

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

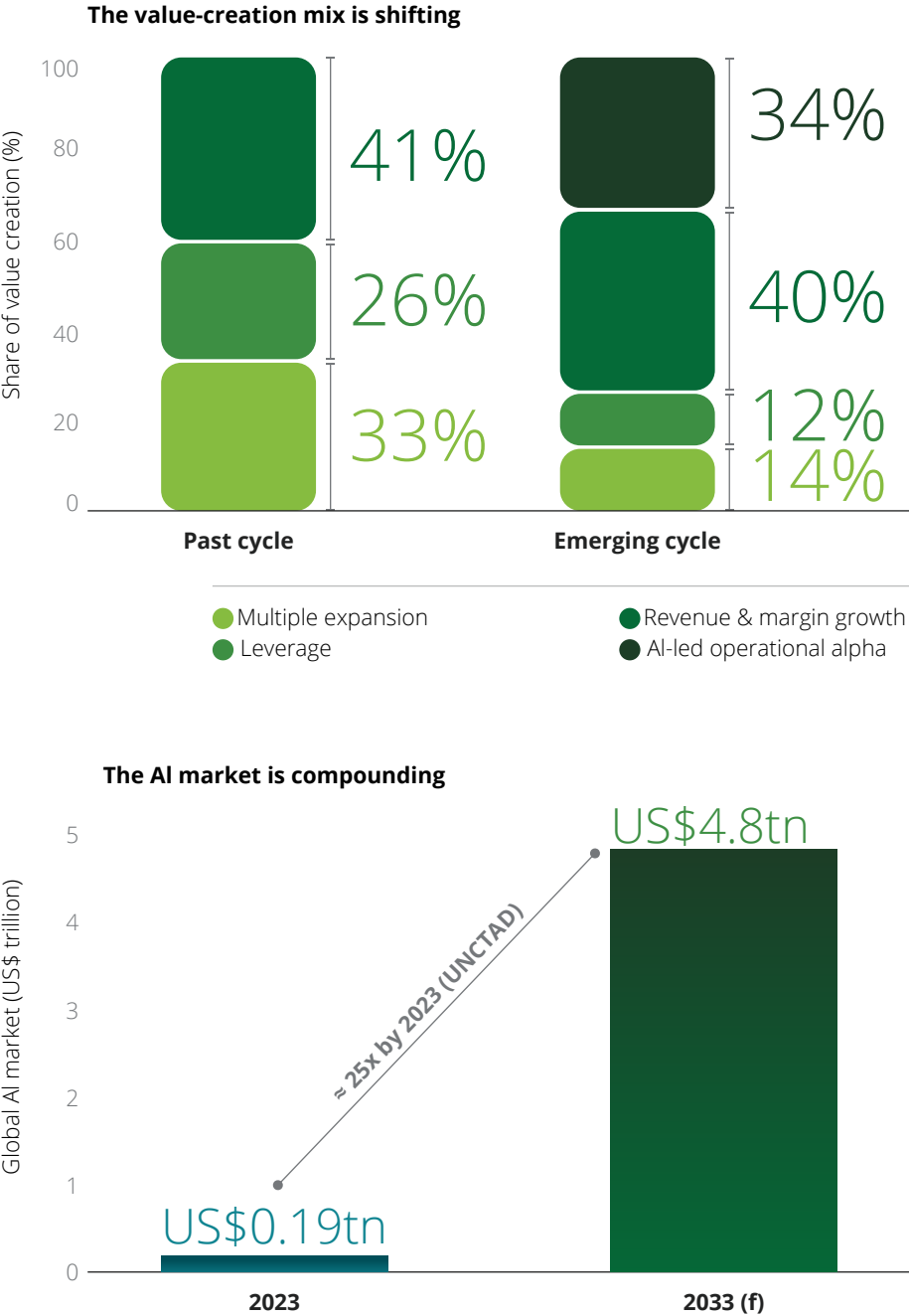


Figure 1: Changing emphasis on deal value 2020 and 2026

*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. ➔

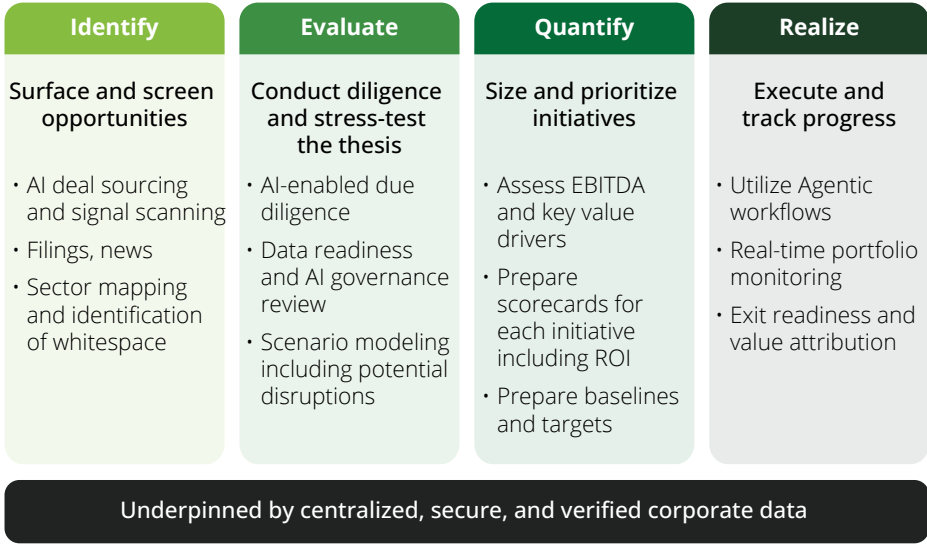


Figure 2: Considerations in agentic AI deployment across the M&A lifecycle

*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

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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

