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RESEARCH HIGHLIGHTS

Digital Workspace Strategies in an Increasingly Remote Worker World

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Research Objectives

COVID-19 created an unplanned event for businesses that were forced to quickly enable a mostly—if not exclusively—remote workforce. The business response for remote work has challenged IT business continuity plans, created new risks, and impacted technology decisions. Digital workspaces, bolstered by VDI and DaaS, have the potential to play a vital role in facilitating employee productivity from anywhere in the short term, while helping IT retain insight and control.

These factors have converged to create the ideal conditions for pursuing or expanding alternate endpoint strategies. Specifically, assembling a digital workspace and consuming desktops from a centralized data center or the cloud can create a consistent IT management experience, fortify security, and help to deliver the high-quality “day-one endpoint experience” on an everyday basis. In order to gain insight into these trends, ESG surveyed 389 IT professionals at organizations in North America (US and Canada) and Western Europe (UK, France, and Germany) responsible for/involved in the purchase process for productivity applications and endpoint devices, including hosted desktop (i.e., VDI/DaaS) solutions.

THIS STUDY SOUGHT TO:



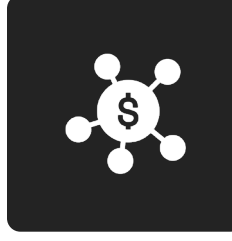
Understand the business response to remote work mandates and the effect they are having on the adoption or refinement of digital workspace strategies.



Discover the value of hosted desktop technology in supporting remote work.



Gauge how the requirement to support increasingly remote workforces is impacting hosted desktop environments.



Determine how OpEx consumption models are potentially impacting future hosted desktop strategies.

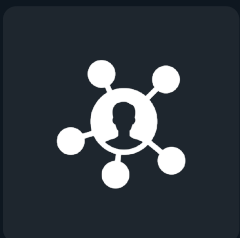
Research Highlights



Hosted desktops quickly accelerated from nice-to-have to need-to-have. The number of organizations using hosted desktop technology has notably increased since the COVID-19 pandemic caused mass work-from-home mandates in early 2020. While, to date, business and IT executives have been reluctant to deploy hosted desktop solutions to a large percentage of the overall employee population, the number of organizations reporting that more than 40% of their desktops are now hosted desktops has nearly tripled since the spring of 2020.



Hosted desktops eclipse the value of traditional models across all use cases, especially for security. The value of hosted desktops compared to traditional desktops is quickly being recognized, and they have the potential to become the foundation for future application and data delivery. When asked what business value metrics would be most critical to getting an unfunded hosted desktop project approved, more than half cited either IT efficiency or improved security and compliance across employees, devices, applications, and data.



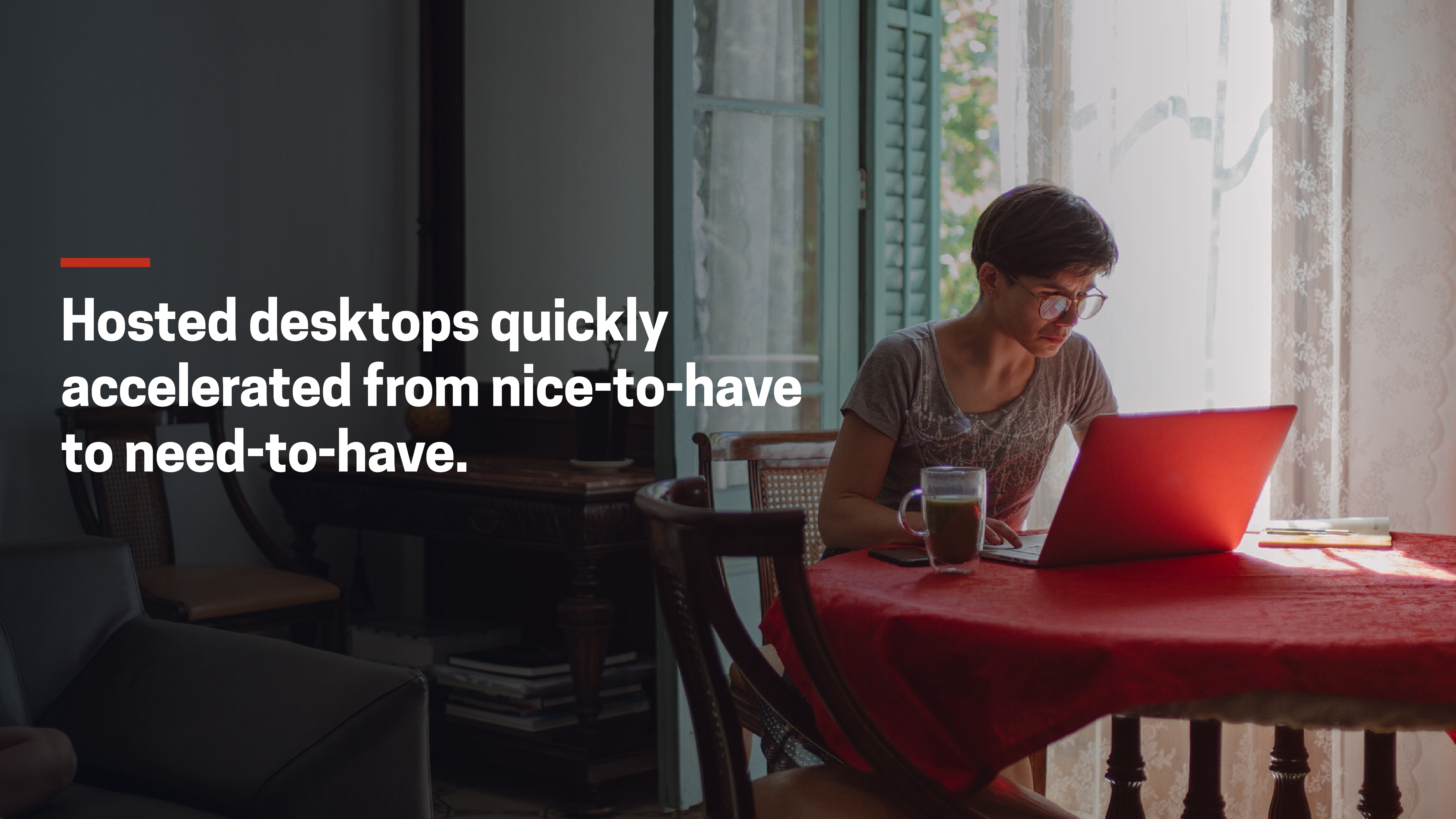
Employee experience is top of mind as businesses have accelerated hosted desktop deployments. Employee experience is no longer tied to a hardware refresh cycle that happens every three to five years and hosted desktops enable organizations to quickly adjust to change and constantly deliver a predictable secure experience to users. In fact, more than half of respondents identified improved employee technology experience as their organization’s top realized benefit of hosted desktops, and 44% indicated seeing a significant increase in employee technology experience



Businesses continue to shift responsibility towards cloud consumption models for hosted desktops. Many organizations still choose to own and manage the supporting infrastructure for hosted desktops but it is clear that there is a trend to increasingly shift the management of this infrastructure to public cloud platforms and consumption models. Additionally, more than half of respondents said their organization would opt for a consumption-based model for hosted desktop provisioning assuming the net-cost was the same.



Though the hosted desktop surge is tied to the uptick in WFH, most believe these will become long-term strategies. More than three-quarters of hosted desktop users don’t believe their increased usage of the technology stemming from COVID-19-induced work-from-home requirements was merely a knee jerk reaction. Rather, they expect to continue expanding their hosted desktop footprint to better support the computing needs of employees, regardless of location, even once the effects of the pandemic subside.



