2023 Technology & Data Trends in CPG
(Not Predictions)

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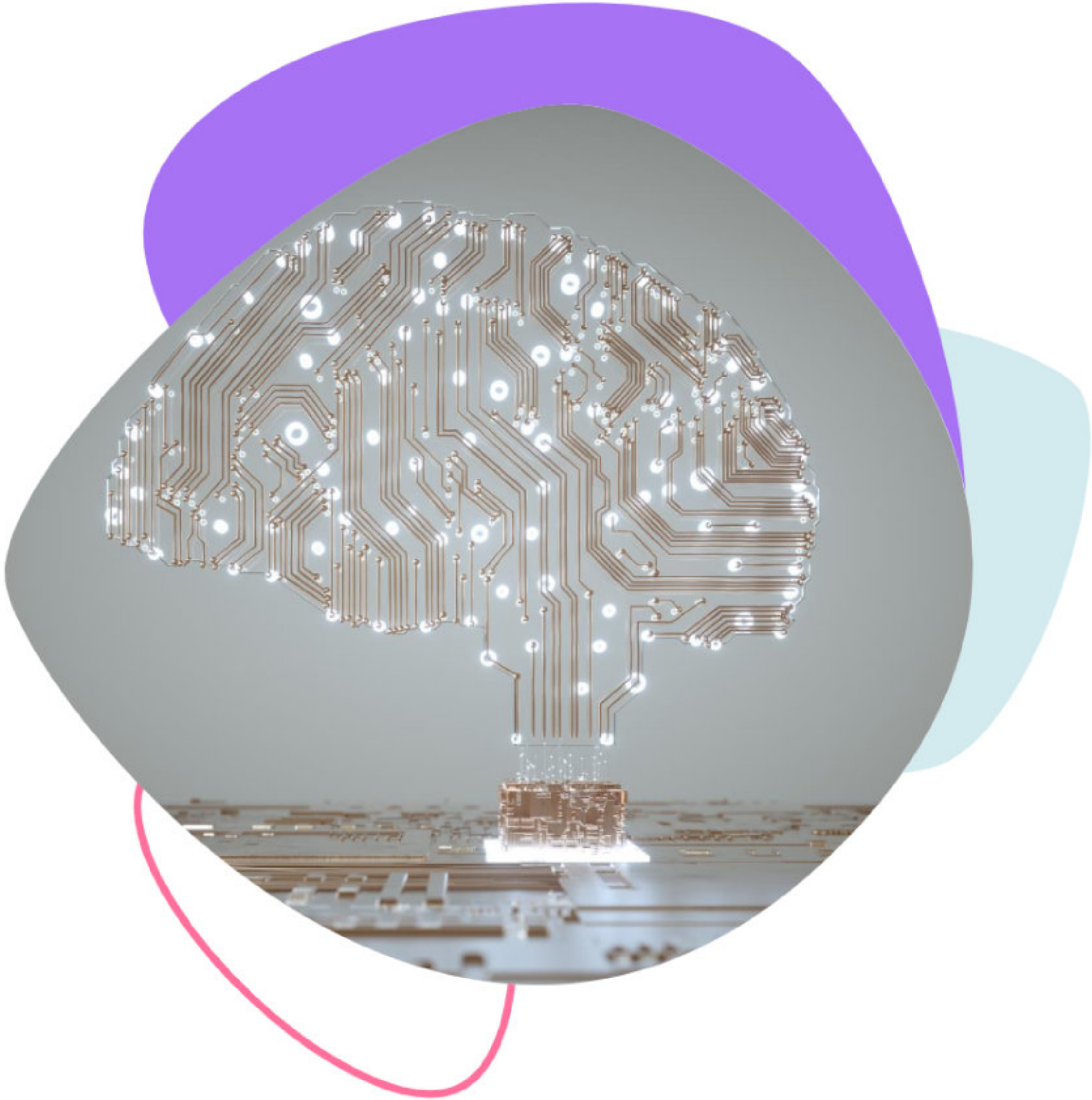


Preface

We are one quarter into 2023 and it is time to do a reality check. I.e., **where are we with the predictions from various analysts**. Here we are going to keep the focus on data and technology as that will indirectly cover the business part to some extent too.

