



AI Readiness in the Middle East

Closing the gap between
Ambition and Reality

September 2021

Most GCC organizations appear to be trapped. Trapped in a seemingly never-ending cycle of planning, and then re-planning, for a utopian AI-enabled future that never quite materializes. The cycle begins with a sense of excitement at the endless possibilities that AI presents, giving leaders tremendous expectations of how AI could fundamentally transform their industries and organizations for the better. These expectations are then rendered into ambitious AI strategies (see Figure 1 – GCC AI strategies).

GCC leaders are evidently very comfortable with the “why” of AI – articulating with finesse the tangible benefits they expect. Their confidence begins to waver, however, when it comes to the “how” of implementation. This conundrum is especially troubling for GCC leaders, who view the promise of AI as a tool with which they can overtake their global rivals (see Figure 2.1 – Expectation of a 3-4 year lag in AI transformation, in GCC when compared to global peers).

It is this very hesitation coupled with a lack of clear guidance and communication that leads line managers to be much less optimistic about AI. Many go so far as to dismiss it outright as just the latest phase of leadership hype that is sure to pass. This disparity in attitude is clearly seen in the various outlooks on the transformative ability of AI (see Figure 2.2 – Expectation of a 1-2 year delay in AI transformation, between leadership and management).

Naturally, this dampened enthusiasm among line managers has dire consequences for the implementation of ambitious AI strategies set forth by leadership. Top-down instructions from senior leadership tend to make matter worse – kicking off a hard-to-reverse negative spiral of implementation challenges. Nowhere is this more visible than in the stark contrast between the benefits organizations want from AI versus what they have so far achieved (see Figures 3.1 and 3.2 – Top 3 desired AI benefits per sector and achievement of AI benefits).

Figure 1 | GCC AI strategies

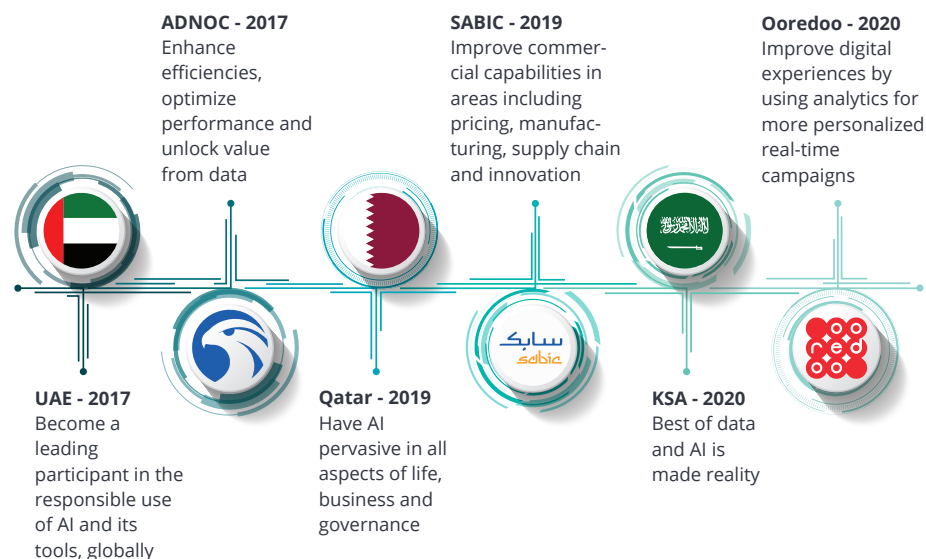
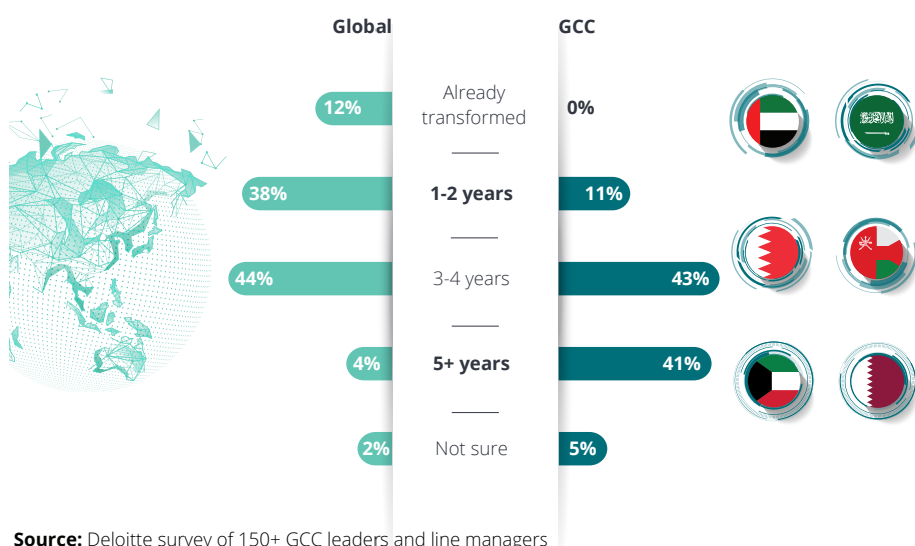
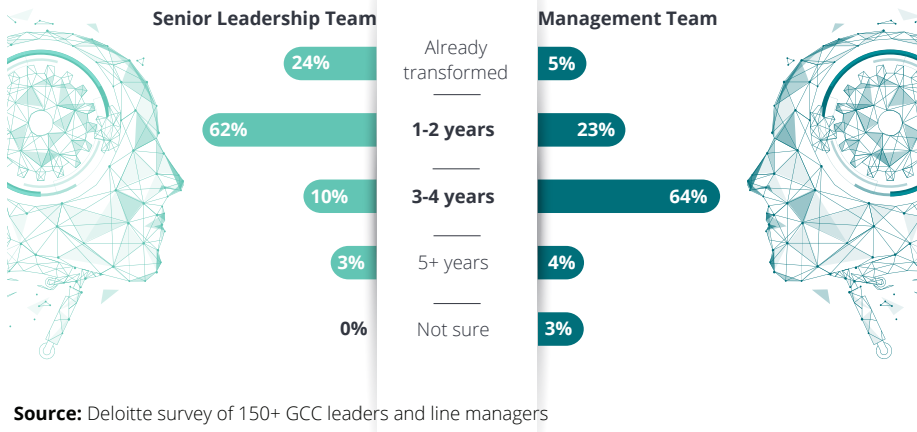


Figure 2.1 | Expectation of a 3-4-year lag in AI transformation, in GCC when compared to global peers



