



Microsoft small and medium business (SMB) voice and attitudes to technology study

Prepared for Microsoft by Analysys Mason



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Introduction

Small and medium businesses (SMBs)

Employees 1–300

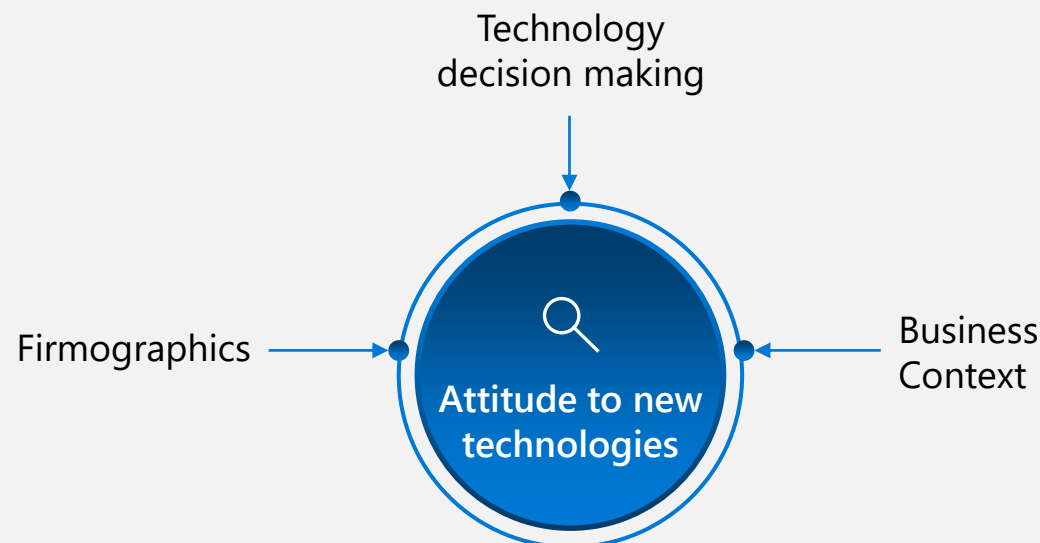
they make up almost the entire population of all businesses worldwide

Based on a survey
over 3,000 SMBs
in 10 high and middle-income markets worldwide

Study surveyed
Technology Decision Makers
in the top-5 verticals by spend on technology in each country

SMBs play a crucial role in society and the global economy through

- Ability to innovate
- Serve market niches
- Contribute to local communities
- Adapt to change effectively



SMBs look at how digital technology can help them to grow, cut costs, improve efficiency, and access new markets. However, SMBs have different needs and behaviors than larger organizations. SMBs may be more heavily influenced by individual executives responsible for decision-making.

Historically, SMBs bought technology from solution providers. The Covid-19 pandemic, and the need for more resilience and working from home trends, accelerated digital transformation. SMBs, are now looking for more than just technology solutions; they are looking for technology strategy advice and support i.e., a true partnership*.

This study, commissioned by Microsoft and prepared by Analysys Mason, Microsoft's research partner, seeks to better understand SMBs' unique voice. It examines the relationship between SMBs' technology adoption, technology partners, and business results.

*Throughout the rest of this report, technology partners refers to both technology solutions and service providers, and external providers or advisors supporting SMBs' technology strategy.

SMB landscape summarized in 60 seconds

Early adopters demonstrate how technology drives business results

71%

of SMBs **report revenue growth** over the last year



70% focus on **growth** as their primary business objective

Early adopters of technology show **investment into technology can improve SMBs' performance**



SMBs face many **dispersed and context-driven business challenges**



Working from home and hybrid working models are here to stay for SMBs following the COVID-19 pandemic

SMBs concerns:

64% geopolitical landscape

46% inflation

42% energy prices



SMBs want **technology to help with their business objectives** but need help to make this link

51%

of SMBs expect technology **partners to proactively suggest new solutions** and help shape their technology strategy

Reliability and Security are important when selecting new technologies, but cost

47%

is the main barrier to adoption



SMBs' **technology budgets will grow** as SMBs adopt more cloud solutions in the next 2-3 years

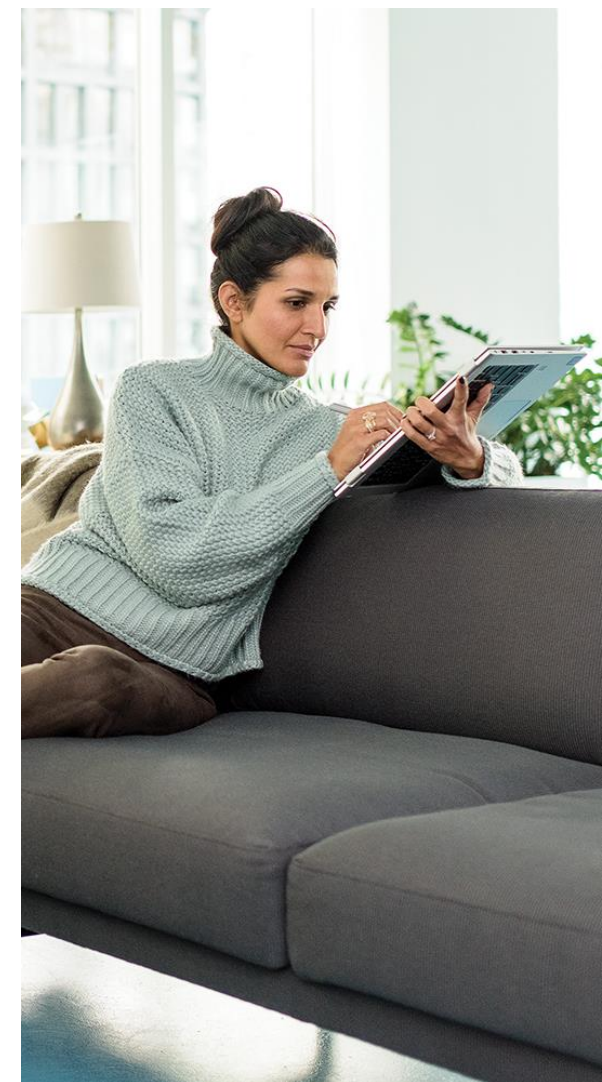
SMBs value a range of **CSR/ESG goals, environmental sustainability**

37%

is the most common



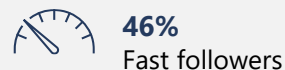
CSR/ESG goals have been embraced by SMBs; they are no longer only exclusive to large enterprises



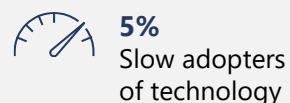
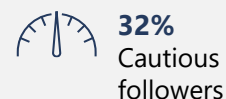
SMBs are gradually moving to the cloud and looking to technology to support their business objectives

Most SMBs view technology as important (but not essential) to achieve their business objectives

Business attitudes to technology adoption

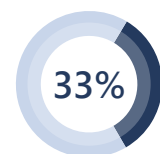


Technology laggards



Survey respondents fell into four categories in terms of their attitude to technology, from early adopters – who always use the latest technology – to slow adopters. Only 17% are early adopters, who show higher revenue growth and more progress towards their business objectives.

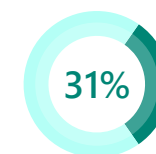
Top three ways SMBs expect technology to support business objectives



Increase operational efficiency



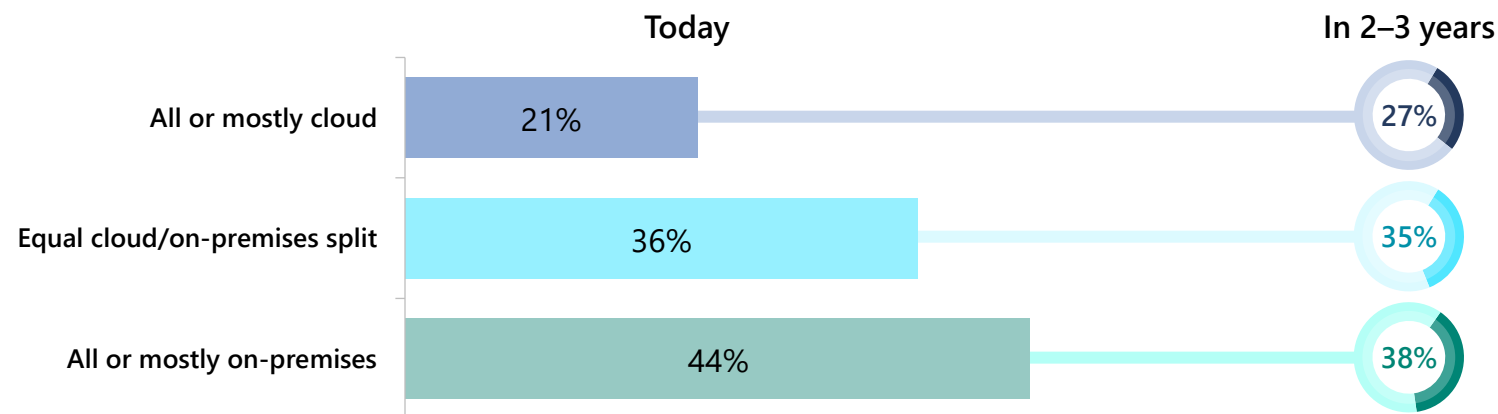
Improve sales and marketing



Improve customer retention

SMBs want technology to directly support their business objectives, whether that is business growth, maximizing profits or achieving operational excellence. Most SMBs view technology as important to these objectives, but 16% believe it to be essential to their business.

SMBs' main technology deployment type – now and in the future



How do SMBs invest in technology? A third of SMBs invest more than 10% of their revenue in technology, and those with larger budgets typically expect to invest more over the next year. Most SMBs continue to rely on on-premises solutions but SMBs are gradually moving to the cloud.

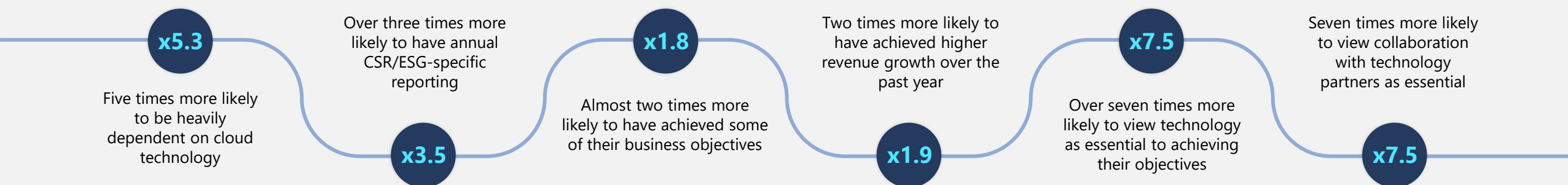
Investing in technology can improve SMBs' business performance

Early adopters of technology show higher revenue growth and more progress towards their business objectives

Ten truths about early adopters of technology

- 01** **Two times** more likely to achieve high revenue growth.
- 02** **Four times** more likely to be highly confident in their business. Executives feel more confident in their role and are more optimistic and adaptable to change.
- 03** They see the link between technology and business more clearly; unlike most other SMBs, they see technology as essential.
- 04** Typically, big spenders and two times more likely to invest more than **10%** of revenue in technology.
- 05** They are cloud proponents: **Five times** more likely to depend on cloud technologies today and more ambitious for future deployments.
- 06** Clearly stated and measured ESG goals; **82%** of early adopters report on CSR/ESG issues on a yearly basis.
- 07** Achieve more progress against business objectives; they are more able to improve brand perception and employee satisfaction.
- 08** They look beyond the obvious applications of technology and believe that it can play a role in solving fundamental business questions.
- 09** They have a strong focus on security while prioritizing reliability when selecting new technology solutions.
- 10** Appreciate collaboration with technology partners.

Comparison of early adopters of technology and technology laggards



Costs are a key barrier to SMBs' technology adoption

Less than a third of SMBs consider cost or value for money when assessing new technologies but half see it as a barrier to adoption

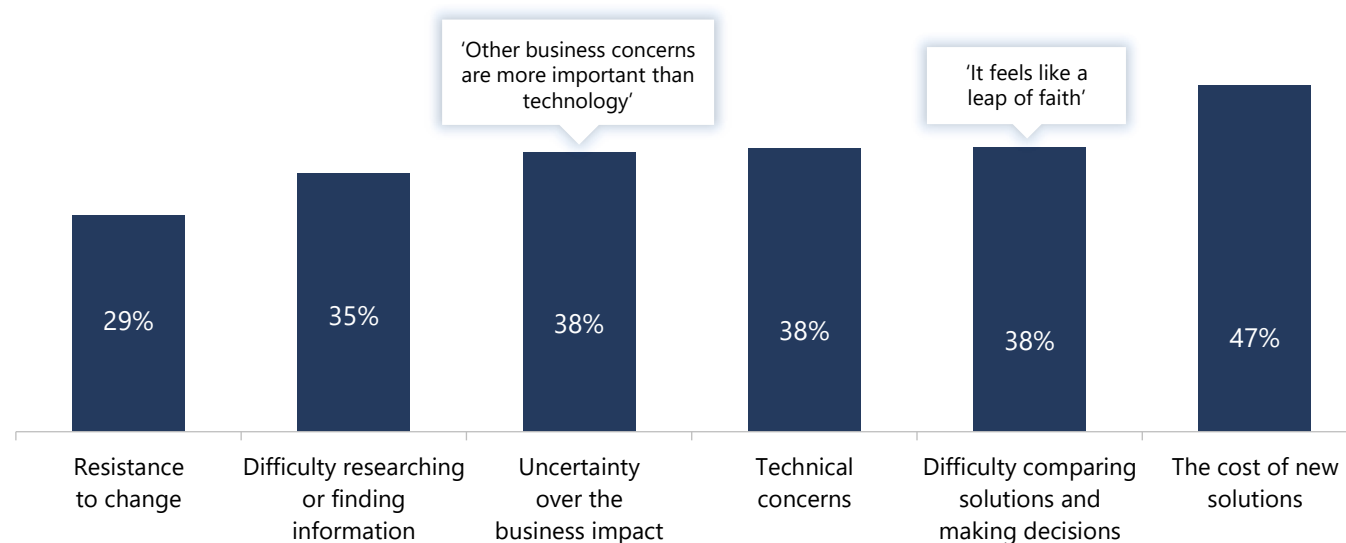
When SMBs evaluate new technologies for their businesses, they consider a range of different factors. Reliability and security are the most important – SMBs want their technology to work and to be secure, without having to worry about down time or cyberthreats affecting their business. Efficiency and the quality of customer support are other important factors according to more than a third of SMBs.

SMBs selecting new technologies don't lead with cost, but when it comes to deploying and adopting new technologies cost is the main barrier

Cost and value for money are less important to SMBs when they are looking to select new technologies; fewer than a third of SMBs rank either cost or value for money as an important consideration. However, when it comes to deploying and adopting new technologies, cost is a critical challenge for half of SMBs. Specific examples of the cost of new solutions include ongoing costs of maintenance, management or those attributed to SaaS solutions.

