

# Office Insights

## 2022 Office Equipment Trend Report

---

**2020 and 2021** were years where we used words and phrases like **unprecedented, uncharted, new normal, pivot, and agile** more than any of us would have liked.

While the pandemic forced nearly every industry to evolve at a rate not seen before, the office equipment and technology space felt that push for transformation more than most. As a leasing and finance company, we have had a front row seat to witness the challenges and opportunities faced by manufacturers and dealers alike. We felt we had a unique chance to share our perspective on the trends we see for 2022 and how your company can grow in a post-COVID economy. Below you will learn more about the trends we are seeing, and their impact on the industry's growth and evolution.

---

Despite the expected 3% rise in inflation, equipment and software investments are expected to reach a 13.3% growth and 6.1% GDP growth by the end of 2021

**Equipment Leasing & Finance Foundation (ELFA)**

---

## The Global Economy

The COVID-19 economic recovery has not been linear as businesses are continuing to experience tailwinds and headwinds, demand for equipment continues to rise and outpace supply, and the pandemic has persisted causing regional closures or limited access to in-person commerce. The global economies have never faced such an unpredictable variable which has created new challenges for businesses and consumers alike.

The global economy experienced impressive growth in the first half of 2021, which peaked in the spring to almost pre-pandemic levels. According to the [International Monetary Fund \(I.M.F.\)](#)<sup>1</sup> it is expected that 2021 will see a total growth of 6% by year-end. The I.M.F. also predicts that 2022 will experience a global GDP growth of 4.9% – led by advanced economies with highly vaccinated populations, access to testing, and therapeutics.

We cannot discuss the global economic recovery without acknowledging the supply chain and inventory issues that have plagued all industries that require semiconductor chips, which thanks to modern technology, is most. The expectation is that the semiconductor chip crisis will persist through 2022 and will require supply chain agility and adjustments. You can read more about the semiconductor shortage [in this blog post](#) produced by our Commercial Finance team. The semiconductor chip crisis, global shipping and logistics challenges, and increased demand, will all have material impact on economic growth in 2022

At DLL, we have kept a close eye on the macro-economic trends and how they impact the office equipment industry specifically. [The Equipment Leasing & Finance Foundation \(ELFA\)](#)<sup>2</sup> indicates that despite the expected 3% rise in inflation, equipment and software investments are expected to reach a 13.3% growth and 6.1% GDP growth by the end of 2021, showing signs of optimism among dealers and manufacturers across the globe.

1. <https://blogs.imf.org/2021/07/27/drawing-further-apart-widening-gaps-in-the-global-recovery/>

2. <https://www.store.leasefoundation.org/cvweb/Portals/ELFA-LEASE/Documents/Products/ELFF.EconomicOutlook.2021Q3.pdf>

However, the investment in the office technology space will depart from historical norms. According to IDC, investment in both A3 and A4 devices is expected to remain flat through 2022, but slowly decline from 2023 through 2025. However, according to [Gartner](#)<sup>3</sup>, Worldwide IT spending – which is inclusive of data centers, IT services, devices, enterprise software and communications services – is expected to grow by 9% by the end of 2021, indicative of the need for proper technology infrastructure in order to achieve growth objectives.

	2020 Spending	2020 Growth (%)	2021 Spending	2021 Growth (%)	2022 Spending	2022 Growth (%)
<b>Data Center Systems</b>	178,466	2.5	191,648	7.4	201,659	5.2
<b>Enterprise Software</b>	529,028	9.1	598,957	13.2	669,114	11.7
<b>Devices</b>	696,990	-1.5	793,973	13.9	800,172	0.8
<b>IT Services</b>	1,071,281	1.7	1,176,676	9.8	1,277,228	8.5
<b>Communications Devices</b>	1,396,287	-1.4	1,444,980	3.5	1,481,878	2.6
<b>Overall IT</b>	<b>3,872,052</b>	<b>0.9</b>	<b>4,206,234</b>	<b>8.6</b>	<b>4,430,051</b>	<b>5.3</b>

Source: Gartner (July 2021)

## Commercial Real Estate Recovery

Office building tours are seen as a leading indicator of future leasing revenue, and they are up by 80%

**Brett White**  
CEO, Cushman & Wakefield

Commercial Real Estate may have been one of the most heavily impacted industries by the COVID-19 pandemic. Within a matter of days, big city high-rises were virtually empty, suburban office campuses were without a single car in the parking lot, and retail stores were closed indefinitely. There has been a lot of discussion in the last eighteen months about the viability of the commercial real estate industry, and what role the traditional office or retail store would have in a post-COVID world.

