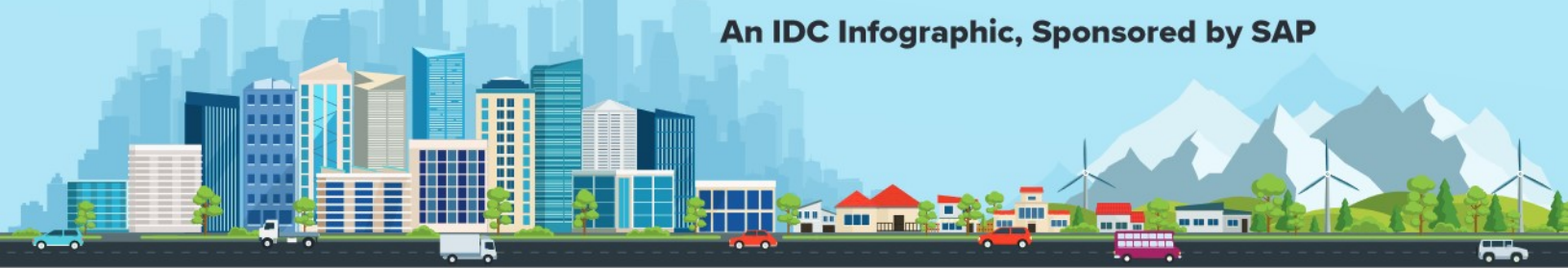


THE ROARING 2020s

Six Trends Impacting Midsize Companies in the Next Decade

An IDC Infographic, Sponsored by SAP



Innovations and disruptions are expected to accelerate in the coming decade. Adopting the right technology will mean the difference between surviving and thriving for midsize companies.

Re-think Business Models to Meet Customer Expectations

Customer expectations are being set higher by thriving companies that disrupt markets.

Previous levels of customer service are no longer good enough.



New business, operational, and organizational models are required to meet continually growing consumer expectations.

Midsize companies are starting down the path of modelling their business on customer-centric experiences.

IDC PREDICTS THAT BY 2024,

15%

will adopt experience-centric models

40%

will be starting on the path

45%

will be in wait-and-see mode



Experience-centric models are those that use data, automation, and AI to sense customer and prospect needs and deliver the right experience at the right time.

Businesses must prioritize delivering the best possible customer experience, ensuring they have the right tools, skillsets and technology partners to meet and exceed those expectations, which will be key to retaining/growing market share.

Get Digital or Be Disrupted

Midsized companies that align their long-term business goals to their digital transformation strategy are

2X MORE LIKELY

to report double-digit revenue growth

AND 4X LESS LIKELY

to report a revenue decline



24.9% of digital leaders agree that support for transformation innovation is a key criterion when prioritizing technology investments

Only 10.2% of digitally lagging midsize companies consider support for innovation as an important criterion for technology investment.

IDC PREDICTS THAT BY 2023,

50% OF MIDSIZED COMPANIES

will report that transacting and communicating digitally is a critical priority. This includes not only eCommerce, but also connected supply chains and goods sourcing.



Businesses must make investments in technology and related skillsets. And they should look to technology to provide not only quick wins in productivity and efficiency, but also innovation capabilities.

Platform Technology Will Redefine How Quickly Businesses Scale

Platforms—technologies on which you can build applications, processes, and systems—are increasingly important as businesses look to expand



and systems — are increasingly important as businesses look to expand the usage, capabilities, and connectedness of their technology solutions. Platforms simplify the adoption of software and can be used to support an integrated technology ecosystem (rather than single-use applications) to drive business growth more effectively.



How businesses are using platforms:

Smaller Companies

Smaller companies benefit from platforms, which make it easier to deploy and use technology, as many of these businesses have no full-time IT staff (for example, in the U.S. only 39.2% have at least one full-time IT person).³



Midsize Companies

While midsize companies have more robust IT departments, many companies want to use in-house technology resources more strategically than managing and developing individual applications, which requires specific, one-time-use skillsets.

IDC PREDICTS THAT MORE THAN 25% OF MIDSIZE COMPANIES

will prioritize building a connected ecosystem of platform providers to accelerate digitization using service providers and integrators to augment existing in-house capabilities.³



Technology consulting and services firms will serve as strategic partners to help midsize companies unlock the transformative value of emerging technologies such as AI and robotic process automation.

Businesses That Maximize Data Value Will Adapt and Transform Faster

Data and intelligence have the potential to create unimaginable value in the areas of customer service, marketing and sales targeting, product development and management.

For example, real-time data from mobile, wearables, and other internet-enabled devices — combined with historical data, enterprise systems, and global information — will make it simpler than ever to sense customer activity to improve customer experience and product innovations.



10% ANNUAL INCREASE

in midsize company use of AI and analytics — nearly double the rate of SMB IT spending overall.³

Businesses that want to transform and use innovative technologies such as AI and RPA need to make sure that the underlying data is accurate and timely.

Support Your Workforce with Data and Technology



Key workplace trends:

- Work culture will be more collaborative, requiring technology to support information sharing.
- The workforce will be a combination of people and machines working together, with machines helping to automate repetitive and less-important tasks for humans.
- Flexible workspaces will enable new companies to recruit remote workers, allowing them to defer the start-up costs of a physical location until cash flows stabilize.
- Growing businesses can use new contracting models to create an agile, borderless, and reconfigurable workforce.

But new skills required to thrive in this new era will still be in short supply.



Midsize companies are working to adjust:

BY 2022, OVER 40% OF COMPANIES

will have a defined sourcing strategy and goals for the changing nature of work.

BY 2023, 40% OF COMPANIES

will adopt solutions such as robotic process automation and/or AI to offset a fundamental shortage of skill sets and to elevate the type of work employees perform.⁵



Service providers and other partner ecosystems are helping midsize companies address business challenges exacerbated by the shortage of digital talent, particularly in data science, security, and customer experience design.

Potential Macroeconomic Challenges Require Contingency Planning

Require Contingency Planning

Multiple future uncertainties could impact profits and investments:

RISKS



- Escalating trade and software wars
- Supply chain disruption
- Diverging technology stacks
- National and international balkanization

MITIGATION



- Scenario analysis
- What-if contingency planning
- Incorporate data from external data and internal business systems such as ERP

IDC PREDICTS THAT BY 2022 OVER 75% OF ENTERPRISE APPLICATIONS

will be powered by an intelligent core that analyzes different types of data from a myriad of sources to improve decision making and business outcomes across different scenarios.⁶



Businesses will need to closely monitor events and build what-if analysis into their forecasting models for supply management, customer acquisition, and currency fluctuations.

1. Source: IDC FutureScape: Worldwide SMB 2020 Predictions
2. Source: IDC's 2019 SMB Survey in U.S., Brazil, UK, Germany, India, China and Japan (n = 2,100)
3. Source: IDC's 2019 SMB Survey in U.S. (n=820), IDC FutureScape: Worldwide SMB 2020 Predictions
4. Source: IDC FutureScape: Worldwide SMB 2020 Predictions
5. Source: IDC FutureScape: Worldwide SMB 2020 Predictions
6. Source: IDC FutureScape: Worldwide Intelligent ERP 2020 Predictions

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SAP solutions help you take complexity out of running your business, so you can focus on growing your company. No matter where your business takes you, you'll never outgrow SAP.

Join our webinar for a deeper dive into each of these trends and what you can do now to take advantage of them.

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