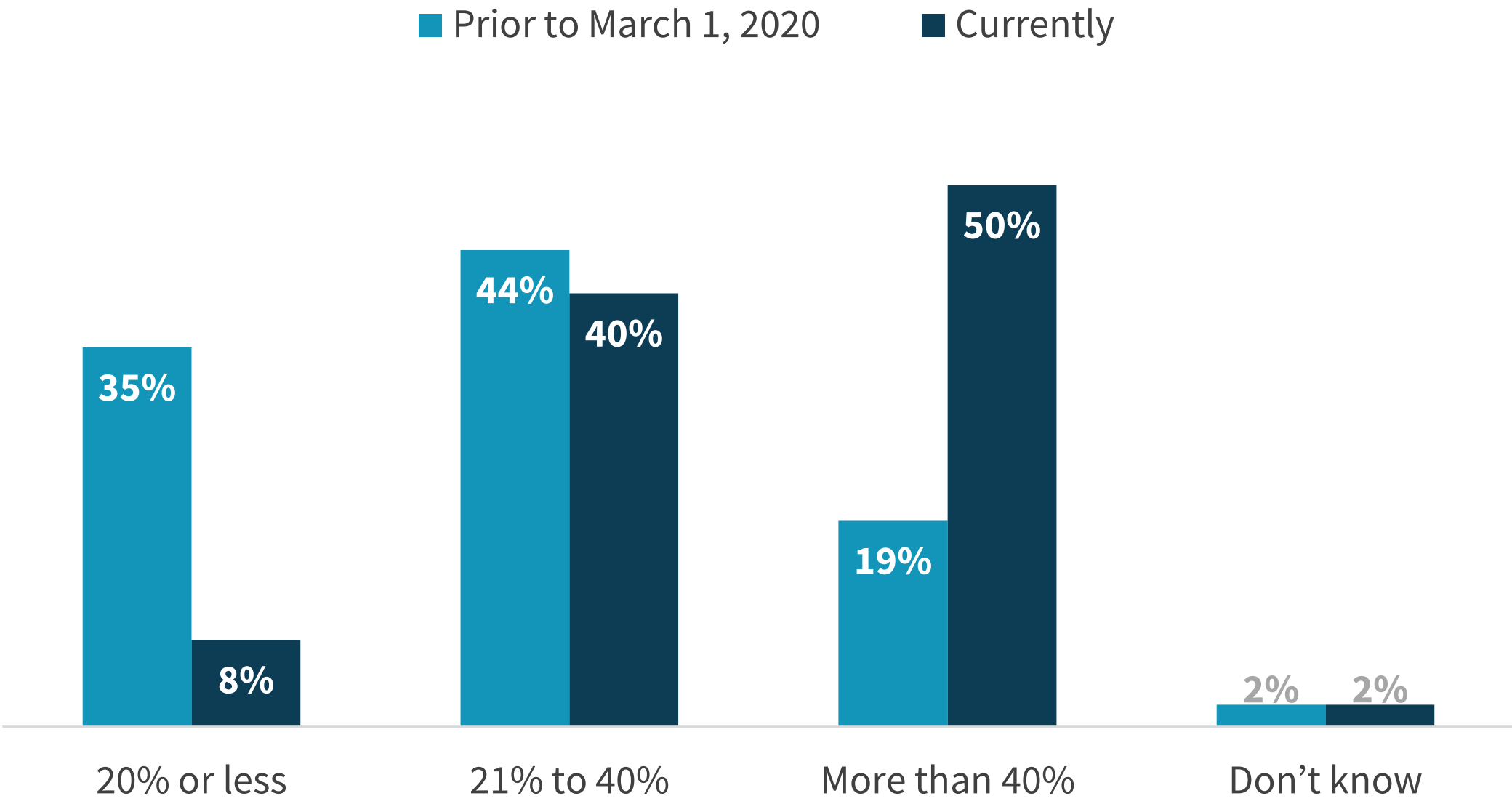
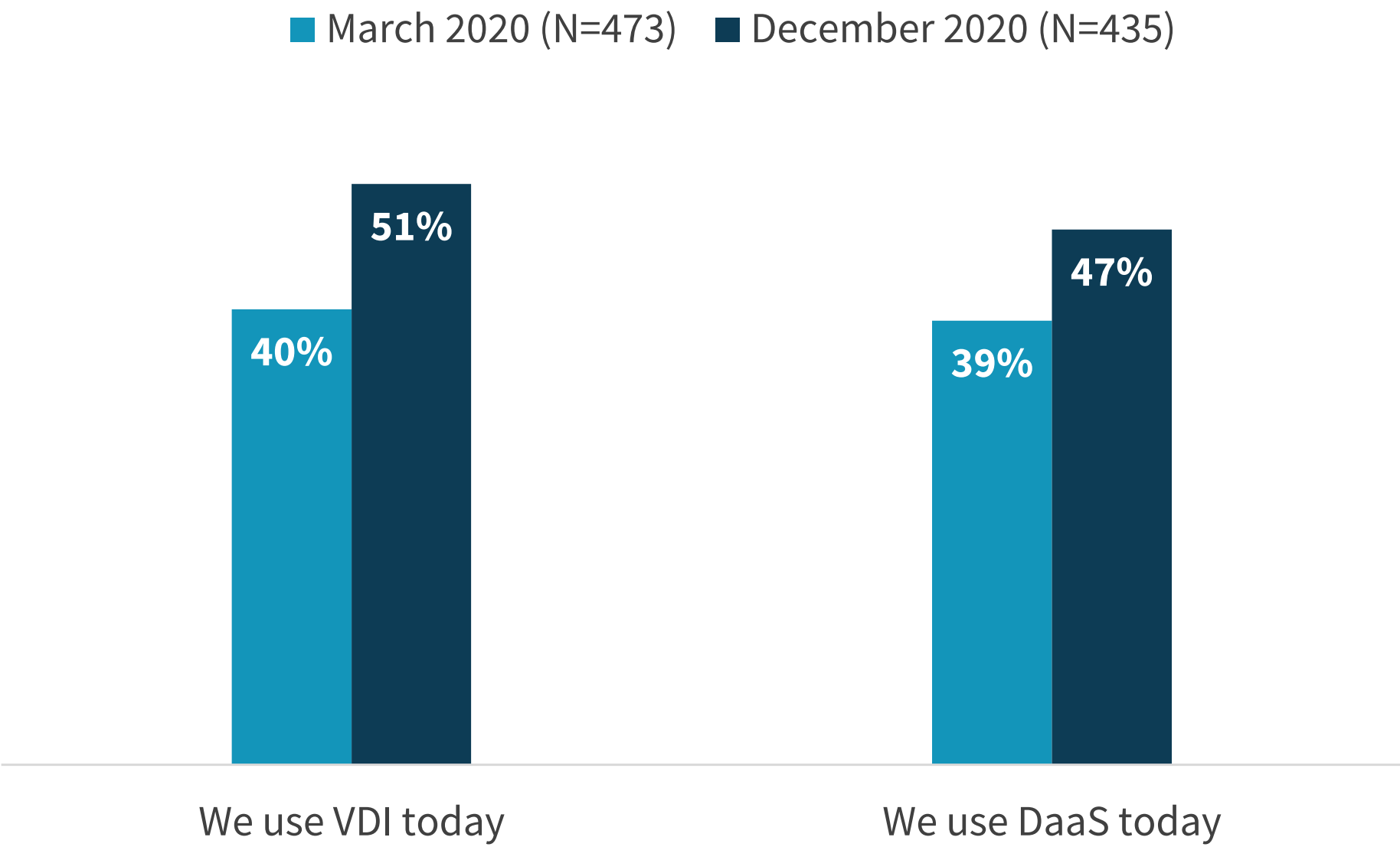
**Hosted desktops quickly
accelerated from nice-to-have
to need-to-have.**

Significant increase in VDI and DaaS usage since outset of pandemic

ESG research confirms that the number of organizations using hosted desktop technology, either VDI or DaaS, has notably increased since the COVID-19 pandemic caused mass work-from-home mandates in early 2020. However, to date, business and IT executives have been reluctant to deploy hosted desktop solutions to a large percentage of the overall employee population. The pervasive work-from-home mandates have clearly changed hosted desktop strategies as many organizations look to these solutions to facilitate employee connectivity and collaboration outside of the office environment, especially for those employees that have little to no experience working remotely. During the remote work spike, hosted desktop technology was used to maintain productivity across the workforce and achieve the goals that IT professionals have always known were possible. Hosted desktop technology quickly transformed from a niche product leveraged by pockets of employees to a widely deployed solution. Indeed, the number of organizations reporting that more than 40% of their desktops are now hosted desktops has nearly tripled since the spring of 2020.

Percentage of organizations currently using hosted desktops.

