

Top 10 Impacts of COVID-19 on Product Managers

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Technology and service providers face significant disruption to their businesses from COVID-19. Product managers must evaluate the critical ways in which the pandemic affects their teams so they can mitigate the negative effects and plan for recovery.

Overview

Impacts

- The pandemic is resulting in rapidly changing priorities and needs for both customers and prospects.
- Supply chains and product launch plans are being disrupted, forcing product managers to adjust delivery schedules for both existing and new products.
- Product management teams are being stressed by reduced team capacity and new requirements for remote collaboration.

Recommendations

To mitigate the impacts of COVID-19, product managers responsible for the life cycle of a product must:

- Make their solutions less complicated to evaluate and purchase by emphasizing entry-level offerings that are simpler to try and buy, providing flexibility on contract durations and other terms and conditions, and enabling sales motions that do not require in-person interactions.
- Ensure continuity of service for existing customers by allocating the necessary time and focus from the product management team to coordinate resolution of supply chain and delivery issues.
- Prepare for a reduction in team capacity; for teams that are not accustomed to remote working, invest for the long term in tools and processes to support the new normal — a distributed product team.

Analysis

The full breadth and depth of disruption that technology and service providers will face from COVID-19 is not yet known. In recent discussions with providers around the world, we find that many have seen only moderate impact to their businesses so far. But many are only in the early stages of social distancing and lockdowns, and there remains significant risk for the pandemic to create a severe shock to economic activity in the technology market.

In this research, we discuss the 10 most significant impacts from COVID-19 to product managers and their teams. Gartner will provide updates to this research as the worldwide status and outlook for the pandemic evolve.

Table 1: COVID-19 Impact Appraisal for Product Managers

Impacts	Top Recommendations
Delayed or lost sales	Make solutions easier to purchase by emphasizing free trials and entry-level or lower-tier offerings.
Cancellations and lost customers	Help your customers measure the business value they are receiving from your offering. Assist them in making their usage more efficient and driving greater benefits.
Changing customer needs and priorities	Redouble your efforts to rely on objective data collection methods to understand the new customer landscape by implementing customer usage and sentiment analytics.
Changing dynamics for customer interactions	If applicable to your product or service, support sales in transitioning to a fully virtual sales process by developing the capability for remotely delivered demonstrations.
Supply chain disruptions	Ensure continuity of service for existing customers by allocating the necessary time and focus from the product management team to coordinate resolution of supply chain issues.
Disrupted product launches	For product launches planned for 2Q20 or 3Q20, evaluate the potential for virtual product launch and assess your organization's ability to launch successfully in a virtual environment.
Delayed product milestone events	Evaluate the impact on your customers of end-of-life or end-of-service dates during 2Q20 and 3Q20, and reassess the benefits of maintaining planned dates.

Changing competitive landscape	Analyze your options for changing precrisis resources and constraints to become more flexible and better respond to the new competitive environment, and be prepared for decisive strategic action.
Reduced team capacity	Review the product management team's priorities and identify nonurgent deliverables that can be deferred. Eliminate or delay planned development to match the team's reduced productive capacity.
New requirements for remote collaboration	If your team is not accustomed to remote working, invest in the tools and processes to support a distributed team. Consult with HR if appropriate to understand your company's practices, tools and standards for remote workers.

Source: Gartner (April 2020)

Impacts and Recommendations

The critical impacts of COVID-19 to product managers span three categories: customer impacts, offering impacts and team impacts.

Customer Impacts

Delayed or Lost Sales

Many technology and service providers are already seeing new sales opportunities delayed or disappear as customer organizations are affected by the pandemic. Disruption to day-to-day work within prospect organizations may make it impossible for them to achieve alignment for new purchases, and new projects may be frozen.

