



# **COVID-19** **IT RESPONSE** **& RECOVERY** **REPORT**

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EXPRESS

# COVID-19 IT Response & Recovery Report

## How The Pandemic Has Impacted IT

In early 2020, a new infectious disease emerged to become a global pandemic that would bring the world to a standstill. Global economies would face the worst recession since World War II. Healthcare systems struggled with increasing patient loads and diminishing protective equipment availability. Air travel was flooded with flight cancellations. Businesses across the world closed their doors and sent employees home.

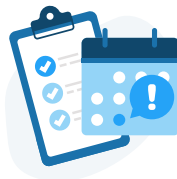
IT professionals took center stage, challenged to keep institutions solvent and viable during this uncharted, unpredictable time. IT professionals were forced to enact business continuity plans on a grand scale, help over [16 million US workers quickly transition to remote work](#), while meeting organizational demands shaped by the effects of COVID-19.

In an effort to understand the IT experience during this crisis, we compiled responses from almost 300 participants on how COVID-19 has impacted their spending, operations, tactics and more. The following report shares findings and insights to help you see how your peers pivoted and to take a look at what's ahead in 2021.



**46%**

of respondents gave a **preparedness rating of excellent** in the face of the pandemic



**26%**

of respondents cited **Infrastructure project delays** as the **most significant challenge**



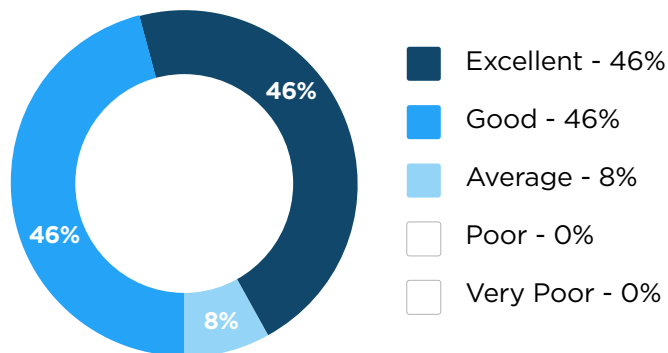
**25%**

**Additional technology demands due to working remotely** accounted for 25% of responses for the **short-term COVID-19 impact**

# Good news on overall preparedness

Survey results indicate that IT professionals were prepared to deal with the impact of COVID-19 crisis on their IT operations. Well done! Effective responses included streamlined decision-making, resource reallocation and swift action.

## Overall preparedness in response to the COVID-19 crisis



A high preparedness rating could point to most everyone in the organization being able to pivot to working at home early on. The IT department was able to or had already provided the required laptops, monitors, system applications, and VPN options to equip employees with the necessary resources and access to be productive remotely as quickly as possible.

**Zoom added more than 183,000 enterprise customers . . . up 353.7% year over year.**

S&P Global Market Intelligence June 2020

## A direct correlation to operations, spending and security

COVID-19 impacted IT plans causing additional technology demands due to working remotely, budget restrictions and increased security demands (66% of responses represented in the top three).

Higher revenue companies indicated that security demands had a greater impact than budget restrictions. However, responses from those at lower revenue companies found budget restrictions to carry a greater impact.

# IT Plans

There was no escaping accommodations, disruptions and wild predictions starting in early March. Participants saw changes in plans for security, budget, staffing, cloud migration and more.

What is the short-term (6 months or less) impact of COVID-19 on your IT plans?

Additional technology demands due to working remotely

25%

Budget restrictions

21%

Increased security demands

20%



► 20% of respondents faced **Increased security demands** in response to the pandemic's effects

CapEx spending freeze

8%

Hiring freezes

8%

Staffing cuts

5%

Move to cloud

6%

Pause moving to cloud

2%

Immediate action was needed to protect companies from attack during the height of uncertainty. The swift and massive overall switch to working remotely also increased network vulnerability.

In response, IT departments purchased more security licenses, granted more VPN access, set up additional firewalls, implemented stronger security measures and invested more in IT team and company-wide security training.

Remote work has increased the average cost of a data breach by \$137,000.

