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ROUNDTABLE PODCAST SERIES – EPISODE ONE

SPECIAL REPORT

How Can AI Accelerate Economic Diversification in Resource-Rich Economies?

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VIEWS YOU CAN USE

Zainab Al Amin
Vice President of National Digital Transformation
Microsoft Saudi Arabia

From Productivity Gains to New Growth Engines

Artificial intelligence is no longer just about improving efficiency—it is becoming the central engine of economic transformation. In Saudi Arabia, AI is already delivering immediate value across legacy sectors such as energy, logistics, and petrochemicals through predictive maintenance, demand forecasting, and operational optimization.

However, the real shift lies beyond efficiency. AI is enabling the creation of entirely new industries—fintech, digital health, and AI-driven services—that are reshaping the Kingdom's economic structure. This transition marks the point where diversification moves from policy ambition to measurable economic output.

Talent Will Decide Who Wins the AI Race

Despite strong investments in infrastructure and regulatory frameworks, talent remains the decisive factor. Saudi Arabia's rapid upskilling initiatives highlight the importance of building execution capability, not just awareness.

Organizations must now translate national ambition into practical implementation—identifying high-value use cases, building strong data governance frameworks, and scaling solutions across sectors. Without the right talent, even the most ambitious strategies risk falling short.

Ultimately, success in the AI era will depend on alignment—bringing together technology, talent, and governance to convert innovation into sustainable economic value. ■

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TOP 9 TAKEAWAYS

AI-LED ECONOMIC TRANSFORMATION IN SAUDI ARABIA

Zainab Al Amin
Vice President of National Digital Transformation, Microsoft Saudi Arabia

1. AI is no longer about efficiency alone; it is becoming a core driver of diversification, enabling new industries, accelerating innovation, and supporting Saudi Arabia's transition toward a sustainable, knowledge-based economy.

2. AI enhances legacy sectors in the short term but creates long-term value by enabling entirely new industries such as fintech, digital health, and advanced manufacturing ecosystems.

3. Human capital remains the most critical factor, as skilled talent designs governance, builds systems, and translates AI ambition into real economic outcomes across sectors and institutions.

4. AI in Saudi Arabia is moving beyond experimentation into measurable economic impact, contributing significantly to GDP and becoming embedded across industries and public sector transformation initiatives.

5. AI enables predictive maintenance, demand forecasting, and operational optimization, improving efficiency and profitability in energy, logistics, and other foundational sectors.

6. AI is creating entirely new revenue streams and business models, allowing companies to innovate faster and compete globally through digital-first capabilities and services.

7. Close collaboration between government and industry is accelerating regulatory frameworks, creating favorable conditions for investment, innovation, and AI ecosystem growth.

8. AI is rapidly reshaping job roles, shifting focus from repetitive tasks toward higher-value work, requiring continuous upskilling and adaptation across the workforce.

9. Success in AI depends not on investment size but on aligning talent, governance, and technology to convert innovation into sustained and scalable economic outcomes.

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60-SECOND SOUNDBITE

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"AI adoption is moving beyond experimentation into real economic impact, contributing to GDP and transforming how industries operate across the Kingdom."

Zainab Al Amin
Vice President of National Digital Transformation
Microsoft, Saudi Arabia

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SOUNDINGS

"AI is no longer just about efficiency or automation; it is becoming a central force in economic diversification, unlocking new industries and accelerating the shift toward innovation-led growth."

Zainab Al Amin
Vice President of National Digital Transformation
Microsoft Saudi Arabia

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VIEWS YOU CAN USE

Joseph J. Alenchery
SVP & Business Head (Energy Next), Infosys

Renewables Become Viable Through AI Precision

Artificial intelligence is unlocking the Gulf's renewable energy potential by addressing region-specific challenges. In markets where dust and humidity impact solar efficiency, AI-driven forecasting models—built on hyper-local data—are improving reliability and output. This allows renewable energy to move from theoretical potential to scalable, economically viable solutions, positioning the region as a future leader in AI-optimized energy systems.

Legacy Industries Will Drive The Biggest Impact

The most significant gains from AI will come from transforming established industries. Companies like Saudi Aramco, with highly complex operations, can leverage AI to optimize drilling, production, and supply chains. Technologies such as AI-driven drilling co-pilots analyze vast datasets to improve efficiency and reduce costs, effectively lowering the cost of production. These savings create a powerful cycle—freeing capital to invest in future innovation.

