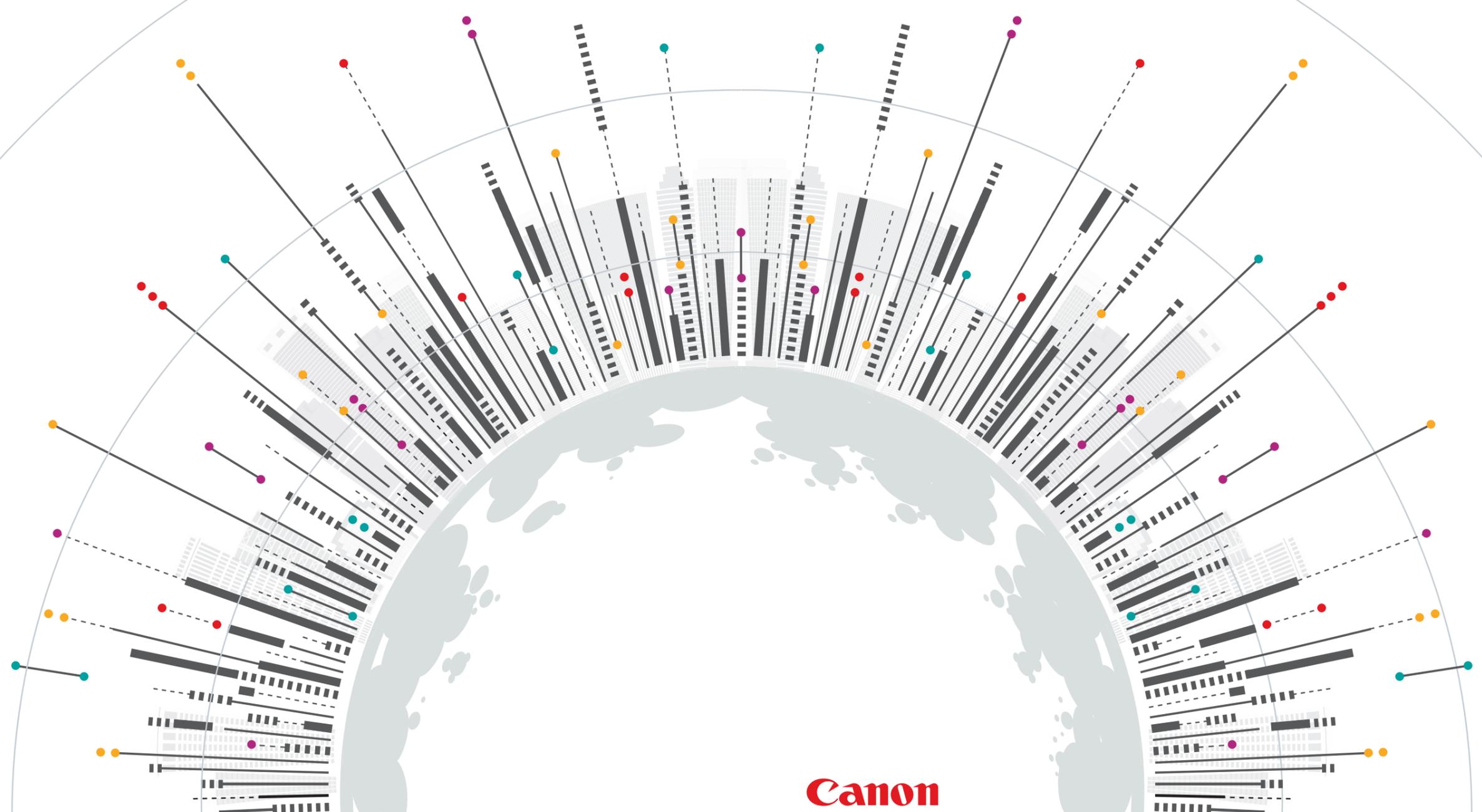


THE EVOLUTION OF THE DIGITAL WORKPLACE

Canon Office Insights 2018 **MIDDLE EAST**



Canon

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Foreword

Office Insights 2018 largely reflects our experience of the market situation, where ongoing instability has contributed to a spending squeeze in the Middle East. However, it also highlights a shift in approaches to working practices and some key opportunity areas for the future. A need for long-term cost savings and increased efficiency has naturally led to an interest in Managed Print Services, while the new remote working culture prioritises tighter document security and new investment in cloud integrated devices.

