TECH — MOVES

HAR
VARD:

2022

CONTENTS

WELCOME TO OUR TECH MOVES 2022 REPORT

At Harvard, we're all about helping tech companies make their move – whether that's shifting their reputation, launching a new product or disrupting a category.

That means we always need to understand the context of changes in business thinking, consumer behaviour, policy debate and tech development.

In this report we wanted to look further ahead and dig into the moves being made that will affect the tech sector in 2022

After the seismic upheavals of 2020, the past 12 months might have felt a little less dramatic. But a consistent theme in this report is how the consequences of the pandemic – from new working models to growing regulatory scrutiny – continue to work their way through the tech sector, and almost every aspect of business and society at large.

While this report can't cover every interesting aspect of the tech industry (there's far too much going on to do that!), these are the big areas we're keeping an eye on and where we think clients should pay attention too. We hope it provides some food for thought for comms and marketing teams as they start their planning for 2022.

THE NEW WORLD OF WORK

We used to talk about "the future of work" but the pandemic has brought forward many trends into the here and now.

That's why we've called this section The New World of Work – it's about the changes affecting how we all work and where the tech industry's focus might go next.

We see this happening in three different areas – new tools and habits for knowledge workers, an influx of innovation for frontline workers, and new leadership styles driven by evolving circumstances and consumerised communications tools.

NEW TOOLS FOR KNOWLEDGE WORKERS

1

In the first initial rush of pandemic lockdowns, businesses moved their workplaces online. But now we're seeing a new crop of tools emerge that make remote and hybrid work a better and more productive experience for knowledge workers. We see this happening in two areas in particular.
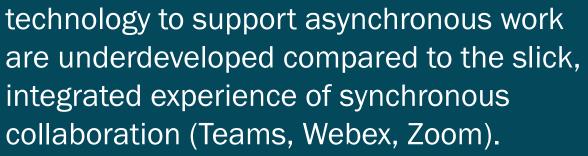
First, a new generation of asynchronous workplace technologies is emerging. "Async", as it's known, is work that different people can do at different times – like emailing or collaborating on a presentation – as opposed to "synchronous" work, such as video calls, which have to be done at the same time.

In a hybrid working world, we all need to become more comfortable with working at different times as well as in different places. But currently the tools and technology to support asynchronous work are underdeveloped compared to the slick, integrated experience of synchronous collaboration (Teams, Webex, Zoom).

We expect to see tech companies developing more intuitive, innovative forms of async software that allow employees to work both when and where they like.

Second, the battle for our desktop keeps intensifying, with software increasingly combining document collaboration, messaging, video calling, calendars and even CRM, all in one place.

Just look at how Salesforce is integrating Slack as well as Quip. Or Teams adding more features to eventually replace the traditional Outlook inbox. Dropbox has added new video and collaboration features recently too.

THINGS TO CONSIDER:

Have you clearly defined how and why you are relevant to the new world of work?

How can your comms campaigns highlight the rising importance of synchronous and asynchronous working?

From an internal comms perspective, are you communicating to your colleagues at both a time and place that suits them?

2

AN INFLUX OF INNOVATION FOR FRONTLINE WORKERS

Boris Johnson's pleas for Brits to work at home during the pandemic illuminated our inherent office bias. We assume that the majority of people are able to work from home – but in fact even during the lockdown restrictions of early 2021, fewer than 40% of British working adults were working from home. Globally around 80% of the workforce are "deskless" frontline workers.

As we discovered during the pandemic, this reflects and exacerbates inequality and inequity. Black and minority ethnic (BME) workers make up a disproportionately large share of key worker sectors in London. Another report found that 51% of frontline workers go to work sick because they can't afford to take the time off.

This inequity extends to technology too. Deskless workers have historically been neglected by technology. In fact only an estimated 1% of enterprise software funding has gone towards jobs that are paid by the hour. As our working world changes, neglected frontline workers need the tech revolution that has dominated offices for years.

THINGS TO CONSIDER:

How can you better reflect the reality of work in your comms and avoid your own inherent bias as office workers?

Can you tap into the media appetite for stories about tech innovation in frontline work?

