

## IT IN THE MIDDLE EAST

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### IN THIS ISSUE

Talent talks: Views from IT executives

Jawaid Mirza

Patrick Naef

Jan Kirchhoff

Sandeep Chouhan

Philippe Chambadal

Taha Hussein

Spencer Stuart in the Middle East

Our Information Officer Practice

Recent publications

**In parallel with its rapid economic growth, the Middle East has established itself as a leader among developing economies when it comes to implementing Information Technology solutions.**

Only a few regions can point to such rapid and sustained growth in IT as the Middle East has witnessed over recent decades. Countries like Saudi Arabia, United Arab Emirates, Qatar, Oman and Bahrain in particular have been at the forefront of investment. Yet the path to growth has been unique — different to that of many Western economies.

Strategic growth plans initiated by governments across the region have led to some of the most advanced applications of Information Technology in the world, including the buildup of infrastructure and enhancing IT literacy among end-users. E-governance services are being deployed aggressively in many Middle Eastern countries, whereas they remain pilot projects in most Western countries. Rankings of successful CIOs therefore include a large number of IT executives from the public sector.

The availability of low-cost labour has meant less dependency on outsourcing contracts and less re-engineering. IT spending has not been hit too hard during the recent recession, although many observers point out that spending is mainly focused on business enablement.

The sustained growth in Information Technology spending has also led to a shortage of qualified leadership talent able to work effectively across the Middle East region. This shortage of talent is expected to become even more challenging as IT and business agendas become more closely aligned. Although many executives at the very top can be tempted by generous, and often tax-effective, compensation packages, attracting talent at the layers below will be increasingly challenging.

In this special edition of CIO Connection we present insights into the state of IT in the Middle East from a number of senior executives responsible for IT operations in the region. We are grateful to those who have contributed to this edition.

## TALENT TALKS: Views from IT executives



**Jawaid Mirza**  
Chief Operations Officer,  
Commercial International Bank, Cairo

The big issue in the Middle East is the availability of talent. There is a particular shortage of project managers, and this is more noticeable in a standalone business than in a global organisation with large IT development centres that can easily mask the problem.

IT tends to be viewed as a support function and not as a business enabler. The CIO role is not properly understood; CIOs are not sufficiently involved in strategic decision making. It doesn't help that senior IT executives lack financial management skills and invariably have little training or interest in managing the finance, despite the fact that IT spending in the region can be unbelievably high.

Companies need to be strategic in their recruitment. Identifying a CIO with the right skills is vital, but it's only part of the puzzle. The CIO then has to identify the high-potential individuals and demonstrate a commitment to developing them. Having an organisational structure with clearly defined responsibilities helps. For example, if procurement is staffed and managed properly considerable savings will flow; by contrast, a lack of process and procedures will make the IT division too reactive and unprepared to enhance business delivery.

However, a performance management culture that holds people accountable for delivery needs to be balanced with an understanding of cultural differences in the diverse emerging markets landscape. As a leader, you need to be alert to these differences — such as not confronting staff in front of other people, and realising how difficult it is for people to challenge their boss — and manage accordingly.

A new CIO needs to produce quick, tangible results in order to build confidence with the IT team and in order to manage the expectations of the board. This will provide a platform for becoming a credible change agent and proving to the board that IT can be a strategic enabler.



**Patrick Naef**  
Senior Vice President — IT, Emirates Airlines

As IT leaders in the Middle East we often think that we can do everything ourselves, first because low-cost off-shore resources have to a large extent been available on-shore through our geographical closeness to the Indian sub-continent and second, because the somewhat unstable political climate in the region makes being dependent on suppliers from other parts of the world a challenge.

A number of suppliers have had it easy due to the huge demand for basic infrastructure in the region. They have not always promoted the most sophisticated services and solution offerings, although some suppliers such as Microsoft have built up excellent capabilities in the region.

From a talent perspective, the region is still dependent on IT experts who are used to scale and complexity. Recruiting expats remains a challenge, not least because it often involves bringing entire families out to the region and candidates often withdraw at the last minute.



**Jan Kirchhoff**  
CIO, Noor Islamic Bank

The situation in the Middle East today reminds me of Asia in the 90s: the region is technology savvy, but it is still mainly focused on automating manual processes. Companies do not take the time to reengineer process, which means that technology here is built around manual applications rather than exception-based ones. The danger is that new technology leads to an increase in business costs rather than aligning business processes.

The response to this situation is to bring in IT expertise and thereby best practice. We concentrate on bringing in people who are business-focused, who can bridge the gap between business and technology.