Source: Deloitte survey of 150+ GCC leaders and line managers

Figure 2.2 | Expectation of 1-2-year delay in AI transformation, between leadership and management



Source: Deloitte survey of 150+ GCC leaders and line managers

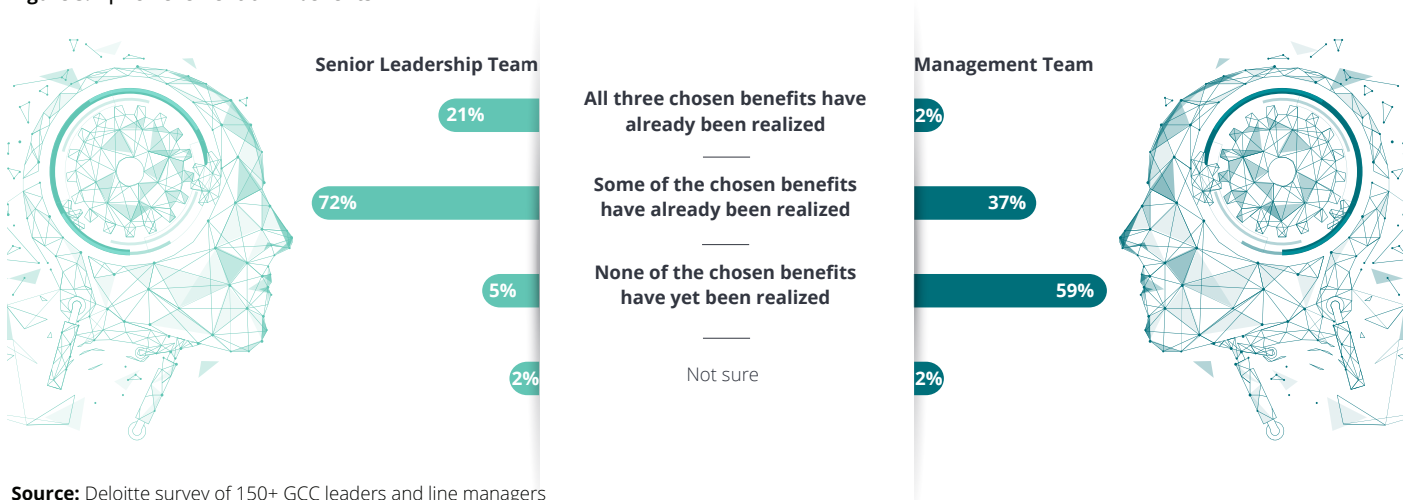
GCC management teams are much less optimistic on the outlook of AI than senior leadership teams that set forth ambitious AI strategies

Figure 3.1 | Top 3 desired AI benefits per sector

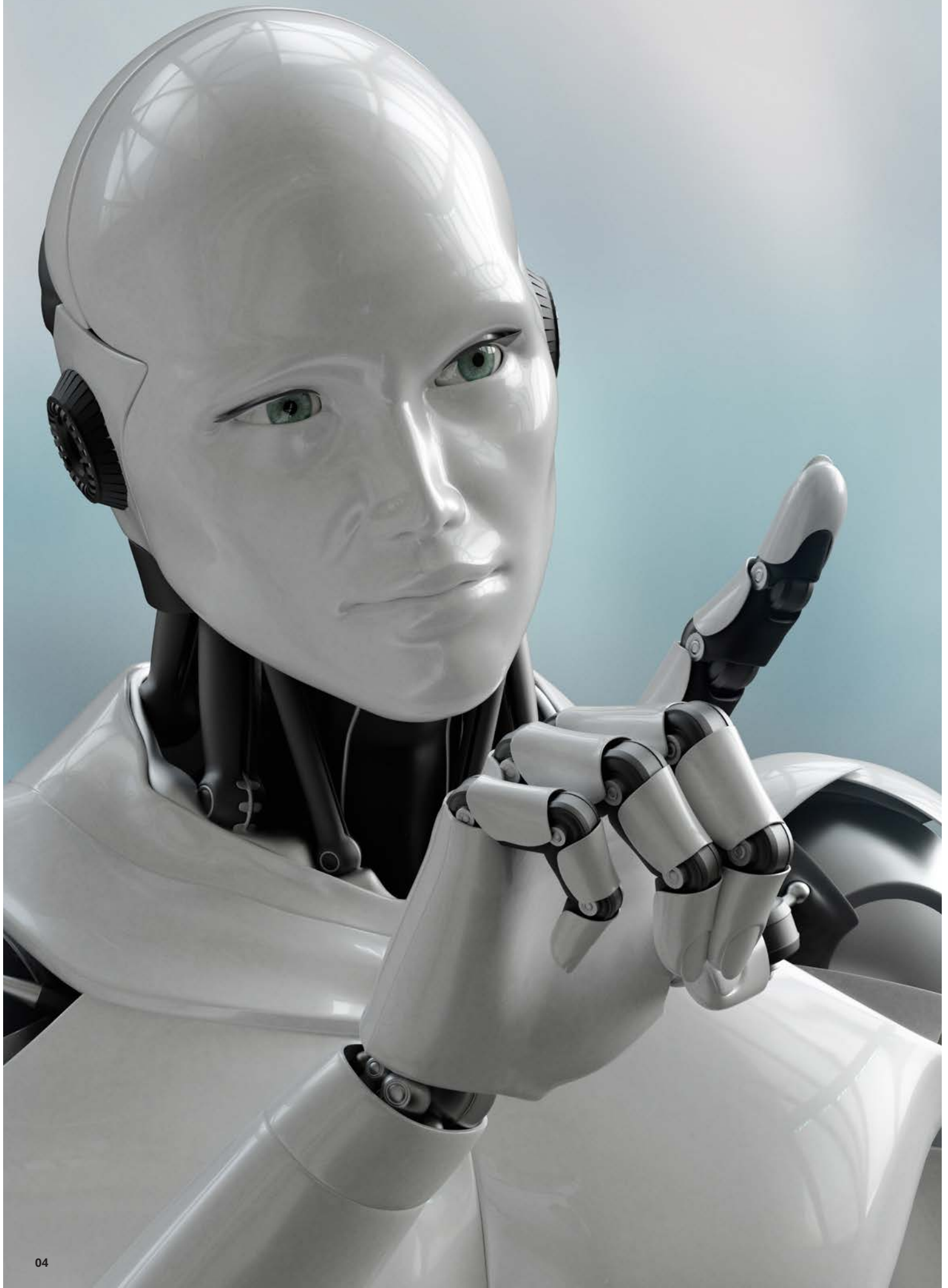
Ranking	Government and Public Services	Energy, Resources and Industries	Financial Services and Insurance	Technology, Media & Telecommunication	Consumer Retail and Healthcare
#1	Improving decision-making	Improving decision-making	Enhancing relationships with clients/customers	Enhancing relationships with clients/customers	Enhancing existing products and services
#2	Discovering new insights	Making process more efficient	Enabling new business models	Enabling new business models	Creating new products and services
#3	Enhancing relationships with clients/customers	Lowering costs	Enhancing existing products and services	Enhancing existing products and services	Enabling new business models

