Wireless LAN Adoption Trends 2004
Summary Report

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Most U.S. companies have been investing conservatively—if at all—in networking technology over the past 2 years. Still, there are some exceptions, one of which is wireless LANs.

Not only are more US organizations deploying wireless LANs, they are doing so more broadly:

* **Use by more industries.** Professional services companies and businesses with large sales and field organizations (which typically have a high percentage of road-warrior types) are not the only ones adopting WLANs. In fact, use is increasing in industries not typically thought of as having mobile workers, such as healthcare, retail, and government.

* **Use by more employees.** This is partially driven by the fact that more departments within companies are adopting WLANs. Use of 802.11 networks is no longer restricted to the IT, field service, or sales departments (which, up to a year ago, were the most common users), but is spreading to marketing, operations, HR, and other departments.

* **Use in more locations.** Rising numbers of remote workers are using hot spot services.

In this bulletin, Sage outlines how use of WLANs is evolving so that readers can compare their organization's use to that of other U.S. organizations.

Use by Industry

Wireless LAN adoption is increasing in various industries. Some industries that had relatively low use just two years ago are now investing heavily in the technology.

One such industry is healthcare, where our research shows that current and planned use is very strong. Now that technology advances have widely addressed some of this industry's specific concerns (interference, confidentiality), healthcare organizations are now exploring the benefits.

Overall, our research finds notable adoption patterns in healthcare, retail, and manufacturing. Following are the average 2004 WLAN access point spending plans for those industries; while actual spending varies greatly by company, these averages are still solid proof that companies are making serious commitments to WLANs:

* Manufacturing (non-computer)—nearly $13,000

* Retail—over $11,000

* Healthcare—over $9,000

Total 2004 WLAN budgets for these industries also vary somewhat ([click here](#) to purchase budget chart).
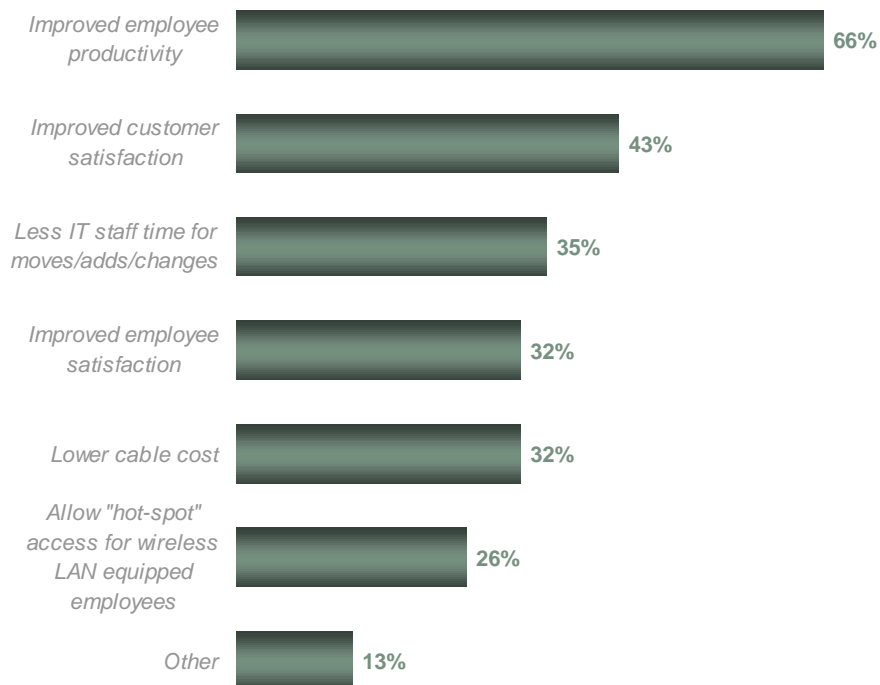
Use by More Employees

Among organizations with wireless LANs, penetration (as measured by % of employees equipped with WLAN-capable devices) is often fairly low. In fact, penetration is 10% or less in many cases (though a great deal of variation exists, in general and by specific industries) ([purchase chart](#)). But over 75% of organizations with wireless LANs expect the percent to increase in the next 6 months. Of course, this does beg the question—why?

By far, the strongest driver is to improve employee productivity (see **Figure 1**). Sixty-five percent of companies using wireless LANs report that they are seeking productivity improvements. Common illustrations of this include the ability to respond to a client request from a conference room, and the ability to access information from a server-based application when away from one's primary workspace.

Companies seeking a competitive advantage often specifically seek out ways of improving employee productivity. Based on this research, one way companies intend to achieve this is by un-tethering the employee base. For many, wireless LANs are already delivering increased productivity (among other benefits) ([purchase chart](#)).

