



CEO Outlook Saudi Arabia 2021

Purpose-led and prepared for growth

November 2021
KPMG in Saudi Arabia



Foreword

Optimism is back in the boardroom.

With the engines of the economy firing on all cylinders again and most restrictions that impacted our daily lives lifted, KPMG returns with its annual CEO survey to gauge how leadership strategies and concerns have shifted during these demanding times. If one word could summarize our survey, it is optimism — a remarkable and reassuring shift.

CEOs' expectations for global growth are approaching pre-pandemic levels and, in Saudi Arabia, expectations for the country's growth and the growth of one's own company exceed pre-pandemic levels. To capture this growth potential, leaders are hiring, exploring tie-ups and proactively investing in disruptive technology. CEOs are strengthening their organization's purpose to meet stakeholder demands and because they increasingly see it as benefitting their financial performance.

For CEOs in the Kingdom, the risk profile has shifted to longer-term concerns like disruptive technology risk, though acute pandemic-related risks like supply chain risk remain. Climate risk is also on the radar for CEOs, and many are working to align their business strategies with national goals around sustainability. Although the pandemic is still influencing some of these issues, leadership is now able to concentrate on important housekeeping items alongside their aggressive growth strategies.

Environmental, social and governance (ESG) policies are gaining importance for CEOs. The survey results show corporates are ready to work closely with government to make good on their ESG commitments and are prepared to be held accountable for delivering on them. It's an encouraging sign, and one I am particularly pleased to see.

We may not be back to business as usual just yet — especially with the threat of new variants and what that may mean for growth. But like the many CEOs we interviewed, I share their optimism, and would like to thank them for taking the time to participate in our survey.

The opportunity to build a stronger, more sustainable future exists only if we work together, for better. I hope you will find the insights from our survey interesting and relevant for your business or organization.

Dr. Abdullah Al Fozan
Chairman
KPMG in Saudi Arabia



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Key findings

Today's connected CEOs — those who are purpose-led and prepared for growth — embrace tough leadership challenges. They can deliver on their purpose commitments, making the ESG investments and changes necessary to address inequality and launch the race to net zero. They look to drive growth and prosperity through digital agility and business model innovation, while aiming to ensure aggressive technology investments are matched by investment in human capabilities and skills. They pursue purpose to drive profitability and long-term growth while also recognizing their wider responsibilities to planet and people.

Key developments are focused on how CEOs in Saudi Arabia envision to grow their organizations and emerge stronger:

CEOs in Saudi Arabia are optimistic, confident and expect aggressive growth through acquisitions and other inorganic methods. They continue to put an emphasis on leading with purpose and a focus on digitally transforming their organizations while upskilling an agile workforce in the new world of work.

With increased stakeholder pressure, CEOs are supercharged to **increase investment into ESG priorities** and to double down on the purpose of their organizations.

With people returning to places of work, and society increasingly looking for business to lead a return to normal, **CEOs are shying away from making wholesale changes to the future of work** — but they recognize employee demand for continued flexibility

Executive summary

The road to renewal

Despite continued uncertainty and risk volatility, CEOs in Saudi Arabia are confident and optimistic about growth, feel a strong connection to their purpose and are looking to drive expansion.

Rebounding growth

60% of global CEOs are confident about growth prospects for the global economy (up from 42% in March of this year). For CEOs in Saudi Arabia, growth confidence for the country (84%) and for their company (90%) exceed pre-pandemic levels.

Leading with purpose

As the public looks to leaders to drive progress on major societal challenges, 86% of Saudi-based CEOs are using corporate purpose to help drive action in addressing the needs of their stakeholders.

Accelerating growth and the digital agenda

Mergers and acquisitions (M&A) appear to be critical to powering growth and acquiring digital capability — 86% of CEOs in the Kingdom say they are looking to make deals in the next three years.

Trusted purpose

With increased stakeholder pressure to build business back better, CEOs in Saudi Arabia are embedding ESG into business strategy.

Putting people first to drive societal return

92% of Saudi-based CEOs (81% globally) state their response to pandemic has caused their focus to shift to the social in ESG. Only 30% of CEOs in the Kingdom say they will struggle to meet diversity and inclusion expectations, compared to 56% globally.

Collaborating to power sustainability

Making progress on climate change will require action from both businesses and government, with 42% percent of Saudi-based CEOs planning to invest more than 10% of their revenues in becoming more sustainable.

