

MEGATRENDS

RESHAPING SERVICES

Webinar Summary

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The current wave of technological disruption has finally reached the shores of the service economy. It's a development that will represent a major shift for investors and the global economy as services represent more than two-thirds of global GDP, three-quarters of the workforce in developed markets, and nearly half of the workforce in advanced emerging markets. This version of disruption, however, will differ significantly from previous episodes that vanquished manufacturing and retail incumbents.

To shed further light on some of these ideas, PGIM brought together a handful of thought leaders for a discussion surrounding our latest Megatrends paper, [Reshaping Services: The investment implications of technological disruption](#). A few highlights are noted below, and the entire webcast can be viewed [here](#):

- Investors should prepare their portfolios for the ongoing transformation of the services sector, particularly within financial services, transportation & logistics, and healthcare. While earlier disruptive periods saw incumbents disappear, in services there will be a select few that join successful disruptors in the winner's circle, not only across industries but regions as well.
- These new winners also bring with them some risks. Government regulation, data privacy, constantly evolving technology, and legal and compliance issues will have to be grappled with, but as some of those challenges get resolved over time, many new opportunities will present themselves.
 - Financial services:** Neobank and fintech disruptors are challenging traditional banks, insurers, and wealth managers. But the incumbents are not sitting by idly, either. Together, these trends are contributing to both equity and debt opportunities across the sector.
 - Healthcare:** The industry is increasingly being defined by three major trends: virtualization, personalization, and segmentation. As these trends transform the way healthcare is administered and delivered globally, several investment themes will emerge, whether in EM, app-based startups, or precision medicine. Specialized health care platforms and apps that offer custom care and monitoring of chronic conditions provide investors with next-generation opportunities in venture capital and private equity.
 - Transportation & logistics:** While some logistics firms employ cutting-edge technology in their operations, overall the sector is at an early stage of technological disruption. COVID-accelerated adoption of technology in parts of Europe provides logistics opportunities in real estate.

You can read the entire whitepaper and access all of the investment implications [here](#), and to view the entire collection of PGIM's Megatrend research, click [here](#).

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