IBM Security, Cost of a Data Breach Report 2020

COVID-19's short-term impact on IT plans  
Revenue Breakdown

	\$250K to \$50M	\$51M to \$500M	\$501M to \$1B	\$1B Plus
Additional technology demands due to working remotely	26%	24%	27%	23%
Budget restrictions	23%	19%	16%	23%
Increased security demands	19%	23%	18%	23%
Hiring freezes	7%	8%	6%	11%
CapEx spending freeze	9%	11%	12%	8%
Move to cloud	7%	6%	10%	5%
Staffing cuts	3%	5%	8%	3%
Pause moving to the cloud	2%	1%	0%	2%

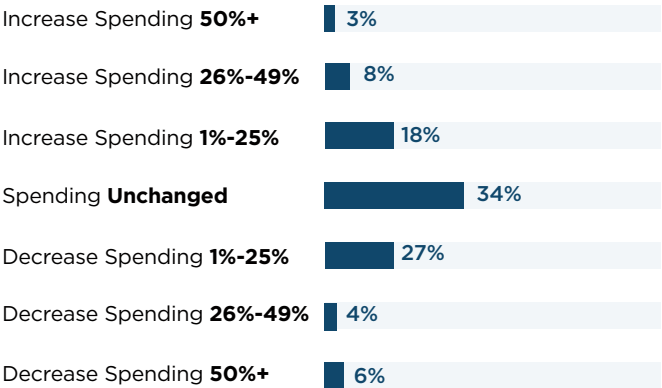


# IT Spending

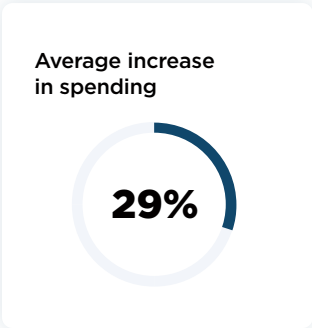
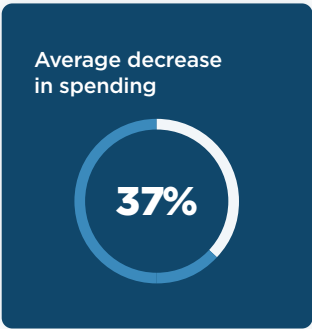
In many cases, IT budgets were overtaken by the need for COVID-related spending on key concerns such as meeting new security demands and supporting the massive switch to remote work for a large portion of the business operations.

IT leaders upended planned spending to fund immediate business needs. Tough decisions were made to delay non-essential projects, postpone hiring and find additional avenues for cost-savings.

