



DECEMBER 9, 2010



The iPass Mobile Workforce Report

Year End Review and 2011 Predictions

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The iPass Mobile Workforce Report

UNDERSTANDING ENTERPRISE MOBILITY TRENDS AND MOBILE USAGE

Introduction

It used to be that mobility was the exception to the rule. Earlier this year, IDC predicted that mobile workers would surpass the one billion mark by the end of 2010¹. That is no small number it is one in five adults globally. Many of us live, breathe, and operate as mobile workers, and based on this overwhelming workforce trend where mobility is now the rule, we have entered the post-PC era.

In the next decade, we believe that mobility will be the dominant force shaping the IT landscape within enterprises. The role of IT will change, and mobile workers will take an increasing interest in and responsibility for their companies' mobility strategy. The era of the dependent worker whose computer won't boot because he didn't plug it in is over. Today's highly capable mobile workers can troubleshoot most technical problems, go to the Internet for help instead of the IT helpdesk and will work around the rules if need be. The era of the "corporate mobilocracy" (mobility rule) has begun.

Our year-end Mobile Workforce Report will look back at the top five trends of 2010, and look forward to how we see the world changing next year and over this decade.

The Top Five Mobile Workforce Trends of 2010

One week after IDC made its one billion mobile worker prediction iPass released its first Mobile Workforce Report and set-out to understand the changes in the global workplace and the habits of the mobile workforce. Every quarter we survey mobile workers and here are the top five trends we uncovered in 2010:

Trend #1 - There is a data security, cost, and employee productivity imbalance.

Within companies, there is a tradeoff and balance between data security, cost, and employee productivity. This is especially true when applied to younger workers. Although 91 percent had smartphones, only 59 percent used them for work because only 35 percent had smartphones that were provisioned by their companies. To

contain costs, smartphones are often a perk reserved for more seasoned employees. And many companies have strict policies in place that forbid unprovisioned smartphones from being used for business purposes. These younger workers are simply obeying the rules.

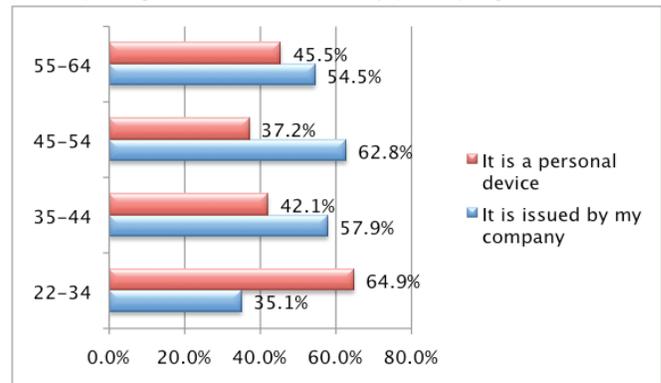


Figure 1: Is your smartphone issued by your company or is it a personal device (by age group)?

However, we did find 66 percent of mobile employees who were not provisioned a smartphone by their companies were using their private smartphones for work. This practice is less risky in companies that have created policies regarding smartphone usage (for example, remote wipe if a pass code is entered incorrectly five times). However, in companies where there is no stated policy, this could become a major problem. Consider that younger workers (23 percent) and those with unprovisioned smartphones (20 percent) were more likely to have a smartphone with business data on it lost or stolen versus the general mobile worker population (14 percent). Security experts point to lost or stolen smartphones as the enterprise's biggest security risk today.

