

INDUSTRIAL CUSTOMERS ARE READY FOR CLOUD — NOW



IDC

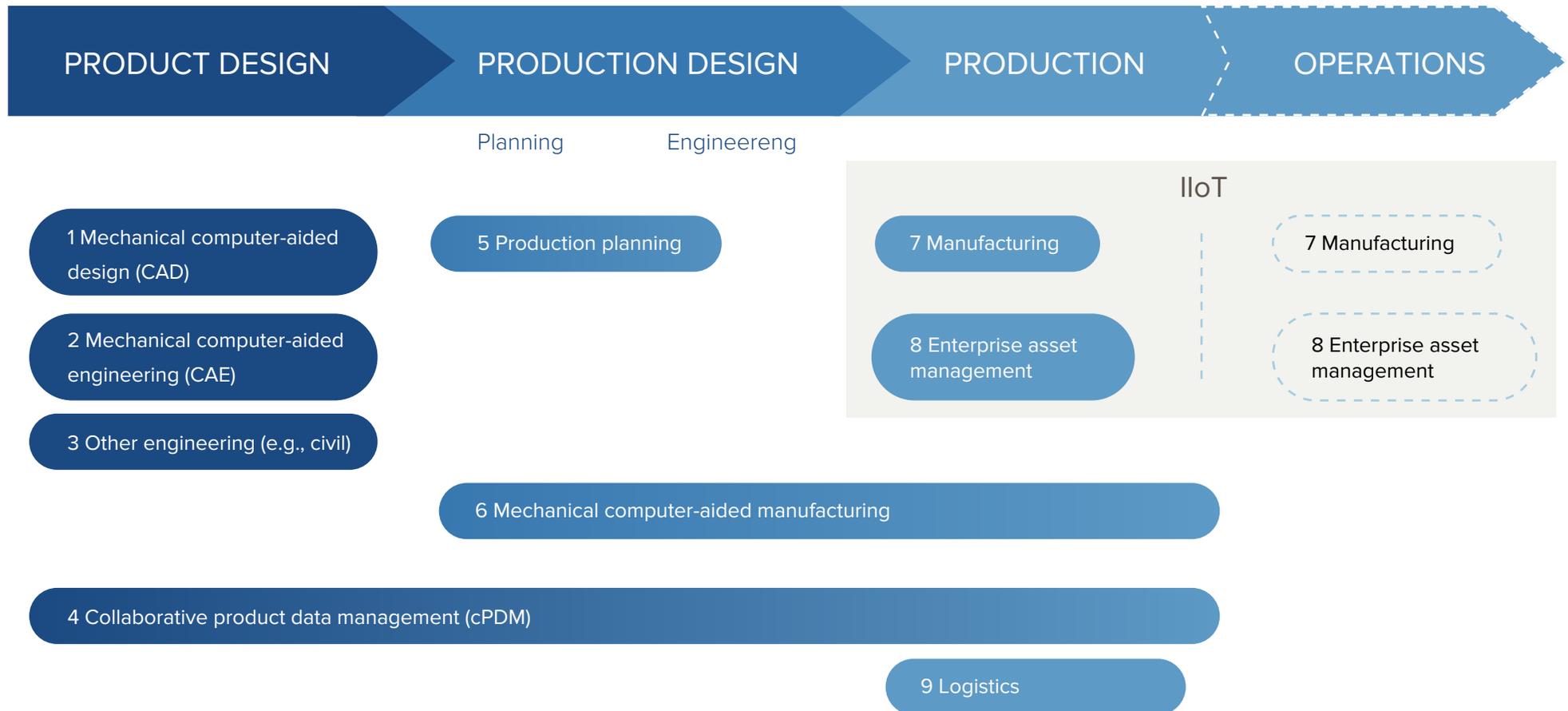
ANALYZE
THE
FUTURE

September 2018

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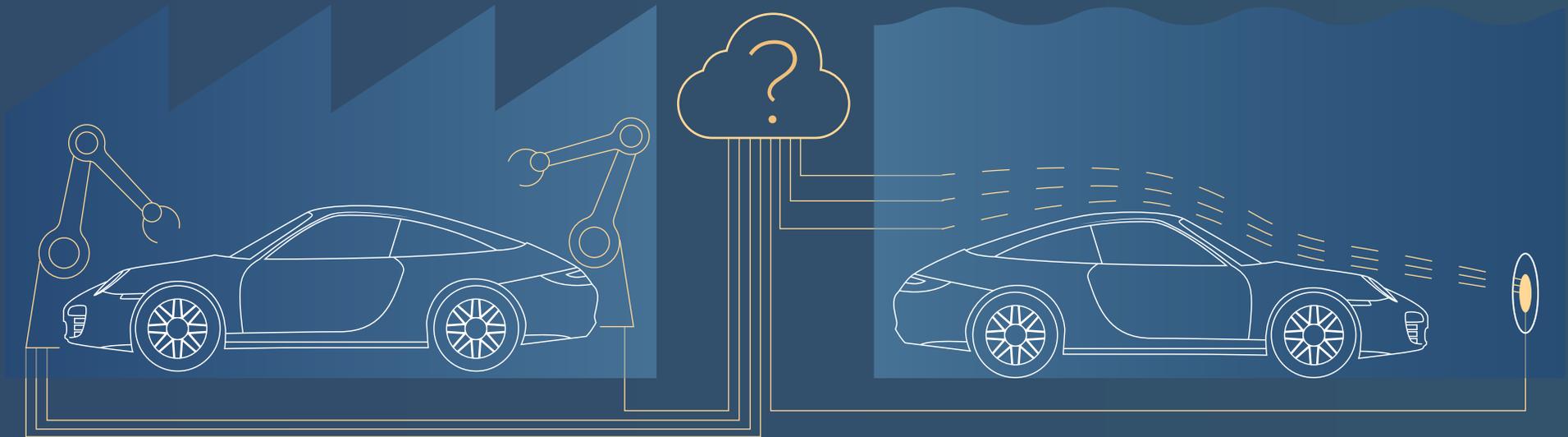
INDUSTRIAL SOFTWARE IS DEFINED BASED ON NINE FUNCTIONAL MARKETS OF THE IDC GLOBAL SOFTWARE TRACKER



METHODOLOGY OVERVIEW

INDUSTRIAL CUSTOMER

INDEPENDENT SOFTWARE VENDOR



Quantitative IDC study conducted in March/April 2018

Method:

Computer-assisted
telephone interview (CATI)

Sample:

30 industrial software ISVs that specifically
target the manufacturing industry
100 end-user organizations,
Germany (50 respondents), U.S. (50 respondents)

Industry breakdown:

Discrete manufacturing (54 respondents),
process manufacturing (46 respondents)

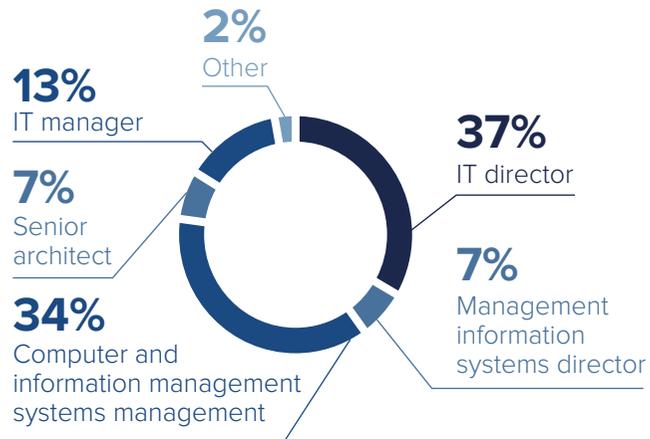
A LOOK INTO RESPONDENT DEMOGRAPHICS

END USERS

COMPANY SIZE



TYPE OF JOB ROLE



ISVs

COMPANY SIZE



LEVEL OF SENIORITY



MARKET SHARES OF TOP 4 ISVs COVERED IN THE STUDY:

79%
MECHANICAL CAD APPLICATIONS

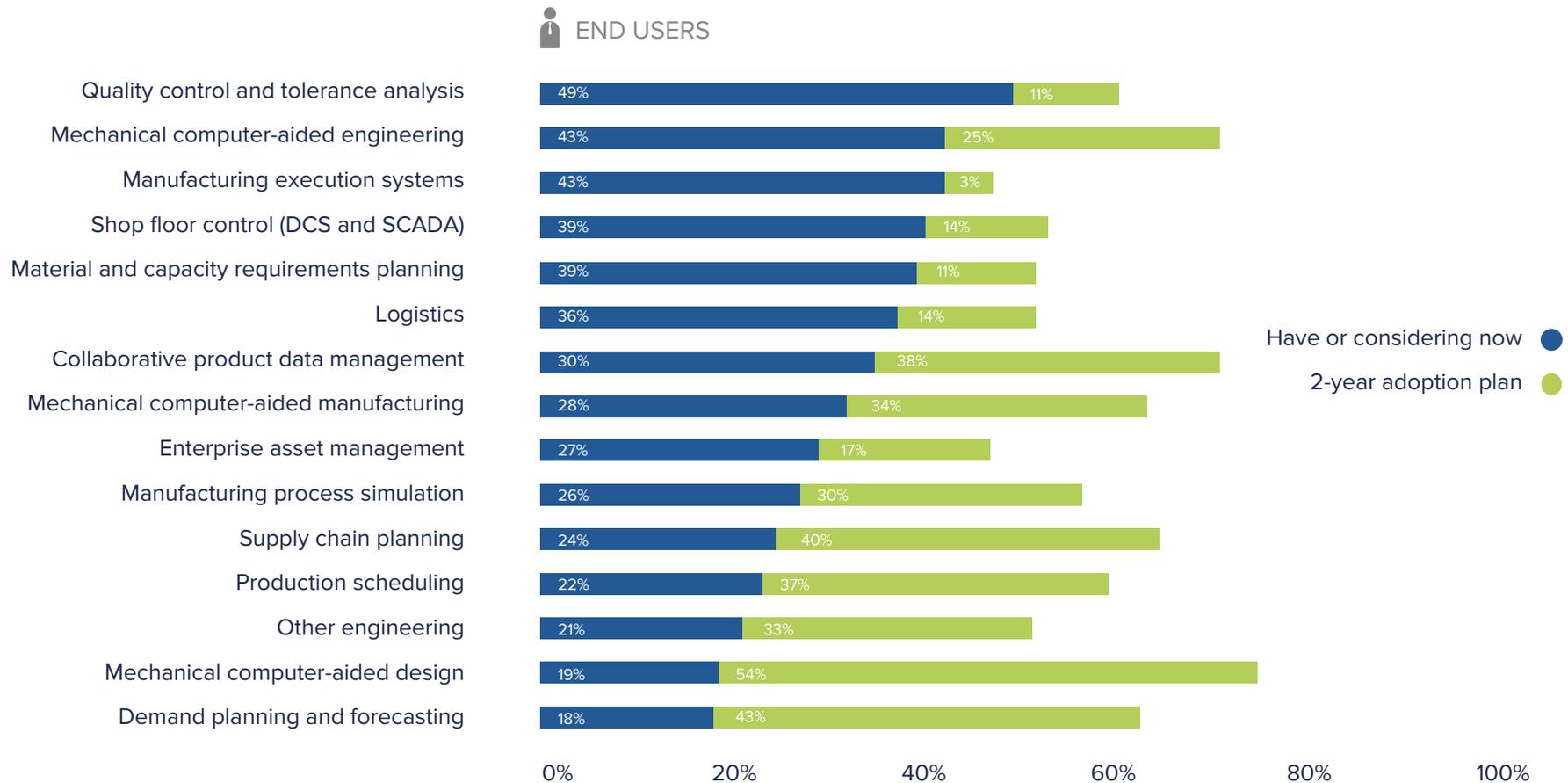
76%
MECHANICAL CAE APPLICATIONS

49%
COLLABORATIVE PRODUCT DATA
MANAGEMENT APPLICATIONS

