

Stop Buying

IT

A simple switch with big
benefits for business

3stepIT 



Executive Summary

Plenty of businesses already lease assets: the company car fleet, office space and printers perhaps being the most popular categories. And it makes sense. OPEX based models such as As-a-Service, cloud and subscription-based services, as well as Technology Lifecycle Management (TLM) solutions are more flexible and can offer better ROI than outright purchase.

However, the perceived need for additional control over business tech such as laptops, smartphones and servers that hold so much sensitive data, influences our attitudes towards acquiring devices. This holds businesses back from making substantial savings and unlocking better equipment for their workforce.





Stop Buying IT

The reluctance to move away from buying IT assets risks damaging user expectations, budgets, and the environment; creating swathes of e-waste, trouble tickets for IT teams, and hassle for employees. Yesterday's hardware mindset isn't going to cut it in the face of today's strategic device challenges, and those who don't adapt will be left behind.

The good news is that there's huge potential for change. But how?

Stop Buying IT.

3stepIT surveyed 955 decision makers and interviewed senior decision makers across IT, Finance, Procurement and Sustainability roles in the UK, France, Germany, Sweden and Finland to understand current attitudes to IT device acquisition, management and disposal; and highlight the untapped potential of solutions like Technology Lifecycle Management for European businesses.

Introduction

The nature of IT acquisition and management has changed. Once upon a time, all businesses needed to know was how much new devices would cost, what the specifications were, and whether they could get a bulk discount. But, like many things, this is now more complicated than it used to be.

Today, the purchase price of a device is one thing. But what about all the other factors that contribute to the expense of running that asset over its lifetime? There are myriad costs to buying IT assets outright, from how to dispose of them securely and sustainably when they're no longer fit for purpose, to how clinging on to slow running legacy devices can become a drain on productivity.

With environmental credentials, resale values and in-life maintenance all key factors in reducing the total lifetime cost of each device, the logic behind the old model of IT ownership is being eroded. Businesses are buying IT assets outright when in actual fact, with TLM for example, devices can be acquired on a three-year cycle, delivering higher ROI, better equipment, and built-in secure disposal services – all for less money and less impact on the environment.

Despite this, 76% of IT hardware is still purchased outright. So, why aren't more organisations flexing their finances with OPEX models and what do they stand to gain?

The macro trends impacting purchase decisions in IT



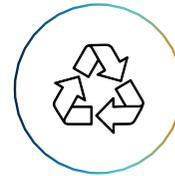
THE MACRO TRENDS IMPACTING PURCHASE DECISIONS IN IT

There are four main factors currently affecting purchasing decisions:



1. DEVICE PROLIFERATION

No area of business was left unaffected by the pandemic, including the IT landscape. The number of devices per employee shot up from 2.1 pre-pandemic to 2.4 post-pandemic to accommodate increased remote and hybrid working, putting immense pressure on procurement and heightening the need for a holistic IT strategy.



2. SUSTAINABILITY

Covid-19 isn't the only event to have changed the way businesses acquire, manage and dispose of tech. Sustainability has taken centre stage over the last few years, dominating news coverage and sparking a positive climate action movement. Businesses are increasingly driven by the need to set and meet sustainability goals, in a bid to satisfy net zero carbon targets and attract customers and talent. E-waste is a growing part of this, but generally remains a secondary driver to cost and quality, with only 42% of businesses citing sustainability as the most important factor in their IT asset procurement process.



3. ECONOMICS

Devices are becoming obsolete faster than ever. It's easy to optimistically assume your staff will be able to get five years of use out of a device, but this attitude is setting businesses up for needless headaches and unbudgeted costs. In fact, [research](#) found that **after three years of use, maintenance and support costs for any single device rise by 12.9% year on year**, undermining any predicted ROI and harming productivity due to downtime.



4. SECURITY

While not a macro-environmental factor, a further issue influencing purchase decisions is security. When you own a device outright, you're completely responsible for disposing of it in a safe, secure way. That's why a top concern for IT decision makers (ITDMs) is secure device disposal. For example, **41% of ITDMs are concerned about laptop data security at retirement point.**

So, businesses need more devices, in a more sustainable way, for less money – and they want a way to dispose of them that keeps company data safe.

Today's strategic device challenges require a different approach that accounts for competing priorities. OPEX models, such as TLM, can meet this demand and businesses making this simple switch are seeing better outcomes across key areas like productivity, efficiency, cash flow, sustainability and employee satisfaction.



