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Ten Business Tech Trends For 2016

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At Wing, we are constantly scanning the horizon for new trends in business technology that help guide our investment thinking. Those that we see and invest behind are powerful ones that span multiple years and give rise to substantial new markets and significant, independent companies. While we navigate for the long term, it can nevertheless be useful to reflect upon what's going to happen in a shorter timeframe and the following are some brief observations on ten areas that we expect to make news in enterprise tech in 2016.

1. Containers Will Not Be Contained

An arms race is under way in the world of container technologies, highlighted by the rise of Docker and other contenders that include CoreOS at the container engine level, and Mesos and Google's Kubernetes at the critical orchestration control point. This all sets the stage for a new wave of infrastructure innovations that are purpose-built for the emerging reality. In 2016 startups will bring new thinking to all of the core infrastructure disciplines, from compute and networking to storage and security.

2. "Data-First" Applications Will Make Others Look Second Best

Driving efficiency has long been the goal of enterprise applications. Data and analytics have taken a back seat to this priority. We have come up with the term "data-first applications" to describe a new generation of services that are emerging to reverse this state of affairs. Data-first services put data at their core and are infused with sophisticated analytics that make companies smarter and more agile, as well as more efficient. Companies such as Vlocity in CRM and Kanjoya in HR have been leading the way here and next year will see more data-first challengers emerge to challenge incumbents in everything from security to supply-chain management.

3. More Mobile Applications Will Leave The Goat Paths

Many mobile products for the enterprise still follow a pave-the-goat-paths approach, which essentially boils down to following the easy route of translating desktop functionality to a mobile platform. Even “mobile first” apps often fail to take full advantage of the mobile paradigm. In 2016 we expect to see more “authentically mobile” applications appear. We have invented this term to describe services that offer new-to-the-world enterprise functionality in much the same way that Uber, for example, has harnessed mobile to revolutionize transportation services.

4. There Will Be Better Digital Sight For Sore Eyes

Computer vision has been “next year’s tech” for almost 20 years. In 2016 it will make a big leap forward. An astronomical amount of the world’s information is now in video, and companies and governments would like to be able to automate analysis of images more effectively. Next year and beyond will see advances in a number of promising areas in computer vision, particularly technologies that can be trained by human operators to better understand what cameras are seeing. These innovations will have broad applications in areas such as infrastructure monitoring (e.g. checking railroad tracks and wind farm installations) and physical security.

5. Securing The Thingternet Will Become A Priority

The current year saw a wave of Internet of Things-related investments by companies such as IBM, GE and Samsung, which pledged to connect all of the products that it sells by 2020. Auto makers have also been busy and 2016 could well be the first year that the majority of new vehicles sold in America will be connected ones—a significant milestone. All of this activity will increase demand for securing connected devices. We expect to see a more concerted push to monitor security issues and a wave of innovation from startups and other firms aimed at tackling this major challenge.

6. Cloud Storage Won’t Always Be In The Cloud

Many companies have discovered that pay-as-you-go cloud storage at a certain scale becomes more expensive than owning it yourself. However, the convenience and simplicity of operation for cloud storage is compelling. 2016 will see the growth of products that enable storage management to be the same across cloud, on-premise, and in hybrid deployments. This will become a common foundation for the emerging enterprise hybrid clouds.

7. Get Ready For The Storage Hunger Games, Part II

In 2014 the Hunger Games for All-Flash companies commenced, and as 2016 begins the field has narrowed and the victors are ready to be crowned. But a new battle is starting for software-defined scale-out storage NAS/SAN/DAS systems, using commodity server hardware, and offering a variety of capabilities to replace traditional modular and secondary storage arrays. Companies such as Cohesity, PrimaryData, Formation, Data Gravity, Hedvig, Intermodal Data, and others will join a host of new hyperconverged and even new proprietary hardware systems vying for success as enterprise customers consolidate and lower spend on general purpose storage.

8. Expect Much More Chatter About "ChatOps"

The rapid rise of enterprise messaging services such as Slack and Atlassian's HipChat has been impressive. Next year expect to see a growing number of firms design applications specifically to run inside these services—a phenomenon that has been dubbed "ChatOps". One early example of such an app comes from Blockspring, a startup whose product makes it easy for Slack users to build simple bots that can pull data from external sources into a spreadsheet format within the messaging service.

9. Software Will Be Hired To Do More Kinds Of Jobs

Software programs have already displaced workers in multiple areas, ranging from low-skilled tasks to more demanding ones such as mortgage-loan processing. But we have only seen the tip of the iceberg here. In 2016 programs will start accelerating the replacement of people in a wider range of functions, including ones such as customer service and support, security and supply chain management.

10. Machines Become Smarter Than A 5th Grader

Machine learning and artificial intelligence algorithms have been around for decades, but recent advancements have made them commercially viable. Open source libraries have made developing machine learning applications easier. Low-cost, high-performance GPUs have allowed developers to tackle more complicated problems. And large data sets created by mobile, web, and IoT applications have provided more raw data for training and analysis. In 2016 machine learning will be applied by companies to an even wider range of challenges, especially in fields such as sales and cyber security.

These and other trends will put even more pressure on big, incumbent enterprise tech companies to respond to rapid changes in the competitive landscape. Expect Dell's move for EMC and the HP split in 2015 to be followed by more big deals—and divorces—in 2016, as legacy players try to grapple with the challenge of fleet-footed startups and ambitious web giants such as Amazon and Google (which recently hired Diane Greene to spearhead its enterprise push).

The coming 12 months will also see a flood of new, innovative startups emerge led by supremely talented entrepreneurs who are determined to put a dent in the enterprise tech universe. We at Wing are looking forward to helping them achieve that goal in 2016 and beyond.

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