

## Emerging Technologies in Emerging Economies

**May 5th, 2014 – Dubai, UAE** – How to address the technical & leadership skills gap in Middle East and foster rapid and sustainable development in the High-tech sector?



With a \$2 trillion economy projected for 2020, the GCC is becoming one of the fastest-growing Technology markets worldwide, with a well-established approach to large-scale High-Tech infrastructure developments and a powerful appetite for business and consumer technology. According to the IDC estimation, IT spending in the Middle East will reach \$32bn in 2014, with a very healthy long-term outlook.

Consumers, the public sector, and the communications and financial services verticals are expected to be the biggest IT spenders in the region, contributing to nearly three-quarters of the Middle East's total IT expenditure. Public sector investments in improving government services, education, and healthcare services will continue to be key drivers.

In recent years, smart city initiatives have gained momentum in the GCC, with six projects in Saudi Arabia, three in Qatar (Lusail's Smart and Sustainable City, Pearl-Qatar Island, and Energy City Qatar), and two in the UAE (Masdar City in Abu Dhabi and Smart City Dubai).

IDC anticipates that major players in the region will make significant infrastructure investments as they look to scale up their Cloud and Big Data capabilities. In this context, data security will become more vital than ever.

The current transition to third party platforms is probably the most significant technology advance currently underway, but emerging technologies such as Cloud Computing, Mobility, Big Data and Applications are simply not taught at school.

The IT sector skills gap is not specific to the Middle East; it is a global phenomenon (in both hard and soft skills) and a natural feature of this dynamic and agile industry. It is essential for all Technology sector professionals to undergo continuous self-education throughout their careers in order to stay on the competitive edge and lead rather than follow industry trends.

Based on our experience in the emerging markets that are our key focus and expertise, the IT skills gap is much wider in emerging markets than in any mature western economy. In the Middle East, this is due mainly to a combination of one common and one region-specific factor:

1. Common factor – demand stimulated by fast-growing economies and increasing investment flow for scaling up country-wide IT infrastructure developments, combined with a high degree of high-tech usage in consumer space.

2. Middle East specific - the profile of the business community, including aspects such as culture, history, religion, the multi-cultural expatriate community, legal framework, the government's role in business and an unlimited cheap migrant labour force from less-developed and overpopulated countries.

However, the immediate gaps in hard skills and technology competences are not the only human capital challenge to the sustainable long-term development of the GCC High-Tech industry. It is now clear that the region suffers from a limited pool of regional talents with leadership capacity/potential.

We are currently witnessing a growing demand for local talent in top and middle management positions, representing in-depth regional awareness and access to external stakeholders and influencers, and the same time with the ability to integrate well in corporate cultures and the international corporate business environment (where leadership is an essential requirement). Development and business management skills are vital for top talent, ensuring that succession is effectively planned and executed within organizations.

In other words, there is still a significant local talent gap with regard to business leadership skills and the capacity to reinforce corporate governance and grow internal talent within regional organizations.

It is easier to address the hard skills (technology competence) gap by fostering and intensifying the transfer of knowledge from IT multinationals. This challenge has been successfully tackled for decades in other growth markets, and best practices have been established which can be effectively transferred to the Middle East region. International vendors and solution providers are a good “playground” for regional talents (including post-graduates) in terms of employment and joint-projects, exposing regional talents to emerging technologies and future roadmaps.

The growing number of R&D centers and Global Technology Events / Conferences are closing the hard skills gap in Middle East region. However, a stable demand remains for skilled western expats, due to industry development dynamics outrunning organic skill development and growth. Ambitious high-tech projects such as smart cities contribute greatly to bridging the hard skills gap.

The business leadership skills gap for local talents is mainly due to region-specific factors, i.e. to certain cultural and historical aspects that impede the natural development of leadership skills in IT professionals from hierarchical societies and business environments. Autocratic and hierarchical societies do not foster leadership, and therefore individuals are less willing to take ownership and initiative instead of loyally following the orders of their elders and betters.

The role of women in the region's business community is still very underdeveloped, although we see a positive trend of more and more women in leadership roles. Still there are certain cultural limitations on the development of a female talent pool, with Saudi Arabia the most extreme example.

We are currently seeing an increase in regional talents who have acquired a Western education and extensive work experience in the broader international business community. In addition, the same international vendors provide domestic and overseas employment opportunities and are therefore providing local talents with the kind of “on-the-job education” that is essential to the industry.

We can therefore conclude that IT multinationals are vital for the development in the Middle East of the IT industry and local talent, provided that they can transfer technology and business leadership skills and provide environment where local talents are fostered.

With the growing footprint of high-tech multinationals in the region and the impact of emerging technologies on the market, those companies are playing a critical role in advancing local talents, either by direct employment and exposure to the corporate knowledge base, or are working on the partner or channel side.

High-tech global brands, whether established in the region or new to it, have a role to play in the long-term sustainable development of the ICT industry development in terms of partner ecosystem advancements (product and solution knowledge, Best Practices from Western markets, GTM strategies, corporate governance etc.) and providing excellent career opportunities for regional talents (regional roles and overseas).

The study is based on interviewing more than 100 business and IT executives in Middle East including UAE, Saudi Arabia, Egypt, Kuwait, Lebanon and Jordan.



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Ms. Trumpe has a B.A. in Pedagogy from the Latvian Academy of Art and an MBA from the State University of Latvia. In addition to her native Latvian, she speaks fluent English and Russian.

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