

# CRN ESSENTIAL

## DaaS Adoption Report



Device-as-a-service (DaaS) is being widely touted as a PC market game changer, but to what extent are end users really ready to open their wallets and adopt?

That's the central question addressed by *CRN's DaaS Adoption Report*, which draws on the views of over 275 UK IT decision makers to build a picture of whether DaaS is an area channel partners should be prioritising for investment.

Depending on who you talk to, DaaS is either the new standard-in-waiting for the PC market, or an over-hyped buzzphrase.

HP and Microsoft are among the vendor giants to have recently launched DaaS programmes to great fanfare, in alliance with their top channel partners.

According to DaaS' proponents, rolling up hardware, software and services under a single, monthly contract offers end users multiple benefits around access to new technology, security, support and total cost of

ownership, while allowing them to focus on their core business.

But it is unclear whether the majority of end users have fully bought into DaaS' supposed merits – or are even aware of this new way of consuming client technology.

*CRN's DaaS Adoption Report* seeks to uncover just how receptive end users are to the concept of DaaS.

What percentage have begun to adopt or have it in their road maps, and how does this vary by company size and vertical? What are the key drivers for moving to a DaaS model, and what are the main barriers to adoption? Have those who are already purchasing devices under a DaaS contract had positive or negative experiences?

We hope the answers to these questions will inform the strategies of any channel partner or vendor evaluating whether to throw their weight behind DaaS in 2019, and – if so – how best to pitch this new consumption model.

■ *Doug Woodburn is editor of CRN.*



## DaaS the way to do it?

The as-a-service revolution that has taken the software and IT infrastructure world by storm has so far largely evaded the devices sector, where the vast majority of purchases remain of a one-off, capital-based nature.

DaaS promises to change all this by allowing organisations to wrap devices with the associated software and services into a single, monthly contract, in a similar way to how many businesses already approach print and copier technology.

According to advocates, DaaS leads to reduced total cost of ownership. They also point out that paying on a per-seat, per-month basis relieves capital budgets and makes it easier for firms to predict costs over a device's life cycle.

The trumpeted benefits don't end there. DaaS comes with the assurance of making clunky, outdated machines a thing of the past, taking

the strain off IT teams by allowing them to focus on innovation, and boosting security.

As for channel partners, DaaS doesn't merely serve up a new sales opportunity in what is a flat PC market, but also increases their stickiness with customers and allows them to move from a transactional to more of a contractual sale, proponents argue.

With the rise of the Netflix and Uber generation, the concept of owning a fleet of PCs may soon feel outmoded and suppliers who get on the front foot with the trend are

best placed to capitalise, advocates may add.

While the concept of DaaS certainly looks good on paper, many of the arguments cited above derive from a technology supply community desperate to breathe life into their sales ledgers.

To what extent this logic draws water with end users is a different question entirely.

### Adoption rates

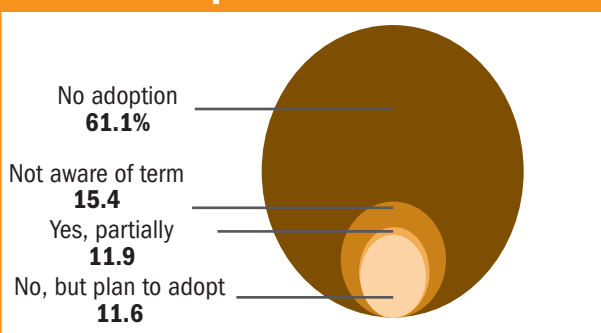
Studies charting UK DaaS adoption rates appear to be thin on the ground.

Globally, the proportion of PCs shipped under a DaaS contract will rise from one in every 100 to one in every six or seven PCs between 2016 and 2020, according to IDC.

Anecdotally, UK uptake is also gathering pace.

David Smith, customer solutions director at Xeretec, an MSP that recently threw its lot in with HP on DaaS, told

### 1. DaaS adoption



CRN that Xeretec's DaaS unit placement figure is forecast within a 12-month period to be in excess of 20,000 units.

"We have had some lighthouse wins in some really big accounts, one of which is a 15,000-unit deployment which is the first wholesale rollout in the NHS in the UK," he said.

Howard Hall, managing director of DTP, meanwhile, estimated that 10 per cent of his client base has moved to a DaaS model, although he emphasised that uptake among DTP's core university customers has been slow.

In October 2018, CRN quizzed 276 IT decision makers to build a clearer picture of how rapidly UK organisations are adopting DaaS, and what they view as the main drivers and barriers of adoption. Respondents were drawn from a spread of company sizes and verticals (see figures 5 and 6, p9).

Some 11.9 per cent said their organisation has begun to adopt DaaS, with a further 11.6 per cent saying they hadn't, but planned to (see figure 1, p2).

By far the largest chunk of respondents – 61.1 per cent – said their organisation has not adopted DaaS at all, with a further 15.4 per cent conceding that they were not familiar with the term.

