

Enterprise 2025 Executive Brief



What Is Enterprise 2025?

Enterprise 2025 is BMC's vision of how technological, socioeconomic, and geopolitical trends will impact businesses in all industries over the next five to ten years, and how those businesses will need to evolve to the state of an Autonomous Digital Enterprise (ADE) to be successful. The Enterprise 2025 perspective was developed by the collection and analysis of research and published findings from around the world, across different think tanks and analyst firms. This is not primary research, but an in-depth analysis of the impact of different findings.



The Changing World

We are in the early stages of the Fourth Industrial Revolution, where pervasive connectivity, data proliferation, technology-led innovation, and radically different customer preferences are disrupting established business models across industries. Over the next five to ten years, every industry sector will experience seismic changes as people, technologies, data, devices, and an ever-expanding network converge to transform every aspect of work and life. This is already reinventing existing industries and spawning new ones, forcing enterprises to adapt and evolve to facilitate more access to technology, market and industry inclusion, and greater balance of opportunity across every aspect of society. If companies are to thrive amid rapid transformation, they must reorient their relationship to society, government, and changing business practices.

It is important to note that not every technology will experience major shifts—some will simply bring efficiency and speed—but others have the potential to reshape our global economy and transform our lives. They will disrupt value chains, displace established practices and organizations, reorient how we work alongside technology, and multiply the impact of what we can do.¹ The roles of people in the enterprise will evolve to new ones that require human judgement and support the autonomous systems that run the business. Work in the future will shift as technology takes on the mundane and repetitive tasks across the business and employees transition to higher-value responsibilities.

¹ “The fourth industrial revolution ... how 12 disruptive technologies will together reshape our world ... and their opportunities for your business,” Peter Fisk. Last modified July 14, 2017. <https://www.thegeniusworks.com/2017/07/disruptive-technologies-exactly-applications-mean-business>.

Transformative Themes

There are a number of impactful global trends and transformative themes that companies need to adapt to be successful. Some of the themes that will drive change over the next five years are shown below.



Dominance of micro nationals (think big, be small): The most successful disruptive business organizations will consist of a small nucleus of people focused on the same goals, ideas, innovation, and strategy. They'll instantly decide to enter a new market, engineer a new product, or transform a concept into a radical new business model. They'll do so by being able to go out and assemble the right skills at the right time for the right purpose at the optimal cost. This will be the era of sub-1000 person, \$1 billion-plus revenue companies.



Data, the 21st century's currency: Data is the new oil and analytics is the engine. As with oil, there will be huge rewards for those who see data's fundamental value and learn to extract and use it. Data-driven businesses will be the archetype for success in the next decade.



Living on the edge: Analysts estimate that more than half of an enterprise's data will be created and processed at the edge, which is external to an organization's core IT environment. Edge computing will augment and expand the possibilities of today's primarily centralized, hyperscale cloud model, supporting the systemic evolution and deployment of the Internet of Things (IoT), supporting entirely new application types, and enabling next-generation digital business applications.



“Uber-ization” of industries:

This model addresses a market that is geographically local—or hyperlocal—and fragmented, with many small providers, characterized by delivering a consumer-dictated customer experience. In short, “Uber-ization” is the sharing of assets across individuals or groups, where the cost is also shared.²



Balancing globalism and regionalism:

The acceleration in global integration is causing unprecedented fragility and vulnerability to global economic stocks. This leads to questions related to internet infrastructure, control over internal/external communications, and governance policies that could bring about the creation of a national/regional internet working under different sets of principles.³ This will impact how companies transact globally and their supporting infrastructure (e.g., data residency) and workforce.



Everything-as-a-Service (XaaS) on steroids:

The XaaS business model is being eyed by consumer companies hungry for income to sustain the sale beyond the initial product purchase. By combining products with services, businesses can innovate faster and deepen their relationships with customers by providing more value. XaaS models will become the norm across industries and will be highly individualized, responsive, data-driven, and fully controlled by customers.⁴

² “Our World in 2025-2030: Top 12 Transformational Shifts to 2030,” Frost & Sullivan. Last modified September 24, 2019, <https://ww2.frost.com/event/calendar/our-world-in-2025-2030-top-12-transformational-shifts-to-2030>.

