



ASSINTEL REPORT 2019

**Abstract
english version**



ASSINTEL
ASSOCIAZIONE NAZIONALE
IMPRESE ICT

In collaboration with:

cfmt
managers and knowledge community



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Abstract english version

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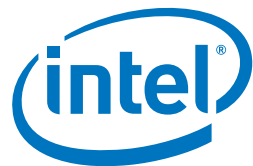


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Assintel Report: the observatory on the ICT and Digital market in Italy

Assintel Report is the annual observatory that the national association of ICT companies dedicates to the ICT market and to the digital evolution of the Italian business ecosystem. The research – conducted by IDC – consists of an overview of the market's macro-economic data and a survey based on a sample of 1,000 user companies to help understand the level of technological maturity and the investment trends in 2019. This extract – translated into English – summarises the main results which emerged from the edition released in October 2018.

The Italian ICT landscape

The drive towards Digital Transformation is also taking shape in Italy, modelling itself on the particular characteristics of the country's entrepreneurial fabric, which predominantly consists of micro and small companies and shows a marked variability in the diffusion of an advanced digital culture.

The result is an unevenly distributed pattern within which we see some positive signs.

The first sign is the increase of investments in solutions connected to the so-called "Third Platform" such as Cloud Computing, Mobility, Social Business, Big Data and Analytics, extending to medium-sized companies. In parallel, investments are also growing in Innovation Accelerators such as Artificial Intelligence, Virtual and Augmented Reality (VR/AR), Robotics, 3D Printing, the Internet of Things (IoT), which are no longer the prerogative of a few visionary companies.

Companies search these accelerators for new ways to innovate their processes and to present themselves in a different light on the market, but also to "do the usual things" in a different way: more agile, more effective, more efficient and also more economical. This is the second significant sign: **the focus on ICT investments by Italian companies is moving from an approach oriented towards maintaining the existing infrastructure towards solutions that truly enable innovation and that allow a better competitive position to be gained.**

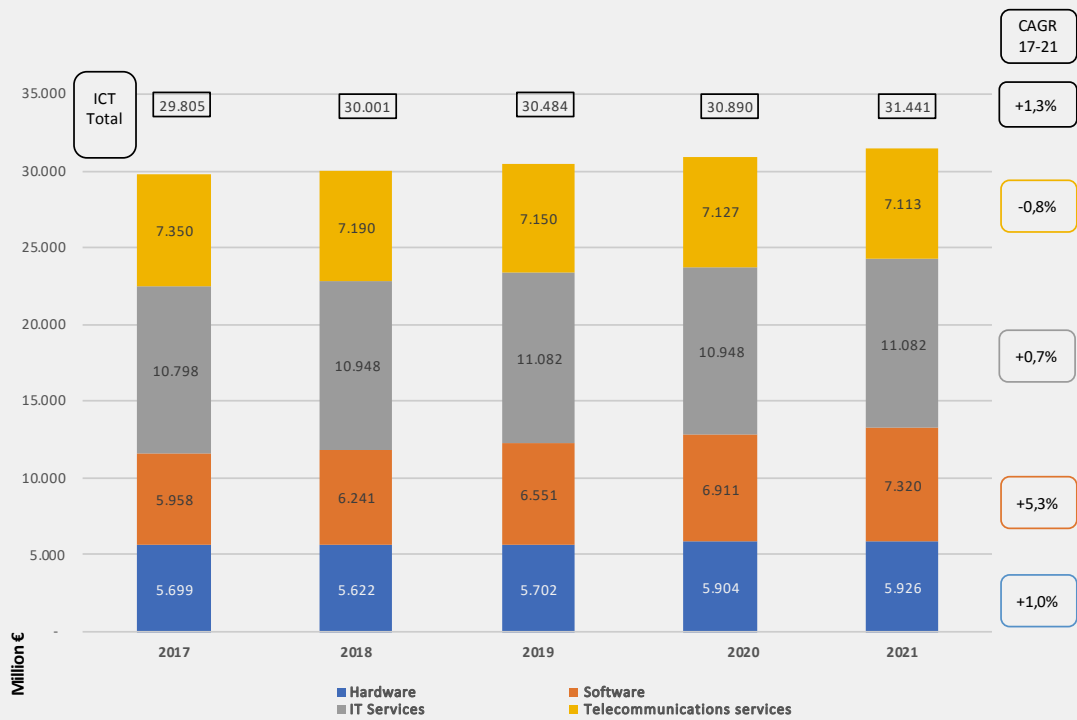
The Italian ICT market in numbers

This leads to an overall Italian ICT market of 30 billion euro in 2018, a growth of +0.7% over 2017 which, from a forward-looking perspective for the period 2017-2021, will grow at an estimated annual average rate of +1.3%.