Infrastructure Constraints Will Shape AI Growth

Despite strong momentum, AI growth faces constraints. Compute capacity and energy availability remain critical bottlenecks, potentially slowing deployment and influencing long-term returns. AI's trajectory will ultimately depend on how effectively infrastructure scales alongside ambition. ■

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TOP 9 TAKEAWAYS

AI IN ENERGY & INDUSTRIAL TRANSFORMATION

Joseph Alenchery
SVP & Business Head (Energy Next), Infosys

1. AI enables optimization across oil and gas operations, reducing costs and improving productivity, allowing traditional industries to fund future innovation and diversification efforts.

2. AI-driven forecasting using hyper-local data improves solar and wind efficiency, addressing regional challenges like dust and humidity while maximizing renewable energy output.

3. Traditional companies, not just digital natives, will drive the largest impact by applying AI across complex operations and long-established value chains.

4. Advanced AI systems can automate processes like drilling through data analysis, significantly improving efficiency and reducing human intervention over time.

5. Efficiency gains generated by AI in existing sectors can be reinvested into new technologies, supporting long-term diversification strategies.

6. Despite strong demand, limitations in computing power and energy availability could restrict AI scalability and influence future market dynamics.

7. There may be a natural leveling in AI growth as infrastructure constraints and real-world limitations shape how quickly economic returns materialize.

8. Growing awareness and excitement around AI will attract new talent, helping address skills shortages and sustain long-term industry growth.

9. AI's true value lies in bridging traditional industries with emerging technologies, creating a hybrid model that accelerates economic transformation.

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"AI's greatest impact will come from established industries, where complex operations create the biggest opportunities for efficiency and transformation."

Joseph Alenchery
SVP & Business Head (Energy Next)
Infosys

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SOUNDINGS

"The Gulf's solar and wind potential becomes economically viable when AI improves efficiency and predictability, transforming natural advantages into scalable energy solutions."

Joseph Alenchery
SVP & Business Head (Energy Next), Infosys

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Richard Frey
Chief Executive Officer, Inait

Middle East Has Captured the First AI Wave

The Middle East has successfully captured the first wave of AI by building strong data infrastructure and leveraging knowledge-based systems to transform traditional industries. This progress is driven by strong leadership, strategic investment, and a focus on talent development.

Industrial AI And Robotics Are the Next Frontier

The next phase of AI will extend beyond data into real-world interaction. Robotics and industrial AI will transform sectors such as manufacturing, construction, and logistics, delivering significant productivity gains and economic impact.

Execution Through Experimentation Will Win

Real-world testing environments are critical to success. Innovation labs that enable rapid experimentation allow organizations to translate AI concepts into scalable, practical solutions.

AI Landscape Will Remain Highly Disruptive

The AI ecosystem is still evolving rapidly. As foundational technologies become more commoditized, competitive advantage will shift toward data ownership and real-world applications. ■

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TOP 9 TAKEAWAYS

NEXT WAVE AI & INDUSTRIAL TRANSFORMATION

Richard Frey
Chief Executive Officer, INAIT

1. The region demonstrates exceptional top-down leadership, strategic investment, and commitment to education, positioning it ahead of many global peers in adopting and scaling AI capabilities.

2. Significant capital deployment combined with clear national strategies is accelerating AI development, enabling faster real-world implementation compared to more fragmented global approaches.

3. The region has successfully captured the initial wave of AI by building data infrastructure and leveraging knowledge-based systems to transform traditional industries into capability-driven ecosystems.

4. The next phase of AI, focused on real-world interaction between humans and machines, is expected to have an even greater economic and industrial impact than current applications.

5. Institutions like Aramco's innovation labs demonstrate the importance of fast-paced, real-world experimentation in translating AI concepts into practical and scalable solutions.

6. Broad-based talent development and structured governance frameworks are essential to ensure AI initiatives deliver measurable value and scale effectively across industries.

7. With foundational AI models becoming less differentiated, competitive advantage will increasingly depend on how effectively countries and companies organize, control, and monetize their data.

8. The greatest future opportunity lies in industrial applications, including robotics and manufacturing, where AI can transform productivity, reduce labor dependency, and enable new capabilities.

9. Rapid innovation and emerging players will continue to disrupt the AI landscape, meaning long-term winners are not yet fully defined and competition will intensify globally.

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"Physical AI for industrial manufacturing and robotics will shape the next wave of transformation, enabling real-world interaction and delivering even greater impact than current AI."

Richard Frey
Chief Executive Officer, INAIT

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SOUNDINGS

"Robotics powered by adaptive AI will enable machines to operate in complex, real-world environments."

