

ISV Opportunity in a Transforming World

How Migration and Innovation are driving growth in the cloud

Market Transformation Leads to Accelerated ISV Opportunity

Spending on Digital Transformation (DX) initiatives is big and getting bigger.



The impact on developing and delivering cloud software is profound – for ISVs and their end-customers.

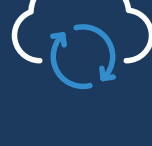


Total opportunity for all public cloud software will be

\$173 BILLION IN 2019 WITH A CAGR OF 19% TO 2023



BY 2022, THE TOP 4 CLOUD "MEGAPLATFORMS" WILL HOST 80% OF IAAS/PAAS DEPLOYMENTS



ISV Value Proposition

It is imperative for ISVs to choose a robust platform for their current and future success.

Customer Cloud Imperative in the age of Digital Transformation

Without question, customers are moving spend to the cloud across a spectrum – from migration to innovation for competitive advantage.



Why Cloud for Customers?

Q. Which "trigger events" have been most important in leading you to use cloud? (Top 5 reasons)



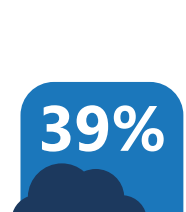
Modernize, transformation, and re-platforming



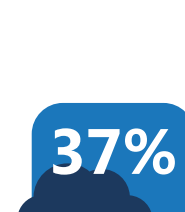
Business demanding more agility and/or speed from IT



Data center requiring upgrade, expansion, or replacement



Need functionality or services only found in cloud offerings



Software application coming to the end of their life

n = 1,940
Source: IDC Industry CloudPath 2Q19, May 2019, IDC

Customers will continue to migrate to the cloud

BY 2020, 75% OF ENTERPRISES USING PUBLIC CLOUD

will also use an enterprise private cloud platform; majority of these platforms will support delivery of higher-layer PaaS and SaaS functionalities.



By 2023, more than 50% of enterprise IT operations spend will be consumption based, opting for public cloud platform as a lower-risk option to manage complexity and aligning cost to revenue.



By 2024, 90% of Global 1000 organizations will have a multicloud management strategy that includes integrated tools across public and private clouds.

Customers will innovate on the cloud

BY 2022, 60% OF G2000 ENTERPRISES WILL BE AI-ENABLED,

with over 50% of enterprise application workflows aided by AI to better utilize legacy data, real-time operational data, and third-party data feeds.



By 2022, the acceleration of legacy app modernization will lead to 35% of production apps being cloud native — utilizing microservices, containers, and dynamic orchestration.



By 2022, more than 40% of organizations' cloud deployments will include edge computing to address bandwidth bottlenecks, reduce latency, and process data for decision support in real time.

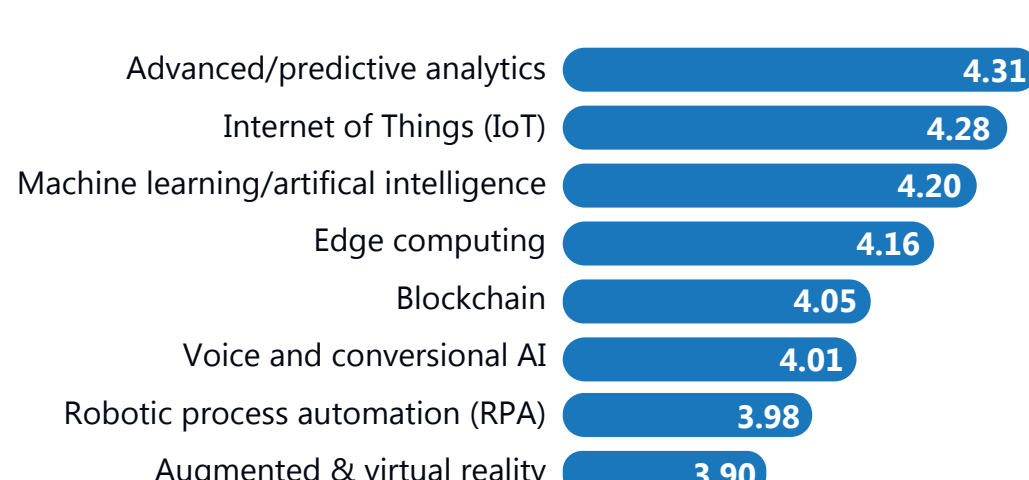


ISV Value Proposition

Given the market momentum, ISVs should position themselves today to help customers modernize and AI enable existing apps.

