



Australia SMB PC Study

August 2018



Microsoft



techaisle
www.techaisle.com

Global Industry Analyst



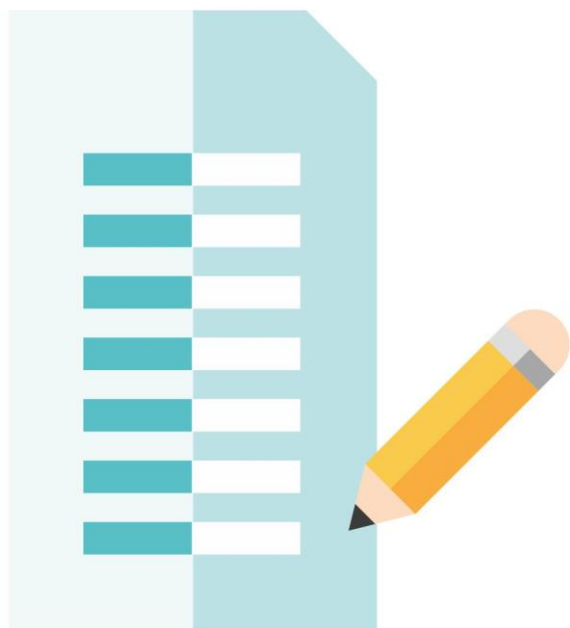
Market Research Organization

SMB Data You Can Rely On

Analysis You Can Act Upon



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Methodology



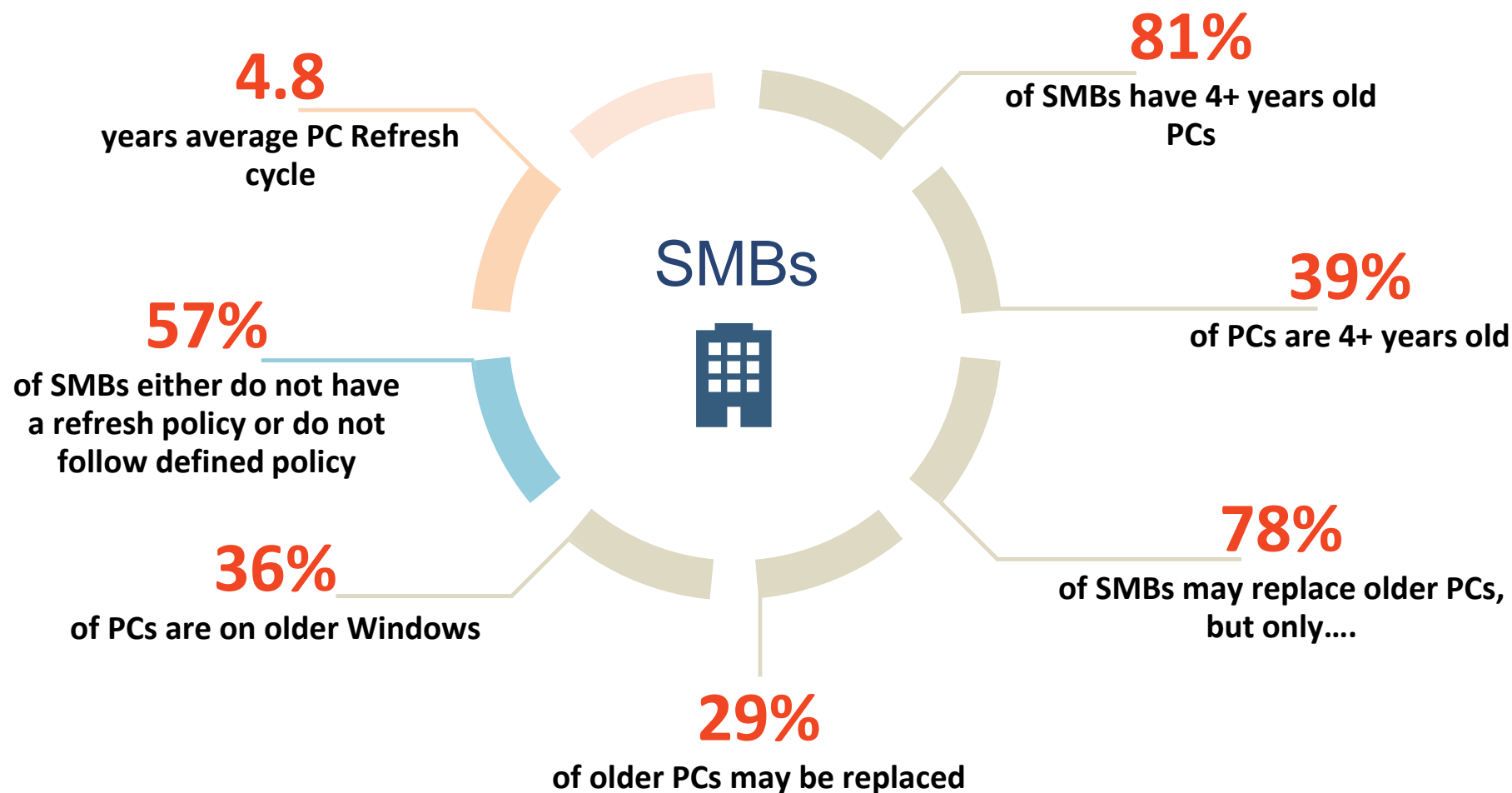
	N=	1-9	10-19	20-49	50-99	100-249	250-499	500-999
Australia	415	77	79	63	48	53	54	41

- ▶ Survey was conducted in August 2018
- ▶ A 31 minute questionnaire was administered to each respondent
- ▶ Respondents were IT & Business decision makers
- ▶ 415 completes were achieved – unique SMBs
- ▶ Sampling quota was fixed by size of business by no. of employees
- ▶ Analysis has been conducted by size of business
 - ▶ Small business = 1-99 employees
 - ▶ Medium business = 100-499 employees
 - ▶ Large business = 500-999 employees



Executive Summary:

Magnitude of older PCs in use within SMBs





Executive Summary:

Older PCs increase operational costs for SMBs



A PC which is 4+ years old has **3.3X likely chance to be repaired** resulting in **153 hours** of **productive time lost** which is **4.0X** of newer PCs



The total cost of **owning a 4+ year old PC is US\$3,621**, enough to replace with two or more newer PCs



Executive Summary:

Security is top of mind



Security is among **top 5 IT priorities**

22% SMBs reported that they have experienced PC security & data theft breaches in the last 1 year



Executive Summary:

Newer PCs positively impact SMB business productivity & IT Efficiency

EASY MANAGEABILITY



71% of SMBs

managing newer PCs
is significantly easier

IMPROVE PRODUCTIVITY



71% of SMBs

newer PCs make
employees more
productive

REDUCE COSTS



70% of SMBs

newer PCs reduce
overall maintenance
costs

EMPOWER EMPLOYEES



70% of SMBs

newer PCs enable
work from anywhere,
anyplace, anytime

BETTER SECURITY



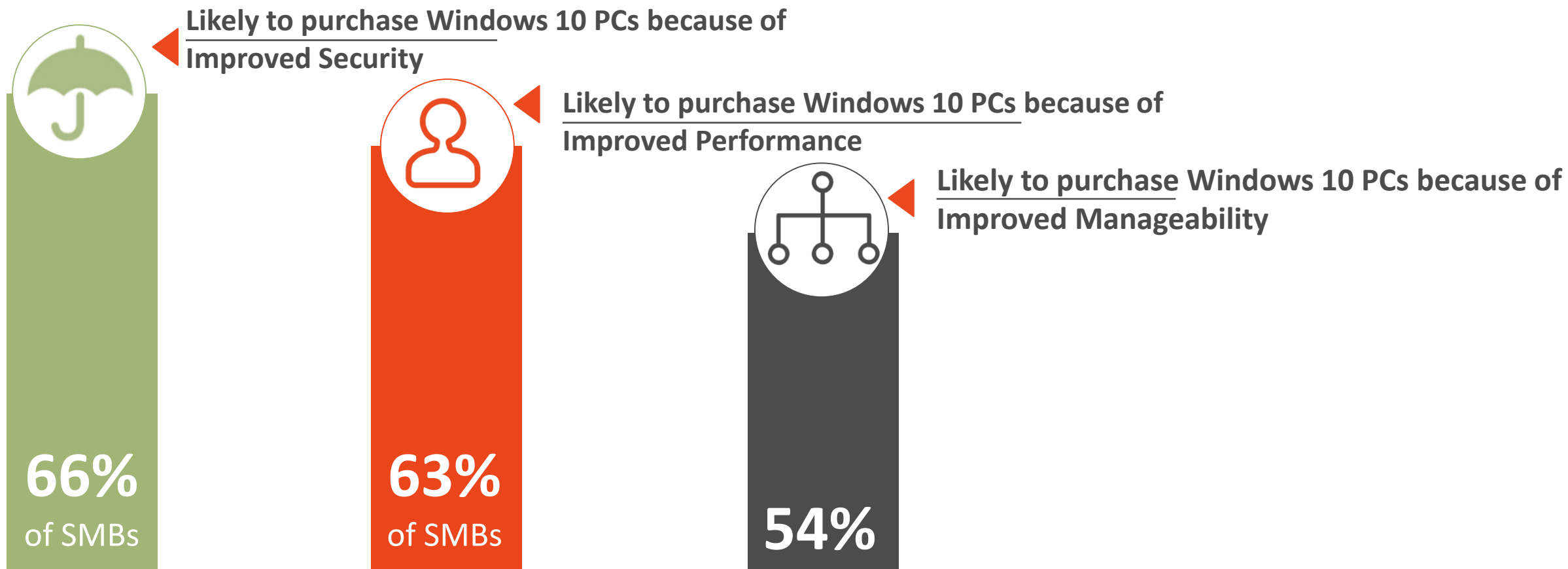
68% of SMBs

able to better secure
& protect data on
newer PCs



Executive Summary:

Security, performance & manageability are key drivers of Windows 10 based new PC purchases





Executive Summary:

PC Purchase Intent

PC FEATURES

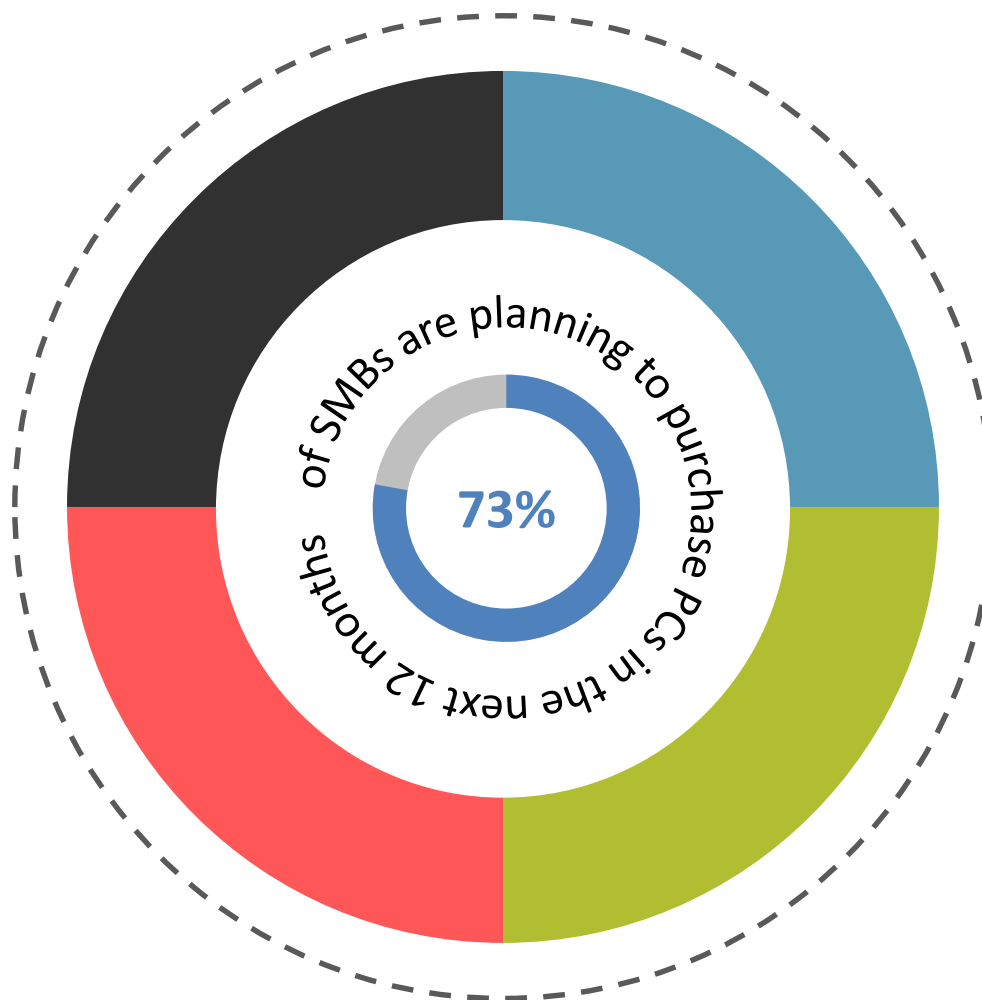


- 22% SMBs find 2in1 tablet mode and 13% availability of Inking/digital pen to be attractive features

PC PURCHASE REASONS



- Part of refresh cycle is the top reason for purchasing new PCs
- There is no single dominant reason to purchase PCs – lower maintenance costs, better manageability and better security are the other top reasons



ADDITIONS OR REPLACEMENTS

- 69% of PCs purchased will be for replacements & 31% will be additions
- 78% of 4+ years PC users may replace PCs

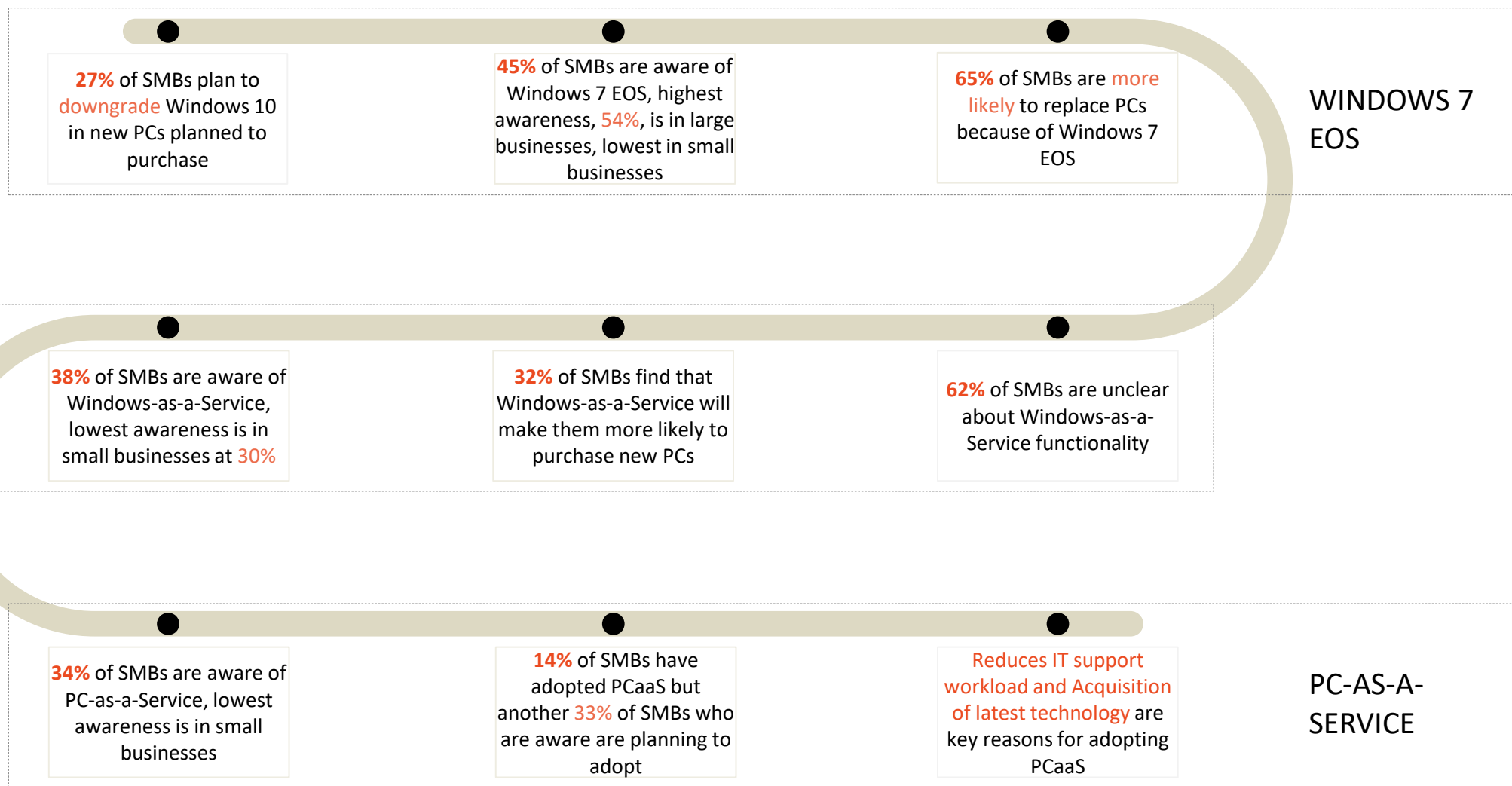


FORM FACTOR

- Of the SMBs planning to purchase PCs, 74% of SMBs will likely buy desktops and 100% will purchase notebooks
- 26% are only planning to purchase notebooks
- Percent of notebooks purchase intent is higher at 73% than desktops which is at 27%



Windows 7 EOS may incentivize replacement



PC Usage, Refresh Cycles

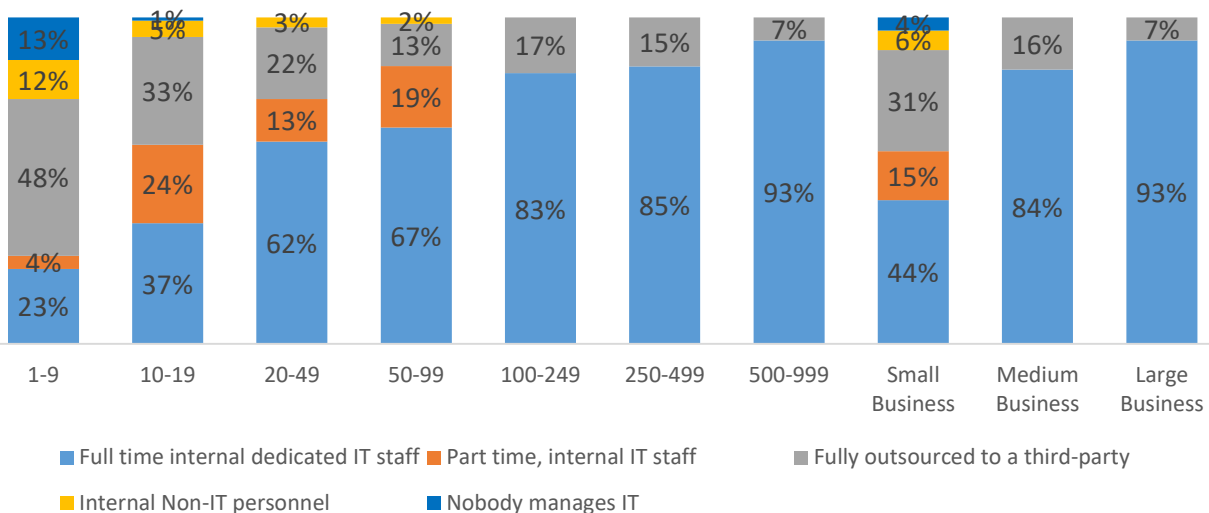




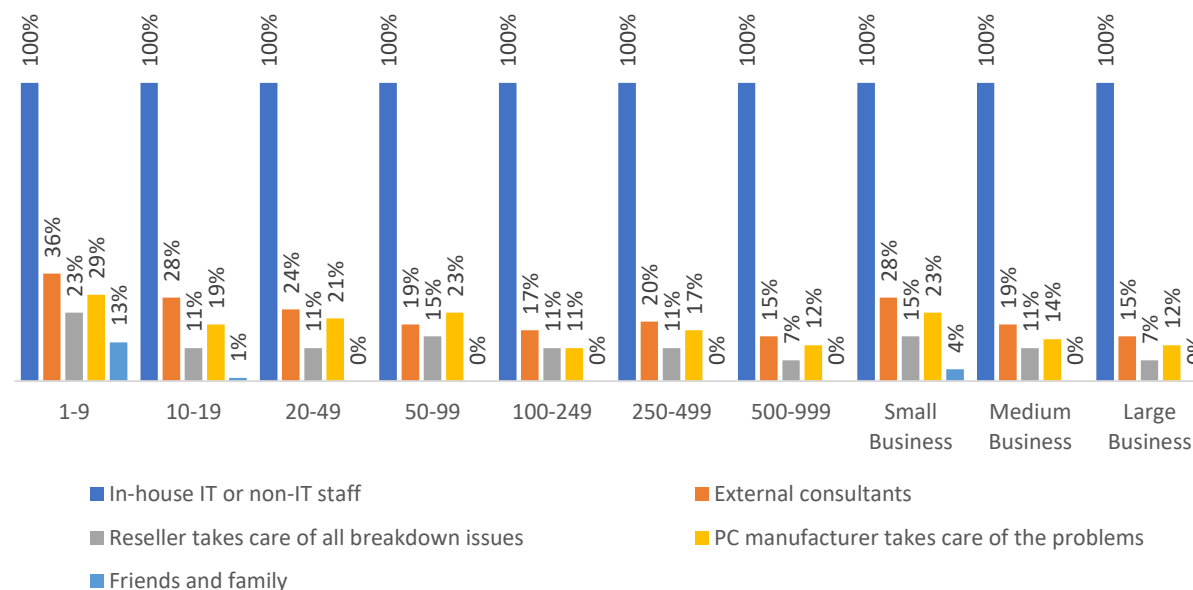
How is IT Managed:

Most small businesses have unmanaged IT

How is IT Managed



Who is responsible for PC support



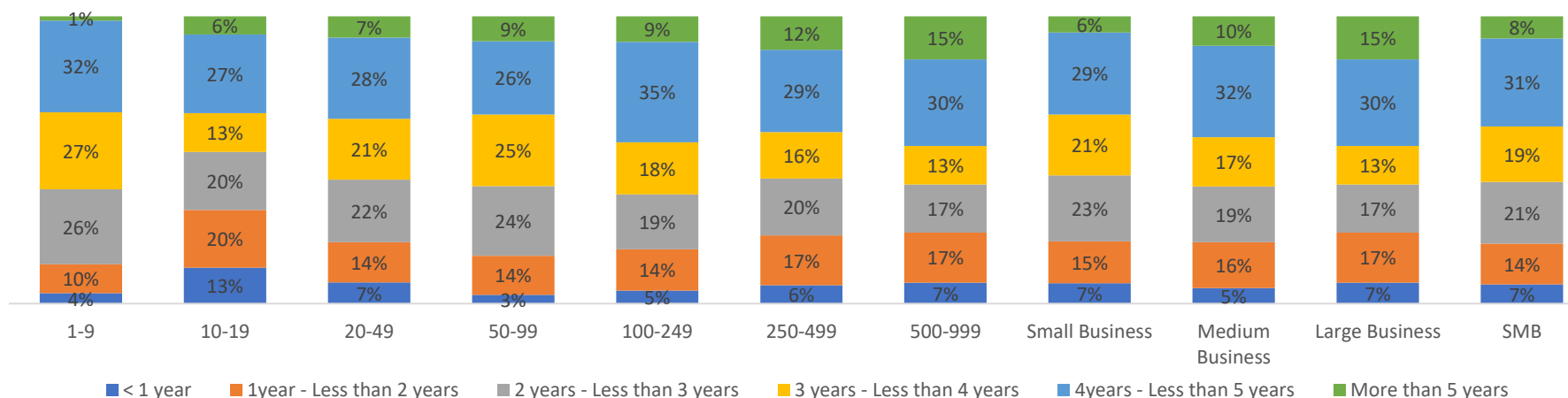


Firmographics & Age of PCs:

81% of SMBs have 4+ years old PCs, 39% of PCs are 4+ years, highest percent is in 100-999 employee size segment

	1-9	10-19	20-49	50-99	100-249	250-499	500-999	Small business	Medium business	Large business
Avg. No. of Employees	3.5	13.3	30.1	70.3	156.7	339.0	620.3	24.7	248.7	620.3
Avg. No. of PCs	2.6	7.2	19.0	45.2	112.1	270.3	469.8	15.5	191.9	469.8

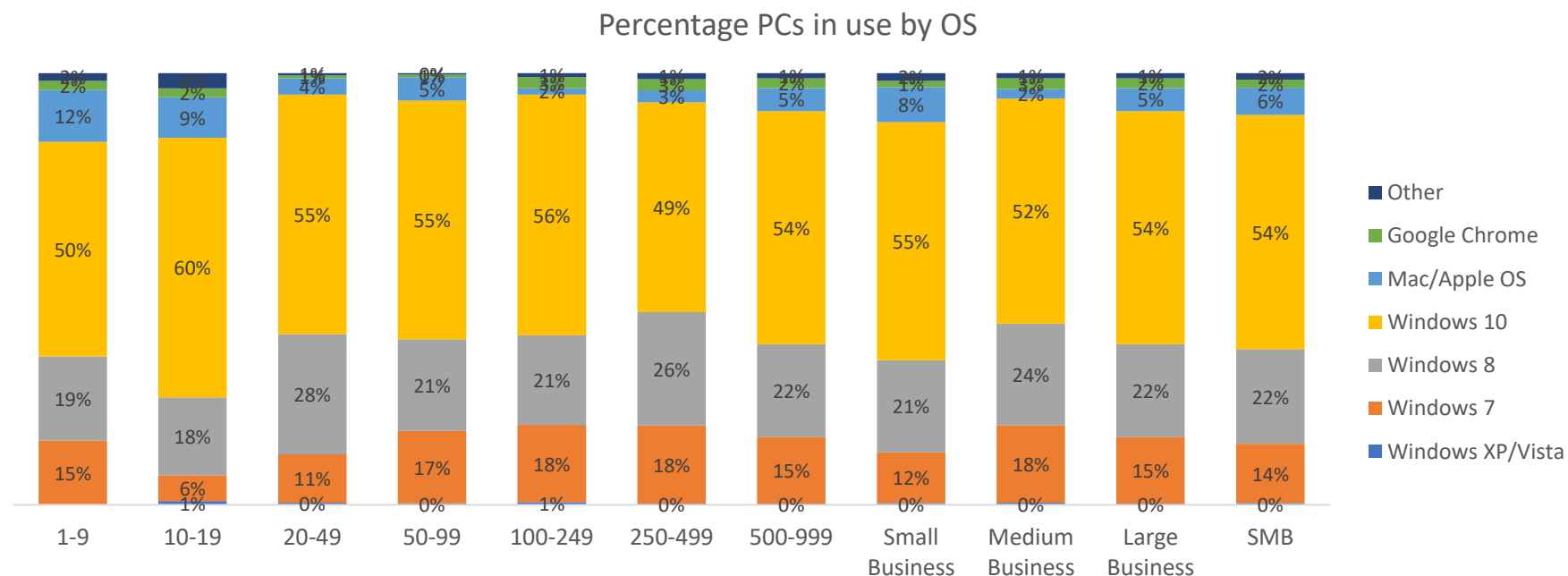
Percentage PCs in use by age of PCs





Current OS being used:

36% of PCs are using older versions of Windows (XP/Vista/7/8)

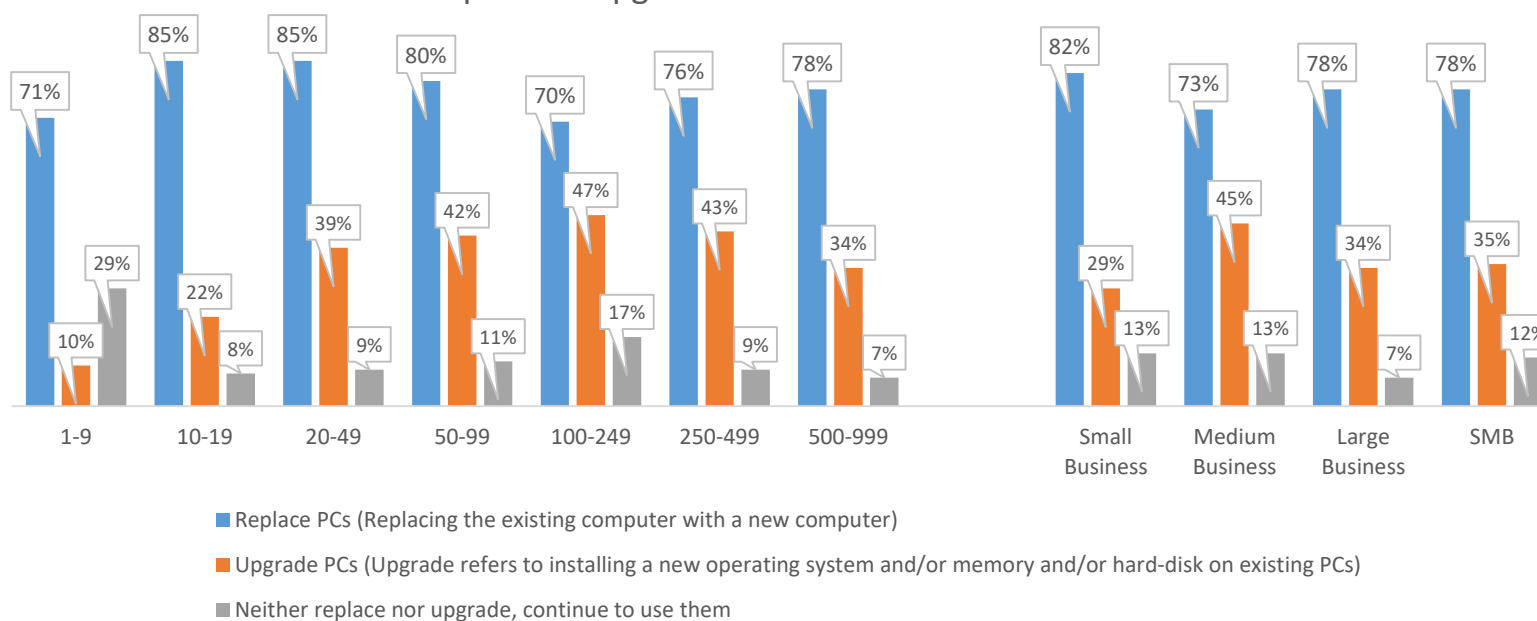




Intent to replace older PCs:

78% of SMBs do plan to replace older PCs, however, this does not mean that all older PCs will be replaced; 35% of SMBs will upgrade

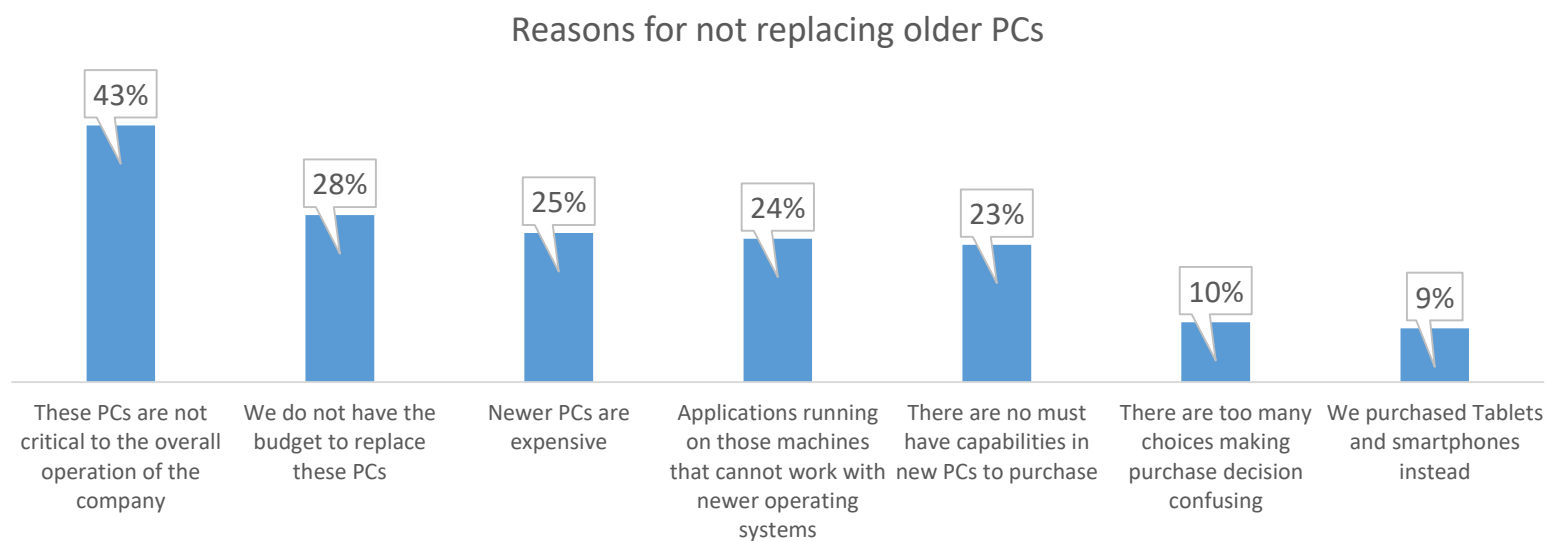
Intent to replace or upgrade older PCs within the next 12 months





Reasons for not replacing older PCs:

Non-criticality & budget are key inhibitors to replacing older PCs

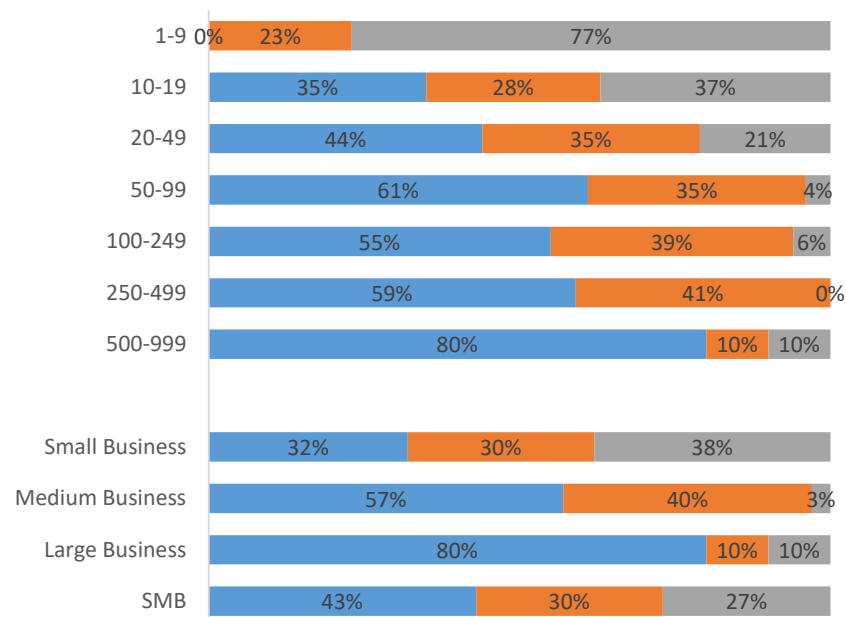




PC Refresh Policy:

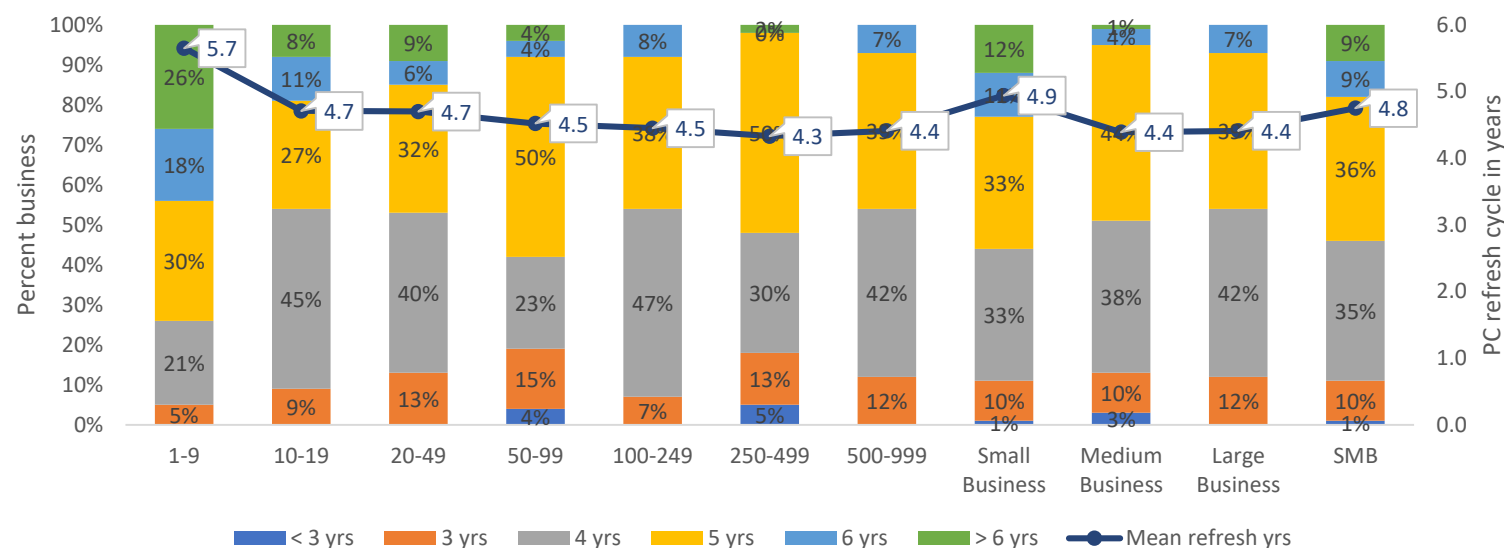
57% of SMBs are either not following refresh policy or do not have a policy;
Typical refresh cycle is 4.8 years (highest = 5.7 years is within very small businesses)

Presence of PC Refresh cycle policy



- Have a defined policy & refresh / replace PCs as per policy
- Have a defined policy but do not always follow & refresh / replace PCs as per policy
- Do not have a defined policy, have an ad-hoc approach to refreshing / replacing PCs

Typical PC refresh cycle within SMBs



PC Repair & Maintenance Issues, Cost of Owning

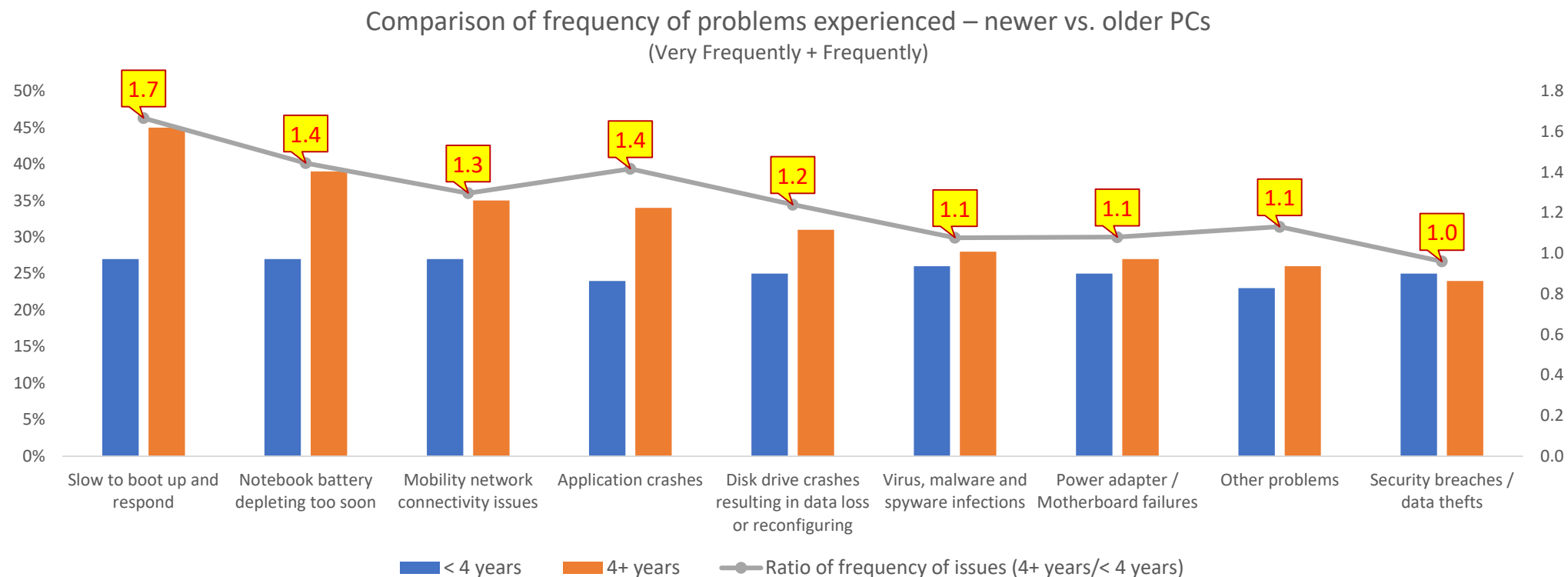




Comparison of frequency of problems experienced – newer vs. older PCs:

Older PCs experience 1.5X the frequency of problems as newer PCs

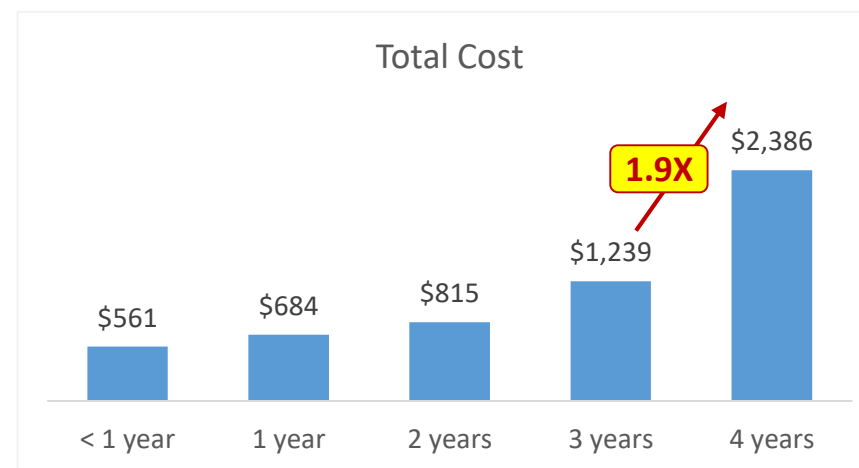
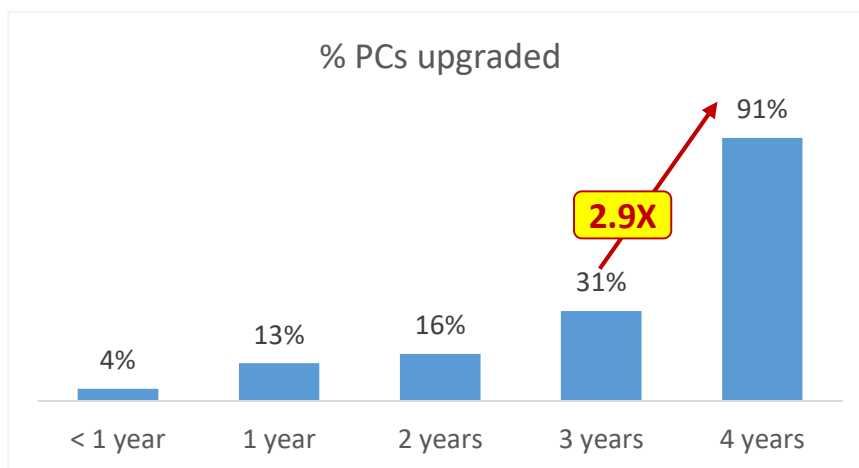
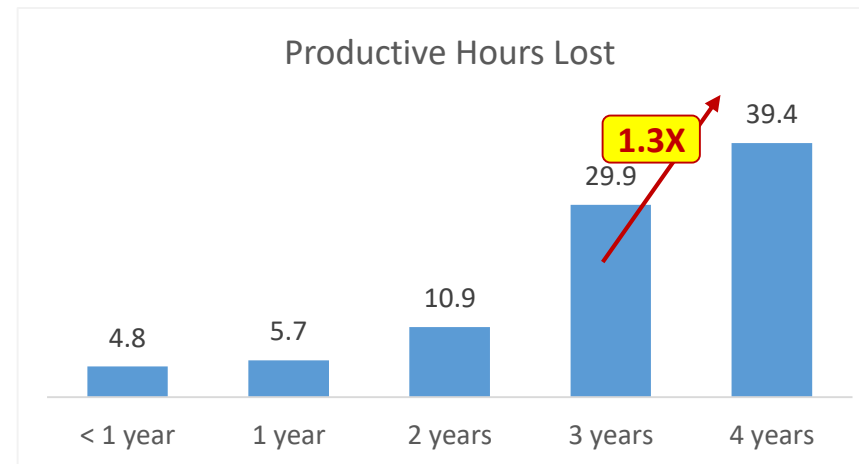
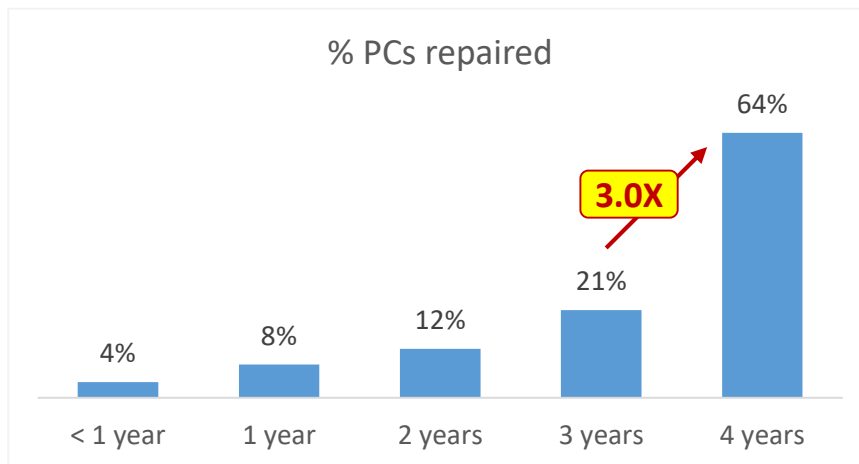
All nine issues are a drain on employee productivity and IT staff efficiency





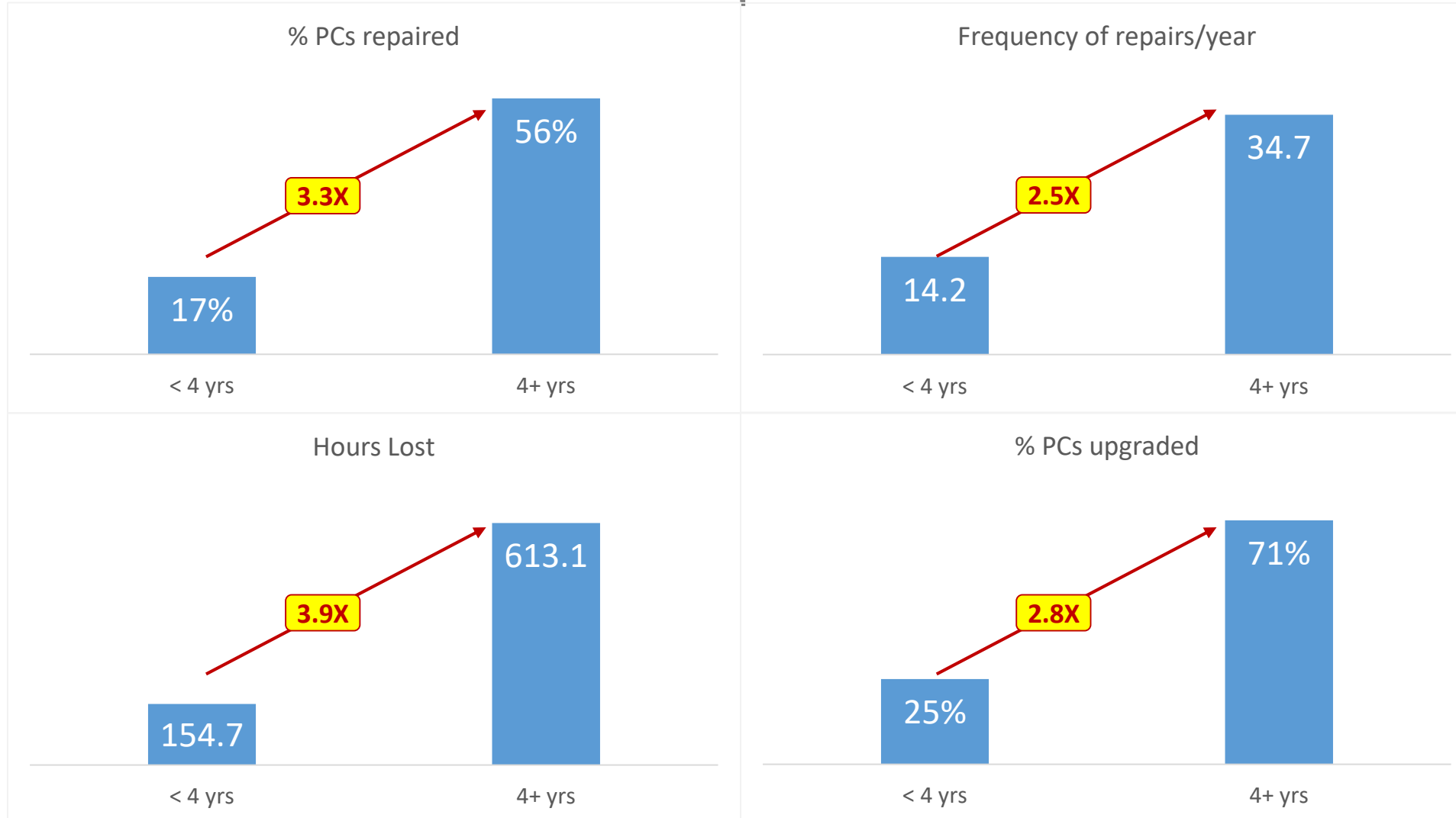
Inflection point for PC replacement is 4 years:

SMBs have not realized that the time to replace PCs should be 4 years



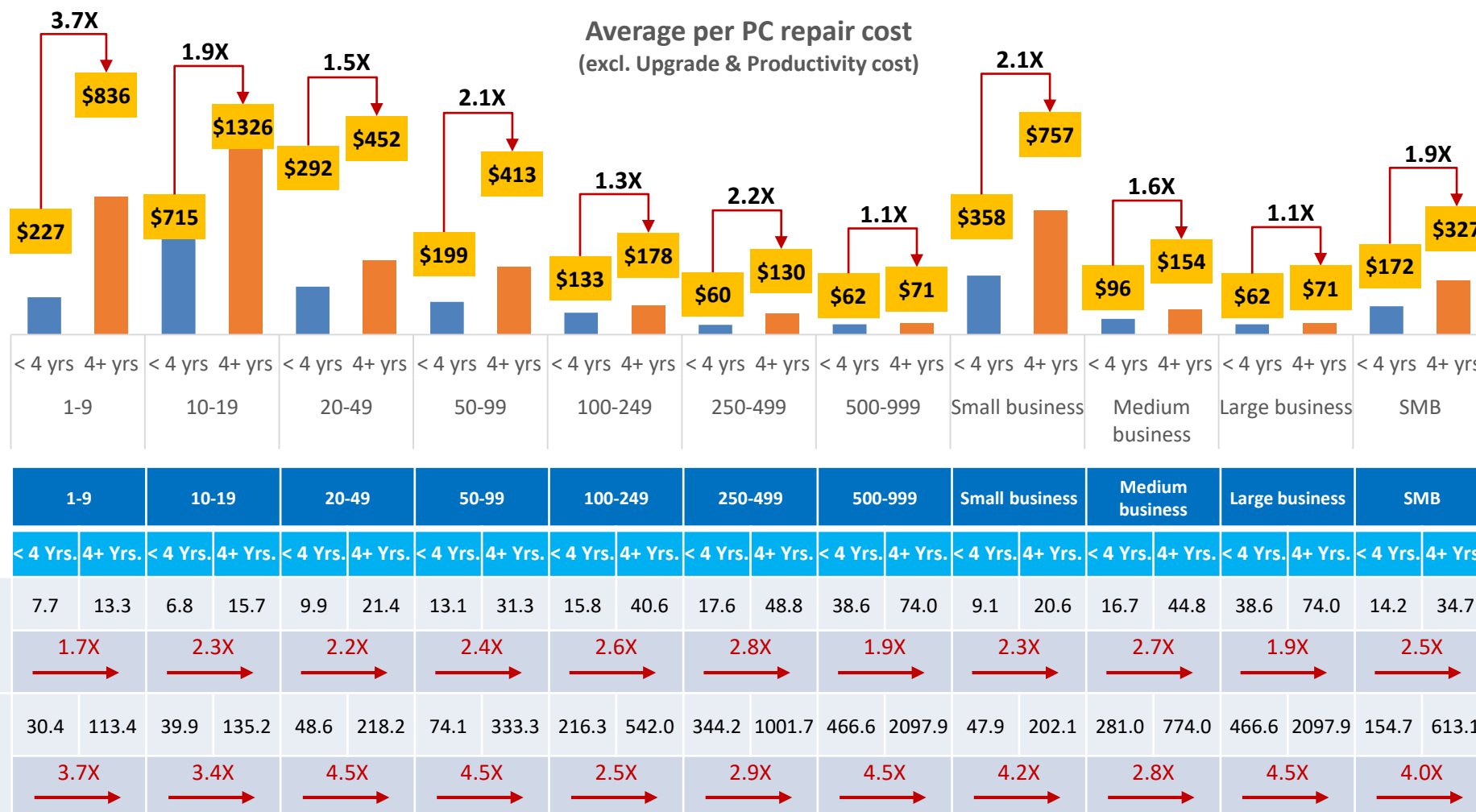


Older vs. Newer PCs repairs, upgrades, hours lost comparisons





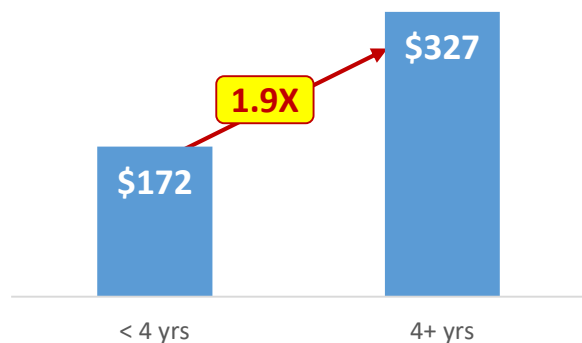
PC repair overheads, lost productivity & frequency of repairs makes the cost of owning an older PC prohibitive



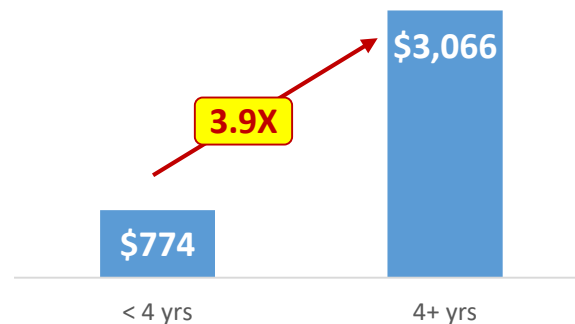


Total cost of ownership: older vs. newer PCs

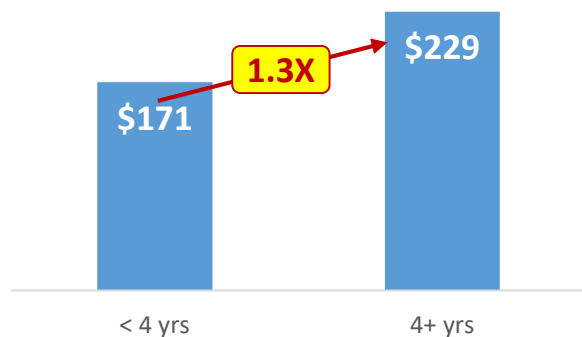
Per PC repair cost



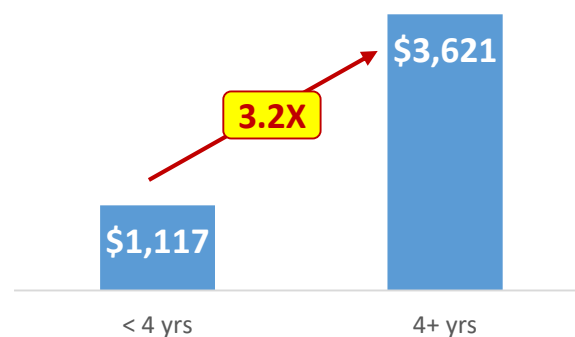
Per PC lost Productivity cost



Per PC Upgrade cost



Per PC Total cost



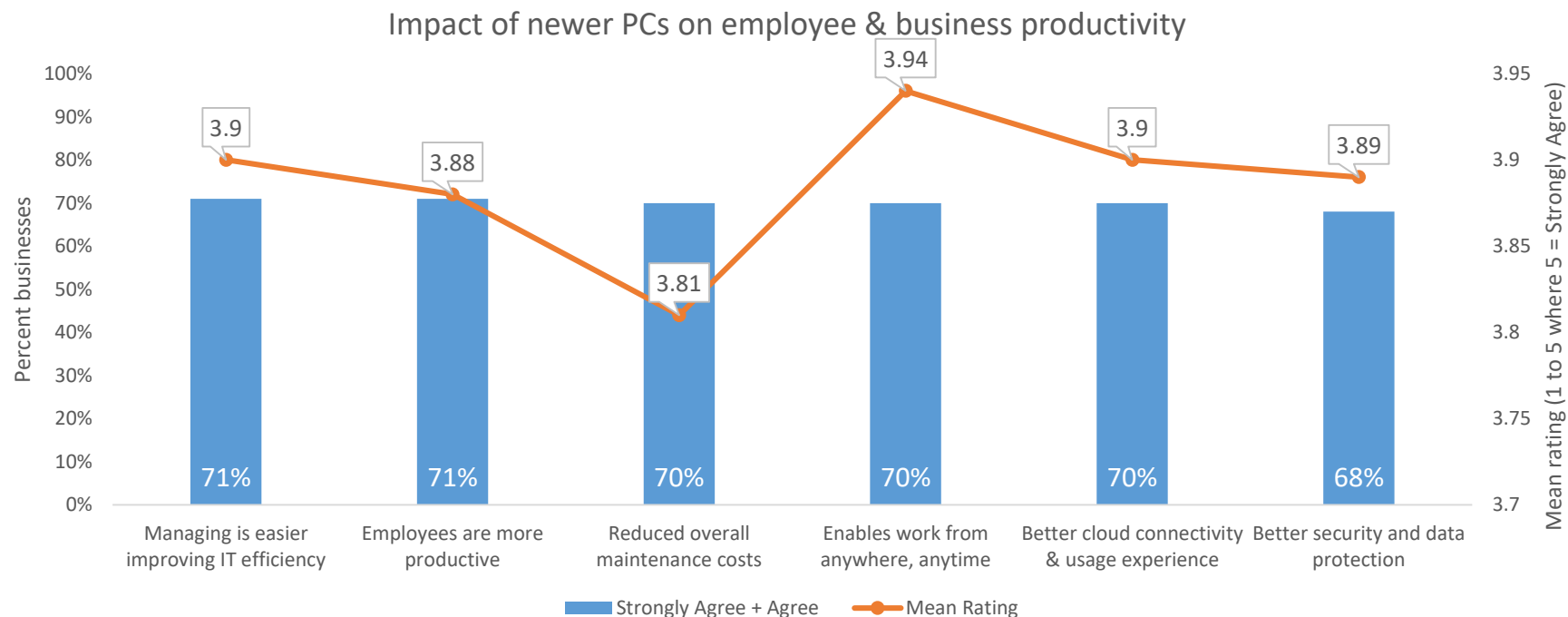
		< 4 years	4 years or more
Direct Costs	No. of PCs	15	15
	PC repair cost	\$172	\$327
	Total cost to repair	\$2,584	\$4,906
	Upgrade Costs	\$171	\$229
	Total Upgrade Costs	\$2,561	\$3,428
	Total Direct Costs	\$5,146	\$8,334
Lost Productivity Costs	Hours Lost	38	153
	Total Hours lost	580	2,299
	Productivity Cost	\$11,605	\$45,985
	Total Cost	\$16,750	\$54,318

Combining the visible costs – repair costs, upgrade costs & invisible costs – lost productivity, data reveals that an SMB with 30 PCs – 15 newer and 15 older is spending 3.2X on older PCs to own – which it would be better served by buying newer PCs. In fact, the cost to own 15 older PCs is more than the price for 20 highly configured newer PCs



Impact of newer PCs on productivity:

Newer PCs contribute to Easier manageability, Improved Employee Productivity and Reduced costs



PC Purchase Intent

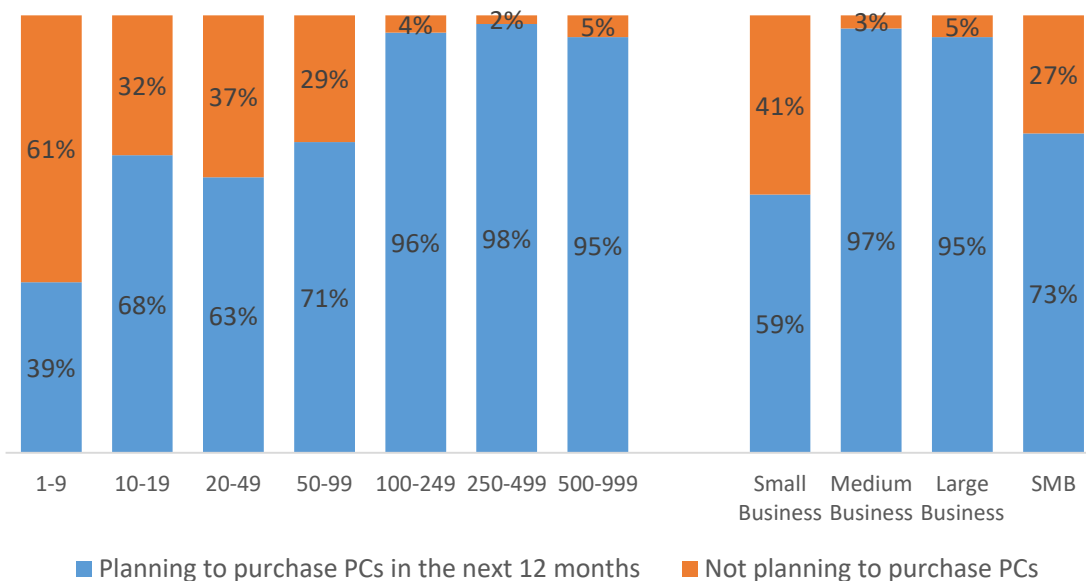




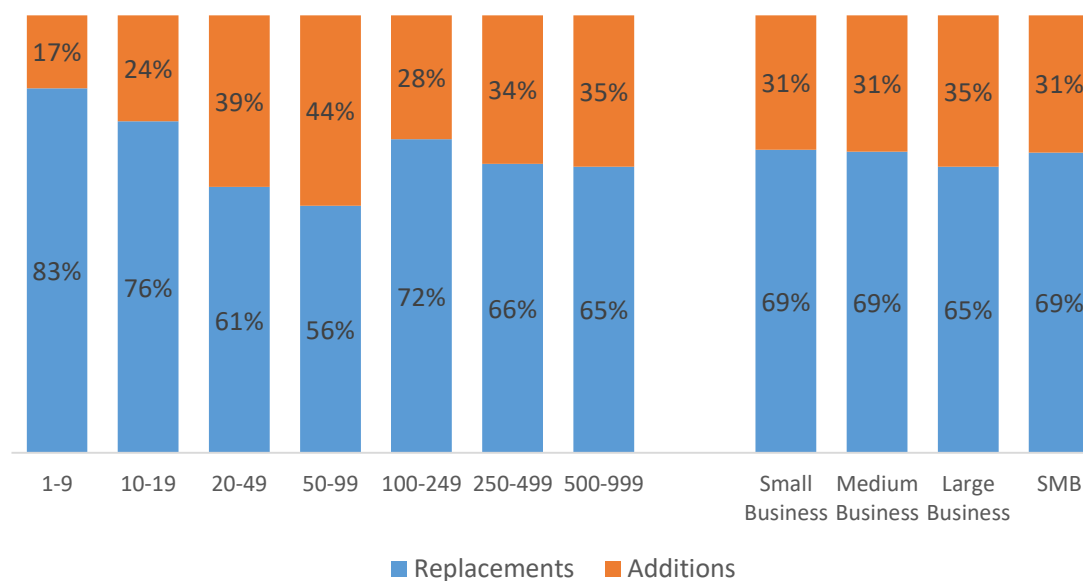
PC Purchase Intent:

Nearly 3/4th of SMBs are planning to purchase PCs in the next 12 months
Over 2/3rd PC purchases will be as replacements for older PCs

Percent SMBs - PC Purchase Intent – next 12 months



Percent PCs for Replacement or Additions



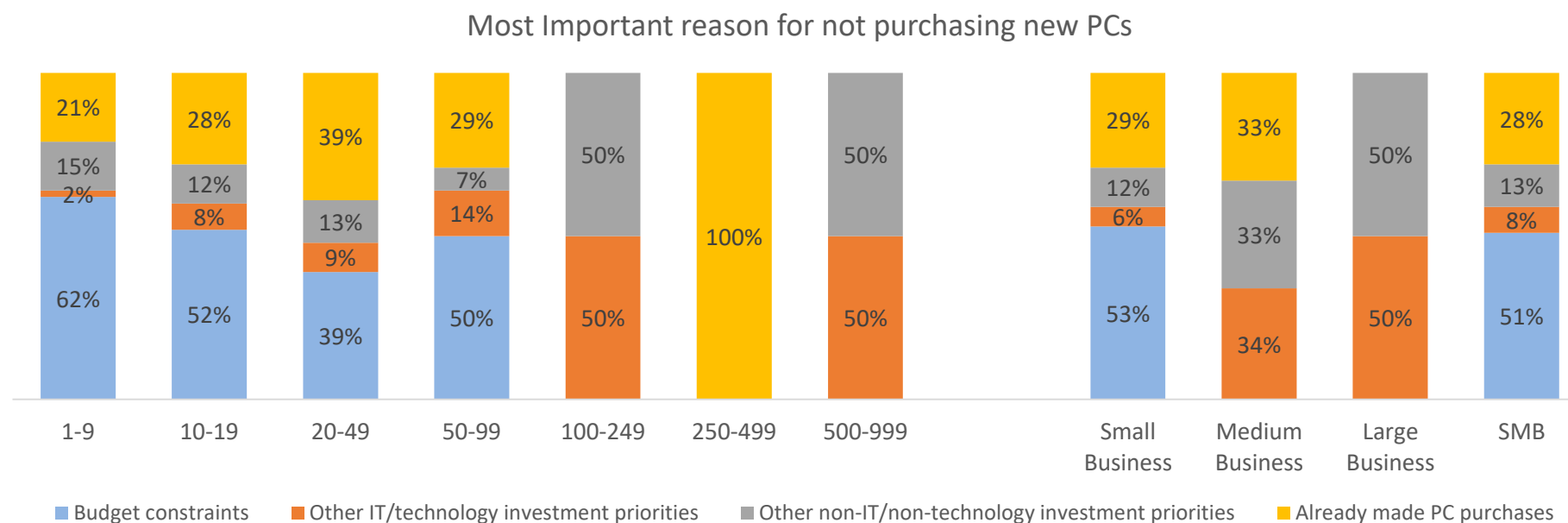
	1-9	10-19	20-49	50-99	100-249	250-499	500-999
No. of PCs planning to purchase	1.6	3.7	6.4	10.8	19.4	30.8	40.2
Percent Desktops	3%	22%	36%	26%	34%	31%	32%
Percent Notebooks	97%	78%	64%	74%	66%	69%	68%

Small Business	Medium Business	Large Business	SMB
5.5	25.2	40.2	16.8
23%	33%	32%	27%
77%	67%	68%	73%



Most Important reason for not purchasing new PCs

51% of SMBs are constrained by budgets to purchase new PCs

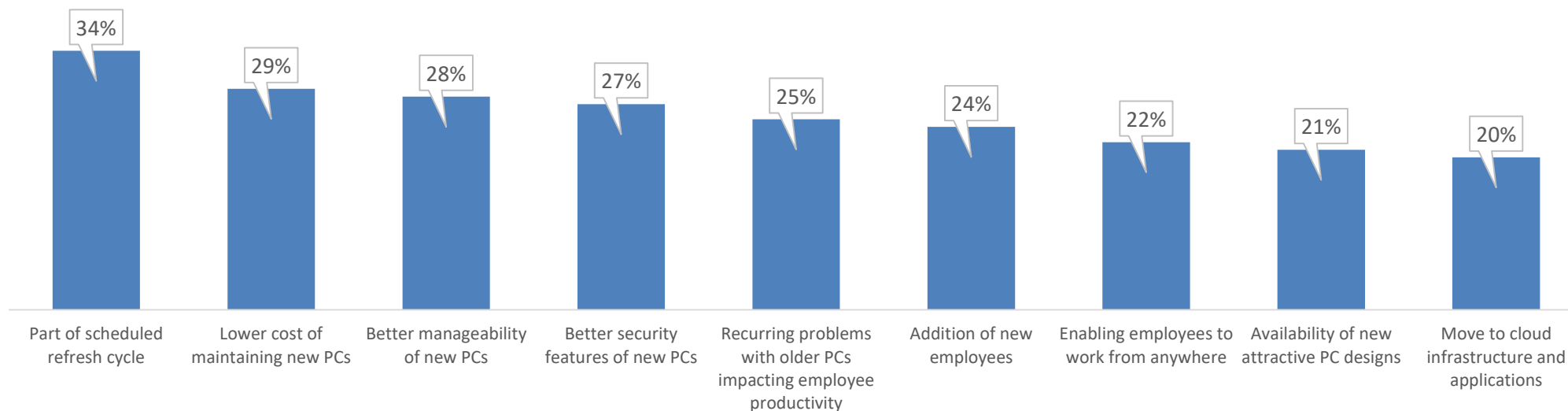




Reasons for purchasing newer PCs:

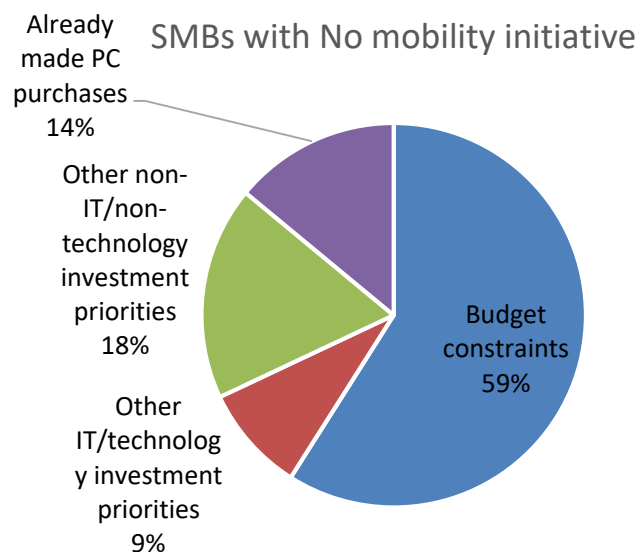
Lower support costs, better manageability and security are reasons for purchasing new PCs

Reasons for purchasing new PCs

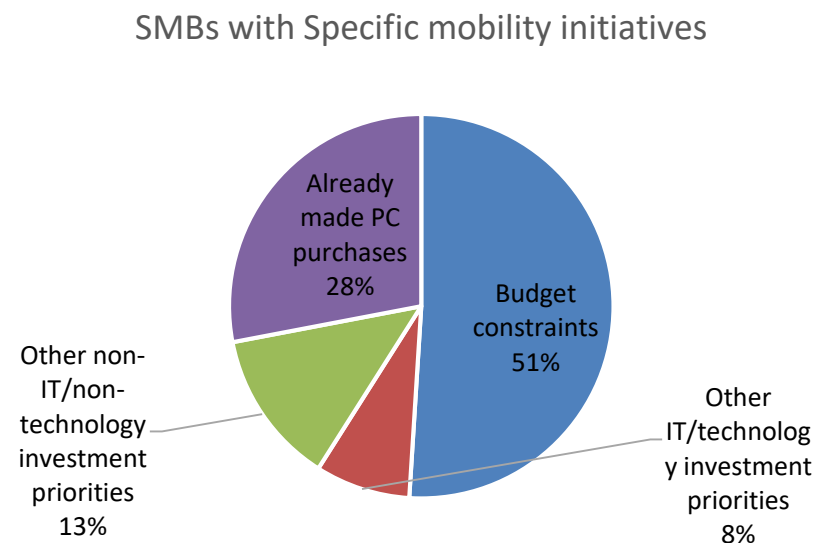




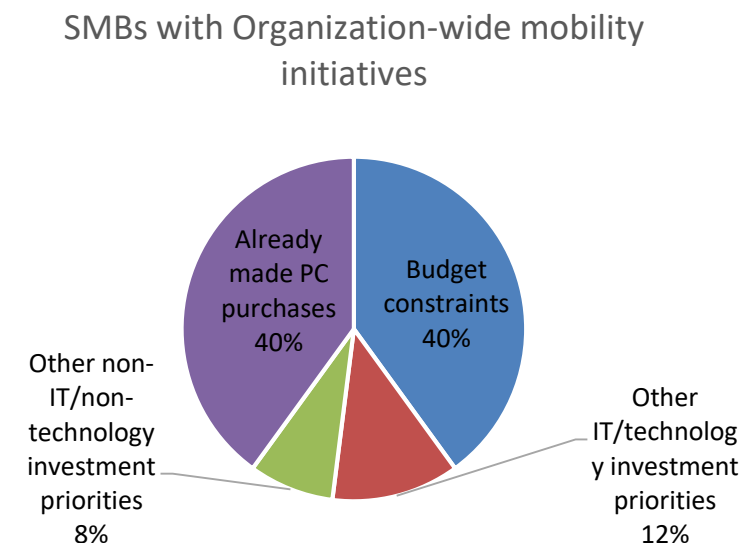
Reasons for not purchasing PCs by mobility strategy



30% of SMBs have no mobility initiative



55% of SMBs have some mobility initiatives

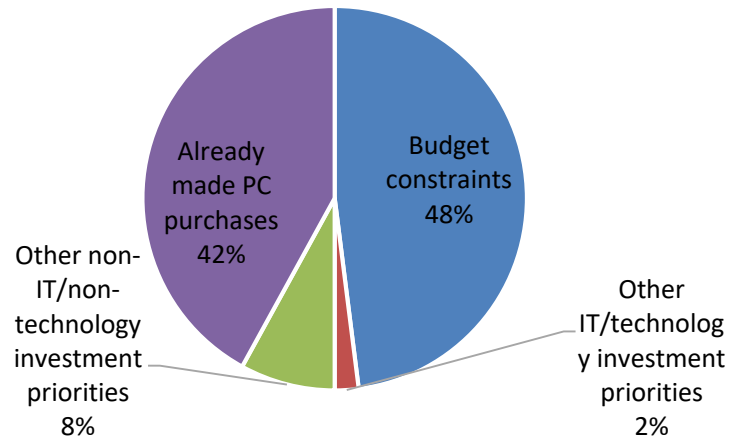


15% of SMBs have some mobility initiatives



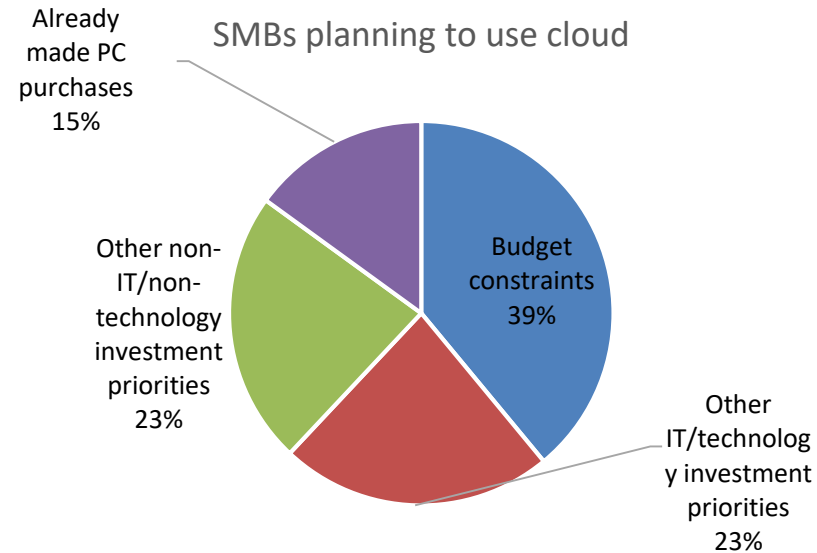
Reasons for not purchasing PCs by cloud adoption

SMBs currently using cloud



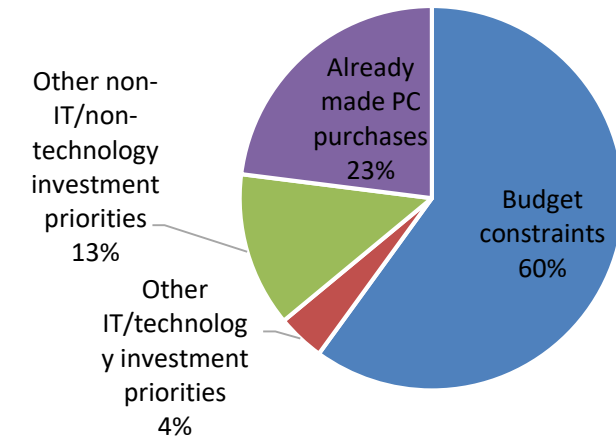
50% of SMBs are currently using cloud

SMBs planning to use cloud



29% of SMBs are planning to use cloud

SMBs not using, not planning to use cloud



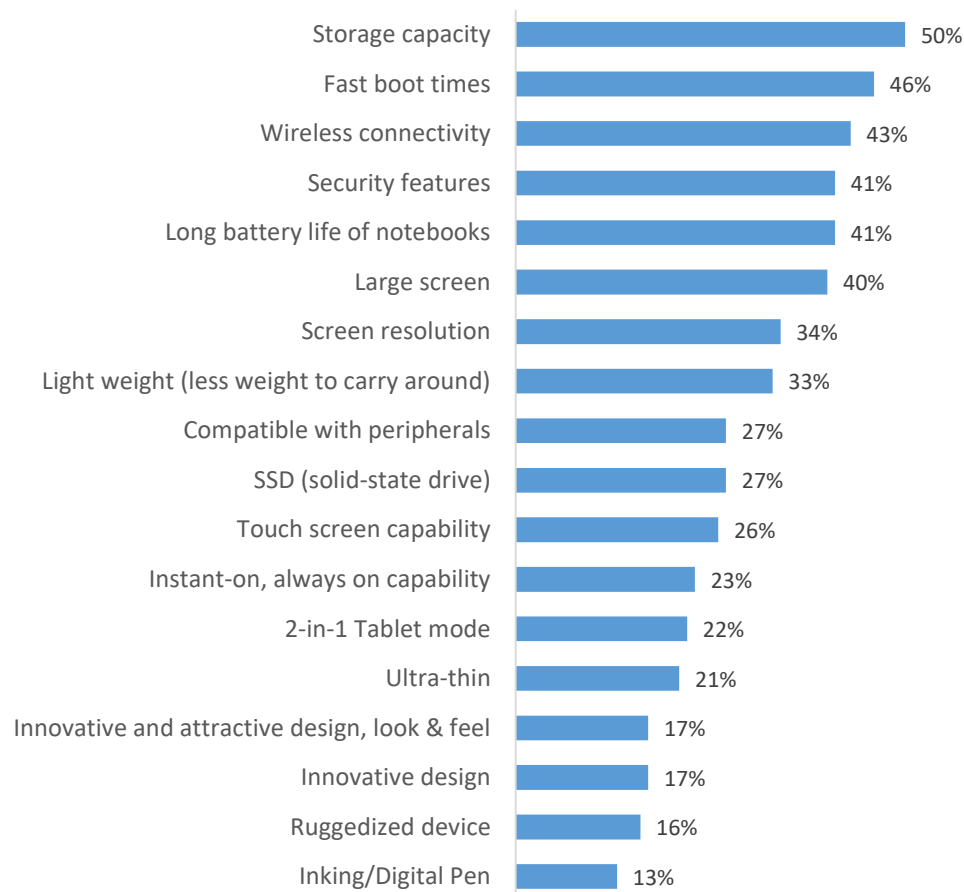
21% of SMBs are not using, not planning to use



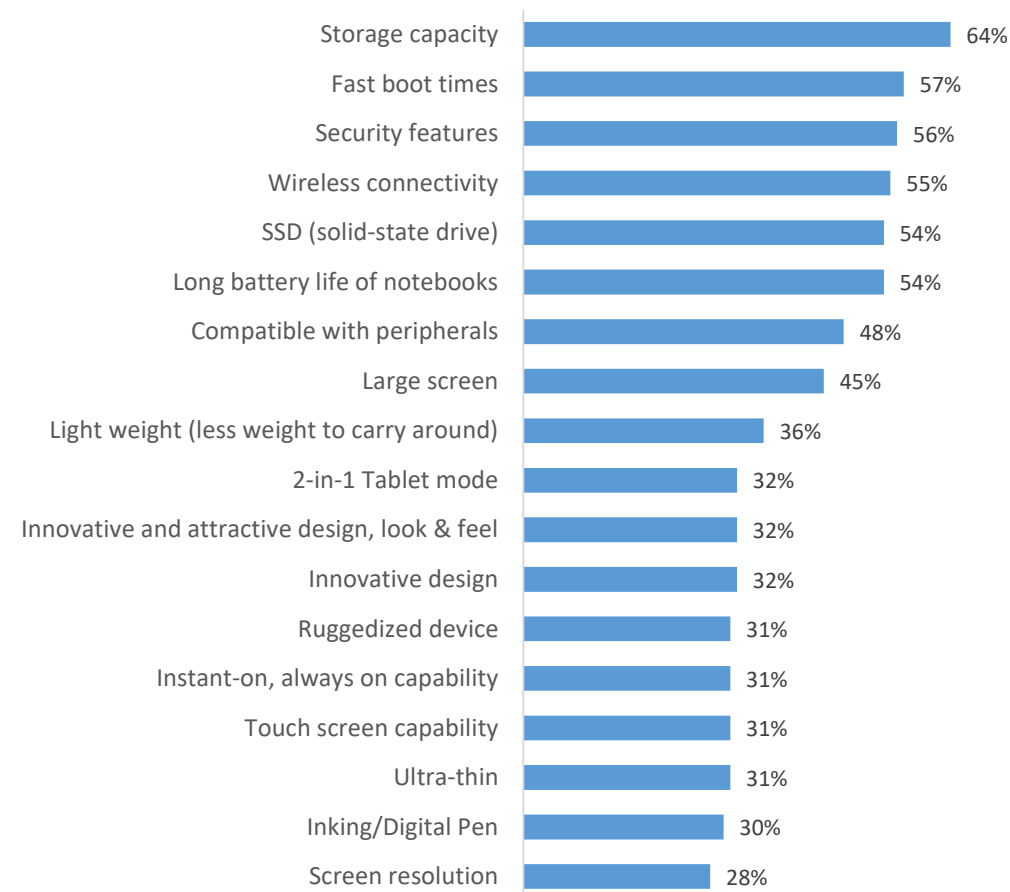
Preferred PC Features:

1/5th of SMBs find 2in1 tablet mode to be an attractive feature and 1/3rd consider it during purchase process

