



# Digital Transformation in the New Normal

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# Speaker



## Rachel Mushahwar

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US Sales Enterprise, Government,  
Next Wave Cloud Providers

# Responding in Crisis: Unprecedented Actions

## Waves of Change, Innovation, and Adaptation

Economic Health  
Anchor Institutions  
Household Finances  
Supply Chain  
Health Infrastructure  
Education System  
States and Localities  
Government Agencies



*Surge Buying to meet the moment*



*Rapid Innovation*



*New Solutions to meet conditions*



*Normalize*

***The US is still here***

**Still to happen**

# Macro Forces for US Pub Sector (21 to 24)

This is a once in a century moment for the United States.

## National Security

NDAAs (National Defense)  
CYBER  
TRUSTED SUPPLY CHAIN  
IT MODERNIZATION  
US SOURCING – BUY AMERICA

## Health & Education

CVD19 RESPONSE  
SCIENCE AND RESEARCH  
TELEHEALTH  
DISTANT LEARNING  
NSF: ENDLESS FRONTIER

## Economic and Social Transformation

BROADBAND & 5G  
NATIONAL INFRASTRUCTURE (SMART)  
ECONOMIC ACCELERATORS  
ECONOMIC SOCIAL JUSTICE AGENDA

Net new investment by government will expand spending in the public sector (GEH: government, education, and health) due to COVID-19 by **\$100b** annually from 21 to 24. **\$300b** net new IT spend.

# Public Sector Outlook: A Key Pillar in Recovery

Policy and decision makers seeing the power of Information Technology in this moment.

1. Response will play out over **several years**
2. **On Track for Forecasted \$200B** in IT spending for 2020
3. **New solutions** needed to help US go from ramp to recede
4. **Rapid acceleration** of long-term aspirational areas: **eLearning, telehealth, WFH, and automation**
5. IT needs will grow and shift as the **fiscal situation** unfolds at the State and Local levels

## Public Sector Solution Needs

 Cyber

 Surveillance

 Telehealth

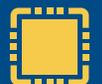
 Remote Workforce

 Automation

 Facility Modernization

 IT Modernization

 Distance Learning

 Supply Chain Resilience

 Data Solutions

# Pandemic Response Accelerates Key Trends in Public Sector

The Network Becomes the Mission-Critical Public Sector Infrastructure

	Trends	Timing
	Testing and Biometrics	FY20-FY22
Connectivity and Distance-Learning (rural and Low-Income)		FY20-FY26
	Integrated Health Networks and Telehealth	FY20-FY26
	Infrastructure Security/Resilience	FY21-FY26
	Telework and eGovernment	FY20-FY23

## FORECAST

Regardless of the 2020 election results, federal spending on these five initiatives “alone” tops **\$750 billion** over the next 6 years (FY21-26).

A Biden win with a Democrat-controlled Congress pushes that total over **\$1 trillion**.

# Pandemic's Immediate and Forecasted IT Buying Impact by Enterprise Segment

Archetype	IT Segment	Immediate impact	Rest of 2020 impact	2021 Impact
2 - Hit in short-term, recovery/improvement in long-term	Core SaaS	-1%	-3%	2%
	Edge infrastructure	-2%	-2%	2%
	BPO and IT modernization	-5%	-6%	1%
	Network and long-term ITO svcs	-3%	-4%	1%
	SD-WAN	-2%	0%	3%
	On prem software	-5%	-7%	-4%
	Software maint. contracts	-3%	-4%	-1%
	On prem storage hardware	-5%	-6%	-4%
	On prem server hardware	-6%	-7%	-4%
3 - Spike in short-term, stabilize in long-term	PC hardware and peripherals	5%	1%	3%
	Other SaaS for remote work	7%	3%	4%
4 - Spike in short-term, keep growth momentum in long-term	Cloud-based security	6%	4%	7%
	Public cloud infrastructure	5%	4%	6%
	Networking infrastructure	4%	4%	6%

~45% of SMB vs 15% of Large businesses made IT budget cuts

~25% of SMB having reduced IT budgets by >20%

15% of large businesses have increased their IT budgets

Note: Percentages are straight average of survey responses, not weighted by company size or spend  
Source: Bain Covid-19 IT Buyer Survey (N=200, April 6-8, 2020)

# Analyst Perspective: Premium on Agility and Cloud

*As a result of Covid-19 there's a premium on agility,  
and the cloud and associated services can give  
enterprises a high degree of agility*

