

# IN THE BANK

With a range of forecasts from research firms Gartner and IDC stating that MENA IT spending will increase in 2014, will CIOs find their budgets swelling, and if so, which areas are most in need of the spend? Who stands to benefit and what can the Middle East do to catch up with more developed regions?



**T**hings seem to be looking up for the Middle East IT scene. Research firm Gartner recently forecast that MEA's IT spend would see a 2.3 percent increase in 2014, hitting \$11.9 billion on IT products and services. Where that will be invested remains to be seen, but a number of technologies seem prime candidates for that investment. Sachin Bhardwaj, Director, Marketing & Business Development, eHosting DataFort, sees cloud as a main driver, "There are various innovations that are transforming the IT landscape today - some examples include cloud computing, data centres, BYOD, personal clouds, and cloud integration mechanisms," he says. "Among these, cloud computing is the dominant technology which shapes the data and communication sphere for governments, enterprises and citizens. Due to the abundance of devices, making a shift to the cloud is necessary to integrate critical IT functions and enhance connectivity between people."

Habib Mahakian, Regional General Manager, Gulf & Pakistan, EMC, believes that software and the third platform will be clear beneficiaries, "We expect to see greater investments in software-defined technologies, flash, cloud and



virtualisation,” he says. Simultaneously we will witness the greater adoption of Big Data, social and mobile to drive routes to market and enhance competitive differentiation.”

Suffice to say, the technologies being implemented will vary across sectors, but a common theme will be in implementing technologies that are cheaper, more flexible and agile enough to accommodate future growth.

It would be fair to say that even though the Middle East has some catching up to do in terms of technology standards, it has the advantage of being able to invest in some of the most recent innovations, without playing catch up. Not quite on a par with the US and Europe, the region has seen large IT growth in recent years as it attempts to bridge this gulf.

Hesham El Komy, Regional Marketing Manager, MEMA, Brocade, believes this should be a major priority in investing increased budgets, “Even though the region is seen as an emerging market there is still a lot of legacy software and hardware in use,” he says. “Over the past few years the demand on IT as an internal service has increased dramatically with the growth of companies and the general increase in use of technologies, but the budget has decreased or stagnated which has meant that in a lot of cases CIOs were just keeping things ticking over. If budgets are to increase the updating and future-



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proofing of infrastructure and data centres should take priority.”

Faisal Husain, Founder and CEO, Synchron, believes intelligent IT investment is needed in specific areas to catch up with more mature markets, “To attain the growth rate like the markets in US and Europe, investments are required in the core areas supporting the revenue generating sectors like oil and gas, manufacturing, healthcare, and infrastructure,” he says.

El Komy goes on to say how the Middle East’s need for growth could have a silver lining, “The region is unique in the sense that it is growing very fast and many organisations are being built from the ground up, so they are already employing the latest and greatest technology,” he says. “They have little or no catching up to do at all. The issue relates more to multinational organisations that have regional HQs in the Middle East who tend to be forgotten by their global corporate IT departments, so tend to be behind the curve and will have the most catching up to do. How much will this cost? The question is akin to ‘how long is a piece of string?’”

Much like the technology that shapes the industry, the role of the CIO is in transition. In times where IT’s function is increasingly that of a business value-add, CIOs must ensure they are approaching the right people for the necessary support when investing increased budgets, or getting the best out of whatever they have.

Yassine Zaied, Executive Vice President, Middle East and Emerging Markets, Nextthink, sees the value of using end user feedback as a guiding light, “Today there are two groups of internal customers the CIO serves, both the



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end-users and the business,” he says. “It is a real challenge for CIOs to balance the end-users’ needs with that of the business. The CIO no longer imposes choices on end-users, and has evolved to become more of an internal vendor or service provider. Increasingly, CIOs rely on those who are responsible for the workstations, IT operations and support, who are tasked with ensuring the delivery of high quality services and support to the end-users.”

The increased importance of IT within a business not only gives CIOs an ego massage, but also drives related discussions to board level. “CIOs could consult with senior management and the internal finance team to assess long-term business objectives and budget allocation of various components, including OPEX on IT,” says Bhardwaj. “Such specialists will determine various requirements of the business based on key performance indices and revenue.” Mahakian agrees with Bhardwaj, “Traditionally, CIOs focused only on their own teams and sought direction from the CFO on budgets and priorities, but today, CIOs have become part of the broader spectrum of C level executives who work together to set down the strategic direction for the business and review the organisation’s abilities to meet these objectives,” he says.

Given that in recent years most IT budgets have either stagnated or been reduced, a budget increase could offer a welcome break for regional IT teams. An increase could provide a window to

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ensure a company has the necessary infrastructure to continue its growth. El Komy is confident of the two sectors that know how to make the most of a budget increase, “Telco’s and financial services will always find an innovative way to spend more money on IT which generally yields quick and visible results—so arguably those two sectors will benefit the most as they tend to be more poised to utilise it on future technologies and not so much on general updating,” he says.

With the UAE government set to spend over \$15 billion this year in preparation for Expo 2020, certain sectors such as banking, finance, oil and gas, healthcare and education all stand to be leading recipients of increased IT spend. Combined finance providers are expected to invest \$800 million in IT in 2014 while GCC nations are expected to fork out \$27 billion on defence development, and IT is sure to receive a tidy cut from this.

Mahakian is mindful of what it takes for any given sector to make the most of an increase, and how to avoid wasting such an opportunity, “Enterprises across almost every key sector today are working to create more centralised and reliable infrastructure to improve workflows, expedite service delivery and enhance overall business efficiency,” he says. “Sectors that do not understand how the right technology investments can help them achieve these objectives - and do not make the right investments, not just in terms of technology but also in terms of personnel and practices - will struggle with growing business complexity and rapid changes in the internal and external environment.” ■