



# Impact of Covid-19 on IT spendings

March 2020

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# **There will be demand in all industries for**

1) Emergency/mass notification services (EMNS), business continuity management planning (BCMP) and crisis management platforms

2) Cybersecurity network solutions and endpoint protection for remote work for end users

# Besides that industries will be impacted differently and long-term impact is still uncertain

TSP Industry Impacts on Technology Investment Due to COVID-19

Industry	Short-Term Impact on Tech Investment	Long-Term Impact on Tech Investment
Banking and Securities	Negative 	Uncertain 
Communications	Positive 	Positive 
Education	Positive 	Positive 
Public Sector	Positive 	Positive 
Healthcare	Positive 	Positive 
Insurance	Negative 	Uncertain 
Manufacturing	Negative 	Uncertain 
Retail	Negative 	Uncertain 
Transportation	Negative 	Negative 

Source: Gartner

# Industry view (1/2)

Vertical Industry	Short-Term	Long-Term	Where Will the Industry Invest	Positive Outcomes for the TSPs	Negative Outcomes for the TSPs
Banking and Securities	Negative	Uncertain	<ul style="list-style-type: none"><li>• SaaS office applications</li><li>• Surveillance and compliance tools for remote work</li><li>• Remote trading</li><li>• Unified communications</li></ul>	<ul style="list-style-type: none"><li>• Increase in demand for remote work tools</li><li>• Increase in demand for contact centers</li><li>• Increase in demand for surveillance tools for remote work</li></ul>	<ul style="list-style-type: none"><li>• Nonessential technology purchasing decisions will be delayed</li><li>• M&amp;A might affect technology consolidation, which would create disruption</li></ul>
Communications	Positive	Positive	<ul style="list-style-type: none"><li>• Unified communications</li><li>• Mobile app development</li><li>• Data center, cloud</li><li>• Security</li></ul>	<ul style="list-style-type: none"><li>• Increase in demand for remote work collaboration and communication tools</li><li>• Demand for better network connectivity</li></ul>	
Education	Positive	Positive	<ul style="list-style-type: none"><li>• E-learning applications, online portals, collaboration tools</li><li>• Network bandwidth</li></ul>	<ul style="list-style-type: none"><li>• With school closures, then push toward online learning and virtual classroom collaboration technologies</li></ul>	<ul style="list-style-type: none"><li>• Some e-learning tools, such as Google Hangouts, are given as free solutions</li><li>• Concerns that students without laptops/tablets will not be able to access content and that mobile screens are too small</li></ul>
Government	Positive	Positive	<ul style="list-style-type: none"><li>• Cloud services, website content management and other public communications infrastructure</li><li>• Mission-critical applications — e.g., public safety, emergency management, disease surveillance, online/digital public services</li><li>• Data &amp; analytics, and AI</li></ul>	<ul style="list-style-type: none"><li>• Amplifies need for robust and scalable IT infrastructure and</li><li>• Strong data and analytics capabilities, and</li><li>• Need for citizen services</li></ul>	<ul style="list-style-type: none"><li>• Performance issues on websites and mission-critical support systems for public health, public safety and emergency notification systems</li><li>• Geolocation tools that track containment and mapping systems will have increased demand, leading to overburdened systems</li></ul>
Healthcare	Positive	Positive	<ul style="list-style-type: none"><li>• Telehealth/virtual care</li><li>• AI tools, data and analytics</li></ul>	<ul style="list-style-type: none"><li>• Usage of telehealth and technologies that leverage remote assistance and will mitigate the fallout</li><li>• AI suite of tools that can quickly detect, track and diagnose conditions, and solutions that monitor locational outbreaks in this situation can be leveraged</li><li>• Virtual care offerings are an attractive option, making it high in demand</li><li>• Interest in crisis management platforms will increase</li></ul>	<ul style="list-style-type: none"><li>• Tools to mitigate the effects won't be built quickly enough, and there will be a lead time</li><li>• Hospitals and diagnosis systems will be burdened, leading to increased pressure on vendors to supply tools with lesser lead times</li></ul>



