Custom Research Study

Strategies for Server Refresh

Prepared for Dell

-February 2010-

Prepared by IDG Research Services

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Survey Overview & Objectives

This research program was conducted for Dell among IT decision makers at SMB companies (100-499 employees) to explore the following:

- Expected changes in IT spending for the next 12 months
- Server hardware and software refresh plans
- Factors driving server refresh
- Server refresh cycles
- Risks associated with skipping server refresh cycles
- Barriers to server refresh
- Important factors when selecting replacement server hardware
- Benefits achieved from server refresh, including impact on cost control and operational efficiency

Methodology

This study was conducted in the United States among IT decision makers with involvement in data center purchases at companies with 100-499 employees.

The survey was administered online. Each sample member received an email invitation containing a URL link to access the survey, which they could click on or paste into their browser.

The survey was fielded among the CIO, Computerworld, InfoWorld, Network World, CSO and IT World audiences. Each respondent received an identical survey.

The study was conducted between January 21, 2010 and February 2, 2010. A total of 116 surveys were completed.

Key Findings

- **A third of respondents expect their IT spending to increase in the next 12 months.** Nearly one-third of respondents (31%) expect that their organization's budget for discretionary IT spending will increase within the next 12 months, by an average of 25%. Respondents who expect their discretionary IT budget to decrease (20%) expect an average decrease of 23%.

- **Two-thirds report plans to refresh server hardware within the next 12-24 months.** Sixty-five percent of respondents (65%) plan to refresh their server hardware within the next 12-24 months. Just over one-quarter (28%) have no plans. Types of servers most often targeted for refresh include application servers (70%), database servers (68%) and file/print servers (58%).

- **Two-thirds report plans to refresh server applications/software within the next 12-24 months.** Sixty-seven percent of respondents (67%) plan to update their server applications/software within the next 12-24 months. Two out of ten respondents (20%) have no plans to refresh. Server applications/software most often targeted for refresh include database applications (61%), mail server applications (49%), and backup/recovery applications (49%).

- **Increasing overall operational efficiency and availability of new technology features top the list of drivers for server and server application refresh.** More than half of all respondents cite increasing overall operational efficiency (59%) and availability of new technology features (52%) as drivers for their server or server application refresh plans. Other top drivers include strain on storage capacity (41%) and desire to improve server utilization (40%).

- **The majority of respondents' organizations have a typical refresh cycle of 4.5 years.** While 13% of respondents have no typical refresh cycle, the average refresh cycle among respondents' companies is 4.5 years.

- **Two-thirds of respondents report no relationship between server hardware and server application/software refresh cycles.** However, the balance of respondents are fairly evenly split noting that a scheduled refresh in one area (hardware or software) often prompts the refresh of the other at the same time.

- **Cost analysis on maintenance of legacy systems is a top factor when determining optimal refresh cycles for server hardware.** Nearly half of all respondents (48%) indicate that a cost analysis on maintenance of legacy systems is a top factor when determining the optimal refresh cycle for server hardware]. Other important determinants include length of warranty (41%), typical component failure rates (38%), and data growth rates (37%).

- **Three-quarters of respondents frequently or sometimes skip refresh cycles.** While 27% say they frequently skip refresh cycles, 50% say they sometimes skip refresh cycles. Almost all respondents (90%) acknowledge that skipping refresh cycles carry significant risks including rising support costs (50%), drops in productivity (39%), declining end user satisfaction (35%), and hidden costs (35%).

- **Economic constraints pose the biggest barrier to server hardware or application/software refresh.** More than eight out of ten respondents (82%) cite economic constraints as a top barrier to refresh. Other top barriers include software or hardware compatibility concerns (44%) and lack of necessary staff time (42%).

- **Expected savings and ROI are most important when considering server refresh.** Respondents report that the most important factors when considering server hardware or server application/software refresh are opportunity for savings on operational expenses (73%) and expected ROI of new technology (63% rating critical/very important).

- **Compatibility to existing software and systems is most important when selecting replacement server hardware.** When selecting replacement server hardware respondents' organizations find compatibility with existing software and systems (89%), processor speed (84%) and hard drive/capacity (73%) to be most important.

- **Server hardware or server application/software refresh is expected to result in greater cost control for maintenance/repair costs.** Respondents expect greater cost control in maintenance/repair costs (69%), management administration costs (47%) and storage space/facilities costs (39%) as a result of their server refresh initiatives.

- **The majority of respondents report that server hardware or server application/software refresh has had a moderate contribution to improving their organizations' operational efficiency.** More than two-thirds of respondents (69%) report a moderate contribution to improving operational efficiency by server hardware or server application/software refresh.

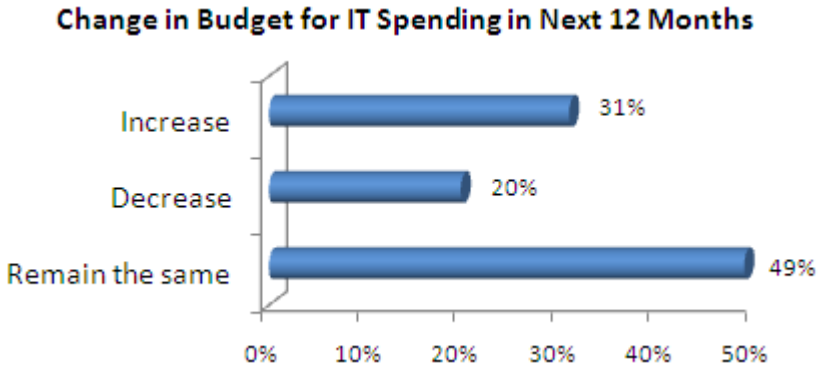
- **Respondents have achieved improved technology features as a result of server hardware or server application/software refresh.** Top benefits already achieved from server refresh include improved technology features (50%), increased operational efficiency (42%), and increased productivity (43%).

Detailed Findings

A third of respondents expect their IT spending to increase in the next 12 months.

Nearly one-third of respondents (31%) expect that their organization's budget for discretionary IT spending will increase within the next 12 months. While 49% expect their budget to remain the same, only 20% expect their budget to decrease.

