

2024 Top 10 SMB Technology Trends

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Introduction

2024 promises to be a year of innovation, challenges, and opportunities for small and medium businesses (SMBs). The technology landscape is always changing, but this is a time when technological agility can be the difference between thriving and merely surviving.

Our 2024 Top 10 SMB Technology Trends offers a view of key technology, related trends, and how SMBs are preparing to leverage them in 2024. Each trend is examined through the lens of its potential impact on SMBs. Because SMBs are very diverse, and often operate with limited resources, it is critical to understand which trends align most closely with individual business objectives and priorities. For some, this may mean doubling down on cybersecurity measures as threats become more sophisticated. For others, it may involve using generative AI to ramp up capabilities to digitize, scale, and personalize marketing, sales, and service. It may also involve integrating sustainability practices into their core operations.

We hope that this report will provide a fresh opportunity for you to think about how your business can harness these technology trends to carve out a future with a more successful and forward-thinking strategy in 2024.



SMBs Lean into Optimism for 2024 Despite Continuing Macro Challenges

It's been nearly four years since COVID-19 drastically changed our lives and businesses. As we head into 2024, the pandemic's direct impact has faded, but inflation and the risk of a recession are still major concerns for SMBs.



Inflation, while slowing, continues to impact SMBs by narrowing profit margins and reducing customer buying power.



And, while everyone hopes for a soft landing, the threat of a recession also continues to loom, creating additional worries about sales, profit, and cash flow.

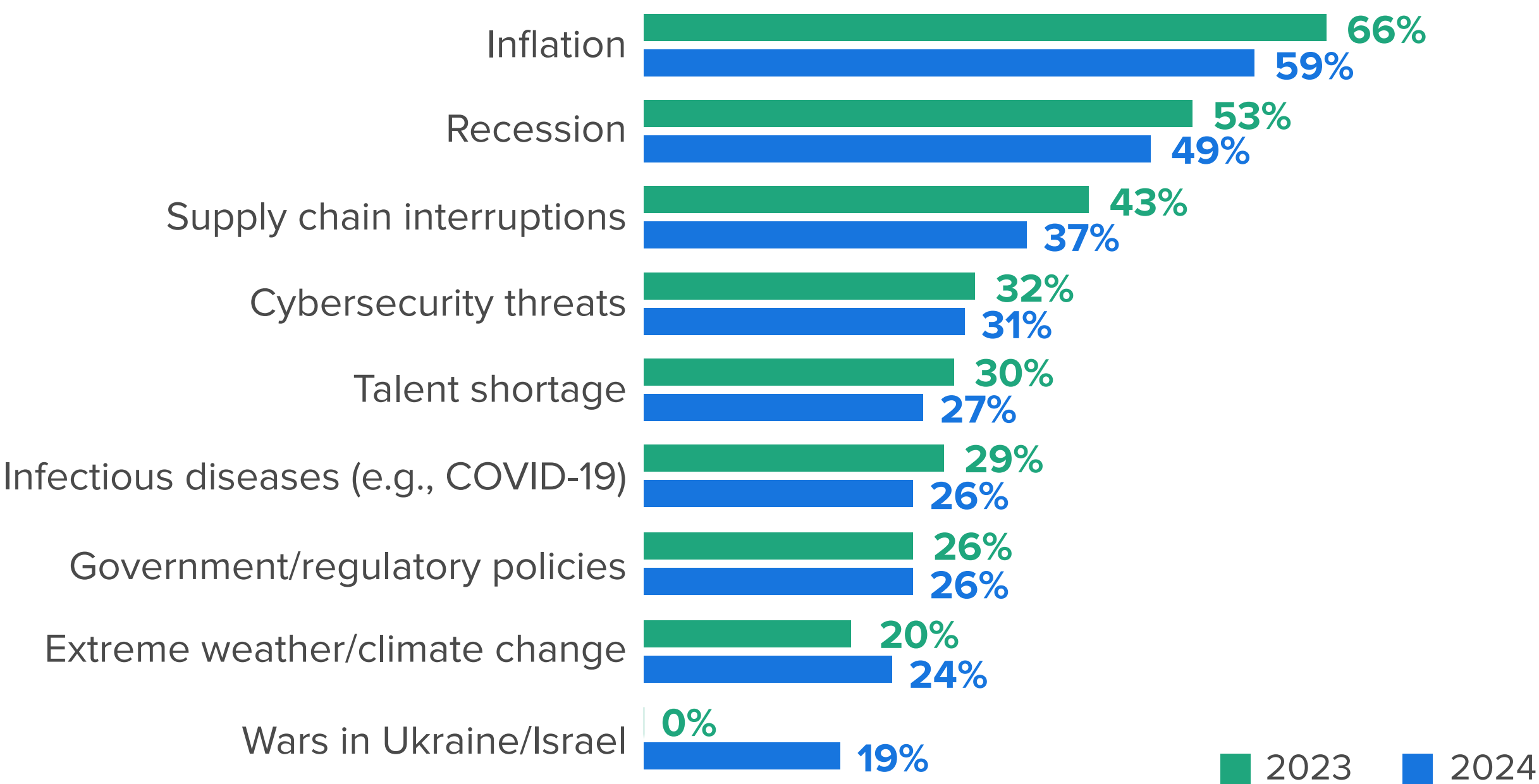


Despite these and other issues—from the talent shortage to cybersecurity threats—SMBs are generally optimistic. Over half believe that the business environment will improve in 2024, and approximately two-thirds expect their revenues to increase.

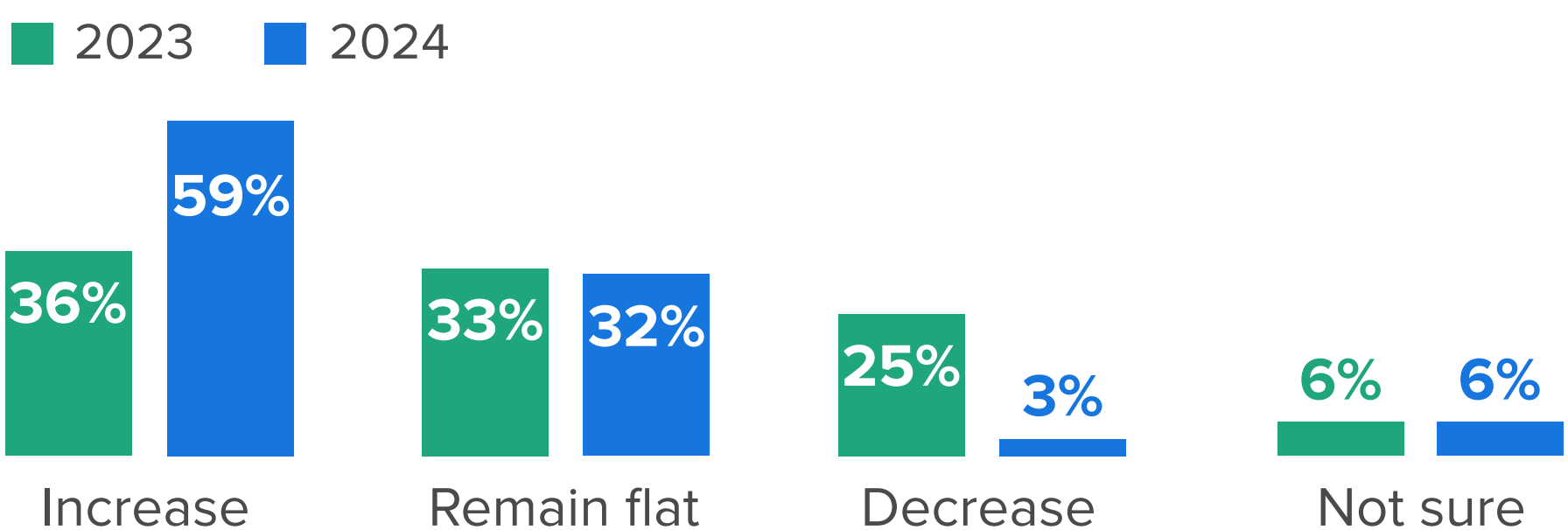


This underscores the dual reality for SMBs: despite limited financial buffers they remain resilient and positive about the future. This outlook provides the context for their business and technology investment decisions for 2024.