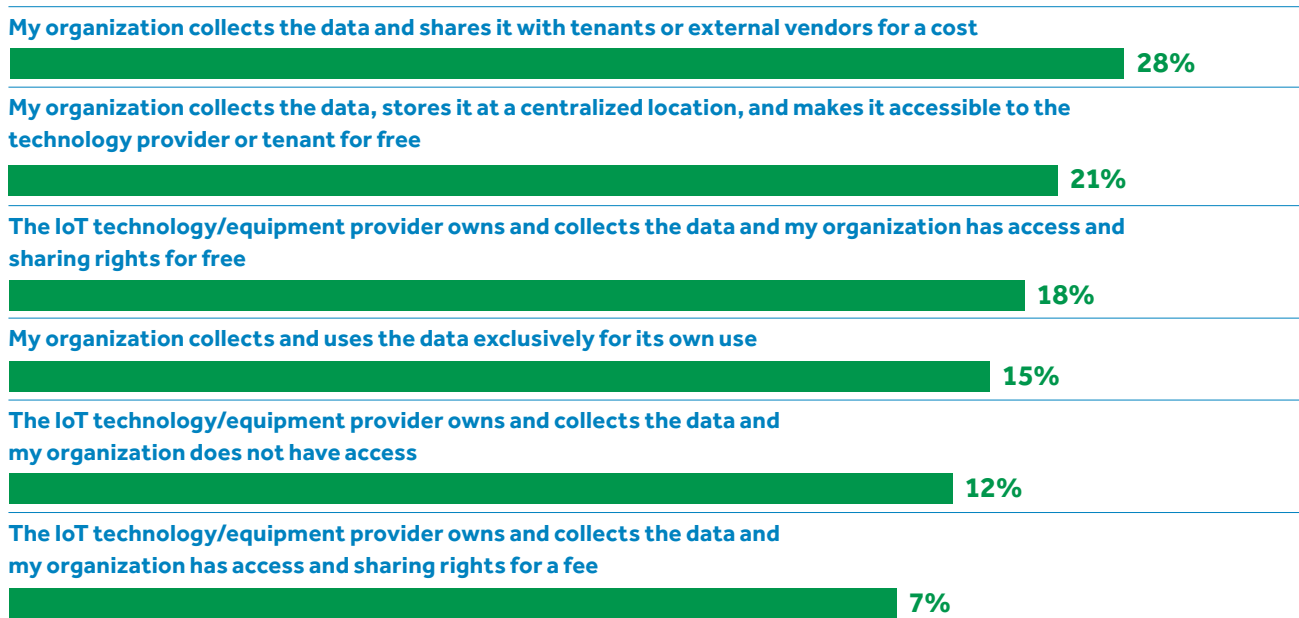
But the data is promising. [Cushman & Wakefield CEO, Brett White, says he sees encouraging signs the office market is rebounding](#)<sup>4</sup> at a faster rate than most anticipated. Office building tours are seen as a leading indicator of future leasing revenue, and they are up by 80% according to White and Cushman & Wakefield, with 75% of their leases being signed for four or more years, and the remaining 25% being 10-year leases.

3. <https://www.gartner.com/en/newsroom/press-releases/2021-07-14-gartner-forecasts-worldwide-it-spending-to-grow-9-percent-2021>  
4. <https://www.cnbc.com/2021/08/11/cushman-wakefield-ceo-expects-full-recovery-in-office-employment-by-mid-2022.html>

However, this data does not mean that things will go back to the way they were pre-COVID. In fact, major innovation and disruption will be necessary for commercial tenants as they determine the long-term role the office plays in their organization. Digitization has been a common theme throughout nearly every industry, as the pandemic forced organizations to digitally transform. In the Commercial Real Estate industry, the digitization ranges from office AI, to robotic sanitization, to mobile apps for scheduling. According to Deloitte<sup>5</sup>, more than three-fifths of companies are capturing Internet of Things (IoT) sensor data in offices. This allows for data-backed decision making for tenants and their employees. Currently, 49% of those companies collecting data share it with their tenants which is helping create more efficient, safer and smarter offices.

### CRE Organizations vary in how they use and manage IoT technology to gather data

Who captures and owns IoT sensor data?