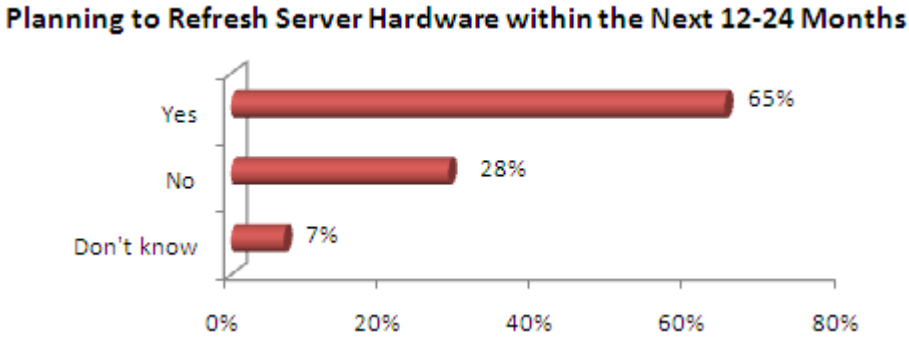
Respondents who expect a budget increase predict a 25% increase on average. Respondents who expect a budgetary decrease within the next few months predict an average decrease of 23%.



Base: 116 qualified respondents

Two-thirds report plans to refresh server hardware within the next 12-24 months.

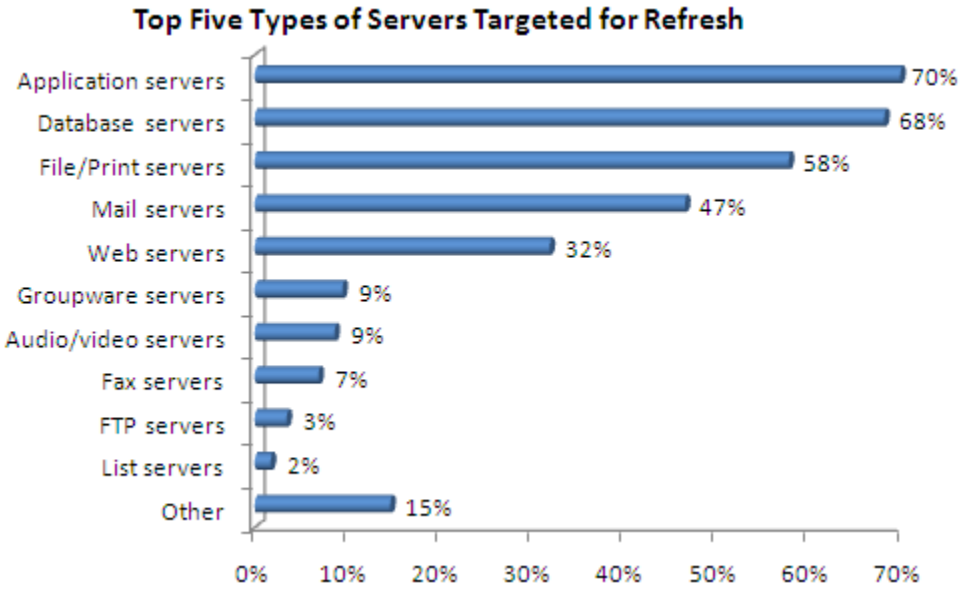
Two-thirds of respondents (65%) report that their organization is planning to refresh their server hardware within the next 12-24 months. While 28% have no plans to refresh 7% are unsure.



Base: 116 qualified respondents

Application servers are most often targeted for refresh.

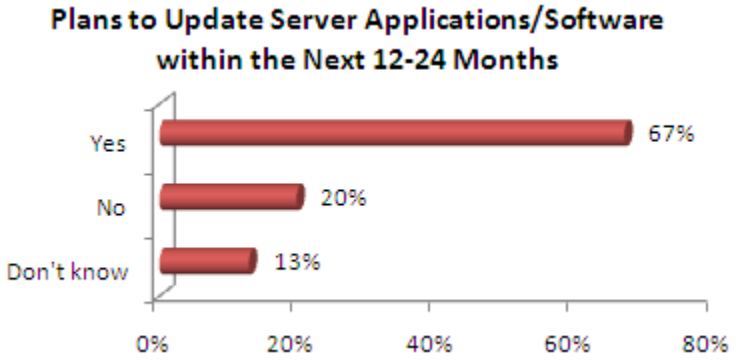
When asked which types of servers would be targeted for the next server hardware refresh, seven out of ten respondents (70%) report *application servers* will be refreshed. Other servers likely to be targeted for refresh include *database servers* (68%), *file/print servers* (58%), *mail servers* (47%) and *web servers* (32%).



Base: 116 qualified respondents

Two-thirds expect to update server applications/software within the next 12-24 months.