Top macro challenges



Revenue expectations

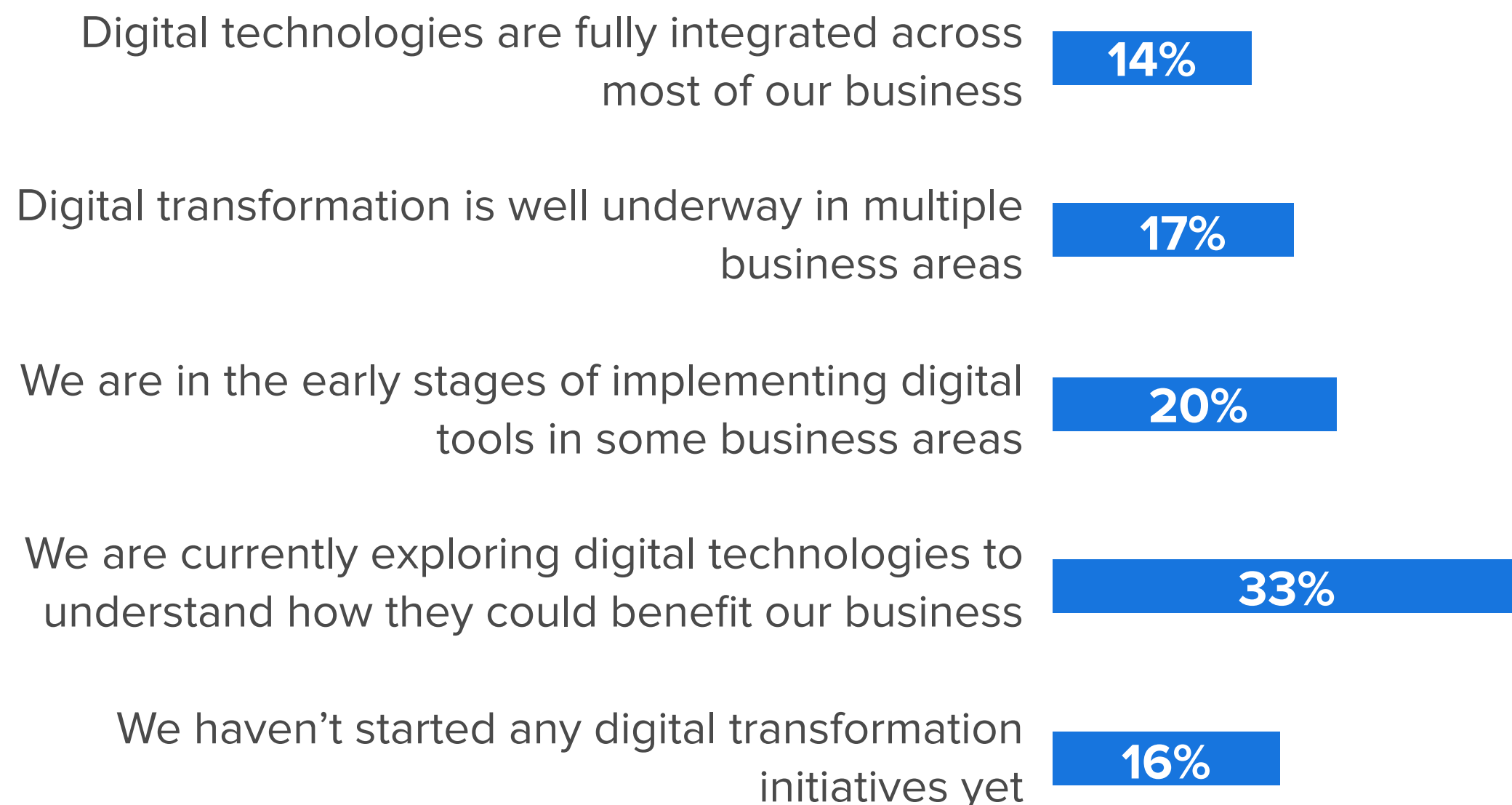


SMBs Increase Technology Budgets for 2024

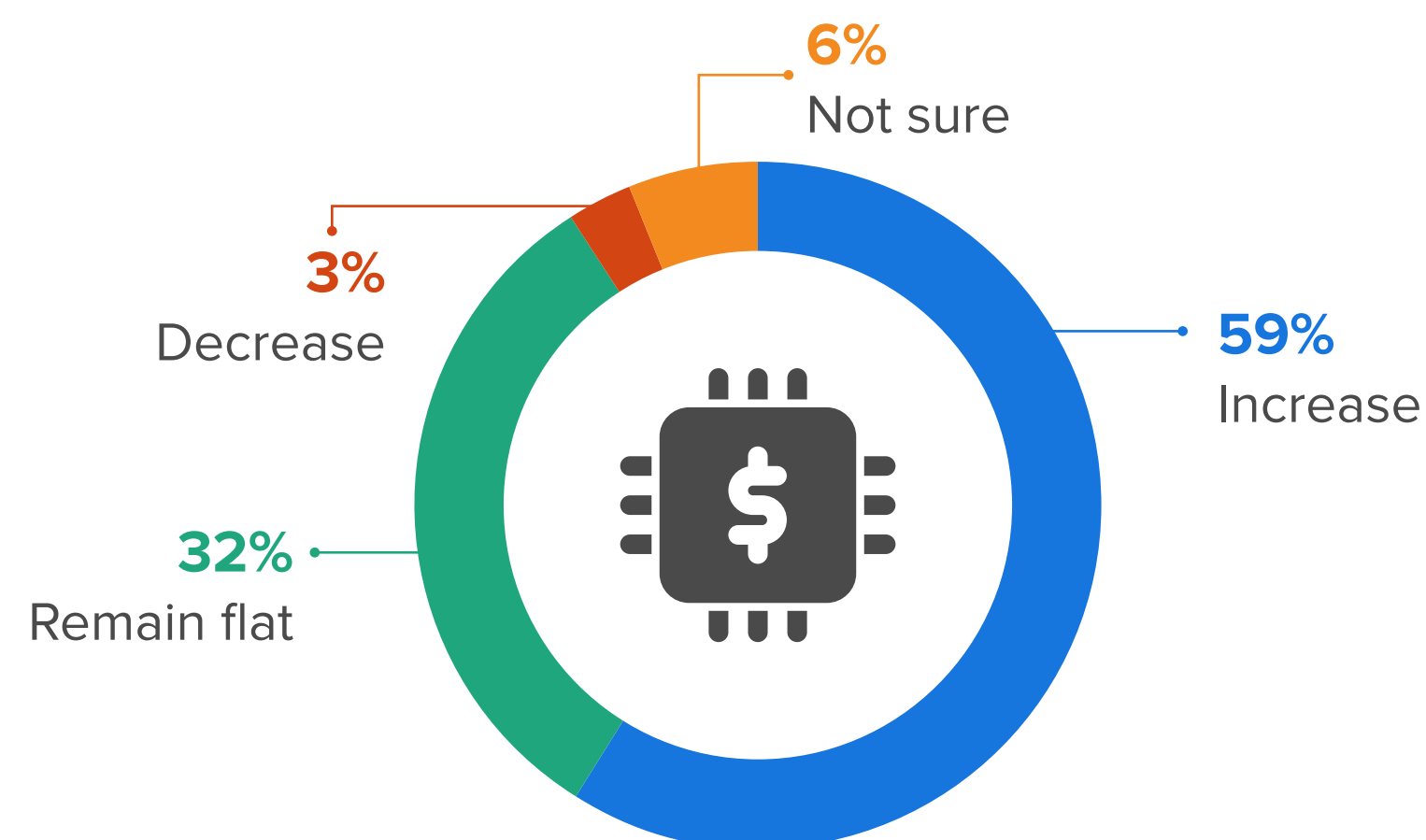
SMBs are often painted as tech laggards. But most have at least started down the path towards digital transformation, and a majority are planning to increase technology spending in 2024 to help move their companies forward.