Most attractive features of today's PCs



Top Features considered when purchasing a PC



Adoption & Attitude towards Windows 10, Windows 7 EOS



Windows 10



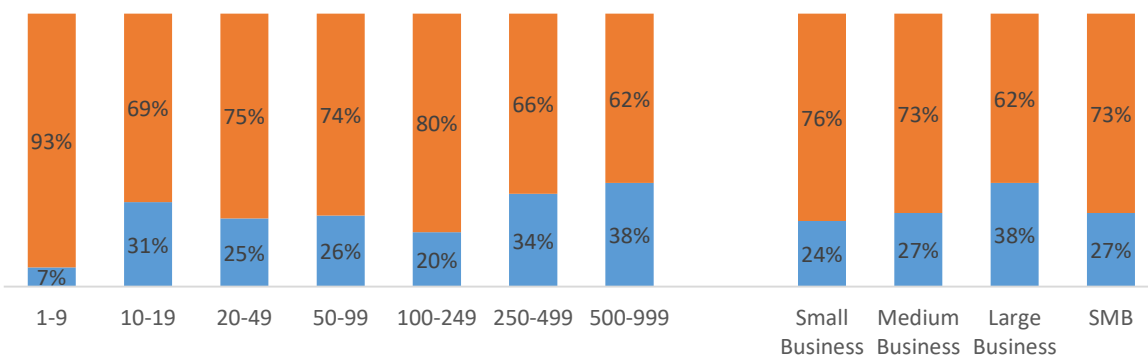
Upgrade to Windows 10

43% of SMBs upgraded to Windows 10 in the last 1 year, however, it does not mean all PCs within their firms were upgraded

27% plan to downgrade Windows 10 to Windows 7 on new PCs planned to purchase

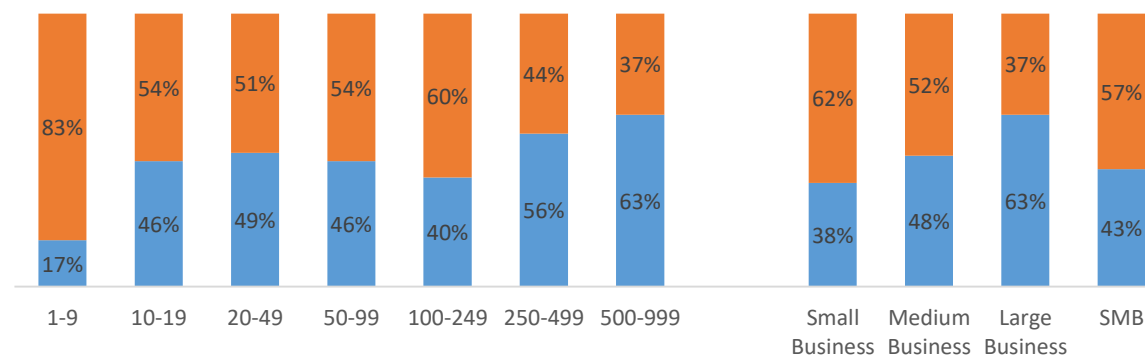
Plans to downgrade Windows 10 to Windows 7 on new PCs planned to purchase

■ Yes ■ No



PCs with older version of Windows upgraded to Windows 10 in last one year

■ Yes ■ No



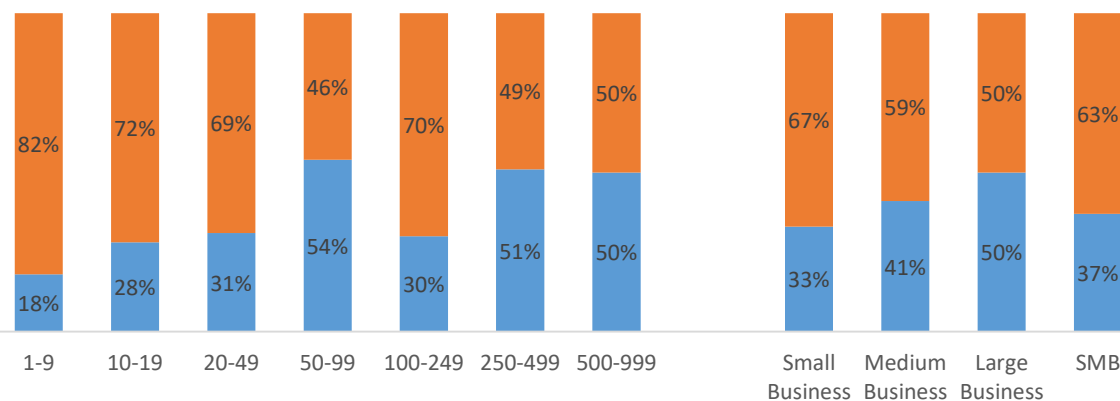


Upgrade to Windows 10

37% of SMBs plan to upgrade older PCs to newer OS

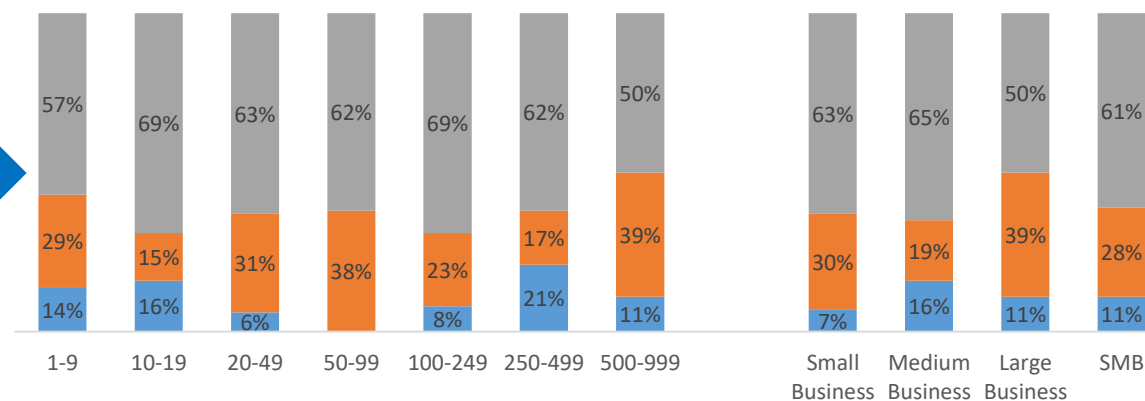
Plans to upgrade older version of Windows to Windows 10

■ Yes ■ No



To which OS older versions are planned to be upgraded

■ Windows 7 ■ Windows 8 ■ Windows 10



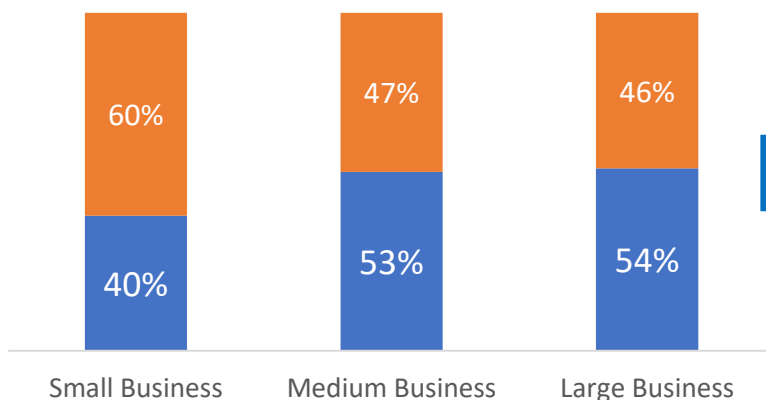


Likelihood of purchasing PCs because of Windows 7 EOS:

45% of SMBs are aware of Windows 7 EOS but only 65% may plan to replace Windows 7 PCs; nevertheless 51% are encouraged by Windows 10

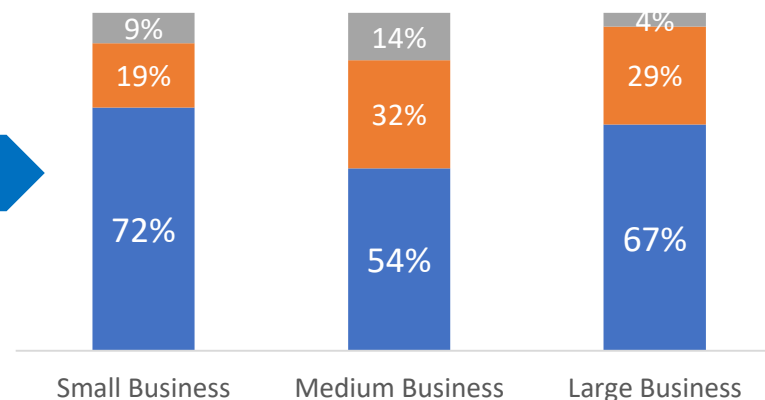
Awareness of Windows 7 End of Support?

■ Yes ■ No

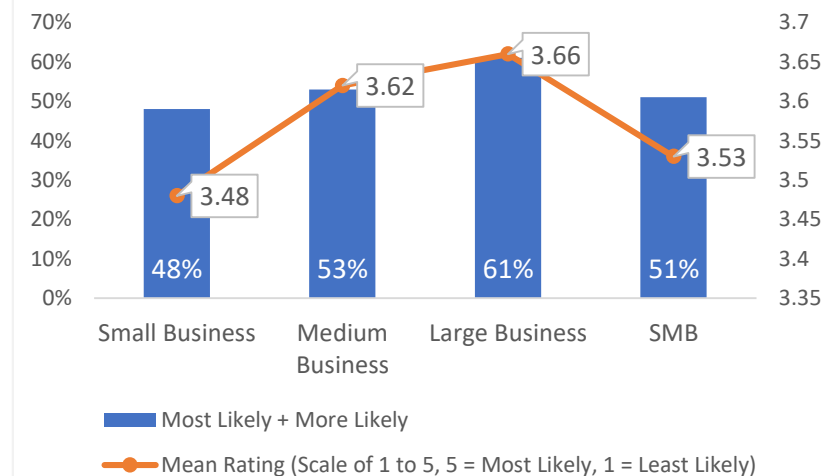


Likelihood of replacing Windows 7 PCs?

■ More likely ■ No change ■ Unsure



Windows 10 encourage new PC purchase?



Are you aware about Windows 7 End of Support?

After Windows 7 end of life, organizations can continue to use the OS, but at their own security risk. Knowing what you know now about Windows 7 End of Support, how will it change your organization's plan to replace Windows 7 PCs?

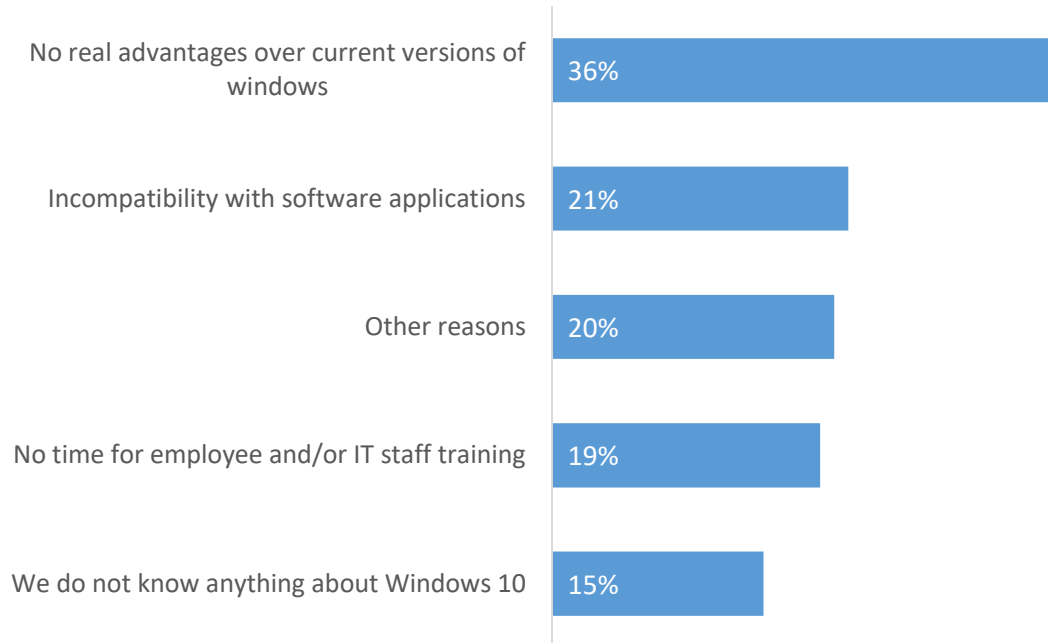
On a scale of 1 to 5, where 1 is Least Likely and 5 is Most Likely, does the availability of Windows 10 make you less or more likely to purchase new PCs?



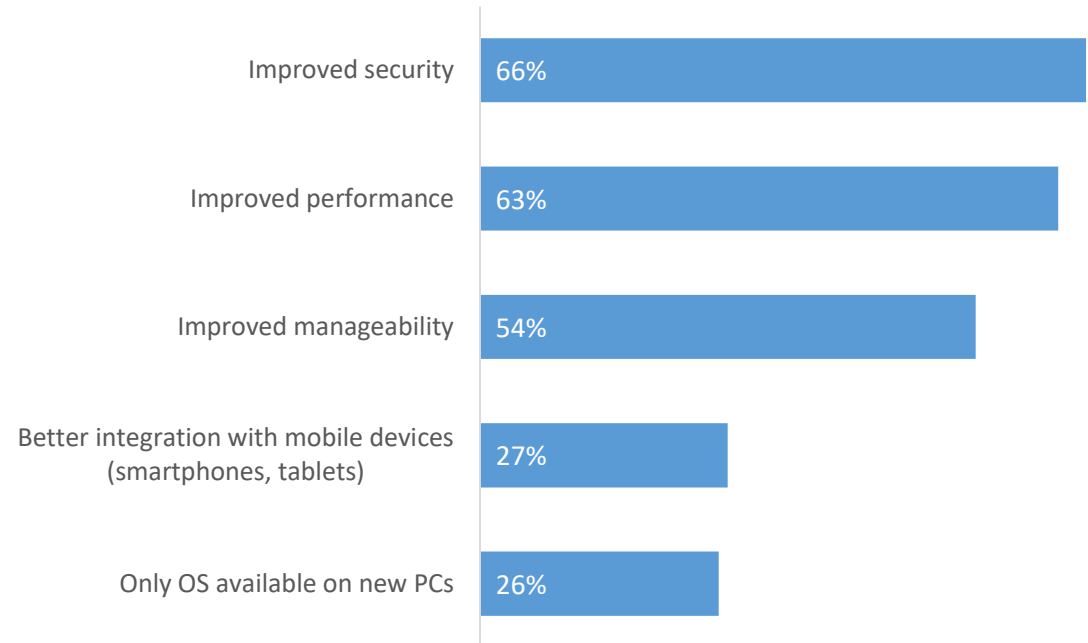
Reasons for not purchasing or purchasing Windows 10 PCs:

Improved security, performance & manageability are key drivers for Windows 10 PCs

SMB Reasons: Less likely to purchase Windows 10 PCs



SMB Reasons: More likely to purchase Windows 10 PCs



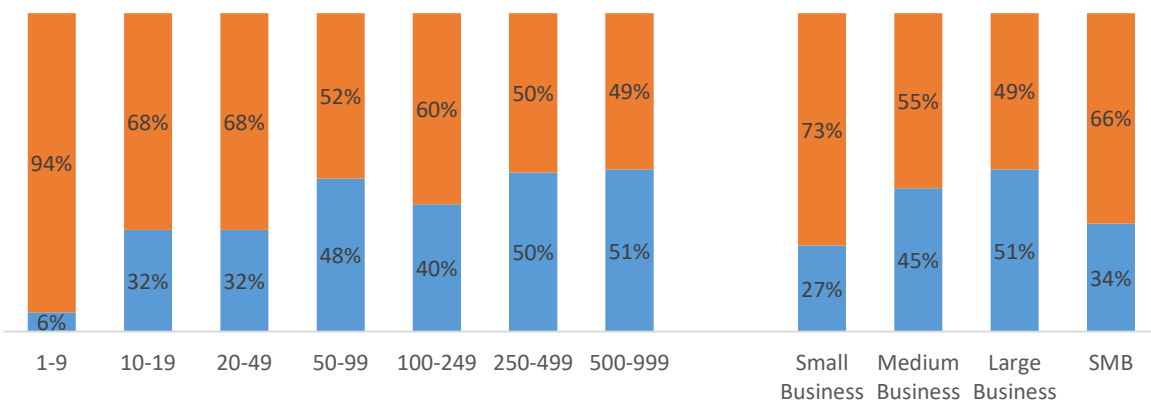


PC-as-a-Service

34% of SMBs are aware of PCaaS, awareness increases by size of business;
There is a healthy intent to adopt to adopt PCaaS

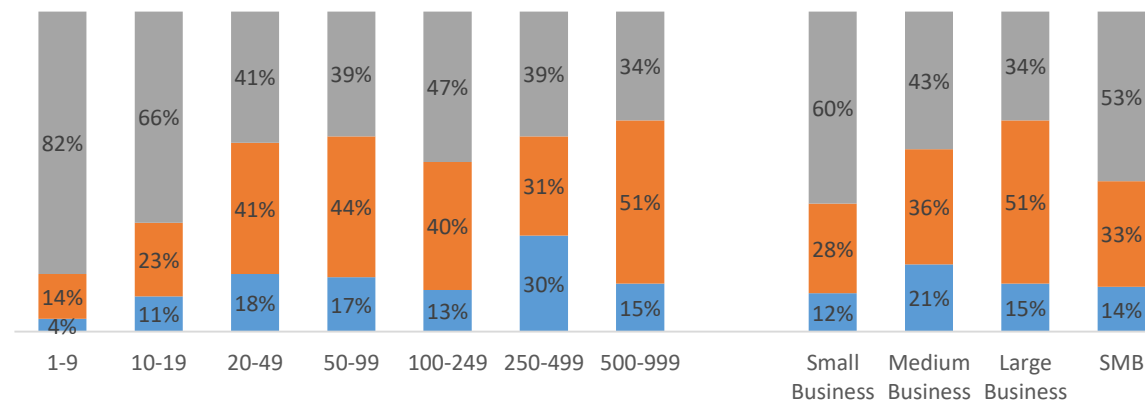
Awareness of PC-as-a-Service

■ Yes ■ No



Current & Planned adoption of PC-as-a-Service

■ Have already adopted ■ Planning to adopt within the next 1 year ■ Not planning to adopt

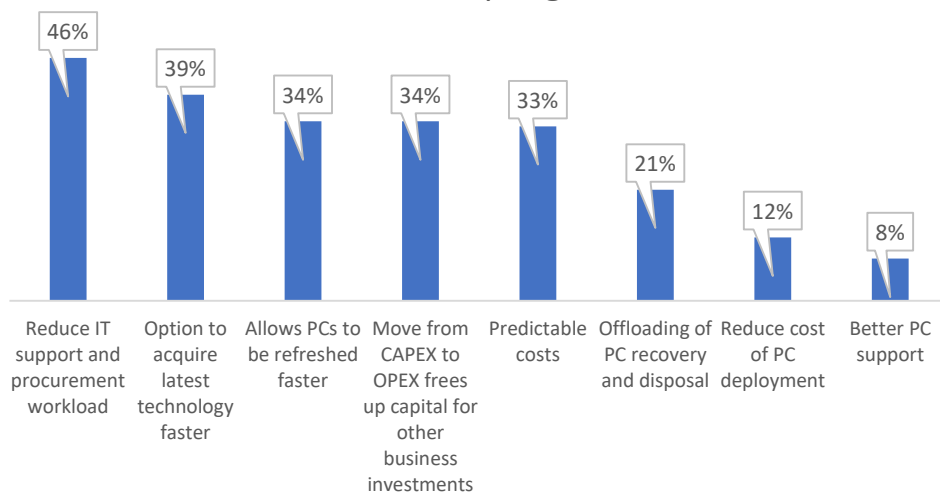




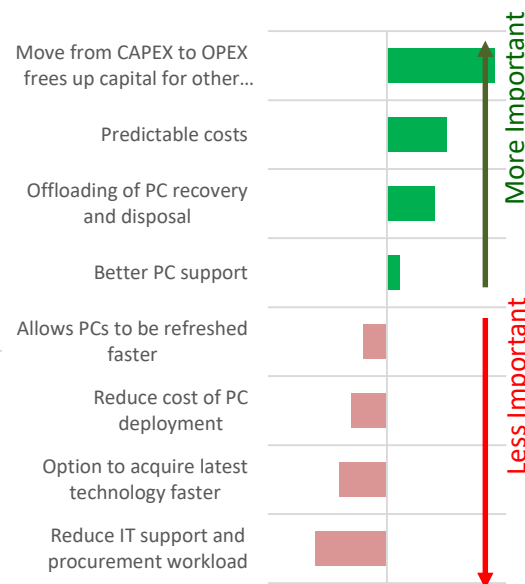
Reasons for adopting PC-as-a-Service

Reduced IT support workload, Access to latest technology are drivers for PCaaS; for small businesses moving from CAPEX to OPEX is important