44%
MECHANICAL CAM APPLICATIONS

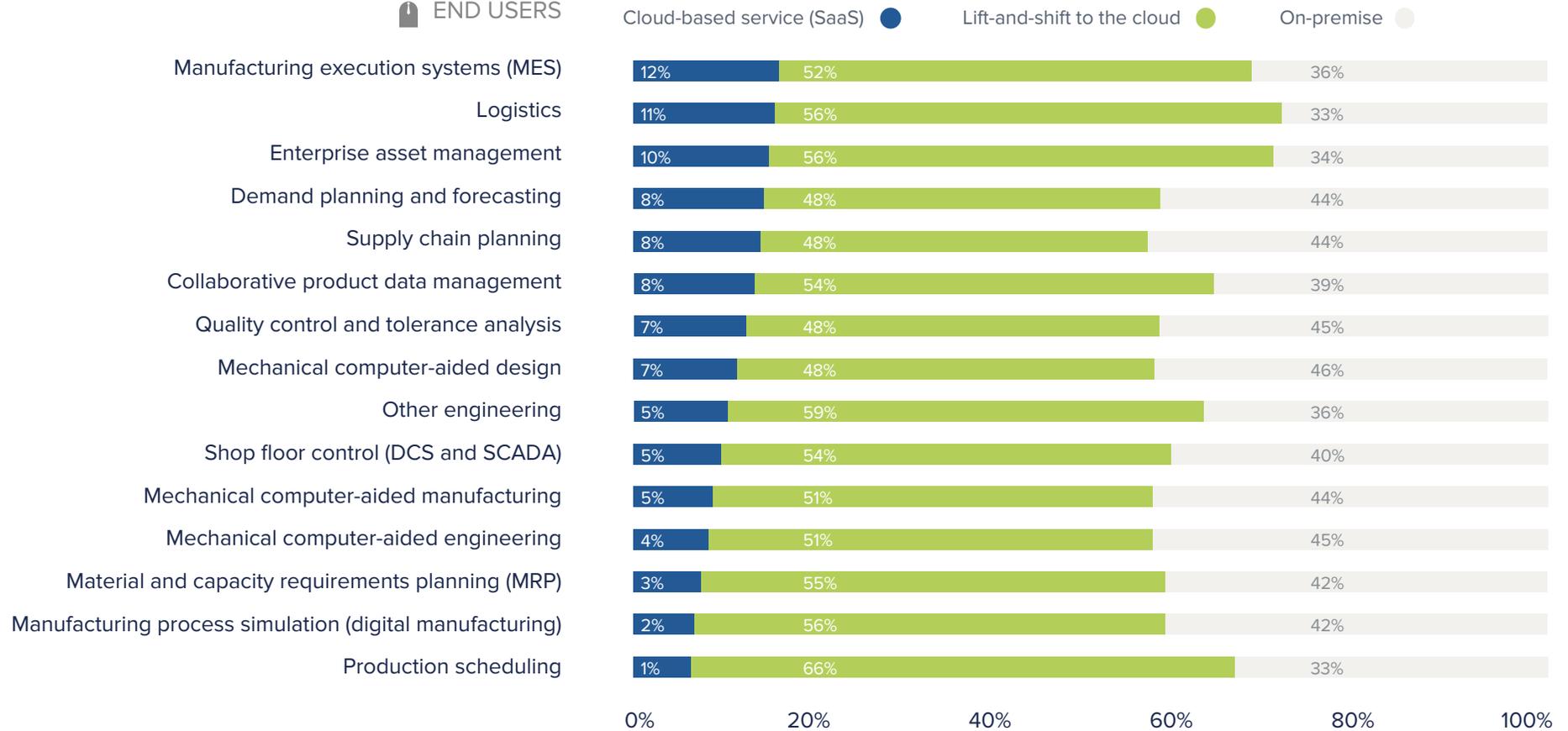
QUALITY CONTROL, CAE, AND MES APPLICATIONS ARE CURRENTLY MOST WIDELY ADOPTED IN THE CLOUD

