MANAGING MOBILE STRATEGY

EXECUTIVE SUMMARY

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Management prioritized as smart phone strategies mature

The smartphone continues to be a crucial tool for businesses interested in increasing their flexibility, improving productivity, and encouraging collaboration—and remaining competitive in a highly digitized and connected world.

In fact, the smartphone has become a "must-have" as demands have increased on organizations and their employees to stay constantly connected and responsive to customers, suppliers, colleagues, and partners. Nine in ten US executives say smartphones are important to employee productivity, speeding decision-making, improving collaboration, and enhancing customer service, according to a survey conducted by Oxford Economics and Verizon Business to gain more insight into how organizations are evaluating and implementing mobile strategies.

It is not surprising, then, that around two-thirds of organizations provide phones to employees under Employer Provided Device (EPD) programs. But it is puzzling that many organizations continue to take a Bring Your Own Device (BYOD) approach, giving employees almost complete control over smartphones without any significant management oversight—an artifact of the early days of mobility that executives continue to view as a cheaper alternative to EPD.

But our research shows that organizational posture is changing, perhaps as organizations seek to apply management discipline and control to these tools that are not only crucial to business but also that provide access to sensitive corporate systems, apps, and data. Even organizations that don't currently offer smartphones to employees are expected to get on board: over half of those with fully BYOD mobile strategies (51%) plan to start providing devices to employees in the near future. And among EPD and hybrid device programs that blend EPD and BYOD, about three in five (59%) plan to distribute devices to a broader range of employees in the next three years.

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With almost all companies relying on mobile devices, our research shows that smartphone strategies are mature for some organizations, who are now turning their focus to management as they look to expand their EPD programs, which are quickly emerging as the preferable model to BYOD plans.

To gain more insight into how organizations are evaluating and implementing mobile strategies, Oxford Economics and Verizon Business conducted a survey of 500 executives at US companies across 10 industries.

Expansion comes with challenges

While expansion plans are in the works, a common pair of foes—money and time—dampen those efforts. A large cohort (79%) of survey respondents say that cost is at least a moderately important factor in how they set their smartphone policy, and just over one-third (34%) struggle to come up with capital for smartphones—which makes sense, considering organizations pay an average of $609 in upfront costs per device. Executives are equally concerned about disrupting operations when deploying new devices, with about one-third (34%) reporting time to implement device plans as problematic. This is particularly true for those with BYOD policies, where more than half (56%) feel they don't have sufficient time to implement new mobile strategies. As phone distribution expands to more employees, those woes could be amplified.

But the challenges magnified by expansion do not stop there. As more smartphones are put in the hands of workers, the potential for security problems increases as well, often straining the resources needed to keep them safe and remediate incidents. Those same devices that can provide a direct line of control over crucial apps and corporate assets can open doors for threat actors who have ramped up attacks on mobile targets—so smartphone security must become a key focus.

This presents executives with new security challenges; smartphones help employees to do their jobs better, but they also create new security risk pathways. Today, more than three-quarters of respondents feel these security vulnerabilities are a barrier to smartphone expansion—but executives and IT staff with EPD programs appear unfazed. More than four out of five (83%) see EPD programs—where they have their own devices—as a better option to control security. In general, managing devices increases the resources needed as well as requires maintaining policies and employee attrition that conflicts with service contract end dates and pay off device commitments. So, it follows that the more devices an organization deploys, the more challenges it faces in managing them.

> **"There are several areas where we are expanding more, including multiple buildings, so we need more advanced communication; hence Mobile Management-as-a-Service is essential."**
>
> *A CFO at a large healthcare system*

The mobile strategy you pick has an impact on your business—organizations need to consider the impact on resources while balancing the desired productivity gains

Q. Challenges with phone expansion

To EPD or BYOD?

Since smartphones have become a near-mandatory resource in the workplace, if organizations hope to gain control over these devices, they will need to establish a comprehensive mobile strategy. Roughly two-thirds of survey respondents say they have a sufficient strategy in place today, and so far, they have a noticeably positive impact: nearly three in five agree it boosts customer service and satisfaction (59%), employee retention (58%), innovation and collaboration (58%), and performing everyday business responsibilities quickly (57%).