The current perception of IT ownership models





THE CURRENT PERCEPTION OF IT OWNERSHIP MODELS

It would be easy to assume that price is the primary concern when it comes to trying new models of IT procurement. But just 29% of respondents who own hardware outright stated that their reason for buying IT is the assumption that leasing models are more expensive.

Naturally, there's always going to be some aversion to change. And when **42% don't try new ownership models due to a 'preference for owning outright'** despite the benefits of making the switch, it's easy to see why many businesses stick with what they're already doing. Almost all new technology practices face initial resistance. Just look at the security fears cloud computing faced, for example.

But ultimately, the general consensus is that a new model is the right way forward, with **55% of businesses agreeing that an OPEX-based solution makes sense for a number of reasons.**

Different priorities

Different roles have different priorities. Not everyone will agree on the best way to tackle IT procurement. But key stakeholders are generally aligned on what matters most when it comes to purchase decisions – just not on the order that they should come in.

Those in IT and finance roles agreed on the following ranking:



Meanwhile, those in sustainability roles had slightly different priorities:





THE CURRENT PERCEPTION OF IT OWNERSHIP MODELS

Not everyone across an organisation will agree on the best way to tackle IT procurement. Here's how attitudes differ between key roles:



— SUSTAINABILITY ROLES:

58% of sustainability professionals say they are consulted in procurement decisions 'most of the time' – which shows there is still work to be done to ensure sustainability decision makers have a seat at the table.

58% Furthermore, 58% also say they feel IT sustainability outcomes are often deprioritised in the face of other competing criteria.

Even those in sustainability roles favour tech spec as the highest priority when sourcing tech.

THE CURRENT PERCEPTION OF IT OWNERSHIP MODELS



— IT ROLES:

36% of IT professionals agree that they prefer to use assets until the end of their useful life and that this is a key reason to avoid leasing IT

50% of IT professionals responsible for digital transformation initiatives reported they use their IT assets for more than 5 years. Our findings suggest businesses fall into two camps: either they're focusing on longer term transformation initiatives which means having to sweat devices for longer, or they're prioritising access to the latest tech for their employees for immediate productivity gain. Either way, IT budgets don't always stretch to allow both

71% of IT roles say their department is under pressure to be more sustainable



— FINANCE ROLES:

67% 67% of finance professionals have challenges to account for, and report on their IT assets

78% of businesses who use a hybrid model of IT procurement (mix of lease & ownership) have a better understanding of residual values (the estimated value of IT assets at the end of their lease term or useful life)

Sustainability is less important for finance roles, with tech spec and cost almost equally important. Employee experience is not far behind

Opening up to new methods of procurement

With the current environment driving change, leading businesses are adopting a more flexible mindset to reap the rewards of an OPEX model.



While only 15% of the market solely lease their IT assets, 33% use a combination of buying and leasing



55% agree that an OPEX model like TLM makes sense – rising to 71% among budget holders



More than three quarters (76%) of finance professionals say they do consider Total Cost of Ownership when examining their IT procurement strategy – but as we’ve seen, there’s a lack of information about the true costs of IT ownership

The hidden costs of IT ownership

The Total Cost of Ownership (TCO) of IT is the combination of all the different costs of buying, running, repairing, and disposing of a device. It's a familiar industry term, but what does it mean in concrete terms for a business and how can it be calculated and accounted for? **Approximately half of the respondents to our survey admitted to being in the dark about TCO**, with many we interviewed acknowledging that their teams **don't fully understand its impact and aren't budgeting for it.**

ITDMs rightly flagged that it was difficult to quantify how much was saved by having faster, better, newer devices. But let's look at the numbers we do know. Here's an example of how much a business can save by switching from outright purchase of a laptop to TLM:

Investment summary for 1 laptop: cash purchase vs. TLM

	Cash purchase	3 year TLM contract
Direct Costs		
Initial cost	€ 612.18	€ 0.00
Interim rental	€ 0.00	€ 22.07
Regular rental	€ 0.00	€495.15 (Net Present Value of 12 quarterly rentals)
TOTAL	€ 612.18	€ 517.22
Indirect Costs		
Cost to process invoice and add to asset register	€ 25.00	Included
Disposal (logistics, data erasure etc.)	€ 50.00	Included
TOTAL	€ 75.00	€ 0.00

