3stepIT

The State of Business IT 2020

Exploring the IT trends and challenges for businesses in 2020 and beyond



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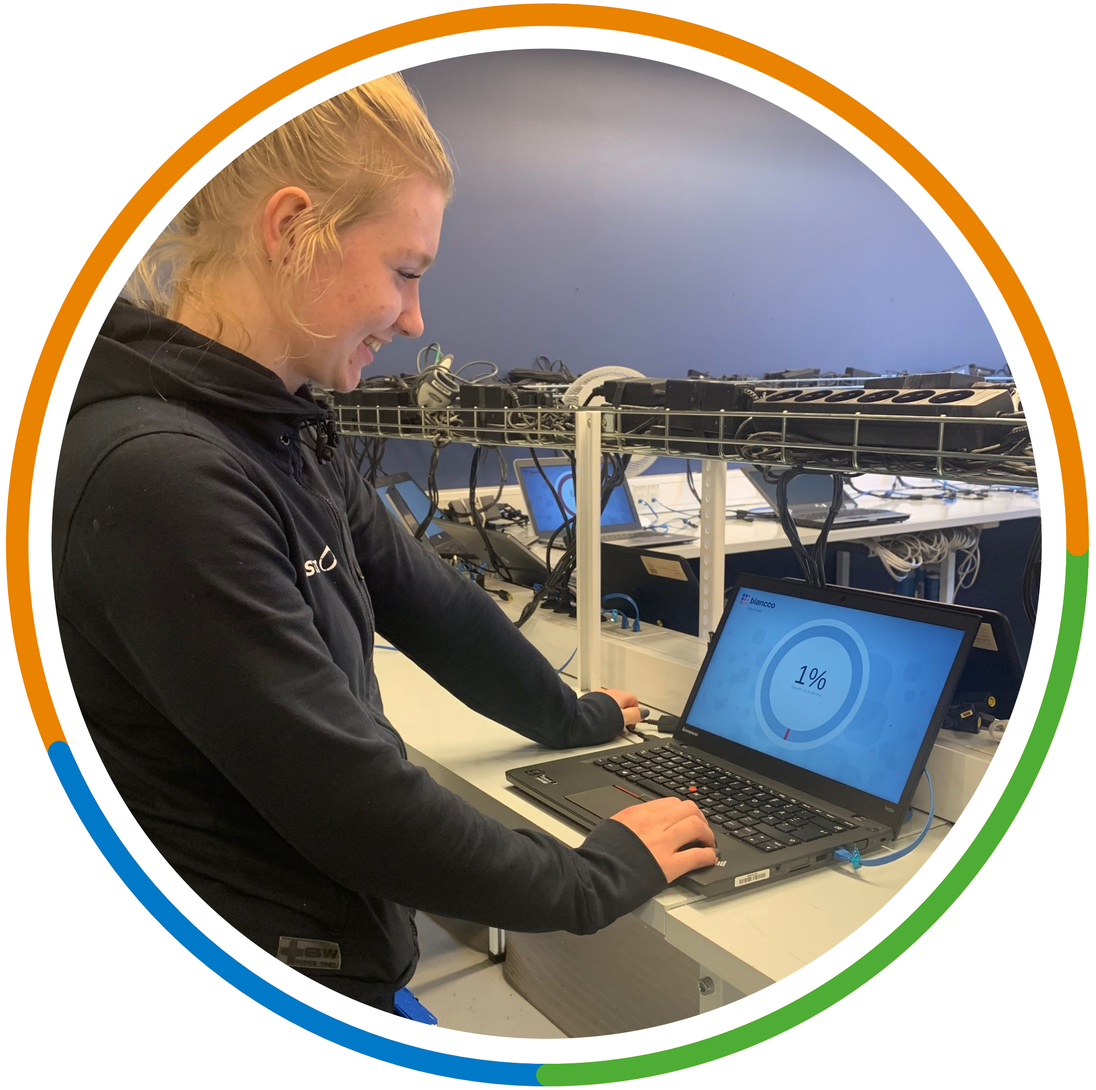


Introduction

As the Covid-19 pandemic emptied offices and created a new generation of mobile workers, businesses around the world were forced to make a rapid and unplanned transition to remote working. For many companies, the IT department became the unsung hero of the crisis, playing a pivotal role in ensuring continuity, resilience and productivity.