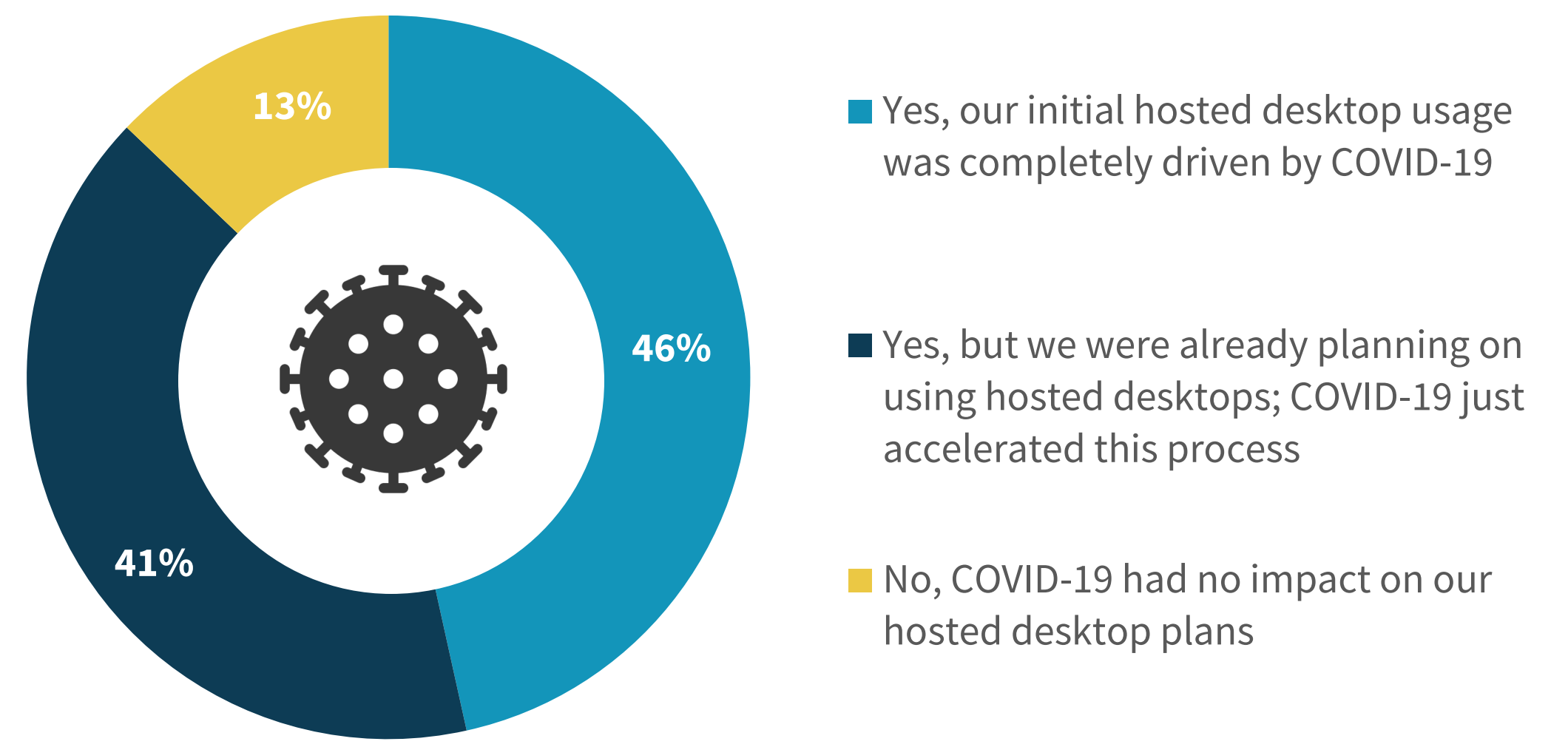
Percentage of total desktops that are hosted desktops.



COVID-19 influenced recent hosted desktop deployments but did not lead to as much turnover among more established users

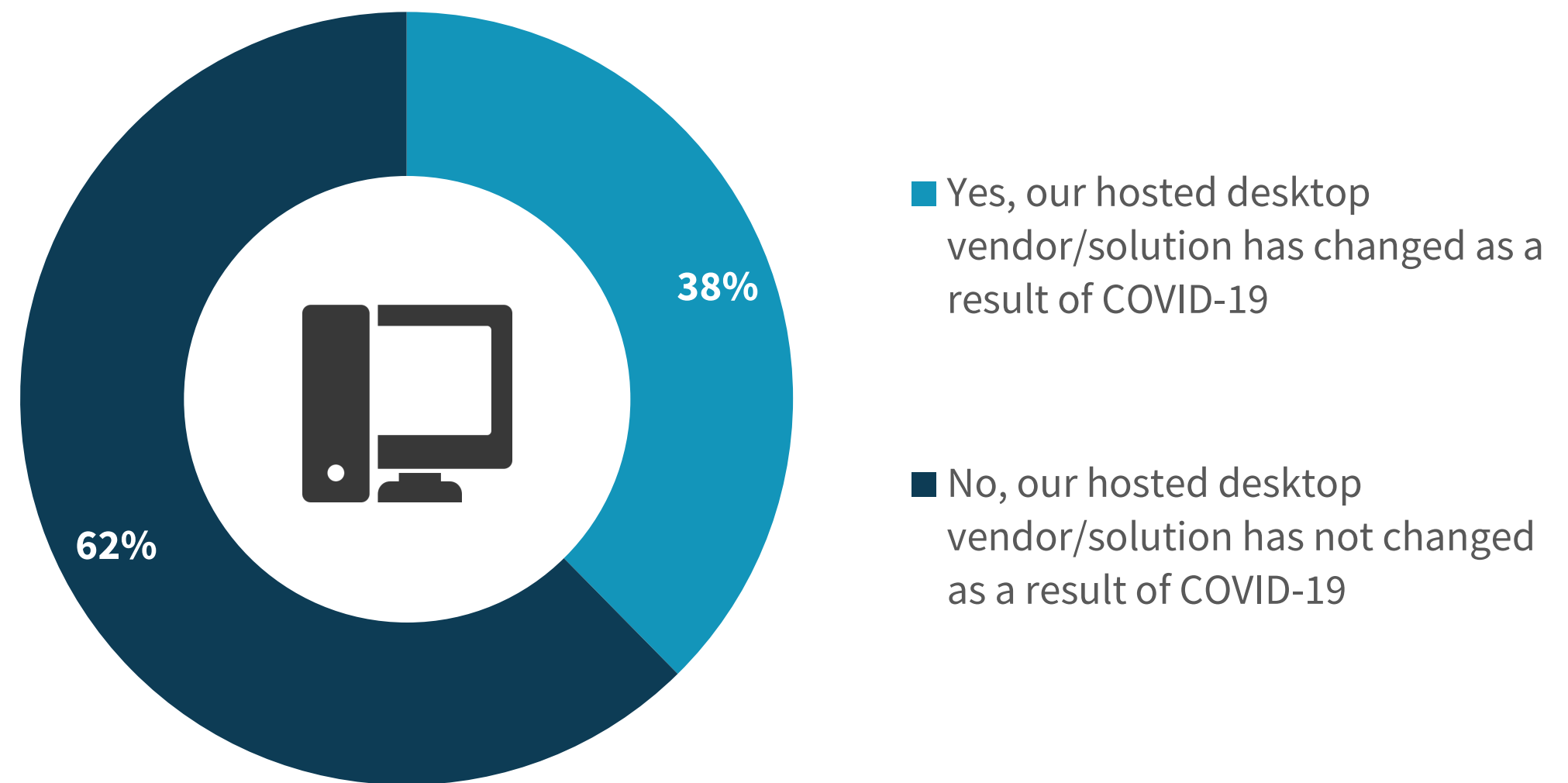
Most of the organizations that had not deployed hosted desktops prior to the pandemic cited COVID-19 as having some effect on their hosted desktop strategy. Nearly half quickly turned to this technology as a net-new business continuity strategy and found themselves investing in these solutions for the very first time as they responded to work-from-home mandates. Alternatively, other organizations that already had plans and aspirations to deploy hosted desktops found remote work acting as a major catalyst to accelerate these aspirations.


| Was initial hosted desktop usage driven by COVID-19?



In terms of organizations that already deployed hosted desktops prior to the pandemic, some took the opportunity to change vendors or solutions. While nearly two-thirds of existing users chose to stand pat with their current VDI or DaaS technology, many companies did not expect to have to scale to the levels that they have in the last 12 months as a result of work-from-home mandates. Subsequently, these organizations likely turned to alternative vendors and solutions based on their need to scale rapidly and potentially accelerate their long-term hosted desktop strategy.

| Did existing hosted desktop solution change due to COVID-19?



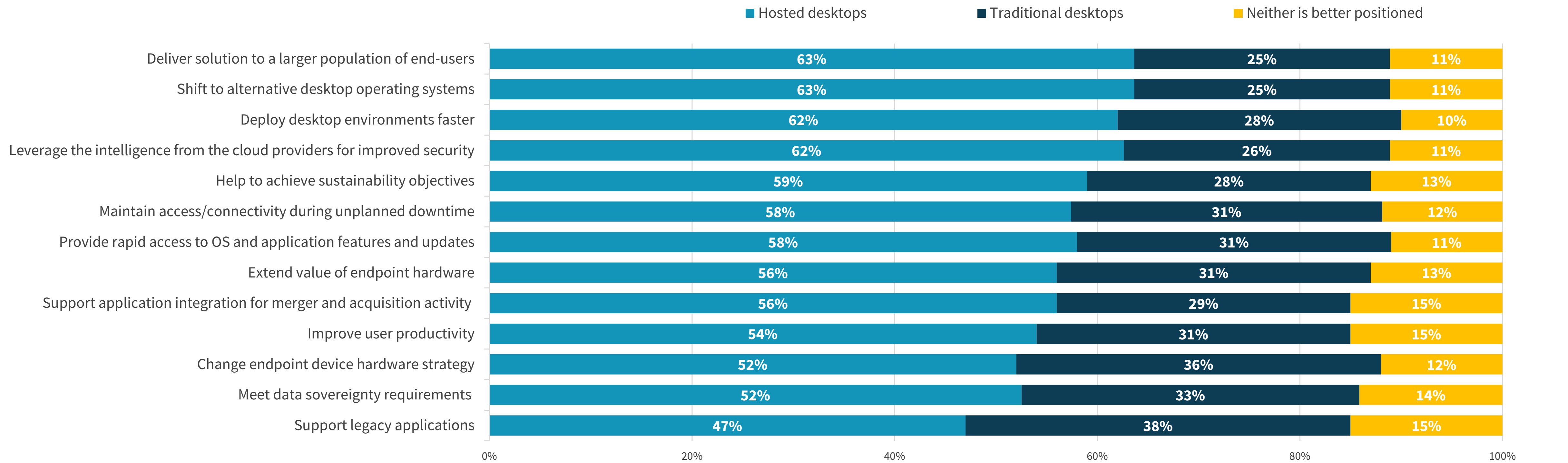
A man in a light blue shirt is sitting at a desk, working on a laptop. The desk is lit by a warm lamp on the right. On the desk, there is also a green mug, some papers, and a rolled-up document. In the background, a large window with multiple panes shows a dark night sky. The overall atmosphere is quiet and focused.

