



Gartner's Top Predictions for IT Organisations and Users for 2012 and Beyond

Dates Announced for Gartner Predicts 2012 Events in Eight Cities in Australia and New Zealand

Technology research and advisory firm Gartner, Inc. has revealed its top predictions for IT organisations and users for 2012 and beyond. Analysts said that the predictions herald changes in control over IT, as budgets, technologies and costs become more distributed.

Gartner's top predictions for 2012 and beyond are selected from across Gartner's research areas as the most compelling and critical predictions. This year's selection process included evaluating several criteria that define a top prediction. The issues examined included relevance, impact and audience appeal. A list of this year's reports is available on the Gartner Predicts website at www.gartner.com/predicts.

"The continued trends toward consumerisation and cloud computing highlight the movement of certain former IT responsibilities into the hands of others," said Daryl Plummer, managing vice president and Gartner fellow. "As users take more control of the devices they will use, business managers are taking more control of the budgets IT organisations have watched shift over the last few years. CIOs are finding that they must coordinate their activities in a much wider scope than they once controlled. While this might be a difficult prospect for IT departments, they must adapt or be swept aside."

Gartner analysts said that going into 2012 there is an increase in the amount of information available to organisations, but it's a challenge for them to understand it. Given the shifts in control of systems that IT organisations are facing, the loss of ability to guarantee consistency and effectiveness of data will leave many struggling to prevent their organisations from missing key opportunities or from using questionable information for strategic decisions. No regulatory help is on the near horizon, leaving each business to decide for itself how to handle the introduction of big data.

"Any

organisation which wishes to accelerate in 2012 must establish in itself a significant discipline of coordinating distributed activities," Mr.

Plummer said. "They must establish relationship management as a key skill and train their people accordingly. The reason for this is that the lack of control can only be combated through coordinative activities. The IT organisation of the future must coordinate those who have the money, those who deliver the services, those who secure the data, and those consumers who demand to set their own pace for use of IT."

Gartner's

top predictions for 2012 are:

By 2015, low-cost cloud services will cannibalise up to 15 percent of top outsourcing players' revenue.

Industrialised low-cost IT

services (ILCS) is an emerging market force that will alter the common perceptions of pricing and value of IT services. In the next three to five years, this new model will reset the value proposition of IT. Low-cost cloud services will cause the cannibalisation of current and potential outsourcing revenue.

Similar to what happened with the adoption of offshore delivery, it will be incumbent upon vendors to invest in and adopt a new cloud-based, industrialised services strategy either directly or indirectly, internally or externally. The projected US\$1 trillion IT services market is at the beginning of a phase of further disruption, similar to the one the low-cost airlines have brought in the transportation industry.

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

Vendors in the consumer

social network space are competing with each other at a rate and pace that are unusually aggressive, even in the technology market. The net result is a large crop of vendors with overlapping features competing for a finite audience. In the enterprise market, many small independent social networking vendors are struggling to reach critical mass at a time when market consolidation is starting, and megavendors, such as Microsoft, IBM, Oracle, Google and VMware, have made substantial efforts to penetrate the enterprise social networking market. 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.

By 2016, at least 50 percent of enterprise email users will rely primarily on a browser, tablet or mobile client instead of a desktop client.

While the rise in popularity of mobile devices and the growing comfort with browser use for enterprise applications preordains a richer mix of email clients and access mechanisms, the pace of change over the next four years will be breathtaking. Email system vendors are also likely to build mobile clients for a diverse set of devices for the same reason. Market opportunities for mobile device management platform vendors will soar. Increased pressure will be on those suppliers to accommodate an increasing portfolio of collaboration services, including instant messaging, Web conferencing, social networking and shared workspaces.

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

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. Innovation is moving to the edge for mobile devices; whereas, in 2011, Gartner estimates that app development projects targeting PCs to be on par with mobile development. Future adoption will triple from 4Q10 to 1Q14, and will result in the vast majority of client-side applications being mobile only or mobile first for these devices.