As they continue to navigate shifting business landscapes with initiatives to help them to adapt and thrive, SMBs cite investing in new technology to automate and improve operations as their top strategic initiative for 2024.

Stage of digital transformation



Expected change in technology spending from 2023 to 2024



#1 strategic initiative for 2024

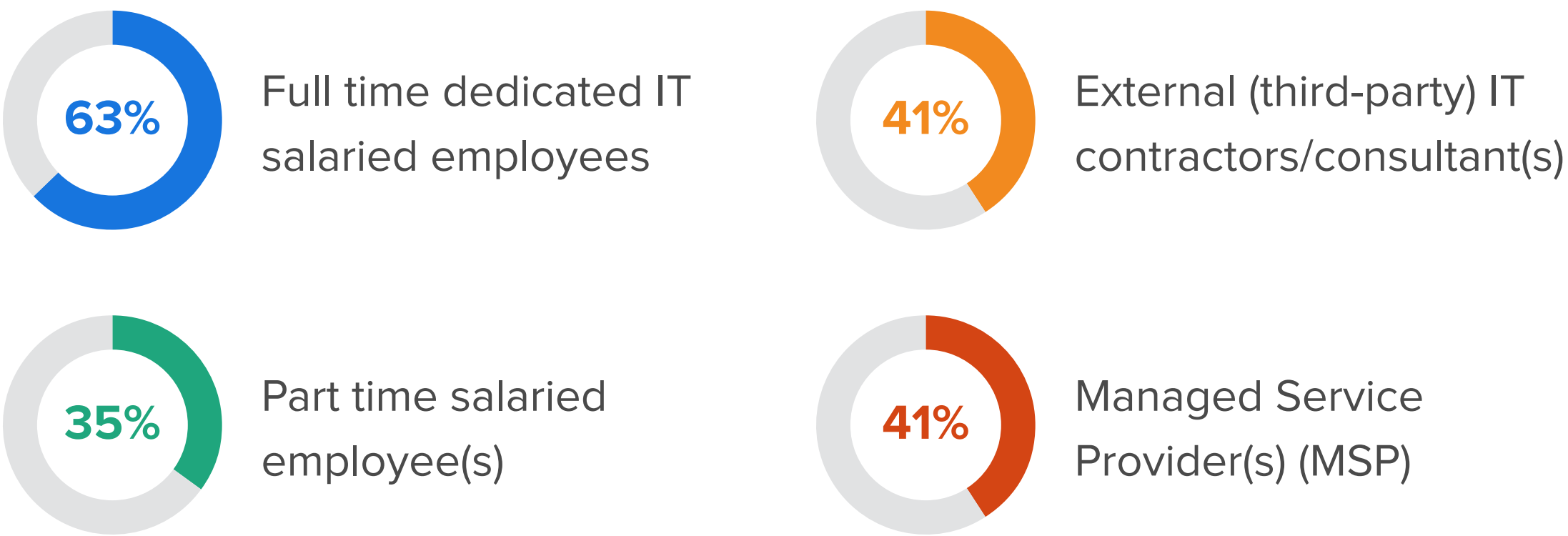


Increase technology investments to automate and streamline operations

SMBs are turning to technology to streamline operations and enhance interactions with customers and partners. They are also using it to improve decision-making and productivity, highlighting the role of technology in improving overall business performance.

To ensure tech spending pays off, many SMBs are also expanding their teams, bringing on new IT staff and external experts. These resources will be crucial for deploying new solutions effectively and unlocking the full potential that technology offers.

Hiring/contracting plans for IT resources in 2024



Top benefits technology provides to the business



SMBs Align Technology Spending with Strategic Initiatives

Almost all SMBs share a quest to expand their market presence and boost their bottom line.

But the strategies they employ to achieve these objectives can range widely. Each business tailors priorities to its current market position, with a sharp eye on future objectives and the tactics they believe will bridge gaps to success.

However, a common thread persists: the intent to use technology as a catalyst. A majority plan to make new tech investments to help them accomplish other top strategic goals.

SMBs regard technology as not only as essential to operational efficiency, but as fundamental to staying competitive and achieving growth.

SMB plans to invest in technology to support strategic initiatives




Strategic initiative	Percentage ranking it in the top 5	Percentage planning to make new technology investments
Improve programs to attract, engage and reskill/upskill employees	30%	80%
Strengthen our online and digital presence	27%	75%
Improve financial management and compliance practices	27%	75%
Implement new customer service practices to enhance responsiveness	25%	74%
Strengthen data protection and cybersecurity	25%	78%
Expand into new markets (e.g., new geographies, industries, etc.)	24%	77%
Revise business continuity plans to better prepare for unforeseen events	23%	42%
Diversify products/services to meet new market demands	22%	66%
Build a more flexible supply chain to manage disruptions	22%	72%
Enhance planning and analytical capabilities	22%	74%
Adopt more sustainable practices to address environmental challenges	21%	71%
Secure additional credit/financing	17%	73%

AI: The New Frontier for SMB Automation and Innovation

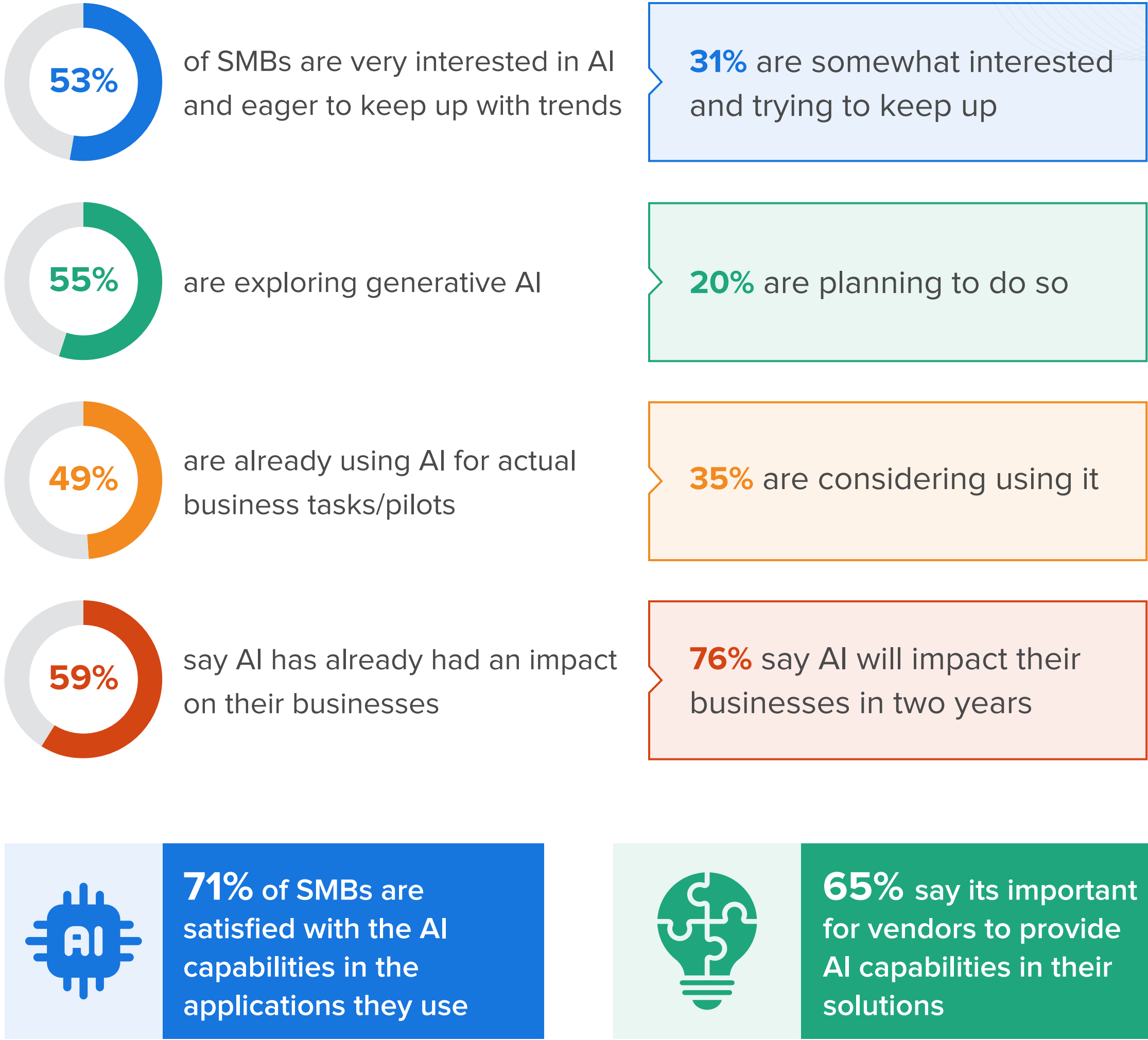
Generative AI has made it easy for SMBs to explore AI and how to use it to reshape business processes and innovate—creating a tsunami of interest, engagement, and adoption.

