Report Card: 2011 Top 10 SMB Technology Market Predictions

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Before developing our 2012 predictions, we wanted to assess how we did on our ***Top 10 SMB Technology Predictions for 2011***. Here's our take on how we did--let us know what grades you would have given us! And stay tuned for our ***Top 10 SMB Technology Predictions for 2012*** which we will post in a few days!

If you're interested in any of the mentioned SMB market studies, we are offering special end-of-year discounts of up to 40% on these studies. Click here for more details.

Note: On this grading scale, 5 means that we came closest to hitting the mark, and 1 means we missed it entirely.

Prediction	Score	Comments
1. Mobile Commerce Lifts Off	**5**	Our 2010 Mobile Solutions Study revealed strong plans for mobile commerce, and a custom study we fielded in August put mobile commerce and payments at the top of SMBs' mobile apps list. Most important, this investment is paying off: • EBay's payments company PayPal reported a 552% increase in mobile payment volume for 2011 Cyber Monday over 2010 figures. • IBM reported mobile sales grew dramatically, reaching 6.6% of total e-commerce sales on Cyber Monday versus 2.3% in 2010. In 2012, we see SMBs to building on this by integrating mobile commerce with financials and CRM solutions.
2. SMBs Demand that Vendors Bring Order to Social Media Chaos	**3**	Almost 50% of SMBs said that they use social media In our 2011 Social Business Study. But only about half use it strategically, and just a small percentage use tools to manage social media. Although SMBs want to use social media more strategically, they face some big hurdles, including: • Not enough time to use social media effectively. • Can't decide what social media strategies will work best. • Too difficult to integrate social media with sales, marketing, service and other business processes • Unable to accurately measure the value of social media. While SMB demand is there, vendors have yet to fulfill it with effective, affordable and easy-to-use solutions.
3. App Stores Become a Key Information Source and Channel for SMBs	**3**	SMB use of app stores such as Salesforce AppExchange, Intuit Workplace and Google Marketplace grew from 23% in 2010 to 28% in 2011 in small business, and rose from 44% to 48% among medium businesses, according to our 2011 SMB Routes to Market Study (a refresh of 2010). But we also found that: • Only 6% of small businesses and 17% of medium businesses use app stores on a regular basis–which pales in comparison use of search engines, and falls far short of regular use of email newsletters; colleagues, friends and family; vendor web sites, and Facebook. Apps stores hold promise to help SMBs sort through the maze of solutions available, but app stores need to do more to become a premier and potentially disruptive SMB information and purchase channel.

