Softtek ®

EXECUTIVE
SUMMARY

2022
Digital
Trends

Merge and Expand, without limits

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In a liquid universe, the boundaries between the physical and virtual blur, and the **synergies between technologies** multiply, generating an expansive stream of digital innovation.

The accelerated transition to digital that the world has experienced over the last two years has left profound changes in the way we do business and how we interact in our social lives. Redefining how organizations operate by optimizing internal processes, developing and launching new digital products and services, and connecting with new customer needs post transformation, quickly **provoked a 'survival of the fittest' across all industries.** The winners are those that could pivot swiftly and move forward given the unforeseen constraints to consumer buying.

We have experienced a period of metamorphosis—redefining the rules of the future as opposed to merely surviving the present. The ability to make accurate predictions in an uncertain environment sets limitations; however, what is certain is that we are immersed in a period of great evolution, profoundly marked by an **unbounded expansion in the digital sphere.** As we continue to live within the new normal, an era marked by limitless expansion in the digital realm, here is a look into six major digital trends that will mark the business environment in 2022.

TREND 01

Entering the Metaverse

Digitalization, virtualization, and advances in connectivity have given rise to the Metaverse, a projection of a **parallel, open, creative, unconstrained, and persistent universe** composed of virtual worlds, replicas of existing physical spaces, and hybrid environments.

The infinite possibilities offered by the Metaverse make it the ideal ecosystem to drive experimentation, innovation, and co-creation. On one hand, this leads to the redefinition of value propositions and the creation of **new business models based on hybrid and highly personalized interactions.** In another way, we see a new wide range of experiences for consumers at a global level.

These benefits have not gone unnoticed, and leading innovative companies are already driving initiatives within existing platforms or creating new virtual worlds of their own. The opportunity to generate new revenue streams, diversify business models, optimize corporate processes, and evolve the way companies interact with customers is unbeatable.

Therefore, corporations from a variety of sectors (Gaming, Media, Telco, Social, eCommerce, Digital Property, Cryptocurrencies, etc.) are beginning to integrate the Metaverse into their daily routines with **interactive, immersive, and sensory experiences.**
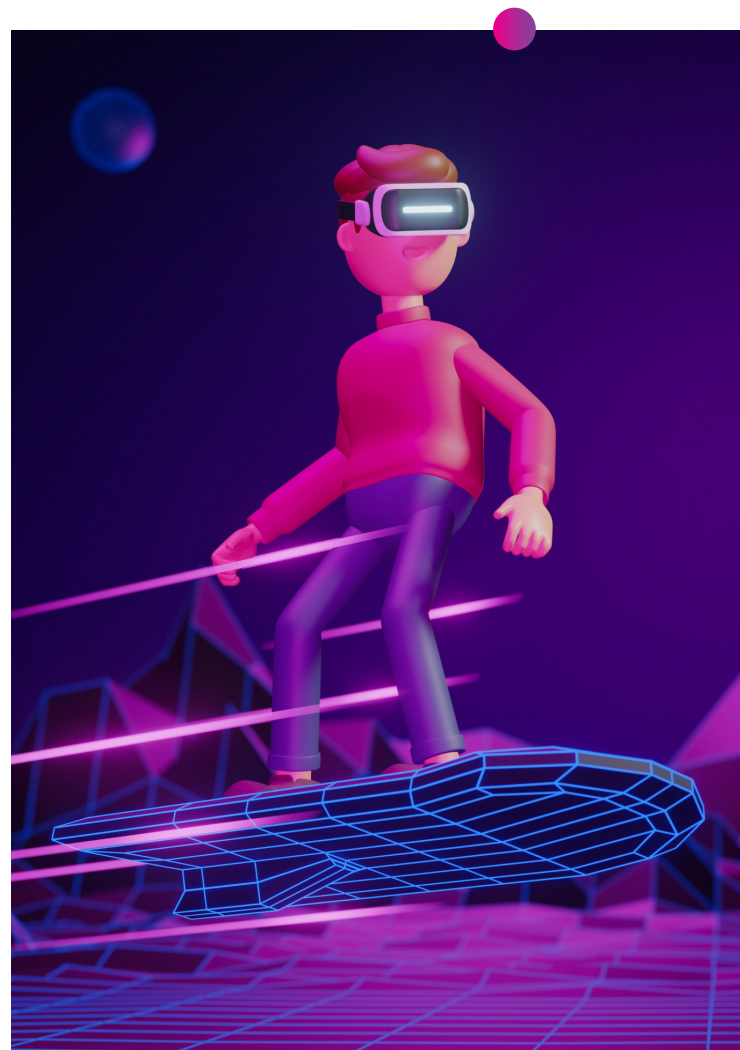
Debates have already emerged as to what economic system should support the Metaverse. All signs point to a **new digital economy emerging based on a decentralized model**, offering greater privacy, transparency, and traceability. Today, Cryptocurrencies and NFT transactions are already prevalent among early adopters, which is a major step towards the mass adoption of Smart Contracts, and opens a wide range of use cases in sectors such as entertainment, fashion, and digital art.