Can you show that you're helping tackle inequality and inequity in workplaces?

3

THE RISE OF EMPATHETIC LEADERSHIP

Leadership has traditionally been seen through either a technocratic or a charismatic lens, focused on capability or influence respectively. But the sudden shock of the pandemic has brought a different trait to the fore: empathy.

The pandemic and the rise of hybrid work have made empathy a vital leadership skill. Whereas the office provided a consistent touchpoint between employees and leadership, hybrid work means less of the traditional "face time" that managers and leaders used to rely on to get a feel for how employees are doing and the overall mood of the organisation. Leaders themselves are communicating less through lengthy emails and more through conversational videos and emoji-filled messages.

Once seen as a "soft" trait which didn't have a tangible impact and couldn't be consciously increased, empathy is now seen as the key to communicating effectively and ensuring employees are happy and thriving in a complex work environment.

Moreover, empathy from leadership is increasingly linked to a broad array of outcomes – from innovation to retention. Over the next year, we expect more leaders to adopt this style and shift their internal and external comms approach – and encourage it among the rest of their management teams too.

THINGS TO CONSIDER:

How can you harness an empathetic style in your exec comms?

Can you demonstrate better understanding of your customers' and employees' challenges and priorities?

Could you try new comms tactics and channels to humanise your organisation's leaders?

EVERY BUSINESS AS A TECH BUSINESS

As technology diffuses across the adoption curve, the issues and challenges considered old hat by the tech sector are often only just hitting late adopters in other industries.

We're now watching the tangible impact of digital transformation in sectors from retail to manufacturing. They're dealing with the legacy of technical debt in their organisations, and prioritising the security and resilience of their increasingly important digital networks. We're also seeing more B2B firms learn from the consumer tech world and embrace "marketplace" business models.

4

There's a new crisis brewing for enterprise organisations: technical debt. This is the extra time that a developer accounts for when coding something new or updating work that was rushed or bodged previously.

What better environment to harbour it than a pandemic? With businesses racing to spin up digital customer-facing tools and solutions, new SaaS platforms were added to tech stacks at a dizzying rate.

During the crisis, these decisions all seemed "mission critical". But now businesses will have to unwind this accumulated technical debt.

This could act as a blocker on digital transformation or even spell disaster for organisations in search of developers: according to one study, half of developers have considered leaving a companies to get away from technical debt.

TACKLING TECHNICAL DEBT

THINGS TO CONSIDER:

Do you need to shift your digital transformation messaging so you explain how you help businesses tackle their technical debt, and it feels practical rather than aspirational and elusive?

Do you have no-code/low-code solutions that could help developers tackle the problem, and that you can promote?

Which of your messages will resonate best with in-demand software developers?

5

FROM CYBER SECURITY TO CYBER RESILIENCE

For many businesses, the pandemic taught two key lessons: the importance of resilience and the value of digital technology. Taken together, the ability to pivot fast and often, and the underlying technology to stay connected remotely, were what helped firms survive the past 18 months.

This means that millions more businesses are now thinking about the value of cyber security to protect their operations and vital data. For smaller and mid-sized firms especially, this is pushing them out of their comfort zone as they encounter unfamiliar technical concepts and terminology.

But we're also starting to see a mindset shift across business, from the pro-innovation "move fast and break things" culture of the 2010s, towards prioritising resilience and stability. It's an understandable reaction to the dramatic uncertainty of the pandemic period.
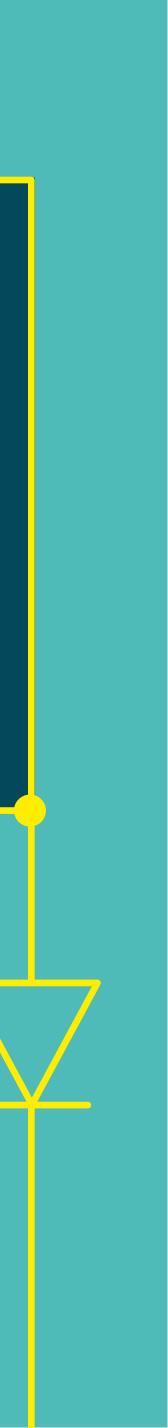
Businesses are looking to build on whatever positives they can take from this upheaval. An increased focus on security and resilience might be one of them.

