

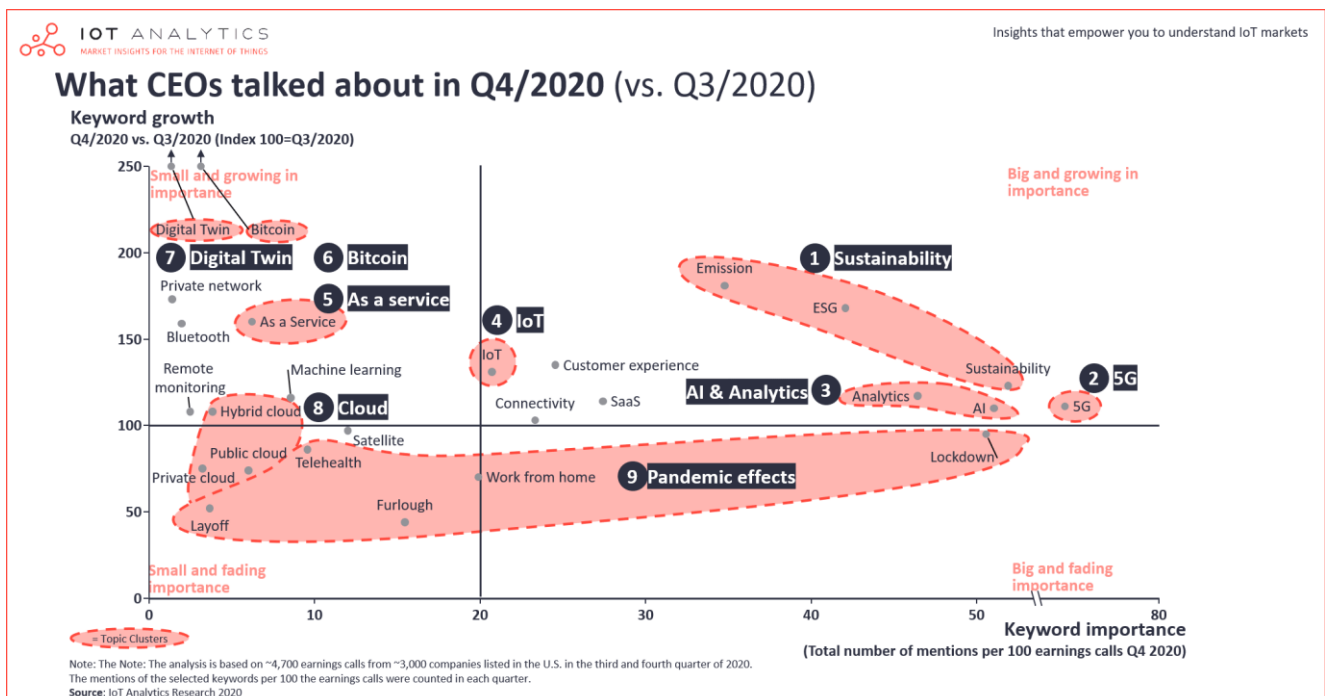
INSIGHTS RELEASE

What CEO's talked about in Q4/2020

In short

- Mentions of Covid-19 related themes by corporate CEOs faded in Q4 2020 - instead sustainability rose strongly in CEO attention
- The topics 5G, AI & Analytics, and IoT all grew and show the increasing interest in tech and innovation
- Tech companies, particularly cybersecurity firms, cloud providers, and semiconductor companies had the highest sentiment at the end of 2020

Hamburg/Germany, February 10, 2021: IoT Analytics, a leading provider of market insights and competitive intelligence for the Internet of Things (IoT) and Industry 4.0, conducted a keyword analysis of nearly 5,000 earnings calls of US-listed companies and found that there were four digital and technology topics that were most important in Q4 2020 and are likely to influence the strategic agenda in the first quarter of 2021.



Commenting on the findings of the research Knud Lasse Lueth, CEO at IoT Analytics, says: *“In 2020, the Covid-19 pandemic and its immediate effects were the omnipresent #1 topic in corporate boardrooms – in 2021, as we move ahead and towards the “new normal”, two new mega focus areas are emerging: 1. Digital Transformation and 2. A strong focus on sustainability. “*

Philipp Wegner, analyst at IoT Analytics, adds: *“The digital transformation themes that saw significant growth in importance (versus the previous quarter) were 5G, AI & Analytics, and IoT. Additionally, two digital niche topics started trending in Q4 2020:*

- 1. Bitcoin (grew by about 250%) – driven by a broader revived interest in cryptocurrencies at the end of 2020.*
- 2. Digital Twin (grew by about 500%) – driven by a number of reported rollouts across a broad set of different industries (e.g., oil & gas, marine, buildings) “*

This is one of many findings of IoT Analytics' latest 38-page publication titled "[IT & IoT Trends – Q1/2021](#)" (available to download for corporate subscription clients).

The chart visualizes keyword importance and keyword growth:

X-axis: Keyword importance (i.e., how often have keywords been mentioned per 100 earnings calls in Q4). The further out on the x-axis, the more often the topic has been discussed altogether.

Y-axis: Keyword growth (i.e., the increase or decrease Q4/2020 vs. Q3/2020, indexed to 100). A number >100 on the Y-axis indicates the topic has grown importance, a number <100 indicates the subject has lost importance.