The level of control an organization wants over its devices will dictate what this strategy looks like. While just over two-thirds of organizations deploy some phones under an EPD initiative, fully EPD programs are scarce—just under one-fourth provide devices to mostly all employees at the organization (22%). Hybrid phone distribution plans are much more common (43%). Organizations with a larger headcount are especially likely to follow this hybrid approach (44%), while organizations with smaller workforces are able to issue fully EPD or fully BYOD strategies across the business.

Determining which employees receive a smartphone is a critical piece of a successful smartphone strategy, and seniority and job responsibility most commonly drive this decision. Of those organizations that provide smartphones to employees today, three-quarters (75%) distribute them based on seniority, while almost half (46%) distribute based on job function—trends that are expected to hold over the next three years.

One COO at a large retail conglomerate underscores those trends. All employees at the company use a mobile device, with half receiving one through the company. But seniority and tenure determine who gets a device. "We have roughly 1,000 physical retail stores, and we hire a lot of high school and college workers," the COO says. "They generally work part time and bring their own devices…once one gets into a managerial position, the company provides the device."

This COO indicates that job function is a key factor in determining phone distribution. "Merchandise employees, such as buyers, need access to sales reports which dive down into specific merchandise categories," the COO says, "but operationally focused workers need mobile devices, too. Employees are required to have access to essential business reports, including velocity reports, inventory reports, and other relevant data that retailers typically rely on—all information that needs to be accessed on a mobile device."

By providing smartphones to the workforce, businesses can control which apps employees use. Today, most users engage with just a handful of apps for work; they typically center around administrative functions (e.g., email, contacts, and calendars). But four out of five say employees access at least one core business system from their phones (83%)—and the overall number of apps used (on average) remains low, with just six licensed apps and three proprietary apps per device. Employees with EPDs tend to use slightly more proprietary apps, with 53% making use of at least three (vs. 41% hybrid, 34% BYOD), so businesses with multiple custom-developed apps may want to consider an EPD approach, which would give them increased security and control over what is loaded on devices.

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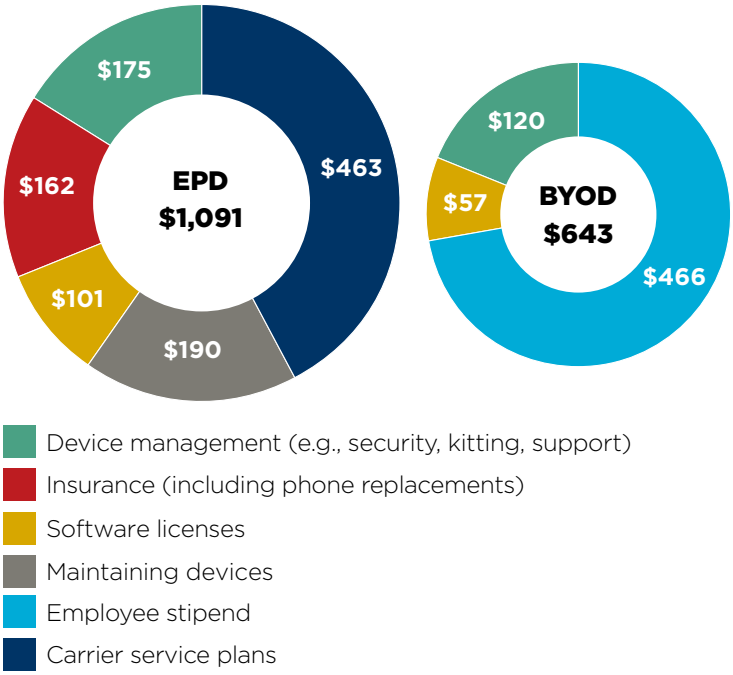
But while distributing smartphones to employees removes the haze surrounding BYOD behavior, increased control can come at a cost without careful planning. One of the biggest challenges today are the resources required to manage mobile devices. The more employees and phones an organization has, the more people that are needed to manage them.

Smaller companies (less than 5,000 employees) average between three to six full-time employees to manage devices, while larger companies have at least seven and often more than 15 full-time employees to manage devices. Interestingly, the reported number of IT staff does not materially change regardless of companies using an EPD only model—or a hybrid model with some EPD and some BYOD.

