

The Future of VDRs in Global Tech

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In brief

Virtual data rooms are poised for significant growth, with the global market projected to more than double from 1.3 billion USD in 2018 to over 3.5 billion USD by 2023.

It won't be wrong to say that virtual data rooms can easily stand among the top 10 business solutions of the 21st century. That is mainly because online data room software is not limited to a specific industry and can cater to multiple essential business needs.

Above mentioned information is not just based on theories. The virtual data room market has grown tremendously in the past ten years. In 2018, the global VDR market was valued at 1.3 billion USD; according to projections, it is believed to cross the 3.5 billion USD figure by 2023.

It is safe to say that the future is even more promising for the data room industry. However, the question is, how will virtual data rooms serve global markets in the future? Which future trends can affect the VDR market? How will different VDR markets grow geographically? Read on to find the answers.

What triggered the success of data room software market growth?

Among many other things, two major elements played a vital role in VDR industry growth, and they are:

- Cybersecurity
- Globalization

Cybersecurity

Cybersecurity remains the most significant threat and challenge for businesses, consumers, service providers, and government organizations. Even in the last ten years, there have been thousands of identity theft scams, data breaches, and business data leaks affecting millions of people and resulting in financial losses of billions.

Due to the growing cybersecurity concerns, businesses started investing in more reliable data management solutions, which is how virtual data rooms came into the limelight. An electronic data room is a secure, online data storage and management mode in almost every well-known business industry.

In fact, due to growing demand, virtual data room providers are offering specialized solutions such as due diligence data rooms, M&A data rooms, litigation data rooms, and real estate data room software. Unsurprisingly, the financial and legal industries stand amongst the top consumers of VDRs because of their hard-to-beat security.

Globalization

Globalization is another major contributing factor to virtual data room market growth. International business transactions are not rare anymore. Multinational giants have extended their operations worldwide, while local businesses are now exploring new markets.

Corporations have also started acquiring local, cross-border, or even cross-continent businesses. In addition to M&As, businesses from different states and countries are starting joint ventures or forming strategic partnerships.

However, distant business collaborations are not simple; you need digital platforms that can unite hundreds of employees from different businesses. This is where virtual data rooms have played a significant role and are expected to do in the future.

Virtual data rooms provide centralized communication tools accompanied by safe data repositories. Businesses regularly use them for large-scale collaborations, joint ventures, strategic partnerships, voluminous data sharing, and board communications.

Geographical segregation of the VDR market

North America is the biggest consumer of virtual data room technology; thus, it has a major share in the VDR market. One of the biggest reasons North America's corporate sector employs virtual data room services is the growing number of regional mergers and acquisitions. Apart from that, the advent of new technologies like smart cities and IoT also played a major role in VDR industry growth in the area.

The good thing for virtual data room providers is that North America is expected to lead the industry in the next four or five years. Apart from M&As and the introduction of new technologies, the need for safe, online data sharing tools are also increasing in the region, creating a demand for simple, secure, and transparent data storage and sharing methods.

Other notable geographic locations contributing to the VDR market growth include Latin America, APAC, Europe, and MEA.

Here are some major VDR industry players iDeals Solutions, Citrix systems, SS&C Intralinks, Merrill Data site, Drooms, Digify, FirmsData, ForData, Digify, ShareVault, CapLinked, Ansarada, SecureDocs, Diligent Corporation, Vault Rooms, Expected future trends.

Like in the past few years, technology is expected to completely rewrite how things are done in domestic affairs and businesses. Apart from enterprises and corporations, small businesses and entrepreneurs are shifting to online channels. Also, the remote work culture has prompted the management to look for secure collaboration platforms.

These signs encourage virtual data room providers only if they keep integrating new technologies like blockchain, IoT, and artificial intelligence in their services. And, of course, cybersecurity will remain a challenge for the global business fraternity.

Final words

Globalization, cybersecurity, and the need for safe data storage triggered the virtual data room market growth. However, nothing is expected to change shortly, only the magnitude of VDRs' demand in the business arena.

References

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