These were some of the most important topics in Q4 2020

[#1 Sustainability](#)

As governments [act](#) on climate change and sustainability, they increasingly expect companies to do the same. At the same time, consumers and clients also put [pressure](#) on companies to show commitment to sustainability topics. A key driver in Q4 2020 was also the policy agenda of the newly elected US president who, upon his arrival in office, immediately prioritized the topic in early 2021 (e.g., The US [returned](#) to the Paris Climate Agreement on Jan 20, 2021).

The mega topic “sustainability” was mentioned 52 times per 100 earnings calls in Q4 2020, a 23% increase compared to Q3 and an 86% increase compared to Q4 2019. The interest in sustainability is broad as companies from all sectors are looking at how they can integrate sustainability into their products, services, supply chains, and manufacturing processes. Sportswear company Nike is a good example, which recently pledged to drastically increase the use of recycled materials in their products.

Sample CEO quote from Q4 2020:

“Finally, sustainability will always be core to our innovation efforts. 85% of our recently launched ACG Apparel collection contains more than 90% recycled materials, and we'll also continue to scale sustainability through our sportswear icons.”

John J. Donahoe II- CEO of Nike Inc. 11/05/2020

#2 5G

5G, the fifth-generation technology standard for cellular networks, was mentioned 74 times per 100 earnings calls and is still growing in importance (+11% vs Q3 2020). The fact that 5G has the highest keyword density among all analyzed keywords, shows the importance the technology is playing already, well before it has been rolled-out on a large scale (e.g., penetration of 5G technology for IoT use cases is still very low).

5G roll-out gained pace in 2020. The number of 5G deployments (either commercially available or for testing purposes) [increased strongly](#). At the end of Q3 about 15,000 cities in the world had some form of access to a 5G network.

Chipmaker Qualcomm, which has a leading position in 5G chips, just recently [announced](#) that its wireless and mobile business, which includes 5G chips and sales for handsets, surged 79% in Q4 2020, compared to one year earlier.

Sierra Wireless, which manufactures 5G modules, reported 15 major design wins for its 5G modules in 2020, and expects substantial revenues from its 5G offerings in 2021.

Sample CEO quote from Q4 2020:

"[With 5G], we'll see a similar adoption cycle we saw as the move from 3G to 4G. This is just a bigger one in terms of the higher price gap, but the performance potential of 5G is also significantly higher."

Kent Thexton - CEO of Sierra Wireless Inc 11/12/2020

#3 AI & Analytics

Even though overall startup funding went down in 2020, [funding](#) of AI & Analytics startups remained comparably high during the year.

Companies across all industries and sectors are figuring out how to best analyze and use the vast amounts of data their businesses create. AI and Analytics was mentioned 50 times per 100 earnings calls in Q4 2020. Even mature and century-old industries such as oil & gas now have a focus on making their processes more efficient and resilient with the use of AI and machine learning.

Sample CEO quote from Q4 2020:

"One of the ways in which the industry will achieve efficiency will be through the use of data analytics and software with the end goal of using machine learning to further automate processes, utilize predictive maintenance, and essentially do more with less."

William Zartler - CEO Solaris Oilfield Infrastructure 10/30/2020

#4 IoT

In 2020, for the [first time](#), there were more IoT connections (e.g., connected cars, smart home devices, connected industrial equipment) than non-IoT connections (smartphones, laptops, and computers), which is an indicator of how mainstream the topic has become. IoT was mentioned 21 times per 100 earnings calls, a growth rate of 30% compared to Q3 2020. The topic recovered

strongly from its pandemic low in Q2 2020 and is now back on the list of CEO priorities. The enhanced focus of semiconductor manufacturers on IoT, underlines this trend.

NXP Semiconductors, for example, further highlighted its commitment to IoT in Q4 2020 by [introducing](#) its new positioning and sensing solutions focused on IoT use cases.

The CEO of NXP, Kurt Sievers, reported a healthy 2020 in the earnings call in Q4 2020.

Sample CEO quote from Q4 2020:

"We are seeing this year already an amazingly strong year in industrial IoT, which is also a function of China because we have a large exposure to China. And actually COVID-19 impact in China, if you will, was history already in the second quarter."

Kurt Sievers- CEO of NXP Semiconductors 10/27/2020

Other notable Q4 2020/Q1 2021 trends

Positive sentiment for cybersecurity companies. Of 16 segments analyzed, cybersecurity was the most positive in Q4 2020. A very positive sentiment is also seen for cloud providers and semiconductor companies. The average sentiment across all industries and regions had decreased significantly in Q2 2020. While many are not back to pre-covid levels yet, technology companies, particularly cybersecurity firms, have surpassed pre-Covid levels on the back of increased cyber-attacks in a work from home environment.

Big tech vs. governments. One of the key macro themes that is intensifying is the government scrutiny of big technology firms. After years of little regulation, the Chinese government [began](#) an antitrust crackdown of some specific large technology firms at the end of 2020. As a result, the highly anticipated IPO of the Ant Group (an affiliate of Alibaba) was suspended after Jack Ma (founder and former CEO of Alibaba) publicly criticized China's state-owned banks. Moreover, in November 2020, the Chinese government [published](#) a draft antitrust regulation that would allow for more legal possibilities to regulate big tech companies like Alibaba or Tencent. In the US, many analysts expect the Biden administration to take a harder stance against big US technology firms such as [Google](#) or [Facebook](#).

MORE INFORMATION AND FURTHER READING

<https://iot-analytics.com/what-ceos-talked-about-q4-2020-sustainability-and-digital-transformation/>

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