Gartner Says Effective Management Can Cut Total Cost of Ownership for Desktop PCs by 42 Per cent

Savings Will Be Different for Notebooks Which Need to be Managed according to How They Will Be Used

Egham, UK, March 10, 2008—

For a large company, the cost of purchasing a desktop PC may be only $1,200, but, kept for four years, the total cost of ownership (TCO) could be as much as $5,867 per year, according to Gartner, Inc. However, if the company's PCs are locked down and well managed, the cost per PC per year can be 42 per cent lower at $3,413.

Similarly, a notebook computer may cost $1,500 to buy but have a TCO of just over $9,900 per year over three years. For a worker who may take a notebook home about twice a week (a "day extender"), locking down a notebook can lower the TCO by 45 per cent to $5,033.

"We do not recommend locking down notebooks for workers who work outside the office most of the time," said Federica Troni, principal analyst at Gartner. "Such people need to be able to change settings to work from different locations, but imposing a moderate degree of management can lower TCO by 24 per cent to $7,643."

"The emergence of alternative client architectures provides the opportunity to reduce client computing TCO, but requires new measurement methodologies to evaluate them," said Michael Silver, research vice president at Gartner: "Organisations should select the right technology for their users based on need and should consider TCO as one criterion. Complexity is an issue that organisations need to keep in mind as they select their computing models and devices. Too many architectures could increase TCO, especially in smaller organisations."

For PCs, Gartner applied its updated methodology to a hypothetical organization with central IT and 2,500 desktops. It assumed that the original cost of a PC was $1,200 and that PCs were kept for four years. The company had 250 applications. These and other parameters were applied to four scenarios with different levels of management. At one end of the scale, a company's control might be wide open and users could install applications and change settings – with few or no management tools being used. At the other end, the environment could be locked and well managed with tools, processes and policies which prevented users from installing software or changing critical settings (see Table 1).

Gartner found that the more a company could control its PC environment, the less indirect costs it would incur. Mr Silver said that the Gartner TCO model was prescriptive and should be used "more to understand the changes between two technologies than to estimate actual TCO."

Table 1
Total Costs of PC Ownership, 2008 (in US Dollars)

	Unmanaged	Somewhat Managed	Moderately Managed	Locked and Well Managed
Direct costs	2,218	2,147	2,056	1,874
End-user costs	3,649	3,122	2,594	1,539
Total cost of ownership	**5,867**	**5,269**	**4,650**	**3,413**

Source: Gartner (February 2008)

For notebooks, Gartner took a hypothetical organisation with 2,500 notebooks kept for three years. There are 250 applications of which 50 are thin, rich, Web-based or otherwise clientless applications. There are two classes of users. Day extenders work mainly in the office and take their notebooks home only on one or two nights a week. Traveling workers, or road warriors, work outside the office for up to 80 per cent of the time. The same four scenarios of management apply – from wide open to locked down (See Table 2). Notebooks have significantly higher TCO than desktops because they are more difficult to support and they are generally provided to users with higher salaries than those using desktops.

Table 2
Total Costs of Notebook Ownership When Used by Travelling Workers, 2008 (US Dollars)

	Unmanaged	Somewhat Managed	Moderately Managed	Locked and Well Managed
Direct costs	2,899	2,790	2,660	2,590
End-user costs	7,023	6,004	4,983	4,440
Total cost of ownership	**9,923**	**8,793**	**7,643**	**7,030**

Totals have been rounded

Source: Gartner (February 2008)

To derive these figures, Gartner has revised its methodology to make it easier to compare costs of different purchasing and management strategies. The methodology is not meant to replace data in the accounting system. It supplements the accounts with uncounted data such as the costs, including downtime, associated with end-users helping each other overcome problems. The methodology can be used to estimate the different cost implications of different strategies for deploying desktop PCs and notebooks.

Gartner's new methodology uses scenarios based on different profiles of corporate use. Compared with an earlier model, it has a smaller list of questions for companies to answer so they can get customised TCO guidance from Gartner analysts more easily. It still separately identifies direct and indirect costs. Direct costs include the capital and labour costs of running the computers. Indirect costs are labour costs associated with end-users' activities, including downtime. For the average enterprise, indirect costs may contribute 50 per cent or more of the overall TCO.

Additional information is available in the following Gartner reports: “Notebook Total Cost of Ownership: 2008 Update”, “Desktop Total Cost of Ownership: 2008 Update” and “Gartner PC TCO: The Next Generation”

Contact:

Holly Stevens
Gartner
+44 0 1784 267412
holly.stevens@gartner.com

About Gartner:
Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is the valuable partner to 60,000 clients in 11,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 4,400 associates, including 1,200 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.