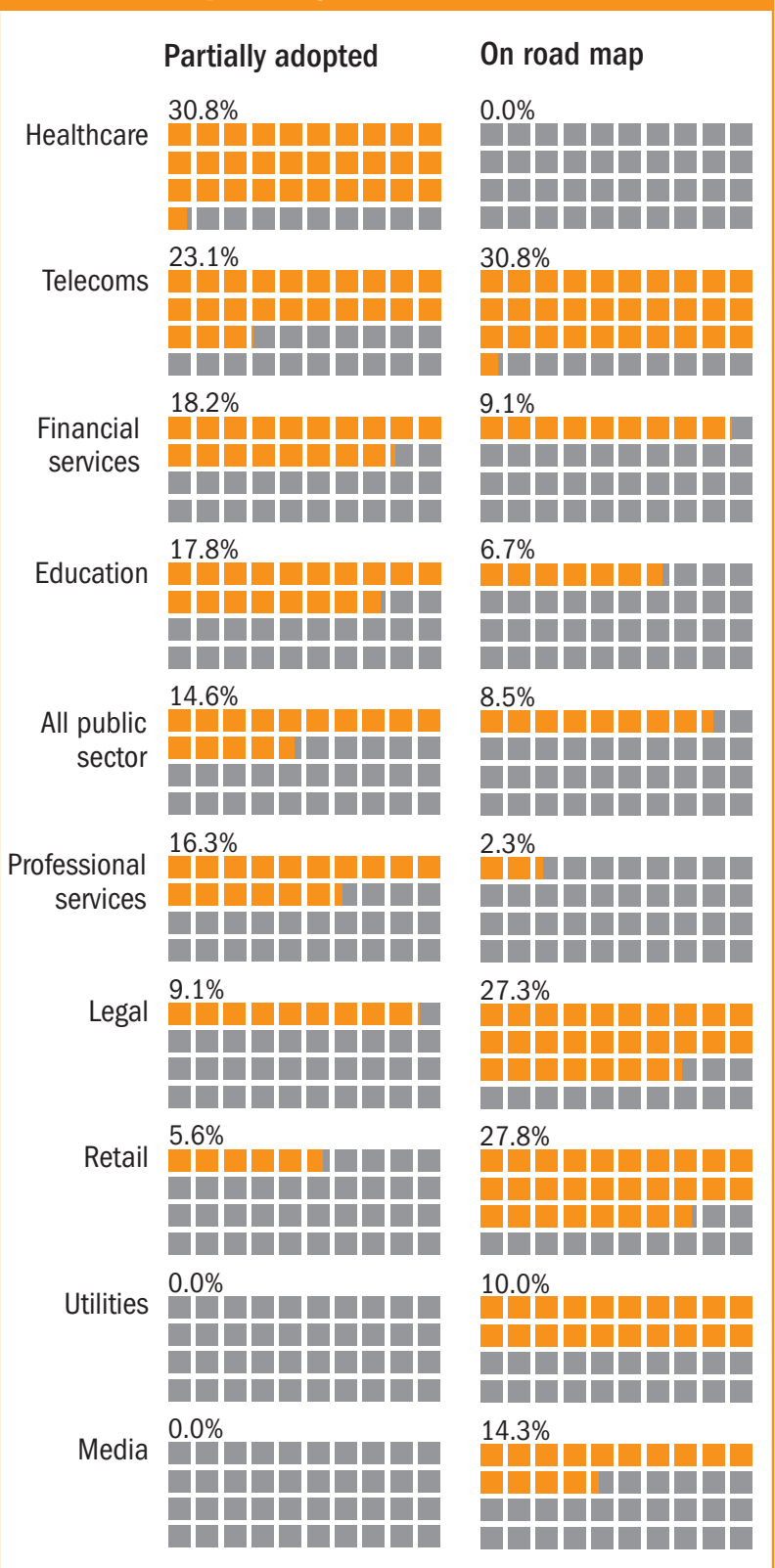
Perhaps surprisingly, not one of the 276 IT decision makers we quizzed said their organisation has fully migrated to a DaaS model, although Smith indicated that full-scale rollouts are afoot among Xeretec's client base.

"We've identified three models," he explained.

"There are those that are brave. They are doing a Windows 10 rollout in one big project. They tend to be quite large.

"Probably the bulk of them tend to be the ones that refresh devices as they age. Let's say they have an estate of 1,000 PCs and every year they're going to replace 200 – 'we'll do 200 through a DaaS model'. Oddly enough, if, say, it's the NHS,

## 2. DaaS adoption by vertical



## Common objections to DaaS

*Our research suggests that more than three quarters of UK organisations are yet to embark on their DaaS journey. Lack of awareness may be the single biggest reason for this, with 15 per cent of respondents admitting they weren't even aware of DaaS. But not all IT decision makers up to speed with the model are convinced it is right for them. Here we round up the most common objections partners are likely to encounter when pitching DaaS.*

### We like owning assets



Although John Paul Getty once famously advised “buy that which appreciates, lease that which depreciates”, many organisations still have a hardwired predisposition towards owning devices.

