

A decorative graphic on the left side of the slide, featuring five horizontal, overlapping, rounded rectangular shapes. Each shape contains a vibrant, abstract pattern of purple, blue, and orange lines, resembling a stylized representation of data or a futuristic landscape.

**IDC Directions India 2024**

# Navigating the AI Revolution: Disruptive Trends in IT Market

A State of the IT Market Update for Technology Budgets in 2024/2025

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## About the Excerpt

This is an excerpt of the Analyst Presentation by Vinay Gupta, Senior Research Director, Data & Analytics, IDC Asia Pacific Japan ex China at the IDC Directions India 2024 event held in Bengaluru on 12 June 2024.

# The Hyperactive Global Economy (I)



Manufacturing capacity investment



Banking and financial system risks, debt



Monetary policy easing, lower interest rates



Exchange rate instability and volatility



AI gold rush and geopolitical competition



Deglobalization and trade wars



"Year of Elections", growth of populism



Wars in Ukraine and Israel, tension in Taiwan



Supply chain changes and diversification



Volatile stock markets and business confidence



# The Hyperactive Global Economy (II)

## Recession Risk: Moderate (20%)

**US** economy resilient but entering slowdown phase while wage inflation remains sticky; risk of delays to interest rate cuts in 2H24

**Europe** expected to gradually improve this year, but risks include Ukraine war, energy costs, debt levels

**China** will hit 5% GDP target this year, driven by exports and policy moves

**Latin America** benefiting from inward investment and expected rate cuts, but exchange rate volatility is a near-term downside risk

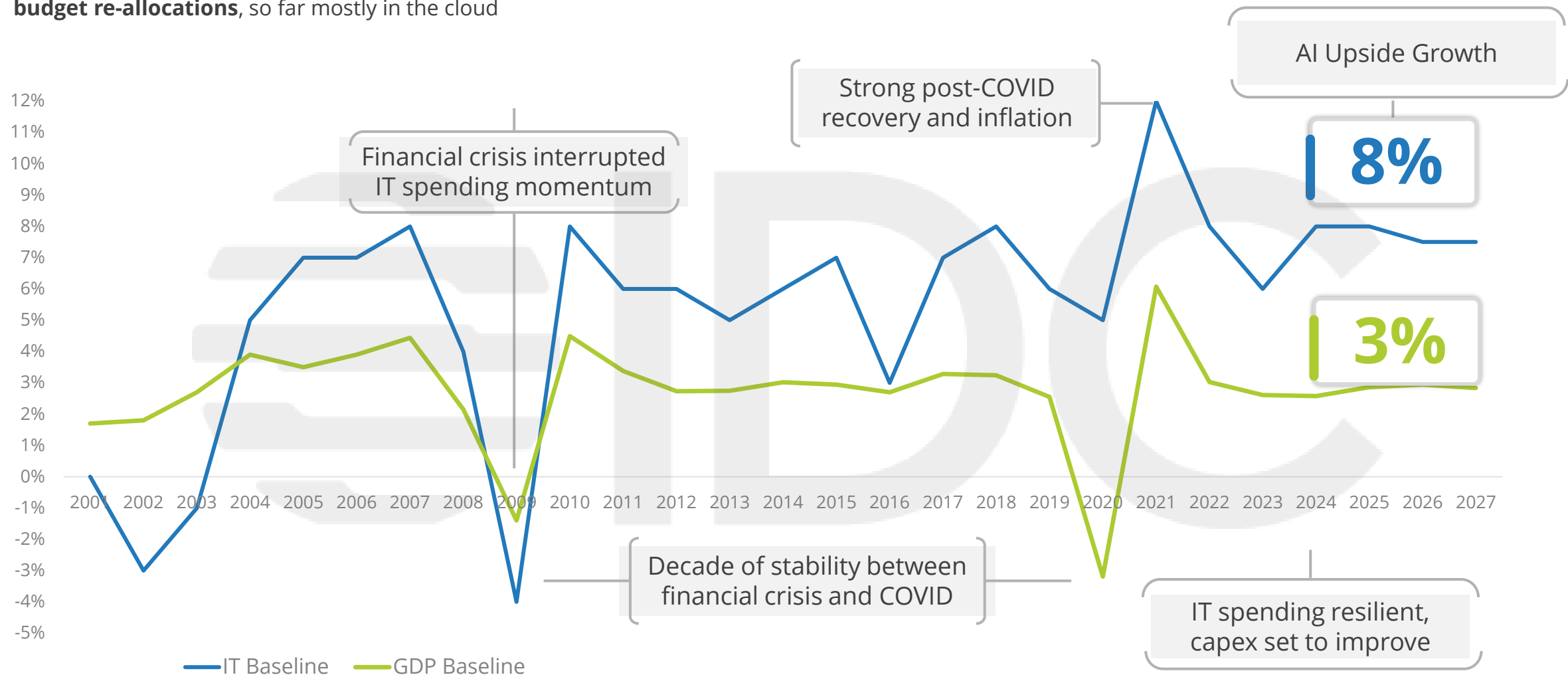
Geopolitical risks in **MEA** will persist, inward investment is key to growth