Hosted desktops eclipse the value of traditional models across all use cases, especially for security.

Hosted desktops surpassing the value of traditional desktops

IT teams are no longer in search of use cases, outcomes, or even specific employee segments for hosted desktops. Indeed, the value of these over-traditional desktops is quickly being recognized, and they have the potential to become the foundation for future application and data delivery.

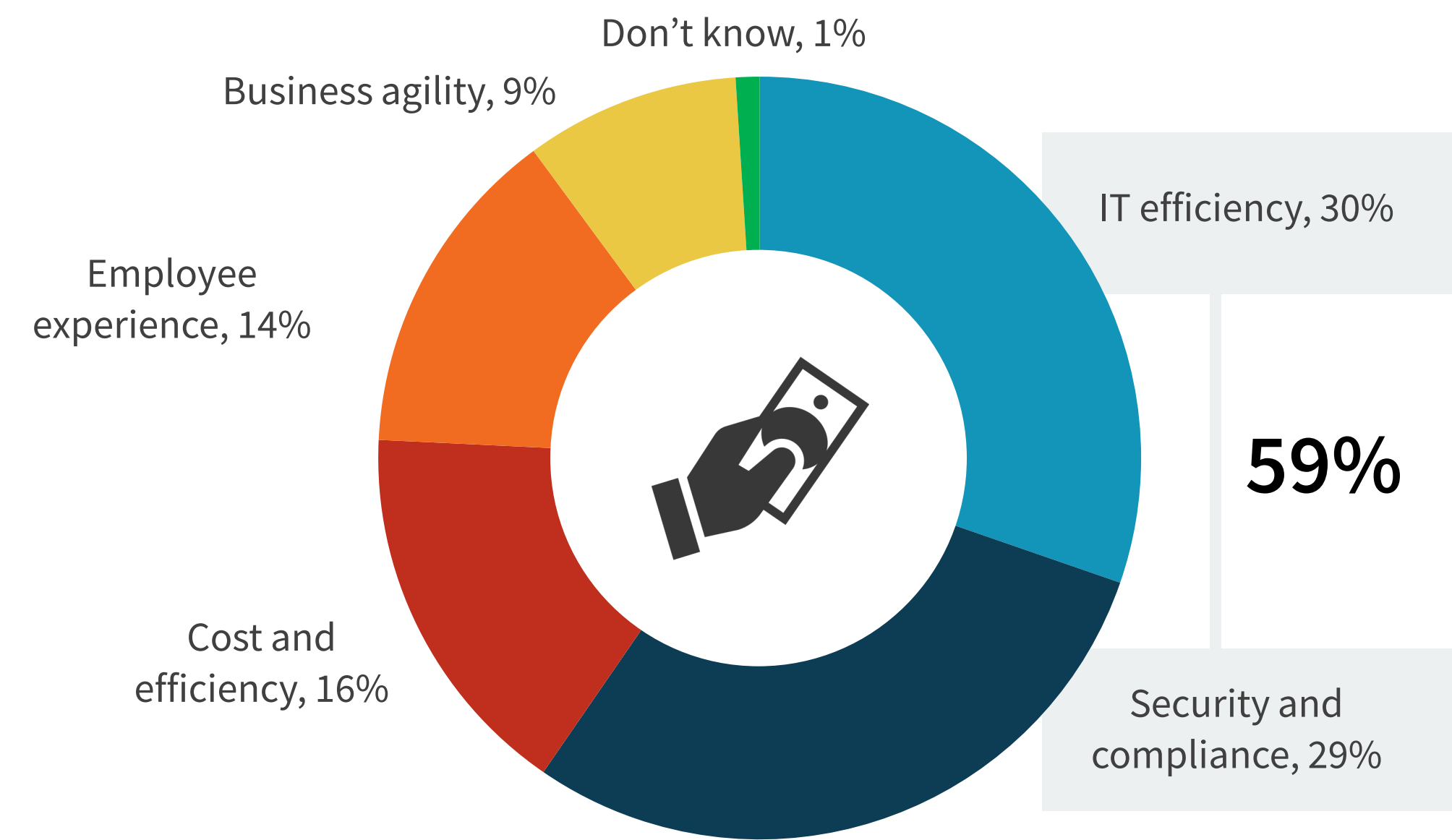
Desktop provisioning model better positioned to:



Solving efficiency and security challenges is most critical to justifying hosted desktop investments

As organizations look to invest further in hosted desktop solutions, they also recognize the importance of tying business value to the outcomes delivered by these solutions. When asked what business value metrics would be most critical to getting an unfunded hosted desktop project approved, more than half cited either IT efficiency (30%) or improved security and compliance across employees, devices, applications, and data (29%). Security has historically been a primary selling point and use case associated with hosted desktops, and today this value proposition has exploded, as the majority of organizations leveraging these solutions view them as the more secure approach compared to traditional desktop provisioning and management.

| Business value most critical to getting hosted desktop project funded.



| Desktop provisioning model perceived to be most secure.



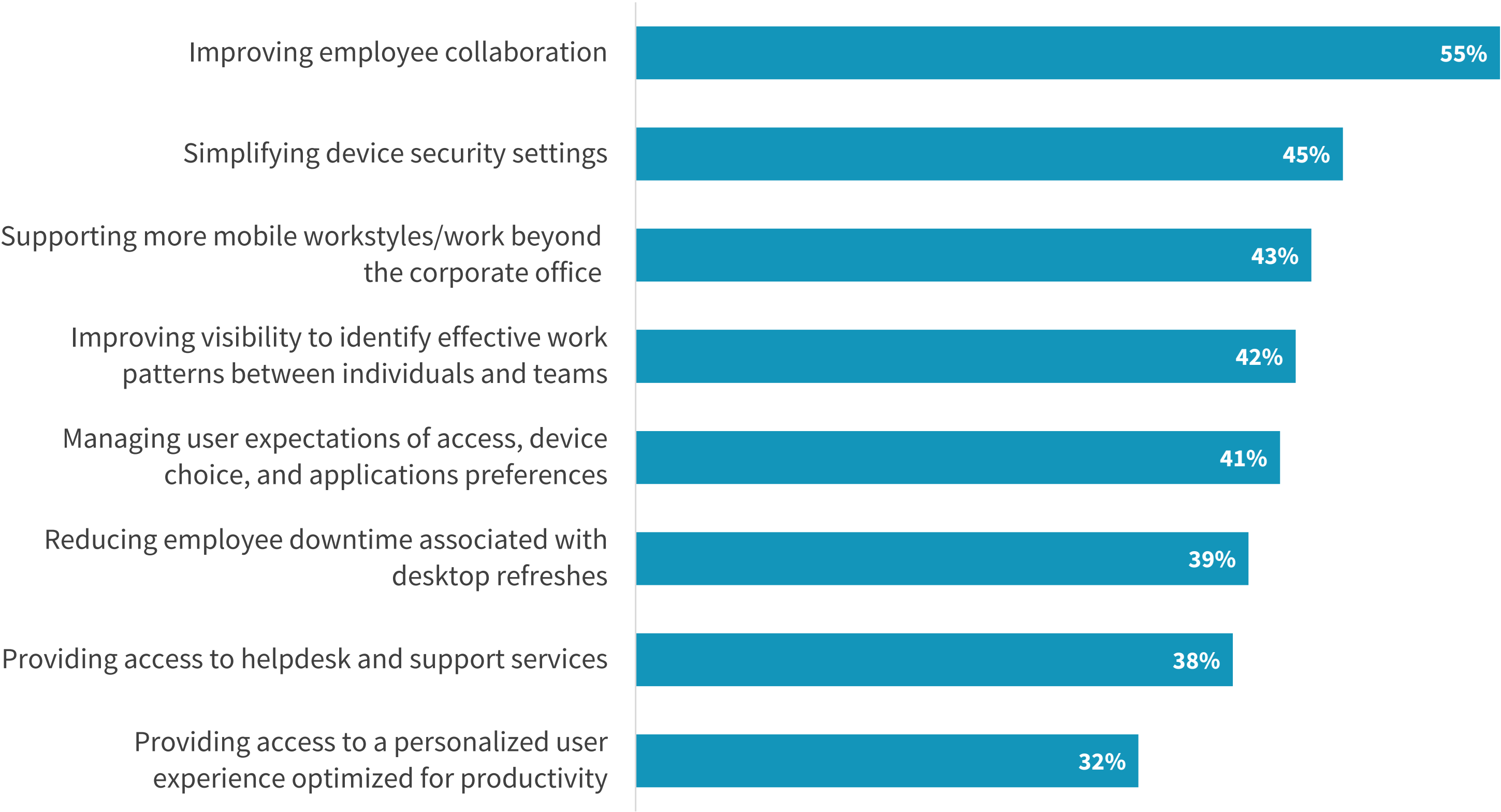
**Employee experience is top of mind
as businesses have accelerated
hosted desktop deployments.**



Priorities for enhancing the remote employee technology experience

Hosted desktop solutions have the opportunity to match and accelerate priorities across the organization, including enhancing how employees collaborate, simplifying security, and supporting changing workstyles that are becoming more commonplace. Business executives have quickly realized how hosted desktop technology can be leveraged to enhance the employee experience without impacting productivity.

