

IDC: Digital Transformation Spending to Reach \$1.2 Trillion

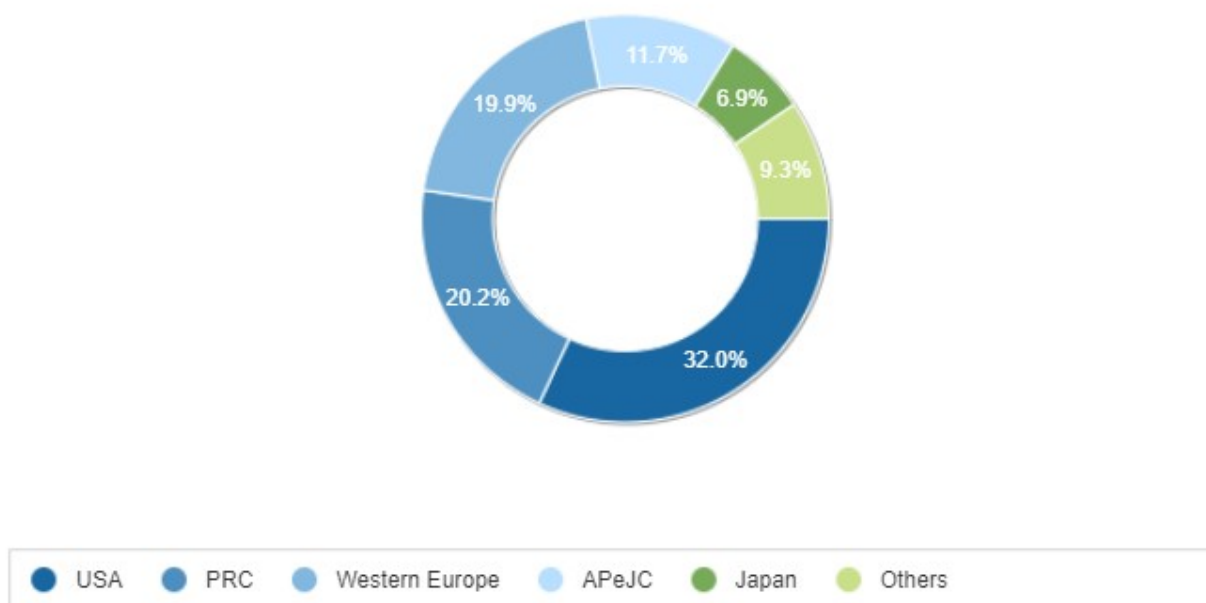
Written by Frederick Douglas
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Investments in the technologies to enable digital transformation (DX) are "significant," IDC reports-- and are set to globally reach \$1.18 trillion in 2019, an increase of 17.9% over 2018.

"Worldwide DX technology investments are expected to total more than \$6tr over the next 4 years," the analyst continues "Strong DX technology investment growth is forecast across all sectors, ranging between 15% and 20%, with the financial sector forecast to be the fastest with a CAGR of 20.4% between 2017 and 2022."



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



Source: IDC Worldwide Semiannual Digital Transformation Spending Guide - Technology Forecast, 2018H1

The 2 industries investing most in DX in 2019 are discrete manufacturing (\$221.6 billion) and process manufacturing (\$124.5bn). For both industries, the top DX spending priority is smart manufacturing, supported by significant investments in autonomic operations, manufacturing operations and quality. Retail is the next largest industry in 2019, followed closely by transportation and professional services.

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Each industry is pursuing a different mix of strategic priorities. For instance, the retail industry is looking into omni-channel commerce, while the transportation industry and facility management invest in digital supply chain optimisation. A CAGR of 21.4% will enable the professional services industry to move ahead of transportation in terms of overall DX spending by 2020.

The DX use cases-- discretely funded efforts to support a program objective-- to see the largest investment in 2019 are autonomic operations (\$52bn), robotic manufacturing (\$45bn), freight management (\$41bn) and root cause (\$35bn). Other use cases seeing investments in excess of \$20bn include self-healing assets and augmented maintenance, intelligent and predictive grid management for electricity and quality and compliance. The use cases set to experience the greatest spending growth during the 2018-2022 forecast period are virtualised labs (108.6% CAGR), digital visualisation (53.5% CAGR) and augmented design management (43.9% CAGR).

From a technology perspective, hardware and services investments account for over 75% of 2019 DX spending. Services spending is led by IT services (\$156bn) and connectivity services (\$102bn). Hardware spending is spread across several categories, including enterprise hardware, personal devices and IaaS infrastructure. DX-related software spending should total \$253bn in 2019. The fastest growing technology categories are IaaS (35.9% CAGR), application development and deployment software (26.7% CAGR) and business services (26.5% CAGR).

"DX is quickly becoming the largest driver of new technology investments and projects among businesses," IDC concludes. "It is already clear from our research that the businesses which have invested heavily in DX over the last 2-3 years are already reaping the rewards in terms of faster revenue growth and stronger net profits compared to businesses lagging in DX initiatives and investments."

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