Q. APPLICATIONS THAT ARE MOVING OR CONSIDERED TO BE MOVING TO THE PUBLIC CLOUD (SUM OF ADOPTION AND FUTURE INVESTMENTS)?



60% OF END USERS PREFER CLOUD OVER ON-PREMISE — MES AND LOGISTICS ARE STARTING TO MOVE TOWARD THE SAAS MODEL

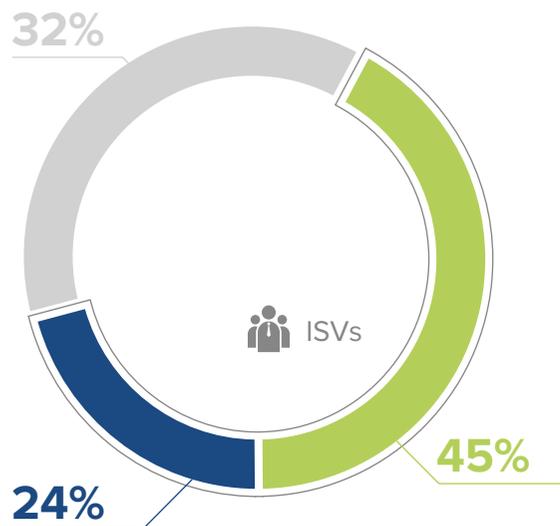
END USERS



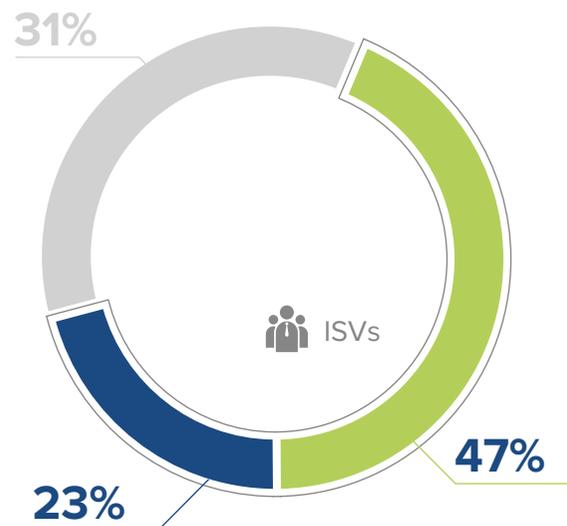
ISVs REPORT THAT MOST OF THEIR CUSTOMERS ALREADY PROCURE CLOUD-BASED SOLUTIONS



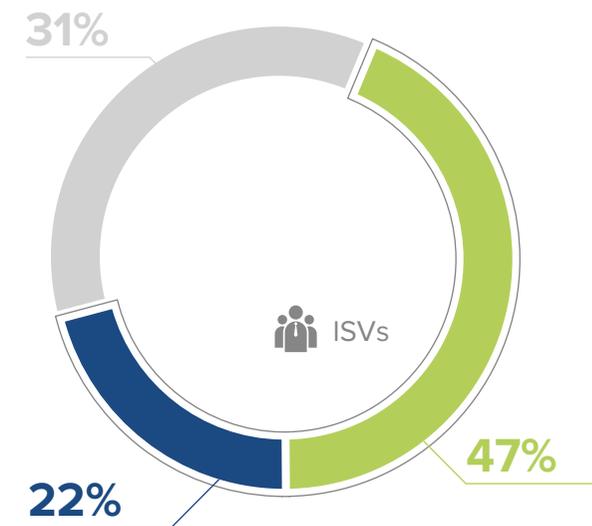
Q1. WHAT PROPORTION OF YOUR CURRENT CUSTOMERS PROCURE YOUR MANUFACTURING BUSINESS APPLICATIONS AS:



Q2. IN TWO YEARS' TIME, WHAT DO YOU EXPECT THAT PERCENTAGE PROFILE TO LOOK LIKE?



Q3. WHAT PROPORTION OF YOUR SOFTWARE REVENUES COMES FROM ...

