



SMB BUSINESS OUTLOOK AND PLANS TO INVEST IN TECHNOLOGY SOLUTIONS AND SERVICES

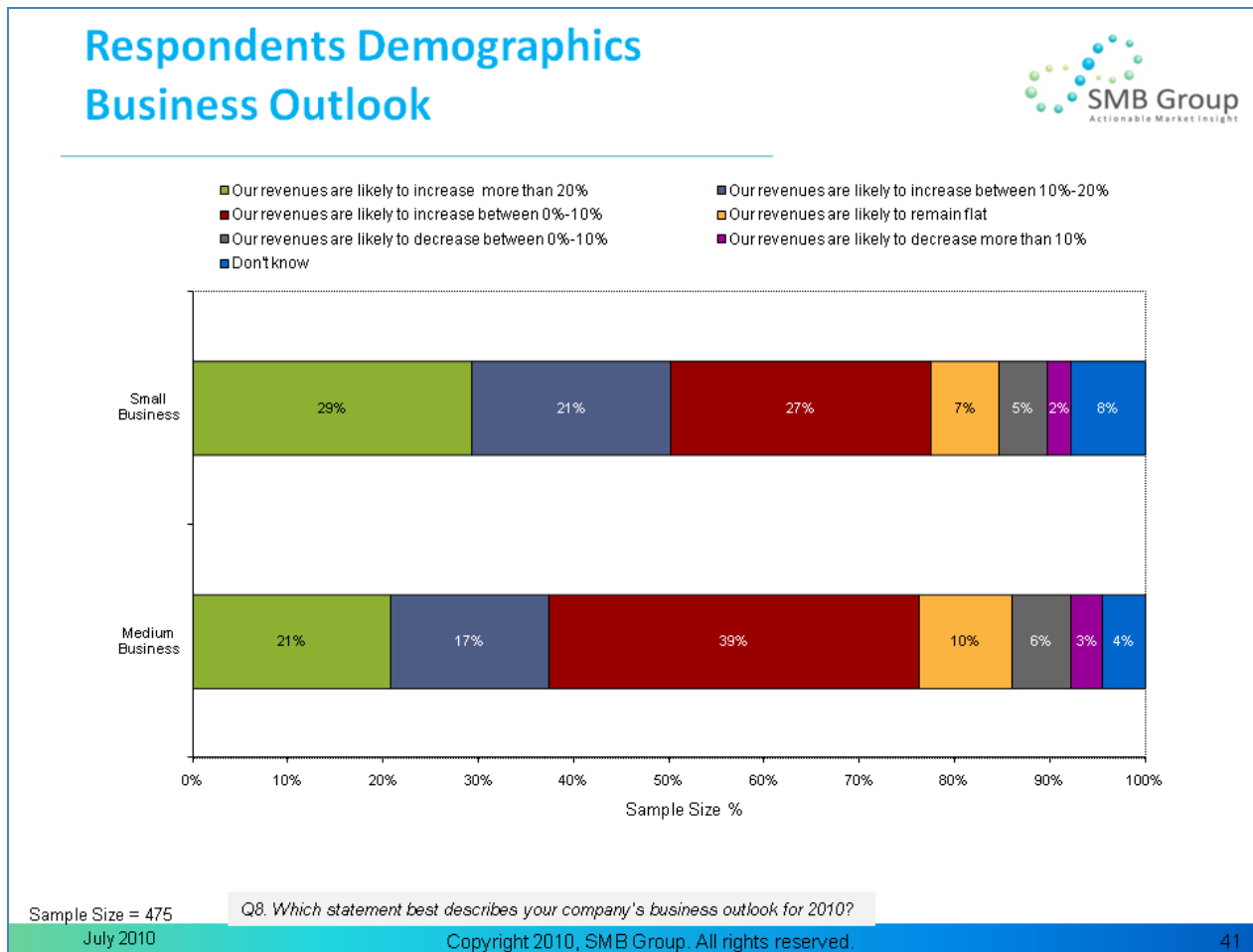
Despite the volatile economy, many North American SMBs are relatively optimistic about their business prospects, and plan to invest more in technology solutions in 2010 than they did in 2009, according to the SMB Group's 2010 Small and Medium Business Routes to Market Survey, which we fielded in June, 2010.

