

INSIGHT

Corporate-Liable Versus Individual-Liable Smartphone Usage: Enterprise Customers Speak

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IDC OPINION

The converged mobile device (CMD), also known as the smartphone, continues to be a critical business tool for organizations across the globe. IDC interviewed several organizations looking at the deployment of CMDs for business solutions, which yielded the following results relating to the usage of these devices as corporate liable and individual liable:

- ☒ The corporations interviewed had a large majority of their devices as corporate liable (87.3%), yet many of these organizations were taking a strong look at moving toward individual-liable device offerings to provide more freedom to their workforce and control costs.
- ☒ Internal decision makers are not necessarily the group with the largest amount of CMD users. Sales were the dominant users of CMDs for the companies IDC interviewed, followed by technicians and then executives.
- ☒ Support varies based on corporate- or individual-liable usage as well as user type. For example, executives were almost always under corporate-liable plans that ensured a better level of support service and enabled better control on devices more likely to be holding sensitive data.

IN THIS INSIGHT

This IDC Insight presents the results of seven in-depth interviews of organizations with more than 1,000 employees about their use of converged mobile devices (also known as smartphones). The organizations in total had more than 40,000 CMDs deployed. The results are presented and broken out by both owner role and individual- and corporate-liable usage.

SITUATION OVERVIEW

As CMDs reach a mature penetration rate in the United States for personal use, they continue to find their place for business. Smartphones have proliferated to a point where many end users are migrating to the smartphone as the de facto device for data usage. Conversely, the infiltration of the corporate world by CMDs is still proceeding. Businesses and other organizations are struggling with how best to utilize

and support these devices to maximize their benefits while simultaneously mitigating their potential downside.

To further study how businesses are approaching this dilemma, IDC conducted a series of interviews between September and November of 2009. These seven interviews were conducted via phone with organizations that have over 1,000 employees. Many of the organizations operate globally, but all are United States based. The organizations represent a variety of verticals, from professional services to manufacturing to large charitable nonprofits.

Businesses listed many positives and negatives associated with their internal use of CMDs. The most prevalent positives for smartphone use included:

- Travel and access while away from their desk
- Productivity
- Collaboration
- Lower costs

Some of the more interesting positives brought up were:

- CMDs are always on, unlike laptops, which have to be booted up
- Employee retention
- The delivery of smartphones and accompanying applications demonstrates progressiveness on the part of IT and the organization as a whole

On the negative side, the most common answers were:

- Technological issues around deployment and support
- Security and control of data and access
- Higher costs

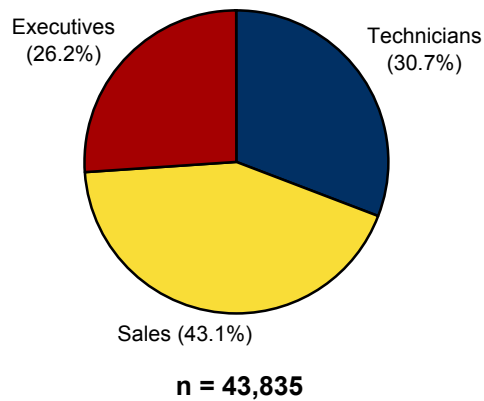
Other negatives brought up include:

- Culture shock around changing work patterns to best utilize CMDs
- Device acceptance for technicians in the field to actually use the CMDs

These positive and negative aspects of business use of CMDs can be amplified by who gets access, what their role is within the company, and how liability is handled. Figure 1 demonstrates CMD use among interview participants by owner role. These splits varied significantly by vertical and business unit. IDC found that the smallest group, in terms of CMD use, is the executives, with only 26.2% of the overall CMD population. Sales accounted for the largest group, with almost half of the population or 43%.

FIGURE 1

Respondents' Use of Converged Mobile Device by Job Role



Source: IDC's *Executive Interviews on Smartphone Usage*, 2009

Anecdotally, IDC noticed that each owner role's influence over CMD policy is not necessarily correlated to its size as a group within the organization. For example, many organization's CMD policies, especially form factor concerns, were driven by executives. This could be due to executives having internal power. Another possibility is that executive culture allows its members to be early adopters of new technology, before their technician and sales counterparts.