This AI wave is not just about riding the trend; it’s about practical applications that enhance efficiency and decision-making across the board. SMBs are eager to see how AI-driven automation can help improve efficiency, streamline workflows, and assist with decision-making in many areas.

Most will be looking to take advantage of AI capabilities in the applications they already use to help them improve day-to-day operations and gain better insights for smarter decision-making. Examples include the ability of AI to:

-  Streamline invoicing, expense tracking, and financial reporting, and provide predictive analysis for cash flow management.
-  Handle customer inquiries, provide support, and process orders or bookings with AI-powered chatbots and virtual assistants.
-  Quickly produce draft content for marketing campaigns, shortening facilitating the creative process.

The continual evolution of AI, with capabilities like object recognition in visuals, will further expand what’s possible for SMBs, enabling them to scale efficiently and achieve more with their resources.



The Value of Cloud Computing Platforms Grows

 The cloud’s growth trajectory is strong, with the market expected to leap from \$677.95 billion in 2023 to \$2,432.87 billion by 2030. ³

Small and medium-sized businesses (SMBs) are riding this wave, with the vast majority already utilizing multiple cloud and Software-as-a-Service (SaaS) solutions. More than three-quarters say that it is very or somewhat important that new applications that they are considering purchasing in 2024 are available as cloud/software-as-a-service (SaaS) solutions.

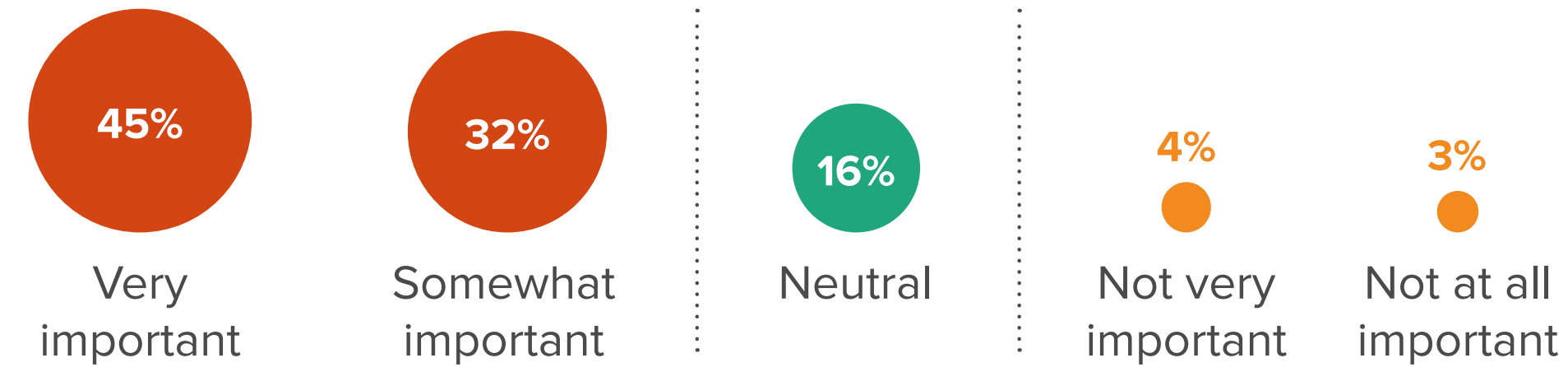
Most SMBs are already benefitting from the time, ease of use, cost, and flexibility advantages that cloud solutions offer. But the value that cloud platforms offer is set to expand exponentially as AI transforms the technology and business landscape.

AI models, such as ChatGPT, Bard, and similar technologies, rely on extensive data and significant computing power. While most SMBs lack the resources for such operations, they can access AI capabilities integrated into SaaS offerings and AI-as-a-Service provided by public cloud platforms.

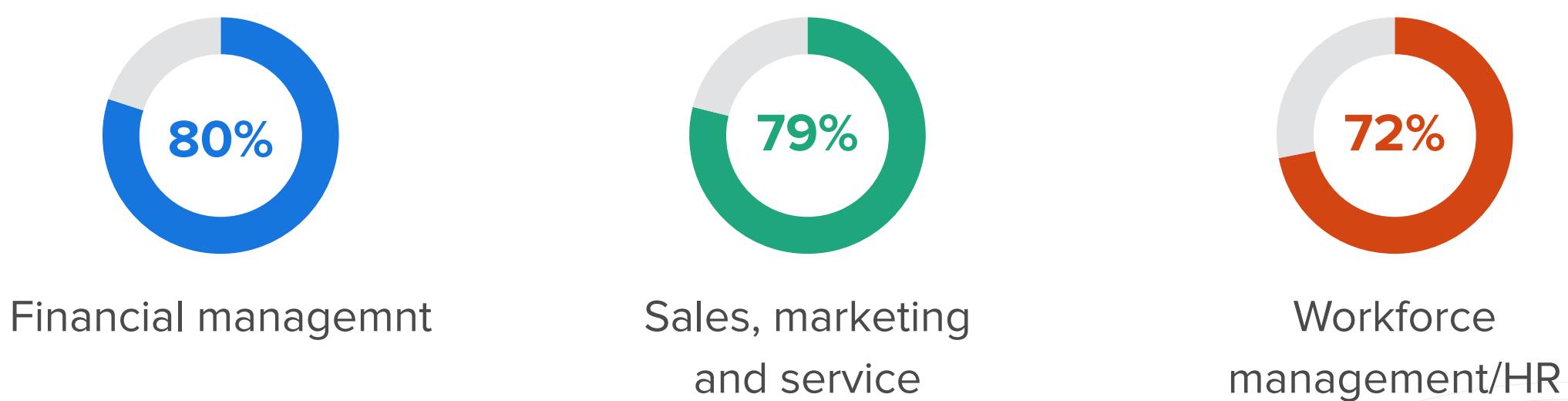
SMBs can also gain access to the Internet of Things (IoT), real-time data analytics, blockchain, and other cutting-edge technologies without the burden of heavy upfront infrastructure investments. Major cloud vendors’ app marketplaces provide users with access to pre-integrated solutions.

Finally, industry-specific clouds that incorporate AI into their platforms are poised to provide SMBs with more effective end-to-end solutions.