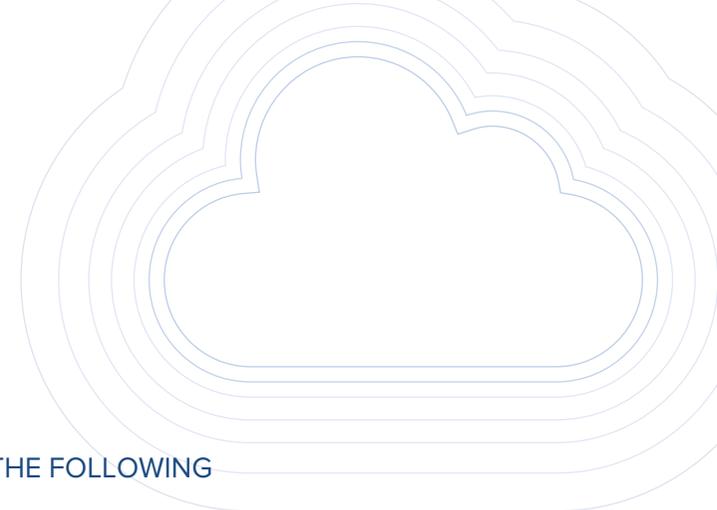


● On-premise ● Lift-and-shift to the cloud ● Cloud-based service (SaaS)

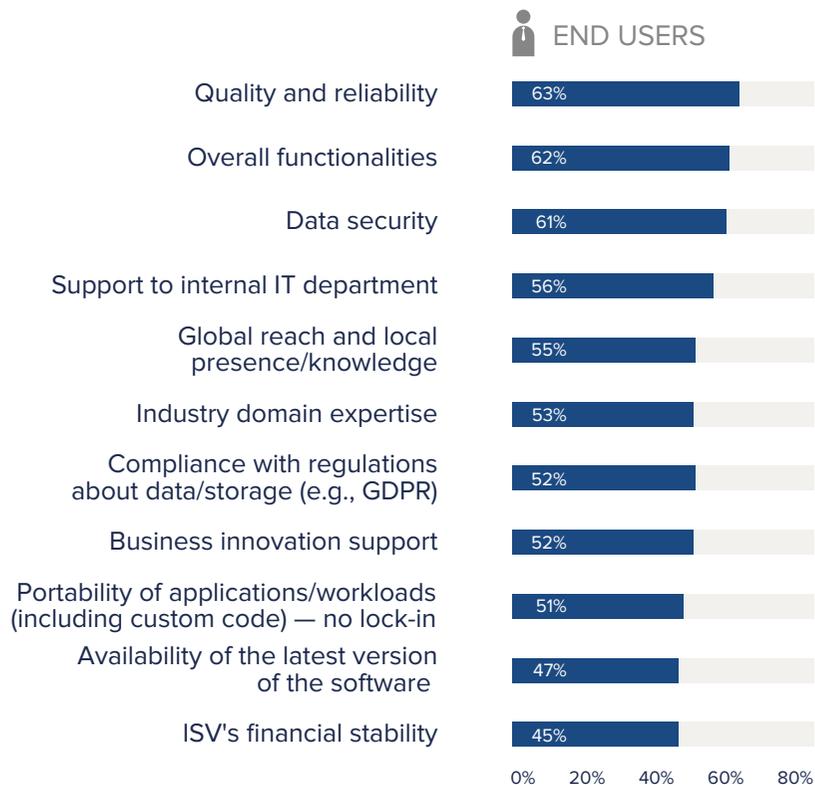


THE RESEARCH ALSO SHOWS THAT ISVs DO NOT ANTICIPATE ANY REAL CHANGE IN THE WAY THEIR SOFTWARE IS DEPLOYED OVER THE NEXT 2 YEARS.

