

The Hidden Costs of Enterprise Mobility

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Notebook computers. Mobile telephones. Handhelds and personal digital assistants.

In the third quarter of 2007, research firm IDC reported that sales of notebooks and other portables leapt 37 percent on a worldwide basis, the biggest quarterly increase in more than a decade.¹ Approximately 110.3 million units were shipped in the United States alone. For the same period, another research firm, Gartner pegged worldwide sales of mobile phones at an astonishing 289 million, up 15 percent from the year before.²

Clearly, mobile technologies are virtually indispensable tools for businesses of every size, and that is causing an associated increase in spending for mobile voice and data communications services.

A survey of more than 1,000 technology decision makers by Forrester Research released in mid-2007 projected that spending for mobile voice, equipment and data service would grow to 29 percent of overall enterprise network and telecommunications budgets, up from 26 percent in 2006. Fully 63 percent of the enterprises surveyed by Forrester believed they would boost spending on mobile data services over the next 12 months, while 56 percent expected to increase voice spending.³

But that's just the spending that's currently under their direct control: Experts suggest that network and IT managers aren't fully aware of the true costs of enterprise mobility. By getting a better handle on those expenses and helping businesses control them—without jeopardizing true mobile access—IT managers can have a direct positive impact on their company's bottom line.

State of Denial

"Most IT organizations have been in a state of denial," says David Hall, senior vice president and chief technology officer for CompuCom, a US provider of technology services with headquarters in Dallas, Texas.

The problem, as Hall sees it, is that while most businesses today practically require broadband connectivity of their employees—because of the size of e-mails and the pace by which decisions are made at all hours of the day—few actually have a corporate policy for managing the costs associated with access anytime, anywhere. That's because few companies have stepped back to consider the various cost items buried in travel expense reports or as part of incidental connectivity charges paid on a department-by-department basis or even in the form of support calls to the corporate technology help desk when an employee finds himself or herself unable to connect on the road.

"Companies don't really go back and pull together and look at what they're spending," Hall says.

The good news is that the timing is right for IT managers to approach executive management about digging up this sort of information and setting a corporate-wide mobile strategy. The Forrester survey⁴ reported that centralizing management of mobile devices was a priority for fully 41 percent of its survey respondents.

So, how can IT managers help their companies identify and get a handle on these hidden costs? The following is a discussion of some trends that impact corporate mobility strategies. By considering how these developments might affect your company, IT teams can collect useful fodder that will help make the case with upper management for a centralized mobile access strategy.

The "I Must Have It" Syndrome

BlackBerrys, Treos as well as Windows and Symbian based smart phones that combine voice calling features with data connection capabilities seem to have become practically ubiquitous among traveling executives. The

problem is that few actually walk in the front door of companies as a sanctioned IT requirement. Because they help boost productivity, many companies turn a blind eye. That is, until these workers start using these devices to access the corporate network, especially for applications such as wireless e-mail.

"Executives have found they can't get along without them, and the check to approve it comes because it was a benefit to the company. But if you don't plan for it, it will blindside you," notes Gerry Purdy, chief analyst for mobile and wireless at Frost & Sullivan, Palo Alto, Calif.

The extent of those extra costs can easily run an organization upwards of \$120 per month per smartphone user, depending on the wireless service carrier with which they have their contract. Another culprit comes in the form of modem cards for broadband services, which a growing number of "road warriors" are using to supplement other forms of ad hoc connectivity, such as Wi-Fi wireless networks and wired broadband service, both of which are increasingly available in hotels that cater to business clientele. Broadband wireless cards can easily add \$50 to \$60 per month to a typical mobile phone bill, according to CompuCom's Hall.

His organization keeps a lid on these expenses by negotiating corporate-level contracts with wireless carriers and assigning these cards to certain individuals who are deemed to be frequent travelers. "But even then, there are still a lot of costs that fly under the radar," Hall says.

