IDC FutureScape 2020

IDC FutureScape: Worldwide IT Industry 2020 Predictions

Frank Gens, SVP & Chief Analyst
October 29, 2019

Q&A with the
IDC IT Industry 2020 Predictions Team

#IDCFutureScape

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Worldwide IT Industry Predictions Team 2020

Blue = Q&A participants

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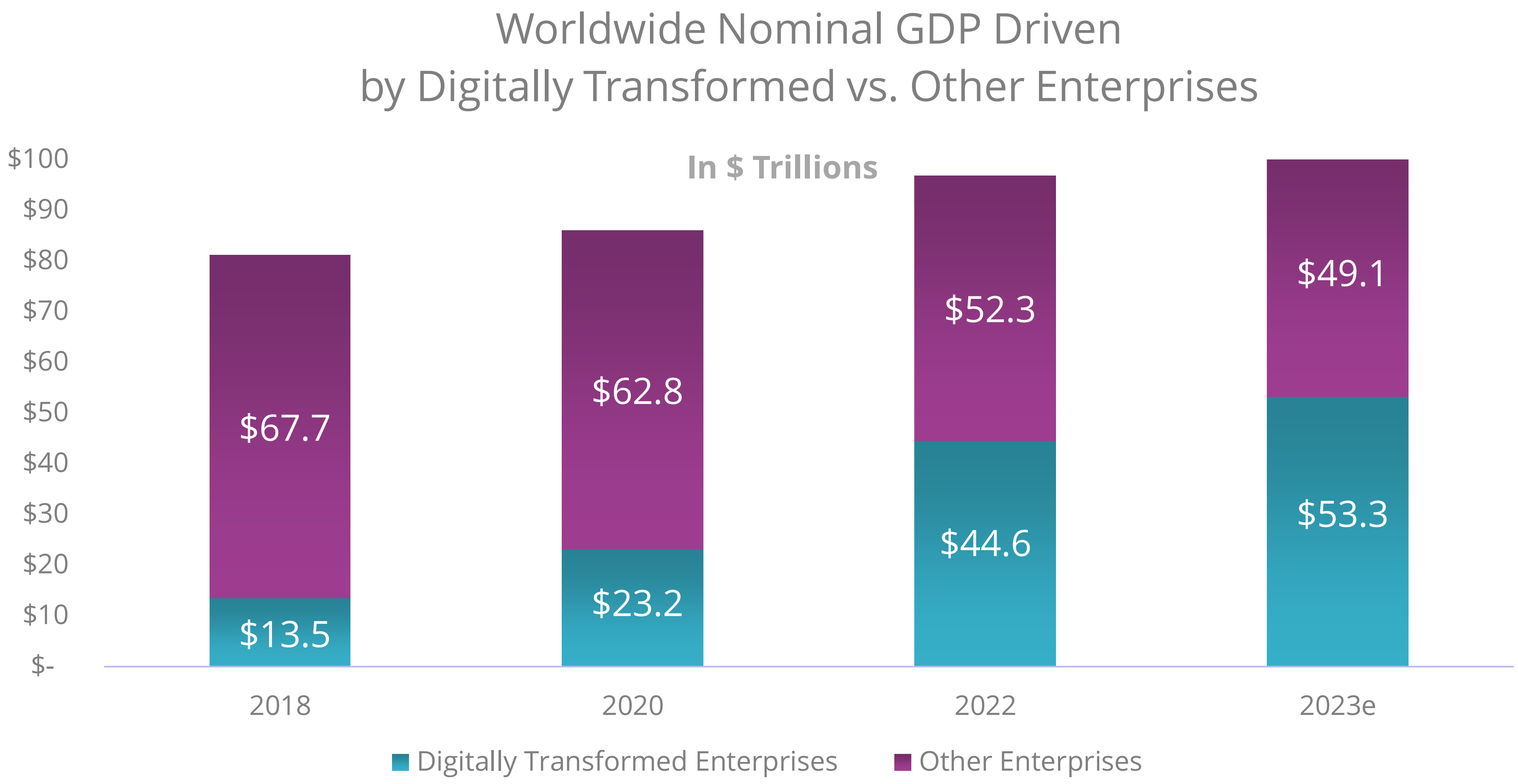
- Meredith Whalen
- Crawford Del Prete
- Philip Carnelley
- Larry Carvalho
- Gary Chen
- Arnal Dayaratna
- Frank Della Rosa
- Al Gillen
- Mary Johnston Turner
- Ritu Jyoti
- Satoshi Matsumoto
- Stephen Minton
- Deepak Mohan
- Ashish Nadkarni
- Mickey North Rizza
- Bob Parker
- Eileen Smith
- Rick Villars
- James Wester

Context: #DigitalSupremacy in the Global Economy Is Near



Source: IDC Digital Economy Model, 2019; 2023e is extrapolated from the model's 2022 end year.

