



MARCH 2013

MOBILE WORKER

The Inside Story

**BYOD IS GAINING SPEED
IN THE NEW**



The iPass Global Mobile Workforce Report

From iPass: The world's largest commercial
Wi-Fi network and trusted connectivity platform.

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Executive Summary

The Q1 2013 Global iPass Mobile Workforce Report examines the evolution of Bring Your Own Device (BYOD) and the hurdles to Wi-Fi connectivity. Mobile device choices are proliferating, and corporate BYOD strategies are evolving. Therefore, the mobile worker should be more productive than ever before, but that is often not the case. Our research shows that while mobile workers are leveraging a variety of mobile devices, Wi-Fi challenges and data limits are affecting productivity.

At places such as hotels (40 percent), airports (44 percent) and airplanes (44 percent), where strong Wi-Fi connectivity might be assumed, there are significant issues. Mobile workers are worried about mobile Internet data caps and high Wi-Fi “day pass” charges, which limit their productivity when it is most critical.

Cellular networks offer constant access but impose data caps and high costs. A number of mobile workers are limiting their 3G/4G data use due to plan limitations. An even higher percentage of respondents said they would curtail their data usage if mobile Internet prices continue to rise. This can be a catastrophic issue to the international mobile worker.

The corporate BYOD trend of allowing employees to work using personal devices continues to grow. Sixty-two percent of workers say they are already using personal smartphones for work. Seventy-two percent believe their personal devices should be enabled for work purposes. Consistent with this trend, the report suggests there is growing diversity in the types of devices that mobile workers are choosing to use. The device of choice has changed. In 2012 laptops were the preferred device for mobile workers. Now the device of choice is the iPhone.

Other highlights from the Q1 2013 Mobile Workforce Report include:

- Mobile workers are becoming more price-sensitive. Compared to 2012, they are more aware of data caps. Only 17 percent of workers in this report said they don’t know or care how much data they use monthly on their smartphones. In 2012, that figure was 30 percent.
- The average number of devices carried by a mobile worker is now 2.95 devices, down from 3.5 devices in 2012. BYOD policies likely spurred this change by

enabling some workers to drop their business-only phones or bulky laptops and consolidate to a single smartphone or one smartphone and one tablet.

- Samsung Galaxy and Windows 8 tablets are starting to gain momentum in the tablet market. Twenty-eight percent of mobile workers stated they plan to own a Samsung Galaxy tablet within the next six months. Seventeen percent of workers say they will have a Windows 8 tablet within the same time period. Wi-Fi may be common, but mobile workers still contend with issues of cost and access.

Introduction

On one side is greater choice. On the other, new limitations. Mobile workers making technology decisions face a daily quandary. BYOD policies are letting mobile workers exercise more choice than ever over their mobile devices. But worries about mobile Internet data caps and high Wi-Fi “day pass” charges can keep workers from fully utilizing those devices. While mobile workers can purchase low-cost devices, networks can be expensive.

How concerned should corporate executives and IT managers be? To what extent are connectivity issues thwarting worker productivity? This quarter’s iPass Mobile Workforce Report addresses those questions by asking mobile workers about their work habits.

Respondents’ enthusiasm for tablets continues to grow. Workers reported plans to purchase a range of tablets, including Samsung Galaxy, Windows 8 devices and the new iPad mini over the next six months.

It’s no secret that mobile is the future of computing—and the future of many work tasks. But simply owning a smartphone and tablet is no longer sufficient for mobile work. To be effective, these devices must be connected to high-speed networks.

The growing appetite for mobile data is compounding the connectivity problems mobile workers continue to face. With Wi-Fi, the chief issue is access, followed by high single-use fees. With cellular networks, the main obstacle is cost. Wi-Fi is becoming ubiquitous, but the majority of mobile workers report having trouble locating and connecting to a hotspot at least once a week. Wi-Fi service is particularly poor in hotels and airports.

Cellular networks offer more constant access but impose data caps and high costs. Forty-two percent of mobile workers are already limiting their 3G/4G data use because of limitations in their plans.

Mobile workers care about connectivity. They also increasingly care about cost. The key is giving them the bandwidth they need, packaged in an affordable and easily accessible service.

Wi-Fi: Growth is Not Without Challenges

It is no longer difficult to find Wi-Fi. By 2015, the number of global public Wi-Fi hotspots is expected to reach 5.8 million, according to Informa Telecoms and Media¹.

In addition, most mobile workers are within range of a Wi-Fi network for at least 11 hours per day. Those networks could be located virtually anywhere; in their homes, offices, travel venues, shops, restaurants or outdoors. Only eight percent of respondents said they had Wi-Fi access just one to five hours a day.

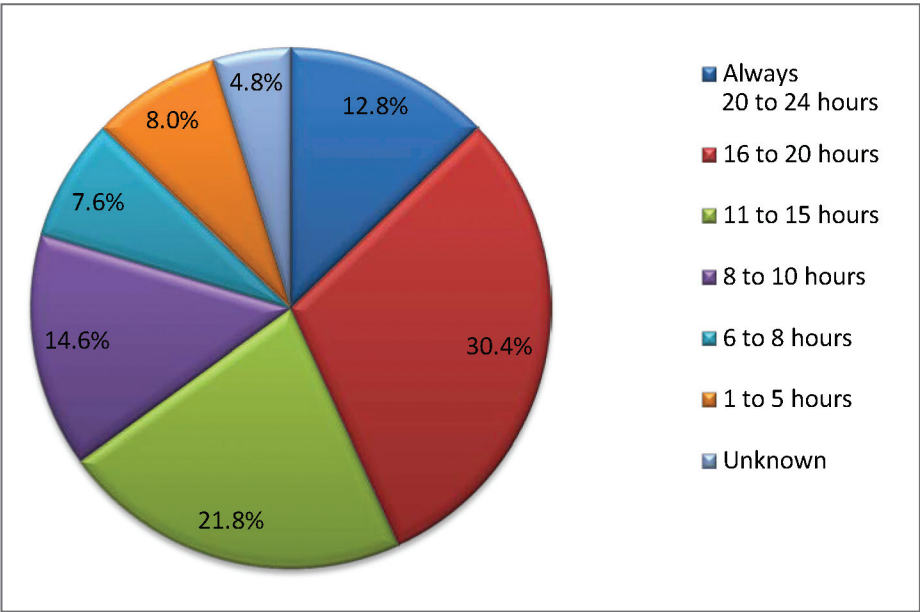


Figure 1. How often are you within range of a Wi-Fi network on average during a 24-hour day? (Please include home Wi-Fi, office Wi-Fi, Wi-Fi at retail outlets, coffee shops and outdoors.)

