

Systems Alliance Survey Report:

PC Refresh Trends Highlight Opportunity for Desktop Virtualization

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Abstract

The economic meltdown has amplified interest in technologies which help enterprises lower TCO, while gaining competitive and or operational advantage. Coupled with a growing interest in all things “green,” persistent concerns over security and improvements in virtualization technologies, Systems Alliance believes now is the perfect time for enterprises to replace their aging desktop PCs with centrally managed, virtual desktop infrastructure (VDI) and thin-client appliances. The decision to survey IT decision makers about this topic was catalyzed when Intel released results of its own desktop refresh survey in May 2009 which found 68 percent of businesses were maintaining or increasing the rate with which they would refresh PCs. While our survey validates this finding, it also indicates a growing interest and planned investment in VDI technologies.

Introduction

Facing a sagging economy, in May 2009 Wipro released a study¹ sponsored by Intel which examined how organizations could lower the total cost of ownership (TCO) of desktop PCs by replacing older units with new ones based on Intel's v-Pro technology. The study found 68 percent of businesses were maintaining or increasing the rate at which they refresh desktop PCs. Good news for Intel.

Digging into the numbers, what caught our attention was the study's focus on three areas where accelerated PC replacement drove down TCO:

- Reduced maintenance and support cost
- Reduced management complexity
- Reduced energy consumption

Based on our experience engineering and implementing virtual desktop infrastructure from VMware and Sun Microsystems, and Sun Ray thin-client devices, we thought if businesses were really serious about reducing the TCO of desktop PCs, they could certainly do better than swapping their old Intel machines for new ones. To better understand how IT decision makers viewed this opportunity we constructed a brief, two-part survey described in this report.

On the dollar-savings front, Forrester Research estimates that desktop virtualization costs around \$860 per user (plus any required network upgrades) to deploy, which is less than the cost of a PC.²

Surveys were sent to over 1500 US-based IT executives with titles including CIO, CTO, Senior Vice President of IT, Director of IT, and Manager of Desktop Engineering. Participants represented a broad range of industries, including airlines, bio-technology, financial services, healthcare, high technology, insurance, manufacturing, and retailers, from mid-size and large firms, including a number of Fortune 500 / 1,000 corporations.

To help illustrate market trends and maintain privacy commitments, individual survey responses have been aggregated and are presented in summary. In addition to a brief review of key findings, this report also provides graphic analysis of all survey results – clearly illustrating a growing interest in desktop virtualization and related thin client technologies.

Key Findings

We were somewhat surprised by the parallels between our results and those in Wipro's Intel study. A large majority of businesses are moving forward with PC refreshes this year despite the economy. Yet, digging deeper, our survey also shows the majority of enterprises are also increasing their investments in virtual desktops and thin clients. The reasons for these increased investments align with the rationale proposed by vendors and industry analysts alike; people are looking for ways to reduce upfront cost, management complexity, support and energy consumption – they're also motivated by the increased security offered by VDI.

PC Refresh Rates

- 77% of respondents plan on refreshing desktop PCs within the next 12 months
 - 11.3% will replace more than 5,000 desktops
 - 22.6% will replace between 1000 and 5000 desktops
 - 23.8% are reducing the rate of spending on new Windows PCs over the next 12 months
- 62.6% of those not planning on refreshing PCs this year had refreshed PCs within the past 12 months