THINGS TO CONSIDER:

Can you explain the value of your tech offering to a non-technical customer audience, especially among small and mid-sized firms?

Do you need to shift your messaging and storytelling from speed to resilience?

How can you reassure your customers about the security and stability of your service?

EVERYTHING AS A MARKETPLACE

6

The world of B2B regularly learns from innovations in the consumer world. The latest example is marketplaces. Consumer brands like Airbnb and Uber have successfully brought supply and demand together, disintermediating traditional gatekeepers and disrupting their markets.

The problem is that the amazing ease of these consumer marketplaces hasn't been matched by B2B tech, which can be clunky, complex and sprawling. But now the marketplace phenomenon is due to hit B2B with force. According to one study, they're set for big growth over the next few years, reaching 30% of all global online B2B sales by 2024, amounting to $3.6 trillion.

In traditional B2B ecommerce, customers have to go to several different vendors' websites to source products, parts or services. The marketplace model, instead, brings together several vendors in one place — meaning one set of procurement and sales processes for the buyer.

Marketplaces enable companies to sell more things to more customers, faster than before, and encourage new ways of operating. By their very nature, they are exceptionally customer-centric: bringing first-party and third-party products and services together in one place. They encourage cultural change, not just tech improvement.

The category is still in its infancy. Of the marketplace companies included in Julia Morrongiello's B2B marketplace landscape, over 60% were started in the last five years and most have yet to raise a seed round.

Those B2B businesses who are willing to make the radical transition to a marketplace model stand to gain the most. In those laggard industries especially – like manufacturing – the first movers are likely to emerge the winners. For the B2B companies willing to close the consumer-business tech gap, opportunity is ripe for the taking.
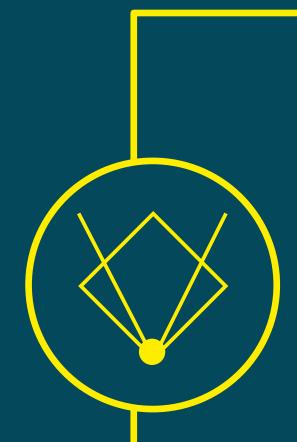
THINGS TO CONSIDER:

Consider your positioning – are you a SaaS platform or a marketplace?
Each have clear visions for growth.

Can you draw parallels between your work solutions and familiar consumer experiences, in order to contextualise your messaging?

Do you need to talk differently to appeal to a broader range of potential buyers and partners simultaneously?

The pandemic has had a dramatic and enduring impact on consumer attitudes and behaviour – and that response is still unfolding. We don't think this will manifest itself in one direction alone – history tells us that major events have different implications that affect people in a variety of ways. But brands need to be aware of these and respond appropriately.

We also see TikTok – and its broader effect on the social media landscape – as a leading in consumer tech for the year ahead. It's one of the places where creators thrive and new fandoms and subcultures will continue to explode.

THE CHANGING CONSUMER

7 CULTURAL RESPONSES TO COVID

It's impossible to ignore the ongoing impact of Covid on our lives and our economy.

While the most drastic impact might be over, now that we have vaccines to minimise the worst of the virus's effects, Covid is likely to remain with us for years and possibly decades to come. By 2022, the realisation that we'll be living with Covid forever will sink in.

From a cultural perspective, looking back at previous events that compare to the Covid pandemic – such as the Spanish Flu and 9/11 – we can see how people's responses cohere into four main types.

On the positive side, we could embrace thrill-seeking and indulgence, as we try to make up for lost time, or wallow in love and kindness as we value our friends and family more than ever. More negatively, many of us will experience anxiety that could lead to fearfulness and even burnout; on a societal level, our trauma could turn from grief to anger as we look for someone to blame for what we've gone through.

These four responses – thrill-seeking, love and kindness, individual anxiety, and social trauma – provide a framework for brands to be aware of and potentially tap into in 2022.

THINGS TO CONSIDER:

Are there opportunities for you to align your comms to one of those four consumer responses? Can you potentially alleviate negative feelings and accentuate positive ones in your comms?

