IDC has analyzed the industry’s remarkable shift to the 3rd Platform built on the “four pillars” of:

- **Cloud** architecture and business models
- **Mobility** as the consumption model of choice
- **Big Data** and business analytics for better decision making
- **Social business** to support new ways of doing business

Now IDC predicts that virtually all enterprises' new strategic IT investments through 2020 will be built on 3rd Platform technologies and solutions.

**FIGURE 1**

IDC’s 3rd Platform Illustrates Changes in the IT Industry
Nordic countries have recovered or are about to recover to previous economic levels after being hit by the financial crisis, with the Nordic ICT market expected to reach 1.2% CAGR in 2014–2018. Annual growth is largely driven by strong growth in software, which is expected to be around 5% in 2105, compared with 4% in 2014. CAGR for 2014–2018 is also expected to be 5%. The IT services market grew 3% in 2014 and will fall slightly in the remaining years of the forecast period, ending with a 2.3% CAGR. Telecoms are set to decline during the entire forecast period except in 2018, when growth is forecast to be 0.1%. The shining star for telecoms is wireless data, which will show healthy growth over the period, with 3.4% CAGR.

SITUATION OVERVIEW

We are now entering one of the most important periods for the IT industry, which we call the "Innovation Stage." This is defined by an explosion of adoption, innovation, and value creation on top of the 3rd Platform's cloud, mobile, social, and Big Data and analytics foundation. The 3rd Platform creates the underpinnings for business process, transformation, and, increasingly, business model transformation. This new platform changes how organizations engage with customers and the speed at which they deliver their products and services. Organizations use new processes to change the way they innovate, and to improve their business resiliency and the reliability of their operations.

With such high stakes, the business is increasingly driving technology initiatives. IDC's recent annual Nordic CxO survey shows that this change has become very evident. Over 80% say IT has a role in strategic improvement projects and provides competitive advantage to the rest of the organization, clearly indicating that IT is taking a more strategic role. This change means IT is now much more a part of the value-creating process.

Underneath the overall IT market growth projections there is significant opportunity, with some markets based on the 3rd Platform growing much faster. At a global level IDC is predicting a major shift by 2020. Line-of-business (LOB) buyers will drive analytics to double-digit growth rates for real-time intelligence and up to 60% of mobile device interactions will be passive as users accept information surfaced from intelligent systems and machine learning. In the Nordics IDC sees that LOBs are involved in 84% of all IT investment decisions, and that they will lead or share the decision responsibility in 52% of investments. Customer experience and social technologies will also help drive an era of cognitive response to innovate business and public offerings.

CHALLENGES/OPPORTUNITIES

With technology underpinning digital transformation, new business models as well as products and services that seamlessly blend the digital and physical world will change business and customer experiences and generate additional revenue streams – transforming industries in completely new ways.

In the IDC Nordic CxO survey we see that LOBs are mostly challenged by improving productivity and efficiency as well as optimizing business processes. For the first time we also see that enhancing customer experience is clearly on the agenda, ranking as the third most challenging area. With IT increasingly working very closely with business operations we see a clear correlation with prioritized projects.

For the first time in the Nordics, customer experience projects have been prioritized as the number 1 IT project for organizations. In last year's IDC survey, only Denmark ranked it number 1, with all other countries placing mobility projects at number 1. Mobility solutions continue to be high on the
Nordic IT projects agenda, and are now at the same level as infrastructure optimization in the top projects for the next 12-18 months. Clearly the Nordics have matured in the cloud area and see it mainly as a means to increase elasticity and scalability. IDC sees a shift in the survey in that elasticity and scalability have become the main reasons for investing in cloud solutions. Cost is still a key reason for moving to cloud, but many are realizing that cost is not a direct benefit of cloud as quicker access to new features and standardized interfaces are now part of the decision. IDC also notes that in the Nordics, the tablet leads the way in changing how we interact with ERP systems, moving collaboration in its larger scope to smartphones and tablets and away from the personal computer. The PC remains a core asset, however, with most usage reported on all researched features today, but mobile devices are catching up in the enterprise.

Millennials’ engagement with 3rd Platform IT is much faster and far less forgiving than how their predecessors engaged with 2nd Platform IT, and most computing will be done from mobile devices rather than desktop PCs. With this in mind, SAP S/4HANA aims to offer the customization and high performance of in-memory computing that enterprise and larger midmarket customers have come to expect from SAP, with a new level of flexibility and enhanced mobile UIs via SAP Fiori.

S/4HANA is positioned as the next generation of the business suite at the heart of SAP’s products, in a line from R/2 to R/3 to ERP and now S/4HANA. This “fourth generation” suite runs only on HANA. Exclusive use of HANA as the database shows SAP's confidence in the technology and the ability to continuously innovate the entire stack for customers.

The new suite will be deployed on the public cloud, private/managed cloud (HANA Enterprise Cloud), or on premises. This is the first time that SAP will provide its full Business Suite (not just the line-of-business applications) on the public cloud. With the company planning to migrate customers to the public cloud option, it is effectively making it the default choice. This is in line with what IDC sees in the Nordic market.

SAP’s commitment to move from "desktop style" UI to a strategy around endpoint UI flexibility where real-time visual data, pulled from specifications and not just canned images and presented in a mobile-first context, drives real-time enterprise decision making.

HANA has broadened its ability to handle unstructured data, new event streaming support, graph support, and support for user-defined functions to Hadoop. This enhances SAP’s ability to support use cases around real-time monitoring and predictions related to a range of connected machines and devices. Given the large customer base SAP has in physical asset-intensive industries, this is key for SAP.

**CONCLUSION**

Nordic enterprises are moving from IT as a support organization into IT as a business enabler with a focus on customer experience, business processes, and business innovation. The IT function may find it necessary to split into two groups here, one responsible for the infrastructure and the other responsible for innovation. The CIO and IT manager functions must remain close to the business and must listen to their needs.

With new technologies, business models, and trends come challenges in digital transformation. To be prepared for these challenges and to be competitive, Nordic organizations should focus on key projects in customer experience and mobility.

New technologies such as cloud, mobility, and social depend on secure implementations and look to cloud to provide elasticity and scalability by supporting standardized interfaces.
Big changes will take some time to implement, especially on the 3rd Platform, so make sure you understand how to integrate the old with the new within the organization. Many organizations are hindered by continuous upgrades to support ongoing operations, but innovation will be a major challenge without the right platform infrastructure. Hence the continued focus on digitalizing business processes. The vendor ecosystem is a clear enabler if it exists.

Make sure your vendor supports you with a large network of software and service providers that can vertically enable your solution and add innovation from other sectors.

New areas such as the Internet of Things, "mobile first" strategies, and customer experience solutions require innovation as well as an ecosystem of products, software, and services. IDC sees these innovations as critical enablers for organizations. But if a company feels compelled to introduce a new role responsible for innovation, then the CIO has in some respects failed in his or her mission. Learning from the experiences of proven suppliers and vendors can be a key success factor.
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. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

IDC Nordic (Sweden)

Upplandsgatan 7
111 23 Stockholm, Sweden
46.8.444.15.90
Twitter: @IDC
idc-insights-community.com
www.idc.com

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2015 IDC. Reproduction is forbidden unless authorized. All rights reserved.