“I’m a big fan of owning things, not leasing,” said the IT manager of a mid-sized financial services firm.

“Old-fashioned directorship requires purchasing equipment,” grumbled a lead software developer at a small engineering services firm.

Others confided that it is easier to obtain budget for outright purchases of PCs in their sector.

“As a very small, independent school it seems to be easier to get a lump sum and buy the equipment rather than load budget with continuous payments,” said an IT manager in education.

### DaaS is more expensive



Although DaaS trumpets a lower cost of ownership, not all end users are convinced, with eight raising objections that DaaS is more costly than buying the devices and support separately.

One assistant director working in the education sector branded DaaS “too expensive for large organisations”, while the IT manager of a small public sector organisation said the DaaS options it had investigated “haven’t been financially viable”.

“Our trial showed it to be more costly versus a three-year refresh cycle,” said an assistant director working for a large education organisation.

“We have a regular replacement policy and so far DaaS has proved more expensive,” added the CIO of a large transport and logistics firm.

### We don't want to be locked in



DaaS allows firms to control costs, but one of its main strengths is also seen as a drawback in some quarters.

“We steer away from dependencies like these where I work,” said a financial services respondent.

“With DaaS, you’re locked in,” added the IT manager of a mid-sized professional services firm. “I prefer to be flexible with my spending. If business is bad, maybe we keep our devices a bit longer. DaaS, in my view, is another term for leasing.”

### DaaS doesn't work for complex environments



DaaS’ one-size-fits-all nature does not always sit well with end users with complex infrastructure set-ups or bespoke software requirements.

An engineer at a large financial services firm said they haven’t considered DaaS because “too many legacy applications would need to be rewritten”, while an IT manager in the education sector said DaaS is “not an easy fit with our high containment labs”.

“DaaS doesn’t sit on our road map and won’t in the future. Certain solutions sit within a rental/subscription model but not the end device for us due to high graphical requirements,” said the IT manager of a small professional services firm.

“We tend to keep PCs a long time (about five years) due to bespoke software requirements. DaaS would increase our costs and add complexity,” added a senior software developer at a small utilities firm.

### Our internal support team has it covered, thanks



Although DaaS promises to reduce the burden on internal IT teams, some don’t need or want any extra help on this front. “Managing devices is not a problem for us,” said the CIO of a large tech firm.

“It is not on our road map as we feel that we can deliver and manage devices more effectively in-house,” said the IT director of a large professional services organisation.

Those sentiments were echoed by a security architect at a large professional services firm.

“We manage our internal support team for our devices so the choice to go to DaaS is limited,” he said.

they'll say they've only budgeted to do 200 units this year, but when they look at the economics of DaaS they see they could afford to replace 1,000 units in year one because their payments are being stretched over a three- to five-year period. So in many cases it accelerates the adoption.

"And there are those that do spot purchases. It's pretty much 33 per cent in each sector."

## Vertical limit

Smith picked out the public sector, where there is a mandate to move to Windows 10, as a DaaS hotspot.

"Some of these [DaaS] deals are very large deals indeed – 2,000 to 7,000-unit placements – particularly in the public sector where they tend to be on the larger side because there is a mandate to move to Windows 10 and they are looking at how they can economically deploy this in the timescale they've been given without burning all their capital budgets," he said.

This is borne out in our data, which suggests that certain areas of the public sector are among the earliest adopters of DaaS. Some 30.8 per cent of respondents working in healthcare, a sector that discovered to its cost the drawback of sweating old machines during 2017's WannaCry attack, indicated their organisation has begun to roll out DaaS.

That's more than any other vertical market (see figure 2, p3), including other DaaS keen beans such as telecoms (23.1 per cent), financial services (18.2 per cent) and professional services (16.3 per cent). Across the public sector as a whole, 14.6 per cent of respondents indicated they have partially adopted DaaS.

Laggards include media (where no respondents had begun to roll out DaaS), legal (9.1 per cent) and retail (5.6 per cent), although a relatively high 27.8 per cent of respondents in the latter vertical

indicated that DaaS is at least on their road map for the future.

This tallies with the observations of Neil Sawyer, UK&I channel director at HP, who told *CRN* the vendor had struck DaaS success in retail and other verticals with highly dispersed employee networks, such as utilities.

"It might be a retail customer with 500 stores that have equivalent IT needs, where you can provide proactive management so you don't get any downtime in those stores," he said, when asked about typical case studies.

"Or it might be a fast-food chain with similar requirements, or perhaps a utility company with thousands of people in the field who have mobile devices and they have an absolute regulatory compliance or business need to have 100 per cent uptime on their technology. It's those sorts of customers that will be really interested in this technology."






Sawyer claimed the analyst buzz around DaaS is more than justified.