Importance of new technology investments being available as cloud solutions



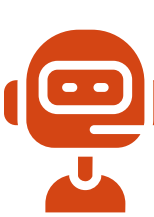


Percentage saying it is very or somewhat likely that they will select a cloud/software-as-a-service solution when they need to add new capabilities



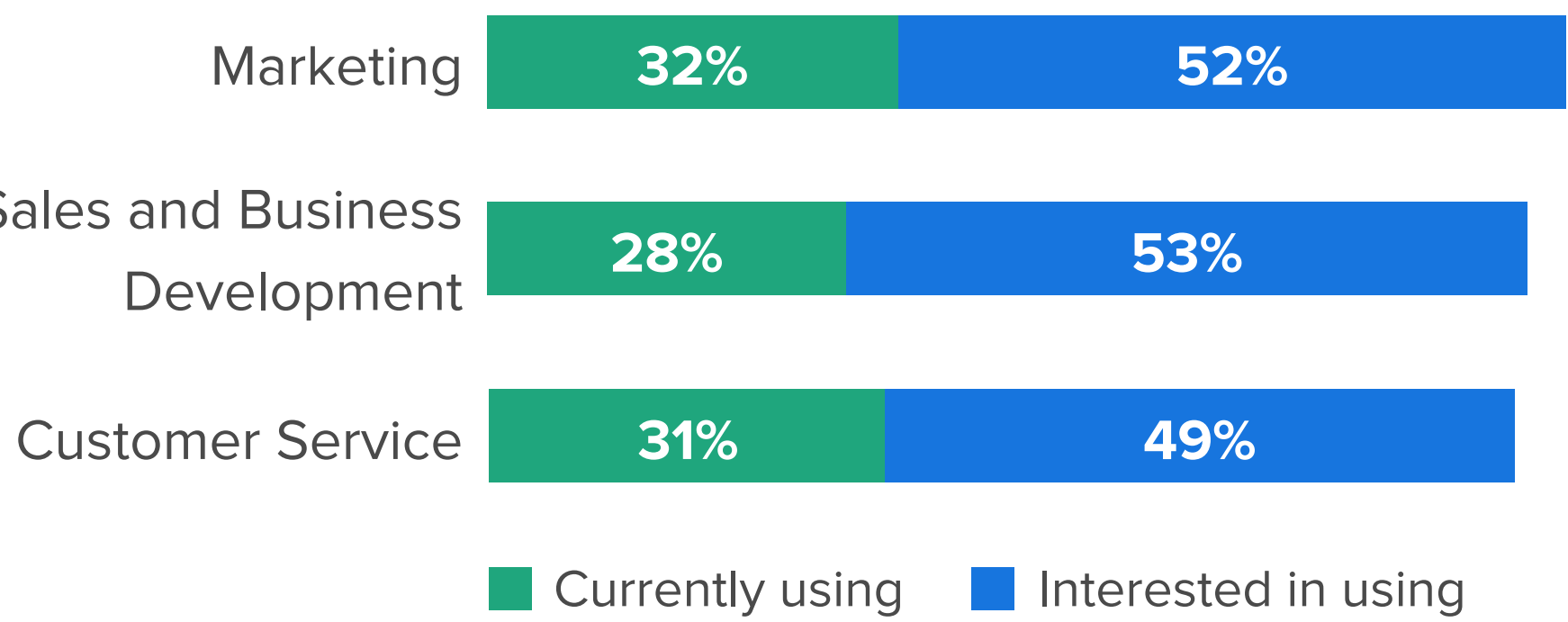
Generative AI Inspires a New Wave of Digital Personalization

Automation and machine learning have already enabled many SMBs to digitize, scale, and personalize marketing, sales, and service interactions. For instance, businesses have been using e-commerce solutions to tailor shopping experiences with recommendations based on browsing history, boosting sales. As generative AI capabilities become more ubiquitous, SMBs will be able to take personalization to new levels through digital conversations, interfaces, content, and experiences. Key applications include:

-  Quickly creating targeted marketing material, from campaign drafts to finalized content to speed up the creative workflow.
-  Predicting inventory needs and managing stock automatically to streamline operations and reduce waste.
-  Deploying AI-driven chatbots and virtual assistants to field customer queries and process orders efficiently, improving the customer service experience.

As the data shows, almost one-third of SMBs are already using AI to some extent to improve customer interactions, engagement, and sales, and about half plan to do so in the future. As generative AI continues to evolve, identifying items in videos and images for instance, it is setting SMBs on a course of continuous innovation and growth—doing more with less, and doing it smarter.

Current use and interest in using AI for marketing, sales, and service



Top 3 tasks SMBs use/plan to use AI for*

Marketing	Sales	Customer Service
<ul style="list-style-type: none">Identify trends/opportunitiesContent creationPersonalize email campaigns/marketing offers	<ul style="list-style-type: none">Sales planning/forecastingTranscribe/summarize account informationCreate personalized emails	<ul style="list-style-type: none">Generate automated repliesMonitor social media for issuesChatbots to answer questions

**Among respondents currently using and considering using applications with AI capabilities*

SMBs Navigate Workforce and Workplace Goals

As they enter 2024, many SMBs are confronting the challenge of aligning their desire to have employees return to the office with the ongoing talent shortage and the workforce’s growing demand for flexible work arrangements.

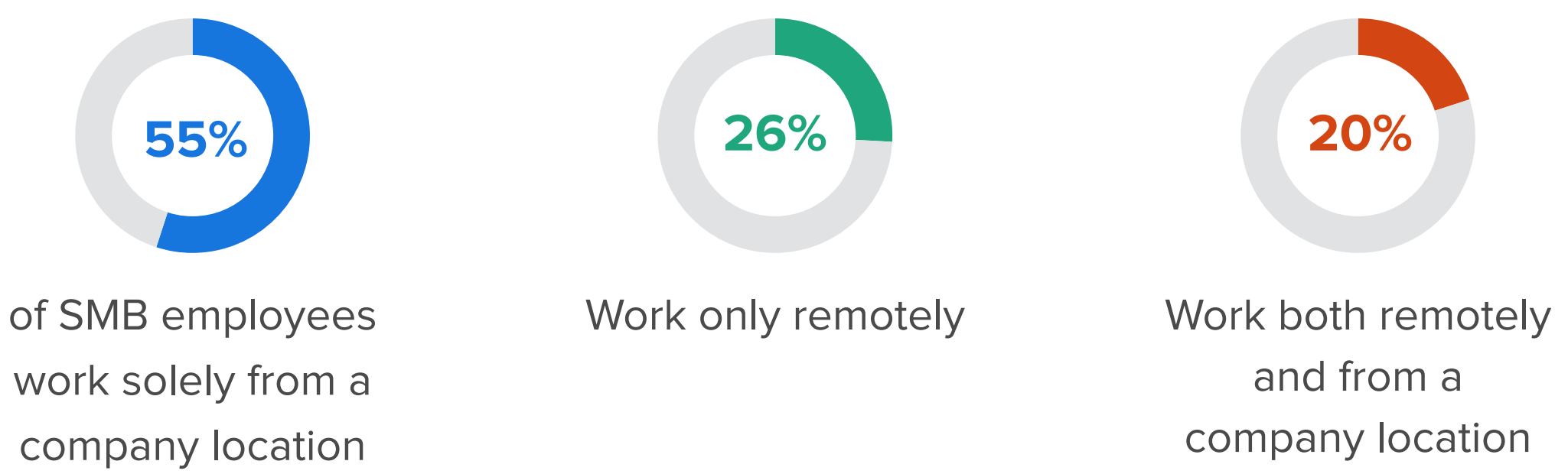
Currently, 55% of SMB employees work only at a company location, 26% work only remotely, and 20% work both remotely and from a company location. However, in 2024, roughly two-thirds of SMBs intend to either require or encourage their employees to work on-site, aiming to enhance teamwork, productivity, and access to company resources.

At the same time, about half of SMBs are planning to hire additional salaried employees. While most are fairly confident that they’ll meet hiring goals, they are competing for talent in a tight labor market.

