IDC FutureScape: Worldwide IT Industry 2017 Predictions Latin America Impact

Q&A with the IDC Latin America 2017 Predictions Team

December, 2016
Latin America IT Industry Predictions
Team 2017

- Ricardo Villate
- Diego Anesini
- Luciano Crippa
- Alejandro Florean
- Jorge Gomez
- Jay Gumbiner
- Oscar Guzman
- Marcelo Leiva
- Roberto Membrila
- Jeronimo Pina
- Evelyn Pineda
- Juan Pablo Seminara
- Waldemar Schuster
- Paola Soriano
- Diego Valer
- Jose Daniel Zegarra

Bold = Q&A participants
IDC FutureScape: IT Industry 2017 Latin America Implications

By 2020, 40% of Latin America’s top 3000 companies will see the majority of their business depend on their ability to create digitally enhanced products, services, and experiences.

By 2020, 3rd Platform technologies and services will drive nearly 40% of IT spending — growing at twice the rate of the total IT market.

By 2020, 55% of all enterprise IT Infrastructure and software spending will be for cloud-based offerings; the cloud will morph to become distributed, trusted, intelligent, industry focused, and channel mediated.

By 2020, 10% of all Digital Transformation initiatives, and 60% of all effective IoT efforts, will be supported by Cognitive/AI capabilities.

In 2017, 1 out of 10 consumer-facing Latin America top companies will experiment with AR/VR as part of their marketing efforts.

By 2019, the Number of Industry Collaborative Clouds in Latin America will double to more than 50 across many industries; most of these will come from partnerships between top cloud vendors or public and private industry collaboration efforts.

By year-end 2017, over 40% of the Top 3,000 companies in Latin America will have dedicated digital transformation and innovation teams.

By 2020, Over 50% of Cloud Services Providers’ Cloud Revenue Will Be Mediated by Channel Partners/Brokers.

DX Benchmarks Define New Leaders — By 2020, all enterprises’ performance will be measured by a demanding new set of DX-driven benchmarks, requiring 20–100% better business performance.

By 2020, 1/3 of Health/Life Sciences and Consumer Products companies will begin developing the first wave of products and services tightly integrating 3rd Platform technologies with the human body.

Note: The size of the bubble indicates complexity/cost to address. Source: IDC, 2016.
Digital Transformation At The Heart of Economic transformation

- IT spending in dollars of that year grows at similar rates to that of the economy.

- Total ICT spending in Latin America will reach 274.2 billion dollars in 2017, 3.9% more than in 2016 at constant dollar rates.

- Those companies that invest during the economic downturn are the same companies that show greater results and higher profitability after the rebound.

Sources: IDC Worldwide Black Book Q3 2016; IMF WEO, October 2016
Key Themes: 2017-2020

DX at macroeconomic scale
Economic Transformation in Emerging Markets
3rd Platform pillars go “2.0”
Innovation Accelerators scale up
4th Platform over the horizon
Everything is speeding up
Consumer scale a must for all
Ecosystems as important as IP
Dawn of the DX Economy

By the end of 2018, revenue growth from information-based products will grow 50+% for 1/3 of the top 3000 companies in the region.

In 2020, regional spending on DX initiatives will reach $22 billion, more than 2X larger than 2016.

Prediction 1
By 2020, 40% of Latin America’s top 3000 companies will see the majority of their business depend on their ability to create digitally-enhanced products, services and experiences.

Digital Transformation (DX)
Using 3rd Platform technologies to create value and competitive advantage through:
• New/Enhanced Offerings
• New Business Models
• New Relationships

By 2020, 1/5 of CEOs and COOs of the Top 3000 companies will have spent at least 5 years in a tech leadership role.
3rd Platform Dominates – and Evolves

Prediction 2
By 2020, 3rd Platform technologies & services will drive nearly 40% of IT spending – growing at over 5X the rate of the total market.

The “4 pillars” will evolve:
- **Mobility** – IoT, 5G, wireless power
- **Cloud** – Cloud 2.0
- **Big Data** – Cognitive/AI
- **Social** – Immersive, with AR/VR

Innovation Accelerators will mainstream:
- **Cognitive/AI**
- **IoT**
- **AR/VR**
Get Ready for “Cloud 2.0”

**Prediction 3**

By 2020, 55% of Enterprise IT Infrastructure and Software will be for Cloud-based offerings.

<table>
<thead>
<tr>
<th>Distributed</th>
<th>Trusted</th>
<th>Concentrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 50+% off-prem by 2018 in the region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 85% multicloud by 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 43% of IoT processed at the edge in 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• By 2020, Cloud = “secure”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cloud-based encryption, threat analytics, block chain, compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• By 2020, the Top 5 Cloud IaaS/PaaS players globally will control at least 75% share (vs about 50% in 2016)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
By 2020, 10% of DX initiatives – and 60% of IoT initiatives – will be supported by Cognitive/AI capabilities.

By 2025, 75% of developer teams will include Cognitive/AI functionality in one or more applications/services.

By 2019, over 110 million consumer devices with embedded intelligent assistants will be installed in U.S. households.

