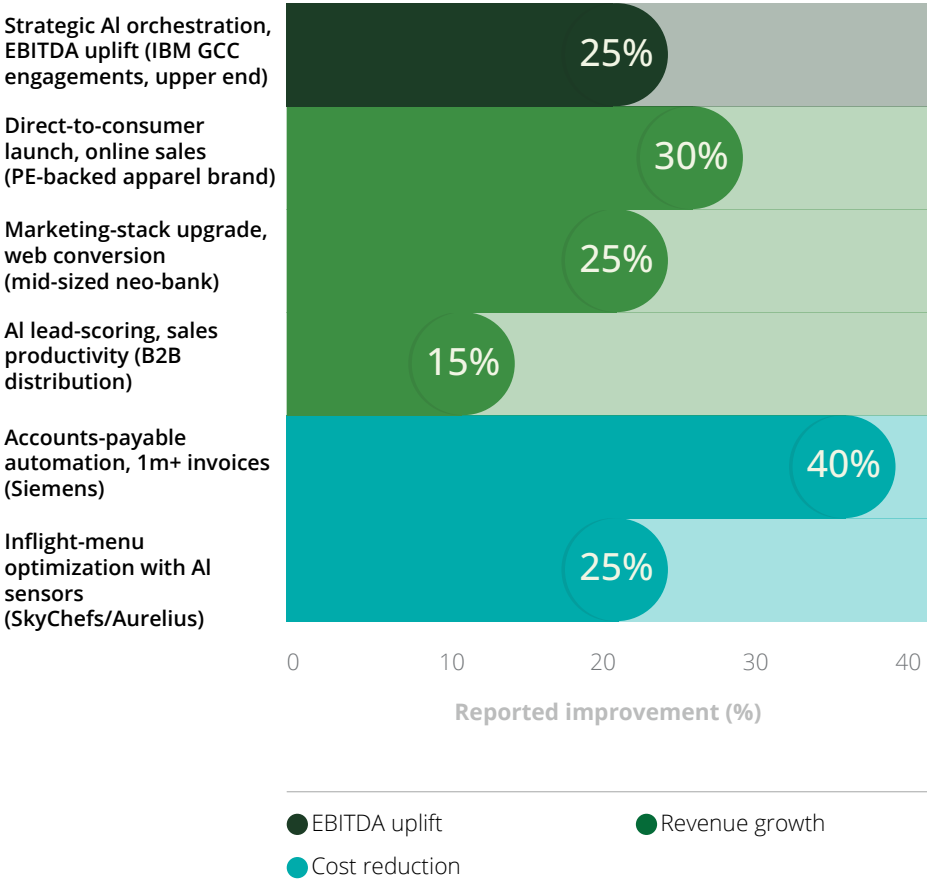


Figure 4: Key AI-enabled drivers of revenue/EBITDA uplift and cost reduction

*Selected, publicly reported outcomes from AI-enabled value creation initiatives across talent, revenue, margin, and differentiation levers. Cost figures denote reductions.
Sources: Deloitte; IBM

The Gulf is moving fast

What distinguishes the region is the speed at which capital, policy, and technology are converging—and the willingness of its largest investors to transform their own operating models. Home-grown sponsors such as Abu Dhabi’s Gulf Capital, which manages around US\$2.4 billion and is targeting to double its assets by 2028 across technology, fintech, healthcare, and business-services assets, are similarly pairing growth capital with operational and digital expertise.⁵

What distinguishes the region is the speed at which capital, policy, and technology are converging

Firm/platform	Base	AI value-creation move
MGX (Mubadala + G42)	Abu Dhabi, UAE	AI-native investing model; AI applied to deal underwriting, value-creation-plan design and implementation, and talent sourcing—within a ~US\$326bn, AI-focused Mubadala group
PIF/Riyadh Air	Saudi Arabia	National technology-capability investment at scale; Riyadh Air launched as an “AI-native” airline with agentic AI built into core operations from day one (with IBM)
Gulf Capital	Abu Dhabi, UAE	Alternatives manager pairing growth capital with operational and digital value creation across technology, fintech, healthcare, and business services

