i2Coalition Industry Survey on the Impact of COVID-19 on Internet Infrastructure Providers

Introduction

The COVID-19 pandemic has caused devastation around the world, and many have reacted to the situation with bravery and heroics. It has forced us to change our lives in many unprecedented ways and put new pressures on industries to adapt, including the Internet infrastructure industry.

The survey collected 29 responses in April 2020 that are representative of the industry as a whole. The companies surveyed are mostly small and medium-sized businesses: 36 percent have six to 50 employees, and 40 percent have 51 to 200 employees.

The infrastructure providers polled are primarily Layer 1 (Internet backbone, exchanges, colocation, etc.) and Layer 2 (web hosting, cloud hosting, domains, SaaS, edge/fog, etc.). According to an upcoming Internet industry report commissioned by eco[1], Layer 1 is dealing with increased data throughput through the increase in remote work, e-commerce, and streaming use. Layer 2 benefits from the additional need for flexibility and scalability during the crisis - businesses want flexibility and scalability in this time.

Except for mobile Internet network access, all these sub-segments are expected to grow or at least not contract.

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[1] *The Internet Industry in Germany 2020-2025: Impact of the Corona Crisis*,
https://international.eco.de/presse/eco-study-corona-crisis-impacts-internet-industry-in-germany/
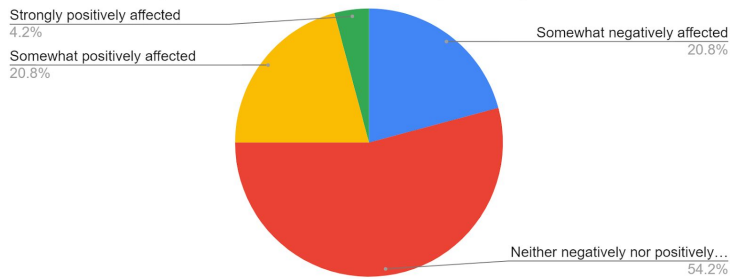
The Impact on Employment

How Business Models Have Been Affected

The majority of respondents (54.2%) said their revenue was largely unchanged since COVID-19. Only 20.8% of surveyed infrastructure providers reported a negative impact to revenue, and 25% said they were positively affected.
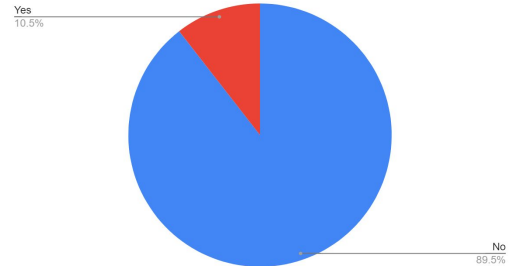
76% of respondents said their traffic has increased. Of those dealing with increased traffic, only 10.5% have experienced network capacity challenges. 12.5% of businesses experienced challenges maintaining network security or an increase in cyber threats.

62.5% of polled companies do work on any government services, at a federal, state, or local level, for any country.
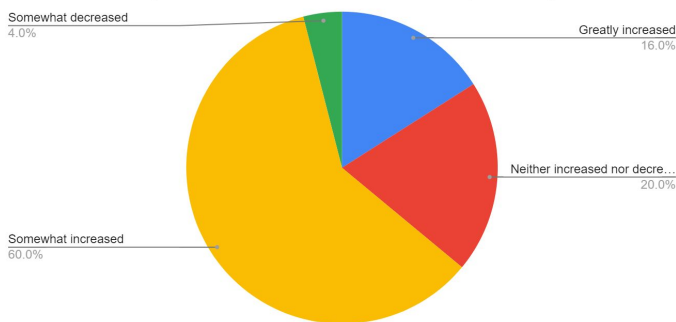
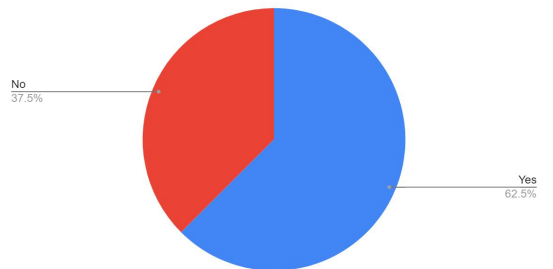How much has your overall revenue been impacted by COVID-19?