*Crawford Del Prete, IDC CEO*

*When people in corporations see uncertainty, they  
hold back on spending*

*John-David Lovelock, Gartner Chief Forecaster*

## Technologies Trending Up<sup>2</sup>

Everything WFH & collaborative

Hybrid and Multi-cloud

Smart Cities, 5G, Edge, IoT, Networking

Supercomputing and Quantum

VDI, Streaming and SaaS apps

Changes in supply chain  
and manufacturing

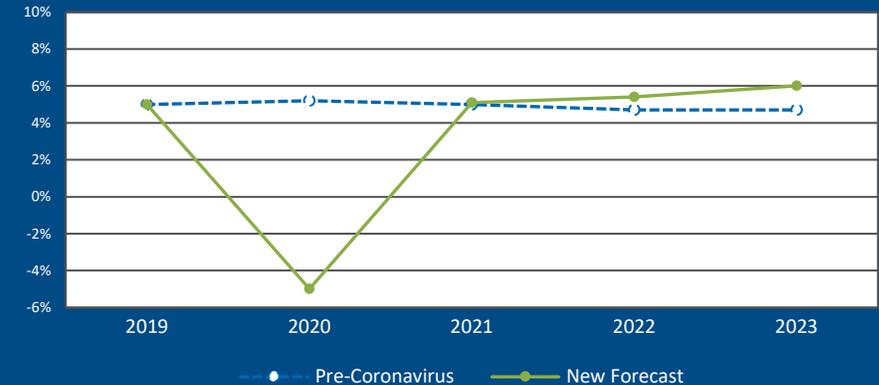
1. IDC 2 Forbes

# Enterprise Sector Outlook: Fast to Follow in Recovery

Technology is a force multiplier.

1. Recovery will play out over **several years**
2. **Massive consolidation of retailers**
3. **First IT investments in Supply Chain**
4. **IT Spent is directly correlated to Sales**
5. **Synergy between Enterprise and Public sectors' needs**

IDC Worldwide IT Spending 2020-2023 Forecast<sup>1</sup>



## Enterprise Sector Solution Needs

 **Cyber**

 **Network**

 **Telehealth**

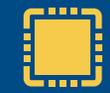
 **Remote Workforce**

 **Automation**

 **Facility Modernization**

 **IT Modernization**

 **VDI**

 **Supply Chain Resilience**

 **Data Solutions**

1. IDC

# How Has the World Changed?

**60%** believe the recession will be U-shaped<sup>1</sup>



**22%** believe it could be a 'double dip' recession<sup>1</sup>



“Our digital sales are **up 4X** in April. But going forward it is all about focusing on our team, taking care of our guests and we adjust to the marketing conditions”<sup>2</sup>

Brian Cornell, Target CEO

“COVID-19 is like nothing we’ve ever seen before. For a company that’s 92-years-old—that’s borne witness to the Great Depression, World War II, and many other economic and global crises—that’s saying something.”

Arne Sorenson, Marriott International CEO

Warren Buffett says Berkshire sold all its airline stocks because of the coronavirus.<sup>3</sup>

**\$4B**



“We’ve seen a **500%** increase in telehealth visits”<sup>4</sup>

John M. Kravitz, Chief Information Officer  
Geisinger Health System



In Q1 2020, Netflix added **15.8 million new subscribers** worldwide (a company record) and **2.31 million** North American users”<sup>5</sup>



- <https://www.weforum.org/agenda/2020/04/global-ceos-coronavirus-covid19-recession-economics-recovery-crisis/>
- <https://www.cnbc.com/video/2020/04/23/target-ceo-brian-cornell-full-interview-quarterly-earnings-squawk-box.html/>
- <https://www.cnbc.com/2020/05/02/warren-buffett-says-berkshire-sold-its-entire-position-in-airlines-because-of-the-coronavirus.html>
- <https://thebigunlock.com/2020/03/23/weve-seen-a-500-increase-in-telehealth-visits/>
- <https://www.fastcompany.com/90491829/covid-19-helped-netflix-win-the-streaming-wars-before-theyd-barely-begun>

# Pandemic Has Created More Responsibilities

For many of us, **the Sandwich Generation**, we are juggling both **the needs of our children and our elderly parents**, trying our best while also working full-time.



**65 million**

Americans are caregivers for relatives who might need help due to aging, sickness, or disability.



