DEVICES

Empowering the Digital Revolution

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Buy vs Lease

A Guide on Updating Your Device Refresh Strategy

Device Refresh Programmes — The Challenge

More than £33m is spent annually in the UK on IT hardware — and even more hours trying to identify just how and when to embark on device refresh — whether that's individual PCs, laptops and mobiles, or a company-wide programme.

Replace hardware too early, and ROI is impacted, along with productivity as new devices are introduced. Sweat the assets too long, and costs of repair and maintenance begin to soar, along with tempers and frustrations as unreliable, outdated devices begin to affect effective working and collaboration.

Outlined in this report are factors to consider when embarking on a hardware refresh programme, including the alternative procurement models available.

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Time for Change — The Rise and Rise of Mobile Devices

The revolution in the workplace environment demands a new approach to infrastructure and provisioning.

The future is mobile, and business IT strategy must be ready to meet the requirements of a commercial environment that calls for unprecedented agility from its people.

Desktop PC usage is steadily decreasing, with today's workforce opting for the laptops and notebooks that suit the demands of business and customers alike.

A recent survey suggests business investment in laptops was to set to increase by 40%. Sales of tablets and smartphones used, in the main, as secondary devices continue to increase by around 20%. The overriding opinion amongst IT professionals indicates mobile devices are unlikely to replace PCs in the near future, although PC sales may well be impacted as user preference shifts to versatile detachables.

24 Hour Business Enviroments

Business critical assets are no longer the PCs tucked safely under desks, powered down at night and at weekends. Today's devices are the foot soldiers in an always on, 24 x 7 business environment, running power hungry applications, updating in real time to cloud based platforms and constantly ready to repel cyber-attacks.

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↑ 40% Planned Increase in Laptop Spending

↑ 20% Planned Increase in mobile & tablet spending

More Mobile, Less Durable

There is however a cost to pay for the increase in agility and versatility afforded by lighter, more mobile workforce friendly devices — and that's longevity.

Desktop refresh was often a task to be tackled only as a last resort, for a number of reasons:

- **Better Ventilation:** larger units meant better airflow, helping prevent overheating — the nemesis of components.

- **Serviceability:** If a part failed on a desktop, it was usually easy (and cheap) to swap out the problem part.

- **Upgrading:** Similarly, upgrading individual parts of a desktop to align more closely with changing user requirements was usually reasonably straightforward.

- **User Habits:** Not being portable gave desktops an obvious advantage compared to the vulnerability of a laptop, at risk of being dropped or damaged — or lost.

It's clear that the make-do-and-mend approach that's been successful in the past no longer supports the IT hardware of today. A recent Spiceworks survey reported that 50% of laptops are replaced or decommissioned within 3-4 years, compared to just 30% of desktops. Having a clear policy and strategy for device refresh is crucial in the drive to create a modern workplace, with productivity and security at its core.

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Return on Investment

ROI is fundamental to any expenditure. There is a significant challenge in gauging the potential ROI of even one replaced device, let alone an entire refresh programme — and that's having an accurate view of the costs — and the value — of the device over its entire life cycle.

• **Purchase Price.** The cheapest option is rarely the best. Opting for a minimum of 8 GB of RAM is increasingly a requirement, as core software (Anti Virus, email, etc) now occupies around 4 GB of RAM.

• **Security.** Older devices are less likely to support the security measures needed for effect malware protection, leaving them vulnerable to evolving, sophisticated malware attack.

• **Software Upgrades.** The challenge of more configurations and application updates impacts on IT resource, time that could be more valuably spent elsewhere. If not managed well, this can also lead to downtime for the user. New software can negatively impact system and application performance, or simply be unable to run at all.

• **Hardware and Software Maintenance.** As a device gets older, so the availability of spare parts reduces.

• **Extending Outdated Warranties.** The cost of extending the original manufacturer's warranty coverage or paying for out-of-warranty repairs can add up fast.

• **Resale Value.** As devices age, the used hardware will have a lesser value on the secondary market, if it's sellable at all.

• **Productivity Gains/Losses.** Research by Gartner cites improved user productivity as the driving factor behind 30% of device refresh programmes, with higher-performance, particularly more mobile devices, offering greater productivity. On the other hand, users with legacy devices can find themselves spending increasing amounts of time waiting for computers to start up, to open applications or reboot. Frustrated end users may lose further valuable time troubleshooting, or trying to fix issues themselves.

• **Recruitment and Retention.** Less tangible is the effect outdated IT estate can have on recruitment and retention. With an unprecedented skills shortage, organisations can struggle to attract the best talent. Equipping teams with the tools needed to do the best job possible contributes to job satisfaction — while an unhappy, frustrated workforce contributes to higher attrition and poorer online workplace reviews.