Linking our technology, software and solutions to these findings will give Canon's partners the ability to engage customers with a different approach. Our large portfolio covers a wide range of customers' needs and we are able to support their transition to a more digital environment.

Shadi Bakhour
B2B Business Unit Director |
Canon Middle East



EXECUTIVE SUMMARY

The workplace is rapidly changing. Flexible start times, working from home, mobile workers and hot desking and employees who interact daily across international boundaries all contribute to a diverse and sometimes difficult to manage landscape. With big data on the rise, security and data management issues are evolving.

At the same time, businesses are becoming increasingly aware of the importance of utilising information quickly and securely, no matter where their employees are based or what industry they work in.



The catalysts for these changes range from advances in technology to the increasing influence of brands in global markets.

Translating brand values into real-world behaviours demands a committed, enthused and increasingly social team of people that are both flexible and productive. But what does productivity mean in today's technologically knowledgeable and fast-moving office atmosphere? In a world where robotics and artificial intelligence technologies can outperform humans in almost any data processing task, the answer to this question is multi-faceted.

Firstly, the European Union's General Data Protection Regulation (GDPR) and a web of industry regulations set a new bar for privacy rights, security and compliance. Government interventions in cyber warfare, data privacy, labour laws and trade

agreements are fashioning how business decision-makers operate and what levels of risk they're prepared to take.

Secondly, executive teams seeking to harness further efficiencies from their operations find themselves caught up in what can often be a confusing storm of new expectations and technological changes - the rise of cloud computing, big data, blockchain digital markets, mobile computing and the ever-present data security threat.

Finally, the differences in regions can have an enormous impact on both the pace and the direction of change in many offices. In other words, advancements can vary from country to country and industry to industry, making it difficult for executives to really pinpoint the best course of action to take to advance their business.

All of this has real-life implications for the document printing, paper-powered processes and the multi-functional device in the corner of the office that many business people experience in their daily reality. This independent Office Insights 2018 Middle East (ME) Report was commissioned by Canon and conducted by Breaking Blue to surface real-world insights that shed light on the pace of innovation impacting on the office and the technology used within it and to explore how these changes are impacting organisations across several countries and industries today. It builds on the Office Insights 2016 Report, which tracked new technology and innovations in Central and Eastern Europe, Eurasia, Africa and the Middle East. This phase of research covers KSA, Qatar and UAE.

ABOUT THIS RESEARCH

Insights have been collected from technology decision-makers and end users located in Western, Central and Eastern Europe, Eurasia, the Middle East and Africa. Much has changed in the four years since 2013 when we conducted the first Office Insights Report.

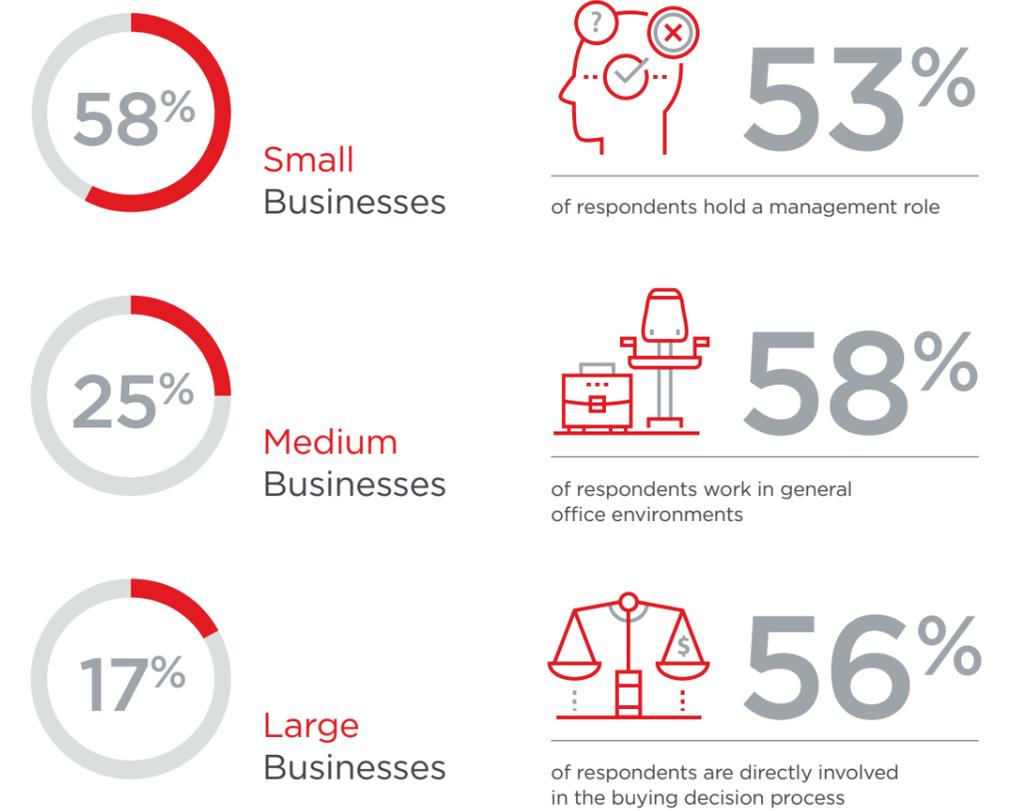
Then, the focus was on providing and improving basic document services but, even then, it was clear that change was gathering pace, and that the future of the office was inextricably tied to decision-makers realising the importance of agility in a rapidly-moving technological landscape. And indeed, today while data management is still a key issue, other factors