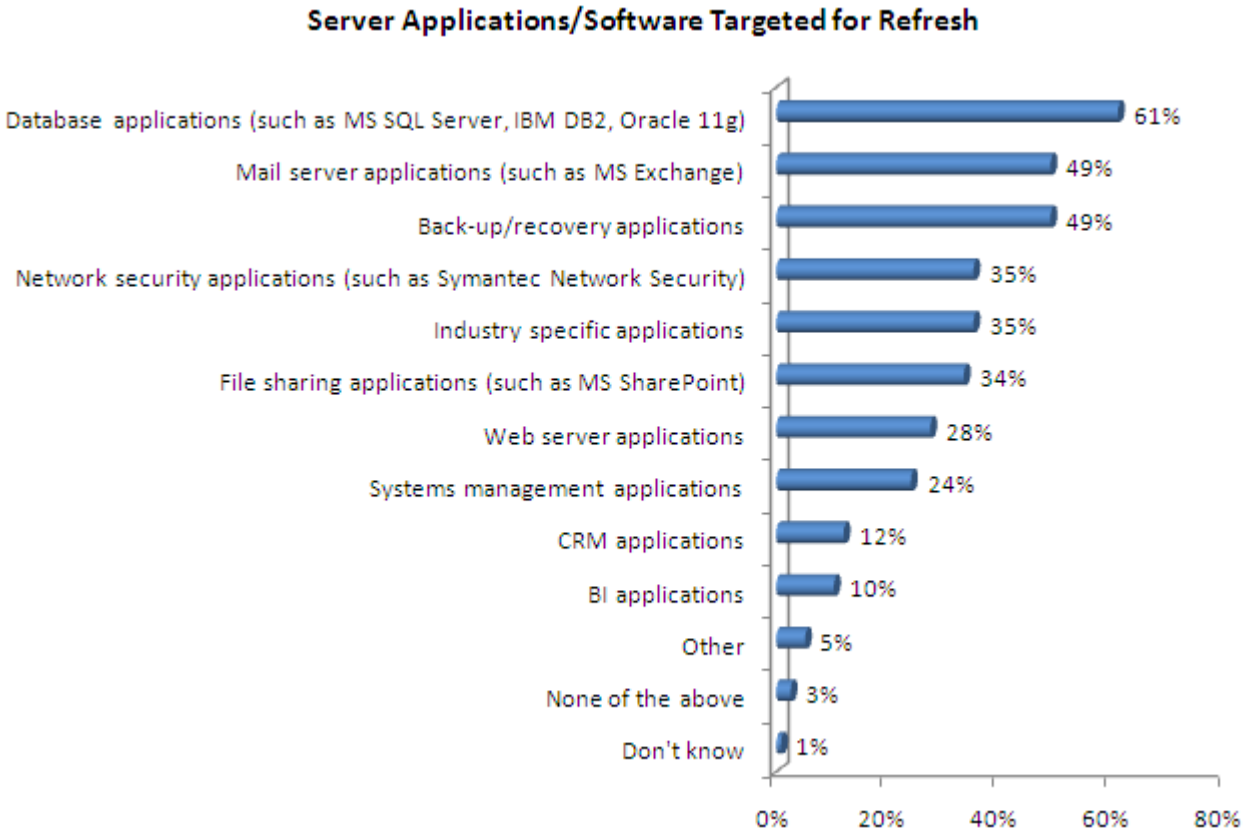
More than two thirds of respondents (67%) expect to update or refresh server applications/software within the next 12-24 months. While 20% have no plans to refresh server applications/software in the next 12-24 months, 13% are unsure.



Base: 116 qualified respondents

Database applications most often targeted for server application/software refresh.

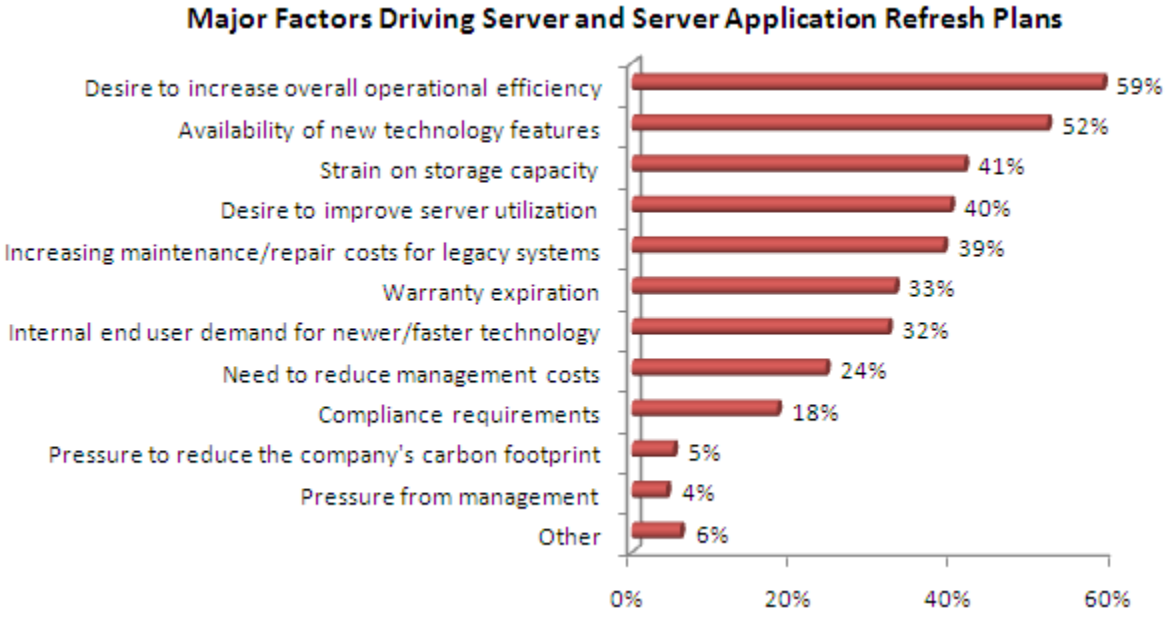
More than six out of ten respondents (61%) report that their organization will target *database applications (such as MS SQL Server, IBM DB2, Oracle 11g)*, when their organization next refreshes server applications/software. Other top server applications/software targeted for refresh include *mail server applications (such as MS Exchange)* (49%), *back-up/recovery applications* (49%), *network security applications (such as Symantec Network Security)* (35%) and *industry specific applications* (35%).



Base: 116 qualified respondents

Increasing overall operational efficiency and availability of new technology features top the list of drivers for server and server application refresh plans.

