

TECH MOVES

2023



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WELCOME TO OUR TECH MOVES 2023 REPORT

This is our second annual report on the changes in business thinking, consumer behaviour, policy debate and technology that we're keeping an eye on for the year ahead.

In our view – based on our conversations with clients across the tech sector, as well as our reading of the industry tea leaves – these are the areas where big moves are being made that will affect tech in 2023.

Not surprisingly, the biggest change compared to last year is the dramatically worsening economic climate. A year ago the tech sector was still riding high, fuelled by rapid pandemic era-growth and bucketloads of investor cash looking for a home. Now the talk is all about employee layoffs, funding round delays, and CEOs focusing on profitability rather than expansion.

This new financial and psychological reality has shaped much of this year's Tech Moves. But there's still lots of exciting innovation happening at the frontier of the industry, as well as some fascinating developments in consumer habits and an increasingly political edge to the way the tech sector operates.

As we said last year, while this report can't cover every interesting aspect of the tech industry (there's far too much going on to do that!), what we've included are the big themes we're tracking for the year ahead – and where we think brands should pay attention too. As comms and marketing teams start their planning for 2023, we hope it provides some useful context and inspiration.

Jessie Bland
Strategy Director

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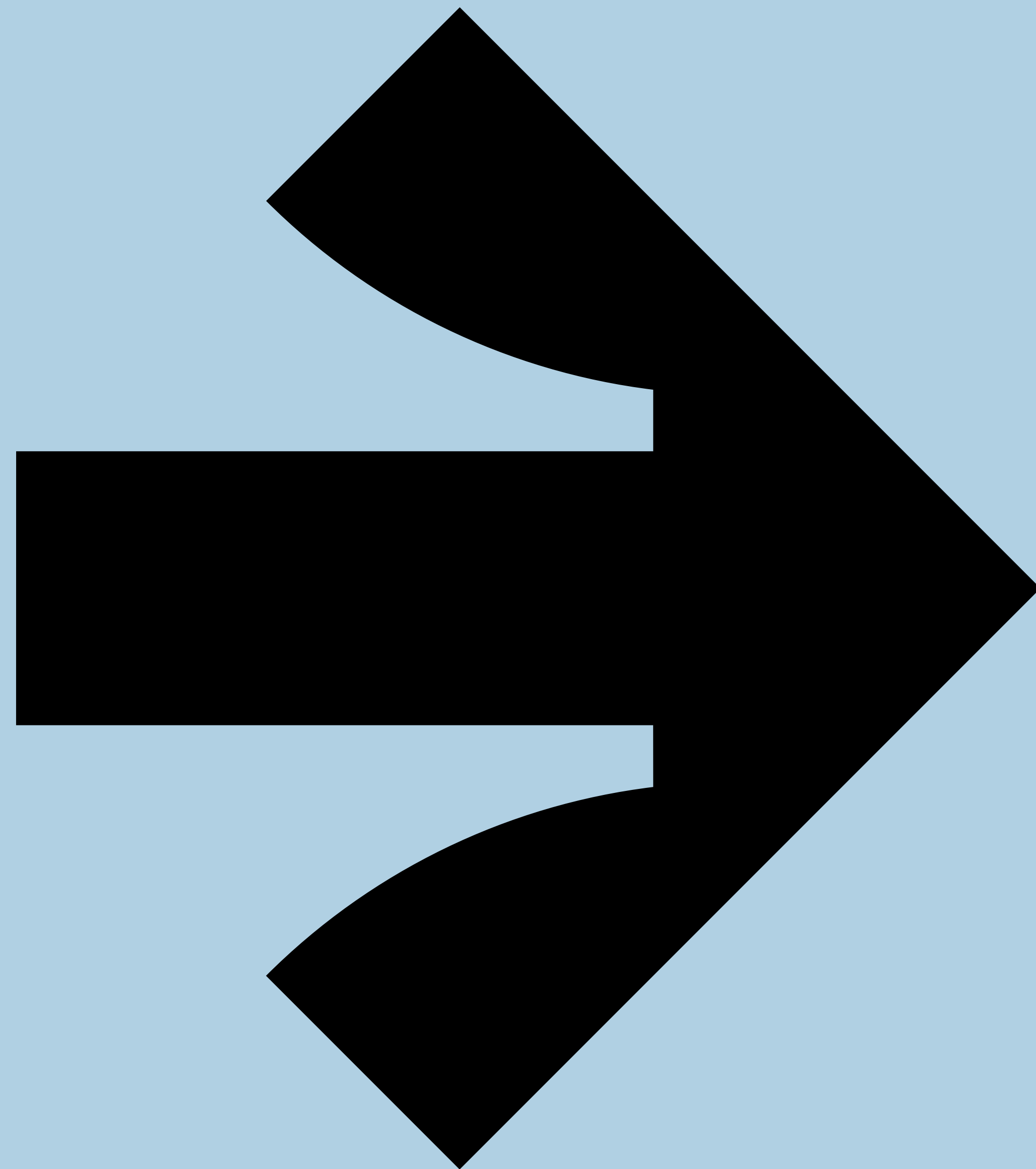
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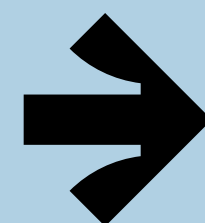
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ECONOMIC IMPACT