Connecting ESG strategy with financial returns

60% of CEOs in the Kingdom believe their ESG programs improve financial performance, though 22% believe they decrease financial performance because of the upfront investments and necessary business model changes.

Digital agility

CEOs in Saudi Arabia are strengthening their organization's digital advantage by building a more flexible future of work and operating as part of digital ecosystems.

Disrupting the disruptors

CEOs are looking to get on the front foot when it comes to disruption and innovation, with 88% of Saudi-based CEOs saying they need to be quicker to shift investment to digital opportunities.

Building a flexible future of work

While wholesale changes to the office setup, as a result of the pandemic remote-working experience, are yet uncommon, CEOs are more flexible: 32% percent said they will have most employees working remotely at least two days a week, and 28% is considering to hire talent to work remotely.

Partnering for transformation and resilience

A higher than last year figure of 72% of CEOs say protecting their partner ecosystem and supply chain is just as important as building their own organization's cyber defense. 80% of CEOs view information security as a strategic function and potential source of competitive advantage. as important as building their own organization's cyber defense.

The road to renewal

The pandemic was a test of leadership for CEOs. The best leaders protected the health and well-being of their employees, made big decisions amid uncertainty and adapted their leadership approach in a virtual environment.

Even though we are emerging the pandemic as most restrictions are lifted, CEOs continue to face challenge as part of the ongoing impact on their organizations. They are balancing the potential to drive growth and transform their business with uncertainty around the potential of an uneven global recovery, the impacts of new virus variants and vaccine inequality.

Connected CEOs recognize the prerequisite for succeeding in a rapidly evolving landscape requires to be digitally-enabled. This means building a digital core and connecting back, middle and front-office functions to focus on the customer while remaining resilient to potential risks, like cyber attacks. It also means making sure the business model is relevant, and decide on the growth strategy — whether that involves new investments, divest certain parts of the business or reallocate capital expenditure to new digital growth opportunities.

To fully realize the transformative benefits of digitalization, CEOs should have a people-first mindset : not only investing in new technologies, but also human capability.

Finally, CEOs strive increasingly to be more purpose-led, acknowledging that this will help winning the trust of stakeholders and support building a more prosperous, equitable and sustainable world. Purpose-led CEOs follow through and deliver on previous commitments and statements with strong ESG programs.

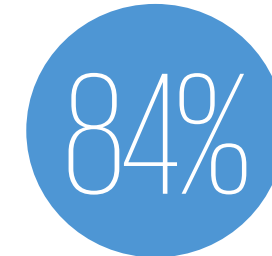
Sustained growth is about connecting these three priorities.

Rebounding growth

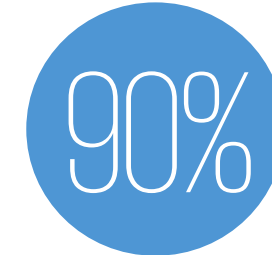
Despite the continued uncertainty of the Covid-19 pandemic, our survey shows that business confidence has increased. CEOs are more optimistic about growth: for the first time since early 2020, prior to the pandemic, more than half (60%) of global CEOs are confident about the growth prospects of the global economy over the next three years.

In Saudi Arabia, CEO confidence in growth exceeds pre-pandemic levels. 84% of CEOs are confident in the Saudi Arabian economy's growth and 90% are confident in their own company's growth.

CEOs' growth forecasts exceed pre-pandemic levels:



of CEOs are confident in growth prospects for Saudi Arabia over the next three years.