In addition, there’s a notable disconnect between the intentions of SMBs and the wishes of their employees. Approximately 48% of employees would prefer to work remotely full-time, and another 44% are in favor of a hybrid working model.¹

In 2024, SMBs will need to strike a balance to both attract and retain talent, and to foster collaboration and productivity. To do so, SMBs must craft strategies and leverage technology to foster productivity and teamwork in a mix of flexible work environments.

Where SMB employees work



Top 3 reasons to encourage/require employees to work from a company location

#1	Enhance teamwork
#2	Improve productivity
#3	Provide better access to company resources

Top 3 internal collaboration priorities for 2024



#1 Improve real-time communication capabilities



#2 Make meetings more productive and efficient



#3 Help employees use collaboration tools more effectively

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SMBs Gear Up for Growth with Sustainability Commitments

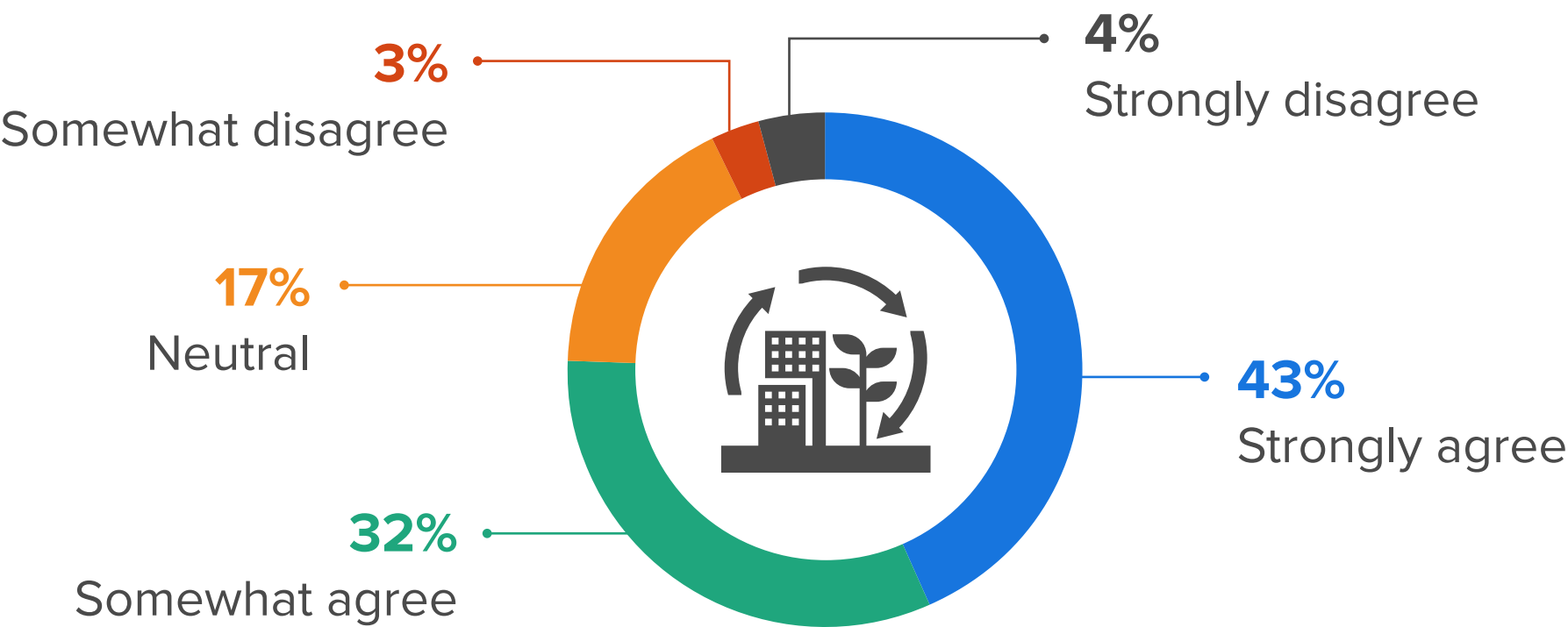
Environmental, social, and governance (ESG) strategies and programs are now common practice for most large, publicly traded corporations. This holds true despite recent efforts to politicize ESG, and for good reason: The ranks of socially conscious customers, employees, and investors are rising, and they prefer to do business with socially responsible companies.

While SMBs tend to lag their large enterprise counterparts, 75% of decision-makers agree that a strong sustainability strategy can help them improve business results—up from 57% a year ago.² In addition, almost half say that ESG considerations either drive their company strategies or influence many of their decisions.

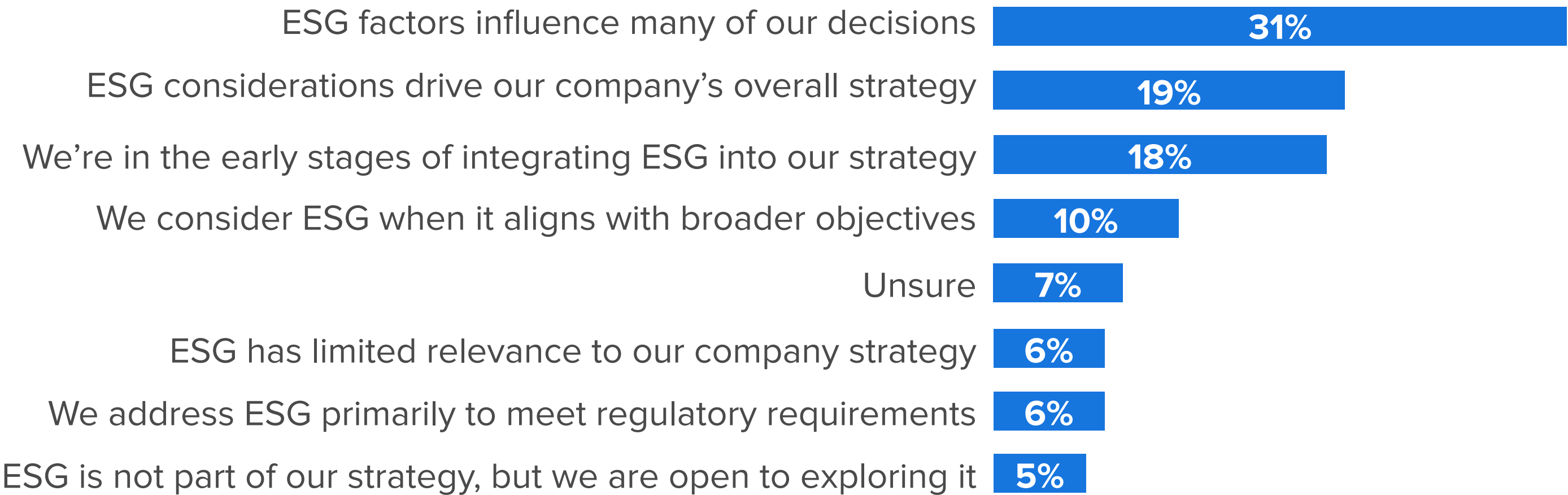
Many SMBs have already implemented multiple sustainability initiatives. Roughly half already have programs for recycling, reducing water/energy consumption, and purchasing recyclable goods. These initiatives, as well as those for choosing suppliers that support sustainable business practices, are top sustainability priorities for 2024.

These SMBs recognize that these policies and practices can provide significant value to the business. In addition to altruistic benefits, they can help to attract and retain customers and employees who prioritize sustainability and social responsibility, reduce risks associated with environmental factors, and improve access to capital.

To what extent do you agree or disagree with this statement: “A strong ESG strategy and actions can help our business improve financial performance.”



Commitment to ESG



Requirements to Automate and Streamline Operations Drive Integration Priorities

Overall, SMBs rank increasing technology investments to automate and streamline operations as their top strategic initiative for 2024.

But SMBs frequently rely on an assortment of standalone software and spreadsheets to manage different parts of their business, and they depend on one-off integrations to exchange data between them.