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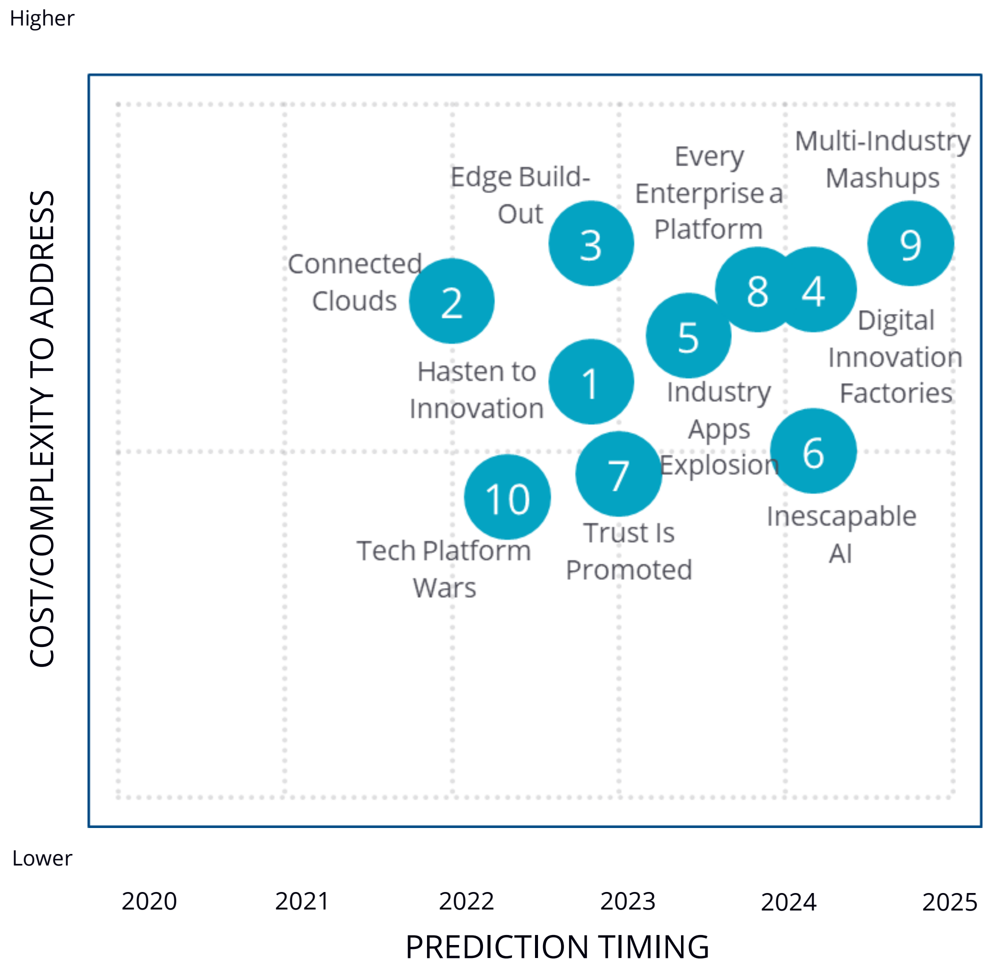


Source: IDC, 2019

1. **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).
2. **Connected Clouds** 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.
3. **Edge Build-Out** 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%.
4. **Digital Innovation Factories** 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.
5. **Industry Apps Explosion** 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.
6. **Inescapable AI** 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.
7. **Trust Is Promoted** 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.
8. **Every Enterprise a Platform** 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.
9. **Multi-Industry Mashups** 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.
10. **Tech Platform Wars** 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.

