IDC TAM Data Spaces

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IDC for Microsoft

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IDC expect the Data Space as a Service market for Manufacturing SMBs to reach €200M by 2030

As regulations are putting pressures on the European manufacturing ecosystems to scale data sharing, IDC estimates spending for Data Space as a Service to reach

€200 M by 2030

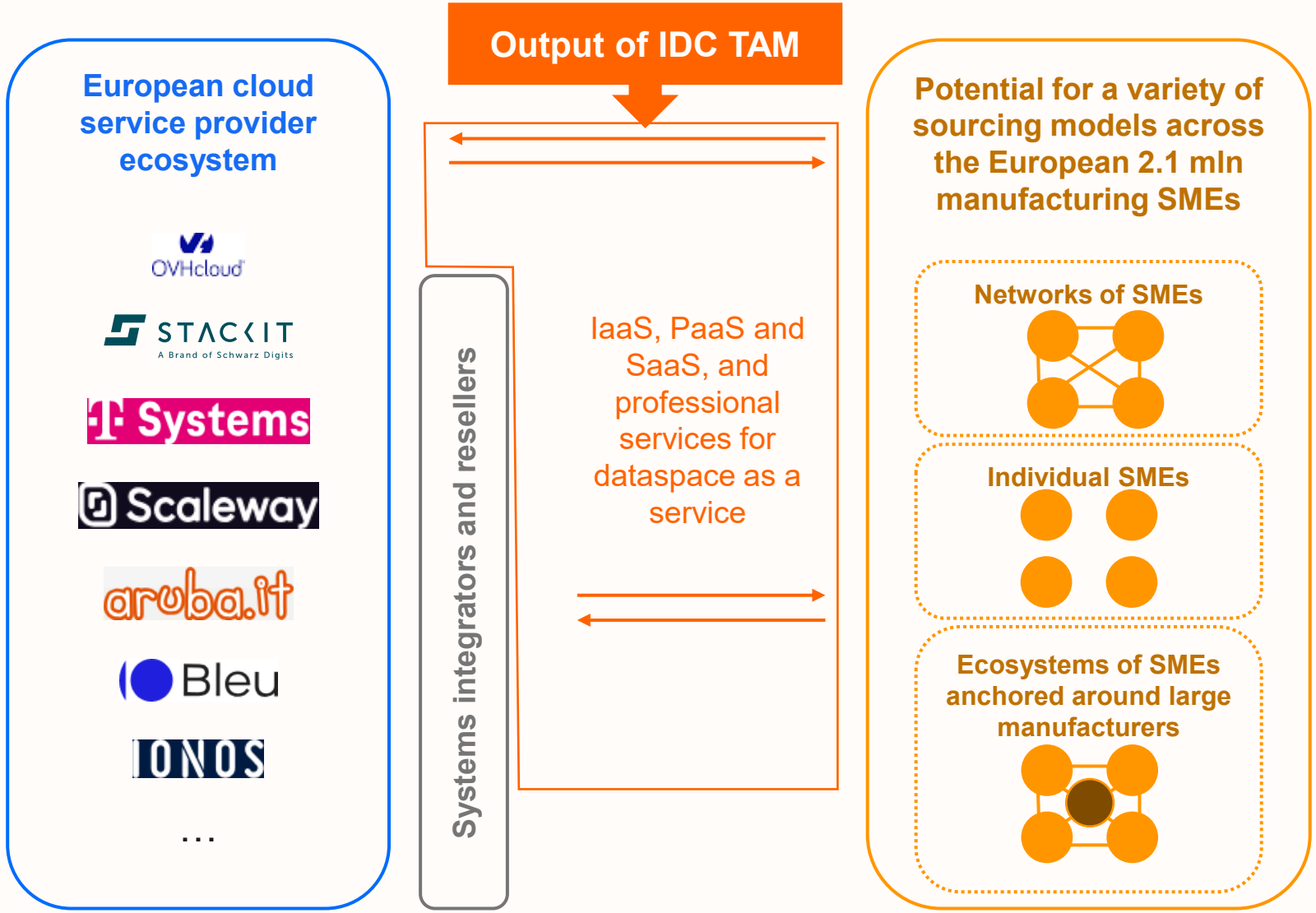
European Cloud Service Providers that want to harness the opportunity should design and execute an action plan to build-up technical, product management and go-to-market capacity and competencies starting in 2026-2027

Content

Methodology and Assumptions

The Total Addressable Market for Data Spaces in the Manufacturing SMB industry in Europe

Forecasting the Total Addressable Market for Data Spaces in the Manufacturing SMB industry in Europe



Total Addressable Market Taxonomy

Output of IDC TAM

Subscription revenues

IaaS, PaaS and SaaS, and professional services for dataspace as a service

Subscription revenues +on-prem software infrastructure + professional services fees

IDC will leverage existing data and analysis of these regulations to build a custom data model, measuring the impact the EU Regulation Landscape on IT spending in selected EMEA countries.

