

SMB Group Top 10 SMB Technology Trends for 2015

Here are SMB Group's Top 10 SMB Technology Trends for 2015! A more detailed description of each follows below.

(Note: [SMB Group](#) is the source for all research data quoted unless otherwise indicated.)

1. Cloud is the new IT infrastructure for SMBs.
2. SMB IT staff and channel partners evolve into cloud managers.
3. SMBs recalibrate IT strategy and spending for a mobile world.
4. The Internet of Things (IoT) comes into focus.
5. SMBs reinvent marketing for the new buyer journey.
6. KPIs trump ROI and TCO as the new “show me” metric.
7. Analytics gets SMB-friendly with “bring your own data” and freemium offerings.
8. It's time to reimagine work.
9. SMBs place a premium on protection.
10. SMBs opt for an incremental, integrated solutions approach.

Detailed SMB Group Top 10 SMB Technology Trends for 2015

- 1. Cloud is the new IT infrastructure for SMBs.** SMBs increasingly view technology as a key business enabler. According to SMB Group research, 67% of small businesses (1–99 employees) and 81% of medium businesses (100–999 employees) say that technology solutions help them improve business outcomes or run the business better. However, most SMBs don't have the resources necessary to keep pace with technology on their own. Just 19% of small businesses employ full-time dedicated IT staff. And while 86% of medium businesses have internal IT staff, they are typically IT generalists who lack expertise in newer technology areas such as mobile and analytics. As SMB requirements for fast, easy access to new social and mobile analytics solutions, more compute power and storage, and other services have been increasing, cloud adoption has boomed— with 92% of SMBs are now using at least one cloud business solution and 87% using at least one cloud infrastructure solution. In 2015, cloud solutions are poised for hockey stick growth as more SMB decision-makers turn to a cloud-first approach that not only supports existing business models, but also enables them to develop innovative new products, services and business models. Public cloud adoption will continue to significantly outpace that of private cloud, but more medium businesses in particular will consider a hybrid cloud approach, particularly in industries and applications where security and privacy are top concerns.
- 2. SMB IT staff and channel partners evolve into cloud managers.** As the cloud becomes mainstream, both internal SMB IT staff and external channel partner roles will evolve

from implementation and break/fix support to become more proactive and strategic. SMBs will look for staff and channel partners that can work with line-of-business decision-makers to better align technology investments with business goals, select best-fit solutions and manage cloud service providers. Internal IT staff and channel partners will also need stronger integration expertise to help SMBs get more value from their technology investments. Channel partners will need to cultivate consultative selling and adjust staffing skill sets accordingly. SMB decision-makers will seek help to better understand and articulate new skill-set requirements, and to hire and/or contract for these needs. They will be hungry for thought leadership from SMB vendors, analysts and other influencers.

- 3. SMBs recalibrate IT strategy and spending for a mobile world.** A growing majority of SMBs now regard mobile solutions as essential business enablers, with 60% saying that mobile solutions are critical to their business. 86% of SMBs agree or strongly agree that mobile apps are a complement to traditional business applications, and 71% believe that mobile apps will replace some traditional solutions entirely. Mobile solutions also account for a growing share of SMBs' technology budgets. SMB median spending on mobile technology and solutions as a percentage of total technology spending rose from roughly 12% in 2013 to 16% in 2014. Mobile service and device costs still account for the bulk of SMB mobile budgets, but SMB spending in other areas is rising as a percentage of mobile spend. On average, in 2014, SMBs spent 11% of their mobile dollars on apps, 9% on security, 11% on mobile management and 8% on consulting. Planned increased investment in mobile apps and more diverse mobile devices will necessitate a spike in mobile management adoption as well.
- 4. The Internet of Things (IoT) comes into focus.** IT vendors and prognosticators have been forecasting explosive growth for more intelligent and connected devices of all types. However, many IoT scenarios have been cast in a consumer light, such as smart watches and Tile (a locator for items such as keys and glasses), and the IoT vision has been fuzzy for many SMBs. In 2015, however, early but compelling use-case scenarios and solutions will emerge, leading more SMBs to the "aha" moments required to spark adoption. For instance, radio-frequency identification (RFID) has been used in logistics to track pallets and crates for some time, but mostly in closed-loop systems for high-value goods. IoT will help reduce RFID costs, making it more practical and appealing to retailers to use in order to help improve inventory accuracy, automate customer checkout and reduce theft. Beacons, which are indoor positioning systems that communicate directly with smart phones via Bluetooth, provide another compelling SMB use case. For example, a network of in-store beacons can identify the location of customers in a store and send them push notifications. Or, a trucking company could install beacons to monitor the state of its trucks, provide more timely maintenance, reduce vehicle downtime and decrease costs. Once SMBs understand use cases more clearly, IoT will hold great appeal because it is mostly invisible to end users, which negates adoption issues, and it provides real-time data for better decision-making and better business outcomes.

