

Tech In Review: 21-22

2021 Review & 2022 Outlook

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Executive Summary

1. NO INDUSTRY IS AN ISLAND
2. THE MACRO PERSPECTIVE

1. NO INDUSTRY IS AN ISLAND

After the seismic events of 2020, 2021 brought fresh challenges to the technology world, along with the return of old issues.

Once again, the industry is at a pivotal moment.

While the sector's growth accelerated in 2021, the rest of the world lagged behind, still struggling to escape the pandemic and its impacts.

This growing divide has brought backlash, regulation and scrutiny. Issues further compounded by falling trust in information and scepticism about technology and its impact on society.

But we've also read positive stories about technology that improves healthcare, connects people and really improves lives.

2021 has proven that no industry is an island.

We must grow as part of the economy and society, not separate from them.

The big picture problem facing the industry in 2022 is how to make sure that everyone

reaps rewards from technological advancement.

This isn't just a "Big Tech" issue.

It's a challenge for start-up founders, marketers, investors and employees.

Having the most innovative technology on the planet is useless if no one trusts you to implement it.

Tech companies are increasingly powerful forces in how people's lives function, from healthcare to housing.

As we move into 2022 tackling environmental, social and governance issues is critical to showing how responsible the industry can be.

The political, economic and social spotlight is firmly pointed in our direction.

Our industry is fuelled by dreamers who want more possibilities for the world, and who have a drive to create positive disruption.

Every founder, marketer and investor we've spoken to this year is optimistic that tech can rise to, and overcome, the challenges that lie ahead.

The economy is resetting - technology could finally unlock the inflation and productivity puzzles that are dragging down economies.

Employees want a different world of work, which technology can deliver. Vitally, our planet demands action on the climate crisis.

We need to make sure the story of technology is positive. This is a once-in-a-generation opportunity to do better.

2. THE MACRO PERSPECTIVE

Businesses have been able to respond remarkably quickly to the challenges they've faced over the past 18 months.

It's a cliché already, but the world has accelerated a decade's worth of changes into months.

Policy makers and business leaders face an increased set of challenges.

Economic friction points

Our economy is still full of friction points that mean money, talent and data can't get to where they need to be at the speed they need to get there.

As we move into 2022, the question is how many of these have been removed permanently by the pandemic, and what changes to the underlying economic system have taken place.

Changing work

The "Great Resignation" shows that workers around the world are rethinking their current roles, some dreading the prospect of a return

to the commute, others dreading even more time on video calls.

According to Microsoft, 36% of remote workers in EMEA are likely to move to a new location because they can work remotely¹.

Consumer fears

UK & European consumers have been rattled by inflation fears and an energy crisis.

German consumer prices rose by the highest level in almost 30 years, while EuroZone inflation hit its highest level in 13 years². UK consumers saw energy bill caps increase by up to £153³.

Supply chain shortages

Supply chain shortages are creating an additional headache. Amazon expects a bill in the billions to manage its supply chain over Christmas⁴.

As economies recover from the pandemic, industrial activity has struggled to keep pace with consumer demand.

Truck driver shortages, backlogs at ports and chip shortages are causing chaos.

The outlook for tech leaders

While it won't be smooth sailing for our economies and society, innovation and technology is, ultimately, the way out of crises.

The climate crisis mandates more development and investment in alternative solutions and structures for industry.

Businesses want to provide new ways of working. Healthcare needs tech that can use AI to improve patient care and outcomes.

People want to connect with friends and family, manage their finances, and live better.

Our world is full of challenges, technology has the answers.

Hot Markets

- 3. A BOOM YEAR FOR FUNDING
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3. A BOOM YEAR FOR FUNDING

2021 was a boom year for investment into European tech. The region has found itself awash with capital.

In August, Sifted reported that Europe had produced 72 new unicorns in 2021 — more than 3x China's total⁵. According to PitchBook VC investment in Europe totaled €24 billion in Q3, the second-highest quarterly figure in history⁶.

Corporate venture capital has also driven this boom. The pandemic shone a spotlight on just how significant the gap was between where corporations were and where they needed to be. Particularly in areas hit hardest by the pandemic, like retail.

In 2021, British retailer Marks and Spencer allocated more than £20 million⁷ to a technology fund, while Visa (into Klarna) and Salesforce (into Hopin) took part in big-ticket rounds.

2021 was pitched as the year of the SPAC, with a surge in capital⁸. As we round off the year however, the shine seems to have come of the industry and fallen out of favour with investors⁹. Reuters reported data showing

that while European SPACs have raised almost \$7 billion this year, just 5% of the value of US SPAC deals¹⁰.

In an effort to reignite the market, investors like Ian Osborne have launched SPACs with terms designed to appeal to European investors. For Governments, there is a risk that European companies will press ahead with US SPACs, increasing pressure to create more competitive environments that keep listings in the region.

Access to funding

While 2021 has been a boom year, it's also become clear that the money is not being equally spread. Tech funding is facing a huge diversity problem - from VC firms, to boards, through to which founders are getting funding.