The macro story in tech for 2023 is likely to be the ongoing effect of the economic storm battering the sector.



CHALLENGING ECONOMIC ENVIRONMENT COULD HERALD THE NEXT INNOVATION CYCLE



In autumn 2021, tech stocks were at record highs and the sector was booming. But as we emerged out of lockdowns in early 2022, a rise in consumer demand triggered rocketing inflation levels, which in turn led central banks to raise interest rates.

At the same time, as life returned closer to something resembling “normal”, the rapid tech growth of the pandemic era began to tail off.

All of this combined to spook VCs and other tech investors. Share prices fell, funding for startups withered away, and firms began cutting costs and headcount significantly.

While we don't have a crystal ball, the likelihood is that these tough economic times will last well into 2023 – perhaps for half the year or more. That would dampen the industry mood and keep it focused on fundamentals – cash, profitability and survival. It would set a downbeat media narrative and force marketers to prove the ROI of their campaigns.

The tech sector has been through this cycle before, of course. Both the dotcom crash of 2000-02 and the global financial crisis of 2007-08 were enormous

setbacks at the time, but in hindsight were the equivalent of pruning trees to allow new growth to flourish. Layoffs from established firms tend to unleash a new wave of entrepreneurs to start their own companies.

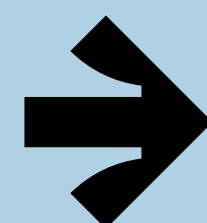
What new firms might emerge from these challenging times? Could we see fresh ideas emerge in B2B productivity software, consumer social apps or health and wellness, for example?

THINGS TO CONSIDER

- Media and investors will be keen to hear about success stories bucking the market trend.
- Marketers need to be obsessive about the financial value of their campaigns and the leads being generated – choosing the right metrics for measurement will be key.
- Brands can drive greater impact with more integrated and flexible thinking during straitened times, making the most of budgets and resource across earned and owned channels.

CONSUMERS TIGHTEN THEIR BELTS – AGAIN. TECH HAS TO RESPOND

Beyond the tech sector's troubles, the wider economy is likely to go into recession in the UK for much of 2023 – and other Western countries might do too. A combination of high inflation, rising interest rates on mortgages and loans, plus rocketing energy bills, are all contributing to a cost of living crisis unlike anything we've known for decades.



For consumer tech brands – especially hardware firms selling PCs and other devices – these are traditionally tough times as shoppers tighten their belts and cut back on large-ticket items.