Biggest priorities for delivering applications, data, and devices in the current work-from-home climate.



Improved employee experience seen as the biggest hosted desktop benefit

Time and cost savings have always been imperatives that IT professionals strive to deliver. However, given the constant state of change to digital workspace environments and technologies, businesses are increasingly looking to provide the best employee technology experience to any device, in any location, at any time. Employee experience is no longer tied to a hardware refresh cycle that happens every three to five years, and hosted desktops enable organizations to quickly adjust to change and constantly deliver a predictable secure experience to users. In fact, more than half of respondents identified improved employee technology experience as their organization’s top realized benefit of hosted desktops and 44% indicated seeing a significant increase in employee technology experience as a result of hosted desktops.

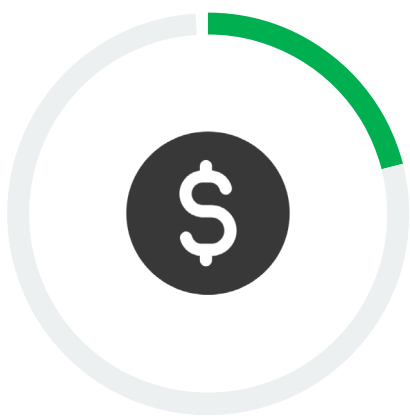
| Top benefit of hosted desktops.



52%
Improved employee technology experience



26%
Time savings



21%
Cost savings

“ More than half of respondents identified improved employee technology experience as their organization’s top realized benefit of hosted desktops ”

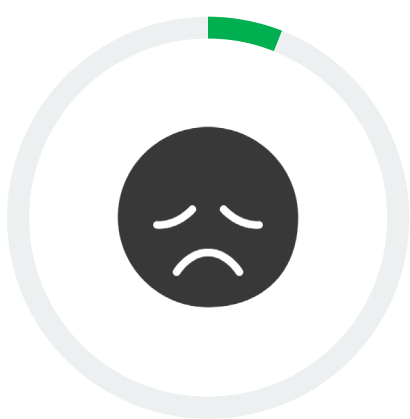
| Impact of hosted desktops on the employee technology experience.




44%
Significant increase in employee technology experience



50%
Moderate increase in employee technology experience



6%
No change in employee technology experience



Businesses continue to shift responsibility towards cloud consumption models for hosted desktops.

Cloud infrastructure is top of mind for hosted desktop support

Many organizations still choose to own and manage the supporting infrastructure for hosted desktops but it is clear that there is a trend to increasingly shift the management of this infrastructure to public cloud platforms and consumption models. This shift enables IT professionals to focus on delivering an optimized user experience, as opposed to managing and maintaining infrastructure.

| How organizations support hosted desktop environments.



92%
We own and manage all of the supporting infrastructure

| Infrastructure used to support hosted desktops.

Public cloud infrastructure provider (i.e., AWS, Microsoft Azure, Google, etc.)



Traditional server, network, and storage piecemeal deployments (from traditional IT vendors like Dell, HPE, IBM etc.)



Hyperconverged infrastructure (HCI) (e.g., VMware, Dell-EMC, Nutanix, etc.)

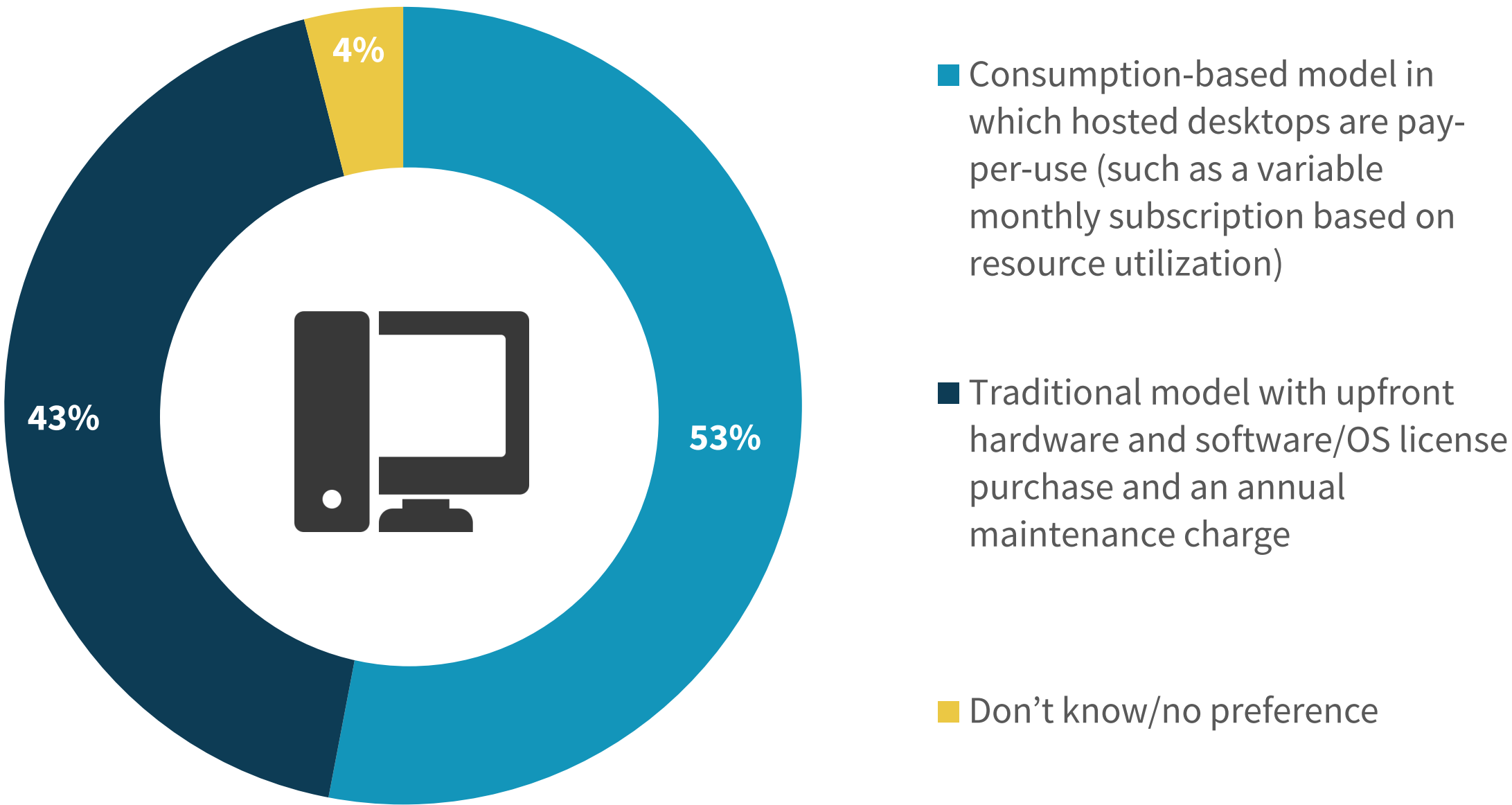


Cloud economics factor into consumption model preferences and sources of procurement

