



# COVID 19

OPPORTUNITIES IN  
THE TECHNOLOGY SECTOR

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## OVERVIEW

It is no longer news that COVID-19 which started as a global health crisis, has plunged the world into a global economic crisis, the second in just over a decade. Despite the doom and gloom all over the world, some businesses are gaining momentum in these troubled times. These include technology firms and investors in the technology sector.

The pandemic has caused a drastic shift in consumer behaviour; consumers are jettisoning hitherto traditional ways of concluding business transactions to adopt new and efficient models that will assist them to comply with government regulations, social distancing measures, and general health and hygiene protocols. This has tilted the balance greatly in favour of technology-enabled business models. As a silver lining in a dark cloud, the present situation presents a unique set of opportunities for some technology businesses.

We have identified some areas in the technology-sector that are likely to be resilient despite the economic effect of the pandemic.

## Cloud Computing

COVID-19 has imposed a digital transformation agenda on most businesses and has forced a rethink of how collaborative work and learning is carried out. The vulnerabilities of the traditional, non-cloud-based technology architecture are no longer in doubt. To protect their business, organisations are now adopting virtual collaboration, , remote working, and e-learning solutions,



all of which are enabled by cloud-based infrastructure. Cloud service providers are therefore seeing an unprecedented surge in demand for cloud resources as they work to keep the lights on in a world that is slowly shutting down. Indeed, cloud-service providers are emerging as the superheroes of these times.

Businesses that provide software-as-a-service (SaaS) are also winning in these days, as cloud-based solutions are now in heavy demand. The CEO of Kudo, a video conferencing platform that provides real-time interpretations for multiple languages was reported to have said, "What COVID-19 is doing for Kudo, is speeding up the adoption curve of people trying new technology. Because that's the only way they can meet." Kudo is reported to have recorded an estimated increase of 400% during this period. Zoom, another video conferencing platform that allows 100-500 participants for a meeting has also experienced a quadruple increase in the number of users during this period.

For traditional businesses like legal and financial services, leveraging on cloud technology and remote work software for all members of staff is the path to the new normal. Having access to all work data on the go will push businesses in these sectors to rethink having employees physically present at the office compulsorily, Mondays through Fridays.

The provision of video conferencing platforms has already made in-person meetings and presentations non-essential. The ability to connect with clients and colleagues satisfactorily in any part of the world over the internet has become the norm during this pandemic.

The prediction is that even after this pandemic pass, there will be an increase in the number of people relying on these platforms to effectively conduct business.



## Telecommunication Service Providers

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The ongoing pandemic highlights the imperative for reliable connectivity for any economy. As social distancing measures hit hard, internet service providers and Telcos must bridge the gap by providing the necessary connection for business and social interactions. There is an increased demand for data and the resultant pressure on the broadband infrastructure within the country. Although TelCos have managed to hold up so far, the surge is starting to threaten the quality and speed of content downloads. This creates an opportunity for investments to improve broadband infrastructure in Nigeria.

In the post-COVID-19 days, the Telco sector is more likely to be resilient in the face of a recession, as the present consumer behaviour changes are likely to be sustained after the present crisis. Users would be more connected and more comfortable with digital solutions and the reliance on Telcos for connectivity would generally be better than pre-COVID-19 days.