³ Wade, Michael R., *The Business World in 2025 - Four Scenarios to Stress Test Your Strategy*. Global Center for Digital Business Transformation, IMD Business School and Cisco, 2015.

⁴ “Our World in 2025-2030: Top 12 Transformational Shifts to 2030,” Frost & Sullivan. Last modified September 24, 2019, <https://ww2.frost.com/event/calendar/our-world-in-2025-2030-top-12-transformational-shifts-to-2030>.



Economic growth shifts: Over the next decade, rapid economic growth will shift from North America and Europe to Asia and Africa. Countries like Vietnam and China that have diversified their production to capitalize on more complex sectors are those that will experience the fastest growth in the coming decade.



Omnipresent intelligence: Advances in artificial intelligence (AI) are impacting experiential engagement, business processes, strategies, and more—autonomously creating significant new innovations. These innovations and applications are being driven by massive investments in all industries, as well as the public sector. Many future applications will be developed by AI without human supervision, enabling humans to take on new roles that require human ingenuity and creativity and include supervising AI systems.



Integrated mobility with hyper-localization: The user-transit experience will shift toward a more connected, personalized, and on-demand multi-modal service. This will be further enabled with advancements in 5G, edge computing, AI, and a proliferation of communications satellites that result in zero buffering and allow enterprises to cater to customers on the go and contextualize user experiences.⁵



Workforce transformation: Technologies such as AI, data analytics, robotics, augmented reality/virtual reality (AR/VR), and intelligent process automation (IPA) are rapidly changing who—or what—is performing ever-larger shares of work. The future of work is about rethinking the way work gets done. It is a fundamental shift in the work model to one that fosters human/machine collaboration, enables new skills and worker experiences, and supports an environment unbound by time or physical space.

⁵ ibid



Ever-higher cybersecurity stakes: Cyber-attacks are expected to grow 300 percent year-on-year, with future cyber-attacks concentrating on IoT and operational technology (OT) in production environments. A recent study⁶ outlined four cyber-security scenarios in 2025, three of which are most applicable to enterprises. While they may seem somewhat implausible today, even a minor shift toward one or more of them will have far-reaching implications:

Trust us: An AI mesh network like Android SafetyNet detects anomalies and intrusions, and patches systems without humans in the loop. However, a new class of vulnerabilities will be introduced, and while SafetyNet will, for many purposes, be a much less risky place, the security of the AI itself will likely be consistently questioned.

The new wiggle room: Security will likely improve to the point where many important digital systems can operate with extremely high confidence. This may create a new set of dilemmas as precision knowledge removes the valuable lubricants that have traditionally made social and economic life manageable. The relative anonymity of digital interactions that we have become accustomed to will no longer exist, leading people to seek out new sources of ambiguity and ways to manipulate or conceal their identity.

Barlow's revenge: Two very different pathways are likely to emerge. In some parts of the world, governments will essentially remove themselves from the game and cede the playing field to the largest firms to manage. In others, governments will take the opposite path and embrace a full-bore internet nationalism in which digital security will be treated unabashedly as a source and objective of state power.

⁶ Weber, Steven, et. al. *Cybersecurity Futures 2025 Insights and Findings*, Center for Longterm Cybersecurity, CNA Analysis & Solutions, and UC Berkeley, 2019.



Generational shift in customer experience: The generational shift from Baby Boomers to Millennials and Gen Z is in full swing and it will fundamentally change customer experience expectations. Unlike Baby Boomers and Gen Xers, the younger generations prefer to handle challenges on their own and online—from using smartphones as the primary interaction channel, to embracing AI-enabled tools, to solving simple problems, to do-it-yourself (DIY) repairs.