Source: Deloitte survey of 150+ GCC leaders and line managers

Figure 3.2 | Achievement of AI benefits



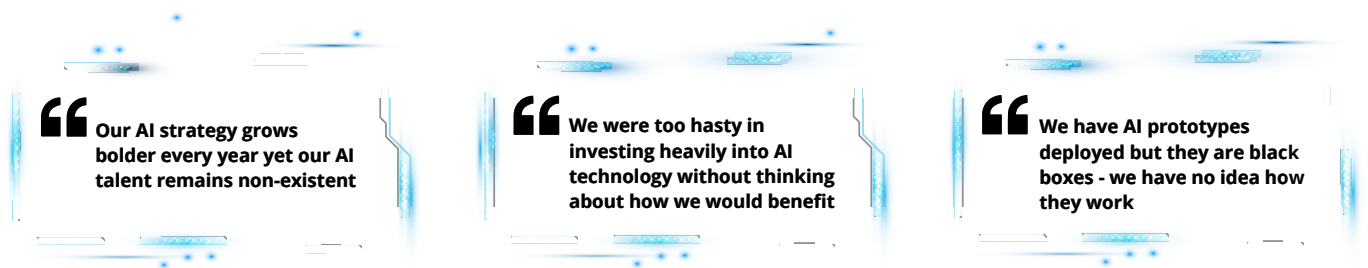
Source: Deloitte survey of 150+ GCC leaders and line managers



Line managers are clearly not being difficult without reason. This is truly how they see things, through the filter of their practical experience and knowledge, from their vantage points. The true obstacle to implementing ambitious AI strategies lies in the fact that most GCC line managers find themselves overwhelmed by AI use case options and deployment complexities. IT teams are daunted by data and architecture intricacies and recruiting teams struggle with evaluating, hiring and retaining AI talent (see Figure 4 – Complexities of AI strategy implementation). Meanwhile, leaders can become frustrated with data and governance complexities when it comes to capturing AI benefits. All this inevitably leads to an extensive re-planning cycle with the inevitable spiral of negative outcomes that further entrenches the original disconnects.

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Figure 4 | Complexities of AI implementation



What is needed is obviously not a bold assertion from leaders or line managers but rather some insight into why the promise of AI, on which pretty much everyone agrees, is not being realized so that remedial actions can be suitably focused. This is where the concept of an AI Avatar can be useful.

While in many respects, AI is not dissimilar to all the technological shifts of recent years, its difference lies in its power to

create an organization's ideal vision of itself or, in other words, its Avatar. In the not-too-distant future, an organization's AI Avatar could be capable of understanding customer needs, developing products, optimizing operations and handling customer service, all while continuously improving these capabilities to maximize shareholder value.

If GCC organizations can fully embrace this notion of an AI Avatar, it can serve

as a simple, intuitive visualization of the capabilities an organization needs to build up to achieve the "how" of AI implementation (see Figure 5 on the next page – AI Avatar). Just as in the human body each physical component plays a vital role to power and form the entire body, so in an AI Avatar each capability is crucial to the eventual success of AI transformation.

Figure 5 - Intuitive visualization of the required AI capabilities

AI Avatar

Human-centric assessment framework that mirrors key dimensions of our client's AI capabilities

Right arm | Talent

People and know-how that drive and execute your organization's strategy

Spine | Ethics

Morals required of an organization in handling confidential big-data libraries

Torso | Culture

Ways of working that reflect the core ideology of an organization

Left leg | Technology

Both hardware and software, required to read and process multi-dimensional data

Brain | Logic

Algorithms and automation that make your organization "intelligent"