Prediction 1: 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)

#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 foctors 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

#ConnectedClouds

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
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

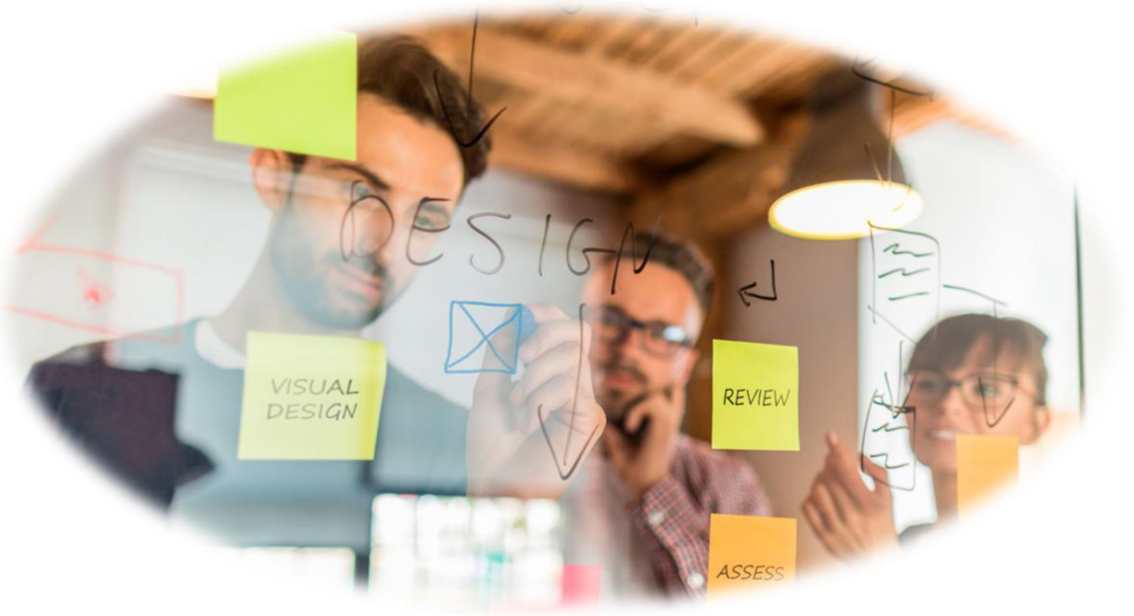
Prediction 3: By 2023, over 50% of new enterprise IT infrastructure deployed will be at the edge rather than corporate datacenters, up from less than 10% today; by 2024, the number of apps at the edge will increase 800%

#EdgeBuildout

Business & IT Impact	✓ Data governance and asset management transform to fit large-scale, distributed IT ✓ Edge scale will drive the move to more standardized IT configurations
Guidance	✓ Modernize IT to virtualized, containerized and software-defined to support edge ✓ Consider new datacenter partners that can support the edge build out and ops ✓ Put high priority on optimizing infrastructure and apps communication costs

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

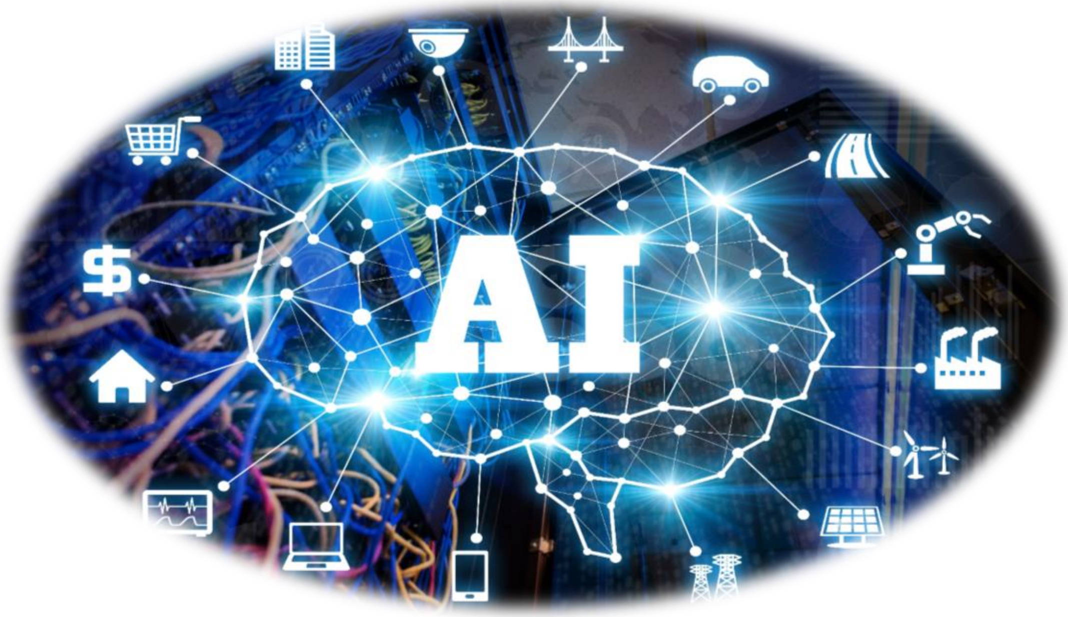
Prediction 5: By 2023, over 500 million digital apps and services will be developed and deployed using cloud-native approaches, most of those targeted at industry-specific digital transformation use cases