Liability was another factor driving CMD positives and negatives. This is a tricky issue that arises due to the use of CMDs to access sensitive internal information. There are two routes available to IT decision makers:

☒ **Corporate liability.** The corporate-liable CMD segment is made up of corporately adopted devices. It includes all business sizes and types as long as devices are purchased with corporate funds or the employee receives formal reimbursement from the organization for the purchase of the devices. Corporate purchasing can be executed through a centralized procurement method in which devices are purchased in volume or individually and deployed as corporate clients either by the IT department, individual business units, lines of business, or departments or by the business owner in the case of small businesses. Corporate devices can also be purchased through a corporate-sponsored reimbursement program in which the full price or a portion of the cost is returned to the employee. Devices that are expensed back to the company, in the absence of a formalized reimbursement policy, are not counted as corporate-liable devices, delineating the distinction between end-user initiative and corporate initiative.

☒ **Individual liability.** Individual-liable business CMDs must meet at least one of the following conditions:

- Purchased by the user and expensed back, but not reimbursed formally by a company-established policy (i.e., expensed in the same manner as desks, calculators, pens, and so forth, and not as a formal mobility/wireless policy)
- Purchased outright by the individual user, brought into the workplace, and used for:
 - Corporate application(s) directly linked to the corporation or business (e.g., corporate email, corporate PIM, CRM, FFA, and corporate intranet) (This includes SMBs that use consumer email [Yahoo! Mail, Gmail, Comcast mail, etc.] for business purposes.)
 - Standalone business applications (e.g., office suite, financial tools, GPS/LBS, and productivity applications from online application storefronts) in addition to business-linked corporate application(s)

As Table 1 demonstrates, the large majority favors corporate liability. Many companies IDC spoke with were mainly providing corporate-liable devices, but IDC noticed several trends where organizations were currently deploying corporate-liable devices but were moving toward a much larger number of devices under individual liable. Most organizations favored corporate-liable arrangements due to an increased level of control and security. However, this option tends to be more expensive as the company pays for the CMD itself, data plans or other service packages, and the maintenance of the device.

TABLE 1

Respondents by Converged Mobile Device Liability

	Individual	Corporate
Number of respondents	5,555	38,280
% of respondents	12.7	87.3

n = 43,835

Source: IDC's *Executive Interviews on Smartphone Usage*, 2009

IDC spoke with one large manufacturing firm that favored individually liable devices. This firm and its IT department felt that the individually liable setup allowed their employees more freedom to use the device that they already use in their personal life. This option also had lower costs and was less management intensive than corporate-liable devices.

Although more than 85% of organizations' CMDs that we interviewed were corporate liable, there was a definite shift across a number of the organizations that discussed their move away from corporate-liable devices. A few of the very large organizations were also below 80% corporate liable and seeking to lower that over the next several

years as additional devices come into play and for some of the other reasons given previously, such as more freedom for its user base, demonstration of IT progressiveness, and cost-cutting measures. In all cases, security, control, and support were the major reasons for keeping CMDs as corporate assets.

CMD Support

Most businesses IDC spoke with supported software and hardware issues separately. Software issues typically stay within the IT help desk. This is particularly true if the problem is with an application that is specific to the organization. Hardware issues typically went back to the mobile operator for replacement.

When the device was individually liable, support varied greatly. Some organizations instituted FAQ and self-help sites and other community forums for IT support of CMDs that have company access. Other companies provided full IT help desk support. Finally, others provided no help at all and would refer the end user back to the provider. As more than a quarter of the CMDs went to executives, IT organizations were adamant about having those users under corporate-liable plans for security reasons, but support played a very large role in that decision as well. The thought of an executive in a large organization not having a device supported by IT would cause huge problems as these employees typically demand a certain level of support due to their critical role within the organization — self-help would not be a viable option for these employees. The flip side to this scenario was that executives often want the latest and greatest device that may not be on the corporate plan, thus causing challenges for IT to support, secure, and yet meet expectations for this user group.

FUTURE OUTLOOK

Although the largest majority of the organizations that IDC spoke with are currently deploying devices as corporate liable, increasingly many of these companies are looking toward the individual-liable option to demonstrate its progressiveness, drive value as an IT organization, give its employee base more choice, and lower costs.

As an example of this, the iPhone is a device that has tremendous consumer appeal and employees are increasingly seeking to use this device for business purposes. Add to that the growing number of other device types and operating systems, and this trend will continue. Now, there is a potential for the iPhone and other popular devices to move to corporate-liable status, but the security, management, and software applications making these devices enterprise ready are just coming about and will take some time before some of these devices meet IT requirements. In the meantime, individual-liable opportunities will continue to grow. In fact, IDC expects individual-liable CMDs to grow faster than corporate-liable or consumer-based CMDs over the next five years worldwide. IDC expects individual-liable business use to grow 17.9% through 2013 on a worldwide basis.

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