

A CONETIVIDADE DO FUTURO

IDC @ XXVI Encontro Nacional ACIST
*Worldwide IT Industry & Digital Business
2023 Top 10 Predictions... a sneak peek!*



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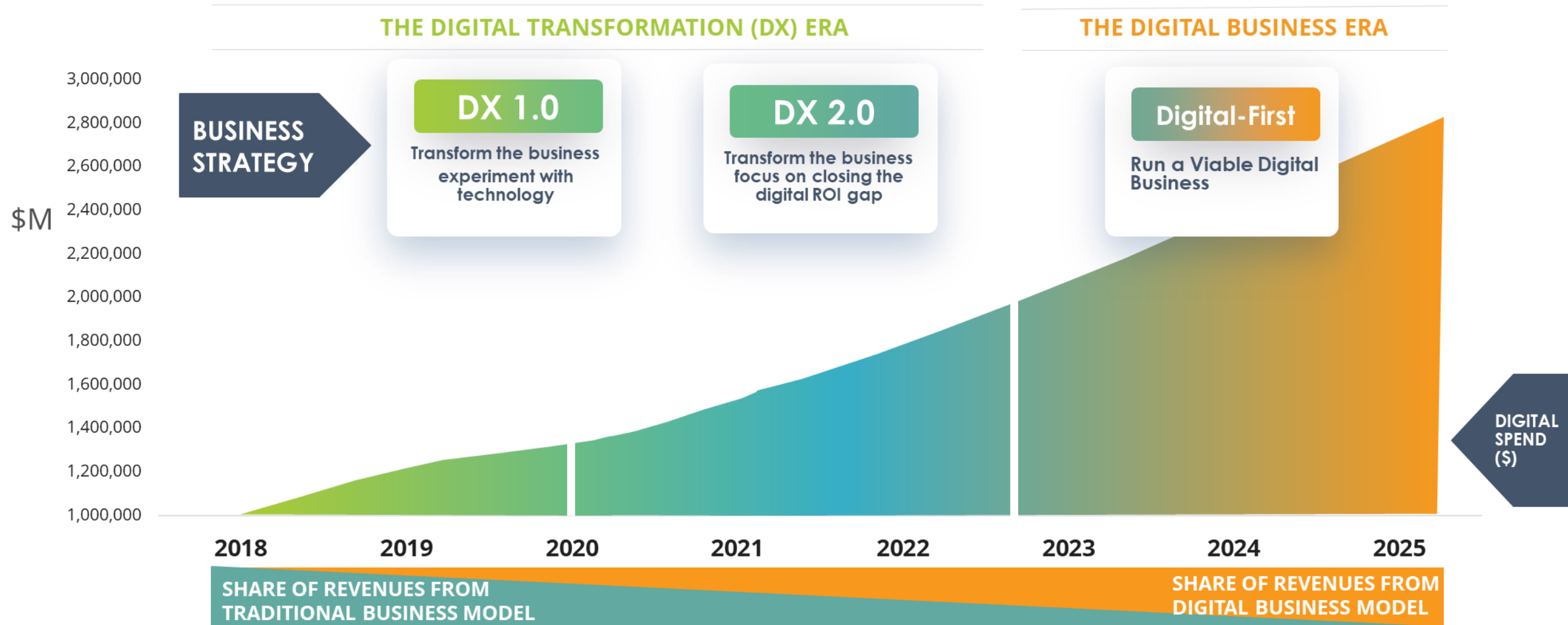
Apoiantes