Figure 5: The Gulf in focus — selected firms and their AI value-creation moves

Sources: Company disclosures; Investcorp; Mubadala/MGX; IBM; The National; WAM. See endnotes 6–11

Gulf assets are predominantly greenfield and can be designed to be AI-native from the outset — a capability that, once built, becomes difficult for others to replicate.⁶

Pricing the intelligence layer

As AI moves into the center of value creation, it is also changing how assets are valued and sold. Diligence is increasingly probing three things: data readiness, because fragmented or siloed data can cap the scalability of intelligent operations; AI governance, now a baseline expectation as frameworks such as the Saudi Data and Artificial Intelligence Authority’s (SDAIAs) data-residency requirements take hold; and revenue decoupling—the ability to grow revenue while holding fixed costs flat. That non-linear scalability, sometimes called “operational alpha,” increasingly commands a premium at exit.⁶ In the UAE, 77 percent of senior leaders report meaningful productivity gains from AI, and 92 percent expect agentic AI to deliver measurable returns within two years—a signal that buyers may continue to pay for it.⁶

What general partners should do now

The strategic implication is not to spend the most on AI, but to build the model that turns it into value. Four moves stand out. Build the data foundation first, since governed, accessible data is the binding constraint on everything that follows. Own the intelligence layer by codifying the proprietary decision logic of each portfolio company into governed models the business controls. Redesign operating models for autonomy rather than retrofitting AI agents onto human-shaped workflows. And deploy from proven blueprints—scaling validated use cases across the portfolio instead of financing endless pilots.

The capital is mobilized, the policy environment is supportive, and the technology is proven; in the Gulf, as elsewhere, the differentiating variable is the speed and quality of execution. For private equity in the region, the message is simple: the next decade of returns will be earned, not borrowed—and the firms that can identify, evaluate, and quantify value creation will be the winners. ●

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A man with glasses and a plaid shirt is seated at a desk, looking at multiple computer monitors. The background is a blurred, high-tech office environment with blue and orange light streaks, suggesting a fast-paced, digital workspace. The text 'AI transformation and economic agility' is overlaid in green on the left side of the image.

AI transformation and economic agility

Resilience has traditionally been measured by how quickly an organization can recover once disruption occurs. In an increasingly digital economy, however, that definition is changing. Resilient organizations are no longer focused solely on withstanding disruption; they are building the ability to anticipate change, adapt operations, and redirect resources while maintaining business momentum.

For organizations across the Middle East, this shift is particularly significant as Artificial Intelligence (AI) moves from experimentation toward enterprise-scale deployment. The opportunity is not simply to use Generative AI (GenAI) to improve productivity, but to integrate AI into how organizations identify risk, make decisions, and respond to changing market conditions.

The region is already seeing meaningful progress. Organizations report improvements in efficiency and productivity from AI, while a smaller proportion are using it to fundamentally redesign products, processes, or business models.¹ This gap points to the next stage of AI adoption: moving beyond efficiency gains to build organizations that can sense change earlier, respond faster, and create new sources of value.

This shift is increasingly evident in how organizations approach AI, data, and engineering—not as isolated technology initiatives, but as interconnected capabilities that can strengthen decision-making and organizational agility.

 From hindsight to foresight

One of the most significant changes AI brings to enterprise resilience is the shift from reacting to events toward anticipating them.

Traditional risk management has often relied on periodic reporting and historical indicators to assess potential threats. While these remain valuable, organizations now have access to a broader range of operational, customer, financial, and market data. Combined with modern data architectures and AI-powered analytics, these capabilities can help leaders identify emerging patterns, anticipate potential disruptions, and make informed decisions before risks escalate.

This changes the role of data. It is no longer simply a record of what has happened; it becomes part of the organization's defense mechanism and growth infrastructure.