The time and cost impact of mobile management

Q. In your estimation, what is the cost of managing the following elements of employer-provided and BYOD smartphones per device each year?

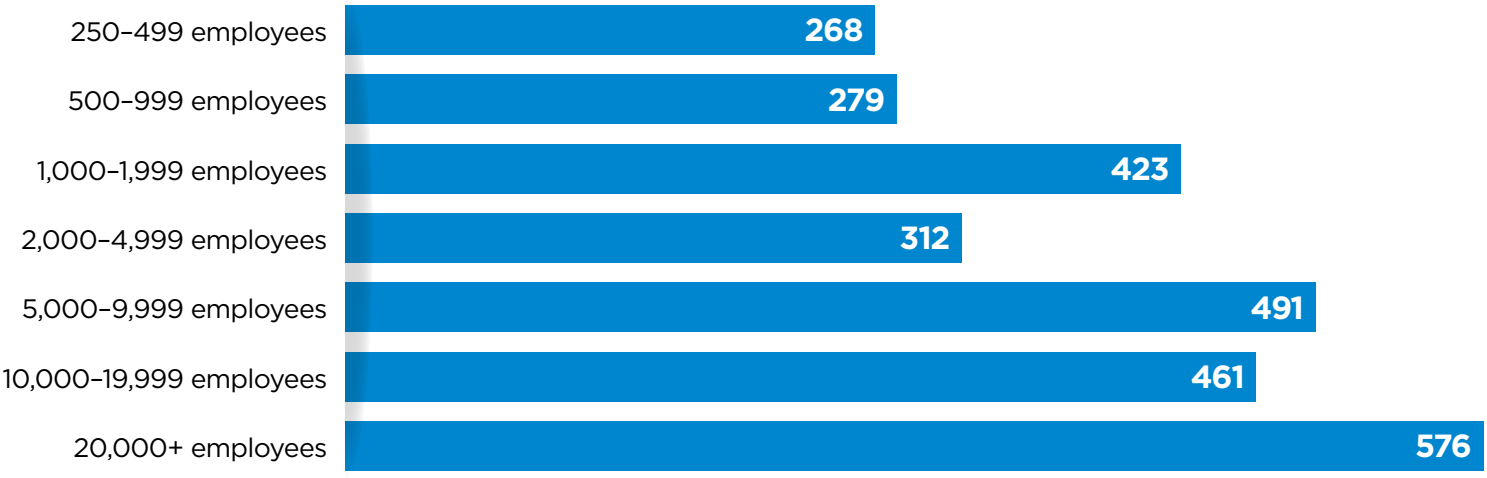


What is even more surprising, is that companies with 100% BYOD report having as many dedicated employees managing devices, in some cases slightly more. Only a very small number in this group, reported having no employees managing devices. Clearly, organizations that think they are saving on labor costs may not be saving as much as they think.

When choosing between an EPD and BYOD strategy, there are other considerations beyond cost. Organizations often take an EPD approach in pursuit of better security (80%), easier management (68%), and improved productivity (63%). More than one-third (36%) say their BYOD policy is inadequate—perhaps because they do not have as much control over the devices and apps that their employees use. BYOD programs also is less likely to have device insurance.

For example—nearly all companies with BYOD programs do not provide insurance, while only 22% of those with EPD programs say their phones go uninsured. Organizations with an EPD or BYOD program have encountered lost productivity and downtime as a consequence of security risks, highlighting the need for robust security measures. Nearly two-thirds (64%) say their organization's reputation would suffer after a security incident. Across nearly all industries, lost productivity is the single greatest consequence of a mobile device incident, costing on average just under $10,000.

Q. In your estimation, what is the amount of time spent managing the following elements of smartphones per device each week? EPD and BYOD IT hours combined (average); by company size.



The total cost of a security incident is about $62,000, with reputational harm costing just over $13,000.

Overall, the research shows that the total cost of a security incident is about $62,000, with reputational harm costing just over $13,000. And, executives must realize that under a BYOD program, repairing a phone is up to the employee, who may not want to spend money to do so, leaving devices broken or non-functional.

