IDC FutureScape: Latin America IT Industry

2024 Predictions

What to Expect

- **Webinar length:** 60 minutes
- **Today's presentation** will be available at the end of the event.
- **On-demand** replay will be available via email next week.
- Send your questions via the **"Q&A"** tab; these will be answered at the end of the presentation by our speakers and leading industry experts.

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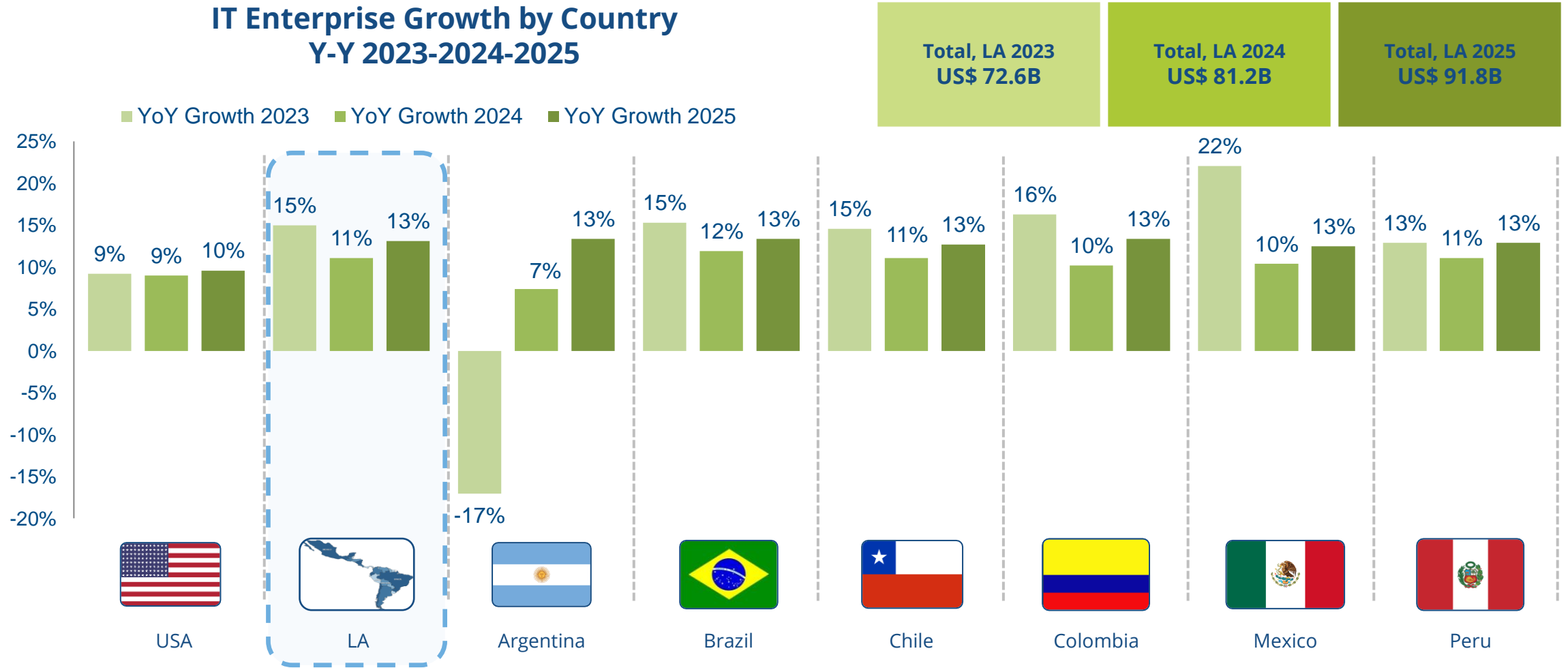𝕏 **Twitter/X - @IDCLatin**

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IT market in Latin America will be resilient to economic conditions.

GDP and IT Market Growth, Latin America
(% YoY Growth)

Legend:
- GDP (US$ Current Prices)
- Total IT (US$ Current)
- IT excluding Devices (US$ Current)

Chart values referenced: 15%, 11%, 10%, 5%, 5%

Y-axis: 35%, 25%, 15%, 5%, -5%, -15%, -25%, -35%

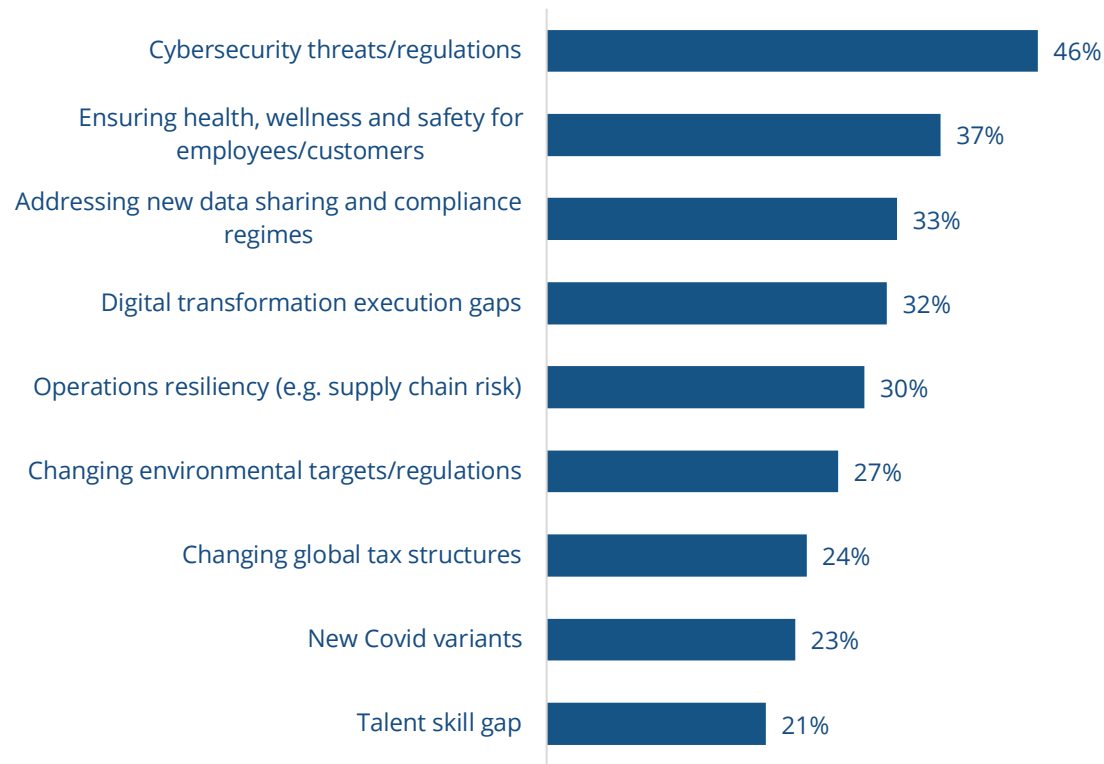X-axis: 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027
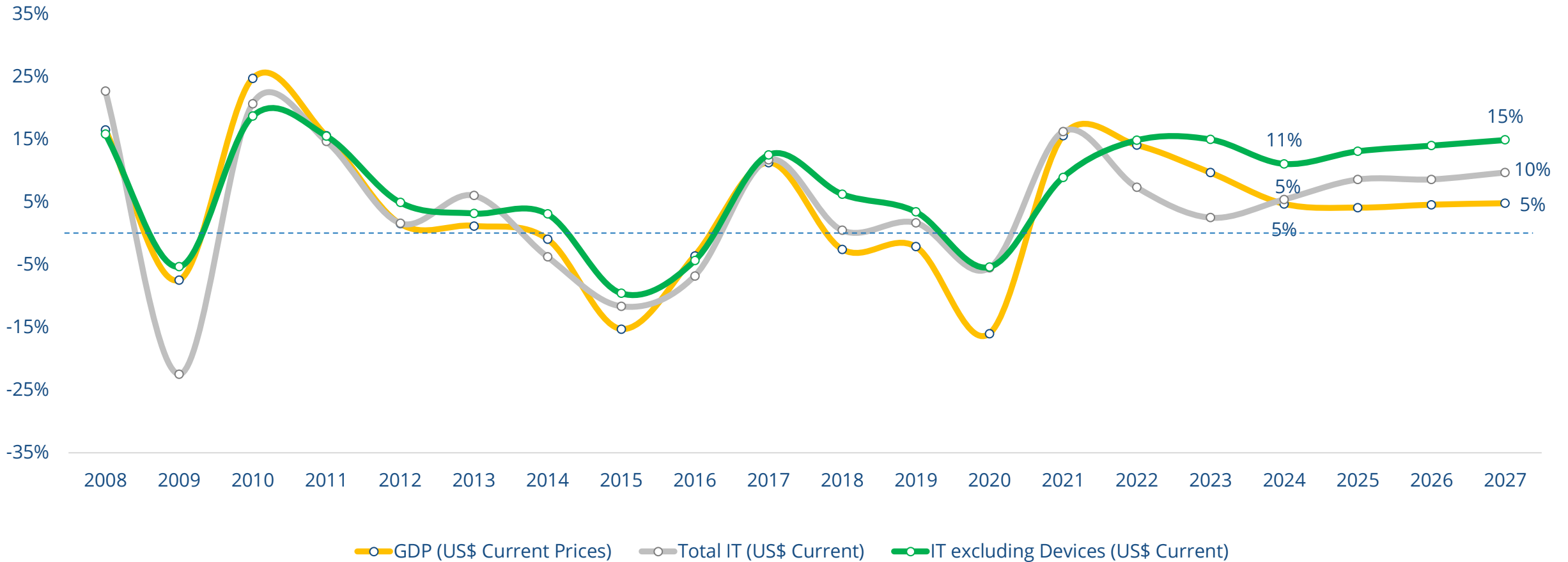
Double-digit growth for the IT market in 2023 and 2024 in Latin America.