Now, as businesses large (500+ employees), medium (200-499), and small (50-199) look to understand the long-term effects of the pandemic , there are still significant challenges for IT managers to overcome to build resilience and manage continued operational disruption and financial pressure.

As our research shows, a big shift is underway, with desktops PCs being retired in favour of mobile technology, such as laptops and tablets - stretching IT budgets and potentially compounding the global electronic waste (e-waste) crisis.



The world already generates **53.6 million metric tonnes of e-waste each year, according to the UN's 'Global E-Waste Monitor 2020'** - the equivalent of throwing away 1,000 laptops every second - and the impact of the Covid-19 crisis on these figures is yet to be seen.

Both governments and business must confront this growing environmental challenge now, as despite the pandemic, consumer pressure to act on climate change has not disappeared.

With e-waste on the rise, flexible working here to stay, and IT budgets forced to go much further than before, there is no shortage of challenges ahead.

As this report reveals, **the leading IT decision makers are adopting new, more sustainable ways of managing IT that delivers technology's many benefits – productivity, creativity, collaboration – through access to IT devices, not ownership of them.**

We discuss the road ahead for IT decision makers, as they balance the demands of business resilience, financial responsibility and sustainability in the context of Covid-19.



Key findings

Flexible working



29%
of desktop PCs are **sitting idle as a result of increased home working**



84%
of companies purchased additional hardware to **enable employees to work at home during Covid-19**



60%
of companies plan to allow employees to **work from home in the future**

Sustainable IT



25%
of organisations **lock old or broken IT assets away**



10%
of businesses say **they dump their old IT devices in landfill**



63%
of companies think governments **should help dispose of old tech responsibly**

Access vs Ownership



20%
of organisations **replace desktop PCs every one to two years**



54%
of businesses are looking for **new ways to acquire assets**



34%
of companies currently **finance some or all of their IT assets**



Flexible working and the impact of Covid-19

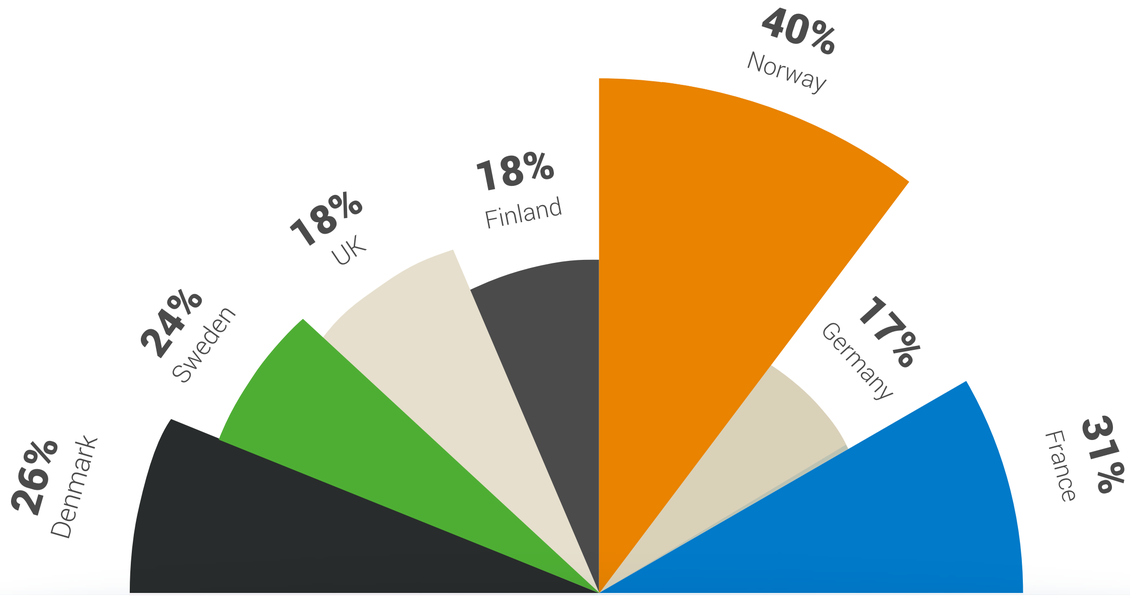
Refocusing IT strategy & budget

From ways of working to IT investment plans, the pandemic has induced significant change. Over half of IT decision-makers (54%) cited Covid-19 as the top factor driving changes in spending in 2021. Other top factors include changing IT infrastructure (43%) and updating software to reflect the needs of the current business environment (33%).