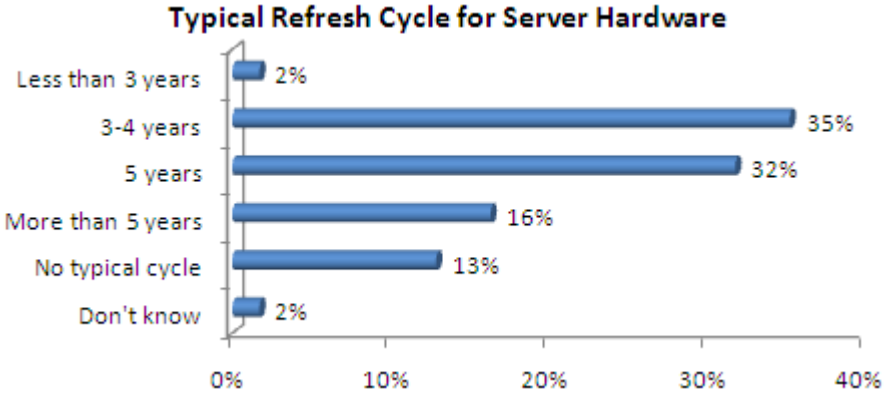
Desire to increase overall operational efficiency (59%) is a top driver for organizations' server and server application refresh plans. While 52% report *availability of new technology features* as a driver, 41% report *strain on storage capacity* and 40% report *desire to improve server utilization* as top drivers to refresh server and server applications.



Base: 116 qualified respondents

Most respondents' organizations have a typical refresh cycle which is, on average, every 4.5 years.

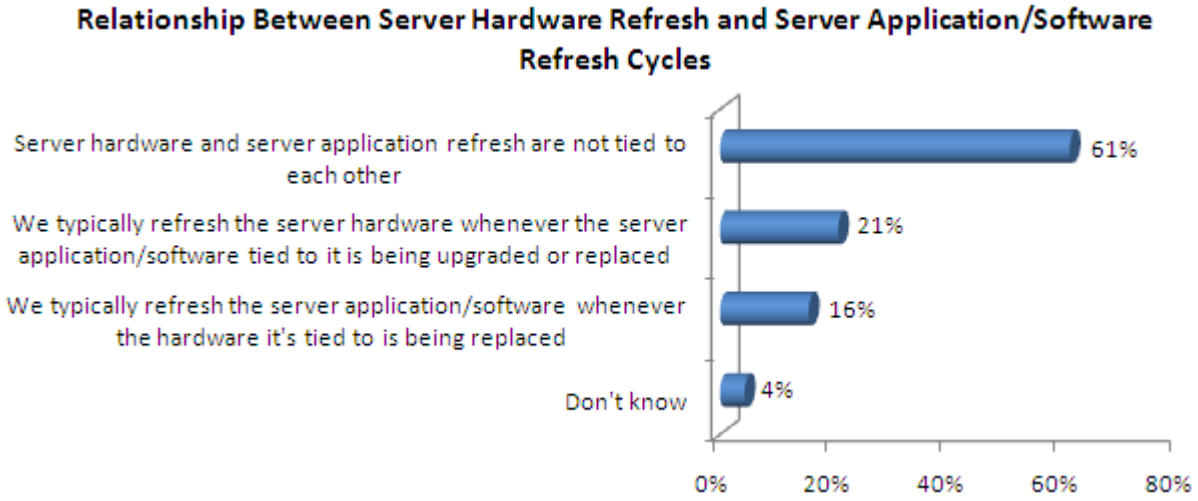
The majority of respondents (85%) have a typical hardware refresh cycle. While one-third of respondents say their refresh cycle occurs every 3-4 years (35%) and one-third say their refresh cycle occurs every 5 years (32%), the average refresh cycle is 4.5 years. Thirteen percent of respondents (13%) have no typical refresh cycle and 2% are unsure of their organizations' refresh cycle.



Base: 116 qualified respondents

Two-thirds of respondents report no relationship between server hardware and server application/software refresh cycles.

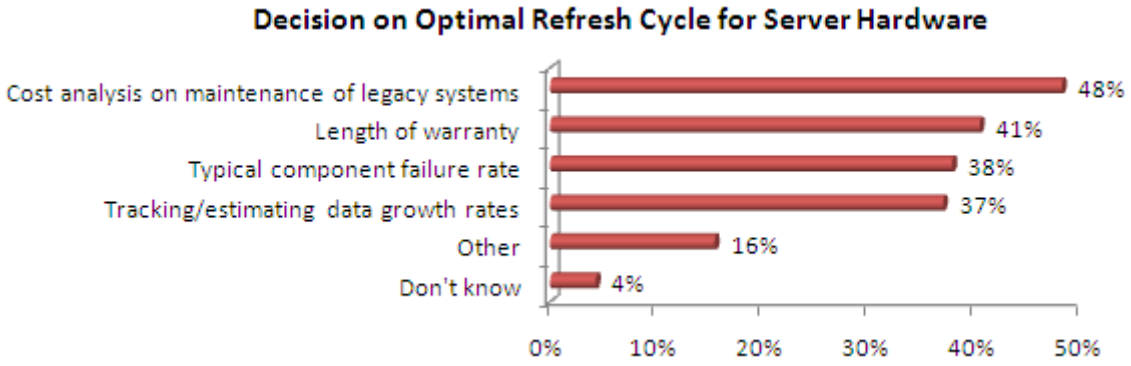
When asked how server hardware refresh cycles and server application/software refresh cycles at their organizations are related nearly two-thirds of respondents (61%) report no relationship between the cycles. However, the balance of respondents are fairly evenly split noting that a scheduled refresh in one area (hardware or software) often prompts the refresh of the other at the same time.



Base: 116 qualified respondents

Cost analysis on maintenance of legacy systems is a top factor when determining optimal refresh cycle for server hardware.