Business Outlook and Technology Spending

Our survey results (**Figure 1**) indicate that more than 75% of survey respondents are more optimistic about the overall economy in 2010 than they were in 2009. In addition, 50% of small business respondents and 38% of medium business respondents are forecasting 10% higher revenue growth for 2010 than for 2009.

This more positive outlook is giving a boost to investments in technology solutions and services. More than half of small businesses, and more than 60% of medium businesses say that they plan to spend from 1%-20% more on technology solutions and services in 2010 than they did in 2009.

Figure 1: SMB Business Outlook

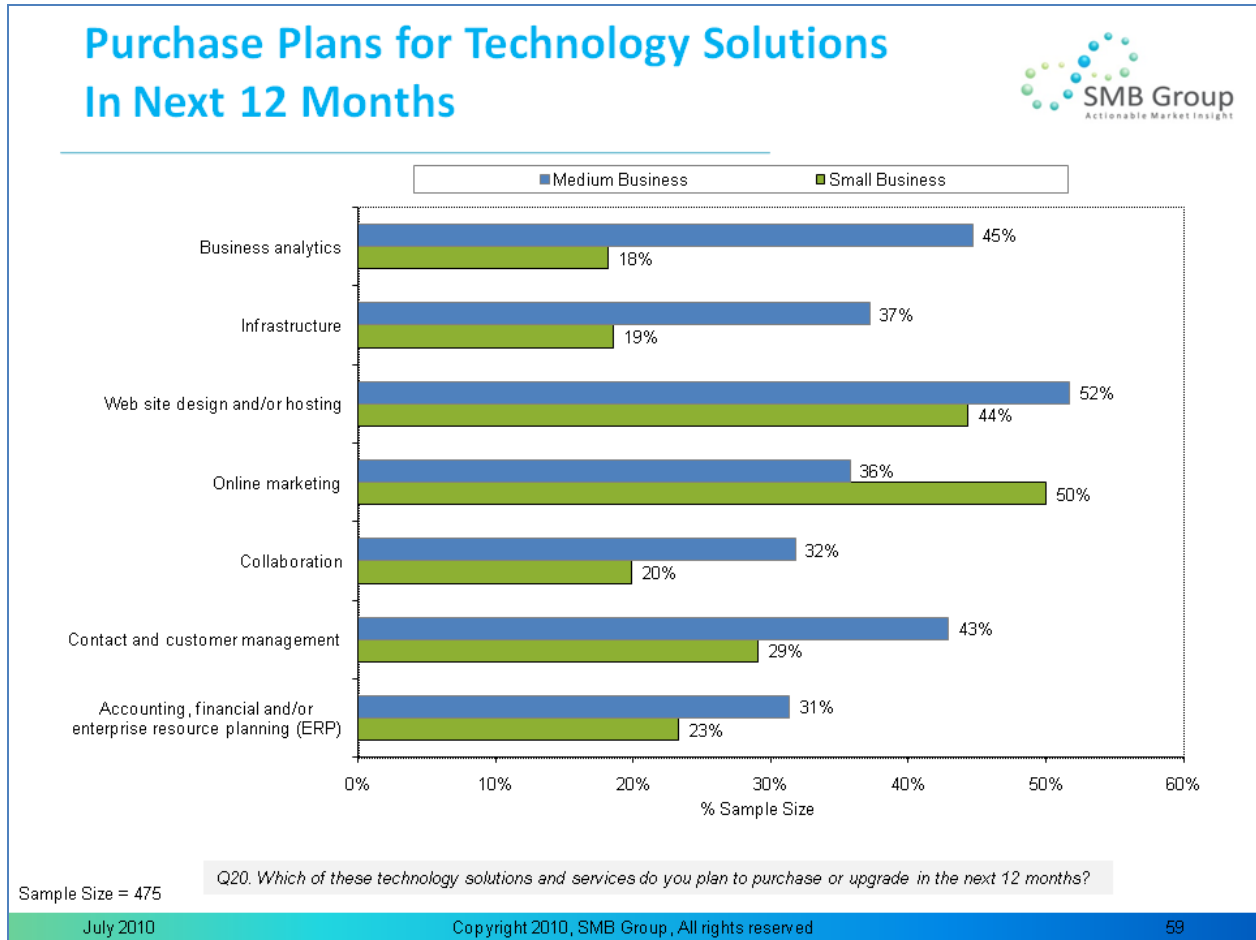


Areas of Investment

In the past 24 months, SMBs have been concentrating the bulk of their spending on customer facing applications, such online marketing, Web sites, contact/customer management that have a direct correlation to helping them to attract new customers, grow revenues and weather the recession.

In 2010, plans to implement customer-facing solution remain strong—but SMBs are also turning some of their attention to other areas as well, including infrastructure and collaboration, and business analytics in the medium business sector (**Figure 2**).

Figure 2: SMB Technology Solution and Service Purchase Plans



These findings confirm SMB Group’s **2010 Top 10 SMB Technology Market Predictions** that as the economy exits the recession, SMBs would be more willing to spend again. However, though pent-up demand for technology solutions and services is in evidence, it won’t be easy for vendors to capture. SMBs will spend only if they believe that the investment will help them operate more profitably, grow revenues, increase productivity, save money or gain time-to-market advantages. SMBs also need to balance investments in solutions that will give them strategic, long-term advantages vs. those that meet more urgent, short-term needs.

Confusion is a Key Inhibitor to Technology Investment

The survey also revealed that SMBs are often frustrated and confused about how to apply technology solutions to help them achieve their business goals. SMB respondents state that their top two technology challenges are to figure out how different types of solutions can help their businesses, and to get better insights out of the data they already have, as shown in **Figure 3**.

Figure 3: Top Two Technology Challenges