SMBs also struggle with the uncertainty of a new technology's business impact and when comparing or decision-making for new technologies. Both present uncertainty over the value of technology, either because the SMB wants to focus on running their business, or they consider deploying new technologies a leap of faith.

Barriers to adopting new technologies



The role of technology partners is becoming a more strategic one

SMBs expect technology partners to proactively suggest new solutions and help to shape their technology strategy

SMBs' technology stakeholders and technology partners have key influences on the business's technology decision-making. Three quarters of SMBs have dedicated, internal IT staff, but these employees are less common the smallest businesses and typically focus on the maintenance and management of technology within the business. SMBs' internal IT staff rarely specialize in areas that are essential to the adoption of new technology, such as platform development or cyber security. As such, 45% of SMBs also use external consultants to manage their technology.

SMBs are increasingly looking to technology partners to support their strategy

With the accelerated focus on resilience and digitalization, SMBs are increasingly looking to technology partners to support their strategy in this regard. Half of SMBs want their technology partners to proactively suggest new technologies that will support their business. Security remains a concern and SMBs look to technology partners to provide specialist support with this ever-evolving field.

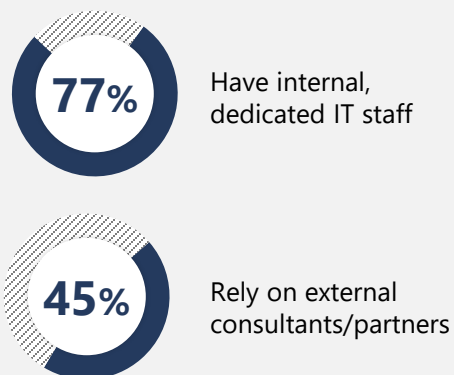
SMBs favor different partners, but MSPs/CSPs are the common preference

Managed service providers (MSPs) or cloud service providers (CSPs) are the preferred channel for managing and procuring new technology. These partners fulfil SMBs' expectations through advice and guidance on technology and access to specialists that enable technology adoption.

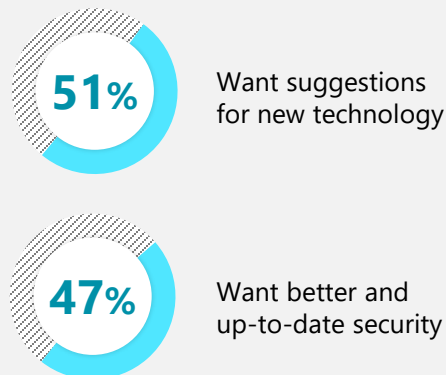
SMBs use a broad range of criteria when evaluating technology partners. While fulfilling the SMBs business requirements is most common, the partners' CSR/ESG goals are becoming increasingly important.

Common influences in SMBs' technology decision-making

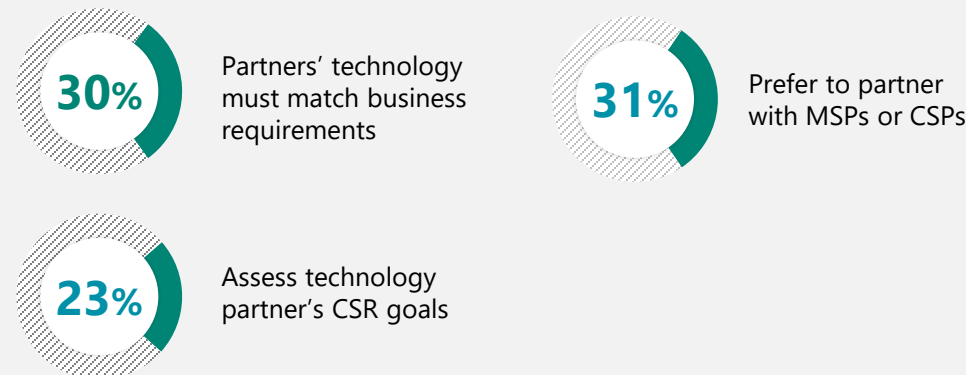
Technology management



Technology services



Technology partner preferences



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SMBs account for 99.9% of businesses worldwide

They exhibit unique needs and behaviors which are different to those of large enterprises

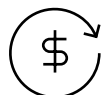
Overview of the size of SMB market and spend on technology



344 million SMBs in operation worldwide in 2021, growing to **366 million** in 2026...



... accounting for **99.9% of all businesses** worldwide



SMBs spent **USD 1.1 trillion** spent on IT and communications solutions in 2021 (48% of the total spend)



SMB spending on IT and communications solutions is forecast to reach **USD 1.57 trillion** by 2026

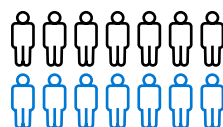


SMBs spent **USD 432 billion** on cloud-based solutions in 2021, and this is forecast to reach **USD 792** by 2026

Small and medium-sized businesses (SMBs)

with **1–300 employees**, make up almost the entire population of businesses and play a crucial role in society and the global economy.

SMBs represent the vast majority of businesses worldwide and are vital job creators, contributing **61% of GDP in high-income** and **45% in middle-income markets**.



SMBs account for more than **50% of employment worldwide**, and this proportion is even higher in middle-income markets.

Key to this contribution is SMBs' ability to innovate, serve market niches and adapt to change more effectively than larger businesses. SMBs also play an important social role by localizing business and employment within their communities, and by providing opportunities to minority business owners and employees.

Many large businesses indeed started out small; today's giant corporations such as Amazon, Apple, Google, HP, Microsoft and even Disney started from a garage. As such, some of today's SMBs will grow to become tomorrow's industry leaders.

Like larger businesses, SMBs look to digitally transform to cut costs, improve efficiency and access new markets. However, the SMB market presents significant differences to larger corporate enterprises or organizations. SMBs have different needs and behaviors – for example, they may often be more customer-/relationship- focused than larger businesses. SMBs may also be heavily influenced by individual executives responsible for decision-making, resulting in businesses that act more akin to consumers.

This study seeks to better understand the SMB landscape and SMBs' preferences and attitudes to technology

This study reviews the outlook and technology futures of SMBs and their relationships with technology partners, with three key objectives:

- To understand the firmographics (business characteristics) of the SMB landscape, as well as SMBs' objectives, challenges, concerns and their approach towards CSR/ESG
- To understand SMBs' attitudes to, and adoption of, technology, and the interrelationship of technology and SMBs' business objectives and challenges
- To understand SMBs' relationships with technology partners, and to help technology partners better serve SMB customers

Each of the above is analyzed across several factors to understand how they influence the SMBs' reported results, technology adoption and technology preferences.

Study objectives and topics covered

Understand the SMB landscape		Understand SMBs' technology attitudes		Understand SMBs' technology preferences	
Company profile (firmographic)	Business objectives and challenges	Attitude towards technology	Adoption and usage of digital technologies	Technology procurement and decision making	What influences technology adoption
Impact of macroeconomic events	Impact of technology (and technology partners) on business objectives		Technology management (IT personnel) and dependance on partners		Channel preferences
CSR/ESG* reporting and objectives	Decision-makers' profile		Drivers and barriers to adopt technology	Expectations from technology partners/IT vendors	

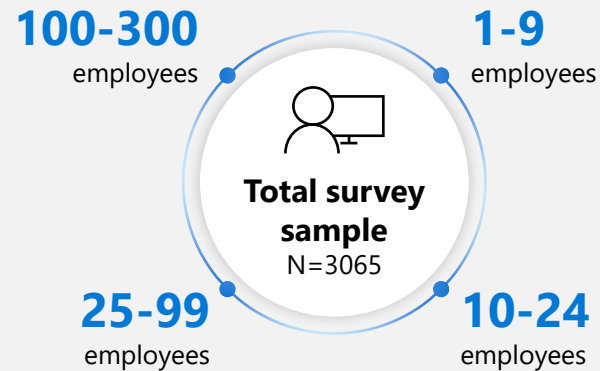
This study presents findings from over 3,000 SMBs with 1–300 employees in the top-5 industry verticals* across 10 markets worldwide

*The top 5 industry verticals are manufacturing, professional business services, AMTUC, retail and FIRE

Other services include, among others, hospitality, healthcare and administration *Agriculture, mining, transport, utilities and construction

****Finance, insurance and real estate

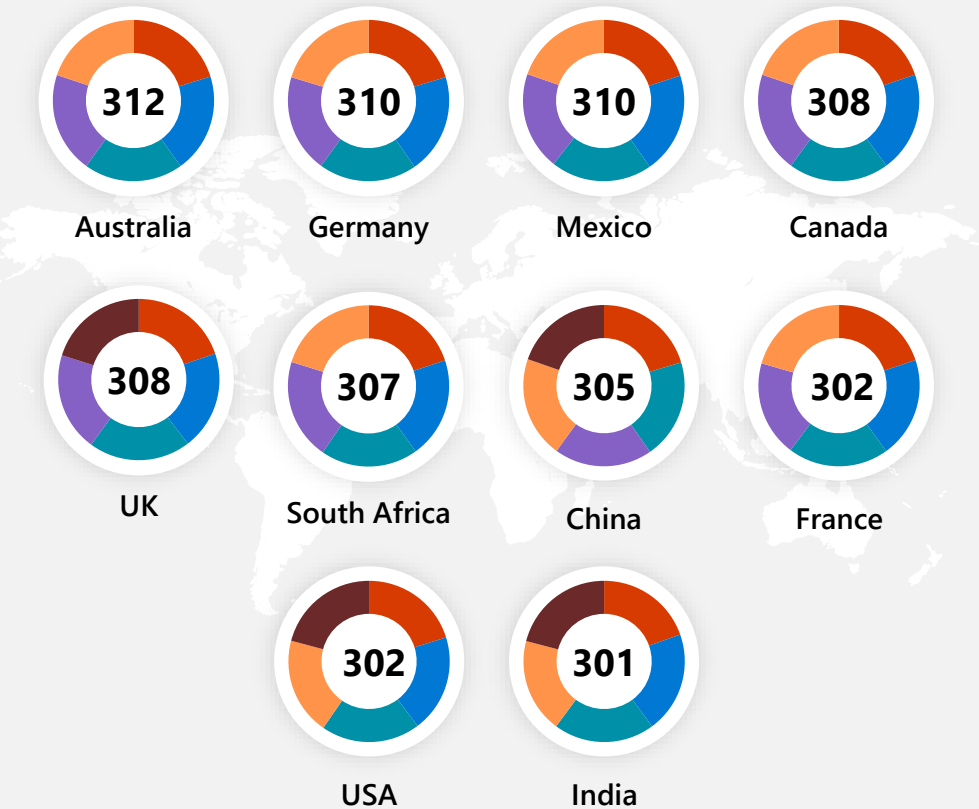
Survey sample by SMB size band



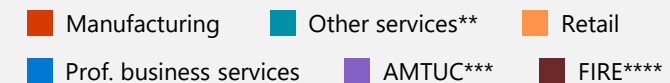
This survey is completed in April-May 2022, targeting:

- SMBs with 1-300 employees, equally weighted across four SMB size bands, in 10 countries
- The top-5 industry verticals (by SMB spend on technology) in each country
- SMBs' technology decision-markers, responsible for the procurement and adoption of technology

Survey sample by country and industry vertical quotas



Total vertical split:

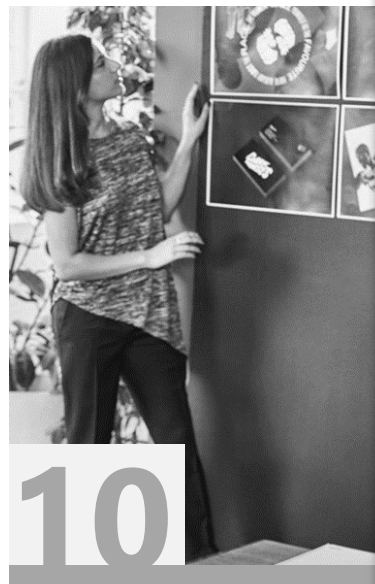


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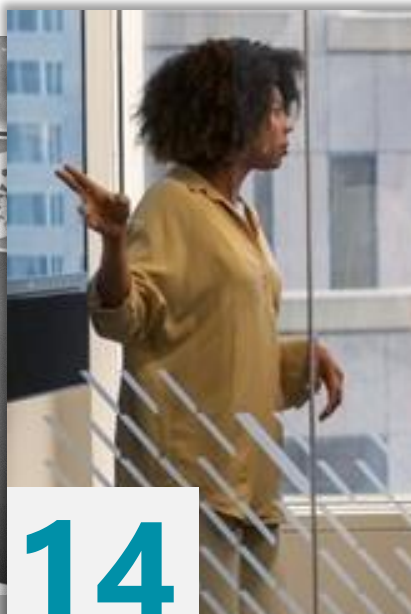
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CSR/ESG focus is no longer exclusive to large corporations24

Just 11% of SMBs are start-ups, with 51% being in the growth phase of the business lifecycle

SMBs' technology needs and behaviors vary depending on their years in business and stage in the business lifecycle

SMBs tend to be either well-established or young businesses; two thirds have been in operation for 6–19 years and only 12% have been in business for more than 20 years. The COVID-19 pandemic initially disrupted business creation, but during the recovery the pace at which new businesses are set up has rapidly accelerated in most regions. Similarly, few businesses in operation over 20 years may result from succession issues, such as when the current leader retires or leaves without a continuation plan.



Prior research suggests that almost two-thirds of SMBs in the **UK** and **USA** have no succession plans in place.*



SMBs in China report the longest average tenure, with 53% having been in operation for 10 or more years, vs 44% in other countries.



SMBs India report the shortest average tenure, with only 38% of SMBs in operation for 10 or more years, vs 46% in other countries.

SMBs are at different stages of the business lifecycle, beginning as start-ups (11% of our sample), and growing until they become a mature businesses. Start-ups are particularly invested in the potential of technology, being 1.6 times more likely than mature or declining SMBs to increase their technology budgets by more than 10%.

Most SMBs are in either the growth or maturity phases. Almost all SMBs that are in operation for 20 or more years are in the maturity phase.



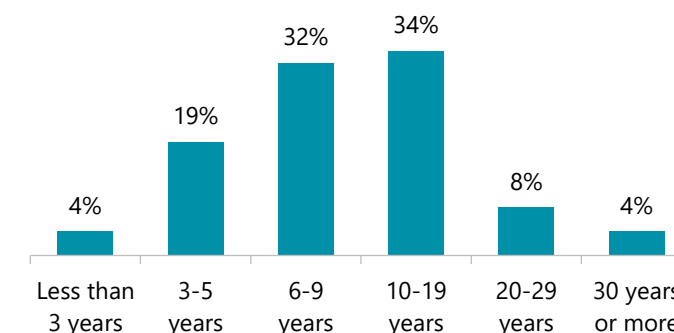
Millennial executives are more common among younger SMBs, those that have been in operation for less than 10 years

Q: How long has your business been in operation? (n = 3065).

Q: Which stage of the business lifecycle would you say your business is in? (n = 3065).

Source: Analysys Mason, PwC, Legal & General *Defined in previous research as firms with up to 500 employees.