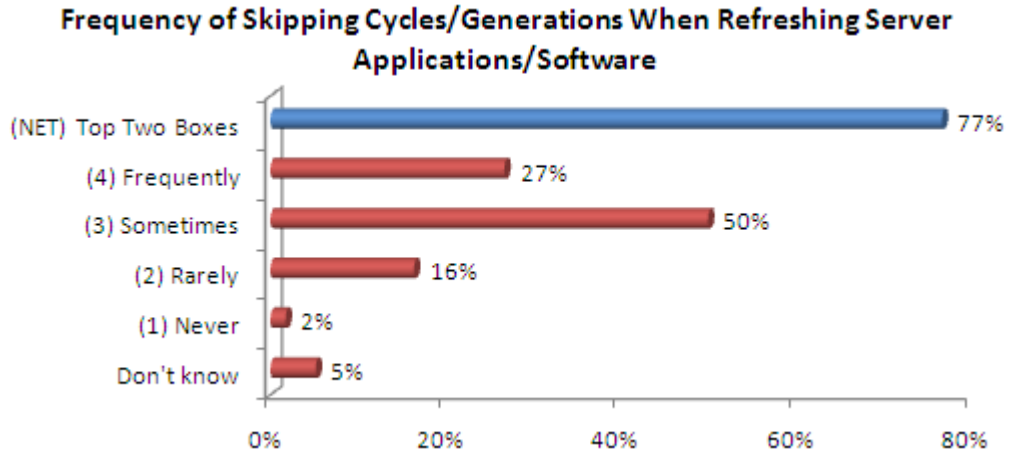
Nearly half of all respondents (48%) decide on an optimal refresh cycle for server hardware based on *cost analysis on maintenance of legacy systems.* Whereas 41% decide based on *length of warranty,* 38% decide based on *typical component failure rates*, 37% decide based on *tracking/estimate data growth rates*, 16% decide on an optimal refresh cycle through some other factor.



Base: 116 qualified respondents

Three-quarters of respondents frequently or sometimes skip refresh cycles.

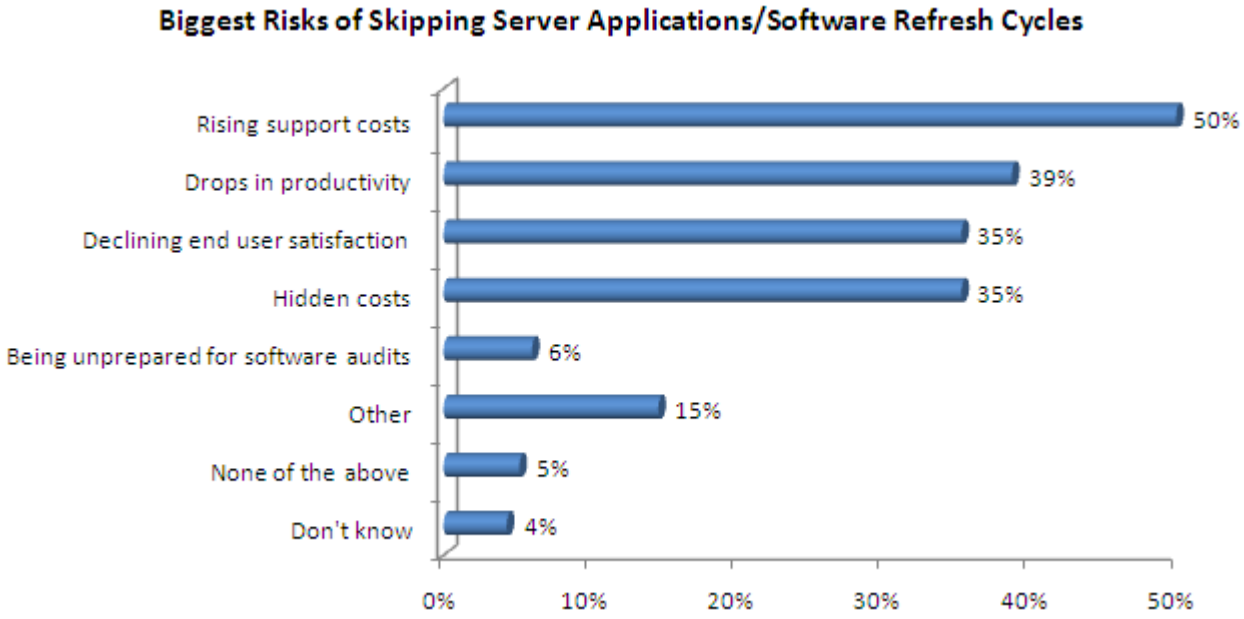
More than three quarters of respondents (77%) indicate that their organization *frequently* (27%) or *sometimes* (50%) skips cycles/generations when refreshing server applications/software. Sixteen percent (16%) report *rarely* skipping cycles and 2% report *never* skipping cycles.



Base: 116 qualified respondents

Almost all respondents acknowledge risks in skipping refresh cycles. Rising support costs tops the risk list.

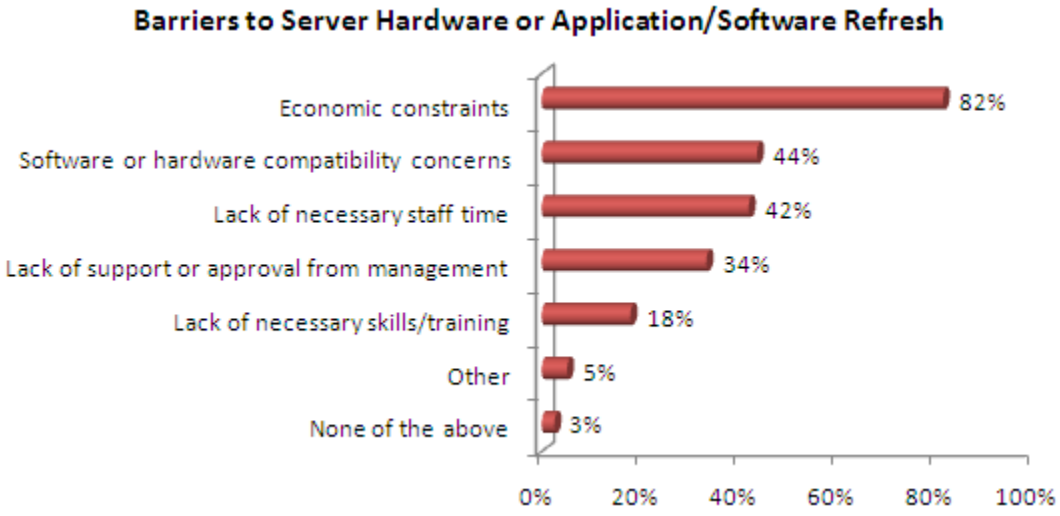
Although three-quarters of respondents at least sometimes skip their refresh cycles, 90% acknowledge that there are risks associated with skipping. Top risks include *rising support costs* (50%), *drops in productivity* (39%), *hidden costs* (35%) and *declining end user satisfaction* (35%).