Heart | Strategy

Core objectives that define how your organization derives value from AI

Left arm | Governance

Priorities and processes that ensure your organization drives value from AI

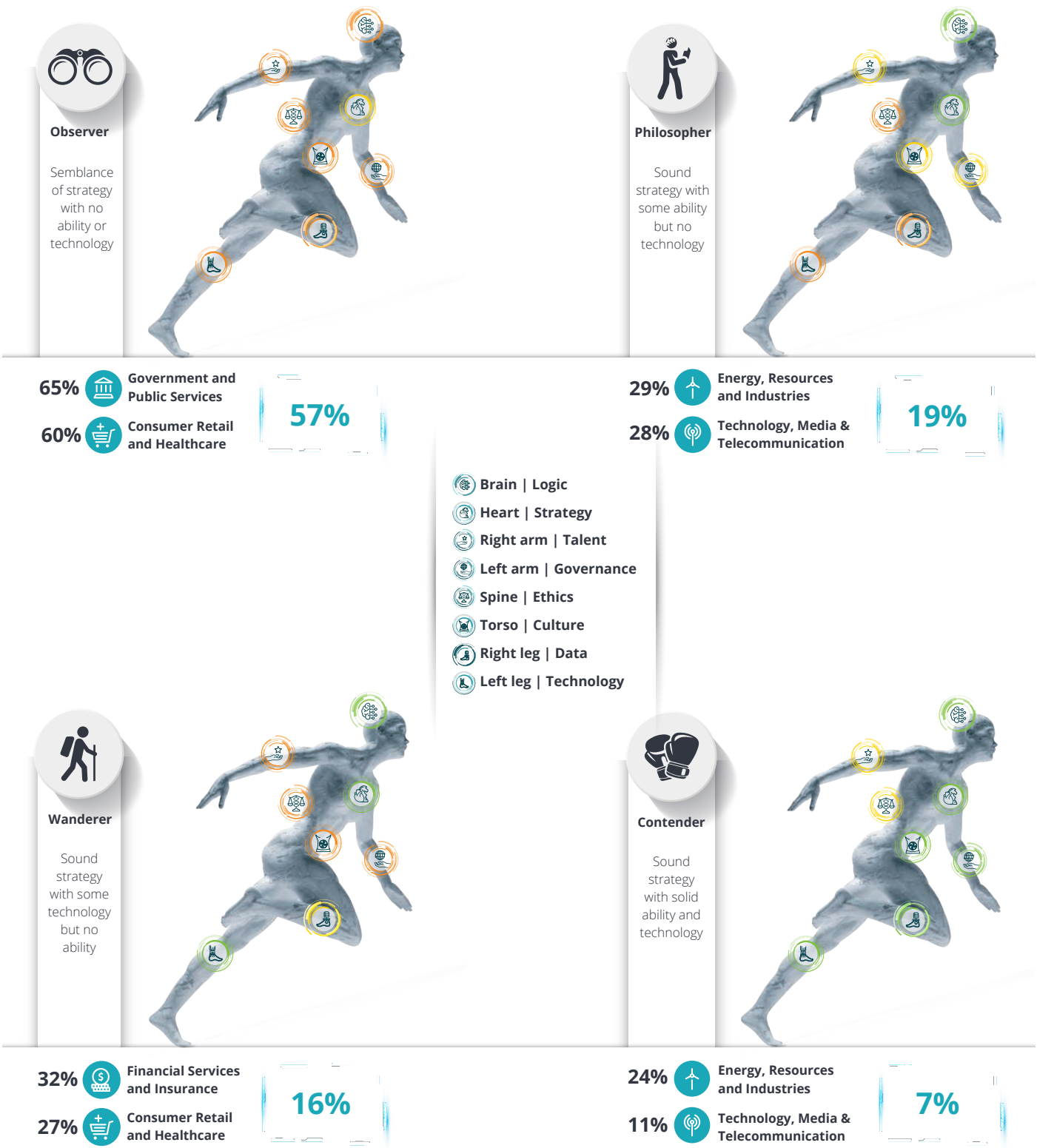
Right leg | Data

Lifeblood of an AI system, that fuels it and allows it to fulfill its function

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Using this AI Avatar visualization method, in which components are compared to parts of the body that form a whole, serves as a valuable first step to reducing the complexity of AI, enabling organizations to self-reflect and identify their current strengths and weaknesses that prevent them from realizing their full AI potential. Fortunately, evidence shows that the reasons for subpar performance in delivering AI's benefits do not vary wildly and randomly from organization to organization. There are identifiable, predictable patterns – AI personas that organizations cluster into in predictable ways. Relevant lessons can be learned without having to repeat all possible errors. Knowing them and knowing to look for them does not, of course, guarantee success. However, it does offer the credible promise of speeding up remedial efforts that will have enthusiastic line support and, therefore, offer a much greater chance of success. An important starting point is for both senior leadership and line managers to understand, issue by issue, which persona their organization exhibits. If they can agree on this, the chances of avoiding the spiral of re-planning improve drastically - as do the chances of actually capturing the critical benefits of AI (see Figure 6 – AI Avatar personas).

Figure 6 | AI Avatar personas



Low rating: < 1.0 out of 2.0 Medium rating: 1.1 - 1.5 out of 2.0 High rating: > 1.6 out of 2.0 X%: % of all respondents X%: % of total respondents from sector that represent persona

Evidence shows that the reasons for subpar performance in delivering AI's benefits follow identifiable patterns

- AI personas that organizations cluster into in predictable ways

Most organizations, especially in the public sector, exhibit an “Observer” type AI Avatar. They have brought on board top-notch AI leadership to cascade national AI strategies to their entities and develop proof of concepts. However, these ambitious strategies tend to remain purely theoretical in the absence of the necessary capabilities for their implementation. This inevitably results in an extensive re-planning exercise that often only serves to perpetuate the cycle of inaction.

A number of organizations, particularly in Energy, Resources and Industries as well as Technology, Media and Telecom, evolve from the “Observer” only to become lost in thought, typified by the “Philosopher” Avatar. There they tend to remain, with high profile talent more engaged in philosophical scale-up discussions. Data and technical limitations coupled with ethical and adoption issues prevent them from taking anything forward to scale up their AI transformations.

A large share of GCC private sector corporations, particularly in Financial Services and Insurance as well as Consumer Retail and Healthcare, exhibit the characteristics of the “Wanderer” AI Avatar. They have set ambitious strategies and invested heavily in advanced AI algorithms, data and technology. However, without the right talent, governance and culture in place, they end up wandering endlessly while their AI goals remain continually on the horizon.

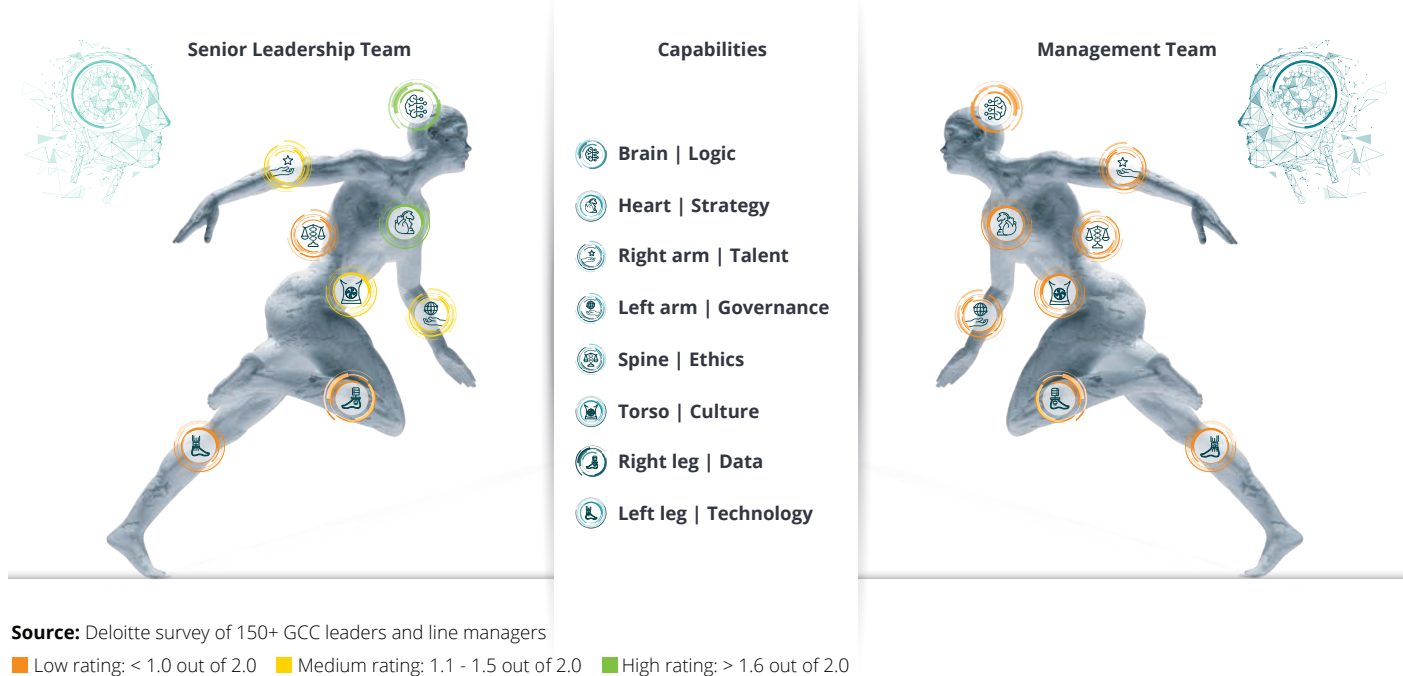
Several companies in the Energy, Resources and Industries sector, meanwhile, exhibit the characteristics of the “Contender” AI Avatar. They quickly identify potential use cases and have pockets of AI capabilities in different parts of the organization that work relatively well, albeit surviving through heavy reliance on partnerships to bridge any gaps. What they tend to be lacking, however, is the talent to execute the strategy and the formalization of ethics in AI to guide the execution.