SMBs by number of years in operation



SMBs by phase in the business lifecycle

11% Start-ups

(typically, new businesses with low revenue and profit)

51% Growth

(SMBs with increasing revenue and profits, and decreasing costs)

36% Maturity

(established businesses with consistent profit and competition)

2% Decline

(businesses characterized by declining revenue and profit)

Most SMBs operate in only one or two countries

The number of sites and countries that SMBs operate from affects their technology choices

SMBs by number of countries they operate in



SMBs by number of separate business locations



Only a third of SMBs have a truly international presence or operate from multiple business locations

While international operations can allow an SMB to access a wide range of markets, there are significant logistical costs. A narrow majority of SMBs operate in more than one country; **27%** operate in a second market and **30%** operate in three or more markets.



SMBs in South Africa are more likely to operate in one country only. 54% of these SMBs are single-country businesses, vs 42% of other SMBs.



SMBs in China are the most international, with 40% of SMBs operating in three or more countries, vs 29% among others.



SMBs in Canada are the most likely to only have one business location, with 45% either working from home or a single office, compared to 37% of SMBs in other countries.



SMBs in China had the highest number of sites, with 13% having five or more locations, compared to only 9% of SMBs reporting the same in other nations.

SMBs' number of sites and countries that they operate from affects their technology choices

SMBs' number of business locations and international presence are all heavily correlated with size. Larger SMBs have larger technology budgets, as a proportion of revenue, but smaller firms place a higher value on the role of technology, demonstrating their awareness of its importance to strategy.

*Home-based business

Q: How many countries does your business operate in? (n = 3065). Q: How many separate business locations does your business currently have? (n = 3065).

SMBs' technology decision-makers tend to be responsible for more than just IT

Technology decision-makers' responsibilities commonly also include product development and operations

Technology decision-makers in SMBs often take responsibility for product development and operations and logistics

SMB technology decision makers' may commonly be responsible for other areas of the business, other than just technology and IT services. Product development is the most common area for respondents to also take responsibility for, followed by operations and logistics.

Executives are commonly male and of the Gen X generation, and most of the rest are Millennials

A growing body of evidence suggests that diverse teams perform better and are more innovative; **21% of SMBs have female** technology decision-makers.

Female executives are found in **31% of SMBs in China**, vs **19% in all other countries**.



Millennial executives are two times more likely than older generations to be in Head of IT roles, and most common in the USA

Millennial leaders comprise 41% and are considered to think and process information fundamentally differently to previous generations and are considered more able to use technology and digital media and channels.



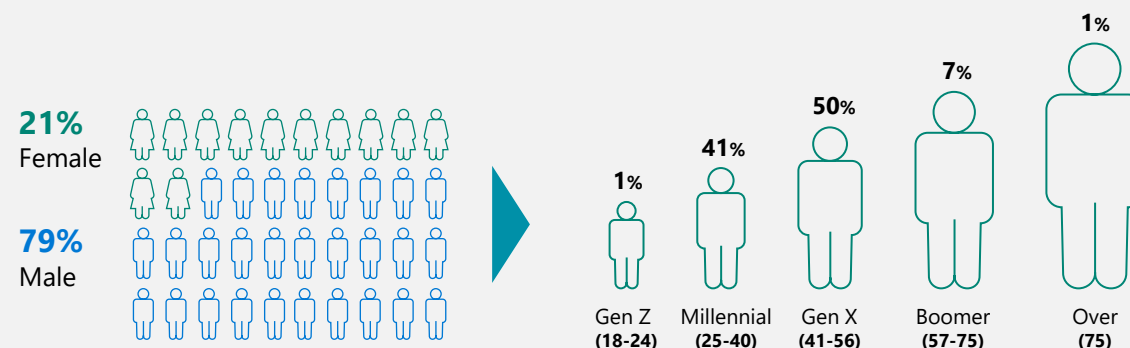
Millennial executives are most common in the USA and least common in the UK; **48% of SMBs in the USA** and **30% of SMBs in the UK**.

SMBs' technology decision-makers' areas of responsibility



Other areas of responsibility not shown are selected by fewer than 25% of SMB executives and included sales, financing, HR and other administrative roles.

Gender and age of SMBs' technology decision-makers



Q: What are the different functional areas of business that you are responsible for? (n = 3065).

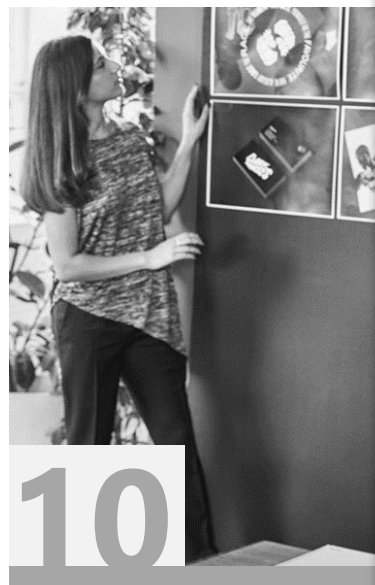
Q: What gender do you identify as? (n = 3065).

Q: Which age band represents you? (n = 3065).

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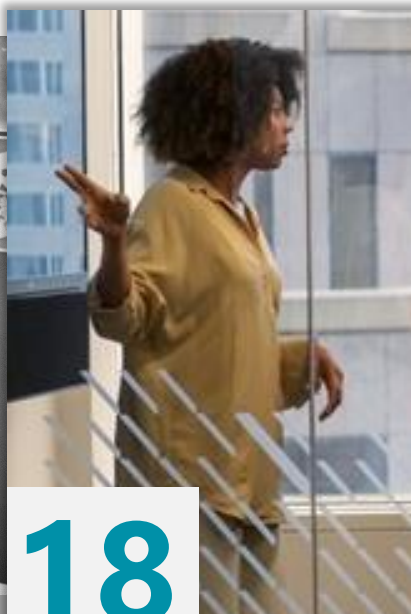


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Most SMBs are back on the path of growth

71% of SMBs reported revenue growth and 54% reported making significant progress towards their business objectives

Most SMBs reported revenue growth in the last year, potentially resulting from economies recovering after the COVID-19 pandemic

A quarter of SMBs increased revenue by 5% or more, with most seeing less revenue growth. Most SMBs operate in countries that were heavily affected by COVID-19 lockdowns, suggesting that their rapid revenue growth is influenced by the general economic recovery, but even accounting for this, early adopters displayed exceptionally quick growth.

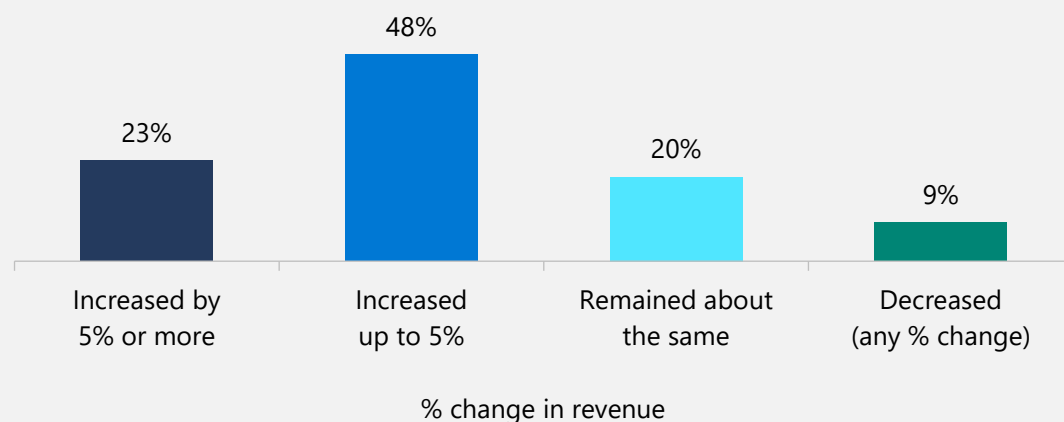
SMBs reported mixed progress towards their objectives last year

While SMBs share common business objectives (see next page), they have different approaches towards these goals – such as improving brand awareness for business growth. SMBs achieved different levels of success, with almost a fifth of SMBs achieving more than 60% of their business objectives.

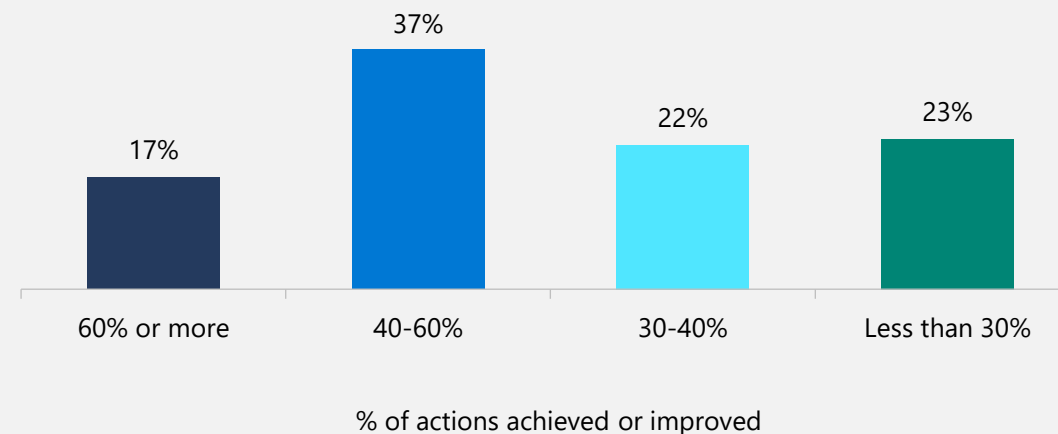


SMBs in the **USA** reported the highest revenue growth; **38%** report an increase of **5%** or more, vs **22%** in **other countries**.

Change in annual revenue over the last year (% of SMBs)



Progress against last year's business objectives (% of SMBs)



The focus on business growth continues

Over two-thirds of SMBs prioritize business growth and improving profits as their primary business objectives

Two-thirds of SMBs focus on growth as their primary business objective

Business growth covers **SMBs' revenue, headcount, locations and product/service offerings**. SMBs' key strategies to achieve business growth are improving brand awareness/growing customer base and increasing sales.

Improving profit margin covers **reducing costs** and **improving return on investments**. SMBs' key strategies to improve profits are improving productivity/automation and reducing supply chain costs.

Improving operations covers everything from **innovation, automation** and **logistics**. SMBs' key strategies to improve operations are improving customer satisfaction and productivity/automation and upgrading IT infrastructure.

Social goals include similar aims to SMBs' CSR/ESG goals. SMBs' key social goals are related to **improving sustainability**, and **diversity** and **inclusion**.



SMBs in Canada are most likely (56%) to prioritize social goals.

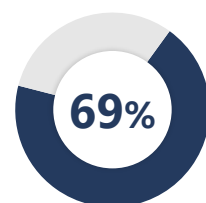


Survival as a goal refers to staying in business. SMBs' key strategies to survive are **finding new customers** and **digitally transforming** to sell online or offer digital products.

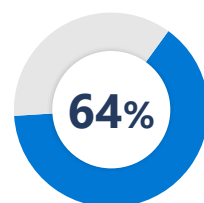


Very small businesses (**1–9 employees**) have struggled to stay in business recently and are more likely than larger SMBs to be focused on keeping the doors open.

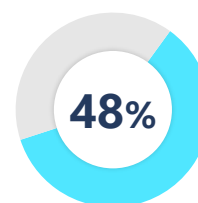
Primary business objectives and strategy actions (% of SMBs)



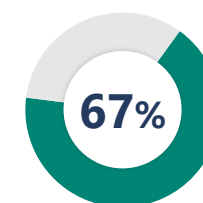
Business growth



Improve operations



Survive
(‘keep the doors open’)



Improve profit margin

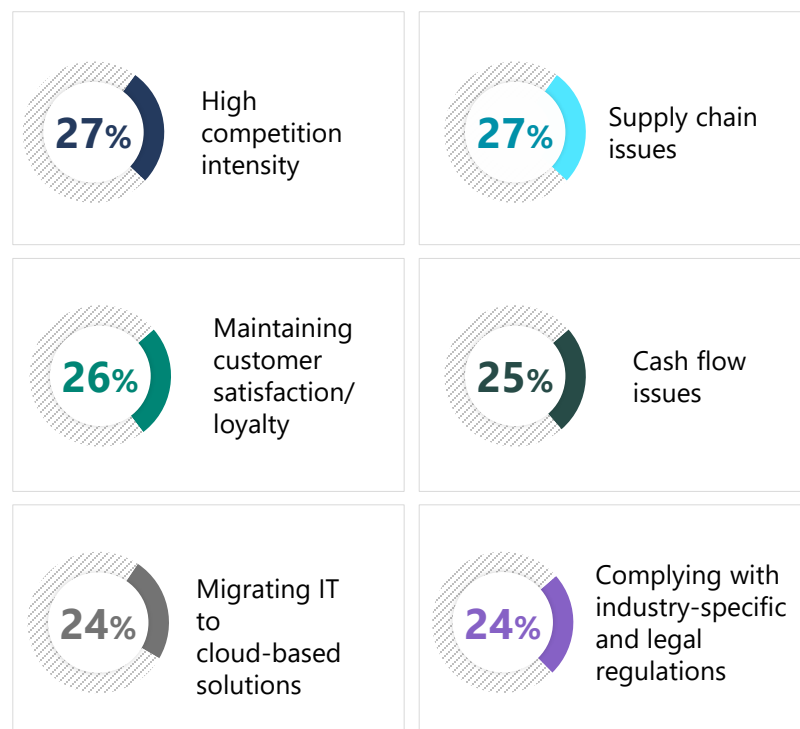


Social goals

SMBs face a diverse and context-dependent range of challenges

Competition intensity is a greater challenge in India than elsewhere, likewise for employee training in Germany

Most common primary business challenges among SMBs (% of SMBs)



Other types of challenges included lack of technical understanding, pressure to reduce pricing and inadequate employee technological training. All others are selected by fewer than one quarter of SMBs.

SMBs face challenges that are unique to their business

Every business, large or small, encounters challenges, but SMBs must overcome a variety of different obstacles, some of which are unique to them. No single business challenge is common to more than one third of SMBs – competition intensity and supply chain issues are most common. Competition intensity may directly limit SMBs' customer (and revenue) growth goals or cause pricing pressure, reducing their profitability. Supply chain issues arise from shipping and production problems that affect SMBs' profitability and operations.



SMBs in India are the most likely to view competition intensity as a major obstacle (35%).



SMBs in Germany are more likely to be worried about the lack of employee training on new technology (29%).

Customer loyalty, cash flow, cloud migration and regulations are equally challenging to approximately a quarter of SMBs.



SMBs in middle-income markets (27%) are somewhat more concerned about cloud migration than their counterparts in **high-income markets (22%)**.

Less than one quarter of SMBs cite other challenges, such as a lack of technical understanding and pricing pressures.



High debt levels, although relatively uncommon, are a greater challenge to very small businesses with **1–9 employees**.

