

New IDC Spending Guide Shows Continued Growth for Digital Transformation in 2020, Despite the Challenges Presented by the COVID-19 Pandemic

FRAMINGHAM, Mass., May 20, 2020 – A new update to the International Data Corporation (IDC) [Worldwide Digital Transformation Spending Guide](#) shows that spending on the digital transformation (DX) of business practices, products, and organizations will continue at a solid pace despite the challenges presented by the COVID-19 pandemic. Global spending on DX technologies and services is forecast to grow 10.4% in 2020 to \$1.3 trillion. While this is notably slower than the 17.9% growth in 2019, it remains one of the few bright spots in a year characterized by dramatic reductions in overall technology spending.

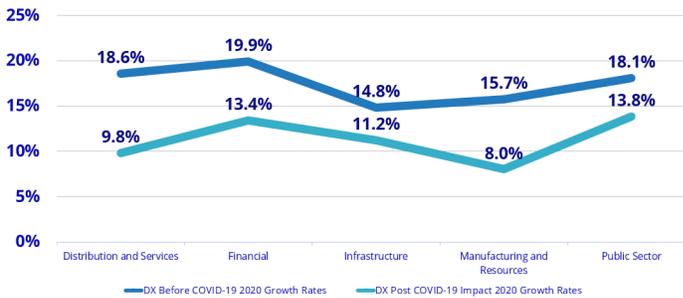
"COVID-19 has upended the global economy, with direct negative implications on the way businesses invest in IT," said [Craig Simpson](#), senior research manager with IDC's [Customer Insights and Analysis Group](#). "DX technology investment has not gone unscathed, but so far it has been affected to a lesser extent since many large-scale DX projects underway or planned are instrumental to broader strategic business initiatives. Compared to IDC's pre-COVID-19 forecast, the five-year growth rate for DX spending has declined by less than two percentage points."

The industries that will see the slowest year-over-year growth in DX spending are the ones experiencing the greatest impact from the economic downturn caused by the pandemic. Personal and consumer services, which includes hotels, theme parks, casinos, and movie theaters, will only see an increase of 5.3% in its DX spending this year, down from 18.4% growth in 2019. Similarly, discrete manufacturing, the industry with the largest DX spending amount, will only grow 6.6% this year, down from 14.5% growth in 2019. The industries expected to see the strongest growth in DX spending in 2020 are construction (16.3%) and healthcare

(15.7%), both of which will see spending grow more slowly than last year.

Figure 1

WW DX By Sector: Before and After COVID-19 Impact



Source: IDC Worldwide Digital Transformation Spending Guide - Use Case Forecast 2020 | Apr (V1 2020)

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“COVID-19 has wiped off almost \$500 billion of worldwide DX technology investment between 2020-2023 from our pre-COVID-19 forecast,” added [Eileen Smith](#), program vice president with IDC's [Customer Insights and Analysis Group](#). “Yet despite these losses, pockets of growth opportunities exist across most industries when diving deep into specific use cases that solve specific business problems. A few examples include RPA-based claims processing in insurance, digital visualization in education, omnichannel commerce platforms in telecommunications, and clinical trial operational excellence in process manufacturing.”

The DX use cases – discretely funded efforts that support a particular program objective – that will receive the most spending this year include autonomic

operations (\$51 billion), robotics manufacturing (\$47 billion), and root cause (\$35 billion), all of which will be driven by the manufacturing sector. The DX use cases that will see the greatest year-over-year growth in spending are virtualized labs and digital visualization in the education sector, robotic process automation-based claims processing in insurance, and augmented design management in the professional services industry. Of the 278 DX use cases identified in the DX Spending Guide, only nine will see a decline in spending this year.

The United States will remain the largest geographic market for DX spending, delivering roughly one third of the worldwide total in 2020. Western Europe will be the second largest region for DX spending, following closely by China. These two regions will also deliver the strongest year-over-year growth in DX spending at 13.6% for China and 12.8% for Western Europe.

The [Worldwide Digital Transformation Spending Guide](#) quantifies enterprise spending for 278 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). This version (V1 2020) of the IDC

Worldwide Digital Transformation Spending Guide provides updated estimates for the impact of COVID-19 across all technology markets as of April 28, 2020.

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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