¹IDC, *Worldwide Mobile Worker Population, 2009-2013, February 2010*

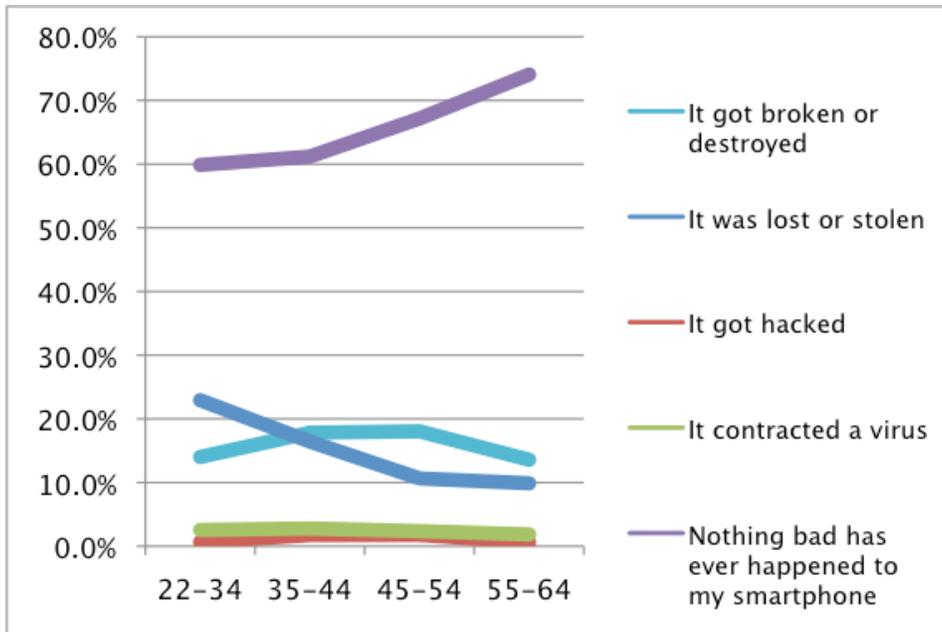


Figure 2: What was the worst thing that ever happened to your smartphone containing business data (by age group)?

On the other hand, when companies forbid the use of personally owned smartphones for work, they also lose out on hours of potential productivity. The U.S. Bureau of Labor Statistics estimated the average employee workday at 8.8 hours in 2008², yet the average workday for mobile workers according to our 2010 survey, is one hour longer, closer to 10 hours a day. This adds up to six more productive weeks of work each year. There are huge productivity advantages to be gained from an on-demand workforce, even within the lowest levels of the organization.

iTrend #2 - We are moving toward an increasingly hyper-connected workforce.

The mobile device continues to be a tether that creates an on-demand workforce – always at the ready to handle work or personal business. The iPass study found that 88 percent of mobile employees were checking their smartphones during downtime; 55 percent did it usually, and 6 percent admitted to checking their smartphones obsessively. Even while on vacation, only 6 percent of employees surveyed completely disconnected, 36 percent said that they were always connected, and the majority of mobile employees who connected while on vacation did so for work.