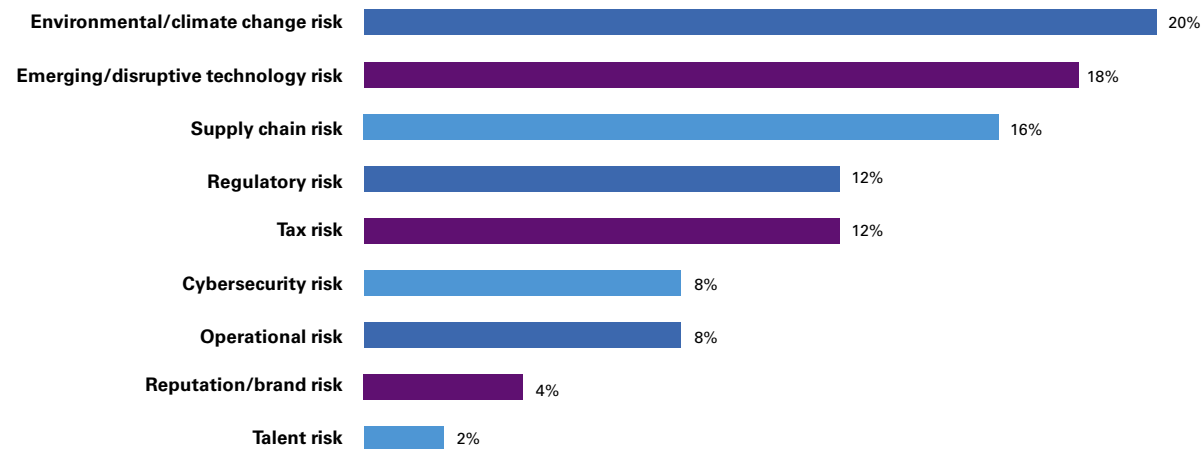
of CEOs are confident in growth prospects for their company over the next three years.

Economic forecasts are in line the survey responses. According to an October 2021 IMF publication, the Saudi Arabian GDP is predicted to grow 2.8% in 2021 and 4.8% in 2022, which is higher than the Middle East and Central Asia regional forecast of 4.1%.*

To deliver this growth, organizations will need to make sure they have the right talent with the right skills to bring their growth plans to life. The survey found 92% of Saudi-based CEOs plan to increase headcount over the next three years, with nearly half of that figure planning an increase of more than 5%.

CEOs in Saudi Arabia are keener on investing in technology to support growth than their global counterparts. Seventy-six percent of CEOs in the Kingdom are placing more capital investment in buying new technology than in developing workforce skills — compared with 60% of CEOs globally.

Which of the following risks pose the greatest threat to your organization's growth?



"The post pandemic recovery is underway and looks to be sustained for the medium term—as evidenced by this survey—while energy and commodity prices are surging particularly in Europe," said **Andrew Monro, Head of Energy & Natural Resources at KPMG in Saudi Arabia**. "Supply chains have been showing signs of stress in this recovery phase. Energy is a core component of supply chains, and recovery across the world and its strategic importance has never been higher."

* International Monetary Fund, World Economic Outlook: Recovery during a pandemic (October 2021)

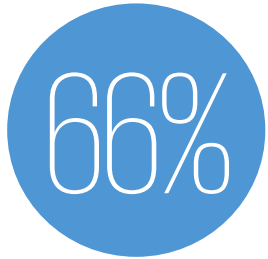


“Corporate purpose is essential for the evolution of any business and will continue to be the real driver of our future growth.”

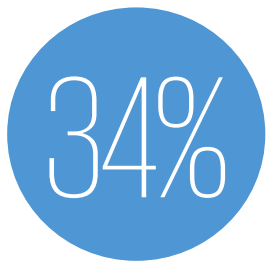
Abdulaziz AlHarbi

CEO
Ma'aden

Inorganic strategies will be key to achieving CEOs' growth ambitions in the Kingdom:



say they will primarily use inorganic tactics, including strategic alliances with third parties (30%), M&A (18%) and joint ventures (18%).



make organic growth — such as innovation and R&D — their most important route to growth.

New risks to growth have emerged as the pandemic has evolved. Saudi-based CEOs identified (in order) climate change, disruptive technology and supply chain risk as the top three risks to growth. The top three risks cited by global CEOs were supply chain, cybersecurity and climate change risk (12% each).

Climate change risk is a long-term concern for CEOs and has consistently ranked near the top of the risk profile. What distinguishes supply chain and disruptive technology risk is how they have moved up on the agenda since 2020:

— **Supply chain risk** (saw a rise of 16% from 2020): 74% of Saudi-based CEOs say their supply chain has been under increasing stress since the start of the pandemic.

— **Disruptive technology risk** (increased 8% from 2020): As a result of this risk increase, Saudi-based CEOs are shifting resources towards disruptive technology to get ahead of the curve. In the Kingdom, 88% of CEOs say they need to be quicker in shifting investment to digital opportunities and divest businesses that face digital obsolescence.