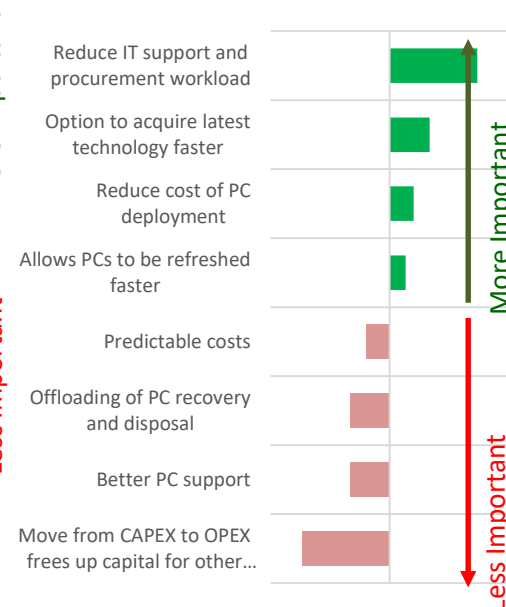
SMB: Reasons for adopting PC-as-a-Service



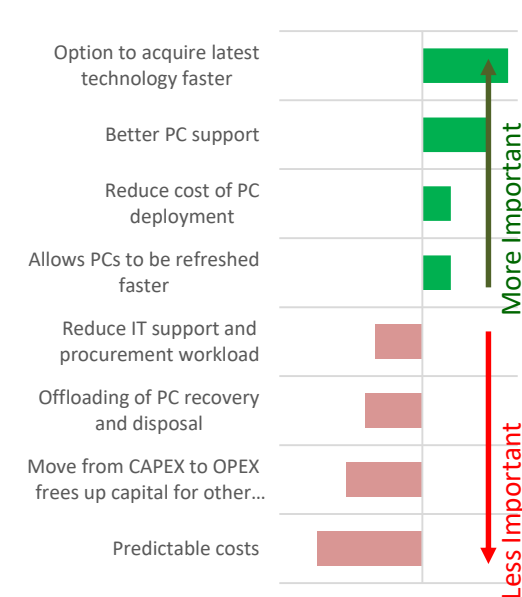
Reasons more important to Small businesses



Reasons more important to Medium businesses



Reasons more important to Large businesses



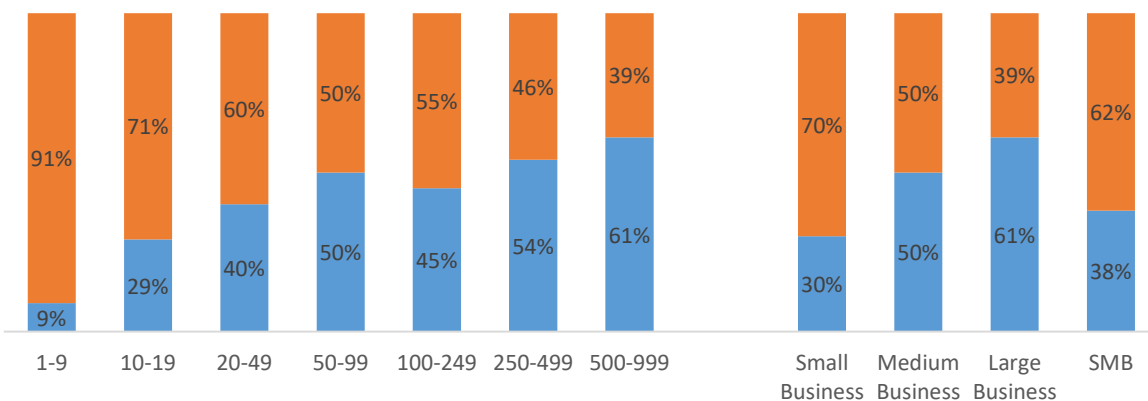


Windows-as-a-Service

38% of SMBs are aware of Windows-as-a-Service, the awareness increases with size of business; 32% of SMBs may be motivated to refresh older PCs because of Windows-as-a-service availability

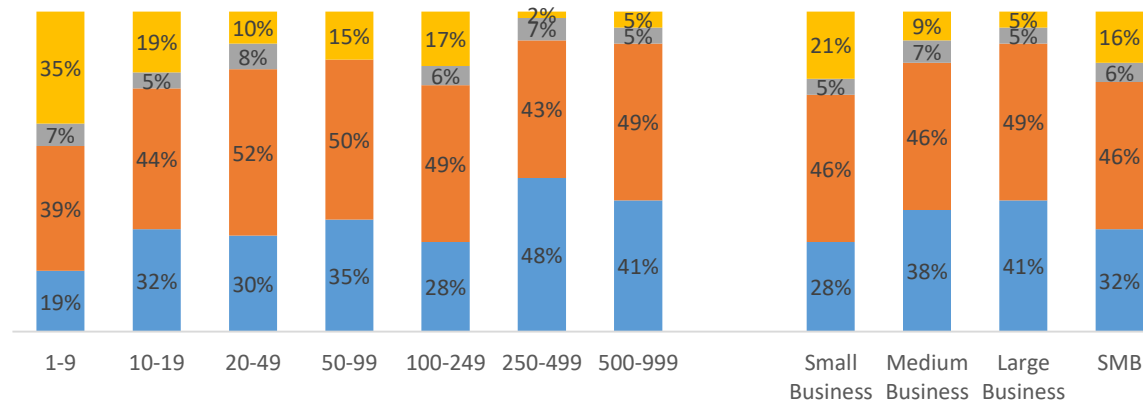
Awareness of Windows-as-a-Service?

■ Yes ■ No



Windows-as-a-Service motivator to refresh older PCs?

■ More likely ■ No change ■ Less likely ■ Unsure



Are you aware about Windows as a Service?

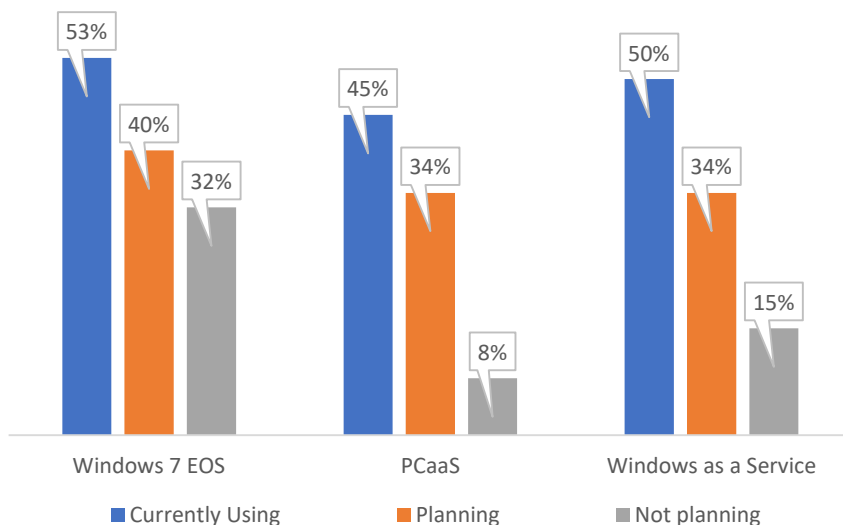
Windows as a Service is a Microsoft approach which updates Windows operating system regularly with new functionalities and security patches as compared to the usual 3-5-year update cycle. Knowing what you know now about Windows as a Service, how will it motivate your organization to refresh, replace and purchase newer PCs?



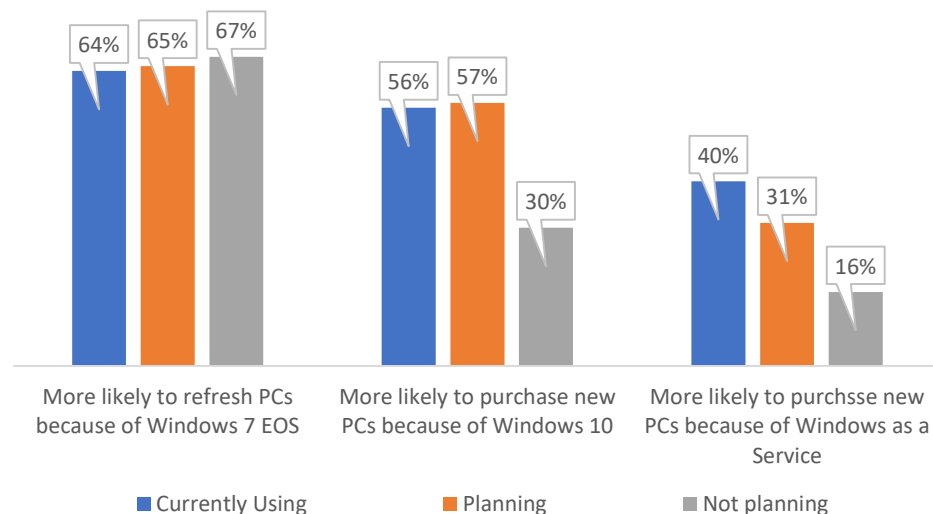
Cloud's impact on PCaaS and WaaS

Cloud SMBs are more likely to purchase PCs because of Windows 7 EOS; Cloud SMBs are more likely to adopt PCaaS and refresh PCs because of WaaS as compared to SMBs not using Cloud

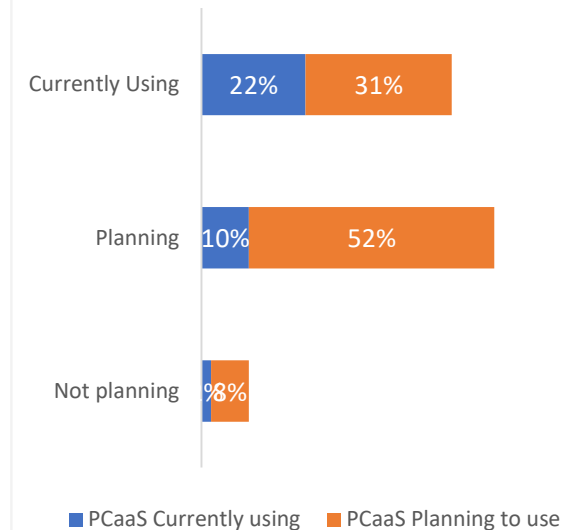
Awareness within cloud SMBs



PC Purchase intent within cloud SMBs



PCaaS within cloud SMBs

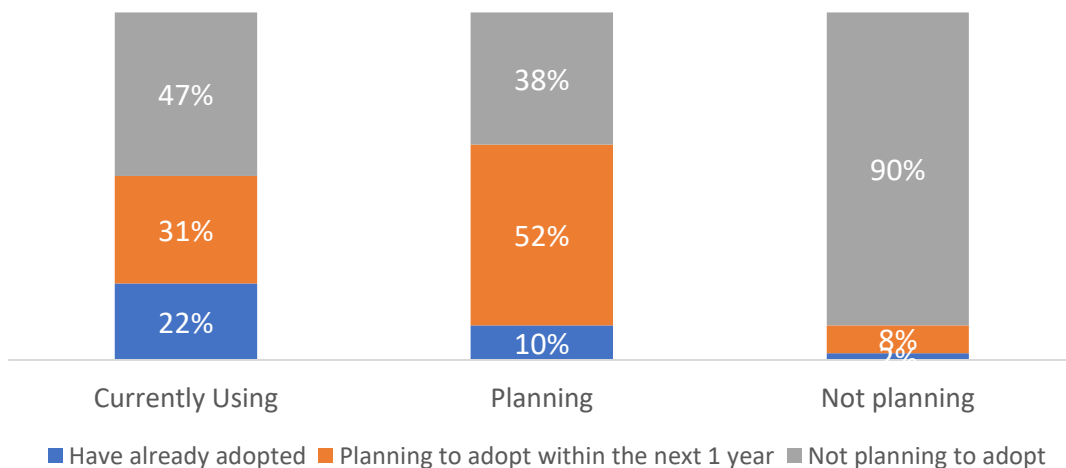




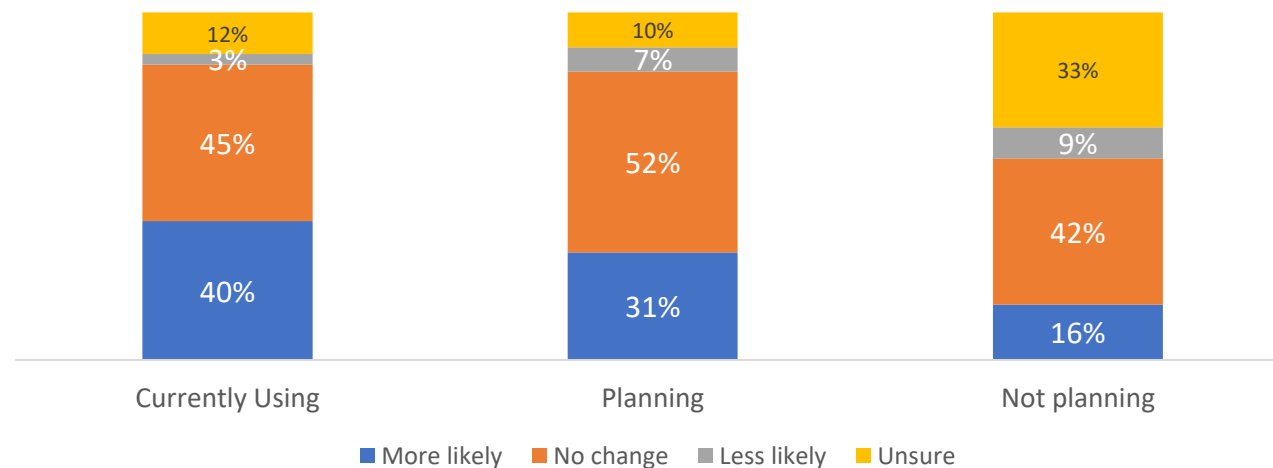
Cloud's impact on PCaaS and WaaS

Cloud SMBs are more likely to adopt PCaaS and refresh PCs because of WaaS as compared to SMBs not using Cloud

Current & planned adoption of PCaaS by Cloud Status



Likelihood of new PC purchase because of Windows-as-a-Service by Cloud Status



PC Security & breaches, Mobility & Cloud Adoption

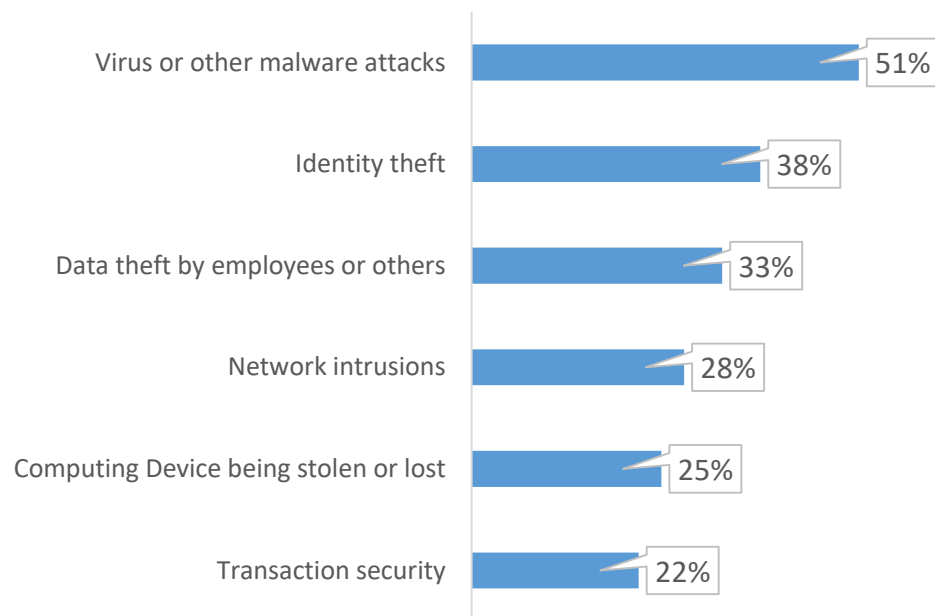




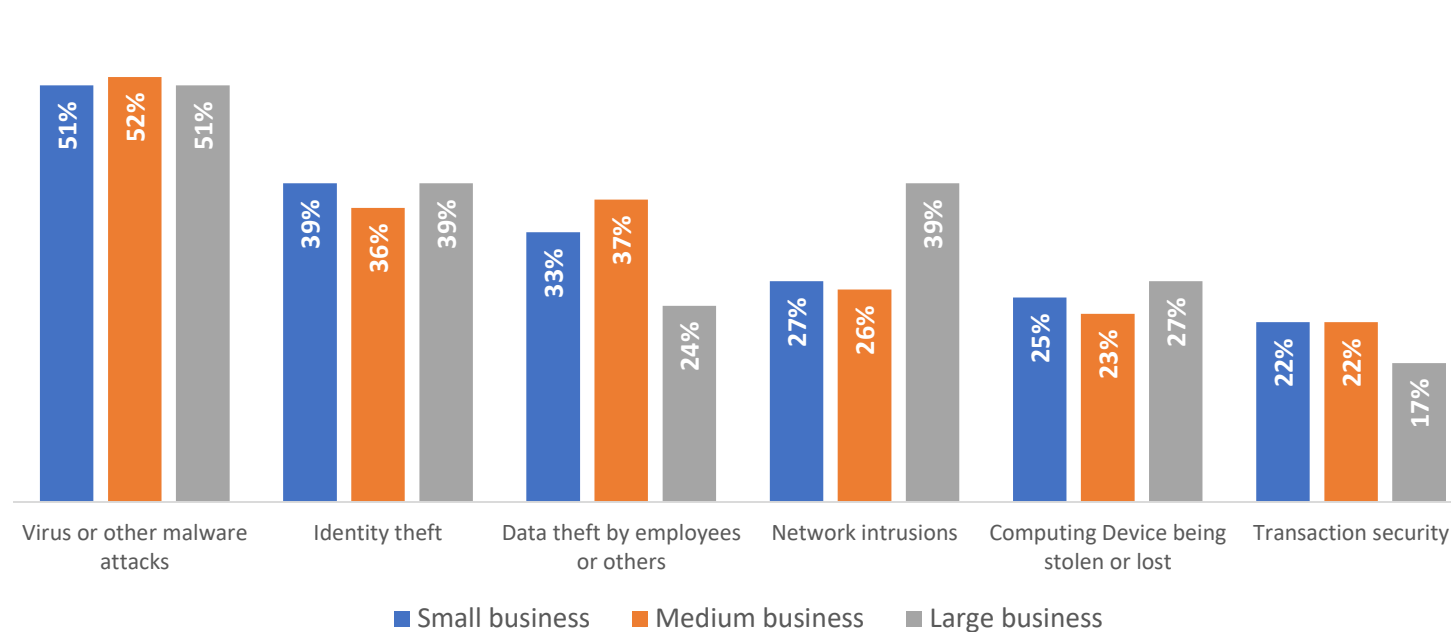
PC Security solutions & concerns:

Almost all SMBs use one or more PC security solutions; SMBs are worried about protection of data entering corporate environment and identity theft

SMB: Biggest PC Security concerns



Biggest PC Security concerns

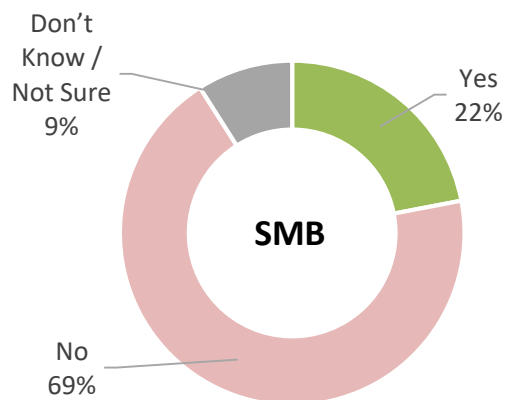




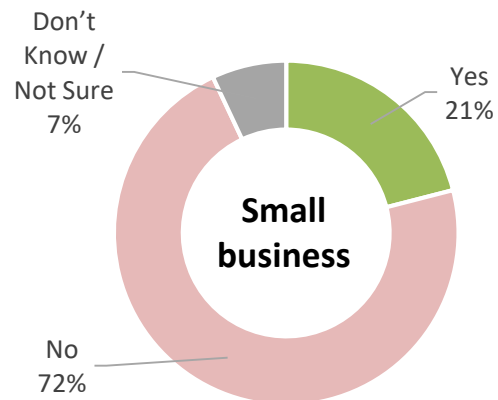
PC Security breaches:

24% of SMBs have experienced PC security breaches (figure may be low because this is what is known and reported)