The model will be delivered in the form of a pivot table with these dimensions:

Country	IT Category	IT Subcategory	Sector	Company Segment	Year
France	IaaS	IaaS	Manufacturing	SME (<250 employees)	2025
Germany	Infrastructure	Servers/Storage			2026
Italy	Services	IT Services			2027
Spain	Services	Business Services			2028
	SaaS - Applications	Applications			2029
	PaaS	Data Analysis and Data Management			2030
	SaaS - System Infrastructure Software	Security Software			
	On-premise Software	On-premise Software			

Manufacturing clusters and includes as 1 aggregate all the IDC standard manufacturing industries, such as *Life Science, High Tech and Electronics; Aerospace and Defense; Automotive; Industrial and Other Manufacturing; Chemicals; Consumer Goods*

Applications include:

- Advanced and Predictive Analytics Tools
- Customer Relationship Analytic Applications
- Enterprise Performance Management Applications
- Production Planning Applications
- Services Operations Analytic Applications
- Supply Chain and Product Analytic Applications
- Workforce Analytic Applications

Data analysis and Data Management includes:

- AI Software Platforms
- Analytic Data Integration and Integrity Tools
- Content Analytics Tools
- Continuous Analytics Tools
- Space and location analytics tools
- End-User Query, Reporting, and Analysis Tools
- Nonrelational Analytic Data Stores
- Relational Data Warehouses
- Search Systems

Security Software includes:

- Cloud Native Application Protection Platform (CNAPP)
- Endpoint Security Software
- Governance, Risk and Compliance Software
- Identity and Access Management Software
- Information and Data Security Software
- Network Security Software
- Security Analytics Software

Assumptions Based on Regulations

EU Data Act: Manufacturers must grant users and third parties access to data from connected products under fair terms.

January 2024
Entry into force

September 2025
Main provisions become applicable. Art 33 sets out essential requirements for interoperability in the context of data sharing within European data spaces.

September 2026
Obligations for design, manufacture, and provision of connected devices and related services become applicable

September 2027
Provisions on unfair contractual terms for data access between businesses become applicable for certain contracts

Impact from 2028

Competition	Transitional support	External Drivers
The Act aims to reduce vendor lock-in, fostering competition by allowing customers to freely choose providers.	Providers must offer transitional support to customers switching services. This will drive competition and more entrance.	Exemptions for small and micro companies, but medium companies can push small and micro companies

EU Digital Product Passport: enhance transparency across product value chains.

February 2027
DPP become mandatory for all industrial and electric vehicle batteries with capacity above 2 kWh

Impact from 2028

2027-2030
Progressive rollout across all priority product categories

2030 and beyond
Most legislation for all relevant products expected to be in place

- The regulation explicitly recognizes the potential burden on SMEs and includes comprehensive provisions for special consideration and support.
- The DPP takes a more supportive approach toward SMEs rather than providing blanket exemptions.

Support

EU CSRD: EU rules require large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

Impact from 2029

Source: IDC, June 2025

EU Data Act

Who is affected?

- All manufacturers of connected/smart products and providers of related services in all industries in case of access to the data;
- Users of connected/smart products and services (legal entities/natural persons);
- Third parties as potential data recipients;

Article 33

Article 33 of the EU Data Act sets out the essential requirements for interoperability in the context of data sharing within European data spaces. It applies from September 2025. The main points are:

- Scope: Applies to participants in data spaces who offer data or data services to others, aiming to facilitate interoperability of data, data sharing mechanisms, and services, as well as common European data spaces—whether sector-specific or cross-sectoral.

Key Requirements: Dataset Description, Data Structure and Formats, Technical Access, Automated Agreements.

- Purpose: These requirements are designed to support the development of new products and services, scientific research, and civil society initiatives by ensuring that data can be easily shared and processed across different systems and sectors.

Other Provisions

- *Chapter 1 and Chapter 2:* access to data by design and by default, and B2B and B2C data sharing in IoT context.
- **Micro and Small companies are exempt from certain obligations. The micro or small enterprise is not subcontracted to manufacture, design a connected product, or provide related services for a larger company.**
- Manufacturers of connected products placed on the EU market and providers of related services (except micro and small enterprises) must make use-generated data accessible to users and third parties of the user's choice.
- **Medium-sized enterprises receive a transitional exemption under Article 7 . Companies that have qualified as medium-sized enterprises for less than one year are exempt from data sharing obligations, and connected products placed on the market by medium-sized enterprises receive a one-year exemption period after market placement.**

EU Digital Product Passport

Product-Specific Requirements

First mandatory implementation

Batteries

Priority Products

iron and steel, aluminum, textiles (particularly garments and footwear), furniture (including mattresses), tires, detergents, paints, lubricants, chemicals, energy-related products, and information and communication technology products and electronics.

Battery

Starting February 2027, all industrial and electric vehicle batteries above 2 kWh must include a Battery Passport with detailed specifications including carbon footprint data, recycling information, and material composition. Battery passports include blockchain-powered integrity systems.

Textile

Implementation follows a phased approach beginning with a "minimal and simplified DPP" by 2027, progressing to an "advanced DPP" by 2030 . Requirements will include information on fiber composition, manufacturing locations, chemical treatments, and recycling possibilities.

Electronics & ICT

Manufacturers must collect, manage, and share detailed product information throughout the product lifecycle, including component sourcing, manufacturing processes, and disposal instructions.

Furniture

DPP requirements focus on materials used, origin and supply chain transparency, maintenance guidelines, and end-of-life recycling instructions.