This approach hinders a fluid exchange of data and the ability to update information across applications in real time. It increases the risk of mistakes and requires time-consuming manual updates when one application changes, but that change isn't propagated to others.

For example, customer data might be stuck in a CRM system without a way to automatically update the accounting software, leading to outdated billing information. Or, inventory levels may be managed in a spreadsheet that doesn't communicate with the sales platform, potentially causing discrepancies in stock availability.

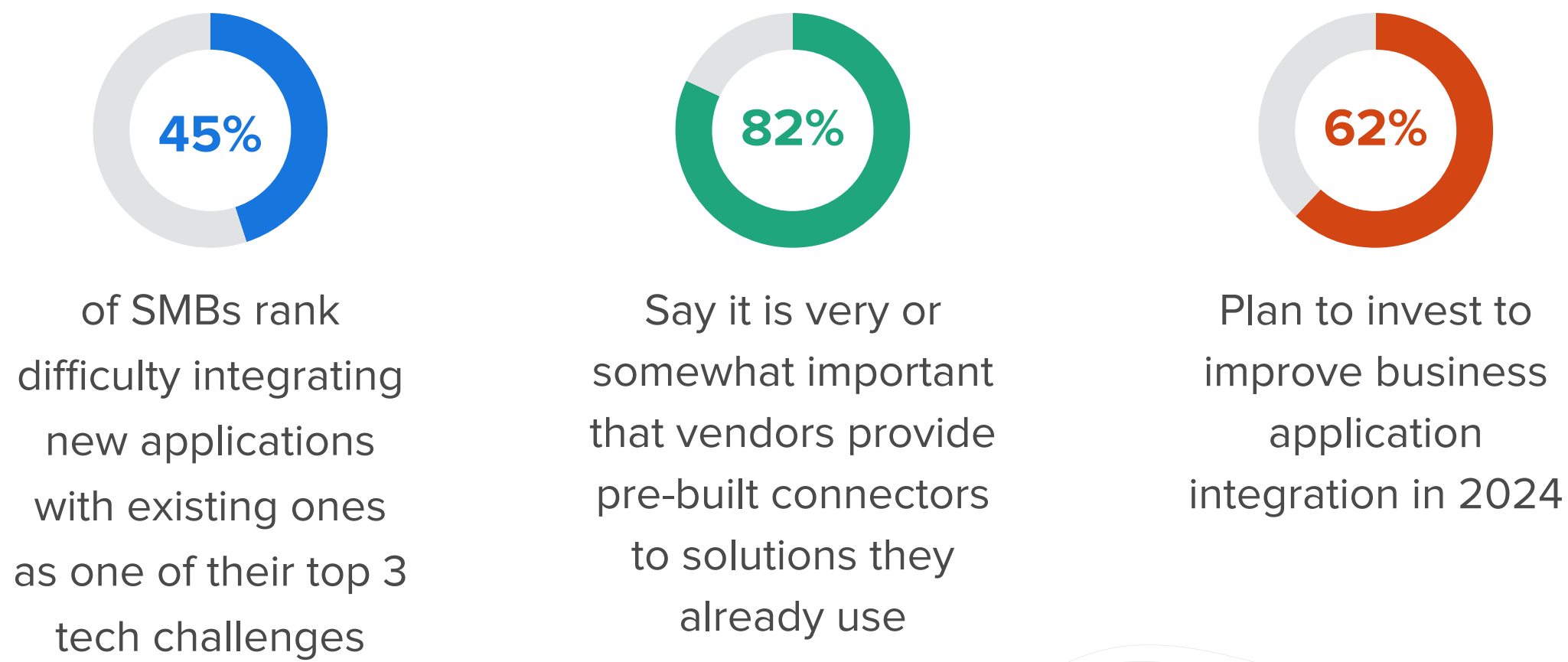
Theses inefficiencies cost SMBs time and money. So, it's not surprising that nearly half of cite the difficulty of integrating new technology with their existing systems as a major technology hurdle. This makes addressing integration issues a growing priority for SMBs. The vast majority says it is important for vendors to provide pre-built connectors to existing systems, and about two-thirds plan to invest in business application integration in the coming year.

As the need for unified and streamlined business processes grows, SMBs will also increasingly seek providers that offer more comprehensive application suites and platforms that bundle many of the functionalities SMBs require, and provide robust application marketplaces with pre-integrate solutions.

#1 strategic initiative for 2024



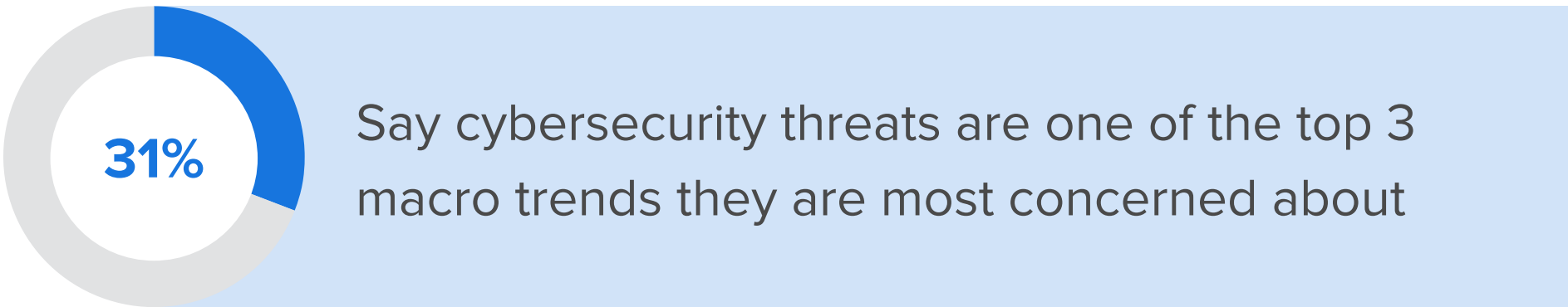
Increase technology investments to automate and streamline operations



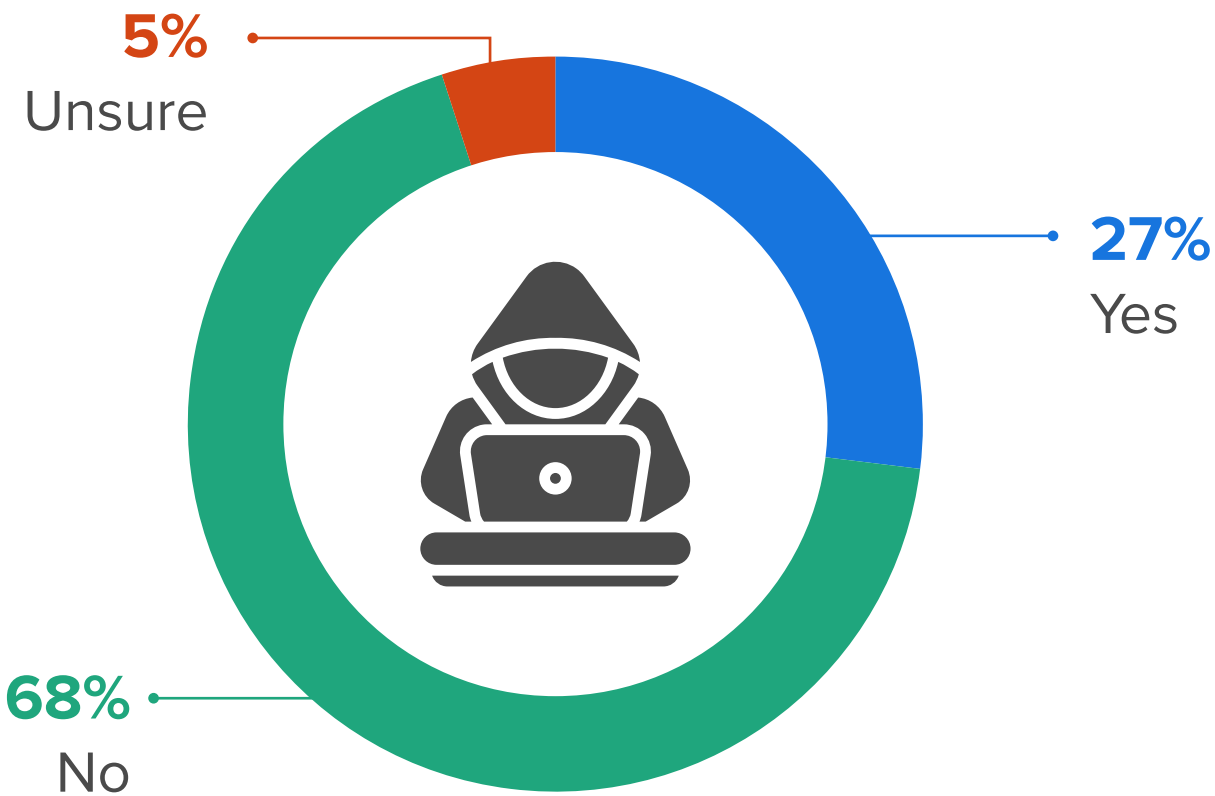
10 SMBs Grapple with Rising Cybersecurity Threats

