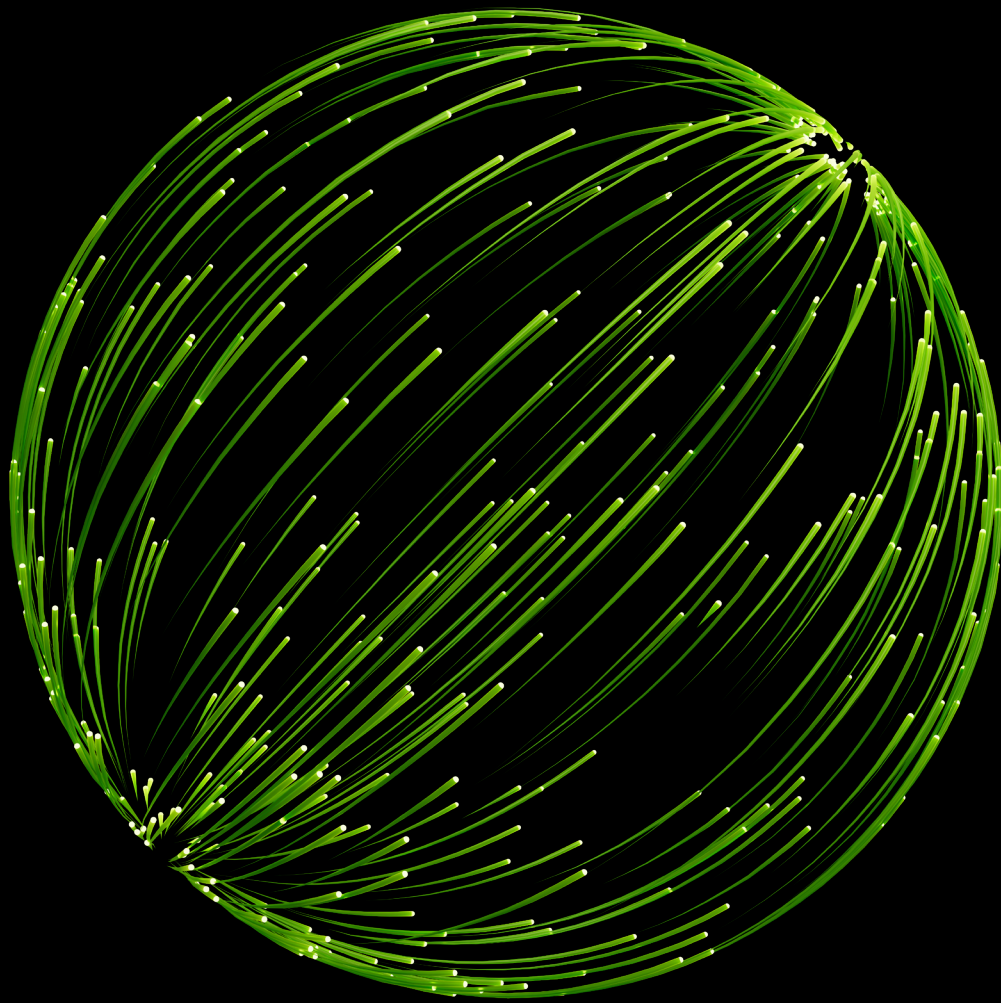


**Deloitte.**

*Together makes progress*



# Engineering for resilience

Building resilient systems  
for business continuity  
and competitive advantage





## Introduction

The global systems engineering services market is undergoing a generational shift.

This shift is already visible in the data. According to Deloitte analysis, by 2026 nearly 40% of companies' revenues will be generated by digital products and services, fundamentally reshaping how enterprise value is created. At the same time, the systems engineering services market is projected to grow at 6.5% CAGR, with approximately \$200 billion in incremental growth expected between 2024 and 2030.

Alongside this, organizations are under increasing pressure to ensure that digital systems are resilient, secure, and capable of maintaining continuity in the face of disruption, be it from cyber threats, geopolitical instability or operational shocks. As a result, resilience and continuity must be embedded into every stage of engineering design and delivery.


Organizations that invest in digital product and service innovation are already seeing stronger growth outcomes, with Deloitte analysis indicating up to 14.5% CAGR uplift for clients accelerating digital product innovation. Meanwhile, more than half of IT companies are now co-developing industry-specific products and intellectual property with technology vendors, reflecting a broader shift toward collaborative engineering ecosystems.