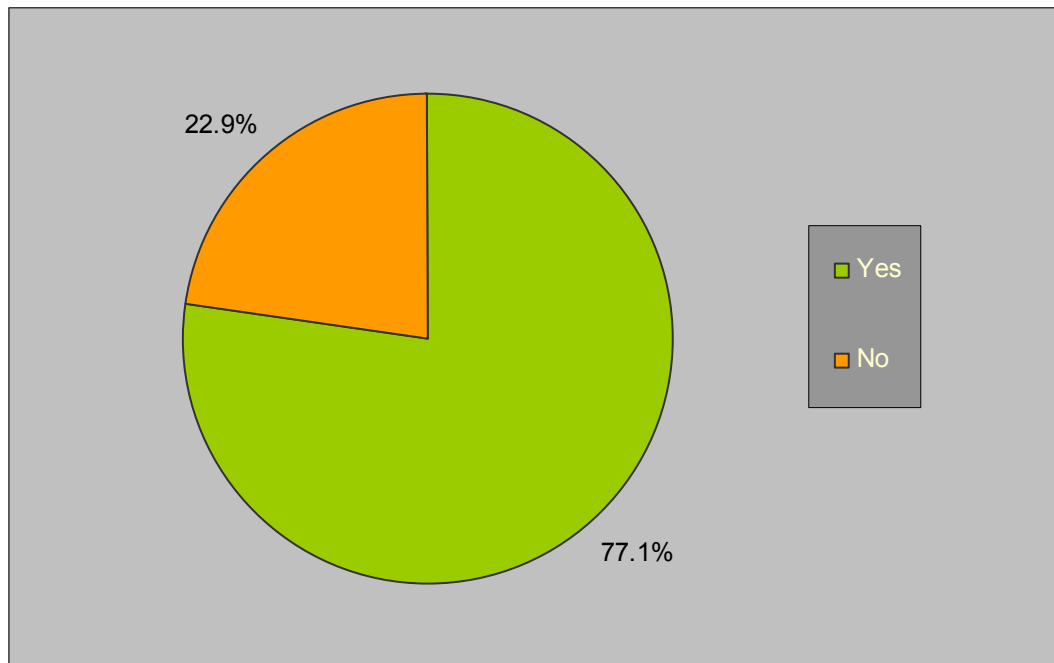
VDI and Thin Clients

- For respondents refreshing PCs this year:
 - 60.5% indicated thin client systems make up less than 25% of their desktops
 - 56.6% will increase their investments in virtual desktops
 - 50.9% will increase their investments in thin clients
 - 45.3% will increase investments in VMware View – more than any other VDI technology mentioned in the survey
- For respondents not refreshing PCs this year
 - 62.5% will increase investments in virtual desktops
 - 31.3 will increase investments in thin clients
 - 56.3 will increase investments in VMware View

Individual Survey Questions

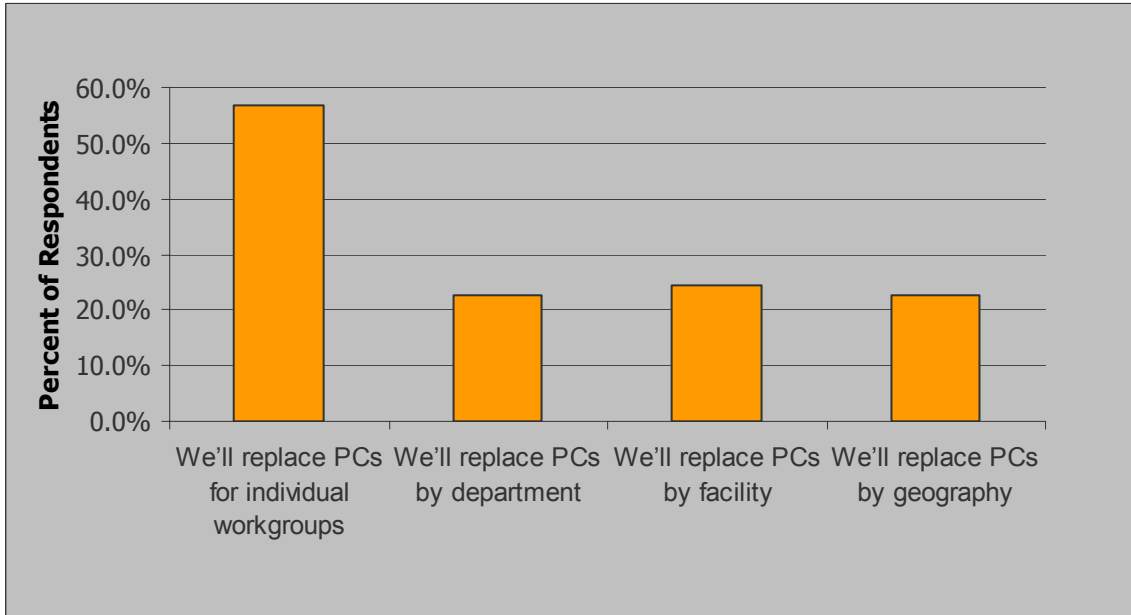
The survey was divided into two sections. Each respondent answered only one set of questions depending upon whether or not they were planning a PC refresh within the next 12 months. People answering in the affirmative received an additional seven questions, while those answering “no” received six questions. In both cases, the bulk of the survey questions were designed to better understand planned investment in VDI and thin client technologies.