## What is the short-term (6 months or less) impact of the COVID-19 crisis on your IT spending?



**\$**  
**37%** implied that their organizations plan to **cut spending over the short-term**



**29%** of respondents indicated IT spending would increase over short-term

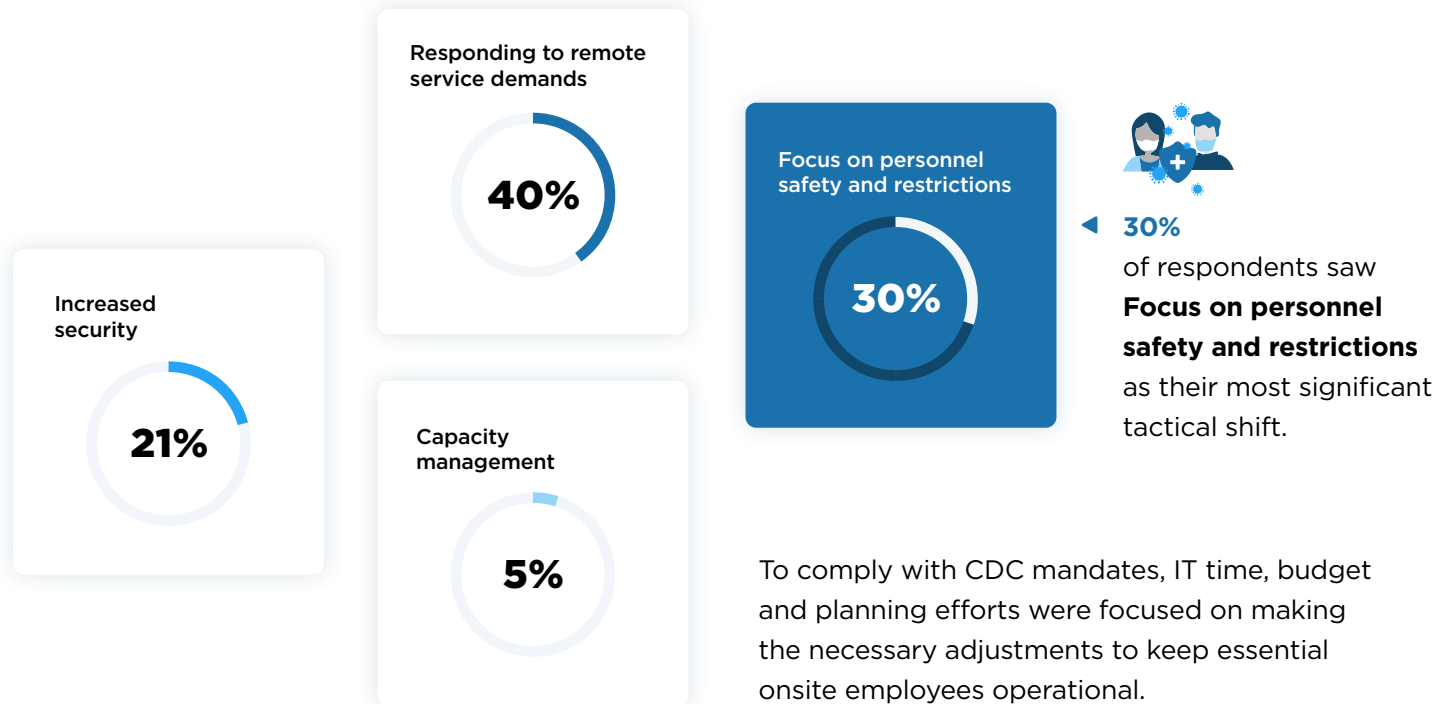
### COVID-19's short-term impact on IT spending Revenue Breakdown

Company Size (Revenue)	Increase Spending 50% +	Increase Spending 26% - 49%	Increase Spending 1% - 25%	Spending Unchanged	Decrease Spending 1% - 25%	Decrease Spending 26% - 49%	Decrease Spending 50% +
\$250K to \$50M	3%	7%	16%	24%	23%	3%	5%
\$51M to \$500M	2%	12%	22%	29%	24%	4%	6%
\$501 M to \$1B	6%	0%	19%	38%	25%	0%	13%
\$1B	0%	5%	11%	34%	32%	11%	8%

Decisions about whether to increase or cut IT spending varied by business size.

# IT Tactics

What changes to your short-term IT tactics did the COVID-19 crisis require?