Base: 116 qualified respondents

Economic constraints pose biggest barrier to server hardware or application/software refresh.

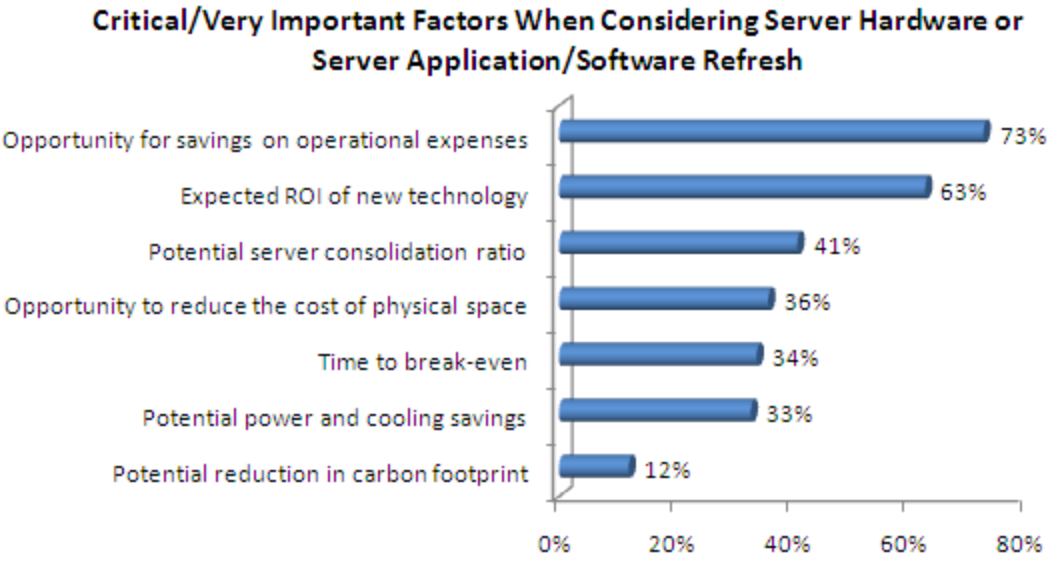
Not surprisingly, *economic constraints* (82%) are most frequently cited as a barrier to server hardware or application/software refresh at respondents' organizations. Barriers following distantly behind economic constraints include *software or hardware compatibility concerns* (44%), *lack of necessary staff time* (42%) and *lack of support or approval from management* (34%).



Base: 116 qualified respondents

Expected savings and ROI are most important when considering server refresh.

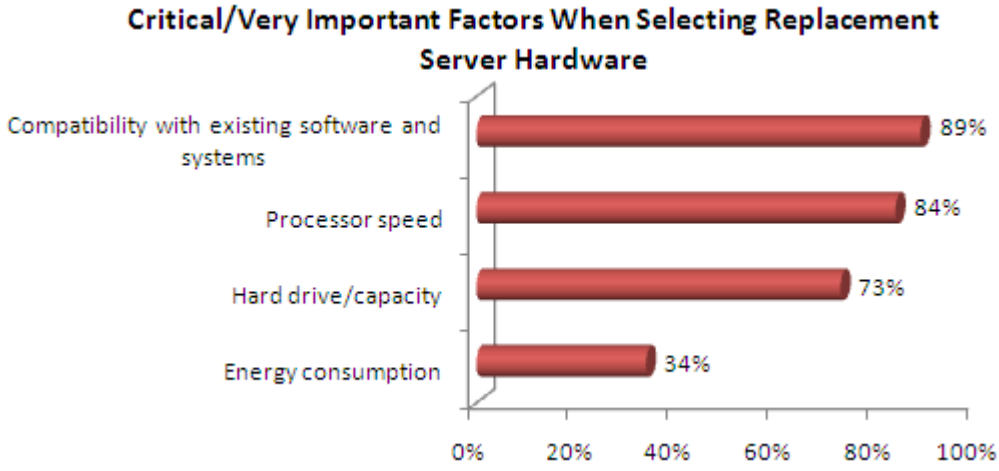
Respondents report that the most important factors when considering server hardware or server application/software refresh are *opportunity for savings on operational expenses* (73%), *expected ROI of new technology* (63%), *potential server consolidation ratio* (41%), and *opportunity to reduce the cost of physical space* (35%).



Base: 116 qualified respondents

Compatibility to existing software and systems is most important when selecting replacement server hardware.

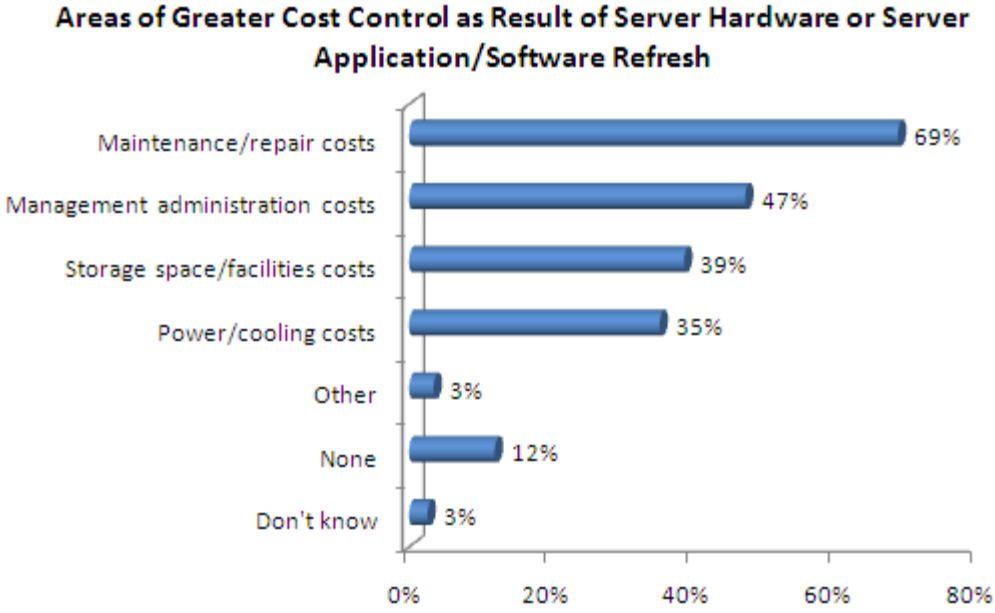
When selecting replacement server hardware respondents' organizations find *compatibility with existing software and systems* (89%), *processor speed* (84%) and *hard drive/capacity* (73%) to be critical or very important.



