

## REPORT REPRINT

# Amid a downturn in corporate IT spending, secure remote collaboration emerges as a top priority

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Key data points from recent 451 Research Voice of the Enterprise surveys show a sharp decline in corporate IT spending resulting from the COVID-19 pandemic. However, employee communications and collaboration remains a priority for IT decision-makers, driven by the need to support a distributed workforce.

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### Introduction

This Spotlight follows up on a previous report in which we looked at how the COVID-19 pandemic is influencing changes in consumer spending behavior, creating a sense of urgency for the digitalization of the customer experience. Here, we share key data points from three recent Voice of the Enterprise surveys – Macroeconomic Outlook Corporate IT Spending, Digital Pulse Coronavirus Flash Survey October 2020, and Information Security Organizational Dynamics – showing that, while the pandemic has resulted in a sharp decline in IT spending, secure collaboration remains a priority for IT decision-makers looking to enable work-from-home business practices.

### 451 TAKE

The COVID-19 outbreak is accelerating the digitization of the employee experience because pressure to practice social distancing due to the highly infectious nature of the disease is prompting organizations to adopt work-from-home business practices permanently, or with a long-term view. Moving forward, we expect that the need to enable a distributed workforce will be a key driver influencing market requirements for enterprise software collaboration. This includes features such as mobile optimization and end-to-end encryption, which are becoming a ‘must have’ – rather than ‘nice to have’ – raising the bar for incumbent providers of enterprise collaboration.

### COVID-19 resulted in a dramatic downturn for IT spending

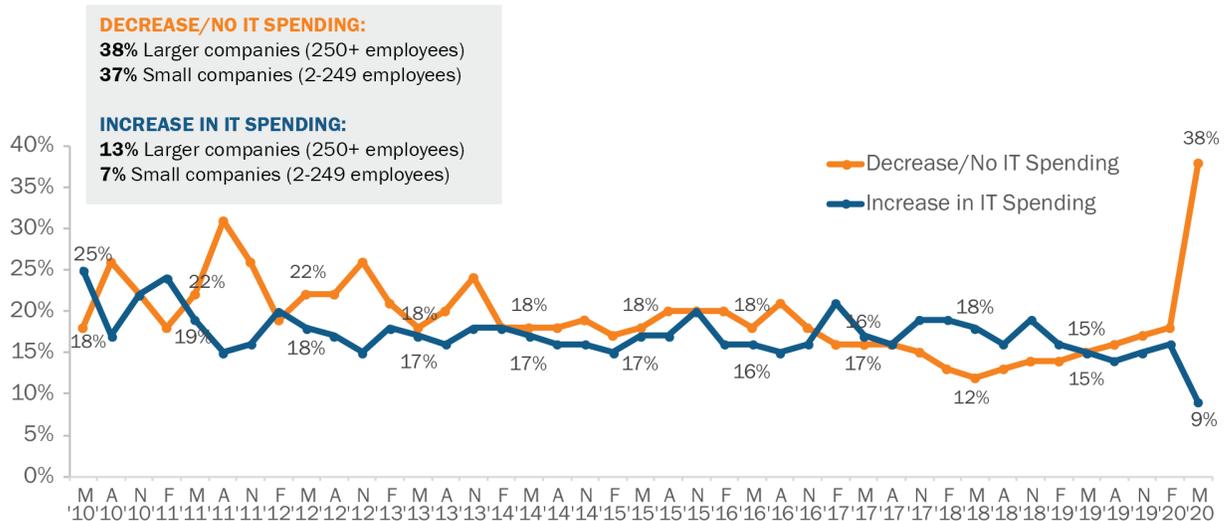
According to 451 Research’s Voice of the Customer: Macroeconomic Outlook, Corporate IT Spending survey, the ongoing crisis surrounding the COVID-19 pandemic has resulted in a severe downturn in IT spending when compared to previous years. Completed in May 2020, the survey tracks planned corporate technology purchasing, including the impact of the COVID-19 pandemic on hardware and software products and services.

Our topline IT spending indicator reflects a severe tightening in Q3 2020 budgets. Nearly two in five (38%) buyers of hardware and software products and services said their companies will decrease spending or not spend, while only 9% said spending will increase – a net -29. This marks a 27-point drop compared to our February survey and is by far the worst reading of the last decade.

