

2021 Risk Radar: Technology Sector

March 2021

The COVID-19 pandemic has upended the ways in which business normally operates and has forced them to rethink their priorities in the new reality. As the Greater China region continues its steady economic recovery following last year's slump, more businesses are acknowledging a critical need to build the new technology infrastructures necessary to ensure economic resilience and lessen the impacts of the pandemic. Demand to accelerate the digital transformation of the supply chains and internal operations of many businesses to adapt to new ways of working and an increasingly tech-enabled market environment has led the technology sector to respond with a myriad of solutions to stay connected.

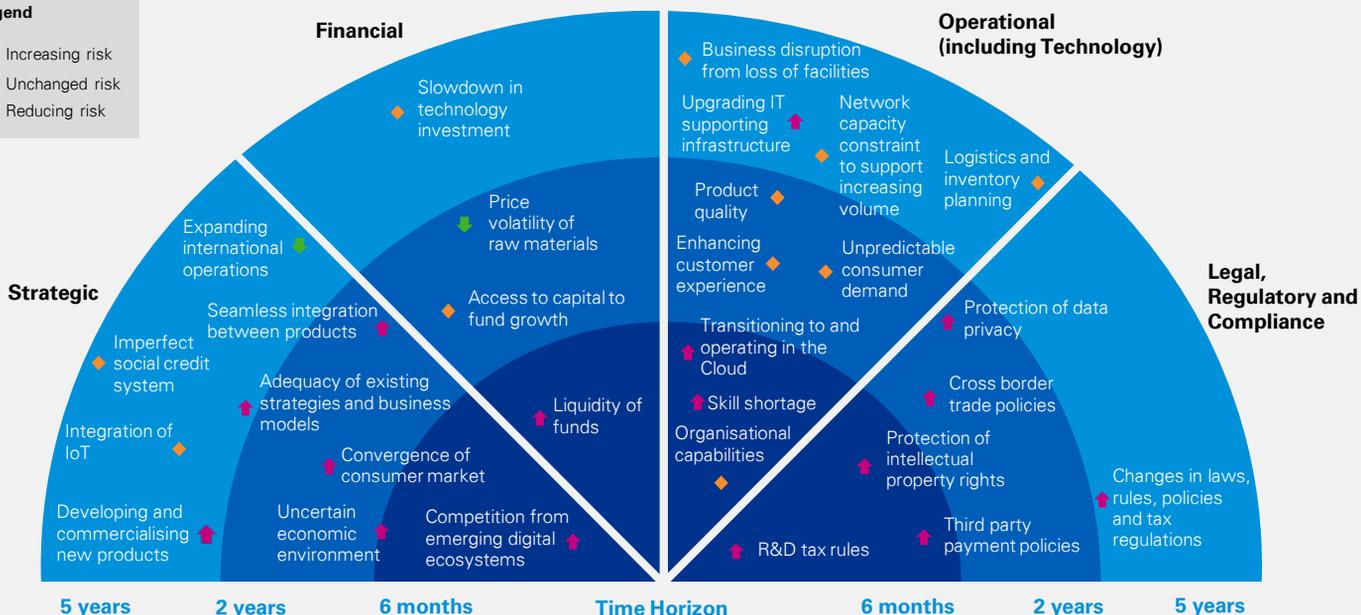


Key trends observed in the market impacting the industry in the Greater China region:

- Huge surge of investment in innovation and technology by businesses to develop digital maturity for workforce enablement and improve the agility of firm's crisis management capabilities.
- Cloud services are becoming essential to meet the increasing demand for remote connectivity and collaboration for agile working, while cybersecurity remains a top priority for management and users.
- Rising adoption of the Software as a Service (SaaS) model reflects the recognition of the values and inherent operational simplicity that businesses can offer to an effective workforce at a predictable cost.
- The growing momentum of embracing the industrial internet has seen an emergence of new models that push for a wider adoption of advanced technologies including big data, artificial intelligence, 5G technology and the internet of things.
- Growing complexity of supply chains due to ongoing US-China trade tensions and continued operational challenges due to the COVID-19 pandemic.
- Integration of ESG into business practices in technology supply chains, influenced by the COVID-19 pandemic situation as well as regulatory requirements and investors' expectations.
- Deepening talent and skill shortages in the technology sector (e.g. cybersecurity, technical architect, etc.), which may prevent businesses from keeping up the pace required to implement changes to support the dramatic shift to remote working.

Legend

- ▲ Increasing risk
- ◆ Unchanged risk
- ▼ Reducing risk



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