 Data as a growth engine

Real-time data architectures are becoming central to how organizations anticipate market disruption before it affects performance. Across the Middle East, access to sanctioned AI tools has expanded significantly, reflecting growing recognition that organizations need the infrastructure to move from isolated experimentation toward broader adoption.²

The focus is increasingly on connecting data, AI, and engineering capabilities so that insights can move more quickly from detection to decision and action.

The underlying principle is straightforward: AI is only as effective as the data and systems that support it. Organizations that bring together data from across their core business functions can build a more complete view of emerging pressure points, enabling earlier action on pricing, sourcing, inventory, workforce allocation, or customer demand.

Deloitte's research on engineering for resilience projects that digital products and services will account for 40% of company revenues by 2026, while organizations that accelerate digital product innovation are achieving 14.5% higher growth rates than peers that do not.³

The implication is clear: data should be treated as strategic infrastructure rather than a byproduct of daily operations. When data can be converted into actionable insight and insight into timely action, resilience becomes a source of competitive advantage.

Resilient organizations are no longer focused solely on withstanding disruption; they are building the ability to anticipate change, adapt operations, and redirect resources while maintaining business momentum

 Making digital investment count

As technology investment increases, the challenge for leadership teams is ensuring that spending translates into measurable business value.

More than half of organizations in the region expect at least 40% of their AI experiments to move into production within three to six months.² This signals a shift in mindset: the question is moving from whether AI can work to where it can deliver sustainable impact at scale.

Technology investments should therefore be connected to specific business outcomes, whether reducing processing times, improving forecasting accuracy, strengthening customer experiences, or enabling faster responses to disruption.

This is where engineering becomes critical. AI capabilities need to be supported by scalable cloud environments, robust data architectures, automation, and secure technology foundations that can move from experimentation into production. Bringing these disciplines together across AI and data, engineering, and cybersecurity helps organizations move from individual technology use cases toward integrated transformation.

The value of digital investment should ultimately be measured not by the number of tools deployed, but by whether it improves an organization's ability to make better decisions and respond to change.

 Building the workforce for AI

Technology and data architecture alone cannot create resilience. Organizations also need people who can work effectively with AI, interpret its outputs, challenge its recommendations, and exercise sound judgment when circumstances fall outside the parameters of a model.

Deloitte's 2026 Global Human Capital Trends research found that organizations taking a technology-first approach to AI are 1.6 times more likely to fall short of their expected returns than those prioritizing human-centered design.³ The same research found that 85% of leaders consider the ability to adapt at speed critical, yet only 7% believe their organizations are leading in helping their workforce do so.³

Across the Middle East, 84% of organizations have yet to redesign roles or workflows around AI capabilities.² Closing this gap requires sustained investment in leadership and operational capabilities, ensuring that AI-generated insights can be interpreted, questioned, and acted upon effectively.

This means combining technical expertise with continuous learning and knowledge sharing. Sustainable AI adoption depends as much on developing organizational capability as it does on deploying technology.

Workforce readiness also has a direct relationship with security and regulatory compliance. As AI takes on a greater role in decision-making, employees need to understand how these systems are governed, where their limitations lie, and when human judgment should take precedence over automated recommendations.

 From resilience to agility

Taken together, data infrastructure, disciplined investment, and workforce readiness point to a broader definition of resilience.

The objective is not to predict every disruption or eliminate uncertainty. It is to build organizations that can recognize change earlier, understand its potential impact, and respond with greater speed and precision.

This is where resilience becomes economic agility. An organization that can detect a shift in customer demand, model its implications, reallocate resources, and adjust its operations quickly is not simply protecting value; it is creating the conditions to pursue new opportunities.

Seven in 10 business leaders now view speed and adaptability, rather than scale alone, as defining factors of competitiveness over the next three years.³ As AI adoption across the Middle East moves further toward large-scale deployment, this ability to adapt will become increasingly important.

The organizations that benefit most from AI will not necessarily be those that adopt the technology fastest. They will be those that embed it deliberately into how they manage data, allocate capital, develop their people, and make decisions.