such as the importance of document scanning and automation, the growth of cloud services and the safer, better use of data are proving to be significant areas of focus for many businesses. Meanwhile, businesses are showing an increasing pace of change and willingness to adapt to new ways of working and invest in the office of the future.



KEY FACTS:

Sample of 2,550 Interviews across 24 countries in Europe, Eurasia, Africa and the Middle East:



How to use this report

EMEA refers to the results from all respondents, in all countries interviewed, including:

Algeria, Bulgaria, Cameroon, Croatia, Greece, Kazakhstan, KSA, Nigeria, Qatar, Romania, Serbia, Slovenia, South Africa, Turkey, UAE, Ukraine, Russia, UK, France, Germany, Italy, Spain and the Netherlands

ME refers to the countries interviewed in the following regions:

KSA, Qatar and UAE



PRINT EVOLUTION NOT REVOLUTION

With information living in multiple documents that co-exist in various printed and digital forms and locations – from employees' desks and office cabinets to cloud servers and mobile devices – it's tempting to think that the function of print is on its way 'out' of many modern offices.



Indeed, when discussing the transition from paper documents to digital there is often confusion between the move towards 'digital transformation', where information technology forms an integral part of a business' customer offering – such as the activity of automotive manufacturers to include mobile connectivity into their vehicles – and the 'paperless' transition from paper-based document processing to scan workflows and electronic data interchange.

We are beginning to see the re-modelling of the office in a new digital form. This new office is designed around the needs of people collaborating and the insights and services they need to discharge their roles. In this new office, the role of the document is decentralised, and made smaller, as digitisation continues its inexorable march onwards. But what evidence is there of this transformation?

Firstly, across the ME region, 22% of respondents say they print a lot or little more than they did 12 months ago, while 35% say their level of printing is about the same as a year ago. This is behind the average for the other regions in the Office Insights survey, where a total of 42% of businesses say they now print a lot or a little more than last year. These figures are interestingly very different for scanning (only 8% are scanning more often, compared to an average of 20%), suggesting a movement away from increased paper use, which is at odds with most of the rest of the countries surveyed. What appears to be happening in the Middle East specifically is a more rapid move towards digital than other regions, and a more intense focus on office modernising. Indeed, a 2016 report from McKinsey notes that several Middle Eastern countries – including UAE and Qatar – are leading the digital consumer charge with high smartphone rates and social media use. As measured by digital consumer adoption, the UAE and Qatar are among the top countries in the world, with more than 100% smartphone penetration and more than 70% social media adoption, which is even higher than the United States. With consumers primed and ready to lead digitally enhanced lives, many ME businesses are following their lead.

