Navigating the impact of COVID-19 on the tech industry

Respond and restore. Together.

Powering the world’s critical IT infrastructure in the midst of a pandemic

While the uncertainty of COVID-19 has sent waves around the world, technology companies are focused on ensuring the viability of supply chains for the movement of critical supplies, overseeing the efficacy and security of the technology framework and empowering employees to support customer and business needs.

Top immediate impacts

Considering these surging circumstances, technology companies are grappling with issues disrupting the industry including:

• Complex and fluid international mobility restrictions governing access to data centers and operating centers
• Technology infrastructure to support spiking demand from healthcare, telework and e-retail, remote learning and more
• Dramatic shifts in services delivery models driven by remote work requirements
• Retention of top tier talent
• Surge in capacity demands from remote operations
• Disruptions in supply from international partners
• Unanticipated cancellation or slow renewals of contracts
• Liquidity issues at the company and with ecosystem partners
• Emergent cash needs and application for funding sources for smaller tech companies

Looking at future impact

The technology sector’s essential role in critical infrastructure has never been more vital. Some companies will struggle while others will experience growing demand. Regardless, the rapidly evolving pandemic makes it particularly challenging to consider potential longer-term implications of COVID-19.

Liquidity & Cash Flow Management

What financial impact will the pandemic have on your organization? The need to collect data in real time and document support for costs is critical.

• Some technology companies will be weakened and may seek new sources of capital through acquisition or joint venture
• Speed to securing and maintaining funding sources will be essential (e.g., CARES Act, insurance, telework tax credits, possible US and global infrastructure funding legislation)
• The ability to pivot and rely on a financial operating plan that maps a path toward solid financial footing and support from banks, rating agencies, etc. will be very important

Resiliency starts with a commitment to identify and mitigate risk factors that can further disrupt your business
Supply & Demand
Applying new learnings from COVID-19 and changed expectations of stakeholders will re-shape how we use technology to enable work and society.

• Tele-work growth and digital services for all organizations may become the norm
• Demand for broadband, mobile hotspots and other infrastructure capacity will spike and continue to grow
• Remote sales and service models may become the rule
• Supply chain vendor management relationships will need to be re-evaluated and managed

People & Labor
The response to COVID-19 will be a defining moment for how technology enables commerce and society. This will create an opportunity for all technology companies.

• There will be stress from operating extended global product development, sales and support organizations
• Dependence on the viability of infrastructure partners may need to be reassessed
• Shifting seamlessly to digital sales and support will be an imperative
• Remote working - already an industry competency - will evolve dramatically

What technology executives should consider as needs evolve

Immediate
• Protect the safety and well-being of employees
• Communicate clearly and transparently with stakeholders
• Focus on ensuring access to operating and data centers
• Preserve and manage cash flow
• Access recovery funding assistance
  • Track and document support for recovery funding
  • Identify and request technology infrastructure funding
• Treat recovery funding as a project and manage all potential funding sources together (Insurance, CARES, etc.)

Long term
• Ensure remote workforce productivity
• Continue program of clear and transparent communications
• Develop and document lessons learned to enable future product and service development

How we can help
We work with hardware, software, communications, semiconductor and business services companies in the areas of finance, sales and marketing, domestic and international operations, performance improvements, cybersecurity and data privacy, risk, tax and IT. Specifically, we can:

• Assist with a Covid-19 business risk assessment
• Identify cash management and other strategies needed for the near term
• Support reassessment of business continuity plans
• Work with you in any way that will assist your company to work through today’s challenges

Technology team

Steven Perkins  
Managing Director  
Technology Sector Leader  
T +1 703 637 2830  
E steven.perkins@us.gt.com

Stephen Legg  
Partner  
Technology Audit Services Leader  
T +1 415 366 5407  
E Stephen.legg@us.gt.com

Joel Waterfield  
Managing Director  
Technology Industry State and Local Tax Leader  
T +1 703 847 7595  
E joel.waterfield@us.gt.com

Bryan Walker  
Partner  
Technology Industry Transactions Leader  
T +1 415 318 2235  
E bryan.walker@us.gt.com

“Grant Thornton” refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

© 2020 Grant Thornton, LLP. All rights reserved. U.S. member firm of Grant Thornton International Ltd.