



Worldwide Spending on Digital Transformation Will Reach \$2.3 Trillion in 2023, More Than Half of All ICT Spending, According to a New IDC Spending Guide

FRAMINGHAM, Mass., October 28, 2019 – Worldwide spending on the technologies and services that enable the digital transformation (DX) of business practices, products, and organizations is forecast to reach \$2.3 trillion in 2023, according to a new update to the International Data Corporation (IDC) [Worldwide Semiannual Digital Transformation Spending Guide](#). DX spending is expected to steadily expand throughout the 2019-2023 forecast period, achieving a five-year compound annual growth rate of 17.1%.

"We are approaching an important milestone in DX investment with our forecast showing the DX share of total worldwide technology investment hitting 53% in 2023," said [Craig Simpson](#), research manager with IDC's [Customer Insights and Analysis Group](#). "This will be the first time DX technology spending has represented the majority share of total worldwide information and communications technology (ICT) investment in our forecast, which is a significant milestone and reflective of the larger commitment to enterprise-wide digital transformation."

"Worldwide DX technology investments will total more than \$7.4 trillion over the next four years," said [Eileen Smith](#), program vice president with IDC's [Customer Insights and Analysis Group](#). "Industries have achieved varying levels of maturity to date and continue to pursue their DX objectives. The financial services sector will see the fastest overall growth with the banking, insurance, and security and investment services industries each delivering CAGRs of more than 19% over the forecast period. The distribution and services sector which includes industries like retail and professional services will also outpace the overall market with an 18.0% CAGR while public sector spending growth will match the overall market at 17.1%."

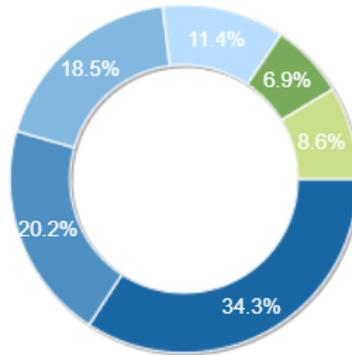
Discrete and process manufacturing will deliver the largest DX spending amounts throughout the forecast, accounting for nearly 30% of the worldwide total. The leading DX use cases – discretely funded efforts that support a program objective – in these industries are autonomic operations, robotic manufacturing, and root cause. Retail will be the third largest industry for DX spending with omni-channel commerce platforms and omni-channel order orchestration and fulfillment the leading DX use cases. Professional services and transportation will be close behind retail in terms of overall DX spending. The top DX use cases for these two industries are intelligent building energy management and freight management, respectively.

Of the 219 DX use cases identified by IDC, three will see the largest investment amounts throughout the forecast. Autonomic operations will be the largest use case in 2019 but will be overtaken by robotic manufacturing, which will more than double in size by 2023. The third largest use case will be freight management, followed by root cause, self-healing assets and automated maintenance, and 360-degree customer and client management. The use cases that will see the fastest spending growth will be virtualized labs (109.5% CAGR), digital visualization (49.9% CAGR) and mining operations assistance (41.6% CAGR).

"In the current competitive business world, digital transformation is the topmost strategic priority for every organization. Nevertheless, the concept is confusing and intricate. Digital transformation involves managing the existing business and building for the future at the same time, something like changing the engine of the plane while in flight," said [Ashutosh Bisht](#), senior research manager for IDC's [Customer Insights & Analysis Group](#). "Enterprises across Asia/Pacific are adopting emerging technologies to enhance their operational excellence and connect more efficiently with their customers."

The United States will be the largest geographic market for DX spending, delivering roughly one third of the worldwide total throughout the forecast. The U.S. industries that will lead the way are discrete manufacturing, professional services, transportation, and process manufacturing. Western Europe will be the second largest geographic market in 2019, followed closely by China, which is forecast to move into the number 2 position by the end of the forecast. The leading industries in Western Europe will be discrete manufacturing, retail, and professional services. In China, DX spending will be led by discrete manufacturing and process manufacturing. In all three regions, the top DX spending priorities will be smart manufacturing and digital supply chain optimization.

Figure 1



Source: IDC Worldwide Semiannual Digital Transformation Spending Guide - Use Case Forecast 2018H2

The [Worldwide Semiannual Digital Transformation Spending Guide](#) quantifies enterprise spending for 219 DX use cases and 12 technology categories across 19 industries and nine geographies. The guide provides spending data for 31 DX strategic priorities and 68 programs as well as technology spending by deployment type (cloud, non-cloud/other). Unlike any other research in the industry, the DX Spending Guide was designed to help business and IT decision makers to better understand the scope and direction of investments in digital transformation over the next five years.

About IDC Spending Guides

IDC's Spending Guides provide a granular view of key technology markets from a regional, vertical industry, use case, buyer, and technology perspective. The spending guides are delivered via pivot table format or custom query tool, allowing the user to easily extract meaningful information about each market by viewing data trends and relationships.

For more information about IDC's Spending Guides, please contact Monika Kumar at mkumar@idc.com.

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For more information contact:

Eileen Smith
esmith@idc.com
508-238-0190
Michael Shirer
press@idc.com
508-935-4200