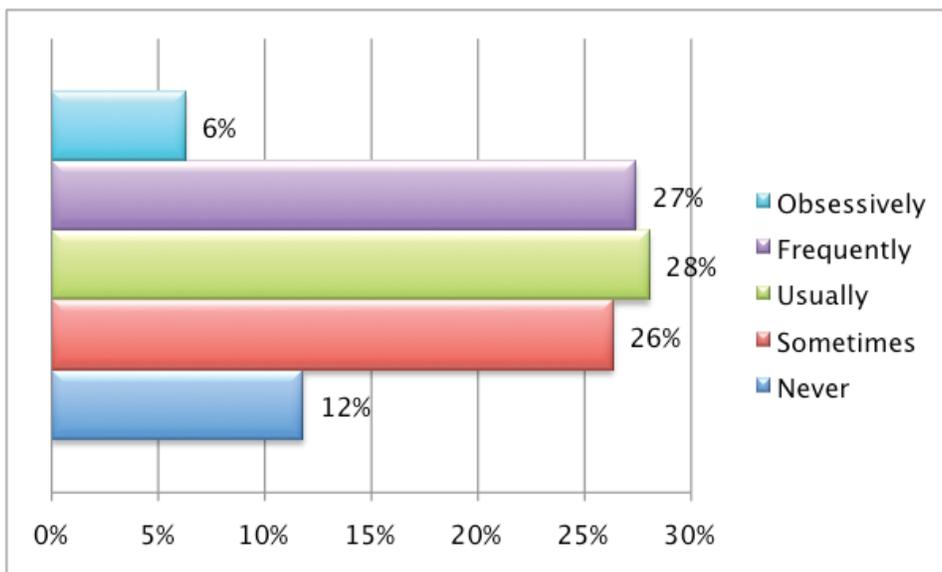


Figure 3: Do you check your smartphone during downtime? Smartphone Adoption by Age Group

². Bureau of Labor Statistics, Household Data Averages

Always on, always connected has led to a more blended approach to technology usage and work/life balance – using a mobile device for both work and personal business. In fact, 94 percent of mobile employees used their smartphone/cell phone for both work and personal business. Even among iPad and tablet PC personal-owners, a surprising 91 percent planned to use them for work.

This mobile lifestyle has also had at least a situational effect on work/life balance. Only 11 percent saw mobile technology as a detriment to their work/life balance, while 35 percent thought it gave them more work/life balance. Most mobile employees (44 percent) thought it was situational, sometimes helping with work/life balance and other times hindering it.

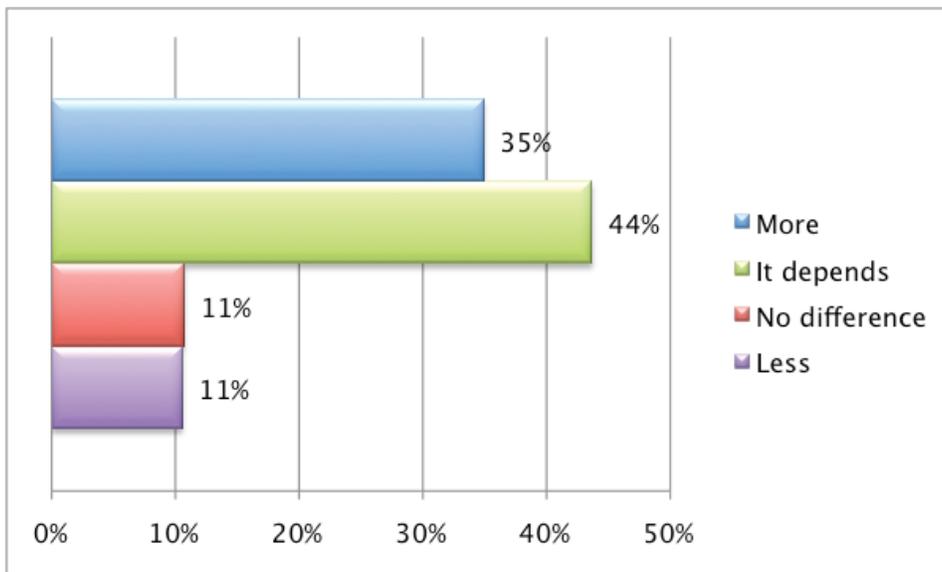


Figure 4: Does mobile technology give you more or less work/life balance?

For the enterprise, an on-demand workforce delivers dramatic productivity benefits in customer service, crisis management, and day-to-day operations. It also enables employees to stay connected with their personal and professional communities.

Trend #3 - The post-PC era is here.

The laptop is becoming the new desktop, as the smartphone and tablet replace the laptop. Considering the penetration of smartphones across the mobile workforce, we asked whether mobile employees ever left their laptops at the office in the evening or during the weekends and just used their smartphones or other devices. Nearly half (43 percent) left their laptops at work at least occasionally.

