

COVID-19 Impact on the ICT Industry

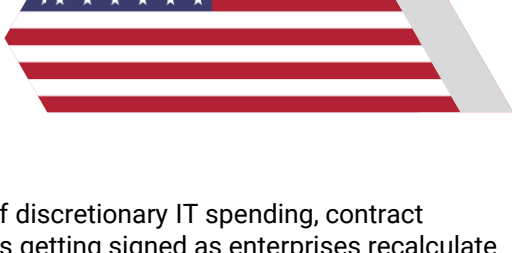
Global IT spending is expected to decline in 2020 due to the pandemic

According to International Data Corporation (IDC), global IT spending is expected to decline by 3-4 per cent by the end of 2020 from 2019 levels due to the pandemic. However, the US, Western Europe & China are likely to witness positive investments in their IT space



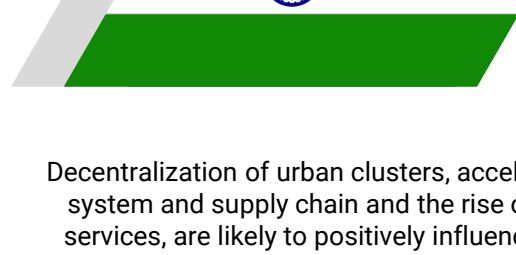
EUROPE

Western Europe is likely to witness a 3% increase in IT spending in 2020, with investments in software and services to remain roughly stable



USA

In the US, IT spending is likely to shift to mobile devices and laptops to enable users to work remotely to ramp up their work from home infrastructure



INDIA

A slowdown in terms of discretionary IT spending, contract renewals and new deals getting signed as enterprises recalculate cost structure in the next six months



CHINA

Decentralization of urban clusters, acceleration of digital health system and supply chain and the rise of contactless business services, are likely to positively influence spending's in the ICT space providing opportunities for IT Vendors

Collaborative Software, Cyber Security and others to benefit; IT Services to be the worst impacted



CLOUD COMPUTING SERVICES

- Work from home and online education has surged the demand for expanding virtual private network (VPN) and providing collaboration capabilities to combat unexpected disruptions
- By the end of March 2020, the maximum number of daily meeting participants using Zoom crossed more than 200 million



CYBER SECURITY

- The usage of cloud services has scaled manifold during the pandemic. The exchange of critical organizational information over digital platforms has exposed businesses to huge cyber risks and data breaches
- Increased phishing scams, WHO website attacks, and cybercriminals targeting zoom domains have been witnessed recently
- The current as well as future holds a strong environment for cybersecurity space with the entire world now moving to digital environment



ARTIFICIAL INTELLIGENCE / BIG DATA

- With the growing advancements in big data analytics, application of AI is likely to increase, especially across sectors including health informatics, BFSI, E-commerce, and retail, etc.
- COVID-19 seems to have accelerated AI's replacement of humans as a factor of production
- AI will be useful in data analysis, tracking, predictions, treatments, consumer patterns, and so on



VIRTUAL REALITY / AUGMENTED REALITY

- VR/AR has been identified as a tool to improve employee training amid the global lockdown
- COVID-19 has augmented the demand growth for AR services in the healthcare sector, especially for medical personnel training
- As work-from-home, distance learning, home-based fitness, immersive entertainment, and networked social interactivity are set to become the 'new normal', besides the urge to drive business continuity, the AR/VR technology will remain in high demand in the near future



ROBOTICS & UNMANNED VEHICLES

- Interest in robots, drones, and testing of autonomous vehicles on public roads has increased as the need for social distancing arises due to the global pandemic
- Drones and robots are effectively providing disinfecting services, food and grocery deliveries, positively impacting the industry
- UVD Robots, a Danish company provided disinfection robots to China. The company later has signed multiple orders in Europe and the US
- Walmart, is already using robots to scrub its floors



ADDITIVE MANUFACTURING

- Stressed supply chains distributed over geographies has become concerning due to global lockdown and COVID infections. Manufacturing industry has started to look at 3D printing as solution in the future to shorten the supply gaps
- The industry witnessed large scale 3D printed medical equipment like ventilator splitters, testing devices, and masks



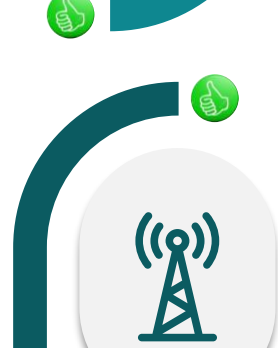
IOT TECHNOLOGY

- IoT components have enabled the healthcare system in dealing with the outbreak. However, the current deployment is still insufficient due to the lack of sufficient scale and infrastructure
- In the long run, organizations are likely to ramp up their automation plans and increase investments in IoT based processes



