

Research Report:

Hardware Total Cost of Ownership Concerns Driving a Flight to Quality

UK IT leaders are under increased financial pressure and scrutiny, and are seeking long-term value through device reliability, performance, and durability



Executive Summary

The commercial hardware buying environment has changed. Budgets have been looser in previous years with huge demand, initially fuelled by COVID, to get available devices into employees' hands due to the urgency of adapting to hybrid work. Today, with inflation, interest rates and energy costs still extremely high, IT Decision Makers (ITDMs) are navigating a more complex purchasing process with additional stakeholders involved and much greater focus on hardware sustainability.

Microsoft Surface wanted to understand the views of IT leaders in this current environment and the value they're placing on device reliability, versatility, and contribution to the employee experience. As well as how ITDMs are choosing to respond to their increased responsibilities and evolving pressures. We commissioned qualitative research, interviewing IT stakeholders across education, corporate, and frontline organisations, as well as conducting a quantitative online survey of 150 ITDMs across the UK, all of whom are responsible for buying commercial hardware such as laptops, tablets, and 2-in-1 devices.





Key Findings

01

The UK's IT leaders are being given the financial resources to get hardware decisions right - 81% are planning on increasing their commercial hardware budget over the next 12 months

02

They're still under increased financial pressure and scrutiny, but are responding with the correct strategy - 84% are investing in premium devices because of the cost savings they can bring

03

They appreciate that when it comes to device quality, customers get what they pay for - 83% say buying cheap laptops means you pay more for maintenance and repairs in the long run

04

Have higher lifecycle expectations of the devices they're investing in - 74% are now looking to stretch this beyond 3 years, with an extension of 1-2 years being planned by most

05

They need devices that just work, perform, and last - Reliability, high specifications and durability are the three most important feature sets

06

While sustainability is a middle ranking concern right now, it is still a notable consideration

07

Quality over quantity is preferred with regard to peripherals - 85% say higher quality peripherals can be worth the investment, if they increase productivity

08

They fully appreciate the importance of the employee experience and the role hardware plays in improving it - 81% say premium laptops are worth the investment because they increase productivity

09

ITDMs are responding to the current climate by building stronger relationships with finance, which will continue to help as ownership and purchase models evolve - 78% are developing a deeper relationship with their CFO and finance leads

Key Finding 1

IT leaders are being given the financial resources to get hardware decisions right

While **71%** of UK ITDMs say that due to the current financial climate, keeping expenses to a minimum is a priority, budgets for commercial hardware are not being reduced.

The vast majority (**81%**) of respondents are planning on increasing their commercial hardware budget over the next 12 months, while **9%** expect it to stay the same, and only **10%** expect a decrease. The majority (**65%**) of IT leaders say they have adequate budget, and **31%** say *more* than adequate.

81%

of respondents are planning on increasing their **commercial hardware budget** over the next 12 months

Key Finding 2

IT decision makers are still under pressure – but are responding with the correct strategy

Nearly eight out of ten (**79%**) respondents are under increasing pressure to show cost savings when it comes to commercial hardware expenses, and **78%** say a greater level of scrutiny over finances means they have more stakeholders to satisfy across the business, to get sign off on commercial hardware spend.

Yet **84%** of UK ITDMs continue to invest specifically in premium devices because of the total cost savings they can bring, showing a clear understanding of the Total Cost of Ownership (TCO). Indeed, **89%** explicitly say TCO is a consideration when deciding what commercial hardware to buy.

84%

of UK ITDMs continue to **invest specifically in premium devices** because of the total cost savings they can bring

Microsoft and IDC have created a free [online TCO calculator](#), for IT leaders to check for themselves how Surface and Microsoft 365 can save money by simplifying IT operations, reducing security risks, and increasing employee productivity.

Clearly, despite being in a more cost-sensitive environment, the UK's IT leaders are considering the full breadth of the hardware value proposition to prepare a detailed business case that evaluates far more than just initial purchase price.

Key Finding 3

IT leaders are investing in premium devices because they appreciate that when it comes to device quality, customers get what they pay for

The vast majority (**83%**) of UK IT decision makers say buying cheap laptops means you pay more for maintenance and repairs in the long run, and **85%** say low-end devices end up effectively costing more due to poorer efficiency.

More than eight out of ten (**84%**) respondents say when it comes to commercial hardware, if you buy well - you buy once, and **85%** say investing in premium laptops also helps reduce spending on peripherals.

These views are backed up by additional research from IDC, which was commissioned by Microsoft to independently and extensively investigate the ROI of Surface devices powered by M365. IDC conducted in-depth interviews and surveyed 700 organisations, all of which use at least 150 Surface Laptops, and found they delivered an ROI of 2.8x over three years.

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Up to 2.8x ROI with Surface + Microsoft 365 from £7,013 in additional benefits per Surface device.

