

# Early Metrics' tech trend predictions for 2021

For anyone working in the innovation ecosystem, the big question is always: what's the next big thing? Needless to say that in 2021, the sanitary crisis will continue to be a major influencing factor in technology developments and business trends.

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If we look back at the major tech trends from last year, we notice that in many cases the pandemic acted as an amplifier rather than a disruptive force. Videoconferencing, telemedicine, online banking, contactless delivery... Most of the technologies and innovation markets that grew stronger already existed before the pandemic. The pace of adoption just flew off the charts for these solutions that addressed short-term challenges brought on by the crisis. We can expect to see more of the same dynamic in 2021.

## Sector agnostic trends

There are three topics that will shape new developments in all sectors. First of all, figuring out how to integrate sustainability within standard business functions will become a central crux for all. Public authorities and consumers alike are expecting businesses big and small to take more steps to reduce their carbon footprint. Indeed, the "new normal" presents an opportunity to build a "better normal" for the future, more respectful of our natural environment. Corporates will be looking to startups for eco-friendly solutions, with a keener eye on auditing their real ESG impact.

*In fact, by popular request from corporates, Early Metrics has recently added an ESG impact score within its startup ratings.*

Then, as the pace of digitalisation in the workspace gets ever faster, so does the need to audit and improve cybersecurity. This is especially important for businesses that will continue to have employees working from home. A report by McAfee in partnership with the Center for Strategic and International Studies estimated the cost of global cybercrime to have exceeded \$1T for the first time in history in 2020, partly due to remote working. But cybersecurity is also relevant for industrial players that have increased their adoption of industrial IoT and automation over the past months.

This brings us to our third sector agnostic trend: automation and cloud solutions will become ubiquitous. Incumbents in heavily impacted industries will be grasping at all possible cost-cutting solutions, hence the attractiveness of hyper-automation. It's interesting to note that while global investment slumped in 2020, European AI startups still managed to score over £5.9B. AI coupled with cloud technology is likely to become a standard to increase accessibility to leverageable data and enable further innovation. This will have far reaching effects on process efficiency, employee empowerment and collaboration between different parties.

## 7 trends where startups will play an essential role

Aside from overarching trends, there are five areas of growth where startups are expected to play a key role in 2021:

### Making shared spaces safe

As vaccination will take time to reach the full population, making sure shared spaces are hygienic and safe is a sine qua non condition to reopening high street shops, enabling air travel, returning to the office...We have already seen the adoption of contactless payment, digital customer service and at-home delivery solutions boom in 2020. While these segments will remain important, there are other types of technologies that will see new opportunities.

That's the case for disinfection technology. Within our startup database, we

have indeed seen new technologies emerge such as drone and robot-led disinfection, UV light devices and self-cleaning door handles, to name a few. Computer vision software applied to CCTV could also see a surge in usage to detect potential covid-positive customers, enforce safety measures among staff or even address other security threats (such as terrorism).

### Shifting our food production and consumption habits

As mentioned earlier, 2020 saw a sharp increase in public awareness and interest in the climate crisis. Startups that offer plant-based and ethically sourced foods will reap the benefits of this wave. Similarly, new materials for plastic-free packaging will be in high demand.

Moreover, food conglomerates are under increasing pressure to reduce the carbon footprint of their value chains – be it in the production, processing, distribution or packaging of their products. From agroforestry, to last mile delivery and CCUS technologies (carbon capture, usage and storage), there are a myriad of ways in which startup innovation can empower food and beverage players in their sustainability efforts. The agritech fund CapAgro and Early Metrics will in fact release a new report on the subject in Spring, exploring various case studies for decarbonisation solutions in this industry.

### Improving mental wellbeing

Aside from the obvious health threat presented by the coronavirus, this pandemic is taking its toll on people's overall wellbeing. The UCL COVID-19 social study illustrates how, over the past 10 months, the socio-economic impact of the pandemic has contributed to greater levels of anxiety and depression among UK citizens.