The abundance of hotspots and Wi-Fi-capable smartphones, and workers’ tendency to leave Wi-Fi enabled on their smartphones, should make accessing Wi-Fi easy. Yet the majority (56 percent) of respondents said they ran into difficulty locating Wi-Fi at least once per week.

Finding Wi-Fi was particularly troublesome in Asia where 63 percent of workers reported having difficulty with Wi-Fi access at least once per week (in Europe the number was 59 percent, and in North America 49 percent).

¹ Informa, Wifi hotspots set to more than triple by 2015

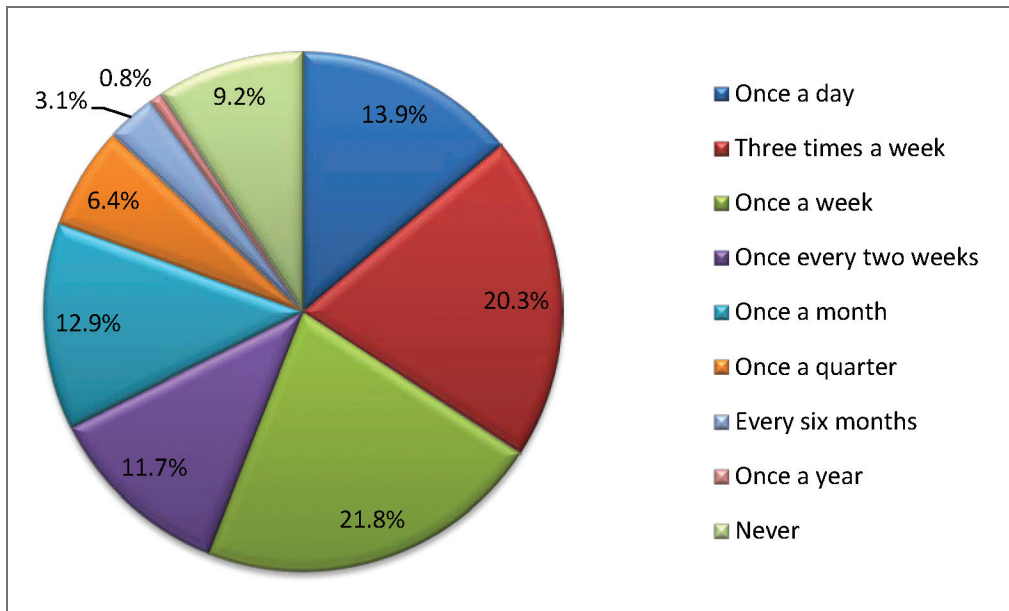


Figure 2. Approximately how often do you have difficulty in finding Wi-Fi access?

A significant percentage of respondents said their expectations for Wi-Fi access have not been met in a number of locations, including several places that are mainstays of a mobile worker's life: airports, airplanes, hotels and convention centers.

Given the amount of time business travelers spend in these places, it is especially concerning that Wi-Fi access in hotels (40 percent) and airports (44 percent) continues to fall short of expectations.

Wi-Fi may be common, but mobile workers still contend with issues of cost and access. Most mobile workers (56 percent) leave Wi-Fi always enabled on their smartphones. An additional 20 percent of workers turn on Wi-Fi when they are traveling internationally.

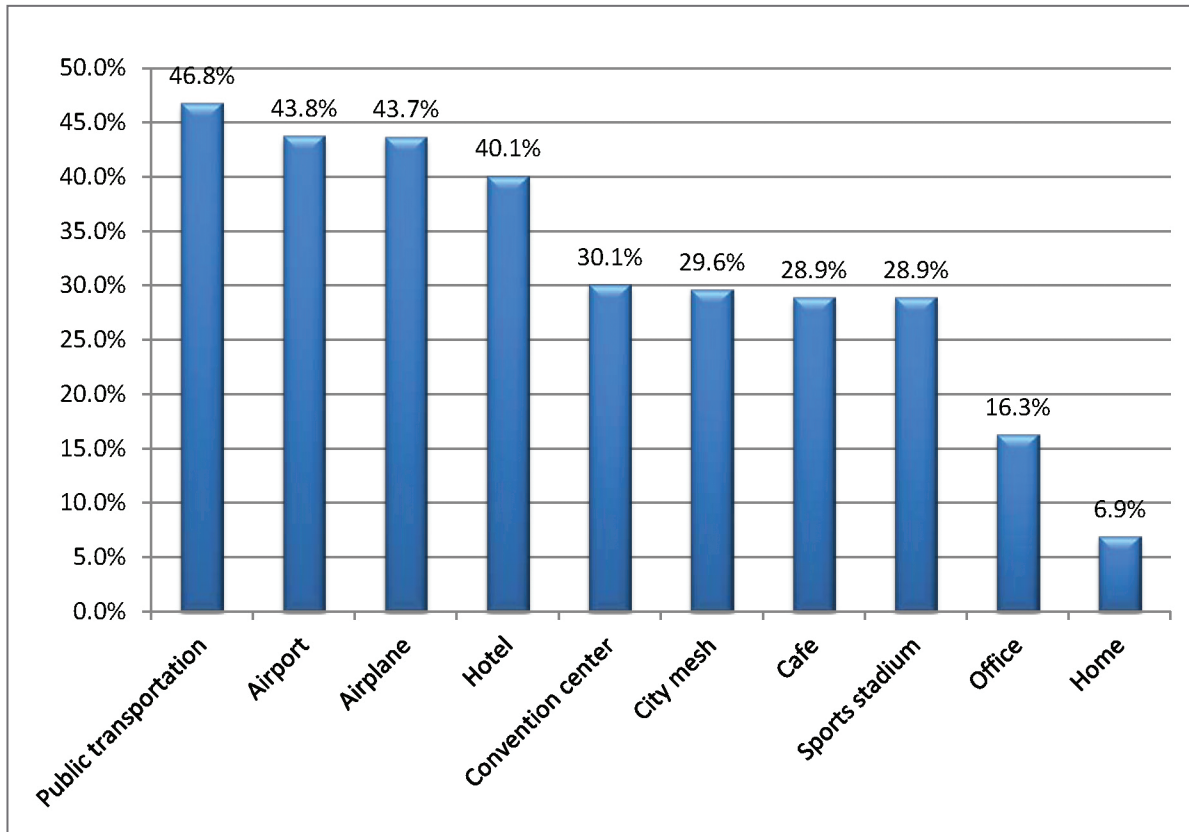


Figure 3. In which locations have your expectations around Wi-Fi access not been met?