Chemicals

Chemical DPPs must provide transparency for petrochemicals, fertilizers, adhesives, consumer chemicals, and other chemical products, including company details, raw materials information, and manufacturing processes.

EU CSRD

The CSRD follows a phased implementation approach, with recent changes introduced through the EU Omnibus Simplification Package in 2025. The current timeline, following the "Stop-the-Clock" proposal adopted in April 2025, is as follows:

1st	2nd	3rd	4th
Companies already subject to the NFRD (large public interest entities with over 500 employees), will be reporting **their 2024 fiscal year in 2025**.	Other large companies meeting size thresholds (250+ employees, €50M+ turnover, €25M+ assets) will be reporting **their 2027 fiscal year in 2028.**	Listed SMEs, small and non-complex credit institutions, and captive insurance undertakings will be reporting **their 2028 fiscal year in 2029.**	Non-EU companies with significant EU operations (€150M+ EU turnover) will be reporting **their 2028 fiscal year in 2029.**

SMEs

- Listed SMEs: Simplified ESRS standards apply, with reporting deferred to 2029.
- Non-listed SMEs: Exempt but may face indirect requirements via larger value-chain partners.
- Micro-enterprises: Fully exempt.

Methodology: Bottom-Up Approach

Number of SMBs (<250 employees) in manufacturing *Eurostat*	~ 860,000 manufacturing companies with 1-249 employees in the manufacturing space in France, Germany, Italy, and Spain
Adoption Rates Estimate *IDC Survey*	*Does your organisation participate in any Data Spaces?* • **Estimated number of SMB in manufacturing using data spaces** • Manufacturing shows a lower adoption rate of data spaces participation vs market average • SMB companies are less likely to adopt dataspaces than larger companies
Data Spaces Spend *IDC Survey*	*How much would you expect your organization to invest annually in data products and services?* • **Estimated data spaces spend from SMB in manufacturing** • Manufacturing spends less than the market average in data spaces; SMB spend much less than larger companies in data spaces
Regulations *IDC Research based on EU official information*	*When are regulations expected to have their effects?* • We take into account the main dates in which the EU regulations come into force • Competition and transitional and other type of support are the main drivers of SMBs participation in DS

Estimate of total spend across FR, DE, IT, ES in manufacturing (<250 employees)

Source: IDC, June 2025

Methodology: Top-Down Approach

ICT Spending by technology and country (<250 employees) in manufacturing *IDC ICT Spending Guide*	Spending in selected technologies for companies with 1-249 employees in the manufacturing space in France, Germany, Italy, Spain
DS Penetration Rates Estimate *IDC Survey*	*What applications and services does your organization currently use, or plan to use in the next 12 months, to support data and insights sharing with ecosystem partners?* • **Estimated percentage of existing spending dedicated to data spaces for manufacturing companies** • Compared to existing research on Data Spaces for smart cities and smart communities + Data Sharing Platforms
Assumption on specific technologies growth	• The existing spending growth on on-prem technologies for DS is lower than other technologies, despite remains the second largest spend for all countries. • IT services are largest among total services (Business and IT) • Germany is the largest spender
Regulations *IDC Research based on EU official information*	*When are regulations expected to have their effects?* • We take into account the main dates in which the EU regulations come into force • Competition and transitional and other type of support are the main drivers of SMBs participation in DS

Estimate of total spend across FR, DE, IT, ES in manufacturing (<250 employees) by technology

Source: IDC, June 2025

Data Highlights

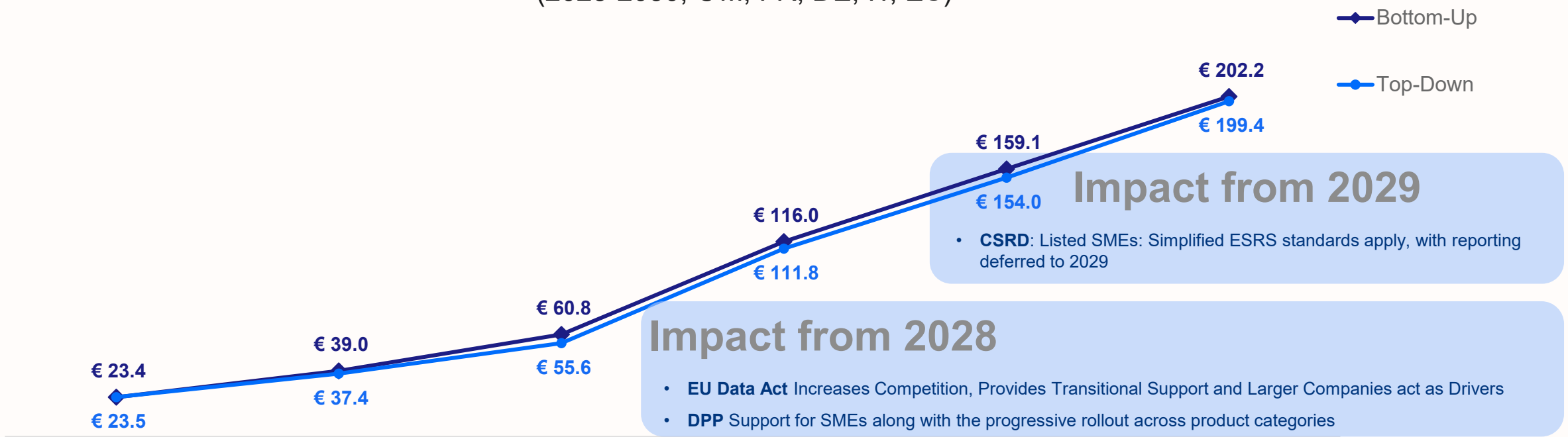
Data Spaces TAM Market Size & Forecast in SMB Manufacturing in Europe