Leaders can use this AI Avatar to prompt meaningful discussions, potentially closing the gap between ambitions, expectations and achievements. Given perceived strengths and weaknesses in AI capabilities, trade-offs could be made to focus on areas that require more urgent attention in order to achieve desired outcomes.

Closing the gap on perceptions is also important. When leaders gaze upon the reflection of their organization's AI avatar, they may see something far grander than what their line managers do (see Figure 7 – Inflated perceptions of AI capabilities in leaders compared to line managers). The AI Avatar visualization can also be used to drive dialogue to develop a more realistic AI strategy that everyone believes in.

Leaders can use this AI Avatar to prompt meaningful dialogue with their management team to develop a more realistic AI strategy that everyone believes in

Figure 7 | Inflated perceptions of AI capabilities in leaders compared to line managers



Furthermore, in many instances these AI Avatar perceptions are not reflected in reality, as if organizations are staring into a distorted mirror (see Figure 8 – AI perception vs. reality). As GCC organizations still appear to have a relatively rudimentary understanding of

the underlying capabilities to build up an AI Avatar, the overall perception of certain vitals is more optimistic than the reality. For instance, the heart of an AI Avatar – its strategy – is generally regarded as being a vital of strength. In reality, of the two underlying components, AI

initiatives are running in siloes without any organization-wide strategy. Crucially, value capture through quantifiable targets and engagement through communication with key stakeholders are both lacking