**Japan** growth supported by anti-deflationary policy and manufacturing investment

**Asia Pacific** region will benefit from China and US investments, but delayed interest rate reductions are a downside risk

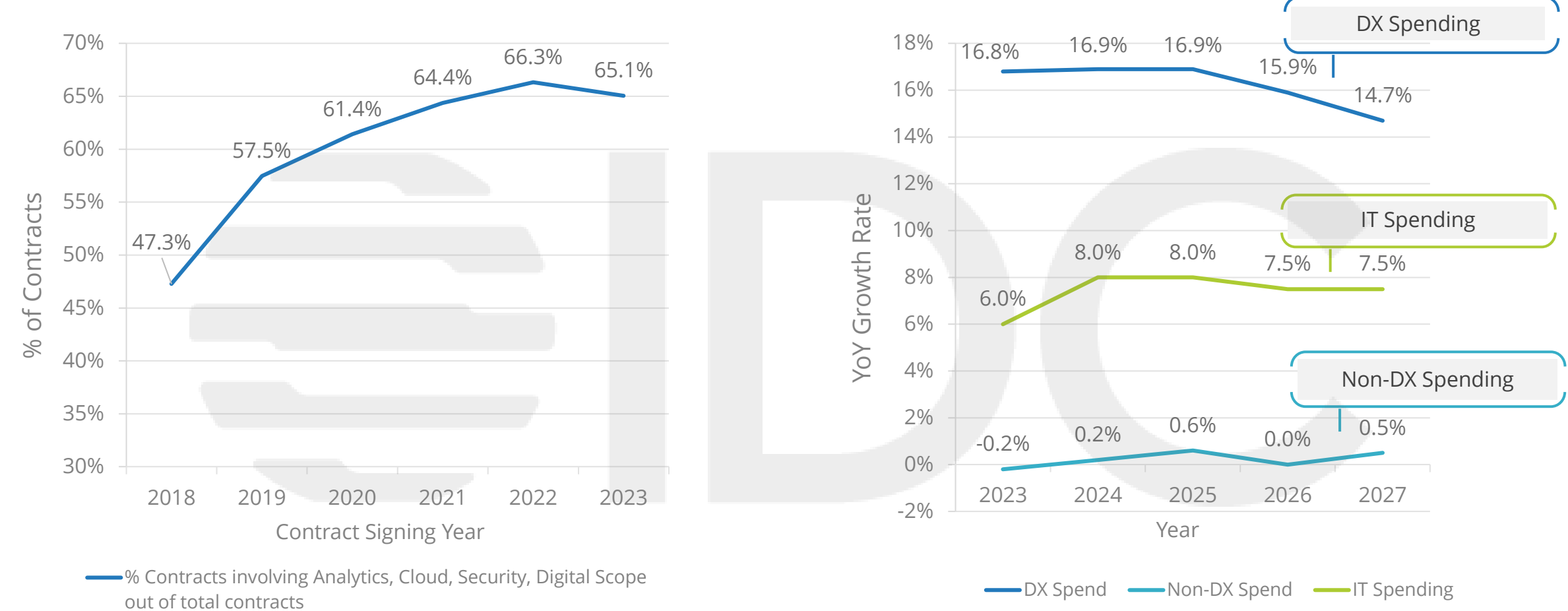
# Worldwide IT Spending Remains Resilient (YoY annual growth)

In 2024 we believe we are starting to get a picture of what a post COVID world looks like. Gen-AI gold rush is driving **some new IT spending and budget re-allocations**, so far mostly in the cloud