Our research reveals that the majority (84%) of firms across Europe made quick investments at the beginning of the Covid-19 outbreak to enable employees to work from home, with an average **24% increase on last year's budget to provide new IT equipment.** This initial outlay supported the emergency transition, but more is required.

Overall, firms are expecting budgets to rise this year (61%), with an average increase of almost 25% in the next 12 months, as organisations continue to manage the fallout from the Covid-19 pandemic. A quarter (25%) of businesses believe their budgets could increase by as much as 30%. **With the average IT budget over €2.98m, this means some businesses are looking at an additional investment of over €880,000.**

Budget increases to enable homeworking (%)



84% of business in Europe had to make quick investments in IT provisions at the start of the Covid-19 pandemic.

Supporting the new mobile workforce

Technology investment over the next 12 months will be heavily influenced by the changes required to manage the Covid-19 pandemic and support a new-look mobile workforce.

The priority workforce purchases for the next year:

52%
Laptops

35%
Software

26%
Cloud Based

Over the next year, IT strategies will also become increasingly focused on facilitating social distancing (47%) and increased home working (46%) to reflect the changing needs of employees.

And companies clearly expect the increase in home working to become a permanent trend, **with 60% planning to allow employees/more employees to work from home and 56% planning to offer more flexible working hours** Investment plans also support the change, as nearly half (47%) plan to increase investment in remote working

Organisations are now investing in a mobile workforce for the long term and the temporary and emergency technology packages put in place to enable home working will require review. For many this will represent a significant and unplanned upfront cost, potentially draining company cash reserves when they can least afford it.



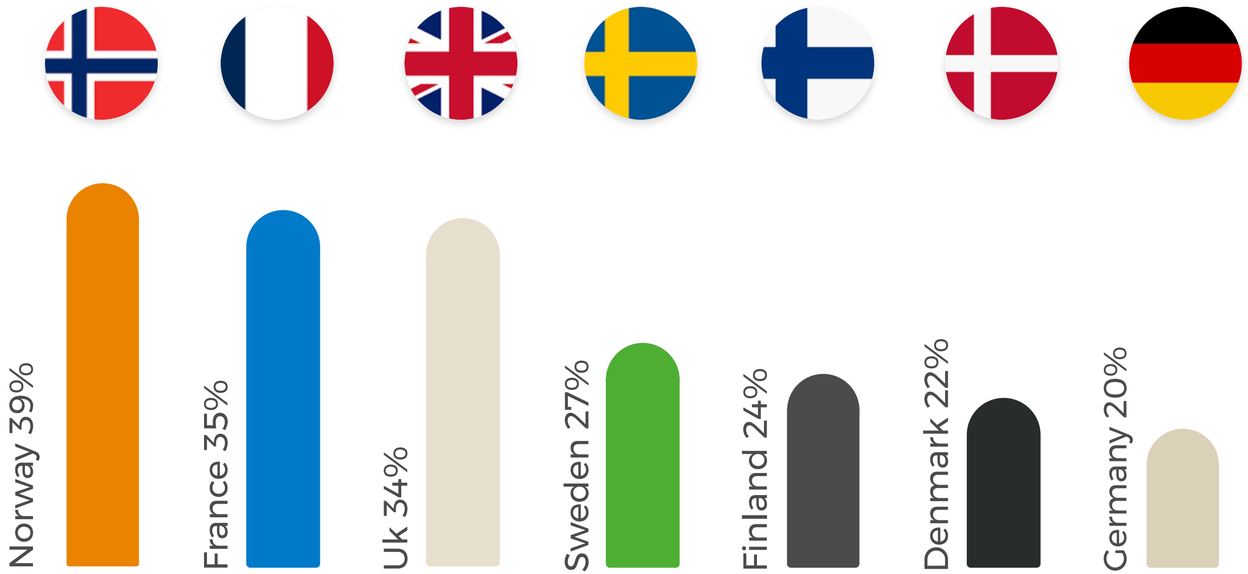
Desktops abandoned in favour of mobile IT

Almost **one third (29%) of desktop PCs have been 'made redundant' and left abandoned in office spaces**, as European workforces shifted to work from home during the Covid-19 lockdown.