"The pandemic has increased supply chain risk and will have a lasting impact on trade," commented **Kenan Nouwailati, Advisory Leader Eastern Province and Supply Chain & Procurement Lead at KPMG in Saudi Arabia**. "We are seeing organizations come up with novel solutions and invest heavily to make sure their goods get in and out the door on time."

Leading with purpose

The convergence of issues ranging from climate change to social tensions has called into question the role institutions play in the world today. In this context, stakeholder expectations of businesses have risen and the actions of organizations and their leaders are under increasing scrutiny. Today, CEOs aim to deliver the returns investors expect while helping build a better future for society.

Corporate purpose is key to meeting those goals. Now, more than ever, people care about what the companies they buy from stand for. Purpose is connected to a company's role in society, its impact on the environment, how it sustains long-term value and how it operates within its community.

"Corporate purpose is essential for the evolution of any business and will continue to be the real driver of Ma'aden's future growth," **Abdulaziz AlHarbi, CEO of Ma'aden (Saudi Arabian Mining Company)** said. "Ma'aden was established to deliver value as a national mining champion for Saudi Arabia, by maximizing the output from the Kingdom's vast mineral resources. This purpose carries through into our corporate vision, mission, values and strategy and is what has enabled us to continuously generate value for society, the national economy, our customers, our teams and for our shareholders."

"The best leaders during the pandemic led with purpose and listened to their people," commented **Niam Sinno, Head of People & Change at KPMG in Saudi Arabia**. "Now, and in the future, these two qualities will continue to define successful leaders and will be highly-sought after traits for executive-level hires."

CEOs recognize the importance of purpose. For example, the research found 84% of Saudi-based CEOs said purpose is central to building their brand reputation and 80% said purpose builds their employee value proposition (EVP). This reflects the transition of business to multi-stakeholder capitalism, with nearly two-thirds of CEOs in Saudi Arabia saying purpose is the defining objective of their business and only 14% focused purely on managing shareholder value.

CEOs also see a financial benefit from corporate purpose. In Saudi Arabia, 84% of CEOs said purpose plays an important role in driving financial performance and 90% said it helps drive total shareholder return, as it allows the organization to focus on what matters most.

Accelerating growth and the digital agenda

As CEOs look to react quickly to how markets have changed during the pandemic — particularly digital-driven changes in consumer preferences — M&A will likely be key to quickly building new capabilities and capitalizing on growth opportunities.

86% of Saudi-based CEOs say they're looking to make deals in the next three years. Among that number, 42% characterize their M&A appetite as 'high', nearly double the pre-pandemic level. Globally, that figure jumped from 32% to 50%.

Waleed Fatani, CEO of Savola Group confirmed this trend from the perspective of a strategic investment group in the food and retail industry. "We see M&A as an opportunity to more easily and quickly grow in the e-commerce space, which has seen significant growth during the pandemic. Acquisitions are also a good way to obtain talent and skills in a space that we would not traditionally develop on our own. Lastly, acquisitions help to build market power and economies of scale."

In addition to M&A, partnerships and industry collaboration will be important for driving digital innovation and acquiring technology capabilities. In pursuing growth, 68% of Saudi-based CEOs intend on joining industry consortia focused on developing innovative technologies and 64% intend to partner with third-party data providers.

The survey shows Saudi-based CEOs are even more ambitious than global CEOs in their technology investment strategies, with 88% saying we need to be quicker to shift investment to digital opportunities and divest businesses that face digital obsolescence compared with 78% globally.

The findings of the survey confirm the wider sentiment in corporate Saudi Arabia that technology investments are at the forefront of growth and value creation.



“
We see M&A as an opportunity to more easily and quickly grow in the e-commerce space, to acquire talent and build market power.”

Waleed Fatani
CEO
Savola Group

Trusted purpose

Today, corporate purpose is a business imperative. Key stakeholders — from customers to institutional investors — expect companies to have a positive impact on a range of areas, from driving diversity to helping protect the planet.

A common challenge with purpose is how CEOs can turn it from a statement of intent to real actions by executing on their high-level commitments. Focusing on a bold ESG program can help identify key opportunities and challenges and allow CEOs to demonstrate how they can deliver on their purpose.

Putting people first to drive societal return

In major economies, social tensions are on the rise, with a focus on addressing inequality. CEOs are cognizant of this public mood and the research shows they embrace the role companies can play in driving both total shareholder return and total societal return.