Do you know how your customers are feeling and what they're thinking? Can you ensure your comms are aligned to resonate most effectively?

Do you need to consider new channels, tactics and moments to reach your audience now that their habits might have changed forever?

8

TIKTOK DRIVES THE FUTURE OF SOCIAL

TikTok is a phenomenon: in September 2021 it broke through the 1bn monthly active users barrier, reaching that milestone faster than any other social app so far. It's also the first non-Western app to hit 3bn downloads. Not bad for a company that launched barely more than three years ago.

TikTok's incredible success has shaken up the cosy world of the Western social apps that had settled into a holding pattern in the second half of the 2010s. Suddenly the likes of Facebook, Instagram, YouTube and Twitter have true competition again and their places in the firmament can't be taken for granted.

One impact of TikTok's growth has been to encourage all of these other social apps to look at their product innovation afresh. In particular they're prioritising short-form video and trying to mimic TikTok's viral characteristics. Expect more and more apps to go video-first and redesign themselves around full-screen vertical video.

TikTok has also invested heavily in ecommerce. Its recently announced partnership with Shopify will make it a more important ecommerce channel. Looking further ahead, it's also trying to take the Chinese trend of "livestream commerce" global (imagine influencers hawking products on their feeds, QVC-style). This is a huge part of ecommerce in China and could grow in the West during 2022.

THINGS TO CONSIDER:

Are you creating video in the right formats for your channels and audience?

Could you consider TikTok as an ecommerce opportunity – or other apps offering similar routes to market?

Are you monitoring changes and updates in other social apps to stay relevant and ensure your content is still reaching your intended audience?

9

BOOMING DIGITAL FANDOMS AND SUBCULTURES

The pandemic made digital technology a cause for joy, and for many it became their only source of belonging. Removed from the real-world limitations of race, sexuality and age, many felt the freedom to explore themselves and express their true identity, accelerating the rise of new digital subcultures.

Platforms like TikTok, Reddit and Twitch became the springboards for "alternative" movements and fandoms, creating micro-communities of like-minded young people and fuelling the burgeoning creator economy.

There are two dynamics at work here. Growing numbers of independent creators are developing their own communities of fans, often around extremely niche interests or identities. But at the same time, businesses have started to realise that these creators and influencers offer a trusted route to highly engaged youth audiences. Brands have spotted the $18bn opportunity to appeal to this younger generation, and their desire for greater inclusivity, new identities, conscious consumption and progressive politics.

But some brands have gone further and designed services or platforms specifically to appeal to a Gen Z audience. For example, YOOX, the online luxury fashion, design and art retailer, launched an online hub named Hi_GuyZ! to help Gen Zs express their culture and values, including gender fluidity and diversity. New ecommerce sites like StockX, described as "the marketplace for current culture", have emerged to service a Gen Z audience focusing on street fashion.
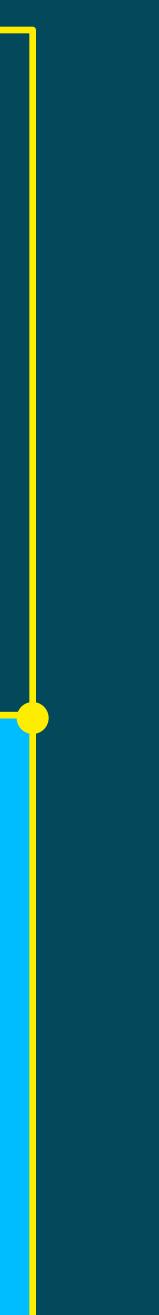
We expect lots more of these fandoms and subcultures, especially among Gen Z, to thrive online in 2022, with new digital businesses expressly built around serving them.
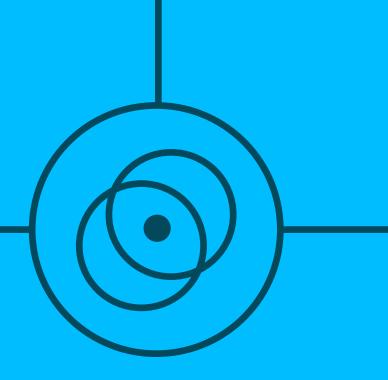
THINGS TO CONSIDER:

Do you have your finger on the pulse of subcultures and which ones are transitioning to mainstream culture?