Frank Albi, president and chief operating officer of Inacom Information Systems, a technology consulting company in Madison, Wis., likewise believes that broadband wireless cards are invaluable—provided your company has a strategy in place to manage how they are used. "What organizations tend



to struggle with is how to support what I'd call these true forms of mobility, the ones that give you flexibility," Albi says.

Inacom moved last year to provide its entire workforce with broadband wireless access cards. One of Albi's motives was to reduce support costs for notebooks and handheld devices. "There are compatibility issues with these cards depending on the type of operating systems and applications you're using," he says. His other motivation was to cut back on the ad hoc costs his field service force was incurring by connecting willy-nilly from Wi-Fi hotspots and in hotel rooms.

From Home to Hotspot

This brings us to another key trend: the shift by companies of all sizes to offer flexible work arrangements to increasingly distributed workforces.

A recent survey by the Computing Technology Industry Association found that nearly 75 percent of small and midsize businesses (SMB) have at least one employee who telecommutes; on average, about 7 percent of their employees work from home at least once per week. The survey found, about 10 percent of the total SMB market is mobile.⁵ Overall, IDC predicts that mobile workers will account for about one-quarter of the global workforce by the end of 2009. Not every mobile worker's needs are the same. Road warriors, for example, spend most of their time un-tethered from any particular location. "Day extenders" or "teleworkers", on the other hand, generally work in an office but need access to the corporate network from home or other remote locations.

The one thing they have in common is that they require access to resources and applications on the corporate network, and they will opt for the simplest common denominator to get to them. That means these folks are racking up all sorts of random connectivity fees that may or may not be covered as

part of a company's IT budget and that may differ from person to person in the same department. Consider that a "day pass" for many Wi-Fi networks in coffee shops, hotel lobbies, airport departure lounges and other public spaces costs at least \$10 – and costs in many European countries are significantly higher. If an employee is expensing the cost of a cable modem or DSL connection, this could easily run \$50 per month.

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The situation is compounded when you start considering cross-border travel situations, with the spectre of international wireless roaming fees or, worse yet, wildly overpriced hotel operator services.

If You Can't Beat Them, Manage Them

When all is said and done, the extra bills associated with supporting renegade wireless and broadband access can run an organization thousands of dollars a month in unmanaged fees. "Big companies expect to buy things at an enterprise rate, they don't expect to buy things at retail prices," observes Piero DePaoli, director of global product marketing for iPass in Redwood Shores, Calif., which provides a mobility management offering. "The organization is paying significantly more dollars, but the costs are so spread out that they don't know all the costs they really have."

Inacom's Albi says it would be a mistake to try to squelch the communications and network access needs associated with what he calls true mobility. There isn't a business executive

across any enterprise company that isn't eager for better access to their corporate data and resources—from anywhere at any time. "The secret sauce is integration: being able to guarantee access to all sorts of disparate information when that information is needed," Albi says.

By looking outside the bounds of the IT organization to put a figure on these costs and devising better ways to control and manage them—without making things harder for mobile workers—IT teams can help keep their companies on the cutting edge of competition. "The IT manager looks like a hero," DePaoli says.

How can an IT manager look like a mobility hero? One quick way is by reaching within your organization to identify some of these costs. One tool you can use is the **Mobility Expense Calculator** http://ipass.com/misc/mobility_expense_calculator.html, which will help you understand which expenses—from spot purchasing and subscriptions of multiple Wi-Fi hotspots to overseas tolls—are a particular problem for your organization. Once you bring those hidden costs out into the open, you're on your way to making the case for a mobile management strategy—one that is within your control without slowing down your business. ■

1 "Worldwide Quarterly PC Tracker," IDC, December 2007
2 Gartner mobile devices research (Nov. 2007)
3 "Buyers Year for Enterprise Mobility Leadership," Forrester Research, June 1, 1007
4 "Buyers Year for Enterprise Mobility Leadership," Forrester Research, June 1, 1007
5 Computing Technology Industry Association (October 2007)