Savings

£93 Increased Residual Value*
31% higher than other PC devices

£46 Reduced Support
24% lower third-party support & security costs

£96 Accessories Savings
Fewer hybrid meeting accessories (Camera, Lights, Headset)

£235 Total Savings per Surface device
(incl. accessories) over 3 years



Key Finding 4

ITDMs have higher lifecycle expectations of the devices they're investing in

According to our data, the current average workforce laptop lifecycle is now 3.2 years, but 74% of UK IT leaders are now looking to stretch this out - with an extension of 1-2 years being planned by most (63%).

Why? Because **76%** of respondents agree that reducing hardware purchase frequency will save their company money. And it's worth noting that this will also help increase organisations' sustainability efforts by reducing consumption and waste.

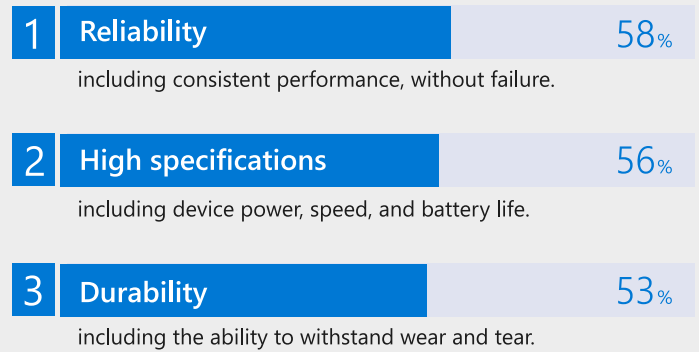
This also shows the extent to which TCO and lifecycle length will be dependent on build quality, reliability, and durability - which have always been at the heart of Windows and Surface commitments.

As part of Microsoft's commitments to become carbon negative, water positive and achieve zero waste by 2030, the Surface portfolio is circular by design, adopting a repair, reuse and recycle model that minimises waste and extends the lifespan of our devices for as long as possible. Microsoft Surface also builds products of the highest quality with a responsible, reliable supply chain.

Key Finding 5

Specifically, UK IT leaders want devices that just work, perform - and last

These findings are further borne out by the features respondents consider most important in a workforce laptop, with the top three being:



Despite current pressures on ITDMs, low price (**25%**) is considered one of the least important aspects of a workforce laptop today and is even less of an issue than brand name.

This again speaks to UK IT leaders' differentiation between price and value, given more premium devices can offer direct savings through, e.g., device consolidation, reduced spend on peripherals, residual value, and lower operational costs.

The demand for higher specification devices also shows how ITDMs appreciate the connection between performance and staff productivity, as well as the reduced IT staff time resulting from enhanced reliability.



Key Finding 6

While sustainability is a middle ranking concern right now, it is still a notable consideration for IT leaders

While sustainability and environmental credentials (41%) are deemed less of an urgent buying criterion than reliability, high specifications, and durability in the current climate, it is clearly still a factor that's considered by UK ITDMs.

Other environmentally friendly practices respondents are actively participating in include reselling hardware and using recycling services (38%) and purchasing refurbished devices (25%).

Sustainability and energy efficiency will only become more important, and the potential impact on the world around us fuels design innovation across the entire Surface portfolio, which again, is why Microsoft's commitments to sustainability and accessibility goals are ingrained into the design process.

Translating this sustainability performance into commercial advantage - by making the cost savings more tangible for other stakeholders in the business, will be essential for ITDMs to navigate this more complex buying environment.

Microsoft has created a free [online emissions estimator](#), to accompany the [Surface TCO estimator](#) and estimate the carbon emissions of ITDM's Surface device mix, alongside cost savings.

It's also worth noting that starting with Windows 11, Windows Update can make it easier for your devices to reduce carbon emissions.

When devices are plugged in, turned on, and connected to the internet and where regional carbon intensity data is available, the option is provided for Windows Update to schedule installations at specific times of the day when a higher proportion of electricity is coming from lower-carbon sources on the electric grid.

Window and Surface Commitments



Reducing carbon impact

Designing Out Carbon Emissions
Renewable Energy in Supply Chain
ENERGY STAR® Efficiency Ratings



Circular by design

More Sustainable Packaging
Increasing Repairability
Innovating New Circular Materials



Integrity built-in

EPEAT Gold™ Registered
PCsEcoProfiles for Devices
Transparency on Impact



Key Finding 7

IT decision makers also prefer quality over quantity with regard to peripherals

While **71%** of respondents are aiming to lower peripherals to reduce costs, and **75%** are doing so to reduce the complexity of device management, 85% of UK IT leaders still agree that higher quality peripherals can be worth the investment if they increase productivity.

These findings, and the results of IDC's investigation into ROI, show how the versatility of the Microsoft Surface portfolio, through the devices' ability to simplify IT operations and be an all-in-one solution for employees and students, should be compelling considerations for ITDMs.

The increased scrutiny on costs and apparent 'flight to quality' will increase the desirability of single devices that can provide everything an end user requires. Hence the findings showing that UK IT leaders welcome device consolidation.