Systems engineering is no longer back-office infrastructure. For clarity, systems engineering in this context includes software engineering as a core component, alongside architecture, integration, and platform delivery, reflecting the increasingly integrated nature of modern engineering disciplines. It is increasingly becoming a core driver of revenue, innovation, resilience, business continuity and competitive differentiation.


Deloitte began investing in Deloitte Global Engineering more than three years ago, before generative AI matured to what it is today. The rationale was clear even then: Traditional software delivery models were no longer sufficient to support the speed, scale, and accountability modern enterprises require. Today, that imperative has only intensified. AI acceleration, mounting cost pressures, and heightened executive scrutiny of software engineering spend are forcing organizations to rethink not just what they build, but how they build it.

Senior technology and business leaders across the Middle East, including CIOs, CTOs, Chief Digital Officers, Heads of Engineering, and executive teams accountable for digital revenue growth, are reassessing how their systems engineering operating models translate investment into measurable business value.

Modern engineering capabilities must evolve from being viewed purely as a cost center to becoming a strategic engine for growth, innovation and competitive advantage. For organizations across the Middle East, the opportunity now is to deliberately design engineering operating models that translate technology investment into measurable business outcomes, scalable digital innovation, operational continuity and sustained enterprise value.

**40%** 

of companies' revenues will be generated by digital products and services by 2026.

**6.5% CAGR** 

will drive growth in the systems engineering services market.

14.5%



higher growth rates are achieved by organizations accelerating digital product innovation, according to Deloitte analysis.

### Executive summary

Across the Middle East, particularly in the GCC, organizations are investing aggressively in AI, cloud modernization, and digital platforms to drive growth and resilience.

Resilience and business continuity are no longer by-products of transformation, they are primary objectives. Organizations must be able to operate, adapt, and recover quickly in the face of disruption, while continuing to deliver value to customers and stakeholders.

One major challenge is that leaders often report that delivery feels slow and unpredictable, performance is difficult to measure objectively, suppliers lack incentives to improve efficiency, and rising budgets do not always translate into clear business outcomes.<sup>1</sup> What executives want instead is clarity and accountability – measurable value delivered per sprint, supplier performance benchmarked against defined metrics, and shared responsibility for outcomes.

Deloitte analysis shows that organizations accelerating digital product innovation are achieving up to 14.5% higher growth rates, yet many still struggle to translate engineering investment into measurable business value.

This scrutiny is intensifying because digital products are increasingly core revenue drivers, AI is embedding into everyday workflows, cyber risk continues to rise, and hybrid architectures are adding structural complexity.

These dynamics are elevating business continuity from an IT concern to a board-level priority, requiring systems engineering models designed for stability, recoverability, and adaptability by default. Digital ambition without systems engineering maturity leads to technical debt, inefficiency, and diminishing returns.

The next wave of competitive advantage will not belong to those who simply adopt more technology, but to those who engineer it deliberately, for resilience, continuity, and sustained performance under pressure.

Across the Middle East, particularly in the GCC, organizations are investing aggressively in AI, cloud modernization, and digital platforms to drive growth and resilience

### The new engineering reality

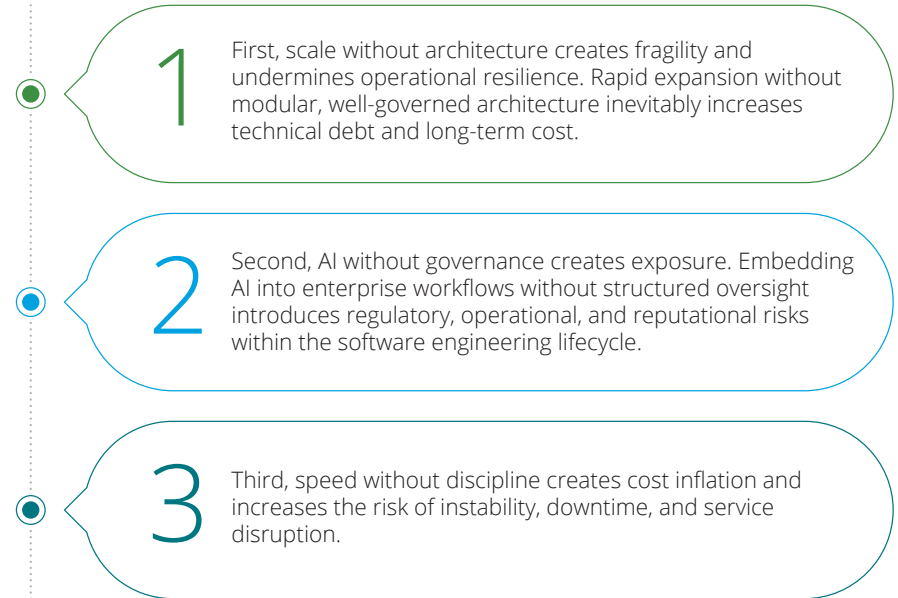
Strategy is abundant, but execution is scarce.