Strongly positively affected
4.2%

Somewhat positively affected
20.8%

Somewhat negatively affected
20.8%

Neither negatively nor positively…
54.2%

Have you experienced challenges with network capacity?

Yes
10.5%

No
89.5%

Do you do work on any government services, at a federal, state, or local level, for any country?

No
37.5%

Yes
62.5%

How much has your overall Internet traffic been impacted by COVID-19?

Somewhat decreased
4.0%

Greatly increased
16.0%

Neither increased nor decre…
20.0%

Somewhat increased
60.0%

Have you experienced any challenges with maintaining network security or increase in cyber threats?
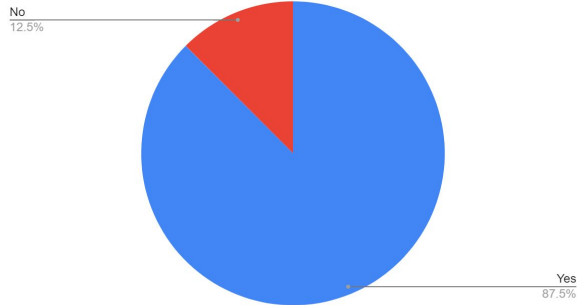
Yes
12.5%

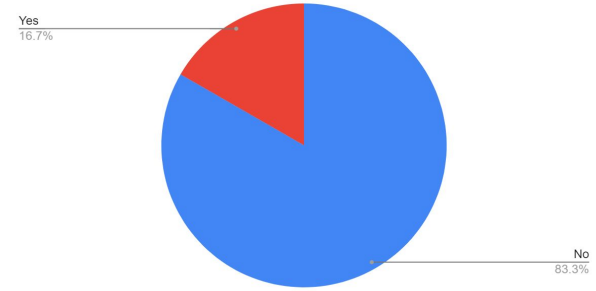No
87.5%

Access to Data Center Facilities

The vast majority (87.5%) of the polled businesses require data center access.

Most businesses that owned their data centers, as opposed to colocation or leasing, had fewer issues accessing their facilities. Some of the issues businesses dealt with were administrative complications, additional paperwork and some restrictions. 16.7% of companies were required to sign waivers to access data centers.

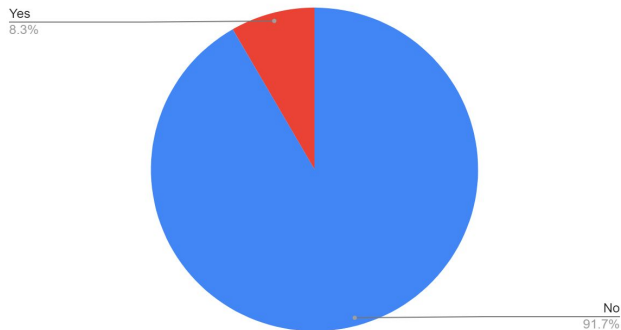Does your business require datacenter access?

No
12.5%

Yes
87.5%

Have you needed to request a waiver in order to access your datacenter?

Yes
16.7%

No
83.3%

Impact on Jobs

Only 8.3% of companies furloughed employees due to COVID-19, and no companies have plans for future layoffs or furloughs nor anticipate needing them. Only 28.6% of respondents accepted US government assistance through the CARES Act.
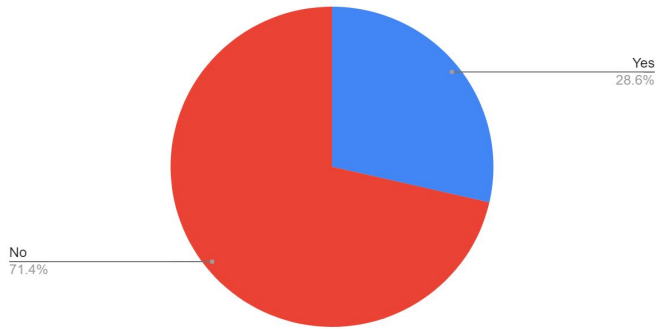
Have you furloughed any employees due to COVID-19?