Many of the other findings from the ME report support this view. For example, the first sign of a step away from the reliance on paper documents is for organisations to scan inbound documents and convert them to a digital form for internal processing. But for ME, the attitude to scanning is different. 63% of ME respondents believe their organisation spends too much money on scanners, and 67% believe that IT staff need to spend less time supporting printing, copying and scanning. However, they are leading the charge with the use of specialist scanners to scan and digitise documents – 19% are using these, compared to 7% of EMEA respondents on average. This is interesting as it can signify a tendency to take the issue of digitisation and scanning documents very seriously. However, it can also suggest a hesitation to modernise further by taking up the use of MFPs (multi-functional printers) that can print, scan and copy with a single device. This is important because it demonstrates that although the ME region is making enormous inroads to digitisation (and indeed, the McKinsey report points out that it is very heavily invested in the digital age), it is far from a saturated market.

As much as the idea of a 'paperless' office is gathering pace, our survey finds that office printing remains a necessity of basic business processing. Some 42% of those surveyed in ME believe they'll be using their MFD more in the future. Despite this however, most businesses are aware that they need to continue adapting to new digital ways of working, as shown by the rising number of respondents across ME tracking their print costs. For example, 83% of ME respondents know the precise or approximate cost of printing a colour page – a large majority compared to under 50% on average in 2015.



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This should not come as a surprise – it's generally understood that print-related costs, including the management and provisioning of devices, costs of paper, supplies and servicing, can represent one of the largest business expenditure items next to payroll and IT. For more than two decades, organisations have been addressing the 'true cost of printing' to their organisations by performing reviews of their total cost of ownership (TCO) across an enterprise and acting on the findings. Excellent discovery tools exist today to facilitate this. And as the uptake of these tools continues to rise, we will see more organisations using and tracking their print spend more wisely.

All of this is not to say that print is becoming less of a necessity in the average office. In fact, it is arguably just as necessary as it was five or ten years ago; but with more technology solutions in existence today and a rising awareness of the importance of print costs, unnecessary printing will naturally diminish, as organisations move towards more streamlined ways of working.



Nowadays we encourage users to bring their own devices. The way the current world is going, laptops and desktops are going away, so we have to provide the facilities for the users, and obviously they need a print service available from their mobile smart devices."

UAE
IT department, Education

AUTOMATION

THE ROLE IT PLAYS IN STREAMLINING BUSINESS

What do 'streamlined' ways of working look like? One way of defining this is through the process of automation and how rapidly automated processes are taken up by different organisations. The rise in the volume and variety of electronic documents requiring processing, the continuing need to handle paper documents, and the ongoing evolution of remote working practices mean office workers are compelled to begin investing in new ways of working.

At the heart of every business sits information. Documents and information are, and will continue to be, the cornerstone of any enterprise, holding an ever-increasing importance. The shifts in attitude towards information are already happening today: the majority of businesses in ME agree that their goal is to develop a 'paperless office' model. However, this trend will develop over a longer period. The use of printed hard copies is far from being completely phased out of daily operation. Indeed, no ME enterprises have already stopped using transactional hard copies; however, 34% are focused on halting their use in the next 12 months. A longer timeframe for phasing out hard copies is planned, with 39% of businesses in the region focusing on achieving this goal in the coming 2-3 years, and 16% in the next 4-5 years.



The benefits of document automation are widely appreciated by ME enterprises, particularly those around document conversion and automated processing and delivery. Given the ongoing importance of printing and scanning in the region as previously identified, it is perhaps unsurprising

that the automatic capturing and processing of documents is seen as valuable or somewhat valuable by 70% of ME enterprises. Automatic management of consumables and the sending of scanned documents to the cloud are seen as very valuable by 44%, which is interesting given the uptake of cloud in the region. According to one report, opportunities for the provision of large-scale cloud services in the Middle East include infrastructure-as-a-service (IaaS), platform-as-a-service (PaaS), software-as-a-service (SaaS), and even business process-as-a-service (BaaS). For example, Chinese eCommerce giant Alibaba has extended its cloud offerings to the Middle East and taken its competition with Amazon Web Services to new heights.¹

There have been several studies into the possible impact of automation on jobs and employment. The broad consensus is that something significant will happen – and arguably is already happening – to the job market.



We can see evidence now that many jobs – or task components within jobs – will be automated. But how will this affect office life for the majority in the long run?

One of the things that became apparent in the study was that there is a positive sentiment towards document automation in the ME business community.

While cost is a common barrier for many regions in EMEA, ME is the least likely to be affected (21% in ME compared to 61% for Central and North Africa for example). ME is more likely to be concerned with integration with existing systems and the time it takes to implement the solution, which suggests that for them, digitisation is already underway.



