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An uptick in ‘damp’ lifestyles? The death of influencer marketing? Here are some bold tech predictions for 2023

Maddyness UK partook in some future-gazing with the help of eleven founders, tech workers, and VC principals. We asked founders from hospitality to fertility to provide their bold tech predictions for the year ahead, and they delivered: find out why 2023 is Edtech's moment in the sun, and about advances in cryopreservation. As sector-focused predictions, they are also insightful into how broader trends such as AI or ESG will specifically impact verticals.

Eduardo Martinez Garcia, CEO and cofounder of *Toqio*

Embedded finance will expand even further “The fintech space is becoming more mature, particularly with regard to embedded finance. It’s estimated that 96% of businesses will launch an embedded finance offering by 2026, and many of these will be FMCG companies, retailers, etc. Specialised fintech companies will begin to service clients outside the finance sector.”

Regtech will become a focal point in fintech “If a company is not legally compliant it cannot move forward with a fintech offering, making regtech the natural basis for all other fintech development. Firms that help companies keep on the correct path are going to continue to grow. Technology will need to be used to make a system of pre-checks quicker and easier.”

Fintech startups will start to look at greentech solutions “Environmental concerns and solutions are going to affect fintech as much as every other market, which is why “greentech” is also becoming a space to watch for innovative new startups.”

Creativity and diversity are a key part of fintech “Entrepreneurs leading change are faced with continuous challenges. Fintechs not only challenge traditional financial institutions with regard to products and processes, they also tend to be more progressive in terms of human capital. Companies that are creative and diverse will become more widespread as fintechs eke out a larger market share in 2023 and beyond.”

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Meet Toqio, the digital finance platform and marketplace

Sophie Abrahamovitich, CEO, *DUSK*, the free drinks app

A shift offline to connecting in-person We’ve seen a significant rise in in-person events and activations over the last few months. A trend that seems to be continuing and increasing in popularity for 2023. Coming out of the pandemic initially seemed to spark this, with people wanting to reconnect and interact in real life. Especially with people still working from home, it’s a chance to go out and meet people again. You can no longer rely solely on social media to reach and connect with customers and brands have found that using Meta paid social is unreliable so they are switching to offline. Consumers are looking for added value, so it is now a necessity for brands to offer physical brand touch-points, whether that be a pop-up, bricks and mortar, or events and activations.

Back to the office – but with more flexibility and collaboration I believe there will be an accelerated move back to the office, particularly amongst younger workers wanting to connect, collaborate and learn from each other and mentors. We can already see this happening with more of a focus on flexibility, rather than remote or WFH which has created an isolating work environment. We’ve seen a shift from pre-pandemic ways of working where we were always in the office, to the polar opposite work from home policy but now businesses are finding a middle ground and reconnecting with employees. I think we will end up at a point where the work culture is more inclusive and supportive, perhaps you are majority based from the office, but managers understand that you need to work from home from time to time to find balance, like letting the plumber in or looking after children. At a start-up level that has been happening for a while, but it seems to be creating a ripple effect across business culture. Organisations will begin to accept and trust that employees can get the work done, while working around their needs.

Adopting a ‘damp’ lifestyle Within the industry we’ve seen a rapid rise in no and low alcohol products entering the market. Despite this, our data doesn’t indicate that fewer people are drinking. There’s a narrative that Gen Z don’t drink and this simply isn’t the case. Instead, consumers across all age groups have altered their drinking habits and become more mindful about how much and when they drink, perhaps wanting to be on form for a meeting the next morning, or having personal fitness goals. Consumers are moving towards living a ‘damp’ lifestyle, with less stigma surrounding not drinking and far more choice beyond just having to order a Diet Coke. We also have to be mindful that this rise in no and low alcohol products may not be a choice by consumers based purely on health and may be influenced more by the cost-of-living crisis, rising prices and consumers watching their pennies. With the prospect of a possible increase in alcohol duty next year, following the initial freeze being scrapped some weeks back, consumers could face paying more for alcohol, therefore the rising popularity of no and low alcohol products could continue into 2023.

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Radha Vyas, CEO and cofounder of *Flash Pack*

The death of influencer marketing A key trend we have seen this year and one we expect to continue well into 2023 is the death of influencer marketing strategies as we know them and a move towards a more authentic approach. Since our re-launch, we have stopped working with influencers and have instead utilised our customers to create more authentic content versus polished photography. Highlighting the genuine connections made on our trips is an approach that has proven far more effective when communicating with prospective customers.