Looking at the ICT market in more detail, and at its constituent IT and Telecommunication elements in particular, we see two opposing dynamics. On the one side, we have

the Telecommunications Services market for fixed and mobile networks (with a spend in 2018 just under 7.2 billion euro) which is in gradual decline albeit with lower drops in the coming years (CAGR 2017-2021= -0.6%). And on the other side, we have the IT market which, in 2018, hit 22.8 billion euro and is expected to maintain positive growth in the period under consideration (CAGR 2017-2021= +2%), surpassing, therefore, 24 billion euro in 2021.

The ICT market in Italy 2017-2021

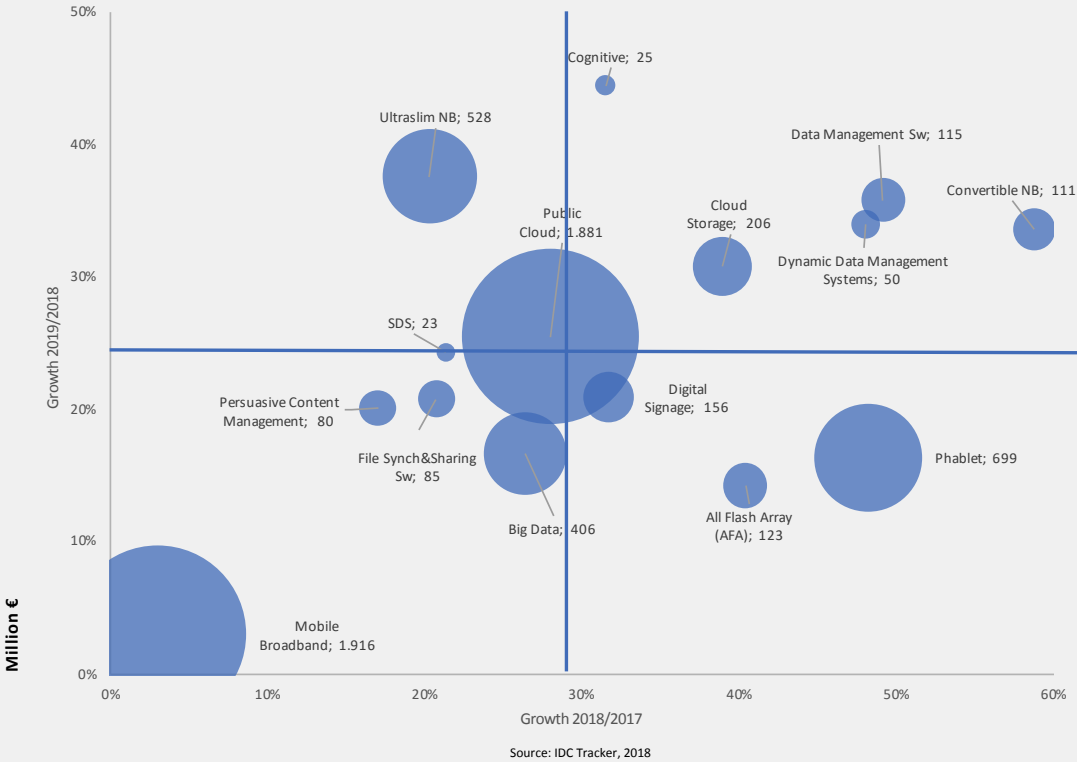


The overall trend continues to highlight, on the one hand, the persistent and constant fall in investments by Italian companies into what is called traditional ICT, which includes investments to maintain ICT infrastructure without major evolutionary projects in terms of Digital Transformation, whilst on the other hand, a livelier market that is growing at a very fast pace and which is concentrated on the most innovative technologies ranging from the Cloud to the Internet of Things, from Robotics to Drones, to Virtual and Augmented Reality.