FIGURE 1: Benefits Sought from WLAN

Q: Which of the following potential benefits were reasons why your company chose to deploy a wireless LAN? N=117


- Improved employee productivity: 66%
- Improved customer satisfaction: 43%
- Less IT staff time for moves/adds/changes: 35%
- Improved employee satisfaction: 32%
- Lower cable cost: 32%
- Allow "hot-spot" access for wireless LAN equipped employees: 26%
- Other: 13%

Many organizations that use WLANs also report rising hot spot service use. By hot spots we mean locations (in many cases, a public area such as an airport or a coffee shop) that are covered by a wireless access point using a standard such as 802.11b or 802.11a. Typically set up for the Internet, anyone entering the hot spot with an 802.11-based laptop has connectivity to the Web.

As **Figure 2** shows, only 14% of these organizations report that more than 10% of their end users use these services today. But by year-end 2004, that number rises to 48%. Will all of these plans materialize? Probably not. But the research does show that hot spot use will increase significantly. Projected increases, however, do vary among certain industries (purchase chart).

FIGURE 2: Hot Spot Usage

Q: What percent of your employees use hot spot services? N=115
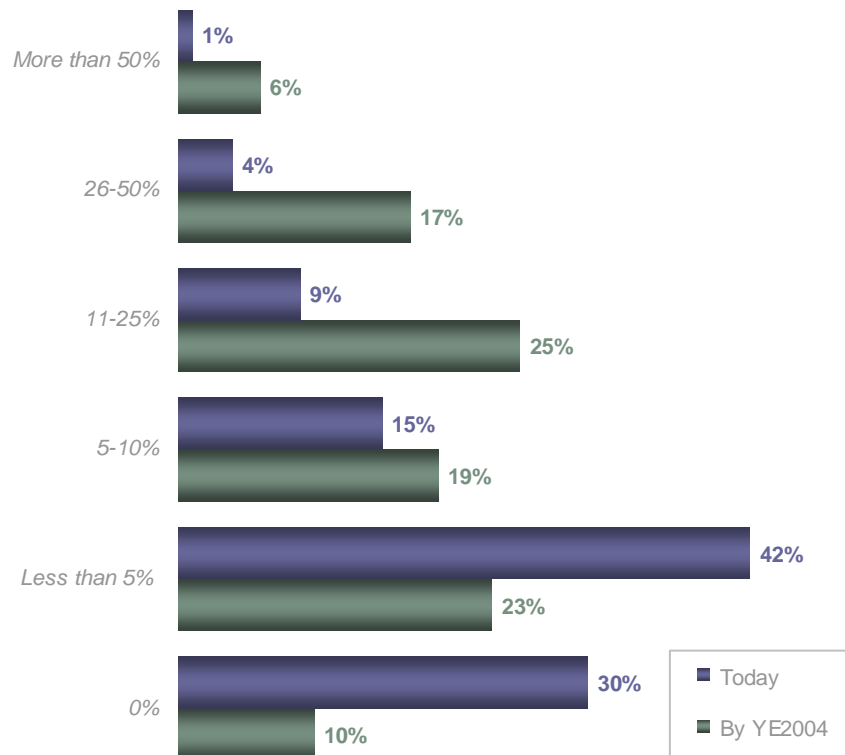
Conclusion

U.S. companies are aggressively seeking ways to survive—even thrive—in today's tough economic conditions. So while overall technology spending is low, the money that is being spent is going to technologies that correlate to saving or making money. For many organizations, these goals can be advanced by improving employee productivity. To improve that productivity and gain a competitive advantage, companies are betting more of their technology budgets on wireless LANs.

Not only are more companies starting to invest in WLAN technology, but existing adopters are broadening their investments. This suggests that current adopters are satisfied with the benefits they are realizing as well as the overall performance of the equipment itself (purchase chart). Evidence of their commitment is seen not only in the fact that they plan to equip more employees with WLAN access, but that they also plan to enhance their WLAN functionality. In fact, of current WLAN users, over 70% are planning to spend on security management and over 30% are planning to invest in voice over WLAN solutions by year-end 2004 (purchase chart).

Despite tight IT budgets, wireless LAN spending is on the rise. Current adopters clearly believe the technology delivers real benefits—especially employee productivity. In contrast, companies that fail to adopt WLANs may soon find themselves at a competitive disadvantage as compared to their industry peers.

A full report will be available January 12 at Sage Research's SageStore.

Interested readers may contact Doug Haslam at (508) 655-5400 x209, or dhaslam@sageresearch.com to receive a brochure.

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