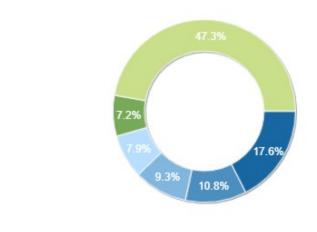
Written by Marco Attard 16 November 2018

According to IDC, global spending on technologies and services to enable digital transformation (DX) of business practices, products and organisations is set to reach \$1.97 trillion in 2022, with a CAGR of 16.7% over the 2017-2022 forecast period.

"IDC predicts that, by 2020, 30% of G2000 companies will have allocated capital budget equal to at least 10% of revenue to fuel their digital strategies," the analyst says. "This shift toward capital funding is an important one as business executives come to recognize digital transformation as a long-term investment. This commitment to funding DX will continue to drive spending well into the next decade."



Top Industry Based on 2019 Market Share (Value (Constant))





Source: IDC Worldwide Semiannual Digital Transformation Spending Guide - Technology Forecast, 2017H2

Four industries are responsible for nearly 50% of global 2017 DX spending worth \$1.25tr-discrete manufacturing (\$220 billion), process manufacturing (\$135bn), transportation (\$116bn) and retail (\$98bn). The top DX spending priority for the discrete and process manufacturing industries is smart manufacturing, with the two industries spending over \$1.67bn on smart

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manufacturing in 2019. The industries will also make "significant" investments in digital innovation (\$46bn) and digital supply chain optimisation (\$29bn).

The leading strategic priority for the transportation industry is digital supply chain optimisation, leading to \$65bn in spending on freight management and intelligent scheduling. Meanwhile the top priority for retail is omni-channel commerce, driving investments of over \$27bn in omni-channel commerce platforms, augmented reality experiences, in-store contextualised marketing and next-generation payments.

The DX use cases seeing the largest investments across all industries in 2019 are freight management (\$60bn), autonomic operations (\$56bn), robotic manufacturing (\$46bn) and intelligent and predictive grid management for electricity, gas and water (\$46bn). Other use cases seeing investments worth over \$20bn in 2019 include root cause, self-healing assets and automated maintenance, and quality and compliance.

In terms of technology, hardware and services account for over 75% of all 2019 DX spending. Leading services spending are IT services (\$152bn) and connectivity services (\$147bn), while business services will experience the fastest growth (29% CAGR) over the 5-year forecast period. Hardware spending will be spread across a number of categories, including enterprise hardware, personal devices and IaaS infrastructure. DX-related software spending totals \$288bn in 2019, and is the fastest growing technology category with an 18.8% CAGR.

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