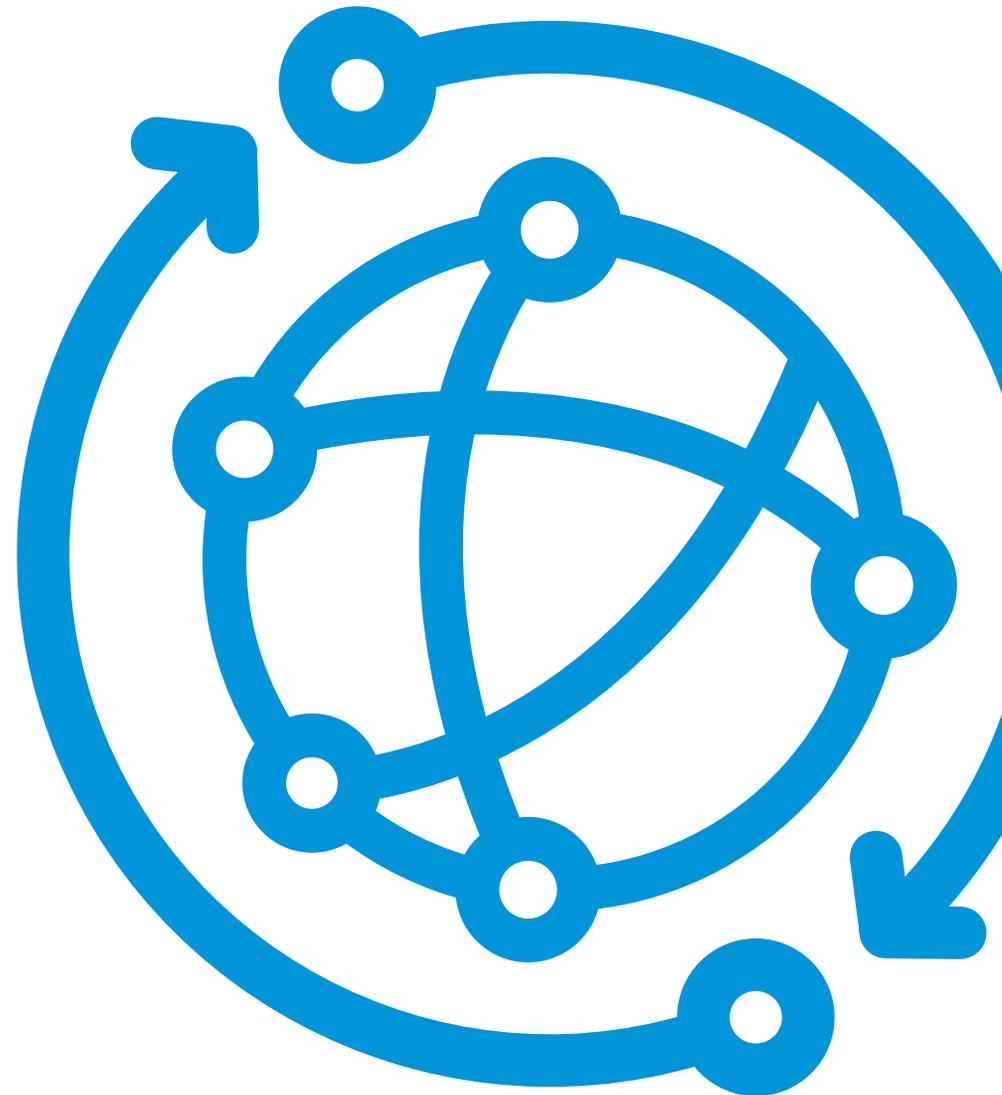
As important as these transformative themes are in driving future trends, the other important determinant is the global business cycle, which is the pattern of cyclical fluctuations in an economy over a time period, one that can affect the return on performance of investment assets. Looking to the next to five to ten years, we'll be impacted by a number of factors across the global economy. The coronavirus pandemic put an overnight freeze on many industries and has resulted in government assistance models that will create greater debt in the coming years. The total global impact of the pandemic, economically, culturally, and socially, is still unfolding and likely won't be known for years to come.

