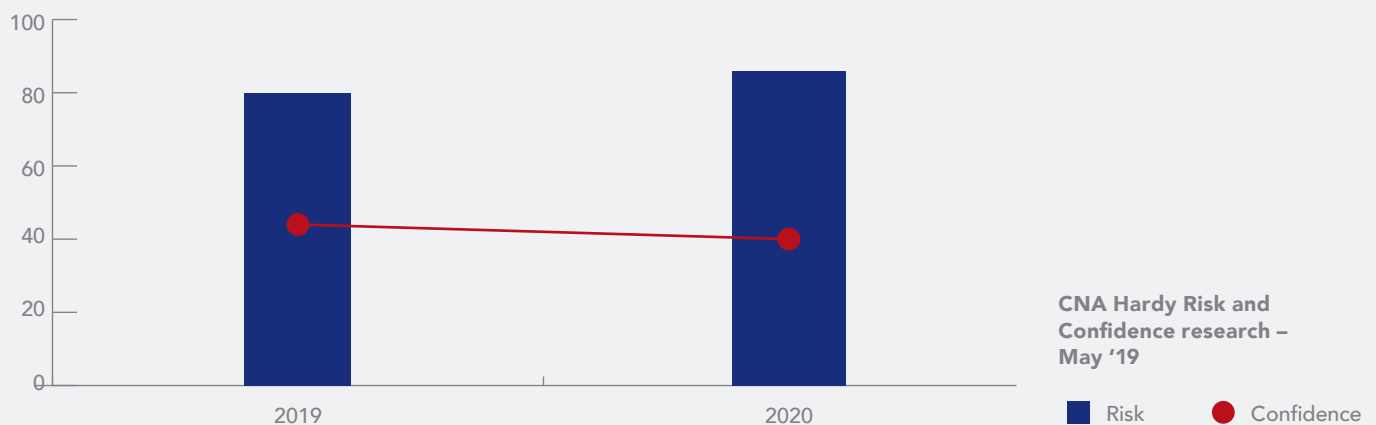




2020 Prediction: Technology firms fear a global economic storm

Only 40% of UK technology firms expect to feel confident in their ability to grow and prosper in 2020, while 86% believe they will be operating in a moderate to high risk environment¹.

UK tech firms' risk and confidence predictions



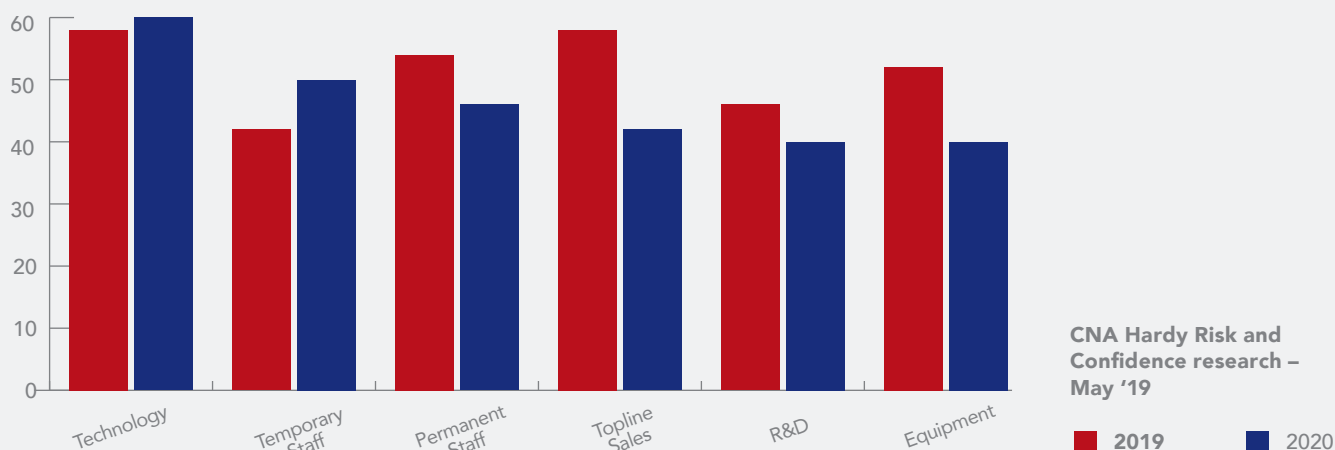
For UK technology firms, reduced confidence in 2020 is about one thing only – the global economy. Economic risk is the most significant risk by far, rising 63% from May 2019 to May 2020.

The UK's technology sector has grown strongly in recent years. Output in the sector has expanded three times as fast as the UK's overall economy since 2016. The UK remains a global hub, and in October 2019 Tech Nation calculated that the UK has created 72 technology unicorns, or companies valued at \$1bn or more, since 1990, a number exceeded only by the US and China.

This should be a confident sector as we enter 2020, and it is clear that companies in the sector want to keep doing what they're good at. Their highest priority for investment in 2020 is technology itself, with 60% seeing this as a key investment focus where spend will increase. But on every other measure technology firms are pulling in their investment horns and preparing for an economic storm. They plan to reduce investment in staff, R&D, topline sales development, corporate development and equipment – everywhere in fact.



UK tech firms' predicted top investment priorities



Technology remains a healthy sector with great potential, but its confidence is low coming into 2020, and expectations are very muted. This could have serious ramifications for the UK economy, which is coming to rely on the new tech firms for jobs and growth.

¹CNA Hardy Risk and Confidence research was undertaken between February and March '19, via an online survey of 1,500 business leaders of multinational firms with operations in Europe. Qualitative research was undertaken in May '19. In the UK 450 business leaders from 9 different business sectors, with a turnover ranging from £5m to £1bn+ were surveyed.

²FT.com - <https://www.ft.com/content/fd26161e-d89d-11e9-9c26-419d783e10e8>

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