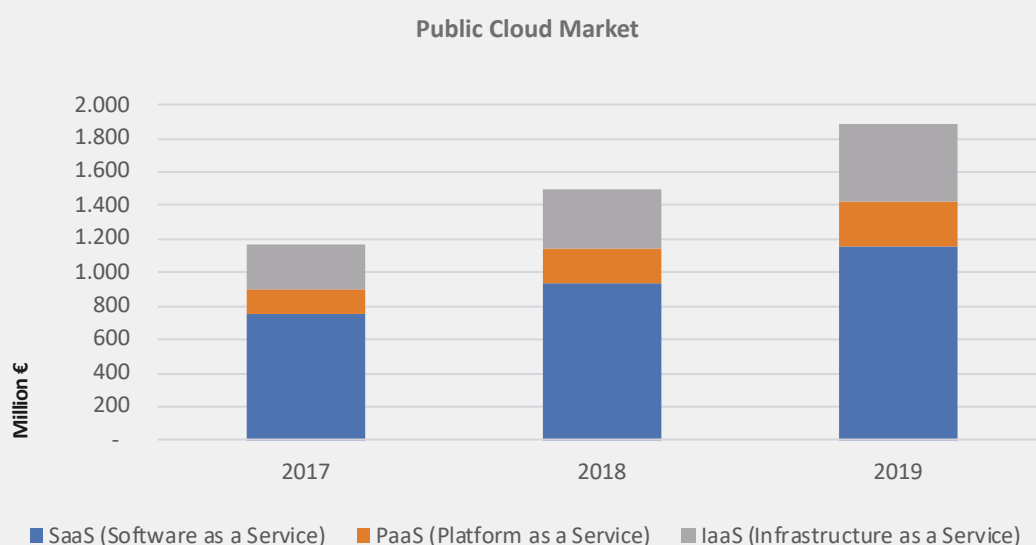
The Third Platform and the emerging technologies market

The technologies which will most characterise the trend in ICT spending in Italy in 2019 can be attributed to the evolution of the Third Platform and the Innovation Accelerators.

The main technologies market, based on the growth in 2018 and 2019



In terms of volume and growth, the Public Cloud is one of the drivers of the evolutionary turnaround of Italian companies in making ICT investments: spending by Italian companies in 2019 will exceed 1.8 billion euro with an increase of +25% compared to 2018. Infrastructure cloud services (IaaS) and Platform cloud services (PaaS) will, above all, record higher growth in 2019. Staying in the Cloud sector, companies continue to trust in public storage services (Cloud Storage), so much so that this market is set to hit 206 million euro in 2019, thanks to growth of +31% over 2018.



Source: IDC elaboration for Assintel Report 2019

Public Cloud Market in Italy, 2017 - 2019

	2017	2018	2019	18/17	19/18
Public Cloud	1.171	1.499	1.881	28%	25%
SaaS (Software as a Service)	756	937	1.154	24%	23%
PaaS (Platform as a Service)	148	207	267	39%	29%
IaaS (Infrastructure as a Service)	266	356	460	33%	29%

Source: IDC elaboration for Assintel Report 2019

Archiving (storing), data management and data analysis are the main challenges that Italian companies, as well, have to face today and even more so over the coming years, especially when considering the global growth of data volume is set to hit the record figure of 163 zettabytes in 2025. In this context, then, it is essential to adopt solutions that can manage corporate data in a dynamic and proactive way. For this reason, amongst those markets that will see consistent growth in 2019, we find software to manage data



including Data Management Software, Dynamic Data Management Systems, Persuasive Content Management and Software to synchronise and share data (File Synch & Sharing). As a result, spending will also increase in analysing and processing data, transforming it into meaningful information and generating added value: Italian companies are increasingly moving towards adopting Big Data and Analytics solutions which will, in 2019, attract over 400 million euro of investment with growth of +17% over the current year.

Amongst the digital technologies destined to fundamentally change the ICT landscape in Italian companies, innovating and transforming processes and business models, the systems, solutions and services for the **Internet of Things (IoT)** stand out. The IoT is a network of objects or “things” that automatically connect bidirectionally using IP connectivity. IoT spending by Italian companies at the end of 2018 exceeded 16 billion euro and this will grow in 2019 with an annual average increase over 18%.

The IoT market is set to absorb, redesign and extend the range of ICT systems and services that we have seen so far, gradually including new devices, increasingly more sophisticated software and more flexible, more usable innovative services through more channels. This market is characterised by great fragmentation in supply and demand, by technological and regulatory standards as works in progress, and by huge differences across geographic areas and sectors. Amongst the emerging technologies we also need to mention Cognitive Computing and Artificial Intelligence which are enjoying increasingly more interest and investments from Italian companies that see them from a customer loyalty, customer interaction and customer management perspective. Spending on Cognitive Computing/AI technologies will hit 25 million euro in 2019, a growth of +44% compared to 2018.

