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Worldwide IT Industry Predictions Team 2020

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- Eileen Smith
- Rick Villars
- James Wester
Context: #DigitalSupremacy in the Global Economy Is Near

Worldwide Nominal GDP Driven by Digitally Transformed vs. Other Enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Digitally Transformed Enterprises</th>
<th>Other Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$67.7</td>
<td>$13.5</td>
</tr>
<tr>
<td>2020</td>
<td>$62.8</td>
<td>$23.2</td>
</tr>
<tr>
<td>2022</td>
<td>$52.3</td>
<td>$44.6</td>
</tr>
<tr>
<td>2023e</td>
<td>$49.1</td>
<td>$53.3</td>
</tr>
</tbody>
</table>

Source: IDC Digital Economy Model, 2019; 2023e is extrapolated from the model's 2022 end year.
Hasten to Innovation By 2023, over 50% of all ICT spending will be directly for digital transformation and innovation (up from 27% in 2018), growing at 17% CAGR (vs. -3.5% for the rest of ICT).

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#HastenToInnovation

**Business & IT Impact**
- IT investment strategies mirror digital imperatives
- Equal shift of non-strategic to less intensive models
- IT service delivery and app development are transforming

**Guidance**
- Develop a multiyear, multi-horizon integrated process for digital transformation/innovation planning
- Understand the critical success factors for execution – includes the next nine predictions...
**Prediction 2:** By 2022, 70% of enterprises will integrate cloud management — across their public and private clouds — by deploying unified hybrid/multicloud management technologies, tools, and processes

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**Guidance**
- Prioritize SaaS-based management & governance offerings
- ID relevant and measurable business KPIs to drive multicloud management
- Bimodal IT is dead - time to reintegrate all IT around a common digital-first model

**Business & IT Impact**
- The cloud control plane is becoming strategic
- Scale and agility will be critical multicloud solution attributes
- API-driven, SaaS-based offerings will dominate

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**#ConnectedClouds**

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**Prediction 3:** By 2023, over 50% of new enterprise IT infrastructure deployed will be at the edge rather than corporate datacenters, up from less than 10% today; by 2024, the number of apps at the edge will increase 800%

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**#EdgeBuildout**

<table>
<thead>
<tr>
<th>Business &amp; IT Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Data governance and asset management transform to fit large-scale, distributed IT</td>
</tr>
<tr>
<td>✓ Edge scale will drive the move to more standardized IT configurations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Modernize IT to virtualized, containerized and software-defined to support edge</td>
</tr>
<tr>
<td>✓ Consider new datacenter partners that can support the edge build out and ops</td>
</tr>
<tr>
<td>✓ Put high priority on optimizing infrastructure and apps communication costs</td>
</tr>
</tbody>
</table>
Prediction 4: By 2025, nearly two-thirds of enterprises will be prolific software producers with code deployed daily, over 90% of new apps cloud native, 80% of code externally sourced, and 1.6 times more developers.

#DigitalInnovationFactories

| Business & IT Impact | ✓ Traditional IT & digital development teams unify  
| ✓ Development cadence soars  
| ✓ Developer role expands from builder to – increasingly - curator and integrator  
| ✓ Two-way OSS becomes core |

| Guidance | ✓ Prepare for very big culture changes  
| ✓ Invest heavily in automation and orchestration systems  
| ✓ Engage with OSS communities, create an OSS office |
**Prediction 5:** By 2023, over 500 million digital apps and services will be developed and deployed using cloud-native approaches, most of those targeted at industry-specific digital transformation use cases

#IndustryAppsExplosion

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>✓ New apps &amp; services will define new minimum competitive requirements</td>
</tr>
<tr>
<td>✓ Democratization of development expands</td>
</tr>
<tr>
<td>✓ App management will be strained by the new scale</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Develop strong competitive intelligence into your industry’s DX landscape</td>
</tr>
<tr>
<td>✓ Integrate “digital innovation factory” into core product management &amp; planning</td>
</tr>
<tr>
<td>✓ Ensure “all hands are on deck” – to scale up the digital innovation workforce</td>
</tr>
</tbody>
</table>
Prediction 6: By 2025, at least 90% of new enterprise apps will embed AI; by 2024, over 50% of user interface interactions will use AI-enabled computer vision, speech, natural language processing, and AR/VR