Our research revealed that even as many businesses start to head back into the office, **almost a quarter (23%) of desktop PCs are not expected to be required over the next year.** More than half of IT decision makers (52%) said increased spending in laptops would be the main focus for IT investment over the next 12 months, echoing trends in the industry which show a boom in demand for mobile technology.

Redundant business technology represents both an opportunity and risk. It often holds residual value which businesses can capitalise on to fund their transition to new, flexible ways of working. But with many businesses still failing to recognise this opportunity, this now redundant office equipment could be at risk of ending up in landfill.

Desktop PCs that will not be needed as a result of home working





Electronic waste and the need for sustainable IT

Committing to sustainable IT

As the climate debate intensifies consumers and investors are demanding greater responsibility from businesses, sustainability has inevitably risen up the corporate agenda.

While plastic hit the headlines early, the environmental impact of corporate technology consumption is still an emerging issue.

By 2040, it is predicted that **14% of all carbon emissions will derive from the production and use of electronics, including devices like PCs, laptops, monitors, smartphones and tablets.**

With e-waste also on the rise, our research shows a lack of clarity among businesses about how to dispose of old and unwanted IT sustainably.

There is a lack of clarity about how to dispose of IT sustainably



One in ten IT decision makers **admit to dumping old IT assets in landfill**



A quarter (26%) of organisations lock old or broken IT assets away.



5% have no policy in place to handle asset disposal.

Attitudes towards e-waste vary across Europe

There are notable differences in attitudes to electronic waste across Europe: just 6% of French companies would dump IT equipment, compared with 10% of German companies and 18% of Danish businesses adopting this approach.

This issue is compounded with just **two thirds (63%) of IT leaders claiming to know where their e-waste ends up**. But with businesses making a significant contribution to the global problem, pressure to adopt more sustainable practices is on the rise.

39% Just over a third of EU businesses measure the carbon footprint of their IT assets.

Our findings also highlight a gap in where IT departments could be making a significant and positive contribution to a company's overall sustainability record. Just under a third of businesses measure the carbon footprint of their IT assets, despite the widespread and global practice of carbon reporting in other business areas.