**Figure 1: IT Spending Outlook Reaction to COVID-19**

Source: 451 Research's Corporate IT Spending, Emerging Technologies – Insight Report, September 2020

Q: Regarding your own company's information technology budget (including hardware, software and vendor fees) – and adjusting as best you can for seasonality – do you think you'll see an increase in IT spending, a decrease, or will IT spending remain the same for the third quarter (Jul-Sep) vs. the current quarter?



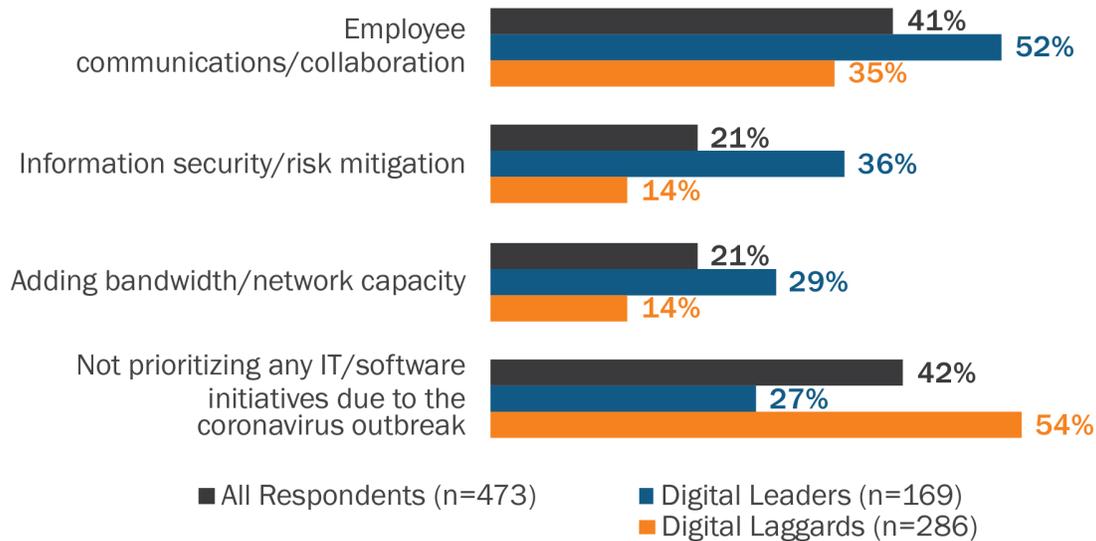
### Employee collaboration remains a priority

The downturn in IT spending affected nearly all the enterprise software categories tracked by our Voice of the Customer: Macroeconomic Outlook, Corporate IT Spending survey. Nine of the 10 categories showed a six-month decline ranging 6-11 points between November 2019 and May 2020. The single exception was enterprise collaboration, which remained unaffected at net -2.

Survey results show that the top IT and software initiatives that organizations are prioritizing due to the COVID-19 outbreak are employee communications and collaboration (41%), followed by information security/risk mitigation (21%) and adding bandwidth/network capacity (21%). These trends are particularly noticeable with digital transformation leaders – i.e., organizations that are actively digitizing their business processes and assets, in contrast to laggards, which have no formal plans.

**Figure 2: Employee Communications and Collaboration Remains a Priority for Digital Leaders**

Source: 451 Research's Corporate IT Spending, Emerging Technologies – Insight Report, September 2020  
 Q: Which of the following IT and software initiatives, if any, is your organization prioritizing due to the coronavirus (COVID-19) outbreak?

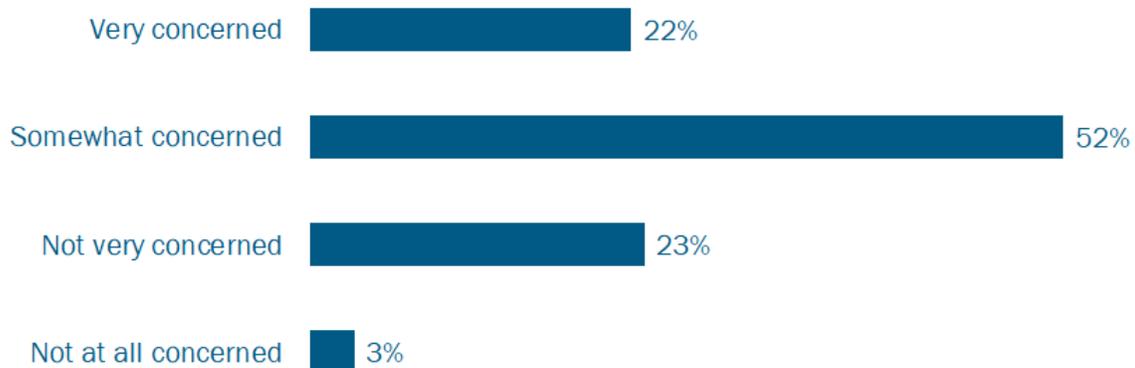


**Secure collaboration is a top concern for IT decision-makers**

Fielded from June 2 to July 20, 2020, our Voice of the Enterprise: Information Security, Organizational Dynamics 2020 survey shows that most IT decision-makers are concerned about the security risks in enterprise collaboration tools. Survey results show that nearly three out of four (74%) respondents are somewhat (52%) or very concerned (22%) about the level of security in the collaboration tools that remote workers are currently using.