Transparent pay The pandemic sparked many conversations around workplace satisfaction, however secrecy around salaries still persists. From the great resignation to workers calling for more flexible working, 2022 has seen this issue put under spotlight and we expect that for 2023 transparent pay will become the norm – especially within the travel industry, which still lags behind other sectors when it comes to *diversity and inclusion.*

US focus In addition, over the last year UK businesses have started shifting their business model to become more US focused – it’s now 55% of our total customer base, which has increased 10% pre-pandemic, and we are going to continue pushing this. Business is booming in the US where inflation is lower and customers have more money to spend. Businesses are starting to recognise and take advantage of this.

Kelly Singsank, director of product marketing at SaaS metering and pricing

engine, *m3ter*

SaaS companies will focus on lowering the barriers to entry for customers in 2023. In the midst of a global tech downturn, the software world is in ‘hard mode’ and sales conversations by their very nature are going to be difficult. In 2023, we will see technology companies prioritise making it easier for prospects to become customers for the first time and experience validating impact more quickly. There are various tactics that can be deployed – from lowering commitments and offering reverse trials, to adopting Usage-Based Pricing models and Product-Led Growth strategies – and we will see companies combining these to make customer acquisition a smoother process. Flexibility, transparency and customer-centricity will be core to lowering barriers to entry in 2023.

Pricing will be the SaaS differentiator of 2023 In the current economic climate pretty much every business is trying to reduce costs. This means customers of SaaS companies will be looking to cut back where possible. At the same time, the fundraising environment has become more difficult and SaaS companies need to extend runway and/or work harder to attract capital, which means innovating to better attract customers, mitigate churn, and extract value from their existing customer base. Facing these headwinds, we will likely see companies deploy and test a range of new pricing strategies to deliver better value propositions and avoid leaving money on the table.

Consumption-based pricing models These allow for greater flexibility, transparency, and connection between usage and value. Customers pay only for what they use, giving them more control over spend, more confidence about benefits, and less concern about shelfware.

SaaS companies to revisit pricing According to OpenView’s recent *SaaS Benchmark Report*, companies that adjusted pricing in 2022 saw expected and realised annual recurring revenue (ARR) rise by an average of 27%. We can expect more SaaS companies to revisit their pricing in 2023 with this in mind.

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Meet M3ter, the metering and pricing engine for SaaS companies

Chandar Lal, Principal at *Mosaic Ventures* a leading early-stage European VC firm

"AI assistants" will emerge in every corner of the enterprise This year has seen rapid development in large language models and generative AI – from chat to coding, images, and products. We predict that 2023 will be the year when we get used to working with AI assistants by our side – whether it's to help us with coding, writing marketing copy or automating workflows. The explosion of new AI tools will also force startups to go through greater lengths to stay competitive, by designing unique user experiences (UXs), domain-specific prompts and fine-tuning, and seeking regulatory barriers to entry.

Explainable and ethical AI will become a compliance market With the EU AI Act on the horizon, it will become increasingly important for businesses to understand and explain how AI might negatively impact consumers, such as making biased or discriminatory decisions related to credit or job applications. We're interested in what privacy-preserving technologies might arise as a result of it, and if we'll see a European Unicorn startup being born in this sector within the next few years.

Edtech is an area that has been bubbling up for a while, but in 2023 we'll see it evolve towards AI-driven conversational interactions, that are personalised by nature. As state school systems continue to face funding pressure across Europe, the need for an "AI tutor" is becoming clearer – and conversational AI interfaces are now more able to meet this need than ever. This is an area that we're super excited about and hope to invest in.

Caroline Noublanche, Founder and CEO of the virtual fertility clinic, *Apricity*

Artificial Intelligence We see AI becoming more integral to healthcare in 2023 and beyond. After years of collecting, cleaning data and designing algorithms, it looks like 2023 is the year when, in the fertility field, the appetite is there to implement and start using it in practice. At Apricity, we are excited to see our doctors starting to use stimulation algorithms but also to be able to reconstruct embryos in 3D, a breakthrough in the field to select the best embryos and maximise outcomes for patients.

Cryopreservation In fertility, freezing embryos and eggs becomes mainstream : frozen embryo transfers represent 35% of fertility treatments when fertility preservation, also called social egg freezing, grows fast at +30% a year, even if still representing a small portion of fertility treatments. We see this market trend across the UK and Spain, but we are far from having reached these figures in the US where 1% of women are freezing their eggs. This increase in cryopreservation will drive technology in both the labs and the gametes storage facilities, with new technologies such as TMRW revolutionising the field with more automation, traceability, and safety of the process.

Virtual Clinic model Apricity has been the pioneer of the virtual clinic model in fertility, since 2018. Following the pandemic, we see this model picking up in other healthcare domains such as radiology, dentistry, surgery, paediatrics and more. The concept is to leverage new technology to offer most of the care from home. Apricity pioneered at home diagnostic testing and more recently at home scanning with portable ultrasounds. In the future, we see patients being able to self-scan at home using handheld devices and technology. The appetite for a virtual model can be seen in the corporate world too. At Apricity, we are working with more and more companies that see our virtual clinic model and at home solutions help create better employee retention, engagement and minimise disruption to professional and personal lives.

