



Mathew Dickerson, **Axxis Technology**



Will clients return to desktop PCs?

CRN's reseller voice, **Mathew Dickerson**, racks up the Frequent Flyer points as he travels around the country to hear what the nation's resellers have to say

I have spent this week on a whirlwind tour of Australia performing presentations to IT resellers in Perth, Melbourne, Brisbane and Sydney. I am constantly amazed at how different this wonderful country is.

Before I talk to an audience, I always like to quiz my taxi driver on what people are talking about in the city at the time. In Perth, apart from wishing that WA was a different country to eastern Australia, everyone was incredibly focused on the Olympics since China is in the same time zone as Perth.

After a couple of days in Perth I was Olympics-focused so when I arrived in Melbourne I jumped in a taxi and said "What about that Michael Phelps?" The taxi driver asked which AFL team he played for! I had forgotten just how AFL-focused Melbourne was – who cares about some guy who had just won eight gold medals at some minor event that happens only once every four years – it was more important to discuss who was going to win the flag this year.

Once in Queensland, you remember the days before we started being so politically correct. Only in Queensland could a mayor ask for "beauty-disadvantaged women to head to Mount Isa". In mentioning the charm of Queenslanders and their political incorrectness, my taxi driver simply responded with 'Ken Oath!' Nuff said!

Once back in my home state of NSW, I was reminded of the multi-cultural melting pot that is Sydney. I jumped in the taxi and asked to go to Five Dock. Before I got a chance to ask what was happening in Sydney, the driver handed me the UBD and in broken English asked me to direct him to Five Dock. I knew I was back in Sydney.

Of more importance were the discussions I had with resellers across the country. Having spoken to 200 resellers through the week I wanted to see what was on the minds of people at the Coal Face like myself.

One of the interesting talking points was the fact that Intel has recently announced that, for the first time ever, it has started shipping more notebook processors than desktop processors. This seems like an incredible statistic. I can still remember when I was first selling PCs (this was 19 years ago mind you) only the fervently addicted to mobility clients even considered a notebook (called laptops back in those days). We used to sell PCs with 386 processors packaged with some basic software for more than \$3K but a laptop with a mono screen took a big bite out of \$7K – but it came with a free weight-lifting session every time you lifted it up as they were so heavy. It was several years before we ever sold our first colour screen on a laptop as they were way too expensive. So you can see my amazement when Intel has reached the point that it is shipping more notebook processors than desktop processors. It was hard to imagine that happening when notebooks were heavy and slow with mono screens and were twice the price.

Having reached this breakthrough point, the resellers I spoke to raised concerns that after the federal budget released on 13 May this year, some of the changes would start to push their clients back to desktop PCs over notebooks. Many clients of resellers across the nation purchased notebooks over PCs because of the portability and small difference in price. The small difference in price was then more than negated by the FBT rules which allowed a double benefit by obtaining a notebook from an employee's pre-tax income and then claiming a deduction for depreciation – effectively meaning notebooks purchased in this way were actually cheaper than desktop PCs. Adding more pain to resellers was the reduction in the capital expenditure on in-house software depreciation rate from 40 percent to 25 percent meaning the depreciation is extended from 2.5

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to four years. Given the average use of computer software and the frequency of updates coming onto the market, it is quite ridiculous to expect people to utilise that software for an additional 1.5 years.

Resellers are just starting to see the impact of these changes, with clients starting to consider the purchase of notebooks more carefully and really weighing up the advantages of the portability over the additional cost. Although pundits at the time suggested that the depreciation change was unlikely to impact when or how a business acquires new software, some resellers told me that clients were starting to consider these changes as part of their purchasing decision.

Where does that leave us in relation to our day-to-day role?

Now, more than ever, the message to push to our clients is one of productivity. Microsoft US delivered some research to me last year which is particularly pertinent at this time. The average small business spends 14 percent of their overall business expenditure on IT – that is on purchases and the overall running of their IT system. What do they receive for their 14 percent spend? On average, a well-maintained IT system delivers a business a 78 percent increase in productivity over a similar business with a poor or no IT system.

So the next time a client starts talking to you about the changes in the budget or delaying IT expenditure, talk about productivity. Offer to shut down their entire IT system while you have a coffee with them for an hour and see if there are any benefits derived from their system. As with many changes outside our control, we will all continue to find innovative ways to keep moving our businesses forward.

Tell me your biggest current challenges at mathew.dickerson@smallbusinessrules.com