"CEOs are under increasing pressure from stakeholders to deliver on ESG goals and to actively address societal issues," said **Muhammad Tariq, Head of Audit at KPMG in Saudi Arabia**. "It is crucial in today's landscape that businesses and their leadership teams show real-world examples of their dedication to building a better future."

92% of Saudi-based CEOs, compared with 81% of global CEOs, say the pandemic has caused their focus to shift toward the social component of ESG programs.

"As an Islamic bank, many ESG topics are already implicit in Alinma's business model and strategy," **Abdullah Al-Khalifa, CEO of Alinma Bank** said. "We aim to play a leading role in financing renewable energy projects and we are already working on revamping our branches network to reduce our carbon footprint, and our high degree of digitization makes us more environmentally friendly."

Pressure on CEOs to deliver on ESG goals is building. Eighty-two percent of CEOs in the Kingdom and 71% of global CEOs said they will be increasingly held personally responsible for driving progress in addressing social issues. Saudi-based CEOs are more confident in their ability to deliver on these objectives: only 30% of them say they will struggle to meet expectations for diversity and inclusion goals, compared with 56% globally.

Companies in Saudi Arabia will be further encouraged to develop robust ESG programs after the launch of the **United Nations Global Compact** network in the Kingdom in September 2021, which saw Saudi Arabia join 69 other networks around the world. Companies in network countries are invited to align their strategies and operational processes with global best practices related to human rights, the environment and anti-corruption.



“Part of our strategy concentrates on the youth segment, encouraging financial education and inclusion, while we also focus on female empowerment by hiring women in senior positions and increasing the percentage of female employees.”

Abdullah Al-Khalifa
CEO
Alinma Bank

Collaborating to power sustainability

Action to limit climate change and reduce carbon emissions in the race to net zero has never been more important. Making progress on addressing sustainability issues, including climate change and the decarbonization of the economy, will require contribution from both business and government.

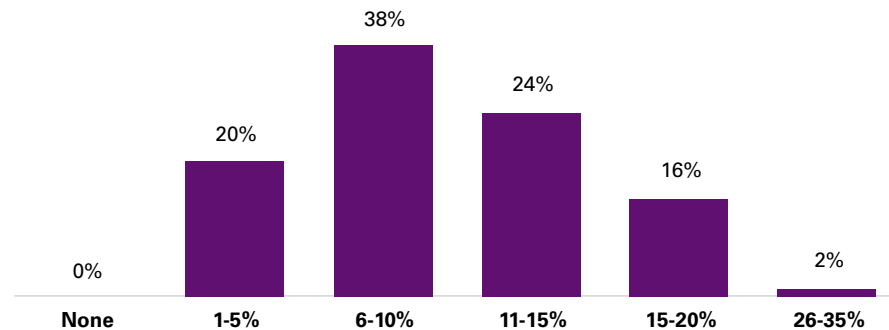
On the business side, CEOs are looking to devote significant capital to the effort, with 42% of Saudi-based CEOs — and 30% of global CEOs — planning to invest more than 10% of revenues towards becoming more sustainable.

“Sustainability is also creating new commercial opportunities and will be a driver for new investments and industries,” commented **Saud Alsulaiman, CEO of Alsulaiman Group** who also sits on the board of IKEA's Global Sustainability Council. “We are currently investing in new business models in the circular economy, including in recommerce-enabling innovative buyback solutions, refurbishing and second-hand markets—which are driven by a significant shift in customer preferences and expectations mainly by millennials and Gen Z. This trend is catalyzed by the pandemic as people look for affordability and sustainability.”

From governments, business leaders expect an equally strong commitment, with 84% Saudi-based CEOs say government stimulus is required to turbocharge climate investments being made by the business community.

The government in Saudi Arabia is playing a huge role in transforming the economy around a sustainable vision. At the **Saudi Green Initiative Forum** in October 2021, **His Royal Highness Crown Prince Mohammed bin Salman** announced that the Kingdom will aim to achieve net carbon neutrality by 2060.

What percentage of revenue will you be looking to invest in programs that enable your organization to become more sustainable?



Representing the dual missions of the public and private sector to contribute to sustainability, Saudi Aramco laid out its sustainability plans at the Saudi Green Initiative Forum as well. There, the energy giant announced it will become a net-zero carbon energy producer by 2050—to be achieved in part by replacing crude burning for power with natural gas in ten years.