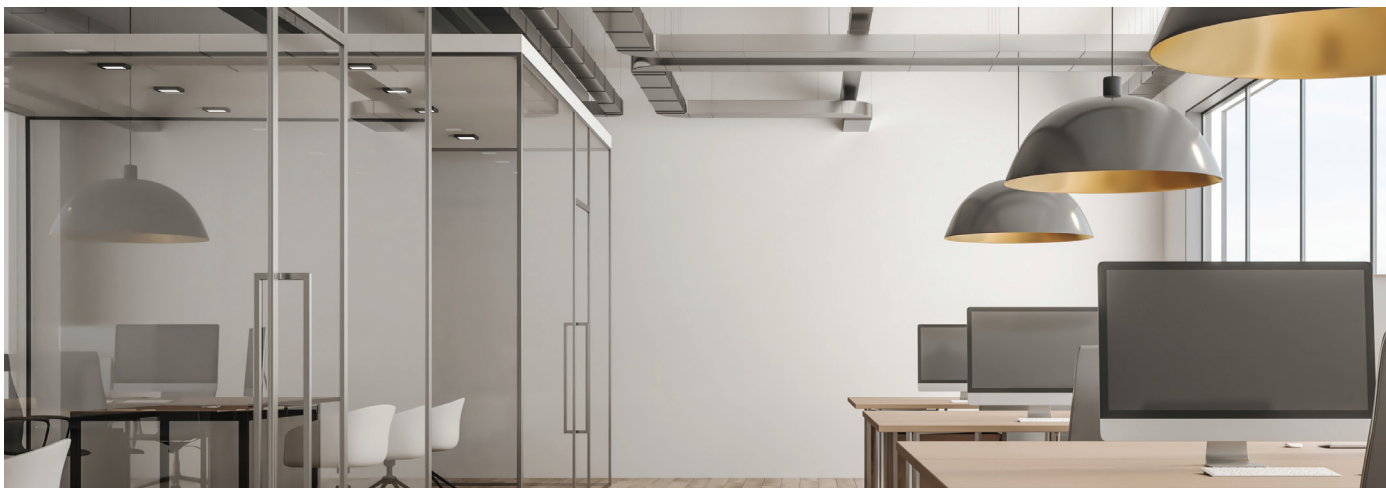
**Note:** Responses may not add up to 100 due to rounding.

**Source:** The Deloitte Center for Financial Services Global Outlook Survey, 2020.

Organizations vary in the way they plan to adjust their real estate footprint in the aftermath of the pandemic. Gartner forecasts an assumption that, "By the end of 2021, around 25% of small and medium organizations will change their real estate footprint by downsizing or dispensing with office space in line with hybrid workplace strategies."<sup>6</sup> As the hybrid/remote work trend continues, some country government officials are considering offering tax breaks and other benefits for organizations that support work from home, influencing the way the real estate footprint is changing. In the U.S., the footprint will reduce only slightly compared to the U.K and other countries. Many companies will reimagine their footprint to better align with culture improvements that have stemmed from remote working. Employees enjoy not having long commutes, but they also desire a sense of community with their peers.

5. Source: Deloitte Insights, 2021 Commercial Real Estate Outlook, 2020

6. Source: Gartner, Forecast Analysis: Remote and Hybrid Workers, Worldwide, June 2, 2021



According to another report by Deloitte<sup>7</sup>, organizations are looking at a distributed real estate model which would require a mix of central hub-style offices, small regional spaces, and co-working options. This allows for collaboration, a sense of community, and a reduction in carbon footprint with less long-haul commuting. This change creates a new measure of value for commercial real estate spaces. Deloitte's Real Estate Predictions eloquently articulates the shift, "The function of corporate real estate has therefore evolved from somewhere to work, to a workplace that enables users to perform better than they would anywhere else."

## The Office Overhaul

---

The future of work will require tremendous flexibility, new technologies, and optimal workspace equipment and furniture to drive productivity, encourage collaboration, and meet employees' expectations.

---

In preparation for a post-COVID environment, organizations are developing plans to reopen their doors for employees and customers to interact and collaborate in-person once again. But as mentioned earlier, things are not going back to the way they used to be. Leaders have recognized that the long-held beliefs on decreased productivity and growth outcomes with working from home versus in an office have been shattered.

In this contemporary environment, leaders must grasp how the workplace is evolving to meet shifting employee behaviors, needs, and expectations. To better resonate with employees, Chief Innovation Officers have an increased focus on enhancing the work experience through policies, work expectations, and office designs while driving positive business outcomes. In Gartner's study<sup>8</sup>, 25% of the global workforce is predicted to primarily work from home while 45% plan to work from home at least 2-3 times per week by 2022. In addition, hybrid/remote workers say that expectations for work flexibility have increased while 30% say they may leave if their organizations go to a fully in-office model.<sup>9</sup> This data tells us the future of work will require tremendous flexibility, new technologies, and optimal workspace equipment and furniture to drive productivity, encourage collaboration, and meet employees' expectations.

7. Source: Deloitte, Real Estate Predictions 2021, 2021

8. Source: Gartner, The Future of Work Will Be Outcome-Driven and Team-Centric, August 18, 2021

9. Source: Gartner, Infographic - Redesigning Work for the Hybrid World, 2021

## New Workspace Requirements & Furniture

Organizations have begun adopting a shared-seating model, resulting in the need for new furniture and workspace equipment that allows for an open, collaborative workspace environment. By 2023, Gartner states that 40% of employees are expected to be utilizing shared seating versus single-assigned cubicles.<sup>10</sup> However, Gartner also<sup>11</sup> found that employees have expressed increasing concerns about this model, resulting in the need for organizations to conduct surveys, focus groups, and proof of concept reviews to obtain feedback and employee buy-in. To address these concerns, organizations have implemented space reservation/management devices and software, increased cleaning protocols to mitigate health and safety risks, and optimized workspace configurations unique to particular tasks such as group collaboration or individual work.

Space management software plays a key role in the success of this new model. Space management software is designed to give operating officers the ability to maintain an on-site workforce while keeping them safe through the capabilities of contact tracing, setting occupancy thresholds and maintaining safe distance protocols. Top space management software like iOFFICE, Wisp, and Envoy provide leaders with a bird's eye view of their floorplans and offer the ability to gather insights, while giving employees effective ways to reserve spaces and meeting rooms for collaboration.

## Security Enhancements

Digital business transformations have been at the forefront for organizations since the beginning of the pandemic. As remote working continues to change the workforce structure, Gartner predicts employees will use up to four different devices at a time with up to 40% of remote access usage to be on a zero trust network access (ZTNA) by 2024.<sup>12</sup> Security and enterprise-level IT measures have become paramount in enabling productivity and enhanced experiences for both employees and customers in a remote or on-site environment. That said, total IT spending is expected to reach \$352.6 billion by 2022



with a compound annual growth rate of 6%, with security software investments expected to grow by 7.1%, through 2024. These projections tell us that organizations must invest in this area for the long-term safety and security of their employees' and customers' information, while evolving to their needs and driving growth through 2022.

## Upgrading Technology

In a pre-COVID world, physical meeting rooms played an integral part in video communication and collaboration. These rooms were often equipped with the best-in-class audio and visual equipment for optimal AV quality. However, in a post-pandemic world, employees have shifted to using laptops, tablets, and smartphones as their primary devices to attend virtual meetings. While these devices are equipped with the means to access meetings, the technology and hardware are often substandard to those high-end, AV-outfitted meeting rooms in a traditional office. In the evolution toward a long-term hybrid work environment, employees and customers will expect a continually improving digital experience in video meetings, and organizations must upgrade their technology and hardware with the latest audio-visual hardware. This will include a mix of in-office and remote digital assets including speakers, web cameras, headsets, home edition videobars with noise cancelling or background noise blocking features and even high-resolution display monitors. Investments in upgrading these types of technology and equipment are crucial as the hybrid work environment is expected to continue for the long term.

10. Source: Gartner, How Digital Workplace Leaders Can Deliver on the Promise of the Hybrid Office, July 21, 2021




11. Source: Gartner, Managing Employee Expectations of Shared Seating, April 13, 2021

12. Source: Gartner, Remote Work IT Spending, January 5, 2021

Organizations that process consumer-to-business payments are also making investments in real-time payment processing to meet the demand for speed from today's customer. According to IDC<sup>13</sup>, payment spend in real-time payment solutions are at a high, with a 12.1% CAGR through 2023. Cloud solutions for these types of payment processes have been in high demand, with IDC's survey showing that 31% of organizations use and/or purchased a cloud payment solution within the last 12 months and 14% plan to move to cloud solutions within the next 24 months to enable instantaneous payment processing. These types of solutions are now becoming standard across all industries.