Working from home and hybrid working models are here to stay

56% of SMBs expect no change to the proportion of their workforce which works from home over the next 1–2 years



Before the COVID-19 pandemic, it was rare for SMBs to have employees working from home. Comparable previous surveys from 4Q 2019 indicate only **8% of SMBs reported >10% of their workforce are able to work from home.**

Work-from-home trends appear to continue during 2021, following the end of many national lockdowns. By 4Q 2021, comparable previous SMB surveys indicated that 91% of SMBs reported that more than 10% of their workforce are able to work from home. Not only are more SMBs enabling work from home, but they are doing so much more extensively; **26% of SMBs reported more than half of their employees are working from home.**

Hybrid working models are here to stay

While many SMBs will see a small decrease in the proportion of their employees who work from home from over the next few years, most SMBs plan to continue to support hybrid working models. With just 16% of SMBs expecting to have no remote workforce in the future. As of 2Q 2022, the share of SMBs with 10% or more of employees that are able to work from home has dropped, but most SMBs still have some flexible working. SMBs expect little further change during 2023–2024.



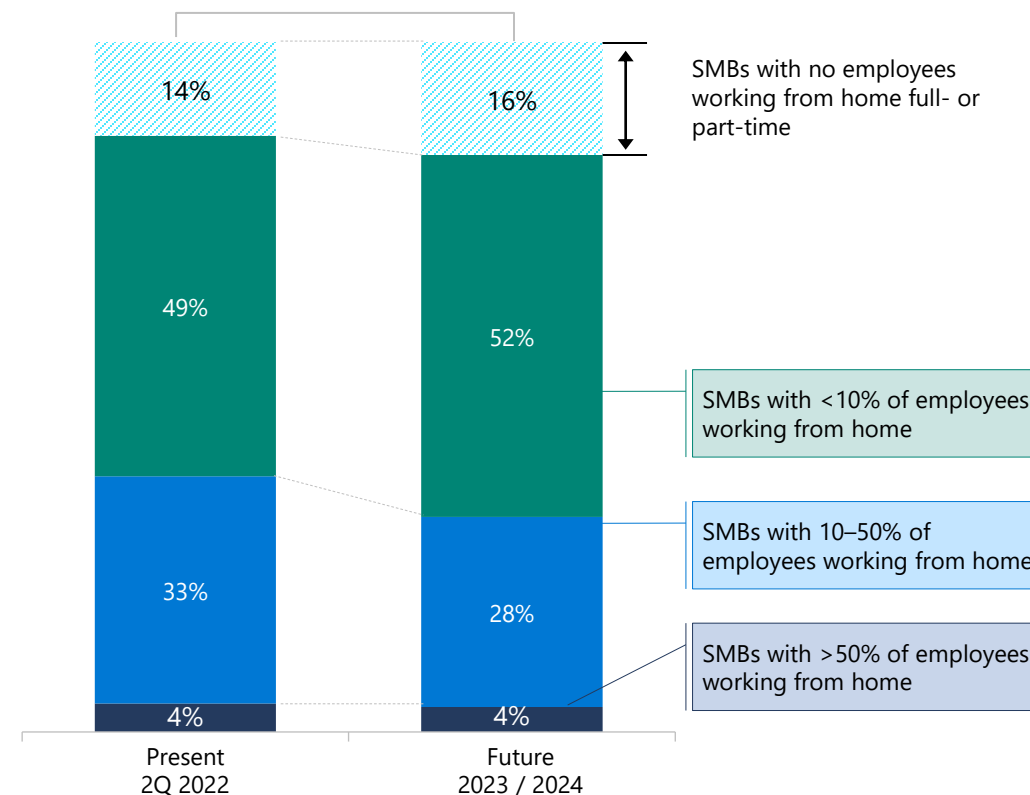
SMBs in Canada are the most likely (8%) to have more than >50% of employees working from home. While this is a small figure, it is double the average of the overall sample



SMBs in China are the most likely (99%) to currently have fewer than <50% of employees working from home.

SMBs' work-from-home trends (% of SMBs)

56% of SMBs expect no change to their remote workforce over the next 1–2 years



Q: What percentage of employees work from home currently? (n = 3065).

Q: What percentage of employees do you expect will work from home over the next 12 to 24 months? (n = 3065).

SMBs worry about the impact of geopolitical and macroeconomic trends on their businesses

Most SMBs are concerned about the geopolitical landscape (64%), inflation (46%) or energy prices (42%)

SMBs are concerned about the impact of geo-politics to their businesses

The changing geopolitical landscape presents the most common concern for SMBs and this includes the Ukraine crisis and Brexit, among other situations.



More SMBs in high-income markets are concerned about the **impact of Brexit** than those in middle-income markets, and SMBs in **Australia** are most likely to be concerned about it.

Half of SMBs are concerned that COVID-19 will affect their business

The COVID-19 pandemic continues to be a common business concern, largely because of the impact of social distancing and lockdowns.



SMBs in South Africa (56%) are still concerned about the impact of COVID.



SMBs in France (47%) are the most concerned about high energy and oil prices.

Inflation and specifically high energy prices follow closely as major concerns among SMBs. Both issues are closely related to geopolitical situations and COVID-19.

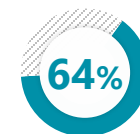


SMBs in Canada (56%) and the USA (53%) are the most concerned about inflation.



Concern about inflation is particularly common among Millennials; 52% of millennial executives are concerned, vs 43% of executives of other ages.

Overview of the size of SMB market and spend on technology



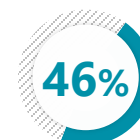
Geopolitical landscape*

Includes the Ukraine crisis and Brexit (among others), and their related sanctions or trade disputes that may affect SMBs



The ongoing COVID-19 pandemic

Largest drop in active business owners in the USA on record, as a result of social-distancing restrictions and market changes



High growth of inflation

Inflation has hit its highest levels for several decades in many countries, affecting wages and supply costs



High energy/oil prices

Rising energy prices add to the cost of running a business, requiring SMBs to raise their costs or reduce energy usage

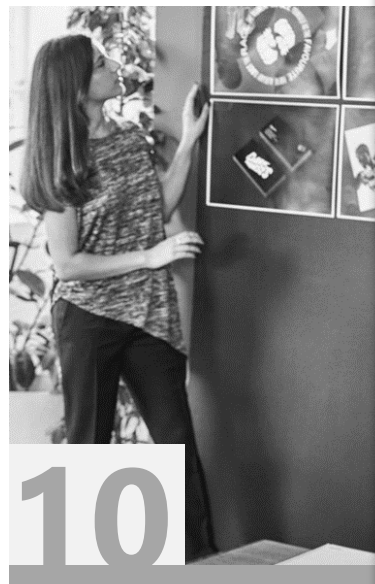
Q: What current or emerging major event(s) may affect your confidence and sense of security in your business and achieving its objectives? (n = 3065).

*The geo-political landscape is an amalgamated category of multiple responses which includes SMBs that are concerned about the impact of the Ukraine crisis, Brexit and other geopolitical situations.

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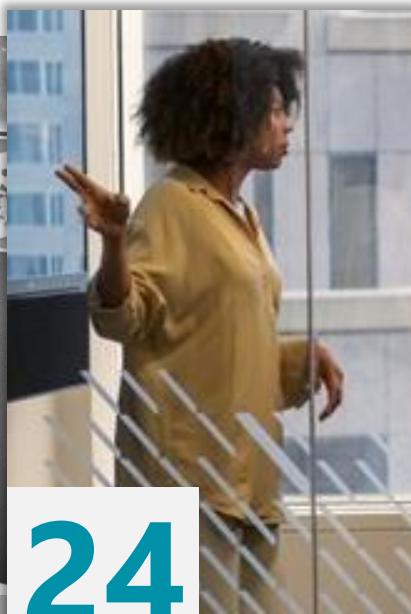


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CSR/ESG goals have been embraced by SMBs

SMBs value a wide range of CSR/ESG goals, but environmental sustainability is the most common objective

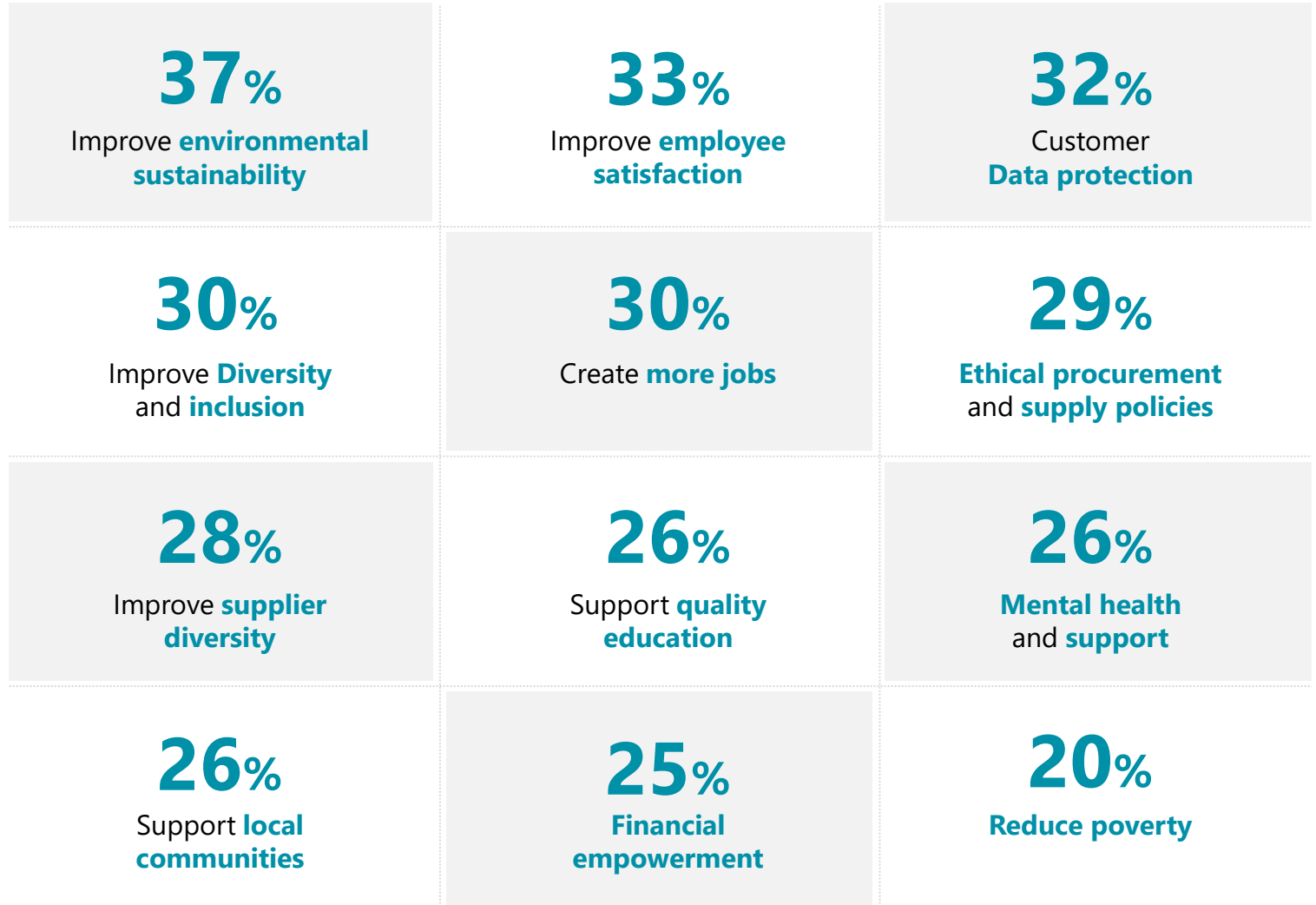
SMBs have a wide range of CSR/ESG goals. **Half of SMBs recognised social goals as primary business objectives**, including sustainable business practices and **diversity and inclusion**.

The most common aim, held by **37% of SMBs**, is improving their level of environmental sustainability.

A third want to **increase employee satisfaction**, an example of a CSR/ESG goal that benefits the SMB, in the form of higher retention of employees, and improves the lives of people in the community.

Another third want to improve **their ability to protect their customers' data** with high-quality cyber-security solutions; this fulfils legal requirements and ensures that they are acting as responsible businesses.

Key CSR/ESG objectives (% of SMBs)



SMBs' CSR/ESG priorities vary by country, industry vertical and the demographics of SMB executives

Millennial executives prioritize employee diversity and inclusion

Differences in CSR/ESG objectives by executives' demographics



Millennial executives are the most likely to want to increase employee diversity and inclusion, with 34% of Millennial executives prioritizing this goal vs 27% of Gen X or older executives



21% Male executives are more concerned with reducing poverty



34% Female executives are more concerned with creating jobs

Technophile executives are especially focused on **environmental sustainability (42%)** and improving **employee diversity and inclusion (38%)**.

Cautious followers and slow adopters principally view CSR/ESG goals in terms of **environmental sustainability (34%)** and **employee satisfaction (32%)**.

Differences in CSR/ESG objectives by SMB country and industry



SMBs in India are the most likely to want to improve environmental sustainability (45%).



SMBs in Germany are more interested in ethical procurement procedures and supporting quality education than SMBs elsewhere.



SMBs in Canada have a particular focus (36%) on improving employee diversity.