Emerging technologies market in Italy, 2017-2019

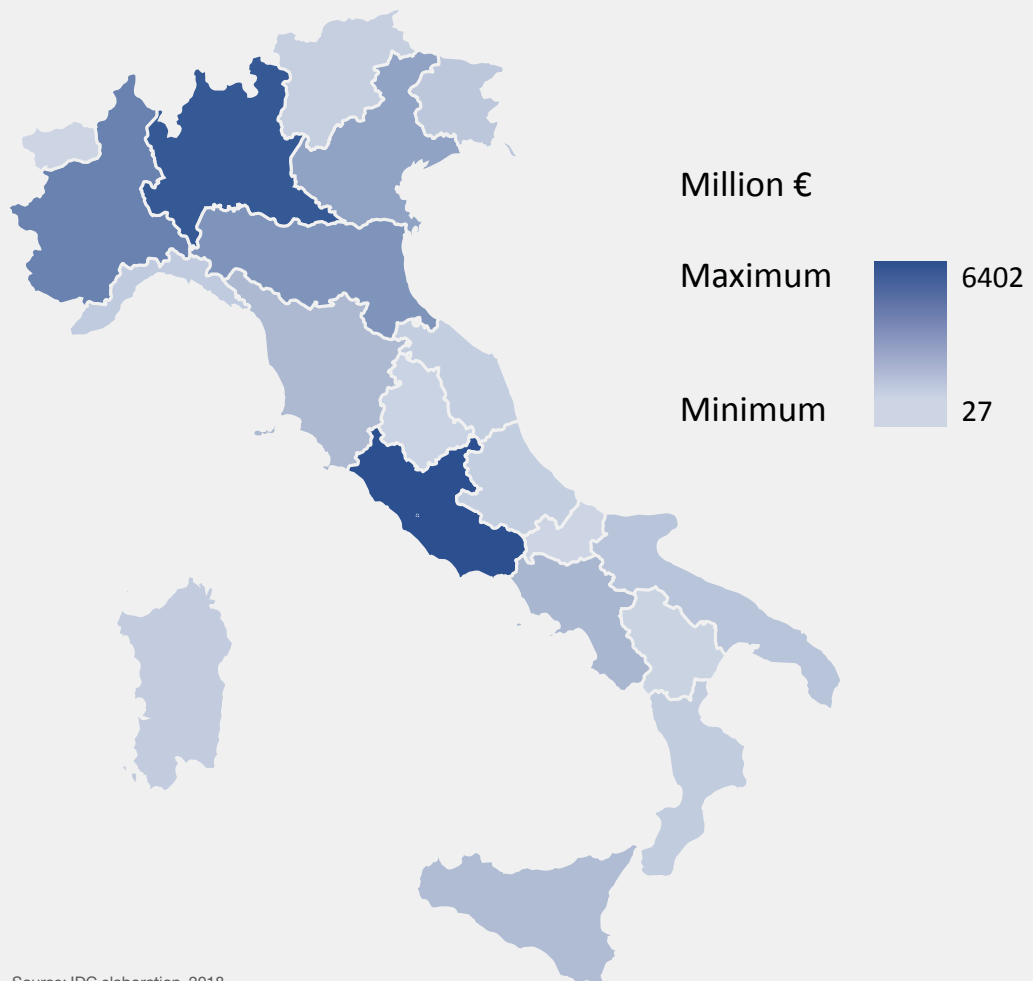
(Million €)	2017	2018	2019	18/17	19/18
IoT (the Internet of Things) market	13.603	16.054	18.866	18%	18%
Connectivity	935	1.104	1.283	18%	16%
Hardware	4.942	5.841	6.899	18%	18%
Software	3.054	3.628	4.300	19%	19%
Services	4.672	5.481	6.384	17%	16%
Artificial Intelligence/Cognitive Computing market	13	17	25	31%	44%
AR/VR market	5	9	25	72%	173%
Wearable market	3	5	12	43%	151%

Source: IDC elaboration for Assintel Report 2019

ICT spending by region in Italy

In 2019, the distribution of Italian ICT spending by region will be similar to that of 2018. **Lazio and Lombardy continue to be the regions who will contribute the most to ICT spending at the national level, with over 40%.** If, on one hand, this result reflects the distribution of companies across the country, on the other hand, it also denotes a greater sensitivity to and propensity for ICT investments by companies in these regions. Lazio's ICT spend estimate is affected by the Government spend, whilst Lombardy is a short distance away with a little under 20% of the national spend with a company base equalling 18% of the total number of active companies in Italy. Piedmont, Emilia-Romagna and Veneto together will generate around 31% of the national ICT spend in 2019, whilst the remaining 28% will be produced by the other 15 regions.