Recommendations:

- Help prepare the organization for a reduction in new business. Avoid committing to a new forecast for your products right now if possible – it is too early to know how much and how long the pipeline will be affected.
- Make solutions easier to purchase by emphasizing free trials and entry-level or lower-tier offerings. For prospects that are open to moving forward at this time, a smaller initial purchase is more likely to be approved.
- Refrain from advocating extreme discounting that can cause irrevocable damage to the company brand and product's perceived value.
- Provide flexibility on contract durations, cancellation policies, and other terms and conditions.

Cancellations and Lost Customers

Anticipation of lower revenue is likely to lead to budget cuts at many organizations, so existing customers may be forced to cancel support contracts, subscriptions or planned expansion purchases. Product managers must ensure that customers recognize the business value that their products provide so the cost of continuing as a customer can be justified in budget discussions. Additionally, product managers should jointly explore with customers how existing products and services can be used to solve new problems – or problems that now have increased in urgency – for the customer organization.

For some customer cancellations, there will be nothing the provider can do to alter the outcome. But where key accounts are at risk but not yet certain to be lost, product managers may be able to engage the customer in collaborative roadmap planning discussions. To preserve an at-risk account, it may be critical to show not just the business value being delivered today, but how more value and strategic benefits will be provided in the future by continuing the relationship in a collaborative partnership.

Finally, product managers should consider offering special terms, such as deferred payments or suspension of contracted services for several months, that may allow customers to avoid full cancellation. Product managers may explore other creative options to assist customers, such as financing, technology development partnerships, or special service arrangements.

Recommendations:

- Provide flexibility on payment terms, if possible, to retain customers through 2020.
- Help your customers measure the business value they are receiving from your offering. Assist them in making their usage more efficient and driving greater benefits.
- If a key account is receptive to a potential partnership, engage in strategic roadmap discussions that demonstrate a willingness to sustain a long-term business relationship.

Changing Customer Needs and Priorities

As a result of the pandemic, we have already witnessed disproportionate growth in certain technology segments – online meeting solutions, for example. As the situation progresses, it will be more clear which technology categories are receiving more or less buyer interest, and also how preferences within a category are evolving. Technology providers will need to assess not just which categories are hot or cold, but which changes to customer needs will persist long enough for a pivot to be profitable.

Although it will be difficult in most cases to adapt to changing needs in the midst of the crisis, product managers may begin planning for an updated strategy to match customer priorities post-COVID-19. If the crisis results in technology provider failures, customers will likely place a higher emphasis on robust delivery capabilities and supply chains when selecting providers. Also, coming

out of this period, we expect buyers to place a higher priority on agile solutions that can be implemented and adapted quickly, and greater flexibility in contract terms.

The changes to customer needs and priorities may differ across technology categories, so it is critical for each provider to evaluate the changes that are relevant to their customer base. For example, customers may need changes in architecture (on-premises to cloud, private cloud to public), changes to the security environment (domain implementations to zero trust), or changes to adoption or usage of certain capabilities.

Recommendations:

- Begin evaluation of how the needs and priorities of your customer base have or will change as a result of the pandemic.
- Guard against overcorrecting your product strategy based on short-term perceptions of changed customer needs by evaluating the impact of these changes on your long-term strategy and business plans.
- Redouble your efforts to rely on objective data collection methods to understand the new customer landscape by implementing customer usage and sentiment analytics.
- As we emerge from the crisis, increase the amount of time product managers have to spend with actual customers and prospects.

Changing Dynamics for Customer Interactions

During the most intense phase of COVID-19 disruption in each geography, in-person customer meetings will likely be impossible. For providers whose standard sales motions include in-person meetings with prospects, the impact may be significant. Product managers must ensure that sales teams and partners are equipped with demonstrations that can be delivered remotely. In organizations with a legacy of direct sales, there may be skepticism that a virtual sales interaction can be successful. Product managers can play a critical role in helping the organization make the transition effectively to meet this new market requirement.

Product management teams may also be accustomed to relying on in-person interactions with customers for feedback and strategic discussions. In the long term, new technology such as customer forums or idea boards may be needed to facilitate collaboration between customers and product management.