Parceiros Técnicos



The Digital-First Strategy Launches the Era of Digital Business



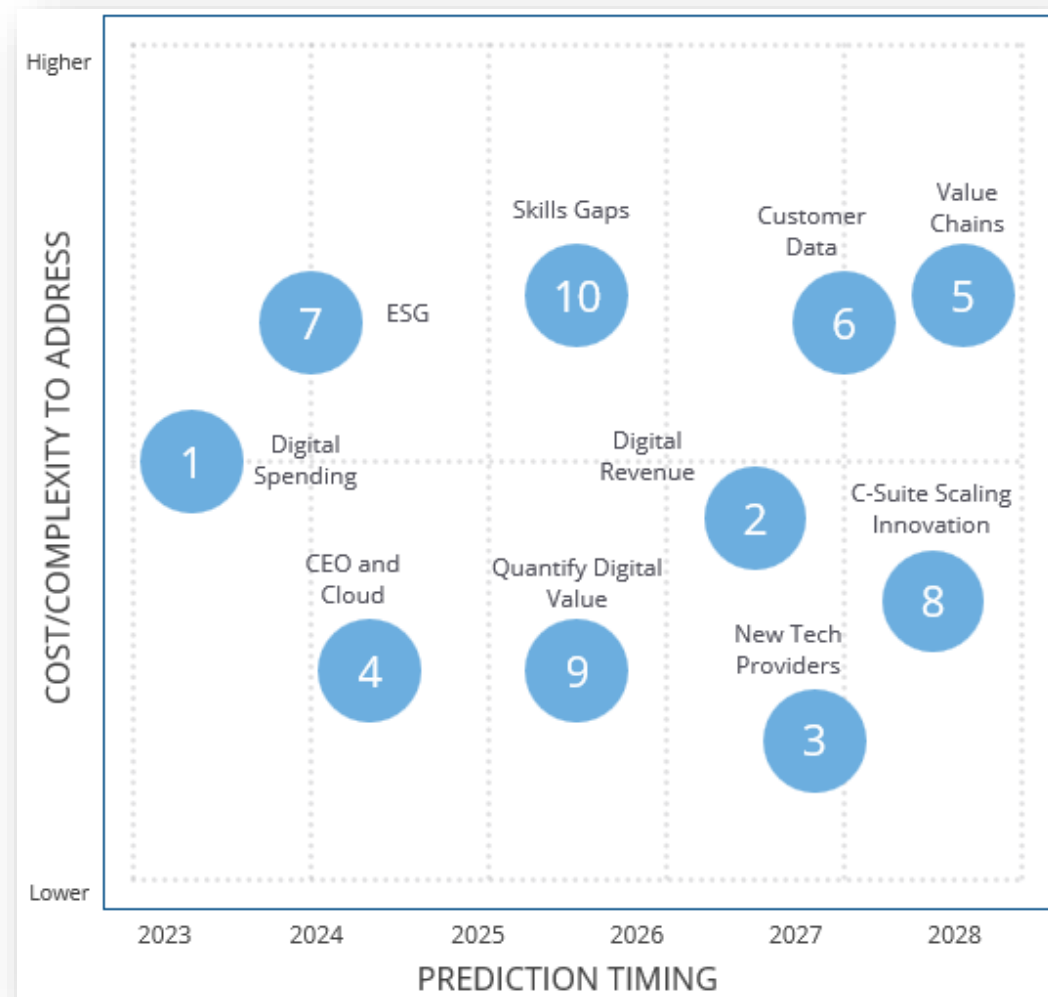
The Next Chapter in Digital Transformation: The Digital Business Era

From **DX**
to **DB**

- In the early days of Digital Transformation Era, the focus was mostly on **TRANSFORMING THE BUSINESS, EXPERIMENTING WITH TECHNOLOGY.**
- That first chapter was often about solving problems in departmental silos – in marketing, in commerce, in field operations. Success wasn't always scalable, and ROI wasn't always clear. This resulted in having islands of innovations. The second chapter was about closing digital ROI gap and transformation at scale.
- Enterprises have made improvements in the past two-years and have scaled up digital investments. Digital maturity has accelerated but the bar is now higher. Following the pandemic and after iterations of spending on transformation, business leaders and investors are looking for ongoing viable growth built on a digital-first strategy.

We are now entering the **ERA OF DIGITAL BUSINESS** – with a focus on clear and measurable business outcomes. Organizations will still transform, but that is no longer the primary focus in a digital-first world. **THE GOAL IS RUNNING A VIABLE DIGITAL BUSINESS FOR THE LONG TERM.**

IDC FutureScape: Worldwide Digital Business Strategies 2023 Predictions



1. Prediction 1: Spending on digital technology by organizations will grow at eight times the economy in 2023, establishing a foundation for operational excellence, competitive differentiation, and long-term growth.
2. Prediction 2: By 2026, 40% of total revenue for G2000 organizations will be generated by digital products, services, and experiences.
3. Prediction 3: The number of tech providers in the G500 will double by 2027, incorporating businesses that originated outside of the tech industry.
4. Prediction 4: By 2024, 50% of G2000 CEOs will establish strategic personal relationships with their cloud providers to achieve quantifiable outcomes from digital business platform investments.
5. Prediction 5: By 2027, organizations with highly developed industry value chains on an ecosystem control plane will innovate 25% faster than other businesses.
6. Prediction 6: By 2027, enterprises that collect, analyze, and contextualize customer data in a trustworthy way will successfully build creative business and pricing models that double customer lifetime value.
7. Prediction 7: By 2024, a quarter of organizations worldwide will demonstrate responsible leadership by increasing their sustainability-related digital tech spend by more than 25% from 2022 levels.
8. Prediction 8: With the majority of technology budgets residing with LOB, by 2027, 30% of the expertise in the C-suite will shift from encouraging innovation to scaling innovation and operating digital businesses.
9. Prediction 9: By 2026, 80% of organizations will accurately quantify the value of their digital capabilities/assets (data, algorithms, and software code) and significantly improve their market valuation.
10. Prediction 10: By 2026, enterprises that did not effectively address the talent and digital skills gap in their organization will constrain revenue growth opportunities by 20%.