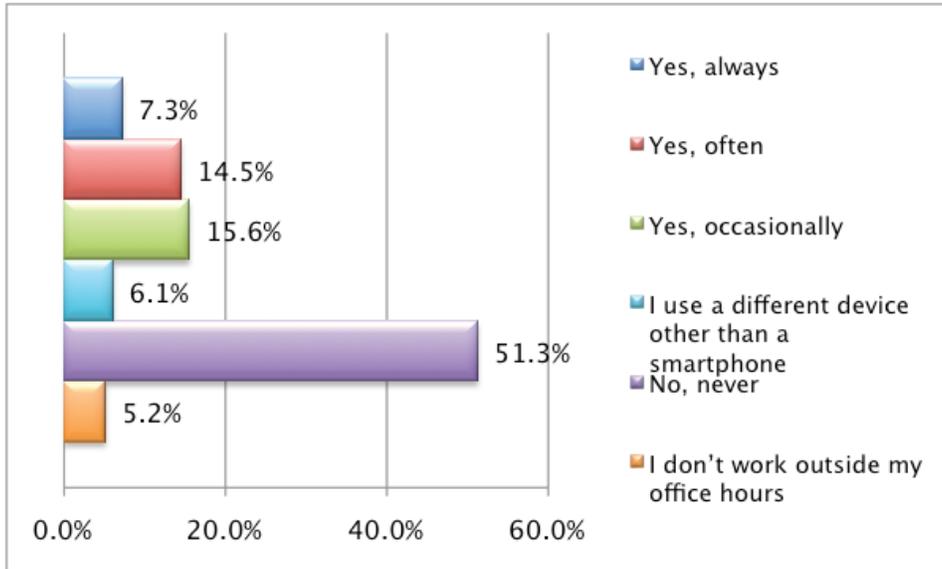


Figure 5: Do you leave your work laptop at work on weekends/evenings and just use your smartphone?

Based on this, we wondered whether mobile employees saw the utility of this or another device usurping that of a laptop for general business purposes within the next year. A surprising 37 percent of workers thought another device would soon take that role, and 27 percent believed it would be the iPad or another tablet.

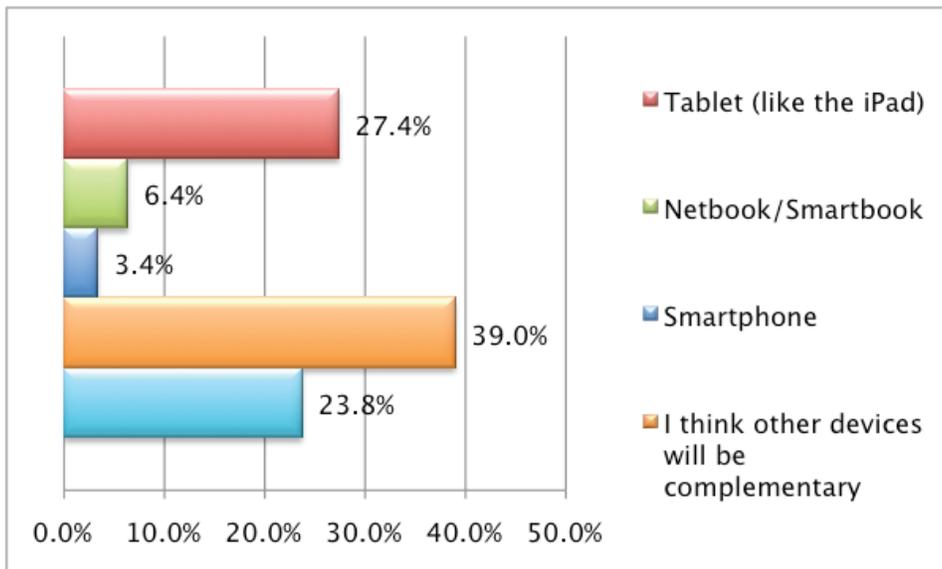


Figure 6: Do you think any device available today or in the next year can replace the laptop for general business use?

