



Bank of Ireland Sectors Team Technology, Media and Telecoms (TMT) 2020 Insights / Outlook 2021

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**Bank of
Ireland**

Classification: **Green**

As the world grappled with the pandemic and moving to a working from home model; business decisions relating to mapping digital strategies that would normally take several years, were now taking weeks.

TMT 2020 Review:

Summary

Technology: the utility of technology solutions were more apparent in the last year as businesses grappled with maintaining operations. We are now more immersed in technology than we have ever been, some examples include the banking sector where physical channels were migrated to online; doctor visits were now undertaken over video calls; virtual self-service (virtual assistants, chatbots dynamic FAQs etc) became more ubiquitous and retail adopted contactless delivery models.

Media: We saw significant growth across ecommerce platforms, as the pandemic highlighted the importance of digital channels. Barriers to entry fell; businesses incrementally adopted 'off-the-shelf' technologies to respond to the challenges presented in what was for many, their first venture into the digital world. From an entertainment perspective as people stayed indoors, there was record numbers of subscribers for both Netflix and Disney by the end of 2020.

Telecoms: while the traditional voice model had been in decline for some time, the pandemic provided an unexpected, yet short-lived period of growth during the early stages of the pandemic, as customers sought to reconnect with their families and loved ones. We are increasingly dependent on internet connections and the importance of the telecoms network was never more evident than in the last year, supporting the mass migration to working from home, zoom calls and the streaming of content.

Key Trends:

Cloud technologies: the agility, flexibility and power of cloud technologies became obvious as businesses sought to continue business as usual in an uncertain environment. It has not only enabled work from anywhere but has opened enormous opportunities for companies to access data and insights that can help spot unseen trends; manage businesses more efficiently or support innovation and new product development.

Managed Services Providers (MSPs): there has been significant consolidation activity across the sector over the last 12 months as businesses boost their service offering through acquisition or grow new business by acquiring a competitor's customer base. This sector is likely to grow further as the pandemic has driven the acceleration of digital transformation across every sector driving demand for services.

Telecoms: like managed services there is ongoing consolidation taking place across the sector as businesses seek to achieve critical mass. Internet Service Providers (ISPs) and infrastructure providers are jockeying for position to get a share of the growing 5G and National Broadband Plan roll out.

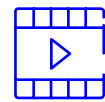
Security: COVID-19 related attacks grew exponentially over the last year as rogue elements capitalised on the uncertain situation; creating fake websites and embedded email links purporting to originate from authentic sources, that exploited people's concerns about the pandemic. Businesses need to be alert to potential attacks, ensure devices are secure and robust endpoint solutions are in place.

Sector Developments – Key Numbers in 2020:



\$27.7bn

Salesforce acquires Slack, to support work from anywhere.



€692m

Value of Film, TV and Animation sector to economy.



€3bn

(Estimated) cost of roll out of National Broadband Plan.



€17m

Dogpatch Labs wins contract to operate NDRC.



No1

Everseen takes top spot in 2020 Deloitte Technology Fast 50 awards.

Key Activity in the Sector:

Downside impact on some subsectors: some subsectors were disproportionately impacted, particularly those providing solutions across the travel, hospitality and aviation technology sectors. In some cases, where possible, companies have sought to repurpose their technology with a view to opening new markets/opportunities. However, as lockdowns continue it will take quite some time for these sectors to recover.

Impact on sales: the world's trade events were mostly postponed which had a detrimental impact on customer's ability to generate new business. The focus instead, shifted to protecting existing customers through activating customer success teams. These teams were tasked with helping customers with payment plans or finding opportunities to cross sell/upsell and expand their footprint among existing customers.

Digital of everything: we are now more immersed in technology than at any time in our history. Consumer behaviour has changed, by having to adapt to restrictions and lockdowns. This is now fuelling how we consume products and services; at a time and place of our choosing, on any device and delivered anywhere; enabling a seamless customer experience.

Lending Activity

- Bank of Ireland lending drawdowns to the sector grew significantly, continuing the trend of recent years, across SaaS, Telecoms and Managed Services.
- Noticeable uplift in applications funding acquisitions in the MSP space as businesses sought to broaden their service offering, such as acquiring capability in security or cloud technology.
- Digital adoption across every sector provided unexpected opportunities for service providers and led to an increase in applications as customers sought to invest in their businesses to capitalise on these opportunities.

Sector Developments

M&A and Investment

Decawave, the Dublin-based chipmaker was acquired by Qorvo in a deal that was estimated to be worth about \$400m (€363m).

Amdocs, the American multi-national acquired Irish technology company Openet for \$180m.

Asavie, the Dublin-based IoT solutions provider was acquired by Nasdaq-listed Akamai. Details of the transaction were not disclosed.

Fundraising

Data from the Irish Venture Capital Association showed funding for the first nine months of 2020 rose 39pc to €785.7m, up from €566.3m in the same period in 2019. This follows a record Q2 for VC funding in Ireland, which saw an increase of 58pc compared to the second quarter of 2019.

LearnUpon, the Dublin-based EdTech company raised \$56m (€47.6m) in a Series A funding round with a minority investment from US-headquartered Summit Partners.

Workhuman, the Dublin-based HR technology firm, has become the latest Irish tech firm to achieve 'unicorn', status following a \$100 million investment, valuing the business at \$1.2 billion.

Keelvar, the Cork-based strategic sourcing software company, raised \$18 million in Series A funding led by Elephant and Mosaic Ventures with participation from Paua Ventures.