But aside from the unique circumstances of the short-lived Covid-induced slump in 2020, we haven't had a "typical" recession in the UK since 2008. And since that time smartphones have become essential tools for the majority of people, while

subscription services like Netflix and Spotify, and on-demand apps like Uber and Deliveroo, have all become mainstream. In many ways, these will be uncharted waters for the consumer tech brands that have sprung up over the past decade and a half.

Many brands viewed as non-essential treats may well struggle to survive (although historically some supposedly "trivial" brands do well during downturns thanks to the so-called lipstick effect). Those brands that do survive will need to control their costs while remaining responsive to customer needs – proving their value and finding new ways to embed themselves in consumers' lives.

We'd expect to see innovations in pricing (like Netflix's new ad-funded subscription tier), as well as a raft of new product and feature ideas, and low-cost options that challenge some of today's incumbent brands.

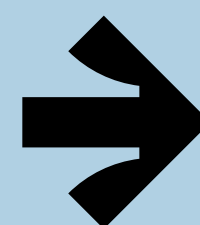
THINGS TO CONSIDER

- Plan all of your comms and marketing – in terms of tone and content – with a laser-focus on your audience and their latest habits and attitudes during the downturn.
- Ensure a sensible balance between brand marketing and performance marketing – it can be tempting to focus on the latter during a downturn, but that can erode the power of the brand in the long-term.
- Don't forget your internal audience. Your employees are also consumers, so are there ways to support them that can form the foundation of internal comms campaigns to drive loyalty and brand affection?

BUSINESS ECOSYSTEMS WILL DRIVE THE COLLECTIVE VALUE CREATION NEEDED TO SOLVE THE WORLD'S BIGGEST PROBLEMS

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Technology is slowly eroding the traditional, industrial business model – upending it in favour of platform businesses. This trend will accelerate in 2023.



While traditional linear organisations create value through products or services, platform businesses create value by facilitating connections between different people and companies. Every platform shares the same basic structure: there are owners, providers, producers and consumers. Any company that wants to become a platform must work out how to bring these different groups together – and that means learning to look beyond your own business and recognising the importance of the network you exist within and the partners in it.

Research from IBM's Institute for Business Value reveals that the companies most focused on ecosystem engagement generate higher growth and more business value. During the pandemic, in

fact, revenue growth captured by these ecosystem leaders outpaced that of others by 5 to 1. But not only are platform businesses more resilient to crisis, they're also better placed to solve the world's problems – especially when it comes to sustainability. According to McKinsey, up to **90%** of an organisation's environmental impact can come from its supply chain. Because of their networked nature, platform businesses are better placed to hold suppliers to higher sustainability standards and drive collective change.

The way value is created – in both economic and ESG terms – is now becoming a collective process, rather than a siloed one.

THINGS TO CONSIDER

- Make sure your organisation's positioning changes as business models evolve, and this is reflected in your comms and marketing.
- Talk to your partners and find ways to collaborate with them to talk to your shared customers.
- Try to talk about the value your organisation creates in a new way as this is increasingly a collective process, recognising your role within a wider ecosystem.

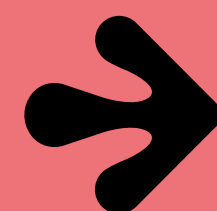
THE POLITICISATION OF TECH



The tech sector finds itself increasingly caught up in political battles as it gets more scrutinised and regulated.

THE EU CONSOLIDATES ITS ROLE AS A GLOBAL LEADER IN TECH REGULATION – AND THE UK PLAYS CATCH UP

After years of debate, the EU is finally bringing major tech legislation into effect in 2023.



The [Digital Markets Act](#) will give the EU the powers of a de facto global regulator over Big Tech “gatekeeper” platforms, aiming to stop them abusing their market dominance. It creates a set of “dos and don’ts” that gatekeepers will be required to follow, such as banning them from ranking their own products more favourably than those from third-party businesses.

But while the EU ploughs ahead with its digital regulation, the UK’s own efforts have become stuck in political limbo. The [Online Safety Bill](#) – originally designed to regulate influencers more tightly and

better protect children online – has been [delayed](#) and diluted multiple times as the country’s political leadership kept changing hands.

