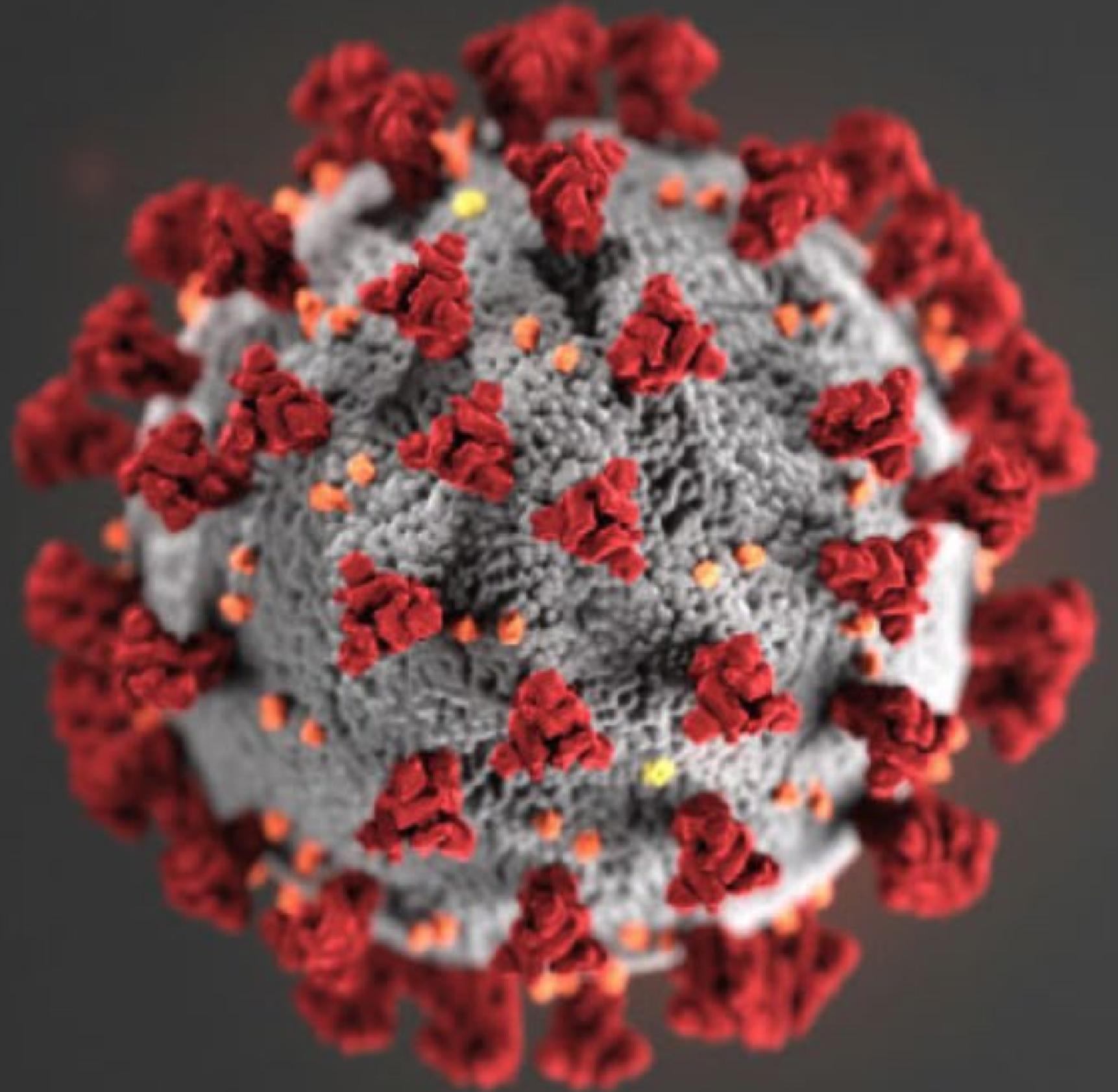




Corona virus – Impact Assessment – IT Hardware and Telecom

April 2020



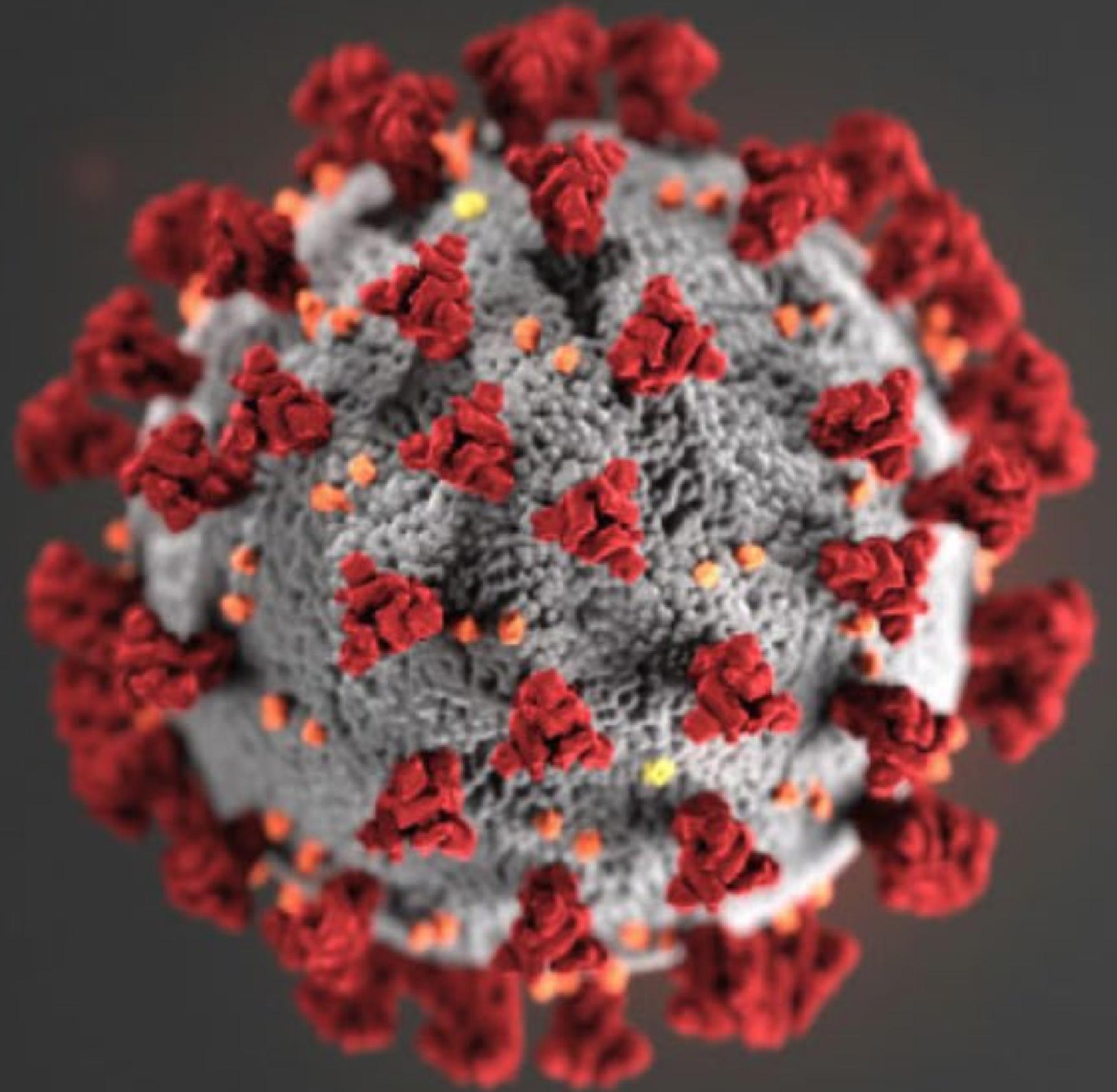
Impact Assessment: IT Hardware and Telecom

Category Updates

- IT procurement managers can experience delays and increase in prices of IT hardware like PC, smartphones/tablets, network hardware, server and storage due to supply shortages. Prices of telecom services aren't expected to increase due to the corona virus epidemic but telecom service providers might face challenges in 5G testing and deployment due to price hikes and delay in delivery of network hardware components.
- Coronavirus outbreak is expected to impact the global 5G rollouts and device development. In India if the coronavirus threat persists for a few more months, the Government may find it very challenging to auction the 5G spectrum before January-February 2021.
- There is a noticeable degradation of internet speeds in the North America and Europe owing to Coronavirus outbreak. The drop is more noticeable over the past two weeks as more countries are increasing their lockdown measures. Countries across Europe saw a decline in their broadband internet speeds, with Germany showing the biggest drop of 8Mbps. In US and Canada speed dropped by 7Mbps and 8Mbps respectively.
- Mobile Networks' performance also has been degraded over the past two weeks. In the US, where the decrease is minor, mean download speed reduced by 2Mbps. In Europe, Spain the hardest hit country after Italy, showed a 5Mbps drop. Similar drops are observed in countries like France, Austria, and Switzerland. However, these speed drops are not seen in Netherlands.