SMBs in South Africa place more emphasis on creating jobs, with more SMBs prioritizing this goal over environmental sustainability.



of SMBs in the AMTUC sector want to increase the amount of ethical procurement in their supply chains, a greater proportion than in other industries



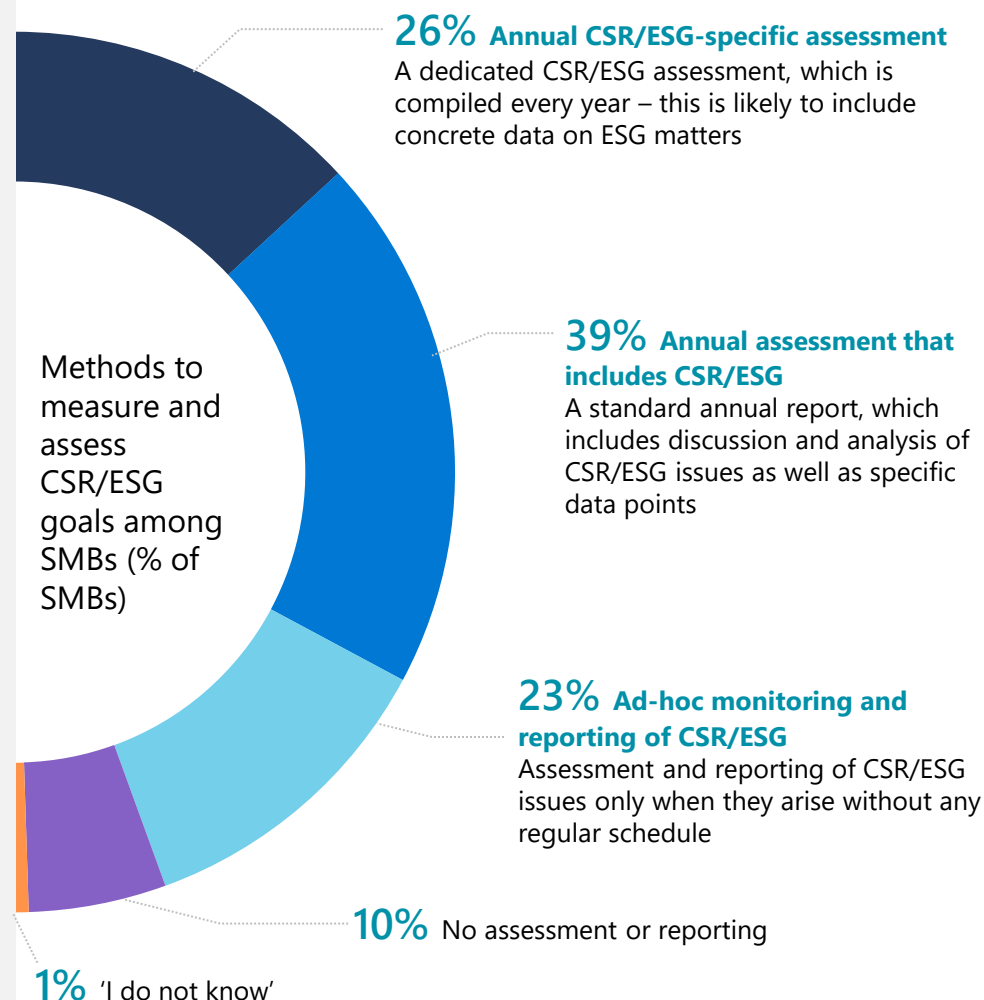
of SMBs engaged in professional business services are engaged in supporting local communities, more than SMBs among other industry verticals

While it is difficult to justify CSR/ESG goals on the basis of business outcomes, there does appear to be a correlation between those SMBs who show the highest level of CSR/ESG engagement and attainment of business objectives. Early adopters demonstrate both the highest degree of interest in CSR/ESG issues and the highest rate of achievement of their business objectives.

Q: What are the most important corporate social responsibility (CSR) goals or environmental, social and governance (ESG) practices for your organization today? (n = 3065).

SMBs are serious about their CSR/ESG goals and policies

Two thirds of SMBs have annual CSR/ESG assessment and monitoring and reporting frameworks



CSR/ESG assessment and reporting plays an important role in a company's actual commitment to CSR/ESG goals. Having an annual assessment provides consistency to SMBs' measurement and reporting of their goals, which may demonstrate more engagement from the SMB towards their CSR/ESG goals. These reports often include the SMB's environmental impact, measured in carbon tons, the effect of social projects, and employee diversity.

Most SMBs are now annually assessing and reporting on their CSR/ESG goals. A quarter of SMBs now have specific assessment and reporting frameworks in place for their CSR/ESG goals.



SMBs in China are most likely (41%) to have an annual CSR/ESG-specific assessment.



SMBs in the UK are the most likely (51%) to have no or only ad-hoc CSR/ESG reporting.

A little under a quarter of SMBs only engage in CSR/ESG reporting on an ad-hoc basis, which may represent the frequency of their engagement in CSR/ESG goals (on an ad-hoc basis only).



Very small businesses are the most likely (39%) to only have ad-hoc or no monitoring and reporting.



Medium businesses are much less likely (29%) to have such an unstructured approach.



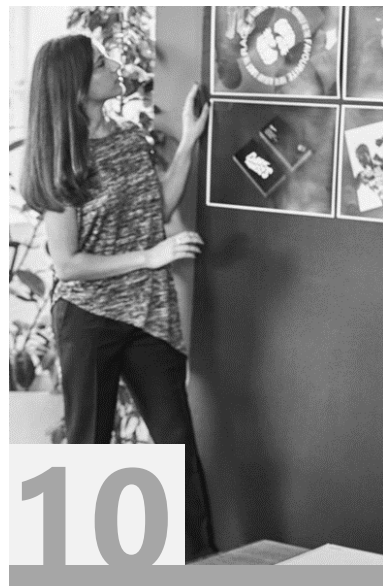
Millennial-led SMBs are the most likely (**31%**) to have an annual CSR/ESG-specific report while Gen X and older are least likely (**23%**).

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SMBs want technology to help with their business objectives but need help to make this link

SMBs expect technology to help them to cut costs, improve sales and marketing, and retain and acquire new customers

SMBs want technology to directly support their primary business objectives – business growth, maximizing profits and achieving operational excellence

SMBs see technology fulfilling a range of roles to support their business, with improved operational efficiency, sales and marketing, and customer retention the most common among a third of SMBs. Process automation, online sales and marketing and customer relationship management (CRM) software are all examples of how technology may fulfil these roles.



SMBs in India look to technology to help them to **grow their customer base (39%)** and **improve customer retention (38%)**.



SMBs in South Africa are more likely (38%) to want technology to help them to increase their sales.



SMBs in the USA are more likely (33%) to believe that technology will help them with product innovation.

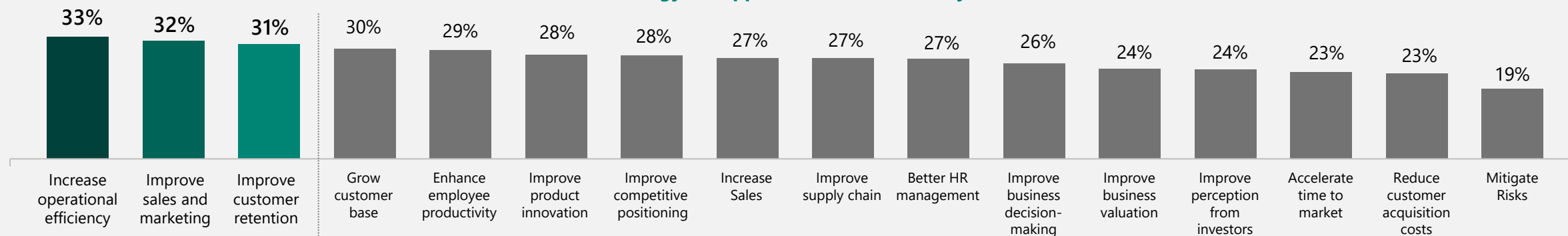


Millennial executives are more likely to see technology as particularly important, with 68% of Millennial executives seeing technology as very important or essential to their business, vs. 55% of their older peers.

Most SMBs perceive technology as very important, but only 16% of SMBs believe technology to be essential to their business

When asked how important these technologies are for the SMB to achieve its objectives, 75% of SMBs recognized technology as important or very important. Very few SMBs suggested technology is unimportant, and some 16% described technology as essential to their business.

Role of technology to support SMBs' business objectives



Technophile SMB executives may drive early adoption of technology in the businesses they work for

Technophile executives are nine times more likely than skeptical executives to lead SMBs that are early adopters

Business attitude to technology adoption (% of SMBs)

17%

Early adopters
(always adopt the latest new technologies)

46%

Fast followers
(try to stay ahead of the competition)

32%

Cautious followers
(adopt commonly used technologies with proven benefits)

5%

Slow adopters
(not interested in new technologies, until necessary)

Technology laggards



Millennial executives are more likely to be technophiles in their personal life, with 29% of millennial executives identifying as technophiles, vs 20% among the older cohorts

Most SMBs are technology followers – deploying new technologies only when there is a competitive advantage or proven business benefit

In this report, we surveyed SMBs with four attitudes to technology, including internal infrastructure and customer-facing products/services. These attitudes present a spectrum, from early adopters who always try to use the latest technology, to slow adopters, who are simply not interested. Most SMBs fall between these two extremes; only **17% of SMBs are early adopters**.

SMBs in India and Canada are the most likely to be early adopters;



26% of SMBs in India



24% of SMBs in Canada

Slow adopters and cautious followers are presented as 'technology laggards' throughout the rest of this report, representing 37% of SMBs. These SMBs rely on manual processes, on-premises software and physical/offline sales.

Executives' personal technology adoption influences their business's adoption

Technophile executives are a group of leaders who quickly take on board technologies in their personal lives. They are nine times more likely than indifferent executives to head early adopter firms. It is rare for a technophile executive to be in a cautious follower or slow adopter business.

Executives influence on business's attitude to technology adoption (% of SMBs)

'My business adopts new technologies as an...'	Technophile executives	Techno-skeptical executives
Early adopter	54%	6%
Fast follower	31%	50%
Cautious follower	12%	38%
Slow adopter	3%	6%

SMBs' technology budgets are growing

A third of SMBs invest more than 10% of their annual revenue into technology and most expect to increase budgets further

Most SMBs plan moderate increases in their technology budgets

Technology spending is an essential cost of running a modern business. Early adopters, who spend the most, show the benefits of this spending, as they have increased their revenue the fastest of all segments. Most SMBs spend between 6% and 10% of their revenue on technology. Roughly a third of SMBs are high technology spenders and invest more than 16% of their revenue in IT.



There are significant differences between industries; only **24% of AMTUC** SMBs spend **more than 10%** of their revenue on technology, but **32%** of SMBs in the **professional business** service industry do so.



SMBs in India are the most likely (**35%**) to spend more than **10%** of their revenue on technology.



SMBs in Canada are the most likely (**33%**) to spend **5%** or less of their revenue on technology.

SMBs with larger technology budgets expect to invest more over the next year

Most SMBs plan to increase their technology budgets, with a small proportion predicting an increase of **10%** or more. The largest increases are planned among SMBs who are already spending the most on technology, indicating that they are raising spending to maintain their technological advantage.

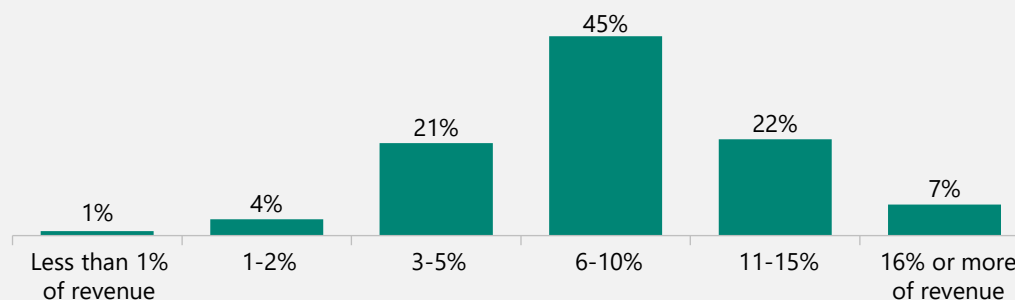


SMBs in India are most likely (**22%**) to plan on an increase of over **10%**.

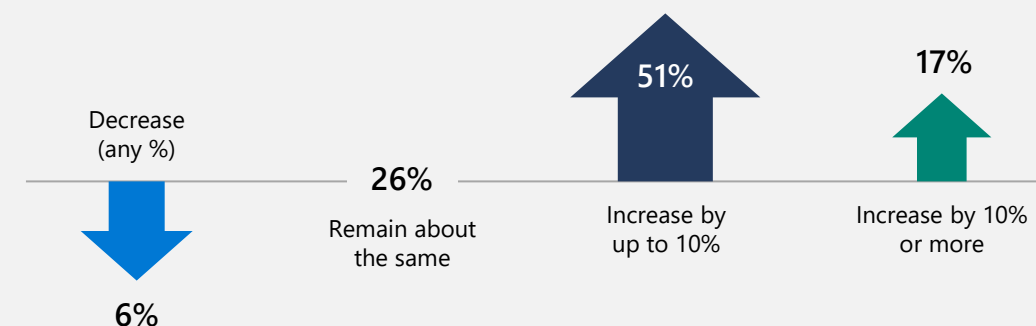


SMBs in Canada and the **UK** are jointly most likely (**8%**) to plan on decreasing their technology budget over the next year.

Current technology budget, as % of revenue (% of SMBs)



Expected change in technology budget over the next year (% of SMBs)



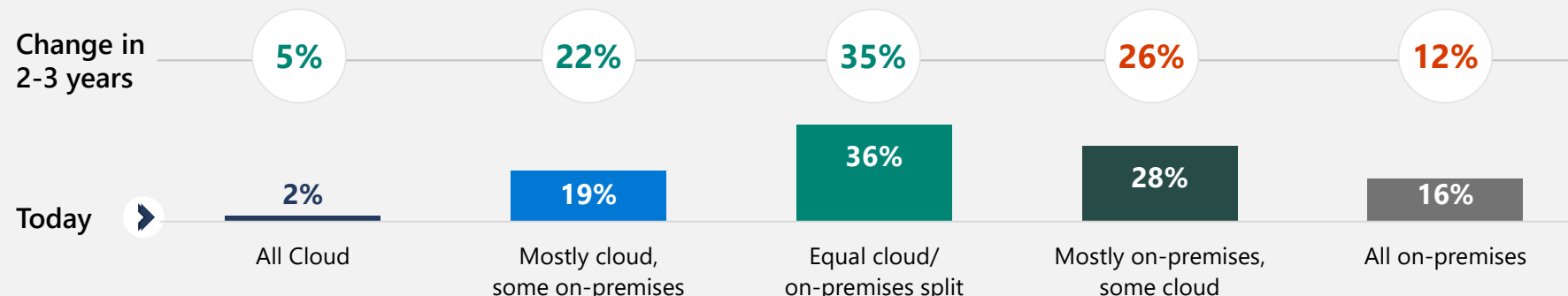
Q: Approximately, what proportion of your company's annual revenue is allocated for your overall technology budget? (n = 3065).

Q: How will your business's overall technology budget change over the next 12 months? (n = 3065).

Cloud deployments will increase in the next 2–3 years

A fifth of SMBs are mostly or all cloud-based, but this proportion will rise to 27%

SMBs' main technology deployment – now and in the future – (% of SMBs)



Most SMBs report greater use of on-premises solutions than cloud solutions today

SMBs are positioned along a cloud deployment spectrum, much as they are in terms of attitudes towards technology adoption. Very few SMBs reported having an all-cloud technology deployment, while under a fifth reported a 'mostly cloud' deployment.



SMBs in India are the most likely (27%) to be all or **mostly cloud-based**.



SMBs in Canada (22%) are the most likely to be all **on-premises**.



The **largest SMBs (100-300)** are marginally more likely to use a combination of on-premise and cloud computing, while very small businesses (1-9) are more likely to either be all cloud or all on-premise.



Start-ups are slightly less likely to use cloud computing services.

Cloud adoption among SMBs will increase in the next 2–3 years but not drastically

SMBs foresee a steady move to the cloud in the next few years, as the majority of SMBs expect to deploy more cloud solutions. However, the share of SMBs that expect to be all or mostly cloud-based in 2–3 years will remain modest.



India is the most optimistic about future cloud adoption; **35% plan to be mostly or all in the cloud**.



Germany is the most pessimistic about cloud adoption; **17% plan to be mostly or all in the cloud**.