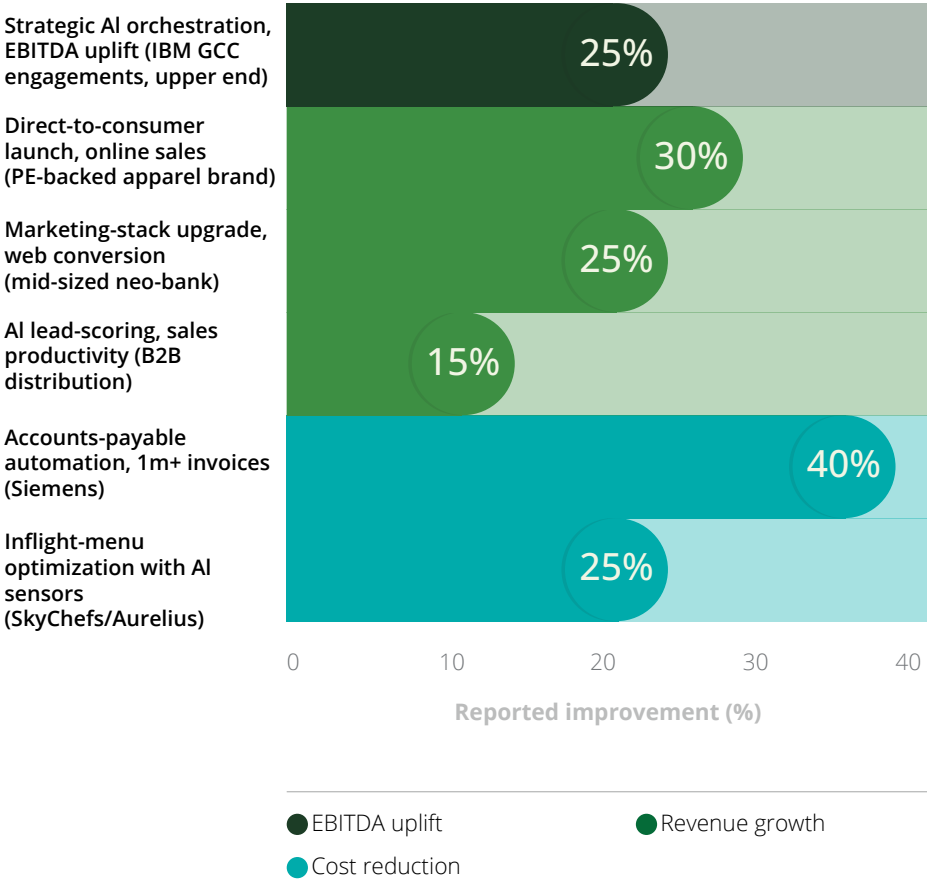


Figure 4: Key AI-enabled drivers of revenue/EBITDA uplift and cost reduction

*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

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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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Endnotes

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