INDUSTRIAL SOFTWARE CUSTOMERS CARE ABOUT CLOUD RELIABILITY AND FUNCTIONALITY

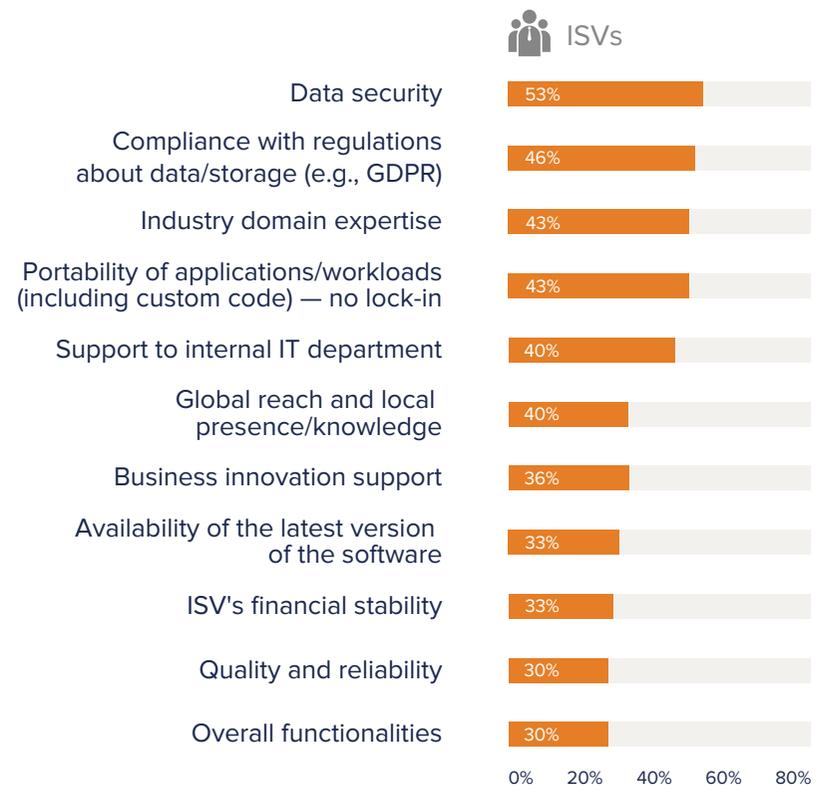


Q. HOW SIGNIFICANT FOR YOUR ORGANIZATION ARE THE FOLLOWING SELECTION CRITERIA FOR CLOUD BUSINESS APPLICATIONS?



% of respondents ranking the item as important or very important

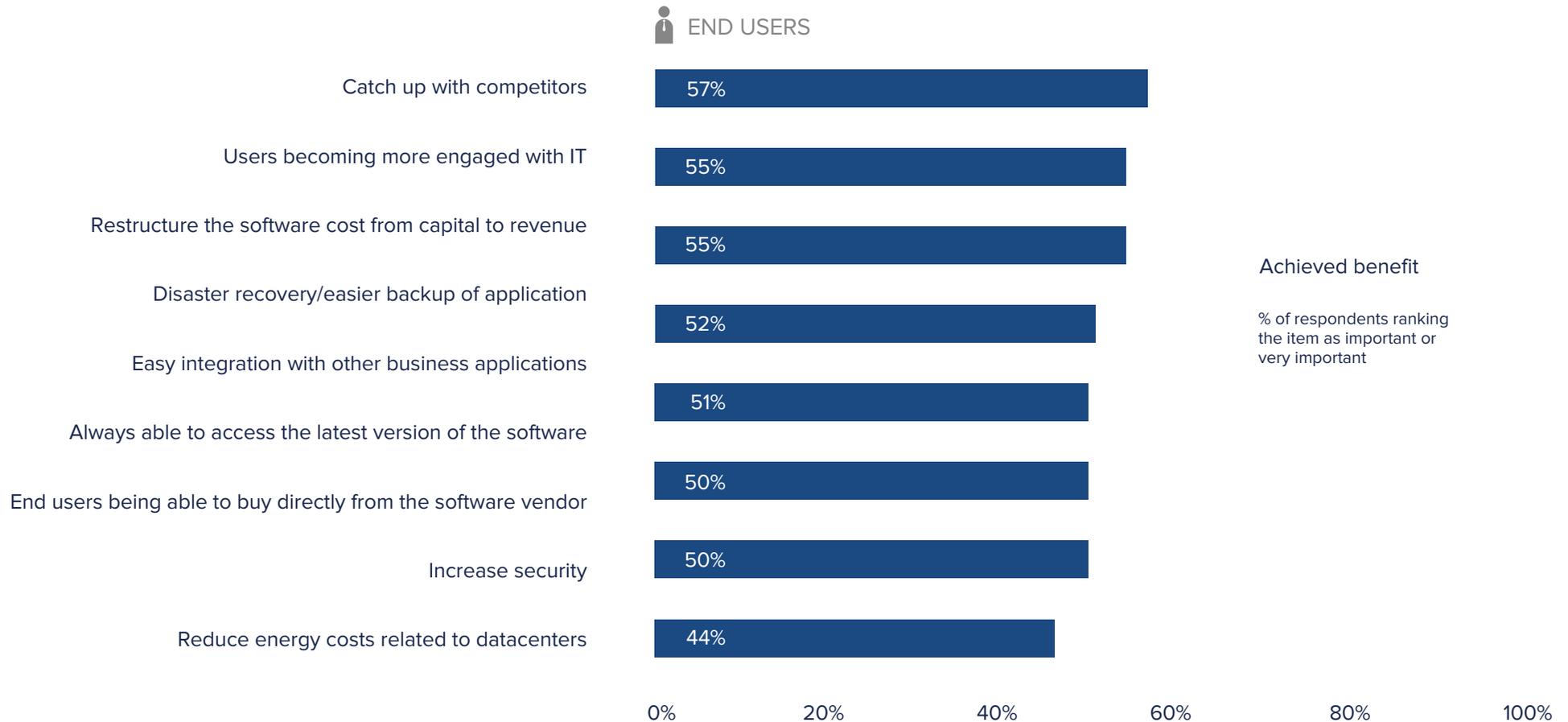