Customers Embracing Innovative Technologies (scale 1-5)

Q. Which of the following innovative technologies are important to your cloud provider selection?



n = 1,940
Source: Industry CloudPath 2Q19, May 2019, IDC

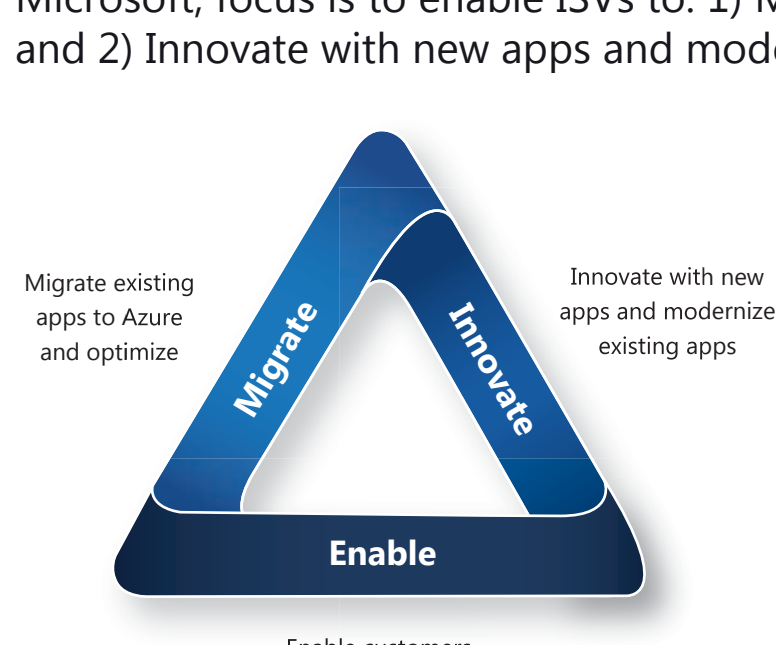


ISV Value Proposition

Customer mind share is a key catalyst regardless of ranking. For instance, AR/VR software alone has a growth trajectory of over 140% CAGR to 2023. ISVs that enable these innovations will be well poised for accelerated growth.

The ISV Imperative of Choosing a Future-Proof Cloud Platform

Every platform is positioning to meet customer needs and scenarios. For Microsoft, focus is to enable ISVs to: 1) Migrate existing apps to Azure and 2) Innovate with new apps and modernize existing apps.

