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Gartner Predictions for 2012

1. Low-cost cloud services will cannibalize up to 15% of top outsourcing players' revenue by 2015.

Just as low-cost airlines disrupted the transportation industry, the projected \$1 trillion IT services market is facing further disruption from industrialized low-cost IT services (ILCS), which Gartner describes as "an emerging market force that will alter the common perceptions of pricing and value of IT services." Vendors will need to invest in and adopt a new cloud-based, industrialized services strategy, the research firm says.

2. The investment bubble will burst for consumer social networks in 2013, and for enterprise social software companies in 2014.

In the consumer social network space, there's a large crop of vendors with overlapping features competing for a finite audience. In the enterprise market, small vendors are struggling to grow, consolidation is imminent, and big players such as Microsoft, IBM, Oracle, Google and VMware are muscling in on the action, Gartner says. "While substantial excitement will be raised by private firms going public, valuations of smaller independent vendors will diminish as recognition sets in that the opportunities for market differentiation and fast growth has eroded."

3. At least 50% of enterprise email users will rely primarily on a browser, tablet or mobile client instead of a desktop client by 2016.

As the options for email clients continue to grow, the need for mobile device management platforms will soar and suppliers will be pressured to support more collaboration services, including instant messaging, Web conferencing, social networking and shared workspaces, Gartner predicts.



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4. Mobile application development projects targeting smartphones and tablets will outnumber native PC projects by a ratio of 4-to-1 by 2015.

"Smartphones and tablets represent more than 90 percent of the new net growth in device adoption for the coming four years, and increasing application platform capability across all classes of mobile phones is spurring a new frontier of innovation, particularly where mobile capabilities can be integrated with location, presence and social information to enhance the usefulness," Gartner says.

5. 40% of enterprises will make proof of independent security testing a precondition for using any type of cloud service by 2016.

Third-party testers won't be the only way for enterprises to evaluate cloud services for their security capabilities. Inspectors' certifications will become a viable alternative or complement to third-party testing, Gartner says. "This means that instead of requesting that a third-party security vendor conduct testing on the enterprise's behalf, the enterprise will be satisfied by a cloud provider's certificate stating that a reputable third-party security vendor has already tested its applications."

6. More than 50% of Global 1000 companies will have stored customer-sensitive data in the public cloud by year-end 2016.

Under pressure to reduce costs and operate more efficiently, more than 20% of organizations are already selectively storing customer-sensitive data in a hybrid cloud environment, Gartner says.

7. 35% of enterprise IT expenditures for most organizations will be managed outside the IT department's budget by 2015.

Business managers and individual employees are demanding more control over the IT expenditures related to their jobs. "CIOs will see some of their current budget simply reallocated to other areas of the business. In other cases, IT projects will be redefined as business projects with line-of-business managers in control," Gartner predicts.

8. 20% of Asia-sourced finished goods and assemblies consumed in the U.S. will shift to the Americas by 2015.

Many companies that serve the U.S. market will shift their sources of supply from Asia to the Americas, including Latin America, Canada and the U.S., thanks to political, environmental, economic and supply chain risks, Gartner says. "Except in cases where there is a unique manufacturing process or product intellectual property, most products are candidates to be relocated."

9. The financial impact of cybercrime will grow 10% per year through 2016, due to the



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continuing discovery of new vulnerabilities.

Growth in consumerization and cloud computing will lead to the introduction of new software vulnerabilities and attack methods by financially motivated hackers, Gartner warns. "The combination of new vulnerabilities and more targeted attacks will lead to continued growth in bottom-line financial impact because of successful cyber attacks."

10. The prices for 80% of cloud services will include a global energy surcharge by 2015.

Some cloud data center operators already include an energy surcharge in their pricing package, and Gartner expects to see more providers follow suit. Business and IT leaders should be prepared to see it included in future cloud service contracts.

11. More than 85% of Fortune 500 organizations will fail to effectively exploit big data for competitive advantage through 2015.

Most organizations are in no shape to handle the technical and management challenges posed by big data, Gartner says. "Collecting and analyzing the data is not enough -- it must be presented in a timely fashion so that decisions are made as a direct consequence that have a material impact on the productivity, profitability or efficiency of the organization." As a result, most won't be able to exploit available data for competitive advantage.