"Let me put it like this: I have never seen so many conversations about a new method of investing in workplace technology as I have with DaaS. It very clearly a major proposition of HP's and we are investing in it significantly, and we wouldn't be doing that if it wasn't for the demand we are seeing in the end-customer space and the enthusiasm we see from all of our largest Platinum partners and a number of our Gold partners across PC and print."

Graeme Watt, chief executive of Softcat, told *CRN* that he felt DaaS is "not for everyone".

"We are starting to see a little

## 3. DaaS adoption by size

	Partially adopted (%)	On road map (%)
 1-25	10.0	5.0
 26-250	11.4	7.6
 251-1,000	8.1	12.9
 1,001-10,000	11.9	11.6
 10,000+	14.0	12.3

bit of it," he said. "We're most advanced in managed print services, where we're operating mainly in an HP environment and taking managed print with end-to-end management of that print environment. DaaS is just a broader application of that model across devices. I think there will be a steady growth of adoption in DaaS, but I don't think you'll see big step functions in it. People need to get used to the idea of outsourcing devices and everything that means."

## Size matters

According to IDC, larger organisations are set to lead the DaaS charge, at least in the US. Among Fortune 1000 companies, 35 per cent will have a DaaS agreement in place by this year, although only one per cent will have completely transitioned, the market watcher predicts.

That picture tallies with our UK respondents, the larger ones

of which were generally further down their DaaS journey (see figure 3, p5). Large firms with 10,000 or more staff led the way, with 14 per cent having partially adopted DaaS and a further 12.3 per cent planning to. Adoption and awareness was generally lowest among respondents who worked for small firms with between one and 25 staff. Some 10 per cent of this latter cohort said they had partially adopted DaaS, just five per cent said they planned to, and a whopping 35 per cent weren't even aware of the term.

We also gave respondents a chance to open up in their own words about where they are on their DaaS journey, and a selection of their responses can be viewed on p10.

Many of those yet to adopt indicated that they are poised to evaluate whether to add DaaS to their road maps this year, at least for some devices or use cases,

indicating that 2019 could be a critical year for adoption.

## Drivers and barriers

Next up, we asked those respondents that have either begun adopting or harbour plans to adopt DaaS about their motivations for doing so (see figure 4, below). They were asked to score six factors from one to five, with one being not important at all and five being very important.

As anyone who's been saddled with an outdated, clunky and improperly secured company laptop will testify, employee morale can suffer when PC assets are sweated for too long. DaaS is often touted as a way to boost staff retention by ensuring client technology never goes out of date.

This view is apparently shared by our UK IT decision makers, who generally rated 'improved access to new technology' as the most

important driver for moving to DaaS, with an average score of 3.9.

Under DaaS, all costs fall under operating expenses, and this was also seen as a key driver among respondents, with an average score of 3.8.

Joint third in the pecking order was DaaS' ability to remove the stress of procuring, managing and disposing of devices; and improved user productivity, both of which landed average scores of 3.7 per cent.

Although the two other choices in the menu we presented to respondents – reduction in helpdesk volumes and desire to pay for all IT on a monthly subscription model – were seen as slightly less important drivers, at 3.1 both scored well over the 2.5 middle value of the scoring system.

We then invited respondents to share their views on DaaS in their own words.

Of the 276 respondents, around 30 left open-ended

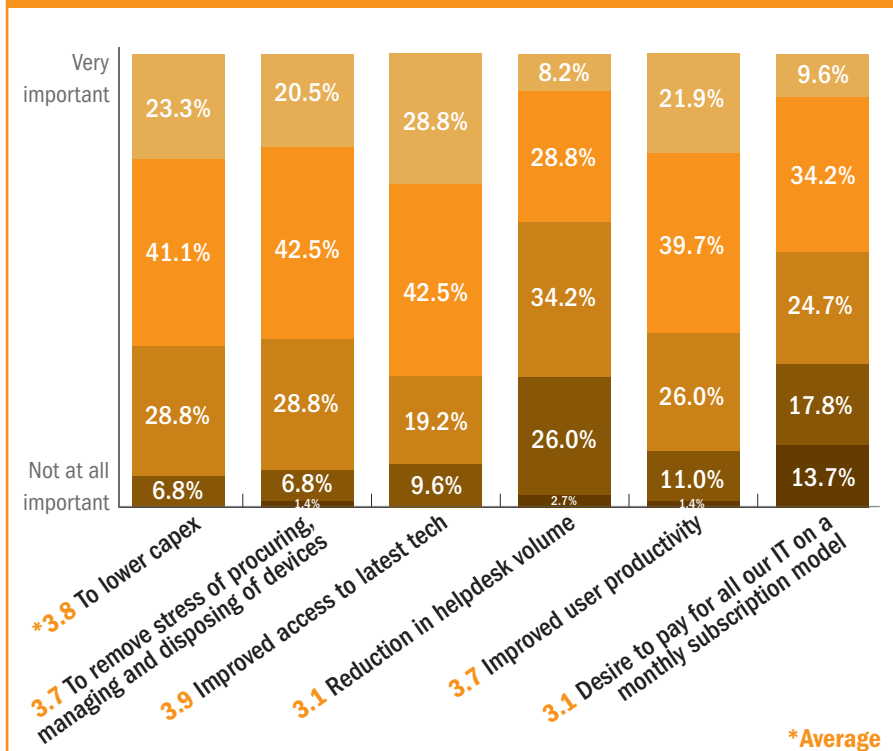
comments on what is driving them to adopt or consider adopting DaaS. These comments tended to fall around recurring themes (see box, 'Top attractions', p7), the most prevalent of which were employee morale, cost, and cloud adoption. Freeing up IT teams, moving to an opex model, and boosting flexibility were also frequently cited.