As cybersecurity threats continue to grow in size and complexity, securing company and customer data is a top concern for many SMBs. Company data now “lives” in more places—from on-premises systems to the cloud to mobile devices—increasing the risk of data loss and leakage, whether from accidental or malicious causes.

In the past two years, more than one-quarter of SMBs have experienced a cybersecurity attack. Accelerated adoption of AI introduces the potential for additional security issues, as AI makes it easier for hackers to automate attacks. SMBs rank concerns about data security, privacy, and unintended negative consequences as the top 3 drawbacks for using AI in their businesses.



Percentage of SMBs say they have experienced a cyber attack in the past 2 years



Top 3 drawbacks of using AI to support business functions

#1	Concerns about information security
#2	Concerns about data privacy
#3	Unintended consequences

The majority of SMBs think they're prepared to combat cyber attacks. But many are likely overestimating their capabilities, believing that a patchwork of cybersecurity tools such as firewalls and anti-virus software are enough to protect them.

While these tools can detect known vulnerabilities, they can't alert users to zero-day attacks, social engineering attacks, or other types of intrusions. Too often, SMBs don't even know what their biggest vulnerabilities are, or when they've been compromised—let alone how to resolve issues when they occur.

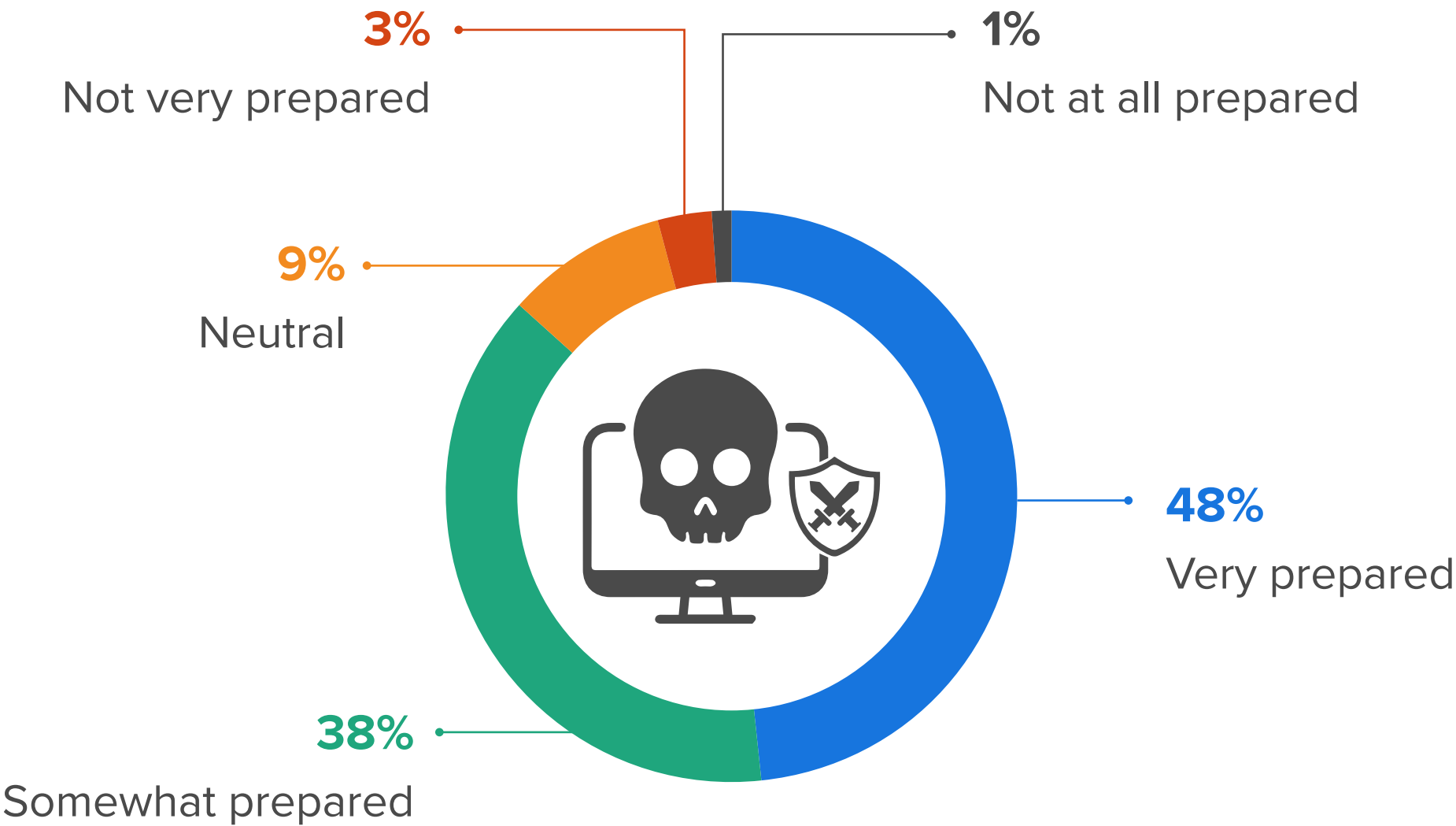


In fact, only **41%** of SMBs say that they conduct regular cybersecurity audits.

SMBs need to augment preventive security with managed extended detection and response (XDR) solutions that continuously monitor endpoints, cloud environments, IoT devices, servers, remote workers, and virtual machines. These solutions can detect and block anomalies, identify and fix vulnerabilities, and frustrate cyber attackers before they can do serious damage.

In 2024, about one-third of SMBs say they plan to increase cybersecurity solution spending. However, most SMBs plan to hold spending flat or decrease spending for security solutions in 2023, making them increasingly vulnerable to ever-more sophisticated attacks.

Level of preparation to respond to combat a cyber-attack



Information Sources

All data is sourced from the following SMB Group survey studies, unless otherwise noted:

- SMB Business and Technology Priorities for 2024, December 2023
- Impact of AI on SMBs Survey Study, August 2023

Survey respondents include seven employee size bands split between businesses with 1–2,500 employees. For brevity, we refer to the entire 1–2,500 group as SMBs.

Other sources:

1. [The Remote Work & Compensation Pulse Survey](#)
2. [SMB Group's SMB Business and Technology Priorities for 2023](#)
3. [Fortune Business Insights Cloud Computing Market](#)

About SMB Group

Founded in 2010, SMB Group is a technology industry research, analysis, and consulting firm, focusing exclusively on the small and medium business (SMB) market.

We help our clients:

- Identify trends and opportunities
- Understand and segment the SMB market
- Evaluate and act upon opportunities, threats and disruptive trends
- Develop more compelling messaging and content
- Position solutions for growth and competitive advantage

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