Consider how the digital subcultures are shaping the way in which brands communicate – are there any new formats or channels you can introduce to your communications strategy?

Are your products or service offerings relevant for this younger audience, or can they easily be adapted?

RESPONSIBLE BUSINESS

The ESG agenda (environment, sustainability and governance) has climbed towards the top of CEO priority lists in recent years. Consumers and policymakers care increasingly about businesses' behaviour and the radical transparency of the internet mean there's nowhere for brands to hide.

The tech sector is under particular scrutiny – not surprisingly, given that it's now the richest and most powerful industry on Earth, and in fact has been a "winner" from the pandemic. Tech is expected to show leadership in all aspects of the responsible business agenda – and to demonstrate real progress too.

10

TECH'S ENVIRONMENTAL COST

The big tech companies and cloud providers are some of the biggest consumers of electricity today. In 2021, the combined power usage of Amazon, Google, Microsoft, Facebook and Apple was more than 45 terawatt-hours a year, about as much as New Zealand.

Meanwhile, tech businesses are trying to become more sustainable by embracing smart materials and adopting a circular product design, but are generally failing to consider the business strategy and operational changes required to make a real difference.
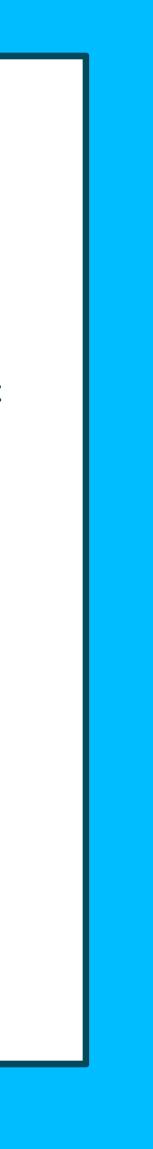
We expect to see a greater focus from consumers, policymakers and media on tech's environmental footprint in the year ahead – and an expectation of moving beyond superficial changes.

The tech sector can often feel intangible in its products and processes – but it has a very tangible environmental impact, that is increasingly coming under scrutiny. According to recent research, the IT sector directly accounts for somewhere between 1.8% and 2.8% of global greenhouse gas emissions. Remarkably, that's roughly the same as the aviation sector.

THINGS TO CONSIDER:

Is your reporting of carbon footprints and green initiatives sensitive to the environmental cost of digital technologies, and focused on real actions, not just words?

Can you develop campaigns or comms strategies that highlight the ways in which your products or services help businesses use fewer resources than legacy alternatives?

Are you embracing circular economy principles in every aspect of your business, not just your raw materials?

11

SENSIBLE SUPPLY CHAINS

Supply chains are becoming the biggest story in business as we end 2021. That may well continue into 2022.

Globalisation's advance over the past few decades means that many businesses now have vast and complex supply chains. The pandemic is triggering something of a retrenchment.

There are ethical and sustainability reasons for this, but also political and practical ones too. By testing global supply chains beyond breaking point, the pandemic has provided a good argument for sourcing and manufacturing products closer to home and avoiding trade barriers.

Compounding this, in the UK, Brexit has also produced a once-in-a-generation challenge and opportunity around digital trade and supply chains. UK businesses are increasingly forced to adopt smarter, digital approaches to international commerce and their supply chain – a huge opportunity for the tech sector. This story is far from over.

THINGS TO CONSIDER:

When telling sustainability stories, can you ensure that your business supply chains are as transparent as possible?

Could you develop campaigns that emphasise the ways in which your products support ethical, digital and sustainable supply chains?

Can you reassure customers and partners about your supply chain's resilience?

12

ACTION, NOT WORDS, ON DE&I

After the murder of George Floyd in May 2020 and the extraordinary impact of the Black Lives Matter campaign, there were plenty of promises from businesses that the focus on improving their diversity and inclusion wouldn't fade when the headlines stopped.