**Figure 3: Most IT Decision-Makers Are Concerned About the Level of Security in Collaboration Tools**

Source: 451 Research's Voice of the Enterprise: Information Security, Organizational Dynamics, September 2020  
 Q: Overall, what is your organization's level of concern with the security of collaboration tools (e.g., Zoom, Microsoft Teams, Webex)?



## Key challenges for IT decision-makers center on supporting remote workers

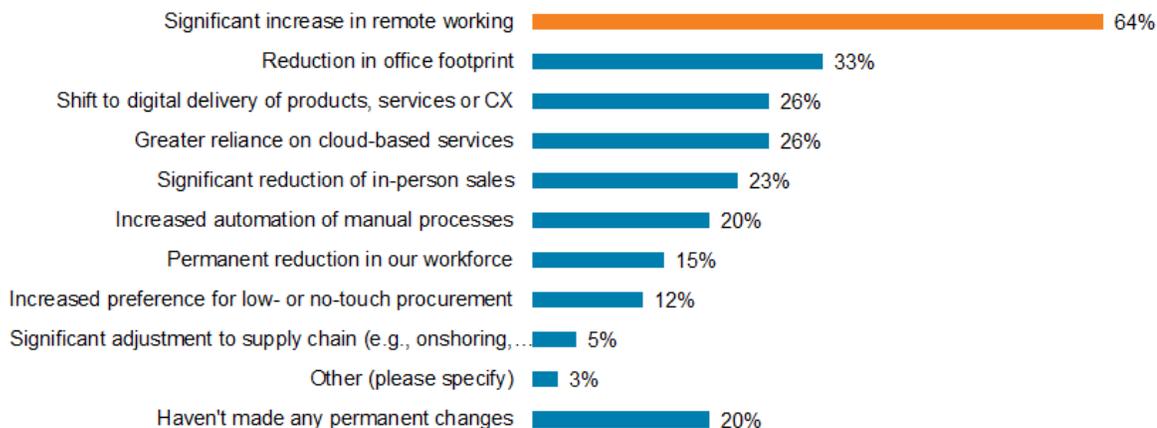
The COVID-19 pandemic resulted in a surge in demand for employee communications and collaboration tools. This reflects a near-term response in the early days of the outbreak, with organizations looking to support an unprecedented number of employees working remotely. However, our research shows that the outbreak will likely result in flexible work arrangements becoming permanent for a substantial number of organizations and employees.

Conducted between September 24 and October 9, 2020, our Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey October 2020 shows that 27% of respondents expect that their organizations will continue to operate under altered conditions (e.g., remote working, wearing PPE, social distancing and enhanced cleaning practices) until 1H 2021, with an additional 17% expecting these conditions to be extended until 2H 2021. Furthermore, nearly two-thirds of organizations (64%) said a significant increase in remote working is a permanent change they have made due to COVID-19.

### Figure 4: COVID-19-Inspired Practices Become Permanent Policy

Source: 451 Research's Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey October 2020

Q: Which, if any, of the following permanent changes has your organization made due to the influence of the coronavirus (COVID-19) outbreak? Please select all that apply.



## Conclusion: Supporting a distributed workforce will be a key driver for secure collaboration

We had previously considered secure communication apps such as HighSide, Netsfere, Symphony, Teamwire, TeleMessage and Wire as a distinct category, focusing on specific verticals or narrowly defined use cases. However, the line between secure communication apps and broad, horizontal applications – such as Team Collaboration and Unified Communications – has grown increasingly blurred, with features such as end-to-end encryption becoming a ‘must have’ rather than ‘nice to have.’ This raises the bar for incumbent providers of enterprise collaboration, which will see the need to accelerate their product roadmaps to address evolving market requirements. It also represents an important opportunity for secure communications apps, which will experience a surge in demand from organizations looking to securely support a distributed workforce.