Tariq Rauf, founder and CEO of *Qatalog*

We'll recognise the true potential of AI AI is often seen as a 'helping hand', or a mass production technology with low quality output, equivalent to having 1,000 interns to do a job. But that type of thinking reduces what is possible with AI, and the depth of use-cases people are willing to attempt. It's now more accurate to think of AI as 1,000 McKinsey consultants. This significantly expands our imagination in terms of the problems it can tackle and the solutions we can create.

We won't have AGI, but we will definitely have ADI Artificial General Intelligence isn't here yet, but Artificial Domain Intelligence is. This is what helps structure, understand and automate work in specific domains. We'll see large scale proliferation of AI models for specific domains, trained on publicly available data, that we can use to drive the approaching automation era. Eventually, powerful generalist models will outperform them, with better ability to do a broader range of work, but this is a great stepping stone.

We’ll see a convergence of generalist and specialist digital tools Today, businesses have to choose between generalist tools and specialist tools that cater to specific industries or use cases. In 2023, AI will bridge that gap, allowing generalist tools to adapt automatically to the needs of their customers. Generalist tools that can’t do this will be put on notice. Specialist tools will also be harder to sell as intelligent generalist tools will deliver 90% of the value provided by specialist tools, due to their ability to contextualize.

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Dismantling vestiges of the industrial age: an interview with Tariq Rauf, founder of Qatalog

Anna Andreou, CEO of *CheMastery*

Investment in ChemTech is going to significantly increase Chemistry, despite sitting at the very heart of innovation and manufacturing, is still over-reliant on painstaking manual and repetitive processes and this issue is exacerbated by skilled labour shortages. Since necessity is the mother of invention, I would predict that entrepreneurs and investors will look to automation/robotics to overcome these problems in the coming year.

Investment into the sciences will soon broaden beyond BioTech and towards new frontiers of innovation Chemistry is a central science and is involved in the vast majority of manufactured goods while also being directly adjacent to BioTech. Historically, chemistry has not benefited from the same hardware innovations that BioTech has enjoyed but recent commercial driving forces will enable chemical laboratory automation to flourish.

Investment in Science in general will increase COVID has been one of many examples of why it is vital to have fast, innovative and reliable science-led solutions. I think investors are increasingly thinking about the social impact of their investments, not simply potential returns. Investment in science is much more likely to make a tangible positive impact than backing the latest 10-minute delivery startup.

Nick Braund, founder of award-winning PR agency *Words + Pixels*

Genuine help for consumers With the challenges around cost of living sadly remaining in early 2023, I expect to see a lot of brands focusing heavily on how they can help the consumer in their PR. This may take the form of free advice or helpful partnerships. Ultimately pursestrings will be tighter than ever for many and companies can retain loyalty through these tough times by supporting customers through them.

Sustainability will no longer be a PR story it'll simply be expected. Many brands have been quick to act and, in turn, highlight their green efforts, which has been very needed and a positive narrative to drive positive change amongst businesses and consumers alike. Going forward, this will become less of an angle to gain column inches as is now the norm. It's even now starting to go the other way, with brands needing to be wary about promoting this too much for risk of it being seen as greenwashing.

Some of the best innovations have come as a result of a downturn, and 2023 will be no different The year ahead will undoubtedly pose challenges for businesses across the globe, but there are future unicorns being created right now that will only be launched because the recession forced the founders into it. Those that can see ahead to what society will need will quickly become next year's Zoom.

Bion Behdin, Chief Revenue Officer at *First AML*

Technology will continue to make AML processes quicker and more efficient Technology has the ability to speed up the time it takes to verify entities and individuals, and will exponentially increase productivity across the sectors that are governed by AML legislation, over the next few years. The best thing about regulation is that it affects not only your business, but all of your competitors in the same way. This means that if you can streamline your businesses by processing tasks quicker, cheaper, and more effectively, it will lead to more satisfied customers and happier staff (who hate doing manual AML). Businesses have the opportunity to use compliance as a competitive advantage. Specialist AML partners will increasingly be relied upon to use these technologies. Companies will continue to grapple with balancing cost, speed and transparency of business transactions in a competitive and volatile economy. As such, they will have no choice but to rely on specialist partners to keep them up to date with relevant AML legislation, ecosystem changes and technology updates.