Yes
8.3%

No
91.7%

Government Response

The CARES Act has a minimal direct impact on the polled Internet infrastructure companies - though likely beneficial to their customers. More helpful were no-cost measures, such as protecting unfettered travel for technical staff. The Department of Homeland Security's Cybersecurity and Infrastructure Security Agency was also praised.
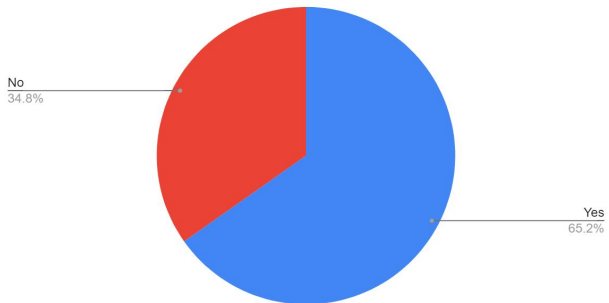
Has your organization applied for federal assistance through the Paycheck Protection Program (via the CARES Act)?
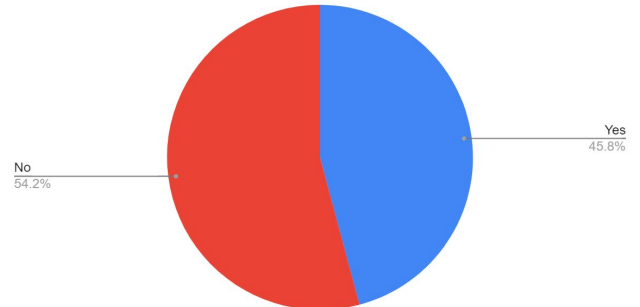
Yes
28.6%

No
71.4%

Helping Customers During Trying Times

Respondents told us that customers asked for assistance and it was provided in whatever capacity that was reasonable. Many companies extended bill due dates, term extensions, and even extended free trials or provided additional features such as additional bandwidth at no additional cost.

Have you had customers unable to pay their bills due to COVID-19 approach you for assistance?

No
34.8%

Yes
65.2%

Has your organization scaled up its resources to provide more, or provided free or discounted services during this crisis?

Yes
45.8%

No
54.2%

Summary

Strong revenues amid the pandemic shows the resilience of the Internet infrastructure industry
The majority of respondents said that revenue has been either unchanged or grown, since measures to curb the spread of COVID-19 were implemented. While this may seem unsurprising given that much commercial and recreational activity has gone online over the past weeks, it also speaks to the industry's ability to scale to meet the massively increased demand.

Staff access to data centers is good at the moment
So far, most companies relying on data center access have faced few restrictions on their staff accessing these facilities. Some mentioned more paperwork, restrictions, and administrative complications but nothing that has caused major operational difficulties yet. Companies who own their own data center have faced fewer restrictions than companies who lease colocation space in a third-party facility.

As many businesses struggle, Internet infrastructure providers are in a position to help
Rather than cut off customers whose industries are being disrupted, many Internet infrastructure companies are finding ways to help their IT remain operational by reducing rates, postponing payments, and working with various partners to offer discounts and other programs for customers who have been negatively impacted.

Internet infrastructure has been recognized as an essential service, and yet the industry has largely not been addressed specifically by regulations. Many companies have been critical of the federal response, yet stated that state-level policies and guidance have largely been helpful, and things like unfettered travel for technical staff are necessary to their businesses. At the same time, most respondents actually provide services to federal, state and/or local governments. Most companies have continued to provide services to impacted customers for free or reduced rates on their own accord, and some have even used this time to expand their services. Internet infrastructure providers are providing important functions right now to keep the economy going, and are stepping up to the plate by keeping services available, despite increased demand and working with customers to make it financially viable.