# Increasing Proportion of Deals with Scope Involving DX Indicating Growing Importance in the Current Turbulent Scenario

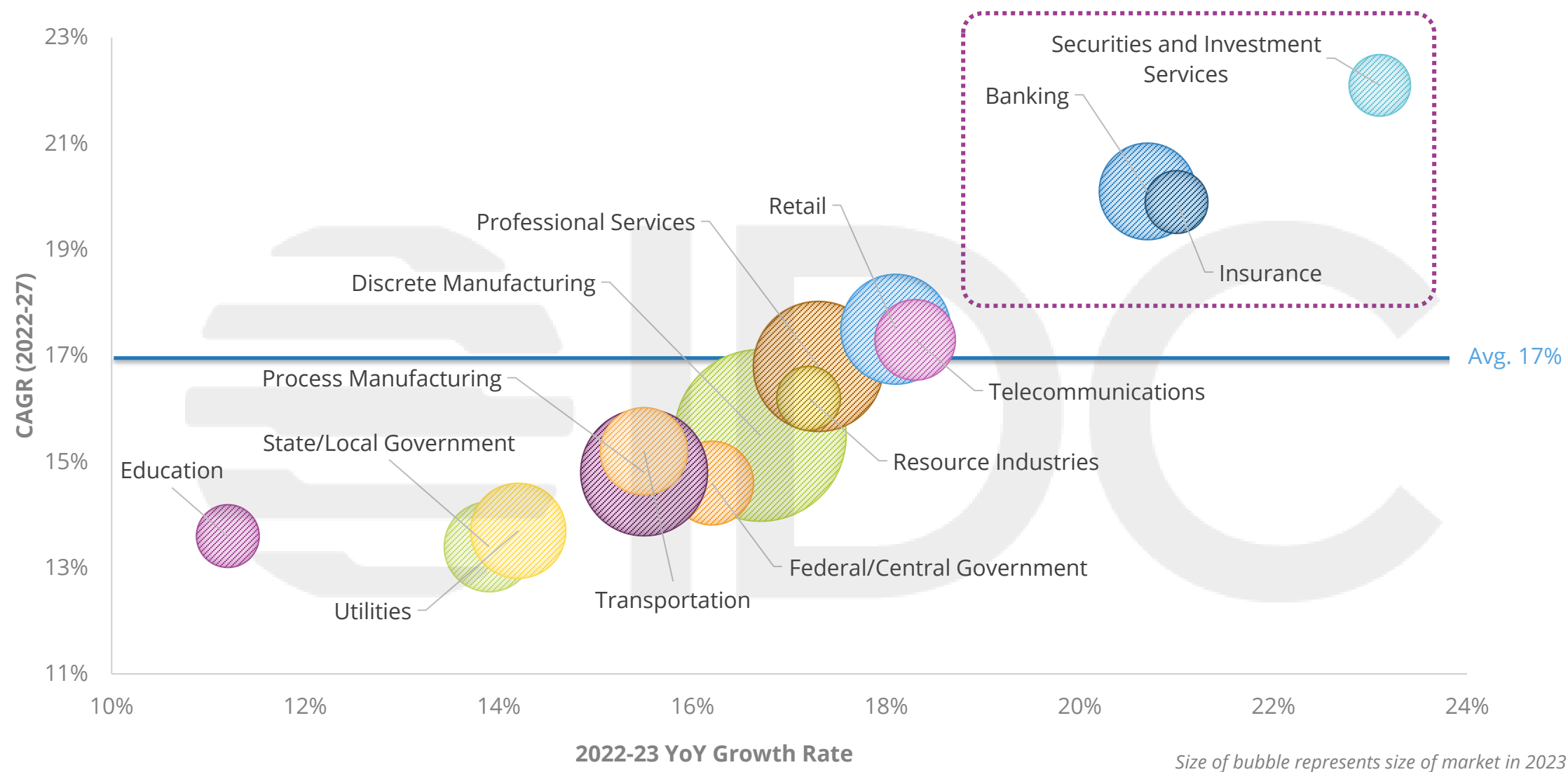
A very interesting trend we are starting to see is that while the **total number of contracts have started to come down post reaching a peak in 2021**, the quality of spending is more toward DX led agenda. We are starting to see a lot more heaviness towards that end.



Source: IDC Services Contract Database May 2024 (\*YTD), Signing region WW, 2018-2024 signing year, contracts with scope involving DX components- analytics, cloud, security, digital, IoT, Blockchain.

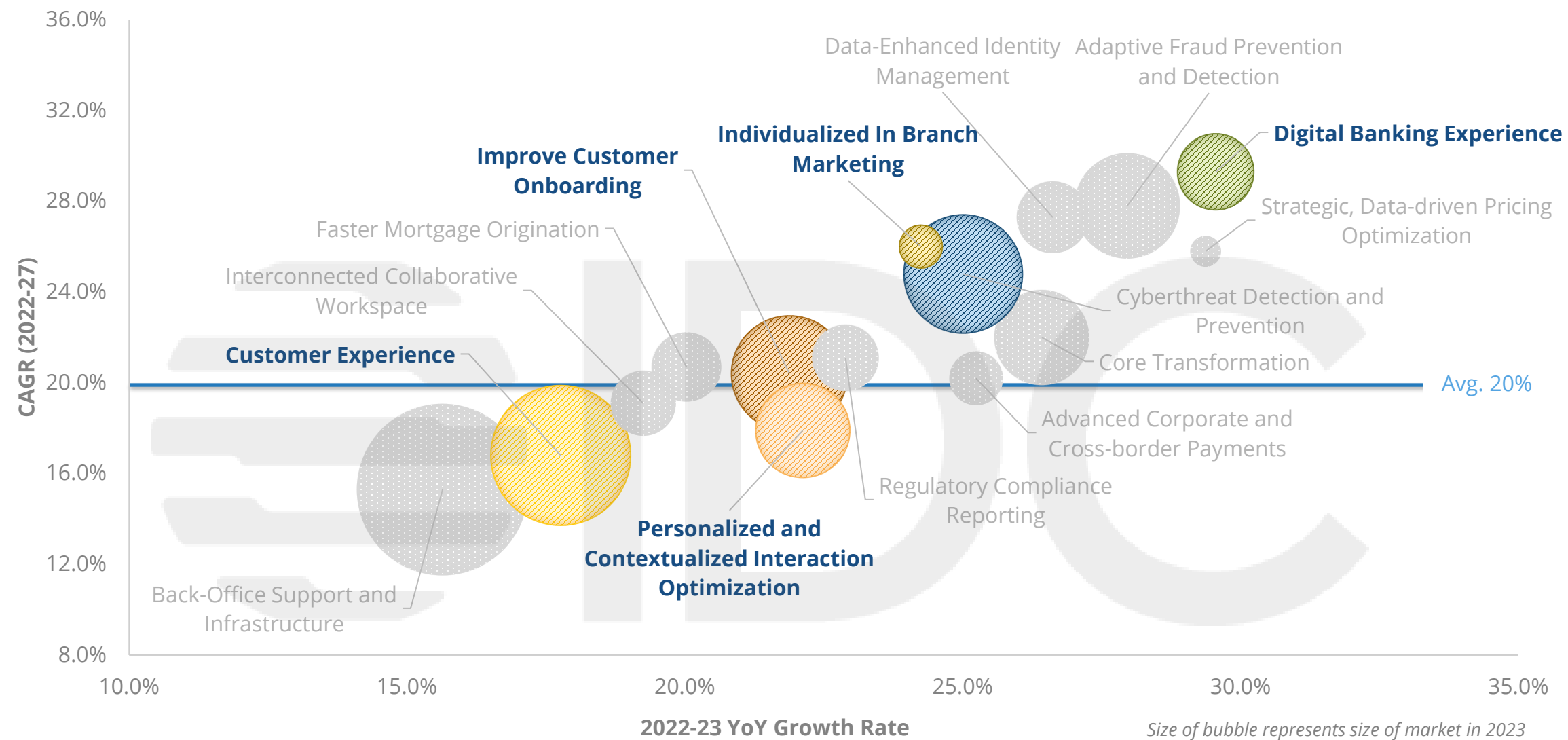
Source: Worldwide Digital Transformation Spending Guide, Apr (V1, 2024)