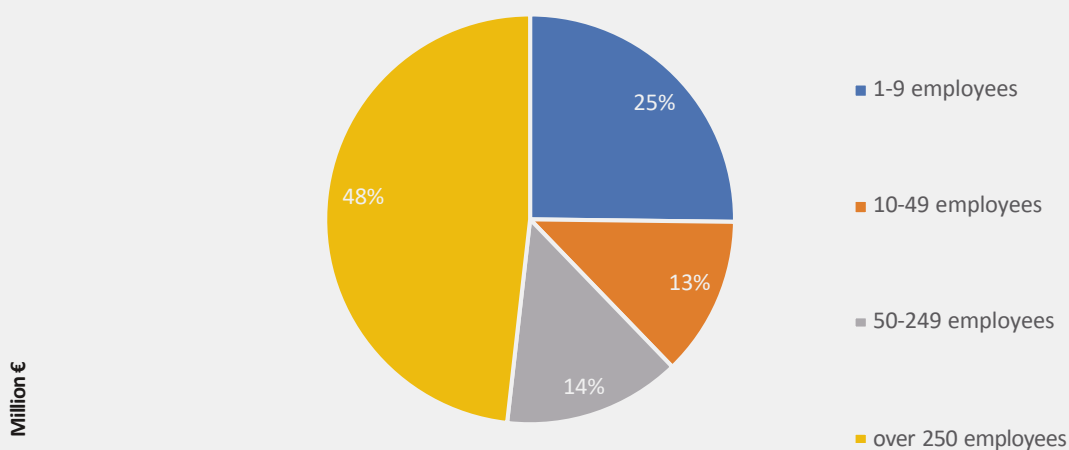
The ICT market by region, 2019



The ICT market by company size

2019 confirms the strong concentration of ICT spending in Italy's large companies. Indeed, companies with more than 250 employees contribute over 48% of the total Italian ICT investments. Medium-sized companies – with between 50 and 250 employees – account for 14% of the spend, whilst small enterprises (10-49 employees) provide a share of around 13%. Companies with fewer than 10 employees will invest 7.6 billion euro in 2019, which equates to about a quarter of the total ICT spend.

ICT market by company size



Source: IDC elaboration for Assintel Report, 2019

ICT market by company size in Italy, 2019

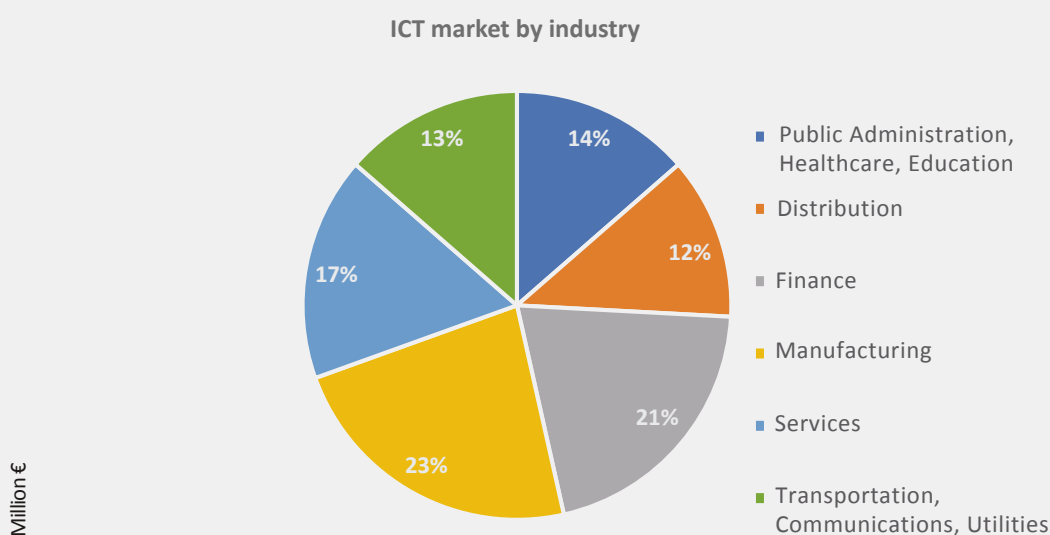
ICT market by company size (Million €)	2019	
	30.484	%
1-9 employees	7.680	25,2%
10-49 employees	3.840	12,6%
50-249 employees	4.269	14,0%
over 250 employees	14.695	48,2%

Source: IDC elaboration for Assintel Report, 2019

The ICT market by industry

The distribution of ICT spending by industry in 2019 reveals a 23% concentration of investments in the manufacturing sector. This figure is directly linked to the fabric of the Italian economy, heavily skewed towards companies in this sector, as well as to the strong investment boost for Digital Transformation and Industry 4.0 which manufacturing companies have undertaken in recent years and which they plan to pursue in the future.