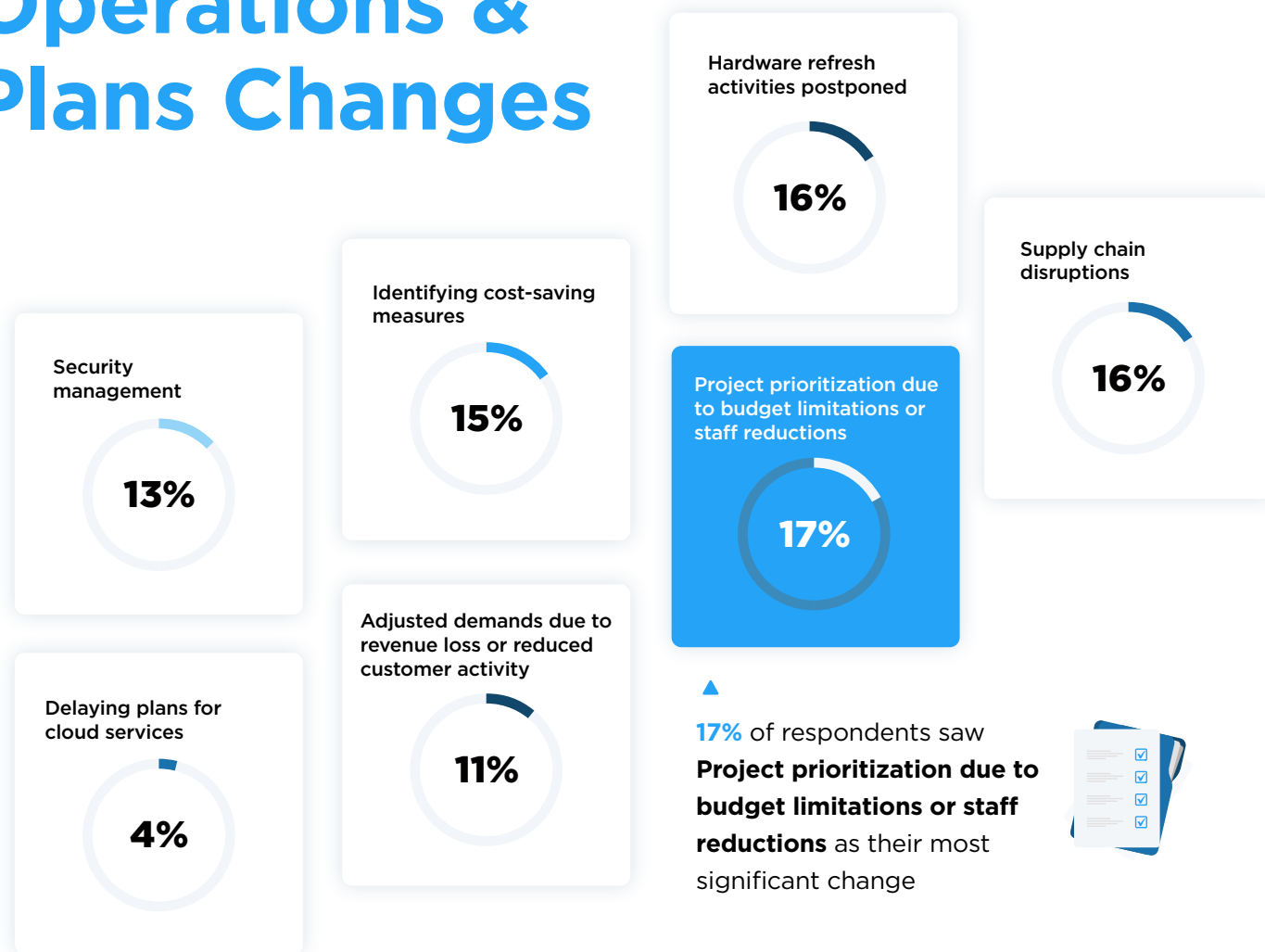


Smart advice for long-term work from home (WFH) cybersecurity challenges



# Data Center Operations & Plans Changes

For many, the COVID-19 crisis impacted data center operations and plans. What was your experience?



COVID-19's short-term impact on IT plans  
Revenue Breakdown

	\$250K to \$50M	\$51M to \$500M	\$501M to \$1B	\$1B Plus
Project prioritization due to budget limitations or staff reductions	18%	13%	18%	19%
Hardware refresh activities postponed	17%	14%	24%	15%
Supply chain disruptions	18%	16%	2%	19%
Identifying cost-saving measures	15%	15%	28%	16%
Security management	12%	20%	4%	12%
Adjusted demands due to revenue loss or reduced customer activity	13%	15%	18%	12%
Delaying plans for cloud services	4%	3%	4%	3%

The sudden demand for equipment for remote workers and the heightened stockpile ordering of critical parts in response to the unknowns taxed even the most robust supply chains.

In addition, slowdowns and shutdowns of production due to COVID-19, combined with the ripple effect of the lack of available parts and materials between manufacturers, increased delays in fulfillment.

# IT Operation Challenges

What new challenges did the COVID-19 crisis bring to your IT operations?