Going into 2022, firms will continue to be judged by their actions on DE&I, not just their well-intentioned words. How much progress are they making on racial and gender diversity among their workforces, especially their senior teams? What about their pay gaps? Given their global power and perceptions about "tech bro" culture, tech companies will be under particular scrutiny here.

There are also continuing questions for tech companies about the diversity of thinking that goes into product development – with all of its implicit biases – and especially safety and moderation efforts. Highlighting the real-life experience, as well as the thought and care, that has gone into product development will be key.

Tech leaders are being evaluated on their willingness to take a public stand on DE&I-related issues, even when – especially when – it's uncomfortable. Silence is no longer a justifiable response for most stakeholders, and tech CEOs are being asked to set the example for the rest of the industry when it comes to concrete action.
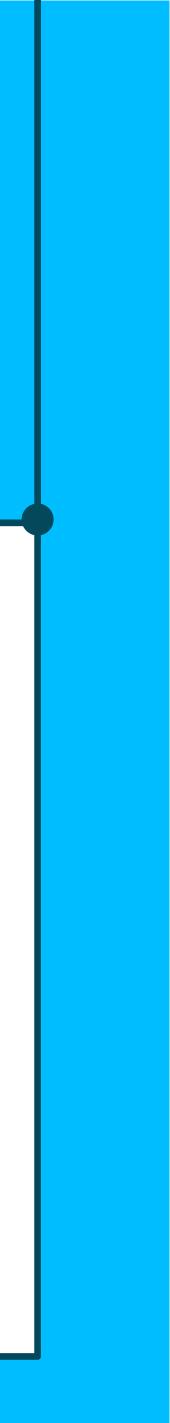
Finally, there will be DE&I implications around hybrid working too. On the positive side, more remote working and flexible schedules should, in theory, make it easier for tech companies to attract and retain diverse talent. But there will be scrutiny about whether tech businesses make this happen in reality, and whether they can include and reward remote workers as much as in-office ones. Or will they return to old ways of working, in order to maintain control over their employees?

THINGS TO CONSIDER:

Brands need to tell a positive story based on genuine actions and progress, not further promises for the future. The expectation now is for delivery. Can you be more open and honest about your DE&I journey to build trust? Specifically, are you willing to be transparent about the mistakes you made along the way, and share lessons learned with your peers?

Are you communicating your hybrid work policies clearly and are you considering their DE&I implications?

Are you willing to make statements – and take action – on DEI-related issues, even when there is potential for backlash?

REGULATION ON THE RISE

Many of the trends in this report have emerged from or been accelerated by the pandemic. But the rise of tech regulation traces its roots back further – to the political shocks of 2016, when elites on both sides of the Atlantic looked for someone to blame for the Brexit referendum and Donald Trump's election. The tech sector – especially social media – became the fall guy, blamed for encouraging misinformation, coarsening our political discourse, and enabling extremism.

Ever since, regulation of the tech sector has been high up on the agenda in the UK, EU and US. We're starting to see that come to fruition now. In the UK, Ofcom will get responsibility in 2022 for regulating online safety. Getting ahead of regulatory pressure, Apple and Google are bringing an end to cookies. Meanwhile, geopolitics has turned tech regulation into a strategic lever in global struggles for control.

13

THE COOKIELESS INTERNET

Partly driven by regulatory pressure, and partly driven by brand or reputational goals, Apple and Google have both made announcements recently that appear to spell the end of the martech status quo that existed for the past 15 years.

Apple has made consumer privacy a core tenet of its brand and its latest version of iOS allows users to stop apps tracking them online. Google plans to replace cookies with a cohort- or topic-based approach to consumer targeting on the web by 2023. As a result, consumers have become increasingly aware of their privacy (or lack of it) online.

Facebook seems to be the biggest victim of these moves, but many other app-based businesses have suffered too. Apple and Amazon seem to have been the biggest winners so far, as their first-party insight into consumer behaviour is unrivalled.