Diversity is a strategic imperative. Without it, we lose game-changing innovations, great ideas and brilliant thinkers. We lose out on results - the evidence is clear that homogeneous teams perform worse. There's been a lot of conversation on the topic this year.

2022 must bring more action to ensure equal access to funding.

Overheating markets?

The level of funding in the market has naturally given rise to claims that the market is overheating. Can this level of investing be sustained in the long-term?

Ever bigger rounds can also lead to hype over substance. Companies competing to be the next big thing risk over-positioning themselves as the next trillion dollar idea to meet VC expectations. Sweeping through markets and raising millions (or billions) without proving their business models.

Overall, 2021 has shown the market for tech services as a whole is expanding. The pandemic has created lasting changes in how we live. It's creating new, sustainable business models that create revenue and profit. Consumers and businesses won't be going back to life as normal after the pandemic.

Many, but not all, of the new businesses and services will find permanent homes and markets within the economy.

4. SECTOR SPOTLIGHTS

Food and grocery start-ups thrive as market appetite soars

With much of Europe still in lockdown as 2021 began, it is no surprise that the food-delivery market has continued to grow.

2021 has been a stellar year for quick delivery companies, promising groceries to your door in as little as 10 minutes.

Investors have ploughed money into the sector in the belief that, eventually, a profitable business model will emerge.

Companies like Berlin-based Gorillas attained unicorn status (start-ups valued in excess of \$1 billion) within a year of its founding¹¹.

Traditional supermarkets have also realised that this is a space they need to enter.

In October UK chain Tesco announced a partnership with Gorillas¹², while Flink announced a strategic partnership with the German Rewe supermarket chain¹³.

However, the business model comes with specific challenges for profitability.

The market relies heavily on profitable unit economics - there is a hyperlocal supply chain with costs for dark stores (which only serve riders rather than the public), pickers and riders each taking a slice of every order.

As with taxi apps, these low-margin, high-pressure business models have put the gig economy in the spotlight.

Gorillas has come under fire with allegations of poor pay, inadequate working conditions and understaffing.

Spain's Glovo, has responded to this by developing what it calls 'The Couriers Pledge'¹⁴ an initiative that commits its business to setting a new, 'fairer' set of working standards for gigging couriers.

With a myriad of new start-ups chasing the same lucrative customers, the only path to long-term survival is to secure loyalty.

Firms are realising that this involves careful attention to both employee and customer

experiences.

AI breaks through, as governments set out regulatory frameworks

AI has become far more prevalent and tangible this year.

We've seen breakthroughs in technology, funding and significant regulatory developments. AI is moving from the lab and into our homes and workplaces.

In April, the European Commission (EC) proposed draft regulations aimed specifically at the development and use of AI¹⁵.

It would have scope to regulate any AI system used or providing outputs within the EU according to its perceived risk level.

In May, Google launched an AI-powered tool that assists people in self-diagnosing hundreds of skin conditions¹⁶. It also announced that its UK-based AI unit, DeepMind, had become profitable for the first time¹⁷.

In October, Sifted reported Dealroom data indicating that more than €14 billion had been invested into European-based start-ups in 2021¹⁸.

Given that AI has such significant and wide-ranging ramifications for the future of business, the challenge is set for start-ups, tech companies and innovation enablers to ensure that the outcome is positive for business and for society in general.

Governments and regulators are rapidly trying to understand how best to manage and develop AI.

The EU's regulatory proposals suggest it will create a framework within which acceptable innovation can take place. While that may minimise risks, it also risks stifling innovation before it's started.

In a national AI strategy outlined in September¹⁹, the UK government proposed three core pillars for AI development and announced the upcoming publication of a white paper to further develop a national position on governing and regulating AI, due for release in early 2022.

Ultimately, Europe and the UK need to ensure their programmes keep pace with those of the powerhouses of China and the US. This requires a cohesive, empowered and well-funded ecosystem.

GreenTech creates hope around climate change

Technology has a critical role to play in how we address the climate crisis; creating solutions to decades-long problems and disrupting industries is second nature for tech startups.

The climate crisis is forcing a reconfiguration of our economic structure and systems, from energy generation, to food supply chains and how we consume services. Nevertheless, the tech sector has its own battles with carbon emissions.

From data centres²⁰ to streaming²¹ our digital life comes with climate costs.

The European tech sector can be at the forefront of both industrial transparency about current emissions levels and building the

solutions to tackle the problem head on.

European climate tech start-ups are attracting a growing share of global capital (28% of investment into the space)²² - almost \$8 billion to date (seven times higher than the total for 2016), making it the fastest-growing region for investment.

World Fund, launched in October, is now Europe's biggest climate tech VC, with the intention of raising €350 million to back start-up founders using tech solutions to tackle the climate crisis²³.

In March, Swiss start-up Farmer Connect announced a €7.5 million²⁴ funding round to make agriculture supply chains sustainable.

The Yield Lab Europe, a Dublin-based accelerator fund, announced almost €50 million for its sustainable agri-food tech VC fund, investing in European start-ups from seed to Series-A stage²⁵.

Climate-change solutions need to consist of more than bits and bytes, of course. New UK 'right-to-repair' rules came into force in July, aimed at reducing electrical waste.

With an engaged and motivated ecosystem of investors, entrepreneurs, corporations and government, tech can transform our economy, bringing net zero within reach.

Quantum emerges from the shadows

While the technology is still in its infancy, the quantum-computing segment started to come into the light in 2021.

There's a risk that a continued reliance on overseas partners and technology will stifle Europe's ability to deploy quantum and fully reap the rewards.

European countries are, therefore, trying to build up regional expertise and excellence in the sector rapidly, without isolating the continent from global research and collaborative developments.

This year the European ecosystem has seen new research, funding and start-ups all looking to lead progress in the space. A surge in start-up firms, combined with Europe's excellence in academic quantum research, is

creating enticing opportunities.

In July, Paris-based Pasqal raised €25 million in Series-A Funding to speed up the commercialisation of its quantum processors²⁶.

In early 2021, Riverlane²⁷, based in Cambridge, UK, secured \$20 million in Series-A funding to build Deltaflow, its operating system for quantum computers, which 20% of the world's quantum hardware manufacturers have already signed up to use.

The quantum segment faces long lead times for commercialisation and widespread adoption.

Europe's start-ups must commit to long timelines, work closely with policymakers, and put the funding to secure brand awareness in order to keep their business models viable.

NFTs drive interest in digital cultural assets

2021 was the year that non-fungible tokens (NFTs) hit the mainstream, fuelled by headlines boasting of multi-million-dollar sales

and a maturing ecosystem.

The development of the market in 2021 has been divisive, however, with critics questioning the sustainability of the market and suggesting it might be a bubble waiting to burst.

In contrast, blockchain enthusiasts have pointed to NFTs as further evidence of the imbedding of blockchain within society.

Others see a tool to democratise access to art and asset ownership, or as a means to secure copyright and intellectual property in the digital age.

Along with memes and tweets, tangible collectables such as Pokémon cards have also shot up in value²⁸.

Even if over-hyped and over-valued, the development of NFTs is an extension of an already booming cultural trend.

Ultimately, what 2021 marks is another key moment in the development of our collective understanding of value, de-linking it from the physical and moving it into the digital.

FinTech strives for mass adoption, but regulators scramble to keep up

Once again, FinTech has led the pack in terms of funding in 2021.

N26's landmark Series-E fundraising set its market valuation at \$9 billion²⁹, putting it slightly ahead of another German banking giant, 151-year-old Commerzbank.

Similarly, Revolut was valued at \$33 billion in July³⁰, making it the UK's biggest-ever private tech group, while Wise launched its IPO in the same month, with strong investor appetite.

The InsurTech sector also had a stellar year. Disruptors like consumer pet insurance Bought By Many (Series D, \$350 million³¹) and London-based Tractable, which helps insurance companies process claims with AI (Series D, \$60 million³²) both hit Unicorn status.

But, while both FinTech's ambition and potential may seem unlimited, this is one of

the most highly regulated sectors to try to disrupt.

Moreover, it has now reached mass adoption: the percentage of UK consumers using technology to manage their finances has jumped to 86%³³.

Regulators are still scrambling to try to get ahead of these changes in the sector and find a balance between protecting consumers and allowing innovation to flourish.

In the UK, the Payments Landscape Review identified four priority action areas for government, regulators and industry: strengthening consumer protection with faster payments; unlocking the future of open-banking-enabled payments; enhancing cross-border payments; and future-proofing the regulatory and legislative framework that governs payments.

In particular, the buy-now-pay-later (BNPL) sector has been the subject of much attention this year.

February saw the UK government announce that interest-free BNPL agreements would

be regulated by the Financial Conduct Authority (FCA)³⁴.

In October, Swedish FinTech giant, Klarna, announced several changes and additions to its UK product offering, aimed at improving transparency and protection for customers³⁵.

Issues & Trends

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5. TECH'S ETHICAL DIMENSIONS

ESG (environment, sustainability and governance) is now a top priority for almost every business leader.

Consumers and politicians expect businesses to be more open about their impact on the planet and society.

As it integrates deeper into all sectors of the economy there has been particular scrutiny on the technology sector.

There are five key dimensions that tech leaders must address.

1. Information Trust

To ensure that the future is better than both the present and the past, technology companies must commit to building a world where people can trust in the information they receive via their platforms.

2. Data protection

Data is the life-blood of technology businesses but protecting it from abuse, misuse and other breaches is a central tenet of ethical business practice.

3. Environmental responsibility

Companies must push for a sustainably powered technology industry, whether through selecting data centres that are powered by renewables or designing repairable, reusable products.

4. Understandable AI

People should be able to understand the algorithms that govern their lives. As AI becomes as widespread as any other aspect of new technology, companies should commit to developing systems where inputs and outputs are unbiased, fair and understandable to all.

5. Empowering cultures

Creating an inclusive, empowering culture is crucial to a successful business. Transparency over pay, enabling different types of working patterns (and ensuring equal opportunities no matter how you work), and prioritising action today, are essential to this.

6. FIVE ISSUES AND TRENDS FROM 2021

Trend 1: Tech platforms become the new battlegrounds

As the digital economy matures, we are seeing the next generation of clashes in the digital space. There are rapidly evolving legal, marketing and economic dynamics across online marketplaces. The likes of the Apple App Store and the Amazon Marketplace are the new battlegrounds for legal, financial and brand clashes.

One of the defining cases of this year was Epic Games vs Apple, in which the maker of the highly popular video game Fortnite accused Apple of operating an illegal monopoly.

The judge ultimately declared that Apple was not a monopoly, but Apple did lose some ground: the judge sided with Epic in saying that Apple can no longer prohibit developers from pointing its customers to other means of payment beyond Apple's own payment systems³⁶.

As we head towards the end of the year, another legal battle has appeared on Apple's horizon: in October Apple was sued in New York over the functions of the 'buy' and 'rent' buttons on its platform³⁷.

Complainants argued that saying that you can buy anything on the platform is "false and misleading", given that the user's content licence expires when Apple's own licence expires.

Apple's iOS 14.5 update caused major problems for Facebook. Users were asked if they wanted to opt out of apps tracking them across

the web, and many did so. This meant less specific ad targeting for marketers and advertisers. Facebook CFO David Wehner said the company expected "increased ad targeting headwinds in 2021 from regulatory and platform changes, notably the recent iOS updates"³⁸.

In the consumer goods market, many retailers, both new and established brands, have turned to Amazon's vast marketplace as a primary retail channel. Getting to the top of Amazon listings is increasingly essential to the commercial success of retail brands.

The platform has also created a new category of companies that roll up other brands and use economies of scale to grow them. These are known as 'Amazon Aggregators' and include Thrasio, Perch and Berlin Brands Group.

As companies increasingly rely on these platforms as a means to access customers, these challenges will intensify over the coming years.

Actions & Priorities

- Building direct relationships with customers is crucial. You need brand recognition that can outlast platform and marketplace battles or legal issues.
- Creating engaged communities and engagement channels should be a priority for all tech brands in 2022, whether B2B or B2C.

Trend 2: Chip shortages highlight the impact of supply chain issues on tech

The continuation of 2020's chip-shortage crisis into 2021 has had implications for industries from automotive to mobile telecoms. Moreover, supply isn't expected to return to normal until the end of 2022.

In September, a new €1.6 billion chip factory opened in Austria, providing some good news for the European market³⁹, and aligning with the aims of the European Commission (EC) to create a "state-of-the-art European chip ecosystem" to ensure a secure supply for Europe's industries⁴⁰.

This is just one plotline in a wider story that has dominated business pages this year - the global supply chain crisis. With physical goods, digital trade and ethical supply chain standards all contributing issues.

A globalised world relies on vast and complex routes of trade. We saw the implications of this when the Ever Given, part of the Evergreen fleet, blocked the Suez Canal.

Actions & Priorities

- Creating and maintaining confidence is key. You need to be as transparent as possible about your supply chains, where goods and services are sourced from and be ready to handle issues that might emerge.

Trend 3: Don't believe (all) the hype

Hype, when combined with difficult-to-understand new technologies or disruptive business models, can be dangerous. From the ongoing trial of Theranos' founder⁴¹ to WeWork's ultimate SPAC success⁴² but at a significant devaluation, hype damages a business and brand.

While world-changing ideas seem tantalizingly close, it's easy for founders to focus too much on the future ideal and neglect today's business.

When coupled with technologies that have significant impact on people's lives the disconnect between dream and reality becomes significant. That leads to a backlash, blocks further innovation, and ultimately makes it harder for you to succeed.

Actions & Priorities

- Ensure your business has a team of advisors (investors, marketing, legal, public affairs) who place your big picture in the market context and business realities.

Trend 4: Billionaire space race inspires some and riles others

Three household-name billionaires now sit at the forefront of humankind's ventures into space. For some people, the exploratory ambitions of Jeff Bezos, Elon Musk and Richard Branson are inspirational, showing we still possess the drive and ingenuity to push the limits of human discovery.

For others, it demonstrates that technology is becoming less and less concerned with contributing to society and more focused on boosting the egos of the ultra-wealthy.

However, this space race does not simply represent a competition between three companies; it is driving the creation of hundreds of start-ups, generating millions in funding, and launching research partnerships.

According to research carried out by the EC, the European space economy, which includes manufacturing and services, employs over 231,000 professionals, and has a value of more than €50 billion⁴³.

For Europe, the priority is now making sure that the region doesn't miss out on this growing opportunity, a fear that Josef Aschbacher, director general of the European Space Agency (ESA) told POLITICO in June this year⁴⁴.

In April 2021, the Council of the European Parliament adopted a

regulation that established the new EU space programme for 2021–27⁴⁵, while the Scottish government announced a new strategy to secure a £4 billion share of the global space market⁴⁶.

The long-term question is whether the space race can drive social and economic regeneration. Ultimately we need to balance the excitement of exploration with tangible rewards of that innovation on Earth. Progress in space is driving developments in areas from AI and quantum computing to energy and satellites.

Actions & Priorities

- Technology will always be pushing us towards new horizons, with trade offs a natural part of that. No matter your sector, having a clear communications strategy for the societal benefits (jobs, new technologies and new ideas) of what you do is essential, backed up with evidence and case studies.

Trend 5: The Facebook papers add to the woes of Big Tech

In less than two decades, Facebook has gone from an eye-catching start-up to an international technology conglomerate, derided as a company that whistleblower Frances Haugen said “put their astronomical profits before people”⁴⁷.

Big Tech has been on trial this year, both in the law courts and in the media. Companies are under pressure from regulators, tax authorities, governments, competition authorities and privacy groups.

This year isn't the first in which there have been warnings of a 'techlash', but it does feel like the first year in which sufficient pressure is building to pose a real threat to the business models of tech companies.

As the technological dominance of tech has morphed into economic dominance, and now political dominance too, regulators are under pressure to show they're the ones in control.

The UK Competition and Markets Authority (CMA) has proposed new rules for firms with strategic market status (SMS) perceived to be a response to “widely held concerns about historic under-enforcement against digital mergers in the UK and around the world”⁴⁸.

In October, more than 130 countries signed up to a global deal on

corporate tax, with a 15% global minimum corporate-tax rate and new rules for multinationals in the pipeline⁴⁹.

In the meantime, Big Tech often takes it upon itself to govern. Facebook referred its decision to suspend the account of the former US president, Donald Trump, to its own oversight board⁵⁰.

If these types of ethics and advisory boards are to succeed, Big Tech needs to be brave enough to empower them to enforce action, but Facebook's oversight board has already stated that Facebook hasn't been 100% forthcoming and transparent in its dealings⁵¹.

The next generation of giant tech companies – today's start-ups – must scale and grow with accountability and ethical practices at their core, regardless of regulatory force.

Actions & Priorities

- There is a risk that smaller companies will be caught in the crossfire, without a loud enough voice to shape the debate.
- 2022 is the year to seek out new partnerships, industry groups and leverage stakeholders to ensure your position is heard.
- On top of that, ensuring you have an ethical framework in place will help you prepare for and respond to unknown scenarios.

7. BOOSTING DE&I WHILE SCALING



Author: MaryLou Costa

Going into 2022, the UK tech industry is still a far from diverse place. 19%⁵² of tech workers are women compared with 49% of the UK workforce overall, and just 22% of tech directors are women - the same it's been since 2000, according to Tech Nation⁵³.

The picture looks even less impressive when you put the spotlight on startups and scale-ups⁵⁴, where 57% have no leadership roles at all occupied by women. Shifting the perspective to the Black and minority ethnic (BAME) community, which represent just 8.5%⁵⁵ of senior leaders in the tech industry compared with 14%⁵⁶ of our society as a whole, and to people with disabilities, which make up 8%⁵⁷ of the tech industry compared with 19%⁵⁸ of working adults, and you can see a running theme here.

Putting all the charters, targets and mission statements aside, tech startups and scaleups have a unique opportunity to change the industry's track record by growing as they mean to go on.

That means examining how they hire and where from, how they pay and how they are leveling the playing field to mitigate the dis-

advantages certain demographics face, and marketers becoming champions of action.

As Michaela Jeffery-Morrison, co-founder and CEO of the Women in Technology series at Ascend Global Media, puts it: "The industry needs to address the reasons minority groups are disadvantaged in the workplace. It is also critical for the future workforce to rebuild systems that they are kept out of in the first place."

Here are four tangible practices that can help tech companies do that, and ultimately scale in a diverse and inclusive way.

1. Salary transparency

The UK still reports an overall gender pay gap of around 15%⁵⁹, and this nearly doubles when you look at the pay gap⁶⁰ between white British and BAME workers. Being both transparent and consistent on salaries has been proven to cut gender pay gaps in particular, in line with research⁶¹ that shows women are less likely to negotiate a higher salary than men, or negotiate at all, and ethnic minorities⁶² feel more deterred than white people to ask for pay rises.

Software company Buffer⁶³, for example, publishes its salary formulas and bands, and has been reducing its gender pay gap as a result. And it's working. It credited salary transparency as the main reason for reducing its gender pay gap to 5.5% in 2021 from 15% in 2020⁶⁴. Being transparent has made the business more accountable and motivated to progress women from lower earning roles, it said in a blog post.

When a salary band is published on a job advertisement, and is attached to all roles in a company, candidates have a good idea of where in the spectrum they can place themselves, rather than both sides thinking that adding a few grand onto their previous salary is going to be a win - and keeping salaries down for people who've traditionally been undervalued. This way, negotiation doesn't have to be a dark art.

Then when it comes to reviews and pay rises, companies don't end up just throwing money at whoever demands it the loudest - the

ladder to climb, so to speak, is clear and consistent for everyone, creating a more equal workplace.

2. Rethinking the language and visuals of recruitment

Rethinking the parameters of a role can open your business up to talented people who would benefit from flexibility. Insurer Zurich⁶⁵, for example, reworded its job vacancies with more inclusive, less aggressive language, and made the leap of advertising all its roles with the possibility of part time and job sharing. As soon as they did that, the number of women in leadership roles in the business jumped by 30%.

“Zurich knows what it takes to be a leading employer. This is a first class example of how doing the right thing for people isn’t just a business choice, but an essential ingredient of modern leadership,” says Vanella Jackson, global CEO of market research and insight agency Hall & Partners.

Challenger bank Monzo, meanwhile, has also cut its gender pay gap from 20% to 4% by implementing tangible changes⁶⁶ like ensuring

balanced shortlists and incremental shifts at manager and individual level.

It’s one of the reasons chief operating officer Sujata Bhatia joined in June last year, with an ambition to drive that 4% right down to zero as part of Monzo’s Women in Finance Charter⁶⁷ commitment, which also includes a target to increase its proportion of female board members to 40% by 2020 - it’s now 44%.

“When I joined, I asked our machine learning lead why his team was so diverse. He had done something as simple as posting a picture of a team with diverse faces on LinkedIn, and he then saw an amazing diverse pipeline of people coming through the door,” says Bhatia.

3. And rethinking recruitment pathways

Looking beyond its immediate networks to unearth underrepresented talent is how Saas giant Salesforce plans to build more a diverse organisation.

Salesforce’s Trailhead online training programme is available to anyone, and the company makes a concerted effort to work with

schools, universities, representative organisations, as well as return to work and apprenticeship schemes, to reach underrepresented groups. They’re opening up careers in technology to people that might have otherwise faced barriers, while also diversifying their own talent pipeline.

“We launched Trailhead to democratise digital learning, taking participants from a low-level of technical knowledge to a Salesforce role in as little as six months,” says Stuart Mills, VP, Trailhead & Ecosystem EMEA, Salesforce.

“We’ve also been working with organisations that help us tap into talent for whom flexibility is a priority. Increasing diversity in tech is one of the biggest opportunities we have to solve the global skills challenge.

It’s not only the right thing to do, it’s the smart thing to do. Research has shown⁶⁸ that companies that invest in equality — such as diversity programs and equal pay — and lead with these values, have a competitive advantage over those who do not.”

8. HOW CAN TECH BRIDGE ETHICAL GAPS IN 2022?



Author: Virginia Matthews

The race between London and Brussels to pass the toughest new laws on big tech is on.

It has already spawned the UK's Online Safety Bill and for the EU, the Digital Services and Digital Markets Acts.

Yet while forcing platforms to be legally accountable for a string of concerns such as fake news, privacy infringement, sexual harassment and AI bias may earn plaudits, tech's deep-rooted ethical dilemmas will not be solved by legislation alone.

Facebook whistle blower Frances Haugen told UK MP's last month that her former employer had an internal culture which prioritised profits over people.

She spoke for the billions of us who love – and fear – technology with equal passion.

And while the majority of marketing and PR professionals in tech may never face the barrage of hostile headlines which followed her testimony, the industry's communications challenge has become high stakes across the

piece.

In the more regulated tech world to come, the role of marketing and PR professionals as a force for good will be pivotal, says Gareth Thomas of business ethics specialist The Good Consultancy.

“Both disciplines are an essential part of any solution to issues around harmful content or lack of competition and as new legislation takes effect in 2022 and 2023, their expertise will be vital,” he says.

“By taking a progressive view of ethics across technology and behaving with integrity, practitioners can not only guide their clients in an ethical direction but can help promote a general culture of transparency which benefits society as a whole.”

The burning Environmental, Social and Governance (ESG) issues is now racing to the top of the boardroom agenda.

The need for all organisations to be accurate, clear and transparent in what they claim

around issues as broad as net zero or diversity & inclusion is vital.

In tech, where the very purpose of human beings in an increasingly machine-led world

is now up for discussion, the stakes are particularly high.

With a mission to become the ‘world's trusted identity platform,’ London-based biometrics software firm Yoti provides age-verification services to the private and public sector.

Unusually for the industry, the firm has a proactively-ethical standpoint which, it says, has inadvertently become a business advantage in a much-misunderstood technological niche.

Backed by an external ‘guardian council’ - comprised of experts in fields such as human rights and data privacy - and an internal trust and ethics group representing

everyone from security personnel to HR, Yoti's ethos has also helped build a united workforce.