Base: 116 qualified respondents

Server hardware or server application/software refresh is expected to result in greater cost control for maintenance/repair costs.

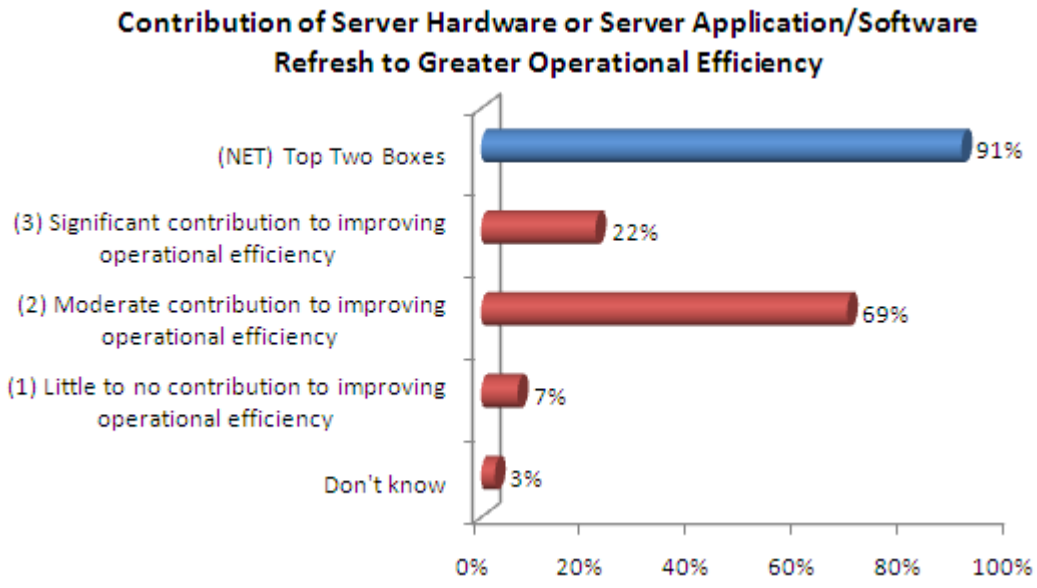
Respondents are expecting greater cost control as a result of server hardware or server application/software refresh in *maintenance/repair costs* (69%), *management administration costs* (47%), *storage space/facilities costs* (39%) and *power/cooling costs* (35%).



Base: 116 qualified respondents

The majority of respondents report that server hardware or server application/software refresh has had a moderate contribution to improving their organizations' operational efficiency.

More than two-thirds of respondents (69%) agree that server hardware or server application/software refresh has had a moderate contribution to improving operational efficiency. While 22% report a significant contribution to improving operational efficiency, 7% report little to know contribution to improving operational efficiency. Three percent (3%) are unsure of the contribution of server hardware or server application/software refresh.

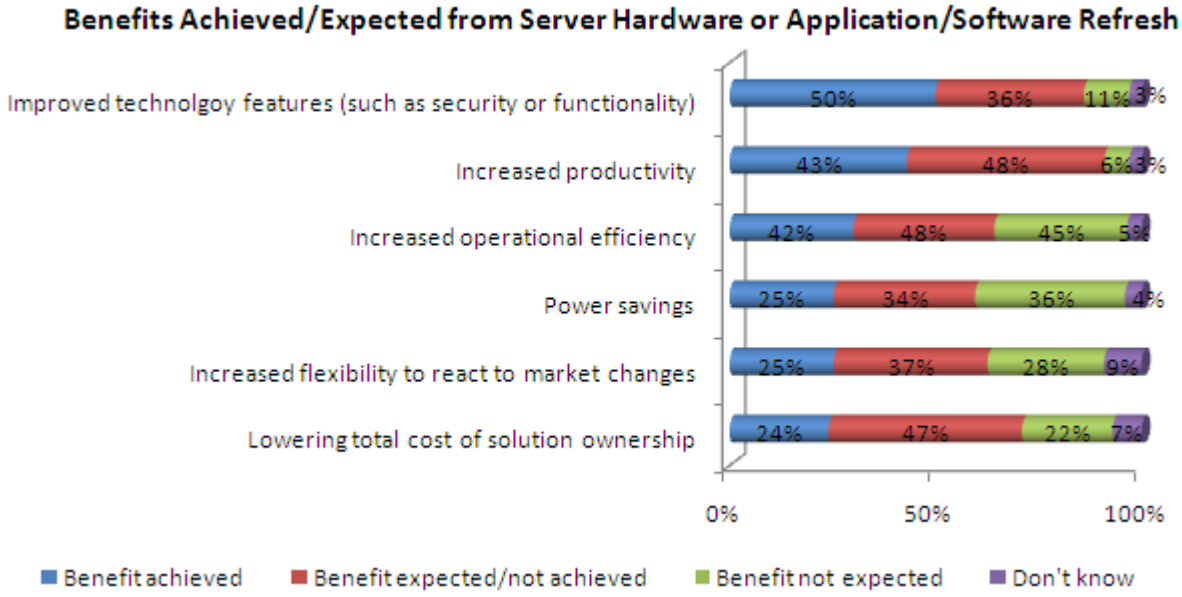


Base: 116 qualified respondents

Respondents have achieved improved technology features as a result of server hardware or server application/software refresh. Respondents most often cite increased operational efficiency as an expected benefit that has not yet been achieved.

Half of all respondents (50%) have already achieved *improved technology features* as a result of server hardware or server application/software refresh. Other top benefits already achieved include *increased productivity* (43%), and *increased operational efficiency* (42%).

