



CAMBASHI THOUGHT LEADERSHIP

The Impact of COVID-19 on technical software markets. Winners and losers



Abstract

No-one can accurately predict the social and economic impact of the COVID-19 pandemic but, using scenarios from respected economists combined with Cambashi's established datasets and intelligence, we can assess its impact on engineering, manufacturing and industrial ('Technical Applications') software markets such as PLM, CAx, BIM, MOM and Connected Applications (IIoT). By focusing on specific areas we identify 'winners' and 'losers', indicating where providers of software applications are likely to see increased or decreased - demand.

Cambashi Thought Leadership briefing outline

An assessment of global COVID-19 economic impact scenarios

Cambashi assesses many leading economic analysts and uses Oxford Economics' industry forecasts as an input to estimate the global impact on Technical Applications software – a market we have analyzed for over 35 years.

The impact on industry

In the short to medium term, the predicted impact on different industries is not uniform. In general, industries that depend on disposable income, such as those that are travel - or fashion-related are affected more than those which are vital, such as utilities and medically-related industries. This section includes feedback from briefings we have held with major software companies, most – but not all – of which we are aligned with.

The impact on the engineering/manufacturing/industrial software market

To estimate the effect on the Technical Applications software market, Cambashi uses industry 'value added' figures – which, after many years of experience, it has found to be a better indicator than 'revenue.'

Cambashi is making this briefing available to its key clients and other companies involved in engineering and manufacturing software. Please contact us to arrange a convenient time.

How Technical Applications software markets such as PLM, CAx, BIM, MOM and Connected Applications (IIoT) are affected.

Cambashi's analysis shows that the growth in Technical Applications markets over the last few years has been very positive, and the effect of COVID is likely to be temporary. Different industry areas are more or less affected, as shown in Fig. 1 below that shows provisional forecasts for Technical Applications Spend Growth (in this case PLM and CAx) in selected manufacturing industries.

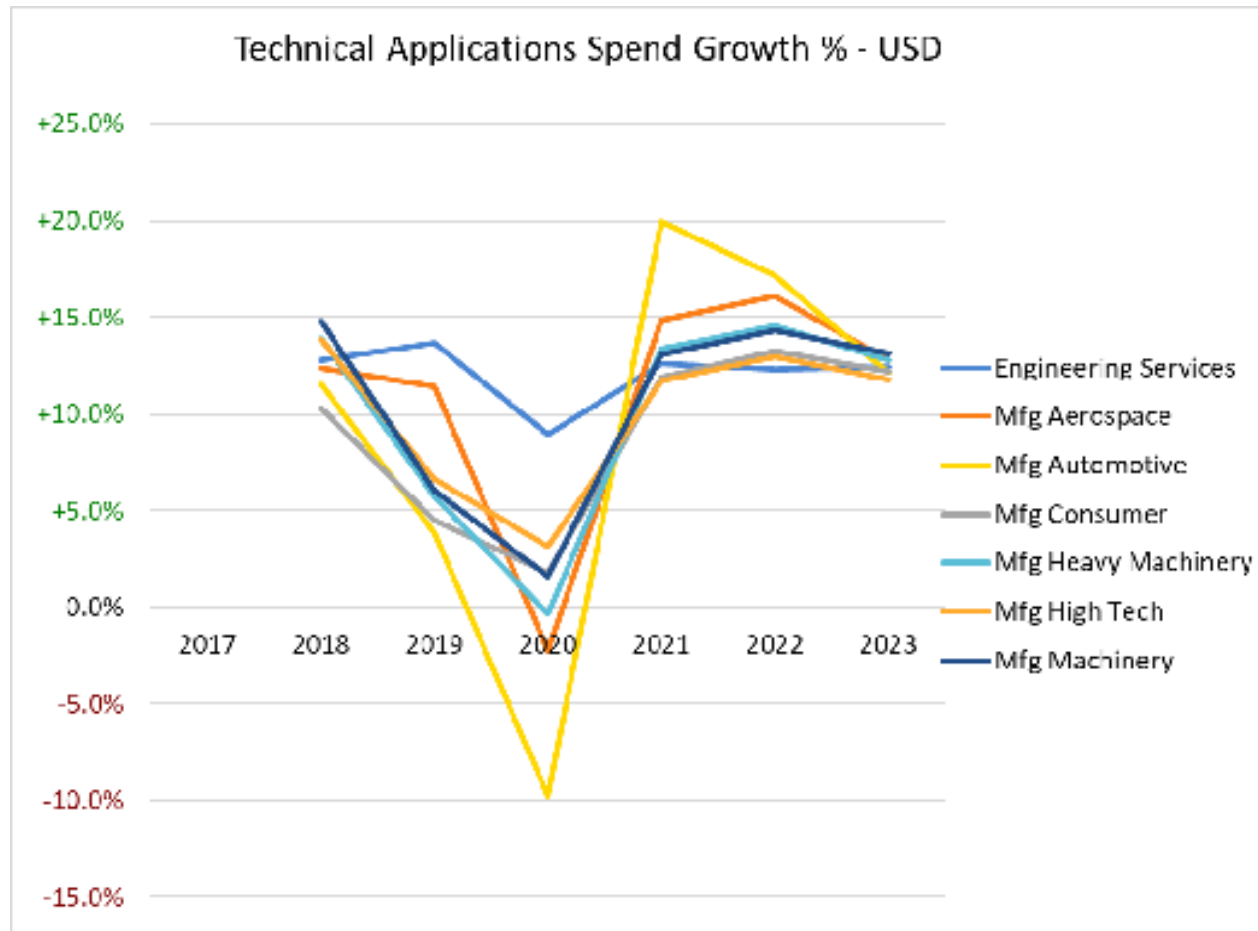


Fig. 1 Impact of Covid-19 on the Technical Applications software market, by industry (provisional figures)

There is variation within these software markets due to specific effects of the pandemic crisis, such as:

- A. Concerns about the fragility of global supply chains will lead to 'Re-shoring' and increase investment in industrial automation
- B. Investment will move towards 'Basic applications' that have short-term payback
- C. Investment in 'Exotic' applications will be harder to justify
- D. Some specific industries will be negatively affected by Financial & societal factors
- E. Proximity and Safety measures will be forced by the crisis
- F. The experience of global business disruption will encourage Cloud-based' applications

Summary

Cambashi regularly assesses global economic forecasts and uses them to inform its software trends and forecasts in general, and for the Technical Applications market in particular.

It is vital to consider the effectiveness of all Technical Applications along with adjacent technologies. A good example is simulation, provided by CAE (Computer-Aided Engineering) technology which is used to facilitate the 'Digital Twin' concept which is then exploited in the AEC (Architecture Engineering Construction) industry through BIM (Building Information Modeling).

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Industry Knowledge for Business Advantage

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