Our research also shows that security incidents increase support efforts by 75 hours on average, resulting in 60 hours of lost productivity, and causing 63 hours of resources to be diverted from other IT efforts. Another common complaint issue for IT staff is dealing with broken and outdated phones—these rich repositories of data that could be valuable to cybercriminals must be handled appropriately.

Most have made disposal of these devices a common practice (69% say they delete data or perform a factory reset)—but with organizations dealing with a median of 25 broken phones annually, the hours add up.

How handily those incidents are addressed—and the damage they can do—depend on the scale of mobile deployment and the consistency of mobile policy. The complexity of smartphone management doubles when separate security policies exist for EPD and BYOD plans—a reality that roughly half of those with a hybrid policy (49%) face.

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The benefits of an as-a-service model

With the cost of managing devices on the rise—and the burden on IT resources—many companies are looking for alternatives to their current management approach (or lack thereof).

From security to device insurance and day-to-day plan management, there are multiple opportunities to improve many critical aspects of smartphone management—our research shows that moving away from a BYOD approach and tapping experts to oversee these responsibilities may alleviate smartphone headaches, improve security, and reduce the business' risk exposure. And many organizations are ready and willing to turn over additional responsibilities to providers.

Regardless of whether smartphone management is done internally or outsourced, executives are leveraging the benefits of Mobile Device Management (MDM) plans.

Most executives adopted these policies within the last eight years (roughly two-thirds have implemented an MDM after 2015), but new approaches are popping up. For example: The as-a-service model has emerged as the newest form of outsourcing. Similar to other models for deploying and managing hardware—think laptops—companies are beginning to outsource mobile phone management. Twelve percent of survey respondents report having some type of mobile as a service model in place today, and an additional 60% plan to adopt one.

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As-a-service models provide businesses with the most flexibility. Not only do they scale with the business as the number of devices to be supported fluctuates—so organizations are not committed to pay for managing more smartphones than they have in use—but they also move much of the expense associated with mobile strategies from the capex to opex column. That can save companies considerable money, considering today's high interest rates.

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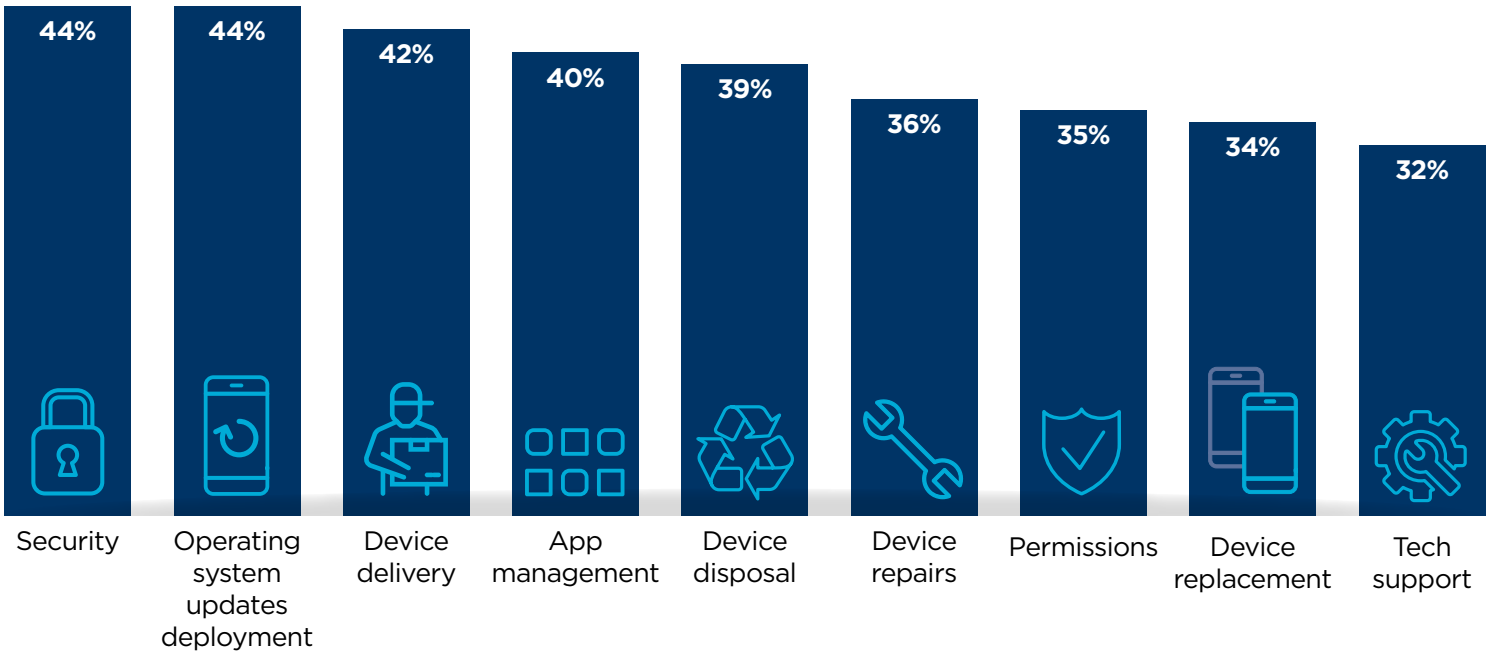
Executives who have not yet made the jump may be wise to reassess their position with the proven benefits of as-a-service in mind. Those with an as-a-service agreement in place today say it has improved their app management capabilities (57%), resulted in less downtime (53%), and reduced stress on their internal IT function (47%). Even those who have not yet made the move to as-a-service feel strongly about its potential; executives believe as-a-service plans will eventually free up resources (82% agree), offer more flexibility in the phone choices employees can make (80%), and recoup money from recycling phones that could be reinvested into the business (70%).

