

Five Digital Predictions for 2023

Private and public sector leaders were tested like never before in 2022 by an unforeseen confluence of economic, technological and geo-political headwinds: inflation, war in Europe, anti-trade, anti-business and nativist movements around the world, a doubling in the cost of capital and new disruptive technologies.

Based on the top priorities and challenges of private and government leaders, here are five digital predictions to look out for in 2023.

1

ARTIFICIAL INTELLIGENCE (AI) GOES MAINSTREAM.

Inexpensive computing power from cloud providers such as Google, Microsoft and Amazon, ubiquitous AI tools like Chorus.ai and Sage-maker, and next-generation data management platforms like Snowflake and Redshift will make it easy and fast for organizations to use AI to significantly cut costs by automating existing processes (e.g., product support or recruiting) and optimizing investments across their organizations. For example, new AI solutions allow for the optimization of media investments without impacting sales. Similar AI or machine learning (ML) methods use demand signals to optimize labor, pricing and supply chain quickly and accurately.

2

CLOUD COMPUTING BEARS FRUIT.

Organizations have invested significant capital shifting on-premise, hosted, single tenant systems to cloud platforms by Google, Amazon and Microsoft with hopes of reduced technology operating expenses and the dream of new value creation as platform-enabled businesses.

Cloud migration programs are difficult to implement and, in many cases, require custom tools and development to replicate existing functionality in the cloud. The good news is that massive investments in migrations have laid the groundwork for organizations to begin using these platforms to create value across their business.

Organizations will invest in quick-win projects utilizing the cloud that create immediate value such as analyzing customer data to improve marketing campaigns, rapidly designing and launching digital product experiences, using AI to automate call center operations and monetizing transaction data for better collaboration with suppliers and dealers.

3

CONNECTED COMMERCE WILL PROLIFERATE.

The pandemic spurred 10 years of online sales growth in a matter of months. Consumers abandoned physical retail out of fear of Covid-19 and adopted ecommerce and last mile delivery en masse.

This year will bring the proliferation of a concept called connected commerce. For example, a customer wanting to buy a pair of Nike sneakers has the option to do so on Instagram, in a Nordstrom store, via a link in a YouTube ad, Footlocker's website or on the Nike marketplace. The brand needs to serve the customer wherever they are. The experience, price and simplicity of the purchase process needs to be consistent across all channels. Connected commerce will be equally important for B2B as B2C as recessionary headwinds and significant increases in the cost of capital will refocus industrial manufacturers on highly profitable parts sales.

The basics of connected commerce are a connected customer database with inferred intent, consistent pricing and product content across selling platforms and the ability to personalize experience based on the shopper's intent accessible as a service by third-party sellers, social platforms and contract manufacturers. For example, a running fanatic's brand experience including content, pricing and offers should be consistent regardless of whether a customer is on Nike's or Footlocker's website.

4

CRYPTOCURRENCY OUT. CRYPTO-TECHNOLOGY IN.

Many organizations including Tesla, MicroStrategy, the country of El Salvador, and several financial institutions took positions in Bitcoin and other cryptocurrencies. These investments collapsed in 2022 resulting in significant losses for investors, platforms and lenders. The winner is the underlying blockchain technology that powers digital currencies and platforms like Bitcoin, FTX, and Coinbase. Blockchain is a ledger system on which transactions are organized and recorded like in a general ledger except it's distributed and not centralized.

Blockchain applications will be developed in finance, customer management, supply chain, identity management, real estate, gambling and entertainment over the next 12 months securing it as a foundational technology in organizations around the world.

5

THE METAVERSE REALITY CHECK.

Any legitimate article predicting the future of digital trends likely references the metaverse at least once. There is a lot of potential value in the metaverse, but it will not deliver substantial value to organizations over the next 12 months.

In hindsight, the Covid-19 period from 2020 to mid-2022 was relatively stable and calm compared to the complexity and turmoil we face around the world today. Leaders will deal with significant headwinds in 2023 as they navigate a possible recession, capital constraints, technological and experience disruptions, labor constraints and competitive threats and will need to focus on quick-win, quick value projects that are self-funded and turn invested capital into value within months versus the multi-year re-platforming programs of prior years. This will be possible because of the democratization of artificial intelligence, blockchain, connected commerce and the cloud. 2023 will prove to be exciting and filled with new forms of innovation.

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