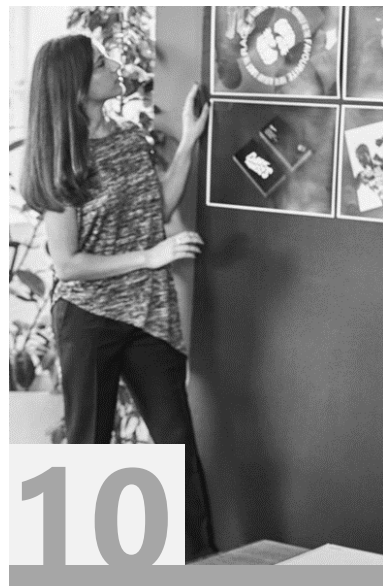
Q: Which best describes your business's main technology deployment today? (n = 3065).

Q: Which best describes the main technology deployment your business expects to use in 2-3 years? (n = 3065).

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SMBs typically employ IT generalists to manage their technology

Even when they have full-time IT staff, 45% of SMBs rely on external support for specialist technology needs

Most SMBs have internal IT staff but many look to external support for specialist technology support

SMBs want to make the most of technology, but tend to hire generalist IT personnel who can handle day-to-day issues such as systems management and maintenance. As a result, to fully capitalize on the opportunities that technology offers them they tend to turn to technology partners. Specialized external assistance, covering technically complex areas such as cyber security and platform development, plays a key role in their IT strategy.

Internal IT teams can be composed of either full-time or part-time employees, most often managing existing systems. 77% of SMBs use internal IT staff to help manage their business technology. External IT teams can supplement these teams by providing specialists, and 45% of SMBs make use of these partners. The smallest businesses are the least likely to have full-time internal dedicated IT employees, as they tend to lack the size and flow of continuous IT tasks to justify their cost.



SMBs in Canada are most likely (**93%**) to use **internal IT employees**.



Very small businesses are much less likely (**45%**) to use dedicated, **full-time internal IT** staff to manage their technology.



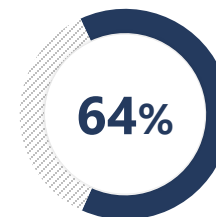
The **largest early adopters** are the most likely (**92%**) to have **full-time dedicated internal IT** employees.



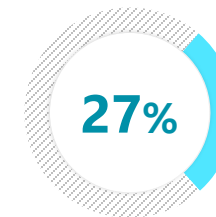
Early adopters in Australia are most likely (**64%**) compared to **laggards** (**44%**) to use **external business consultants**.

Personnel managing technology services and IT support (% of SMBs)

77% of SMBs have either full-time or part-time internal IT employees



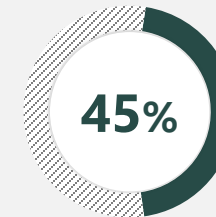
**Full-time,
internal,
dedicated
IT employees**



**Part-time,
internal
IT employees**



**Non-IT
internal
employees**



**External
business
consultants/
partners**

In 1% of SMBs, no one looks after technology services

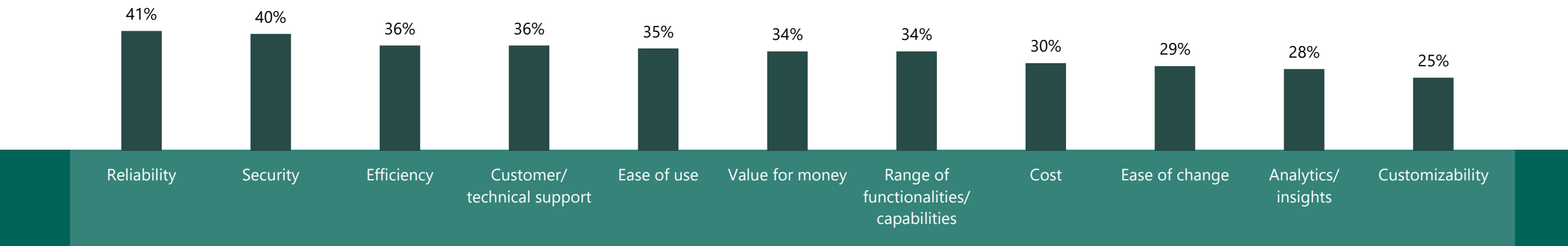
Q: How are technology services and IT support managed across most locations in your business? (n = 3065).

Q: What type of supplier is your main technology partner for procuring technology and services for your business? (n = 3065).

Reliability and security are important factors when selecting new technology solutions

Security is particularly important among SMBs in the USA and ease of use among those in South Africa

Most important factors when selecting a new technology solution (% of SMBs)



Reliability and security are the most important factors to **40% of SMBs** when selecting any new technology. The popularity of reliability suggests that SMBs want technologies that **'just work'** without excessive complications. In terms of security, SMBs see significant threats to their business and data.

SMBs that are in the **'other services'** category* are most likely to **value security (46%)**, while this factor is seen as less important among manufacturing **SMBs (38%)**.

Efficiency, high-quality customer support and the ease of use of new technologies are the clear second ranking factors.



SMBs in South Africa are most likely **(46%)** to focus on ease of use. This stands out because ease of use is seriously evaluated by only a third of the overall sample, however South African respondents selected factors at a higher rate than in other countries.



SMBs in the USA are more likely **(47%)** to **prioritize security**.

Cost and value for money are not critical when SMBs are selecting technologies

At the evaluation stage, cost and value for money are selected by fewer than a third of SMBs, suggesting a preference for other factors over the absolute cost when evaluating technology options.

Cost of solutions remains the main barrier to adoption of new technologies

Over a third of SMBs also struggle with comparing solutions, technical concerns and uncertainty over the business impact

Primary challenge – and key inhibitors to SMBs' technology adoption behind these challenges

47%

The cost of new solutions

SMBs explicitly specify **high ongoing costs** of new technologies as an inhibitor while less than half of SMBs are concerned about the **upfront costs**.

38%

Difficulty comparing solutions and making decisions

SMBs **prioritize other business concerns over technology decision-making**. Half of SMBs fear missing out on better alternatives, but few said they struggle to understand technology information.

38%

Technical concerns

Technical concerns cover a range of inhibitors that are equally common among SMBs, including **ease of use, security concerns, limited customization options and a lack of support**.

38%

Uncertainty over the business impact

These SMBs see adopting new technologies as a **'leap of faith'**.

35%

Difficulty researching or finding information

29%

Resistance to change

The high ongoing cost of new technology solutions is a key barrier for SMBs

The cost of new solutions is by far the most common challenge to SMBs during technology adoption. *These SMBs explicitly recognize the costs as an inhibitor.*



SMBs in South Africa are the most likely (54%) to view cost as a challenge.

Decision-making, technical concerns and uncertainty limit over a third of SMBs' adoption

After cost, the difficulty of making technology decisions and uncertainty are frequent challenges to SMBs. Both present uncertainty over the value of technology, *either because technology is a low priority, or SMBs fear adopting new technology.*



Technical concerns are more common among **SMBs in the USA (45%)** than in **other countries (38%)**.



Millennials are more likely (34%) to view resistance to change as a key challenge, with older executives (26%) less likely.

SMBs use a variety of different sources when exploring new technology

Social media is a particularly important source of information for Millennial executives and SMBs in India

SMBs most frequently consult reviews on specialist websites when researching new technologies

SMBs do not consistently use one single source of information to research technology applications, instead preferring a wide range of different sources. Documentation and reviews from the technology providers' website, and content shared on social media appear the first ports of call for many SMBs.



SMBs in India more commonly use social media content (**39% of SMBs**).



SMBs in France are the most likely (**29%**) to use the technology provider's website.

More personal sources of information, such as colleagues, external peers, and online influencers are alternative sources, but SMBs use these less frequently.



SMBs in Mexico are the most likely (**31%**) to use white papers.

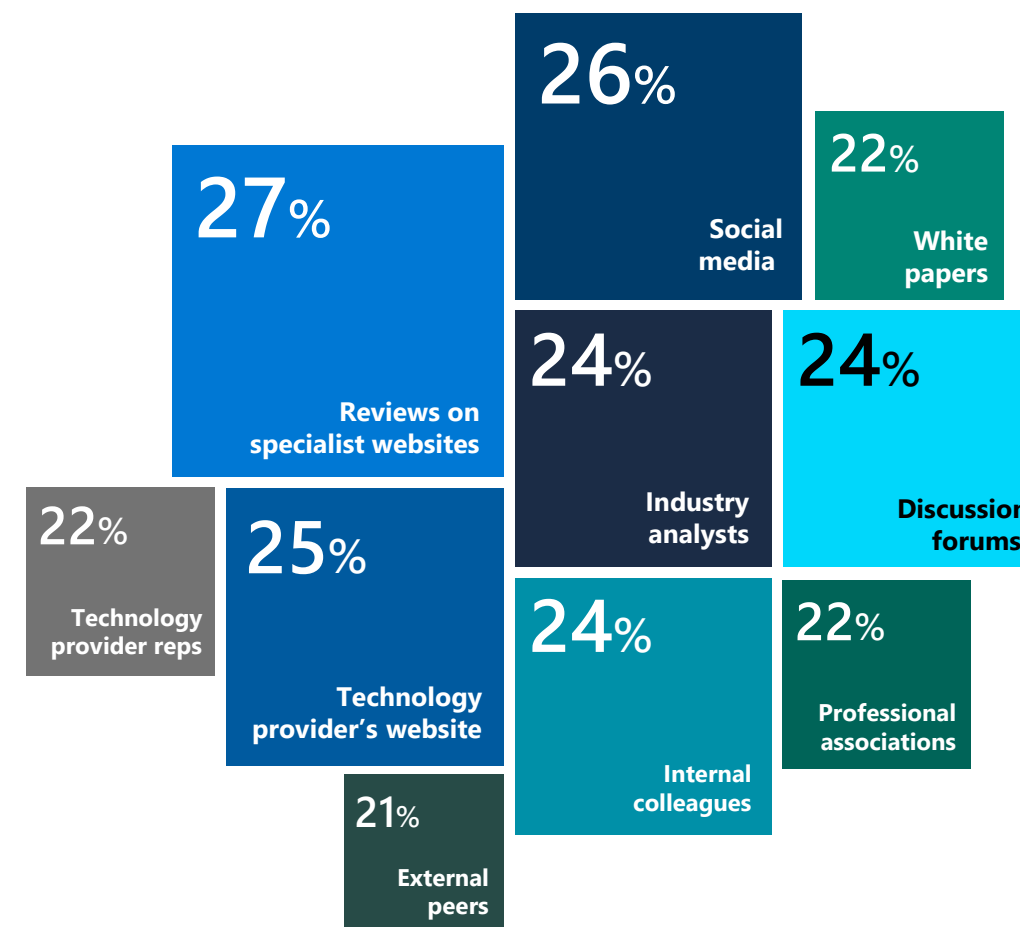


SMBs in India are more likely (**27%**) to listen to online influencers.



Millennials are the most likely to consult social media when researching a prospective new technology (**31%** always consult social media), with executives aged 40+ being the least likely (**23%**).

Primary sources of information for technology decision-making used by SMBs' leaders (% of SMBs).



Half of SMBs expect technology partners to proactively suggest new technologies

The role of technology partners is becoming a more strategic one with the accelerated focus on resilience and digitalization

SMBs want to work with technology partners that are proactively bringing them technology solutions. When asked about the most important services from a technology partner for business success, SMBs most often want their technology partners to suggest new technologies.



SMBs in the UK are the most likely **(60%)** to want technology partners to suggest new technology.

Security is a key concern and SMBs want partners to support them

Similarly, SMBs want help with digitally securing their business. Specifically, SMBs may look to technology partners to cover new, emerging problems so that the executives can focus on their business.

There is a diverse range of other sought-after services

Over a third of SMBs want a variety of other services, including improving contingency and continuity planning, which uses technology solutions for maintaining business functions in crisis situations. Providing technical support for employees who are working from home is also highly valued.

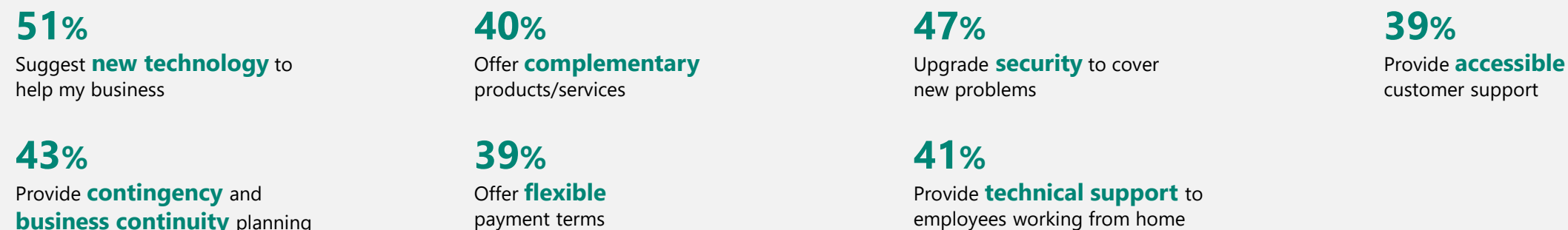


SMBs in China prioritize support from technology partners for their contingency and business continuity planning.



Flexible payment terms are much more important in Australia, with **46% of SMBs** prioritizing them as a key service from technology partners

Most important services from a technology partner (% of SMBs)



SMBs select technology partners that offer solutions that match their business requirements

The potential partner's CSR/ESG is a selection criterion for almost a quarter of SMBs when choosing a technology specialist

As opposed to the factors used when selecting and deploying new technologies, SMBs may choose the technology partner over the solution. SMBs may consider non-technical, business criteria for evaluating the partner rather than their solutions, such as their brand, expertise and capabilities.

SMBs use a broad range of business criteria to evaluate technology partners

SMBs favor no single criterion when selecting partners, however, unsurprisingly the partners' ability to match the SMBs business requirements is most common. However, cost is a less important criterion, suggesting that SMBs will choose preferred partners over the absolute cost of their solutions. Brand came in last, with only 15% of SMBs evaluating partners based on their brand.

Partners' commitment to CSR/ESG objectives is becoming increasingly important

Almost a quarter of SMBs compare CSR/ESG goals when evaluating partners. While this is still emerging, it has already become more important than criteria such as specific industry vertical expertise and partners' communication with senior executives.



SMBs in high-income markets more commonly evaluate their partners based on their CSR/ESG goals, with 25% of SMBs in high-income markets using this criteria, vs 19% among middle-income markets.



SMBs in Australia lead this trend, with 29% using CSR/ESG as a criterion.