#1 DIGITAL SPENDING

8X

Spending on digital technology by organizations will grow at eight times the economy in 2023, establishing a foundation for **OPERATIONAL EXCELLENCE, COMPETITIVE DIFFERENTIATION, AND LONG-TERM GROWTH.**

2%
GDP growth 2023



16,9%
Spending on DX

18%
Executives lowering overall
IT spending in 2022



36%
Executives lowering overall
IT spending in 2023

GUIDANCE

NEGOTIATE WITH YOUR STRATEGIC VENDORS TO ENSURE MAXIMUM ROI. Now is the time to look closely at your technology suppliers to determine which of them can commit to supporting your digital business goals and drive clear outcomes from IT investments.

ENSURE THAT INVESTMENTS IN CYBERSECURITY TECHNOLOGIES, PROCESSES, AND EXPERTISE KEEPS AT PACE WITH INVESTMENTS IN DIGITAL INITIATIVES.

PRIORITIZE THE RECRUITMENT AND RETENTION OF SKILLED TALENT as this will be a key element of digital business success in the near and long term.

#2 DIGITAL REVENUE

40%

By 2026, 40% of Total Revenue for G2000 Organizations Will Be Generated by **DIGITAL PRODUCTS, SERVICES, AND EXPERIENCES**

85%

CEO's recognize Digital capabilities as a strategic differentiator and revenue growth accelerator



50%

Share of their digital revenue in 2027 (Business-to-consumer industries)

30%

Share of digital revenue in 2022



40%

Share of digital revenue in 2027

GUIDANCE

ANTICIPATE TECH REQUIREMENTS. There are five must-have requirements for technology architectures to speed up the delivery of new digital products and services: **microservices and APIs, integration capabilities, industry data models, modularity, and cloud-native capabilities.**

KEEP UP WITH NEW SKILLS AND ORGANIZATIONAL REQUIREMENTS. Digital business models require new skills and a new organizational setup. A **flexible culture** combined with an **internal evangelist** or coordinator can help push the transformation forward.

MAKE SURE YOU HAVE THE RIGHT GOVERNANCE GUARDRAILS in place to support innovation and agility for the development of new digital offerings while **keeping alignment and clear processes.**

#9 QUANTIFY DIGITAL VALUE

80%

By 2026, 80% of Organizations Will Accurately **QUANTIFY THE VALUE** of Their Digital Capabilities/Assets (Data, Algorithms, and Software Code) and Significantly Improve Their Market Valuation

2X

Digital enterprises realize twice the revenue and operating profits when compared with those that have not transformed yet.



GUIDANCE

- DEVELOP THE RELEVANT KPIS FOR YOUR DIGITAL PRODUCTS AND SERVICES** and test whether these metrics accurately reflect your digital operations. This will likely require working with your finance organization to ensure that the right management accounting metrics are developed, including activity-based metrics.
- ENSURE THAT ALL LEVELS OF MANAGEMENT MONITOR THE DAILY/WEEKLY PERFORMANCE OF KPIS FOR DIGITAL ASSETS.**
- UNDERSTAND WHAT IS AVAILABLE TO SOURCE FROM OR DISTRIBUTE TO DIFFERENT SOFTWARE ECOSYSTEMS**, and communicate that knowledge to the rest of the organization. There is no time to waste reinventing what already exists elsewhere.

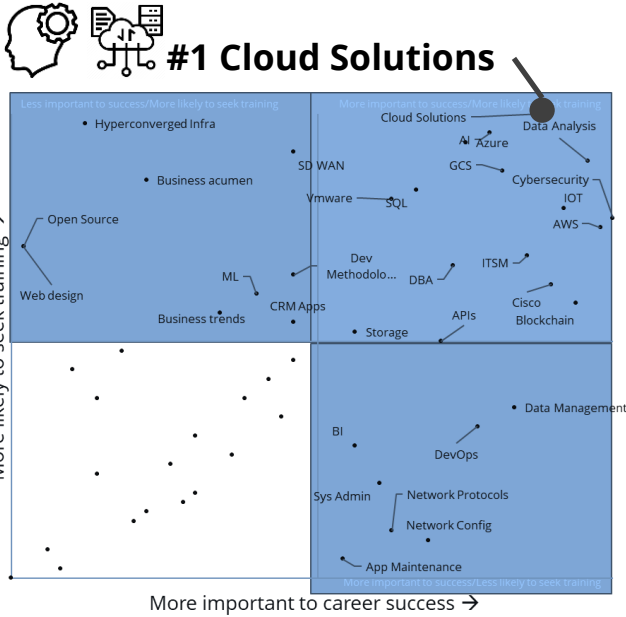
#10 SKILLS GAP

20%

By 2026, Enterprises That Did Not Effectively Address the Talent and Digital Skills Gap in Their Organization Will **CONSTRAIN REVENUE GROWTH OPPORTUNITIES BY 20%**



"General shortage of people with the right skills" is the main reason why vacancies are hard to fill.

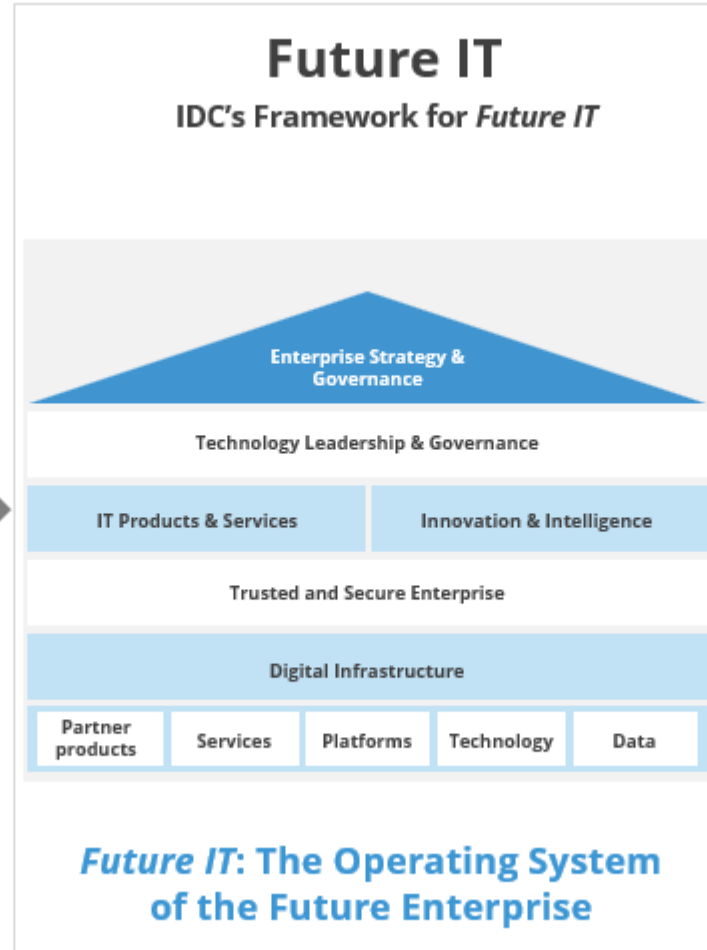


GUIDANCE

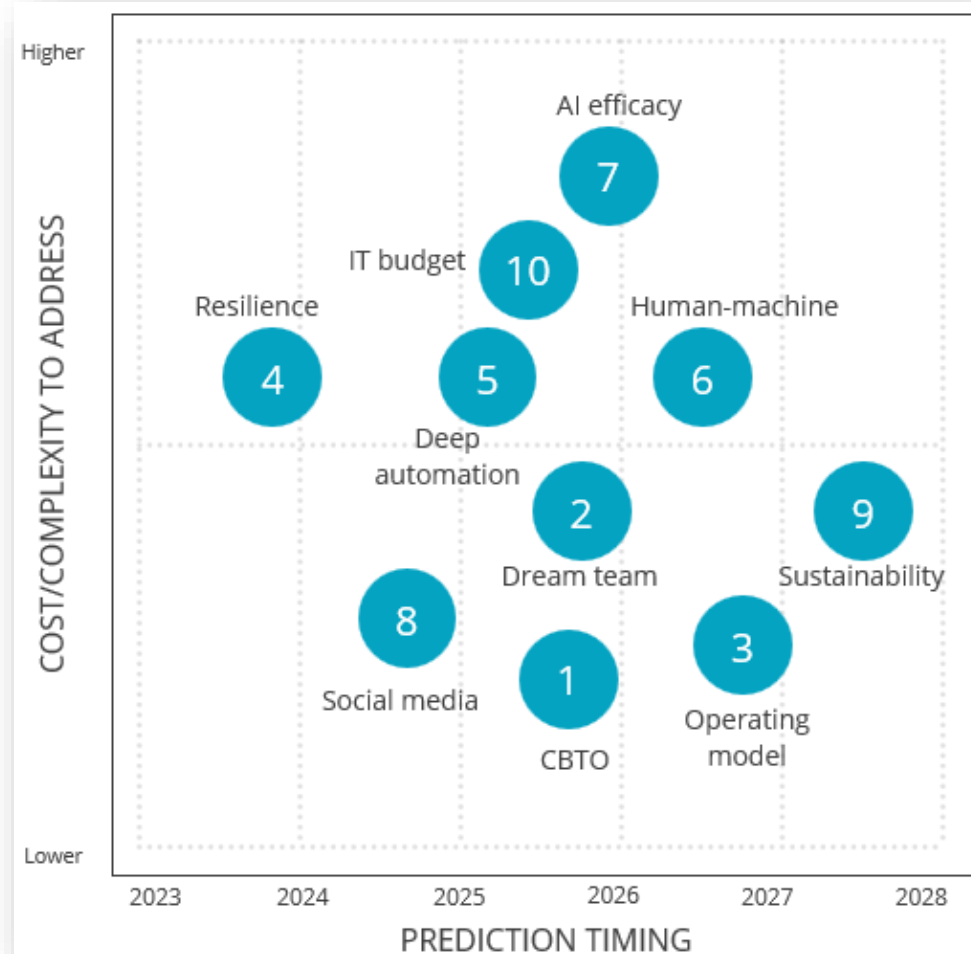
- IDENTIFY OPPORTUNITIES FOR RESKILLING OR UPSKILLING.** In an environment where it is difficult to find the right skills, there is great opportunity to **cultivate the right skills with existing staff who already understand the organizational context**. Not only is this good for minimizing the skills gap, but it can also help reduce the attrition rate because people are more inclined to stay at jobs where they feel valued and are encouraged to seek growth.
- INVEST IN BOTH HUMAN AND TECHNICAL SKILLS.** To run a successful digital business, employees need to be equipped with **both technical skills and human skills**. Staff must be trained to collaborate cross-functionally, think critically, and communicate effectively to develop a resilient organization.
- EXPLOIT AUTOMATION TO ENABLE EMPLOYEES.** By **removing the mundane, detailed, and repetitive tasks from an employee's day-to-day responsibilities, individuals are left to focus on higher-value tasks**. They can drive insight from data, step back and solve problems, initiate cross-functional projects, and deal with exceptions. These practices allow organizations to move beyond reactionary approaches, and they enable employees to proactively manage their workload and dedicate time for strategic thinking that contributes to revenue growth.

“77% of enterprises believe that **rethinking the IT organization** — starting by assessing its adequacy and maturity in a new business environment — is “very important” or the “most important” for their organization”

The Future Landscape



IDC FutureScape: Worldwide CIO Agenda 2023 Prediction



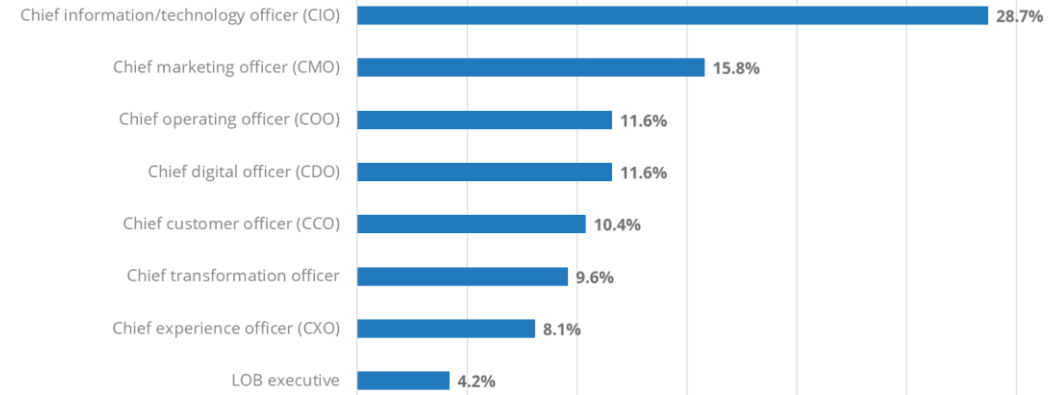
1. Prediction 1: By 2025, 70% of **CIOs will find their roles being challenged by LOB** counterparts who better demonstrate the ability to align technology with the organization's mission and customers.
2. Prediction 2: By 2025, 60% of **CIOs will increase their reach and impact by effectively governing "pervasive IT" spanning LOBs** and ecosystem partners and optimizing services from the best contributors.
3. Prediction 3: To address the increasing volatility of market and customer needs, by 2026, 60% of CIOs will use **operating model design to optimize value stream, agile architecture, and risk management**.
4. Prediction 4: By 2024, 65% of CIOs will actively harness **resilience capabilities as a competitive advantage** to deliver financial, supply chain, ecosystem, and sustainability differentiation.
5. Prediction 5: Through 2025, only 45% of CIOs will achieve a true **intelligent enterprise that blends AI/ML and deep automation with speed and scale to monetize** changing business environments.
6. Prediction 6: To cope with **skills shortages, labor needs, and work** that is beyond human abilities, by 2026, 75% of CIOs will broadly **augment critical systems with embedded intelligence and automated technologies**.
7. Prediction 7: By 2025, 70% of CIOs will rely more on operational **data and information collected on the "edge,"** as businesses look to act on multiple source real-time data for faster decision making.
8. Prediction 8: By 2024, 40% of CIOs will be tasked with **using technology ethically to gain insight into employee experience** and their perceptions of the company's offerings and to enable them to amplify the brand.
9. Prediction 9: Through 2027, 80% of CIOs will provide governance in selecting **"clean" information technology**, holding partners accountable, and managing systems with sustainability metrics.
10. Prediction 10: By 2025, with 40% or more of **IT spending as a service**, use of short duration capex cutting tactics will be constrained, instead requiring lasting **opex resets of 10-30% in software and resources**.

#1 Chief Business Technology Officer (CBTO)

70%

By 2025, 70% of CIOs will find their **ROLES BEING CHALLENGED BY LOB COUNTERPARTS** who better demonstrate the ability to align technology with the organization's mission and customers.

Who primarily leads and executes customer experience (CX)-related initiatives in your organization?



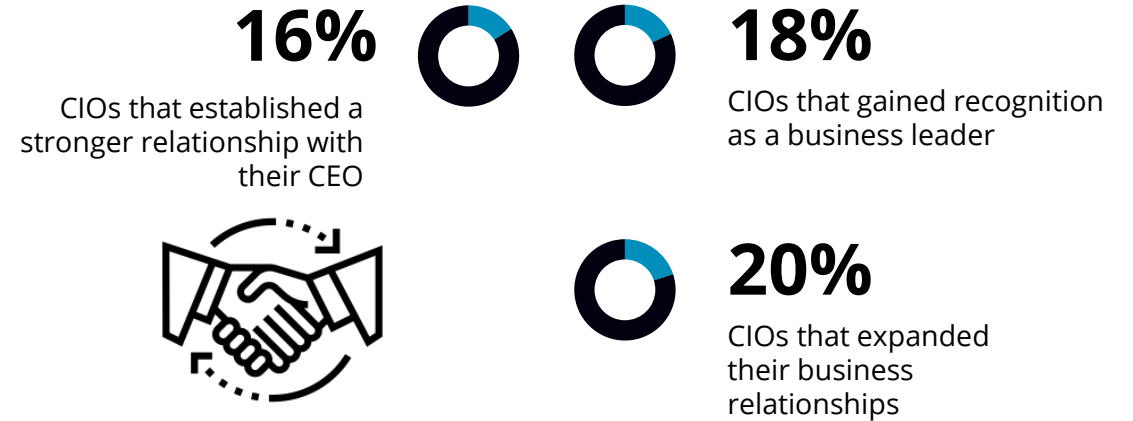
GUIDANCE

- Build stakeholder relationships and leverage business relationship managers (BRMs) to better serve customer-facing organizations.
- Ensure effective business outcomes from IT work with Agile portfolio management and value stream mapping.
- Deliver strategic digital business advice and enablement.

#2 DREAM TEAM

60%

By 2025, 60% of CIOs Will **INCREASE THEIR REACH** and Impact by Effectively Governing "Pervasive IT" Spanning LOBs and Ecosystem Partners and Optimizing Services from the Best Contributors



GUIDANCE

- Adopt a mindset that views IT as services and capabilities delivered by a virtual organization consisting of both human and machine intelligence.
- Use governance practices that are mission and outcome driven, with highly autonomous teams.
- Leverage strategic architectures, guardrails, and centers of excellence (COEs) to keep digital efforts aligned with business needs.

#3 OPERATING MODEL

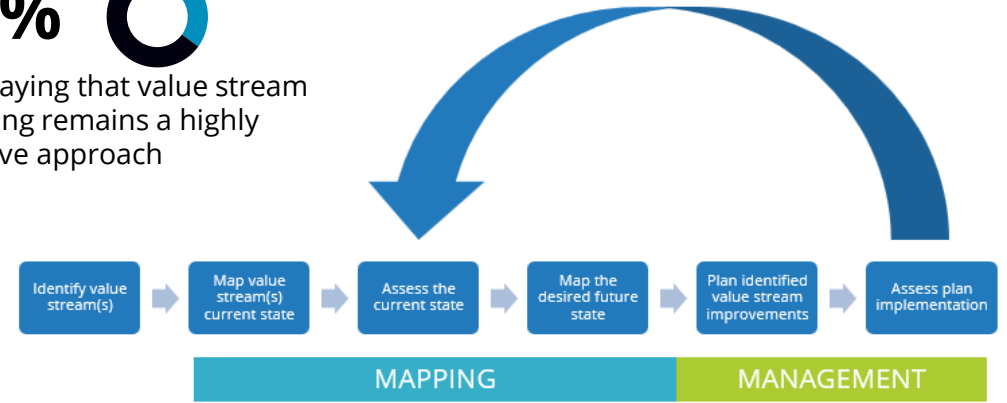
60%

To Address the Increasing Volatility of Market and Customer Needs, by 2026, 60% of CIOs Will Use Operating Model Design to **OPTIMIZE VALUE STREAM, AGILE ARCHITECTURE, AND RISK MANAGEMENT**

35%

CIOs saying that value stream mapping remains a highly effective approach

Steps in Value Stream Management



GUIDANCE

- Operating model design enables IT to create, evolve, and operate the right capabilities as the business pursues new value and market opportunities.
- Agile architecture is table stakes to enable a dynamic IT operating model.
- Leverage risk portfolio management to react to continuous disruption and fast-evolving customer needs.

#6 HUMAN-MACHINE

75%

To **COPE WITH SKILLS SHORTAGES, LABOR NEEDS, AND WORK THAT IS BEYOND HUMAN ABILITIES**, by 2026, 75% of CIOs Will Broadly Augment Critical Systems with Embedded Intelligence and Automated Technologies

53%



Enterprises that have been affected by the "Great Resignation" after COVID-19

43%



Automation will rise sharply to 43% of the workforce productivity by 2026



GUIDANCE


- Identify low-hanging fruit tasks that can be automated using mature technologies.
- Identify high-impact applications for machine intelligence and automation that will require more advanced technology solutions.
- Create road maps that balance ease of implementation, cost, and business impact to set priorities

#9 SUSTAINABILITY

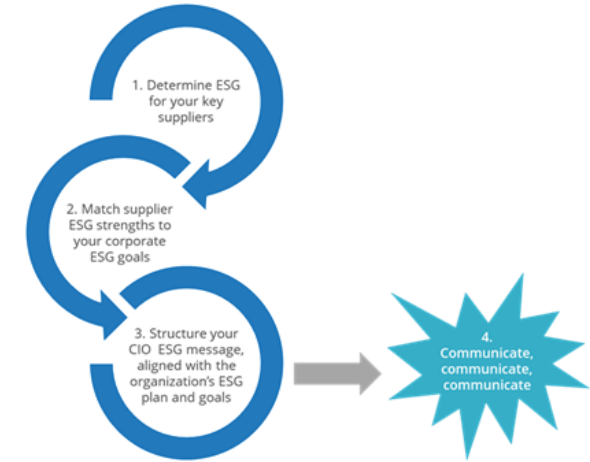
80%

Through 2027, 80% of CIOs Will Provide Governance in Selecting "Clean" Information Technology, Holding Partners Accountable, and Managing Systems with **SUSTAINABILITY METRICS**

The CIO's Road Map for ESG

80% 
Availability is the biggest obstacle to climate risk

58% 
Organizations expecting to increase sustainability /ESG-related spending over the next two years



GUIDANCE

- Determine what sustainability means specific to your organization's technology capabilities.
- Investigate what metrics are needed to measure and monitor systems sustainability in your organization.
- Review and reinforce with your vendors and partners what your expectations are of shared or integrated technology products or services.