Cost may be the culprit. Both hotels and airports are notorious for high Wi-Fi prices. HotelChatter's latest annual Wi-Fi report states that on average hotels charge \$13.95 per day for Wi-Fi. Some hotels count each computing device separately, which can multiply costs.²

To minimize fees, mobile workers may choose to use the free Wi-Fi in a hotel's business center or lobby, rather than the fee-based Wi-Fi in their rooms, which can be inconvenient. In places where both free and paid Wi-Fi are offered, such as airports, workers may opt for the free network even if it is barely functional. Cost concerns may even pressure workers to forego Wi-Fi entirely, though it is technically available. Each of these scenarios can result in significant productivity setbacks.

Whether \$14, or \$20, or often much more, most consider one-off Wi-Fi charges to be too high. Mobile workers are busy enough. They shouldn't have to cost-compare Wi-Fi networks and hunt for decent Wi-Fi access in airports and hotels. Every minute spent worrying about Wi-Fi is a minute that mobile workers aren't doing and can't do their jobs.

The high variability of Wi-Fi costs and quality underscores the need for companies to manage Wi-Fi access in general. To support productivity, enterprises should ensure their employees have cost-effective Wi-Fi access. Adopting consistent plans and policies would prevent workers from being faced with pricy, one-off fees.

There are a number of ways to formulate such plans but it is worth noting that 54 percent of mobile workers are willing to pay for a Wi-Fi roaming service. The amount workers would be willing to pay ranges from \$5 to \$30 per month.

² HotelChatter Annual WiFi Report 2012

There are some regional differences. International workers are more willing to pay for Wi-Fi roaming plans. Asian workers were the most supportive of the idea, followed by European workers.

All the answers show a willingness to pay something. Just seven percent of workers, regardless of location, indicated a preference for paying a per-use or per-day Wi-Fi fee over having a roaming plan.

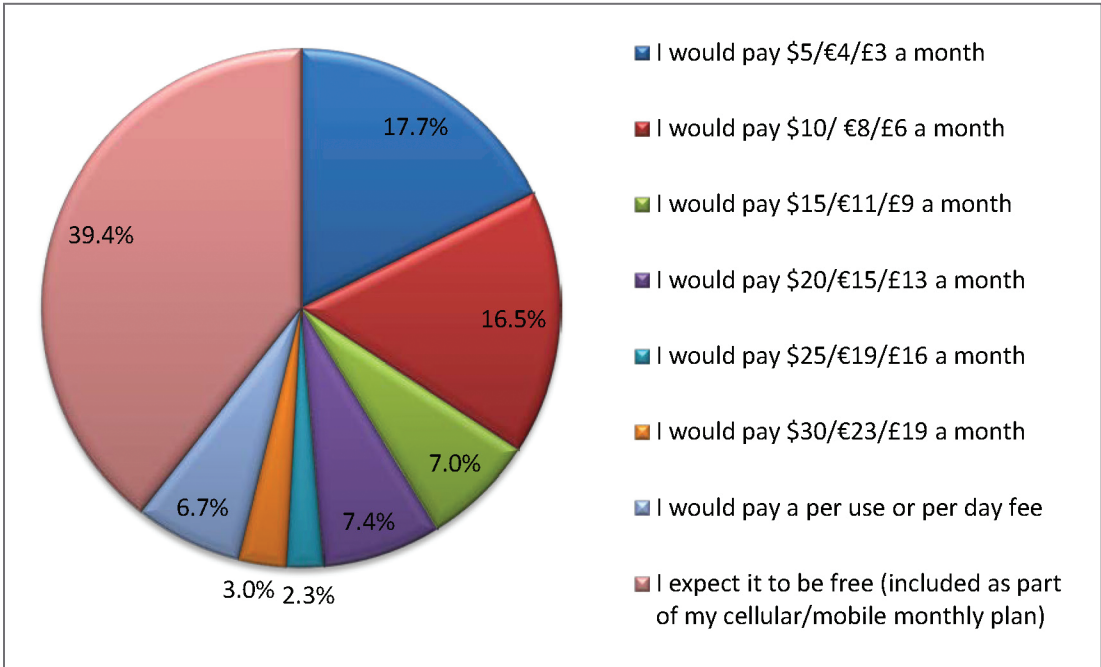


Figure 4. How much would you pay for a Wi-Fi roaming plan?

Workers may favor the roaming plan option because they want to avoid the high day-pass charges many of them have experienced. A roaming plan may also be attractive because workers’ Wi-Fi access expectations are not being met in many places outside home and office settings.

Nearly 40 percent of mobile workers expect Wi-Fi roaming to be a free, complimentary feature of their monthly cellular plans. As expected, given the varying regional attitudes towards paying for a Wi-Fi roaming plan, North American workers were the most likely to expect Wi-Fi roaming to be included in their monthly cellular plans. European workers were the next most likely and Asian workers had the lowest expectations regarding the inclusion of Wi-Fi roaming.

In addition, 42 percent of mobile workers stated they are limiting their mobile data use due to restrictions in their monthly plans. This conscious reduction of mobile data usage could explain the drop in the number of mobile workers experiencing bill shock. Of greater concern, mobile plan limitations may force users to decide whether to use their BYOD devices for personal or work purposes, which could be a potential productivity issue.