The Metaverse is at an early stage of development and its regulation still has many aspects to be defined. However, this is not holding back its evolution, and the next question is whether there **will be a single Metaverse or a set of Metaverses**.

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Disruptive digitalization and virtualization have reached a significant turning point thanks to the Metaverse, an ecosystem that will drive exponential innovation and co-creation processes, and provide opportunities to design hybrid and radically different experiential interactions."

Daniel Palacios del Río

Head of Digital Innovation
Softtek EMEA

TREND 02

CX's new key? Hybrid

The Low-Touch economy prompted physical touchpoints to shrink and digital touchpoints to massively increase. Now the world is seeking its natural rebalancing. At this point, the **hyper-connected consumer demands experiences that meet both their physical and digital expectations** throughout the entire interaction journey. Customers are now more independent and in search of their own personalized experiences. They are savvy with digital channels and demand the benefits they obtain through human interaction, all without giving up a permanent connection. In turn, companies seek to incorporate a new experience of open interaction between channels into their strategies — hybrid, complementary, and transversal to the existing ones.

Phygital experiences manage to break down the barrier between the physical and digital levels throughout all phases of the Customer Journey, creating omnichannel experiences and increasing the degree of connection between company and customer. It's an **experience conceived under parameters of very high personalization, immediacy, and immersion**, allowing organizations to maximize their reach, brand consistency, and commercial results.

To implement a hybrid and innovative CX strategy, companies should rely on the different opportunities offered by digital technology, mainly Artificial Intelligence, Machine Learning, and Data Analytics solutions and tools. Notable examples include the initiatives being tested in the retail sector, with in-store technology solutions that include real-time virtual assistants, autonomous shopping carts, smart fitting rooms, and Augmented Reality experiences. In this new hybrid customer-centric mindset, data will continue to play a critical role, with advanced analytics as a key enabler to capture, process, and analyze the large volume of information that will be obtained from mixed interactions.

In this sense, the use of centralized data platforms will facilitate the management and real-time elaboration of high value - added business insights, mainly aimed at optimizing and personalizing hybrid interactions through advanced segmentation and in-depth knowledge of customer behavior. Finally, it should be noted that in this new approach to experience, the experience of all stakeholders is crucial, including the company's own employees, thus forming a Total Experience (TX) strategy.

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The unstoppable adoption of digital purchasing processes and increasing need for customers to interact in a bidirectional and personalized way has blurred the line between digital and physical. Companies must develop hybrid strategies that offer consumers unique, cross-channel phygital experiences.

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Ismael Musbah García

Head of Digital Experience
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TREND 03

Data, a matter of precision

The unstoppable evolution of big data, data science, and data analytics, together with the boom in corporate digitalization strategies and increase in the number of connected devices, have **turned data into a company's greatest asset.** Although organizations have been collecting and processing data for a long time, today we're seeing a clear paradigm shift.

Now, data is being **generated faster and faster and in an unstructured way, but at the same time, it's losing its value at a faster rate.** In today's context of immediacy and hyper-personalization, the ability to capture, analyze, and extract value from data with extreme agility is priceless. Therefore, the new mindset revolves around accuracy and speed.

Having a large volume of information is not always synonymous with greater knowledge. Instead, the current trend is to focus on developing **strategies to detect and obtain the "Right Data",** that is, only data that is relevant can generate useful insights, and make decision making more efficient.

To adapt the enterprise data architecture to offer personalized and contextualized products and services, a model that processes historical and current data in real time is key. **Real-time data offers an on-demand view of what is happening in the present with no time lag,** providing information at the very moment the user interacts with a touchpoint. Adopting a "microsecond" mindset when managing data will improve the effectiveness of responses as well as provide a holistic view of customers, including anticipating future needs.

To adapt to this new paradigm, tools and technologies such as Synthetic Data (information generated by AI algorithms when real data is not available), Data Mesh architecture (allowing data to be split within the Data Lake), and Composable Data (allows data sets to be moved to other systems and used only when needed) will help.

In today's world marked by the need for speed and hyper-personalized insights, companies should reflect on what type of data has the greatest impact on decision-making. Strategy should focus on defining a data architecture capable of obtaining and analyzing data at critical moments and processing it in real time.