Richard Frey
Chief Executive Officer, INAIT

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VIEWS YOU CAN USE

Toby Iles
Chief Economist, Jadwa InvestmentArabia

New Sectors Will Drive Non-Oil Expansion

Artificial intelligence presents a clear opportunity to accelerate diversification by boosting productivity and creating entirely new industries. From data infrastructure to digital services, AI-driven sectors are expanding non-oil GDP and creating new forms of economic activity. At the same time, AI applications across industries—from finance to tourism—are unlocking new revenue streams and enhancing competitiveness.

Structural Reform Remains Essential

However, AI is not a standalone solution. Its effectiveness depends on broader structural reforms, including labor market readiness, institutional frameworks, and regulatory alignment. Without these supporting elements, AI risks becoming an isolated investment rather than a driver of systemic transformation.

Energy Remains a Strategic Advantage

Interestingly, AI also reinforces the importance of traditional energy sectors. The growing demand for compute power increases energy consumption, giving resource-rich economies a strategic advantage in supporting the digital economy.

Investment Risks Must Be Managed Carefully

A key risk is overinvestment in infrastructure without sufficient demand. High capital expenditure combined with uncertain returns requires careful planning and phased development. ■

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TOP 9 TAKEAWAYS

AI, PRODUCTIVITY & ECONOMIC DIVERSIFICATION RISKS

Toby Iles
Chief Economist, Jadwa Investment

1. AI can significantly enhance labor productivity across sectors, providing a foundational boost to economic diversification and long-term growth.

2. AI creates entirely new industries, including data centers and digital services, contributing directly to non-oil GDP expansion.

3. AI enables governments to improve policy formulation and operational efficiency by leveraging integrated data across institutions and state-owned entities.

4. AI alone cannot deliver diversification; it must be supported by institutional, labor, and policy reforms to achieve sustainable impact.

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7. Excess infrastructure without sufficient demand could create inefficiencies, particularly if global demand for compute does not meet expectations.

8. High capital expenditure and uncertain returns mean AI investments must be approached with patience and strategic planning.

9. The Kingdom benefits from strong energy resources and strategic investment capacity, creating a favorable environment for AI-led diversification.

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"The rise of AI is reinforcing traditional energy sectors, as growing demand for data and compute continues to drive significant energy consumption."

Toby Iles
Chief Economist, Jadwa Investment

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Toby Iles
Chief Economist, Jadwa Investment

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Bashar Al-Natoor
Managing Director & Global Head of Islamic Finance, Fitch Ratings

Opportunity Comes with Risk

Artificial intelligence presents a powerful opportunity for economic transformation, but it must be viewed through a balanced lens—one that considers opportunity, risk, and the cost of inaction. In an increasingly competitive global environment, failing to adopt AI can be just as damaging as making the wrong investment.

Execution Will Define Outcomes

Strong political will alone is not enough. While many countries have positioned AI as a strategic priority, success will ultimately depend on execution. This requires building the right ecosystems, developing regulatory frameworks, and ensuring institutions can translate strategy into measurable outcomes. A key challenge remains the gap between ambition and readiness, as awareness across industries is still uneven.

Managing Structural and Financial Risks

From a financial and credit perspective, AI introduces evolving risks, including cybersecurity vulnerabilities, misalignment between strategy and execution, and the competitive disadvantage of non-adoption. At the same time, regulatory and ethical considerations—particularly in areas such as Islamic finance—must be carefully integrated into AI strategies. Ultimately, AI is not just a technological shift, but a structural one. Countries that succeed will be those that balance ambition with discipline—ensuring innovation is supported by strong risk management and long-term sustainability. ■

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TOP 9 TAKEAWAYS

AI RISKS, GOVERNANCE & COMPETITIVE READINESS

Bashar Al-Natoor
Managing Director & Global Head of Islamic Finance, Fitch Ratings

1. AI enables optimization across oil and gas operations, reducing costs and improving productivity, allowing traditional industries to fund future innovation and diversification efforts.

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"Political will is a key starting point, but delivering impact requires strong execution, supported by ecosystems, frameworks, regulation, and talent."

Bashar Al-Natoor
Managing Director & Global Head of Islamic Finance
Fitch Ratings

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SOUNDINGS

"AI must be viewed through three lenses: opportunity, risk, and the cost of not adopting it in an increasingly competitive global economy."

Bashar Al-Natoor
Managing Director & Global Head of Islamic Finance
Fitch Ratings

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