

The GCC can benefit vastly if it recognizes the value of data

- **The GCC can reap benefits from the proliferation of data if governments, companies, and individuals alike understand the value of data**
- **Regulations and technology to safeguard privacy, ownership, authenticity, and quality of data are critical. Governments should establish regulatory testing environments to examine new regulations**
- **Improved technology and connectivity, such as the ongoing deployment of 5G, are accelerating the growth of data and the improvement in quality**

23rd October, 2019, Dubai, UAE,: Data economy in the Gulf Cooperation Council (GCC) is estimated to be worth US\$4.7 billion - representing 0.3% of regional GDP in 2018, notably lower than 1.9% in the European Union three years earlier - according to a joint study by the Ideation Center, the leading think tank for Strategy&, part of the PwC network and INSEAD, the Business School for the World. Although data economy is still in its early stages, there is an opportunity for GCC governments to develop the sector by creating favorable conditions through a variety of approaches.

According to the latest report, governments can offer incentives to private-sector companies, such as infrastructure or solution providers, or data traders that might consider setting up a business in the local markets. Furthermore, regional governments could invest in startups that support data democratization such as encryption solution providers; distributed ledger technologies such as blockchain; data marketplaces; cryptocurrencies; and data analysis and classification solution providers.

Data create two-fold value and it's imperative that organisations grasp the value it represents. Companies can use data to improve internal operations and productivity, along with products and services and customer experience. Secondly, organizations can sell the data they produce, either in raw or analyzed form. This will provide a boost to regional GDP and help the GCC fully realize the value data can deliver.

Jad Hajj, partner with Strategy& Middle East said: "A move toward data-driven technologies as artificial Intelligence (AI), will further increase the economic value of data. However, despite the GCC countries producing increasing amounts of data, the economic return remains small. We estimate that the GCC data economy is worth US\$4.7 billion (around 0.3 percent of regional GDP), a smaller proportion than in the European Union, where it is estimated at 1.9 percent of GDP. GCC countries have lagged behind because stakeholders lack awareness of the value of their data, and do not sufficiently understand their data's commercial potential".

Data consumption in Saudi Arabia forecast to grow by 28%

Data consumption in Saudi Arabia is forecast to grow by 28 percent a year between 2018 and 2022, faster than the expected growth rate of 20 percent in the U.K. and 23 percent in the U.S. The consumption of data in Saudi Arabia, the region's largest economy, grew by 35 percent from 2014 to 2018, a higher rate than in the U.S. and the U.K. (where growth was 30 percent and 24 percent, respectively).

Deployment of 5G is accelerating growth of data

Pierre Péladeau, a leading practitioner in digital transformations for Strategy& said: "Regulations and technology to safeguard the privacy, ownership, authenticity, and quality of data are critical. Given the emerging nature of this market, and the fact that it will remain in continuous change, governments should establish regulatory testing environments (so-called sandboxes) to examine new regulations, such as tacit collusion or mandatory data sharing. In addition, governments should strive to develop the sector by creating favorable conditions for individuals and companies to become more knowledgeable about their data".

UAE smart homes market to grow by 14.8%

Global data trends are clearly visible in the GCC, thanks in part to the widespread use of smartphones and government investment in "smart cities". For example, the UAE smart homes market is expected to grow rapidly, by 14.8 percent per year from 2016 to 2022. This compares to 12 percent annually between 2018 and 2024 globally. Similarly, shipments of wearables were up 78 percent in the Middle East, Turkey, and Africa for the period 2017—2018. All aforementioned factors will not only enhance the quantity of data, but also its quality. This, in turn, will enable businesses to monetize it better, albeit with the right data governance for companies to maximise value in a regulated manner.

Theodoros Evgeniou, Professor of Decision Sciences and Technology Management at INSEAD, added: "The economic contribution of the data economy is even greater when considering that it is the main enabler for the proliferation of AI applications. In practice, there is no AI without data. So the more data that devices capture, exchange, and analyze, the greater the value that AI creates. We believe that data-driven technologies and machine learning will radically improve and even transform business processes and decisions."

