

## IDC Revises A/NZ Enterprise Infrastructure and Networking Market outlook

### IDC PRESS RELEASE

SYDNEY, AUSTRALIA, April 23<sup>rd</sup>, 2020 - 2019 was a turbulent year for the Australian and New Zealand enterprise infrastructure market. The economic slowdown of China in 2019 and worldwide events such as Brexit has negatively impacted A/NZ's GDP growth. In addition to external challenges, tight local credit conditions and 2019 Australian federal and state elections posed additional market pressures. Despite all these challenges, a recession was still not a possibility, and the infrastructure market was expected to recover in 2020. However, the COVID-19 outbreak came in and disrupted the whole world's economy. A/NZ is now facing another tough year that has put its sound economic structure on a weak footing. With the outbreak, enterprises are recommending or mandating their employees to work from home to help reduce the virus spread. IT has now more than ever become crucial for the survival of business in these uncertain times as the concept of work from home is broadly enforced.

The A/NZ enterprise infrastructure market, inclusive of server, external storage and networking reached USD 2.63 billion in 2019. The market experienced a 9% decline from 2018, which saw significant infrastructure refreshes from the government and financial sectors as well as global hyperscalers. Stepping into 2020, IDC expected 3% growth to the enterprise infrastructure market. However, the intrusion of COVID-19 has made a recovery much more difficult resulting in a 3% decline. On the demand side, infrastructure transformation projects are still taking place but with cautiousness in spending. On the supply side, because

of movement restrictions at all levels, supply chains have been disrupted.

With the majority of employees working from home, enterprises are turning to cloud-based resources for business continuity. Attributes such as agility, scalability and simplicity are gaining importance in deciding IT infrastructure spending. “We expect higher adoption of cloud and next-generation architectures such as hyperconverged systems and software-defined, as the needs for Virtual Desktop Infrastructure (VDI) continue to rise due to work from home policy”, says Cynthia Ho, Senior Research Manager at IDC A/NZ. The decline in the networking equipment market will not be as significant as it will be for server and storage. “Lesser impact is expected because engineers always keep future requirements in mind at network designing stage. The final network deployed has a higher capacity than what the requirements dictated at the time. This forward-thinking ensures that the network keeps on fulfilling its requirements even if it’s not upgraded for some time”, says Ahmar Karimullah, Senior Market Analyst at IDC A/NZ.

During uncertain times like these, digital transformation has never been more crucial in ensuring business continuity and

ultimately, survival. Embracing complex hybrid cloud and next-generation IT architectures are essential to ensure a resilient organisation in the future. The vendor community plays a pivotal role in enabling their enterprise customers transforming into future enterprises. Being transparent and flexible are critical attributes enterprises are looking from vendors at times like these.

Visit IDC Australia and New Zealand at <http://www.idc.com/anz> to learn more about the program and the research topics covered.

For more information on the IDC Enterprise Infrastructure Forecast 2019 Q4, please contact Cynthia Ho at [cho@idc.com](mailto:cho@idc.com) or Ahmar Karimullah at [akarimullah@idc.com](mailto:akarimullah@idc.com).

- Ends -

#### About IDC Trackers

**IDC Tracker** products provide accurate and timely market size, company share, and forecasts for hundreds of technology markets from more than 100 countries around the globe. Using proprietary tools and research processes, IDC's Trackers are updated on a semiannual, quarterly, and monthly basis. Tracker results are delivered to clients in user-friendly excel

deliverables and on-line query tools. The IDC Tracker Charts app allows users to view data charts from the most recent IDC Tracker products on their iPhone and iPad.

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly-owned subsidiary of International Data Group (IDG), the world's leading tech media, data and marketing services company. To learn more about IDC, please visit [www.idc.com](http://www.idc.com). Follow IDC on Twitter at [@IDCAustralia](https://twitter.com/IDCAustralia) and [LinkedIn](#). Subscribe to the IDC Blog for industry news and insights: [http://bit.ly/IDCBlog\\_Subscribe](http://bit.ly/IDCBlog_Subscribe).

IDC is a subsidiary of IDG, the world's leading technology media, research, and events company. Additional information can be found at [www.idc.com](http://www.idc.com). All product and company names may be trademarks or registered trademarks of their respective holders.

For more information contact:

Ahmar Karimullah (akarimullah)

[akarimullah@idc.com](mailto:akarimullah@idc.com)

+61 2 9925 2298

Cynthia Ho (cho)

[cho@idc.com](mailto:cho@idc.com)

+61 2 9925 2298