

Predicts 2005: Deploy New Technology, Applications for Success

Daryl C. Plummer, Anne-Marie Roussel

Significant technology events and trends are looming that will challenge or facilitate your growth goals. Many of our predictions promise to have a big impact on your company or industry, beginning in 2005.

ANALYSIS

The last quarter of the year typically is a season of strategy-setting for businesses and organizations eager to surmount the business, economic and market challenges that will dawn in the new year. To facilitate that planning function, each year, Gartner analysts in every research focus area converge to identify, debate and develop the trends and events that will likely affect clients in the year to come. Clients use these predictions to make their IT planning and investment decisions.

Our Predicts research initiative this year spanned more than two dozen technology and vertical industry focus areas. All told, more than 140 analysts proposed and collaborated on approximately 150 predictions that will affect IT users, vendors and most industries in 2005 and beyond.

Space limitations prevent us from highlighting all focus areas — let alone all the predictions — in this summary. Here, we pull out more than 80 key predictions that demand your attention and action. In doing so, we organize them into one of three broad areas — technology, application or industry.

Technology Predictions

The breakneck pace of technology innovation continues to offer businesses opportunities and challenges.

- Linux and open-source software will burrow ever deeper into the enterprise infrastructure, affecting essential applications and functions such as knowledge management, collaboration, messaging and application servers. In "Open-Source Software Predicts 2005," George Weiss, Mark Driver, Bob Igou, Michelle Cantara, Nikos Drakos, Yefim Natis, Michael Silver, Andrea DiMaio and Maurene Grey present nine hard-hitting predictions about Linux and open-source software.
- PCs go virtual. Virtualization — dividing computer resources into many execution environments via hardware and software partitioning, time-sharing and simulation — is growing, to the benefit of security and operating system migration. In "Predicts 2005: PC Technologies Due for Transition," Leslie Fiering, Kiyomi Yamada, Meike Escherich, Brian Gammage, Annette Jump, Anthony Kros, Martin Reynolds, George Shiffler, Michael Silver and Charles Smulders lay out four predictions dealing with technology trends, and market and regulatory issues.
- How fast you respond to urgent business e-mail messages will play a role in your job evaluation, as wireless links bring real-time immediacy to business travelers and vacationers. In "Predicts 2005: Mobile and Wireless Technologies," Ken Dulaney, Tole Hart, Monica Basso, Leslie Fiering, Nick Jones, Jason Chapman, Robin Simpson and Phillip Redman argue, in six predictions, that the wireless arena will mature in 2005 via a diversity of devices, mobile infrastructure investments and more business use of wireless technologies.
- New tools, technologies and strategies will shape how businesses, organizations and consumers will protect their systems, data and privacy in 2005. In "Predicts 2005: Security Focuses on Attack Prevention," Mark Nicolett, Ray Wagner, John Pescatore, Greg Young, Kelly Kavanagh, Roberta Witty, Avivah Litan, John Girard and Norma Schroder unveil 11 predictions covering security attacks, security solutions, spending priorities, spyware defense, and access and authentication issues.

- The "anytime anywhere" model of instant information access will come closer in 2005. Jackie Fenn, Alexander Linden, Mark Raskino, Ken McGee, Simon Hayward, Tom Austin and Nick Jones, in "Predicts 2005: Emerging Trends Drive Business Opportunities," sketch a world where objects and places will soon enter a digital environment via embedded sensors. Five predictions address how new trends and tools will affect consumers and business core competencies.
- The battle of the platforms — Java 2 Platform, Enterprise Edition vs. Microsoft .NET — will end in a draw, as most firms opt for multiple architectures, where the premium is on integration. In "Predicts 2005: Application Platform Choices and Risks Abound," Yefim Natis, Massimo Pezzini and Benoit Lheureux present six predictions about how leading application platforms will support new application software and business component architecture.
- Rapid growth in developing markets will spur renewed spending on telecom network infrastructure equipment and systems. In "Predicts 2005: Public Network Infrastructure," Frank Fabricius and Bhawani Shankar offer four predictions covering how public network suppliers will react to an improving market as network service providers emerge from a long economic trough.

Application Predictions

New business realities and needs demand new software applications — and new approaches to software deployment.

- The continued worry over high human capital costs will encourage more offshore outsourcing and business process outsourcing, and make life difficult for IT services suppliers. Ben Pring, Robert Brown, Claudio Da Rold, Michael Haines, Partha Iyengar, Jim Longwood, Ian Marriott, Simon Mingay, Matthew Goldman, Alan Mac Neela, Frances Karamouzis, Allie Young, Lisa Stone, Bob Igou, Steve Bittinger, Lewis Clark and Michele Cantara, in "Predicts 2005: IT Services and Outsourcing Cut People, Costs," probe the changing way that businesses are buying and implementing software. Six predictions suggest this change will reduce IT head count.
- Web services goes mainstream in 2005. Service-oriented, Web-based technologies have gone beyond the pilot stage in many businesses and organizations. Whit Andrews, Ray Valdes, Gene Phifer, Ray Wagner, Charles Abrams, David Smith, Michele Cantara, Ben Pring, Bruce Caldwell, Cameron Haight, Frank Kenney and James Duggan, in "Predicts 2005: The Impact of Web Services Still Grows," discuss in seven predictions how clients are coping with standards, marketing and deployment to tap the business value of Web services.
- Companies will need to balance investing in new knowledge work tools (such as wikis, instant messaging and blogs) and consolidating established ones, such as e-learning. Rita Knox, Maurene Grey, Betsy Burton, Whit Andrews, Gene Phifer, Tom Austin, Thomas Eid, Kathy Harris, Toby Bell, James Lundy, Waldir Arevalo, David M. Smith, Debra Logan and Lou Latham, in "Predicts 2005: Support Improves for Knowledge Workers," offer 12 predictions covering user tools, information access, content management, e-learning, and compliance and corporate governance drivers.
- An iconic brand — AT&T or MCI (or both) — will likely disappear in a new era of consolidation among telecom companies. Elroy Jopling, Charles Carr, Steve Koppman and Lisa Uden, in "Predicts 2005: Communications Services Are Changing," foresee a new period of stability and momentum among carriers. Five predictions examine market trends, new pricing dynamics, and new switching and voice technologies.

