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Omdia - Trends to Watch 2024

Introduction

Omdia's Trends to Watch series spans the technology ecosystem, helping you connect the dots between your business and trends our experts believe should be prioritized in 2024.

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Despite the tempestuous economic landscape of 2023, transformational digital technologies have continued on their intended course for progress.

The expanding footprint and commercialization of AI has brought incredible opportunity as well as a host of governance and ethical dilemmas. New solutions and services powered by generative AI will put a sharper focus on costs and benefits.

The breadth of solutions available as a service continues to push the boundaries of the imagination. From abstract offerings like savings as a service, to extremely high-value products such as high-performance computing clusters, microgrids, and entire data centers, the increasing cost of capital has turned XaaS into a top enterprise growth strategy.

Over the past several years there have been several global events (the pandemic, various geopolitical tensions) that prompted many manufacturers to conclude that they had pursued cost without adequately considering risk. We are now seeing a push in several industries to actively look at initiatives that de-risk/balance their supply chains, assessing locations from Vietnam to India to the US.

Beyond just supply chain considerations, geopolitical factors have become extremely important in shaping markets, from demand shifts due to the war in Ukraine and elevated energy and food costs to embargoes on technology transfer.

In preparation for 2024, Omdia analysts have produced an overview of the upcoming trends set to influence the technology ecosystem that are a must-know for anyone operating in the digital world.

We look forward to working with you and helping you to leverage opportunities in your market.

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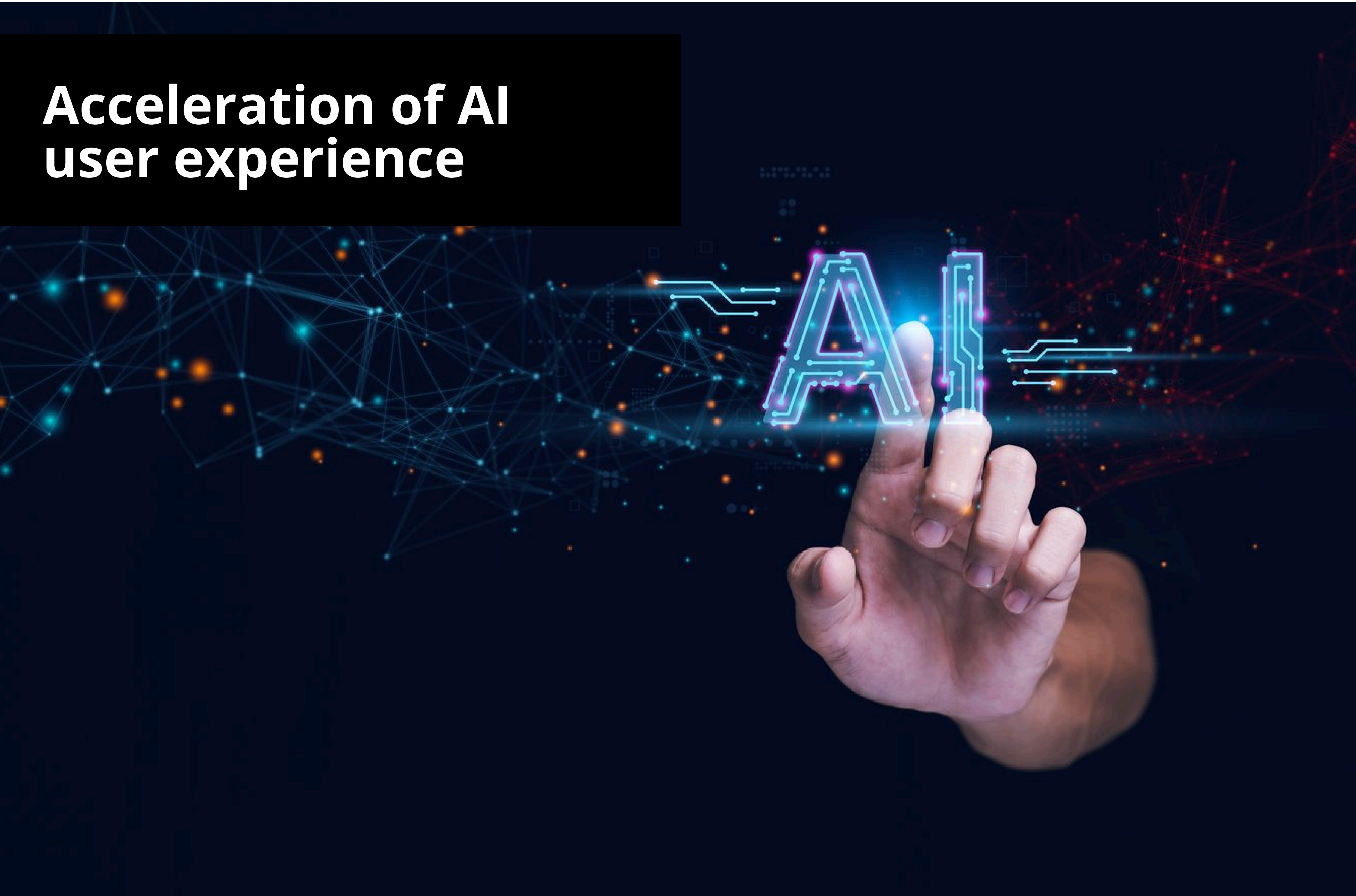
Acceleration of AI user experience



