

Digitisation surge in pandemic

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THE Covid-19 pandemic has highlighted strategic benefits of business continuity, efficiency and competitive advantages from digital technologies across industries.

The businesses that had digitised their operations, such as sales, processing of customer orders and invoices, supply chain operations, and human resources were able to operate during lockdowns.

Consumers' shift towards digital applica-

tions benefit the applications that attract more users, according to Moody's Investor Service.

The retail industry online sales for Walmart and Best Buy increased 97% and 242% in the second quarter, respectively, and contributed to robust total sales growth despite disruptions in physical store operations.

It said the financial technology industry would outperform after the pandemic due to the acceleration in digitisation of financial services and money flows, despite the near-term dislocation in certain sectors.

In electronic payments, share gain from cash-based payments is experiencing a step-function acceleration during the pandemic, driven by strong growth in e-commerce and contactless payments, which is supporting electronic payment volumes even as the macroeconomic environment remains weak, according to Moody's.

As consumer spending begins to recover in 2021, the electronic payments industry will be well-positioned to outperform.

Technology changes will create both opportunities and challenges that will require

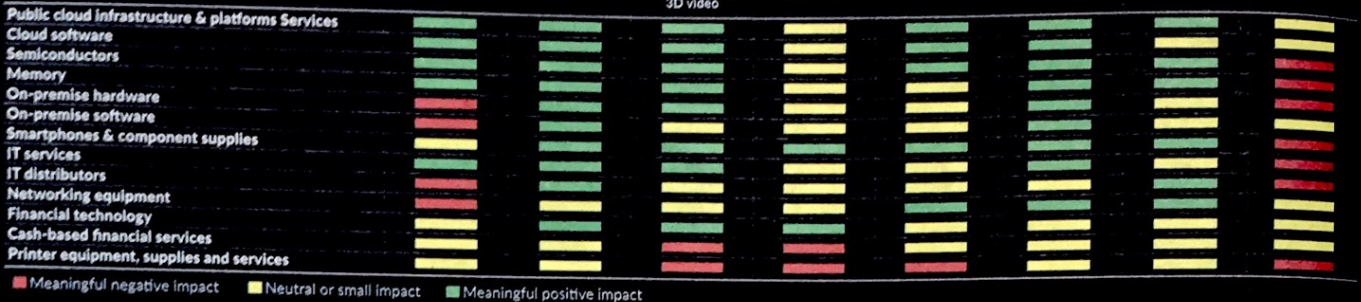
shifting the business toward areas of higher growth and profitability. It is up to the IT service providers to target growth opportunities. But with increasing digitalisation, cyber security risks for organisations have also increased.

In 2021, 5G adoption will be a key driver of demand for smartphones and their supply chains, according to Moody's.

However, many technology sectors will face significant risks from supply and demand disruptions if global trade tensions escalate following the pandemic.

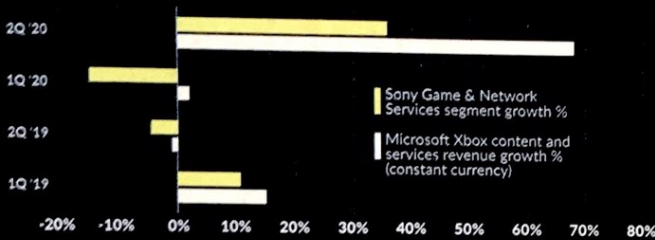
> Tech after Covid

The pandemic is accelerating trends that will have different impacts on different sectors



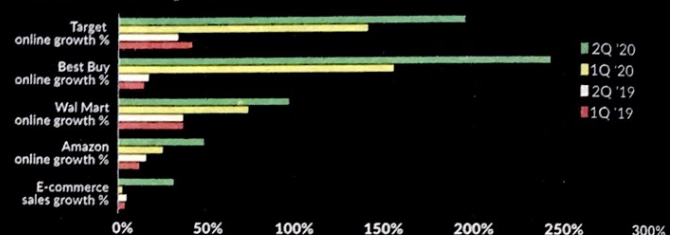
> Game on

Growth in Sony's and Microsoft's gaming revenue



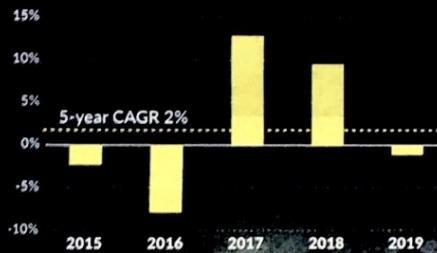
> Digital pays

Online sales growth for Target, Best Buy, Walmart and Amazon relative to overall e-commerce growth in US



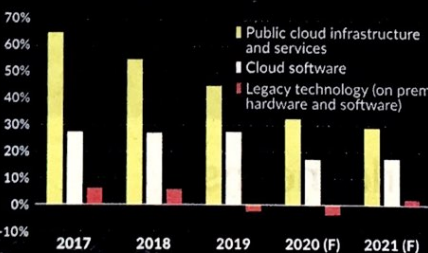
> Technology shifts and high exposure to mature IT segments will pressure IT distributors' growth

Revenue growth for IT distributors and resellers



> Rate of migration toward cloud infrastructure and cloud-based software will remain strong and dominate tech spending

Revenue-weighted growth rates for peer groups in public cloud services, cloud software and legacy technology



> Getting carded

Historical and projected percentage change in US card payment volumes

