TECHNOLOGY SECTOR TRENDS

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Technology sub-sectors are affected differently due to Covid-19 (1/2)

Hardware and software

- **Mobile:** The launch of new smartphones may be deferred because of supply chain constraints. Mobile phone users on contracts may defer replacing their devices because of lower consumer confidence and a reduced ability to spend.

- **Production:** While some factories in Asia are reopening, executives from many companies say they are experiencing challenges getting production fully up and running. The short- and potential long-term impact could be significant due to a lack of real-time visibility into their comprehensive supply chain of parts, including even small, less expensive components or materials that are vital to completing the final product.

- **Software:** In contrast to the parts shortage and unpredictability of supply chains, software is typically a growth catalyst. Perhaps most notably, many companies with remote-work technologies say they are already seeing increased demand as businesses increase their capabilities in this area.

- **Security:** Security software companies will likely see benefits from a growing remote workforce, with IT spending increasing on products such as cloud-based security tools, log management, and VPNs as organizations race to secure endpoints.

- **Hardware:** Manufacturers of hardware may see major demand from enterprises placing large orders for laptops and mobility devices to support employees now working from home.

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Technology sub-sectors are affected differently due to Covid-19 (2/2)

IT services

- Forecasts indicate **continued demand for cloud infrastructure services** and potential increases in spending on specialized software

- Also anticipated are **increased demand for communications equipment and telecom services**, as many organizations encourage employees to work from home and schools move to online classes

- Many organizations still do not have a tech stack in place for a reliable business continuity plan. Given enhanced remote work scenarios, IT departments should play a larger role in future business continuity plans, and will likely need help from IT service providers in procuring devices and setting up resilient, flexible, and secure networks along with disaster recovery systems, IT security, and more

Semiconductors

- **Raw materials:** Supplies such as aluminum, copper, and chemicals are affected by disruption

- **Components:** Near-term actions are resulting in supply and fulfillment disruptions up and down the electronics manufacturing value chain. This may result in a shortage (or lack) of components, creating choke points for board and systems manufacturing

- **Delays:** In the longer term, new product schedules might be delayed and product go-to-market strategies may need to change to meet the velocity of the value chain

- **Geography:** In the long term, companies could be required to address the risks of geographical concentration and lack of resiliency to avoid single points of failure and limit future disruption

Network equipment

- **Teleconferencing software:** As more technology companies encourage employees to telecommute, more widespread use of teleconferencing software could have benefits for companies that already have such technologies deployed in that space, potentially reducing or eliminating any associated learning curve

- **Speed:** Need for ever-faster access to data and automation will likely enhance the focus on network equipment and communications as never before, potentially speeding up 5G network deployments and adoption of 5G equipment

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Key Emerging Themes

KEY THEMES

CRITICAL ROLE OF LEADERSHIP IN RESPONSE TO CRISIS

SHIFT TO REMOTE WORKING

FUTURE OF WORK

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CRISIS RESPONSE STRATEGY

- Coronavirus has a mixed impact on tech companies. With work-in-isolation policy being a mandate for employees, there are companies that make the most of it in terms of profit. For example:

  – Slack Technologies Inc. confirms that due to the global fallout from COVID-19, there is a surge of interest in workplace-collaboration software

  – Zoom, an enterprise video communication solution is one of the most downloaded business apps in the US on Apple Store in March 2020

- On the other hand, since technology companies have closed their offices and stores, restricting their executives to travel to the affected areas, which also has an effect on supply chains. For example, manufacturers in China are the key suppliers to technology companies across the globe. Manufacturers who have been impacted by the coronavirus are failing to make on-time delivery, thereby impacting various tech businesses

Leadership has a critical role to play

- In this situation, like other executives, technology leaders have a responsibility to lead their function through this crisis. But beyond that, they also have a critical responsibility to support the entire enterprise, particularly as technology is increasingly woven into the fabric of business

- Beyond making sure that core systems are operational throughout this crisis, tech leaders must also seek out and support key areas in the business that are likely to be impacted, such as supply chain and HR.

  – For example, supply chains will likely be hit hard, and technology leaders may be able to support them through operational automation and analytics

  – With HR, there may be opportunities to support people in the organization by providing the tools and reliable communication channels they need to work remotely

- Technology leaders have an opportunity and an obligation to help lead their organizations through this crisis with their knowledge and the power of technology, and they must prioritize their efforts. If there is disruption, there will also be recovery, so how technology leaders act in a time of crisis can also inform our long-term impact

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SHIFT TO REMOTE WORKING

- After the pandemic-forced experiment with work from home proved successful, several tech companies are already planning not to return everyone to the office even after the social distancing restrictions ease

  - The biggest example so far: **Facebook** chief executive Mark Zuckerberg said yesterday that at least 50 percent of its 45,000-person workforce could start working remotely in the next five to 10 years

  - **Twitter** is encouraging its employees to work from home forever. Shopify is going all in on remote work with no plans to bring people back to working in offices

  - **Microsoft** has extended their current work from home directive until at least October 2020, and is exploring options for the longer term

FUTURE OF WORK

- Many technology leaders today are in a unique position to help their organizations reimagine the future of work, of the workforce, and of the workplace powered by technology

- Through automation, robotics, cloud, and cognitive computing, the work done by humans will fundamentally shift. By offering virtualization and enabling the extended enterprise, the workforce will transform. And by enabling collaboration, cloud-based services and remote work, the workplace will alter forever. This requires visionary leadership and execution. And there is an opportunity to accelerate to the future of work due to the crisis that COVID-19 poses

Being methodical and disciplined in automating manual processes

Advocating a cloud-first approach and aggressively migrating to cloud services

Pushing virtual collaboration as the default

Envisioning new business opportunities and modes of working

- Automation of key processes will reduce dependency on humans and improve quality for manual, error-prone processes

- Many have predicted this would be the beginning of the end for human workforce—in fact, this automation will give rise to whole new classes of jobs for humans—"super jobs"—that will allow people to play to their strengths and create significantly more value for their organizations.

- There are obvious advantages to cloud-based services and infrastructure, and a pandemic like COVID-19 make them all the more relevant. They provide the convenience of accessing services from anywhere, anytime, from virtually any device

- For longer term, cloud-based solutions are critical for organizations to achieve quicker time to market, creating self-service solutions for business and providing sandboxes for experimentation and innovation

- Investigating and investing in these tools will not only be good risk mitigation for the COVID-19 pandemic, but could also allow for easier collaboration, quicker turnaround times and cost savings as a result of less travel

- The COVID-19 pandemic may also help leaders rethink established paradigms around physical presence.

- Industries like professional services and education may be ripe for this mindset change.

- Physical presence may not be a requirement to deliver consulting services or to take a course at a university or college. Not only should companies invest in remote work capabilities, but they should also rethink creating new business models utilizing virtual presence

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Thank You!

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