NEEDHAM, Mass., September 16, 2021 – The enterprise applications market continued to grow in 2020 as organizations accelerated their digital transformation efforts in response to the business disruptions caused by the COVID-19 pandemic. According to a new report from International Data Corporation (IDC), the enterprise applications market grew 4.1% year over year in 2020 with worldwide revenues reaching $241 billion. The top 5 enterprise application vendors in 2020 were SAP, Salesforce, Oracle, Intuit, and Microsoft, which together accounted for 22.8% of worldwide revenues.

Digital resiliency, the ability for an organization to rapidly adapt to business disruptions by leveraging digital capabilities to not only restore business operations but also capitalize on changed conditions, became a focal point for organizations in 2020. As the core technology systems that most organizations use to conduct business, enterprise applications are critical to both an organization's resiliency and its digital-first strategy.

"Digital resiliency is a requirement in the digital-first world. Rapidly adapting to a business disruption requires a business to leverage its digital capabilities within its enterprise application portfolio. Modular, intelligent applications are helping the organization leverage the data and gain insights to better maneuver the organization so it can remain resilient and capitalize on the changed conditions," said Mickey North Rizza, program vice president, Enterprise Applications and Digital Commerce at IDC.

IDC forecasts worldwide revenues for the enterprise applications market will be nearly $334 billion in 2025 as organizations revamp their applications portfolios to
deliver the digital resiliency and flexibility needed to thrive in the digital economy. This will be a gradual process as organizations evaluate their current portfolios, and the many customizations across these applications, and map out a transformation strategy. Demand for public cloud-based enterprise applications is expected to produce a five-year compound annual growth rate (CAGR) of 13.6%, surpassing the 6.7% CAGR for the overall market and overtaking on-premises software in the next several years.

The enterprise applications market is comprised of the following secondary markets: enterprise resource management (ERM), customer relationship management (CRM), engineering applications, supply chain management (SCM), and production applications. Each of these secondary markets consists of multiple functional markets.

IDC’s software market sizing and forecasts are presented in terms of commercial software revenue. The term commercial software is used to distinguish commercially available software from custom software. Commercial software revenue typically includes fees for initial and continued right-to-use commercial software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable
from the right-to-use license fee structure, or this support may be priced separately. Upgrades may be included in the continuing right of use or may be priced separately. Commercial software revenue excludes service revenue derived from training, consulting, and systems integration that is separate (or unbundled) from the right-to-use license but does include the implicit value of software included in a service that offers software functionality by a different pricing scheme.

The IDC report, Worldwide Enterprise Applications Software Forecast, 2021-2025: A Digital-First World Requires Next-Generation Applications (IDC #US47983921), provides IDC's five-year forecast for the enterprise applications software market. The report also provides a forecast for enterprise applications revenue by deployment type (public cloud vs. on premise) and geographic region.

The report, Worldwide Enterprise Applications Market Shares, 2020: Next-Generation Applications Shaping the Market (IDC #US47983821), reviews shares for the enterprise applications market, which continued to grow in 2020, despite the pandemic. The report provides worldwide revenue, market share, and year-over-year growth for more than 400 enterprise application vendors. The report
also provides a breakdown of enterprise applications revenue by geographic region and deployment type (public cloud vs. on premise).

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, IT benchmarking and sourcing, 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 wholly owned subsidiary of International Data Group (IDG), the world's leading tech media, data, and marketing services company. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC and LinkedIn. Subscribe to the IDC Blog for industry news and insights.

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