

# Early Crisis Data from IT Consulting firms in Estonia

31.03.2020 – Tallinn – <https://allies.digital> – Priit Pavelson

**Goal:** to understand the potential early effects of the Corona crisis on the IT consulting industry.

**Method:** EE-based IT consulting firm executives were asked to fill in a questionnaire.

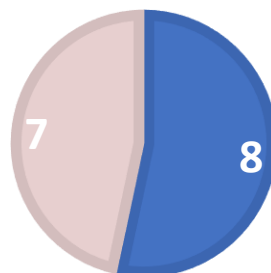
**Questionnaire participants (15):** Acty, Bind, Birkle IT, CXL, FOB Solutions, Ignite, MindTitan, MobiLab, Mooncascade, New Time, nodeSWAT, Plakit, Singleton, Srin, Thorgate.

## Key findings:

- Effects of crisis have already reached consulting firms that deal with customer groups: travel, startup, marketing-related businesses, certain SMEs.
- No immediate effects on consulting firms that mainly deal with customer groups: corporate, government.
- 53% of consulting firms have already lost **clients/projects/volume** since the start of state of emergency.

### HAVE YOU LOST CLIENTS/PROJECTS/VOLUME IN PAST 3 WEEKS?

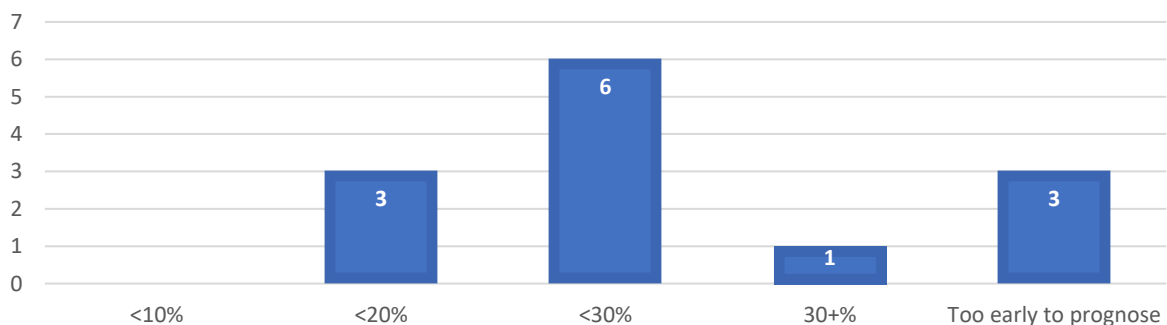
■ Have lost   ■ Have not lost



- **Projected revenue loss for Q2:** 2 firms expect no revenue decrease for Q2, 9 firms expect a 20-40% drop, 1 firm up to 50% drop, 3 say too early to prognose.

### PROJECTED REVENUE LOSS Q2 VS Q1 (IN %)?

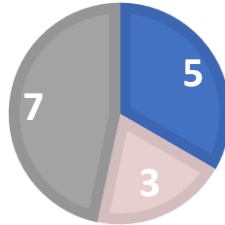
■ <10%   ■ <20%   ■ <30%   ■ 30+%   ■ Too early to prognose



- **Sales pipeline – existing leads:** 5 businesses have not yet experienced any influence on existing leads in their sales pipeline, while 7 have experienced significant loss or delay in hot sales leads, and 3 have experienced some loss.

**SALES PIPELINE: HOW MANY ACTIVE SALES LEADS HAVE YOU LOST WITHIN PAST 3 WEEKS?**

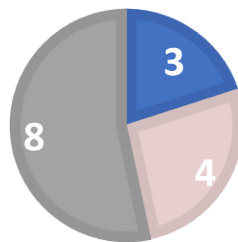
■ No leads lost   ■ Some leads lost   ■ Significant loss in leads



- **Sales pipeline – new leads:** In terms of new leads, 8 firms have experienced a significant loss in new sales leads, whereas for 3 firms, there has been no change.