# Globally Financial Services Still Lead DX Spending Given Focus on Customer Experience While Managing Cost



# Banking - Hyper-personalization and Antifraud Initiatives Lead

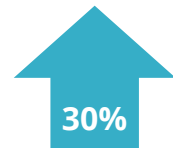
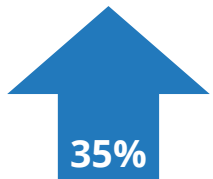
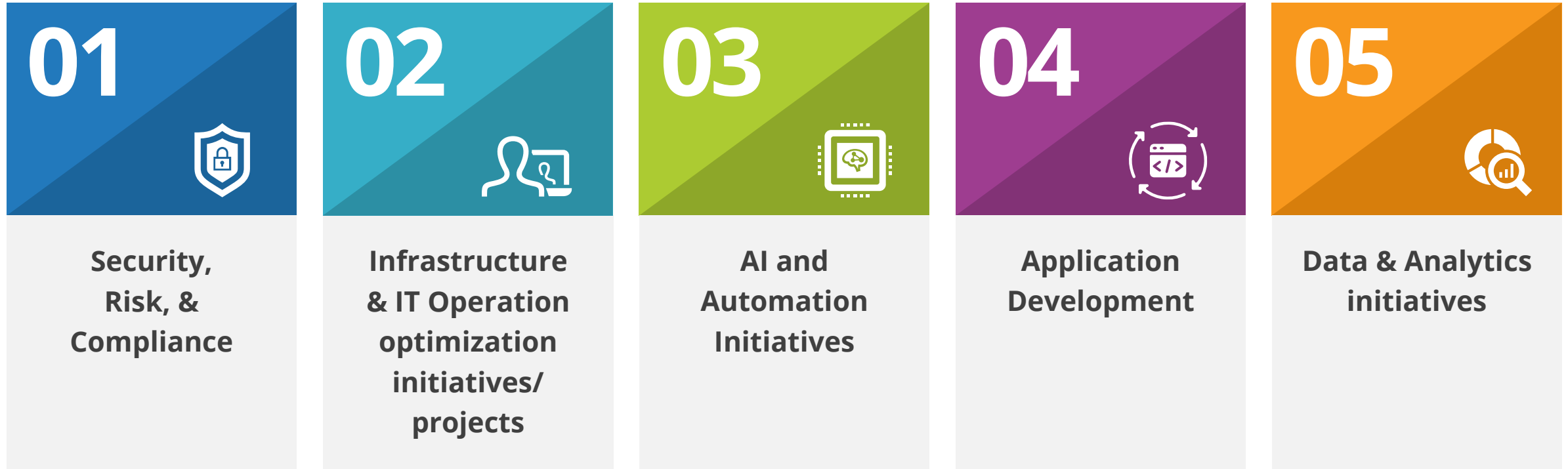
Banks have their own set of challenges – hyper-personalization, running anti-fraud initiatives, increase operational efficiency, credit risk management and obviously compliance reporting – which drives the tech spend to address these business needs.