Data Spaces SMB Manufacturing TAM

France, Germany, Italy, and Spain Expected to Reach Around €200M By 2030

Data Spaces TAM Market Size & Forecast in SMB Manufacturing

(2025-2030, € M; FR, DE, IT, ES)



Impact from 2029

- **CSRD**: Listed SMEs: Simplified ESRS standards apply, with reporting deferred to 2029

Impact from 2028

- **EU Data Act** Increases Competition, Provides Transitional Support and Larger Companies act as Drivers
- **DPP** Support for SMEs along with the progressive rollout across product categories

Growth Rates Ranges	60-70%	50-60%	**90-100%**	30-40%	25-30%
	2025	2026	2027	2028	2029	2030

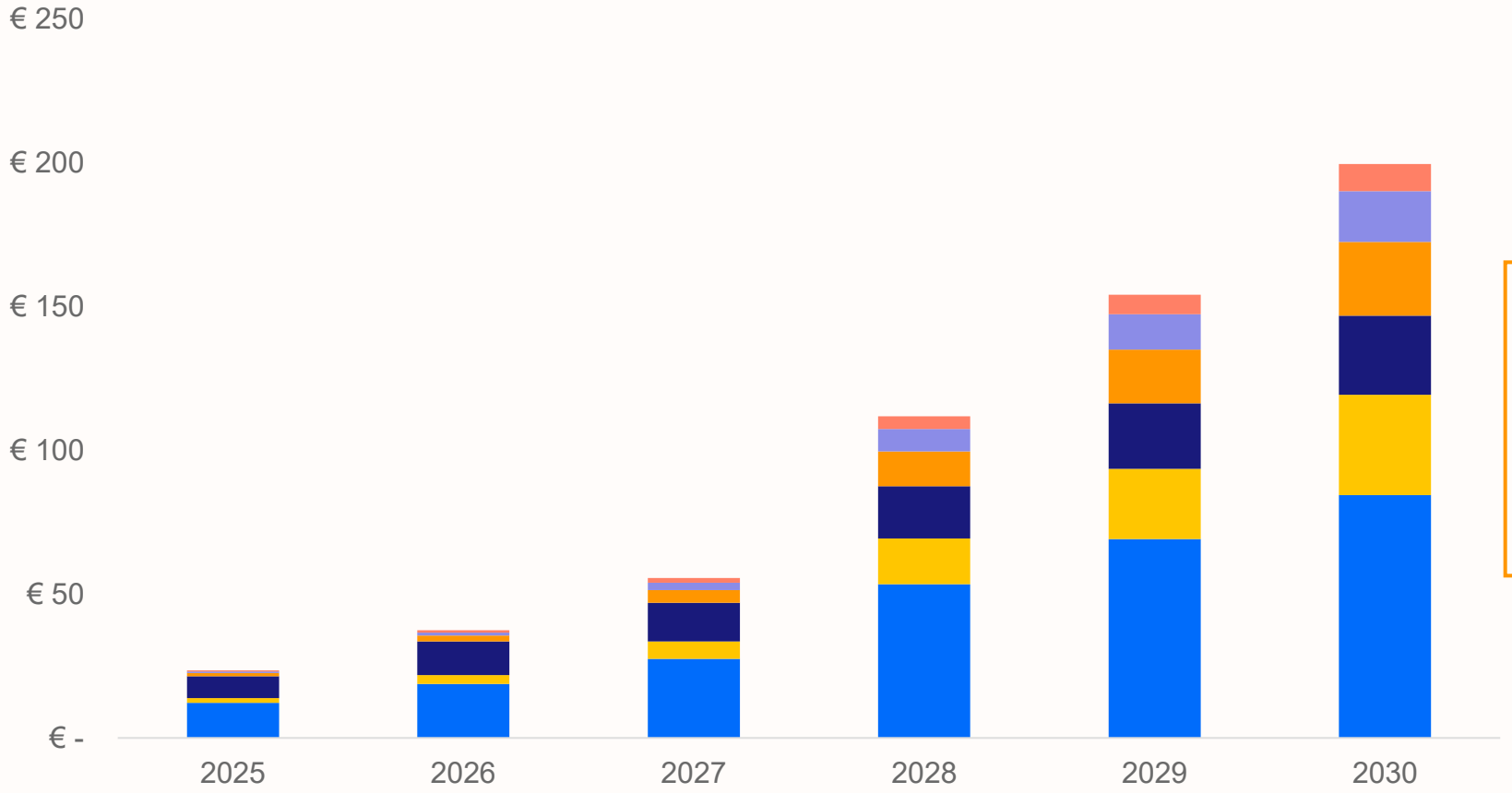
2025-2030 CAGR (%)

54% 53%

Source: IDC Data Space TAM x Microsoft, June 2025

Technology Breakdown: opportunities in fastest growing markets

Data Spaces TAM Market Size & Forecast in SMB Manufacturing, Tech View
(2025-2030, € M; FR, DE, IT, ES)