**SALES PIPELINE: HAS THERE BEEN A DECREASE OF INCOMING LEADS IN PAST 3 WEEKS?**

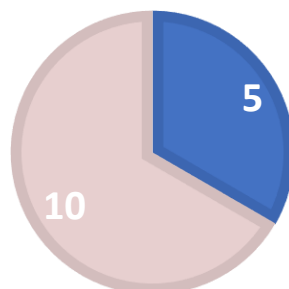
■ No decrease   ■ Some decrease   ■ Significant decrease



- **Payment problems:** 10 out of 15 firms report clients that have asked for extension in payment terms or have delayed paying invoices.

**HAVE ANY OF YOUR CLIENTS RAN INTO PAYMENT PROBLEMS?**

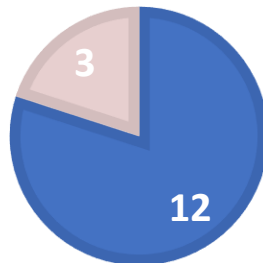
■ No payment problems   ■ Some clients have payment problems



- **Recruitment:** 12 out of 15 firms have put all recruitment activities on hold for the time being.

**RECRUITMENT: ARE YOU STILL ACTIVELY RECRUITING, OR HAVE YOU PUT A BREAK ON RECRUITMENT?**

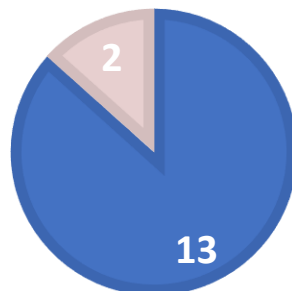
■ Recruitment currently on break   ■ Recruitment continues



- **Developers sitting idle:** 13 firms say that the number of developers with no active projects has yet to increase in their company. 2 firms report significant increase of developers with no active projects.

**HAS THE % OF ENGINEERS THAT HAVE NO ACTIVE PROJECTS INCREASED?**

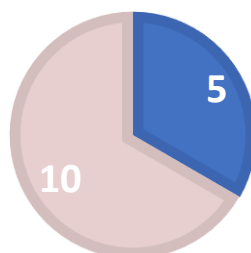
■ Not increased   ■ Has increased



- **Employee compensation:** 10 firms are not yet considering reducing employee salary base, 5 are.

**ARE YOU CONSIDERING LOWERING THE SALARIES OF YOUR TEAM AS THE CRISIS EVOLVES?**

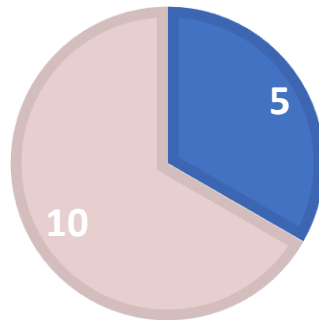
■ Considering   ■ Not yet considering



- **Downsizing:** lowering head count is not yet considered by 10 firms, 5 firms are considering.

**ARE YOU CONSIDERING DOWNSIZING YOUR TEAM AS CRISIS EVOLVES?**

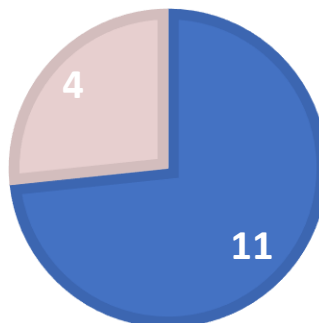
■ Considering   ■ Not yet considering



- **Pricing:** 11 firms are considering or have already implemented temporary price reductions for certain client group, 4 are not yet considering.

**PRICING: ARE YOU CONSIDERING PRICE REDUCTIONS FOR CLIENTS AS THE CRISIS EVOLVES?**

■ Considering   ■ Not yet considering



**That's it for now.**

The number of survey respondents is increasing. Allies will be conducting a new survey in due time to see how the situation has evolved.