Supply chain issues

19%

Spending freezes

18%

Budget cuts

16%

IT staff layoffs

6%

Additional internal approvals needed when making decisions

8%

Consolidating data centers due to closures or budget demands

1%

Infrastructure project delays

26%



26%

of respondents saw **Infrastructure project delays** as their most significant challenge.

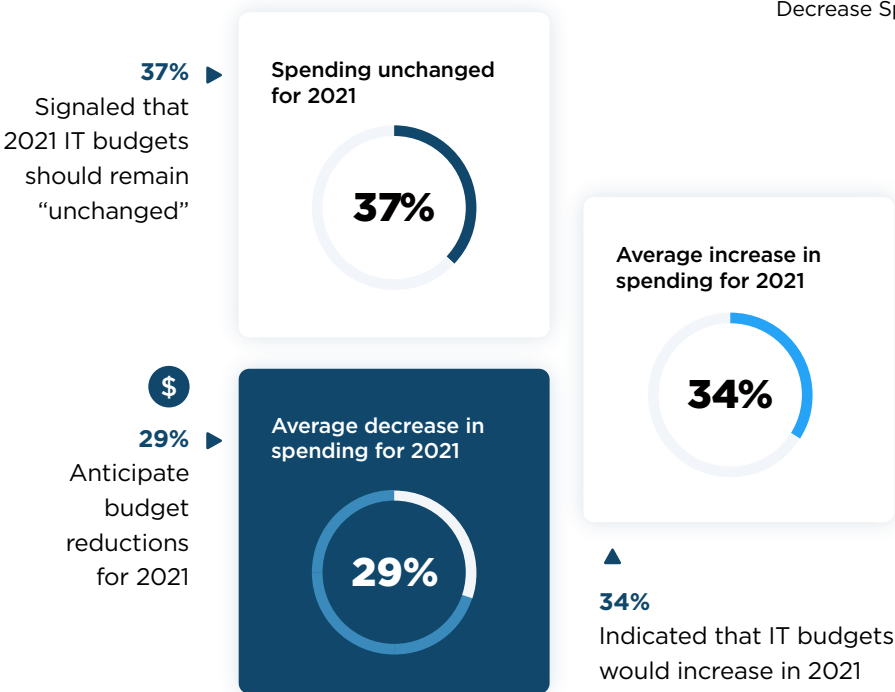
With multiple resources being diverted to ensure that businesses were operational within the new and shifting influences of COVID-19, previously planned projects were postponed. IT leaders were faced with the need to institute spending freezes and navigate supply chain issues, along with establishing temporary (or potentially permanent) measures for remote workers or account for sudden staff reductions. Infrastructure strategy was undergoing a revamp as processes, revenues and forecasts called for a significant re-evaluation.



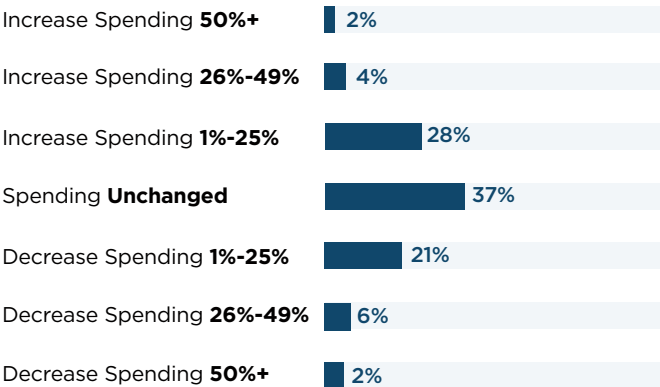
# IT Recovery

## The Future Impact of COVID-19

What does the future hold in terms of IT spending? Participants indicated both good and bad news in terms of their spending forecasts.



Looking ahead to 2021, what impact do you foresee the COVID-19 crisis having on your IT budget?



The rush to fill the gap for remote working demands, the slowdown in infrastructure project spending and the impact COVID-19 has had on revenue has caused a reallocation of funds.

2021 spending will be driven by industry and overall business transformation requirements. COVID-19 is forcing organizations to prioritize digital optimization to keep the business relevant.