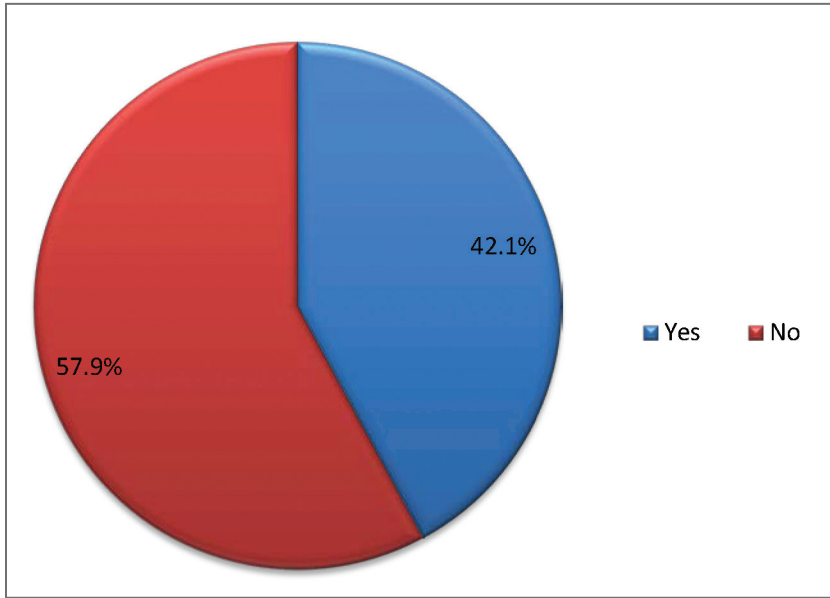


Figure 5. Do you limit your use of data services over cellular/mobile networks due to data usage restrictions in your monthly mobile plan?

Evolution of BYOD

BYOD is becoming entrenched in the workplace. Seventy-two percent of mobile workers believe their personal devices should be enabled for work purposes. BYOD implementation is catching up to demand. Sixty-two percent of mobile workers are currently using their personal smartphones for work.

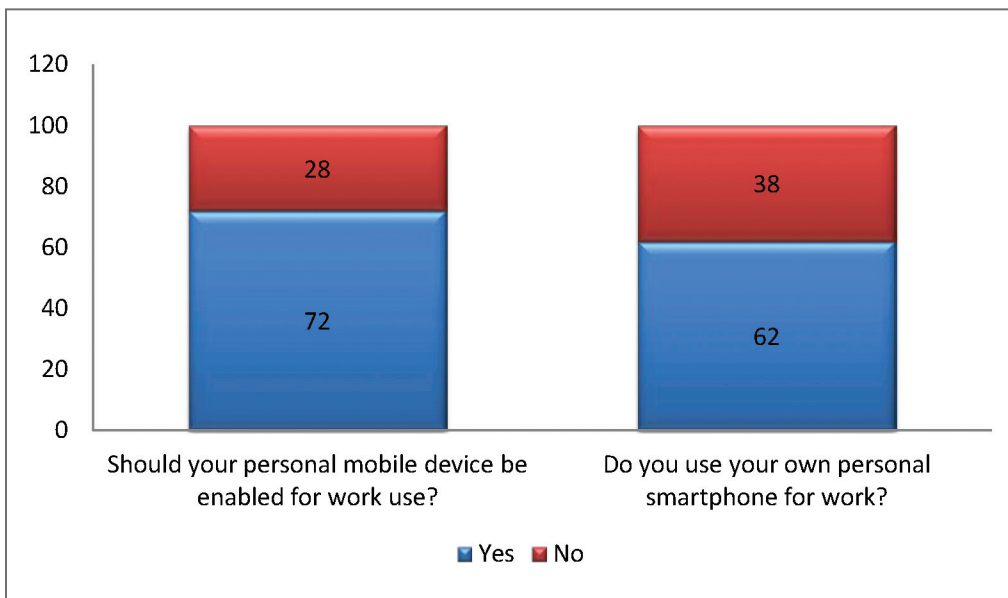


Figure 6. Personal device usage.

Tablets are a key indicator of BYOD's evolution into the enterprise. Findings reveal that tablets are now the device of choice for both work and personal use. Many mobile workers already own a tablet but the data show that a number of respondents plan to buy a new one within the next six months.

Since its launch the iPad has dominated, but the market is starting to diversify: Windows 8 and Samsung Galaxy tablets are gaining momentum. Seventeen percent of mobile workers plan to own a Windows 8 tablet within six months. That’s a sizeable increase for a product category that is still in its infancy. Twenty-eight percent of mobile workers expect to have a Samsung Galaxy tablet within six months. In last year’s Mobile Workforce Report, only six percent of respondents expressed a similar level of interest in Galaxy devices.