#IndustryAppsExplosion

Business & IT Impact	✓ New apps & services will define new minimum competitive requirements ✓ Democratization of development expands ✓ App management will be strained by the new scale
Guidance	✓ Develop strong competitive intelligence into your industry's DX landscape ✓ Integrate "digital innovation factory" into core product management & planning ✓ Ensure "all hands are on deck" – to scale up the digital innovation workforce

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

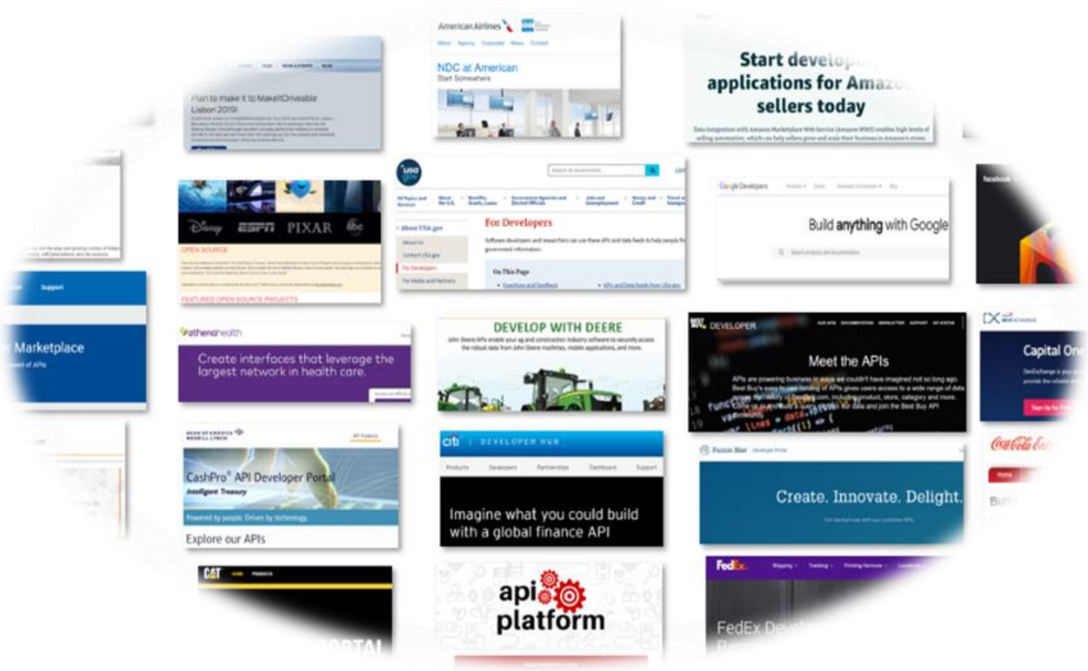
Prediction 7: By 2023, 50% of the G2000 will name a Chief Trust Officer, who orchestrates trust across functions including security, finance, HR, risk, sales, production, and legal

#TrustIsPromoted

Business & IT Impact	✓ By 2025, two-thirds of G2K boards will demand a formal trust initiative ✓ By 2025, it will be required to audit algorithms ✓ By 2025, 40% of F1000 will seek supplier trust scores
Guidance	✓ Create trust roles to establish accountability for managing/ maintaining trust guidelines ✓ Evaluate digital initiatives to assess trust risks, impact ✓ Establish trust assessment best practices and tools to monitor your enterprise's trust among stakeholders

