

Growth in India's Domestic Software Market is Expected to Drop to 4.1% Owing to the Impact of COVID-19, Growth in IT Services to Remain Flat: IDC Forecasts

New Delhi, April 30th, 2020 – [International Data Corporation](#) (IDC) forecasts that India domestic IT spending (Hardware, Software, and Services) is expected to drop to -4.5% in 2020 as compared to 2019 growth rate of +9.1%, as per [IDC's Worldwide Black Book Live Edition, March 2020](#).

The hardware segment will contribute the most to this decline. Growth in Software is expected to drop to 4.1% in 2020 due to the impact of COVID-19 pandemic, as compared to 2019 growth rate of 16.7% as enterprises relook at their buying decisions owing to increased focus on profitability. Growth in IT services is expected to be almost flat at 6.9% in 2020 as enterprises look at maintaining the status quo on IT services contracts.

On the software side, there will be a demand for productivity applications as the remote workforce increases. Collaborative application vendors are looking at making minor adjustments and offering the premium version through a minimum price subscription model. Apart from collaborative tools, cloud platforms, security solutions, and automation technologies, most of the other applications will post only marginal growth.

On the IT services side, endpoint and network services will witness a stronger demand because of extended remote working options. Hardware and software implementation or integration services will be slightly impacted because of the non-deployment/non-availability of new hardware or software. Implementation and integration services will be severely impacted. New outsourcing deals or renewals will be shelved because of financial duress impacting the growth of the managed services market.

According to [Shweta Baidya](#), Senior Research Manager, Enterprise Software & IT Services, IDC India, "IT vendors

are gearing up to adapt and transform the way of doing business, in a bid to support their clients during these testing times. Although IT spending will be impacted, specific solutions such as conferencing and collaboration, secure endpoint and network management, CRM, cloud storage, backup & recovery solutions, and remote support & services will continue to witness a steady rise amidst the crisis. Enterprises are investing in solutions that enable their remote workforce to remain productive without service disruptions.”

Renewal of long-term IT services contracts will be delayed by a few quarters and organizations will adopt a wait and watch approach for non-critical IT spending. However, enterprises are also looking at cloud options for business continuity, infrastructure services, and application management.

The COVID-19 pandemic has led to an unprecedented situation globally. It could be an economically catastrophic event, forcing enterprises to relook at their IT spend. CEOs' focus will shift to initiatives that impact operational agility and resiliency, and hence, digital transformation strategies will be recalibrated.

[Sharath Srinivasamurthy](#),
Research Director, Enterprise
Solutions & ICT Practices, IDC

India says, "The COVID-19 pandemic has created significant disruption to the economy across the globe, leading to tectonic shifts in how the business will be conducted and leverage IT for accelerated transitions. Digital transformation has again become the centerpiece for all boardroom discussions as enterprises adjust to a new world in which all businesses are virtual. Enterprises are evaluating software-as-a-service (SaaS) and cloud models to facilitate business in a digital world."

A detailed view has been presented in the Market Perspective document [COVID-19 Impact on India Domestic Software and IT Services Market](#) (# AP45885420). For more information about this report, IDC's India research services or media queries, please contact Shivani Anand sanand@idc.com .

IDC's [Avneesh Saxena](#) will host a special webinar focused on the Impact of COVID-19 on APeJC IT Spending on Fri, May 8, 2020, 8:30 AM IST. The session will explore an update of IT Spending forecast for the region, the impact of the pandemic and outlook post-COVID-19 on major AP markets. Details and registration for this webinar are available at <https://bit.ly/35ebkjn>.

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