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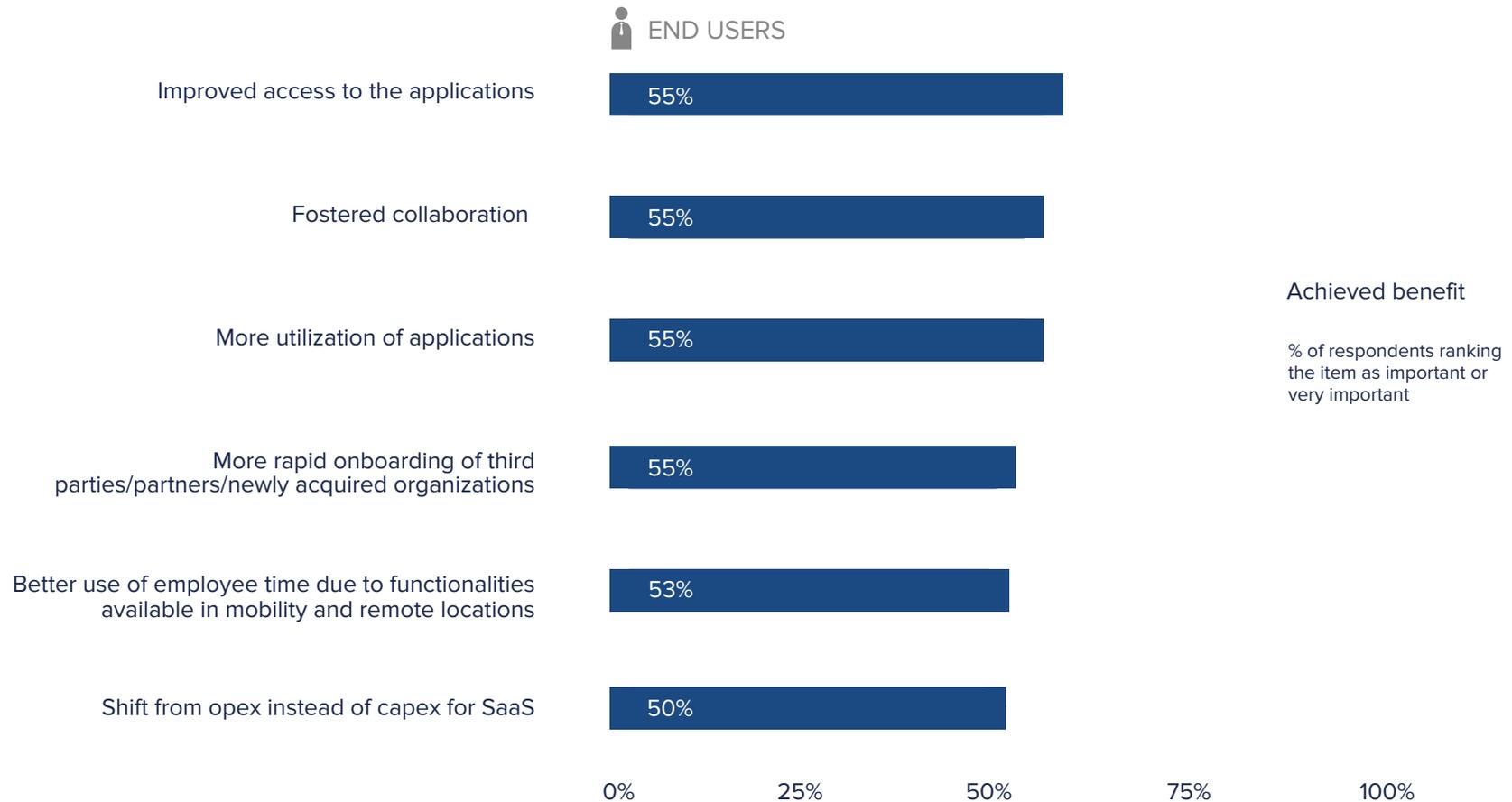
CLOUD'S TRUE VALUE IS ABOUT ENABLING BUSINESS TO STAY COMPETITIVE AND TO BETTER ENGAGE USERS

Q. CONSIDERING THE SOFTWARE APPLICATIONS YOU CURRENTLY USE IN THE CLOUD, WHAT ARE THE ACTUAL BENEFITS YOU ACHIEVED FOR YOUR IT ORGANIZATION SO FAR?