Spending on remote working apps and platforms is projected to reach double-digit growth rates this year.  
[Forbes](#)

Future impact of COVID-19 in 2021  
Revenue Breakdown

Company Size (Revenue)	Increase Spending 50% +	Increase Spending 26% - 49%	Increase Spending 1% - 25%	Spending Unchanged	Decrease Spending 1% - 25%	Decrease Spending 26% - 49%	Decrease Spending 50% +
\$250K to \$50M	26%	3%	2%	35%	29%	4%	0%
\$51M to \$500M	2%	13%	21%	35%	25%	2%	2%
\$501 M to \$1B	41%	12%	6%	18%	12%	12%	0%
\$1B	22%	3%	0%	47%	35%	0%	3%

# Rebuild: The long-term outlook with COVID-19

2020 is proving to be one of the most tumultuous years for IT leaders in decades. The scope and sustained impact of the pandemic has and is forcing organizations to pivot rapidly to remote work, take action to increase security and ensure supply chain resource availability.

## In Summary

- ▶ Spending remained relatively stable the past six months and although some future spending appears to face decreases, most organizations will see it increase or remain unchanged
- ▶ Security demands have increased as did IT's focus on addressing new ways to prevent cyberattacks
- ▶ Even facing a challenge on this scale, IT was able to take quick and effective action to maintain business operations and support the transition to work from home

Moving forward, 2021 will be a year of accelerated digital transformation. The effects of COVID-19 have shown organizations the value of digitizing key processes, improving the customer experience and leveraging technology to increase revenue and customer success.

**Even as the uncertainties of the COVID-19 crisis multiply, the goal must be to rebuild for the longer term.**

[McKinsey](#)



**Todd Piper**  
CIO, Service Express

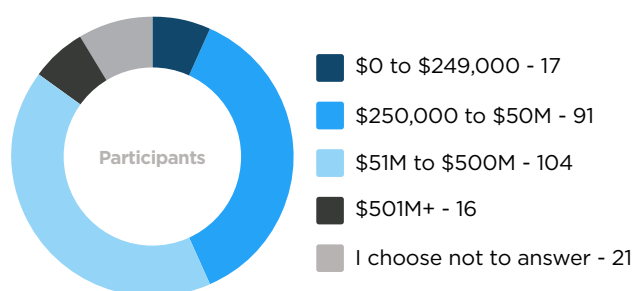
Todd drives the development and execution of IT strategy ensuring alignment with overall business objectives and direction for design development, operation, security and support of IT systems and business applications. He is also an Experts Panel® member on the Forbes Technology Council.

- ▶ **Learn more on how to lead organizations through the disruption in the** [Gartner Coronavirus Resource Center](#)

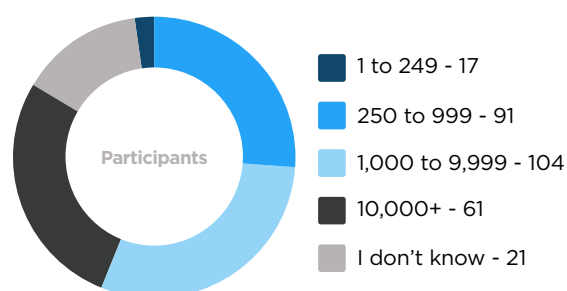
## Methodology

294 participants with IT roles and responsibilities completed our survey between August 5 - August 21, 2020.

### Participants by Revenue



### Participants by Number of Employees



## About Service Express

As a leading Third-Party Maintenance (TPM) provider, Service Express specializes in onsite data center maintenance for server, storage and network equipment. We partner with IT professionals to reduce costs, connect to user-friendly service and optimize infrastructure strategy.

Founded in 1993, Service Express maintains multivendor data center equipment for healthcare, manufacturing, education, finance, government and other Fortune 500 companies worldwide.

In addition to post-warranty maintenance, we help with hardware system and sales solutions, OS support, IT asset recovery and data center relocations. For more information about Service Express, visit [serviceexpress.com](https://serviceexpress.com).

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