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

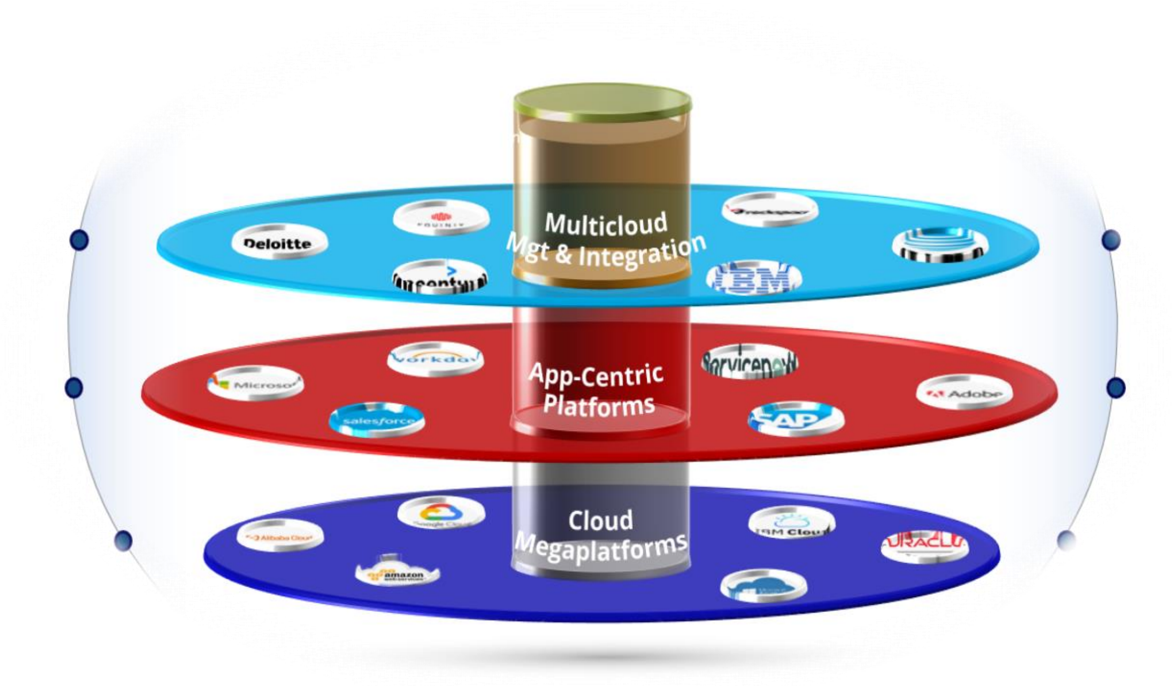
#Multi-IndustryMashups

Source: IDC Digital Economy Spending Guide, 2019

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



Business & IT Impact	✓ Choices for public cloud platforms will narrow ✓ Multiplatform technologies and platform providers will emerge, enabling flexibility ✓ A growing number of SaaS players will expand PaaS
Guidance	✓ Choose your core cloud megaplatform(s) wisely ✓ Put multicloud technologies high on your technical standards list ✓ Select SaaS providers that are successfully delivering platform services and modular apps

#DigitalFirstEnterprise:
Hyperscale, Hyperspeed & Hyperconnected

10X+ increase in Apps/Services

Pace of deployment = 50-100X+

70% with Connected Clouds

90%+ New Apps = Cloud Native

Multi-Industry Mashups = 20% of Revenue Growth

80% code & data from external providers

90%+ New Apps Embed AI

3rd Party Developers = 1000s+

APIs Generate 20% of Digital Revenue

Edge Apps up 800%

Edge Infrastructure = 50%+

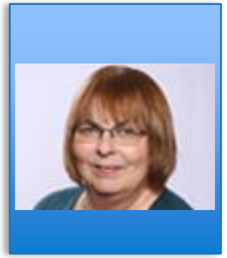
Q&A

Today's Speakers

Frank Gens
SVP & Chief Analyst

Larry Carvalho
Director,
PaaS

Frank Della Rosa
Director,
Cloud & SaaS



Mary Johnston Turner
VP,
Cloud Management

Ritu Jyoti
VP,
Artificial Intelligence

Robert Parker
SVP,
Enterprise Apps,
Data Intelligence,
Services & Industries

Richard Villars
VP,
Datacenter & Cloud

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