⁷ *Customer Care 2025: Global Study Gives Insights into the Service of the Future*, B2X, 2018.

Business Model for Enterprises in 2025

The future is one where technology will be firmly embedded in human lives, shaping how we work and live. By 2025, nearly two-thirds of enterprises will be prolific software producers, with code deployed daily; over 90 percent of new apps will be cloud-native; 80 percent of code will be externally sourced; and 1.6 times more developers will be needed.⁸ Technology will underpin every successful company, drive every business function, and span customer relationships, business operations, and people management—every successful company will be a tech company.

When playing it safe is no longer an option, companies must tackle disruption head-on, commit to real innovation, and radically reinvent themselves. Reinvention requires an innovation mindset throughout the organization, while still retaining the clear differentiation and competitive advantage of economies of scale to power the existing business.



⁸ Gens, Frank, et. al., *IDC FutureScape: Worldwide IT Industry 2020 Predictions*, IDC, 2019.

Economic downturns can offer more established and/or cash-heavy organizations an opportunity to bring on new technology and services through acquisition or mergers. It's also a chance to increase alliances and build out a greater ecosystem to support business needs and future growth.

Today's leading digital innovators don't restrict their innovation opportunities to internal resources. Instead, an increasing number are starting to turn their attention outward to non-traditional partners and completely different industries to enlarge their sensing capabilities, gain access to talent, establish an environment of experimentation, and develop new business models.

Successful companies operating within the Enterprise 2025 futurescape will have three traits in common:



Agility: They create new operating models that integrate business, operations, and technology into autonomous businesses within the business domains. This approach allows organizations to run and reinvent themselves—they can be truly disruptive in one area while still supporting traditional businesses.



Customer centricity: They leverage a connected economy to ensure that they can meet and exceed customer expectations. By creating an ecosystem that caters to every touchpoint of the customer journey using technology, these organizations seem to anticipate their customer needs and deliver those goods and services at the right time, via their customer's preferred channel.



Actionable insights: They know how to turn data into insights that drive actions to anticipate and serve customer needs. Organizations that can pull all the relevant information, capabilities, and people together in the same place can act quickly and efficiently in making the right decisions.

The Autonomous Digital Enterprise comprises intelligent, interconnected, technology-enabled, value-creating systems that operate with minimal human involvement across every facet of the organization and its ecosystem of partners. It is the evolution of growth-minded organizations looking to deliver value with competitive differentiation enabled by agility, customer centricity, and actionable insights. Employees in an Autonomous Digital Enterprise are freed from mundane tasks and enabled to take on higher-value responsibilities.

The characteristics of the operating model of such an enterprise in 2025 include:

1. Innovation ecosystems in a sharing economy
2. Digital business domains
3. Optimized technology buying
4. Evolved role of centralized IT
5. Tech-savvy corporate functions



AI is a core constituent of the Autonomous Digital Enterprise as it serves as the foundation for all intelligent systems and applications. AI and machine learning (ML) become critical enablers of automation and play a pivotal role in how businesses leverage data across internal, ecosystem-owned, and third-party applications. AI will also help organizations deliver a customized experience for every customer and provide predictive insights at the right time to help boost the overall customer experience.