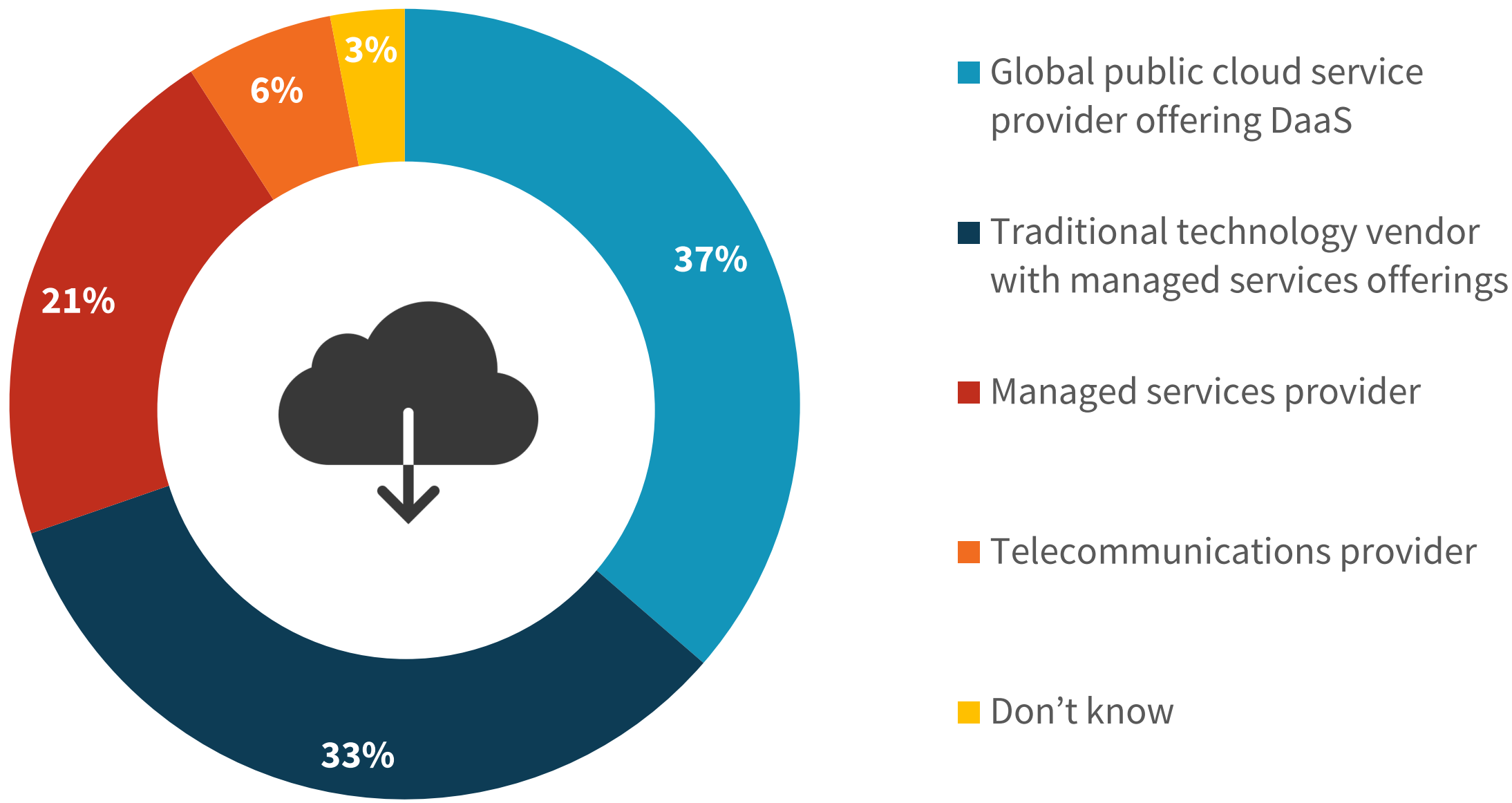
It’s becoming clear that organizations would prefer to consume hosted desktops as a pay-per-use service as opposed to traditional models that are heavily weighted in capital investments. Indeed, more than half of respondents said their organization would opt for a consumption-based model for hosted desktop provisioning, assuming the net-cost was the same. This preference has potential impact across how endpoint device vendors and IT infrastructure solutions are positioned to IT decision makers that have prioritized hosted desktop strategies.


In terms of procurement sources for cloud-based hosted desktop solutions, global public cloud service providers have quickly rotated into a strategic position as businesses consider hosted desktop strategies for the future. Traditional technology vendors are also modifying their hosted desktop offerings to be consumed as a service.

| Preferred investment model for hosted desktops.



| Source of cloud-based hosted desktop solutions.



A man with glasses and a light blue shirt is seen from the side, looking at a laptop. The laptop screen displays a video conference with four participants. A white mug is visible on the desk next to the laptop. The background is blurred, suggesting an office environment.

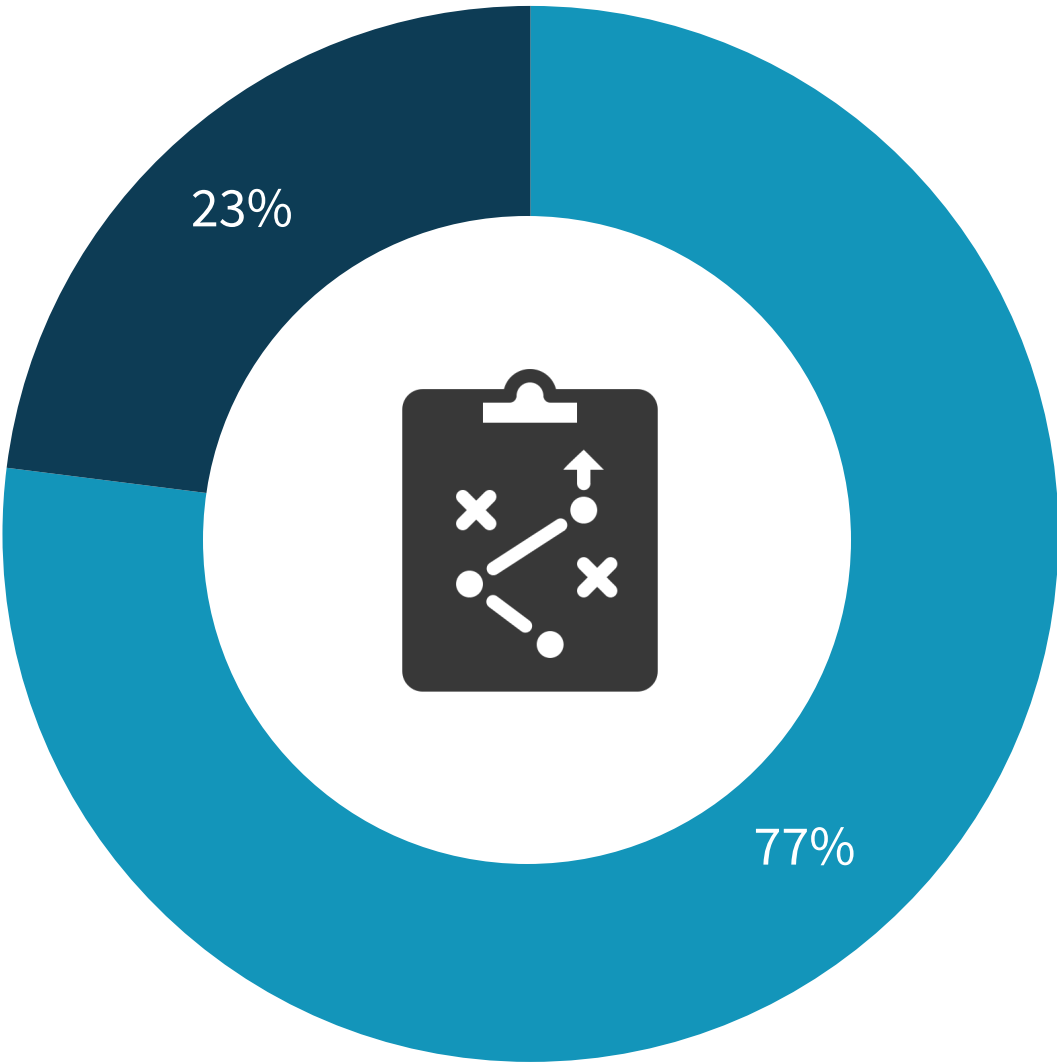
Though the hosted desktop surge is tied to the uptick in WFH, most believe these will become long-term strategies.

Most organizations see hosted desktops as their long-term workspace delivery strategy

Work-from-home mandates are here to stay in some form, even if in some cases that just means more employees work outside the office at least once a week, and businesses are recognizing that hosted desktop strategies are a key enabler to support remote work, hybrid work, and even back-to-office initiatives. It is not surprising, therefore, that more than three-quarters of hosted desktop users don't believe their increased usage of the technology stemming from COVID-19-induced work-from-home requirements was merely a knee jerk reaction. Rather, they expect to continue expanding their hosted desktop footprint to better support the computing needs of employees, regardless of location.

