Market Transformation Leads to Accelerated ISV Opportunity

Spending on Digital Transformation (DX) is active. A big shift is happening from on-premises to cloud services.

- Customer demand and business drivers are leading to increased IT spending.
- The ISV opportunity for public cloud software will be $173 BILLION IN 2019 WITH A CAGR OF 33% TO 2023.

**Cloud Value Proposition**

| ISV Value Proposition | Option 1: Migrate existing apps to Azure and optimize
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<td>Option 2: Innovate with new apps and modernize existing apps.</td>
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Future-Proof Cloud Platform

Why Cloud Customers?

- The ISV Imperative of Choosing a cloud platform.
- Every platform is positioning to meet customer needs and scenarios.
- By 2022, more than 50% of enterprise software spend is expected to be cloud-based.

**Customers Embracing Innovative Technologies (scale 1-5)**

- Automation (average score: 3.97)
- Internet of Things (IoT): 3.90
- Advanced/predictive analytics: 3.98
- Augmented & virtual reality: 4.01
- Robotic process automation (RPA): 4.05
- Edge computing: 4.16

**Why Cloud for Customers?**

- Accelerated ISV Opportunity
- ISVs will support delivery of higher-layer PaaS and SaaS functionalities.
- More importantly, these ISV innovation accelerator scenarios are well poised for accelerated growth.

**Customer Cloud Imperative in the Age of Digital Transformation**

Without question, customers are moving spend to the cloud across a spectrum – from migration and re-platforming to innovation for competitive advantage.

- Why use cloud?
  - Accelerate ISV opportunity
  - Will be AI-enabled, as will re-platforming
  - By 2022, 60% of G2000 enterprises will have a hybrid, and intelligent cloud platform.

**Customer Innovations on the Cloud**

BY 2022, 50% OF G2000 ENTERPRISES WILL BE ENP ENABLED.

**Cloud Value Proposition**

By 2022, the acceleration of legacy app modernization will lead to 35% of production apps being cloud-native. The top 4 cloud "megaplatforms" will represent 51% of the market.

**Cloud Value Proposition**

Customers innovate in the cloud.

- Each platform is offering new and unique services.
- “It is imperative for ISVs to choose a robust platform and growth 2018-23 CAGR.

**Customers will continue to migrate to the cloud**

BY 2022, 50% OF G2000 ENTERPRISES WILL BE ENP ENABLED.

**Cloud Value Proposition**

- More than 50% of enterprise software spend is expected to be cloud-based.
- This will be a consumption based, opting for public cloud platform as a lower-risk option to manage complexity and aligning cost to revenue.

**The ISV Imperative of Choosing a Future-Proof Cloud Platform**

Every platform is positioning to meet customer needs and scenario. For ISVs, it is important to migrate and innovate on Azure aligned to market trends and customer scenarios.

**Customers innovating on the cloud**

Customers will innovate on the cloud.

**Cloud Value Proposition**

- ISVs should postilion themselves today to help customers modernize and AI enable existing apps.
- ISVs will need to provide a comprehensive range of services across public and private clouds.

**IDC ESTIMATES THE OPPORTUNITY FOR THESE ISV ACCELERATOR SCENARIOS COMBINED IS $52 BILLION IN 2023**

Regional market opportunity for innovation scenarios in 2023, and growth 2018-23 CAGR.

- North America
  - $29 billion
  - 51.3% CAGR
- Europe
  - $13 billion
  - 51% CAGR
- Rest of World (LATAM+ MEA)
  - $3 billion
  - 49.7% CAGR
- APAC, including Japan
  - $7.2 billion
  - 50.7% CAGR
- Middle East
  - $1.9 billion
  - 51% CAGR
- Latin America
  - $0.9 billion
  - 39% CAGR
- North America
  - $29 billion
  - 51.3% CAGR
- Europe
  - $13 billion
  - 51% CAGR
- Rest of World (LATAM+ MEA)
  - $3 billion
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- Middle East
  - $1.9 billion
  - 51% CAGR
- Latin America
  - $0.9 billion
  - 39% CAGR

**Key initiatives, and growth 2018-2023 CAGR**

- Migrate existing apps
  - 50%
- Innovate
  - 57%
- Modernize
  - 48%
- Re-platform
  - 52%

**Cloud Value Proposition**

- ISVs should take a comprehensive approach to cloud services.
- More than 50% of enterprise software spend is expected to be cloud-based.
- This is a consumption-based, opting for public cloud platform as a lower-risk option to manage complexity and aligning cost to revenue.