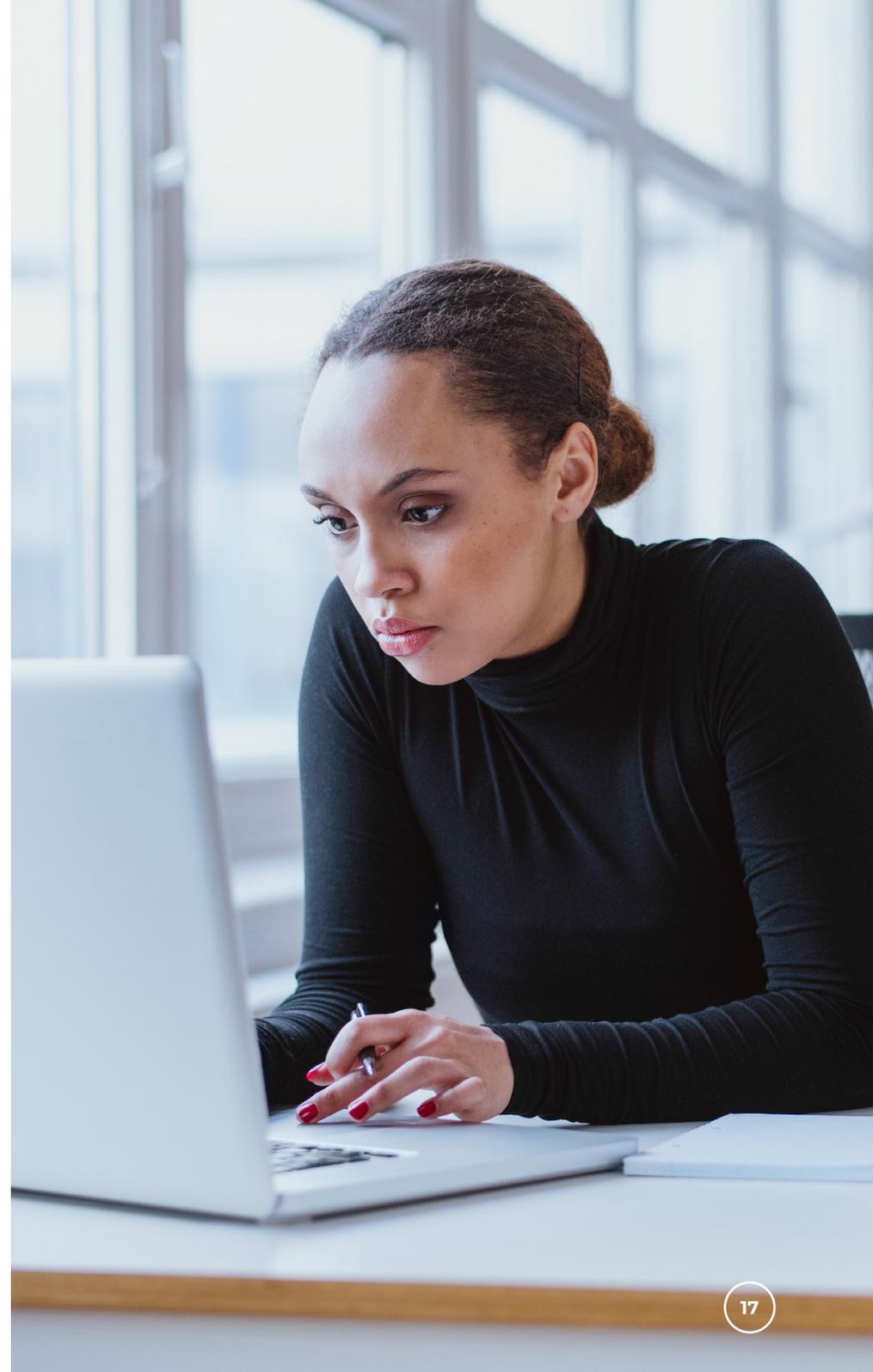
Why a new
model is the
right step
forward



WHY A NEW MODEL IS THE RIGHT STEP FORWARD

Change on a scale of thousands of devices with different stakeholders keen to argue why their priorities are the most important can be complex. But IT professionals have long been advocates of change, responsible for introducing new innovations and keeping business at the cutting edge of digital technology for decades. So, while making the leap to a new model of procurement poses a challenge, trying to juggle competing stakeholder priorities with a lack of information surrounding which new method of procurement is the best, is at the heart of the issue.

Organisations need assistance in embracing new ways to acquire devices – or risk the hidden costs of ownership, hurting user expectations, bottom lines, and the environment.



