

# The End of Windows XP

Making the Right Economic Decisions



A White Paper by:



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## The Countdown Begins



Microsoft recently started a "two-year countdown" to the final chapter of Windows XP, its longest-lived operating system. April 8, 2014 marks the end of extended support. According to Microsoft, "End of support refers to the date when Microsoft no longer provides automatic fixes, updates, or online technical assistance. This is the time to make sure you have the latest available service pack installed. Without Microsoft support, you will no longer receive security updates that can help protect your PC from harmful viruses, spyware, and other malicious software that can steal your personal information."

Microsoft has urged XP users to upgrade their operating systems, and even their hardware, before. In June 2011, Stephen Rose, IT community manager for the Windows commercial team said, "Bottom line, PCs running Windows XP will be vulnerable to security threats," said Rose. "Furthermore, many third-party software providers are not planning to extend support for their applications running on Windows XP, which translates to even more complexity, security risks, and ultimately, added management costs for your IT department."

Also in 2011, executives on the Internet Explorer team called XP the "lowest common denominator" as they explained why the OS wouldn't run IE9 or any future browsers.<sup>1</sup>

Businesses are still heavily reliant on Windows XP, however. It was recently estimated that the aging operating system's share is at 60% of enterprise PCs. "Windows XP had an amazing run and millions of PC users are grateful for it. But it's time to move on," added Rose.



## Upgrading; To What?

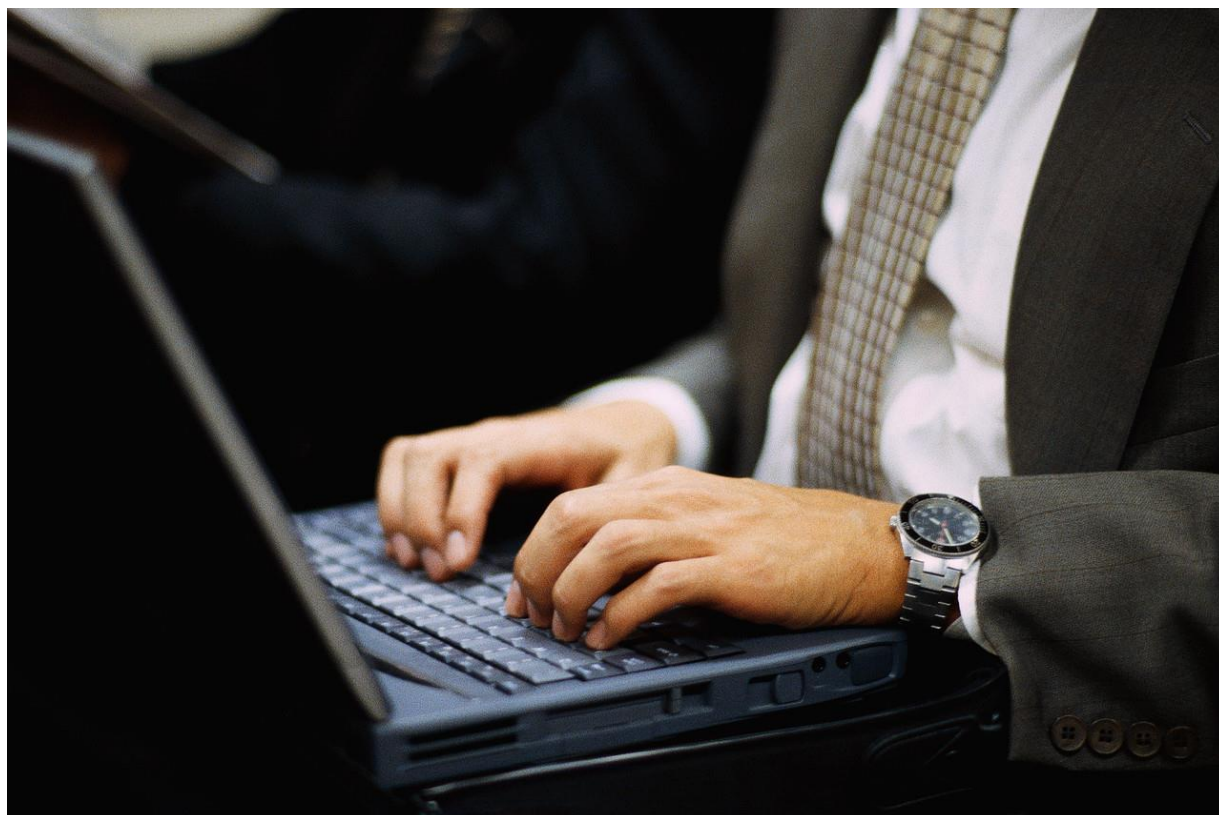
Businesses have dragged their feet on upgrading from the ten-year-old Windows XP to newer versions of Microsoft's operating system. First, they skipped Windows Vista en masse after the OS was the target of scorn from critics and IT analysts. Now, they are making the upgrade to Windows 7. Analysts at IT and telecom research firm Gartner are worried some businesses still using XP will consider skipping Windows 7 in anticipation of the release of Windows 8.

