

Software - UK - 2021

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This report looks at the following areas:

- How COVID-19 has propelled an irreversible digital transformation and the consequent implications for the software sector.
- The technological developments that are fuelling the further expansion of the digital economy.
- How the move to cloud computing has influenced demand, and how future prospects for edge computing will shape that demand.
- A quantification of sales by industry sector, and how packaged and proprietary software demand is changing within the markets.
- How globally M&A trends are moving to ever-larger deals but niche software demand and skills continues to support a vibrant SME software business sector in the UK.

Despite the considerable advances in digital transformation programmes across both industry and the public sector as a result of COVID-19, the growth in software revenues in 2020 was restricted to 2.1%. In part this reflects end-user business disruption, and there were major differences in growth by sector, and in part the impacts of the twin software-driven forces of selling software as a service and the greater ease (and capability) of cost-effective of adapting packaged products.

During 2020 companies faced unprecedented challenges to remain operative but advancing digitisation of processes was the fundamental tool used, and as the conditions change there is strong evidence of a change in emphasis from one of resilience and recovery to one of how to capture growth. Increasing technological investment and moving to the cloud are highlighted as the most important developments.

Along with the growth in digitisation, security issues remain at the fore of corporate strategies. The challenges are increased not only by the rapid development of fragmented workplaces and the speed of the technological



“Digital transformation programmes across business and public sectors were rapidly advanced during 2020 with the COVID-19 pandemic. However, the twinned forces of the continued trend towards software as a service and the increased capability and ease of personalisation of packaged software conspired to restrict growth in the value of software sales.”

– Terry Leggett, Sr Analyst

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advances but also as a result of the growing attraction to miscreants of that data.

Increasingly software is adopting artificial intelligence and machine learning to analyse the huge volumes of data being generated. The challenge is to utilise that data to provide time-critical insight to management, made more complex by the variety of digital channels containing that data, increasingly in unstructured databases.

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