The group IT manager of a mid-sized marine services firm was among DaaS' biggest cheerleaders.

"One of my key objectives is to have proactive management of our IT estate," she said.

"DaaS fits this perfectly, with the added bonus of controlling costs. In my investigations this would also help my plans to upgrade to Windows 10 and introduce MDM

## 4. To what extent were the following factors important drivers behind your decision to pursue the DaaS model?



## Top attractions

*Do tech suppliers' preconception of what's driving DaaS adoption tally with the views of end users? When we invited our IT decision makers to share their thoughts on the main benefits and drivers of DaaS, several key themes emerged.*

■ **Cost savings:** Six respondents highlighted cost savings as their motivation for moving to DaaS. One education head of IT opined that DaaS “reduces support overhead”, the chief engineer of a large transport firm said it is “on the road map to reduce costs”, while respondents at two mid-sized telecoms firms cited the desire to lower costs as their reason for moving to DaaS. TCO was also highlighted by the head of IT at a small legal firm.

■ **Access to the latest technology:** Five respondents said accessing the latest kit was a prime driver of DaaS adoption. This includes a systems architect at a small professional services firm who said DaaS could improve employee morale by handing it access to “the best tech and highest productivity, without the maintenance”. “With the more rapid refresh times of end-user devices, a service that maintains them up to date is highly useful,” added the IT manager of a large retailer.

■ **Cloud pull-through:** Five respondents cited the rise of cloud and subscription models as motivation for mirroring this in the devices space.

“We have moved to a subscription model for software, so it makes sense to move devices to the same model. It ties the two up and reduces complexity,” explained the IT manager of a small legal firm. “As we consume more



cloud, then yes, we may over time buy devices on subscription,” added the CEO of a small professional services firm.

■ **Frees up the IT team:** Three respondents highlighted how DaaS has helped their firm’s IT team focus more on high-level strategy, including the former CIO of a large manufacturing firm. “I have other areas to focus on that make a competitive advantage for the business. Managing my own devices provides no competitive advantage,” they said. “It enables us to focus on development work and not be concerned with hardware and infrastructure issues,” said the IT director of a small media outfit that is planning to adopt DaaS.

■ **Flexibility:** Three respondents flagged up how DaaS has allowed them to be more flexible. “I have teams in multiple countries and DaaS allows me flexibility to grow and account for my needs across geographies,” said the CIO/CTO of a small airline. “DaaS will allow us to be more flexible and dynamic. It will bring true DR at an extensive level to our size of business without having to rely on laptops and cyber cafés,” added the IT systems manager of a small logistics firm.

■ **Opex booster:** Perhaps surprisingly, only two respondents raised how DaaS turns more IT spend into an opex cost as a driver behind their adoption.

“IT makes budgetary sense to remove capex restrictions from maintaining the portfolio of IT equipment, turning this into an opex cost,” explained a senior IT technical specialist at a large healthcare organisation.

for our laptops as we only use it for phones at the moment. I am looking at this option right now.”

Considering that more than three quarters of respondents said they currently have no plans to adopt DaaS, it’s understandable that we received far more comments on the barriers to adoption than on drivers: 51 to be precise.

We explore some of the common objections our IT decision makers raised on p4, but in summary, cost and vendor lock-in emerged as the two primary concerns, while others confided that their preference for carrying out support in-house or owning assets, or alternatively the complexity of their infrastructure set-up, has

prevented them embracing DaaS.

“With DaaS, you are locked in. I prefer to be flexible with my spending. If business is bad, maybe we keep our devices a bit longer. DaaS, in my view, is another term for leasing,” said the IT manager of a mid-sized professional services firm that has no plans to move to a DaaS model.

## Early adopters

We also gave respondents who have already dabbled in DaaS the opportunity to share whether their experiences had been positive or negative.

Comments on this front were split fairly equally between fans and detractors, with the former primarily highlighting improved user experience and the latter camp complaining they had found the model uncompetitive.

“[We’ve had a] good user experience and [it has been] well received by majority of users, probably helped by training which was provided (including comms throughout process) for users,” said one DaaS advocate – the CIO of a large financial services firm that has partially adopted DaaS.