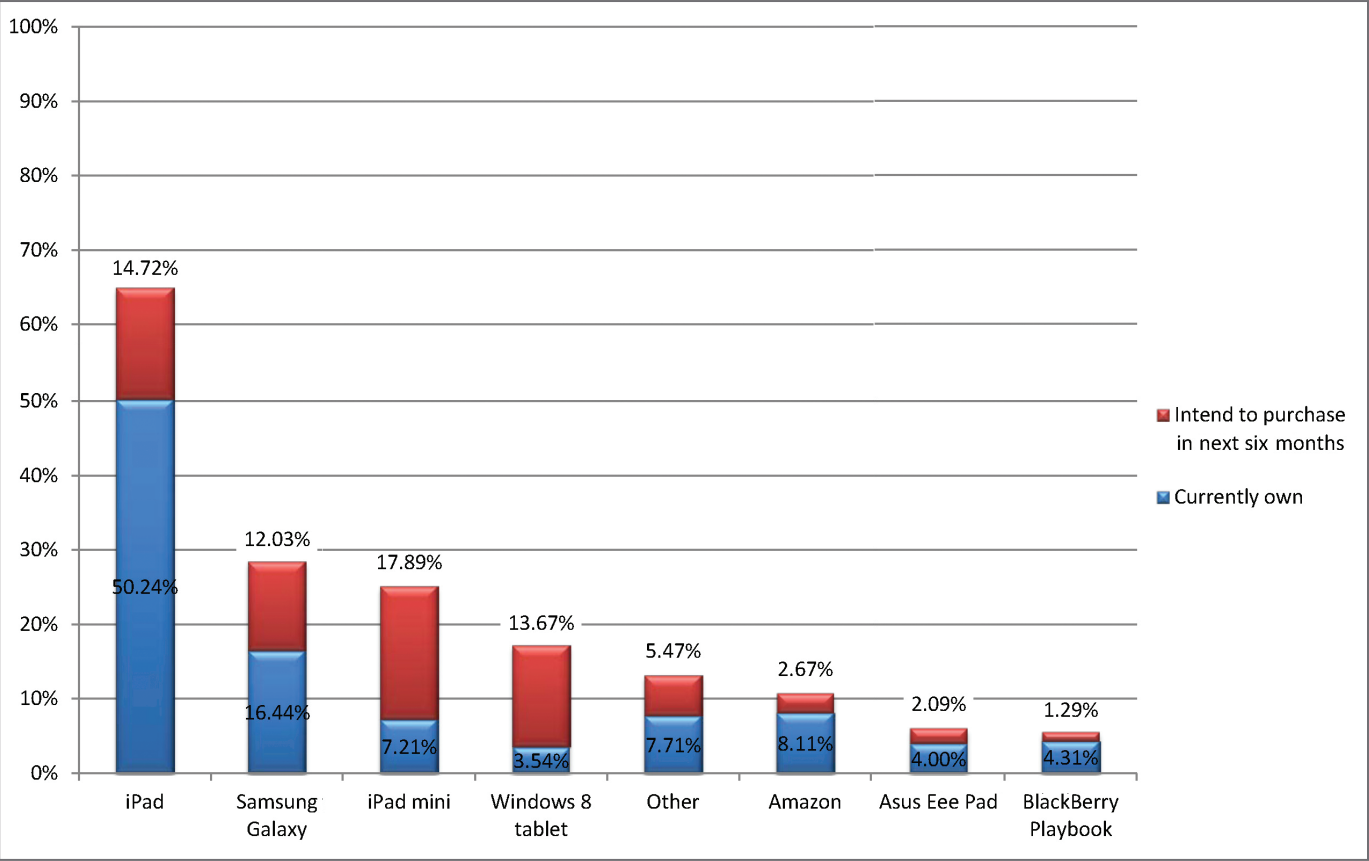


Figure 7. Do you currently own or intend to receive/purchase any of the following tablets in the next six months?

At 28 percent, Samsung Galaxy ownership projections topped the iPad mini (25 percent). That’s partly because the mini, which launched in November 2012, is much newer than the Galaxy Tab series, which has been on the market in various forms since 2010. In a sign of its appeal, the iPad mini drew more future purchase intention than any other tablet. Eighteen percent of mobile workers stated they planned to buy one within the next six months.

Apple, Samsung and Microsoft tablets seem to be diverting attention from Amazon’s Kindle Fire devices. Only three percent of mobile workers intend to purchase a Kindle within the next six months.

Workers, for the most part, are buying these tablets. Seventy-nine percent of mobile workers’ tablets are personally owned, up from 74 percent in Q1 2012. While that rise may seem surprising, it is likely another result of BYOD.

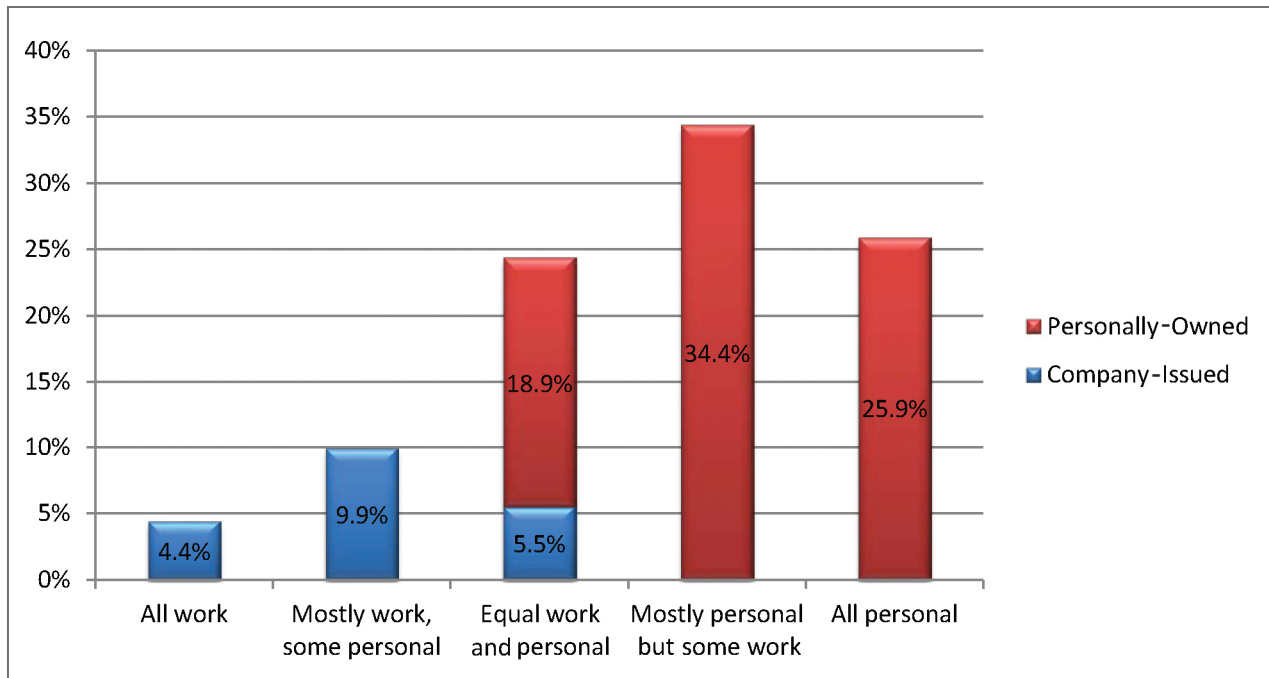


Figure 8. Do you view your tablet device as primarily a work or a personal device?

Corporate tablet sales are also up. The iPass/MobileIron 2013 Mobile Enterprise Report found that IT managers are increasingly deploying tablets across the enterprise. Throughout 2012, IT increased tablet support for a number of non-executive departments, especially legal, HR/administration and finance/accounting.