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Trend 1: The rise of declarative data, analytics, and AI

Forget the democratization of data. The innate ability of large language models (LLMs) to understand language in context together with their ability to follow instructions, perform high-level reasoning, and generate code, will overturn the enterprise data, analytics, and AI marketplace. Projects that ended with basic NLP tasks such as queries, explanations, and the like will give way to bots, agents, and in-app user experiences where users simply declare their intents, sit back, and let AI connect with the appropriate data, perform any necessary calculations, and build the appropriate representation of that data. These tools will help elevate data literacy across the company while also cutting down on shadow IT projects and filling in skills gaps.

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Trend 2: An explosion in mass market GenAI chatbots and turbo-charged voice assistants

OpenAI's fully customizable GenAI GPTs (chatbots) are open to all and, unlike Microsoft Co-Pilot, will not impose steep usage fees, which will make GPTs very popular, particularly among consumers. Many GPTs will be useful, fun tools, but others will be poorly executed and could elude responsible AI guardrails, which will attract the attention of regulators. GenAI will also give general purpose voice assistants a much-needed shot in the arm, with new capabilities including multimode outputs. Alongside Google's integration of Bard (its GenAI chatbot) with Google Assistant, we expect Amazon to use its investment in Anthropic (developer of Claude) to supercharge Alexa and for Apple to unveil its own version of ChatGPT, which will benefit Siri.

Maximizing investment remains at the top of the enterprise agenda

Trend 1: The commercialization of AI is reshaping data center computing and designs

The fear of missing a wave of market opportunity fueled by the rapid adoption of ChatGPT is driving investment in AI training infrastructure, from servers configured with highly performant, power-hungry co-processors to high-speed networks and storage. Building and powering a data center optimized for AI training means higher rack densities, enabled by new cooling strategies and design principles. Commercializing large-scale generative AI applications then requires a highly optimized and distributed army of servers with co-processors optimized for low-cost computing.

Trend 2: Rising capital costs fuel a new wave of everything as a service (XaaS) and drive financial operations (FinOps) culture

The breadth of solutions available as a service continues to push the boundaries of the imagination. From abstract offerings like savings as a service, to extremely high-value products such as high-performance computing clusters, microgrids, and entire data, the increasing cost of capital has turned XaaS into a top enterprise growth strategy. Some telecom giants have made significant strides to move their entire virtual network to the cloud, opting to run it as a service, and we now expect many more to follow suit. The growth of XaaS will continue to fuel the FinOps movement as managing costs and maximizing the value of invested capital remains at the top of the enterprise agenda.

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For more enterprise IT trends, visit:

IT Operations Trends to Watch

Systems Integration & Application Services Trends to Watch

Organizations become adept at identifying “good enough” security

Trend 1: The rise of "good enough" security

As the cybersecurity discipline slowly matures to become more of a coordination and contextualization discipline, organizations are becoming more adept and precise in identifying what they consider to be "good enough" security. This is the most cost-effective approach to people, processes, and technology that ensures adequate, or indeed better, security. Decisions on cybersecurity investments are scenario driven, with a cost and risk equation, for multiple decision makers to determine which scenario to accept.

Trend 2: Balancing the scales of risk

Cybersecurity increasingly affects and is closely tied into an organization's risk profile and risk posture. Identifying, quantifying, and managing that risk, on an individual and organizational level, is a top-tier priority. This has implications for security executives because they need to become more attuned to organizational design and coordination challenges beyond "just" understanding the cybersecurity technical domain. With prominent roles in the world of cybersecurity facing charges, the stakes are being raised to a whole new level.

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For more cybersecurity trends, visit:

Enterprise Security Management Trends to Watch

Enterprise Cybersecurity Operations (SecOps) Trends to Watch

Infrastructure Security Trends to Watch

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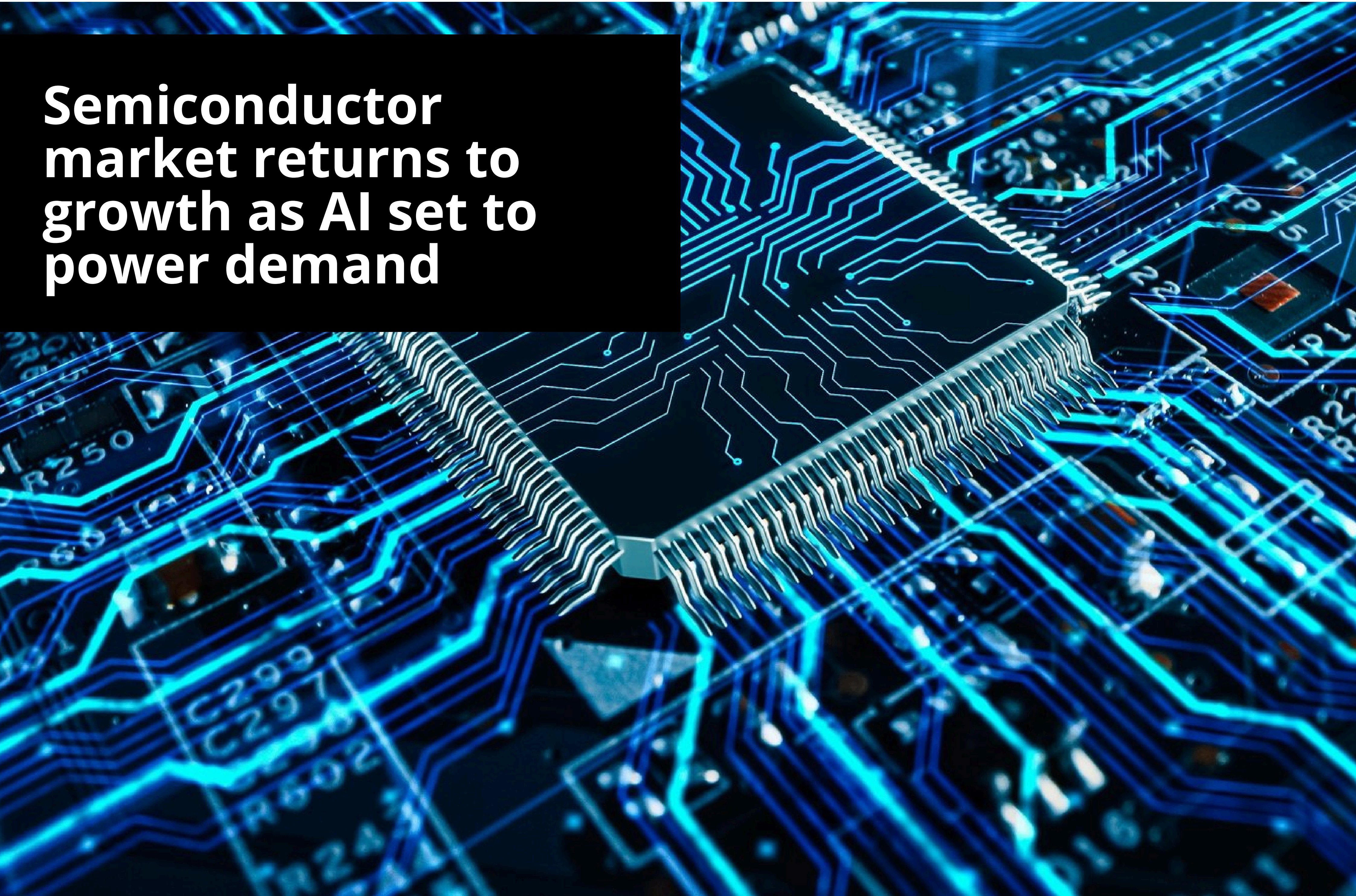
Semiconductor market returns to growth as AI set to power demand



The semiconductor industry is finally experiencing gradual growth after six consecutive quarters of decline. While 2023 has been stagnant for the industry, the growth of AI has increased demand and independently helped reverse market decline. Supply chain inventory has slowly improved after excess inventory issues, and although the industry is still waiting for meaningful demand normalization, it remains resilient and driving forward with stronger growth on the horizon for 2024.

Trend 1: Semiconductor fab utilization to normalize

The industry has gone through a full cycle of volatility, and for 2024 we look forward to fab utilization settling back down to a more manageable rate. We do caution that with increased sustained capex from self-reliance/sufficiency efforts, the industry will eventually face a challenged environment in which utilization will dip below profitability.

Trend 2: AI will continue to power semiconductor demand whether it will be the cloud or the edge

Leading microprocessor suppliers Intel and AMD are readying to launch AI-optimized MPUs for everyday laptops and desktops. We will see the competitive landscape shift beyond the cloud and see new applications and usages taking advantage of new capabilities.

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Consumer electronics companies diversify strategies for advertising and data revenue

Trend 1: Advertising and data revenues more important than hardware profits in North America

The year 2023 has proved a successful one for Roku and Vizio following their strategic decision to sell TV hardware at cost. They have now entered the game of acquiring a monetizable audience using their hardware to earn revenues in advertising and data. Other brands and platforms are shifting their strategies and following suit, which has reversed the gentle consolidation of this market.

However, this business model is not universal. According to Omdia's Advertising Intelligence Service, it is clear that only a few other countries (UK, Germany, Brazil, Mexico, South Korea, Japan, Australia) have immediate prospects. The wide variety of national tastes and media norms mean that this business model will need significant localization each time. However, huge markets such as China do not feature at all because TV advertising revenues are very low.

Trend 2: Postpandemic demand is very different by region

North America has already returned to above prepandemic levels for most consumer electronics categories. Although emerging regions are recovering slowly, Latin America & the Caribbean and Middle East & Africa are above prepandemic levels on key products such as TV sets. China is far below prepandemic levels, part of a wider loss of consumer confidence.

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Display area demand surges ahead with OLED leading the charge in revenues