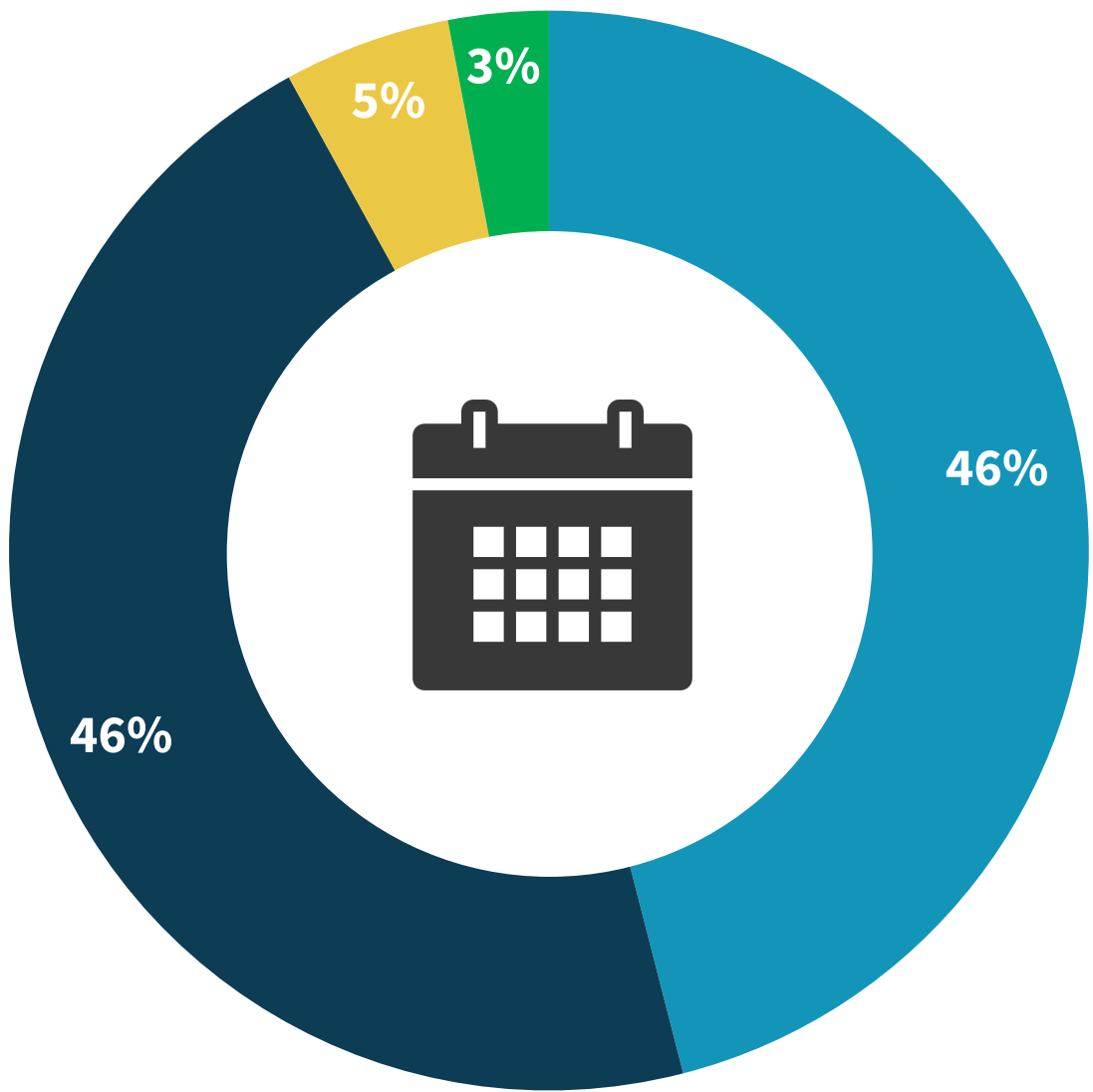
Organizations have realized that hosted desktops are the ideal match for how employees will work in the future. No longer are hosted desktops being considered for niche use cases. Today hosted desktops are being recognized as critical infrastructure for businesses to provide the optimal computing experience for their employees. Indeed, nearly half of respondents believe the majority of their organization's desktop environment will be comprised of hosted desktops in three years, with another 46% anticipating a split between traditional and hosted desktops.

| Effect of COVID-19 on hosted desktop strategy.

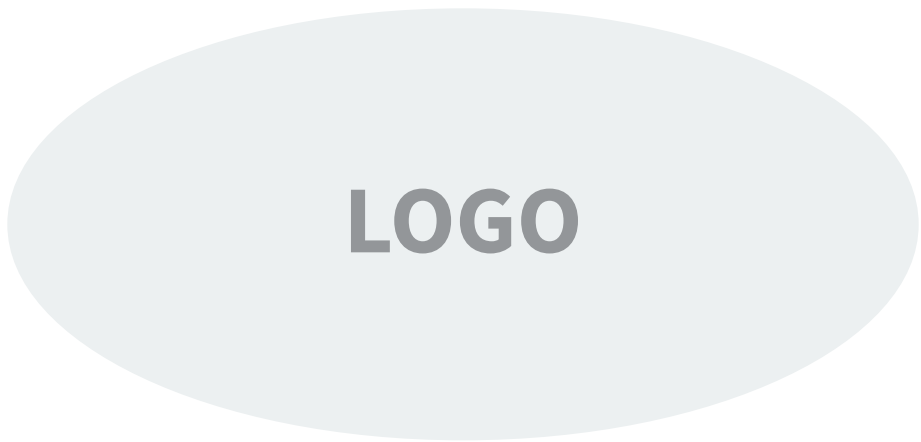


- Long-term strategy: we will only continue to expand our hosted desktop footprint as we believe this technology better allows us to support our employees' computing needs regardless of their location
- Short-term reaction: we will still have a hosted desktop strategy, but fewer employees will use this technology once the pandemic subsides

| Three-year projection for expected desktop environment composition.



- We expect the majority of our desktop environment to be comprised of hosted desktops
- We expect our desktop environment to be evenly split between hosted and traditional desktops
- We expect the majority of our desktop environment to be comprised of traditional desktops
- Don't know/too soon to tell



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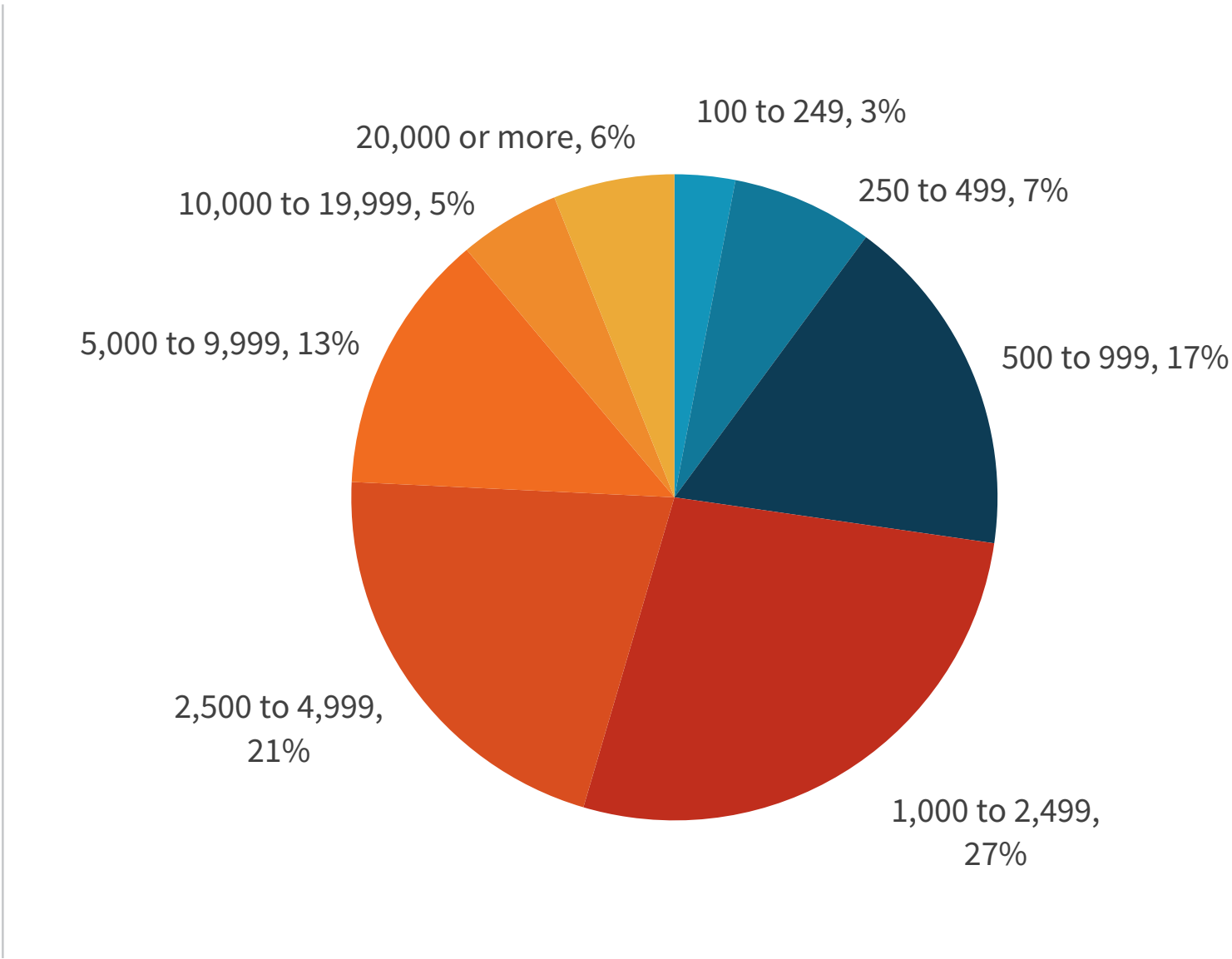