5G NETWORK

- The COVID19 pandemic, appears to have delayed 5G network services. However, 5G infrastructure deployment has increased
- Xilinx and Samsung announced their partnership in April 2020 for 5G devices.
- Huawei Technologies has teamed with the wireless network operators in China to roll out advanced 5G infrastructure on Mount Everest



TELECOM

- The COVID19 pandemic has forced the business operational environments to virtual. Increased work from home, and experienced video streaming, have forced the global telecom network operators to experience severe network strain
- Telecom companies are currently being governed by governmental policies to handle the pandemic situation. However, post the virus, telecom companies may significantly gain in business



DATA CENTERS

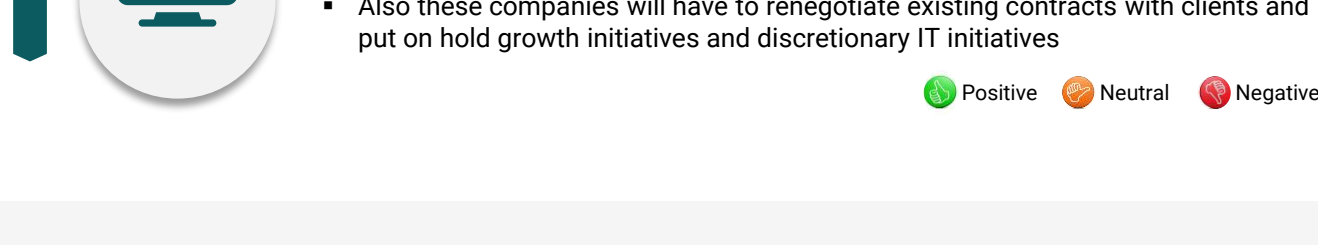
- As many businesses are considering cloud services to fulfill their storage needs, data centers and system components are witnessing an increasing demand
- Amid the pandemic, new data center and expansion projects are being suspended or delayed. Facebook, has put on hold to its data center construction projects in Alabama, US, and Ireland
- However, China is looking to expand its infrastructure. Alibaba Cloud is likely to invest USD 28 Bn towards datacenter and cloud infrastructure in next three years



IT SERVICES AND ITes

- With most of the IT projects getting delayed due to the Covid-19 pandemic, IT and IT-enabled services sector likely to be severely affected
- Companies may have to cut their workforce or hire temporary staff as part of cost cutting measures
- Also these companies will have to renegotiate existing contracts with clients and put on hold growth initiatives and discretionary IT initiatives

Positive Neutral Negative



Strategies being adopted by the leaders to enhance revenues

<ul style="list-style-type: none"> High focus on cloud computing services like Teams and Microsoft apps for remote learning initiatives Microsoft Azure product expected to witness over 50% year-over-year revenue growth in the next 6 months Scaling up machine learning and big data projects to support global research efforts Microsoft plans on hosting all its future events digitally 	<ul style="list-style-type: none"> Investing in infrastructure to handle demand from 5G devices Plans to invest in building technology that focuses on hybrid cloud, machine learning and data analytics Focus on creating additional cloud storage, benefiting AWS business 	<ul style="list-style-type: none"> Focus on AI Business to win new markets like transportation and healthcare Seeking new streams of revenue from enterprise business and cloud computing services Focus on multi-product partnerships with customers to unlock potential opportunities Areas like YouTube, Cloud Play and hardware business seems highly lucrative
<ul style="list-style-type: none"> Adopt virtual sales and remote implementation strategy to serve all customers Offering free access to customers for its platforms like Remote Work Pulse by Qualtrics, Ariba SAP Reduced hiring & discretionary spends 	<ul style="list-style-type: none"> Focusing on providing free collaboration tools for general organizations to increase operational efficiencies Enabling pre-configured sector-specific cloud solutions for organizations to help them in their digital transformation journey 	<ul style="list-style-type: none"> Aggressive focus on hybrid cloud, cybersecurity, multi-cloud management and OpenShift (cloud service) Focus on heavily promoting its Watson artificial intelligence systems Anticipates lag in software projects, whereas demand for hardware solutions remain stable

Note: The level of impact is quoted as per the current scenario and expected to change in future.

For a more detailed assessment of the impact of COVID-19 on the Information and Communications Technology (ICT) industry please reach out to marketing@datamaticsbpm.com.