That said, there is still a way to go before the majority of businesses begin making these changes to all documents. The current extent of automation shows that around 45% of businesses in ME have already automated the processing of at least one type of corporate document, the most common being CVs (38%) and contracts or legal documents (31%). There is clearly room for document automation to develop in the future.

For example, smartphone printing would be seen as valuable by 63% of ME respondents, and automatic management of consumables by 78%. The vast majority of ME respondents agree with the affirmation that more automation is inevitable, clearly outlining that this is the direction that the majority of workplaces are headed in.



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of businesses in ME have already automated the processing of at least **one type** of corporate document



of businesses in ME consider the automatic capturing and processing of documents to **be valuable**

¹ David Ndichu, "Alibaba Cloud eyes regional opportunities", ITP.net, August 2016, <http://www.itp.net/608868-alibaba-cloud-eyes-regional-opportunities>

² Michael Chui, James Manyika, and Mehdi Miremadi, "Four fundamentals of workforce automation", McKinsey Quarterly, November 2015, www.mckinsey.com/business-functions/digital-mckinsey/our-insights/four-fundamentals-of-workplace-automation

SECURITY

A GROWING PRIORITY

With greater freedom comes greater responsibility. With information now moving around both physically and electronically, there is more of a focus than ever before on security. Back in 2013, when the first Office Insights survey took place, very few decision-makers cited security as a key factor in their decision as to which office technology to install.

The research conducted for this report has pinpointed that security is a big concern for all regions. However, while there is an appreciation that solid corporate security is an absolute necessity, this does not seem to be translating into awareness of corporate security policies.

The hype curve surrounding data security breaches in the news and a recent flurry of high profile cyber-attacks, like Wanna Cry and Petya, sparked a major new wave of investments in IT security. It has outstripped the dotcom boom and appears to know no end.



Some industry analysts are predicting a \$1 trillion spend on IT-related security preventative measures in 2018 – and this should not come as a surprise.

While incidences of documents going missing are not always widespread in ME, it has happened to around 70% of businesses. The most common consequence this seems to have had is additional spend to reproduce lost documents, in 47% of cases. Also, around 40% of ME staff worry about the consequences of staff losing or leaving unsecure documents, and around 20% agree entirely that most employees are unaware of the risks of data loss through documents.

Organisations operating within a digitally connected economy are more exposed to the threat of acts of cyber-warfare, hackers hoping to make a name for themselves and hacker gangs fuelled by lucrative criminal intent.

While this doesn't necessarily mean that printed hard copies are more secure than digital ones, vigilance is a requirement for most businesses. Indeed, only 21% of ME businesses believe that printed hard copies of documents are more secure than their digital counterparts, and 51% of ME use digital signatures – which is much higher than other regions where barely a third are using them regularly.

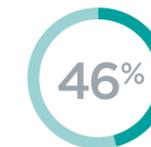


20% of respondents agree that most employees are unaware of the risks of data loss through documents

Of course, not all data loss is driven by any of these instances; it can be something as simple as forgetting to pick up a laptop from a café table or leaving a USB memory stick in public.

The introduction of the European Union's General Data Protection Regulation (GDPR), aimed towards protecting the data privacy rights of EU citizens, has also shone a light on the data protection shortcomings of organisations. But managing data across organisations operating in silos has never been easy. Hard pressed IT teams around the world find themselves under intense time pressures to install mechanisms to identify personally-identifiable data wherever it resides, identify and report data breaches within 72 hours, harden identity management and authentication regimes, validate customer permissions to use their data for a purpose and formalise data and document processing across their organisations.

Most businesses are concerned about the consequences of employees losing documents, or leaving them unsecured, and that their employees are unaware of the impact of data loss. For ME, this concern is translating into real-world action, with 55% consulting with external specialists to help them with document management solutions, and 67% opting to use cloud-based solutions.



46% of businesses in ME are looking to enhance their document security in the next 1-2 years



The office workplace is rightly recognised as being one of the most 'at risk' areas for business data.

This is partly because technologies like multi-functional printing, copying and scanning devices are akin to a file server sitting exposed in the corner of the office and IT teams often do not have governance over them, nor the expert knowledge of the proprietary operating environments and languages used for computer printing. Another key issue is that documents are rarely attributed the same level of protection as so-called structured data that resides in databases. But this needs to change – and many respondents seem to agree. For example, the ME region is the most likely to be enhancing document security in the next 1-2 years (46%) whereas the average for other regions is only 25%.