## Online Purchase and Delivery

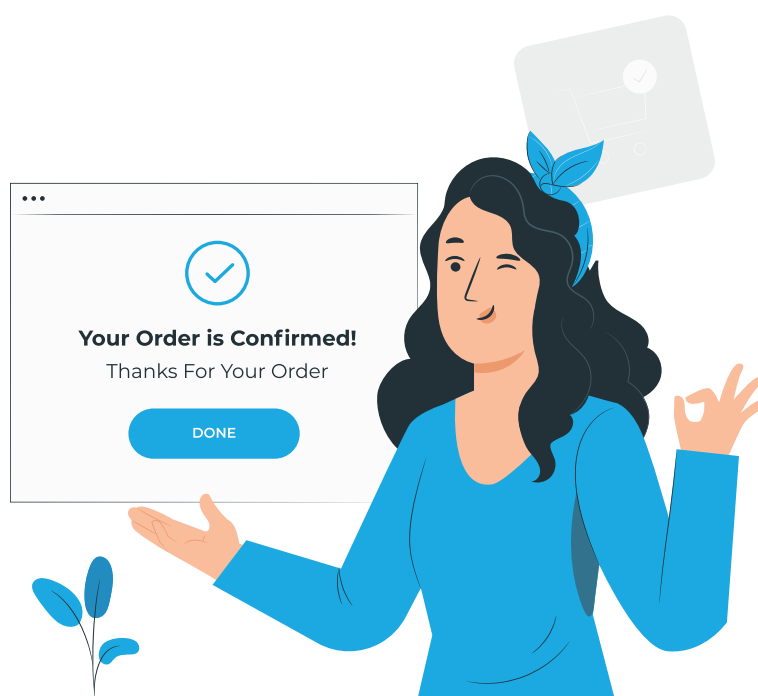
On the one hand, with many people forced to remain indoors in compliance with government orders, the online purchase of goods and services could reach an all-time high. On the other hand, the restriction in movement is equally changing the approach to the delivery of goods as the shortage or lack of manpower forces many retail companies to explore alternative delivery methods. It will

appear that these are flourishing times for individuals and companies that create or use platforms on which goods can be ordered as well as those engaged in tech-driven deliveries such as drone delivery.

Again, online transactions require online payments. The present situation will, therefore, result in a surge in the use of online payment platforms. Online entertainment platforms are not left out as platforms like Netflix see increased patronage in this season.

## Remote Work

For most of the working populace, remote working is the new normal. Many businesses have since realized that many of their employees need not set foot in the office to get the job done. Technology platforms/solutions that make the coordinated interaction of employees from different remote locations possible and smooth are experiencing an astronomical increase in the number of their users/subscribers.





Due to its many advantages, the concept of remote working may very well linger beyond the present crisis and more technology-based solutions will be required for its sustenance.

## **Automation & AI**

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Closely linked to the opportunities listed above is the opportunity that will be unleashed in the field of automation aided by artificial intelligence. In the absence of human agents, the use of artificial intelligence will be further embraced by many companies handicapped in the present situation. And since the adoption of artificial intelligence has the potential to significantly minimize cost, it will be safe to assume that many corporate entities will retain the use of the same beyond the COVID 19 era.

## **E-learning**

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E-learning has been a feature of our digital economy for a while, but the public has always viewed e-learning as an alternative, rather than an established means of learning. However, the pandemic has forced schools at all levels, including the rudimentary level of education to adopt digital online teaching tools. It appears that with the right resources, such as affordable internet data and mobile devices, etc., organisations with e-learning abilities may maximise the opportunity to reach a larger number of persons and ultimately grow their revenue.

## **Digital Health Solutions**

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The COVID-19 crisis has uncovered the weaknesses in global health systems and has put a spotlight on digital health. It has revealed deep issues in different facets of the global health industry, which digital technology can resolve.



There is a race to the rescue by tech entrepreneurs, researchers, and start-ups who are all refocusing their efforts to find solutions to the myriads of problems in the health sector.



From telemedicine for remote patient monitoring to chatbots replacing nurse triage lines, digital healthcare solutions are springing up across the globe. The true winners would be tech entrepreneurs and researchers who find long-lasting solutions that are not simply relevant for the fight against coronavirus but can be used to fight chronic diseases and improve operations generally.

The pandemic is slowing tech investment decisions, generally, as investors try to make sense of the entire landscape given the global recession. However, there is sufficient evidence to show that healthtech entrepreneurs that can prove themselves would be the beloved of investors.



## Conclusion

The imminence of a global recession means that investments should be targeted at businesses that would continue to remain relevant during a recession. As technology has become ubiquitous, technology-based solutions would continue to be in demand by businesses and consumers even in an economic crisis.

Our Technology, Media and Entertainment Sector remains a strong partner to organisations and individuals who are looking to take advantage of the opportunities in the technology sector. We are available to provide practical advice on investment decisions, deal structuring and investment documentation, intellectual property, etc. We are also available to support technology solution providers at whatever stage of their business life cycle, from ideating start-ups to large corporates.

For more information on any of the issues raised above, please contact our Technology, Media & Entertainment team below:



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