#10 IT BUDGET

40%

By 2025, with 40% or More of IT Spending as a Service, Use of Short Duration Capex Cutting Tactics Will be Constrained, Instead Requiring Lasting **OPEX RESETS OF 10-30% IN SOFTWARE AND RESOURCES**

50%



Of CEOs that are very or extremely concerned about the growing expenditures of the cloud



10-30%

of public cloud spend is typically wasteful and can be optimized

High level FinOps Goals



Report



Inform



Optimize



Operate



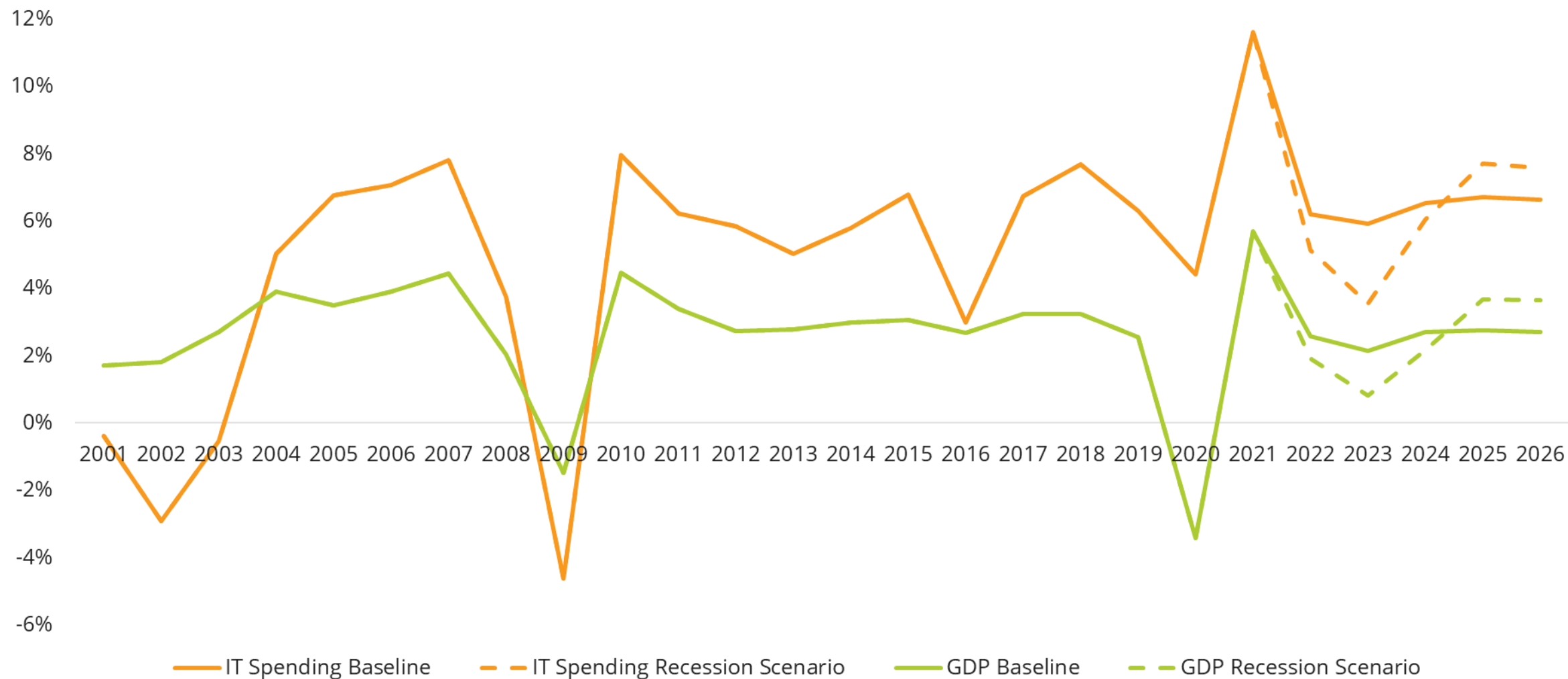
60%

IT departments have adopted FinOps

GUIDANCE

- In the first recession/downturn in an as-a-service economy, a new IT budgeting playbook is needed.
- CIOs must reevaluate cloud contracts and use AI, autonomous operations, and FinOps to reduce their reliance on tech giants, mitigate rising cloud costs, and avoid regulatory risk.
- Streamlining operations and staff and continuously rationalizing/modernizing the apps portfolio are the new imperatives.

IDC Black Book Outlook for IT Spending Recession Scenario: Resilience in the Cloud Economy



Final Recommendations

Near Term

Slice through the Storms of Disruption

Focus on technologies that demonstrate faster time to sustained business value

Mid Term

Scale Digital Business

Ensure automation is on your roadmap to permanently reduce operating costs

Long Term

Anticipate the Big Tech Flips

Mastering the shift to As-a-Service Tech delivery and use will be critical



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