Recommendations:

- If applicable to your product or service, support sales in transitioning to a fully virtual sales process by developing the capability for remotely delivered demonstrations.

- Transition to virtual communication between product management and customers. Do not reduce the level of customer communication when in-person meetings are shut down.
- Consider the use of online forums and idea boards to increase contact with customers and provide a mechanism for broadcast communication of updates and ideas.

Offering Impacts

Supply Chain Disruptions

Supply chains for some providers are being disrupted, forcing providers to adjust delivery schedules for both existing and new products. Factories may begin to operate at reduced capacities, be shut down entirely or repurposed for other products related to the crisis. Transportation networks may be disrupted, and customs or other inspections may also negatively impact delivery timelines.

In addition to the impact on materials and finished goods, travel restrictions and quarantines may prevent human resources from moving to the required locations to provide services and support. Although product managers are rarely responsible for managing the supply chain (or delivery or support staff), for many technology providers, the impact of COVID-19 will be significant enough to require product manager assistance in resolving supply chain issues. For example, product managers may assist with identifying alternative suppliers or prioritizing the development of remote delivery/implementation capabilities.

Recommendations:

- Ensure continuity of service for existing customers by allocating the necessary time and focus from the product management team to coordinate resolution of supply chain issues. This may necessitate flexibility in working hours well beyond the norm to coordinate across time zones.
- If your supply chain is diversified and robust, use it as a differentiator in winning new business. If it is not, evaluate the product changes and additional investment required to increase supply chain diversity (adding new suppliers and suppliers in different geographies).

Disrupted Product Launches

The cancellation of MWC Barcelona 2020 ¹ in February began a string of tech conferences being canceled, postponed or transitioned to a virtual format. As a result, product launches that were planned to align with these events are being postponed, such as Xiaomi's delay of the launch ² of its Mi 10 series. At the time of this writing, almost all major tech events planned for March or April have been affected, and many scheduled for May and June have already announced alternative plans as well.

For product managers who were timing the launch of a new product to correspond with a conference or event in 2Q20 or 3Q20, launch plans will have to be modified (see ["Mitigating the](#)

Damage of Mega-Event Cancellations Due to Global Shocks, Such as COVID-19” for more about event cancellations and product launches). In many cases, providers will choose to announce their new offerings according to plan, but postpone any significant launch events. Project managers who have originally planned a product launch via virtual/digital channels could face less impact. They may choose to maintain their original launch timings, depending on the product category and magnitude of the launch.

Recommendations:

- For product launches planned for 2Q20 or 3Q20, evaluate the potential for virtual product launch and assess your organization’s ability to launch successfully in a virtual environment.
- Evaluate the option of announcing your new product as scheduled with a delayed full launch until later in the year.

Delayed Product Milestone Events

End-of-life or end-of-service dates may also be impacted by COVID-19. In order to avoid additional disruption, providers should consider postponing these dates planned for 2Q20 or 3Q20. For example, Microsoft has announced that it is extending the scheduled end-of-service date for Windows 10, version 1709 by six months. ³ Product managers will need to continue to prioritize security updates and critical support releases during the crisis.

Recommendations:

- Evaluate the impact on your customers of end-of-life or end-of-service dates during 2Q20 and 3Q20, and reassess the benefits of maintaining planned dates.
- Postpone noncritical updates that may require extra time and attention from customer staff, as well as your own support team.

Changing Competitive Landscape

The financial stress of the COVID-19 pandemic on technology providers may lead to significant changes in the competitive landscape. Organizations or product lines within organizations that lack the finances or will to invest may be forced into a defensive strategy — retreating to protect key accounts and limiting product innovation to the bare minimum. For those with the resources and confidence to move ahead and to think beyond the crisis, this may lead to significant opportunities.