Research Methodology

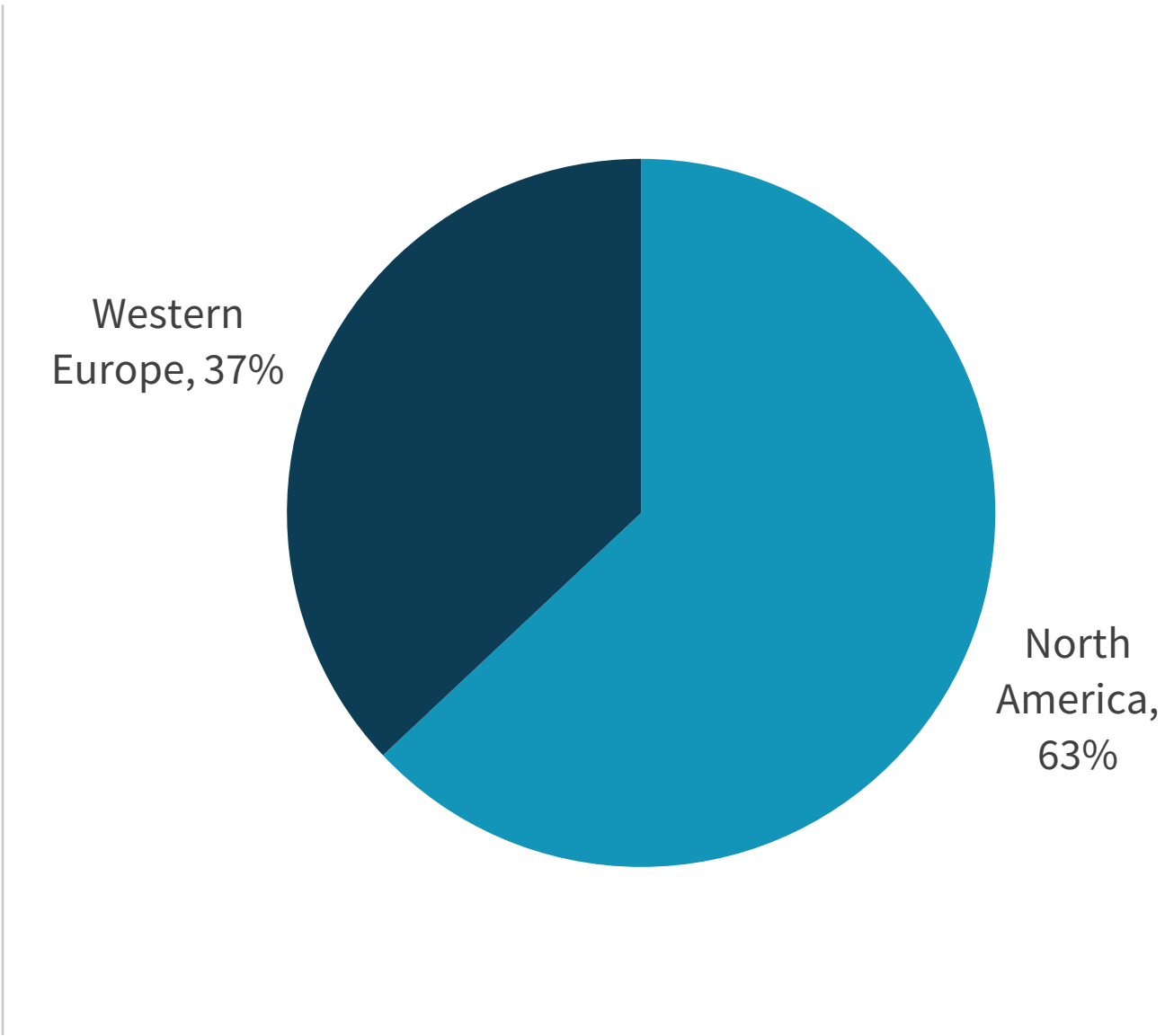
To gather data for this report, ESG conducted a comprehensive online survey of IT professionals from private- and public-sector organizations in North America (United States and Canada) and Western Europe (UK, France, and Germany) between December 1, 2020 and December 11, 2020. To qualify for this survey, respondents were required to be IT professionals personally responsible for/involved in the purchase process for productivity applications and endpoint devices, including VDI/DaaS solutions. All respondents were provided an incentive to complete the survey in the form of cash awards and/or cash equivalents.

After filtering out unqualified respondents, removing duplicate responses, and screening the remaining completed responses (on a number of criteria) for data integrity, we were left with a final total sample of 389 IT professionals.

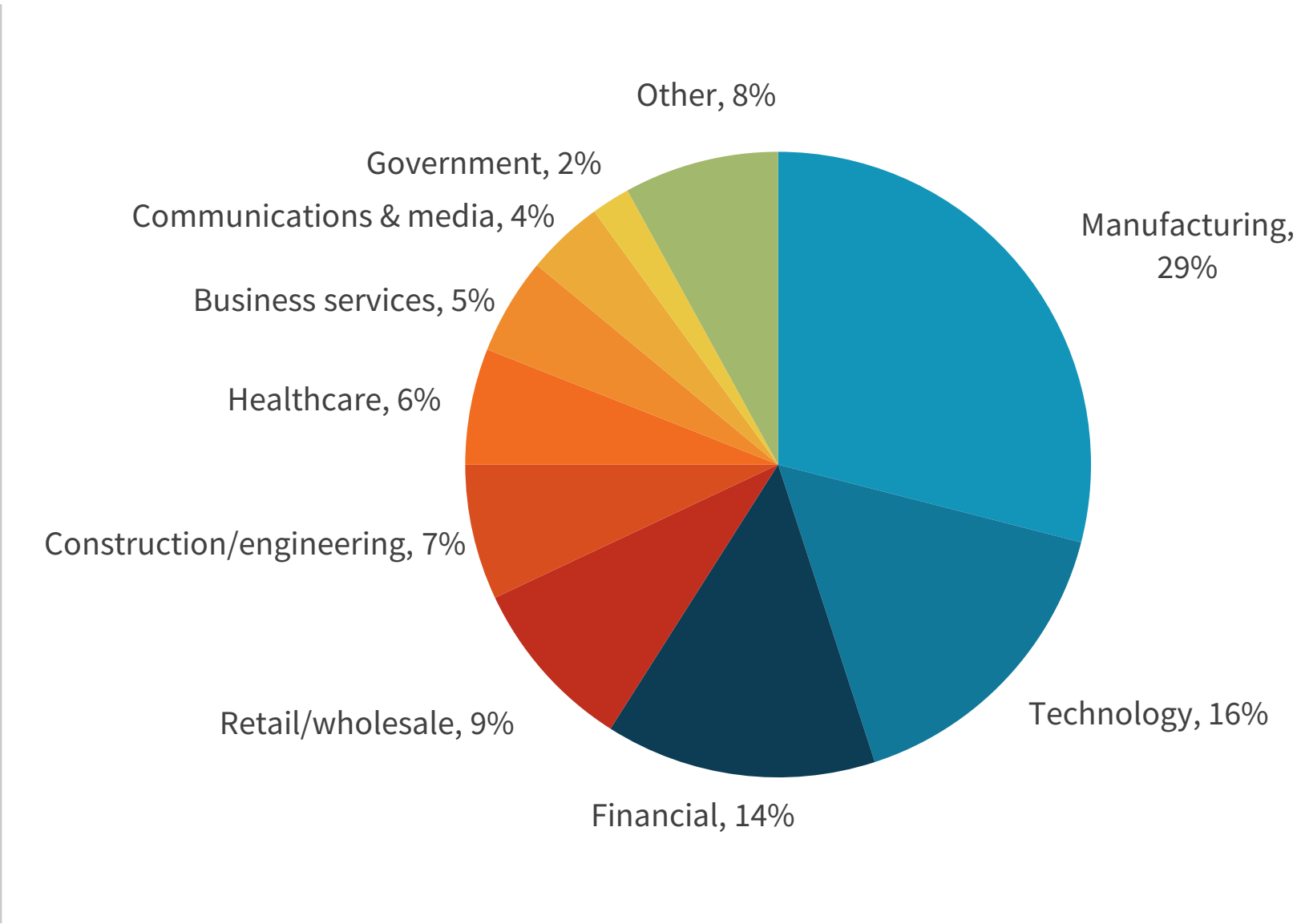
RESPONDENTS BY NUMBER OF EMPLOYEES



RESPONDENTS BY REGION



RESPONDENTS BY INDUSTRY



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