This was echoed by one respondent working in the education sector.

“It has been a positive experience allowing growth within the university. It’s also allowed more teams to get involved and learn new skills instead of outsourcing deployments,” they said.

The IT director of a mid-sized telecoms firm added: “There have been some positive returns to date, but we are not fully committed

to further investment in this area as yet; we are keeping the matter under review.”

The IT manager of a large manufacturing firm was among those left cold by their DaaS experiences.

“I have investigated and used it in the past. However, with the reduced cost of hardware service it became uncompetitive,” they said.

A director of a small financial services firm, meanwhile, confessed that they were “not too happy with experiences so far”.

A local government respondent said they are willing to be won around, despite “having negative experiences many years ago”.

“But we are preparing to try again, as the benefits should be positive if the supplier can live up to their promises,” they said.

## The reseller case for DaaS

The appetite for DaaS is clearly rising at an end-user level, but there are several additional benefits – as well as barriers – that apply specifically to providers weighing an entry into the space.

### ■ Benefits

**Transactional to contractual selling:** Most IT providers

are desperate to move from a transactional to a contractual sale wherever possible. A three- or five-year DaaS deal serves up a guaranteed and predictable revenue stream for partners and also hands them more opportunities to upsell new products and services.

“We prefer contractual business to transactional business because it allows us to build and invest in client relationships over a period of time, which helps us retain the client at the end of the contractual period,” said DTP’s Hall.

“It gives us the ability to have another conversation with a customer,” added Xerotec’s Smith.

“A third of [DaaS] customers will be buying devices all the time and we are having constant dialogue with them. Once you have that, you can uncover other opportunities you may not have previously.”

**PC refresh conversation starter:** DaaS offers complete visibility of when devices will be refreshed, putting providers in pole position when it comes to technology replacement.


“If a customer is under a three- or five-year contract, ultimately you know when the right time




**“In productivity alone, I think people will get into a faster refresh cycle once they move into this model, and it will help IT teams because they won’t have to spend time and money supporting legacy equipment. I genuinely think that the market will move to this model as the de facto standard; it will take time, but it will get there.”**

David Smith, Xerotec

**“DaaS takes away the worry customers have about supporting devices, looking after them and upgrading them so the customer can focus on doing what they do best.”**



Kieran O’Connor, Total Computers



**“I have never seen so many conversations about a new method of investing in workplace technology as I have with DaaS.”**

Neil Sawyer, HP Inco

**I think there will be a steady growth of adoption in DaaS, but I don’t think you’ll see big step functions in it. People need to get used to the idea of outsourcing devices and everything that means.”**

Graeme Watt, Softcat





is to start talking to them about replacing that technology,” said HP’s Sawyer. “In the past, that has been a little bit unpredictable. [DaaS] delivers a lot more predictability in how that’s done.”

**A point of differentiation:** With only 11 per cent of respondents in our survey having started their DaaS journey, channel partners that get on board early will possess a differentiator in what is a flat PC market.

Underlining the white space that’s currently available for partners to exploit, Hall at DTP questioned whether the channel currently has the capability to satisfy the pent-up demand for DaaS among end users.

“Probably the biggest thing holding up DaaS is actually the channel’s ability to sell it,” he said.

“The challenge will be whether the supply chain can push that

model as well as it being pulled by customers,” agreed Xerotec’s Smith.

## ■ Barriers

**Infrastructure investment:** Smith cautioned that any reseller looking to crack DaaS must “jump in with both feet”.

“You’re looking at the whole supply chain, the life cycle management, the proactive intelligent management of the devices in situ. It’s not a simple thing to do. Because of our DNA [as a managed print partner] we’ve done most of these things. We have the billing platforms. We’re leveraging the investments we’ve made,” he explained.

**Longer sales cycle:** The sales cycle for DaaS may be more protracted than it is for capex deals, Hall at DTP warned.

“If you think of those people who are making a transactional sell, it’s

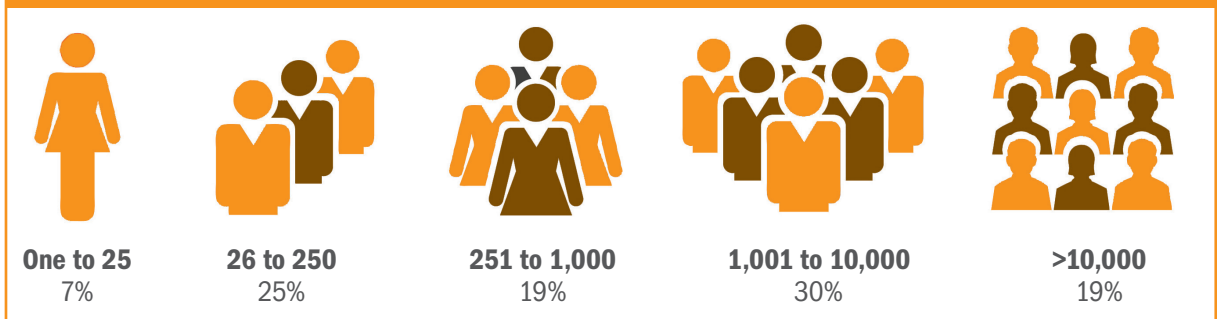
easier to say ‘I want a price for this particular PC’.