New healthtech solutions are therefore needed to address the long-term mental health effects of the crisis. As the NHS deals with its backlog of operations and consultations, startups could help alleviate the burden, by providing digital therapy and mental wellbeing material.

One emerging business model for mental health startups is selling to employers rather than to end-users. More and more businesses recognise the impact of stress and anxiety on employee retention and productivity. So they have a vested interest in improving their employees' psychological wellness. London-based Spill is among the startups that has grasped this opportunity, having just raised £2m to develop its remote mental health support app that integrates within Slack.

### Enabling new patient treatment and tracking methods

Telemedicine emerged as a welcome tool to assist doctors throughout the crisis. In fact, a survey by Censuswide revealed over half (56%) of GPs were using telehealth solutions for consultations during Covid-19. There is also evidence that patients appreciate having the option of video consultation, indicating this trend will continue at least in the short-term.

Another interesting healthtech area is found in apps and testing kits that allow individuals to track and manage their symptoms at home. This is particularly relevant for vulnerable individuals who have been avoiding their GP practice in fear of being contaminated or have had their appointments cancelled due to the NHS being overwhelmed.

Moreover, the successful partnership between BioNTech and Pfizer on the Covid-19 vaccine will spur further collaborations between biotech startups and pharmaceutical groups. We can expect a strong focus on integrating AI within drug discovery and deployment logistics.

### Enabling better digital workforces

A recent YouGov poll showed 39% of British workers wish to continue working from home some of the time and 18% hope to WFH all of the time once the pandemic is over. So in the continuation of 2020, tech enablers for digital workforces will still be very sought after. This includes productivity, collaboration and communication tools. There could also be new openings in the market for insurtech products designed for WFH, such as flexible tech equipment protection.

On the other hand, one of the dire consequences of the first and second coronavirus waves has been the surge in unemployment. E-learning startups that offer professional retraining services will likely benefit from this.

### Catering to the silver economy

Seniors (over 65) represent a growing part of the UK population and, with a higher spending power than younger generations, are bound to play an important role in the post-Covid recovery. From transport, to banking and healthcare, creating inclusive products that cater to the needs of the elderly is a golden opportunity for innovative players.

Service providers need to account for the digital skills gap that exists within this population. So growing in the silver economy entails diverging from the global trend of all-encompassing digitisation. Startups that can support multi-channel service delivery will be attractive partners in this shift. We can also expect more innovation in hardware and in-store services suited for disabled people – a win not only for older customers but more generally for handicapped

individuals.

## Making supply chains resilient

While the pandemic hit many startups hard, it also highlighted that a young company's agility can greatly boost its resilience. In the past year, we saw several startups shift their product offering almost overnight to cater to new needs. Large industrial groups are seeking to emulate this ability by investing in new technologies. Additive manufacturing, IoT, robotics and AR are all enablers for more adaptable production lines and supply chains. These tech tools could for instance allow manufacturers to react to fast changes in demand, reducing the chances of running out of stocks or of overstocking.

The European startup ecosystem is already rich in such technologies and represents a valuable source of solutions for industrial players. Not to mention, 2021 represents the first year where the UK market departs from the EU, bringing with it an extra load of logistical challenges for manufacturers and distributors. Collaboration between local startups and industrial players will be key to ensure continuity of business within the UK border and beyond. For instance, some startups are now developing collaborative software to automate the management of regional and worldwide customs and trade compliance.

All in all, the UK startup ecosystem is bound to meet new challenges but most importantly new opportunities in the uncertain times ahead. Well established markets such as fintech will continue to attract big investment, while emerging markets such as biotech might benefit from increased corporate appetite for open innovation. Indeed, we are likely to witness an acceleration in startup-corporate synergies that address short-term issues related to COVID-19 and Brexit. Disruptive startups with long product development cycles might, on the other hand, struggle to finance themselves and grow in 2021.

*Read also*

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