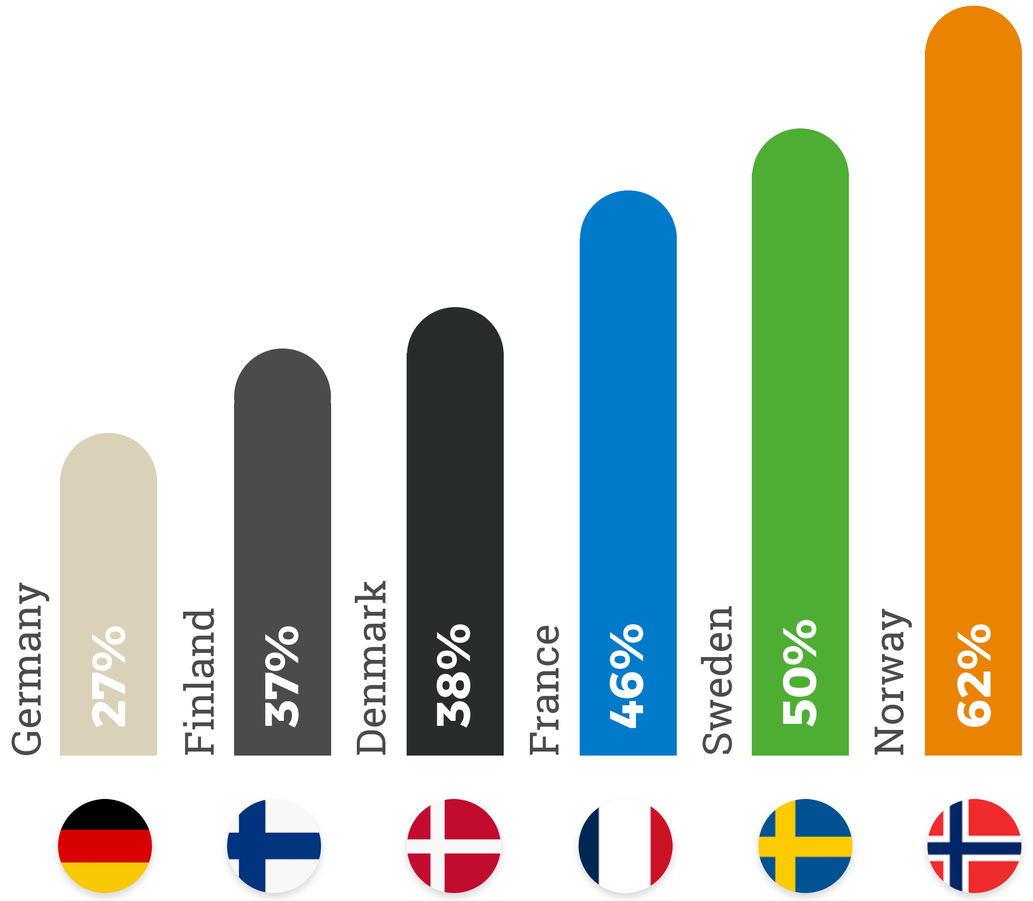
48%
Large companies

25%
Small businesses

There is a gap in accountability between large and mid-sized companies on this measure, with **48% of large companies measuring the carbon footprint of their tech, compared to just 25% of small businesses.**

Geographic differences also emerge here – just under half of Nordic (47%) and French (46%) companies measure the carbon footprint of IT assets – far more than the 27% of German and 30% of UK businesses. Indeed, 71% of Nordic and 67% of French companies know where the electronic waste from their business ends up when it is no longer needed, in contrast with just 50% of German and 53% of UK businesses.

Percentage of companies measuring their IT footprint



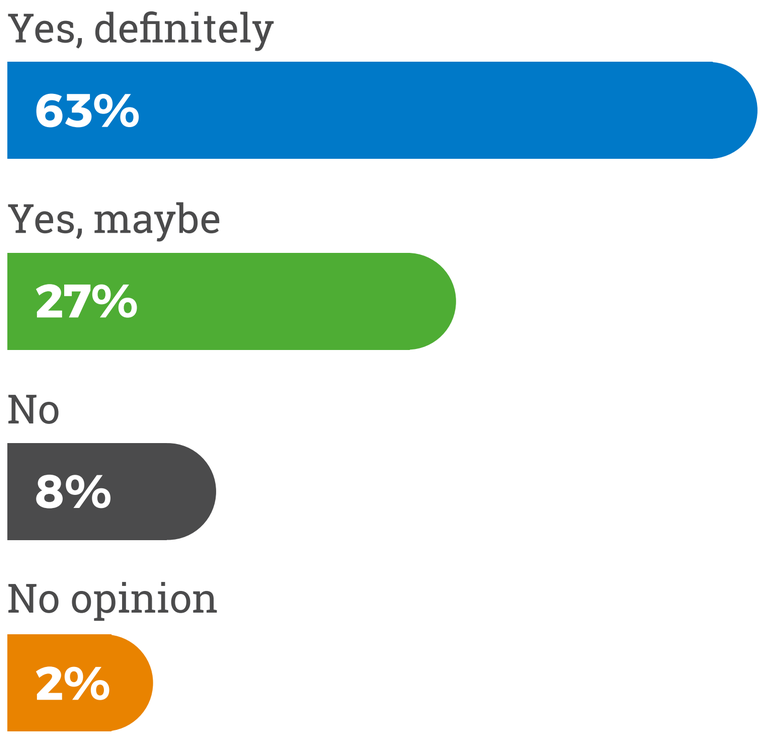
Achieving sustainable change

E-waste is an issue gaining attention from governments worldwide, as the volume of technology we dump increases year on year and causes untold damage to our natural environment.

Despite the pressure to act, policymakers have struggled to find a working solution. International governments have consistently failed to meet their e-waste targets, and to date, their regulatory interventions have focussed on the responsibility of manufacturers to take back used technology, and consumers to dispose of personal devices more responsibly.

The impact of addressing business IT consumption has yet to be fully explored, but nearly **two-thirds (63%) of IT decision makers believe that Governments should support businesses to dispose of IT sustainably**. 56% of those we surveyed believed mandatory reporting or targets should be put in place, with these schemes proving effective at raising awareness and promoting action in other areas of sustainability. Tax concession also proved popular with 19% of respondents.

IT decision-makers in favour of greater government intervention



However, results varied between countries:

- The UK significantly prefers the idea of rewarding businesses, with tax concessions / rebates (53%) preferred over mandatory reporting (43%) or mandatory targets (40%).

- In Germany, tax concessions (65%) proved far more popular that mandatory targets (29%).

- In contrast, mandatory targets are most popular in French (60%) and Nordic (55%) companies.