WHY A NEW MODEL IS THE RIGHT STEP FORWARD

With 33% of businesses already using a hybrid of leasing and buying IT outright, the research suggests that strides are already being made. “I can think of a couple of projects where the use of financing has let them take it to the next level or even the level above that because they’re not having to fund it in one hit,” said one IT/telecoms professional we interviewed as part of our research. “It also means everything just gets upgraded and future-proofed more. So down the line, the ROI for the project holder is significantly better and they haven’t necessarily got to fund it.”

Meanwhile, another interviewee said, “It’s like if you buy a car, if you lease it you’re going to get the top model. If you buy cash, you’re going to probably end up with the bottom or the middle one.”

So, changes in IT procurement are slowly taking place – but we believe that with TLM, there’s a way to accelerate it. TLM can benefit every step of the process, from reducing the initial cost outlay to boosting ROI. It’s more sustainable and less hassle.

Case study: Newsec's switch to TLM

In 2009, property company Newsec reached out to 3stepIT to transition its 600 strong team to a TLM based IT device strategy across northern Europe.

11 years on, here's why the collaboration continues.



— CORE BENEFITS

“Thanks to 3stepIT's asset management platform, hardware management and budgeting have become considerably easier for us – and we're able to deliver measurable business value. The service scaled seamlessly, boosting digital transformation within Newsec.”

Antti Huhta, Head of IT



— ENVIRONMENTAL BENEFITS

With TLM, Newsec has significantly reduced its carbon footprint and TCO per device, as well as almost eliminating e-waste. 3stepIT's twofold focus on security and sustainability – a 3-year refresh programme and responsible asset disposal – relieves Newsec of a huge business burden.



— IT'S FUTURE PROOF

The much-simplified and less expensive IT procurement process for hardware, coupled with fast-changing tech requirements, demands flexible IT management – something Newsec wants to explore further as the partnership continues.

Technology Lifecycle Management

With TLM, instead of buying devices outright, businesses procure typically on a rolling three-year contract, with competitive pricing that reflects the end-of-life residual value of each device. At the end of the three-year period, devices are refreshed with models that suit the evolving needs of your workforce. Spent devices are securely wiped with best-in-class data sanitisation software, refurbished and re-sold on the secondary market, giving devices a new life.

This feature of TLM directly helps your business to transition to a circular, environmentally-sound IT usage model. Aided by a comprehensive asset management platform, your business will save on the cost of device maintenance, data erasure and disposal, as well as minimise the reputational risk associated with device loss.

It's a win, win, win – for your business, your people and for the environment.



- 1. Acquire**
Simplifies business technology procurement with a customised funding solution



- 2. Manage**
Facilitates end-to-end IT asset lifecycle management



- 3. Refresh**
Supports timely refresh of business tech as well as secure disposal and reuse of unwanted IT equipment

Sustainability in the IT lifecycle





SUSTAINABILITY IN THE IT LIFECYCLE

While it's true that sustainability hasn't always been the top priority when it comes to IT procurement strategies, businesses are increasingly driven by sustainability goals. In fact, **75% already have a defined action plan to reduce their e-waste**, and half are actively measuring their carbon footprint.

So it's fair to say that sustainability is becoming more front of mind, and that this is driving new initiatives to reduce e-waste and carbon emissions. But with half of organisations finding it difficult to make the business case for an IT sustainability agenda, there's a need for greater support. In fact, 62% would appreciate guidance in drawing up a sustainable procurement plan.

SUSTAINABILITY IN THE IT LIFECYCLE

Businesses clearly care about sustainability, but they're still trying to discover how to integrate it with other priorities and existing strategic goals, all while juggling limited resources. And that's where TLM comes in. With funding, asset management and sustainable disposal built into the process from the moment you select your devices, there's virtually zero e-waste during the economic lifespan of the device.

At the end of your usage term, every device is data sanitised and refurbished to be reused where possible, rather than sent to landfill. Not only does this reduce e-waste (and, by extension, your company's carbon footprint), it also eliminates the need to figure out your own safe disposal tactics, saving your IT and sustainability teams time, money, and security fears.



The future
looks bright



THE FUTURE LOOKS BRIGHT

The challenges of the last year and the changing landscape of IT have rocked the traditional model of IT acquisition in more ways than one, accelerating the need for a new, future-optimised procurement strategy. There will never be a perfect one-size-fits-all strategy for every company, but TLM is a fantastic way to meet the greatest amount of stakeholder requirements, delivering better ROI, neutralised e-waste, better experience for staff, and minimised admin.