The bill has been criticised for being at once too broad and too strict: online safety activists believe more needs to be done to protect people from online harms, whilst free speech campaigners see the bill as a facilitator to online censorship.

As regulation moves from concept to statute, the tech sector is now at a fork in the road. In a post-Brexit era, the question for UK businesses is to what extent will we follow the EU’s lead or try to diverge from it? But beyond our shores, regulatory alignment between the US and the EU (or the lack of it) will be a key watching point for technology businesses.

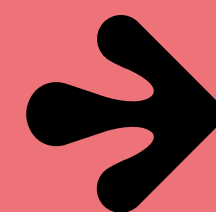
THINGS TO CONSIDER

- Major platforms will already be scrutinising the Digital Markets Act for its implications. For smaller firms, these regulations provide opportunities to differentiate.
- The Online Safety Bill’s provisions won’t just impact Big Tech. Large tech firms may face sanctions, but small businesses will have [significant costs](#) to adhere to new regulations too. Can your brand help educate SMEs on adherence to the new provisions?
- Even for tech companies who aren’t regulated, the rise of legal standards is creating higher expectations for ethical behaviour. Consider how your business can prepare for this increased scrutiny..

THE CULTURE WAR COMES TO TECH

5

Ever since the political shocks of 2016 (the election of Trump and the Brexit referendum), we've become acutely aware of technology companies' capacity to shape our information landscape. But now the tech sector itself feels like a key battleground in the culture wars that started in the US and have since travelled worldwide. We think that will continue to ratchet up in 2023.



Almost every discussion in tech – big or small – now feels politicised. Some of this is understandable and reflects tech's role as a strategically important industry. For instance, the Biden administration's attack on China's semiconductor industry.

Or Elon Musk's Starlink satellites ensuring connectivity in Ukraine. But some of it is seemingly highly contentious despite appearing trivial. WFH policies, for example, have somehow become a politicised argument in the tech sector. Every content moderation choice, every identity option on an app's personal profile section, every influencer partnership – all of it gets viewed now as a political choice that says something about the ideological preferences of the tech company itself and the people who choose to use it.

Big Tech leaders used to frame the sector as an apolitical force, an engine of connectedness and innovation, driving us to utopia. Instead, their every move now gets carefully scrutinised and argued over for its political connotations.

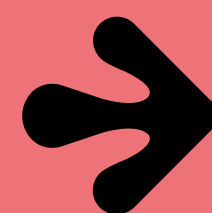
THINGS TO CONSIDER

- Consumer tech brands need to be aware that every brand and marketing choice will increasingly be viewed through a politicised or culture war lens. Even in the B2B sector, this likelihood will grow.
- The key is to have a firm grasp on your organisation's values and mission, using them as a compass through turbulent political and cultural times and ensuring your everyday comms and content reflects them.
- Find issues or campaigns you feel strongly about where your company can take ownership or differentiate from peers.

DATA BECOMES PERSONAL AND POLITICAL

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On the day that the US Supreme Court overturned Roe v Wade in June this year, the author Jessica Khoury tweeted a simple message: “Delete your period tracking apps today”. That tweet now has 347,000 likes.



It was a stark reminder to the tech industry that data is personal, and the personal is political. Suddenly a swathe of consumer tech companies offering services like period tracking – or even ride-hailing and mapping – realised they could be in the problematic position where the data they collect could be used to criminalise women.

As we enter 2023, we expect this evolving landscape will ingrain privacy worries deeper even amongst

the most non-technical consumers. This could be reinforced by concerns over Chinese government access to TikTok data too. And who knows what might happen with direct messages on Twitter under the Elon Musk regime.

In a world where tech brands have access to our most private thoughts and bodily functions, our personal data becomes more political than ever.

THINGS TO CONSIDER

- Make sure your messaging fully reflects consumers' changing concerns about data privacy.
- Work to build trust with your customers regarding your personal data management processes.
- Ensure your duty of care over customer data is clearly expressed and understood.

