



Manage Your Changing IT Needs:

A European Report on Servers & Storage for Small Business





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Introduction

Dell and Intel commissioned independent researcher, Vanson Bourne, to explore the server and storage needs of small businesses in Europe. *Manage Your Changing IT Needs: A European Report on Servers & Storage* offers insight into how small businesses deploy servers and storage, their approach to IT and how they view new trends such as cloud computing.

The opinions and perceptions of 1,150 owners and decision makers from companies in Belgium, France, Germany, Netherlands, Switzerland and the UK have been examined and this report offers a summary of some of the findings around their changing IT needs.

Only decision makers from companies with a maximum of 100 employees were eligible to take part in the survey and about a third of respondents had fewer than 25 workers. The report offers comparisons between two company size groups (1-24 and 25-100 employees) as well as exploring differences between European countries, those of France, Germany, Switzerland, UK and the Benelux region.

A range of industry sectors were represented including IT & Telecoms, Retail, Professional Services; Manufacturing, Construction & Property, Financial Services, and Healthcare thereby offering a broad cross-industry perspective.



Executive Summary

Small businesses have always had to strike a tough balancing act, keen to reap the benefits of IT investment and innovation but also conscious of the budgetary constraints within which they have to operate. While this report highlights a number of differences in technology strategy and maturity of adoption in small businesses, one thing is clear – IT infrastructure is now a hugely strategic consideration for most companies. Two-thirds of small businesses surveyed are heavily, or totally dependent on IT and only one in twenty businesses (5%) would be able to function without the availability of technology.

It is clear from the responses of European small businesses that growth can lead to a greater dependency on IT. The larger of the small businesses surveyed are more likely to report a dependency on IT and typically are supporting a wider range of applications. The increased IT needs of these businesses are reflected in higher IT expenditure and larger server and storage hardware requirements.

The increased dependency of small businesses on their IT infrastructure exacerbates the potentially damaging impact of IT outages on these organisations. Despite the consequences of IT downtime, businesses still too regularly have to deal with technology issues that affect their ability to do business. The report suggests that small businesses are taking a number of different measures to ensure business continuity, but the level of outages being experienced suggests that progress can still be made in this area.

One potential answer to this – and other – IT challenges, is cloud computing. While adoption of the cloud has yet to gather significant momentum with small businesses, there can be no denying the transformational potential of this approach. Benefits such as increased access to data, lower capital expenditure on IT and potentially increased reliability, will all resonate with companies looking to gain competitive advantages wherever possible.

A cloud-based infrastructure is not yet prominent within small businesses and only 17% of small businesses have adopted cloud to some extent for their servers and storage. There are a number of concerns inhibiting its wider adoption and the strongest fears are around security and privacy. The reality is that for the next few years at least, most organisations will adopt a hybrid approach, looking to use the cloud where beneficial but still retaining their own IT infrastructure.

Key UK Findings:

- The UK is the only country where expenditure comes in above the European average, with around two-thirds (65%) spending more than £10,000 annually, and 16% spending more than £100,000.
- 90% of UK small businesses are heavily or totally dependent on IT, compared with only 65% of companies in Germany and just over half (54%) in France and Benelux.
- French and British businesses are more likely to have temperature control issues in their server rooms: in the UK, 11% of small businesses regularly or often experience server cooling issues.
- 96% of UK businesses have experienced IT outages and 22% do so at least once a month.
- In the UK, 63% of small businesses have at least one terabyte of data and 37% have more than two terabytes.
- UK small businesses are the most likely to be concerned about moving to the cloud with only 9% of decision makers saying they had no concerns – followed by Switzerland (12%), Germany (14%), France (15%) and the most positive were companies in Benelux (24%).



The Business of IT

Situation Analysis

There can be no denying the growing importance of IT to small businesses. While these organisations might once have grown and flourished despite a lack of IT resources and infrastructure, technology is now viewed as an extremely important business function. Two thirds of those surveyed (66%) admitted they are heavily dependent on IT with just under one third (32%) claiming they are totally dependent. Only 5% of European small businesses said that they could function without IT.

The results of the survey suggest that IT may become more critical as organisations become larger; 57% of companies with 24 or fewer employees were heavily or totally dependent on IT compared to 71% of companies with between 25 and 100 workers.

As businesses become more dependent on IT, they are often asked to support a wider range of initiatives through their IT budgets. The majority of organisations surveyed spend more than £10,000 on IT, with the average spend coming in at around £35,000. Around one in ten (11%) of

the organisations surveyed has a budget of more than £100,000.

As companies increase in size, IT spend rises significantly; 69% of companies with fewer than 24 employees spend less than £5,000 while only 8% of companies with 25 to 100 employees are able to keep expenditure below that threshold.

IT evaluation and procurement is a management function for small businesses, 58% of those surveyed said it was the Owner or Managing Director who made the final purchasing decision. This is especially true for the smaller companies with 24 or fewer employees where 85% of owners or managing directors sign off on purchase orders for server and storage technology compared with 44% in larger companies.

The IT Directors (42%) and Finance Managers (10%) of companies with 25 to 100 employees are much more likely to make the final procurement decisions compared with very small businesses where the figure is 12% and 2% respectively.

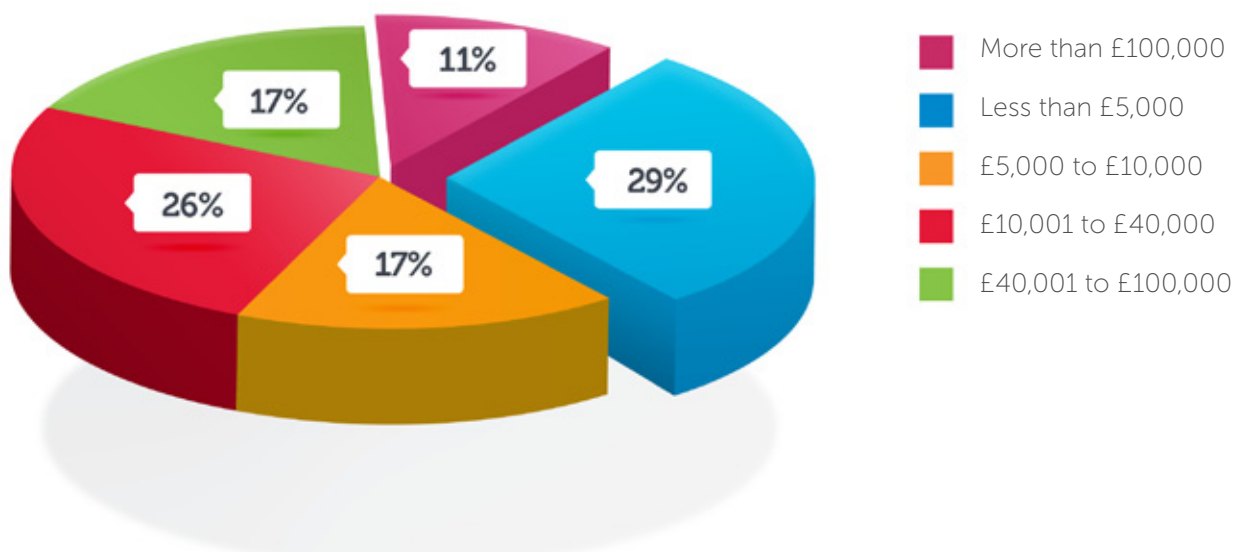


Figure 1: Annual IT budgets for small businesses in Benelux, France, Germany, Switzerland and UK. IT decision makers were asked: "What is your annual IT spend?"



A European Perspective

When it comes to dependence and expenditure on IT, small businesses in the UK clearly lead the way compared with their European neighbours. 90% of UK small businesses are heavily or totally dependent on IT, compared with only 65% of companies in Germany and just over half (54%) in France and Benelux.

This dependency on IT is reflected in the amount spent on IT by UK small businesses. The UK is the only country where expenditure comes in above the average, with around two-thirds (65%) spending more than £10,000 annually, and 16% spending more than £100,000 annually.

In terms of average spend it is French businesses which have the lowest annual spend at around £29,000 which is considerably lower than the £35,000 average across all the countries. The highest annual IT spend is in the UK at around £43,250 which is more than £8,000 higher than the European average.

In the UK (39%) and France (32%) the IT Director is more likely to make the final decision than in Benelux (27%), Germany (29%) and Switzerland (18%). However, across all countries the Owner or Managing Director is the most likely to decide. In Switzerland this is conclusively true with 74% of business leaders making the final IT buying decisions.

In the UK, the Finance Manager only makes the IT procurement decision in 6% of businesses which was consistent with France (7%) and Germany (7%). It was slightly lower in Switzerland (4%) and marginally higher in Benelux (10%).

Commentary

Small businesses are clearly dependent on IT to some extent so it is no surprise to see this reflected in significant levels of expenditure (particularly for those companies at the upper end of the size range). As both a critical strategic imperative and a significant investment financially, IT is also on the agenda for senior management.

Having the right IT infrastructure is vital whatever size of business and IT decision makers must weigh up the potential benefits, such as increased efficiency and flexibility, with the costs. In many instances, running outdated technologies could cause some small businesses to lose their competitive advantage.



Servers: The Platform For Small Business Growth

Situation Analysis

Servers remain the critical component within the IT infrastructure on which businesses are run. Despite the growing popularity of alternative IT delivery models such as cloud computing, small businesses are still clearly reliant on applications traditionally deployed on server hardware that is located, and often deployed and managed, on-site.

The vast majority (85%) of small businesses use servers, with around two-thirds (64%) using more than one server, and the average small business supports six servers.

Micro businesses (24 or fewer employees) are clearly those less-likely to run their own server hardware, with 37% having

no servers at all compared with only 4% of companies with 25 to 100 employees.

The most common business uses for small business servers are the typical mixture of every day productivity applications such as storing documents, files and content (67%), print and email (62%) and hosting databases (59%). However, by far the most popular use of server technology is for information backup, which 75% of small businesses perform.

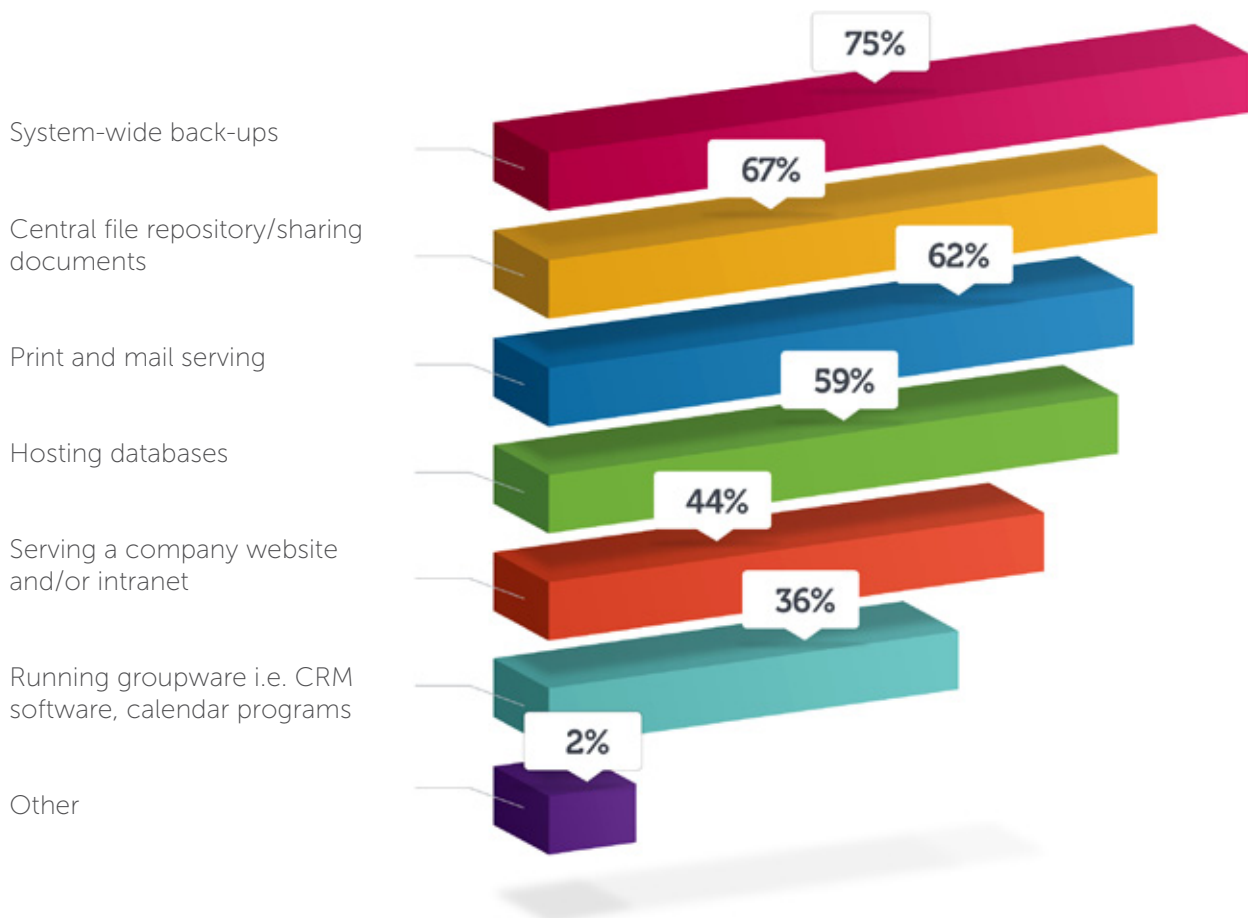


Figure 2: Server use within European small businesses with 100 or fewer employees. IT decision makers were asked: "What do you use your servers for?"



With office space at a premium smaller companies are clearly less compelled to create dedicated areas for their server estates. Only 23% of companies with 24 or fewer employees have their own dedicated server rooms, compared with 80% of companies with 25 to 100 employees.

Overall, 63% of European small businesses have experienced servers over-heating in the past and one in ten (10%) say this happens regularly or often.

A European Perspective

Employees at small businesses typically have common requirements of IT – the ability to communicate, collaborate and remain productive through the use of standard tools and applications. In keeping with this, server usage across Europe remains relatively consistent, although some disparities are noteworthy.

The use of servers for print and email in Germany (45%) and Switzerland (44%) is low compared with UK (80%), while French small businesses are far less likely to use their servers as a central file repository (48%) than companies in UK (82%), Switzerland (73%) and Germany (71%).

Similar differences can be seen in terms of running 'groupware' such as CRM software and calendar programmes – while over half (55%) of UK businesses use servers to support these applications, only 22% of French companies and 29% of Swiss companies do so.

92% of small businesses in Switzerland either rarely or have never experienced temperature control issues in their server rooms, this is followed by companies in Benelux (73%) and Germany (63%), the UK (59%) and France (56%). This means French and British small businesses

are more likely to have temperature control issues in their server rooms, and in the UK, 12% of companies regularly or often experience server cooling issues and 58% have experienced it at some time or another.

Around one in six (15%) people surveyed in the UK are running their business on a single server and 35% have between 2-4 servers. Only 8% of British small businesses run more than 20 servers which was slightly higher than other countries including Germany (3%) and France (4%).

11% of small businesses in the UK have no server, compared with 22% in Germany and only 10% in Switzerland.

Commentary

Very small businesses may have limited technology requirements which allow them to take a more tactical approach to IT, investing as and when completely necessary. However, the findings of this report clearly show how rapidly a company's requirements increase as their business grows. As a company puts in place extra resources and processes to support growth and expansion, the sophistication of the IT and number of applications required to enable and empower new initiatives increases.

Small businesses clearly need to factor in growth when budgeting for and building out their server infrastructure. Not only do businesses need to consider the potential need for new applications to be supported, but also how usage of individual applications will increase over time.

Given the unique budgetary pressures facing small businesses they should look wherever possible to create an infrastructure that will scale with the business and avoid the need to 'rip and replace' hardware in order to increase performance and capacity.



Small Businesses: Big Data

Situation Analysis

Information is the lifeblood of almost any business; without it many companies simply cannot function. Even smaller companies are now typically required to store significant amounts of data – be it customer details, email correspondence, supplier information or invoicing records. Whether it is for legal compliance or for business advantage, small companies require robust data storage capabilities to ensure data is readily available when required.

The majority of small businesses in Europe (63%) store more than one terabyte of data on their servers with more than a third storing more than two terabytes. In terms of storage efficiency, around one in six small businesses (16%) are using less than a quarter of their storage capacity, with the smaller companies the worst offenders, close to a third of them using less than a quarter of capacity.

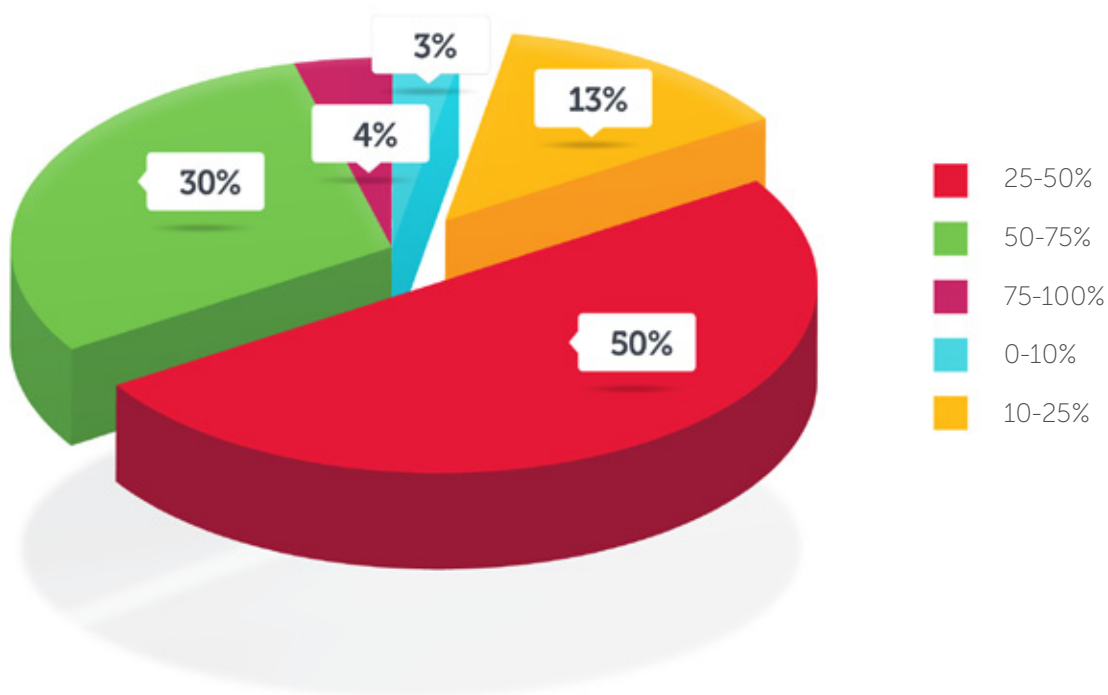


Figure 3: European small business server capacity usage rates. IT decision makers were asked: "What percentage of the data storage on your servers is currently being used?"



Storing data is not just about securely retaining data but also retrieving it quickly and easily when it is needed. Given the increased reliance of companies on IT, the availability of information becomes of paramount importance and downtime potentially extremely disruptive. Despite this, small businesses are clearly no strangers to IT outages that severely inhibit their ability to continue business.

More than nine out of ten (93%) small businesses have experienced such an outage, with 17% claiming this happens at least once a week.

Given the effects of IT outages on small businesses it is not surprising to see a number of different strategies adopted to increase redundancy and ensure data is backed up. Among the most popular strategies for ensuring data is backed up are the use of network-attached storage (42%), storage area network solutions (27%) and tape 26%.

German (34%) and French (34%) businesses showed less of a preference for disk attached storage compared with the UK (51%), Benelux (47%) and Switzerland (40%).

A European Perspective

Data storage requirements and strategies are fairly common across Europe, although Switzerland's small businesses stand out as having both the largest data storage requirements and the least experience of IT outages. 76% of Swiss small businesses store over one terabyte of data, and almost half (49%) store more than two terabytes, significantly more than their counterparts in the UK, Germany and France. In the UK, 63% of small businesses have at least one terabyte of data and 37% have more than two terabytes.

Alongside having the most data to manage, Swiss companies would appear to have the most robust backup strategies in place as they are the least likely to suffer outages affecting business continuity, with 60% rarely or never experiencing one. In the UK, 96% of businesses said they have experienced IT outages and 22% do so at least once a month.

Only 40% of French companies claim to rarely or never experience an outage. Perhaps worryingly for French organisations, 11% of them report that a disruptive IT outage happens every day, compared with only 3% in the UK and 7% in Germany.

Commentary

While small businesses are clearly aware of the importance of data storage, there are significant challenges with how to make the most efficient usage of the storage they purchase and also how to ensure data is always available to the business.

Businesses are reliant on access to data to deliver the best possible service and gain a competitive advantage, and yet over a third of European small businesses (36%) suffer a data outage at least once a month that affects their ability to do business.

Despite having higher levels of investment in IT, it is those businesses with between 25 and 100 employees that suffer the most frequent periods of downtime, so tackling this issue is not necessarily about more investment, but about smarter investment, as well as achieving the appropriate service levels that suit the priorities of the business.



Next Step: The Cloud?

Situation Analysis

Touted as the next major step in business IT, cloud computing has the potential to transform the way businesses use and access information and applications. The future of cloud computing has traditionally been seen as a very bright one in the small business sector since it allows businesses to move to a pay as you go model that eradicates much of the upfront capital expenditure traditionally required to provision IT.

Given how rapidly cloud computing has moved up the business agenda, small businesses have perhaps surprisingly not begun to adopt it in earnest. Around one in six small businesses (17%) have started using cloud computing to at least some extent.

However, the extent and pace of adoption amongst small businesses has been relatively minimal, and fears about moving to a cloud infrastructure and a lack of clarity about the benefits to smaller businesses are still prevalent amongst many organisations.

Only 2% of organisations have moved all of their applications to the cloud, suggesting that for some time to come a hybrid approach will be the way forward for small businesses.

Over half of small businesses that have already moved to the cloud have moved file storage (58%) and back-up (52%) data, followed by email (44%) and synchronisation (40%).

85% of small businesses in Europe have concerns about using cloud-based applications and infrastructures, with security (28%) and privacy (20%) the most commonly reported primary concerns regarding the use of cloud, although performance (14%) and availability (12%) were also cited.

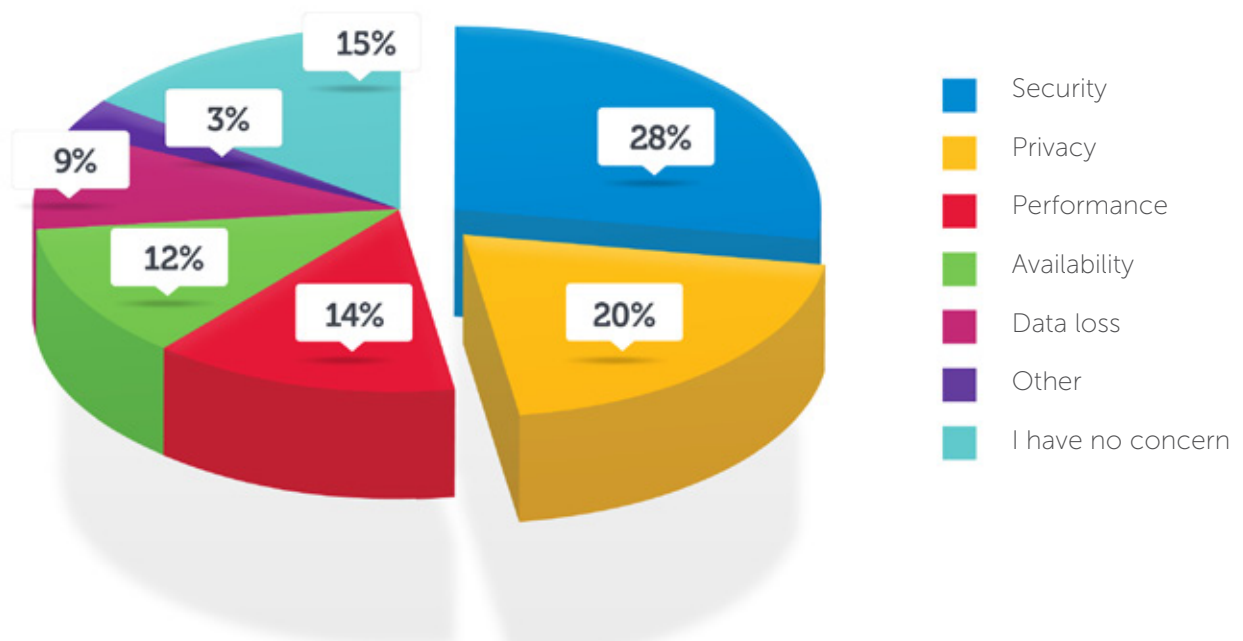


Figure 4: European small business concerns regarding cloud computing. IT decision makers were asked: "What is your biggest concern about using cloud-based applications and implementing a cloud-based server/storage infrastructure?"



While much of the focus on cloud centres around the cost benefits, the potential for it to deliver access to data anywhere and anytime is clearly important to small businesses: 44% of small businesses cited this as the most compelling benefit. This was particularly important to companies with 24 or fewer employees (51%).

More than one-fifth (21%) of businesses believed the most important benefit was having less dependence on internal and external IT support for assistance. Software and other computing cost savings was considered the most important benefit by 17% of companies.

A European Perspective

Given the concerns about cloud computing expressed by many small businesses it is no surprise that there are some revealing differences in attitudes across Europe. Small businesses in Benelux were the least likely to be concerned about moving to the cloud with 24% of businesses claiming to have no concerns at all compared with the UK (9%) - which was the most likely to have concerns – followed by Switzerland (12%), Germany (14%) and France (15%).

However, smaller businesses in the UK were less concerned about privacy compared with the rest of Europe with less than one in ten (9%) voicing concern, compared with more than a third of Swiss companies (36%) and over a fifth in Benelux (21%) and France (22%) and a quarter in Germany (25%).

The UK however was more concerned about availability of data (19%) than the rest of Europe (Benelux 11%, France 11%, Germany 9% and Switzerland 4%).

Performance is also a major concern for UK companies (20%), as well as the French (18%) compared to small businesses in Germany (10%), Benelux (9%) and Switzerland (8%).

In the UK, a quarter (25%) of small businesses are using cloud computing to at least some extent and 17% will move to a cloud-based infrastructure within three years. Only 1% have moved all their applications to the cloud so far.

Commentary

Small businesses are not alone in their concerns around cloud computing; such a fundamental shift in IT strategy does not come without fears about reliability, security and performance. These concerns are clearly reflected by the relatively slow pace of adoption in the small business sector. However, with 21% of small businesses voicing clear intentions to move to the cloud (11% within six months) adoption would appear to be gathering pace.

The promise of the cloud computing model – particularly for small businesses – is significant; as the technology and processes involved in adoption mature, this promise looks set to become reality.



Conclusion

It is just as important for a small business to get its IT infrastructure right as it is for a large multinational - the data owned and managed by a small company is just as important to its day to day activities and long-term success.

Understandably small businesses are often slow to adopt new technologies due to a lack of financial and human resources as well as expertise. Cloud computing is clearly an area where more education is needed. For many small businesses it raises concerns about security and reliability and a better understanding of how

small businesses can benefit will help companies to make an informed decision when adopting new technology.

For any small business looking to prosper, IT needs to be an important part of any growth plans. The role IT can play in supporting growth is clearly important, and proper planning can help ensure companies invest wisely in server and storage infrastructure which supports the needs of the business today while offering a platform for future expansion.



Research Methodology

The survey was conducted online, with professionally translated questionnaires for French, Belgian, German, Dutch and Swiss markets. Vanson Bourne used a combination of their own and other trusted online panels through which respondents were invited to complete the survey.

The research panels comprise business and technology contacts and respondents are profiled and screened to establish their suitability to complete the survey based on a number of demographics including company size and country. The respondents were guaranteed personal and company anonymity in return for their input.

The analysis of the data was conducted by Vanson Bourne's project team.

Profile of Respondents

- 1150 owners and IT decision makers in European business
- 4% Switzerland; 21% Benelux; 26% France; 26% Germany; 26% UK
- 34% represented companies with 24 or fewer employees
- 66% had between 25 and 100 employees
- A range of industry sectors were represented: IT & Telecoms (26%); Retail (15%); Professional Services (14%); Manufacturing (9%); Hospitality (7%); Construction & Property (7%); Financial Services (6%); Healthcare (6%); Consumer Services (5%); Agriculture (2%); Charity (2%); Media (2%)

About Vanson Bourne

Vanson Bourne, a specialist research-led consultancy, carries out user research within a technology context. The company interviews senior decision makers from a variety of functions, across a whole range of industries, in organisations from the smallest to the largest, in markets around the globe. Vanson Bourne's clients range from start-ups to well-known companies that need robust and credible research-based analysis.