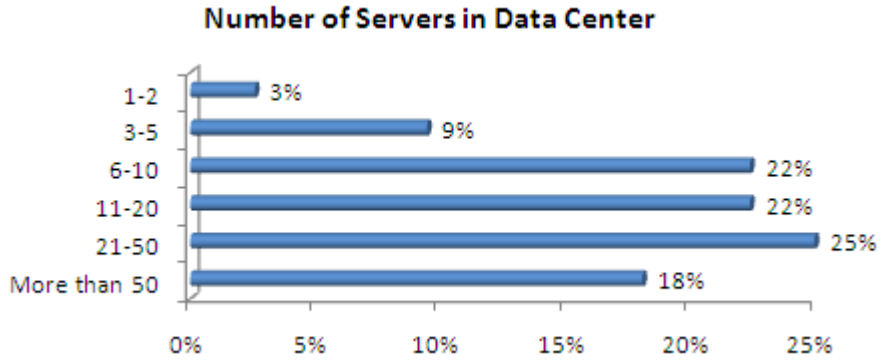
Among benefits expected but not yet achieved as a result of server hardware or server application/software refresh respondents most frequently cite *increased operational efficiency* (48%), *increased productivity* (48%) and *lowering total cost of solution ownership* (47%).



Base: 116 qualified respondents

Average servers in organizations' data center

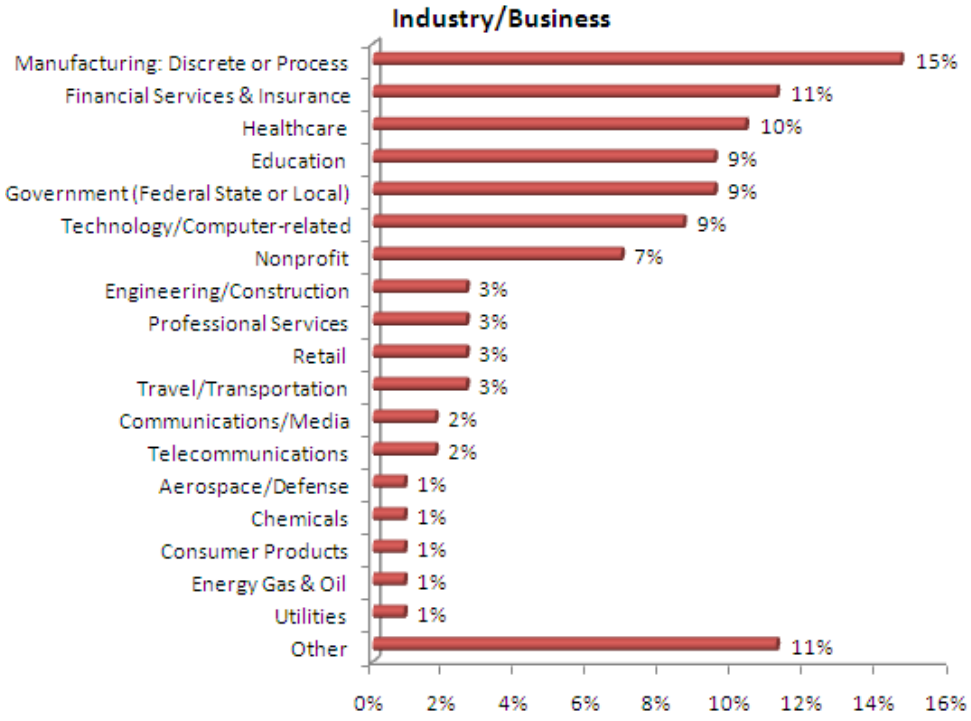
On average respondents' organizations have 24 servers in their data center.

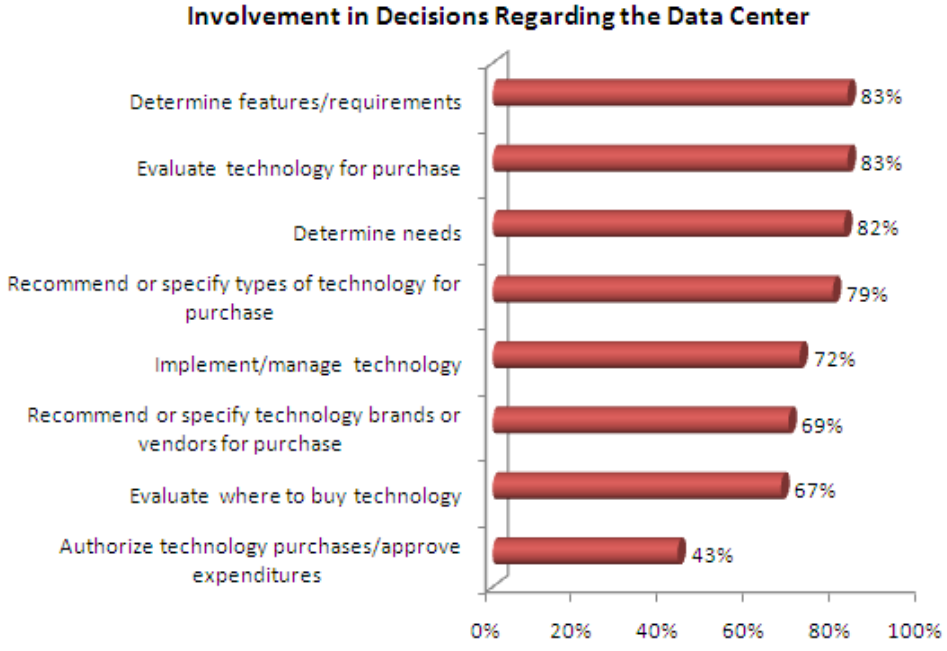


Base: 116 qualified respondents

Respondent Profile

All respondents are employed at companies with 100-499 employees. Over two-thirds (67%) are employed in an IT management position – 33% at the VP level or above. Seven percent (7%) are business management. Respondents are employed in the following industries:





Base: 116 qualified respondents

Contact Information

IDG Custom Solutions Group (CSG)

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