

CHUBB®



MARKET DYNAMICS OUTLOOK 2022 MID-YEAR

# Technology

Partnering with the National Center for the Middle Market, we surveyed 1,000 executives from middle market companies in June 2022. Here are the results highlights, which show the key general business trends and evolving risks affecting this segment.

KEY FINDINGS

# 01 Middle market technology companies continue strong growth

Growth momentum continued for middle market technology companies, with employment and revenue growing further over the past year.

Most respondents noted that their overall performance improved from a year ago, although that was down from their view in mid-2021.

Middle market technology companies appear encouraged enough about the operating environment to ramp up expansion plans:

- Three-quarters expect to introduce a new product or service in the next 12 months
- Nearly three in five plan to move into new domestic or international markets

Figures for these and other views on expansion prospects were up more than 20 points from a year ago.

Even though they are moving forward boldly, their outlook is less confident in some respects. While two-thirds of these companies expect gross revenues to grow over the next year, that outlook has declined significantly since mid-2021, and confidence in the national economy has fallen significantly from a year ago.

## The data behind the findings

### STRONG PERFORMANCE CONTINUES

Mean revenue growth




Mean employment growth

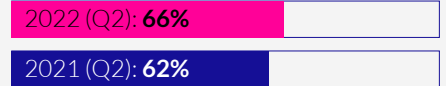



80%

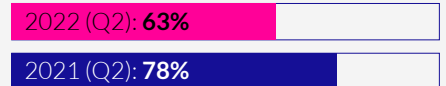
say company performance improved vs. a year ago.


### CONFIDENCE IN THE ECONOMY

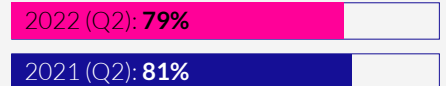
Global economy 



National economy 



Local economy 



### REVENUE EXPECTATIONS

78% expected gross revenue to grow last year (Q2). Now, the percentage is just:

63%

### IN THE NEXT YEAR, MIDDLE MARKET TECHNOLOGY COMPANIES EXPECT TO

Introduce a new product or service (49% Q2 2021)

74%

Expand into new international markets (30% Q2 2021)

58%

Expand into new domestic markets (44% Q2 2021)

59%

Make an acquisition (18% Q2 2021)

54%

KEY FINDINGS

# 02 Inflation, workforce lead concerns for middle market technology companies

At mid-year, inflation was by far the top concern for middle market technology companies, noted by more than two in five companies, with the next four concerns coming in at less than half of that figure.

More than a third of these companies have experienced a negative impact, mainly from wages, cost of goods or raw materials, services and taxes.

Inflation drives up replacement costs of assets covered by insurance, and most firms in this sector recognize it. As a result, three-quarters of these companies will consider increasing coverage amounts to compensate for inflation.

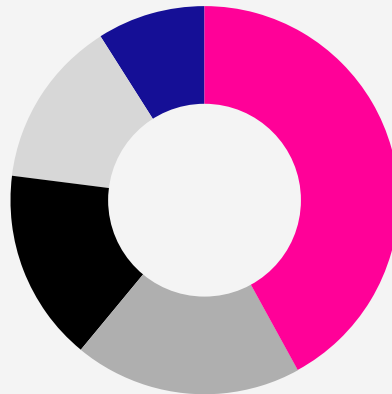
Middle market technology companies are also having difficulty finding talent with the right skills, especially digital skills. As a result, many companies are experiencing situations that could increase risks of overwork, costly mistakes and product launch or project delays that could hold back their growth plans.

Adding to these companies' challenges is a more dispersed workforce driven by the pandemic – two in five employees are still working remotely, and some companies have even adopted a fully remote operating model.

## The data behind the findings

### BIGGEST CONCERNS FACING MIDDLE MARKET TECHNOLOGY COMPANIES:

- Inflation **42%**
- Workforce **19%**
- Geopolitical stability **16%**
- Supply chain **14%**
- Climate change **8%**

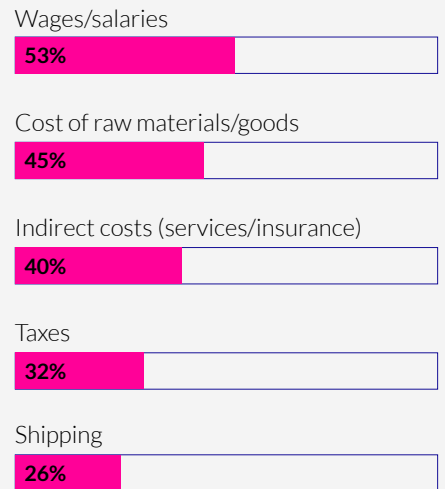


### INSURANCE IMPACTS OF INFLATION

**76%** of companies say the replacement value of covered assets has changed due to inflation

**75%** of companies say they will consider increasing coverage amounts

### TOP AREAS COMPANIES HAVE BEEN NEGATIVELY IMPACTED BY INFLATION



### ADDRESSING WORKFORCE CHALLENGES

**82%** of companies are challenged by finding/hiring talent with the right skills

Companies have experienced: **42%** employees working longer hours/more shifts

**42%** of workforce remains remote

**36%** slowing down productivity/sales



## KEY FINDINGS

# 03 Navigating key risks remains challenging

Consistent with their primary concern and its top impact on them, middle market technology companies find inflation risk particularly challenging to manage.

Cyber security risk increased over the past year, while other key risks receded, such as competitive and pandemic risks.

More than two-thirds of middle market technology companies experienced non-pandemic disruptions in the past two years, and roughly a third acknowledged that they could have been covered for them if they had purchased available insurance.

This shifting and emerging risk landscape provides an important opportunity for middle market companies to review their insurance programs with their agents and brokers. For example, more than a quarter of these companies negatively impacted by inflation have already evaluated the adequacy of their insurance coverage.

Middle market companies and their insurance partners can rely on Chubb to provide specialized risk engineering services and helpful tools to evaluate and mitigate exposures and develop customized insurance coverages that offer essential protection.

## The data behind these findings

### COMPANIES FINDING RISKS EXTREMELY/VERY CHALLENGING TO MANAGE:

Inflation risk **57%**

#### Insufficient cyber security

2022 (Q2): **45%**

2021 (Q2): **40%**

#### Pandemic risk

2022 (Q2): **43%**

2021 (Q2): **54%**

#### Supply chain risk

2022 (Q2): **41%**

2021 (Q2): **42%**

#### Competitive risk

2022 (Q2): **37%**

2021 (Q2): **44%**

### ROLE OF INSURANCE DISRUPTIONS

**71%**

experienced non-pandemic business disruptions in the past two years.

Key losses covered or could have been:

#### Operational disruption

Covered

**44%**

Coverage available but not purchased

**34%**

#### Strategic disruption

Covered

**33%**

Coverage available but not purchased

**31%**

### RESOURCES TO STAY UP TO DATE ON THESE RISKS

[Impact of digital business trends in the workplace](#)

[Protecting employees from cyber theft in a remote environment](#)

[Insurance solutions for technology companies](#)

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**CHUBB®**

More than ever, middle market companies need expert advice on how to manage evolving risks



Working with an insurance agent or broker is the best way to create tailored insurance strategies that help protect a company's operations and business performance.

For more information about these or other topics, visit [chubb.com](http://chubb.com).