Marketers remain in a state of uncertainty about what this means and where they're best advised to invest their budgets online. But it seems to be more than just a tactical change in how brands reach their audiences – it's closer to a fundamental philosophical shift in the way the internet gets monetised. It will restrict some of the opportunities that brands had to follow consumers round the internet, and force them instead to promote themselves and drive sales in slightly more old-fashioned and less targeted ways.
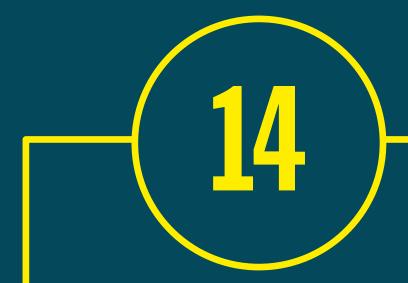
THINGS TO CONSIDER:

Recent research from Google recommended that digital marketing should be "meaningful, memorable and manageable" to ensure it respects consumers' privacy – does yours measure up?

Do you have clear policies on your approach to privacy, cookies and targeting?

Earned and owned content remain the safest and most cost-effective channels for online budgets. Can you reallocate budgets to take advantage?

ONLINE REGULATION COMES TO THE UK

14

Political and public pressure to tackle the issue of harmful content online has been growing for some time. Recent research found that <u>over a third</u> of people in the UK now think the risks of being online outweigh the benefits and 81% have concerns about going online.

The Online Safety Bill, likely to be the subject of fierce parliamentary debates in 2022 and become law in 2023, will effectively make Ofcom the UK's internet content watchdog, with powers to sanction companies and block access to sites. The legislation is designed to put greater pressure on Big Tech companies and ultimately strengthen public confidence in the internet.

But this is a hugely sensitive area. Ofcom's new powers will be closely watched and they're likely to set a series of new precedents which could have global consequences.

THINGS TO CONSIDER:

Are your social and digital strategies developed with the impact of the Online Safety Bill in mind?

Are your company values and societal impact clearly articulated?

Are you keeping track of Online Safety Bill developments for opportunities to push your narrative on the importance of your company purpose and your wider impact on society?

15

THE GEOPOLITICAL BATTLE FOR DIGITAL SUPERIORITY

Tech regulation becomes a bigger political issue every week. Increasingly this is a global and geopolitical issue, where regulation in one country or region can be adopted internationally and shape what happens thousands of miles away.

There are really two battle lines here – firstly between the US and China, and secondly between the UK and EU.

For the US and China, this a new cold war with digital technology as the frontline. After all, it's where economic leverage and media control is now located. For the UK and EU, this is a post-Brexit tussle, where digital regulation – or the absence of it – can play a role in attracting investment, spurring job creation and stimulating economic growth.

It's hard to imagine there won't be significant new developments in both of these theatres of digital conflict in 2022 – expect threatened or actual bans, break-ups and regulatory changes.
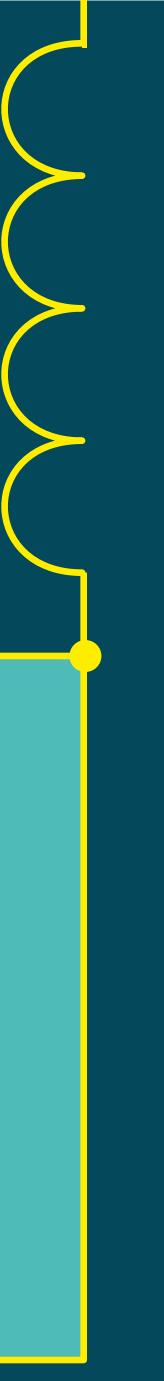
There's also another battle going on though – between sovereign governments and the tech companies themselves. While there are currently 139 pieces of legislation in the US Congress relating to the tech sector, it's actually China that has led the way in this regard. Xi Jinping's crackdown on homegrown tech giants has reasserted the government's control and provided a template for other nations to copy. China has become a default global tech regulator, like the US and EU before it.

THINGS TO CONSIDER:

Brands are often caught in the crossfire of regulatory battles being fought for entirely separate political reasons. Are you monitoring these developments worldwide?

Global regulation seems to be rising to the level of the highest common denominator. Do you have clear statements and policies around those?

Do you have evidence and stories of how you make a positive contribution to society and the economy?

harvard.co.uk
hello@harvard.co.uk

HAR
VARD: