IDC releases 2020 China ICT market predictions to help Future Enterprises navigate digital transformation

Beijing, December 17, 2019- International Data Corporation (IDC) China on December 10th released its China information and communications technology (ICT) market forecasts for 2020 and beyond – providing essential guidance for technology vendors and buyers in formulating digital transformation roadmaps and business objectives to navigate and succeed in the new decade, as the ICT industry evolves at an unprecedented rate.

The report was presented at "IDC FutureScapes: China ICT Market 2020 Predictions" forum at the Regent Hotel in Beijing, China. With its central theme *The Future Enterprise: Hyperscale, Hyperspeed and Hyperconnected*, the forum identified key technologies and scenario prospects for China's ICT market in the next five years.

Over 300 business executives from technology vendors and tech buyers – as well as journalists from more than 20 leading media outlets – explored in the forum how organizations are built with hyperscale capacity, in hyperconnected ecosystems, moving at hyperspeed to become Future Enterprises.

Future Enterprises in the digital economy

Kitty Fok, managing director of IDC China, officially opened the event with her presentation, entitled Future Enterprises in the Digital Economy, noting that the digital economy has entered the fast lane. By 2022, global digital GDP will reach 46 trillion US dollars, accounting for 46% of the total global economic output, with an annual compound growth rate of 36% from 2018 to 2022, she said.

According to Ms. Fok, 2020 will be a critical year in which global political and economic environment would remain volatile. At the same time, China will be closing out its 13th Five Year Plan and transitioning into its 14th Five-Year plan covering the years from 2021 to 2025 and 10-year roadmap through 2030. Meanwhile, digital transformation will enter 2.0 – multiplied innovation powered by ubiquitous artificial intelligence (AI), developer's population explosion, integration of cloud and edge computing, and redefined trust and automated solutions.

Ms. Fok also noted that new Future Enterprises will emerge and become the main players of the digital economy. Customers, capabilities, critical infrastructure, and industry ecosystems will

become the four pillars of enterprise executives. With its Top Ten Predictions 2020 and Future Enterprises series, IDC China is well positioned to collaborate with partners in the era of "Hyper Scale, Speed and Connection" to help them identify business opportunities and drive growth in the digital economy.

Top Ten China ICT Market Predictions---Future Enterprises

Mr. Wu Lianfeng, Vice President and Chief Analyst of IDC China delivered a keynote speech based on the latest global and Chinese economic and technology trends entitled "Top 10 Predictions of China ICT Market-Future Enterprises". Mr. Wu revealed the top ten China ICT market predictions as follows:

Prediction # 1: Digital innovation factories

By 2025, more than half of China's top 500 enterprises will be software producers, more than **90%** applications will be cloud native, 50% of code sourced externally and there will **1.5** times as many developers as today.

Prediction #2: Digital products and services trigger divides.

By 2023, about **50%** of enterprises will ignore market-driven business investment, losing market share to existing competitors and new digital market players who make this kind of investment.

Prediction #3: IT strategy evolves to cope with disruption.

By 2024, the IT strategy of **70%** of digitally advanced organizations will evolve into a hybrid of broad, flexible and self-help digital tools to replace the original "walled garden" of the IT-as-an-enabler model.

Prediction # 4: The role of CIO emerges as a new leader.

By 2023, **40%** of CIOs will be entrepreneurial leaders who will develop their organizations into centers of excellence, planning for enterprise-wide collaboration and innovation.

Prediction# 5: Cross-Industry mashups to drive new revenue stream

By 2025, **30%** of the revenue growth of Chinese enterprises will come from "white space" offerings that combine digital services from previously unlinked industries, and at least **25%** of partners will be from previously unconnected industries.

Prediction #6: Platforms are modernized to build capabilities.

By 2023, **60%** of organizations will aggressively modernize legacy systems through extensive new technology platform investments, driven by escalating cyber threats and the need for new capabilities.

Prediction #7: Inescapable AI deepens the digital divide.

By 2025, at least **80%** of China's new enterprise applications will embed AI. By 2024, more than **50%** of user interface interactions will employ AI-enabled computer vision, speech, natural language processing (NLP) and AR/VR.

Prediction #8: Edge computing and 5G to spur new growth.

By 2023, more than **40%** of China's new enterprise infrastructure deployed will be at the edge rather than corporate data centers, up from less than **10%** today. By 2024, the number of applications at the edge will increase **700%**.

Prediction # 9: Digital trust takes center stage in next-generation businesses.

By 2023, **30%** of China's top 500 enterprises will name a Chief Trust Officer, who will orchestrate trust across security, risk, compliance, privacy and ethical business operations.

Prediction# 10: Digital employees create innovation competitiveness.

By 2021, the new Future of Work (FoW) practice will improve the capabilities and efficiency of digital employees by **30%**, thus improving organizations' productivity and ability to innovate.

To further contextualize the set of predictions for this year, senior analysts from IDC China shared their insights from the perspective of key ICT markets.

Emerging technologies market predictions

Mr. Zhenshan Zhong, Vice President of IDC China analyzed the current market situation and made future forecasts in four of the seven innovation accelerators. In his presentation entitled Emerging technologies for Future Enterprises, he elaborated on AI, Internet of Things (IoT), Next-generation Security, and Blockchain.

Mr. Zhong said that **intelligence** will be gradually embedded into the core business of future enterprises, but will be more constrained by compliance, ethics, and interpretability. In the future, **connection technologies** will further promote the integration of enterprise business and technologies and accelerate the process of service of enterprise products. **Digital trust systems** will become one of the core areas of competitiveness for enterprises.

Enterprise IT market predictions

Thomas Zhou, Associate Vice President of IDC China, focused on three major issues in his keynote speech: what are the current and future impacts of digital transformation on applications and infrastructure; how can the emerging infrastructure and hybrid cloud deployment support digital transformation on the IT platform level; and how can the emerging cloud native

development and business middle platform support digital transformation at the business application level.

Smart Connected Devices market predictions

Antonio Wang, Associate Vice President of IDC China, unveiled the "Top 10 Predictions for China's Smart Connected Devices Market in 2020" in his keynote speech. According to Mr. Wang, China's end consumer market has seen the evolution from 3G to 4G and from PC to smartphone over the past decade. A structural change is imminent in China's end consumer market, with the maturity of panel technology, 10nm processing, growing smart home market, gradual integration of cloud, economic structure, and gradual changes in user characteristics among others.

Mr. Wu concluded that China's digital economy will also enter the fast lane. By 2023, China's digital economy will account for 51.3% of the country's total economic output, with digital products and services comprising the lion's share. Becoming a Future Enterprise is a must to meet challenges and seize business opportunities. Future Enterprises are determined to digitally transform and can adapt to changes in the external environment. Mr. Wu said that with their digital operations scaled up, Future Enterprises typically have an innovation speed at least 10 times greater than that of their traditional counterparts.

As China has grown to become the world's second largest economy, challenges and opportunities coexist with unique characteristics in many aspects. R&D spending continues to increase, a 1+1 strategy is imperative in the field of technology, industry leaders are becoming industry giants, the era of making fast money is evolving into a deep-rooted market, new consumer brands still have the opportunity to rise rapidly, and the value of Token has broad prospects in the future. In order to thrive, Future Enterprises must have insights into the new needs of customers, nurture new capabilities of enterprises, build new IT architectures, and create a new industry ecosystem.

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About IDC FutureScape

IDC FutureScape reports are used to shape IT strategy and planning for the enterprise by providing a basic framework for evaluating IT initiatives in terms of their value to business strategy now and in the foreseeable future. IDC's FutureScapes are comprised of a set of decision imperatives designed to identify a range of pending issues that CIOs and senior technology professionals will confront within the typical three- to five-year business planning cycle.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a subsidiary of IDG, the world's leading technology media, research, and events company. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC

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Figure 1

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IDC is the premier global provider of market intelligence, advisory services, and events for the information technology and telecommunications industries. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. Over 775 IDC analysts in 50 countries provide global, regional, and local expertise on technology and industry opportunities and trends. For more than 40 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. You can learn more about IDC by visiting http://www.idc.com/.

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