A CFO at a large healthcare system described the value proposition in detail. "Everybody needs to engage and interact with their respective departments. Along with that, we have been growing tremendously over time, there are several areas where we are expanding more, and it also includes addition of multiple buildings in our set-up," he says. "And, by having numerous building structures, we would need more advanced communication; and hence Mobile Management-as-a-Service is essential."

The cost-reducing potential of as-a-service already may be influencing mobile policy, as over half of executives (57%) plan to enter an as-a-service agreement within the next year. However, executives want to see progress across other areas if they are going to make the leap; nearly half (49%) say that if an as-a-service plan gives them the ability to mix and match devices with phone plans in accordance with their needs (49%) or reduces the burden on IT (47%), they would be more likely to enter into an agreement.

Executives already outsource some management to providers, priming them to adopt an 'as-a-service' model

Q. Which elements of mobile device management does your mobile device partner(s) currently manage?

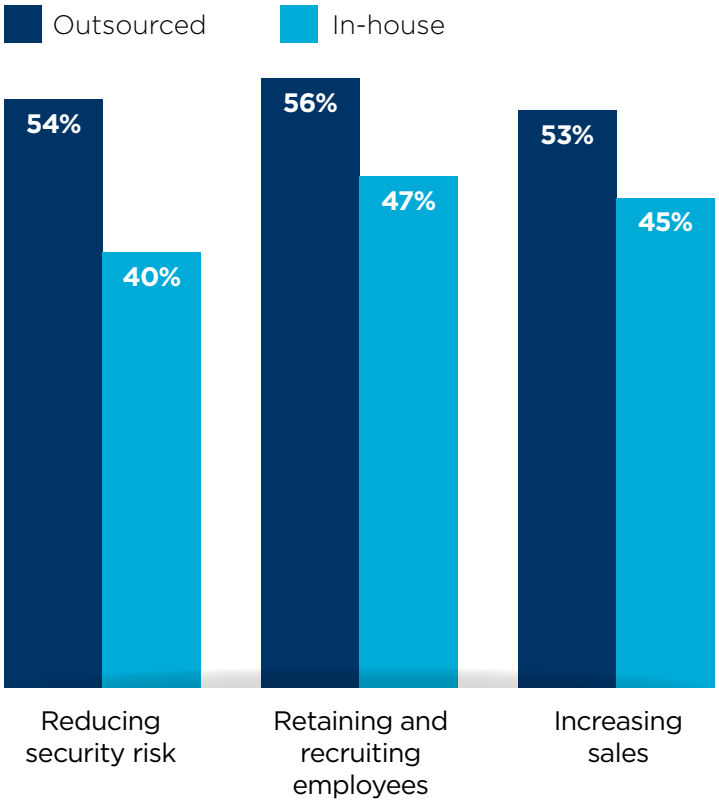


Many executives may be more open to as-a-service because they are growing more accustomed to outsourcing responsibilities to providers, and they fully realize the risks associated with continuing to rely on employees to bring—and manage—whatever device they want to work. Many companies are outsourcing the management of mobile phones—six in 10 outsource some or all their mobile management functions. Companies that own the devices in an EPD model are more likely to outsource all management (72%), likely because they own the devices and have more control over how they are managed than with a BYOD device.