These two findings might appear to contradict each other, but they actually show that both the company-issued and personally-owned tablet markets are booming. The personal market simply appears to be growing faster.

While tablets are often characterized as entertainment devices because of their facility for web browsing and playing video games, most mobile workers use them at least partly for work. Only 26 percent of workers said they view their tablets as entirely personal devices. By allowing employees to purchase tablets and use them for work, enterprises are boosting tablet sales. Tablet use and BYOD go hand in hand.

It's not just mobile workers who prefer Wi-Fi, most tablet users also favor it. In the U.S., approximately 90 percent of tablets use Wi-Fi to get online (instead of 3G/4G), according to a 2012 survey conducted by mobile industry analyst Chetan Sharma³.

Mobile Workers Lighten Their Load

Just one year ago, the Q1 2012 Mobile Workforce Report revealed dramatic growth in the mobile stack with workers carrying an average of 3.47 devices per person. That growth pointed to increasing workplace adoption of tablets. The mobile worker's stack of devices had expanded to consist of at least one smartphone, a laptop and a tablet.

A year later, the mobile stack has shrunk, with the average number of devices per mobile worker now down to 2.95. That figure isn't as low as the 2.68 devices mobile workers reported carrying in 2011, but the recent downsizing trend still warrants examination.

³ US Wireless Market Q4 2011 and 2011—Addendum, March 26, 2012

| | 2013 | 2012 | 2011 |
|-------------------|-------------|-------------|-------------|
| Tablets | 0.53 | 0.54 | 0.27 |
| Laptops/Notebooks | 1.07 | 1.32 | 1.01 |
| Smartphones | 0.98 | 1.05 | 0.97 |
| Mobile phones | 0.28 | 0.37 | 0.32 |
| Netbooks/Ultra | 0.07 | 0.12 | 0.11 |
| Other | 0.03 | 0.07 | N/A |
| Total | 2.96 | 3.47 | 2.68 |

Figure 9. How many of each mobile device do you personally use for work?

Based on the latest data, the consolidation of the mobile stack seems to reflect reduced laptop use as well as a reduction in the number of smartphones and mobile phones per worker. Since BYOD allows employees to use their personal devices for work and/or exert more choice over their work devices, it makes sense that extending BYOD support would cut down the number of devices workers carry.

Mobile workers aren't jettisoning their tablets. Tablets were the one device category that retained nearly the same level of support as a work device between 2012 and 2013. That steady number also probably masks some nuances. For one thing, tablet features are still evolving. The varied offerings mean tablets have a higher refresh rate than laptops, but that element wasn't analyzed in this particular report. The line between tablets and laptops is also blurring with the advent of touch-capable PC operating systems such as Windows 8; some mobile workers may be categorizing their tablets as laptops. The upshot is that tablets are important to mobile workers. Tablets are holding steady while workers rely less on laptops and multiple phones.

The mobile stack hasn't dwindled to one device yet. But if it does, more mobile workers would opt for an Apple iPhone than any other gadget. That's even truer this year than last. In 2012, 31 percent of mobile workers selected the iPhone as their must-have device. This year, that number rose to 37 percent.

One Device to Rule Them All

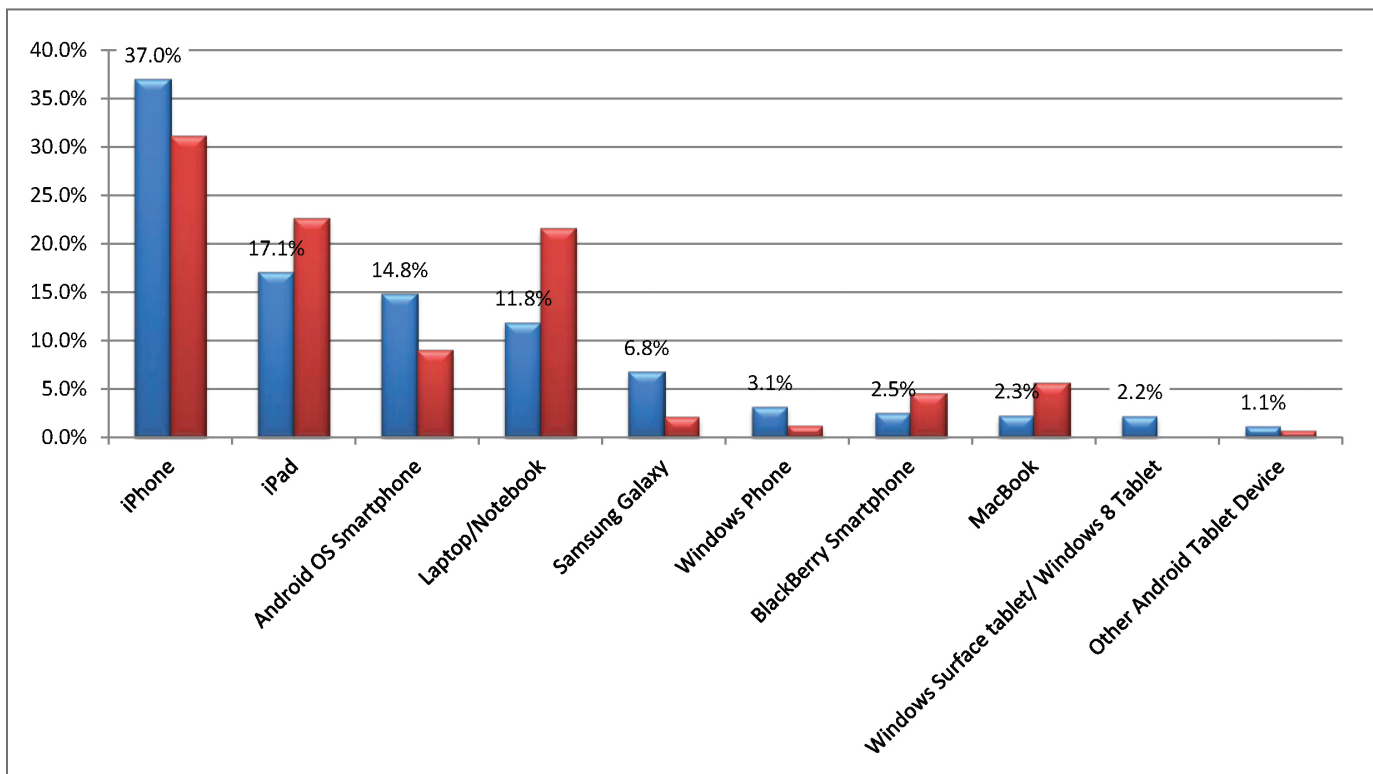


Figure 10. If you could use only one mobile device, which device would it be?