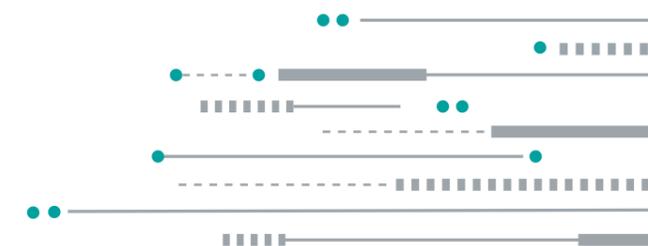
Our documents are encrypted and stored digitally in protected areas within the document control system. We have security functions so documents of a sensitive nature have a track and we know who opened, used, read, copied them etc. For non-essential documents that do not fall under this control, we have no mechanism, and those are of concern to us.”

Qatar

Digital media and communications consultancy, Managing Director



40% of ME staff worry about the consequences of staff losing or leaving unsecure documents



MOBILE & CLOUD

THE FINAL FRONTIER

While workers are looking for the best ways to enable an increasingly mobile workforce, it is still essential they ensure the protection of company data. And although businesses want mobile and personal devices used in the workplace to be secure, they still expect an end user experience that won't stifle productivity. Mobile security is still a work in progress, mobility is here to stay.

In less than a decade, advances in technology have improved worker productivity exponentially, and most modern job growth is in industries that didn't even exist less than 20 years ago – such as social media.

That said, technology remains way ahead of most office realities. There remains work to be done in order to create the framework, culture and IT infrastructure required for true mobile security. Although tablets and smartphones have allowed people to be accessible 24/7, most workers are still tethered to an office. There is not enough secure access to networks and too many documents are still not in electronic form. But this will change radically and quickly, revolutionising the whole idea of what an office is supposed to be in the process.

Growth since 2016 in BYOD (Bring Your Own Device) activity has continued across the region. ME is the region most likely to agree that allowing people to work remotely has significantly improved workplace productivity (73%) and 49% believe that more people will continue to work remotely as a matter of routine. Moreover, there is an increasing level of respondents who believe that being able to use their personal devices would enhance flexibility, privacy and increase efficiency. This is understandable: BYOD allows

workers to work from virtually anywhere, on devices they're accustomed to.

As we look into other mobile functionalities, the consensus remains the same. In 2017, 63% of EMEA respondents said that they would find it useful to print directly from their mobile device at work. And with 66% of decision-makers likely to pick a printer or MFD allowing remote access as their next model, there is evidence that mobile printing is slowly picking up more and more interest, even though uptake remains relatively low for the time being.



As we move away from a manufacturing/production-driven society to a knowledge-driven one, office space will be based on function and less on fixed standards and hierarchies. Status will be defined less and less by the number of windows a person's office has and more and more by his or her ability to collaborate.

Companies looking for the next generation of space will continue to move away from dedicated offices and workstations into a more free-flowing environment that blurs the lines between work life and private life.

The roll-out of cloud services is also picking up pace, with more businesses using cloud services for document handling, storage or transfer. Often these solutions are from well-known global brands like Google and Microsoft, as concerns about security are weighed up against the obvious benefits of agility and flexibility that come with mobile and cloud working. The majority of decision-makers are aware of cloud-based solutions to help manage document workflows, and know the potential benefits they bring in streamlining and improving on existing processes.

is understandable, as any loss of data can result in heavy penalties. Many companies are also still faring comfortably – 31% believe that they don't yet need a cloud solution for their business. But cloud services are about so much more than simply data storage. Cloud services can literally transform businesses and office life, allowing workplaces to be designed around people and the way they interact with business data, and people, rather than written documents. This is why their uptake is simultaneously so slow, and yet so widespread.



Although cost remains a barrier for many businesses, the importance of keeping information both sensibly and securely managed means cloud-based solutions are becoming more and more viable for the majority.