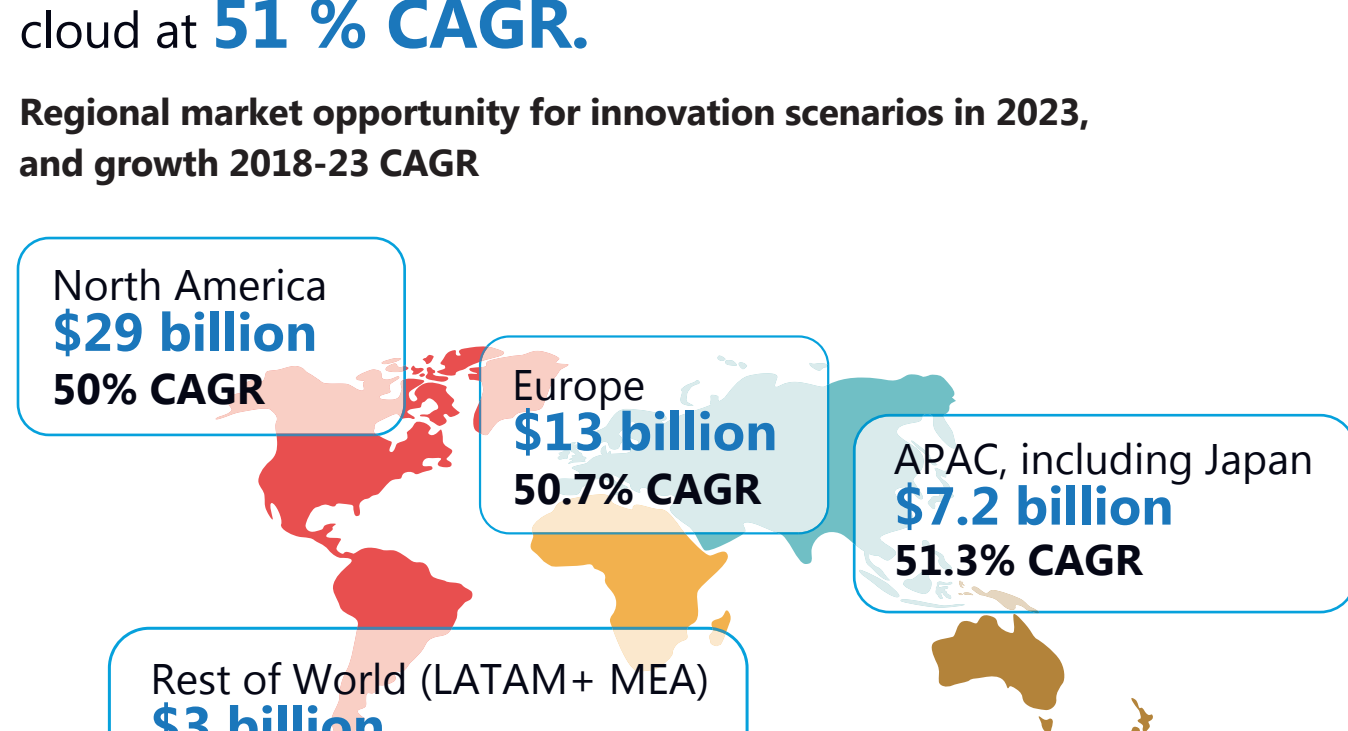


With Azure, Microsoft enables **KEY ISV ACCELERATOR SCENARIOS** to build, manage and deploy apps on a productive, hybrid, and intelligent cloud platform.

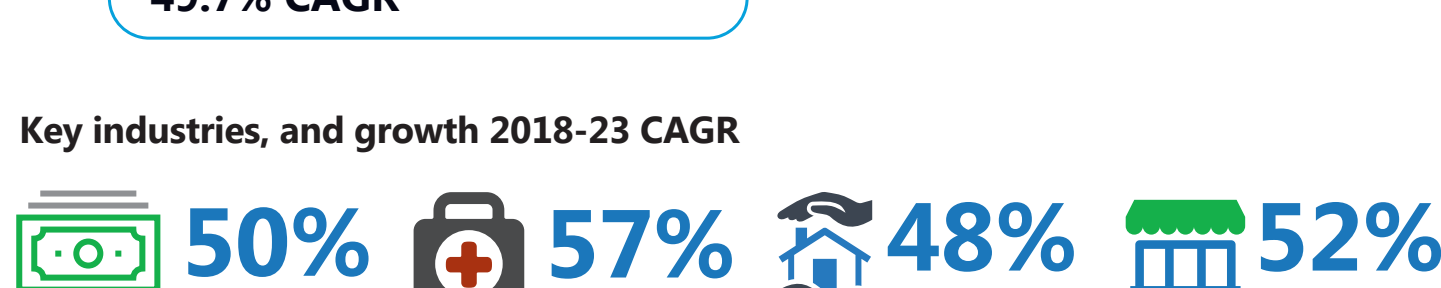
IDC ESTIMATES THE OPPORTUNITY FOR THESE ISV ACCELERATOR SCENARIOS COMBINED IS \$52 BILLION IN 2023

More importantly, these ISV innovation accelerator scenarios are growing at **3X** the market rate of public cloud at **51% CAGR**.

Regional market opportunity for innovation scenarios in 2023, and growth 2018-23 CAGR



Key industries, and growth 2018-23 CAGR



ISV Value Proposition

Drive incremental business opportunity by migrating & innovating your apps on Azure aligned to market trends & customer scenarios.