Smartphones in general won more support this year as the mobile worker's preferred primary device. More workers also voted for Android and Windows smartphones specifically as their primary device of choice. The one exception among smartphones was BlackBerry, which has been losing mobile worker support for several quarters, possibly due to a lack of innovative features and fewer mobile applications than competing operating systems.

The smartphone's gain is the laptop's loss. Only 12 percent of mobile workers named laptops and notebooks as their preferred mobile device. Even MacBooks, which are typically viewed as desirable, high-quality devices, saw a year-over-year decline in favor of smartphones.

Mobile Data: Productivity Satisfaction

For mobile workers, cellular networks present their own challenges. The telecom industry's adoption of data bandwidth limits (i.e., data caps) combined with exorbitant charges for going over this allowance has made mobile workers extremely sensitive to mobile data costs. The resulting reduction of data use could hamper mobile worker productivity.

Behind their overall satisfaction, though, mobile workers expressed quite a bit of discontent with their mobile service. Data coverage and network speed were the main drivers. Respondents were generally content with their cellular voice coverage and quality but not with data-related services. Only 54 percent of mobile workers are satisfied with their data coverage and only 40 percent are satisfied with their cellular network speed. This matters because spotty data coverage and slow data speeds can prevent mobile workers from accessing work content on mobile devices.

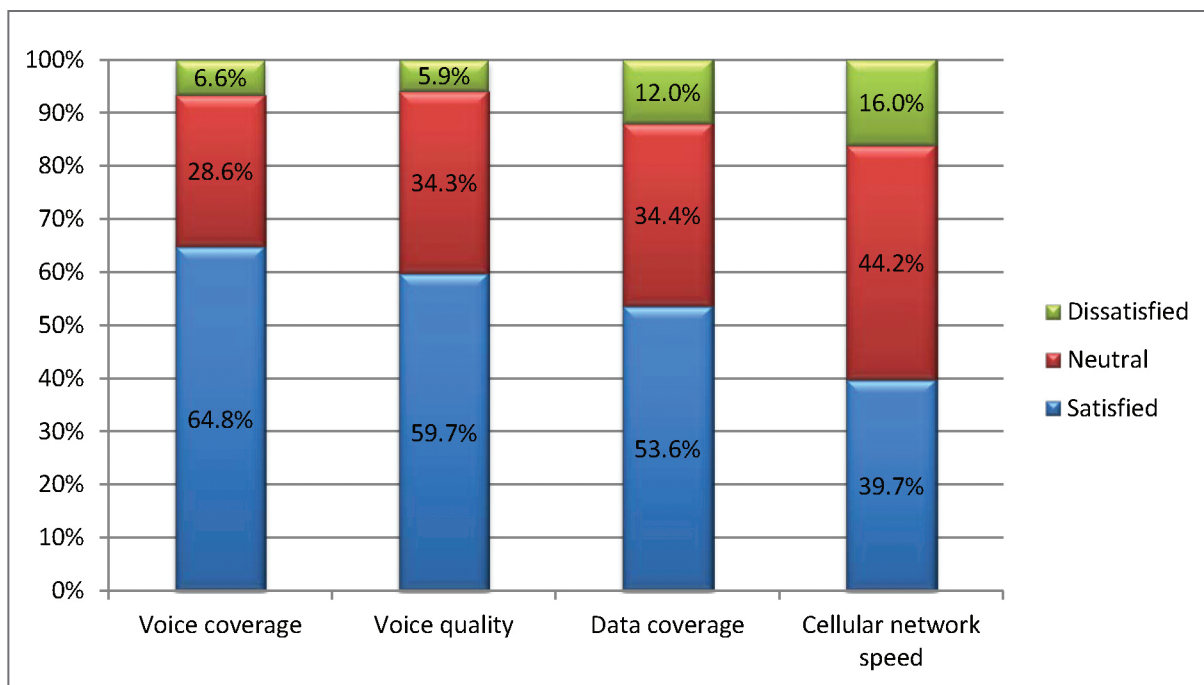


Figure 11. Are you satisfied or dissatisfied with the following services?

Ratings did vary by region. North American mobile workers reported more satisfaction on all four measures of mobile service quality (voice coverage, voice quality, data coverage, cellular network speed) than European or Asian workers did.

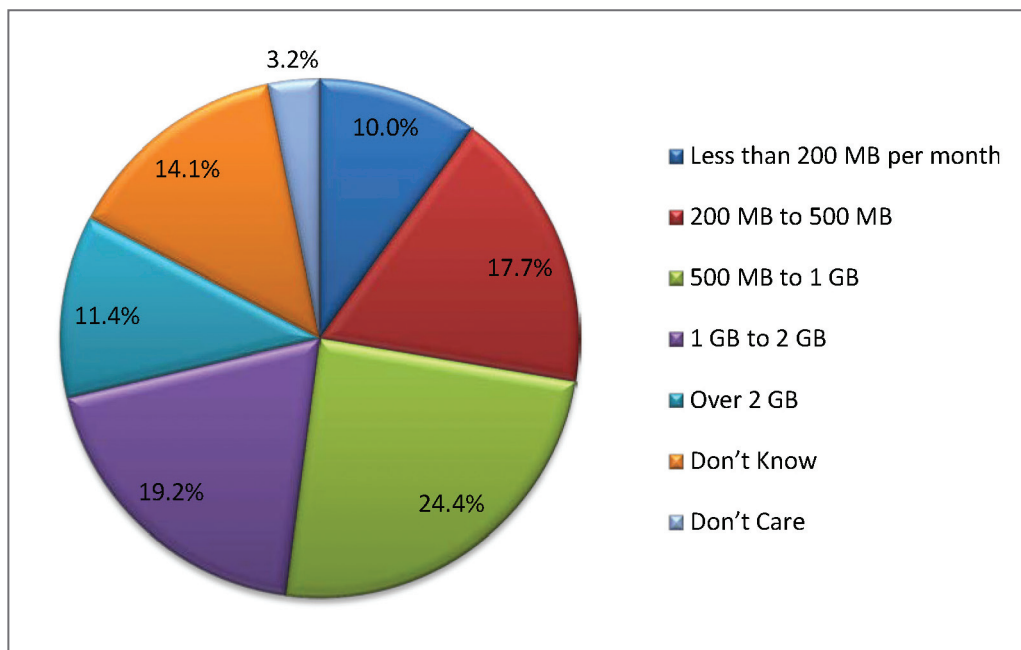


Figure 12. How much data (via 3G or 4G network) do you use a month on your smartphone?