AI-driven resilience is therefore not about replacing traditional risk management with technology. It is about strengthening an organization's ability to anticipate change, act on it, and continuously reposition itself as conditions evolve. When resilience is designed into the way an organization operates, disruption does not have to be simply absorbed. It can become a catalyst for better decisions, greater agility, and sustained growth. ●

By **Ahmed Salem**, Chief Operating Officer, Deloitte Innovation Hub

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Leapfrogging to the future: Securing an AI-native Middle East

The Middle East has emerged as a global proving ground for emerging technologies, driven by national agendas such as Saudi Vision 2030, the UAE National AI Strategy 2031 and the UAE Digital Government Strategy, Qatar National Vision 2030, and Kuwait Vision 2035. The region is leapfrogging traditional stages of technological development and positioning itself to build next-generation, AI-native national infrastructure, backed by significant capital commitments, including Saudi Arabia's US\$100 billion Project Transcendence initiative and Abu Dhabi's US\$100 billion MGX fund.¹

This ambition creates a unique "leapfrog paradox": the Middle East is advancing faster than many of its global peers, leaving less time to embed security into the foundation. Accelerated digitization, paired with unique geopolitical dynamics, makes the region a prime target for state-sponsored actors and cybercriminal enterprises targeting critical infrastructure. In fact, state-linked hostile operations increased by more than 700% during periods of geopolitical tension in late 2025.²

At the heart of this paradox lies a fundamental shift in how people live and work. 2025 was a watershed year for Artificial Intelligence (AI), as it proliferated in daily life and fundamentally redefined the relationship between personal habits and corporate security. The pace of adoption has been unprecedented, with Generative AI (GenAI) reaching hundreds of millions of users in a short period of time. AI is no longer a niche technical curiosity; it has become an "invisible engine" woven into the fabric of daily life.³

As consumers become accustomed to the speed and efficiency of AI at home, they are increasingly bringing these tools into the workplace, often to bypass slow or broken legacy processes.

This has fueled the rise of Shadow AI: the unauthorized deployment of AI tools by employees without corporate oversight. Recent research highlights that nearly 40% of workers share sensitive corporate data with AI tools without their employer's knowledge.⁴

The risk is evolving beyond simple chat prompts. Employees are now also connecting sophisticated autonomous agents to corporate systems to automate their workloads. These "shadow agents" can create uncontrolled pipelines for sensitive data, leading to significant leaks and compliance violations. On the business side, many functional departments are enabling AI features within existing platforms, such as Customer/Candidate Relationship Management (CRM) and Human Resources (HR) tools, without formal security reviews. This can create massive blind spots in the attack surface.

The Deloitte Tech Trends 2026 report notes that 38% of organizations are already piloting Agentic AI.⁵ This number will surge as organizations look to redesign entire processes for an AI-native environment rather than simply trying to automate legacy workflows. If organizations do not evolve at the same pace, Shadow AI could become an unmanageable systemic risk.

Merely blocking these tools is unlikely to be sufficient; employees may continue to seek faster and more effective ways of working when approved tools do not meet their needs. Organizations should build a security-conscious workforce that understands the risks of AI, while providing enterprise tools that match the speed of consumer applications. Moreover, instead of viewing AI as simply software, companies must start treating AI agents as a new class of digital workers that require the same oversight and accountability as any human hire.

Shadow AI could become an unmanageable systemic risk

In practice, AI is a double-edged sword; it is reducing the barriers to sophisticated attacks while serving as a force multiplier for defenders.

Frontier AI models are significantly accelerating the discovery and analysis of software vulnerabilities. Flaws that evaded manual review for decades are now being identified, validated, and chained into exploits at machine speed.

In this environment, Deloitte's Future of Cyber report found that 40% of organizations experienced between six and ten publicly disclosed breaches in the past year.⁶ In response, organizations are moving beyond basic posture management to deploy autonomous "red agents" and AI-driven patch synthesis to close exposure windows before they can be weaponized.