**47%** of adults in their 40s and 50s

have a parent 65 or older and are also either raising young children or financially supporting a child age 18+



**15%**

of Americans are providing financial support to both an aging parent and a child, per Pew Research Center

<https://www.apa.org/pi/about/publications/caregivers/faq/statistics>  
<https://www.pewsocialtrends.org/2013/01/30/the-sandwich-generation/>  
<https://aging.com/what-is-a-caregiver/>  
<https://www.axios.com/coronavirus-sandwich-generation-3527e6de-66da-4a9a-b65f-a5b2610bbeeb.html>

# Everything-as-a-Service is Posed for Growth

More than half of online grocery shoppers surveyed said COVID-19 is “leading them to permanently boost their willingness to buy groceries online.”



Shipt, a company that specializes in grocery delivery for stores like Target and Costco, saw a more than 350% YoY growth in Q2 2020.



of people surveyed by RBC, said they made their first online grocery purchase in the March.



Amazon's online grocery estimated to produce \$70B in gross merchandise volume by 2023 --- more than 3X growth from 2019.

<https://www.cnn.com/2020/03/19/business/grocery-shopping-online-coronavirus/index.html>

<https://www.rbccm.com/en/insights/rbc-research.page>

<https://www.startribune.com/target-owned-shipt-delivery-service-makes-changes-to-keep-forward-momentum/572539781/?refresh=true>

<https://www.geekwire.com/2020/analyst-covid-19-crisis-sparks-inflection-point-online-grocery-huge-revenue-amazon/>

# Virtual Subscriptions Enabling Connection

From virtual family game nights to birthday parties with loved ones, happy hours, and even yoga classes, **people are coming together creatively via technology.**



**32%**

Of U.S Adults had a virtual party or social gathering online with friends and family. (Pew Research Center)



**1.4x**

Communication SaaS offerings, such as video conferencing or online collaboration tools, have seen a spike in subscription growth rate by 1.4x.



**\$350B>**

Pre-pandemic, Research & Markets forecasted the online education market to grow by \$350 Billion by 2025.

# Future of Digital Entertainment Changing

The pandemic has **accelerated changes in content consumption**. While traditional cable TV has lost popularity, demand for increased broadband has steadily grown.



OTT video subscriptions grew 7x in March 2020 compared to the previous 12 months.



Of U.S Consumers have participated in some form of **video gaming activity** – with younger generations over indexing (Gen Z, 75%)



Of consumers said they will **not be comfortable attending live events** for the next 6 months per Deloitte (June '20)

<https://variety.com/2020/digital/news/streaming-video-subscriptions-churn-covid-19-deloitte-1234642672/>  
<https://www.barrons.com/articles/pay-tv-cable-cord-cutting-stocks-broadband-growth-51589228733>

# Emphasis on the Digital Divide

The pandemic has brought about new questions on how we can reimagine our resources to **better serve our communities** and **modernize K-12 education**.



**1 in 4**

American households have at least one child age 14 years or younger at home.



**25%**

Of U.S. students from disadvantaged backgrounds noted they had no computer to work on, in survey from World Economic Forum.



**33%**

Of students in rural communities have little to no access to Internet, which is fundamental to distanced learning

<https://www.npr.org/2020/04/24/843411430/even-in-crisis-times-there-is-a-push-to-wire-rural-america>  
<https://www.npr.org/2020/09/28/916571273/in-internet-dead-zones-rural-schools-struggle-with-distanced-learning>  
<https://www.rand.org/blog/2020/04/parenting-through-the-pandemic-whos-working-whos-caring.html>

# Intel's Covid-19 Response

**>1M**

PPE for healthcare workers

Granting  
**Free access to IP**  
for COVID-19 researchers and scientists

Investing more than  
**\$100M**  
to support our employees

**\$50M**  
Intel Pandemic Response  
Technology Initiative

Tech collaborations  
**TELEMEDICINE,  
CRITICAL CARE,  
RESEARCH**

**\$10M**  
relief efforts in  
communities around the  
globe

Factory operations  
**>90%**  
on-time deliveries\*

Hindsight Wild Sad Disappointing  
Authenticity Transformative  
**Scary** *Terrifying*  
*Lonely*  
Responsibility **2020** **Grief**  
*Eye-Opening*  
*Remote* Challenging *Unpredictable* Virtual  
Unprecedented *Terrible* Disconnected  
**Depressing** Nerve-Wracking *Anxious*

“Don’t be encumbered by history. Go off and do something wonderful.”

- Robert Noyce, Co-Founder of Intel

*Let’s Explore the Possibilities Together.*

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