With both Google and Microsoft accused of playing fast and loose with the entire notion of guardians however - setting up committees in a fanfare of publicity, only to ditch them, quietly, some months later – is the jury still out?

“In my view, ethics committees certainly have a positive role to play in tech, but they don't tend to be where they perhaps need to be – on the sales side and in the engineering department, where the algorithms themselves are being created,” Thomas argues.

Given the current concern over developments in AI however, notably the potential for surveillance and discrimination, any deliberate 'ethics washing' by tech firms in 2022 and beyond will prove an increasingly risky business strategy, he predicts.

High on the list of issues which business leaders say keep them awake at night is their own organisational culture.

Particularly if it is out of step with changes in public mood.

While the prevailing culture in tech so often appears to lack moral compass, the impact of demographics cannot be underestimated.

The inevitable transfer of power from older, white males to a new generation of IT entrepreneurs - drawn from more diverse backgrounds - offers the hope of a sector-wide re-set which puts purpose, as well as profit, squarely on the dial.

And there are other reasons to be positive – not least the crucial role that tech will play in the global transition to lower carbon.

Tech has serious ethical problems to tackle, but the future opportunities are incalculable.

2022 Outlook

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9. FIVE FORECASTS FOR THE YEAR AHEAD

The potential for technology to act as a force for good is as great as ever, and something the world desperately needs to harness to help create a better future.

Technology will continue to integrate more deeply into societies and economies in 2022, and this will bring opportunities and challenges for leaders.

Here's what we see on the cards for 2022.

1. More moves to protect rights in an AI world

We expect there to be more formal, European groups and pressure to protect rights in a technology-first world.

In the US there are moves for a Bill of Artificial Intelligence Rights, more companies are implementing ethics boards and groups like Amnesty are advocating for change on issues like face recognition. .

How to prepare:

- Do you have a clear framework for your company values? This must also outline how you will hold yourself accountable, what those values mean in practice, and how you will ensure they're implemented.
- Be honest about how you use AI within your business, and how you mitigate negative impacts.

2. Regulators reach for the stick, but will they remember the carrot?

We anticipate greater regulatory scrutiny in 2022.

The challenge for regulators is to make sure that this is not perceived to be a burden on European tech, and a deterrent to entrepreneurs and investors.

Instead, regulators should aim to encourage innovation, driving opportunities for UK and European start-ups to build products suited to the market.

How to prepare:

- Evidence will be critical to a successful outcome for tech firms. Now is the time to build effective marketing and communications campaigns, grounded in quantitative data and qualitative perspectives on how you build better outcomes for your customers.

3. The fight is on to retain talent

Pre-pandemic, tech was winning talent from large consultancies and banks. But, in a world where working from home is the norm, tech companies must up their game – and their benefits – if they want to retain that talent.

Demand for technology talent is fiercer, both at tech and non-tech companies, and employees already considering a move could easily be swayed by more flexible working environments.

How to prepare:

- Re-evaluate not only how you communicate with stakeholders, from employees to prospective team members, but how you listen to them as well.
- Are you giving everyone clear and equal opportunities to work and succeed in the way that's best for them?

4. More industry-specific ecosystems emerge

The need to build environments that foster collaborative partnerships and sharing suggests that ecosystems will become an even greater force for competitive advantage and technological development in 2022. They must include corporate innovation; partnerships between giants and start-ups; and stronger links to research institutes and government.

To build better tech ecosystems, 2022 will need more development around improving data and capital flows, joint business model development, and higher ethical standards

How to prepare:

- Embrace the opportunities of collaboration.
- Get to know other members of the ecosystem you're in, and

provide no-strings-attached support and guidance.

- Create content and support projects that further the space, even if there's no immediate benefit to your business.

5. The metaverse sets up a new ecosystem of opportunity

Whether an overhyped rebrand or the future of society, conversations around the metaverse will proliferate in 2022.

The pandemic has eased some of the barriers to adoption; in 2019 most people would have balked at the idea of virtual family birthday parties and quizzes with friends; in the past 20 months, these have become something of a lifeline.

While it will take decades for a full, 3D alternative universe to emerge, in 2022 we expect an initial burst of innovation and chatter about the space, with more investment into start-ups that could create this era; more development of 3D technologies; and emerging battles between tech platforms who want to provide a home for it.

How to prepare:

- No one can predict the future. As you set plans and priorities for the future, focus on openness and flexibility.
- Design frameworks around concepts, not deadlines. Be open to a changing world and the opportunities it could bring, even if the reality is nothing like the one you're anticipating.

10. 2022 INNOVATION OUTLOOK



Author: Elliot Mulley-Goodbarne

The hunt for innovation in 2022 may well be the most competitive we have seen for a long time.

After a year and a half of lockdowns, tight consumer budgets and knock on effects from the pandemic, CES may be one of the more interesting conventions of the year, as a barometer for what we can expect in the near future.