This acceleration of digital risk is most dangerous where the virtual world meets the physical. The convergence of Information Technology (IT) and Operational Technology (OT) has created concentrated infrastructure fragility whereby a single digital breach can spread across connected layers to cause real-world service outages. Currently, over 50% of cybersecurity incidents involve OT.⁷

In the Middle East, threats blocked from email clients on industrial computers are 1.8 times higher than the global average,⁸ highlighting the massive growth in "machine identities," the automated keys used by bots, sensors, and AI agents, which now outnumber human accounts by a ratio of 45 to 1, creating millions of poorly governed entry points for attackers.⁹

Looking beyond AI, organizations must confront the "new math" of quantum decryption, an unprecedented computational power capable of breaking the mathematical algorithms that currently secure the global digital economy. While full-scale quantum machines are not yet commercially available, as per Deloitte research, cryptographically relevant quantum computers (CRQCs) could break current encryption methods as soon as the 2030s. The transition to quantum-resistant systems could take a decade, creating a dangerous gap. Attackers are already engaging in a "Harvest Now, Decrypt Later" (HNDL) strategy, posing an immediate risk to data with long-term sensitivity.

Organizations should therefore begin creating a cryptographic inventory to transition toward Post-Quantum Cryptography (PQC). By establishing a "crypto-agile" operating model, companies can ensure the seamless interchange of algorithms as new threats emerge.

Encouragingly, regional regulators are moving from protecting only government assets to making cybersecurity a baseline requirement for the entire economy. In Saudi Arabia, the National Cybersecurity Authority's (NCA's) NCNICC-1:2025 regulations now mandate cybersecurity controls for private sector entities. As the private sector's contribution to gross domestic product (GDP) targets 65%, its digital resilience becomes a national priority. However, a governance gap remains; while the region leads in data sovereignty, 62% of organizations in Saudi Arabia still rely on manual processes for compliance evidence.

To survive this landscape, organizations must move away from a "patchwork" of disparate tools toward a unified data security platform. Zero Trust must become the architectural foundation, treating every user, sensor, and AI agent as a verified entity.

Ultimately, organizations must transition from seeing cybersecurity as a "cost center" to a strategic differentiator that enables business agility and builds customer trust. As per Deloitte's Global Future of Cyber report, 58% of global organizations now expect cybersecurity spending to be integrated directly into other departmental budgets.

Chief information security officers (CISOs) must also foster a culture of "AI Fluency," treating AI agents as "digital employees" that require formal onboarding, dynamic privilege management, and continuous auditing. Moreover, they should move toward "Policy-as-Code" and automated compliance monitoring to transform their infrastructure investments into a true governance advantage.

As autonomous discovery collapses the gap between vulnerability emergence and exploit generation, traditional periodic scanning is no longer sufficient. CISOs must transition to continuous, AI-driven runtime validation and reachability analysis, embedding automated remediation directly into deployment pipelines.

Accelerated digitization, paired with unique geopolitical dynamics, makes the region a prime target for state-sponsored actors and cybercriminal enterprises targeting critical infrastructure

The modern CISO must be a business executive that translates complex regulations into the "language of risk" for the board. The path forward is "cyber resilience-by-design"—a strategy that assumes a breach is always imminent, rooted in Zero Trust Architecture, and utilizes AI-powered autonomous defense to close the window of opportunity before it's too late. Organizations that thrive will be those that embed security into their operational DNA rather than retrofitting it as an afterthought. ●

By **Tariq Ajmal**, Partner, Cyber Leader, Deloitte Middle East

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From megawatts to margin:

AI in the Gulf enters its second phase in 2027



The capital is committed and the sites are secured. What decides returns now is the pace of the build, the depth of domestic demand, and how far up the value chain the region chooses to go.

Saudi Arabia's operational data center capacity stood at 467 megawatts in the first quarter of 2026, having risen sevenfold since 2021.¹ A single Saudi company, HUMAIN, has published a roadmap targeting 1.9 gigawatts by 2030.¹ One firm's medium-term plan is therefore roughly four times the national installed base as it stands today.