Deloitte studies show that despite significant investment, more than half of IT organizations are now co-developing industry-specific products and intellectual property with technology partners, reflecting increasingly complex and interdependent engineering ecosystems.

Many organizations have defined bold digital ambitions, yet far fewer have redesigned their end-to-end systems engineering capabilities to support those ambitions at scale. AI services are already evolving beyond code generation and testing automation toward broader organization transformation. This shift is forcing enterprises to rethink not only their tools, but their structures, governance, and delivery models.

More than half of IT organizations are now co-developing industry-specific products and intellectual property with technology partners

Three structural pressures now define the modern software engineering landscape;



Systems engineering is no longer purely technical. It is structural, commercial, and organizational, and it must be designed accordingly.

### Build vs. buy: A strategic decision

For years, organizations defaulted to package solutions, configuring off-the-shelf platforms to drive efficiency and standardization. In many cases, this remains the right approach. However, when differentiation becomes a strategic priority or when legacy complexity constrains flexibility, standard platforms can limit long-term value creation.

In a disruption-prone environment, this decision must also account for resilience, ensuring systems can withstand shocks, integrate flexibly, and recover quickly without compromising business operations.

Today, up to 50% of the systems engineering services market is driven by application implementations.<sup>2</sup> Yet true competitive differentiation increasingly lies not in the baseline deployment itself, but in how organizations extend, integrate and augment enterprise platforms, such as ERP, CRM, and industry-specific solutions, through bespoke software engineering.

Custom software development has historically been perceived as risky – difficult to scope, prone to overruns, and complex to contract. The challenge, however, has not been custom development itself, but the traditional delivery and commercial models surrounding it.

Deloitte Global Engineering reframes the conversation. Differentiate where competitive advantage is created and standardize everywhere else. The strategic decision is not simply build or buy. It is where to build deliberately, and how to do so with controlled risk and measurable accountability through modern systems engineering approaches.

### Cost pressure and AI acceleration

Cost pressures are accelerating the shift toward modern systems engineering models, particularly those enhanced by AI. While AI is driving significant gains in speed and productivity, it also introduces new dependencies and risks that must be actively managed to maintain resilience and continuity across engineering environments.

Organizations are increasingly leveraging AI-enabled tooling to shorten development cycles, improve productivity, and accelerate time to market.

Traditionally, cost optimization relied on shifting work to lower-cost geographies and delivery centers. Today, AI is fundamentally reshaping that equation by reducing the volume of manual work required.

AI-assisted development can significantly reduce effort, but it does not eliminate the need for expertise. Instead, it shifts where expertise is required within the systems engineering lifecycle, placing greater emphasis on defining requirements with precision, embedding deep business domain knowledge, validating outputs rigorously, and orchestrating multidisciplinary teams effectively.

AI can automate elements of the build cycle, but it cannot replace judgment, governance, architectural design, or commercial accountability. These remain fundamentally human capabilities and are critical to ensuring resilient, secure, and continuous system performance.

Over the next 18 months, systems engineering teams will become leaner, faster, and more outcome-driven. However, the real advantage will belong to organizations that combine AI-enabled acceleration with high-caliber human expertise and strong governance. Redesigning engineering operating models around both advanced tooling and strengthened domain capability will determine who captures sustainable value.

### Deloitte Engineering: A global delivery platform

Deloitte Engineering operates as a global delivery platform, defining how modern systems engineering is delivered consistently and at scale. The organization has been recognized by analysts as a leader across software engineering, cloud IT transformation, software development, and artificial intelligence, including recognition as a Leader in the Gartner Magic Quadrant for Custom Software Development Services (2024),<sup>3</sup> positioned highest for Ability to Execute and furthest for Completeness of Vision.

At the same time, competitive dynamics are intensifying. Non-traditional competitors are entering the systems engineering services market; margin pressures are increasing, and clients are demanding industrial-scale delivery models with measurable accountability. In response, Deloitte Engineering has industrialized its delivery approach through iterative, outcome-based pod teams, AI-driven accelerators, integrated Advise-Build-Operate capabilities, and a broader global delivery network designed for both efficiency and quality.