- 5. SMBs reinvent marketing for the new buyer journey.** The buyer journey is evolving rapidly and includes many more touch points than ever before. SMBs must transform their marketing approach to connect with more prospects and customers, and to provide them with the right information at the right time in the buying journey. Although many small and even medium businesses rely on point solutions, more will turn to an integrated marketing approach. In 2014, 20% of small businesses and 25% of medium businesses had purchased/upgraded to a marketing automation solution in the past 24 months. Meanwhile, 22% of small businesses and 26% of medium businesses plan to purchase/upgrade a marketing automation solution in the next 12 months. More SMBs will realize that choosing the right marketing automation solution is one of the most important technology decisions they will make, particularly as cloud, mobile, social, analytics and other technologies continue to transform the buying process.
- 6. KPIs trump ROI and TCO as the new “show me” metric.** Historically, vendors have tended to focus on proving solution value through return on investment (ROI) and total cost of ownership (TCO) analysis and metrics. But these assessments and metrics, while often beneficial, are frequently too vague and/or too dependent on nuanced measurements to be compelling for SMBs. In comparison, key performance indicators (KPIs) can provide SMBs with specific, actionable insights on business performance and what areas need improvement. With so many vendors fighting for SMB dollars, SMBs will increasingly seek out those that help them understand what KPIs are most relevant for their business and industry, and those that provide credible, specific metrics about how their solutions affect these KPIs.
- 7. Analytics gets SMB-friendly with “bring your own data” and freemium offerings.** Most SMBs don’t have data analysts on staff. These businesses often are intimidated by analytics solutions, which have traditionally been expensive, complex and difficult to use. But cloud computing, better user interfaces, visualization tools, improved algorithms and natural language capabilities as well as a growing number of freemium offerings designed for business decision-makers—not data scientists—are poised to change this. For instance, IBM’s Watson freemium offering allows users to bring in data from many sources, and it has capabilities that reduce data preparation and loading time, including a “fix it” button to repair data quality issues. Once data is plugged into Watson, users can query in natural language to analyze information. As more solutions designed for people with little or no data preparation and analytics skills emerge, analytics will become more consumable for SMBs.
- 8. It’s time to reimagine work.** Whether you prefer the hashtag *#futureofwork*, *#newwaytowork*, *#reimaginework* or something else, it’s clear that change is on the horizon. Processes, tools, attitudes and behaviors are shifting as mobile, social, cloud, analytics, IoT and other technology advances take hold in SMBs. Likewise, demographic shifts are reshaping the makeup of SMB workers as well as their expectations of what technology should do and how it should do it. For instance, millennials and digital

natives are rising through the workforce ranks, while baby boomers are starting to retire or move to part-time work. Meanwhile, the ranks of temporary and contract workers continue to grow. The National Employment Law Project found that temporary help agencies, staffing agencies, professional employer organizations and employment placement agencies fill 2.5% of all jobs, up from 1.4% in 1990. In addition, easy-to-use consumer apps and devices have raised the bar for user experience in the business-to-business (B2B) world. This changing mix of resources, behavior, attitudes and requirements will lead more SMBs to seek better, easier and more affordable ways to access, evaluate, buy and get productive with technology solutions. Vendors that understand and plan for this evolution, provide clear solution value and make SMB customers feel that they are part of a strong ecosystem will have a decisive edge as this trend unfolds. Providing easy access and free trials, clear messaging, a delightful user experience, superior support and vibrant user communities will be key to tapping into this trend.

- 9. SMBs place a premium on protection.** SMBs are already using basic security and backup tools. However, our research shows that most use point solutions that only tackle part of the problem. The use of more comprehensive solutions to protect and manage data is still far from the norm. But greater reliance on technology, an increasing number of “moving parts” (traditional apps and infrastructure, cloud, social, mobile, etc.) and the need to manage data no matter where it resides necessitate better security, control and management capabilities. SMBs need only turn on the news to understand the financial, brand and legal ramifications of data breaches at large companies such as Sony Pictures, Home Depot and eBay. As awareness rises, SMBs will place a premium on more comprehensive solutions from vendors that offer proactive guidance, deeper expertise, stronger service-level agreements (SLAs) and 24/7 support for an always-on world.
- 10. SMBs opt for an incremental, integrated solutions approach.** New cloud, mobile and social solutions have made it easier for SMBs to access and use new applications, but they have offered little help with integration. Although 63% of SMBs have partially integrated some applications, 79% still rely on manual Excel file uploads or custom code for integration, which underscores the severity of the problem. SMBs typically lack the expertise and resources to manage the entire integration process, and they need solutions that both encompass and better integrate cloud, mobile, social, analytics, security and other technologies. However, SMBs don’t want—and can’t digest—monolithic solutions. Vendors need to accommodate SMB integration requirements with a LEGO-like approach that enables SMBs to acquire only what they need at a given point in time, and then to add on new capabilities (their own or those of partners) with as little friction as possible when new needs arise. Although integration remains one of the toughest technology nuts to crack, we see new hope. Open ecosystems, embedded integration capabilities and stronger APIs should help pave the way, as should toolsets designed to help non-technical users to configure integrations without coding if they understand business integration workflows and requirements. Built-in collaboration and

social communities to help users crowdsource information, find experts and share and/or sell integrations will also be key to making SMB integration a reality.

About SMB Group

SMB Group focuses exclusively on researching and analyzing the highly fragmented “SMB market”—which is composed of many smaller, more discrete markets. Within the SMB market, SMB Group’s areas of focus include: Emerging Technologies, Cloud Computing, Managed Services, Business and Marketing Applications, Collaboration and Social Media Solutions, IT Infrastructure Management and Services, and Green IT.