Figure 8.1 | AI perception vs. reality

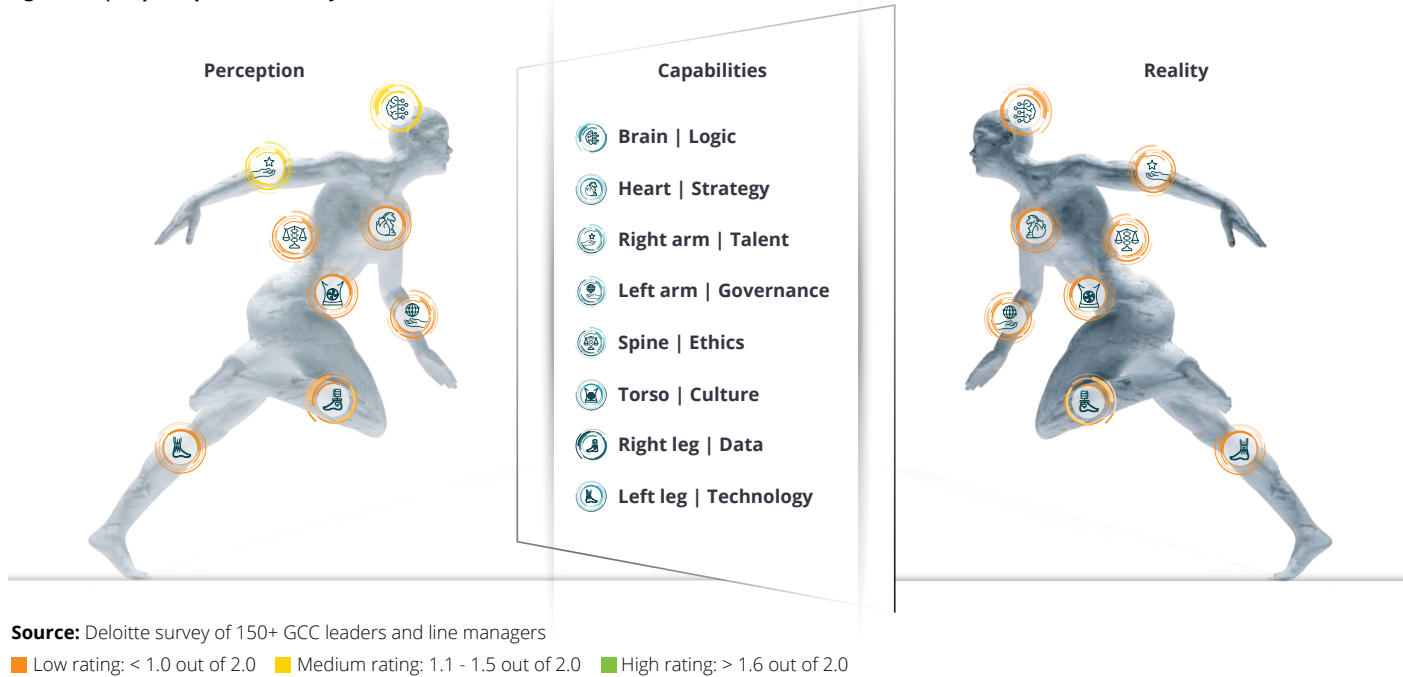
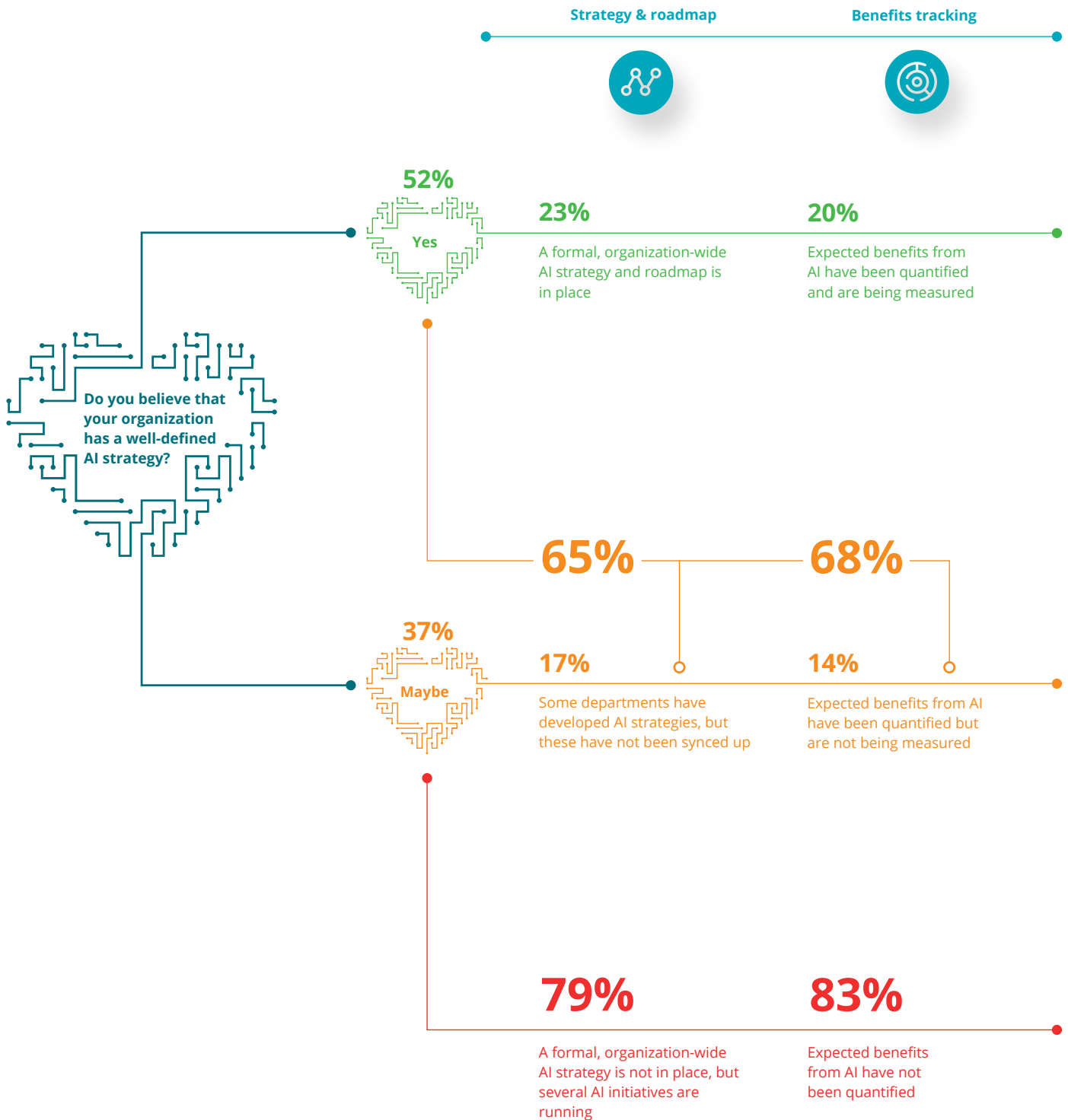
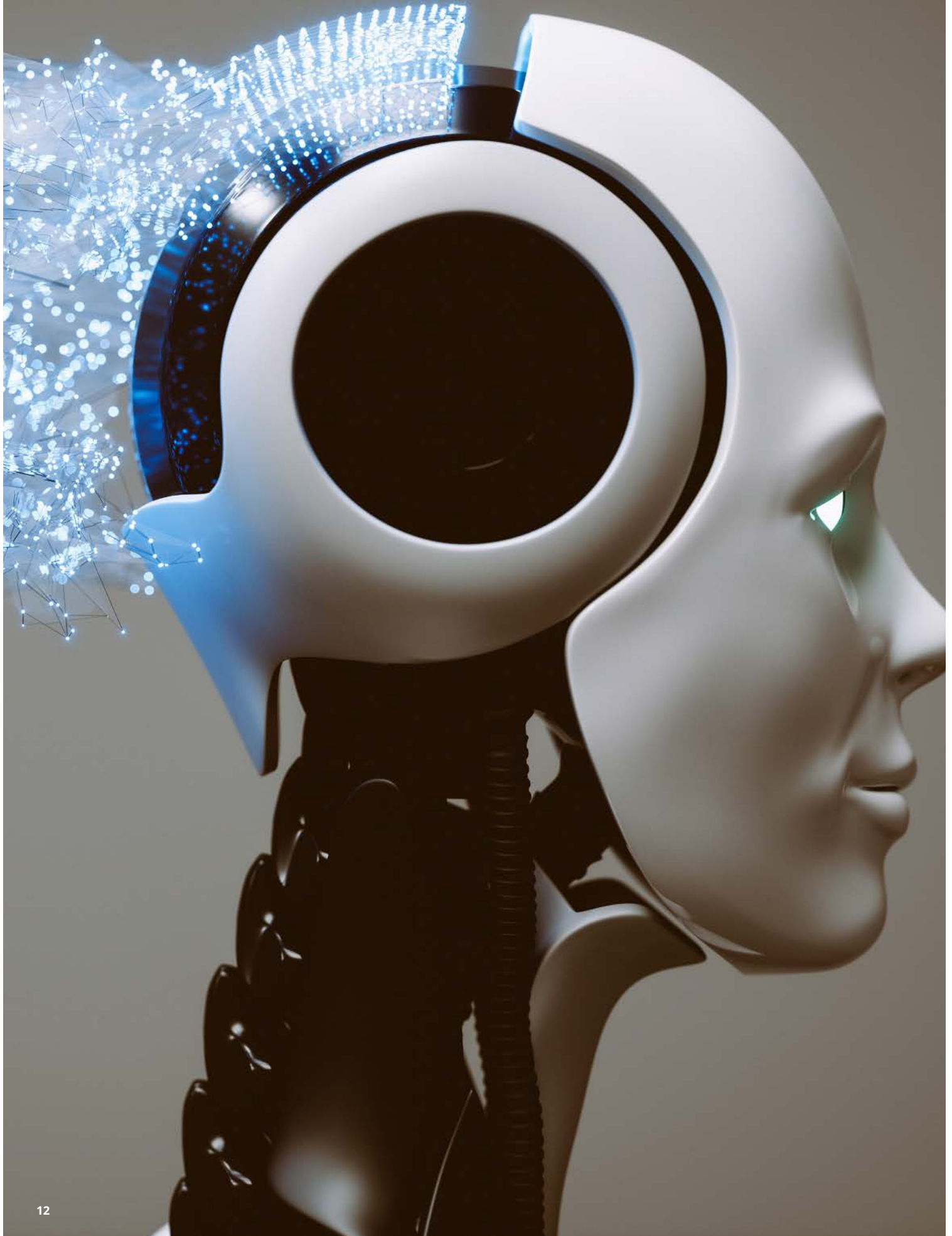


