

CXO Surveys: IT and Digital Transformation Show Growing Value as the COVID-19 Epidemic Takes its Toll

Beijing, March 3, 2020 – The outbreak of the COVID-19 epidemic has showcased the value of IT and digital transformation and organizations should turn the crisis into an opportunity to accelerate the transition, IDC found in two recent surveys of CXOs in China.

The first IDC survey was conducted in China from early to late February 2020 and canvassed the opinions of 32 CXOs in 10 industries, and covered three qualitative aspects: the impact of the COVID-19 epidemic on corporate business; the value of IT and digital transformation in the fight against the outbreak; and new digital transformation measures after the epidemic.

The second, quantitative survey polled 121 CXOs of industry users, comprising 19 questions such as judgment on epidemic development and its impact on the economy, businesses and ICT spending, and new initiatives for digital transformation of enterprises after the epidemic.

Judgment on Development of the Epidemic Situation

As for the development of the COVID-19 epidemic, respondents were generally cautiously optimistic about the development of the epidemic, but industrial users were more optimistic than ICT vendors as 70% of the respondents believe that the epidemic would last for 3 to 6 months.

Impact of the Epidemic on Corporate Business

The top 3 negative impacts of the COVID-19 epidemic on enterprises are:

- Inability to visit customers
- Significant decline in sales performance

- Inability to resume production.

The top 3 positive impacts on enterprises are:

- Improved corporate ability of long-distance collaborative work.
- Wide recognition of the value of digital transformation and information technology among all employees.
- Gaining ability of online marketing and business development.

As for their 2020 corporate business growth plans, 52% of respondents are maintaining their original plans unchanged, while 14% downgraded their original plans by 5%-10%.

As for the epidemic, 65% of industrial users have formulated plans for working from home, while 20% are planning to implement telecommuting. The three major challenges of working at home are: companies have not formed a culture of long-distance collaborative work; there are concerns about the sharp decline in work efficiency; and lack of similar experiences to draw upon as reference.

Impact of the Epidemic on ICT Spending

As for the impact of the COVID-19 epidemic on ICT spending, 45% of the surveyed industrial users

said that their spending would be delayed in the first quarter of 2020 and their annual spending is also expected to be reduced. However, there were still 26% of industrial users believing that their annual ICT spending would be not unaffected much, while 21.5% said that their spending would increase by 0-10%. Overall, ICT vendors were more pessimistic than industrial users.

Among the negatively impacted ICT fields, hardware will be hit harder than software, while traditional technology will be more affected by new technology. Product-wise, front-end devices will be more impacted than back-end infrastructure products.

Among the positively impacted ICT segments, enterprise collaboration platforms will benefit most from the epidemic, with 76% of the surveyed industrial users choosing to adopt such platforms, followed by cloud computing, robotics, AI, big data and 5G.

New Measures for Digital Transformation of Enterprises after the Epidemic

To cope with the challenges of the COVID-19 epidemic and the macroeconomy, industrial users will focus their digital transformation on the following TOP 5 fields in 2020:

- creating new telecommuting and enterprise collaboration systems.

- exploring new business models and business growth points.
- building up competitive digital cultures and organizations.
- reducing costs by improving operational efficiency and exploring industrial application scenarios of 5G and IoT.

IT and Digital Transformation Show Growing Value in the Fight against the Epidemic

The outbreak of the COVID-19 epidemic fully showcases the value of IT systems. Collaborative office, online marketing, video conferencing, customer management, remote support and service and other systems have played a tremendous role in coping with the challenges posed by the epidemic.

Enterprises leading in digital transformation are significantly less vulnerable to the epidemic, while enterprises leading in work resource transformation have a better ability of long-distance coordination and higher overall work efficiency.

The outbreak has boosted enterprises' sense of response to force majeure, which will accelerate their all-round digital transformation.

Non-contact connected businesses and services will rise faster, with

deepening integration of online and offline services. Cloud + AI + 5G/IoT will be the catalyst for this trend.

Mr. Wu Lianfeng, Vice President and Chief Analyst of IDC China said that digital transformation has become a core strategy for enterprises. It is not something which can be done overnight but will rather take at least 10 years to complete. Realizing large-scale accelerated innovation has become the core of digital transformation today. The COVID-19 epidemic has fully showcased the value of IT and digital transformation. CXOs should take full advantage of this opportunity to turn crisis into business opportunity, accelerate the implementation of new digital transformation strategies, support enterprises to look for points of business breakthroughs and innovation and achieve healthy and sustainable corporate development.

For research on the impact of the COVID-19 epidemic on ICT and industrial users, please refer to the latest research report series from IDC.

Figure 1

IDC : Research Report of COVID-19 Impact

Research Field	Area	Name of Report	Type of Research	Launch Date	Language
Enterprise	Global	Potential Impact of the Coronavirus Outbreak on Server and Storage System Supply Chain	Market Notes	February 2020	English
	China	疫情催生助力办公软件广泛需求	Market Notes	March 2020	Chinese
Emerging Tech and Industry Insight	Asia Pacific	Impact of the COVID-19 to Asia Pacific Banks: Watch Lending Growth Instead	Perspective	February 2020	English
	China	新冠肺炎疫情对智慧城市建设模式前景	PeerScape	March 2020	Chinese
	China	新冠肺炎疫情对网络安全供应链影响机会	Peerscape	March 2020	Chinese
	China	新冠肺炎疫情对中国物联网(ICT)市场的挑战	Market Notes	March 2020	Chinese
	China	物联网在新冠肺炎疫情防控和监测中的应用案例	Peerscape	April 2020	Chinese
	China	新冠肺炎疫情对中国商用ICT产业与智慧城市领域影响挑战	Market Notes	April 2020	Chinese
	Global	Coronavirus Impact on, and Implications for, the Global Supply Chain	IDC Perspective	February 2020	English
Client System Research	Global	Wuhan Hubei Coronavirus 2019-nCoV Impact to ICT and the Semiconductor Market in 2020	Market Presentation	February 2020	English
	Global	Scenario Assessment of the Impact of COVID-19 on Global Device Markets	Market Perspective	February 2020	English
ICT market	China	新冠肺炎疫情对中国经济(ICT)市场的挑战	Market Perspective	February 2020	Chinese & English
	China	COVID-19: 新冠肺炎疫情对数字经济与数字化转型价值	IDC Perspective	February 2020	Chinese
	China	COVID-19: 新冠肺炎疫情对中国经济和ICT市场的挑战	Tech Buyer Presentation	February 2020	Chinese
Manufacturing Industry	Asia Pacific	Handling Disruptions in the World of Digital Manufacturing: COVID-19, Coronavirus Impact and Future Resiliency in Asia Pacific	Tech Buyer Presentation	February 2020	English

- END -

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 subsidiary of IDG, the world's leading technology media, research, and events company. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC

-# # # -

For enquiries, please contact:

Frank Wang

Associate Vice President, IDC
China

Phone: (+86-10) 5889 1588

Email: frankwang@idc.com

Maggie Xie

Sr. Marketing Executive, IDC
China

Phone: (+86-10) 5889 1558

Email: mxie@idc.com

For more information on IDC's
research and ICT market insights,
follow us on WeChat:

Figure 2



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. All product and company names may be trademarks or registered trademarks of their respective holders.

For more information contact:

Frank Wang
fwang@idc.com
+86-10-5889 1558
Maggie Xie
mxie@idc.com
+86-10-5889 1558