We have entered an era where the laptop stays plugged into the wall for the most part, and more nimble devices like the smartphone and tablet PC will take on the role of the computer on the go.

³. *Flowntown, September 1, 2010, My Mom is on Facebook*

Trend #4 - The technical chasm is multi-generational and global.

The tech chasm that has allegedly formed in the workforce created by a cross-generational divide – between those who grew-up with technology and those that didn't – is vastly overstated.

In the world of social media, the median age of a Facebook user is 38³ (older than a millennial) and the average Twitter user is 39. While there are generational differences in work styles, this technology sea of change in the workforce actually spans more than just one generation. In fact, iPass puts the median age of a mobile worker today nearly a decade older, somewhere around 46 years old.

In reality, older generations are just as disruptive as younger individuals to the status quo in the workforce today. We also found limited differences between geographies as well, indicating that this is a worldwide phenomenon, and not just confined to one region of the world.

Trend #5 - Multi-mobile rules the day.

Nearly 97 percent of mobile employees carried two or more mobile devices (they are “multi-mobile”), and almost 50 percent carried three or more. The most popular mobile device was the laptop, followed by the smartphone and cell phone. We did find some adoption of tablet PCs and iPads by the most gadget-equipped users. We also found that if an employee carried only one device, it was usually a cell phone or a smartphone (80 percent).

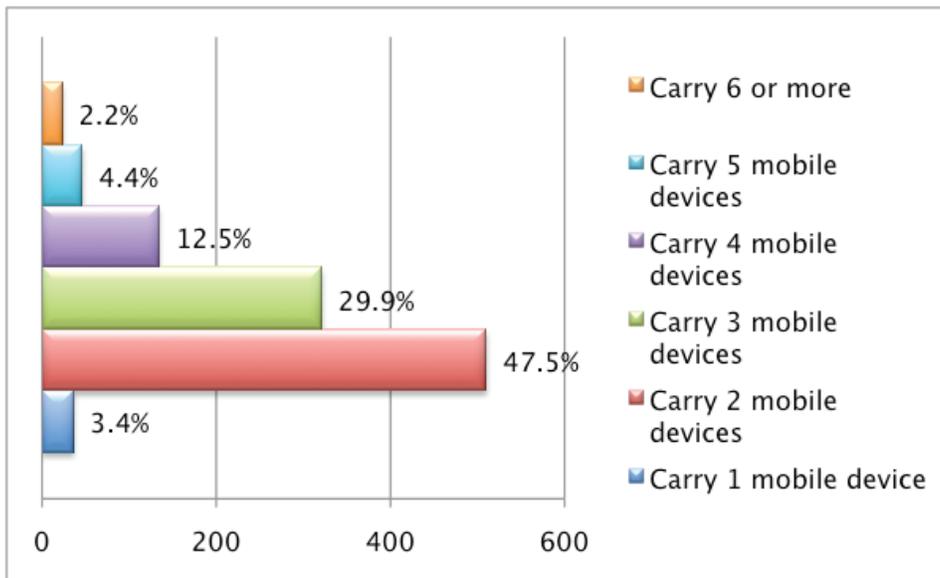


Figure 7: Do you currently use a smartphone for business and/or personal reasons, if so which one? (By geography)

When the iPad was first released in the spring of this year, many pundits questioned if the world needed yet another mobile device. The answer is a resounding yes. Employees are happy to carry multiple devices, for multiple purposes ... and in 2010 multiple mobile devices ruled the day.

Top Five Predictions for 2011 and Beyond

So what happens when mobility sets the rules? The changes already underway will be mostly positive to the mobile workforce of the future. These changes will result in more productivity, cheaper office costs, less absenteeism, and lower staff turnover. Here are some of the iPass predictions for 2011 and beyond...

Prediction #1 -Mobilocracy will rise.