# Strategic Investment Priorities

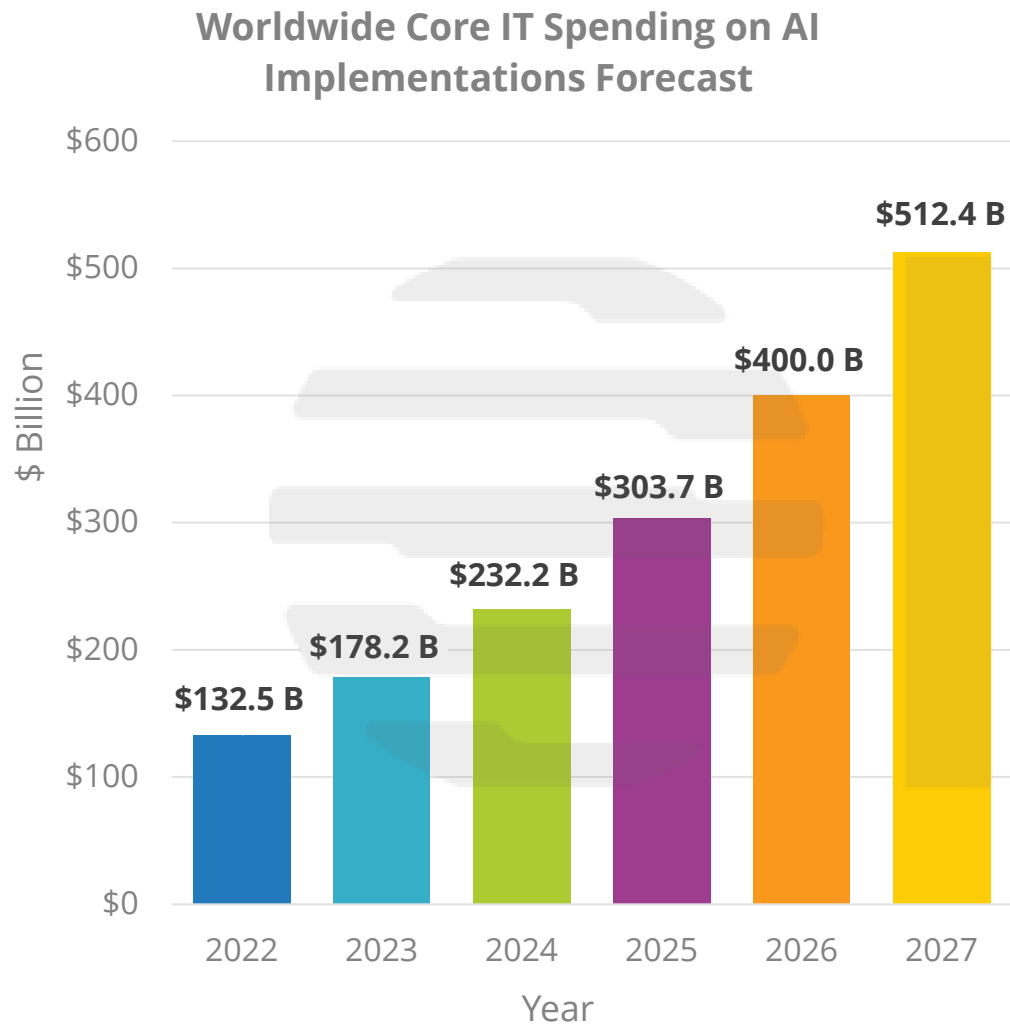
Which of the following are immune to budget reduction regardless of the economic environment?