The Transportation, Communications and Utilities (TCU) sectors have plans to invest over 4 billion euro in 2019, which corresponds to around 14% of the Italian ICT spend. This sector's strong propensity for innovative technology and thus ICT investment is



Source: IDC elaboration for Assintel Report 2019

ICT market by industry in Italy, 2019

	2019	
ICT market by industry (Million €)	30.484	
Public Administration, Healthcare, Education	4.142	14%
Distribution	3.737	12%
Finance	6.291	21%
Manufacturing	7.016	23%
Services	5.160	17%
Transportation, Communications, Utilities	4.138	14%

Source: IDC elaboration for Assintel Report 2019

confirmed even if just 3% of Italian companies operate in TCU. By contrast, companies offering services, both to businesses as well as to individual people, contribute 17% of the total 2019 ICT investments despite being over 40% of Italian businesses.

The financial sector, which includes banks, insurance companies and other financial operators, plans to invest around 6.3 billion euro in ICT in 2019, 21% of the total.

The Public Administration, Healthcare and Education expect to see ICT spending of 4.1 billion euro in 2019, largely tied to the Central Public Administration and investments coming from various Ministries. Finally, the wholesale and retail sectors (indicated by the word “Distribution” in the graph and table) show ICT spending in 2019 towards 3.7 billion euro, or 12% of the total.

The survey: how and by how much do Italian companies invest in ICT?

The survey was conducted between July and September 2018 through interviews to a sample of 1,000 companies with offices in Italy. The research was done using a random sampling process by share on the following segments: size classes, eight industrial sectors (Public Administration/Education/Healthcare, Wholesale trade, Retail trade, Finance, Manufacturing, Tourism, Other services, Transportation/Communications/Utilities), four geographic areas (North West, North East, Centre, South and Islands).

Business priorities

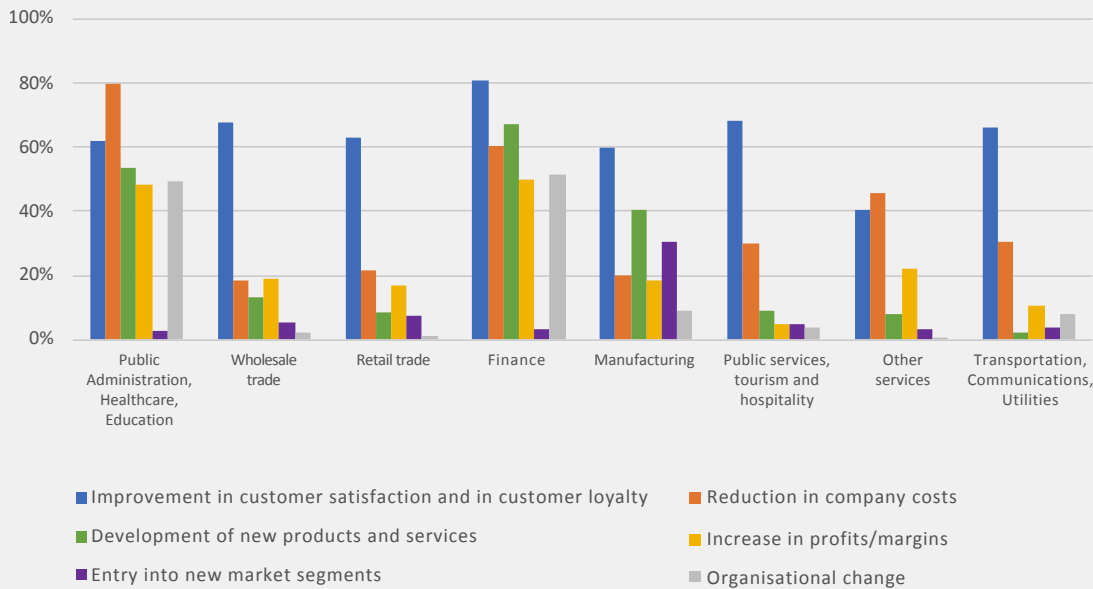
An improvement in customer satisfaction and in customer loyalty are clearly confirmed to be the main business priorities for Italian companies for 2019: adopting a “customer centric” approach, therefore, continues to be a strong driver of digital transformation initiatives, cutting across all sizes of company, from the very smallest to the very largest. The objective in this case is to develop a quality relationship with the customer (both in B2B and in B2C) and an offer system that can best satisfy the needs of the market.