1. Are you planning to refresh desktop PCs within the next 12 months?

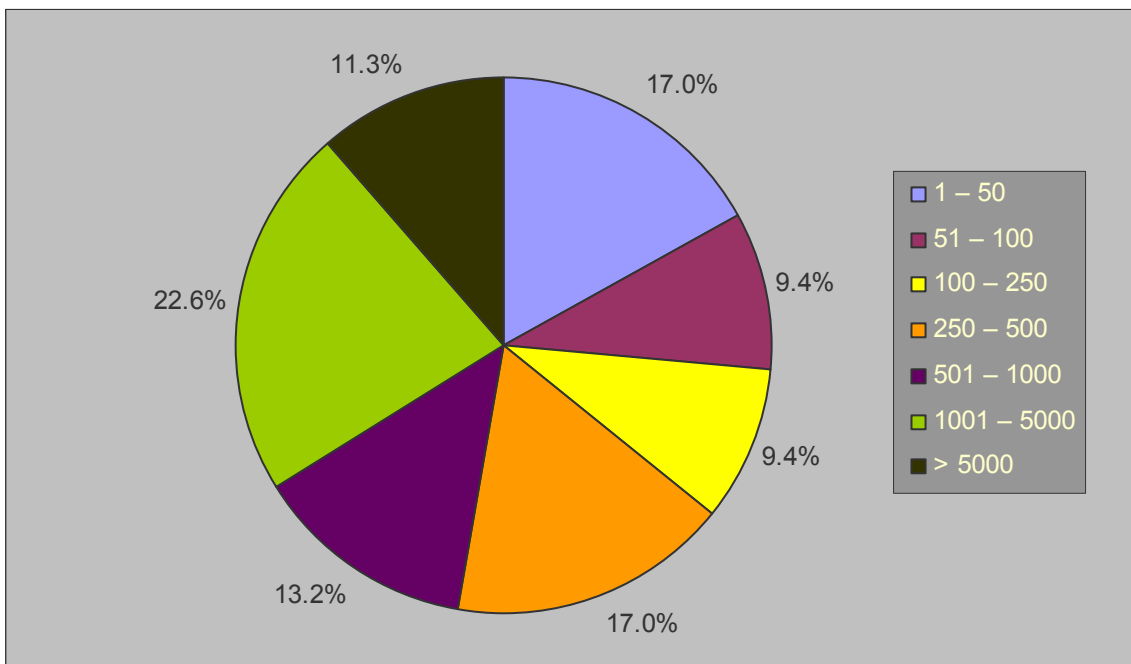


The next seven questions are those given to respondents answering “yes” to question one.

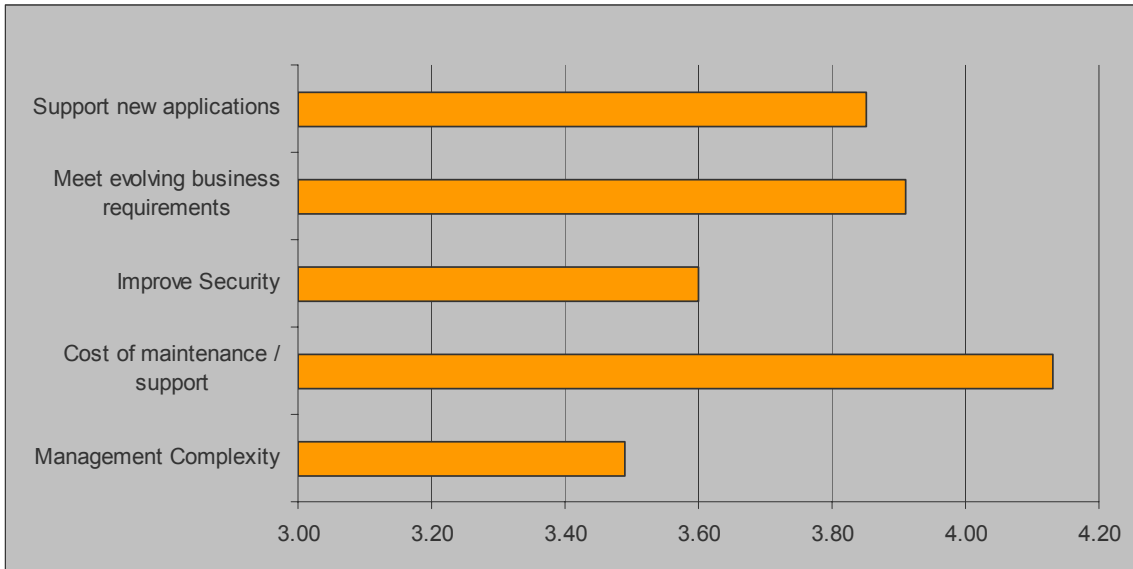
1. What is the scale of your planned PC refresh investment?



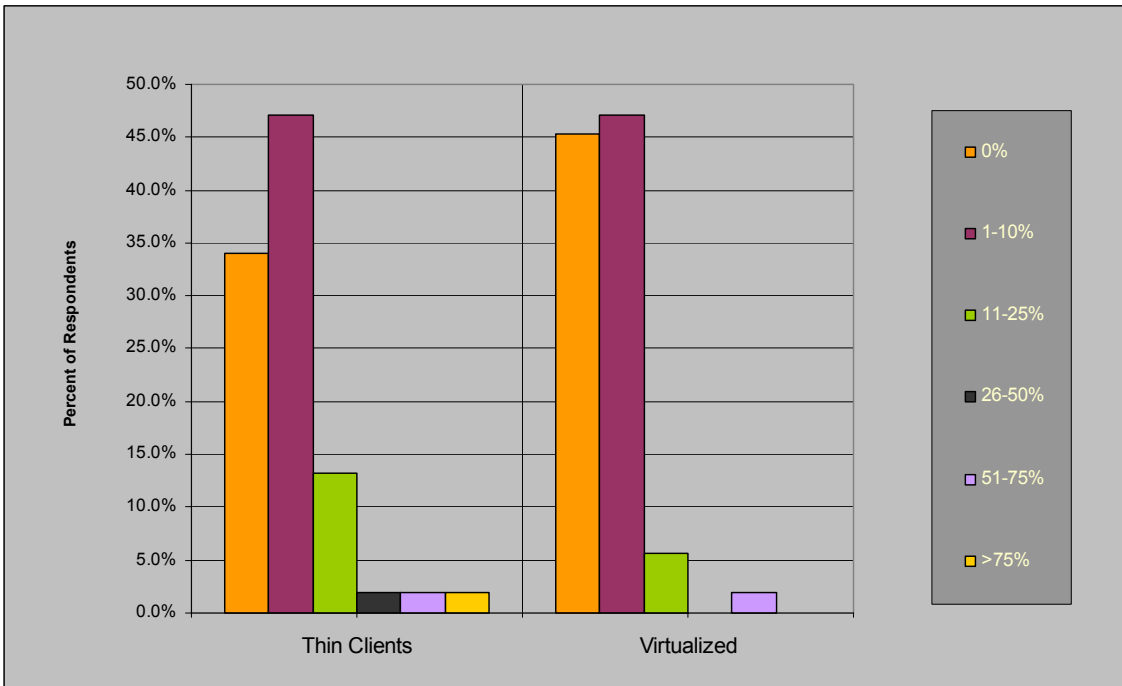
2. How many desktops will you be replacing?