Top Two Technology Challenges	Small Business (1-99 employees)	Medium Business (100-999 employees)
Get better business insights from existing data	35%	32%
Figuring out how different solutions can help the business	32%	33%

SMBs find it tough to sort through a plethora of new technologies, geek-speak and indistinct solution value propositions to figure out what solutions will help their businesses, and frustrated that it's difficult to pull out the information and insights they need from the solutions and data they already have. Interestingly, these challenges are just as significant in medium businesses as in small ones, despite the fact that most medium businesses have IT staff, larger IT budgets and better access to external technology advisors.

Summary

With so many vendors and solutions to choose from in most solution categories, SMBs are increasingly in the driver's seat. They can--and should--demand that vendors do more to earn their business--requiring clear, differentiated value propositions, easy, low/no risk trials, transparent pricing and demonstrable evidence that solutions will help slash costs, increase productivity and provide payback value.

Background

The insights included in the blog are from a comprehensive SMB study on "[SMB Routes to Market for Technology Solutions](#)". The SMB Group's 2010 Routes to SMB Market Study helps

Technology software solutions vendors and services providers identify routes (channels) to the SMB market for their products and services based on how they go about making purchase decisions. Study results and analysis will help them make well-informed marketing, product development, media and channel decisions to successfully reach, influence and market to North American SMBs with one to 1,000 employees.



[SMB GROUP, INC.](#)

The SMB Group focuses exclusively on researching and analyzing the highly fragmented “SMB market” — which is comprised of many smaller, more discrete markets. We take a custom approach to working with clients, assessing where you are in the market today, and the steps you need to take to get where you want to be tomorrow. Our pragmatic, actionable research approach provides you with insights and recommendations you need to capitalize on shifting market requirements and trends, and create successful go-to-market outcomes. We also work closely with your marketing team to help integrate key findings and deliverables into your marketing and media outreach campaigns to boost market awareness and consideration of your offerings.