“

Logistics automation and digitalization will also drive sustainability in the logistics sector, by creating reverse logistics solutions and giving a second life to used products. ”

Saud Alsulaiman
CEO
Alsulaiman Group

Connecting ESG strategy with financial returns

Today's connected CEOs are those who can tie their ESG programs to other areas of business, like digital innovation and more broadly, financial performance. Saudi-based CEOs see the financial benefit in their ESG programs. Among them, 60% believe their company's ESG program improves financial performance while only 22% believe it reduces financial performance. Among global CEOs, 36% say ESG programs improve financial performance, with 23% saying it reduces financial performance.

"Organizations can see real financial benefits when they commit to a full buy-in of ESG," **Dina Alnahdy, CEO of Environmental Technology Co.** said, emphasizing this is going beyond including an ESG statement in the annual report by virtue of a global trend. "When an organization adjusts their strategy, business model and action plans to align with their ESG principles, we estimate that within 5-7 years, revenues can grow up to 6%, and by using circular economy methods, new revenue streams can be created and operational costs can be decreased by up to 8% — bearing in mind the upfront investments in restructuring and digital enablers."

Investor scrutiny of companies' ESG performance is intensifying and is higher in Saudi Arabia. Seventy-eight percent of Saudi-based CEOs are seeing increased demands from stakeholders — such as investors, regulators and customers — for increased reporting and transparency on ESG issues, compared with 58% of CEOs globally. This can be partly explained as it is a relatively recent agenda topic in the Kingdom so CEOs are looking to stay ahead of the curve. CEOs in Saudi Arabia are feeling the most pressure for ESG reporting and transparency from regulators (44%) and institutional investors (41%), rather than from customers (10%).



92% of Saudi-based CEOs say the pandemic has caused their focus to shift toward the social component of their ESG program.

"CEOs across the globe are responding to a stakeholder desire for ESG programs to fit squarely into an organization's purpose," commented **Ovais Shahab, Head of Financial Services at KPMG in Saudi Arabia.** "Exposure to global financial markets and heightened attention from ratings agencies have invigorated Saudi banks on their ESG priorities."



“Organizations can see real financial benefits when they commit to a full buy-in of ESG.”

Dina Alnahdy
CEO
Environmental Technology Inc.

Digital agility

Disrupting the disruptors

CEOs recognize that digital agility lies at the heart of how companies can create new sources of value. While digitalization is an opportunity, it is also a risk: the acceleration of digital technologies means business models that have existed for years can quickly become obsolete and irrelevant.

Digital resilience is a key strategy to keep organizations ahead of the curve, as it both helps in identifying disruptive technologies and protecting organizations from cyber threats once those technologies are implemented. For CEOs in Saudi Arabia, strengthening governance around operational resilience and their ability to recover from a major incident is the most important strategy to establish digital resilience. An additional strategy CEOs cited was to build the security of their supply chains and supplier ecosystem.

CEOs in Saudi Arabia saying they need to be quicker to shift investments to digital opportunities and divest businesses that face digital obsolescence



In Saudi Arabia, 66% of CEOs say they are actively disrupting the sector in which they operate — down from 86% in a pre-pandemic survey. Similarly, the portion of CEOs seeing technological disruption as more of an opportunity than a threat dropped from 88% to 72%.

As a result of this wariness, companies in Saudi Arabia are ramping up their digital investment strategies. 68% of Saudi-based CEOs say they have an aggressive digital investment strategy intended to secure first-mover or fast-follower status.

"Tawuniya proved its ability to shape and inspire the market by providing shared value services instead of core insurance services," commented **Abdulaziz Al-Boug, CEO of Tawuniya**, underlining the importance of innovation. "We launched new automotive and health insurance programs, based on the principle of rewarding behavior improvement. Through this principle, customers are rewarded if they improve their driving behavior, or take wise decisions for their physical, nutritional and psychological health."



“The insurance sector is becoming increasingly dependent on data science, digitalization and artificial intelligence, and uses these concepts to motivate customers towards better behavior.”