CHANGING CONSUMER HABITS



The consumer sector is always most exposed to fast-changing public sentiment and behaviour – this will only be exacerbated by the tough economic situation in 2023.

SOCIAL MEDIA ENTERS A PERIOD OF FLUX

With the incumbent social media giants report decreasing revenues, share prices and headcounts, we're entering a new era in the consumer social media world.

First off, there's a new generation of challenger social media apps emerging. BeReal was the breakout social media platform of 2022, with active users up by 2,254% since January 2022. For now, its popularity is predicated on an extreme focus on authentic, ephemeral content; a direct challenge to the hyper-stylized and curated approach of Instagram.

Meanwhile Rumble has emerged as a silent giant – an online video platform appealing to those disenchanted with Big Tech, finding favour with right-wing groups and achieving significant growth. Its 80m monthly active users is approaching a fifth of Twitter's audience, for example. And let's not forget about the community platforms like Twitch and Discord building collective power.

Secondly, TikTok continues to make waves. It's still the most influential social app, growing rapidly and setting the template others try to copy. It's now the platform where Gen Z most regularly get their news and diagnose their mental health conditions. But as the platform grows, it's becoming more generic – the same content can be seen across all channels and there's less to distinguish it from every other social network.

Its Chinese parent company has become a target for some US politicians, and there are talks of a ban, which would create a huge storm across the industry and political landscape.

THINGS TO CONSIDER

- Make sure you have reliable data on where to find your audience online – platform habits and preferences can change fast.
- Invest in careful moderation of your social media presence as platforms' content rules evolve.
- Keep your core social channels in top shape but don't rest on your laurels.
- Keep experimenting and find what works for you.

Additionally, social media is now becoming the plaything of the superrich, from Elon to Kanye and Trump, which is creating instability and uncertainty. Perhaps chastened by his experience running Twitter, its former founder Jack Dorsey has launched the beta version of Bluesky Social to experiment with a decentralised form of social media.

With the rules of the social game changing, and increasingly fragmented advertising possibilities, brands should keep their options open, build a multi-channel approach, and be nimble with their choices.

CAREER SCEPTICISM BOOMS AMONG THE UNDER-40S

“Quiet quitting” was one of the phrases of 2022, reflecting a changing set of priorities in a post-pandemic world.

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A large section of people, it's claimed, realised that work isn't the be-all and end-all and began insisting on firmer boundaries between their personal and professional lives. In 2023 we expect that trend to continue – and to be especially strong among younger people.

This isn't entirely new of course: for several years there's been a growing reaction online against “hustle culture” and the emphasis on career progression and individual wealth. Our reliance on technology has increased the working day by three hours in the last 17 years, making our working environment increasingly damaging to our

wellbeing. In the UK the situation is particularly dire, with only 9% of workers saying they were engaged or enthusiastic about their place of work (putting us 33rd out of 38 European countries).

But with a prolonged recession forecast, the emphasis will be on surviving tough times rather than excelling. Many millennials and Gen Zers don't see the economic system working for them – they might never be able to own their own home, for instance – which creates a feeling of disillusionment and apathy. They've also realised that the traditional 9-to-5 – designed for an era where one family member could act as caregiver – doesn't serve them anymore.

The pendulum will swing back towards prioritising individual passions, wellbeing and relationships. Messages about economic empowerment might feel outdated.

THINGS TO CONSIDER

- Make sure your campaigns and messages are in tune with public sentiment, considering both consumers and employees.
- Try to appeal to you're the desires of employees for fulfilment and self actualisation outside of traditional career paths and material ownership.
- Use your internal comms effectively to galvanise and motivate your employees around causes, principles and ideas.

BRANDS WILL BUILD WITH THEIR COMMUNITIES, NOT FOR THEM

One of the trends we expect to strengthen in 2023 is a change in the dynamic between brands and their customers online.