- The global PC sales are expected to witness a Y-o-Y decline of 9% in 2020 due to the spread of COVID -19 which has considerably hampered global tech supply chain. The total global shipments of tablets and PCs are expected to reach 374.2 million by end of 2020 decreasing from the previous forecast of 380.2 million.
- In India, owing to the lockdown announced across the states, large mobile manufacturers have closed their production activities. Samsung put on hold their production in Noida factory from March 25th. Oppo and Vivo also closed their facilities. LG has also announced that they are pausing their production temporarily. iPhone manufacturers in India - Foxconn and Wistron have also temporarily closed their production facilities. Smartphone production in India is expected to drop by 40% for H1 (January to June).
- Global smartphone sales for February witnessed a Y-o-Y decline of 14% and sales in China and South Korea declines by 35% and 4%. This is mainly due to production shortages and closure of retail stores in Asian markets. Situation in China is gradually improving as manufacturers return to maximum production levels and retail stores are reopening. The spread of COVID 19 in Europe and North America has resulted in closure of retail outlets which is expected to significantly impact smartphone sales.
- Smartphones brands like Xiaomi are less exposed to the COVID 19 impact unlike Apple and Samsung as Xiaomi focusses extensively on the online sales whereas its competitors depend on revenues from brick and mortar stores.

Commodity / Category	Impact Assessment (Short term)
PC/Smartphone	
Network Hardware	
Server and Storage	
Telecom Services	





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