**IT@Intel Brief**
**Intel IT**
IT Consumerization
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# Exploring a Bring-Your-Own PC Employee Stipend at Intel

- We conducted a survey of 5,000 employees to determine whether a BYO PC stipend was feasible
- 72 percent of respondents favored a stipend-funded PC supply model, but 40 percent of those interested did not want to be responsible for hardware support
- A net stipend of USD 1,000 would increase BYO PC participation by 43 percent but would cost Intel USD 11 million
- At this time, a BYO PC stipend model is not cost effective for Intel IT

Intel IT investigated whether a stipend-funded program for bring-your-own (BYO) PCs could optimize the annual IT PC refresh budgets and encourage BYO PC program participation by offering increased platform choice for employees. We conducted a survey of more than 5,000 Intel employees worldwide, asking them to rate the importance of PC ownership, refresh rate, platform choice, and responsibility for hardware support, given three stipend amount options.

Our analysis of the survey results revealed that employees' highest priority was refresh frequency. Also, although the majority of respondents favored a stipend-funded BYO PC supply model, many of them did not want to support the devices' hardware. As shown in Figure 1, a gross stipend amount of USD 1,700 would cost Intel up to USD 11 million more than we currently spend on PC refresh. We also determined that a cost-neutral stipend was unlikely to significantly increase BYO PC program participation.

Based on our findings, we have decided that at this time a stipend-funded BYO PC supply model is not cost effective for Intel IT. We will continue to explore other alternatives to meet our employees' expectations for refresh frequency and platform choice.

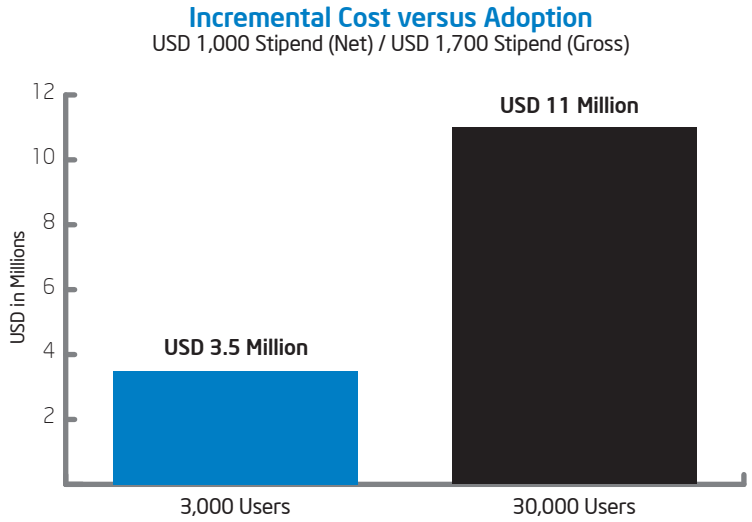


Figure 1. The stipend amount that would lead to the highest level of participation would cost Intel USD 11 million each year, compared to our current corporate-funded PC supply model.

## Background

Intel IT provides solutions that enable employees to use bring-your-own (BYO) devices, such as laptops, tablets, and smartphones, which meet a predefined technical specification. By allowing BYO devices in the workplace, Intel IT is enabling employees to choose the devices and platforms that best suit their work styles, and helping to improve workplace satisfaction and productivity.

In 2010 Intel IT began providing employees the ability to access corporate email from their personally owned smartphones, and we now have almost 21,000 smartphones, tablets and BYO PCs connected worldwide. The BYO PC program includes both Microsoft Windows*-based and Apple Macs*. Although we wanted to offer a BYO PC program that met our employees' expectations for greater platform flexibility, we also saw an opportunity to optimize Intel IT's PC refresh and support costs, if enough employees wanted to participate in the program. Using a comprehensive analysis we found that two to four years was the optimal refresh point for maintaining the lowest total cost of ownership, with the average age of an employee's laptop PC being less than 24 months.

## Evaluation of a Stipend-funded BYO PC Supply Model

Although BYO smartphones and tablets are popular devices at Intel, few employees are willing to use their own BYO PCs as their primary office device. To date, only a small percentage of employees participate in the BYO PC program. We wanted to explore the idea of whether we could increase participation by means of a stipend payment.