Classification

HOT

Areas where active investments are being made and/or implementation is in progress

BREWING

Areas still being explored, point of views are sought, pilots (MVPs) are underway, but can go either way (hot/cold) in the coming months/year

COLD

Areas that have less traction now, but might pick up later, or have become an integral part of larger program(s) that it no longer has a special callout

Note: Trends are not arranged in any order

Reality Check

The Data and Technology Trends: 2023

HOT

1. Business value optimization powered by technology
2. Customer Data Platforms (CDP)
3. Multi-cloud strategy & adoption
4. Supply Chain Control Tower
5. AI/ML infusion
6. Technology Modernization (due to M&A, Spin-off, divestiture)
7. Portfolio Rationalization (incl. reports)

BREWING

1. Sustainability (Technology lens)
2. Data Mesh architecture & Federated governance
3. Generative AI (ChatGPT/GPT4)
4. Domain Data-as-a-Service / Data Products
5. Data Clean Rooms (DCR)
6. DataOps & Data Observability
7. Data Fabric*
8. Video content analytics

COLD

1. Data Literacy
2. Metaverse
3. NFT
4. Blockchain
5. AI Governance / AI Risk Management

* Been around for a while, hasn't hit the sweet spot yet

What is driving the HOT trends

1. **Business value optimization:**
   Focus on data-driven insights to recover investments and ensure they are used right.

2. **Customer Data Platforms (CDP):**
   Increased focus on Direct-To-Consumer channels and deprecation of 3P cookies.

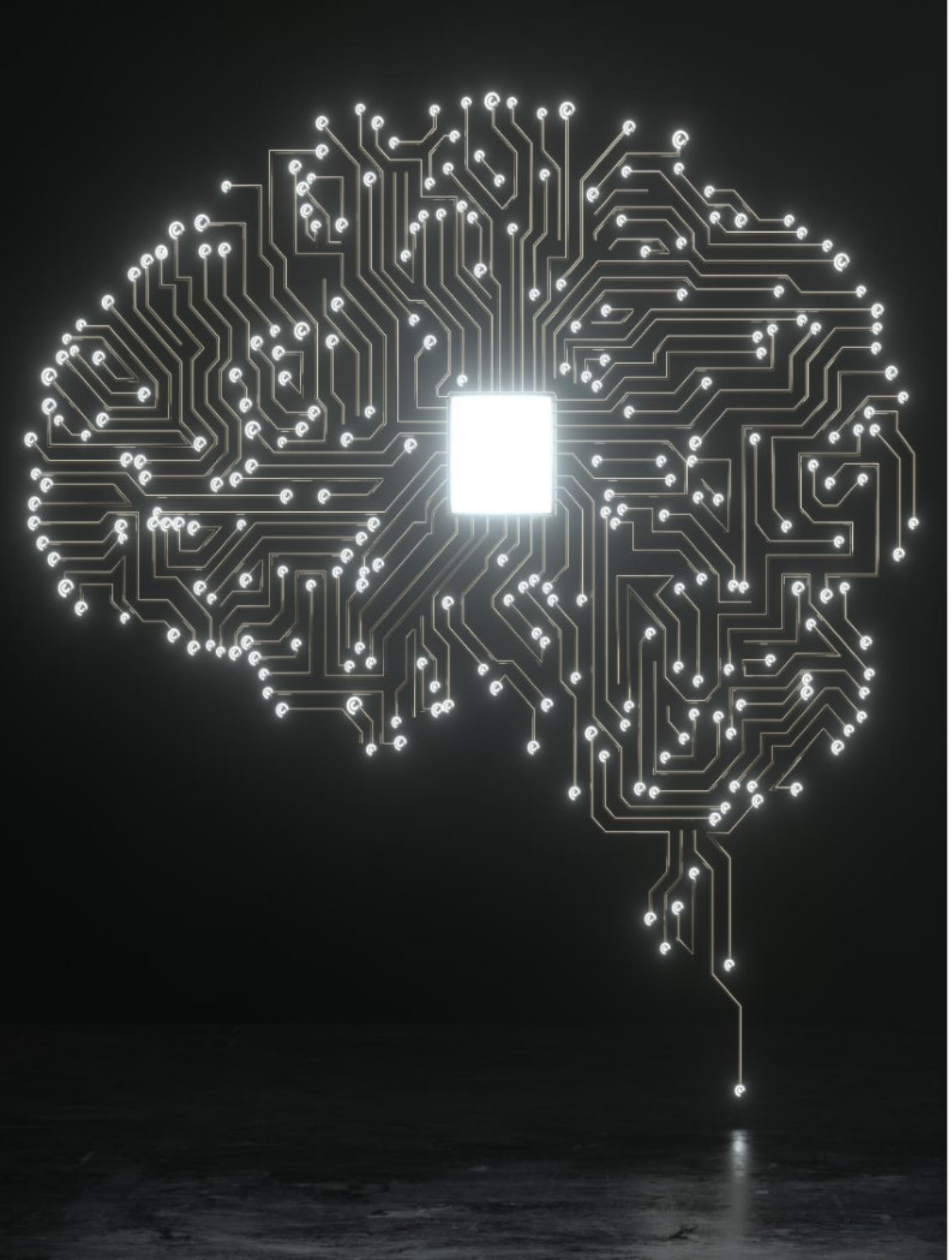
3. **Multi-cloud strategy & adoption:**
   De-risk investments, cost control (licensing) and focus on composable architecture.