Figure 8.2 | An example of the gap between perception and reality for Strategy Capability



Source: Deloitte survey of 150+ GCC leaders and line managers

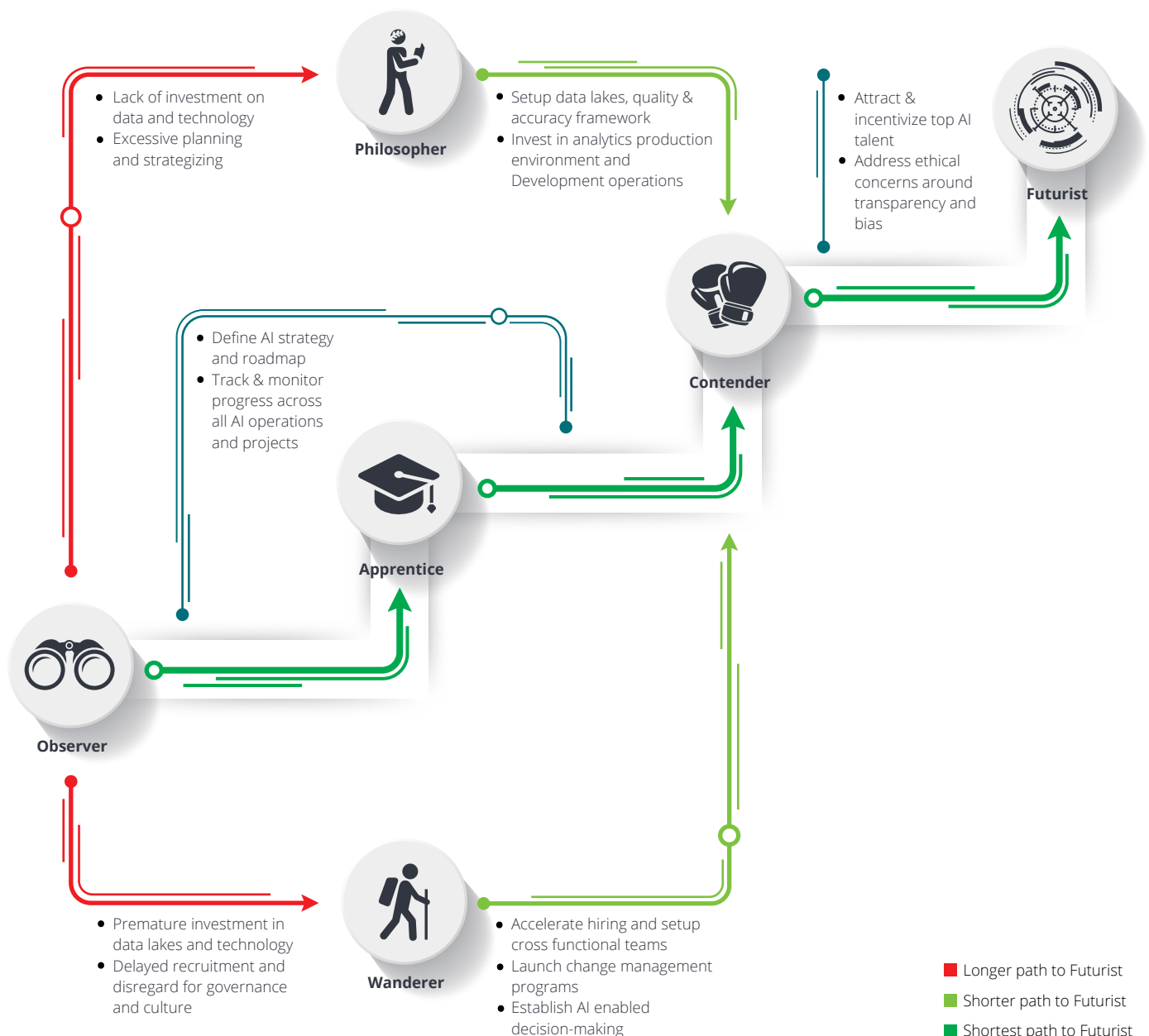


A clear understanding of an AI Avatar can be used to drive an organization's AI transformation agenda. Through the visualization process, complexities are reduced, making way for dialogue and allowing organizations to break free from the vicious cycle of planning and re-planning in order to make sustainable

progress towards ambitious yet achievable AI outcomes. Thus, an AI Avatar can help to close the gap between ambition, perception and reality (see Figure 9 – Transformation journeys from ambition to reality), moving organizations beyond the strategy and planning toward meaningful AI transformation.

AI Avatar can help to close the gap between ambition, perception and reality, moving organizations beyond strategy and planning towards meaningful AI transformation