IT Enterprise Growth by Country
Y-Y 2023-2024-2025

| Total, LA 2023 US$ 72.6B | Total, LA 2024 US$ 81.2B | Total, LA 2025 US$ 91.8B |

Legend:
- YoY Growth 2023
- YoY Growth 2024
- YoY Growth 2025

USA: 9%, 9%, 10%
LA: 15%, 11%, 13%
Argentina: -17%, 7%, 13%
Brazil: 15%, 12%, 13%
Chile: 15%, 11%, 13%
Colombia: 16%, 10%, 13%
Mexico: 22%, 10%, 13%
Peru: 13%, 11%, 13%

Latin American organizations invest in technology to be more productive, innovative, and competitive. Security and execution gaps are the main challenges of digital strategies.

Q. Of the following political, social and economic risks, which 3 do you expect to have the greatest impact on your organization's technology and digital transformation investment plans over the next two years?
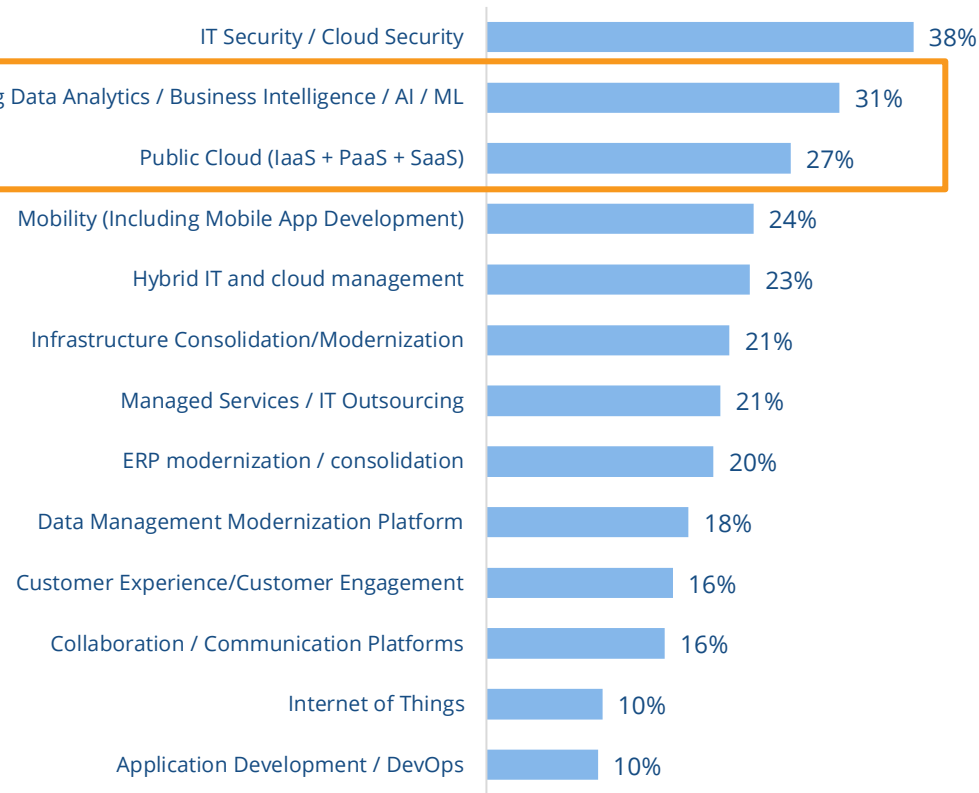
Cybersecurity threats/regulations	46%
Ensuring health, wellness and safety for employees/customers	37%
Addressing new data sharing and compliance regimes	33%
Digital transformation execution gaps	32%
Operations resiliency (e.g. supply chain risk)	30%
Changing environmental targets/regulations	27%
Changing global tax structures	24%
New Covid variants	23%
Talent skill gap	21%

Q. In 2023, which of the following business initiatives will be the most important to drive IT investments in your organization?

|	
Increase organization's productivity	48%
Create or improve products and services	31%
Balance digital and physical mix in customer experience	30%
Improve customer acquisition and retention	30%
Leverage data to create new digital revenue streams	28%
Expand into new geographic regions/countries	27%
Improve data privacy measures	25%
Increase revenue from personalized digital services	18%
Reduce organization's costs	18%
Improve organization's ability to attract and retain workforce	17%
Meet compliance requirements	11%

AI platforms will have a big impact on the enterprise SW industry and End-User business strategy because one trend that will impact is that more and more commercial software will have AI capabilities embedded in the functionality of the SW.

Q. In 2023, in terms of strategic importance, which of the following will be included within the top IT initiatives at your organization?

Initiative	%
IT Security / Cloud Security	38%
Big Data Analytics / Business Intelligence / AI / ML	31%
Public Cloud (IaaS + PaaS + SaaS)	27%
Mobility (Including Mobile App Development)	24%
Hybrid IT and cloud management	23%
Infrastructure Consolidation/Modernization	21%
Managed Services / IT Outsourcing	21%
ERP modernization / consolidation	20%
Data Management Modernization Platform	18%
Customer Experience/Customer Engagement	16%
Collaboration / Communication Platforms	16%
Internet of Things	10%
Application Development / DevOps	10%

Source: IDC Latin America IT Investment Trends, 2023 (n=421)

Latin America Y-Y Growth by Market and AI Platform Penetration Vs. Business Apps/ADD

Legend: AI Platforms, Commercial SW, IaaS Services, AI Platforms vs. Business Apps/Devep SW
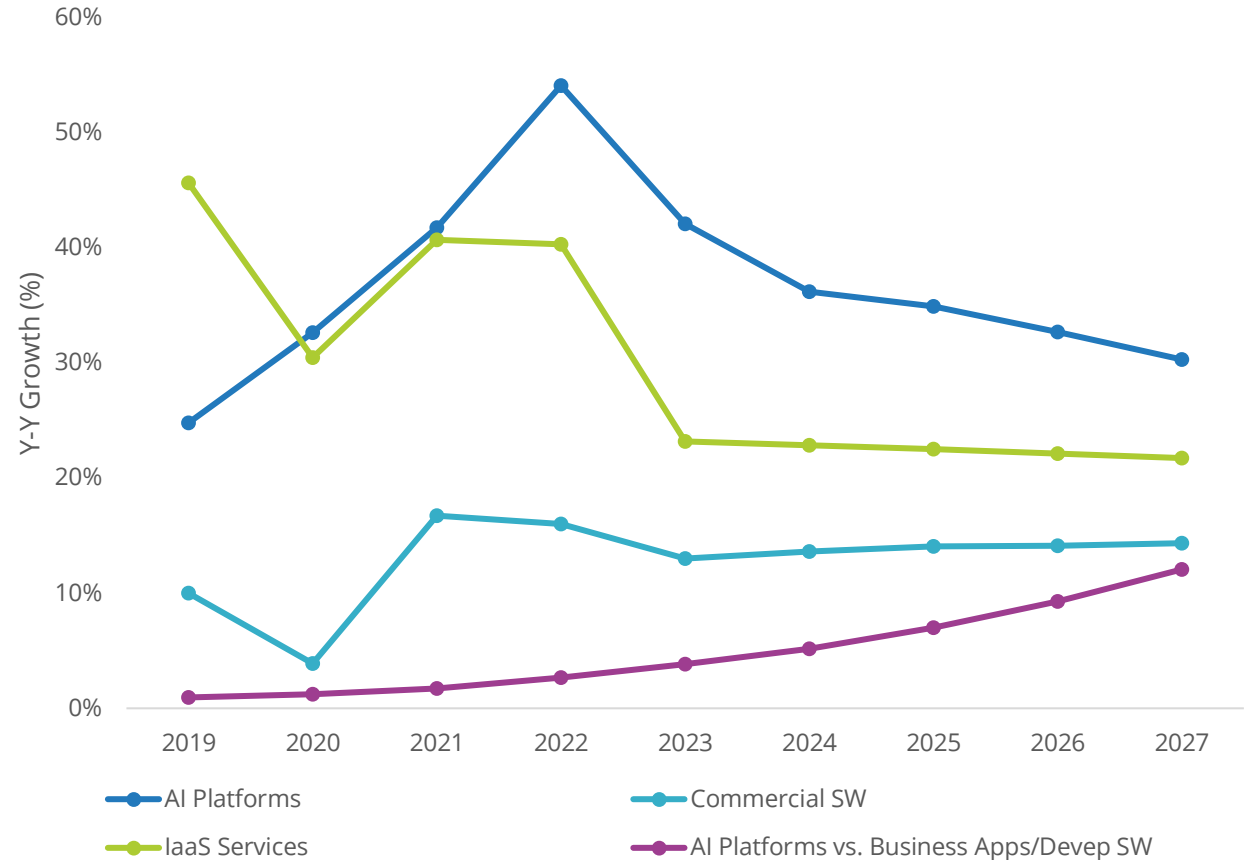
Notes: AI platforms included Gen AI services

