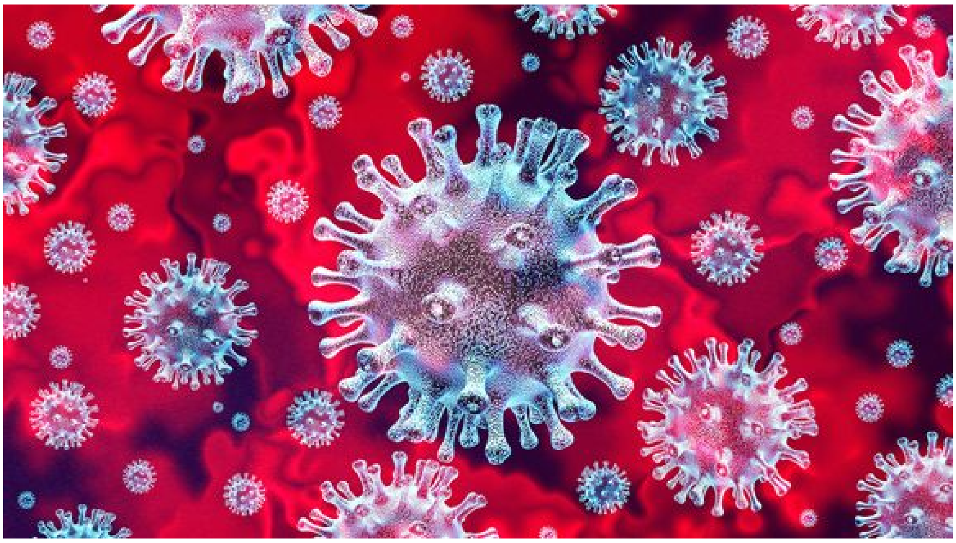
The coronavirus outbreak across European countries leads IDC to revise previous ICT spending forecasts-- the analyst predicts the market will see "significant" slowdown in 2020, especially when compared to the previous December 2019 forecast.



"European Technology vendors and buyers are rapidly adapting to the disruption and the extremely fast-moving market conditions," the analyst remarks. "In such a fluid scenario, it is still early to fully assess the overall European ICT impact picture. IDC recommends that all technology leaders recalibrate their strategies. In use cases such as patient care as well as customer, citizen, student or employee experience and proximity, we expect to see accelerated adoption of digital solutions."

IDC has two scenarios for Europe-- a probable one where the coronavirus is "broadly" contained in the next few weeks and a pessimistic one featuring a less controlled "domino" effect on a global scale. The probable scenario projects European ICT spending to grow by 1.4% in 2020, down from the December 20199 forecast of 2.8%, making it the first strong deceleration in spending growth since the European debt crisis of 2013-2014.

Hardware markets are set to suffer due to restriction measures hampering supply and production, as well as overall reduction in demand. Meanwhile businesses will postpone decisions on pending projects and slow the execution of projects in the delivery phase, impacting the services industry. Some positive factors should negate the downturn on the software and telecoms markets, since the increasing need for remote collaboration will push telco service demand and drive new opportunities in the collaborative application and platform space, as well as an increase in security technologies enabling them.

The pessimistic scenario, on the other hand, has spending drop to near-flat 0.2% in 2020, with all technology domains but software showing negative trends for the rest of the year. Leading to such dramatic decline is a series of domino effects, including oil price changes, currency depreciation, the inability of governments to make timely payments, supply chain delays and layoffs in both public and private sectors. The movement bite leads to supply-chain disruptions and demand drops, curbing spending on manufacturing, personal and consumer services, transportation and hospitality. Meanwhile other industries, namely healthcare and government, accelerate investments due to the contingent situation.

IDC expects the crisis will drive additional investments for the public sector, pushing hard on infrastructure and collaboration tool deployment, but not before H2 2020. The pre-existing digital maturity of industries will also be a factor impacting enterprise capacity to invest in technologies, regardless of effective budget capabilities. Limited face-to-face business relationships between vendors and end users will inevitably reduce investments in "significant" digital transformation projects in less mature industries, particularly in projects involving more advanced technologies.

The reduced social contact will also have significant consequences on the purchasing options of a good portion of consumers. Such consumers, especially in less digital-savvy countries, will gradually be excluded from access to technological innovations.

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