“But to actually construct a business outcome sale, you have to build a business case and demonstrate an ROI, which slows down the sales cycle a little bit, but in reality the benefits to the channel partner make it a lot more profitable and easier to retain customers.”

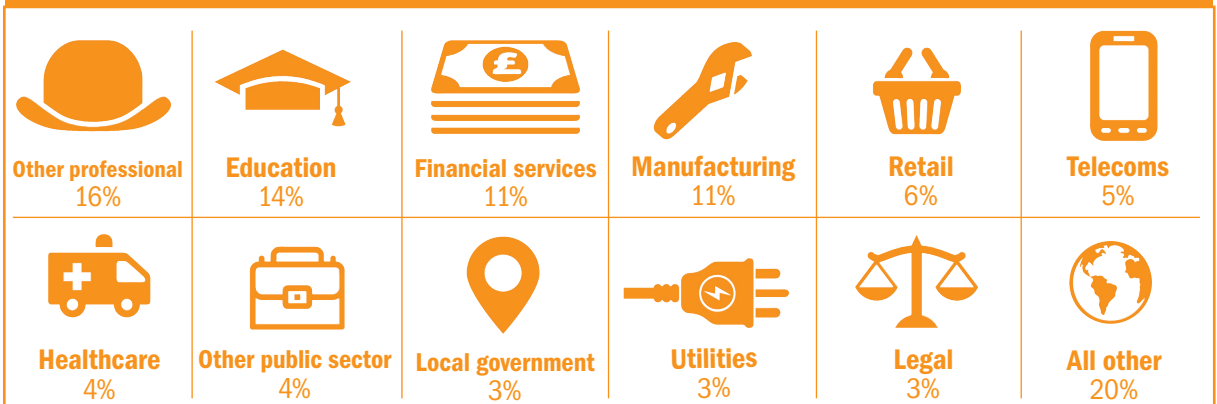
**Change in sales culture:** Hall said it had taken DTP five years to learn how to reinvent its sales force and start making money out of managed print, and predicted that DaaS could present similar challenges for suppliers not geared up for the model.

Xerotec’s Smith also stressed that his company’s heritage in managed print means the firm already has salespeople “who are skilled in articulating a consultative contract discussion with the customer”.

## 5. How many people are employed by your organisation?



## 6. Which of these best characterises the industry of which your organisation is a part?



## The DaaS adoption curve

### **Where our IT decision makers are on their DaaS journeys, in their own words...**

"It fits into our road map but we don't see it as something that's applicable to all users; it's more likely to be able to fit specific roles and scenarios," *IT manager, mid-sized construction firm*

"Used for test environments where day one may require 10 PCs and day two require 200 followed by day three at 50 machines," *senior IT security manager, large telecoms firm*

"DaaS fits into the road map but would be deployed in specific scenarios to address specific needs and roles, rather than being deployed across the board," *data analyst, IT manager, mid-sized construction firm*

"With a refresh cycle of four to seven years for end-point, this would not sit on the road map for another three years," *head of IT operations and support, large financial services firm*

"It's yet to become a clear, defined and joined-up strategy but the tide is moving that way," *infosec manager, large utilities firm*

"Still evaluating to see if this is something we should look at now or delay for a couple of years," *head of IT, mid-sized manufacturing firm*

"DaaS has become of interest as it fits in our transformation project as well as our flexible working policy," *data analyst, small not-for-profit*

"Still in discovery stage," *senior technical architect, education*

"Not even thought about it," *head of IT, mid-sized financial services firm*

"Infrastructure and software-as-a-service fits more to our model road map than device-as-a-service," *IT director, education*

"It is something we will be looking at in two to three years once it becomes more established," *head of IT, mid-sized manufacturing firm*

"At the moment DaaS isn't in our road map; however I can see the future potential benefits over leasing," *IT consultant, small professional services firm*

"We are currently leasing PCs. Whether that changes over to DaaS remains to be seen," *project manager, local government*

"It is on the road map for review and planning for timescales," *operations architect, mid-sized professional services firm*

"Proof of concept is on our road map for later in the year," *infrastructure architect, large telecoms firm*

"This may be something we consider in the future. We will first be looking at a leasing option which may incorporate DaaS," *head of IT, mid-sized professional services firm*

"Definite plans to move to DaaS model for mainstream PC estate," *head of IT, public sector*

"This is something that we are currently looking into and will implement in the near future," *network and telecoms product owner, large outsourcing firm*