Source: IDC Semiannual Software and PCS Trackers, November 2023

IDC FutureScape: Worldwide IT Industry 2024 Predictions
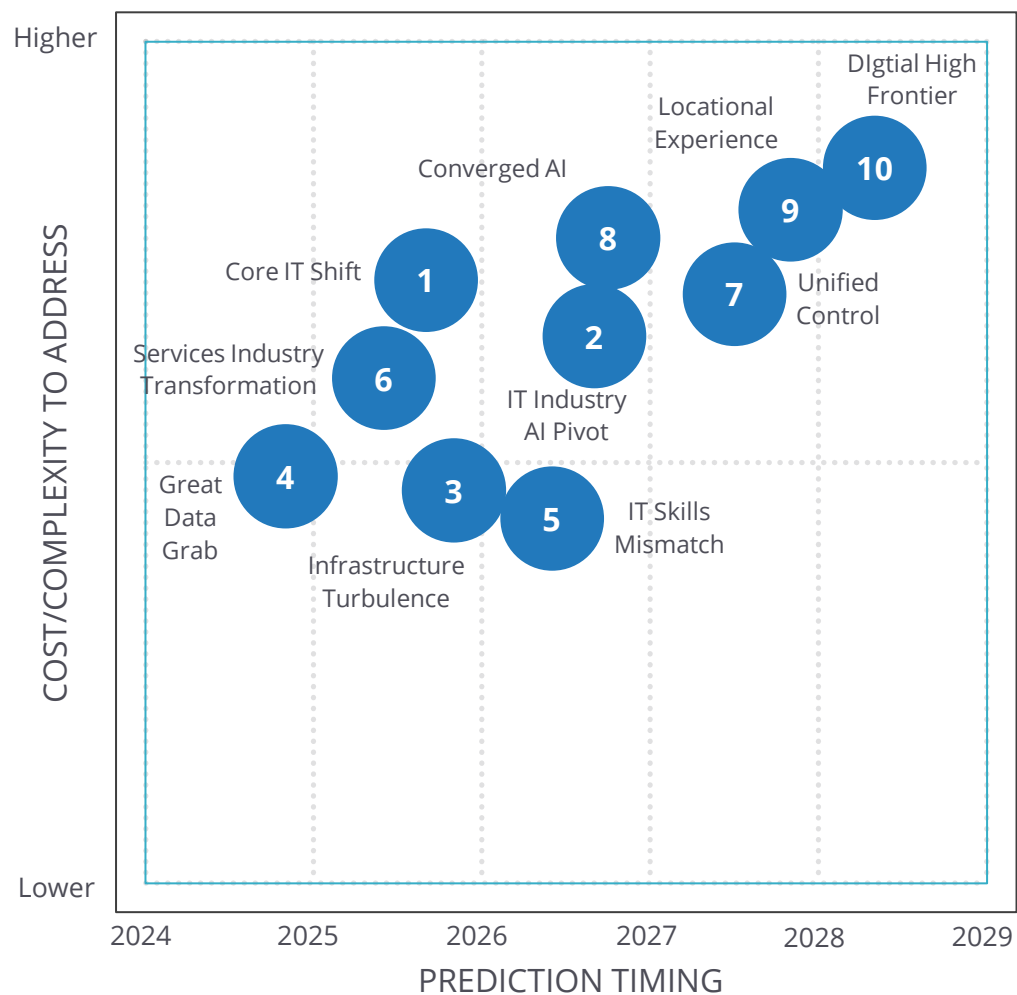
Chart — X axis: PREDICTION TIMING (2024–2029); Y axis: COST/COMPLEXITY TO ADDRESS (Lower to Higher). Plotted items:
- 4 — Great Data Grab
- 6 — Services Industry Transformation
- 1 — Core IT Shift
- 3 — Infrastructure Turbulence
- 5 — IT Skills Mismatch
- 2 — IT Industry AI Pivot
- 8 — Converged AI
- 7 — Unified Control
- 9 — Locational Experience
- 10 — DIgtial High Frontier

1. By 2027, the Top 5,000 companies in Latin America will allocate over 25% of core IT spend to AI initiatives, leading to a double-digit increase in the rate of product and process innovations.

2. With tech providers allocating 50% of R&D, staffing, and CAPEX investments to AI/automation through 2026, CIOs will struggle to align vendor selection and IT Ops priorities with new uses cases.

3. Into 2027, all enterprises will deal with uncertain infrastructure costs and accessibility, triggering use of stop-gap measures that make cloud economics and data logistics goals harder to achieve.

4. In 2024, providers across the hardware, software, and services spectrum will aggressively expand their private and open-source data portfolios, making strategic partnering decisions more unstable.

5. Through 2027, underfunding of skills initiatives compared to products/services spend keeps 75% of enterprises from achieving full value from AI, cloud, data, and security investments.

6. By 2028, 35% of services engagements will include GenAI-enabled delivery, triggering a shift in human-delivered services for strategy, change, and training to prepare organizations for AI Everywhere.

7. In 2027, 80% of infrastructure, security, data, and apps will rely on advanced control platforms for coordinated AI-enabled service delivery, but only half of enterprises will use them effectively.

8. By 2026, all new IT brands, products, and services targeting underserved customer segments/personas are based on tight integration of diverse AI services that deliver new capabilities at lower costs.

9. By 2027, 40% of Top 5,000 companies in LATAM will leverage ubiquitous experiences, edge analytics, & Gen-AI to enable customers to create their own experience journeys, improving customer desired outcome and value.

10. By 2028, 20% of top 5,000 enterprises in LATAM will integrate low Earth orbit satellite connectivity, creating a unified digital service fabric that ensures resilient ubiquitous access and guarantees data fluidity.

Prediction 1 – By 2027, the Top 5,000 companies in Latin America will allocate over 25% of core IT spend to AI initiatives, leading to a double-digit increase in the rate of product and process innovations.

IT Impact

✓ IT teams would need to have an enhanced focus on data management, especially activities around data integration, quality, and governance. AI model bias and explainability are key areas of concern for IT and data science professionals.

✓ Enterprises would require ample AI/machine learning (ML)-related skills development. An acute shortage of skilled AI/ML professionals could potentially prove to be a bottleneck for scaling AI initiatives in the future.

✓ As AI systems become more sophisticated, so do cybersecurity threats. IT teams need to bolster security measures to protect AI models and data from potential breaches.

Guidance

✓ Put in place strong data governance procedures to guarantee the quality, security, and adherence to regulations of your data. Enforce measures such as controlling data access, encrypting data, and tracking data lineage to safeguard sensitive information.

✓ Regularly assess and mitigate risks associated with AI projects, including technical, operational, and ethical risks. Implement contingency plans for potential issues.