4. **Supply Chain Control Tower:**
   First mile to last mile visibility requirements, reduce waste, enable new use cases.

5. **AI/ML infusion:**
   Need for accuracy, efficiency and competitiveness driving AI infusion in everything.

6. **Technology Modernization:**
   Due to M&A's, spin-off, divestiture, & private equity involvement to increase efficiency

7. **Portfolio Rationalization (incl. reports):**
   Budget cuts, reduce data management overheads, enable self-service capability.



Behind the scenes: BREWING

1. **Sustainability:**
   Lot going on, but more on the non-tech side (like packaging). Strong AI play observed.

2. **Data Mesh architecture & Federated governance:**
   Most organizations are faced with the fundamental question of "where/how to start"?

3. **Generative AI (ChatGPT/GPT4):**
   Focus is on how to bring generative AI into the existing architecture to enable use cases

4. **Domain Data-as-a-Service / Data Products:**
   Foundation to enable this, like data mastering, data catalogs, data security, is in play.

5. **Data Clean Rooms (DCR):**
   Exploring privacy-compliant data matching, activation, and measurement at scale.

6. **DataOps & Data Observability (not business observability):**
   More an IT driven initiative to stay on top of attacks, threats, fraud, unplanned work.

7. **Data Fabric:**
   Evaluating fitment and effort to implement a fabric architecture against a mesh arch.

8. **Video content analytics:**
   Marketing driven initiative using Vision AI to study trends across social channels.

Possible reasons for COLD trends

1. **Data Literacy:**
   Realization that data literacy/data transparency without the required infrastructure to enable it is wasted effort. Likely to get hot once mesh architecture gets activated.

2. **Metaverse:**
   Use cases are available and tested, but enablement at scale (consumer, cost, and confidence perspective) is making organizations play the wait-and-watch game.

3. **NFT:**
   Hype is clearly fading. A strong set of new use cases will be required to revive this. Though CPG companies are still having this on their radar to create experiences.

4. **Blockchain:**
   Use cases around supply chain, logistics, etc. is clear. But the tech implementation will take a few years to get mainstream considering the macro-economic situation too.

5. **AI Governance / AI Risk Management:**
   This is in brewing state at some mid-large organizations but the focus is limited (e.g., ethical use, explainability) and not a wholesome AI governance effort.

Thank you

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