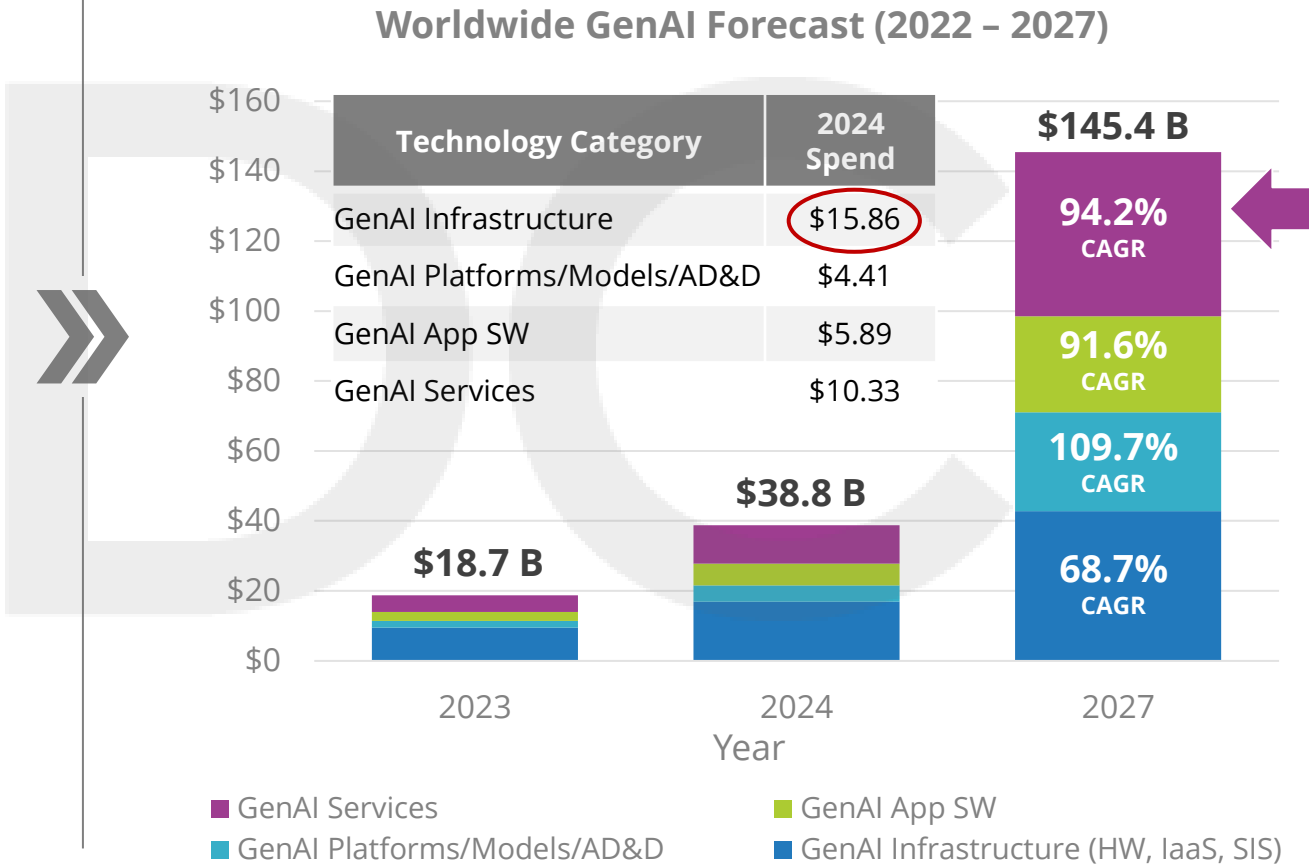
Areas of greatest GenAI driven budget Increases

# WW AI Spend Will Exceed \$512B by 2027: More than Doubling the 2024 Market Size

With Services offering a bigger chunk of opportunity. *spending on GenAI-related services will involve standalone projects specific to GenAI initiatives* and the incorporation of GenAI functionality into general business, IT, OT, and other initiatives.