Industry Predictions

Vertical industries are taking technology beyond mere enhancement of internal operational efficiency.

- New payment schemes will transform insurance claims payouts and micro purchases. In "Predicts 2005: Financial Services Firms Tap IT to Grow," Annemarie Earley, Susan Landry, Maria-Luisa Kun and Lane Leskela explore in four predictions how financial services firms will exploit technology to streamline operations, generate new revenue, serve new markets and comply with diverse regulations.
- Internal IT service providers will embrace end-to-end service management to support internal customers' business processes. Donna Scott, Ronni Colville and Debra Curtis, in "Predicts 2005: IT Operations Must Transform Service Delivery," argue in two predictions that IT chiefs must use IT to successfully cope with contradictory pressures — reduce costs while increasing service quality.
- Centralized software purchasing will save healthcare providers a lot of money and improve their competitive standing. Barry Hieb, Tom Handler, Barbara Kelly, Wes Rishel and Jonathan Edwards, in "Predicts 2005: Healthcare Providers Are Automating," offer six predictions that discuss how healthcare automation will play a bigger role in supporting clinical care in acute care institutions.

Additional Features

Technology

"Predicts 2005: Servers and Storage" — Demand for more cost-effective and efficient servers and storage systems will continue to escalate. **By Mike Chuba, George Weiss, Andrew Butler, Nick Allen, John Enck, Stanley Zaffos, Thomas Bittman, Josh Krischer and John Monroe**

"Predicts 2005: Enterprise Networking" — Prioritize network spending in 2005 on projects that will deliver tangible business benefits. **By Steve Cramoysan, Andy Rolfe, Jeff Snyder and Drew Kraus**

"Predicts 2005: Application Integration, ESBs and B2B Evolve" — Enterprise service buses will bring major changes in the enterprise middleware backbone. **By Roy Schulte, Jess Thompson, Paolo Malinverno, Benoit Lheureux and Frank Kenney**

"Predicts 2005: BI and Data Warehousing Face Business Pressures" — Prior to making business intelligence spending plans, consider the users of BI, technology/infrastructure and market trends. **By Bill Hostmann, Ted Friedman, Howard Dresner and Bill Gassman**

Application

"Predicts 2005: IT Asset Management Adds Value, Lessens Risk" — View IT asset management as an investment that will add value to your business. **By Frances O'Brien, Jack Heine, Alvin Park, Frank DeSalvo, Jonathan Mein and Jane Disbrow**

"Predicts 2005: A Focus on Intent Enlivens CRM" — The more customer relationship management is scrutinized, the closer it becomes to being a key business strategy. **By Michael Maoz, Ed Thompson, John Radcliffe, Jeff Golterman and Alexa Bona**

"Predicts 2005: IT Management Reinvents Itself" — Strengthened financial management competencies will infuse IT leaders with new levels of credibility. **By Colleen Young, John Bace, Barbara Gomolski, Jeremy Grigg, Bill Kirwin, Robert Mack and Diane Morello**

"Predicts 2005: SCM Strategies for Business Applications" — The most-significant trend in supply chain management will be linking supply chain processes to actual demand on a real-time basis. **By Jeff Woods, Andrew White and Alexander Drobik**

"Predicts 2005: Corporate Performance Management" — Instead of using CPM to just react to regulatory requirements, exploit your CPM tools to improve business performance. **By Alexander Drobik, Lee Geishecker, Frank Buytendijk and Brian Wood**

Industry

"Predicts 2005: New Business Priorities Confront SMB CIOs" — Small and midsize businesses must make IT a chief enabler of business success. **By Jim Browning, John Bace, Wendy Close, Frank Kenney and Robert Anderson**

"Predicts 2005: Government Ramps up IT" — The need for collaboration will force governments to update policies and procedures to keep pace. **By Christopher Baum, Gregg Kreizman, Jeff Vining, Bill Rust IV, Andrea Di Maio and Herbert Strauss**

"Predicts 2005: Higher Education Evolves" — New enrollment demographics and student needs will challenge IT to demonstrate its business and academic value. **By Ron Yanosky, Michael Zastrocky and Marti Harris**

"Predicts 2005: Healthcare Payers Move IT Beyond Efficiency" — Insurers will tap IT to enable collaboration and information sharing among external stakeholders. **By Janice Young, Joanne Galimi, Cynthia Burghard and Kimberly Harris**

REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Level 7, 40 Miller Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Latin America Headquarters
Av. das Nações Unidas 12.551
9 andar—WTC
04578-903 São Paulo SP
BRAZIL
+55 11 3443 1509