

## COVID-19 Impact: A Mix of Challenges and Opportunities for IT Vendors in India; says IDC

New Delhi, April 1<sup>st</sup> 2020 – According to the [International Data Corporation](#) (IDC), growth in global IT Spending is expected to reduce by 3-4% by the end of 2020, considering “Pessimistic Scenario” due to the outbreak of Coronavirus disease (COVID-19) pandemic, as per [IDC Worldwide Black Book Live Edition, February 2020](#). The impact might be even more profound as spread seems to engulf many countries beyond China. While the major impact is expected to be on Hardware business, the Software and Services businesses are also expected to slow down as the spread of Coronavirus goes beyond the boundaries of Asia. However, adoption of collaborative applications, security solutions, Big Data and AI are set to see an increase in the coming days. It has also given an opportunity for IT vendors to test some concepts of “Future of Work” and some of them might become mainstream as the dust settles. It also provides an opportunity to IT vendors to step-up as consulting partners to handhold their clients in helping them sail through the crisis.

Observing the scenario of Indian market [Sharath Srinivasamurthy](#), Research Director, Enterprise Solutions and ICT Practices, IDC India says, “While the actual impact of COVID-19 on India market will be evident by middle of 2020, we expect a slowdown in terms of discretionary IT spending, contract renewals and new deals getting signed as enterprises recalibrate by cost structure in coming months. Existing project executions have also taken a hit due to travel restrictions in place. IT vendors will be forced to relook at their growth targets for the rest of the year as the impact will become evident in the next few quarters. On the other hand, it has provided an opportunity to IT vendors to test their resilience on business continuity, remote connectivity, and security as they look at innovative ways to service their

clients. Enterprises are looking at IT vendors to handhold them in the hour of crisis.”

With corporates across the country implementing alternative ways of working, it is generating a parallel corporate line that demands to be connected from where they want, when they want and to who they want. While work from home is not a new concept for Indian corporates, it certainly is a testing time to see the success at this scale. Enterprises are also exploring ways of working together that leverages conversations, meetings, and assets across platforms with employees working remotely from wherever they are located to serve customers better and ensure business continuity. IDC expects the adoption of collaborative applications growing at a rapid pace after the COVID-19 outbreak.

IT vendors are working with clients to get special approvals and SLA holidays, wherever needed, to have employees connect remotely to continue providing services especially in supporting mission-critical IT systems. IT vendors are expected to pay attention to have necessary force majeure clauses to cover situations like outbreaks in addition to existing clauses around acts of God and natural disasters in their contracts.

As organizations are taking preventive measures to curb

the spread by encouraging their workforce to connect from home, there are different sets of challenges that the IT teams within the organization are grappling with - how to secure data and assets from cyber threats. IDC expects the adoption of a zero-trust policy to increase, in the months ahead, as an increasing number of people connect to work from personal networks. IDC recommends organizations to keep their VPNs and Firewalls updated with security patches in place.

Making use of the next-generation technologies, such as AI, faster processing and higher accuracy can be provided by advanced analytics and AI to identify trends, patterns and intelligent forecasts about the spread of the Coronavirus. IT vendors should focus on building/improving capabilities on AI and Big Data as new challenges and use cases emerge.

While the economic impact of the COVID-19 outbreak will be evident in months to come, it has provided an opportunity for IT vendors to become more resilient and innovative. IT vendors should look at offering incentives on the existing contract extensions and also build conversations on business continuity and disaster recovery in the cloud. IT vendors should also keep an eye on emerging uses cases in AI for disease detection, tracking, and

prevention. While we expect challenging time ahead for IT vendors, it opens an opportunity for IT vendors to handhold the clients in the hour of crisis as a trusted partner and help them sail through the situation.

A detailed view has been presented in [COVID-19 Impact: A mix of challenges and opportunities for IT vendors](#) . For more information about this report or media queries, please contact Shivani Anand [sanand@idc.com](mailto:sanand@idc.com) .

IDC is the definitive source of Tech Insight on COVID-19. To help organizations plan their next moves in response to the pandemic, IDC is offering a range of resources including updated market forecasts with multiple outcome scenarios that address future uncertainties, research designed to keep digital transformation efforts on track, and insights into the workplace changes brought on by the virus. For more information, visit [www.idc.com/covid19](http://www.idc.com/covid19)

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For more information contact:

Shivani Anand  
[sanand@idc.com](mailto:sanand@idc.com)  
+919910466896