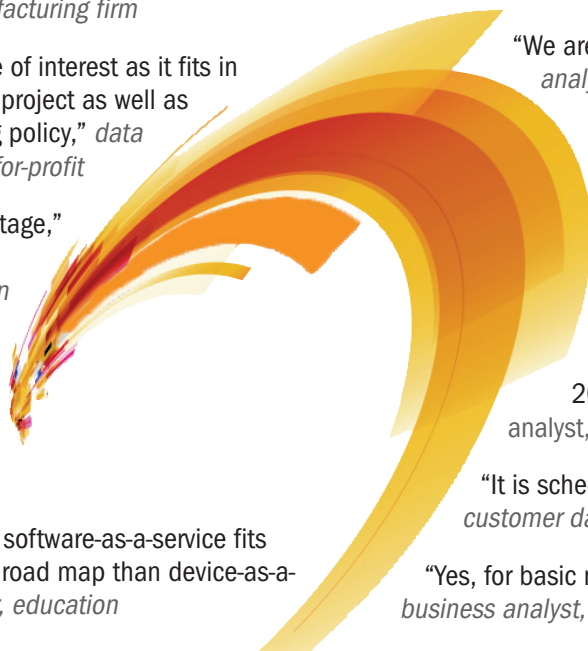
"We are actively exploring this option," *IT analyst, large manufacturing firm*

"At the moment we do not have any DaaS projects on our road map, but it is something that we are watching with interest," *technical consultant, small professional services firm*

"It is on our road map but not until 2020 at the earliest," *senior business analyst, large public sector organisation*

"It is scheduled to be reviewed next month," *customer data steward, large retailer*

"Yes, for basic non-critical infrastructures," *business analyst, large financial services firm*



## Conclusion: Seven partner takeaways

- **1. The hype is justified** Over a fifth of UK end users have started to adopt DaaS or have it on their road map, from pretty much a standing start three years ago. And many more respondents who have yet to commit to adoption told us they will be evaluating DaaS later this year, at least for some devices or use cases. This sets up 2019 as a crunch year for adoption.
- **2. ...but DaaS is not yet a mainstream opportunity** It's worth reiterating that not one of the 276 IT decision makers we questioned had completed a full-scale rollout of DaaS. Even though we know from resellers that enterprise-wide projects are in the works, it is clear from end-user comments (see p10) that in most cases organisations are dipping their toes into the DaaS waters before they decide whether or not to take the plunge.
- **3. Some verticals adopting faster than others** Our survey responses suggest that adoption is occurring at a faster rate in certain verticals than others, including healthcare, where the argument for DaaS has been strengthened by the mandate to roll out Windows 10. Telecoms and professional services are among the other DaaS pioneers, while large enterprises are generally further along the curve than their smaller counterparts are.
- **4. Most customers not yet convinced of the benefits** It is telling that comments about the drawbacks of DaaS outnumbered those of a positive nature by nearly 2:1, underlining that this is still a nascent market. Although many acknowledged the cost, support and technology-related benefits DaaS can bring, more were worried about potential lock-in or felt DaaS wasn't the right fit for their business.
- **5. Drivers may not be what providers think they are** DaaS is often sold on the basis that it enables clients to move more of their IT budgets to an opex model, but respondents rarely brought up this benefit when we asked them to share why they are adopting DaaS (see p7). Cost savings and access to new technology, plus a desire to move everything to a cloud model, appear to be the factors most responsible for driving early uptake.
- It's interesting to note that some of the benefits associated with DaaS are also viewed as weaknesses by sceptics, which may offer some important pointers on where resellers need to focus when pitching DaaS.

Although DaaS' lower total cost of ownership than traditional PC rollouts was cited as a common driver for adoption, a higher number of end users believe the model is uncompetitive. Resellers that can win that cost argument will be the most successful.

Similarly, although several early DaaS adopters were impressed by how it reduces the burden on IT support, others yet to adopt felt they could manage devices more effectively in-house. Convincing this latter group that DaaS can free up IT teams to carry out more strategic work will be a key battleground for DaaS providers this year.

It's clear from our end-user comments that resellers will also have to prove that DaaS is more than just leasing in disguise, meaning selling benefits around the software and predictive maintenance elements will be key.
- **6. DaaS is a channel-friendly play** Aside from the end-user benefits, DaaS can make resellers stickier with customers, improve their revenue predictability, and increase their cross-sell potency. But any channel firm weighing up a DaaS entry should also be cognisant that selling DaaS implies longer sales cycles and may also involve a change in sales culture and investment in systems.
- **7. DaaS adoption is partly in the hands of resellers** While groundswell for DaaS is building at an end-user level, some believe adoption could be held back by a lack of readiness in the channel.

The IT manager of a small professional services firm yet to embark on DaaS confided that his adoption plans hinge as much on his MSP as with his firm's senior management.

"It all depends on management's view, and our outsourced IT provider's view and if they start providing this service. And of course the cost. In theory I like the idea," he said.

This only highlights that DaaS is a white-space opportunity for partners who get on board while the market is still nascent.