This would not be wise, Gartner and other analyst firms say. For a home user, April 2014 is a long time away. Enterprises have long deployment cycles for new operating systems that depend heavily on budgets, internal processes and third-party vendors updating applications to support the latest version of Windows.

Tami Reller, head of product marketing for the Windows group, encouraged corporate customers to continue deploying Windows 7. She promised that Windows 8 would run on the same hardware.

"For our business customers," she said, "this is an important element, because the ability of Windows 8 to run on Windows 7 devices ensures that the hardware investments that these customers are making today will be able to take advantage of Windows 8 in the future."

"Windows 8 is an ambitious product, and organizations running late with Windows 7 may be considering it," Gartner analysts wrote in a research note published this week. "However, enterprises running XP should stick with Windows 7 migration plans to avoid the risk of a gap in support."



## Economic Decisions

On Microsoft's website, the company was blunt about XP's ticking clock.

"If your organization has not started the migration to a modern PC, you are late," Microsoft said, citing data that claimed OS migration programs in businesses take between 18 and 32 months to complete.<sup>2</sup>

Businesses can still purchase custom XP support after the April 2014 deadline, but this could cost up to \$200,000 in the first year, according to Gartner. That price is for customers who pay for Software Assurance. If you don't have Software Assurance support, getting custom support for XP after 2014 could cost \$500,000 in the first year.

In the past it usually made little sense to install an upgraded version of Windows on an older PC, as buying a new retail copy of Windows would often cost more than the PC was worth. Based on what Microsoft has already said, users will be able to install Windows 7 on a machine running XP without having to install Vista first.

### **But, is that economically sound?**

Companies will have to weigh the potential costs associated with maintaining those aging machines against the cost of a migration to new hardware/software and upgrading of some existing applications.

"Around the 42-month mark of a computer's life cycle the support costs shoot up substantially," says Dean Williams, services development manager for Softchoice, a Toronto-based reseller. "It is at that point that capital gains you experience from it depreciating as an asset are greatly outstripped by the productivity loss on the support side and the user side."

Having existing machines with the capability to upgrade to a new operating system doesn't make the decision a no-brainer. "We are not recommending our customers keep their computers past 60 months," Williams says. "If you have a 5-year-old computer you have bigger worries than can I deploy Windows 7. The problem there is can I get my work done today."

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The harder decisions lie with enterprise IT equipment that is less than 5 years old. There is the opportunity, at minimal cost, to add RAM or install a new hard drive. That course of action will often stall an asset refresh long enough to eradicate any opportunity for a trade-in deal to be made on the purchase of new equipment.

With the downturn in world economy, 3 and 4 year old desktop and laptop computers are finding a greater demand in the marketplace.

The screenshot displays two product listings on an e-commerce site. The top listing is for an HP Pavilion g7-1219m Refurbished Notebook PC. The product title is circled in red. The specifications listed are: AMD Dual-Core E-450 1.65GHz, 4GB DDR3, 500GB HDD, DVDRW, 17.3" Display, Windows 7 Home Premium 64-Bit. The item number is M975-173104 and the model number is RB-QE304UAR. It has a 4-star rating from 4 reviews and is currently in stock. The price is \$379.99 with free shipping. The bottom listing is for an ASUS U56E-BBL6 Refurbished Notebook PC. The specifications are: Intel Core i5-2430M 2.4GHz, 4GB DDR3, 640GB HDD, DVDRW, 15.6" Display, Windows 7. The price is \$479.99 with free shipping.

Gartner found that the secondary PC market is growing rapidly: 55 million PCs worldwide in 2004; and 86 million 2007.<sup>3</sup> Commercial resale opportunities are plentiful as lower capital outlay means a higher return on investment.

With the average refresh cycle being 3-4 years, corporations, government agencies, and computer resellers are quickly learning that the value left in their current IT assets can offset the cost of a hardware refresh. Enterprises that factor in that resale value can proactively plan for the necessary upgrade to Windows 7 while eliminating the fees associated with recycling obsolete equipment.

By searching an electronics recycling directory for a local electronics recycler, IT managers can obtain a quote for disposing of their electronic waste generated by this windows upgrade in the most secure and environmentally sound way. By being proactive, the end of Windows XP does not have to translate to more waste in our landfills. An ISO certified, eStewards recycler can help IT Managers reduce their expenses, while maintaining a zero landfill policy.

## References

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