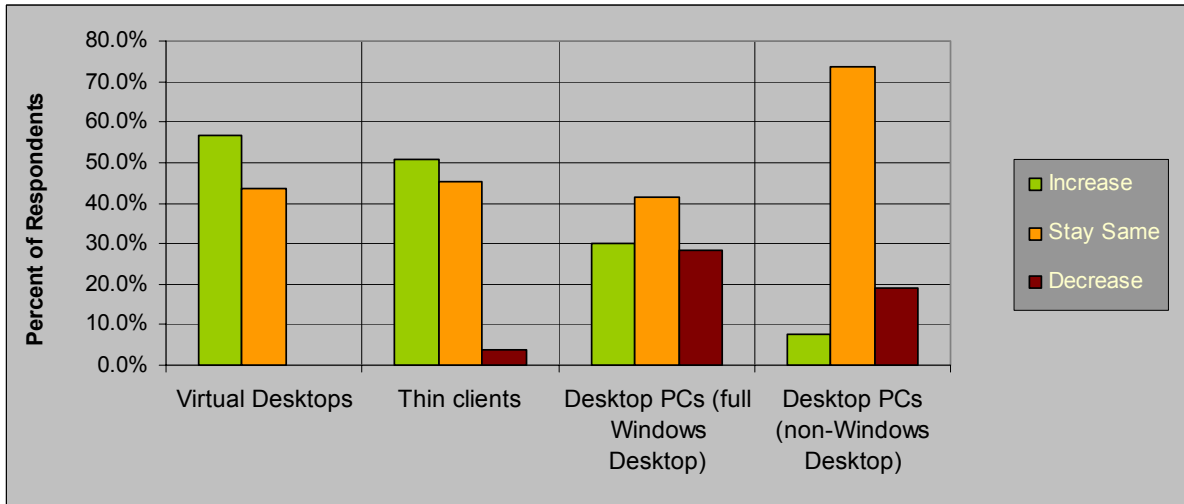
3. Please rank the importance of the following as your reasons for replacing PCs using 1 to 5 scale, where 1 is not important and 5 is very important.



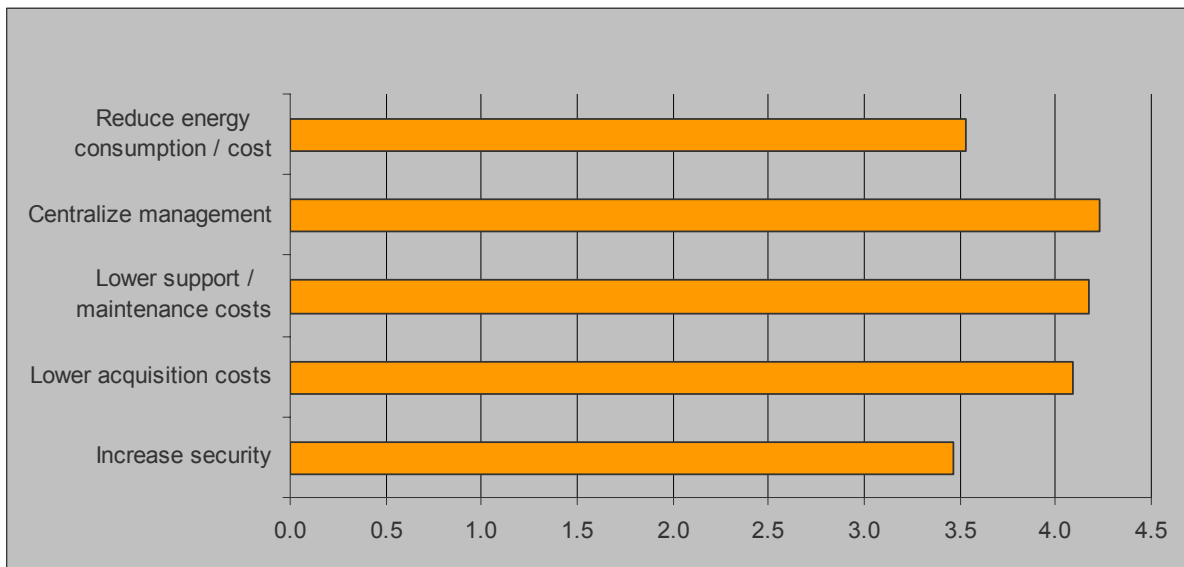
4. What percentage of your desktops are thin clients or virtualized?