### METHODOLOGY

Because we intended to offer the supply model to employees worldwide, the model needed to be easy to use and consistent across geographical boundaries. We explored multiple solutions but determined that a single lump-sum payment through payroll would meet our requirements with minimum internal management overhead. This model would also provide employees with PC ownership and the responsibility for PC procurement.

One disadvantage of a lump-sum payment is that the stipend is subject to income tax and other local payroll or country-specific deductions. Focusing solely on income tax, we calculated that a stipend would be subjected to a global average deduction of 43 percent. In addition, the stipend needed to be large enough to cover consumer-based pricing and the sales tax on goods. We calculated that employees would have to spend up to 100 percent more than Intel IT does to purchase a PC of equivalent specification.

We decided we needed to adjust the stipend to cover the additional costs. The three original net stipend amounts we evaluated were USD 500, 1,000, and 1,500. The adjusted gross stipend amounts for these figures were, respectively, USD 900, 1,700, and 2,600.

With the stipend model, employees purchased a laptop PC that met the required specification. The employees kept the PC for an agreed-upon period of time, at which point they were eligible for another stipend or alternatively could opt out and receive an IT-provided laptop. During this period, the employee assumed ownership of the laptop and therefore was responsible for all hardware-related support.

#### Employee Survey

To gather employee feedback we conducted a worldwide survey consisting of 5,300 employees; we received input from 2,545 responses, a 48-percent response rate. The survey proposed the three stipend amounts, with ownership periods of either 24, 36, or 48 months. The participants answered questions based on the relative importance of variables such as PC refresh rate, PC ownership, support ownership, and device and platform choice. The survey results helped determine the employees' main motivational factors for participating in the BYO PC program.

### ANALYSIS

Based on the survey we learned that PC refresh rate and device ownership were the two most important motivational factors for employee participation in the BYO PC program. The results also gave us a good understanding of employee preference levels for each stipend amount and refresh period.

Although employee participation interest was high, about 40 percent of those originally interested said they would no longer be interested if they were responsible for their own hardware support. Therefore, in our analysis we reduced the number of interested employees by 40 percent, as shown in Figure 2, calling this reduced percentage the "maximum adoption percentage."

Next, we created an adoption index for each stipend amount to help determine the level of adoption we could reasonably expect for each dollar spent on a stipend. The calculation is shown below:

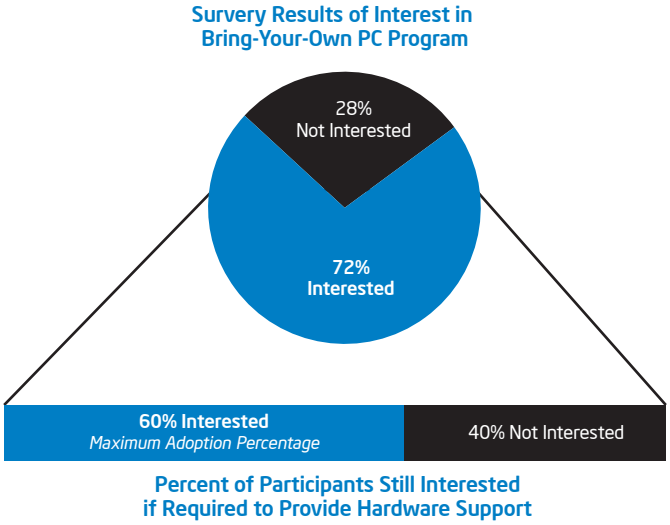


Figure 2. Of the original 72 percent of respondents who favored a stipend-funded PC supply model, 40 percent of them did not want to be responsible for hardware support.

As shown in Figure 3, the lowest stipend, USD 500, would increase BYO PC program participation by only 10 percent. The USD 1,000 net stipend would result in the highest level of participation in the program:

*(Max Adoption Percentage ÷ Annual Stipend Amount) *100 = Adoption Index*

a 43 percent increase, or 28,000 additional participants, over a 36-month ownership period. Increasing the net stipend by an additional 50 percent, to USD 1,500, would result in only a 5-percent participation increase over the USD 1,000 stipend.