Business criteria for evaluating technology partners (% of SMBs)



Technology solutions **match** our requirements



Expertise in specific areas



Ability to **use data** to create value



Understanding of our business



Cost



Outsourcing services



Corporate social objectives



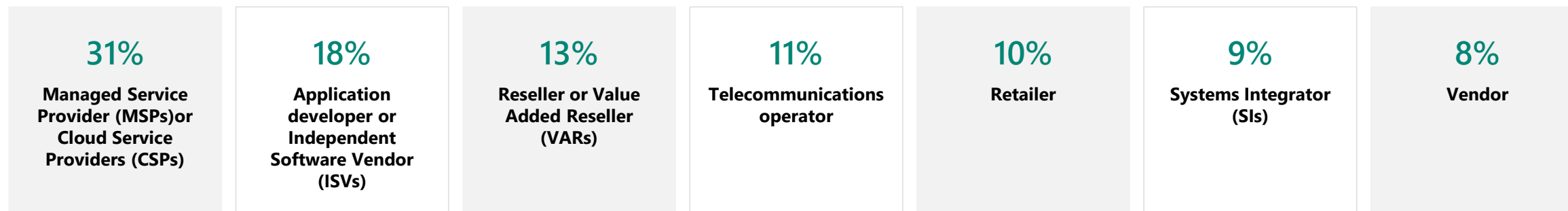
Range of business services

Not shown are options selected by fewer SMBs, including experience redesigning business processes, customer support, vertical specific expertise, executive communication, and branding

MSPs and CSPs are the most preferred technology partners for a third of SMBs

SMBs are actively looking for partners with advisory and guidance capabilities

Preferred technology partner for procuring technology and services (% of SMBs)



In most SMBs, internal IT staff focus on the management and maintenance of existing systems. As a result, they may struggle to implement new technologies and processes. To help overcome this obstacle;

45% of SMBs partner with external firms for technology management and implementation.

Due to the impact of the pandemic, SMBs are more willing to **invest in managed IT services and cloud solutions**. SMBs favor partners that can offer advice and guidance; such as **MSPs/CSPs** and **SIs**.

SMBs favor a variety of partners, but MSPs/CSPs are the preferred choice

31% of SMBs prefer to buy technology products and services through **MSPs and CSPs**. Many SMBs do not have the capacity or the requirement to onboard IT specialists. As a result, MSPs and CSPs are ideally placed to support SMBs' technology challenges by supplementing SMBs' internal IT teams with specialist skills.

For example;

Security requires constant development to keep up with cyber threats.

MSPs and CSPs can provide effective, up-to-date solutions to help SMBs to overcome this problem.

The second most common preference among SMBs is to **partner with ISVs**. Some SMBs may feel that they can access more customized solutions by working with ISVs, rather than the mass-market products of MSPs/CSPs.



SMBs in India prefer **(25%)** working with application developers/ISVs.

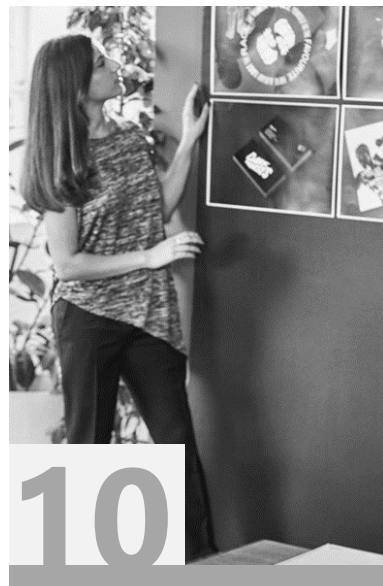


Early adopters in Australia most commonly **(42%)** use application developers and ISVs, and relatively rarely partner with **MSPs/CSPs (23%)**.

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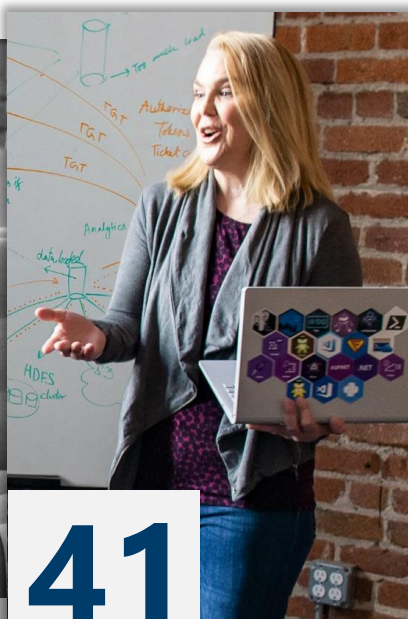
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Early adopters of technology are big spenders and plan to invest more going forward

Early adopters are twice as likely to invest more than 10% of revenue in technology and to increase this budget by 10% next year

Early adopters of technology represent 17% of SMBs, and always try to use the latest technology in their business. They have the largest budgets for technology, as a proportion of revenue, and are planning the most radical increases. Most early adopters spend more than 5% of revenue on technology, with almost half spending over 10%. Early adopters are overall two times more likely to predict a greater than 10% increase in their technology budgets than technology laggards.

We already know that SMBs with larger budgets plan to increase the budget the most in the next 12 months and this is particularly true among early adopters. **28% of early adopters who spend over 10% of their budget on technology are planning to increase these budgets by over 10% compared to just 17% of laggards who currently spend similar proportions.**

SMBs in some countries already spend a lot on technology, so the difference between early adopters and laggards in these countries is limited

Among all SMBs, those in the USA and India report the largest technology budgets. As such, the disparity between early adopters and technology laggards is less pronounced (**16% in the USA and 12% in India**). This may be due to a limit on the size of technology budgets as a result of diminishing returns on the budget, or the impracticality of investing too much in technology when managing a business.



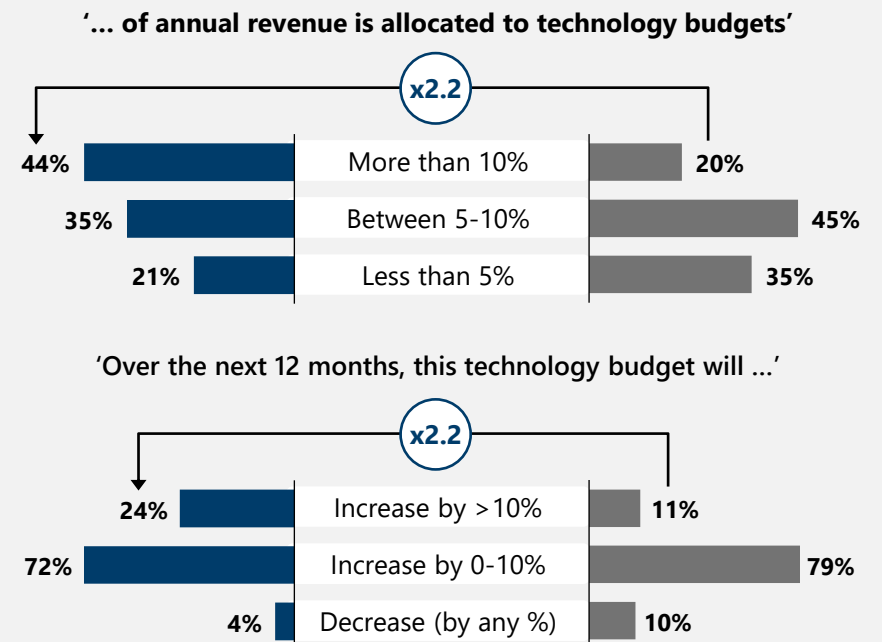
The difference in technology spending between early adopters and technology laggards in Australia is particularly large; **early adopters are three and a half times more likely to spend over 10% on technology.**

SMBs' current and future technology budget, by attitude to technology adoption

Early adopters of technology



Technology laggards



Q: Approximately, what proportion of your company's annual revenue is allocated for your overall technology budget? (n = 3065).

Q: How will your business's overall technology budget change over the next 12 months? (n = 3065).

Early adopters are leading the shift to the cloud

They are five times more likely to depend on cloud technologies than other businesses

Not only are early adopters investing more in technology, but they are also investing more specifically in cloud technologies. 42% of early adopters describe their technology deployments today as all or mostly cloud, compared to only 8% of technology laggards.



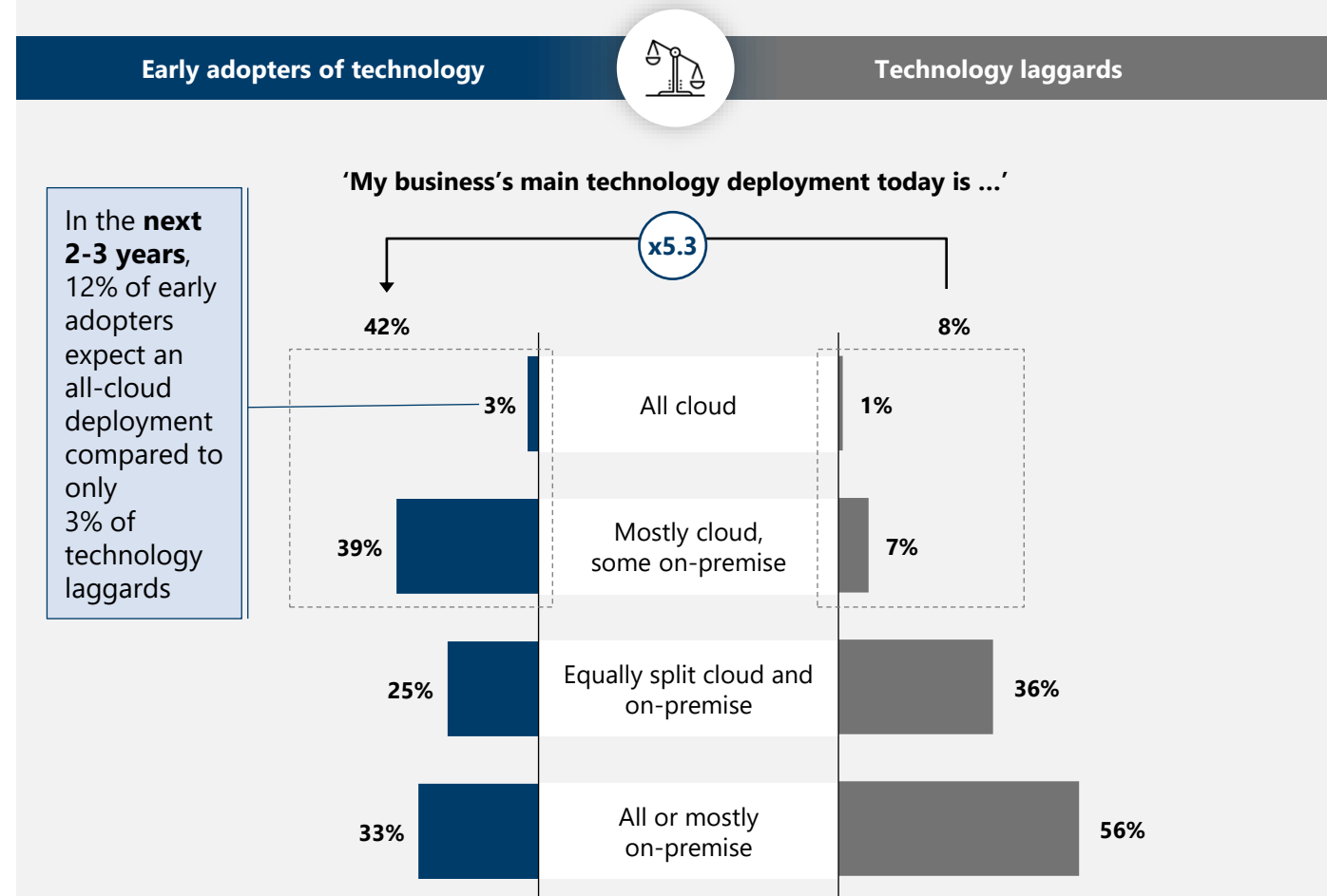
This difference is largest among **SMBs in China**, where 57% of early adopters are all or mostly cloud-based compared to only 7% of technology laggards.

Early adopters see the benefits of cloud technologies differently. They recognize how a cloud ecosystem may provide better access to new technologies and for market entry.

Early adopters are also much more ambitious with their future cloud deployments

SMBs in all segments plan to **scale up** their cloud deployments. While the proportion of all cloud early adopters will remain small, it will grow rapidly, quadrupling from **3% today to 12% in 2-3 years**.

CSR/ESG main technology deployment today, by attitude to technology adoption



Early adopters are more engaged with their CSR/ESG objectives

Half of early adopter SMBs have annual, CSR/ESG-specific assessments

While almost all SMBs now identify CSR/ESG objectives, what may indicate SMBs' engagement in these objectives is how they assess and report on them.

Early adopters have broadly similar CSR/ESG objectives to technology laggards, except for diversity and inclusion where 38% of early adopters prioritize this objective compared to 26% of technology laggards.

Early adopters demonstrate more engagement with their CSR/ESG goals

Early adopters' high level of engagement with CSR/ESG issues is shown through their rigorous assessment of their efforts to achieve their CSR/ESG objectives. Most early adopters use CSR/ESG-specific assessments to report these objectives on an annual basis, making them 3.5x more likely to do so than technology laggards. **Only 4% of early adopters do not report on CSR/ESG issues, while 16% of laggards engage in no reporting.**

While both ad-hoc reporting and CSR/ESG-specific annual reviews may include metrics such as carbon footprint, gender pay gap, levels of employee diversity, employee satisfaction ratings, and the impact of any social initiatives it may be running in the wider community, it is only regular annual reports which provide evidence of a consistent structure in an SMB's approach to CSR/ESG issues. These reports display the year-on-year changes, showing how the SMB is improving or worsening in its impact on the world.



Early adopters in Australia are the most likely (72%) to have an annual CSR/ESG-specific assessment.



Early adopters in Mexico are the most likely (10%) to have no CSR/ESG reporting.

CSR/ESG reporting method by attitude technology adoption

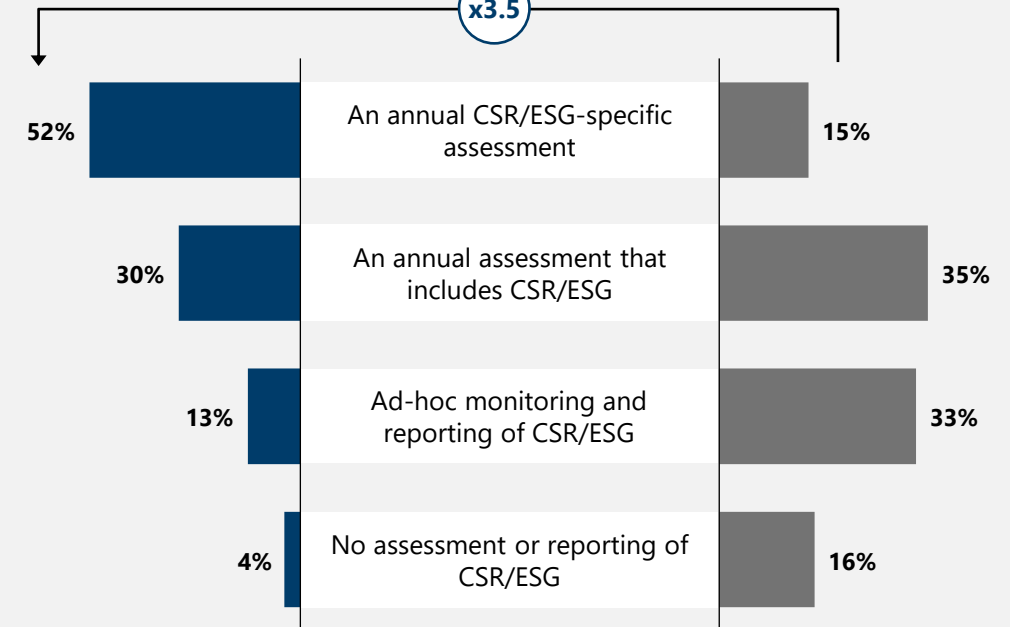
Early adopters of technology



Technology laggards

'My business has...'

x3.5



'I don't know' accounts for ~1% of SMBs

Technology decision-makers are more likely to be Millennials in early adopter SMBs

This trend is particularly pronounced in middle-income markets

Early adopter SMBs are slightly more likely to be led by millennials than technology laggards. This may be because younger generations have grown up with more technology in their lives and so are more confident and able to adopt new technologies within their businesses.