## Net New Technology

As organizations plan to reopen their offices and resume the use of meeting rooms, preferences have shifted to using personal devices rather than those provided in office rooms. To increase the usage of meeting rooms, organizations must implement cloud-based meeting solutions to maintain productivity while meeting employees' range of needs. According to Gartner<sup>14</sup>, to do this, organizations should consider installing three key options:

	<p><b>Native Room Systems</b></p> <p>Video endpoints with audio-visual and computing capabilities that offer the ability to share content, collaborate, and book meeting rooms wirelessly. This system improves productivity and enhances the user experience.</p>
	<p><b>USB Room Systems</b></p> <p>These are USBs that plug into an employee's device and allow them to connect with meeting room equipment seamlessly, while being a cost-effective option for the organization. However, for less tech-savvy individuals, this may pose some challenges such as selecting the speaker, microphone, camera, and screen on the employee's device.</p>
	<p><b>Cloud Applications</b></p> <p>Most organizations heavily invested in audio-video equipment for meeting rooms many years ago, but most of the systems behind them tend to lack compatibility with today's variety of meeting applications such as Microsoft Teams and Zoom. However, cloud applications such as Microsoft-certified CVI and SIP connector can help connect endpoints and improve the system-to-application connection flow for a better user experience for employees.</p>

## Increased Safety Measures

With safety as a top priority during this transition, uncertainty looms across all industries, raising questions concerning the steps and mitigation efforts that organizations are taking to make their employees feel safe in the workplace. [What protocols are being put into place? Will offices ever go back to 100% capacity? What are organizations doing to mitigate health risks?](#)<sup>15</sup> This drove innovation of new safety technologies, or "COVID-born technologies," for better remote and omni-channel collaborations. Some of these tools include temperature check devices, contactless sanitation machines, and even contactless real-time payment solutions to name a few.

13. Source: IDC, What's New in Consumer to Business Payments, September 1, 2021

14. Source: Gartner, Make Your Meetings in a Hybrid Workplace More Effective, August 20, 2021

15. <https://www-dev.4sitebycort.com/insights/4site-by-cort-workplace-survey-2021>



Read more about how organizations are prioritizing safety in our [recent blog post](#).

The temperature monitoring system market has rocketed amid the pandemic, opening the door for manufacturers across the globe to add new pieces of critical technology to their portfolios. Some of the largest office equipment manufacturers today such as Sharp, Toshiba, and Konica Minolta, have put temperature check devices like contactless thermal sensors and hands-free sanitation machines at the forefront of their offerings. [Fortune Business Insights](#)<sup>16</sup> predicts the market to be valued at \$3 billion USD by 2027, with a CAGR of 11.2%. This data tells us that these types of safety devices are critical to the future of the workplace.

## Mergers and Acquisitions

“There are no signs of slowing down in the acquisition or selling of businesses, as acquirers take advantage of an expected high return on investments.”

**John Holland**  
Corporate Finance Associates  
Managing Director

As a result of the pandemic, merger and acquisition activity came to a grinding halt in 2020. However, with automation, digitization, and security being crucial to emerge from this pandemic, businesses are discovering gaps in their portfolios and are looking to purchase companies that fulfill those necessary capabilities. Mergers and acquisitions continue to be a leading trend in many industries with the office equipment and technology industry seeing a considerable spike. [Corporate Finance Associates Managing Director, John Holland, says](#)<sup>17</sup> that while interest rates remain low, there are no signs of slowing down in the acquisition or selling of businesses, as acquirers take advantage of an expected high return on investments.

Mergers and acquisitions of small to medium-sized businesses are only the beginning. As businesses continue to adjust, M&A activity among businesses of all sizes continues to grow. Cybersecurity mergers and acquisitions are leading the way in the technology services industry today as demand for these types of solutions continue to grow with large firms like Accenture, Deloitte, EY, and KPMG. Even [the world's largest B2B technology companies](#)<sup>18</sup> like Microsoft, Zoom, and Cisco expanded their portfolio through the acquisition of security providers and cloud software companies that will play a key role in accelerating their growth.