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IT Efficiency: Simpler IT operations and IT staff time saved are key benefits of this investment, including:

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IDC's additional research into the ROI of Microsoft Surface devices, also discovered that **IT efficiency**, such as simpler IT operations and IT staff time saved are key benefits of the investment, including:

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Device consolidation: 44% of organisation respondents found that Surface devices replaced **2.3** devices on average other devices (desktop, laptop, tablet, mobile phone etc.)

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Accessories savings: £96 of savings per device, because fewer hybrid meeting accessories (camera, lights, headset etc.) are needed.



Key Finding 8

IT leaders today fully appreciate the importance of the employee experience - and the role hardware plays in improving it

Our data shows **81%** of UK IT decision makers say premium laptops are worth the investment because they increase productivity, and **76%** because they keep employees satisfied and happy.

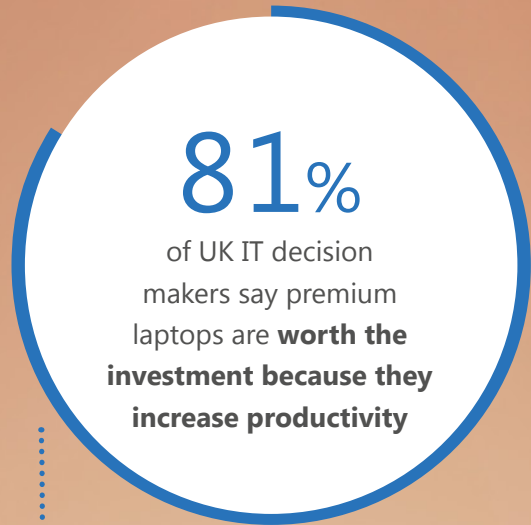
More than eight out of ten (**82%**) of respondents also say empowering employees with premium laptops results in fewer security and performance related issues, and **77%** say enhancing the employee experience in the current economic climate is more important than ever.

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Indeed, nearly three quarters (73%) of UK ITDMs say employees now expect to receive premium devices.
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Improving the quality of the user experience was the reason Microsoft created the Surface device portfolio in the first place. The most meaningful experiences come from innovation at the intersection of hardware and software, so Microsoft needed to build its own hardware that would not only be a stage for Windows but push the whole platform and ecosystem forward.

This is also why every Surface product uses premium materials, components, and undergoes rigorous testing processes with one goal in mind: To fade into the background - so staff are free to focus on what's important to them.

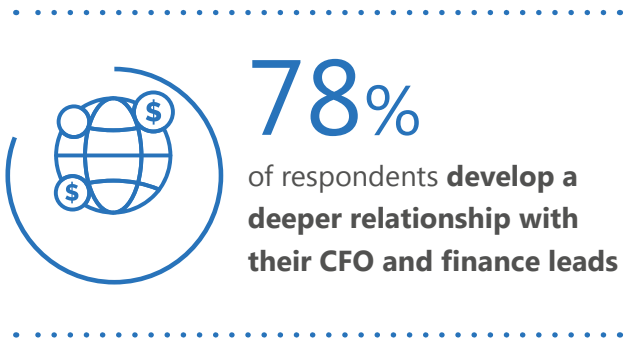
It's also worth noting that in a more cost sensitive world, pay increases are harder to negotiate and to offer, so finding as many ways as possible to enhance the employee experience is critical. The provision of premium devices such as Surface can have a welcome, positive impact on morale and retention.



Key Finding 9

ITDMs are responding to the current climate by building stronger relationships with finance, which will continue to help as ownership and purchase models evolve

Our findings show that **79%** of UK IT leaders say they now have to have broader discussions across the business, to make the case for commercial hardware investment. The good news is that this appears to have helped the majority (**78%**) of respondents develop a deeper relationship with their CFO and finance leads.



Clearly, CFOs will want to see to see the TCO benefits of premium device assets come into effect. Surface devices being built to last and delivering positive ROI should provide a good proof point for IT leaders to share with their finance contacts as hardware lifecycles are successfully extended.

Interestingly, while **53%** of respondents buy commercial hardware as part of their annual budget, 40% say they are exploring alternative purchasing models. There are also significant numbers of early adopters of newer buying models, with **31%** of ITDMs using Devices as a Service (DaaS) and **22%** leasing their hardware.

Conclusion

The UK's IT decision makers are still under pressure and scrutiny, with the inflationary and economic outlook remaining uncertain for 2023. Yet this research shows ITDMs are optimistic about the value high quality hardware can provide for their organisations, rather than sceptical about the investment required for reliability, performance, and durability.

It is also encouraging to see they are managing to thread the needle by leveraging premium devices that are built to last, to reduce electricity and materials consumption which are critical to meeting sustainability targets, as well as lowering organisations' energy bills.

ITDMs' ongoing expertise and guidance has never been more important than it is right now, and organisations across the UK are deeply reliant on their growing influence, to get hardware buying decisions right - and to protect the quality of the employee experience.



Further resources

For more information, please visit the
Microsoft Surface for Business Homepage

Check out the **Surface TCO estimator**
and the **Surface emissions estimator**