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For the past decade and a half, most consumer brands built their profile and presence online through paid media, especially targeted ads. But the technology underpinning this system has changed (in particular due to Apple's new [app tracking transparency](#) policy), and there's also been a cultural shift towards conversation and authenticity. The result is that there's more emphasis now on organically building a brand's reputation, investing in earned channels and cultivating fans more intentionally.

This means that marketing online in 2023 is going to become more about building with a community, rather than for it. And you can't build with a

community around goals that only serve the brand – everyone needs to buy into it. That will require brands to embrace more collaboration, feedback and two-way dialogue.

In addition, as the large, web2-era social giants shed employees, it's plausible some of this talent could turn to creating new forms of community and togetherness online, establishing fresh ways for brands and audiences to interact. We could see some exciting developments ahead.

THINGS TO CONSIDER

- Consider how you can bring your community closer to your brand, creating a sense of collaboration and co-creating with them
- Establish whether there any new online channels or communities you need to reach or where you need to cultivate a brand presence
- Which niche interests can you tap into to fuel your brand's growth?

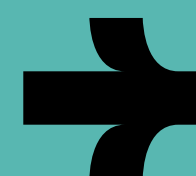
INNOVATION AT THE FRONTIER

Despite the more downbeat mood in the tech sector heading into 2023, there's still lots of exciting activity at the cutting-edge of the industry.

THE AUGMENTED WORKFORCE: AI HITS ITS STRIDE

10

We're familiar with physical robots on assembly lines, warehouses and supply chains. But intelligent technologies are increasingly integrating with digital businesses too. From intelligently processing data to automating end-to-end operations, in 2023 we're expecting to see a wider adoption of "digital workers" (AI algorithms, in other words) to support human employees.



One startup, [Simplifai](#), allows any knowledge-based business to tailor an algorithm to their needs and automate some of the procedural parts of their jobs. Once deployed into the organisation, these digital workers can then free up the human staff to focus on more valuable tasks.

Underpinning this growth are the increasingly sophisticated methods of interacting with AI tools. Natural language processing and optical character recognition (the process that converts an image of text into a machine-readable text format) mean AI can fit seamlessly into existing workflows.

As off-the-shelf solutions become more affordable and standardised, we'd expect smaller companies to increasingly view deploying digital workers and AI augmentation as a realistic business upgrade. This could also help build the agility necessary to weather the storm of tough economic times.

While this automation has plenty of benefits, at the same time it can bring ethical and reputational challenges. Businesses should carefully consider how they talk about deploying AI tools and supporting their employees with intelligent augmentation.

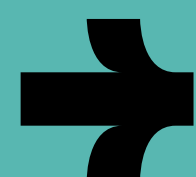
THINGS TO CONSIDER

- Be careful and candid in how you talk to customers about your use digital automation to support employees.
- Consider how to manage customer interactions with imperfect chatbots; what to do when automation tools aren't appropriate.
- Look to integrate automation and AI into your marcomms campaigns where they align well with the features and focus of your content.

THE METAVERSE HITS THE PEAK OF INFLATED EXPECTATIONS

11

The technology that will enable the metaverse is gradually catching up with its lofty vision: a persistent, interoperable, virtual world. However, the hype around the metaverse has far outstripped its genuine progress this year.



Gartner estimates that the metaverse is still more than 10 years away from becoming a productive technology with demonstrable real-world benefits. The challenge for brands is that the peak of inflated expectations is reaching its crescendo imminently – we expect it to crest in the next 12 months.

This peak is inevitably when marketers feel the sharpest pressure to pour resources into this new technology or rethink their existing strategies.

To be sure, for those businesses whose customers are at the cutting edge, keen to explore VR/AR experiences and use those channels, the idea of virtual worlds is an exciting proposition. But we should recall that roughly nine in 10 CMOs are already struggling to measure the business impact of existing marketing innovation and only 6% are satisfied with their innovation performance to date. Investment in a new channel won't improve effectiveness if your audience isn't there.