Gema Ruiz Díaz-Mariblanca

Head of Digital Data & AI
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TREND 04

Redefining the Cloud Purpose

The adoption of Cloud solutions has increased considerably in recent years, provoking companies to develop flexible, scalable, and adaptable business models. Today's vision of the Cloud encompasses an **almost limitless ecosystem of digital solutions and tools available on-demand and as a service**, allowing organizations to restructure their business architecture toward a more digital, elastic, agile, efficient, and optimized model.

In this context, it's essential to establish an appropriate strategy for Cloud migration and adoption. Companies must analyze which **solution offers the best prospects according to their characteristics and needs.** In this sense, the "Purpose Fit" approach replaces the "Cloud First" model, focusing on selecting the most suitable implementation models, as well as clarifying which applications and workloads should be migrated and which should be kept on local servers. Notably, there is a growing adoption of Multi-Cloud strategies, an architecture that provides the opportunity to distribute workloads across different instances to mitigate risk and maximize the benefits of each environment.

Innovation in Cloud technology is producing **novel solutions such as Cloud-Empowered IoT and the Cloud-Centric model.** These focus on the development of independent microservices that run on dynamic platforms, resulting in services with a high level of automation and adaptability. Each microservice is updated individually, allowing changes to be made in real time, thus offering quick solutions to the user.

Finally, we have **the verticalization of Cloud solutions, with Cloud systems created to support specific domain-related issues.** Software vendors, system integrators, and development companies are already starting to design pre-configured tools to address industry-specific use cases. The integration of this type of technology is easier, as it's designed with the industry's most common IT architecture in mind. Additionally, vertical Cloud models allow for improvements in configuration customization, the collection of insights adapted to the casuistry of each industry, a higher level of technological efficiency, and compliance with specific regulatory standards.

The vision of the Cloud as an infrastructure and storage network has evolved into an almost limitless ecosystem of business solutions available on demand and as a service, often specifically created for a particular industry, allowing companies to realign their structure and initiate deep digital acceleration processes.

Iván Lastra Quintana

Head of Digital Platforms
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TREND 05

The tech-based Marketing era

Today, the challenge for marketing and sales specialists is two-fold: they must prioritize the needs of the new digital consumer in their overall strategy, and they must also achieve a human-centric approach to ensure consistent omnichannel interactions that form an emotional and bidirectional connection. **This is the era of hyper -personalization and hyper-relevance.**

To succeed, companies must leverage the **synergies created by traditional marketing and sales strategies with cutting -edge digital technology.** This creates a broad ecosystem of digital solutions and capabilities that are transforming the way companies design experiences (physical, digital, hybrid, and O2O) and respond to the on-demand needs of consumers. We can divide this ecosystem into four main areas: Martech, Salestech, Adtech, and Madtech.

Martech focuses on the development of tools and solutions that enable the design, implementation, and management of **more efficient and relevant marketing strategies.** It includes, for example, platforms for automated advertising, experience management and monitoring, and offer optimization and personalization.

Also noteworthy within Martech are the **solutions focused on Business Intelligence** from eCommerce and sales automation platforms, data analytics (CDP, DMP, etc.), lead generation (CRM, loyalty programs, etc.), and management (product & brand management, finance, etc.).

The **Salestech landscape focuses on digital capabilities designed to increase sales and manage all associated processes**, focusing specifically on the moments related to closing sales. It optimizes the strategies and tactics of sales teams, helping them to prioritize, generate engagement, and effectively close deals, giving companies a 360° view of the entire sales funnel.

Adtech groups together all the tools specifically designed for optimizing, measuring, and improving the performance of advertising campaigns. Its platforms facilitate and automate the purchase and management of advertising space in real time and in a centralized manner.

