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Gartner Identifies Top Vertical Industry Predictions for IT Organisations for 2014 and Beyond

Many Industries Face Accelerating Pressure for Fundamental Business Transformation

STAMFORD, Conn., October 15, 2013 — Gartner, Inc. has revealed its top industry predictions for IT organisations and users for 2014 and beyond. Most industries are facing accelerating pressure for fundamental transformation, including embracing digitalisation in order to survive and stay competitive.

Gartner's annual Predicts research on industry trends titled "Top Industries Predicts 2014: The Pressure for Fundamental Transformation Continues to Accelerate" features 12 strategic planning assumptions that CIOs, senior business executives and IT leaders should factor into their enterprise planning and strategy-setting initiatives.

"Transformation remains a critically important phenomenon across all industries. Many industries will face intense challenges in 2014 and beyond, and will have no choice but to radically change their established business models," said Kimberly Harris-Ferrante, vice president and distinguished analyst at Gartner. "Last year saw many industry decision-makers focusing on adopting new technologies to improve business operations by addressing developments such as the Nexus of Forces, the convergence of social, mobile, cloud and information. Today, by contrast, leaders are significantly shifting their business models and processes."

Ms Harris-Ferrante said that this trend is driven in part by the challenges of consumer empowerment and market commoditisation, which in many ways are greater than in the past, and are particularly difficult for traditional businesses to address. The need to digitalise the business and be customer-centric is also crucial, and requires new approaches to information delivery, communication and transactions. Business leaders and CIOs must carefully assess their industry-specific strategic requirements, including the demands of consumers and business partners, to map out transformation plans based on new technology availability, consumer demographic/behavioural changes and market conditions.

CIOs and other IT and business leaders should use Gartner's predictions and recommendations to better understand the forces that are changing their world and develop strategies to address the requirements of this fast-changing business environment. Top industry predictions include:

- By 2016, poor return on equity will drive more than 60 per cent of banks worldwide to process the majority of their transactions in the cloud.
- By year-end 2017, at least seven of the world's top 10 multichannel retailers will use 3D printing technologies to generate custom stock orders.
- By 2017, more than 60 per cent of government organizations with a CIO and a chief digital officer will eliminate one of these roles.

- By 2017, 40 per cent of utilities with smart metering solutions will use cloud-based big data analytics to address asset-, commodity-, customer- or revenue-related needs.
- By year-end 2015, inadequate ROI will drive insurers to abandon 40 per cent of their current customer-facing mobile apps.
- Full-genome sequencing will stimulate a new market for medical data banks, with market penetration exceeding three percent by 2016.
- By 2016, 60 per cent of US health insurers will know the procedure price and provider quality rating of shoppable medical services in advance.
- Through 2017, K-12 online education spending will increase 25 per cent, while budgetary constraints will keep spending on traditional instructional categories stagnant.
- By 2018, 20 per cent of the top 100 manufacturers' revenue will come from innovations that are the result of new cross-industry value experiences.
- By 2018, 3D printing will result in the loss of at least \$100 billion per year in intellectual property globally.
- By 2017, 15 per cent of consumers will respond to context-aware offers based on their individual demographics and shopper profiles.
- By 2015, 80 per cent of life science organisations will be crushed by elements of big data, exposing poor ROI on IT investments.

"The pressures of consumerisation continue to disrupt many enterprises, forcing them to change their traditional business processes and operational models," said Ms Harris Ferrante. "The necessity to adopt digital business models transcends all industry verticals, and its diverse impacts are creating business opportunities that were not possible in the past. Organisations must respond immediately in order to build the right business and IT road map for future market demands."

More detailed information on the individual predictions is available in the report "Top Industries Predicts 2014: The Pressure for Fundamental Transformation Continues to Accelerate." This report can be found on the Gartner web site at <http://www.gartner.com/resId=2602416>.

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