Calculating ROI

Research by J Gold Associates* has put into £s in the cost of delaying PC upgrade, suggesting increased levels of productivity available from newer devices offer a substantial return on investment.

Actual figures will vary according to job role and industry, however in this example, we can look at the role of an administrator on a salary of £30,000, equipped with a new device to replace a legacy model.

Base Salary	**£30,000**
Burdened Salary*	**£40,000**
Productivity Improvement, according to J Gold Associates	**11.57%**
Average annual saving	**£4,628**
No of equivalent work days	**30**

*The actual cost to the business of recruiting, equipping, managing and remunerating a member of staff — typically up to 50% higher than the payroll cost alone.

Device Refresh Planning

1. Retain Devices for as Long as They Continue to Function

Spiceworks report 84% of IT decision makers citing hardware failure as the number one reason they replaced devices.

With budgets and resources stretched, putting off the inevitable for as long as possible is not unreasonable, however there are factors that need to be weighed up:

- **Security Risks.** Running advanced software — including anti malware — becomes problematic as devices age.

- **Productivity.** Portability and speed are impacted, with slower performance on older systems becoming a drag on user productivity.

- **Operating System Requirements.** Upgrading hardware only when dictated by an evolution in operating system has seen a reluctance to move away from Windows 7, estimated to be running on over 30% of PCs. Many legacy devices will not be able to run Windows 10, and with Windows 7 reaching end of support in January 2020, significant numbers of organisations are facing an enforced refresh programme, or risk the ensuing security implications.

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2. Support a BYOD Policy

Bring your own device (BYOD) policies have been around for a long time. Although it's primarily personal phones that are being used for work purposes, there are also tablets and laptops regularly brought into the workplace.

The cost benefits are evident, however growing concerns around security is the key inhibitor that's making companies rethink their BYOD policies. This applies both to office based employees using their own devices and field based/ remote workers attaching to the network externally.

Top of the list of worries is that potentially sensitive or business critical data could be stored on the device itself, and lost, mishandled or breached.

Processes and applications which can be applied to company owned assets are not as easily enforced or deployed in the case of personal devices.

- **Wiping of Personal Data.** Often problematic for employees is a company requirement to install mobile device management systems, which will track devices, lock a phone and wipe data should the device be mislaid.

- **Malware.** All devices are potentially at risk from cyber attack from email, internet or wi-fi.

Corporate policies will no doubt be in place to protect devices in the office, however these cannot be applied when the user is on their own time. Through Advanced Persistent Threat techniques, access can be gained to company networks, breaking passwords and accessing company data.

3. Instigate and Maintain Rigorous Asset Life Cycle Management Processes

Most companies will have formal or informal methods for carrying out the key stages of asset lifecycle management, including procuring, managing, monitoring and disposing of IT assets.

4. Switch to a Lease Procurement Model

With the possibility of leasing devices, over a 24 month term, for less than the total cost of ownership when purchased outright, leasing is becoming an increasingly popular option. Benefits include:

• **Transfer Cost of Obsolescence.** All devices will eventually become obsolete, some much sooner than others. Leasing a device effectively means handing over the financial cost of that obsolescence to the leasing company, and in return gaining access to the latest technology and most efficient equipment.

• **Predictable Expenditure and Greater Cash Flow Control.** The purchase of computer equipment represents substantial expenditure – a capital outlay that may be needed elsewhere in the business. Leasing preserves cashflow whilst still ensuring your people still have the tech that they need.

• **Scalability.** There'll be times when you need to react to changing market conditions, for example by taking on additional staff, or equipping existing teams with new or different technology. You'll need timely access to devices designed to support the user, rather than make do with legacy devices.

• **Easy Disposal and Secure Data Erasure.** Getting rid of your legacy IT hardware when it has come to the end of its useful life isn't always easy. You can't just throw a computer away, with disposal methods obliged to abide by WEEE rules. Options include choosing a charity which will refurbish the device, recycle via the hardware company itself or handover the process to a professional IT recycling company. All of these options, however, take time to research – with the added concern of not necessarily knowing what becomes of your device. Leased devices are simply returned to the leasing company, who then safely and securely purge all data, before recycling and in cases reselling devices onwards. You will receive the appropriate documentation, certifying that any data on the device has been erased, as required for compliance and GDPR purposes.

More information on Device Leasing can be found in the Chess Ultimate Guide to Leasing.