That distance is the most useful way to understand the Gulf technology sector entering 2027. It reflects neither a shortage of ambition nor a shortage of capital, both of which the region has demonstrated at a scale few others could match. It reflects the gap between capacity that has been announced and capacity that is built, commissioned and carrying customer load—a gap every market building at this pace is working through, and one the Gulf is closing faster than most.

Three forces will determine how quickly that gap closes. Value in the AI value chain is migrating towards its two ends: the infrastructure beneath it and the applications above it. Access to advanced compute has become an instrument of statecraft, not simply a matter of commercial procurement. And the region is confronting a sequencing question every large infrastructure industry has faced: having committed the capital, secured the land, and negotiated chip allocations, how and when should the demand and operating capability that sit above the asset be built?

 Value in AI is concentrating at the two ends of the value chain

General-purpose AI models—the class of systems behind ChatGPT and its competitors—are commoditizing quickly as they tend to converge fast and capability gaps close in months.

Margin is concentrating at the two ends of the chain: beneath the models, in chips, power, and data centers, and above them, in the applications and agents closest to the customer. The more difficult position to defend is in the middle, where a business owns a general-purpose model and little else.

The region has positioned itself accordingly. Capital is flowing overwhelmingly into the infrastructure end, while leading models are licensed from abroad rather than competed with. Domestic model development continues, principally for Arabic-language and sovereign use cases, but is being pursued as a national capability rather than a commercial bet. That is an efficient allocation of national resource, and a materially different choice from the one most large economies have made.

Gulf capital does take exposure to the model layer, but as an investor rather than an operator. MGX, founded by Mubadala and G42, holds positions in OpenAI, Anthropic, and xAI.¹³ The Qatar Investment Authority (QIA) has backed Anthropic and xAI, and HUMAIN is among xAI's more recent investors.¹⁴ Taking equity in the middle of the chain, without the operating burden of competing there, is a more capital-efficient way to participate in a segment whose economics remain the least settled.

Stargate UAE shows the logic in physical form. G42 is funding and building a one-gigawatt compute cluster within a five-gigawatt campus in Abu Dhabi, with OpenAI and Oracle operating it and NVIDIA, Cisco, and SoftBank as partners.² The first 200-megawatt phase was expected online in the third quarter of 2026, in a build involving more than 5,000 workers and substantial concrete and steel requirements.³ The division of roles maps closely onto the value chain: Emirati capital takes the infrastructure end, while the American partners bring the platform and operating layers above it.

Margin is concentrating at the two ends of the chain: beneath the models, in chips, power, and data centers, and above them, in the applications and agents closest to the customer

OpenAI is the one participant whose core business sits in the middle of the chain, and its presence in an infrastructure consortium is itself evidence of the pressure on that position—the leading model company extending downward into compute and upward into applications rather than defending the model layer alone.

HUMAIN's partnership with Together AI makes the same choice in commercial terms. The two plan a 250-megawatt Saudi facility selling training and inference capacity to developers and enterprises, including customers outside the Kingdom, with first-year annualized revenue potential of more than US\$5 billion.⁴ It sits alongside a US\$5 billion Amazon Web Services (AWS) “AI Zone,” a US\$10 billion collaboration with Advanced Micro Devices (AMD) and deployments of Qualcomm inference hardware.^{5,6} What is being built here is an infrastructure business—capacity sold by the hour, underpinned by cost advantages in power and land that few jurisdictions can match—rather than a model business. The revenue figure matters less as a forecast than as evidence of where contracted money is available today: at the infrastructure end of the chain, rather than in the middle.

A third advantage sits alongside power and land, and it is less durable than either. Operational sovereignty has become a genuine purchase criterion in this region: an institution choosing where to run a regulated workload is asking where the data is permitted to sit and who is able to interrupt it; and benchmark performance is a threshold to clear rather than the differentiator. That position is commercially valuable today, though less uniformly than it appears—in-country residency is already being matched by global providers, increasingly in partnership with local operators.

