

# The impact of Covid-19 on tech investing

By [Gavin Reardon](#)

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One of the positive impacts of Covid-19 on the global economy is that it is accelerating the pace of digital transformation within public and private organisations. Health authorities, like the HPCSA, that have otherwise been slow to adopt telehealth or virtual care have now approved digital platforms for patient care; government too has released the long-awaited additional spectrum to support data requirements and telecommunication companies.



Gavin Reardon, founder of Kingson Capital

What's interesting to me is how this global pandemic is catalysing digital transformation across industries. As the *New York Times* noted recently on the progress of telemedicine, "10 Years of Change in One Week".

The effects of the Covid-19 lockdown, or part thereof, will likely persist for the foreseeable future and unfortunately for a lot longer than we all previously envisaged. What it means to us as people is that we will become accustomed to a new way of living. The measures we put in place to tackle the coronavirus will usher in the new normal, in a post-Covid-19 world.

As tech investors, it's our role to look at the ever-changing landscape and identify solutions that will shape the future. As famously said by Winston Churchill, "never waste a good crisis".

So, here are my top 10 temporary relief measures that I believe will likely leave a permanent mark on the way we live and do business. As a result, these are some of the things we are focused on investing into right now:

- **Last mile distribution and e-commerce solutions:** last mile delivery services and online shopping has become top priority for retail stores. As a retailer, if you don't have it – you'll not only lose the sale, you'll lose the customer. Physical in-store presence won't be as important for future consumers.
- **Future of work:** virtual work from home, digital work boards, digital productivity tools and task managers will become critical for the future of work. Remote working environments won't just be reserved for millennial business owners or senior management anymore; we expect to see this become more mainstream as staff increasingly desire flexibility to work from home and businesses looking to reduce operational expenses by reducing the size of office spaces.
- **The acceleration of telemedicine or virtual healthcare:** The coronavirus pandemic has seen a reduction of face-to-face doctors' consultations. Hospitals have had to halt the intake of patients due to staff being infected and adjust to remote testing and virtual care. This will become more prevalent and widely accepted. Plus wellness and personal hygiene will matter a whole lot more. People that spend this much time at home are becoming more self-aware.
- **Digital payment platforms:** no one wants to hold physical cash, debit or credit card, a POS device that requires entering a pin, or hold anybody else's pen to sign for payment. All means of payment will move to no/low-touch and eventually migrate to fully digital. The use of facial recognition and mobile phones as a means of payment will become more widely used.
- **Online learning tools:** what none of us signed up for was home-schooling our children during this crisis. Parents will see the benefit of online learning. Once over the adoption hurdle (which is forced on all of us), it will become a tool we cannot live without. When kids go back to school, expect to see more online classroom tools making their way back home.
- **Manufacturing tech:** localising global supply chains will become important to reduce dependencies on a single market. Manufacturing technology (using 4IR) will become important to enable local manufacturers to compete globally. Human-less manufacturing pioneered by company's like Tesla will become more necessary for business continuity planning in the face of reduced production.
- **Financial Inclusion:** Once we are over the crisis, financial inclusion will become front and centre at a whole new level. Especially, useful and affordable financial products and services that individuals and businesses can access to reduce deficits or bridge the gap between the formal and informal economy.

SME's are not being properly serviced in the traditional lending sector due to perceived credit risk resulting in a large funding gap. There isn't yet a properly formulated credit scoring model for SME's in a digital economy. Everyone will realise that traditional financiers credit scoring mechanisms are so out of touch with SME's in a digital world.

- **Data analytics:** with more and more people online, data tools, data analytics and AI will become instrumental to improve decision making. Increased data can enable a business to tailor solutions to specific customers.
- **Govtech and e-services:** Governments adoption of technology will continue to rise to better serve citizens. The adoption of e-services can increase efficiency and decrease timelines for basic services for bureaucratic government departments.
- **Innovative tech collaborations:** Large corporates like Vodacom and Discovery have partnered to deliver an online healthcare platform for the benefit of all South Africans during the Covid-19 pandemic. These type of partnerships, as

well as partnerships with the public sector, can be used to develop tech solutions for socio-economic issues that have been exacerbated by Covid-19 such as inequality and unemployment.

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