According to the Strategy& report, there are five roadblocks hindering the development of a full-fledged data economy, both globally and in the GCC. These are related to ownership, accountability, benefit, privacy, and security.

The [Ideation Center](#) at [Strategy&](#) has outlined how the GCC can unleash its data economy.

The data economy in the GCC will start realizing its full potential when:

- Regulators can guarantee that the rights of actors are well protected and actors are compensated fairly
- Companies identify opportunities and then shift their focus to building their data-driven culture and undergoing the required organizational changes
- Individuals become more comfortable sharing their data.

In the GCC, telecom operators and large retailers are playing an important role in leveraging customer data. For example, telecom operators in the GCC have employed several use cases, such as improving their sales footprint, proactive maintenance, call center workforce planning, and network planning. . Dubai Parks, Dubai Holding, and some GCC banks have also started to use data for internal optimization.

In addition, Dubai has an all-encompassing initiative. Smart Dubai announced the 'Dubai Data Private Sector Strategy and Policy' in April 2019. The initiative consists of creating and managing a 'data trust' that will serve as a repository for many companies' anonymized data. The data trust will allow members to receive aggregated and more accurate insights on customer preferences to inform decision making for businesses and policymakers. Payments will be done through cryptocurrencies in the form of 'tokens,' based on the amount of data shared by companies. Companies that already contribute to the trust include the Majid Al Futtaim Group and Dubai Holding.

According to the Strategy& 2018 GCC data sentiment survey, users are aware of the value of their data but are unwilling to share too much. Only 23 percent of GCC respondents would be willing to share more data if they were in control of it. Only 19 percent of respondents would share more data if they were getting paid for it. The same proportion would share more data if they understood better how their data is used.

Alice Klat, Director of the Ideation Center, concluded: "GCC-region countries can reap benefits from the proliferation of data if governments, companies, and individuals alike understand the value of data. Governments will need to build a legal and regulatory environment in which companies and individuals will be willing to share data and participate in building the data economy. The organizations that will be in the vanguard of this new economy will be those that understand how to align new data-driven technologies with emerging regulations."

- ENDS -

About Strategy&

Strategy& is a global strategy consulting business uniquely positioned to help deliver your best future: one that is built on differentiation from the inside out and tailored exactly to you. As part of PwC, every day we're building the winning systems that are at the heart of growth. We combine our powerful foresight with this tangible know-how, technology, and scale to help you create a better, more transformative strategy from day one.

As the only at-scale strategy business that's part of a global professional services network, we embed our strategy capabilities with frontline teams across PwC to show you where you need to go, the choices you'll need to make to get there, and how to get it right.

The result is an authentic strategy process powerful enough to capture possibility, while pragmatic enough to ensure effective delivery. It's the strategy that gets an organization through the changes of today and drives results that redefine tomorrow. It's the strategy that turns vision into reality. It's strategy, made real.

About INSEAD, The Business School for the World

As one of the world's leading and largest graduate business schools, INSEAD brings together people, cultures and ideas to develop responsible leaders who transform business and society. Our research, teaching and partnerships reflect this global perspective and cultural diversity.

With campuses in Europe (France), Asia (Singapore) and the Middle East (Abu Dhabi), INSEAD's business education and research spans three continents. Our 165 renowned Faculty members from 41 countries inspire more than 1,300 degree participants annually in our MBA, Global Executive MBA, Specialised Master's degrees (Executive Master in Finance and Executive Master in Change) and PhD programmes. In addition, more than 11,000 executives participate in INSEAD Executive Education programmes each year.

INSEAD continues to conduct cutting-edge research and innovate across all our programmes. We provide business leaders with the knowledge and awareness to operate anywhere. Our core values drive academic excellence and serve the global community as The Business School for the World.

<https://forbesmiddleeast.com/the-gcc-can-benefit-vastly-if-it-recognizes-the-value-of-data>