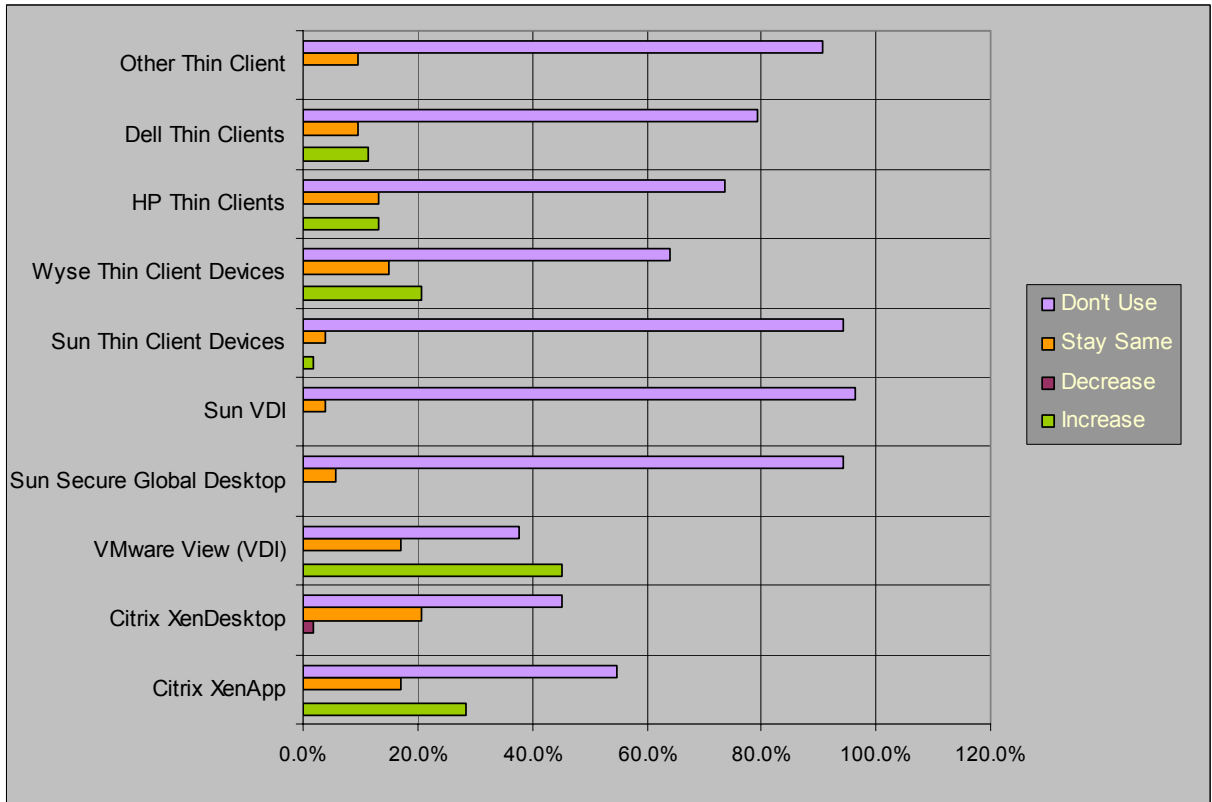
5. Over the next 12 months, your investments in the following technologies will:



6. Please rank the importance of the following as your reasons for investing in thin client and or virtual desktop technology using 1 to 5 scale, where 1 is not important and 5 is very important.

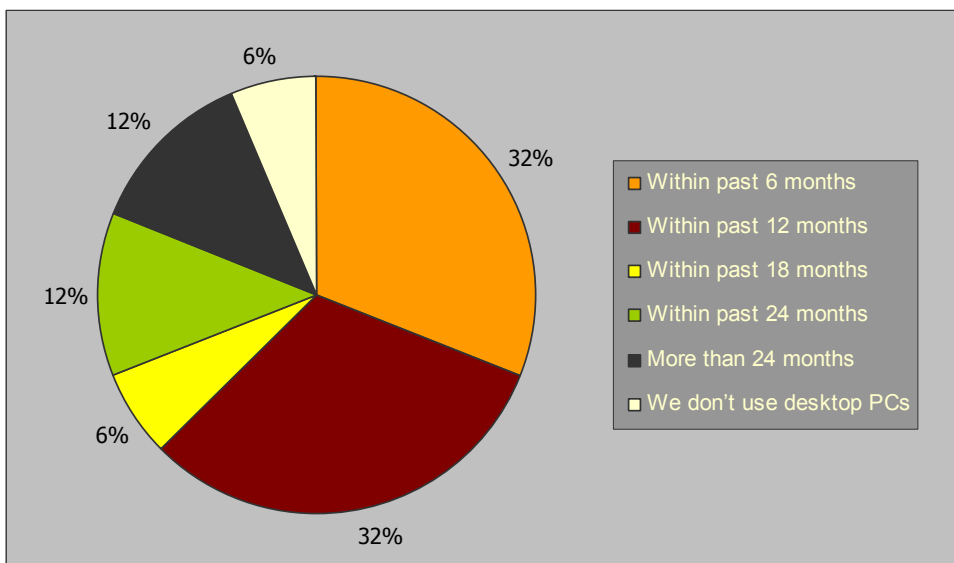


7. Over the next 12 months, how will your investment in the following virtual desktop and thin client technologies change:

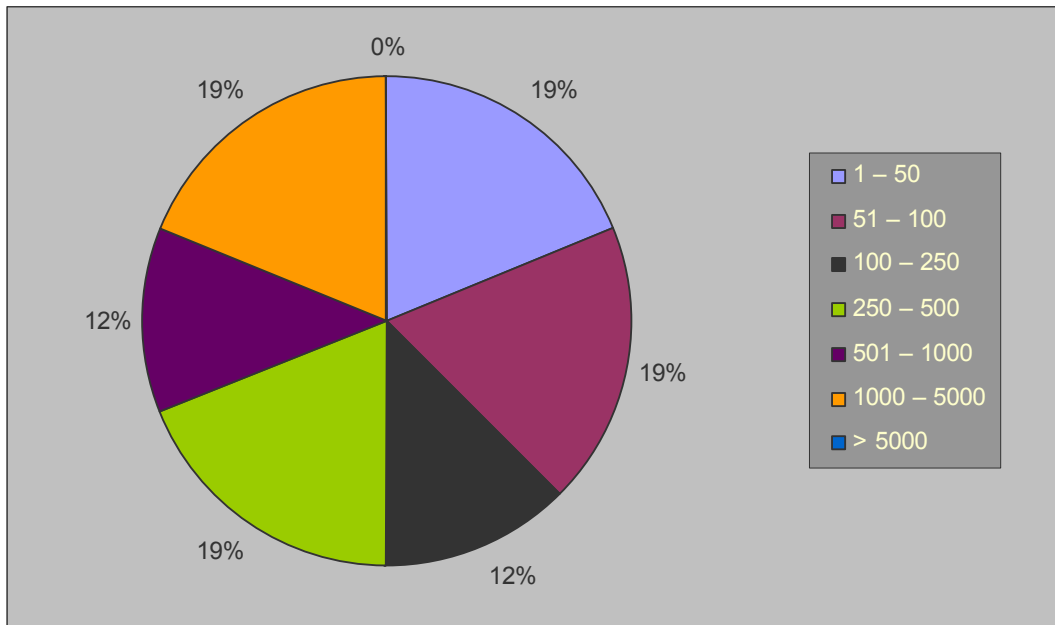


The following questions were answered by respondents who are not planning on refreshing desktop PCs over the next 12 months.

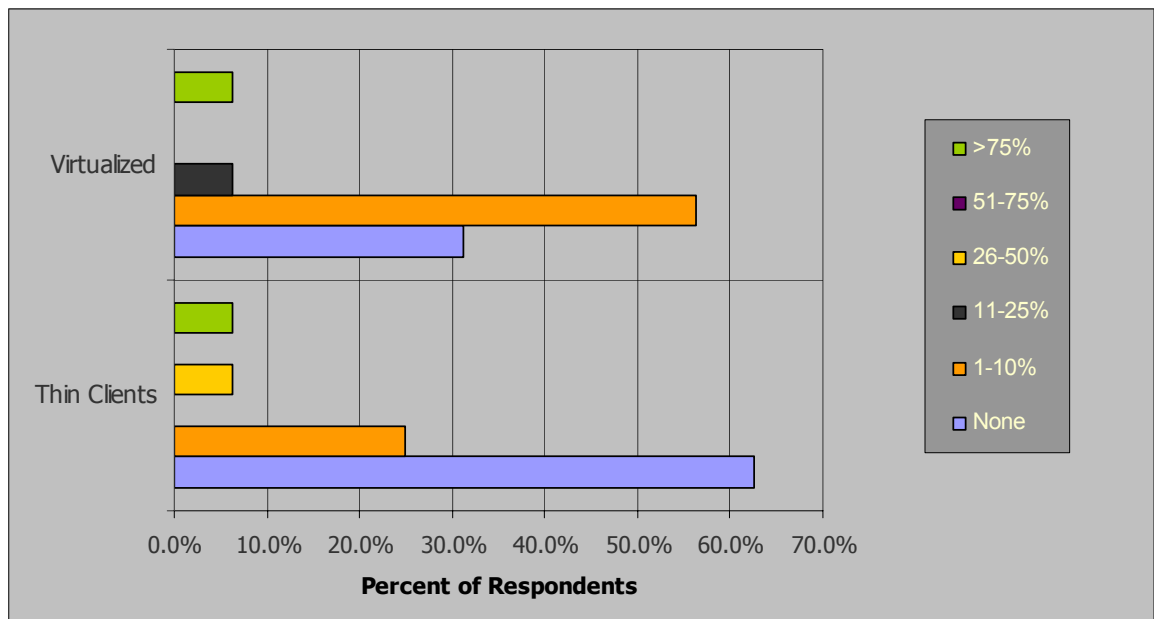
1. When did you most recently refresh desktop PCs?