By 2016, 40 percent of enterprises will make proof of independent security testing a precondition for using any type of cloud service.

While enterprises are evaluating the potential cloud benefits in terms of management simplicity, economies of scale and workforce optimisation, it is equally critical that they carefully evaluate cloud services for their ability to resist security threats and attacks. Inspectors' certifications will eventually become a viable alternative or complement to third-party testing. 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.

At year-end 2016, more than 50 percent of Global 1000 companies will have stored customer-sensitive data in the public cloud.

With the current global economy facing financial pressure, organisations are compelled to reduce operational costs and streamline their efficiency. Responding to this imperative, it is estimated that more than 20 percent of organisations have already begun to selectively store their customer-sensitive data in a hybrid architecture that is a combined deployment of their on-premises solution with a private and/or public cloud provider in 2011.

By 2015, 35 percent of enterprise IT expenditures for most organisations will be managed outside the IT department's budget.

Next generation digital enterprises are being driven by a new wave of business managers and individual employees who no longer need technology to be contextualized for them by an IT department. These people are demanding control over the IT expenditure required to evolve the organisation within the confines of their roles and responsibilities. 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.

By 2014, 20 percent of Asia-sourced finished goods and assemblies consumed in the U.S. will shift to the Americas. Political, environmental, economic and supply chain risks are causing many companies serving the U.S. market to shift sources of supply from Asia to the Americas, including Latin America, Canada and the U.S. Except in cases where there is a unique manufacturing process or product intellectual property, most products are candidates to be relocated. Escalating oil prices globally and rising wages in many offshore markets, plus the hidden costs associated with offshore outsourcing, erode the cost savings that didn't account for critical supply chain factors, such as inventory carrying costs, lead times, demand variability and product quality.

Through 2016, the financial impact of cybercrime will grow 10 percent per year, due to the continuing discovery of new vulnerabilities.

As IT delivery methods meet

the demand for the use of cloud services and employee-owned devices, new software vulnerabilities will be introduced, and innovative attack paths will be developed by financially motivated attackers. The combination of new vulnerabilities and more targeted attacks will lead to continued growth in bottom-line financial impact because of successful cyber attacks.

By 2015, the prices for 80 percent of cloud services will include a global energy surcharge.

While cloud operators can make strategic decisions about locations, tax subsidies are no long-term answer to managing costs, and investments in renewable-energy sources remain costly. Some cloud data centre operators already include an energy surcharge in their pricing package, and Gartner analysts believe this trend will rapidly escalate to include the majority of operators driven by competitive pressures and a "me too" approach. Business and IT leaders and procurement specialists must expect to see energy costs isolated and included as a variable element in future cloud service contracts.

Through 2015, more than 85 percent of Fortune 500 organisations will fail to effectively exploit big data for competitive advantage.

Current trends in smart devices and growing Internet connectivity are creating significant increases in the volume of data available, but the complexity, variety and velocity with which it is delivered combine to amplify the problem substantially beyond the simple issues of volume implied by the popular term "big data." Collecting and analysing 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 organisation. Most organisations are ill prepared to address both the technical and management challenges posed by big data; as a direct result, few will be able to effectively exploit this trend for competitive advantage.

Additional details are in the Gartner report, "Gartner's Top Predictions for IT Organisations and Users, 2012 and Beyond: Control Slips Away," which is available on Gartner's website at www.gartner.com/predicts. The Gartner Predicts Special Report includes links to more than 70 predicts reports broken out by topics, industries and markets.

The annual Gartner Predicts 2012 half-day briefings will be held in:

Perth 23 January

Sydney 24 January

Auckland 26 January

Wellington 27 January

Adelaide 30 January

Melbourne 31 January

Canberra 2 February

Brisbane 3 February

Two of Gartner's

leading analysts will present an ANZ perspective on the top predictions for 2012 as well as the CIO agenda for 2012. For more information or to register, please visit: www.gartner.com/localbriefings.

Media registrations are available from Susan Moore, tel: +61 2 9459 4692 or email susan.moore@gartner.com.

About Gartner

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