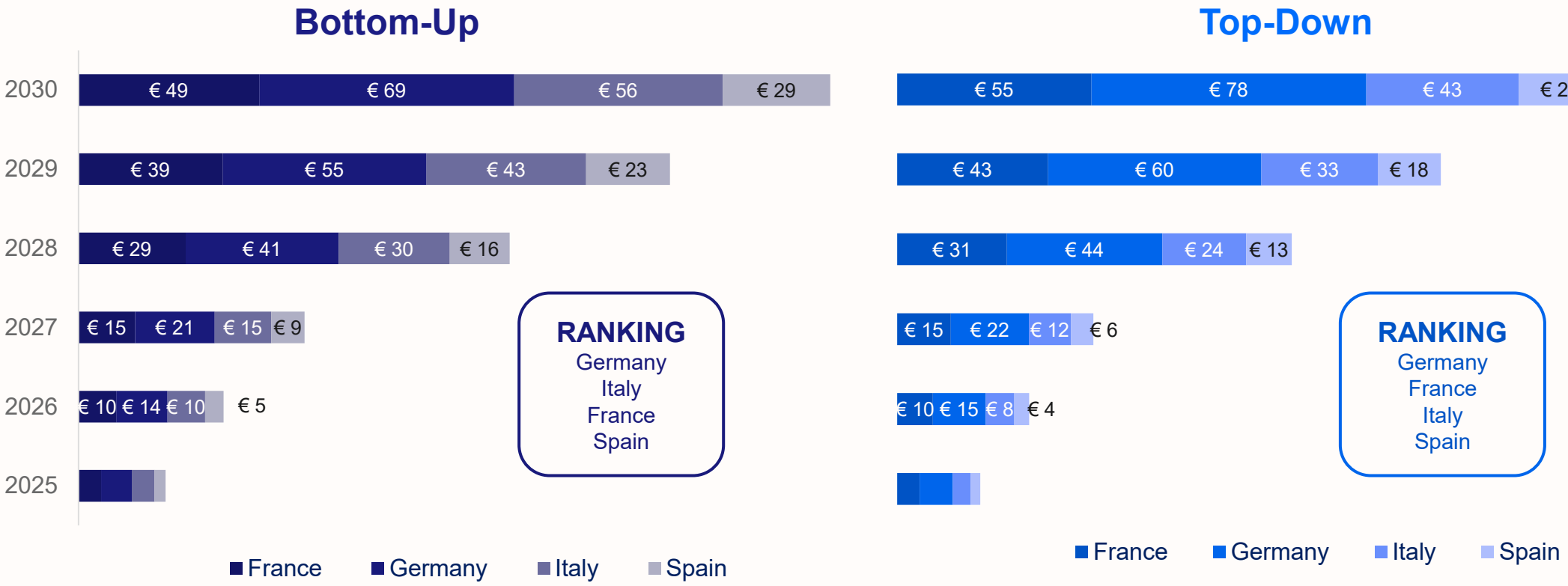
Tech	CAGR 25-30 (from fastest to slowest)
PaaS	103%
SaaS - SIS	86%
IaaS	85%
SaaS - Apps	84%
Services (IT and Business)	47%
On Prem HW and SW	29%

Opportunities in the security (SIS) space:
- Cloud Native Application Protection Platform
- Governance, Risk and Compliance Software
- Information and Data Security Software
- Security Analytics Software

Source: IDC Data Space TAM x Microsoft, June 2025

Country Breakdown: country regulations' implementation can vary reflecting in a difference ranking by spending

Bottom-Up Approach vs Top-Down Approach:
Data Spaces TAM Market Size & Forecast in SMB Manufacturing, Country View
(2025-2030, € M)



Source: IDC Data Space TAM x Microsoft, June 2025

Key Takeaways for the European Ecosystem

Data Space as a Services: where's the value for European manufacturers and cloud service providers

Data Space as a Service

Connecting Demand and Supply

Trusted solutions.
Manufacturers want to focus their resources and competencies on business innovation and operational excellence not compliance, sovereignty, and security.

Compliance-ready solutions.
Deliver products and services that seamlessly embed data-sharing, data protection, sovereignty, and security regulatory requirements.

Plug-and-play solutions.
Manufacturers, particularly tier-2 and tier-3 suppliers, do not have the maturity to solve complex technical implementation issues.

Integrated solutions.
Offer integrated cloud infrastructure and data sharing platform services that are affordable, ready-to-use and can scale to share, protect, and archive large data volumes.

Industry-standard based solutions.
Manufacturers need to be able to grow partnerships that nurture their business opportunities across ecosystems, they need to participate and contribute to Ecosystems initiatives to maintain a competitive foot in the space.

Interoperable solutions.
Manufacturers dot not want to worry about interoperability standards. Deliver APIs, API marketplaces and other data interoperability capabilities that offer standard integration with European Data Space federated and certified data sharing services.

Conclusions and Recommendations for European CSPs: key actions to get ready for Data Space as a Service

Develop solutions

- Identify **data space as a service critical capabilities**, such as data connectors, trust registries, identity management, data exchange/federation mechanisms and data sharing operational controls.
- Embrace **international open standards** for trusted data sharing.
- **Differentiate** your solutions and advisory services by aligning with European manufacturing SMBs' business and compliance requirements.