Trained in the consumer world, today's end users have become more technology savvy than just a generation ago, and they expect to play an increasing role in technology decisions within their companies. Look at the cloud computing market, where most buying decisions today are happening at the department level, and not within IT. Gartner fel-

low Ken McGee recently summed up the trend when he said, “technology is no longer the preserve of the CIO...It has become everyone’s property and everyone’s issue.”⁴

We found that the mobile workforce expects to have choice in the mobile technology they use to get their jobs done. Interestingly, we found that even in companies with the strictest single smartphone policies, 22 percent of their mobile workers used a non-company-standard smartphone for work, and 7 percent used a second or third smartphone for work even though they already had a company-issued one. We think that this trend is the tip of the iceberg for the next several years ... employees will want to choose and use their own devices.

Today it is a negotiation with IT, but as the mobile markets mature, companies will increasingly loosen those reins. The rise of the mobilocracy will lead to a reinvention of IT from command and control, to a focus on availability and service levels, and delivering collaboration and presence tools to enable and empower the mobile workforce. Security will transition from strict mandates to more flexible access, based on device assessment and traffic analysis in the cloud – part of the service level role of IT.

Prediction #2 - Companies will adopt a ‘bring your own mobile device’ policy.

In the next several years, there will be a shift in mobile device liability. Companies will consent to a “bring your own” policy. IDC predicts that by 2013, more than 56 percent of corporate mobile devices will be individual-liable devices⁵. While we don’t believe that a day will come when it will be “bring your own” laptop, we do think that for many companies especially mobile workers at the lower levels of the corporate structure it will be “bring your own smartphone or tablet if you want to connect.”

But let’s face it, devices are cheap, networks are expensive. As carriers close the connectivity buffers and move to a la carte plans, employees and their companies will become much more cognizant of which type of network they connect their device to and how much it costs – regardless where liability rests.

This will be a boon to WiFi for the foreseeable future. Today’s 3G and tomorrow’s 4G networks will be a premium service, reserved for the upper echelons of the workforce on an as needed basis. For the rest, it will be WiFi.

Prediction #3 - Security will get a makeover.

With a trend toward “bring your own,” enterprise security will need a significant makeover. For IT, the old security model of building a moat around the data center has broken down. IT can no longer enforce a safe perimeter around their employees and the company’s assets. A shift will take place very quickly from securing each individual system, to securing data – much of it in public and private clouds.

CIO'S PERSPECTIVE

Scott McDonald, CTO at FCI, a leading manufacturer of connectors

Demographics play a key role in the issuance of the devices as the cumulative costs of providing data plans can quickly escalate. Mobile devices are normally restricted to more senior level roles or at minimum, a demonstrated need role. The majority of the younger workforce has not advanced to roles that have a clearly demonstrated or a defined need (at least not in our Industry). The younger generation of workers (majority) also does not have the level of responsibility that would normally require them to be “available” after hours for work more detailed than a quick email reference. More senior level employees, regardless of age, are married to their laptop. (I see that changing with hybrid devices)

If you dig into what many of our employees are using their laptop devices for in the course of their duties, the requirements are actually very low. I could anticipate an adoption rate of at least 50 percent of our senior level staff immediately if properly introduced. Probably 75 percent of all travel is for 2-3 days and during this period their laptop is being used as an extension of their smartphone to provide the ergonomic benefits of a full “system”. They could as easily live with a tablet/iPad device that is lightweight, always-on/connected and accessory free.

Personal devices and risk is not normally something I am concerned with in our specific deployment. We have implemented an approved device policy with only devices paid for and approved by the company being allowed to “access” the email system. Additionally we have a number of security layers in place including, a 15 minute timeout, PIN unlock and 5 times wrongly entered PIN device wipe. We have never had a case of a smartphone device becoming a security risk. They of course have been lost, but are quickly wiped. (Unfortunately the downside is employees will occasionally forget their PIN and wipe their device.) This same method would be applied to a tablet/iPad so it would actually be an improvement over laptops which are still at greater risk as there are no wipe capabilities.