The majority (71 percent) of mobile workers use 2 GB or less per month on their smartphones—the lowest tier for many smartphone data plans. Those numbers align with a 2012 study by market researcher NPD Connected Intelligence which found that most smartphone subscribers to the largest four U.S. carriers (AT&T Mobility, T-Mobile USA, Sprint Nextel and Verizon Wireless) don't use more than 2 GB of data per month.⁴

Conclusion

Mobile workers have been grappling with device and access issues for some time. What warrants attention now is the growth in BYOD, mobile data usage and mobile data costs, and the critical need for solutions to some connectivity and mobile working challenges.

BYOD is placing greater emphasis on mobile workers' computing devices. Business demands and our always-on society make it necessary for those devices to be connected.

Enterprises and service providers must decide how to best support these devices and workers. The companies will have to navigate the access, capacity and cost challenges inherent in providing mobile Internet these days. In doing so, they should remember that mobile workers' preferences are increasingly driving global trends.

Fifty-four percent of mobile workers are willing to pay for Wi-Fi roaming plans. Sixty-seven percent of mobile workers expect carriers to provide them with Wi-Fi roaming if they limit their cellular data usage. And 39 percent of mobile workers want Wi-Fi roaming to be included in their monthly cellular plans. Together, these numbers offer a roadmap to a solution.

⁴ Fierce Wireless, *Unlimited unnecessary? NPD report finds average smartphone data use is below 2 GB*, August 24, 2012, Phil Goldstein

Survey Methodology

This quarter's iPass Mobile Workforce Report is based on information obtained from 1,625 responses to an iPass survey of mobile workers. Survey respondents were asked about their productivity, efficiency, work habits and other mobility experiences. The survey also looked at smartphone usage, tablet trends and how the mobile work lifestyle was affecting respondents.

This survey was conducted between January 17, 2013 and February 8, 2013, and represented employees across multiple age groups and geographies. Forty-two percent of respondents were from North America, 33 percent from Europe, and 12 percent from the Asia Pacific region. Responses were examined in total, as well as in three cross sections: by region, age and male-female split. Where appropriate, relevant observations were compared to previous iPass surveys to obtain growth rates and relative responses.

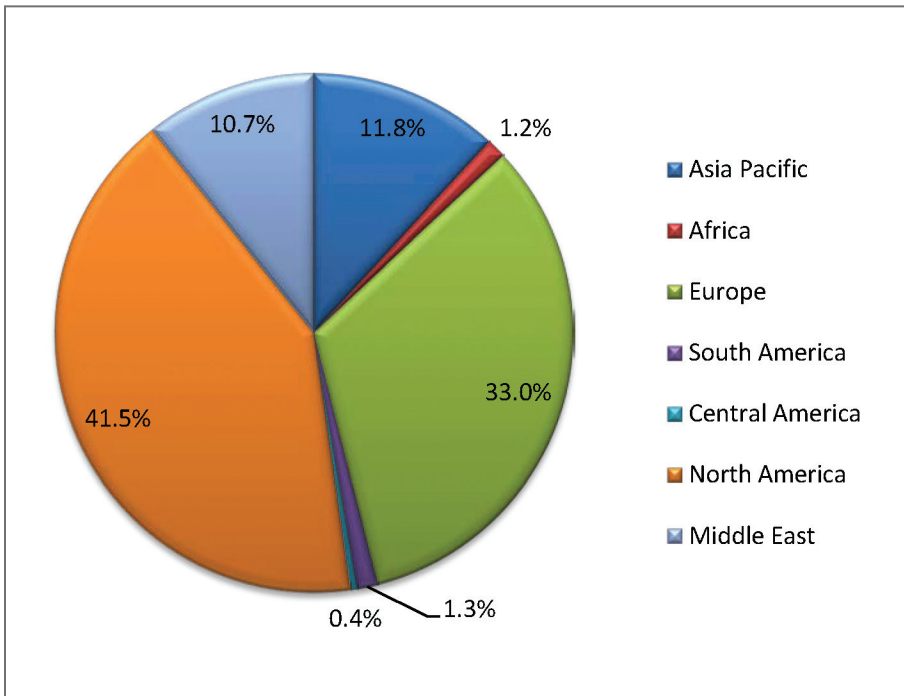


Figure 13. Location breakdown of iPass survey respondents.

iPass definition of a mobile employee: Any worker using any mobile device (including laptop, smartphone, cellphone or tablet) who accesses networks for work purposes.

To learn more about worldwide mobility trends read the iPass 2013 Mobile Enterprise Report⁵.

⁵ Mobile Enterprise Survey Results 2013: The Enterprise Mobility Guide for IT Management and CIOs, iPass, January 2013



About iPass

Enterprises cannot afford to have unproductive business travelers: there is a pressing need for a global Wi-Fi network and trusted connectivity platform. Only iPass can make you globally mobile, with the **world's largest commercial Wi-Fi network**, including far more hotels, airports, and business venues than any other network. Our trusted connectivity platform reduces the cost of mobility. Founded in 1996 and headquartered in Redwood Shores, California, iPass (NASDAQ: IPAS) is setting the world on Wi-Fi. On your smartphone, tablet or laptop, you get more network with less work virtually anywhere you roam. Learn more: www.iPass.com or on **Smarter Connections**, the iPass blog.



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