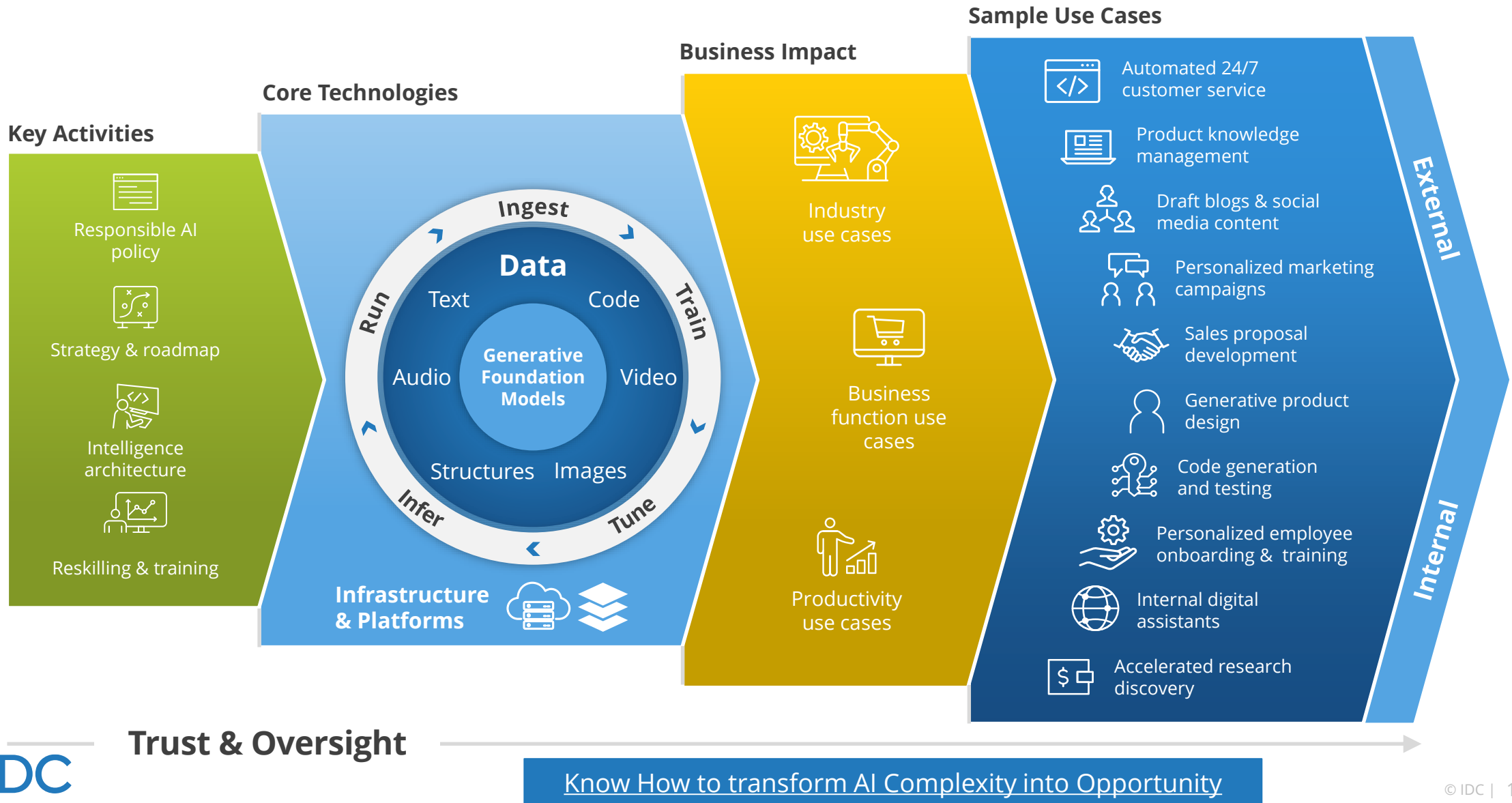


By 2027, Generative AI Represents 28% of the Broader AI Market

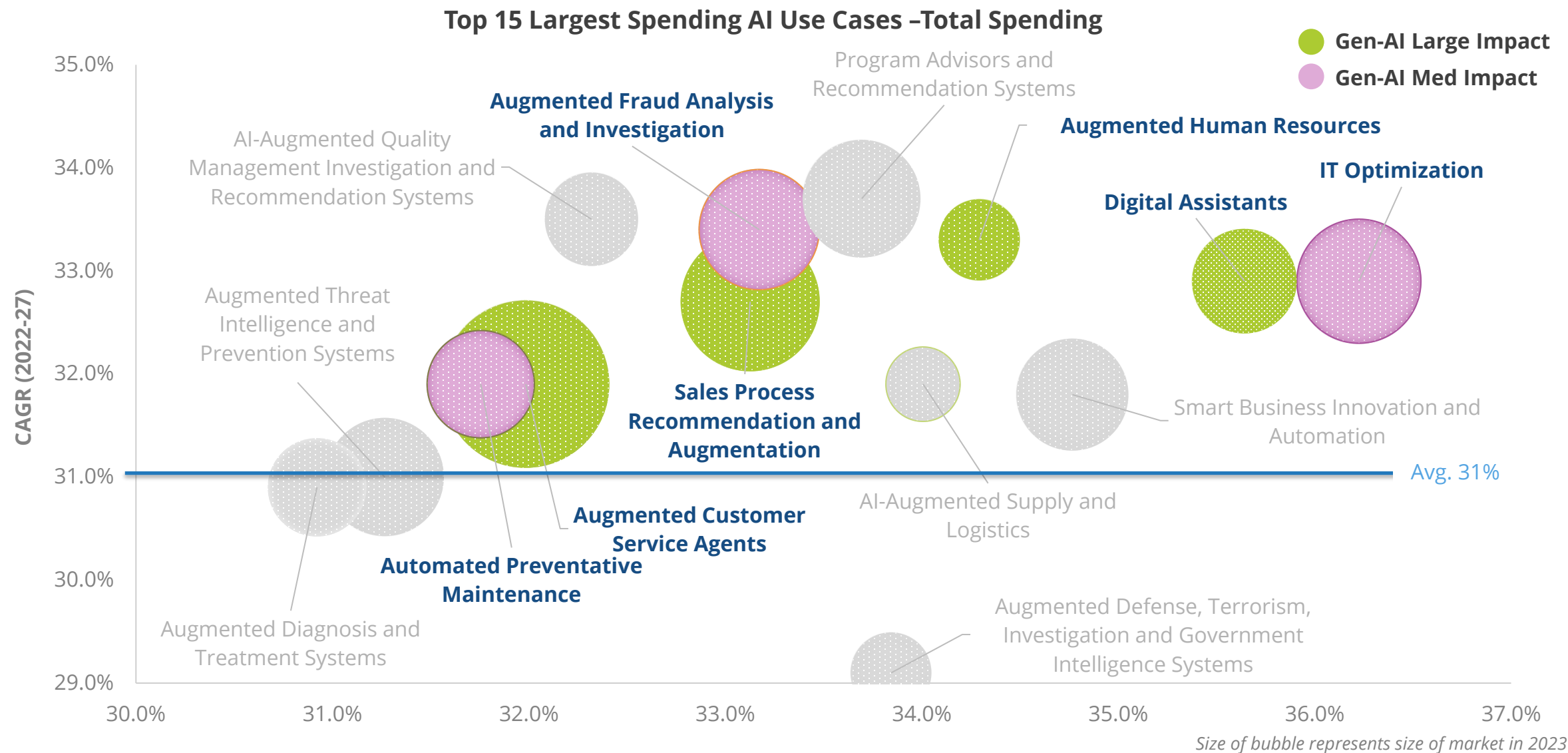


# Generative AI: The Path to Impact

IDC The Path to Impact framework guides that Vendors must quickly understand how different GenAI/AI use cases align with different architectures and requirements and what enabling role they need to play to make money. So a use case centric approach is needed.