Most in favour of Tax Concessions / Rebates

65% Germany

62% Norway

57% Sweden

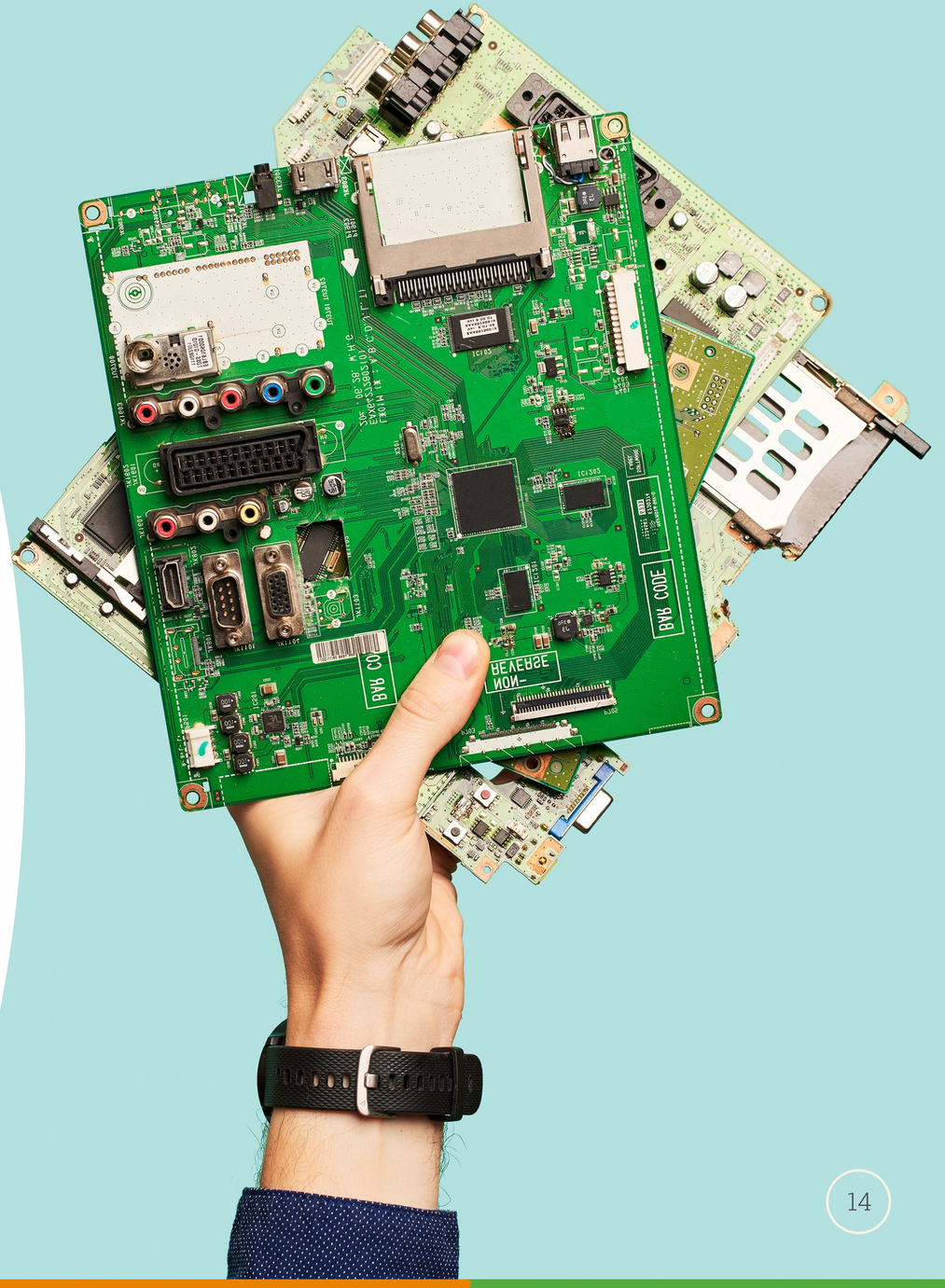
Most in favour of Mandatory Reporting

73% Norway

58% Finland

54% France

Although opinions on the best approach differ, it's clear IT leaders in general are in favour of government support and intervention. Educating businesses on the alternatives to dumping IT, encouraging accountability through reporting schemes and rewarding better sustainability through tax recessions could prove effective.





