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What do your SMB customers really want from technology?

A summary of research into PC and software purchasing trends of SMB customers in South Korea.

What is the South Korea SMB Tech Insights Report?

The result of an extensive, pan-Asia study conducted in September 2019 by Microsoft and Techaisle

Involved 331 respondents (IT and business decision makers) from across South Korea

Focused on small and mid-size businesses (25 to 499 PCs)

How can you use it?

- This report highlights some key trends with regards to how and why SMB customers purchase PCs and software, as well as some reasons why they don't upgrade

- Use the key insights to add value and depth to your sales conversations with SMBs

- Please feel free to use the data from this research in your marketing materials, provided you quote the source: *South Korea SMB Tech Insights Report (September 2019) by Techaisle and Microsoft*

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Key take-outs from the South Korea SMB Tech Insights Report:

34% of SMBs are using PCs that are 4+ years old

28% of SMBs are using PCs with older versions of Windows

57% of SMBs have no PC refresh policy (or aren't following it)

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Why do SMBs want to upgrade their technology?

The top reasons SMBs give for wanting to purchase new PCs and/or software differ slightly for line of business and IT teams, and include:

Top business issues

1. Increase profitability
2. Reducing operational costs
3. Increase workforce profitability
4. Attracting and retaining new customers
5. Increasing business growth

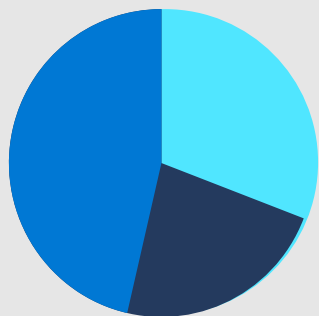## Top IT priorities

1. Security solutions (cloud and mobility)
2. PCs (desktops and laptops)
3. Cloud solutions
4. Artificial intelligence
5. Virtual reality/AR

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What's stopping them?

SMBs have ambition to digitise, are technology driven and recognise the importance of having a technology strategy, BUT their reality is different:


32% of SMBs have no PC refresh policy and take an ad-hoc approach to refreshing/replacing PCs

22% have a defined policy but do not always refresh their PCs as per this policy

46% have a defined policy and refresh/replace PCs as per policy

Refresh cycle

Average length of refresh cycle in 2019 was 4.4 years, down 9.1% from 2018

Average number of years for PC refresh

Legend:
- Do not have a defined policy and have an ad-hoc approach to refreshing / replacing PCs
- Have a defined policy but do not always follow the refresh / replace PCs as per policy
- Have a defined policy and refresh / replace PCs as per policy
- PC refresh years
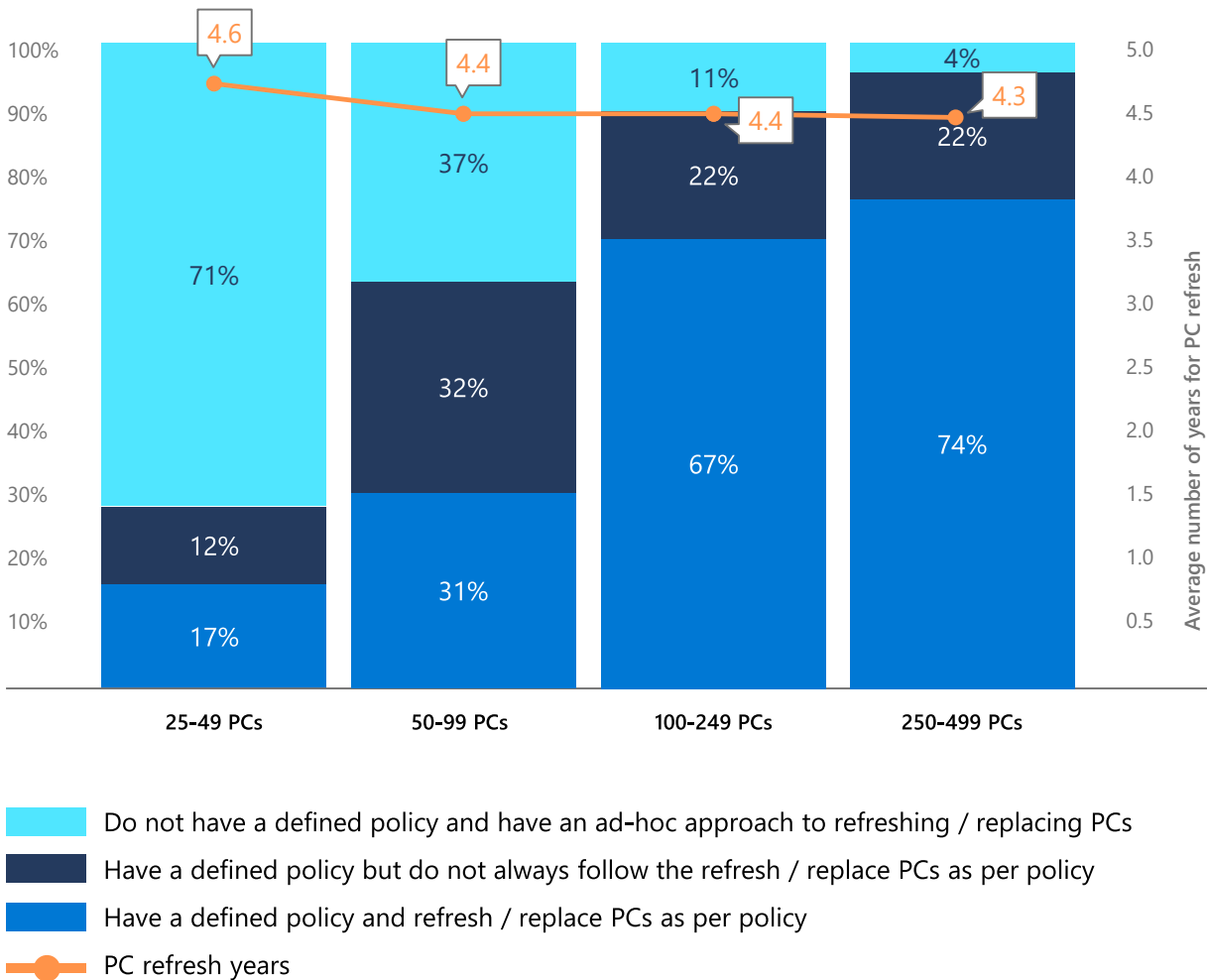
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Specific reasons why SMBs aren't upgrading to a Modern PC with Windows 10:

Myth

Reality

53% say: our older PCs are not critical to the operation of the company	**Microsoft's support** for Windows 7 will soon end, which means customers must upgrade or risk security issues
44% say: we don't have the budget to replace old PCs	**83%** say: new PCs reduce IT maintenance costs **79%** say: newer PCs make employees more productive
38% say: : there are no must-have capabilities in new PCs to purchase	**Windows 10** offers many benefits: robust security, seamless integration, lower TCO and a positive user experience
35% say: newer PCs are expensive	**Moving** to a Windows-as-a-Service (WaaS) and/or PC-as-a-Service (PaaS) model can save considerable time and money **Cutting** IT workload and improving employee productivity also results in cost savings

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Key selling points for keeping PCs and software up to date

Sales conversations with SMBs around upgrading should focus on three key benefits:

Cost efficiency
Reduction in overall maintenance fees, and greater overall manageability and efficiency

Security
Improved protection against ever-evolving cyber-attacks, data theft and employee malfeasance

Productivity
Modern, easy-to-manage technology means employees can be more productive from anywhere

Specific selling points for cost efficiency:

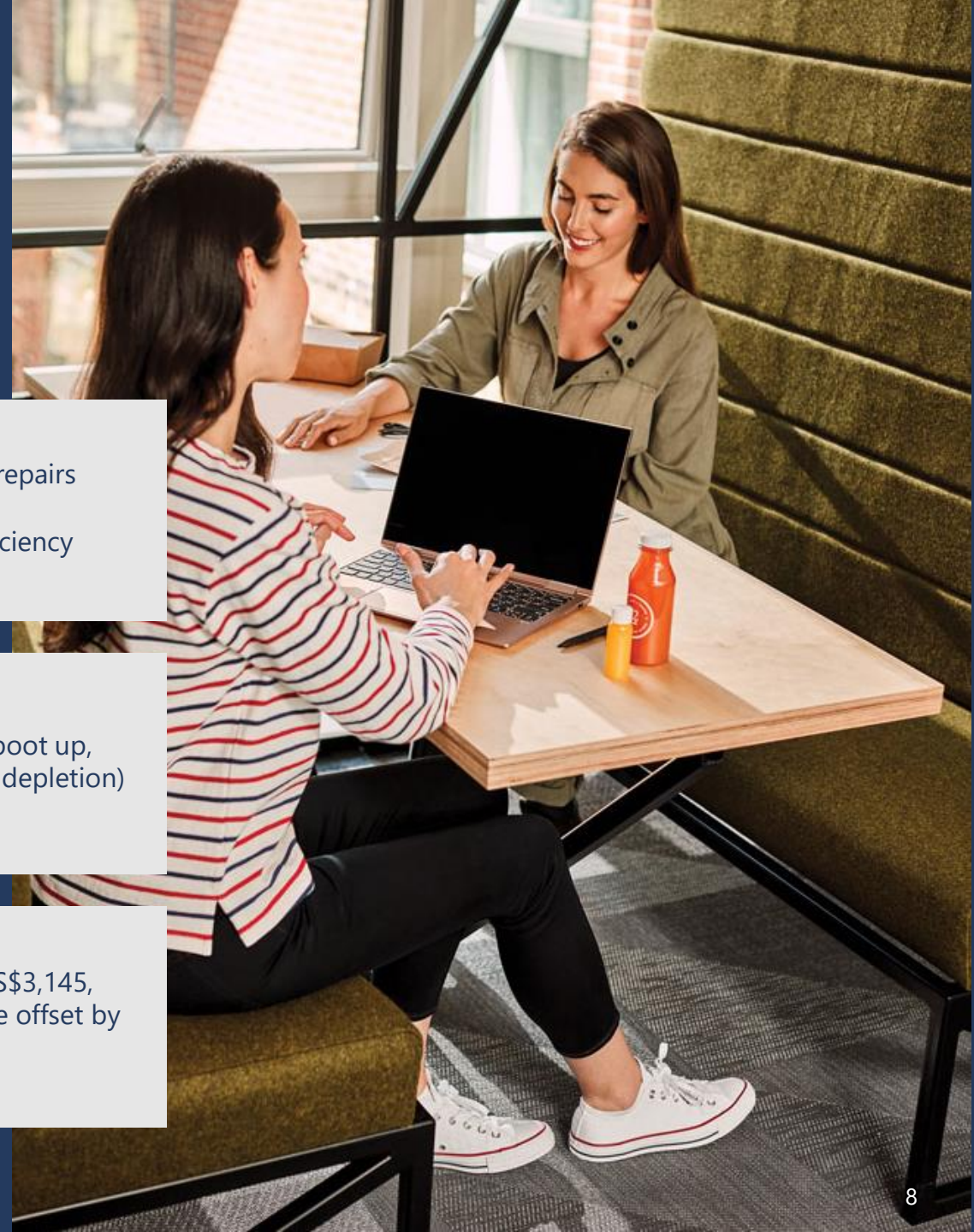| Selling point	The facts
Upgrading PCs will cut maintenance costs	• PCs 4+ years old are **4.1x more likely** to need repairs • **83% say:** managing is easier, improving IT efficiency
Upgrading PCs will reduce problems and downtime	• Older PCs have **2.5x more problems** (slow to boot up, application and disk drive crashes and battery depletion)
Not upgrading your PCs can affect business growth and productivity	• The total cost of owning a 4+ year old PC is US$3,145, which is **3.0x of newer PCs** and the cost can be offset by replacing with two or more PCs

