

# THE NEXT ECONOMY

Covid-19 has accelerated secular trends that have been underway for years. Themes essential in navigating the crisis are widening the gap between struggling 'old economy' companies and innovative companies in the NEXT—or new exceptional technologies—economy, permanently changing the way we live, work and operate as a society.

## 3 paradigm shifts over the next decade

### 1 CONSUMERS

Adapting everything to the 'I want it all... and I want it now' mentality

#### E-commerce is soaring

A growing but still largely underpenetrated market

2022 **\$6.5tn**  
2019 **\$3.5tn**

**14%** of total retail sales<sup>1</sup>

**Shopify** is a leader in the e-commerce software application segment with **11%** market share<sup>1</sup>

**Amazon's** earnings are expected to grow by **40%** in 2021<sup>4</sup>

#### 'On demand' is in demand

**4.5bn** Internet users + **3.5bn** Smartphone users<sup>1</sup>

**404,000+** Netflix hours are streamed  
**208,000+** participate in Zoom meetings  
**500 hours** of videos are uploaded on YouTube<sup>1</sup>

EVERY MINUTE

#### E-wallets over cash

**79%** of consumers prefer contactless over cash payments, driving demand for integrated payment systems<sup>2</sup>

**Adyen** supports over 250 payment methods and grew processed transactions by **23%** in H1 2020<sup>3</sup>

### 2 ENTERPRISES

Solving for the 'do more with less, and do it faster, cheaper and better' mindset

#### Sky-high cloud demand

Covid-induced remote work put migration of legacy systems to cloud-based platforms into overdrive

**\$1tn+** **27%**

IT services share of total global IT budgets<sup>1</sup>

#### New systems, new solutions

Cloud infrastructure platforms mandate cloud monitoring, unified communications, and cybersecurity to safely connect disparate systems and devices

**15** Average # of devices owned by each person by 2030<sup>2</sup>

**18%** growth of the global cloud telephony market in 2021<sup>1</sup>

**29%** **RingCentral's** YoY revenue growth in Q2 2020<sup>6</sup>

### 3 SOCIETY

Striving to 'build a better future and live a better life'

#### Health tech cure-all

From telemedicine and medical devices to gene therapies, technology is the elixir for enhanced diagnostics and treatments

**4x** growth of telemedicine by 2026 to **\$175bn**<sup>1</sup>

**Teladoc's** YoY total visits grew **203%** in Q2 2020<sup>7</sup>

#### Speeding into an electric future

Robotics and artificial intelligence technologies are fuelling automations in everything from manufacturing to automotive, while cleaner energy preferences drive growth of electric vehicles

**8x** growth of the electric vehicle market by 2030 to more than **26m** units<sup>3</sup>

**45%** **Tesla's** compound annual growth rate through 2023<sup>1</sup>

Learn more about NEXT economy trends at:  
[pgimfunds.com/nexteconomy](https://pgimfunds.com/nexteconomy)

<sup>1</sup> Statista <sup>2</sup> Mastercard Global Consumer Study, April 2020 <sup>3</sup> Adyen <sup>4</sup> The Motley Fool <sup>5</sup> MarTech Advisor <sup>6</sup> RingCentral <sup>7</sup> Teladoc Health <sup>8</sup> MarketsandMarkets. All data accurate as of 30 October 2020.

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