✓ Invest in training and upskilling IT team members in AI, machine learning, and data science. This will empower them to understand AI technologies, make informed decisions, and effectively manage AI-related projects.
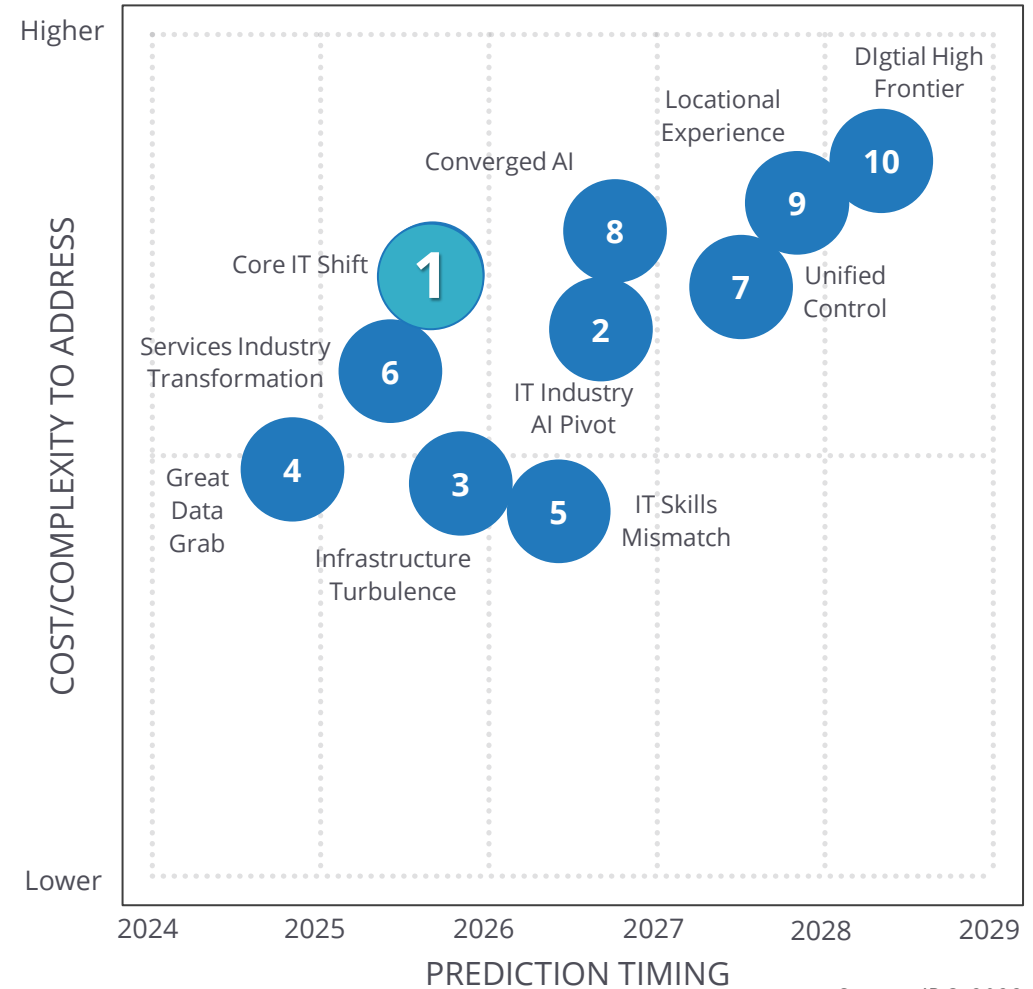
Source: IDC, 2023

Prediction 2 – With tech providers allocating 50% of R&D, staffing, and CAPEX investments to AI/automation through 2026, CIOs will struggle to align vendor selection and IT Ops priorities with new use cases.

IT Impact

- ✓ Most existing products/services that IT teams rely upon will add AI extensions that promise improved capabilities and operational efficiency but also require training to use effectively.
- ✓ The promises and new pricing mechanisms associated with new "intelligent" products and services alter existing assumptions used to access ROI and business value.
- ✓ AI replaces the cloud as the lead driver of technology industry investment decisions, but cloud continues to play a critical supporting role in delivery.

Guidance

- ✓ Allocate funds now for the retraining/reskilling of core ITOps, SecOps, and DevOps teams, and insist that providers include ongoing training as part of any customer success programs.
- ✓ Establish clear guidelines on the acceptable use of log and evaluation data as well as code by providers and include assumptions about "value to provider" in ROI and pricing assessments.
- ✓ Initiate the creation of an AI center of excellence within the CTO organization that is tasked with accessing emerging AI acceleration technologies and how effectively tech providers are adopting those technologies in their own products/services.
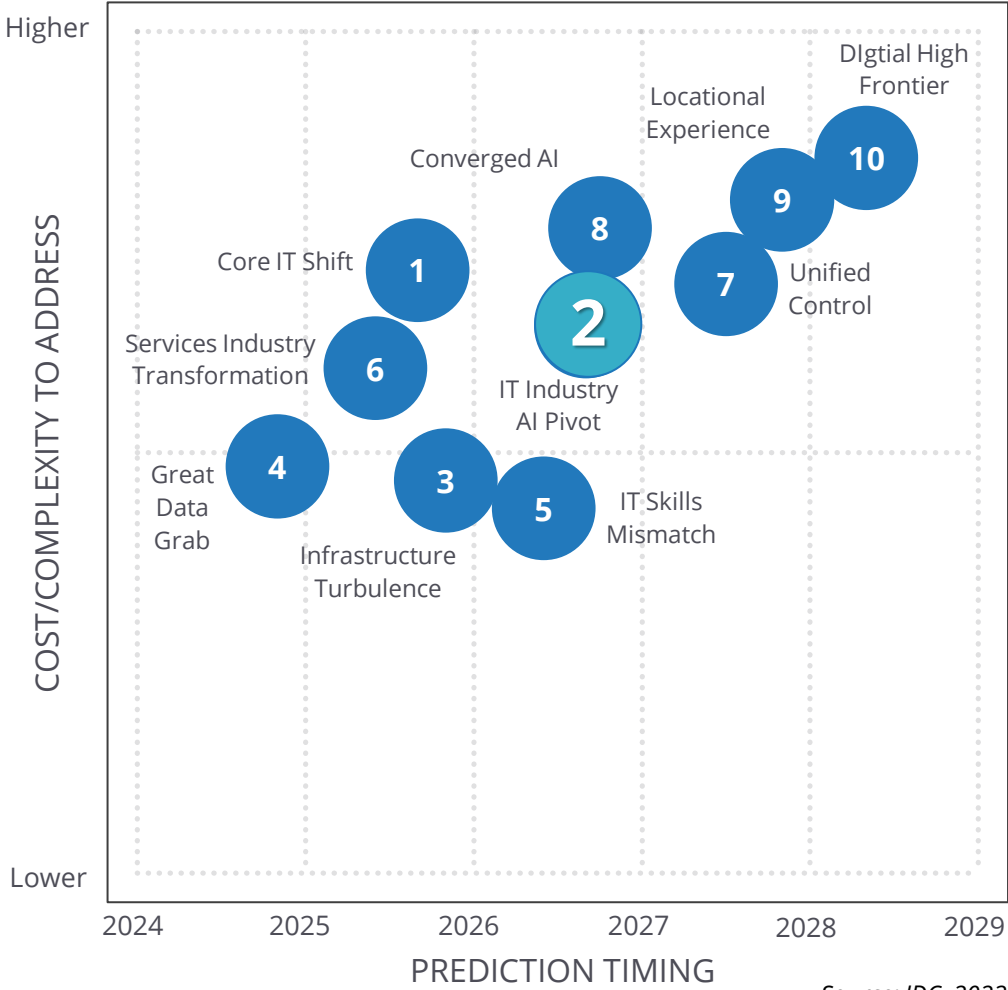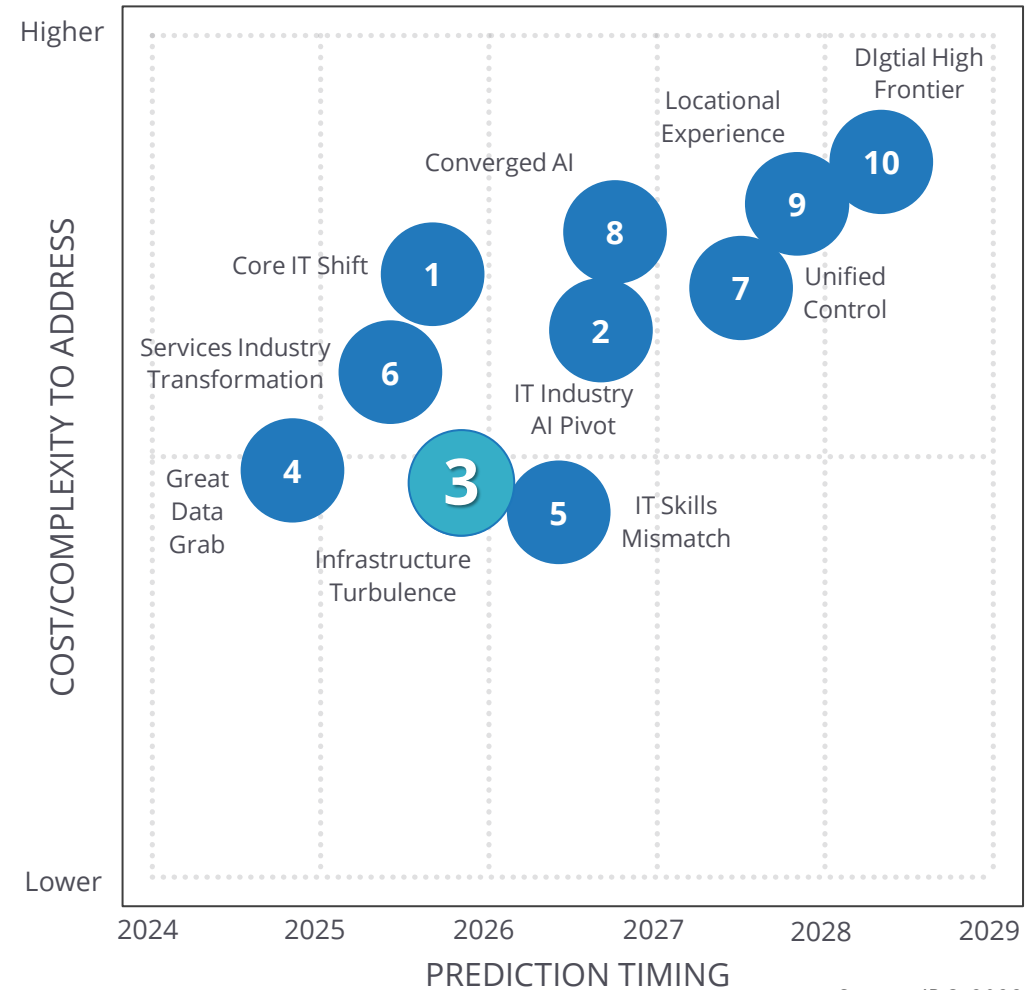