Specific selling points for security:

Selling point	The facts
SMBs are vulnerable to cyber-attack	• More than 70% of surveyed SMBs in South Korea experienced at least one security breach in the past year
SMBs with dated technology are *particularly* vulnerable	• Over 28% have PCs with older versions of Windows which makes them more susceptible to threats • Windows 10, however, delivers comprehensive, built-in and ongoing security protections that you can trust – including Windows Defender anti-virus, firewall and more
Security and data protection are top priorities and challenges for SMBs	• 68% of SMBs say Windows 10 improves security • 19% of SMBs consider PC security when buying machine

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Specific selling points for productivity:

Selling point	The facts
Old technology is costly	• An older PC can = = 161 hours lost which is 3.1 x that of a new PC
Employees are more productive and deliver better customer service when able to work remotely and flexibly	• 25% of the SMB workforce is mobile • 46% of SMBs have specific mobility initiatives in place, but no overall strategy
Cloud adoption is ticket to achieving peak productivity	• Cloud adoption is now 71% for small businesses and 74% for medium businesses

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Pathways to sale

When considering a technology purchase, SMBs are influenced by several factors, the top ones being:

🔍	Online search
👥	Peers and colleagues
⤴	Social media (e.g. Facebook, Line, Kakao, Twitter)
🗔	Vendor websites (e.g. HP, Dell, Lenovo)
⇄	Online price comparison websites

To ensure maximum sales success, ensure your products and services are promoted and available via these channels.

# New trends: PC-as-a-Service and Front Line Workers

PC-as-a-Service (PCaaS)

SMBs are increasingly interested in PCaaS driven by:

1. Reduced IT support and procurement workload
2. Option to acquire latest technology faster
3. Move from CAPEX to OPEX frees up capital for other business investments
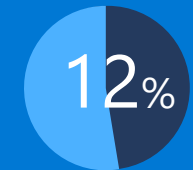4. Allows PCs to be refreshed faster
5. Predictable costs

BUT want cloud solutions and managed services to be included.

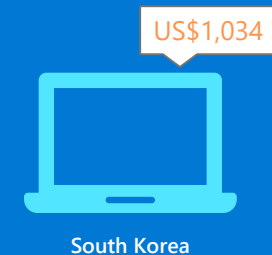## Meeting needs of Front Line Workers

Mobility initiatives are increasing:

42%
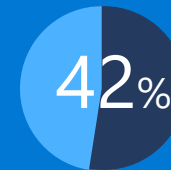
42% have some mobile initiatives in place

12%

For 12% of SMBs it is strategic

Acceptable price of a PC for mobile employees is   US$1,034

US$1,034

South Korea

Here's how to convert the opportunity:

Understand where your audience is today (current age of PCs, software)

Probe for main barriers (often perceptions of difficulty or relevance)

Align our solutions to their concerns (productivity, cost, security)

Reassure that we are easy to implement and purchase (Cloud, SaaS, PaaS)

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Find out more

**Access sales enablement
and marketing assets here:
Device Partner Centre**

*please note you need to be registered to the Device Partner Centre to access this link

Get in touch with
your contact person at Microsoft