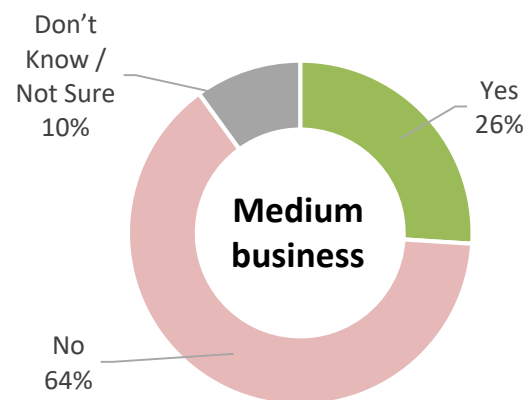
Occurrence of notebook security breach



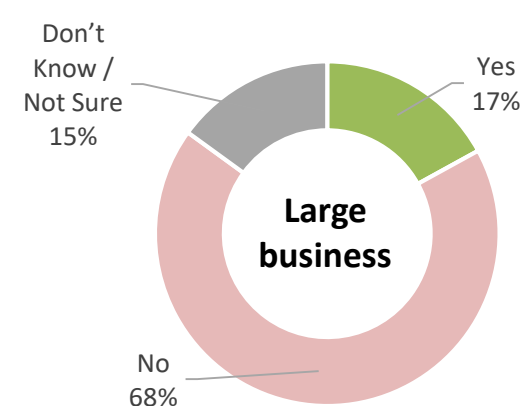
Occurrence of notebook security breach



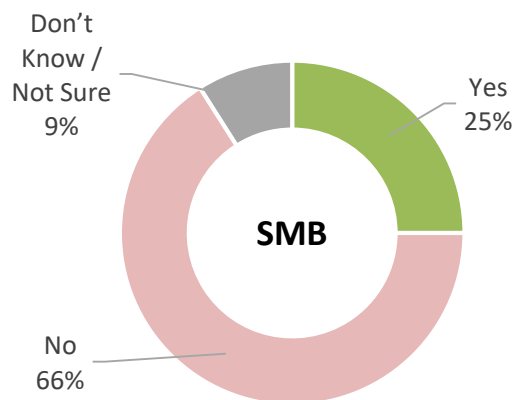
Occurrence of notebook security breach



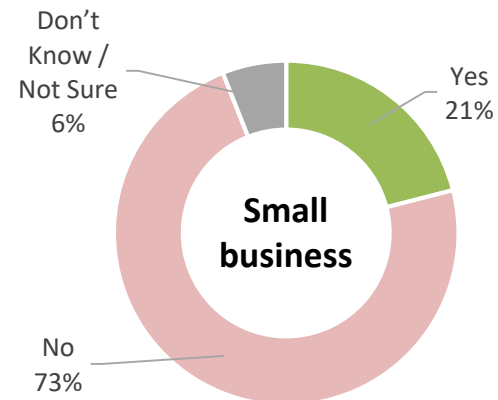
Occurrence of notebook security breach



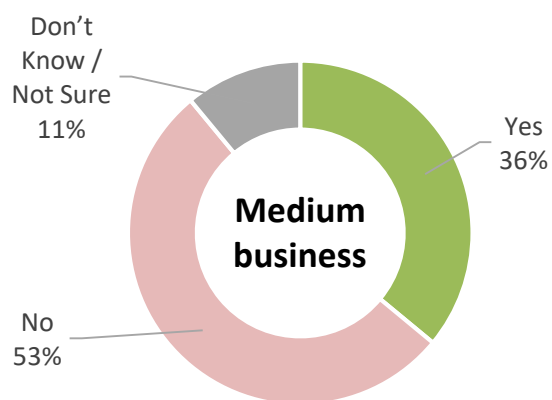
Occurrence of lost or stolen laptops/notebooks



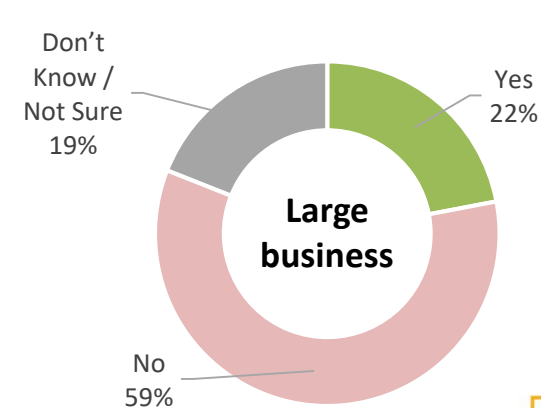
Occurrence of lost or stolen laptops/notebooks



Occurrence of lost or stolen laptops/notebooks



Occurrence of lost or stolen laptops/notebooks





Mobility adoption with SMBs

Less than 1/5th of SMBs have an organization-wide mobility strategy

	Small business (1-99 employees)	Medium business (100-499 employees)	Large business (500-999 employees)	SMB (1-999 employees)
% businesses with organization-wide mobility strategy	11%	21%	24%	15%
% businesses with specific mobility initiatives but no strategy	60%	49%	39%	55%
% employees spending 20%+ time away from workplace	35%	13%	11%	27%
% employees accessing company information from mobile devices	47%	41%	40%	45%
% businesses with mobility security breach	21%	26%	17%	22%



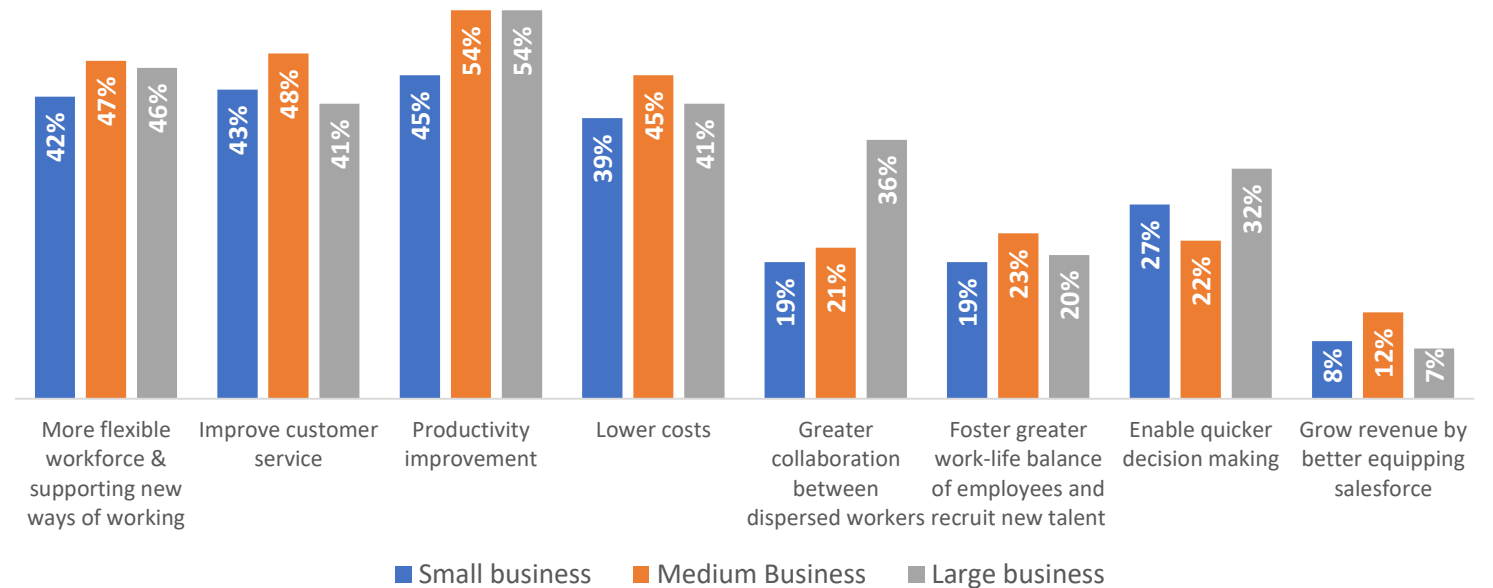
Benefits of Mobility

Empowering the employee is the most dominant benefit of mobility

SMB: Significant benefits of mobile working



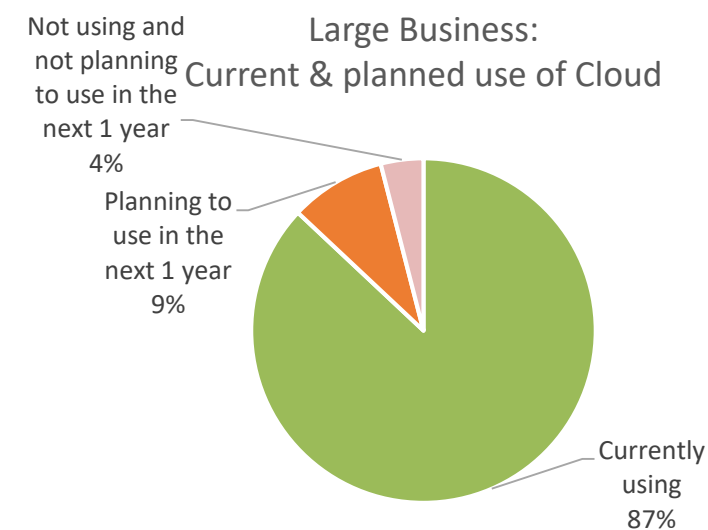
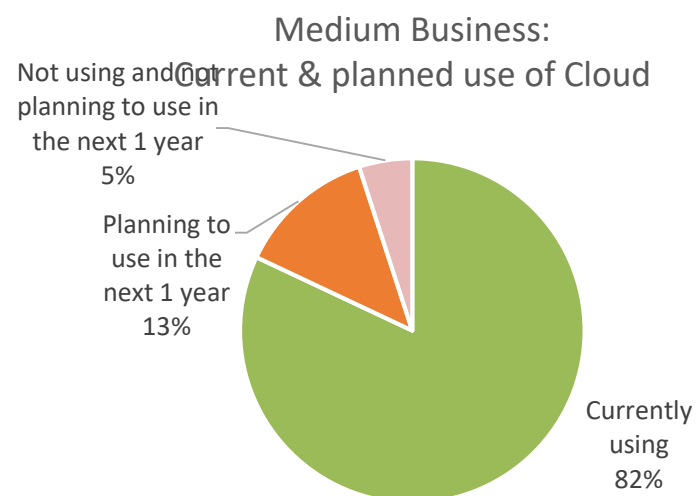
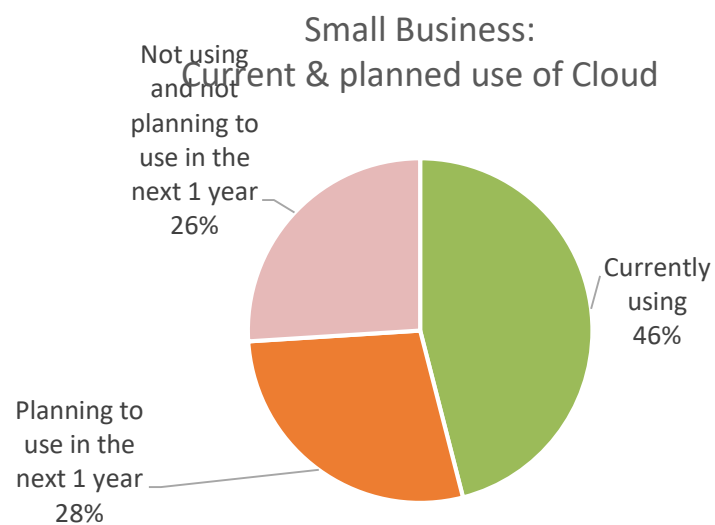
Significant benefits of mobile working





Current & Planned use of Cloud

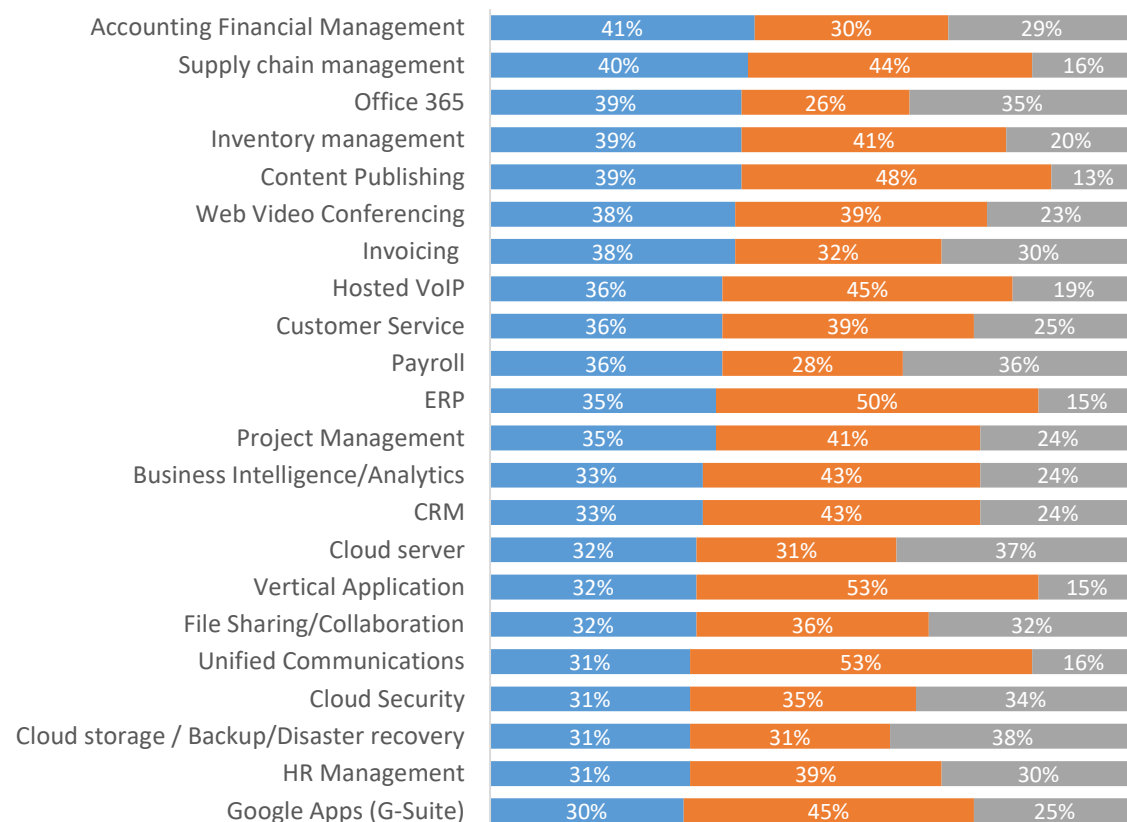
Adoption is almost ubiquitous within large businesses but is still falling behind in the small businesses





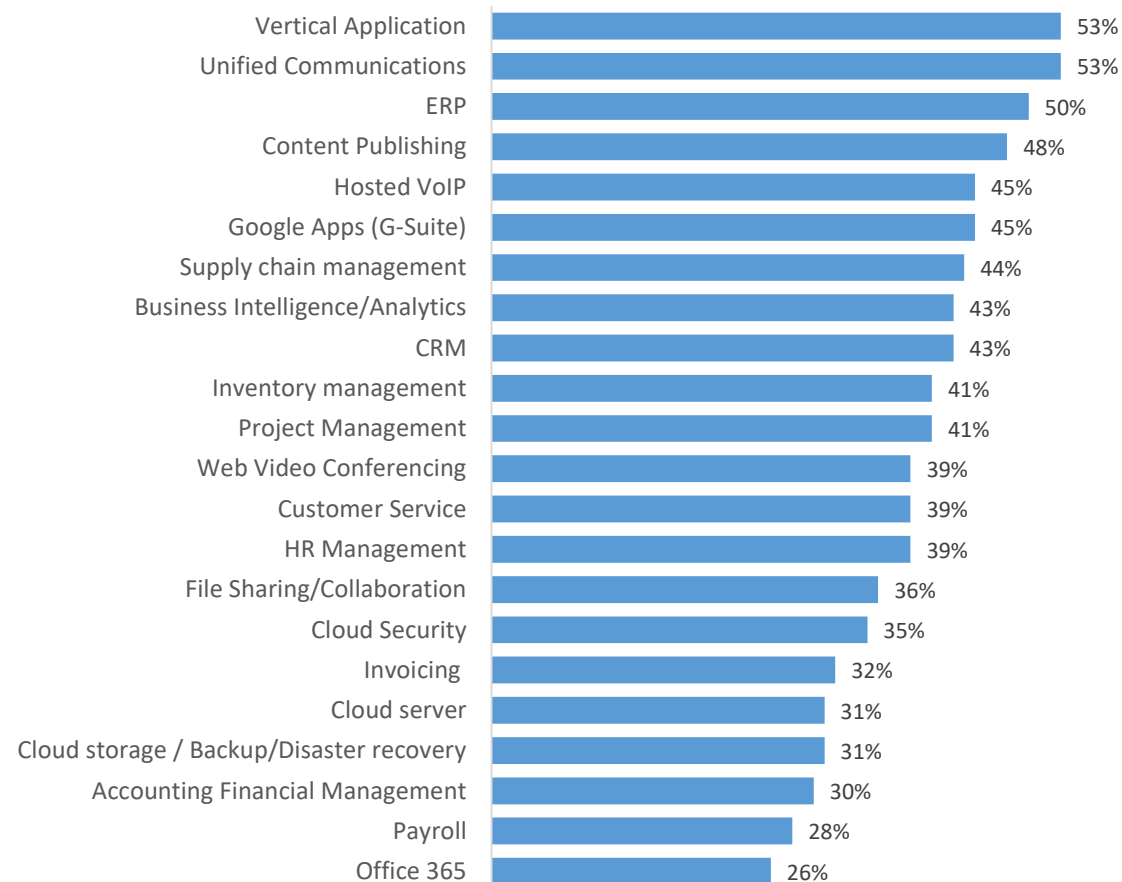
Current & Planned use of Cloud applications

SMB: Current & Planned use of types of cloud applications



■ Currently using ■ Planning to use ■ Not using, not planning to use

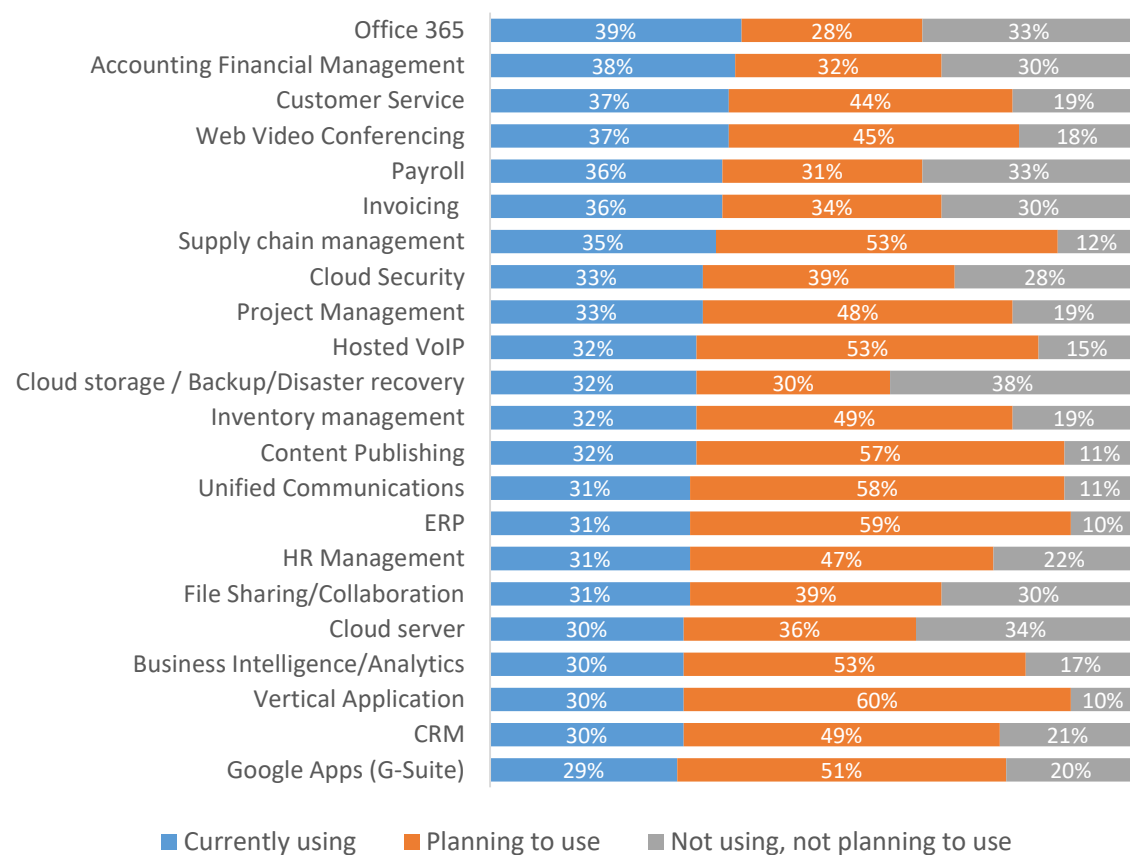
SMB: Cloud applications planning to use (sorted by planned)