Source: IDC, 2023

Prediction 3 – Into 2027, all enterprises will deal with uncertain infrastructure costs and accessibility, triggering use of stop-gap measures that make cloud economics and data logistics goals harder to achieve.

IT Impact

- ✓ IT teams face continued questions from business decision-makers who've already reached the conclusion that implementing GenAI or using GenAI-enhanced software will be expensive.
- ✓ Cost and performance assumptions related to standard power/cooling/networking cabling requirements for corporate and colocation provider data centers require major revisions.
- ✓ Rapid changes in processors, large language models (LLM), and AI technology areas increase the risk of accumulating technical debt at a time in which the scrutiny of high up-front capital costs is elevated.

Guidance

- ✓ Commit early to ITOps/AIOps solutions that enable close tracking and control of costs and that can tie investments to actual benefits in productivity, revenue growth, and competitive position.
- ✓ Incorporate facilities and power assumptions into all GenAI use-case cost/benefits analysis, especially those related to meeting corporate sustainability goals.
- ✓ Establish long-term relationships with IT suppliers that have strong capabilities in "closing the loop" and optimizing the life cycle and full recovery of asset value for any dedicated IT equipment deployed.

Chart axes: COST/COMPLEXITY TO ADDRESS (Lower to Higher) vs PREDICTION TIMING (2024–2029)

Bubbles:
- 1 — Core IT Shift
- 2 — IT Industry AI Pivot
- 3 — Infrastructure Turbulence
- 4 — Great Data Grab
- 5 — IT Skills Mismatch
- 6 — Services Industry Transformation
- 7 — Unified Control
- 8 — Converged AI
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Source: IDC, 2023

Prediction 4 – In 2024, providers across the hardware, software, and services spectrum will aggressively expand their private and open-source data portfolios, making strategic partnering decisions more unstable.
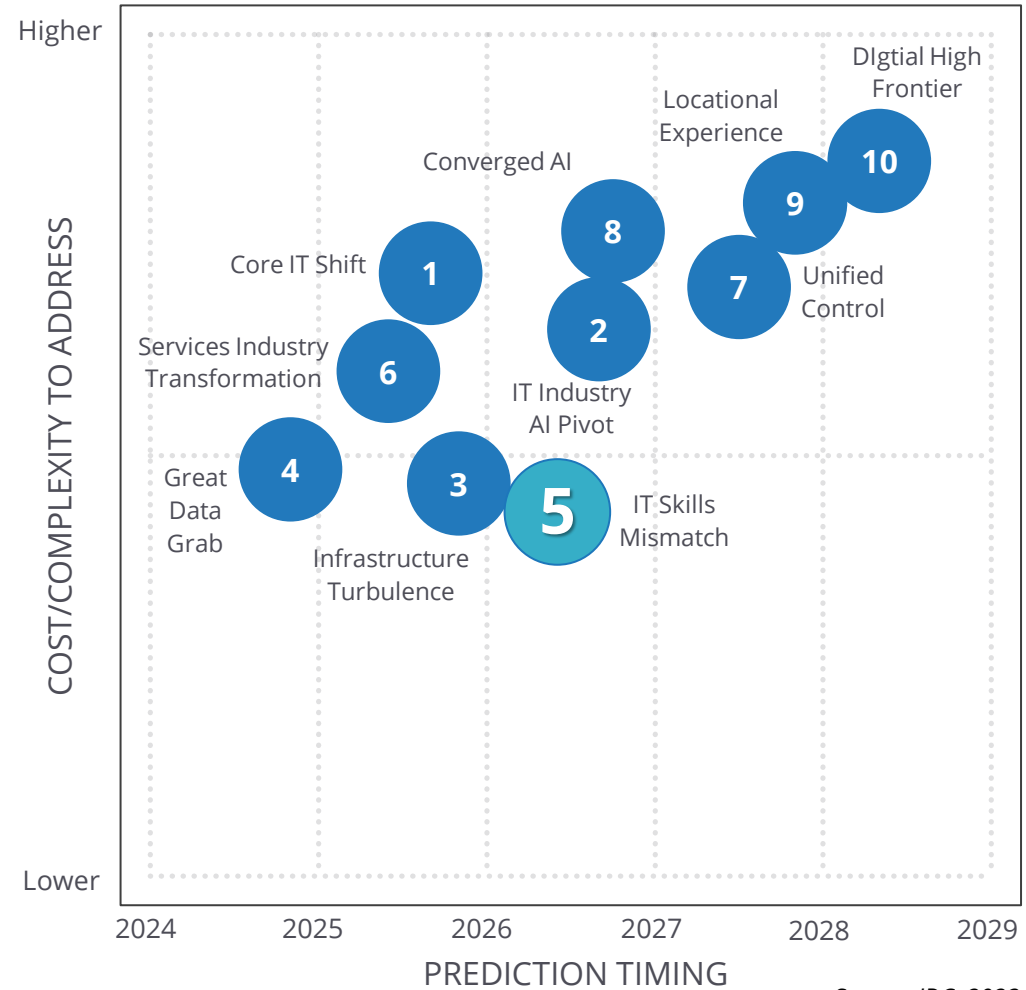
IT Impact	✓ Assumptions about the ownership/provenance of data used by AI functions in hardware, software, and service offerings may be subject to change on short notice. ✓ Changes in ownership for critical data sets may alter the benefits/risks of selecting ITOps and function/industry-specific solutions while increasing the potential for lock-in.
Guidance	✓ Prioritize and implement internal and third-party data use/sharing guidelines for all IT and business data that include commitments on guaranteeing long-term access to data, regardless of ownership changes. ✓ Make the security of data sources a top KPI, with an emphasis on both encouraging the use of open-source data (properly vetted and indemnified) where possible and adopting a data control system that enables timely shifting to new data sets if required.
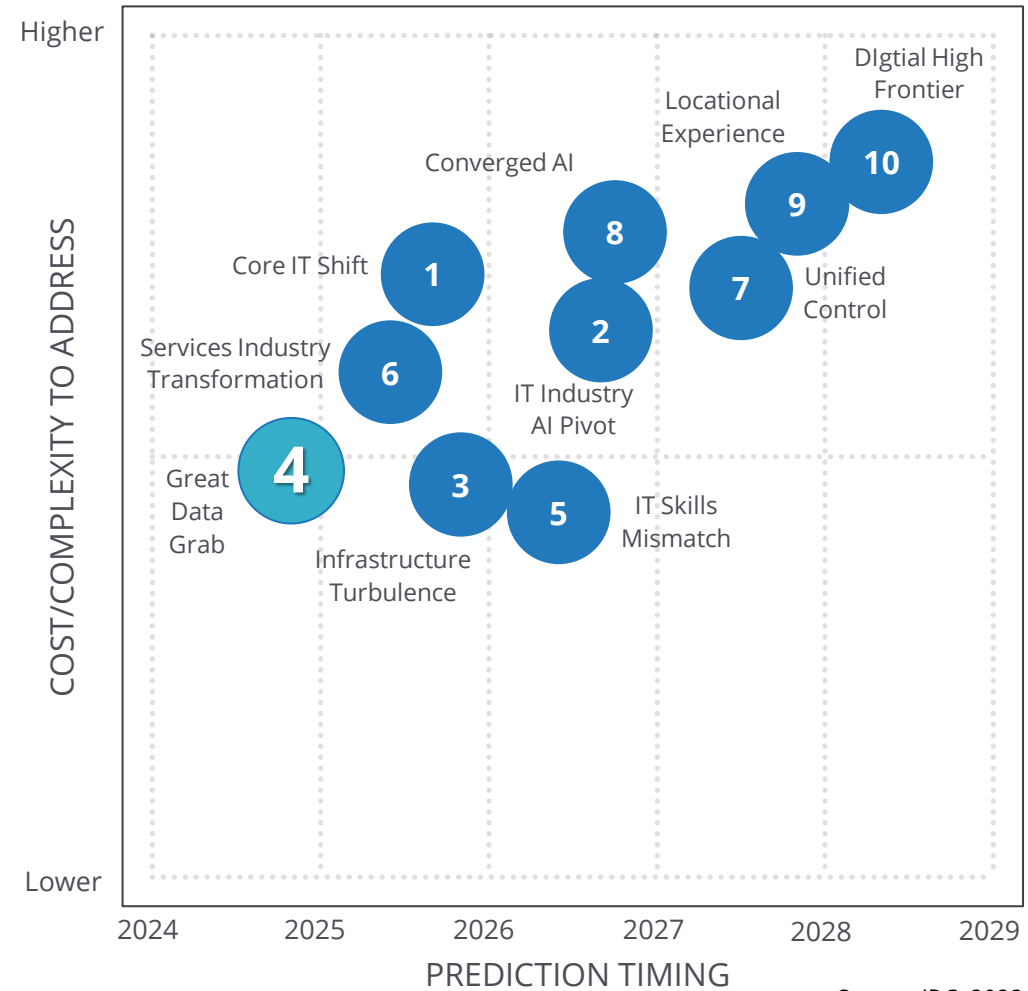
Source: IDC, 2023