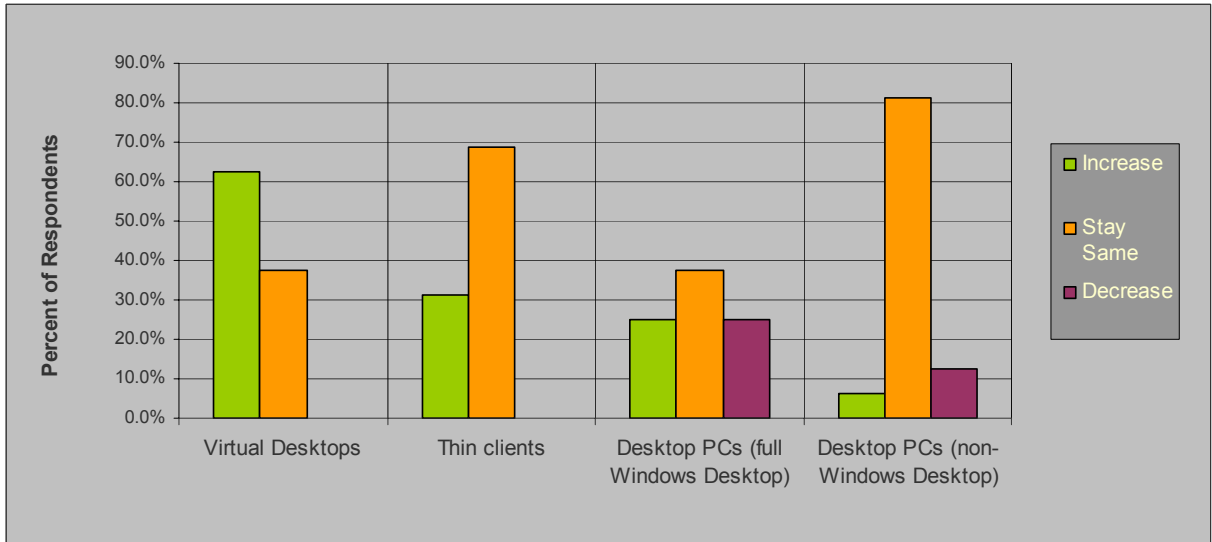
2. If you refreshed desktop PCs within the past 24 months, how many?



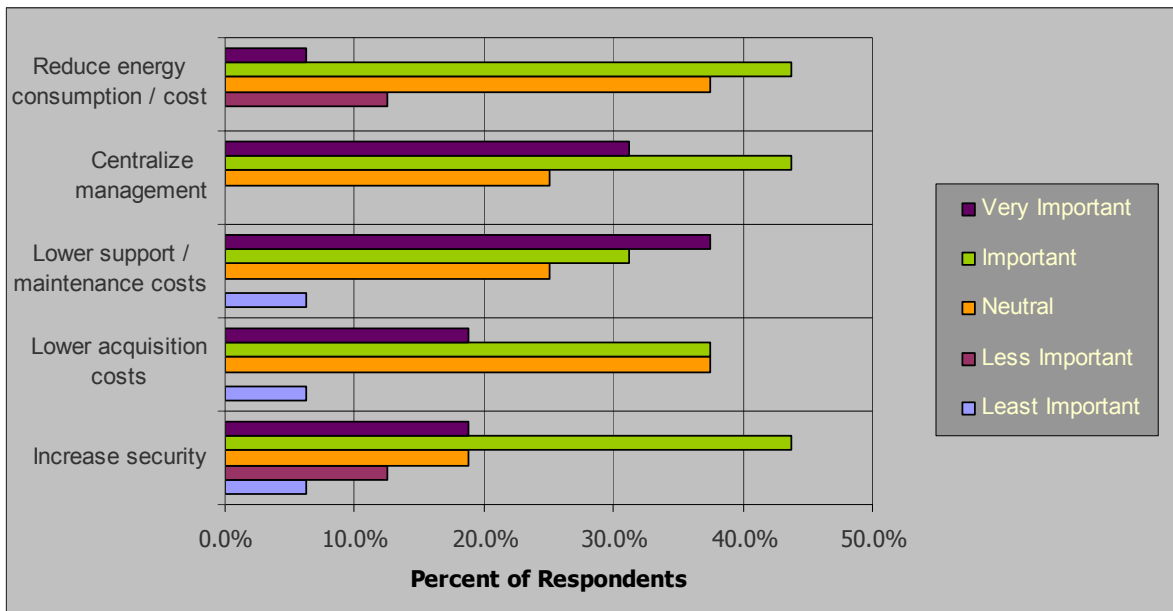
3. In addition to PCs, what percentage of your desktops are virtualized or thin clients?



