

LENOVO WHITEPAPER

Device as a Service

A complete IT hardware and services solution in a single subscription fee



Device as a Service and the move to a subscription economy

THE SUBSCRIPTION ECONOMY

Customer behavior is changing. Customers want to pay for what they want, when they want it and eliminate unnecessary waste. They want to be dealt with as an individual, not as a segment. They no longer want mass market products but customization to fit their specific needs. As customers demand flexibility and customization, new business models arise to reach these customers, and the subscription-based economy spreads into non-traditional industries.

Subscription-based selling is nothing new. Companies like magazine publishers have been offering their goods and services for a monthly fee for years. However, more recently, a large number of industries have begun to pivot away from traditional go-to-market approaches to better meet customers' expectations. Companies

Companies like:

- Microsoft
- Netflix
- Amazon Prime
- Spotify

... offer subscription services for products and services that have been around for decades.

like Microsoft, Netflix, Amazon Prime, and Spotify to name a few, offer subscription services for products and services that have been around for decades. The PC and Smart Device industry is no different. It is yet another industry that has recognized the need for customization and introduced an innovative way to meet the demands of its business customers.

WHAT IS Device AS A SERVICE?

For organizations large and small, refreshing a fleet of personal computing devices every three to four years can involve substantial costs, especially when considering peripheral expenditures for procurement, deployment, training, support, recovery, and asset management.

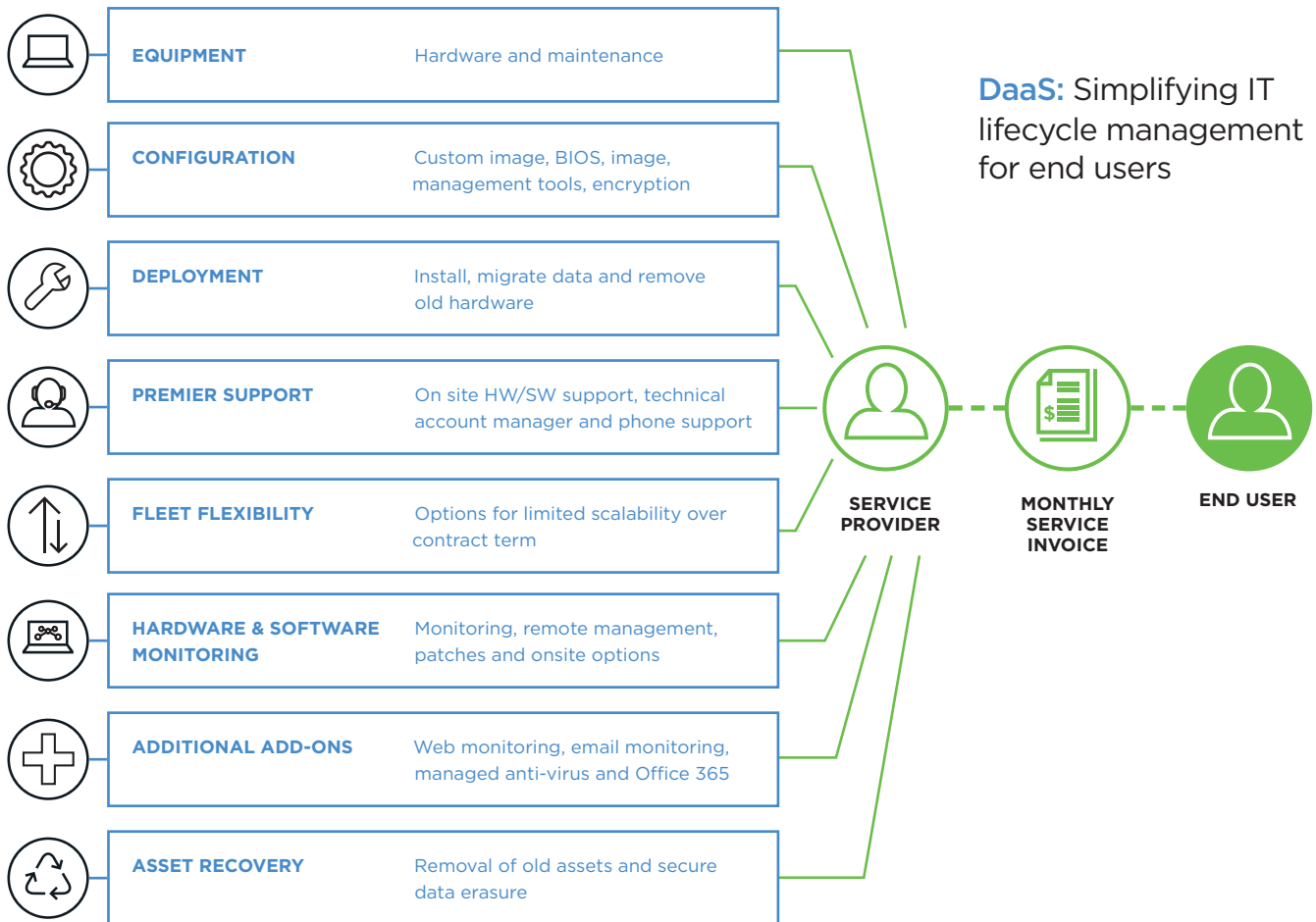
Device as a Service (DaaS) helps organizations mitigate these costs by taking a typical hardware device (such as a laptop, desktop, tablet, or mobile phone), bundling it with a variety of services and software, and offering it to a customer for a monthly subscription fee. It gives customers one contract and just one provider to hold