Finally, from the Martech - Adtech union comes Madtech, a fusion between technology, marketing, and advertising campaigns. It emphasizes **comprehensive, interrelated data management between stages** such as lead generation and engagement, KPI monitoring, brand image management, and campaign and sales optimization.
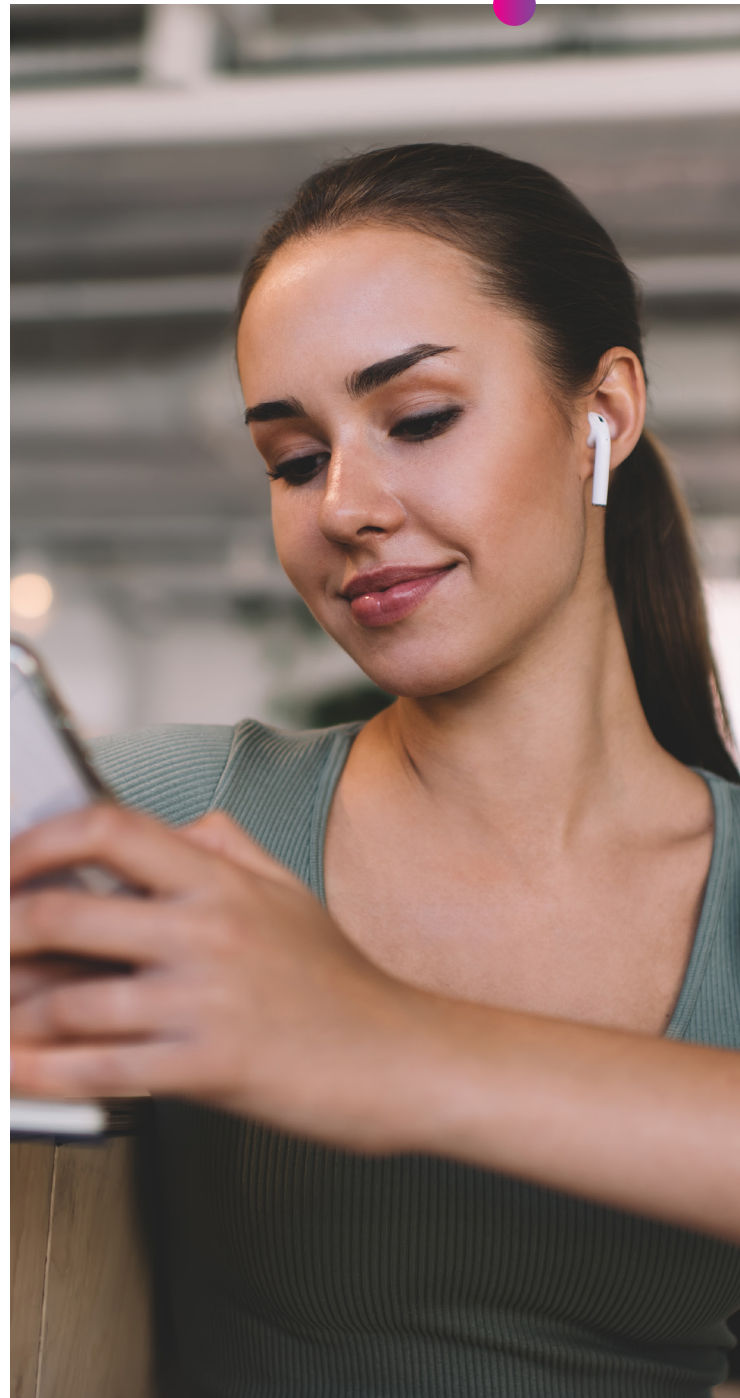
Consumers are no longer attracted by homogeneous products/services, giving rise to the era of hyper-personalization and hyper-relevance. With synergies between traditional marketing strategies and cutting-edge digital technology, the Martech and Salestech ecosystems are taking hyper-segmentation, campaign launching and the creation of personalized omnichannel interactions to the next level.

David Alejano Hernández

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TREND 06

AI, driving a new digital landscape

Artificial Intelligence has gone from a "nice to have" technology to a strategic axis in most digital acceleration processes. Its benefits are such that going without it implies an unaffordable opportunity cost for companies that want to remain competitive.

This transformation has led to the **emergence of a new generation of technological intelligence**, characterized by offering greater value in decision - making through autonomous interventions, a superior explanatory and prescriptive capacity, and great adaptability and ease of integration.

Given its evolutionary nature, **AI is playing a key role in driving the exponential development of other areas of the IT ecosystem.** Synergies between AI and other IT functions are shaping the most important acceleration vector in the world of digital innovation, redefining the foundations of consolidated areas, and creating new concepts:

- **Augmented Automation AI** focuses on the intelligent automation of business processes to improve their scalability, agility, productivity, and efficiency. The union of the latest advances in AI and automation can generate a technology capable of building knowledge and simulating human intelligence in an increasingly accurate and realistic way.

- **Cyber AI** supports corporate cybersecurity strategies with a preventive approach to the prevention and mitigation of increasingly sophisticated cyber-attacks.

- **The AI Cloud** is an infrastructure that offers remote access services to integrated AI solutions. Democratizing the use of these types of tools bring benefits like self-management of the infrastructure, optimization of data processing, and faster decision-making.

- **The Data - Centric AI** approach enables the creation of a data ecosystem that is constantly updated and evolving. This can enable the standardization and higher quality of the information and insights extracted while boosting the ROI.

- **AI - Driven Development** involves machine learning algorithms that accelerate the software development lifecycle, optimize workflows, increase the speed and scalability of operations, and improve estimation accuracy. All the while it produces intelligent, proactive error management with real-time feedback.

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The question we should ask is not whether to implement AI tools and systems, but to which area it brings the greatest competitive advantage to our business. The very evolutionary nature of AI means that not only has it itself experienced exponential development and expansion, but it currently plays a critical role in driving substantial improvements in the digital capabilities of all technology areas of the IT ecosystem.

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