In consumer electronics, new features are likely to come in the form of quicker processors and better screens, with the exception coming in mobile where folding devices continue to capture the industry's imagination.

On the enterprise side, technology innovation this year has largely come in the form of integrations into collaboration platforms and enabling businesses to continue to do all their everyday tasks from the comfort of their kitchen table.

What does innovation look like in 2022? Such a question can be difficult to answer. Given the very nature of innovative ideas, we don't realise what is around the corner until it comes screeching towards us.

But there is a trend in the way these companies present themselves which I find interesting. In almost all cases of new kids on the block, the idea that drives them is challenging the way we use the technology available to us.

If you look at Slack for example, a platform that I initially scoffed at when it was first introduced, the platform was bought by Salesforce for \$27.7 billion and has changed the way we interact with each other in professional settings.

But changes in the market have also helped Slack's popularity. A look ahead to the next 12 months can't really go without a mention of the COVID-19 pandemic, which forced great swathes of the world's population into a lockdown and ignited a revolution for collaboration, communication and cloud technology adoption.

Such revolutions have meant that virtual meetings are now one of the most popular ways to communicate and, as a result, the technology around cameras and audio has improved. Ideas like spatial audio that mimics a meeting room environment show great

promise as it alleviates Zoom fatigue from the users and doesn't necessarily require a hardware technology change.

Analysis is another key area for growth in 2022. In regulated industries, one of the more time consuming and expensive parts of compliance is reviewing every meeting.

Now that we can have back to back meetings every day, these recordings have grown but the teams reviewing them have not.

Therefore technology that sifts through recordings, transcribes them and picks out potential infringements is a huge time saver.

What challenges are in the way?

But where the market giveth the market can also taketh away. Over the next year we should have some clarity on how the US government is going to try to improve social media companies, and whether Apple will

have to add payment options aside from those that they can profit from on their iOS devices.

Although these will mainly affect the larger businesses, there are knock on effects on smaller companies.

How will advertising on social media be affected? If businesses require an application, will the way they pay to be part of the platform change?

The relationship between those larger conglomerates and the innovative challengers will also be tested.

In the last year we have seen two key examples of tech companies flexing their financial muscles to box out opponents.

Apple has brought its AirTags product to consumers that directly competes with Tile and, in fact, betters it with the use of the iPhone network that can pinpoint any items more accurately.

Tile has access to this network but at a cost, namely all its location data, which would, in

essence, eliminate any competitive advantage it had.

Similarly, Microsoft Teams became a no-brainer to adopt for millions of businesses around the world, due to the fact that the collaboration platform is rolled in with an Office 365 subscription.

This is something that Slack have taken to the European Competitions Court but, similarly to Tile, Slack can integrate within Teams however its customers would still be using its number one competitor which is counter productive.

What should we look out for in 2022?

As I said before, innovation is hard to spot but the markers are there in certain industries.

In automotive, for example, the popularity of Tesla has seen a huge shift in the market to electric and hybrid vehicles, with all of the major manufacturers announcing electric versions of their cars.

Ford has introduced an electric mustang range which, although maybe not innovative,

shows the way the market is going.

The fact that popular car brands are not winning the war on range is also a marker of the room for new entrants.

That's what to look for, where there are gaps, someone will fill it.

There are currently holes in automotive, enterprise and energy sectors, to name but three, that are yet to be filled.

It's only once you look inside we can see who is making the most progress.

11. THREE PRIORITIES FOR TECH IN 2022

At the beginning of 2021 there was great optimism about an imminent return to normality. However, reality has proven otherwise.

The technology sector must act boldly and ethically. Start-up founders, tech giants, and the millions of employees in the sector, all have significant roles to play.

We're optimistic that the market can rise to the challenge and consolidate its position in the business world and society more broadly.

In 2022, firms can lay the foundations for a bolder future for tech, playing an instrumental role as businesses reset to build products and services that make life better.

There are three actions that we feel those in tech must prioritise in 2022 to make the most of this once-in-a-generation opportunity.

1. Put social responsibility at the heart of how you scale and grow.

Ethics, diversity, innovation, and sustainability are paramount. Operating with purpose and aligning themselves with society's goals will yield stronger business results.

2. Step up to provide vocal, transparent leadership.

Society is suffering from an endemic lack of trust and responsible businesses can step into that space.

3. Discuss, plan, build and champion the future you want to see.

The conversation is waiting to be guided by those with the knowledge, tools, and vision to do so.

ABOUT

Stretton Communications is a marketing and communications agency.

We work with start ups, fast-growth businesses and established players to tell their story, in the right way, to the right people. The result? Supercharged business growth.

Our specialism is the technology sector, high-growth businesses looking to harness the power of marketing and communications to support their objectives, seize market opportunities and navigate the challenges of being a technology company.

We thrive working with founders, marketing teams and tech experts who believe in what they do.

We love hearing about new technologies, business models and ideas – whether you're idea takes on the big challenges like climate change, or makes everyday problems better.

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