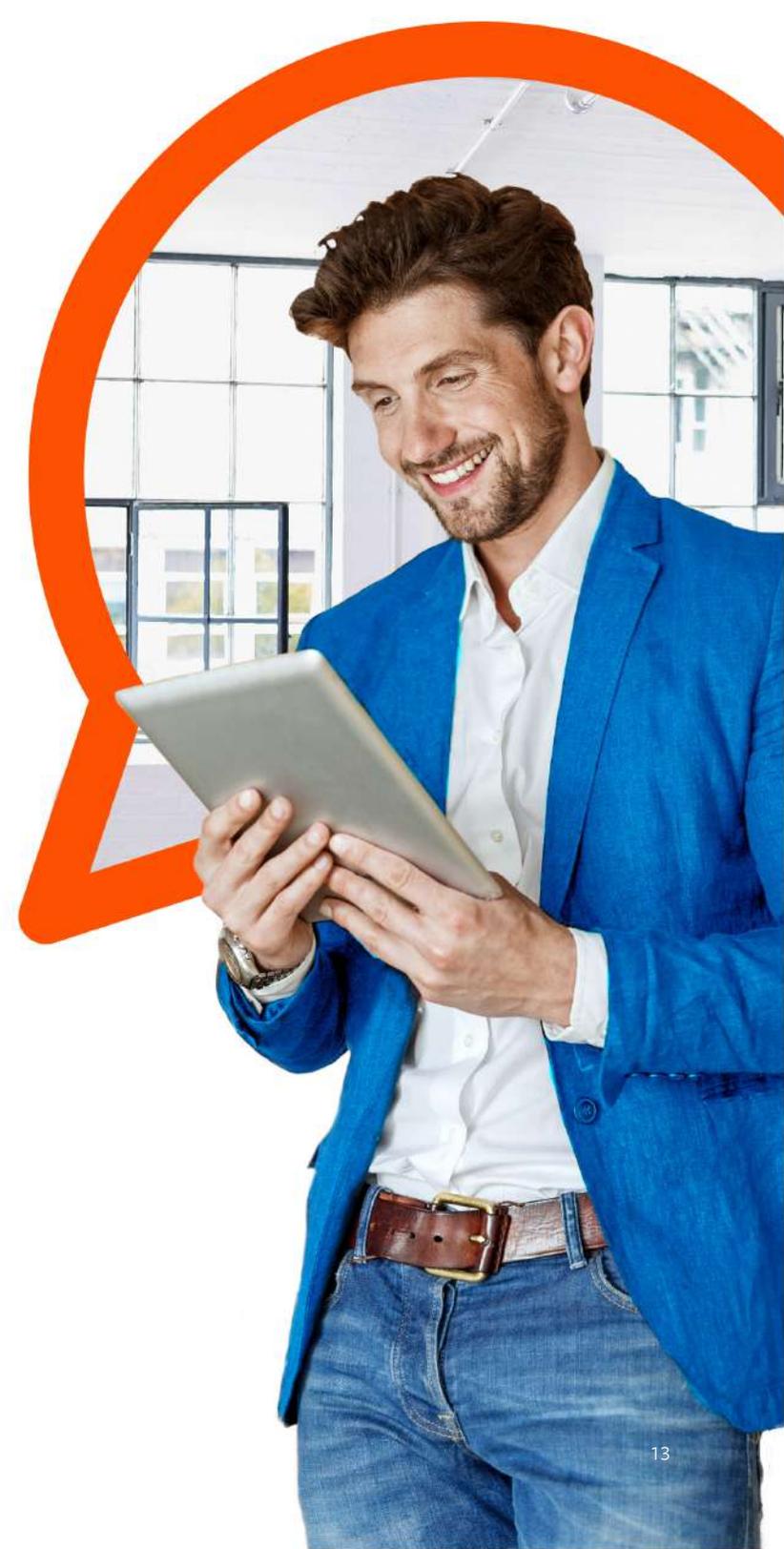


Conclusion

The next five to ten years will change the fundamental questions that all companies ask themselves as they think about success. Considerations around which technology to invest in, what market adjacencies will offer growth, and where to deploy new or reinvested resources to win will supersede questions about efficiency and cost savings.

While volatile market conditions will challenge every organization's ability to adjust quickly and be agile, it's the right time to ensure that today's decisions pave the way to capitalize and execute for growth in the eventual upswing.

Organizations that embrace constant tech-enabled disruption and continuously adapt and evolve will be the dominant players amidst changing global socioeconomic and geopolitical factors as they take on digital transformation. To succeed during the Fourth Industrial Revolution and beyond, organizations must evolve to an Autonomous Digital Enterprise.





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