⁴ Gartner Symposium, Cannes France, November 9, 2010 Cannes, France

⁵ IDC, Worldwide Business Use Converged Mobile Device 2009–2013 Forecast and Analysis, June 2009



Thomas Hansard said in the Parliamentary Debates, “the possession of great power necessarily implies great responsibility.” Mobile employees need to be custodians of their own mobile security, and IT needs to provide the educational resources to empower employees on how to operate in a safe manner.

Prediction #4 - The trivialization of place will increase.

The New York Times had an interesting article this summer titled, “Forget What You Know about Good Study Habits.”⁶ It turns out that simply alternating the room improves retention. Take this theory and apply it to the workplace, and you have to wonder how effective people are in the office. The office is a distracting place between interruptions and meetings – tons, and tons of meetings. However, working remotely gives employees a change of venue, often removes distractions, and can help them be more productive.

Work is something people do, not a place that they go. We believe that where people work will matter less and less. For numerous reasons from improved productivity to decreased carbon footprint and reduced office expenditure – a workforce that works anywhere, anytime is a boon to business.

Prediction #5 - There will be a redefinition of social boundaries.

We’ve seen the headlines in the New York Times, “Attached to Technology and Paying a Price,” this past June, and USA Today’s, “Always on Technology: Are We Adapting or Losing?” from August. And throughout 2010, we found that the death of technology-free time is indeed the case. The majority of mobile employees never disconnected from technology, even during vacation.

However, we believe while we are on the upward tick of a pendulum, it will swing back in the next several years as mobile employees develop coping strategies to deal with hyper-connectivity and increasing demands for their attention. Most will find a way to redefine their own social boundaries between work and personal time. For some, this lesson will not be without personal costs to families, health, and sanity. But mobile workers will adapt on their own, or perhaps with the help of a professional 12-step program!

Conclusion

Almost every worker should be considered a potential mobile worker – although not all will be treated equally by their companies. Some will be issued a mobile device and their mobility will be enterprise-supported. Others will be responsible for acquiring and paying for their own devices, and they will receive an enterprise service to ensure secure access to corporate-owned data. Either way, companies will need to adapt their organizational hierarchy, policies, and place of operations to meet the needs of this emerging and highly capable workforce.

Why? Because those companies that do will find an increase in productivity. There will be a shift in how organizations measure productivity though, and most analysts believe it will be easier than in the past.

There is also a huge advantage to an interested and technology-savvy workforce. The rise of the mibilocracy means that mobile employees will expect to be involved with company mobility decisions that affect their lives, and device selection will be highly personal. However, mobile workers will also be open to policies, information, and training to help make their devices and their mobility more secure and cost effective – making the mobile workforce a huge company asset.

Throughout 2011 we will continue to publish the quarterly Mobile Workforce Report with the goal of lending a voice to the mobile workforce, as well as IT. We will follow the trends we outlined, identify new trends as they emerge and report on any surprises. The next report is scheduled for March 1, 2011.

⁶ *New York Times, September 6, 2010, “Forget What You Know About Good Study Habits”*



iPass Mobile Employee Definition: Any worker using any mobile device (including laptop, netbook, smartphone, cellphone, or tablet) who accesses networks (other than the corporate LAN or WLAN) for work purposes.

About iPass

Founded in 1996, iPass (NASDAQ: IPAS) is a leading provider of enterprise mobility services with 3,500 customers, including more than 420 of the Forbes Global 2000. The company's mission is to be the voice of the enterprise in the

market for mobility services by providing solutions that simply, smartly and openly facilitate access from any device on any network, while providing the visibility and control necessary to contain spiraling mobility costs, maximize mobile user productivity, and maintain security in a world where consumers now drive enterprise IT.

For more information, visit www.iPass.com or follow iPass on Twitter at www.twitter.com/iPass.



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