We also determined a cost-neutral stipend, where costs were equal to current IT managed client costs. This cost-neutral stipend amount ranged from USD 241 to USD 577, depending on how many employees were participating; such a low stipend would result in a minimal number of participating employees.

### Total Cost of Ownership

To better understand our key cost drivers we performed a total cost of ownership (TCO) analysis. We compared current costs against the anticipated stipend costs and compared multiple virtualization solutions with the Intel standard PC build. Other key TCO items included estimated increases in network utilization costs, a PC distribution of 80-percent Windows-based and 20-percent Mac-based, and implementation and sustaining costs. Our analysis showed that the USD 1,000 net stipend amount would cost Intel up to USD 11 million more per year than our current costs.

## Conclusion

Although our employees find the BYO PC program compelling, our analysis showed that providing a stipend large enough to significantly encourage employee participation in the BYO PC program would significantly increase costs for Intel.

The USD 1,000 net stipend amount, which the survey indicated would attract the most participation, could cost Intel up to USD 11 million more than the current corporate-funded PC supply model, depending on the percentage of employees participating in the program. Providing a cost-neutral stipend is unlikely to result in participation that is high enough to justify investing in the stipend program's management and administration costs.

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Therefore, we will continue to offer a BYO PC program without a financial stipend, while acknowledging that adoption will therefore be limited. We plan to continue to explore other alternatives to address employee expectations for refresh frequency and additional hardware choice.

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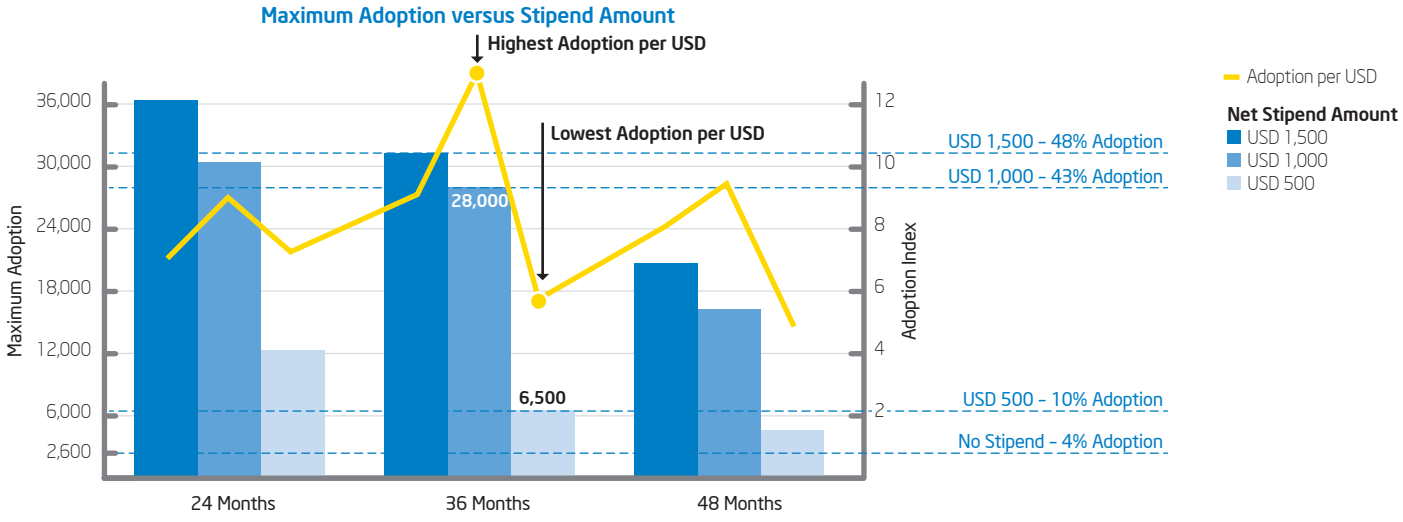


Figure 3. According to our analysis, the USD 1,000 net stipend amount would lead to the highest level of participation in the program, while the USD 500 stipend would increase participation only slightly.

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