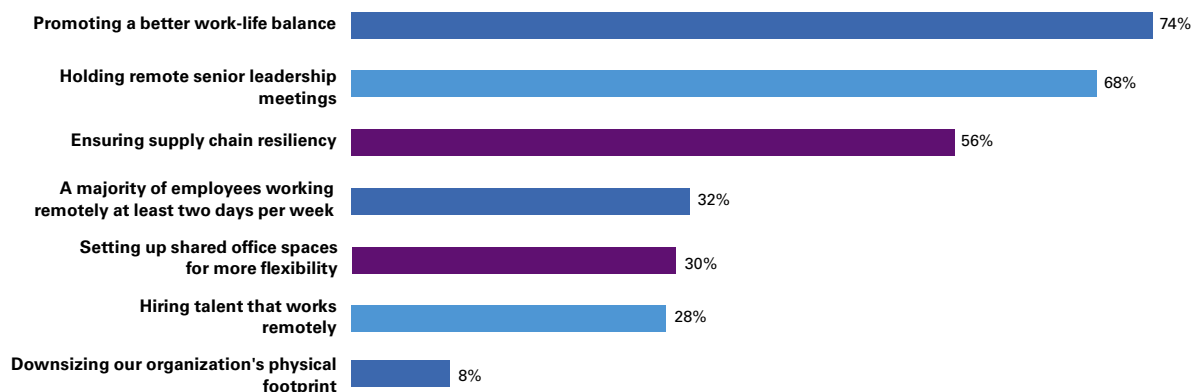
Abdulaziz Al-Boug
CEO
Tawuniya

"The Covid-19 crisis has changed people's routines at unprecedented speed—and some of those changes will outlast the pandemic," said **Ahmad AR. BinDawood, CEO of BinDawood Holding**. "The surge in online grocery shopping means customers are increasingly interacting with businesses across multiple platforms and expect a consistent shopping experience. Our digital investment strategy is focused on giving our customers a consistent omnichannel experience."

Building a flexible future of work

With people returning to places of work and governments increasingly looking for business to lead a return to normal, CEOs are focusing more on flexibility than wholesale changes to office-based work.

What impact do you foresee the Covid-19 pandemic having on your organization in three years?



Only 8% of Saudi-based CEOs plan to downsize (or already have downsized) their physical footprint or office space, compared with 21% of global CEOs. This is a steep decline from the 2020 CEO pulse survey that was conducted in July/August 2020 at the height of the pandemic, where 69% of global CEOs were aiming to downsize. That said, 32% of CEOs in the Kingdom, versus 37% globally, said their organization will have most employees working remotely at least two or more days a week.

Overall, CEOs are remaining flexible. 68% of Saudi-based CEOs want a large proportion of senior leadership meetings to be held remotely and 28% are looking to hire talent that works predominately remotely.

"As evidenced by their investment strategies, CEOs are pushing digital transformation both through acquiring new technologies and upskilling their workforce," said **Islam Albayaa, Head of Advisory, KPMG in Saudi Arabia**. "This illustrates the importance of making sure people—and not just systems—are equipped for the future."



“The surge in online grocery shopping means customers are increasingly interacting with businesses across multiple platforms and expect a consistent shopping experience.”

Ahmad AR. BinDawood
CEO
BinDawood Holding

Partnering for transformation and resilience

Companies across the world are operating as part of digital ecosystems — collaborating with partners, suppliers and even competitors to drive operational performance, identify new digital revenue streams and create compelling digital customer experiences that deliver on an organization's purpose. CEOs in the Kingdom recognize the importance of collaboration and a fluid approach, with 68% saying new partnerships will be critical to continuing our pace of digital transformation.

"Partnerships are the preferred way of growth for us," commented **Anas Saleh Serafi, CEO of Selahat Holding**. "When venturing into new industries, like into developing healthcare facilities, we work with renowned international partners that allow us to obtain the right affiliations, know-how and operators. This way, the learning curve starts half-way and we are able to grow our company through specialized diversification."

"Leaders are increasingly seeking out partnerships to boost their resilience and push their digital transformation agendas," commented **Adib Kilzie, Customer Experience, Cloud and Enterprise Lead at KPMG in Saudi Arabia**. "Especially in areas like cloud computing and customer experience, organizations are forming partnerships and alliances to grow their know-how and explore new market pursuits."

The survey also reveals cybersecurity is a top business priority for CEOs, recognizing the need to build up their defense systems. 80% of the CEOs in Saudi Arabia, similar to the 79% global figure, view information security as a strategic function and as a potential source of competitive advantage, while the percentage of CEOs in the Kingdom that feels prepared to face a cyber attack is 76%, higher than the 58% global figure.