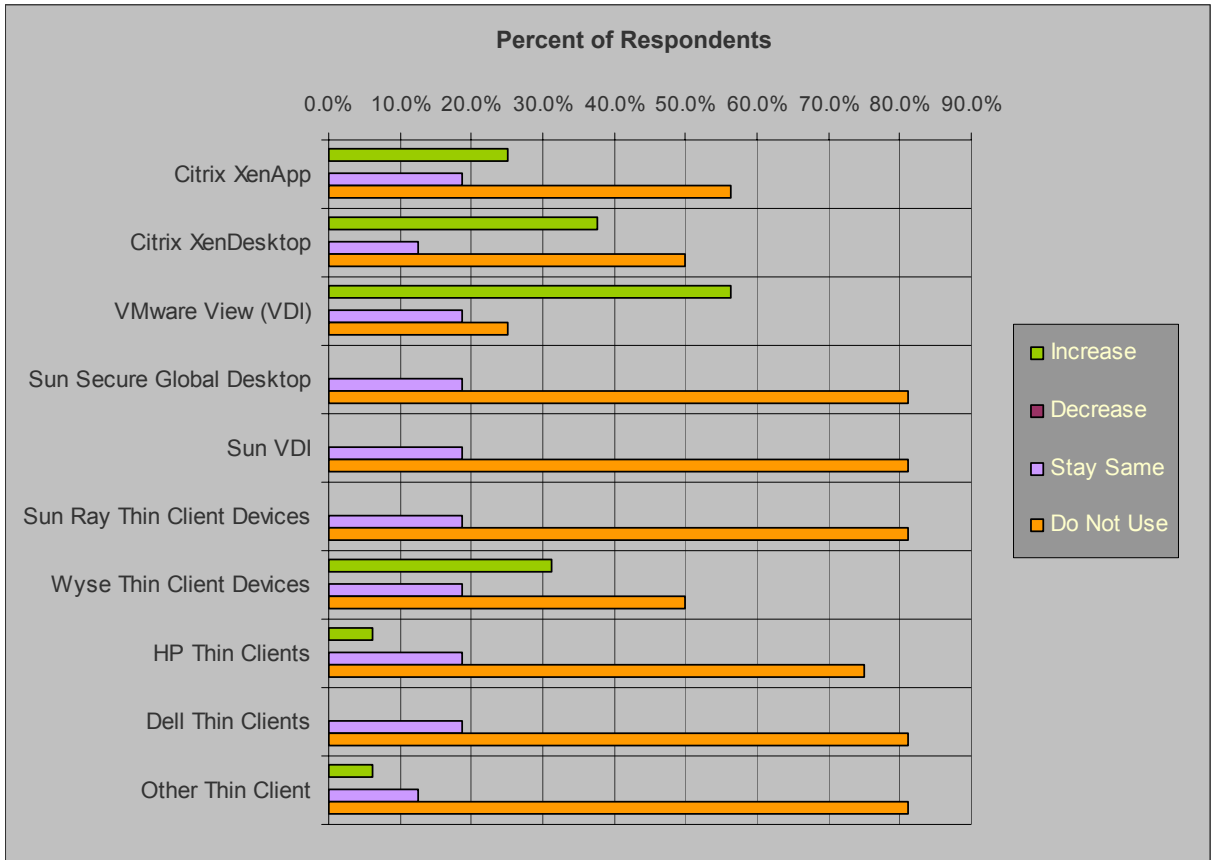
4. Over the next 12 months, your investments in the following technologies will:



5. Please rank the importance of the following as your reasons for investing in thin client and or virtual desktop technology using 1 to 5 scale, where 1 is least important and 5 is very important.



6. Over the next 12 months, your investment in the following leading virtual desktop and thin client technologies will:



Conclusion

Even with the current economic uncertainty, our survey indicates companies are replacing large numbers of older PCs and expanding their investments in VDI and thin client devices. In both cases, our research indicates the most important considerations include factors associated with reducing total cost of ownership and enabling evolving business requirements. Notably, for companies replacing PCs, the following three reasons were most influential in the decision:

- Reducing the cost of maintenance and support: important or very important to 84.9% of respondents
- Meeting evolving business requirements: important or very important to 75.4% of respondents
- Supporting new applications: important or very important to 73.6% of respondents

Survey responses to questions about business drivers influencing investments in VDI and thin client systems track closely with the market rationale of leading technology vendors, such as Sun Microsystems. The top three reasons noted by respondents who were also refreshing PCs over the next 12 months were:

- Reduce acquisition costs: important or very important to 81.1% of respondents
- Reduce support and maintenance costs: important or very important to 79.3% of respondents
- Centralize management: important or very important to 79.1% of respondents

These findings were somewhat different for companies that were not planning a PC refresh over the next 12 months. In this case the top three factors influencing VDI/thin client investments were:

- Centralize management: important or very important to 75.1% of respondents
- Reduce support and maintenance costs: important or very important to 68.8% of respondents
- Improve security: important or very important to 62.6% of respondents

Although it did not make the top three reasons for investing in VDI / thin clients, energy savings was cited by over 50% of respondents in both categories as an important or very important factor. In terms of practical, ongoing cost savings, some thin client systems, notably Sun Microsystems' Sun Ray 2 device, which uses approximately 4 watts of power and has no fan or moving parts, can provide significant reductions in power consumption, especially for organizations with large numbers of desktops or high-density facilities, such as call centers.

Finally, when asked to identify the VDI and thin client technologies where they would be making additional investment over the next 12 months, our survey identified a clear winner. Among companies refreshing PCs over the next 12 months, 45.3% indicated they would be increasing their investments in VMware View (formerly VDI). Likewise, for companies not refreshing PCs, the number was 56.3%. In both cases, the stated investments in VMware View were far greater (~20% more) than any other technology identified by the survey, including Citrix XenApp and XenDesktop.

¹. Timothy Morey and Roopa Nambiar, *Using Total Cost of Ownership to Determine Optimal PC Refresh Lifecycles*, Wipro Ltd. 2009

². Tom Kaneshige, *The Devilish Details of Desktop Virtualization, Desktop Virtualization Strategy Guide*, InfoWorld, 2009

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About Systems Alliance, Inc.

Founded in 1993, Systems Alliance provides business and technology consulting services and Web content management software to Fortune 1000 corporations, state and local government, higher education and healthcare clients throughout the Mid-Atlantic and Southeastern United States. Systems Alliance is headquartered in Sparks, Maryland and has satellite offices in North Carolina, Georgia, Florida, Tennessee and Michigan.

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