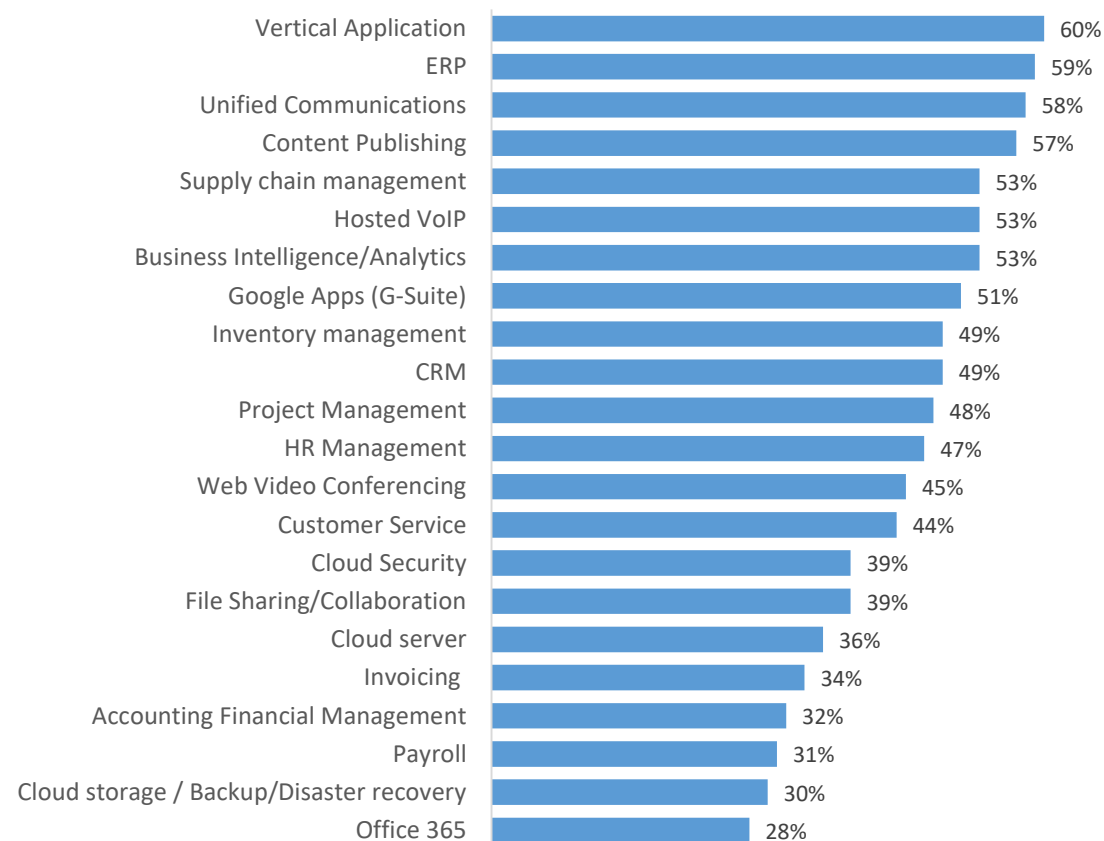


Current & Planned use of Cloud applications

Small business: Current & Planned use of types of cloud applications



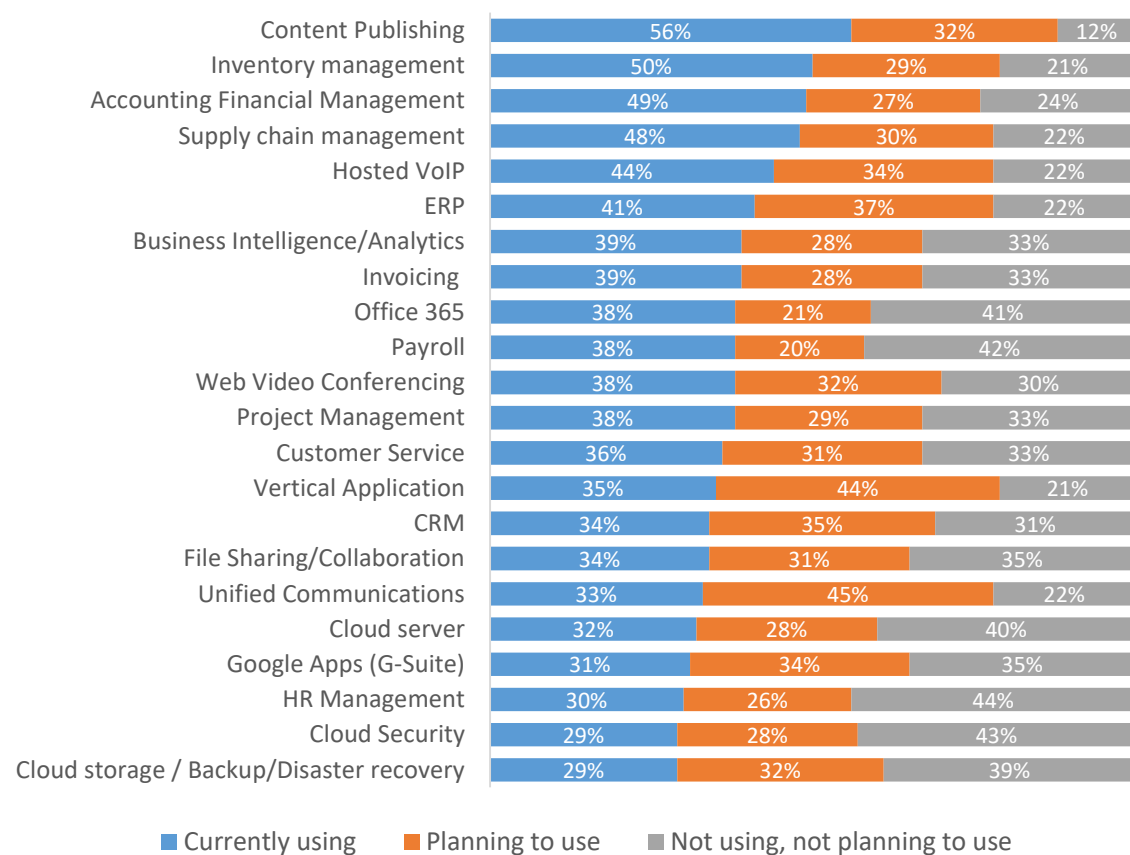
Small business: Cloud applications planning to use (sorted by planned)



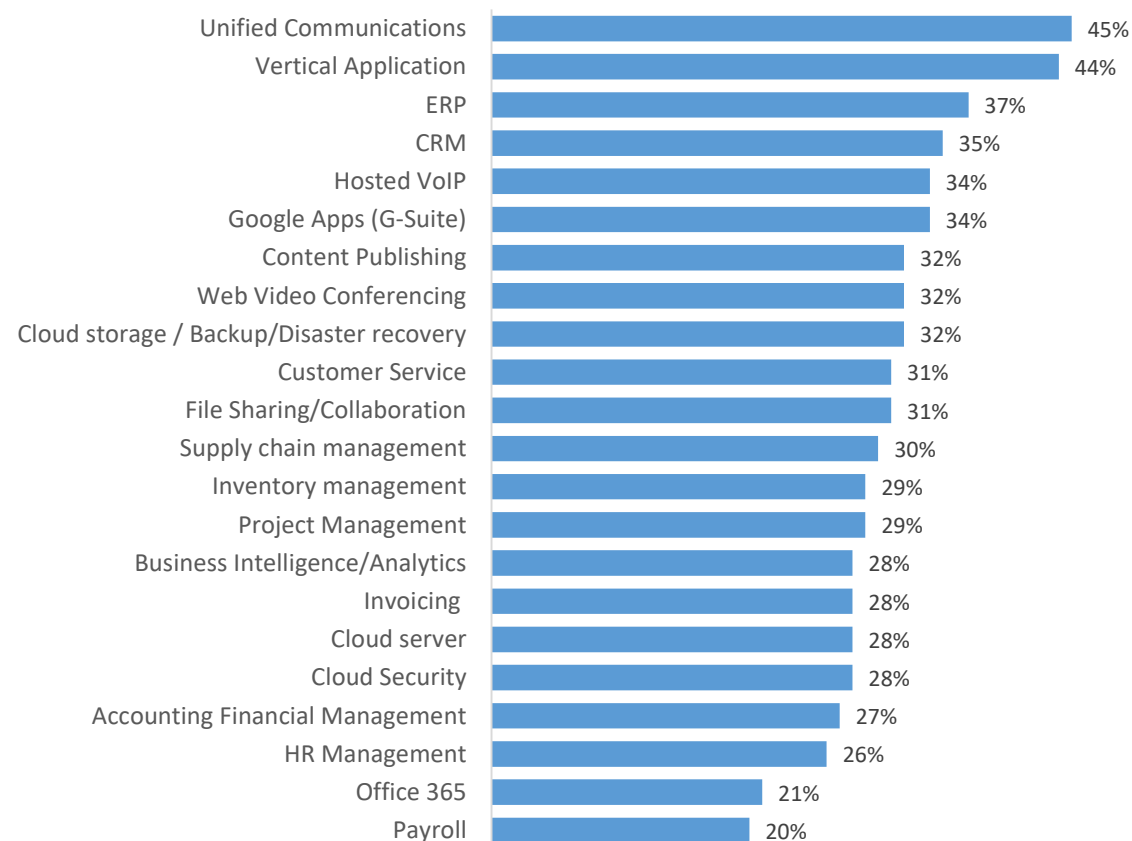


Current & Planned use of Cloud applications

Medium business: Current & Planned use of types of cloud applications



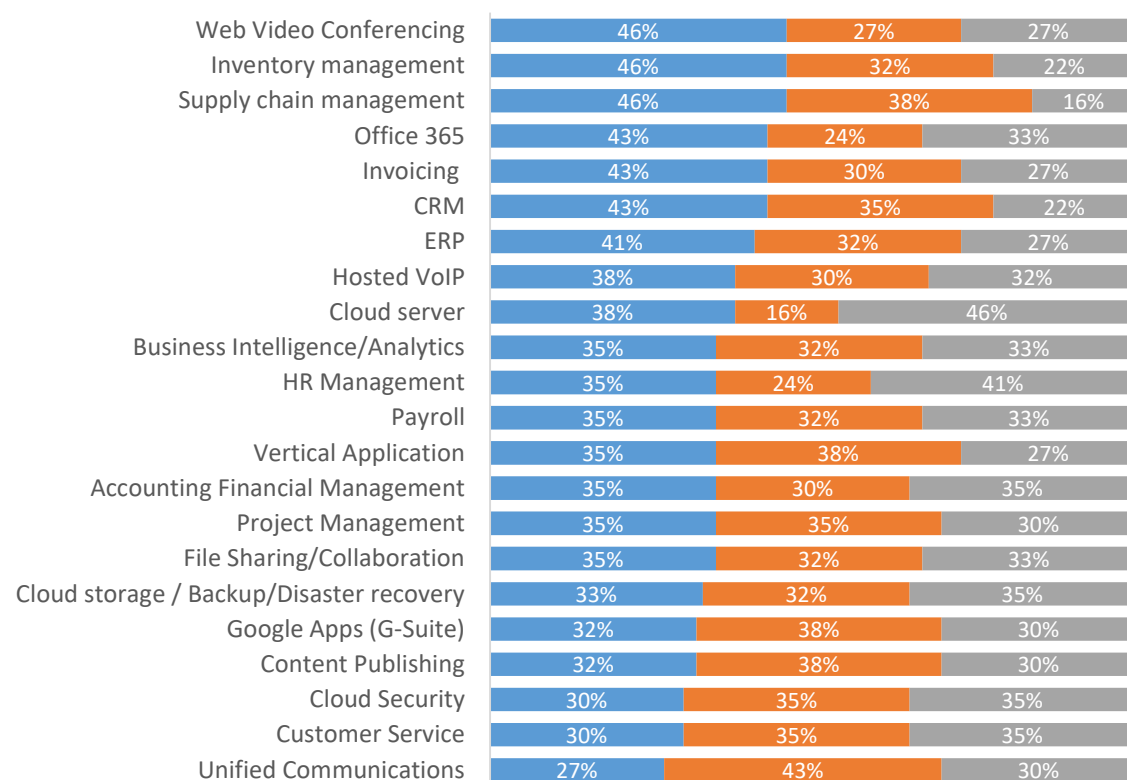
Medium business: Cloud applications planning to use (sorted by planned)





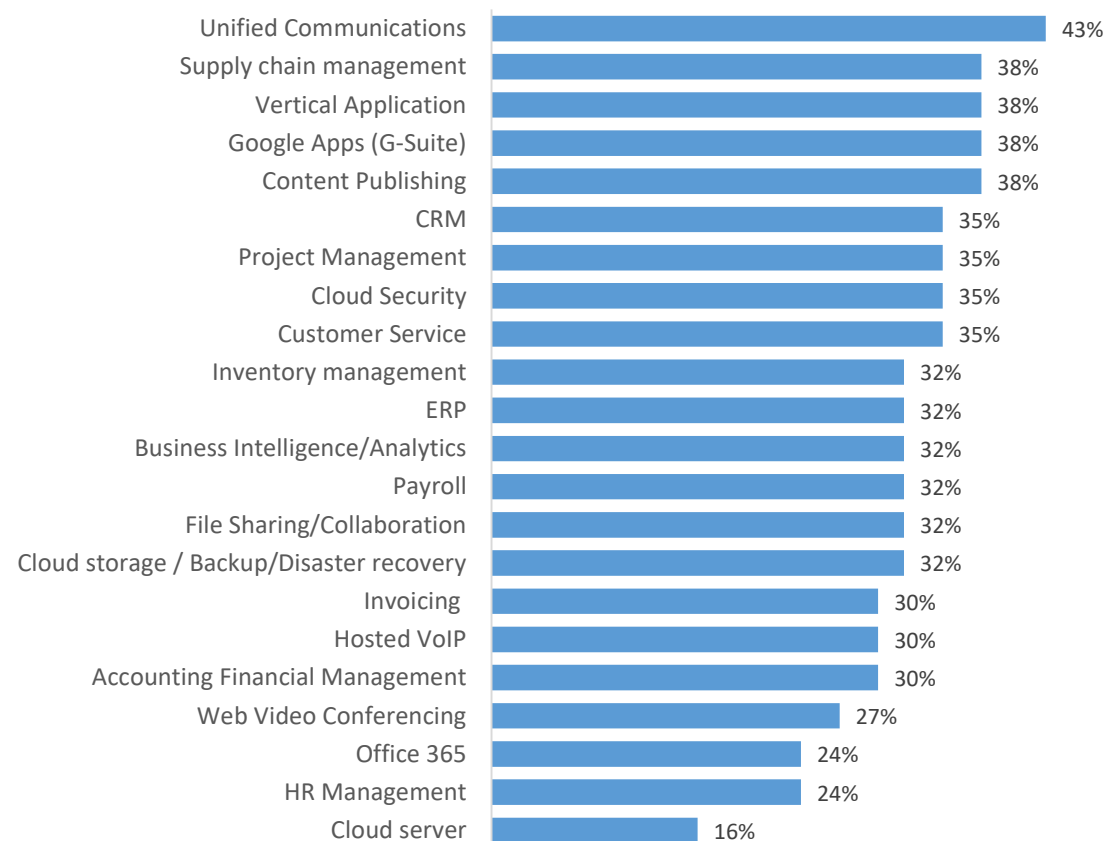
Current & Planned use of Cloud applications

Large business: Current & Planned use of types of cloud applications



■ Currently using ■ Planning to use ■ Not using, not planning to use

Large business: Cloud applications planning to use (sorted by planned)



Business Issues, IT Priorities & IT Challenges





SMB Top 10 business issues, IT priorities and IT challenges

SMB: Top 10 business issues

01	Increasing Profitability	36%
02	Reducing operational costs	35%
03	Increasing business growth	32%
04	Attracting and retaining new customers	27%
05	Keeping pace with competition	26%
06	Improving workforce productivity	23%
07	Reducing costs associated to IT	23%
08	Improving quality of products and processes	20%
09	Digital marketing	20%
10	Focusing on new markets	19%

SMB: Top 10 IT priorities

01	Cloud Solutions	38%
02	PCs (Desktops and Laptops)	35%
03	Mobility Solutions	30%
04	Security Solutions (Cloud & Mobility)	29%
05	Managed Services	27%
06	Internet of Things	21%
07	Collaboration	18%
08	Virtualization	18%
09	Analytics/Business Intelligence	17%
10	Artificial Intelligence	14%

SMB: Top 10 IT challenges

01	Budget constraints	41%
02	Mobile device management	29%
03	Data protection/recovery/business continuity	28%
04	Regulatory compliance	26%
05	Cloud deployment, orchestration	25%
06	Data/application Integration	25%
07	Maintaining current IT infrastructure	25%
08	Workplace transformation	22%
09	Controlling costs and financial justification for IT investment	21%
10	Finding qualified and trained people	19%



Top Business Issues

Small business	Medium business	Large business
<ol style="list-style-type: none">1. Increasing Profitability (40%)2. Reducing operational costs (34%)3. Increasing business growth (30%)4. Attracting and retaining new customers (28%)5. Keeping pace with competition (26%)6. Improving workforce productivity (21%)7. Reducing costs associated to IT (20%)8. Digital marketing (19%)9. Improving quality of products and processes (18%)10. Focusing on new markets (18%)11. Improving effectiveness of sales and marketing (18%)12. Government policies and regulation (17%)13. Attracting and retaining employees (16%)14. Improving speed to market (15%)15. Driving innovation (14%)16. Managing Uncertainty (13%)17. Managing inventory effectively (11%)18. Developing an outsourcing strategy (09%)19. Coordinating supply chain (08%)	<ol style="list-style-type: none">1. Reducing operational costs (36%)2. Increasing business growth (36%)3. Improving workforce productivity (31%)4. Increasing Profitability (29%)5. Reducing costs associated to IT (28%)6. Keeping pace with competition (26%)7. Improving quality of products and processes (25%)8. Attracting and retaining new customers (22%)9. Government policies and regulation (22%)10. Focusing on new markets (21%)11. Managing inventory effectively (21%)12. Attracting and retaining employees (21%)13. Improving speed to market (20%)14. Digital marketing (19%)15. Driving innovation (19%)16. Coordinating supply chain (15%)17. Managing Uncertainty (14%)18. Improving effectiveness of sales and marketing (14%)19. Developing an outsourcing strategy (09%)	<ol style="list-style-type: none">1. Reducing operational costs (37%)2. Increasing Profitability (32%)3. Increasing business growth (29%)4. Keeping pace with competition (27%)5. Digital marketing (27%)6. Driving innovation (27%)7. Government policies and regulation (27%)8. Attracting and retaining new customers (24%)9. Reducing costs associated to IT (24%)10. Improving effectiveness of sales and marketing (24%)11. Focusing on new markets (20%)12. Improving quality of products and processes (17%)13. Improving workforce productivity (17%)14. Improving speed to market (17%)15. Managing inventory effectively (17%)16. Attracting and retaining employees (17%)17. Coordinating supply chain (15%)18. Developing an outsourcing strategy (12%)19. Managing Uncertainty (10%)



Top IT Priorities

Small business	Medium business	Large business
<ol style="list-style-type: none">1. Cloud Solutions (38%)2. PCs (Desktops and Laptops) (38%)3. Mobility Solutions (28%)4. Managed Services (27%)5. Security Solutions (Cloud & Mobility) (26%)6. Internet of Things (19%)7. Collaboration (17%)8. Analytics/Business Intelligence (13%)9. Virtualization (13%)10. Artificial Intelligence (13%)11. Hyperconverged/Converged Infrastructure solutions (11%)12. Virtual Reality/AR (11%)	<ol style="list-style-type: none">1. Cloud Solutions (39%)2. Security Solutions (Cloud & Mobility) (34%)3. Mobility Solutions (33%)4. Managed Services (33%)5. PCs (Desktops and Laptops) (30%)6. Internet of Things (26%)7. Virtualization (23%)8. Analytics/Business Intelligence (22%)9. Artificial Intelligence (18%)10. Collaboration (14%)11. Hyperconverged/Converged Infrastructure solutions (14%)12. Virtual Reality/AR (11%)	<ol style="list-style-type: none">1. Virtualization (39%)2. Collaboration (37%)3. Cloud Solutions (34%)4. Mobility Solutions (32%)5. PCs (Desktops and Laptops) (32%)6. Security Solutions (Cloud & Mobility) (32%)7. Analytics/Business Intelligence (22%)8. Internet of Things (22%)9. Managed Services (20%)10. Hyperconverged/Converged Infrastructure solutions (15%)11. Virtual Reality/AR (15%)12. Artificial Intelligence (07%)



Top IT Challenges

Small business	Medium business	Large business
<ol style="list-style-type: none">1. Budget constraints (40%)2. Mobile device management (27%)3. Regulatory compliance (26%)4. Data protection/recovery/business continuity (24%)5. Cloud deployment, orchestration (24%)6. Data/application Integration (24%)7. Maintaining current IT infrastructure (23%)8. Controlling costs and improving financial justification for continued IT investment (23%)9. Workplace transformation (21%)10. Finding qualified and trained people (17%)11. Migrating to more modern hardware and/or software platforms (12%)12. Implementing new strategic IT applications to improve organization's competitiveness (10%)13. Implementing omni-channel capabilities (03%)	<ol style="list-style-type: none">1. Budget constraints (41%)2. Mobile device management (36%)3. Data protection/recovery/business continuity (36%)4. Cloud deployment, orchestration (30%)5. Maintaining current IT infrastructure (30%)6. Data/application Integration (26%)7. Finding qualified and trained people (25%)8. Regulatory compliance (24%)9. Workplace transformation (22%)10. Controlling costs and improving financial justification for continued IT investment (21%)11. Implementing new strategic IT applications to improve organization's competitiveness (17%)12. Migrating to more modern hardware and/or software platforms (11%)13. Implementing omni-channel capabilities (02%)	<ol style="list-style-type: none">1. Budget constraints (44%)2. Regulatory compliance (32%)3. Data protection/recovery/business continuity (29%)4. Workplace transformation (27%)5. Data/application Integration (27%)6. Maintaining current IT infrastructure (24%)7. Implementing new strategic IT applications to improve organization's competitiveness (24%)8. Cloud deployment, orchestration (22%)9. Mobile device management (20%)10. Finding qualified and trained people (20%)11. Migrating to more modern hardware and/or software platforms (12%)12. Controlling costs and improving financial justification for continued IT investment (10%)13. Implementing omni-channel capabilities (02%)