Financial solutions to enable your PC lifecycle strategy

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Executive Summary

Digital transformation is impacting businesses in profound ways.

The nature of how and where employees work is changing. Employees are demanding more flexibility and have higher expectations with respect to the devices they use to work. While the resulting workforce transformation will undoubtedly improve productivity, it will also increase requirements for a multitude of device options and services.

How can you help your organization meet the increasing demands?

- Systematic and consistent life-cycle analysis will enable a disciplined equipment renewal process – which in turn will help your organization meet the rising needs of your workforce.
- Shorter average life cycles, well-defined IT management practices, and disciplined IT equipment portfolio management will both enable workforce transformation and optimize total cost of ownership.
Rethinking device procurement can impact the transformation of your workforce

Reconsidering traditional procurement options is an important step in helping organizations manage their devices more flexibly and predictably.

Enterprises have procurement choices when investing in PC assets:

- **Buy**: large capital outlay upfront to purchase the PC assets.
- **Lease (rotational)**: a predictable model that lowers total cost of computing, facilitates technology refresh strategy and preserves capital with a fixed rate for the term of the agreement. At the end of the term, customers have the option to renew, return or buy the equipment.
- **PCaaS**: a flexible arrangement in which procurement, deployment, device management, and lifecycle management are all handled by one third-party vendor with one contract.

Choosing the correct model requires thorough analysis of all aspects of PC procurement. A systematic approach to device lifecycle management will produce better and more consistent IT functionality at lower total cost across multiple generations of IT equipment.
Leasing provides options for flexible asset management including end of life options such as fair market value buyouts or equipment return, and protection from technology obsolescence.

In addition, leveraging leasing in a comprehensive PC asset management strategy removes many of the burdens associated with rapid deployments because of its planned migration options.
Why does older hardware cost more in the long run?

Because during years 4-6, the average support and maintenance costs increase BY MORE THAN 209%

Maintaining PC operations using older hardware is costly. Frequently, the operating system (OS) is not optimized for the hardware platform on which it is running, causing incompatibilities that require frequent patching, additional testing, increased help desk calls and time spent troubleshooting.

#### Scenario #1
One PC/Laptop for six years

- **Total:** $5,507
- **Per Year:** $918

#### Scenario #2
Two PC/Laptops - each three years

- **Total:** $3,978
- **Per Year:** $663

Source: IDC Custom Research 2018
Why Lease? IDC research underscores the top advantages of leasing IT equipment instead of purchasing

**Protection from Technology Obsolescence:**
Puts structure around infrastructure upgrades and ensures a refresh schedule for equipment.

**Conservation of capital:**
Saves capital to invest in the business versus using it on the infrastructure to run the business.

**Budget payment flexibility:**
Allows payments based on cash flow or budget requirements and provides more visibility into monthly costs.

**Operational flexibility:**
Enables equipment depreciation over the term of the lease and take advantage of the continually improving price/performance curve of refresh.

**Reduce equipment value risk:**
Transfers the risk of obsolescence from the lessee to the lessor and removes customer from task of remarketing equipment.

**Secure equipment disposal:**
Lessor guarantees safe and secure disposal within current regulatory guidelines.

**Upgrade flexibility:**
Allows for the possibility of equipment refresh within the lease term.
Another viable option to help shorten equipment life cycle and support Workforce Transformation - is PC as a Service (PCaaS)

IDC research indicates that US enterprises believe deploying a PCaaS model will shorten their PC refresh cycles by:

Desktop: 5.4 months  Notebook: 5.6 months

Deploying a PCaaS strategy enables customers to reduce spiraling maintenance and support costs experienced via buy models - through automation and at a competitive monthly cost. Typically, the cost savings from using PCaaS enables the enterprise to offer end users an improved PC asset.

PCaaS adoption continues to increase due to the bundled services that are part of the offer and the per seat pricing transparency. IDC research indicates that most customers select a trusted partner (vendor or VAR) for these models.
The PCaaS model meets IDC criteria for a well-defined management practice.

DFS** PCaaS as an option:

- Companies use PCaaS models to improve their life cycle strategies and reduce burden on IT staff.
- They work with a trusted partner to oversee these new engagement models.
- These PCaaS offerings are available direct or with a Dell channel partner.

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Methodology & Definitions

Methodology

The metrics depicted in this InfoBrief were informed by and derived from an amalgamation of IDC research. A wide variety of organization sizes and types were used to create these metrics. The costs reflect the best available data and represent costs incurred in an average organization. Some organizations may have lower costs.

Definitions

**Acquire Costs**
PCs: includes cost of laptop, extended warranty, OS, and baseline anti-virus software (as of Q3 2018)

**Deploy Costs**
PCs: includes time cost of deploying/installing

**Support Costs**
PCs: includes cost of software/OS updates, repairs, help desk operations

**Upgrade Costs**
PCs: includes cost of scheduled OS and hardware upgrades

**Retire Costs**
PCs: includes time cost of retiring / decommissioning