Figure 9 | Transformation journeys from ambition to reality

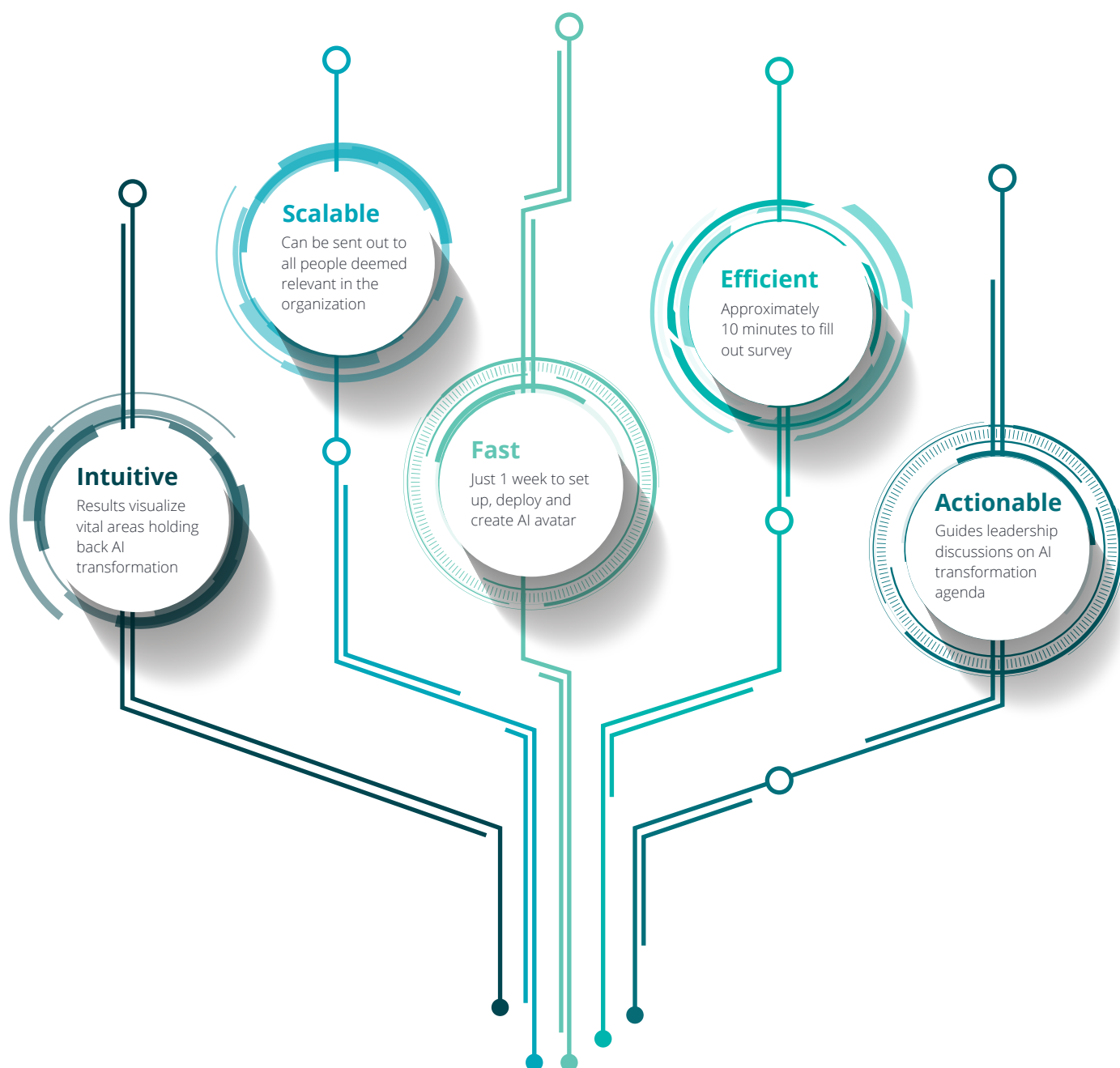


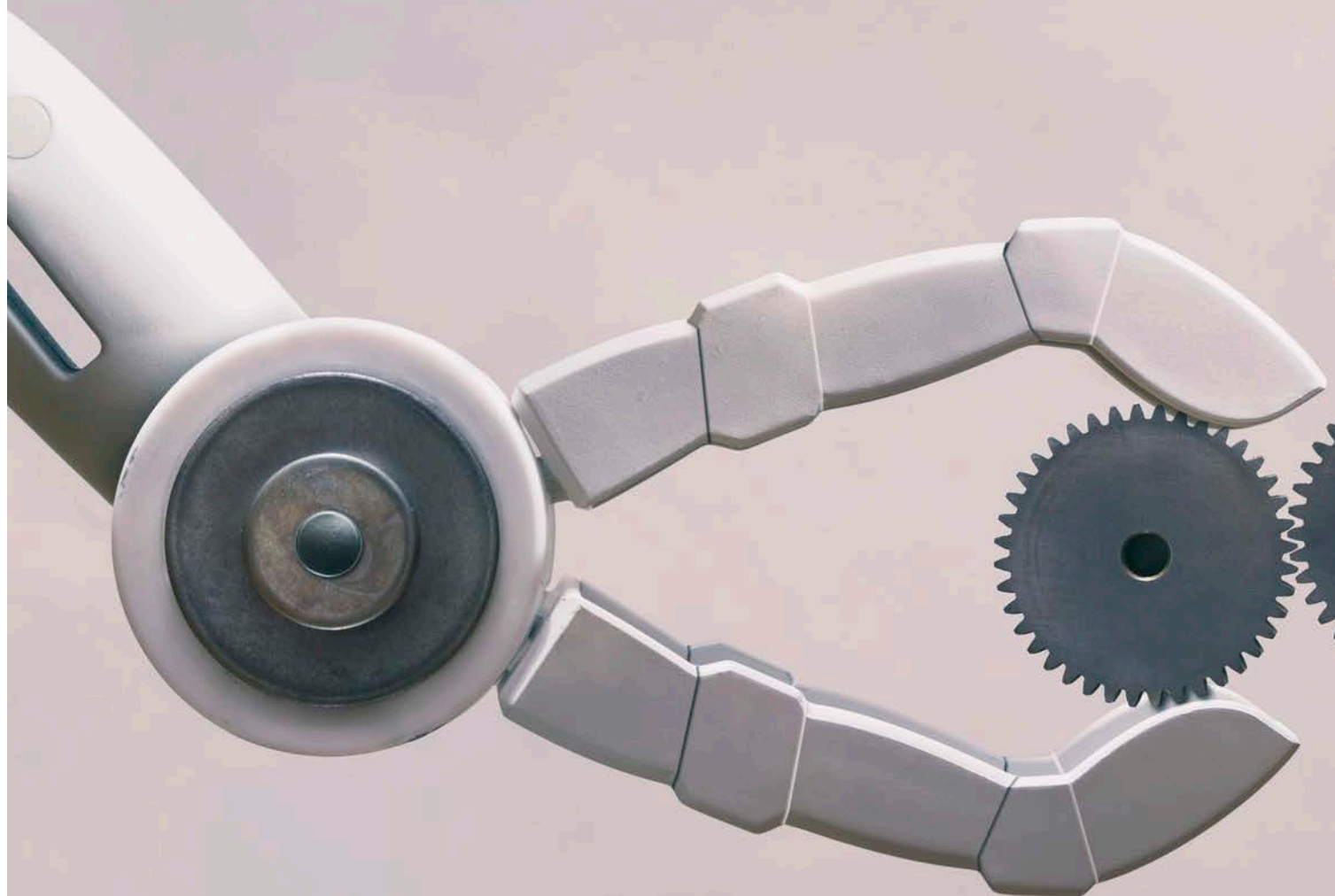
From our extensive work on these challenges around the world and in the GCC, Deloitte has developed a very simple, intuitive survey for senior leaders and their line managers to use. This supports the building of a shared, actionable judgment about the AI Avatar persona -- and the lessons -- most relevant to them. Deloitte's

AI Avatar quick 10-minute self-survey can serve as a valuable first step organizations can take to build a shared, actionable understanding of their AI persona and the lessons most relevant to them to revitalize their AI transformation (see Figure 10 – Deloitte's AI Avatar self-survey).

Deloitte's AI Avatar quick 10-minute self-survey can serve as a valuable first step organizations can take to understand their AI persona and revitalize their AI transformation

Figure 10 | Deloitte's AI Avatar self-survey





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