Access vs Ownership
A new way to acquire and manage IT

A new approach to IT management

The rapid rate of innovation and development in technology has made keeping pace with change and delivering consistent results a significant challenge for businesses.

20% of organisations replace desktop PCs every one to two years and 45% every three to four years.

- In comparison, 24% of laptops are replaced every 1-2 years and 58% replaced every 3-4 years
- 31% of tablets/mobile devices are replaced every 1-2 years and 41% replaced every 3-4 years
- Servers have some of the longest lifecycles among office IT equipment, with the majority (37%) being replaced every 3-4 years or more than 5 (33%)

With the access to the latest technology a key driver of success, these cycles are only set to shorten. With **sustainability presenting remaining a core part of IT strategies over the next 12 months for almost a third of companies (31%)**, the leading IT managers are seeking a better, greener solution to manage the IT lifecycle.



To support this change, 61% of IT decision-makers say budgets are set to rise next year. But with the shift to home working costing nearly a quarter (23.6%) of annual budgets in 2020, funds will have to go much further than before.

Over half (54%) of organisations are more likely to use finance to acquire assets over the next two years, as companies recognise that access to the right technology is more important than ownership.

The benefits of a new approach to IT acquisition are already being felt, with 89% of companies already using finance for all or some of their assets able to make investments in additional IT hardware to enable employees to work from home, compared to only 75% of businesses that don't lease IT assets at all.



Technology Lifecycle Management

As this research reveals, companies remain committed to their sustainability goals while also responding fast to the new day-to-day operating practices demanded by Covid-19. Flexible working is here to stay and while IT budgets for many firms are likely to increase, IT managers will increasingly be asked to demonstrate the value of every expense.

Traditional IT device ownership is widely recognised as wasteful, costly and time-consuming, and the leading IT managers are turning to new solutions to help them manage the IT lifecycle more efficiently and sustainably.

Technology Lifecycle Management is a solution that supports the shift towards a circular model of IT investment, eliminating waste for businesses and for the planet.

Through the 3stepIT Technology Lifecycle Management solution, a business can access essential IT infrastructure, use our advanced asset management platform to manage the health and efficiency of those devices, and when they age, instigate the renewal and refurbishment process.



The research has uncovered a lack of clarity in business when it comes to sustainably disposing of old and unwanted IT assets.

This circular model helps our customers achieve their sustainability targets.

For every device acquired through Technology Lifecycle Management instead of traditional ownership, we like to think we save the planet, one device at a time.

Begin your journey towards a sustainable IT strategy with Technology Lifecycle Management.

Visit **https://www.3stepit.com/solutions** to find out how we can help your business in just three simple steps towards better, greener IT management.

Methodology

Conducted by independent research house, Omnisis, the research was carried out using an online questionnaire and specialist B2B sample panels that identified the individual with overall responsibility for IT budgets in organisations employing more than 50 people.

In total 1,010 Interviews were completed using indigenous languages with key IT decision makers, of which 28% were C-level Executives. Interviews were completed during July and August 2020 across the UK, France, Germany, Switzerland, Austria, Norway, Sweden, Finland and Denmark. At an overall level results are accurate to +/- 3% at 95% confidence levels assuming a result of 50%. At a country specific level, results will enjoy lower levels of statistical reliability but precise error margins can be provided as necessary.



About 3stepIT

3stepIT is a Technology Lifecycle Management provider with an ambition to reduce e-waste and global emissions by helping businesses to consume technology more sustainably. 3stepIT offers an end-to-end approach to acquiring, managing and refreshing IT devices that is cost-efficient, convenient and environmentally friendly.

The company's asset management platform provides IT complete control and visibility of all IT devices to simplify upkeep, budgeting and renewal. It minimises security risks by providing real-time insights into device health, including information on anti-virus and protection software. A powerful reporting engine provides complete visibility of every asset by cost centre, product group and location.

The company, which serves more than 3,000 businesses worldwide, plays an active role in the circular economy by refurbishing and reselling end of life IT devices. In doing so, it prevents over half a million devices from being destroyed and sent to landfill each year.

Headquartered in Helsinki, Finland, 3stepIT employs more than 400 people and operates refurbishing centres in Finland, Sweden, Norway and Singapore. Recently it signed a strategic partnership with BNP Paribas to extend its sustainable IT solutions across corporate Europe.

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