4. The Shift to Cloud Computing and Software-as-a-Service (SaaS) Becomes Irreversible	**5**	Economic necessity and technological complexity is driving more and more SMBs to the cloud. Comparing data from our 2010 and 2011 SMB Routes to Market Studies, we see: • Momentum is increasing for cloud-based solutions in almost all solution categories. • Among both small and medium businesses, use of cloud collaboration solutions was up 10% and adoption of cloud accounting/ERP was up 2%. Is the cloud right for every solution? No. Is it right for every company? No. But the arguments for it--reduced capital costs, quicker to deploy, real-time visibility and collaboration among others--are increasingly making the cloud the option of choice for many SMBs.
5. A New Cloud Channel Model Forms	**4**	This transition is well underway and enabled by the growth of cloud computing, which relieves the channel of technical implementation. We see: • The growing importance of non-traditional IT channels, such as creative and marketing agencies for vendors such as HubSpot and Radian6. • Re-imagined channel partner programs from vendors like Intacct, which offers partners more opportunity and collaborative goal setting and IBM's Software Group, which rewards partners for value-add and renewals. This transformation is still work in progress, and one we'll be watching closely.
6. The Transition to the Insight Economy Gets a Bit Easier	**3**	The era of the zettabyte economy and big data is here. But the ease of dealing with it are mixed, according to our 2011 SMB Routes to Market Study: • 33% of medium businesses purchased/upgraded business intelligence solutions in past 24 months and 28% plan to purchase/upgrade in the next 12 months. • Mid-market specific BI offerings, such as IBM Cognos Express and SAP Business Objects Edge, and more function-specific solutions from vendors such as Adaptive Planning and Host Analytics--are fueling adoption. • Uptake is slower in small business: 16% purchased/upgraded business intelligence solutions in past 24 months, and 16% plan to purchase/upgrade in the next 12 months. Vendors are hitting the mark for medium businesses, but need more targeted solutions for small business to deliver "aha moments" for small companies.
7. Tablets Add Fuel to the Mobile Applications Explosion	**5**	Do we even need to back up for our score here?! We will anyway: • In a custom study completed this summer, we found 50 percent of SMBs have deployed or plan to deploy tablets, such as iPads, within the next twelve months • SMBs indicated that they plan to significantly increase spending on mobile devices and services in the next 12 months, with the highest jump in the 5-49 employee size band. • Mobile use of collaboration apps (email, calendar, etc.) is mainstream, and SMBs show strong plans to add business applications including payroll, time management, field service and mobile commerce, among others. This rapid uptake will continue as SMBs see more horizontal and industry-specific apps that are a perfect fit for the tablet form-factor. Now, the only question is whether another vendor will mount a serious challenge to the Apple iPad.

8. Better, Faster Integration Becomes a Key Business Solution Differentiator	**4**	SMBs understand that integration provides big business benefits, and they want solutions that streamline integration. • 23% of small and 28% of medium businesses indicated Integrating different applications as a top challenge, according to our 2011 SMB Routes to Market Study**.** • 64% of medium and 36% of small businesses use or plan to use an integrated collaboration suite, according to our 2011 SMB Collaboration Study. • 16% of SMBs have already integrated marketing applications with social media and 22% have plans to integrate them in the next 12 months, according to our 2011 Social Business Study. Vendors are addressing this demand with pre-integrated solutions and suites, embedded integrators for typical integration scenarios and cloud-based integration services.
9. Hybrid Computing Requirements Accelerate Virtualization Adoption	**4**	Religious wars continue to rage about the “false cloud” and “cloud washing.” But many SMBs are more interested in the ends--subscription based pricing, offloading IT management and speed to solution benefit--than they are in the means. The 2011 SMB Routes to Market Study reveals that: • 43% of medium and 16% of small businesses deployed/upgraded server virtualization solutions in the past 24 months while 31% of medium and 14% of small businesses plan to deploy/upgrade them in the next 12 months. • 32% of medium and 17% of small businesses deployed/upgraded desktop virtualization solutions while 29% of medium and 13% of small businesses plan to deploy/upgrade them in the next 12 months.
10. Continued Convergence of Unified Communication and Collaboration Suites	**4**	Vendors continue to consolidate more services into their offerings and SMBs are getting on board. • 64% of medium and 36% of small businesses use or plan to use an integrated collaboration suite, according to our 2011 SMB Collaboration Study. • 33% of small businesses are using VoIP (on-premise and hosted) solutions; 33% use Internet phone and video conferencing (e.g. Skype); and 35% use web conferencing. They also indicate strong plans to add more communications services: in the next 12 months: web conferencing (16%); voicemail to email (16%); fax-to-email (15%); and hosted VoIP (13%). • Medium businesses are further along the curve: 74% already use VoIP on-premise and hosted services; 66% use web ferencing; 55% use fax to email and web conferencing and 42% use Internet phone and video conferencing (e.g. Skype). Plans are also strong to add web conferencing (16%); voicemail to email (16%); fax-to-email (16%); and hosted VoIP (13%). Integrated services lower costs and a unified platform makes it easier for SMBs to get more value from their collaboration and communications solutions without the hassles of separate sign-ons and different user interfaces--which will continue to drive this trend in 2012.