Prediction 5 – Through 2027, underfunding of skills initiatives compared to products/services spend keeps 75% of enterprises from achieving full value from AI, cloud, data, and security investments.

IT Impact

- ✓ With underfunded skilling initiatives, IT organizations find it increasingly difficult to plan for further enhancements and customization of their systems, slowing down the digital transformation process.
- ✓ Companies that fail to keep their IT skills pool up to date are more susceptible to problems such as security breaches, cloud overspending, and AI data compliance issues.
- ✓ Without the right skills and expertise inside and outside the IT department, the business (regardless of industry) will struggle with delivering maximum value to customers and will thus increase competitive risks, as opposed to other players with a stronger tech-savvy talent pool.

Guidance

- ✓ Make use of tools and establish a plan to understand the current state of your skills pool before planning for future skilling initiatives. Prior due diligence and information are the enablers for a more assertive learning and development plan.
- ✓ Treat learning and development initiatives as key components of your organization's transformation plan, with a defined budget, stakeholders, and full alignment with your technology adoption roadmap.
- ✓ Foster a lifelong learning culture in the organization to incentivize knowledge sharing and mentoring beyond formal training programs. Learning is part of the day-to-day job, with the company providing the tools and headspace for such initiatives to happen.

Chart — COST/COMPLEXITY TO ADDRESS (Lower to Higher) vs PREDICTION TIMING (2024–2029):

- Core IT Shift — 1
- Services Industry Transformation — 6
- Great Data Grab — 4
- Infrastructure Turbulence — 3
- IT Skills Mismatch — 5
- IT Industry AI Pivot — 2
- Converged AI — 8
- Unified Control — 7
- Locational Experience — 9
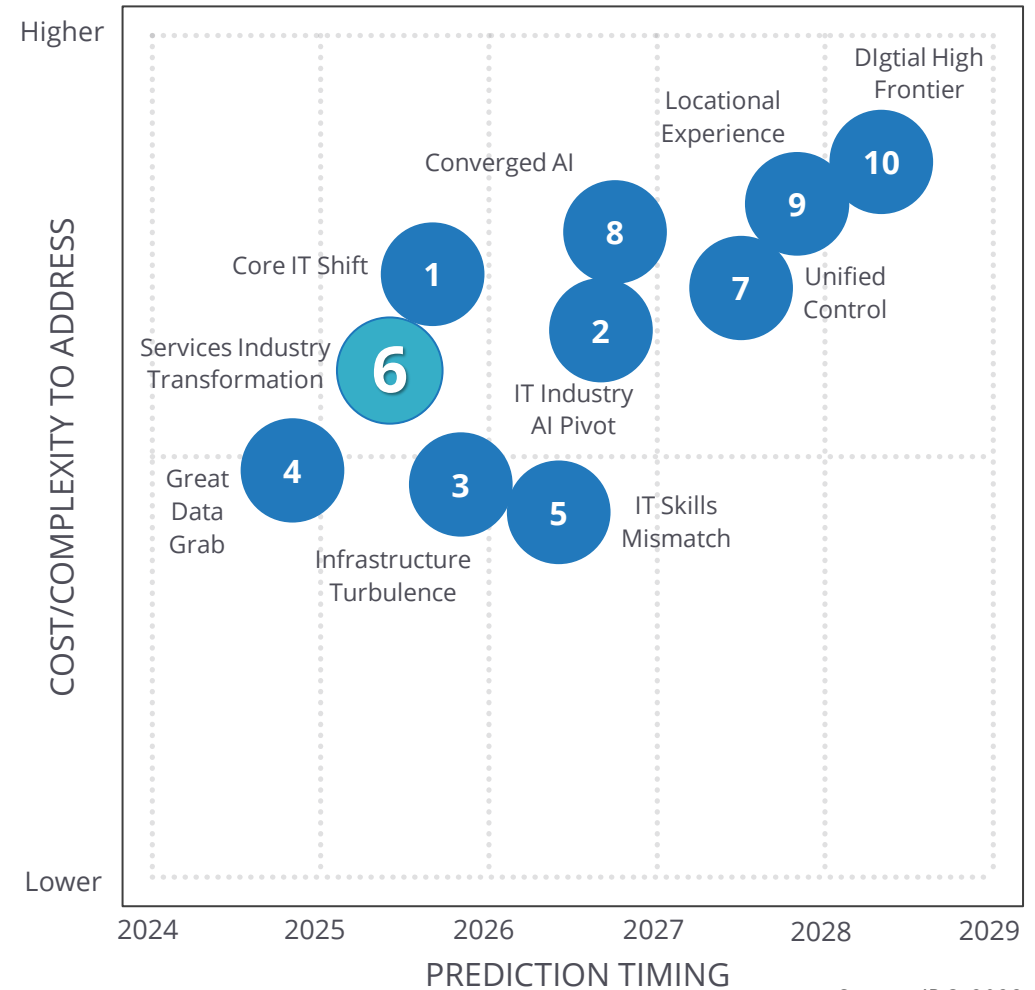- DIgtial High Frontier — 10

Source: IDC, 2023

Prediction 6 – By 2028, 35% of services engagements will include GenAI-enabled delivery, triggering a shift in human-delivered services for strategy, change, and training to prepare organizations for AI Everywhere.

IT Impact

- ✓ IT leaders will need to evaluate their service providers' expertise and approach to leveraging GenAI for service delivery, potentially before they have had a chance to fully consider their own organizations' strategy and business objectives for AI.
- ✓ IT leaders will need expertise to lay the foundation for GenAI adoption, including establishing a responsible AI policy, creating an AI strategy and road map, designing an intelligence architecture, and preparing programs for staff training and reskilling.
- ✓ Integrating GenAI into business workflows will also almost certainly require some reengineering of business processes, in addition to change management for employees who will be interacting with a new and disruptive technology.

Guidance

- ✓ Ask pointed questions about your service providers' plans to incorporate GenAI capabilities into your current and future engagements, including how your data and IP will be protected, how your delivery team may change, how pricing will be impacted, and how service quality and performance will be maintained (or improved) when GenAI is being used.
- ✓ Seek advice from service providers that have not only developed GenAI expertise through their R&D and thought leadership work, client engagements, and ecosystem partnerships but have also gained firsthand experience from going through their own internal GenAI adoption and reskilling their workforces.
- ✓ Consider service providers with whom you already have an established relationship, as their existing knowledge of your business objectives, IT architecture, and organizational culture may accelerate the process of identifying and developing impactful GenAI solutions.