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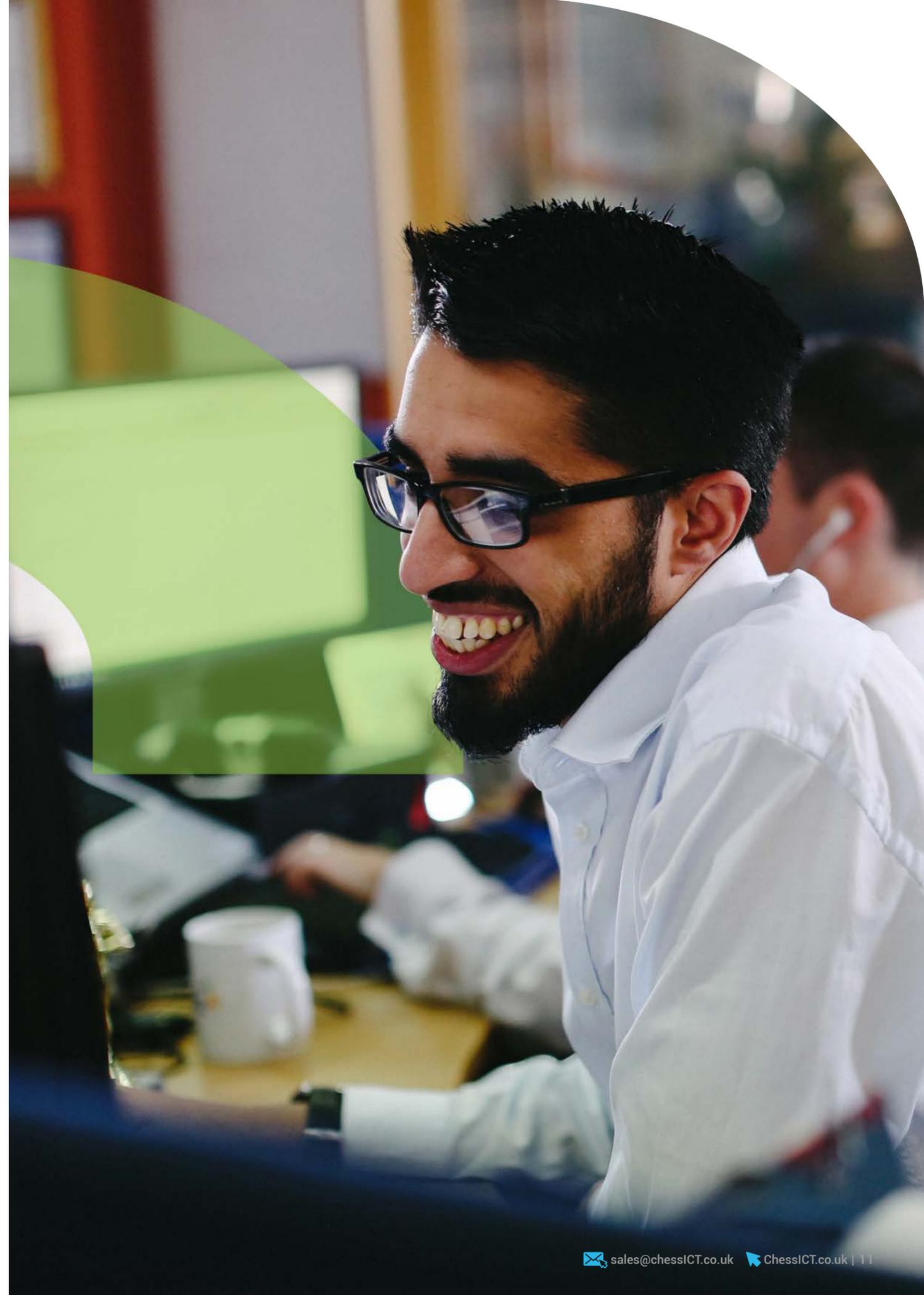
What Happens When the Lease is Up?

Refresh

After two years you'll be able to upgrade to a new device. There's no renewal fee, no end of lease fee, and you'll have a choice of the latest models and devices. Any data on your original device will be erased securely. If you want to upgrade before the lease is up, this is usually possible. Termination fees may apply, which may be rolled into your next lease agreement.

Retain

At the end of the lease term, you may want to opt to keep your device, at a fair market value.

Return

You'll be contacted in good time, to ensure any data is securely migrated off the existing device. Your device will then be securely erased in accordance with WEEE regulations, and a certificate issued. There's no end of lease fee to pay.

Conclusion

It's clearly an ongoing challenge to strike the right balance between the direct costs associated with a hardware upgrade programme and the overall, less tangible value that newer, more mobile and secure devices offer.

To make sure you've got the right tools to embrace new challenges, it's crucial to invest in the right technology and expertise.

Chess is one of the UK's leading technology solutions providers and we've helped organisations like yours grow, through proven technology and expert advice. This allows you to grow and work from anywhere, safeguard your organisation and connect with your customers and stakeholders with ease.

Get in touch now to discuss your device requirements, and empower your digital revolution.

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