The business priorities of Italian companies in the next 6-12 months



Source : IDC survey for Assintel Report 2019

The business priorities of Italian companies in the next 6-12 months, by sector



Source: IDC survey for Assintel Report 2019

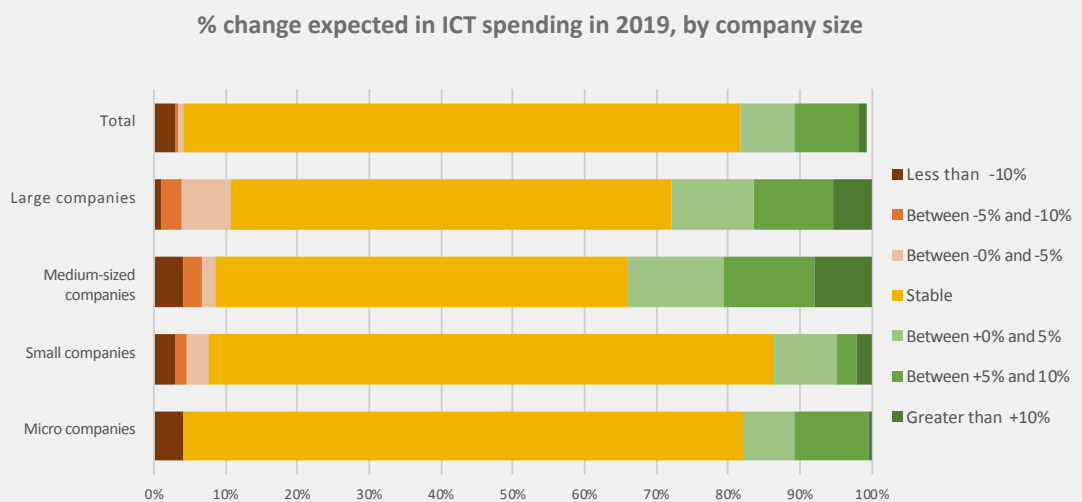
Expected investments in ICT

The expectations for the trend in ICT spending by Italian companies in 2019 highlight a strong climate of stability compared to 2018: 78% of those companies interviewed said that their spending levels will remain stable for the coming year. Spending includes, in particular, operating costs and investments in software, hardware, IT services, collaboration and communication tools, and voice and data connectivity services. Despite the high proportion of companies who expect to maintain their spending levels, it should be noted that the rest mainly intend to substantially increase their ICT spending in 2019: in fact, 7% of companies plan an increase of between 0%-5% and 9% of companies expect to increase their spending on ICT by between 5% and 10%. Just 4% of companies, though, have plans to decrease their spending levels in 2019.

This dynamic confirms, on the one hand, that a climate of uncertainty and significant “stagnation” still exists in the country as regards the performance of the economy in general, highlighted by a “prudent” attitude that emerged from the survey and from the stability expected in the levels of technological investments by companies.

On the other hand, however, it should also be noted that, at the same time, there is a growing awareness of the importance of investing in digital initiatives and technologies that can transform and digitise internal processes and enable product and servi-

ce innovation, in order to be able to continue to be competitive in markets which are experiencing deep and dynamic transformation and to achieve the business's goals and priorities. The situation in the Italian market remains, furthermore, characterised by a dichotomy between Micro and Small Companies and between Medium-sized and Large ones: the forecasts for the evolution of ICT spending show, in fact, a certain heterogeneity in terms of behaviour by size class. The trends being seen in Micro and Small Companies show a greater propensity for maintaining ICT spending in 2019, with an attitude more oriented towards the management (or, at most, the replacement) of what is already installed, whilst in the Medium-sized and Large companies, we see a higher proportion of companies who expect to increase ICT spending. As regards Medium-sized Companies, 34% expect to increase ICT spending in 2019; and for Large Companies the figure is 28%.



