



## Evaluating DRaaS Providers

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**Gil Press** Contributor

*I write about technology, entrepreneurs and innovation.*

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# Top 10 Tech Predictions For 2017 From IDC



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IDC released today its 10 IT industry predictions for 2017 in a webcast with Frank Gens, IDC's senior vice president and chief analyst. The predictions covered many trends driving success today and in the future, from how the entire global economy will be re-shaped by digital transformation, the transition of all enterprises from being "digital immigrants" to being "digital natives," the scaling up of innovation accelerators, the emergence of "the 4<sup>th</sup> platform" (a new set of technologies that will become mainstream in ten years), drastic changes in how enterprises connect to their customers, and the ecosystem becoming as important for business success as IP. Here are IDC's ten predictions:

*By 2020, 50% of the G2000 will see the majority of their business depend on their ability to create digitally-enhanced products, services, and experiences.*

We will see a "deep core" transformation of what enterprises are all about and how they behave in the marketplace. By the end of 2017, revenue growth from information-based products will be twice that of the rest of the portfolio for a third of G2000

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companies. By 2021, a third of CEOs and COOs of G2000 companies will have spent at least 5 years in a tech leadership role. In 2019, worldwide spending on digital transformation initiatives will reach \$2.2 trillion, almost 60% larger than 2016.

*By 2019, 3rd Platform technologies and services will drive nearly 75% of IT spending – growing at 2X the rate of the total market.*

Last year, IDC predicted that 3<sup>rd</sup> platform technologies and services—cloud, big data/analytics, social, and mobile—will drive 60% (not 75%) of OIT spending by 2019. The increase is due to a “snowball effect,” as these technologies are no longer “emerging” but have become the default choice. The innovation accelerators of the 3<sup>rd</sup> platform—AI, IoT, AR/VR, robotics, 3D printing, and next-gen security (buttressed by blockchain)—will become mainstream.

*By 2020, 67% of enterprise IT infrastructure and software will be for cloud-based offerings.*

What clouds are and what they can do will change, IDC predicts: The cloud will be distributed with 60% of IT done off-premise and 85% by multi-cloud by 2018 and 43% of IoT will be processed at the edge in 2019; the cloud will be trusted and by 2020 it will be where trusted and secured IT lives, enhanced by blockchain-based security; the cloud will be concentrated and by 2020, the top 5 cloud IaaS/PaaS players will control at least 75% of the market share (vs about 50% in 2016).

*By 2019, 40% of digital transformation initiatives – and 100% of IoT initiatives – will be supported by AI capabilities.*

Top 3 AI use cases in terms of spending, says IDC, are: medical diagnostics and treatment, quality management in manufacturing, and automated service agents in retail. By 2018, 75% of developer teams will include AI functionality in one or more applications or services. Last year this prediction was at 50% and the acceleration is due to the fact that the cloud is “democratizing adoption” of AI functionality. By 2019, over 110 million consumer devices with embedded intelligent assistants will be installed in U.S. households. In 2017-2020 period, 7 of the Top 10 AI use cases will be industry-focused and will account for 85% of top 10 use case investment. We will see a “battle of AI platforms,” with a strong competition for developers in AI space.

*In 2017, 30% of consumer-facing G2000 companies will experiment with AR/VR as part of their marketing efforts.*

More and more companies will connect with consumers through “immersive interfaces” including augmented reality and virtual reality. In 2018, the monthly active user base of consumers using mobile augmented reality apps (e.g., Pokemon Go) will exceed 400 million. By 2020, over 20% of commercial media on Facebook will be 360-degree VR, as social goes “immersive.” Dark horse scenario: 20% of all social media is 360-degree by 2020. In 2019, companies will deploy earworn wearables, with AI-enabled voice interface, as digital assistants for customer-facing roles (in retail, for example).

*By 2018, the number of Industry Collaborative Clouds will triple to more than 450.*

By 2020, almost 60% of enterprises will actively participate in compliance Clouds. By 2020, 75% of F500 companies will be suppliers of digital services through Industry Collaborative Clouds. 90%+ of Industry Collaborative Clouds will partner with a Cloud mega-platform provider.

*By year end 2017, over 70% of the Global 500 will have dedicated digital transformation/innovation teams.*

60% of F100 companies had already formed a dedicated team or a business unit focused on digital transformation. By 2018, enterprises pursuing digital transformation strategies will expand their developer teams by 2-3X. By 2019, more than 50% 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.

*By 2020, over 70% of Cloud services providers' revenues will be mediated by channel partners/brokers.*

There will be a complete “reboot of the channel community,” as cloud providers will need help reaching potential customers and supporting them cloud services. By 2018, major IT distributors will have transitioned at least a third of their business from hardware sales to cloud services sales/brokering. By 2018, most cloud providers outside of the top 10 will offer brokered access to their leading competitors' cloud services. By 2021, the “cloud broker” landscape serving SMBs will become highly industry-specific, offering cloud-based business services.

*By 2020, all enterprises' performance will be measured by a demanding new set of benchmarks in leadership, customer engagement, digitization of new and traditional offerings, operational efficiency and organizational agility. At least 1/3 of leaders in every industry will fail to clear these digital transformation hurdles.*

New benchmarks will include 35% improvement in Net Promoter Score, 100% growth in revenues from information-based products, 20% of processes are self-healing, and 50% reduction in management layers. These performance levels will be “the new normal” for all enterprises.

*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.*

The 4th Platform will be the integration of digital technologies with human biosystems, and the use of digital technologies to engineer biological systems at the cellular and subcellular level. “The 4<sup>th</sup> platform is us,” says IDC. These set of technologies will provide humans with a wide variety of enhancements and we will see early adopters from 2021 to 2026. Ethical and legal issues will emerge, and there a lot of controversy and debate will surround the emergence of the 4<sup>th</sup> Platform.

What will see as a result of all of these changes, says IDC, is the transformation of the traditional enterprise value chain to a new “enterprise social graph” or “the enterprise innovation graph,” linking the enterprise to its various communities: developers, channel, industry platforms, data providers, and customers and fans, as we already see today with Amazon, Apple, and Salesforce.

[IDC will deliver 40 webcasts over the next six weeks with more detailed 2017 predictions.](#)

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