Nurture partnerships and collaboration

- Select **technology partners** that can deliver secure, scalable infrastructure and platform components, and advice on how to scale the Data Space as a Service business model, so that you can focus on value-adding capabilities and advisory services.
- Collaborate with **multi-lateral data space initiatives**, such as Eclipse and Gaia-X, to ensure standards are built for use-case-centric innovation that matter for industry-specific ecosystems, such as Catena-X, Aerospace-X and Omega-X.
- Identify **VARs and SIs** that can help scale Data Space as a Service business development and delivery.

Design and execute go-to-market programs

- Build messaging on **regulatory compliance, data sovereignty, and plug-and-play solutions for ecosystem collaboration**. Train a tiger team of sales and pre-sales resources.
- Consider **joint go-to-market** with technology partners that have strong market penetration in the European manufacturing SMB space.
- Identify services that are complementary to data space as a service, such as storage and collaboration, to harness **cross-sell** opportunities.

For Additional Information

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Appendix

Example of Bottom-Up Approach (Germany 2025-2030)

Number companies	~180,000	**Eurostat** estimates that there are ~180,000 manufacturing companies with less than 250 employees in Germany. This excludes repair services, which IDC does not track under manufacturing.
×		
Data Spaces Adoption Rates	0.17% - 1.74%	**IDC Surveys** show a low adoption rate of data spaces across SMB in manufacturing in Germany. According to our estimates, these companies are less likely to adopt data spaces vs large enterprises, but German SMBs show a higher willingness to participate in DS than the other countries. This percentage is derived from a weighted average of German larger and smaller manufacturers willing to participate in different data spaces and data sharing platforms*, given the composition of company sizes in the country.
×		
Data Spaces Spend	€22,000 - €26,000	**IDC Surveys** show that SMBs are willing to spend less than larger enterprises in data spaces. Based on our survey analysis, the average price German SMBs in manufacturing are willing to spend at most ~€26,000 on dataspaces as a service. We assume this price will decrease along the period.

TAM Estimate for Germany	**~€8 M (2025)** **~€68 M (2030)**	**By multiplying the population of German companies with less than 250 employees in manufacturing x IDC adoption rate estimates x data spaces spend estimate, we estimate a TAM of around €8 million in 2025 reaching € 68 million in 2030.**

Source: IDC Data Space TAM x Microsoft, June 2025

*IDC Surveys used: European Commission Data Spaces Smart Cities, March 2025, N=280; European Commission Custom Survey 2025: Data Sharing Platforms, May 2025, N=300

Methodology: Top-Down Approach (Germany 2025-2030)

ICT Spending

~ € 1.5 – 3.5 billion

×

IDC ICT Spending Guides: Estimated spending in selected technologies for companies with 1-249 employees in the manufacturing space in Germany.
We used 3 IDC spending guides:

- Big Data and Analytics Spending Guide
- ICT Spending Guide Enterprise and SMB by Industry

Data Spaces Spending by technology

Range from 0.2% - 1%

IDC Surveys investigate what applications and services the organizations currently use, or plan to use in the next 12 months, to support data and insights sharing with ecosystem partners.
We leveraged the insights on the value of pilot-projects in specific Data Spaces (i.e. existing pilots for Smart Cities and Smart Communities) as a ballpark number to understand the value companies were willing to invest in DS.
We were able to estimate the size of spending in DS compared to total IT spending and we differentiated that spending by tech dimensions, based on the answers provided in the surveys.

TAM Estimate for Germany

~€9 M (2025)
~€78 M (2030)

By multiplying the population of German companies with less than 250 employees in manufacturing x IDC adoption rate estimates x data spaces spend estimate, we estimate a TAM of around €9 million in 2025 reaching € 78 million in 2030.

Source: IDC Data Space TAM x Microsoft, June 2025
IDC products used: Worldwide Big Data and Analytics Spending Guide, V1 2025; Worldwide ICT Spending Guide Enterprise and SMB by Industry, V1 2025; Worldwide Software and Public Cloud Services Spending Guide V1 2025.
IDC Surveys used: European Commission Data Spaces Smart Cities Survey, March 2025, N=280; European Commission Custom Survey: Data Sharing Platforms, May 2025, N=300

What is an IDC Spending Guide?

- **Multi-dimensional, all-in-one data product**
- **Forecast data (revenue or spend)**
  - Region/country
  - Industry
  - Use Case
  - Technology
  - Company size
  - Line of Business
- **Semiannual delivery**
- **Delivered via IDC Query tool**

The combined power of IDC's tenured market experts and proprietary data has facilitated customer growth for 60 years.