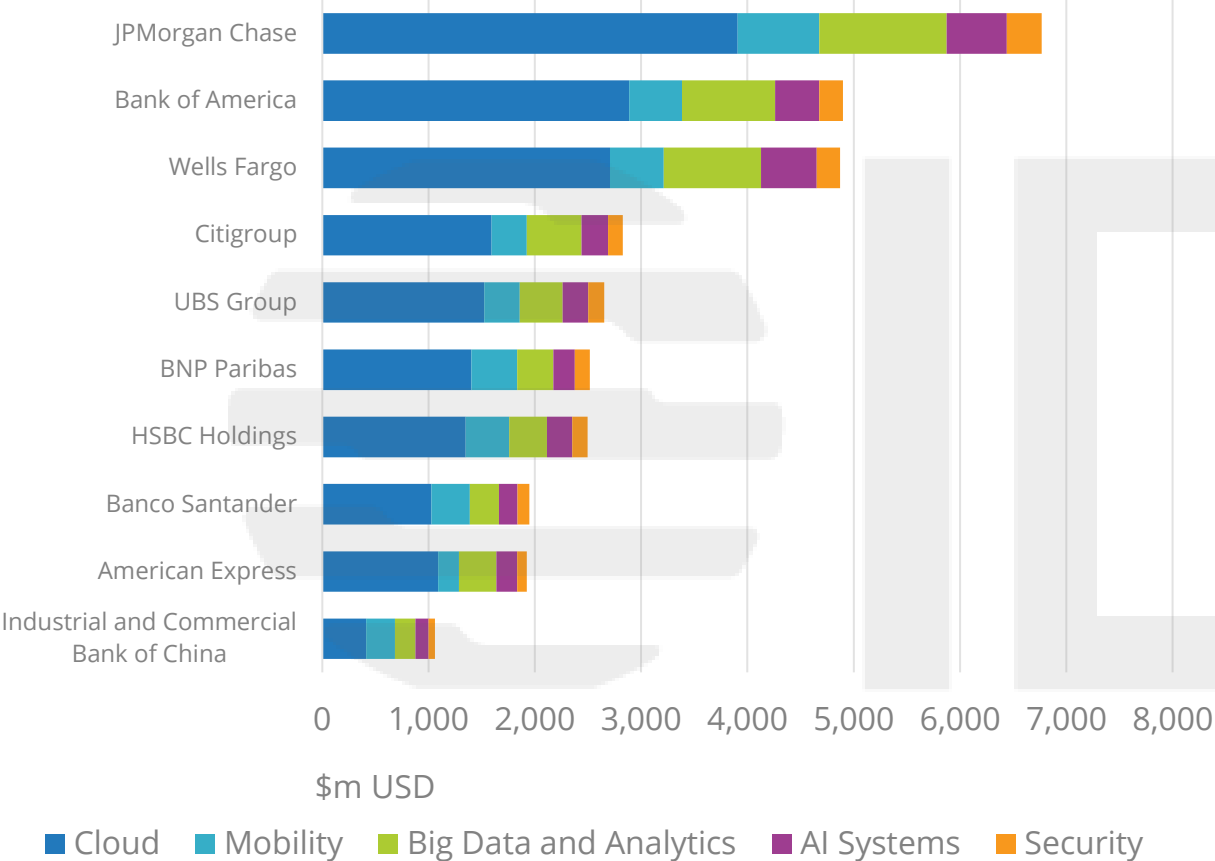
# Focus on Use Cases: Business Function & Workforce Efficiency





# Banking - Largest Tech Vendors Winning Share in Largest Organizations

Global Top 10 3<sup>rd</sup> Platform Spenders - Banking



Largest Tech Providers by Select Account  
(Share of Wallet by Overall Tech Spend Worldwide)

JPMorgan	Bank of America	Wells Fargo
Microsoft (5.2%)	Microsoft (7.9%)	Microsoft (4.7%)
IBM (3.2%)	Oracle (3.9%)	IBM (3.7%)
Amazon (2.7%)	IBM (3.3%)	Oracle (3.1%)
Oracle (2.1%)	Infosys (2.6%)	Google (2.6%)
TCS (1.9%)	FIS (2.3%)	FIS (1.7%)

IDC estimates; Based on analysis of over 100 vendors;  
By total technology spend across hardware, software and services

Source: IDC's Worldwide Wallet: Spend by Tech Provider, May 2024



# Summary and Conclusions

**1**


Target With Clear Use Case in Focus

**2**

Monitor IT budget indicators every month for re-allocations

**3**

Analyze wallet share and competition within target account



**Plan, Target, and Execute** your most critical initiatives confidently, leveraging IDC's unmatched global data set

Develop a detailed TAM



Pinpoint opportunities by industry or use case



Evaluate the competitive landscape



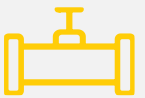
Optimize your partner network



Define your customer targets



Build a strong sales pipeline





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