Businesses who take the plunge now stand to take full advantage of a more flexible future and stand in good stead thanks to the sustainability and affordability TLM provides.

Ask yourself this: who wouldn't want better devices at a better price with a central view of all IT assets in one convenient platform, as well as secure, sustainable disposal taken care of, before your staff have even fired up their new equipment?



Key takeaways:

1

Increased device proliferation, sustainability concerns, economic concerns, and security are the top four drivers impacting purchase decisions in IT

2

Greater clarity is needed on Total Cost of Ownership and what goes into the costs of owning, running, maintaining, and disposing of IT equipment

3

Businesses are moving towards hybrid ownership models and waking up to the benefits of OPEX strategies for IT procurement

4

Sustainability is an important and growing factor in IT procurement, but businesses need greater support to make the case for sustainable IT solutions that are both economically viable and better for business

5

The TLM model of procurement encompasses every step of the process, from flexible, customised funding solutions for device acquisition to asset management, device renewal and disposal. It's a holistic strategy that supports organisations to meet today's business challenges



The future of IT device management

As we've seen, IT procurement is in need of a rethink. Businesses are calling out for an approach that balances the need for reliable tech at an affordable price point whilst eradicating e-waste and data breaches.

Technology Lifecycle Management from 3stepIT enables businesses to combat these challenges in a smart, simple way, removing the headache from device management, and saving you money at the same time.

Our 3 simple steps to smart, sustainable IT management:

— ACQUIRE

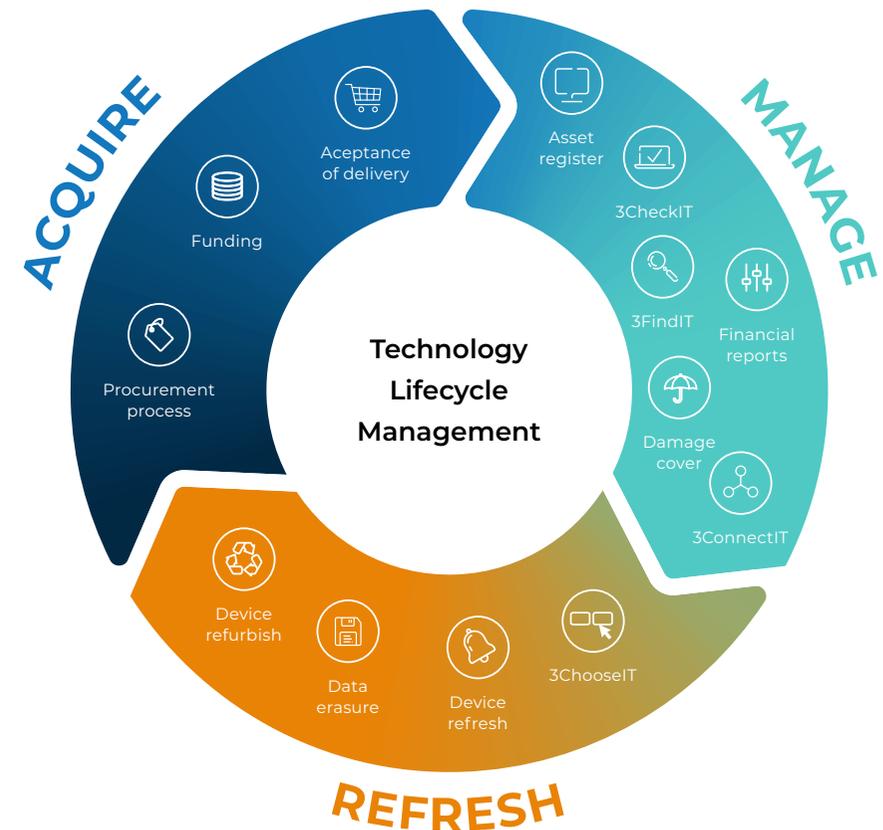
- Simplify IT procurement
- Optimise budgets and cashflow

— MANAGE

- Track every device, in one central platform
- Simplify budgeting and inventory management

— REFRESH

- Stress-free IT device renewal
- Dispose devices sustainably and securely





Stop buying IT.

Get in touch with us to explore how TLM can work for you. Or [watch](#) our manifesto video to discover more reasons to make the switch to sustainable IT lifecycle management.

Find out more