The Real Estate sector will remain a hub for money laundering Real estate remains one of the faster growing sectors for money laundering across the board, and the trend is expected to continue into 2023. Real estate is an attractive method of money laundering in many ways. It’s a great way to clean significant sums of money, it can be leveraged at a later date, and plenty of firms that operate in the sector have notoriously poor structures which prioritise faster transactions over compliance. We see significant amounts of cash in the form of ‘donations’ from other parties being used as home deposits across the UK that are difficult to verify and trace, and that trend is only increasing.

The recession could increase money laundering, with companies less likely to scrutinise transactions and more likely to de-prioritise compliance staff The biggest problem with money laundering is that it is inadvertently highly profitable for reporting entities. Because of this, firms may be more willing to deal with higher risk transactions, and scrutinise these transactions less. This is especially true if they are high value, which money laundering transactions usually are. Recessions could also lead to firms de-prioritising compliance staff, who are already overworked at the best of times, exposing them to worse compliance processes.

Dmitry Isupov, Chief Strategy & Insights Officer and cofounder of *Chattermill*, a Unified Customer Intelligence startup

CX will be critical during the economic crisis All things point toward a global recession. While this will inevitably make business harder, it will also bring opportunities for some brands to stand out from their competition. With consumers spending less, brands will try to make the most of their loyal customers, prioritising customer retention over acquisition. But to do this effectively, they need to better understand customers – it’s only by doing so that they can deliver the personalised, customer-centric experiences that make customers repeatedly shop with them. Brands that get this right in 2023 will no doubt, in my mind, be those that survive and thrive.

Companies will see the value of unifying their customer feedback In 2022, we’ve seen some companies awaken to new data sources. Those that have now see and understand the value mining data from new channels can have for their businesses. In this context, CX teams have been even more on board with data-driven approaches, enabling more cross-functional collaboration with other teams, and making CX insights spread more easily across their organisation — product, operations, marketing, etc.

The rise in personalisation of services and products With more information at their disposal, companies are likely to invest more in personalisation. Most companies still haven't cracked this completely, but in the new year, they will need to drive more personalisation initiatives by better understanding customers, and delivering experiences that match what they want. This will be a worthwhile investment even in tough economic times as personalisation can yield greater loyalty.

Ian Browne, Managing Director of *NDRC*

What is Dogpatch predicting for Irish tech in 2023? We work primarily in the technology sector and all indications are that 2023 will follow the same path as the tail end of 2022. There will be continued pressure on headcount at all companies as the markets focus on more sustainable growth. Funding, particularly at the later stages, will be much more difficult to come by and there will be delays in the IPO market as late stage companies wait for the markets to rebound.

At the early stage there are more reasons to be optimistic. Irish Venture Capital firms secured over €300m for their seed funds in the past 18 months meaning there is plenty of funding available for those founders who are just starting out. In fact, you can argue that there has not been a better time to go for your first institutional round of capital in Ireland.

While layoffs are unfortunate and inevitable, that also lets some people explore new opportunities and lets startup companies access quality talent who have experience from working in and growing technology companies. The combination of available talent and a supply of capital should allow some really interesting companies to be started in 2023.

2022 was a turbulent year for global tech, do you think things will get better in the sector? There is a lot of pain in the near future as capital markets continue to react to the uncertainty. It will be more difficult to raise capital, sell to enterprise customers and there will be a continued focus on cashflow and profitability. The optimist in me still thinks about the last recession and how it is an opportune time to start something new.

In 2008, the iPhone had just arrived and so it spawned a plethora of new companies which went on to drive the technology sector for 15 years. Nobody knows what the next technology stack really looks like but it is apparent that artificial intelligence is still at the bottom of the s curve. AI has proved some incredible advancements in drug discovery, new models of image, text and video creation and the algorithms becoming more accessible could lead to a new wave of interesting opportunities.

So the forced financial constraints plus the emergence of new technologies gives me hope that Ireland can build some fantastic companies in the coming 12-24 months.

How can Ireland become leaders in tech in Europe in 2023? By investing in people. We should get smarter on startup Visas – learn from countries like Portugal and Estonia who have leaned into the post covid trends to attract high quality entrepreneurial talent.

We should also be much more ambitious. The French government invested over €1B into AI and we need the same level of understanding and ambition from our political leaders to help to continue to drive the economy.

I think it is a good thing that we are looking at the FDI strategy and if it is really fit for purpose for the next 20 years. Over 50% of economic growth is delivered by less than 5% of companies. High growth technology companies are important for the economy and the only two ways they exist is either by importing them via FDI or creating them indigenously. I think it is time we invested heavily in the latter – creating a much easier on ramp for more smart people to start ambitious companies. They should be supported to do this – by government, by corporates, by venture capital and by the whole startup ecosystem.

Article by MADDYNESS UK