Scatter chart. Y-axis: COST/COMPLEXITY TO ADDRESS (Lower to Higher). X-axis: PREDICTION TIMING (2024–2029).
- Core IT Shift: 1
- Converged AI: 8
- Locational Experience: 9
- DIgtial High Frontier: 10
- Unified Control: 7
- IT Industry AI Pivot: 2
- Services Industry Transformation: 6
- Great Data Grab: 4
- Infrastructure Turbulence: 3
- IT Skills Mismatch: 5

Prediction 7 – In 2027, 80% of infrastructure, security, data, and apps will rely on advanced control platforms for coordinated AI-enabled service delivery, but only half of enterprises will use them effectively.
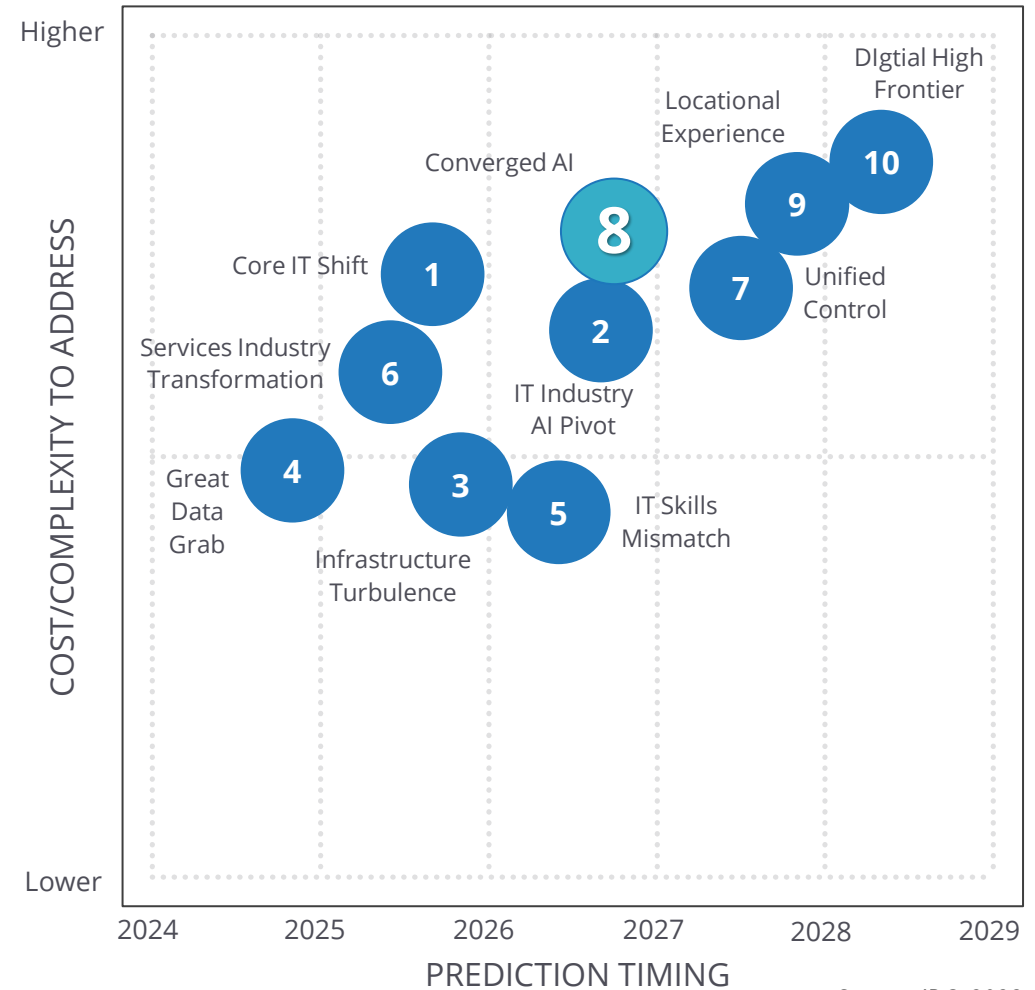
IT Impact

- ✓ Effective use of AI-enhanced control platforms requires greater confidence in data security and usage based on secure connectivity and clear data-sharing practices with technology partners.
- ✓ The need to keep abreast with and fully leverage the array of new functions that AI-enhanced control platforms introduce leads to decision paralysis.
- ✓ AI-enabled resource automation and optimization benefits promised by AI-enhanced control platforms are seen as a threat by critical IT staff members who fear that their only value is to train their replacement.

Guidance

- ✓ Adopt more flexible connectivity and security systems that make it easier to enable the connectivity and data sharing required to take full advantage of AI-enhanced control platforms.
- ✓ Require providers to enable open access to the network, performance, and configuration data generated by their systems, and encourage the sharing of relevant data across providers.
- ✓ Refocus IT operational practices on the buildout of strategic skills (e.g., security, prompt engineering, user experience, business analysis, and IT automation) that ensure effective use of AI-enhanced control platforms.
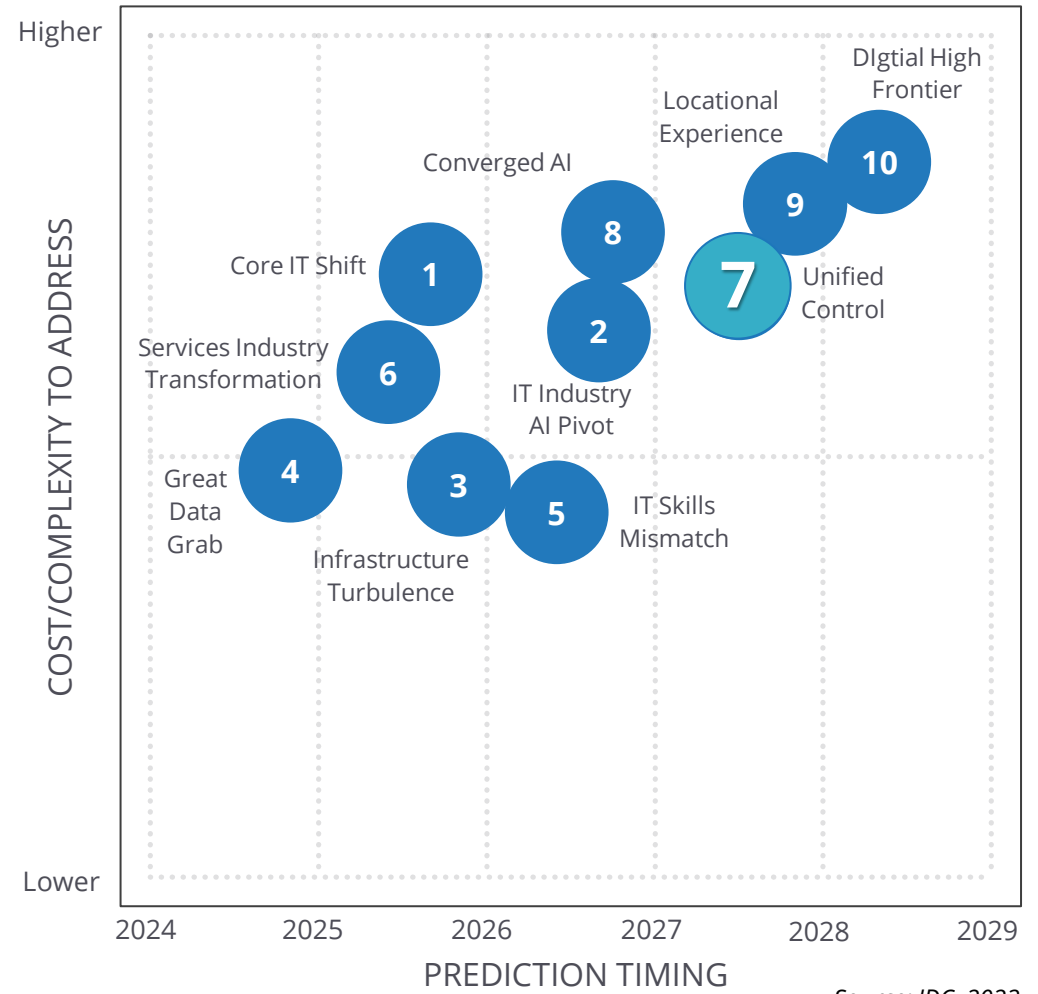
Source: IDC, 2023

Prediction 8 – By 2026, all new IT brands, products, and services targeting underserved customer segments/personas will be based on tight integration of diverse AI services that deliver new capabilities at lower costs.

IT Impact

✓ Efforts to deploy full AI convergence solutions across many locations expose limits in existing processes for governing remotely deployed infrastructure and the use of collected data.

✓ Insufficient focus on skills, AI governance, and date use guidelines emerge as the greatest barriers to developing full internal AI convergence services.

Guidance

✓ Look for AI-enhanced control platforms that focus on extending the full spectrum of AI services to remote locations, not just point solutions for functions such as GenAI or machine vision.

✓ CIOs must design and implement an appropriate governance for the deployment and use of vision technology in the enterprise and its ecosystems.