In 2017-2020 9 of the Top 10 Cognitive/AI use cases will be industry-focused, account for 85% of Top 10 investment.
Prediction 5

In 2017, 1 out of 10 consumer-facing Latin America top companies will experiment with AR/VR as part of their marketing efforts.

In 2018, the monthly active user base of consumers using mobile augmented reality apps will exceed 30M in Latin America.

By 2020, over 20% of commercial media on Facebook will be 360°/VR, as Social goes “immersive”. Dark horse scenario: 20% of all social media is 360° by 2020.

In 2019, companies will deploy ear-worn wearables, with AI-enabled voice interface, as digital assistants for customer-facing roles.
Industry Collaborative Clouds Surge

A cloud-based platform through which multiple companies in an industry collaborate in some fashion towards a common goal, such as improving industry insight and/or capability.

Prediction 6
By 2019, the number of Industry Collaborative Clouds will double to more than 50.

By 2020, almost 60% of enterprises will actively participate in compliance Clouds.
By 2020, 30% of the top 3000 companies in the region will be suppliers of digital services through Industry Collaborative Clouds.
90%+ of Industry Collaborative Clouds will partner with a Cloud mega-platform provider.
DX Developer Teams, Communities

Prediction 7
By year end 2019, over 60% of the top 3,000 companies in Latin America will have dedicated digital transformation/innovation teams.

By 2019, enterprises pursuing DX strategies will expand their developer teams by 2-3X.

By 2019, more than 20% of the value of software will be monetized through “things” and consumer and business services.

By 2020, DX teams will source 80%+ of their solution components from open source communities.
The DX Channel Arrives

Prediction 8
By 2020, over 50% of Cloud services providers’ revenues will be mediated by channel partners/brokers.

By 2020, major IT distributors will have transitioned at least 1/3 of their business from hardware sales to cloud services sales/brokering.

By 2019, most Cloud service providers outside of the Top 10 will offer brokered access to their leading competitors’ cloud services.

By 2020, the “cloud broker” landscape serving SMBs will become highly verticalized, offering cloud-based business services.
New DX Enterprise Benchmarks for All

Prediction 9
By 2020, all enterprises’ performance will be measured by a demanding new set of DX-driven benchmarks, requiring 20-100% better business performance.

- **Digital Leadership**: 33% of CEOs will have technology leadership experience.
- **Digital Omni-Experience**: 35% improvement in Net Promoter score when customers own their experience.
- **Digital Information**: 100% growth of revenue from information-based products.
- **Digital Operating Model**: 20% of operational processes will be self-healing.
- **Digital Workforce**: 50% reduction in management layers.
The 4th Platform: integration of digital technologies with human biosystems, and the use of digital technologies to engineer biological systems at the cellular and subcellular level.

Prediction 10
By 2020, 1/3 of Health/Life Sciences and CP companies will begin to develop the first products and services tightly integrating 3rd Platform technologies with the human body.

"Augmented Humanity" offerings will be mainstream in the mid-2020s.

R&D/Innovators stage: now – 2021
Early Adopters stage: 2021-2026
Early Mainstream stage: 2026 -
…to “Innovation Graph”
Our Q&A Team

- Ricardo Villate
- Diego Anesini
- Luciano Crippa
- Alejandro Florean
- Jay Gumbiner
- Jeronimo Pina
- Evelyn Pineda
- Juan Pablo Seminara
By 2020, 40% of Latin America’s top 3000 companies will see the majority of their business depend on their ability to create digitally enhanced products, services, and experiences.

By 2020, 3rd Platform technologies and services will drive nearly 40% of IT spending — growing at twice the rate of the total IT market.

By 2020, 55% of all enterprise IT Infrastructure and software spending will be for cloud-based offerings; the cloud will morph to become distributed, trusted, intelligent, industry focused, and channel mediated.

By 2020, 10% of all Digital Transformation initiatives, and 60% of all effective IoT efforts, will be supported by Cognitive/AI capabilities.

In 2017, 1 out of 10 consumer-facing Latin America top companies will experiment with AR/VR as part of their marketing efforts.

By 2019, the Number of Industry Collaborative Clouds in Latin America will double to more than 50 across many industries; most of these will come from partnerships between top cloud vendors or public and private industry collaboration efforts.

By year-end 2017, over 40% of the Top 3,000 companies in Latin America will have dedicated digital transformation and innovation teams.

By 2020, Over 50% of Cloud Services Providers’ Cloud Revenue Will Be Mediated by Channel Partners/Brokers.

DX Benchmarks Define New Leaders — By 2020, all enterprises’ performance will be measured by a demanding new set of DX-driven benchmarks, requiring 20–100% better business performance.

By 2020, 1/3 of Health/Life Sciences and Consumer Products companies will begin developing the first wave of products and services tightly integrating 3rd Platform technologies with the human body.

Note: The size of the bubble indicates complexity/cost to address. Source: IDC, 2016.
IDC is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For more than 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Terms of Use: Except as otherwise noted, the information enclosed is the intellectual property of IDC, copyright 2016. Reproduction is forbidden unless authorized; contact permissions@idc.com for information. All rights reserved.