This is clear in the numbers – ME is the region most likely to vote cloud-based document access as important or critical (83%) and around 67% are already using cloud-based solutions. 50% believe the latest cloud technology gives them a competitive edge, and over 50% believe it improves workplace productivity. That said, 57% do worry about losing data in the cloud, despite almost a quarter (23%) agreeing entirely that cloud-based applications will eventually become the norm. And with the impending GDPR legislation around the corner, the worry



This degree of planned adoption shows a marked change from even 2016 when around a third of people in senior management positions saw little to no value in these services. Today we're seeing nearly the entire senior management function embracing the technology as its ability to decentralise the workforce and increase the flexibility of enterprise data take on new value. In 2013's report, a remote working revolution was in the making and it concluded that there would be increased pressure on decision-makers to investigate and implement such solutions. As predicted, this pressure has translated into absolute necessity as the modern management function relies on these services.



of respondents believe that cloud applications will eventually become the norm

“Allowing employees to use their own devices means bigger freedom for the employees, which results in a better environment to work in, and hence higher productivity.”

Engineering & Architectural Services
200-249 employees, Saudi Arabia

CONCLUSION

A LOOK TO THE FUTURE

The idea that the office is a specific place where our professional lives happen is becoming less universal. These days, many knowledge workers can be productive anywhere, thanks to mobile, cloud, faster network access, and a growing number of online collaboration tools.



Wherever the office may be, wider and better use of social networks, data analytics, and smart technologies are having monumental effects on productivity and expectations. And even though most businesses clearly retain many of the organisational trappings of their industrial-age predecessors: printers, office spaces, paper filing systems and so on, conventional gathering places will remain important in business. These spaces – whether they be conventional offices, temporary ones, or conference facilities – must be made conducive to collaboration.

As the office expands beyond its conventional boundaries, key challenges must be met, including the privacy and security issues posed by a distributed global workforce of people who work digitally and use multiple devices. New tools must be made user-friendly, accessible and resistant to data loss. And workers will need better tools to streamline work processes, make sense of the overwhelming volumes of data besieging them, and improve productivity in the office of the future, which still rests somewhere between the old and the new.

While business in ME may be at a different stage of the digital transformation journey than their Western European counterparts, the 2018 Report has shown that businesses today are, more than ever, being driven by the need to adapt to a rapidly changing market and technological landscape. It is encouraging to see more uptake of cloud-based and document-management services, an area which clearly required attention from our 2013 and even 2016 research. But there's still more work to be done. These concerns, coupled with a realisation that technology can deliver benefits, will see further evolution. However, businesses here are constricted by very tight budgets and a lower level of resources in comparison to other emerging markets which will be harder to overcome. While modern technologies and flexible workflows undoubtedly represent ongoing cost savings, there are upfront costs which will need to be accounted for. This is where support and guidance from experienced partners is invaluable to help executives make the best decisions over which solutions they should prioritise; to know which solutions can deliver tangible improvements. In the current enterprise computing environment, flooded with a tide of IT jargon and hyperbole, pragmatic and iterative cost and process analysis is surely the safest route to improving workflows and the way documents are processed.

And crucially, so will the data. Whether it's through digitising hard copies, creating print jobs or ensuring information seamlessly interacts

within a business, keeping data secure is integral to everything and organisations everywhere. Every industry is mobilising its workforces to counter internal and external threats to the security of this information. Whatever the business function, the biggest change in attitude from 2013 centres on the security topic. The changing attitudes and importance around this topic reflect not only the state of the world we live in today, but also the dramatic changes we've seen in the ways in which data is being created, managed and stored. The stark contrast from 2013's indifference to security couldn't be more pronounced with it now sitting on top of the corporate agenda with wholesale changes planned in all corners of EMEA-based businesses as they drive improvements in user awareness and operational behaviour.



The office of the future might have fewer people in it, but the ones who are there will matter more than ever. So, what is the office of the future?

Even as technologies proliferate and attitudes to new ways of working evolve, offices will always remain collections of people. Companies will always want to hire good people and retain them, even as methods of working change. And although digital transformation continues its march onwards, the future of employees is unambiguous.

More than anything else, the office needs to be safe for data. Data is king, and decision-makers are committed to automating their business processes, one process at a time, based on clearly measurable ROIs. But the cost of solutions is key, so too is the ability of organisations to take on change; therefore, education of users and access to IT support resources remain major concerns. The office workplace therefore needs to increasingly leverage mobile and cloud computing technologies to achieve iterative economies and optimise the workforce. Through evolution, many believe demand for printing, and its unwanted wastage and costs will abate. Ultimately, organisations know they are facing a perfect storm of technology, and that change itself is inevitable, including the shift from paper to digital transactions.