

Navigating new realities: a watershed year for TMT

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Certain years are so eventful that they are etched in the annals of history. The year 2020 will long be remembered and analysed for one event in particular: the COVID-19 pandemic that has claimed more than 1.8 million lives around the world¹ and changed the way we live, work, and use technology.

While the pandemic has caused devastating economic and social disruption, it has also created opportunities for reform and fuelled our collective digital ambitions. Confined to their homes, people moved online for everyday activities such as entertainment, education, banking and work. Work from home and social distancing have underscored a new urgency for digital connectivity and innovation—ushering in an era for the Technology, Media and Telecom (TMT) sector that may last well beyond the pandemic. Post COVID-19, TMT is going to be very much at the forefront of everything we do. It will be the competitive differentiator for how all businesses and ecosystems work. The advent of technologies such as AI, IoT, AR and VR, has today brought into reality the feasibility of conducting online business for sectors such as education, healthcare, consulting, retail, all of which were mainly centered around personal interaction.

[KPMG in India, in association with IMC and COAI, recently published 'TMT industry CEO outlook: Smart, Secure, Sustainable', which](#) evaluates the TMT sector's response to the pandemic, and the prevalent perceptions towards challenges and opportunities brought about by digital acceleration. The report is based on a survey of 300 TMT CEOs from India - a mix of executives from Fortune 500 companies and startups. It captures perspectives and views from CEOs on the challenges and opportunities brought about by digital acceleration as well as on how the TMT sector is digitally empowering businesses to ensure future survival and gain a competitive edge on a global scale.

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The impact of COVID-19 on TMT

The pandemic has led to the emergence of significant, historically latent risk factors that could pose challenges going forward. Against the backdrop of increased digitalisation and simmering geopolitical tensions, threats related to cyber security and privacy of data have the potential to become major impediments to TMT growth.

- **Emerging technology risk:** With rapid evolution in technologies, CEOs feel pressure to innovate and stay ahead of the competition while countering the risks these technologies carry.
- **Cyber security:** This has consistently been regarded as one of the top business risks; and the acceleration of digital change has made cyber security more challenging. TMT organisations recognise that effective cyber security is not only an obligation and an opportunity but also a risk. The urgent and increasingly sophisticated security requirements of enterprise clients and the chance to build end consumers' trust through secure applications and communications are immediate opportunities for TMT organisations to explore.
- **Supply chain risk:** Countrywide lockdowns and closures of manufacturing facilities have intensified supply chain risks. This has opened up the opportunity for Indian TMT players to

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bring the global manufacturing base closer to end customers, creating a vertically integrated marketplace.

- **Regulatory and financial risks:** In terms of the number of subscribers, India is one of the leading markets in the world. However, it has one of the lowest ARPUs in the world. Long-standing issues such as stringent spectrum policies, adjusted gross revenue, and interconnect usage charges also serve as roadblocks in India's digital journey.
- **Other challenges:** A lack of skills and capability, lack of insight into operational scenarios of future, and lack of capital to fast-track the progress are among the issues that threaten to decelerate the process of digital transformation.

Opportunity for government-led initiatives

The government has taken steps to expand the reach of TMT across the country, including:

Digital payments

- Leveraged Aadhaar, Jan Dhan Yojana, and mobile for financial inclusion
- Promoted initiatives such as unified payments interface and direct benefits transfer

Infrastructure support

- National Digital Communication Policy for investments worth USD100 billion and generation of four million jobs in 2020
- National Broadband Mission to provide broadband access to all villages by 2022
- Removal of registration requirements for Other Service Providers (OSPs)

Digital governance

- Portals and applications such as Aarogya Setu, MyGov.in and CitizenCOP for participatory governance
- DigiLocker for cloud-based service to store documents via Aadhaar

In addition, key initiatives rolled out under the Aatmanirbhar Bharat Abhiyaan include Production-linked Incentive (PLI) Scheme, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors, and Electronics Manufacturing Cluster (EMC) Scheme 2.0. Some recommendations for likely government interventions include reduction in duties and levies, improvement in backhaul, Right of Way (RoW) rules and other infrastructure-related initiatives, as well as ease of doing business and spectrum-related changes.

Transforming the life of a digital customer The life of a digital customer has been transformed in 2020. The COVID-19 pandemic has changed organisations' internal operations along with fueling the digital shift among Indian businesses. Digitisation of operations, creation of digital revenue streams, seamless customer experience, and next-generation workforce models are some of the enablers of digital acceleration that the pandemic has triggered. A business-led transformation, which is also technology enabled, could be vital in this digital transformation journey.

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Emerging technologies

Enterprises need to assess the potential of digital transformation technologies for ensuring survival and gaining a competitive edge. Digital transformation has necessitated the use of innovative solutions and emerging technologies.

Telecom operators in India have been effectively investing to upgrade their technological capabilities. Some potential areas that could showcase collaboration between telecom operators and technology companies include 5G and its adoption, cloud computing, blockchain, Internet of Things, artificial intelligence and machine learning, big data analytics, and augmented reality and virtual reality.

The way forward

The innovation and progress in the TMT sector will certainly be a critical factor in driving India's broader digital ambitions. With growth in digital demand and the emergence and adoption of new technologies, the future of the sector in India looks both exciting and promising. As the sector adjusts to the new reality, TMT leaders will seek to harness the next wave of growth sparked by the digital revolution.

¹ COVID-19 Dashboard by the Centre for Systems Science and Engineering at John Hopkins University

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