While the hype and headlines around the metaverse build to a crescendo in 2023, marketers and comms leads should stay focused on executing on their existing investments, reaching their targeted audiences through current channels.

THINGS TO CONSIDER

- Beware the metaverse backlash when considering its use as a marketing channel – well-intentioned experiments could easily be seen as wasteful gimmicks as the wider narrative turns.
- If you are investing in virtual worlds and related platforms, prioritise explaining the tangible value and brand benefit.
- Are there other channels and platforms where you can maximise your existing investments before adopting new ones?

BLOCKCHAIN AND DECENTRALISATION IS SET TO REVOLUTIONISE B2B SUPPLY CHAINS BEFORE CONSUMER FINANCE

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There's lots of discussion about how blockchain and crypto will upend consumer finance and the way we buy things – but the reality is that decentralised approaches to trust are set to transform the B2B world more materially than consumer sectors in 2023.



After all, businesses have a much greater economic incentive to establish the traceability and visibility of the goods and services they consume or create. That applies to their dealings with other businesses, as well as to how they reassure their end customers too.

Supply chain visibility continues to be a big challenge for those in procurement and risk departments. Indeed, 71% of chief procurement officers say they don't have full visibility of their supply chains. The ability to confirm sourcing and provenance, through a method whereby sceptical customers can audit it themselves, would bring enormous value. One example of this in action is energy giant Shell using blockchain to validate the provenance of sustainable energy entering its grid.

While businesses are more trusted on average than NGOs or governments, consumers are increasingly questioning sustainability claims on everything from food to fashion. At a time when ethical business frameworks are under scrutiny for greenwashing, third-party verification needs to be more robust than ever. Decentralising trust through the blockchain might provide a way forward.

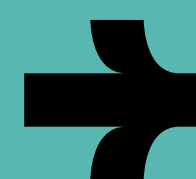
THINGS TO CONSIDER

- Reassure customers and other stakeholders about your supply chain methods through open and transparent communications
- Explore blockchain projects that could enhance people's trust in your organisation with secure verification methods
- Improve the third-party verification system for your supplier comms ecosystem

CLIMATE CHANGE TECH BECOMES THE NEW HOT SECTOR

13

Forget crypto or web3 for a moment. In the year ahead, we'll hear more and more about "climate change tech" as viable ideas – whether in renewable energy production, carbon capture, battery development or data analysis – gain market traction.



We're already starting to see the market pick up speed. In the third quarter of 2022, climate tech companies drove six of the top 10 deals in global venture capital. Talent is flocking to the sector too, as skilled tech workers seek out a job with real-world impact and meaning (something we might see more of, as other tech firms lay off employees in the months ahead).

Major tech investors such as John Doerr and Chris Sacca are also prioritising climate change and related startups with urgency, putting their money where their mouth is.

In the UK, interesting startups like Carbon Re are using AI to develop new low-carbon processes, designs, and materials for energy-intensive industries such as cement, steel and glass. And globally, battery technology is becoming increasingly important as EV companies look for ways to cut the price tag and increase the efficiency of their cars.

Investment continues to pour into R&D for solid state batteries, which could store more energy, charge faster and offer greater safety than current liquid lithium-ion batteries.

THINGS TO CONSIDER

- Stay in regular contact with your sustainability and innovation leads to see how their portfolios and focus areas are developing.
- Make sure you can readily articulate the real-world impact of your business to bolster your employer brand, attracting and retaining the best talent.
- Consider what other innovations and investments are going on in your organisation, outside of the climate, that deserve a wider audience.

GET IN TOUCH

We hope you found our Tech Moves 2023 report valuable as you think about your comms and marketing plans for the next 12 months. These are the themes in the tech sector we're keeping an eye on and where we expect some of the biggest developments to occur.

If you would like to talk about any of these themes in more detail, or discuss how they might impact your marketing and communications as you look to Make Your Move, please reach out to us here: hello@harvard.co.uk

We look forward to continuing the conversation!