accountable. And unlike hardware leasing, organizations get a holistic solution that allows for broad flexibility to scale the hardware over time. Customers are also given the ability to leave the challenges of lifecycle management to the DaaS provider, allowing the organization to stay focused on its core business.

A RECENT IDC SURVEY FOUND THAT

40.2%

OF RESPONDENTS HAVE ENGAGED OR ARE PLANNING TO ENGAGE IN DaaS IN THE NEXT 12 MONTHS TO ADDRESS THEIR IT NEEDS.



The business benefits of Device as a Service

CASH FLOW MANAGEMENT

For organizations struggling to stay competitive in their industry, conducting business in the post-financial crisis world often means a higher cost of capital and deeper constraints on liquidity.

Typically, organizations are required to incur huge, upfront capital expenditures when refreshing their devices. Many organizations today simply do not have additional capital to spend on non-

revenue driving activities which forces them to delay device updates at the cost of productivity. The DaaS model allows organizations to shift large IT budget allocations to more manageable cash flows over a planned period of time. It also presents a lower Total Cost of Ownership (TCO) figure to decision makers and allows them to make more strategic decisions regarding the organization's future investments.

FLEXIBILITY

As a subscription service, DaaS provides options for an organization to quickly scale up or down based on the current operating environment and business need.

Whether growing or downsizing, organizations can pay for exactly what they need, when they need it. Organizations will

no longer be stuck with obsolete hardware, especially as technological innovation continues to outpace the average life span of devices. This means avoiding accelerated depreciation schedules and financial losses related to poor liquidation values at the end of a device's life.

ENHANCED PRODUCTIVITY

Industry experts agree that a three year refresh cycle is the optimal length of time for computing hardware.

This allows the company to avoid unnecessary costs related to energy efficiency, security and most of all, workforce productivity. According to research conducted by Intel Corporation, small business workers lose more than one work week per year due to antiquated PCs, not to mention the morale-killing effects

and employee frustration that comes with using outdated technology.

Additionally, those same businesses are spending 30% more to repair PCs that are 4 years or older compared to newer PCs. In many cases, repair costs for older personal computers can exceed the purchase price of new PCs. With a DaaS subscription, the organization always has access to the latest technology and avoids costly repairs and productivity delays from aged devices.

MOBILITY

Work styles and environments are changing. Corporate cultures are rapidly shifting from a sedentary, fixed-schedule structure to a “work anywhere, anytime, with any device” mantra.

Following this trend, software companies have begun to shift from products made for laptop/desktop PCs to fully functioning

mobile apps that allow users to be mobile as they work. DaaS providers are also following these trends and are bundling a variety of software and services designed to enhance a user’s mobile experience and reduce the costs to an organization interested in providing such an environment to its workforce.

IT BENEFITS

IT support is often one of the largest annual expenses an organization incurs.

Whether its configuration and deployment or IT helpdesk services for its employees, IT expenses often amount to a significant portion of an organization’s operating budget. DaaS and the bundled services it offers with hardware, allow an organization to strategically outsource costly individual IT requirements or completely rid itself of

the entire PC support lifecycle, reducing the burden on internal teams and more importantly, on the organization’s profitability.

Additionally, invaluable tracking and reporting dashboards that provide detail on asset tracking, usage, software installation, and outages can be added as a part of the service.

DaaS is the future

The world of PC-buying is changing, and the Device as a Service model is the future.

As business models change and product offerings become more customized, decision makers are recognizing how DaaS will benefit their organizations.

They are finding that this type of monthly subscription model offers the cost-savings

and flexibility they haven’t been able to find with traditional PC purchasing models.

Organizations no longer need to compromise on productivity because operating budgets deprioritize IT investment. They can now run their businesses at optimal levels with the confidence that their limited investment dollars are being efficiently allocated.