TMT 2021 Outlook

Key numbers

2021 TMT Sector Outlook

Technology: we are living in an increasingly virtual world and while there is great hope that we will eventually return to 'normal'; the digital adaption in recent months that has accelerated will continue this year and beyond; inevitably this will lead to further demand for various technology services and solutions.

Media: we will see continued disruption/consolidation across the various content channels (print, TV, online etc.). Personalised and premium content is now demanded by consumers, supported by advanced customer analytics providing relevant, contextual insights. As many traditional brands journey to digital, technology will play a vital role as customer avatars (profile), search engine optimisation and social media marketing form part of a suite of solutions to drive improved customer experience, connections and monetisation of content.

Telecoms: the industry demonstrated both its resilience and its importance in maintaining communications and supporting consumers and businesses during the crisis. Entertainment and mobile are now seen as a utility, insofar as their subscription to Disney+ or Netflix or mobile connectivity, like water or electricity and therefore a non-discretionary expense. These services are dependent upon telecoms infrastructure. To this end, it is likely we may see more vertical integration activity in the sector as cloud vendors seek to acquire telecoms capabilities.

Market

The lines are becoming increasingly blurred, as technology becomes embedded across every industry sector; reinforcing the notion that nowadays "every company is a technology company". Below are samples of how technology may impact various sectors over the coming year.

- **TMT:** Gartner suggest the three keys strategic themes to drive growth are **people centricity** (focus on providing digitised processes to various stakeholder groups – employees, customers, suppliers and the wider community), **location independence** (cloud-enabled, work from anywhere, operations capability) and resilient delivery (using sophisticated technologies and having systems to enable a business to adapt and overcome volatility).
- **Manufacturing:** we are likely to see machine learning, robotics, artificial intelligence (AI), computer vision and edge computing featuring more prominently Industry 4.0 accelerating.
- **Retail:** the surge in online will continue, with mobile commerce continuing to expand with people-centric, contactless shopping tools, such as QR codes, becoming more mainstream.
- **Motor:** we are likely to see further evolution in how vehicles are sold as well as further advancements in the overall driving experience. Virtual Reality (VR) is likely to become more commonplace to enable customisation of vehicles at purchase, leading to an enhanced customer experience.
- **Healthcare:** telehealth will expand and accelerate further with video calls playing a central role. Similarly, AI and machine learning will become more widely used to help identify trends and sequences in medical data, that humans cannot, that could support early diagnosis of illness/disease creating a more proactive approach to health management.
- **Hospitality:** while contactless payments have been around for some time; a hands-free approach could well result in hotel chains providing customers with Near Field Communication (NFC) and QR (Quick Response) code solutions; enabling customers to engage seamlessly through their smartphones.
- **Food and Drink:** Internet of Things (IoT) is expected to be a cornerstone of traceability for the food and drink industry into the future. It helps companies to manage food safety, improve traceability, cut waste and reduce costs from end-to-end through the deployment of sensors and data capture at every stage of the process.

- **Agriculture:** robotic milking is already commonplace in the sector and has paved the way for increased adoption of precision agriculture, using big data, drones and atmospheric environmental tools to provide data on everything from soil moisture content, weather patterns and livestock movements. Deployment of farm management software is also increasing at pace.

Funding Activity

- Acceleration of digital adoption will continue, with solutions providers investing in their businesses to adequately resource their operations to capitalise on opportunities.
- Further consolidation is expected in the MSP space, as scale and breadth of solutions are demanded by customers.
- The Telecoms sector is expected to grow this year with the National Broadband Plan creating opportunities for various ISP and telecoms infrastructure providers requiring facilities for growth and expansion.

Bank of Ireland

At Bank of Ireland, we recognise that we have an opportunity to support our customers and helping to enable Irish businesses and the communities we jointly serve to thrive.

Our proven financial capabilities, combined with comprehensive sector expertise, provide us with a strong platform to meet the funding requirements of Irish Technology, Media and Telecoms companies.

We are delighted to continue to provide various facilities to some of Ireland's best-known TMT brands. But we won't stop there; it is our ambition to grow further and by having a designated Technology team we can deliver on our agenda to be the Bank of Choice for Ireland's Indigenous Technology Sector, with the experience, the knowledge and most of all an understanding, of your business.

Talk to our Technology Team today, to see how we can help you grow your business.



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Paul has over 20 years' experience in delivering transformational and innovative business opportunities. He has worked with leading technology-driven companies and institutions including TSSG (Waterford Institute of Technology) and the Adapt Centre (formerly CNGI), Trinity College Dublin, where he led technology commercialisation activities across both the indigenous and multi-national technology sectors. He has also worked closely with spin-outs and mentored new and established technology companies.

Paul managed the Consumer Technology portfolio for IDA Ireland (based in Boston), across New England and Eastern Canada territory; working with some of the world's biggest technology brands. Paul also completed a posting in the Middle East, based in Bahrain, assessing multi-million euro investment projects in the region. More recently he led business development for Eishtec across the North American market. A native of Waterford, Paul holds a Masters of Business (Hons) Internationalization from Waterford Institute of Technology.

Sources: Phocuswire, Gartner, Fortune, Techrepublic, Revfine, Chainstorage, Forbes, Silicon Republic, Deloitte, WSJ, PWC, Techcrunch.com, Walt Disney Company, Screen Ireland, Irish Times, RTE.

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