Product managers must at least maintain, and possibly ramp up, competitive intelligence efforts during the crisis as sudden changes may occur even in established markets with long-standing competitors. By the same token, it is equally critical for product managers to have a solid understanding of what types of competitive moves their own companies can afford to make in terms of cash flow and available financing. To address such external and internal developments,

product managers should prepare a new product strategy to drive any offensive or defensive actions that may be justified for individual product lines.

Recommendations:

- Monitor your competitors closely throughout the crisis for signs of financial difficulty or increased investment.
- If competitors are having difficulty, assess the appropriate timing and method for outreach to channel partners to offer your product as an alternative.
- Analyze your options for changing precrisis resources and constraints to become more flexible and better respond to the new competitive environment, and be prepared for decisive strategic action.

Team Impacts

Reduced Team Capacity

Product management teams will be stressed by the absence of team members. Some estimates anticipate staff absenteeism exceeding 40%. ⁴ For team members who are on the job, it is likely that their focus will be less than normal due to heightened levels of concerns and increased distractions, leading to a drop in productivity.

Plans for the first half of the year should be reviewed at least monthly with an eye for deliverables that can (or must) be delayed and expectations that can or must be reset. Proactive communication to your internal stakeholders and customer base about changes to release plans may be necessary. For example, Google has announced publicly that it is pausing upcoming Chrome and Chrome OS releases. ⁵

In addition to distractions and absences, employee and contractor reductions may impact team capacity. Even teams who are performing well may face a significant business downturn. It is possible that staff reductions affecting product management, product marketing and engineering will be required, resulting in teams coming out of the crisis needing to do more with fewer resources.

Recommendations:

- Review the product management team's priorities and identify nonurgent deliverables that can be deferred. Scrutinize development plans and remove any less-than-critical new features. You must eliminate or delay planned development work to match the team's reduced productive capacity.
- Revisit recruitment plans based on expected growth, which is now unlikely to meet expectations through the first half of 2020.

- Begin to identify ways to scale down the product management organization, preparing a reduction plan to be ready if needed.
- Prioritize employee engagement, as the team is asked to perform through challenging market conditions and under intense pressure.

New Requirements for Remote Collaboration

Before COVID-19, the majority of employees working in computer/information systems spent some of their time working remotely. ⁶ Because of the pandemic, the number and the percentage of time they spend at home has soared. Many product teams turned fully distributed overnight, without previous experience and time to prepare for such a transition. These organizations will need to adopt new practices and guidelines for remote collaboration. Product management leaders should be giving clear guidance on which team members should come into this office – if at all – and setting reasonable and flexible expectations for availability when working from home. Not everyone will find this transition easy, as some team members may require more interaction with others to alleviate the feeling of isolation.

Recommendations:

- If your team is not accustomed to remote working, invest in the tools and processes to support a distributed team (see [“How to Cultivate Effective ‘Remote Work’ Programs”](#)). Consult with HR if appropriate to understand your company’s practices, tools and standards for remote workers.
- Increase formally scheduled stakeholder interactions to make up for lost informal conversations in the office, and maintain personal connections within your team by incorporating opportunities for informal discussion in team meetings or through digital applications.
- Avoid the temptation to micromanage productivity via remote monitoring, and instead focus on quality and quantity of deliverables and outcomes.

Evidence

- ¹ [“GSMA Statement on MWC 2020.”](#) GSMA. 12 February 2020.
- ² [“Xiaomi Delays Global Product Launch on February 23.”](#) Xiaomi. 23 February 2020.
- ³ [“Revised End of Service Date for Windows 10, Version 1709: October 13, 2020.”](#) Windows IT Pro Blog. 19 March 2020.
- ⁴ [“Pandemic Planning: Responding to COVID-19 in Service Organizations.”](#)
- ⁵ [“Upcoming Chrome and Chrome OS Releases.”](#) Google. 18 March 2020.
- ⁶ [“State of the American Workplace.”](#) Gallup.

Recommended by the Author

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