My view is that top management in the region is aware of the benefits of technology and is very technology oriented. There is a case for almost 'jumping a step' to the next deployment of technology, while there is an opportunity to start from scratch in a number of areas. E-government has been effective and many company boards adopt a similar, forward-looking vision, understanding the benefits of technology and supporting investment. Internet penetration in the MENA region is between 50–60% and above 70% in the UAE alone, and the upcoming young generation will have plenty of opportunities to exploit this growth. The global crisis may well have slowed things down for a while, but the vision of using technology remains very much alive in the region.



**Sandeep Chouhan**  
Group COO, Commercialbank, Qatar

I would pick out four areas where IT in the Middle East differs from the western world:

First, there is a lack of scale. In volume terms (not value!), the Middle East is significantly sub-scale compared to the rest of the world. The number of transactions is lower, the IT infrastructure set-up is smaller, as are IT teams (all reflecting smaller local populations).

Second, the Middle East is not that attractive for IT top talent from Asia, Europe and the US. This is particularly noticeable at the junior- and middle-management level. This is probably explained by the general absence of leading-edge technology and by smaller team sizes which means fewer career prospects. By contrast, senior IT talent does get attracted by company boards looking to bring in world-class technology to transform their businesses. These senior executives pretty much get a free hand to do what is needed.

Third, government and government agencies take an active role in IT development and are at the forefront of building IT infrastructure, from networks to information security. As a result of a number of e-governance initiatives, end-user literacy is also growing rapidly.

Fourth, there is a lack of shared services in the region, due to the sub-scale nature of IT operations and low cost arbitrage opportunity.



**Philippe Chambadal**  
CEO Smartstream Technologies, UAE

The availability of funds and a desire to transform Middle Eastern economies away from oil dependency creates massive opportunities for IT. With its unique combination of ambition and financial resources, this region can deliver extraordinary things which are simply unthinkable in other parts of the world.



**Taha Hussein**  
former CIO National Commercial Bank,  
Saudi Arabia

IT is really advanced within Financial Services in Saudi Arabia. Between 80–85% of all transactions are now in real time. This is necessary because customers in Saudi Arabia have to be 100% protected and the banks have to prove that they are. Another particularity is the required length of archiving for financial transactions. As a result of these very strict rules, massive investment has gone into constructing systems which are now connected in real time. Also, the majority of transactions take place by internet and/or mobile devices, rather than in branches.

Some issues arise from deficits in basic infrastructure such as electricity and telecoms. Electricity provision is often stretched and telcos have problems delivering the required bandwidth, so communication costs tends to be very high. Lead times to develop new systems are longer than usual and setting up IT infrastructure requires a lot of hands-on support to ensure the highest quality.

Developing resilient systems is a challenge. There is not enough local expertise and recruitment can take up to six months. In addition, it is difficult getting good support from many suppliers who also have a shortage of qualified talent. There is a definite leadership challenge managing a multi-cultural environment effectively with such a large number of nationalities in the workforce.

## Spencer Stuart in the Middle East

Spencer Stuart serves clients in a wide variety of industries across the MENA region. We regularly draw upon our international network of 51 offices in 27 countries to identify, access and recruit the right talented executives for our clients, wherever they may be based. We have a Middle East headquarters based in Dubai that strengthens our capability on the ground.

## Our Information Officer Practice

Our knowledge of the region and UAE, coupled with relevant experience in recruiting CIOs across sectors, enables us to effectively market these critical roles to those candidates unfamiliar with the environment.

Our global team of experienced consultants are recognized technology experts and have a comprehensive overview of, and privileged access to, the world's leading IT talent. As a result, Spencer Stuart is conducting close to 200 senior-level information officer searches annually. In addition to recruiting CIOs, we provide concentrated expertise across the following information technology functions:

- > Applications Development
- > Architecture
- > E-Commerce
- > Infrastructure
- > IT Security

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[www.spencerstuart.com/practices/cio/publications/1386/](http://www.spencerstuart.com/practices/cio/publications/1386/)

Senior IT leaders share their insights into the future of cloud computing and the new skills and talent that will be needed to support the cloud computing phenomenon.



### CIO 2.0: Defining and developing tomorrow's IT leaders

[www.spencerstuart.com/research/articles/1379/](http://www.spencerstuart.com/research/articles/1379/)

Chief information officers discuss their own careers, the evolution of the CIO role, the key competencies CIOs of the future will need and what today's CIOs should be doing to ensure that their organizations will have the talent they need for the future.

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