The true differentiator lies not only in the technology itself, but in the end-to-end systems engineering operating model that enables it to be delivered consistently, at scale, and with built-in resilience and continuity.

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**The pod model:****Outcome certainty by design**

At the core of Deloitte Engineering's approach is the Pod Model. An Engineering Pod is a curated, sustained, autonomous, cross-functional team that is accountable for delivering defined outputs or outcomes within a systems engineering program.

These teams bring together not only technologists, but also industry specialists and cyber security professionals, ensuring that engineering delivery is aligned with business context, sector insight, and secure-by-design principles.

Engineering Pods are fluid, agile, sprint-driven teams ready to operate from day one. Importantly, pods are designed to maintain continuity of delivery even in volatile environments, through flexible resourcing, embedded governance, and real-time performance monitoring.

They are self-sufficient, AI-enabled for efficiency, and can operate onshore, nearshore, or offshore depending on project needs. Where specialist expertise or additional capacity is required, Deloitte can dynamically move talent between pods without increasing overall cost, ensuring that the right capabilities are applied at the right moment.

Engineering metrics are embedded directly into the delivery pipeline, transforming data from a retrospective report into a real-time compass. By automating data collection across the lifecycle, pods move toward evidence-based decision-making, enabling them to spot bottlenecks or stability issues the moment they arise.

This continuous feedback loop doesn't just measure performance, it fosters a culture of accountability and transparency, ensuring that every technical change aligns with broader business goals and user reliability.

Engineering Pods are structured around fixed pricing tied to output or outcomes rather than individual hours within software delivery engagements. Different pod configurations address specific lifecycle stages, from discovery and innovation to feature development, specialist AI and security services, platform enablement, live service support, and delivery management across software products and platforms.

Instead of selling hours, Deloitte contracts for value and resilience. For clients, this means payment tied to measurable delivery, shared risk, stronger partnership alignment, improved accountability, and greater cost transparency within software investments. For Deloitte, it incentivizes innovation, operational efficiency, differentiation, and resilience.

The result is a shift from transactional staffing to accountable partnership, where software engineering performance is measured by impact, not effort or time spent.

An Engineering Pod is a curated, sustained, autonomous, cross-functional team accountable for delivering defined outcomes within a systems engineering program

### The Middle East advantage

The Middle East is not digitizing incrementally. Unlike mature markets constrained by decades of legacy complexity and technical debt, many GCC organizations can architect software platforms and digital products for differentiation from inception.

The region's ambition, from AI leadership and digital government to smart infrastructure and financial innovation, requires systems engineering models capable of operating at an industrial scale while remaining adaptable and commercially accountable. This creates a unique opportunity not only to build for growth, but to embed resilience and business continuity into systems from day one, rather than retrofitting it later.

It is more than just modernization. It's deliberate design. Organizations in the region have a rare opportunity to build modern architectures that are modular, AI-integrated, and future-ready from the outset, avoiding some of the structural limitations that challenge more established markets.

### The path forward

Modern systems engineering is rapidly becoming the primary driver of enterprise value creation. In this context, resilience and business continuity are no longer optional capabilities, they are foundational to sustaining growth and protecting enterprise value.

By 2026, nearly half of corporate revenue is expected to be digitally generated. AI is moving beyond automation into full organizational transformation,<sup>4</sup> and the systems engineering services market continues to expand at scale.

The organizations that lead in this environment will architect deliberately, standardize intelligently, differentiate strategically, and contract for outcomes. They will also build multidisciplinary, AI-enabled teams capable of adapting in real time across their software engineering ecosystems.

Engineering the future is not about writing more code. It is about designing better solutions earlier, faster, and with resilience and continuity embedded at their core, ensuring organizations can adapt, remain operational, and thrive amid disruption.

Competitive advantage will belong to those who treat system engineering not as a support function, but as a strategic growth platform.

Resilience and business continuity are no longer optional, they are foundational to sustaining growth and protecting enterprise value

# Sources

<sup>1</sup> Deloitte Engineering – internal research, “Challenges our clients are facing,” page 3.

<sup>2</sup> Deloitte Engineering – internal research.

<sup>3</sup> Gartner, Magic Quadrant for Custom Software Development Services, Worldwide, 2024.

<sup>4</sup> Deloitte Engineering analysis, 2024.

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