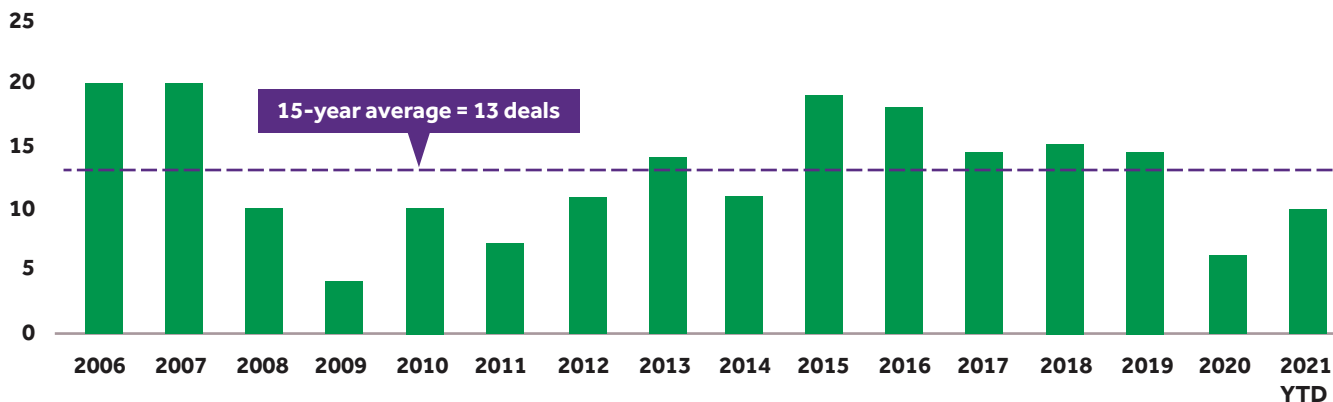
16. <https://www.fortunebusinessinsights.com/temperature-monitoring-systems-market-102013>

17. <https://www.channelfutures.com/mergers-and-acquisitions/cybersecurity-acquisitions-mergers-heat-up-after-pandemic-prompted-pause>

18. <https://www.channelfutures.com/mergers-and-acquisitions/latest-ma-att-hpe-lumen-microsoft-pax8-zoom-more>



With the economy quickly rebounding, sellers have become more confident in taking their businesses to market today. [According to Monitor Daily<sup>18</sup>](#), nine equipment finance transactions are already in the works, expected to be completed by 2022. M&A activity in the equipment finance industry is becoming the most active it has been since before the 2008 recession. Specifically, banks, insurance companies, and private equity firms have shown the most interest in this industry, in efforts to diversify product portfolios and drive profitability. All eyes are on the equipment finance industry as ROI remains at an expected high and borrowing costs remain low, enticing businesses everywhere to continue consolidating in a post-pandemic world.



Source: Monitor Daily

DLL has the payment solutions and financial tools necessary to drive the office equipment and technology industry into 2022 and beyond.

## Want to learn more? Contact our team today:

[Global Office Equipment contact form](#)

**Authors:**

**Julianna Landolt**

Global Strategic Marketing, DLL, Office Equipment Business Unit

**Reuben Daniel**

Marketing Communications Specialist, DLL, Office Equipment Business Unit

**Editors:**

**Megan Yocum**

Communications Business Partner, DLL

**Publication date:**

October 2021

### Disclaimer

- This trend report is provided for information purposes only, and no reliance should be placed on it by you or any third party into whose possession it may fall. Recipients should conduct their own investigation and analysis of DLL, its assets and financial conditions, and the information set out therein.
- Neither DLL nor any of its affiliates, officers or employees accepts any liability or responsibility for the accuracy or completeness of, nor makes any representation or warranty, expressed or implied, with respect to the information contained herein.
- The information provided in this whitepaper does not confer any rights. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law.
- For permission requests, please contact one of the authors by using the contact details on this page.
- © De Lage Landen International B.V. 2021. DLL® and DLL Financial Solutions Partner<sup>SM</sup> are service marks of De Lage Landen International B.V., Eindhoven, the Netherlands – October, 2021

18. [https://monitor100.monitordaily.com/conditions-aligning-for-active-equipment-finance-ma-market-in-second-half-of-2021?utm\\_source=Monitordaily+e-news+subscribers&utm\\_campaign=60b7528b29-Monitor+E-news+3%2F6%2F2020\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_063b8d1fa3-60b7528b29-31136081](https://monitor100.monitordaily.com/conditions-aligning-for-active-equipment-finance-ma-market-in-second-half-of-2021?utm_source=Monitordaily+e-news+subscribers&utm_campaign=60b7528b29-Monitor+E-news+3%2F6%2F2020_COPY_01&utm_medium=email&utm_term=0_063b8d1fa3-60b7528b29-31136081)