# Industry view (1/2)

Vertical Industry	Short-Term	Long-Term	Where Will the Industry Invest	Positive Outcomes for the TSPs	Negative Outcomes for the TSPs
Insurance	Negative	Uncertain	<ul style="list-style-type: none"> <li>• Chatbots, collaboration tools, data and analytics, AI/ML</li> </ul>	<ul style="list-style-type: none"> <li>• Increased focus on key vendor partnerships that will have better BCM practices</li> <li>• Greater need for data and analytics, and customer service tools like chatbots and conversational AI</li> </ul>	<ul style="list-style-type: none"> <li>• Impacted insurance companies will need to address additional reserves for likely litigation and settlements. They also will likely evaluate their distribution and supply chain risks. This will lead to greater scrutiny of their existing vendor relationships and reprioritized technology investments.</li> </ul>
Manufacturing	Negative	Uncertain	<ul style="list-style-type: none"> <li>• Supply chain software, sourcing strategies</li> <li>• Supply chain data and analytics, AI/ML, RPA, Unified communications</li> <li>• E-commerce and mobile app development, Cloud</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in demand for business continuity, remote work communication, supply chain</li> <li>• Predictive AI, data analytics</li> <li>• For some sectors, B2B2C tools (e.g., in automotive)</li> </ul>	<ul style="list-style-type: none"> <li>• China, which has a lion's share of manufacturing, is affected. This situation, in turn, reduces its demand and the availability of some of its supplies globally.</li> <li>• This, together with transportation disruptions, creates ripple effects in the markets.</li> </ul>
Retail	Negative	Uncertain	<ul style="list-style-type: none"> <li>• AI/ML</li> <li>• Algorithmic retailing for supply chain, merchandising, planning and forecasting functions</li> <li>• Unified fulfillment and delivery solutions</li> </ul>	<ul style="list-style-type: none"> <li>• E-commerce will enjoy increased sales in the near term,</li> <li>• Causing retailers to further revisit their digital strategy and investments</li> </ul>	<ul style="list-style-type: none"> <li>• Segments particularly with exposure to global supply chains (such as luxury, footwear and apparel, and drug/pharmaceutical) will likely pull back spending as they evaluate risk.</li> </ul>
Transportation	Negative	Negative	<ul style="list-style-type: none"> <li>• Surveillance measures, IIROPS solutions</li> <li>• RPA, AI/ML, algorithmic modeling for supply chain, planning and forecasting functions for demand, assets and personnel</li> <li>• Data analytics, drone delivery and autonomous delivery, and robotics</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in demand for business continuity, predictive AI, data analytics, tracking flight and travel data with health data. Investments in autonomous vehicles, robot delivery and drone delivery will continue.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate restrictions on travel, governments blocking entry of certain passport holders, and pandemic fear and concern have resulted in canceled tickets and future airline revenue.</li> <li>• Supply chain production disruption of parts and materials also has impacted cargo/shipping.</li> </ul>

IIROPS = irregular operations

## Mid-term trends

- We expect investments in **AI/ML** projects to digitalize client interactions (contact centers, virtual assistants, etc.) and **data analytics** projects to mitigate risk (planning and forecasting of supply chains, etc.)
- Also **cloud services**, **app development** and **ecommerce applications** are expected to be in higher demand

Be aware that all non-essential projects are likely to be postponed – thus, communicating business outcome and value becomes even more important!

# Final Recommendations

- **Continue to engage with your buyers and show the value you deliver**, notwithstanding delays in purchase decisions, so that you are able to proceed rapidly once the crisis is heading to resolution and buyers wish to move projects forward.
- **Focus on security and compliance** across industry solutions that are being considered for **remote working**, which undoubtedly requires technology support.
- Establish or enhance client relationships by offering to **support immediate, emergency-related priorities**. Keep in mind that some industries are more affected than others.
- **Focus on high-revenue-generating customers**, and reduce volume to a consistent level across all customers to ensure a balance of service.