What is not easily matched is who runs the infrastructure, which nationals hold access, and whose law governs the operating entity. That is the narrower advantage, and the one worth pricing deliberately.

 The constraint runs across the whole infrastructure layer

Building AI capacity at gigawatt scale depends on a long chain of inputs, each carrying its own lead time and its own point of failure: advanced chips released under export license and delivered in tranches, land with grid access, high-voltage electrical equipment, cooling systems operating at power densities with limited industry precedent, and commissioning teams who have delivered facilities of this class before. Different inputs bind at different moments, and which one is binding changes by site and by quarter. A project can be fully funded, fully permitted, and still a year away from carrying load.

Globally, the evidence shows up in the distance between announcement and delivery. Transformer deliveries that took 24 to 30 months before 2020 can now stretch to as long as five years.⁷

Lead times for generator step-up transformers passed 160 weeks by the first quarter of 2026, against an average of 143 weeks in 2024, while high-voltage circuit breakers reached 125 weeks from 77 weeks in 2023.^{7,8} In the United States, only 13 per cent of the capacity that entered interconnection queues between 2000 and 2019 had reached commercial operation status by the end of 2024, with 77 per cent withdrawn.⁹

The Gulf region is better placed on some of these inputs than others. Generation is abundant and competitively priced, land is available at scale, and projects of this scale have not been constrained by access to capital. Where the region shares the global position is in the queue for heavy electrical equipment, in the phased delivery schedules attached to chip allocations, and in access to people who have commissioned facilities of this class before—simply because very few exist anywhere. The commercial implication is that the milestone worth contracting against is the date a site is live and carrying customer load, rather than the date any single input arrives.

 Access to compute has become an instrument of statecraft

Advanced compute is now allocated through government decisions as much as commercial ones. The United States approved access for G42 to the equivalent of up to 35,000 NVIDIA GB300 chips,³ and NVIDIA's Saudi allocation began with a first tranche of 18,000 Blackwell units directed to HUMAIN.⁶ Control structures reflect the strategic weight of these assets: Stargate UAE is funded and built by G42 inside a campus established as a UAE national initiative, with the operating mandate contracted to international partners.¹⁰

Securing these arrangements has been a considerable diplomatic and commercial achievement, and one few other jurisdictions have managed.

One consequence follows directly. Gulf buyers have diversified deliberately across NVIDIA, AMD, and Qualcomm. That reduces exposure to any one supplier's allocation queues, manufacturing capacity, and pricing. It does not reduce exposure to the policy itself: the leading suppliers are American companies operating under a single licensing regime, so vendor choice is a supply-chain hedge rather than a sovereign one. ➤

The Gulf region is better placed on some of these inputs than others. Generation is abundant and competitively priced, land is available at scale, and projects of this scale have not been constrained by access to capital.

 The first phase imported demand, the second phase builds it

Both flagship projects are structured so that the operating and customer-facing roles sit with the international partner in this first phase. At Stargate UAE, the operating mandate rests with OpenAI and Oracle,² with Oracle describing the arrangement as pairing its AI-optimized cloud with sovereign infrastructure so that government agencies and commercial institutions can connect their data to leading models. That places the access layer, and with it the customer relationship, on the partner's platform. In the Saudi arrangement, the partners themselves describe the division as combining HUMAIN's large-scale infrastructure and capital deployment with Together AI's cloud platform, inference technology, and global customer ecosystem.⁴

As an opening move, this is well judged. Utilization is what makes a multi-billion-dollar asset financeable, and the fastest route to utilization is to bring in an operator with an existing demand book rather than build one domestically from a standing start. It also imports operating expertise for a facility class with very few global precedents. Sequencing in this order—secure the asset, import the operating capability, then build the domestic platform—is a well-established route in capital-intensive industries, and a faster one than attempting all three at once.

What follows is therefore a question of phasing rather than of judgement. In infrastructure businesses generally, the operating and customer-facing layers are where a significant share of lifetime margin accrues, and the terms governing them are easier to shape early in a partnership than late. The strategic question is not whether to move up the chain, but when, and with which capabilities built domestically.