COST/COMPLEXITY TO ADDRESS (Higher / Lower)

PREDICTION TIMING (2024 – 2029)

- Core IT Shift — 1
- Services Industry Transformation — 6
- Converged AI — 8
- IT Industry AI Pivot — 2
- Locational Experience — 9
- DIgtial High Frontier — 10
- Unified Control — 7
- Great Data Grab — 4
- Infrastructure Turbulence — 3
- IT Skills Mismatch — 5

Source: IDC, 2023

Prediction 9 – By 2027, 40% of the Top 5,000 companies in LATAM will leverage ubiquitous experiences, edge analytics, and Gen-AI to enable customers to create their own experience journeys, improving customer desired outcomes and value.
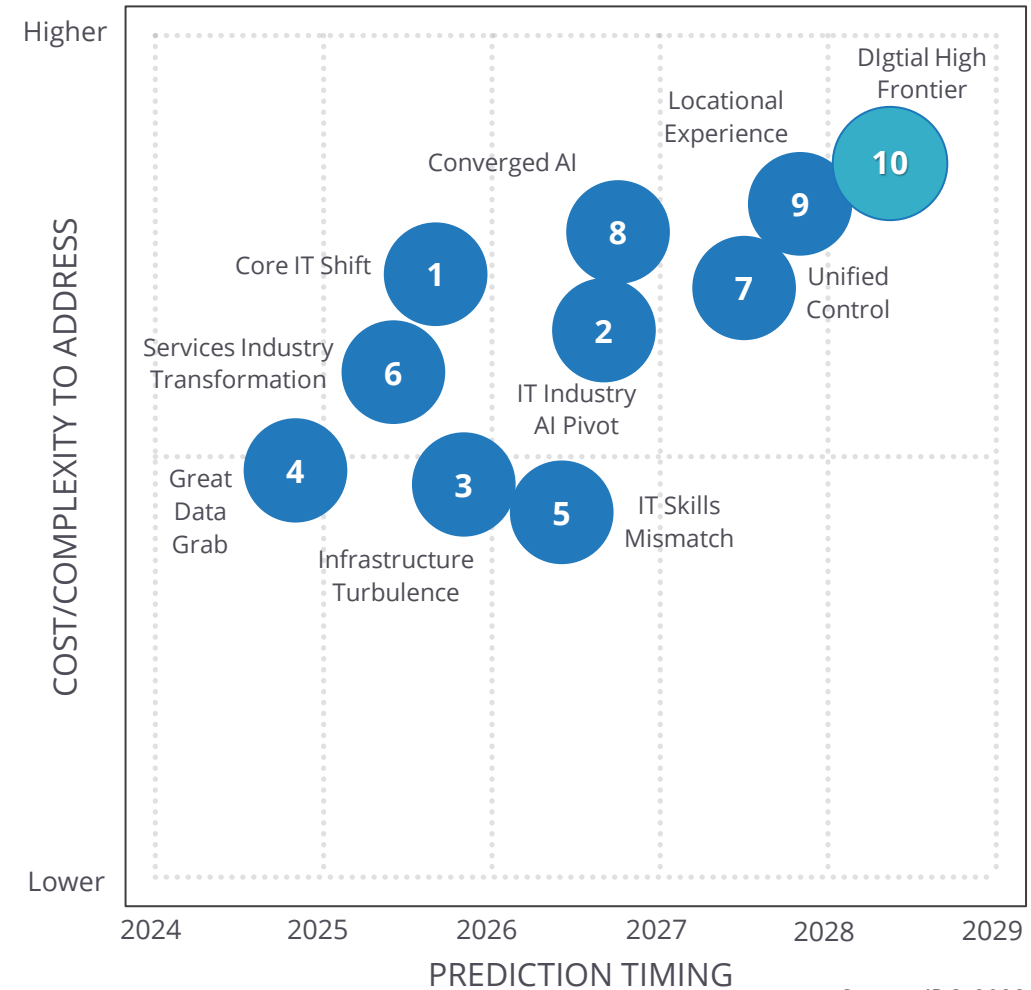
IT Impact	✓ Content management evolution: With GenAI auto-tagging and providing metadata for newly generated content, CMS and DAM systems will need to be more dynamic and adaptable. ✓ Security enhancements: As customer-controlled devices/systems execute decisions, there will be a heightened need for advanced security protocols to safeguard data and ensure privacy. ✓ Integration challenges: Merging traditional systems with GenAI models will require seamless integration efforts to ensure a smooth customer experience.
Guidance	✓ Invest in GenAI training: Ensure that both IT and marketing teams are well-versed with the capabilities and potential of GenAI to maximize its benefits. ✓ Prioritize customer data privacy: As customers curate their experiences, it is imperative to ensure that their data is protected and used ethically. ✓ Collaborate across departments: Foster a culture of collaboration between IT, marketing, and customer service teams to ensure a unified approach to bidirectional customer experiences.
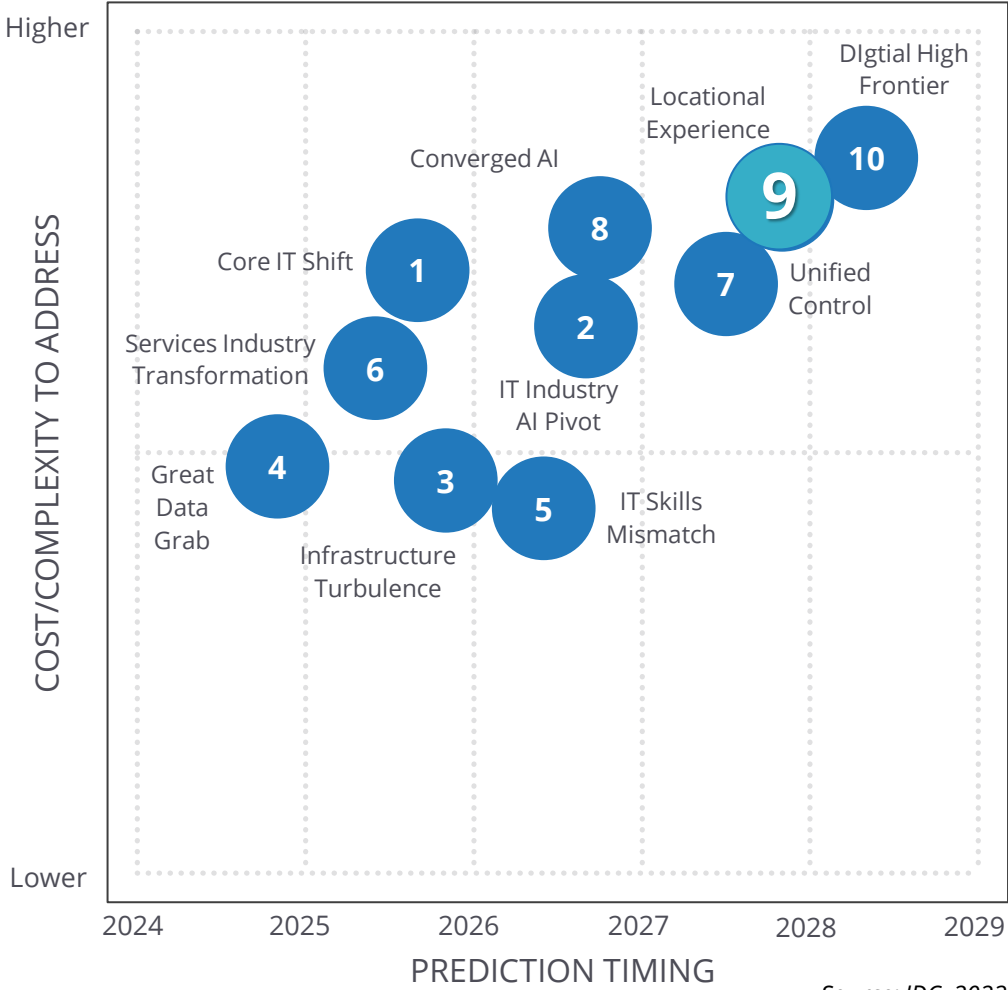
Source: IDC, 2023

Prediction 10 – By 2028, 20% of the top 5,000 enterprises in LATAM will integrate low Earth orbit satellite connectivity, creating a unified digital service fabric that ensures resilient ubiquitous access and guarantees data fluidity.

IT Impact

- ✓ Organizations in specific verticals should explore applications that require a lower-latency satellite connectivity option in the range of 20–50ms, as part of their high-speed access choice for remote locations.
- ✓ Long-term alliances are increasing through the pairing of satellite operators' constellations in LEO with communications SPs' mobile networks to extend the reach of their unified digital wireless fabric.
- ✓ LEO satellites will offer global capabilities for the deployment of IoT and MPN solutions, but they will require custom integration capabilities.

Guidance

- ✓ Identify optimal applications for low-orbit connectivity, with guidance from either satellite operators or communications SPs. Latency and reliability should be key considerations.
- ✓ For communications SPs, move quickly to line up the mobile networks with satellite operator's constellations in LEO. The right partnership will be crucial for the time to market of voice, data, and broadband use cases as well as wholesale capacity solutions.
- ✓ Explore IoT and MPN applications that don't require an always-on, mission-critical capability for remote and geographically distributed sites.

Higher

COST/COMPLEXITY TO ADDRESS

DIgtial High Frontier

Locational Experience

Converged AI

Core IT Shift — 1

8

9

10

7 — Unified Control

Services Industry Transformation — 6

2

IT Industry AI Pivot

Great Data Grab — 4

3

5 — IT Skills Mismatch

Infrastructure Turbulence

Lower

2024   2025   2026   2027   2028   2029

PREDICTION TIMING

Source: IDC, 2023