

Digital Transformation Brings Bounty Says IDC

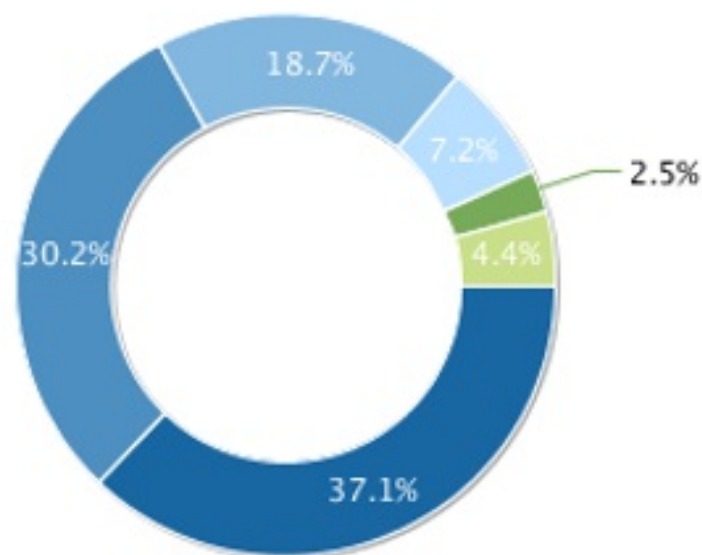
Written by Marco Attard
24 February 2017

IDC reports global spending on digital transformation (DX) technologies will reach over \$1.2 trillion in 2017-- an increase of 17.8% over 2016.

Growth is expected to maintain a CAGR of 17.9% over the 2015-2020 forecast period, and by 2020 DX spending is forecast to total \$2.0 trillion.



Top Region Based on 2017 Market Share



Source: IDC Worldwide Semiannual Digital Transformation Spending Guide, 2015H2

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"Changing competitive landscapes and consumerism are disrupting businesses and creating an imperative to invest in digital transformation, unleashing the power of information across the enterprise and thereby improving the customer experience, operational efficiencies, and optimising the workforce," the analyst says. "In 2017, global organisations will spend \$1.2tr on digital transformation with discrete and process manufacturers contributing almost 30% of this spending, while the fastest growth will come from retail, healthcare providers, insurance, and banking."

The technology categories with the largest DX spending in 2017 are connectivity services, IT services and application development and deployment (AD&D). These categories combined account for nearly 50% of DX spending for the year. However investments in said categories varies "considerably" from industry to industry-- the discrete and process manufacturing industries will invest around 20% of DX budgets in AD&D and another 12-13% in IT services, while the transportation industry will put nearly 50% of spending in connectivity services.

The fastest growing technology categories associated with digital transformation over the 2015-2020 forecast period are cloud infrastructure (29.4% CAGR), business services (22.0% CAGR) and applications (21.8% CAGR). AD&D spending should grow fast enough to overtake IT services as the 2nd largest DX technology category by 2020, despite a slower (17.3%) CAGR.

More than half of DX investments in 2017 will go towards technologies supporting operating model innovations, with a focus on making business operations more responsive and effective. Investments in operating model DX technologies help businesses redefine how work is done, integrating external market connections with internal digital processes and projects.

The 2nd largest investment area is technologies supporting omni-experience innovations transforming how customers, partners, employees and things communicate with each other and the products and services created to meet unique demands.

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