The region is already acting on this. HUMAIN's leadership has set out an investment approach under which the company backs businesses that commit to using Saudi data centers for part of their computing requirements or to establishing a workforce in the Kingdom, alongside a domestic investment vehicle and a substantially scaled global AI venture fund.¹ That is demand creation through capital deployment: a direct and unusually deliberate answer to the question of where future load originates, and a model other capacity owners in the region are likely to study.

Telecommunications operators entering the same business approach the question from a different starting point. stc has extended its memorandum with HUMAIN to establish a joint venture through center,³ its data center subsidiary.¹¹ Operators bring land, grid connections, fiber backhaul and, importantly, established enterprise relationships—a domestic demand base that pure infrastructure owners have to construct from scratch. Their question is how far up the chain to extend, and how fast.

 We do, however, see fragility in the market

Three areas warrant continued attention, none specific to any single operator or jurisdiction.

The first is that commercial capital is less patient than state capital, and the financing base is shifting towards it. HUMAIN has supplemented state backing with external arrangements, including a framework of up to US\$1.2 billion with the National Infrastructure Fund, alongside preparations for a public listing.^{1,12} That is the normal path for infrastructure at this size. The exposure it introduces is sequencing risk: if delivery slips, the cost of capital rises at the point in the build where momentum matters most, and part of the region's cost advantage is given back.

The second is that the chip constraint is political rather than technical. Unlike equipment lead times, which shorten as supply chains respond, an export authorization is subject to revision, and allocations arrive in tranches. It cannot be engineered away through procurement, since the leading suppliers operate under the same licensing regime. What can be managed is the consequence: how quickly workloads re-host, where they sit, and what the contracts say when policy moves.

The third is that global demand for AI compute is being repriced continuously as the largest buyers revise their capital plans. Capacity is long-lived and illiquid; demand is neither. Every capacity owner faces this asymmetry. The region's scale makes it worth managing explicitly through contract structure rather than assuming it away.

Five priorities for 2027

 **Contract against the date a site goes live.** Commitments indexed to the point a facility carries customer load hold up better than those indexed to the arrival of chips, equipment, or power individually.

 **Advance the demand book in step with the build program.** Anchor tenancy, offtake, and pricing are most valuable when they mature alongside construction rather than behind it.

 **Treat the move up the value chain as a sequencing decision, and make it explicit.** Owning the operating capability, followed by the platform and application layers above it, and ultimately the customer relationship itself is a far better position than remaining the compute landlord. These terms are more tractable early in a partnership than at renewal.

 **Monetize the sovereignty advantage while it remains distinct.** Residency is commoditizing as global providers build in-country regions with local partners. The premium worth sizing and pricing is operated sovereignty—who runs the infrastructure, which nationals hold access, and whose law governs the operating entity.

 **Structure for policy change rather than procure around it.** Vendor choice does not reduce exposure to a single licensing regime, which is why contract terms that anticipate policy changes matter more than supplier diversification.

The Gulf has demonstrated something few regions could: the ability to commit capital at scale, negotiate access to tightly constrained technology and move from decision to construction faster than established markets. Those are durable advantages, and they have been earned rather than assumed.

The next phase asks a different question. With the capital committed, the land secured and the chip allocations negotiated, attention turns to how quickly commitments convert into capacity that carries customer load—and to how much of the value beyond that capacity the region builds for itself. The current partnership structures, in which a sovereign entity owns the campus while an international partner brings operating expertise and an existing customer base, are the right way to de-risk a first phase and reach utilization quickly.

What gets built in the second phase, in domestic demand, operating capability and the commercial layers above the asset, will determine how much of the value created by this build-out is retained in the region. Based on the evidence of the last twelve months, that work is already under way. ●

The strategic question is not whether to move up the chain, but when, and with which capabilities built domestically

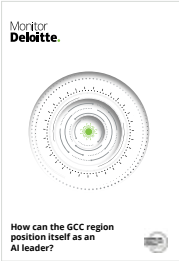
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