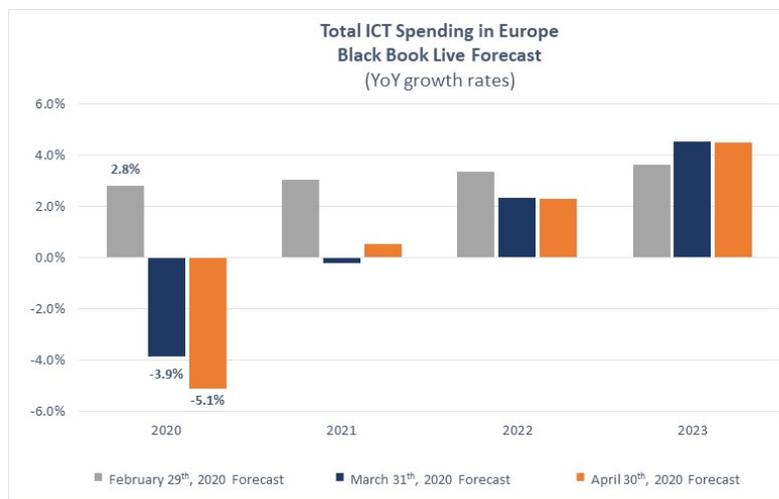


IDC Says European ICT Market Will Recover in 2021 Despite COVID-19 Impact, Driven Mainly by IaaS

FOR IMMEDIATE RELEASE, Prague — According to the special release of Worldwide Black Book Live Edition published on April 30 by International Data Corporation (IDC), overall ICT market spending in Europe continues to fall and is expected to decline by 5.1% this year, totaling \$923.49 billion. This represents a 7.58% contraction compared to the pre-COVID forecast in the February edition of IDC's Black Book. Given the current situation with the number of active infections decreasing in several countries, governments have begun lifting restrictions; this could result in signs of business recovery by 2021. In the ICT market, this will be mainly driven by higher demand for infrastructure as a service (IaaS), followed by hardware and software demand. The IT services market overall will take longer to return to pre-COVID levels.

Figure 1



Hardware markets are forecast to suffer most. Disrupted supply chains especially impacted the mobile phone market, which is expected to decline by 25.1% year on year in 2020,

while the hardcopy peripherals market is expected to decline by 12.3%. "Before the COVID pandemic, capital investments were expected from organizations in terms of mobile phones, in addition to the ordinary cycle of smartphone upgrades — both will be delayed," notes [Lubomir Dimitrov](#), senior research analyst for Customer Insights & Analysis in IDC.

On the other hand, the effects of the pandemic have had a positive impact on the cloud infrastructure market, as companies have required greater flexibility and additional computing capabilities to allow remote working arrangements and to manage distributed teams. For example, investments in IaaS across European organizations are expected to grow by 21.4% year on year in 2020.

Although there is an increasing demand for collaboration tools during the pandemic, many organizations are using free software versions. So, while many software vendors are experiencing declines in revenue, their brand image is benefitting. According to recent market research, the overall software market in Europe will decline by almost 4%, and sales of applications are expected to decline by 3.6%. Spending on system infrastructure software, in particular, is expected to fall by almost 6% this year.

The overall IT services market is expected to decrease by 3.8% this year and to remain relatively stable. "Services providers are increasingly focused on digital offerings that can be easily delivered in a lockdown scenario," says [Ivana Slaharova](#), research manager with IDC Customer Insights & Analysis. "The economic uncertainty has an impact on project services; in many countries, these kinds of projects are on hold and revenues in the segment are expected to decrease by 5.8%."

The [Worldwide Black Book Live Edition](#) is updated monthly with the latest IT spending forecasts for annual growth across 100 countries. It will continue to evolve and capture the escalating impact of the coronavirus on market expectations.

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