#InescapableAI

## Business & IT Impact
- A strategic minority of AI-enabled applications over the next five years will be “AI-led”
- AI-powered UI becomes key for great user experience
- Scrutiny of data sources (and quality) will rise

## Guidance
- Identify your enterprise's key AI-led apps and services
- Establish joint business-IT governance around AI ethics and regulatory issues
- Prioritize development of new user interfaces leveraging emerging AI capabilities
Prediction 7: By 2023, 50% of the G2000 will name a Chief Trust Officer, who orchestrates trust across functions including security, finance, HR, risk, sales, production, and legal.

#TrustIsPromoted

<table>
<thead>
<tr>
<th>Business &amp; IT Impact</th>
</tr>
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<tbody>
<tr>
<td>✓ By 2025, two-thirds of G2K boards will demand a formal trust initiative</td>
</tr>
<tr>
<td>✓ By 2025, it will be required to audit algorithms</td>
</tr>
<tr>
<td>✓ By 2025, 40% of F1000 will seek supplier trust scores</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>✓ Create trust roles to establish accountability for managing/maintaining trust guidelines</td>
</tr>
<tr>
<td>✓ Evaluate digital initiatives to assess trust risks, impact</td>
</tr>
<tr>
<td>✓ Establish trust assessment best practices and tools to monitor your enterprise’s trust among stakeholders</td>
</tr>
</tbody>
</table>
**Prediction 8:** By 2023, 60% of the G2000 will have a digital developer ecosystem with thousands of developers; half of those enterprises will drive 20%+ of digital revenue through their digital ecosystem/platform

**#EveryEnterpriseaPlatform**

**Business & IT Impact**
- Enterprises will need to operate well as a digital service providers
- Enterprises will also leverage others' platforms and marketplaces
- The IT org will play a key role

**Guidance**
- Name a senior executive to lead, develop this business
- Identify critical systems and solutions to support this emerging part of business
- Leverage others' platforms and marketplaces, including OSS communities
**Prediction 9:** By 2025, 20% of revenue growth will be from "white space" offerings that combine digital services from previously unlinked industries, and one-fifth of partners are from previously unlinked industries.

### Business & IT Impact

- Developing a more holistic view of customer needs becomes more critical.
- A digital platform for ecosystem partners is key.
- Customer experience will span many digital partners.

### Guidance

- Expand your corporate development scope well beyond traditional intra-industry and adjacent industry partnerships.
- Link your emerging multi-industry efforts closely to your development of a digital platform and ecosystem.
**Prediction 10:** By 2023, the Top 5 public cloud megaplatforms will consolidate at least 75% of market share; the Top 10 pureplay SaaS vendors will generate an average of near 20% revenue from expanding PaaS services.

**#TechPlatformWars**

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<tbody>
<tr>
<td>✓ Choices for public cloud platforms will narrow</td>
<td>✓ Choose your core cloud megaplatform(s) wisely</td>
</tr>
<tr>
<td>✓ Multiplatform technologies and platform providers will emerge, enabling flexibility</td>
<td>✓ Put multcloud technologies high on your technical standards list</td>
</tr>
<tr>
<td>✓ A growing number of SaaS players will expand PaaS</td>
<td>✓ Select SaaS providers that are successfully delivering platform services and modular apps</td>
</tr>
</tbody>
</table>
#DigitalFirstEnterprise: Hyperscale, Hyperspeed & Hyperconnected

- 10X+ increase in Apps/Services
- 90%+ New Apps = Cloud Native
- 80% code & data from external providers
- APIs Generate 20% of Digital Revenue

- Pace of deployment = 50-100X+
- 90%+ New Apps Embed AI
- 70% with Connected Clouds
- 3rd Party Developers = 1000s+

- 70% with Connected Clouds
- Multi-Industry Mashups = 20% of Revenue Growth
- Edge Apps up 800%
- Edge Infrastructure = 50%+

#IDCFutureScape
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