Our global network of analysts collaborate to provide the industry's gold standard for technology market data

Whether your role is in Market Intelligence, Strategy, Marketing, Sales, or Channels & Alliances, our portfolio creates a toolkit that your organization can use to:

- Build a detailed TAM
- Optimize your partner network
- Pinpoint opportunities by industry or use case
- Define customer targets
- Evaluate the competitive landscape
- Build your sales pipeline

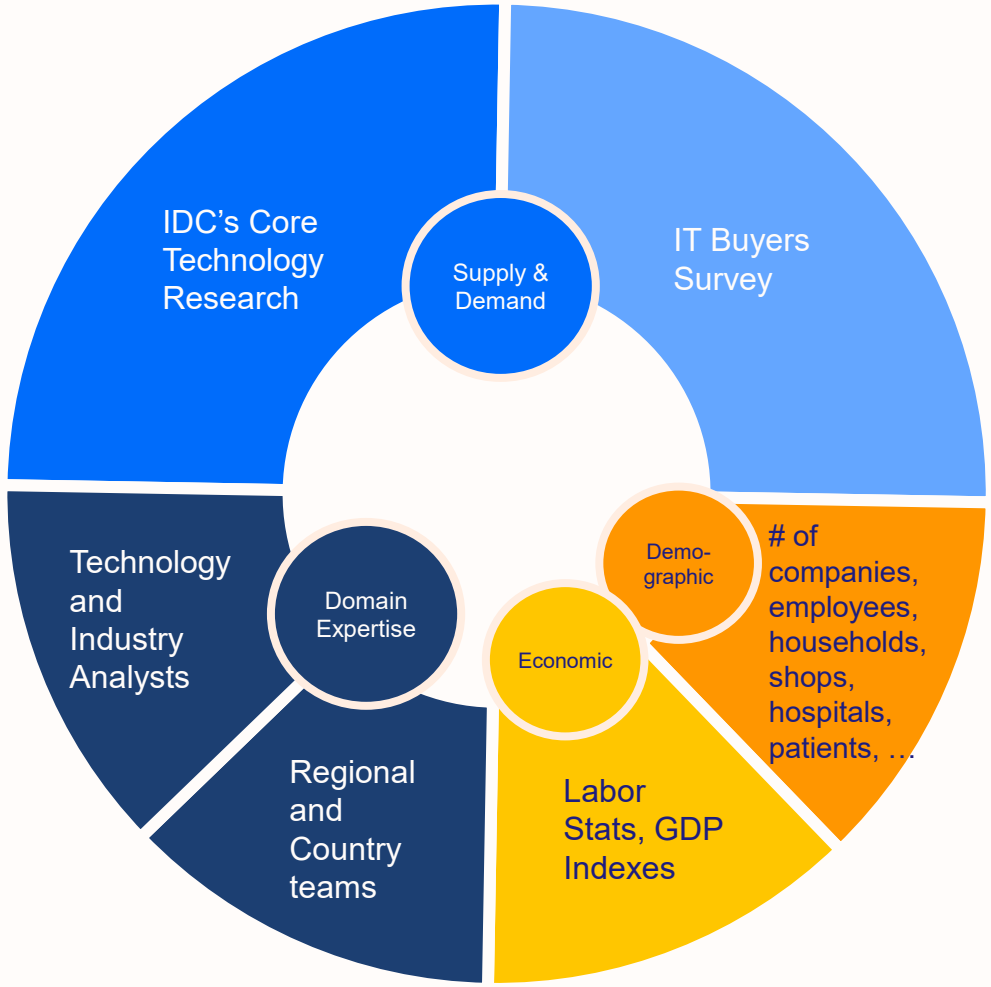
IDC Spending Guide Methodology

Built upon IDC's extensive technology and user spending research and analyst footprint worldwide across 50+ countries supporting bottom-up detailed spending forecasts at global, regional and local level

Leveraging comprehensive ongoing **supply** and **demand** side data sources and analysis by industry:

- **100+ core and emerging** technology markets analyzed
- **Over 300,000 IT buyers** and decision makers surveyed annually across the regions and countries
- +20 Industries and sub-industries, 500+ use cases analysed
- Extensive firmographics, demographics and economics third party data.

Global taxonomy and forecasting tools based on comprehensive analysis of Supply and Buyer adoption developmentsb



ICT Spending Guide Enterprise and SMB by Industry

Three primary customer types leverage spending guides and their use cases

120
Technologies

6
Years of Data

28
Industries

8
Co.Size Bands + Consumer

50+
Countries

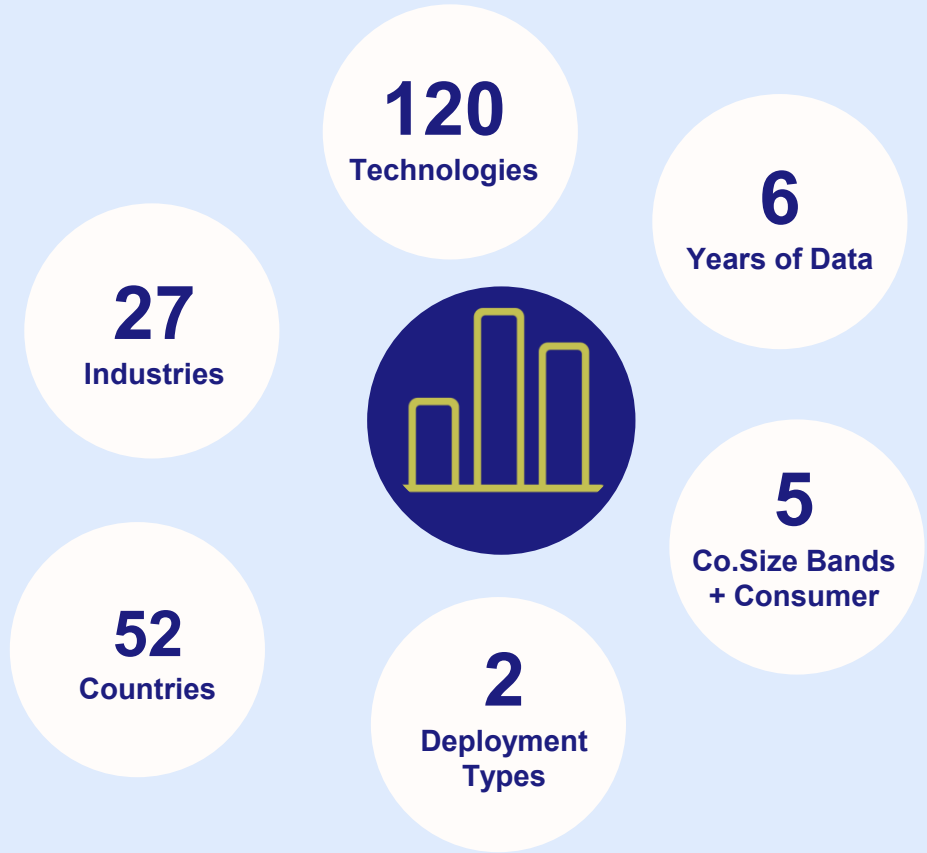
Key Questions Answered:

1. What are the key ICT markets and industry hotspots around the world?
2. How are overall IT budgets allocated among 120 technology markets across hardware, software, and services categories?
3. How do various countries differ in ICT investment strategies?
4. Which industries are expected to enjoy the largest share of investment in the next five years?
5. How do companies of various sizes allocate their ICT spend among various technologies?

Note: the 28 industries (Industry Detail) and 8 company sizes (Company Size Detail) views represent a premium offering vs. the standard Industry (15) and Company Size (5) view

Worldwide Big Data and Analytics Spending Guide

Three primary customer types leverage spending guides and their use cases



Key Questions Answered:

1. How is Big Data and Analytics (BDA) defined and what are the main technology components?
2. How will Big Data and Analytics adoption vary by region, industry and delivery model?
3. How will the BDA market grow over the forecast period by industry and use case?
4. Which countries will show greater growth and market opportunity in the future?

IDC Surveys

European Commission Custom Survey 2024: Data Spaces Smart Cities, #11405

March 2025 • Europe GPRG

Sample
B2B, CATI, Director-level or above in Companies 50+empl, / Job Role: 60-70% IT and 30-40% non-IT/ selected industry sectors

Sample Size
280

European Commission Custom Survey 2025: Data Sharing Platforms, #11471

May 2025 • Europe GPRG

Sample
B2B; CATI; 100+ emps, all verticals. Mix of LOB & IT.

Sample Size
300

European Commission Data Spaces Smart Cities Survey, March 2025, N=280
European Commission Custom Survey: Data Sharing Platforms, May 2025, N=300

Opportunities for Cloud Service Providers: European Cloud Service Provider interview

Overview:

European cloud providers are positioning themselves to support Gaia-X and federated cloud infrastructure projects like Dynamo by offering federated cloud marketplaces and certified data sharing services.

Digital Maturity Level Across the Ecosystem:

Adoption is slow, and Europe lags behind the U.S. in cloud environment implementation.

SMBs face challenges in adopting data spaces and cloud solutions, with many lacking technical knowledge and readiness.

Key Value Drivers for Data Spaces:

Data sovereignty is a primary driver, influenced by geopolitical factors and regulatory compliance such as the Data Act and CSRD. Connector-as-a-service offerings by cloud providers can simplify integration and accelerate adoption.

APIs and API marketplaces are expected to become important for managing large data volumes and enabling data sharing.

Key Barriers for Data Spaces:

1) Technical complexity in setting up and operating data space connectors and components.
2) Need for education and trust-building around data sharing and sovereignty.
3) Regulatory uncertainty and the evolving nature of compliance frameworks.
4) Limited scale of data available to train AI models, especially for SMBs.
5) Mindset focused more on data protection than on leveraging data opportunities.

Role of Companies like Microsoft:

Major cloud providers have opportunities to target smaller or N-tier customers by offering integrated infrastructure and data control services. The collaboration among European cloud providers is viewed as essential to compete with hyperscalers and to provide trusted data cloud infrastructure.

Opportunities for Manufacturers: European Data Space

Overview:

European Data Spaces aim to enable seamless data exchange and interoperability, similar to email programs.

Digital Maturity Level Across the Ecosystem:

Large OEMs are digitally mature, with good data governance systems. However, second, third, and fourth-tier companies often lack digital readiness and rely on basic tools like Excel, needing onboarding support.

Key Value Drivers for Data Spaces:

Connector-as-a-service solutions are a key value driver by integrating with business solutions to facilitate quick adoption and business value. Suppliers want to focus on business innovation; they want technical solutions that they can plug and play, without preemptive analysis.

Key Barriers for Data Spaces:

1) Education and trust are significant barriers. Companies need awareness of data exchange necessity and digital identity solutions.
2) The existence of competing standards across regions also hinders scalability.

Role of Companies like Microsoft:

Major cloud providers like Microsoft have an opportunity to focus on smaller or N-tier customers, offering integrated infrastructure and data control services.