As organizations digitally connect their systems and share data with partners, they need to make sure systems and data — especially customer data — are secure. Purpose-led, sustainable cybersecurity practices help digital ecosystems thrive, bounce back from attacks and instill confidence that a business is well governed. The survey shows CEOs in Saudi Arabia recognize the importance of building cybersecurity into collaborations and ecosystems.

CEOs are increasingly focused on cybersecurity extending beyond the four walls of the enterprise, with 72% of CEOs in Saudi Arabia saying that protecting their supply chains and supplier ecosystem is just as important as building their own cyber defenses. 94% of CEOs in Saudi Arabia — compared to 81% globally—say building a cybersecurity culture is equally important as building technological controls.

"CEOs should ensure that their current cybersecurity strategy is aligned with both their business and IT strategies, and that the cybersecurity architecture is reflected in the enterprise architecture," commented **Ton Diemont, Head of Cybersecurity at KPMG in Saudi Arabia**. "Only then the cybersecurity strategy will be at its optimum."



“Working with renowned international partners allows us to obtain the right affiliations, know-how and operators, and strengthens our diversification.”

Anas Saleh Serafi
CEO
Al-Selahat Holding

Reflections on the way forward

There are three action areas today's connected CEOs can focus on as they look to grow beyond the impact of the pandemic.

Growth and resilience

Many organizations coped extremely well with the pandemic, showing resilience as they dealt with notable change, uncertainty and disruption. But resilience will also be key to economic recovery. Along with specific interventions — from managing talent risk to building cyber defenses — CEOs will need to surround themselves with resilient people. There are two priorities:



Resilience is also about having a team of motivated and engaged employees who are determined in the face of crisis. This means energizing them behind a compelling purpose and giving them the ability to respond quickly to emerging threats.



Shift to agile and digital business models. Though the pandemic now appears in a more manageable phase, organizations need to invest in agile and digital business models to be prepared for future disruptions to business.

ESG and financial value

The research shows there is still a significant number of CEOs who remain unconvinced about the positive financial impact of ESG programs. To help build a connection between ESG and financial growth, CEOs need to focus on two areas:



Identify the ESG investments that are necessary to drive long-term value, such as decarbonization efforts. This needs to include investments in digital solutions to address major sustainability opportunities and risks. As well, set out how ESG initiatives can directly drive revenue growth through opportunities for innovative new products and services.



Establish metrics and standards for reporting on ESG performance, which sets the ambition level and ensures the company can communicate a compelling ESG story to investors and other stakeholders.

The future of work

CEOs recognize the future of work is about more than where people are based. High-performing organizations can flex their technology muscles and their ability to upskill their people. This means having a motivated and highly skilled digital workforce who operate with speed and agility.



CEOs should invest in digital skills as well as technology modernization. This is not simply so their people can use these new tools, but to help foster a digital-first culture where people naturally look to integrate technology into their work.



CEOs should ensure the decisions about the future of work deepen the extent to which employees are engaged and committed to the company. Leaders are obviously keen to see their people return but many employees are still anxious to hang on to those areas of work-from-home that are advantageous.

Methodology and acknowledgments

The KPMG 2021 CEO Outlook provides an in-depth three-year outlook from 1,325 global chief executives of major organizations. This latest research is part of the KPMG CEO Outlook series, which offers a unique perspective on the mindset shift of global CEOs over the lifetime of the Covid-19 pandemic and looking forward to post-pandemic recovery. These periodical surveys allow us to examine how the thinking has evolved.

The 50 Saudi-based CEOs represent a significant portion of the Saudi economy — and represent companies with revenues greater than US\$500 million and 60% of the companies have revenues greater than US\$1 billion.

Note: some figures may not add up to 100 percent due to rounding.

We would like to thank the following CEOs for their contributions:

- **Abdulaziz Al-Boug**, CEO, Tawuniya
- **Waleed Fatani**, CEO, Savola Group
- **Abdulaziz AlHarbi**, CEO, Ma'aden
- **Abdullah Al-Khalifa**, CEO, Alinma Bank
- **Dina Alnahdy**, CEO, Environmental Technology Co.
- **Saud Alsulaiman**, CEO, Alsulaiman Group
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