Organizations can realize significant benefits from outsourcing. For example, it has a greater positive impact across most business goals, including reducing security risk (54% vs. 40% in-house management), retaining and recruiting employees (56% vs. 47%), and increasing sales (53% vs. 45%).

Outsourcing has a positive impact on business goals

Q. To what extent does your current mobile phone enablement strategy allow you to accomplish the following goals?



Outsourcing management, too, can help prevent companies from leaving obvious money on the table when it comes to trade-ins. By not trading in phones—as nearly two-thirds of executives admit they don't when contracts expire—organizations are essentially thumbing their noses at "found money" that could be reinvested into other areas of their businesses. Considering the average return per device is $51—and that most organizations with EPD programs upgrade phones every two or three years—these trade-in rebates can add to substantial dollars.

Even with obvious benefits of outsourcing—mitigating security problems, ensuring phones, and consistent, comprehensive management—organizations are hesitant to turn over all responsibility for management to vendors. For example, less than half of those that entirely outsource smartphone management delegate app management (47%), operating system updates (43%), and security responsibility (43%).

That hesitance among executives stems from a fear that assigning mobile responsibility to external entities reduces visibility—two out of five fear they would lose control over mobile policies under an as-a-service agreement. But these fears do not prevent them from outsourcing. At least one-third of executives expect to expand the responsibilities of their partners, including from security (53%) to app management, device repairs, and permissions (around 46% each).

Selecting the right vendor can be the critical factor in deciding whether to outsource smartphone management. That same healthcare CFO praises his company's smartphone partner for their ability to adapt to the company's specific needs. "Vendors are getting to know our business better, which is a crucial aspect," he says. "If our vendor develops new options and capabilities, they can always bring them to us; the communication is important because updating us and giving us an idea of what is out there helps keep us informed."

Conclusion

The impact of smartphones on business productivity is clear, so putting these powerful tools in the hands of the workforce must become the standard. But executives must now shore up their management policies, applying the same rigor given to laptops and other critical hardware. Overburdened IT staff are doing what they can, but various business needs may supersede device management needs on the priority list in a crisis.

Businesses should evaluate the benefits of controlling devices in an EPD model versus taking a less-structured BYOD approach but as they attempt to balance productivity benefits against program costs, they also should consider new outsourcing options that could improve the device management. The following a checklist can help organizations determine if it is time for their businesses to explore an as-a-service model. Consider these factors when determining mobile strategy:

How much control is wanted over devices. Assess the apps your employees use, the security policies, and the overall working condition of the device. Determine your risk tolerance (on average, organizations experienced five security incidents in the prior year). And remember that 65% of companies that outsource report improved app management, while an equal number of companies report improved productivity and reduced downtime. In general, mobile strategies with EPD offer more control over the device, apps and security.

Employee turnover. About six in 10 executives say employee turnover, contract terminations and phone pay-offs are challenges. A company with high turnover or seasonal employees, should consider a smartphone program that is not tied to long-term contracts and monthly device payments. In that sense, "as a service" models allow for flexibility.

To insure or not insure. Costs of breakage and lost devices and productivity. Organizations with employees that are more prone to phone damage or lost devices, should consider device insurance, including programs with 24/7 support and replacement for employee groups for whom mobile phones are a critical work tool.

IT costs for troubleshooting, repairs, logistics and managing bills. Outsourcing and streamlining operations can reduce IT burden. Look for bundled plans and all-inclusive phone options to improve economies of scale with a hands-off approach.

Overall costs. Organizations can move program costs to the capex column, provide scalability, and reduce management costs with an as-a-service option. Consider the total cost of ownership—most companies look for ways to save on upfront device costs and monthly rate plans, but they do not factor in the cost of fixing and replacing devices, managing devices, and enforcing security and application policies.

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