THE ACHIEVED BENEFITS FOR END USERS ARE APPLICATION ACCESS, FOSTERED COLLABORATION, AND INCREASED UTILIZATION

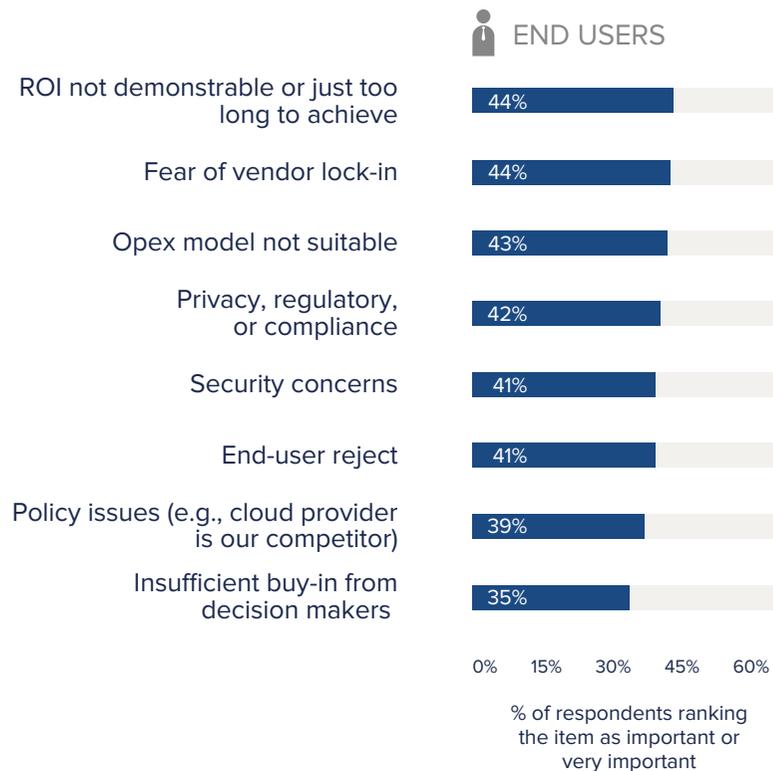
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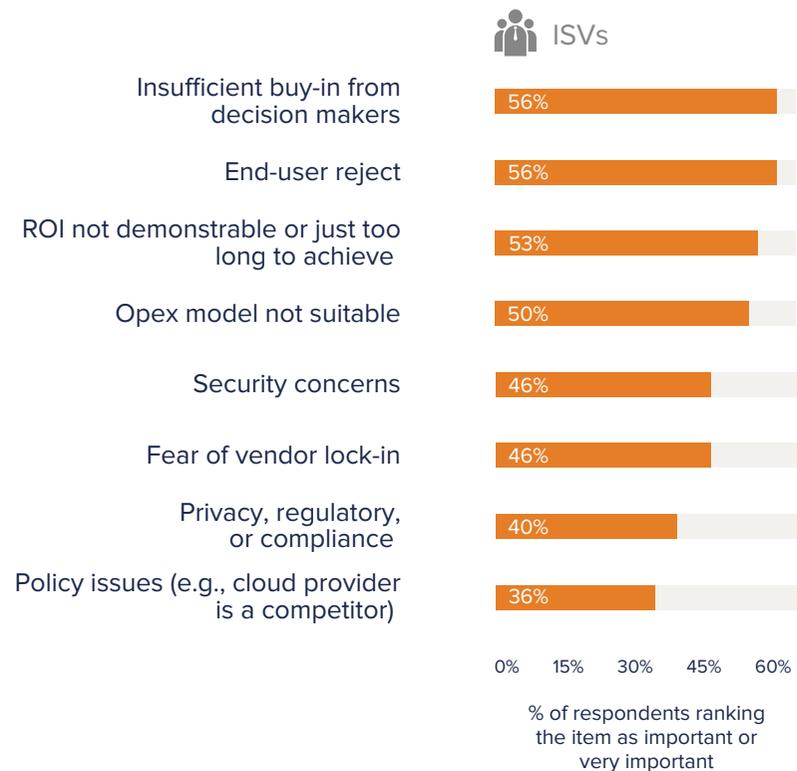
ISVs WORRY THAT END-USER REJECTION IS A STUMBLING BLOCK FOR ADOPTION

The reality is customer decision makers are on board with industrial software in the cloud

Q. HOW SIGNIFICANT ARE THE FOLLOWING BARRIERS IN PROCURING IT APPLICATIONS ON THE CLOUD?



Q. TO WHAT EXTENT DO THE FOLLOWING CUSTOMER CONCERNS HAMPER YOUR ABILITY TO SELL YOUR APPLICATIONS AS LIFT-AND-SHIFT OR SAAS ON THE CLOUD?



PRIVACY AND REGULATORY ISSUES REMAIN MAJOR CHALLENGES FOR ISVs

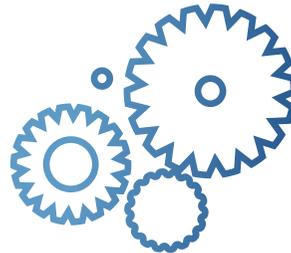
Q. HOW SIGNIFICANT ARE THE FOLLOWING BARRIERS IN DELIVERING YOUR APPLICATIONS AS LIFT-AND-SHIFT OR SAAS ON THE CLOUD?



ESSENTIAL GUIDANCE



The end-user market is ready for cloud-based industrial solutions now. This is a call to action for ISVs to invest in cloud as a way to support their customers.



End users aren't as worried about security as ISVs think they are. The focus should be on ensuring the delivery of quality and functionality.



The key cloud benefits go well beyond IT costing because cloud enables the business to be more competitive overall.