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
About IDC

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Figure 2
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