Source: IDC survey for Assintel Report 2019

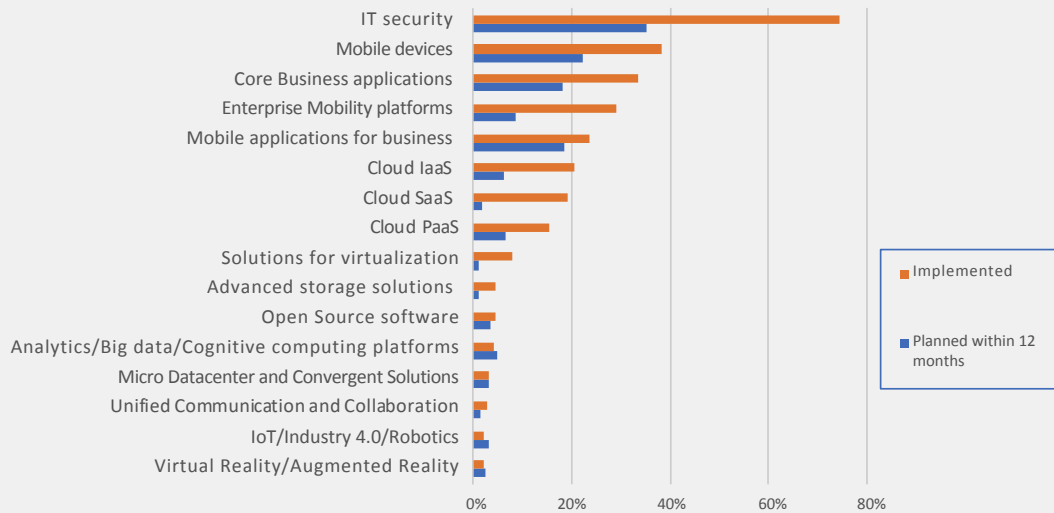
Medium-sized and Large Companies also exhibit greater pro-activity in investments and have a more forward-looking outlook on Digital Transformation initiatives in terms of planning and understanding the benefits for their business in the medium to long term. In fact, these companies plan to direct a greater portion of their spending (compared to Small and Micro Companies) towards innovation and business development initiatives with a strong technological impact (which includes technologies such as the Cloud, Big Data & Analytics, the IoT, Cognitive Computing and AI).

Looking at the trend in ICT spending by sector, there is a propensity to maintain spending levels above all in the Public Administration, Healthcare and Education sector (with 88% expecting a stable trend) and for public services, tourism and hospitality sector (86% have stable spending plans). The public sector is heavily focused on reducing and limiting costs and even the ICT spend is conditioned by a general “spending review” policy which does not allow for – at least in 2019 – an increase in technology spending levels. The more able sectors, or those in which we find a greater portion of companies who plan on growing ICT spending in 2019, are Manufacturing, Finance, Retail trade and Wholesale trade. The Industry sector is characterised by 29% of companies who see their ICT spend growing in 2019: a very positive dynamic which, in part, has been conditioned by national incentive programmes aimed at investments in and spending on Industry 4.0 themes, which specifically provide subsidies for technological systems, equipment and instrumentation, both hardware and software. In the Finance sector, 19% of companies plan on growing their ICT spend in 2019 and, amongst these, the majority see an overall growth of between 10% and 15%: companies in the sector are, effectively, focusing on heavily supporting digital channels with traditional physical channels for customer relations and service delivery.

The technological solutions which have already been implemented or which are expected in 2019

At the base of the Digital Transformation strategies we find technological projects and solutions which companies have implemented – or plan to implement in the short term – to support their strategic objectives. The technologies which are polarising ICT investments mainly fall into four large areas: IT security, Mobile computing (including devices, Enterprise Mobility platforms and mobile applications), “core” applications and systems (including ERP, CRM, Supply Chain Management) and the Cloud in its various forms (IaaS, PaaS, SaaS). Security is characterised by being the main area in which companies have already made some investments: indeed, 74% report that technological solutions have been implemented in this area, driven mostly by regulatory compliance (such as, for example, the recent introduction of the GDPR).

Implemented and planned technological solutions for 2019 in Italian companies



Source: IDC survey for Assintel Report 2019

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Assintel is the Italian National Association of ICT companies, subscribed to Confcommercio*. It represents associated companies and brings their specific needs to the attention of the competent Authorities, Corporations and National and International Institutions.

It promotes the growth and diffusion of the Information and Communication Technology and digital culture organizing congresses and seminars on the most current issues, co-operating with Institutions on various projects and giving the members several exclusive advantages, such as the opportunity of financed training.

Among the various activities directed to the B2B market, Assintel offers important opportunities of meeting to all the supply chain actors; yearly it also analyses the market trends (Assintel Report) and provides the data related to the ICT job market and to the wages of specific professional figures of the ICT sector.

* Confcommercio is the Italian General Confederation of Enterprises, Professional Occupations and Self - employment with more than 770,000 members from the trade, tourist, service and transportation sectors.