Millennials are more commonly found in technology decision-making roles in middle-income markets across different SMB segments. Despite this general higher prevalence, **Millennial executives are specifically 1.5 times more common among early adopter SMBs than laggards in middle-income markets, such as China, India, Mexico and South Africa.**



Early adopters in China are most commonly led by Millennials; **76% of early adopters have millennial leaders vs, 34% of laggards.**



Similarly, **57% of early adopters in South Africa** are led by millennial executives compared to 34% of technology laggards.

This result is more muted among SMBs in high-income markets, such as **France (40% vs 41%)**, with an almost equal frequency of Millennial executives among early adopters and technology laggards.



SMBs in the UK are the least likely to have Millennial executives and this remains true among early adopters where only **21% have a Millennial executive.**

Q: Which age band represents you? (n = 3065)

Q: What gender do you identify as? (n = 3065)

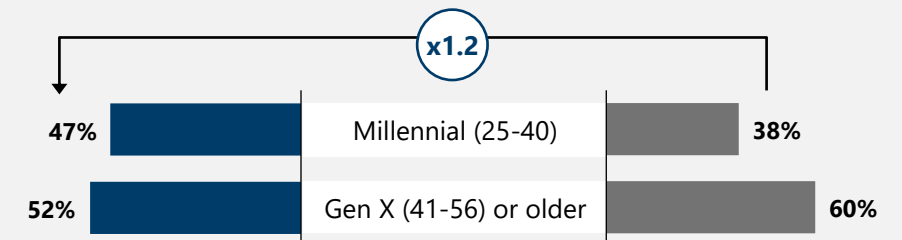
SMBs' current and future technology budget, by attitude to technology adoption

Early adopters of technology

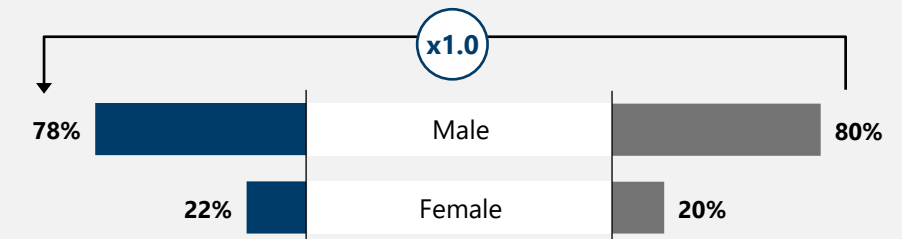


Technology laggards

'I, the technology decision maker, am a...'



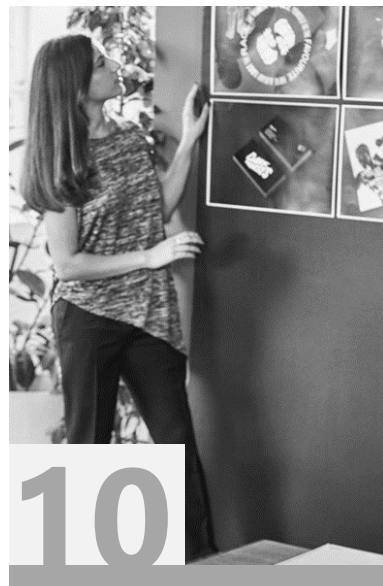
Gen Z (18-24 years of age) account for ~1% of SMBs



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It's worth it! Early adopters are more successful against their business objectives

They improved their brand perception and employee satisfaction more than other SMBs over the last year

Early adopters have the same objectives as the other SMBs, but approach them differently

SMBs share similar objectives – the growth of their business, improving their finances and operations, and social goals – but early adopters of technology approach these objectives differently. Early adopters' actions to achieve their business objectives tend to involve greater use of technology than laggards. To pursue an improved profit margin and greater operational efficiency, early adopters focus more on automation and supply chain improvements and IT infrastructure than technology laggards.

Early adopters of technology have achieved more progress towards their business goals over the past year

When asked about the progress towards their business objectives, two-thirds of early adopters achieve or improved over 40% of their planned actions over the past year. This compares to less than half of technology laggards, which achieved the same.

Early adopters improved their brand awareness and employee satisfaction more than other SMBs

Most SMBs want to grow their businesses and improve their profit margins but have differing views over how to achieve these objectives. Early adopters, who are more successful overall in achieving their objectives, are more able to improve their brand awareness – contributing to customer growth – and improve employee satisfaction. Early adopters are also better able to improve innovation, productivity and automation within their business.

*We estimated this by comparing what SMBs planned to do to achieve their objectives, and which of these actions they had accomplished over the past year

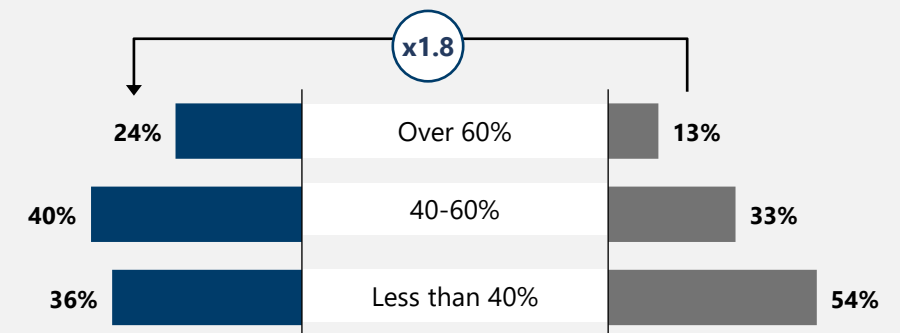
Progress against last year's business objectives

Early adopters of technology



Technology laggards

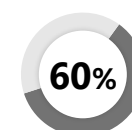
'Last year, my business achieved or improved upon ... of actions towards my business objectives'*



Early adopters are more able to.... (vs. % of laggards)



70% (vs. 53%)
Improved brand awareness/
grew customer base



60% (vs. 40%)
Improved employee
satisfaction

It's worth it! Early adopters report higher revenue growth

A third of early adopters grew their revenue by over 5% in the past year, compared to less than a fifth of technology laggards

Early adopters are almost two times more likely to have achieved high revenue growth

As countries emerge from lockdowns after the most intense phase of the COVID-19 pandemic, most SMBs have experienced some degree of revenue growth. Early adopters have seen particularly large increases, and are two times more likely to have increased their revenue by over 5% in the past year. Early adopters are also much less likely to have suffered stagnant or declining revenue; only 17% of early adopters report issues with revenue growth compared to over a third of technology laggards.



Early adopters in Australia have the widest gap with technology laggards, **being 31% more likely to have increased revenue by over 5%.**



Early adopters in China have the smallest gap with technology laggards, being less than 1% more likely to have **increased revenue by over 5%.**



Technology laggards in the USA are the most likely (46%) to have had revenue remain static or decrease.



Technology laggards in France are the most likely (22%) to have had **revenue increases of over 5%.**



Early adopters in the AMTUC industries report the most positive shift in revenue, with 86% growing their revenue in the past year, while 77% of early adopters in the retail sector achieved the same feat.

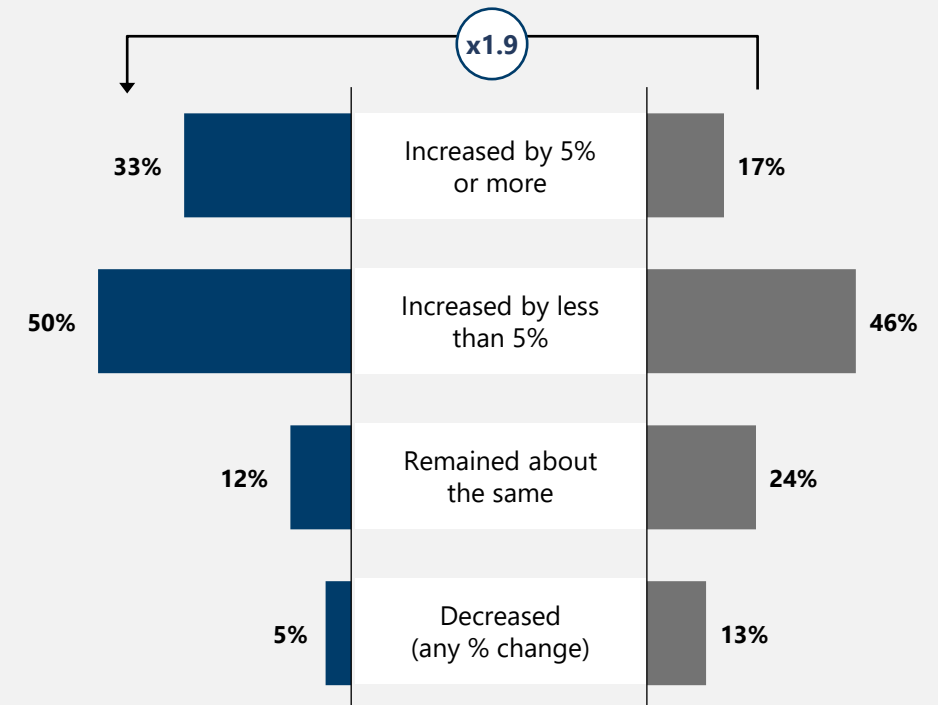
Impact of attitude to technology adoption on change in annual revenue

Early adopters of technology



Technology laggards

'In the past year annual revenue has changed by...'



It's worth it! Early adopters are more confident about achieving their current business objectives

Their executives also feel more adaptable to change, optimistic for the future and confident about their own impact

Early adopters are four times more likely to be highly confident in their business

Not only did early adopters achieve better results over the past year, but they also remain much more confident in their business looking forward. Early adopters are four times more likely to be highly confident than technology laggards, showcasing the positive impact of embracing new technologies. A quarter of technology laggards are, at best, neutral about attaining their objectives, illustrating the risks of being slow to adapt to new technology.



Early adopters in UK show the highest confidence gap compared to laggards, being **9.5 times more likely to be highly confident**.



Early adopters in China show the lowest confidence gap compared to laggards, being **3.0 times more likely to be highly confident**.



Early adopters in the retail sector show the highest level of difference in intra-industry confidence, with **42% of early adopters display high confidence in their objective achieving ability, against only 21% of technology laggards**

Executives at early adopters feel more confident in their role

Technophile executives are **more than 3 times** as confident in their personal judgement than techno-skeptical executives. The gap between early adopter SMBs and technology laggards is larger in terms of the SMB's confidence, with three times as many early adopters reporting high confidence. Technophile executives also have an exceptionally positive attitude in terms of optimism about the future and adaptability to change.

Q: How confident are you that your business can achieve its current objectives? (n = 3065).

Q: As a business leader, how confident are you that you are doing the right thing for your business? (n = 3065).

*Includes 'neutral', 'not very confident', 'not at all confident'

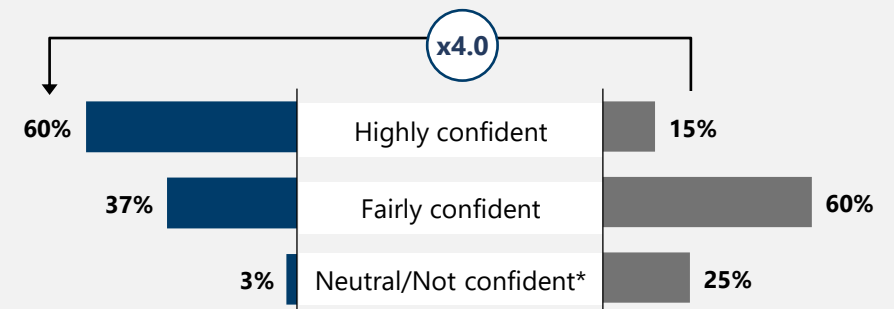
Confidence in the business and the leaders' role, by attitude to technology adoption

Early adopters of technology

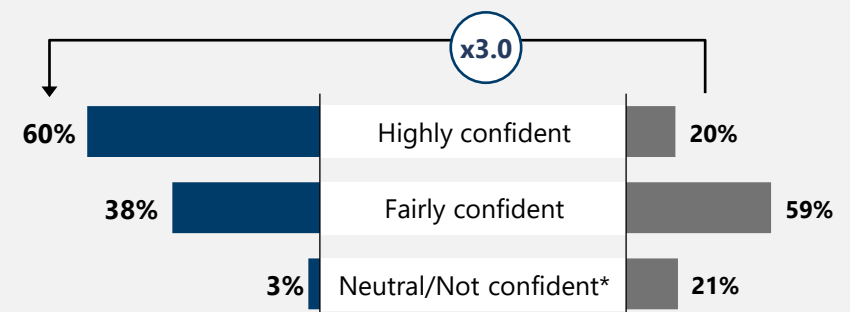


Technology laggards

'I am ... that my business will achieve its objectives'



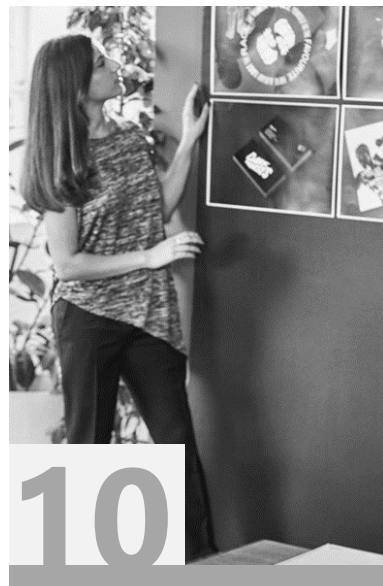
'As a business leader, I am ... that I am doing the right thing for my business'



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Early adopters see the link between technology and business more clearly

Unlike most other SMBs, early adopters see technology as essential for their business

Early adopters are 7.5 times more likely than technology laggards to make technology essential to their business

Among all SMBs, only 16% recognize technology as essential. Early adopters are overwhelmingly more likely to fall in this category and make technology essential to their business and for it to achieve its objectives. 45% of early adopters rate technology as essential compared to only 6% of technology laggards.



Early adopters in the USA are the most likely to view technology as essential to achieving their business objectives. They also had the largest gap with technology laggards, with **52% of early adopters rating technology as essential vs only 4% of laggards.**



Early adopters in Mexico are the most likely (21%) to view technology as being only important or neutral to achieving their business objectives.



Early adopters in the professional business services industry are the most likely (48%) to view technology as essential to achieving their objectives.

Indeed, it is hardly a surprise that early adopters of technology perceive it as more important than other SMBs. However, this perception of technology may also indicate how it is used within their business and may affect their strategy.

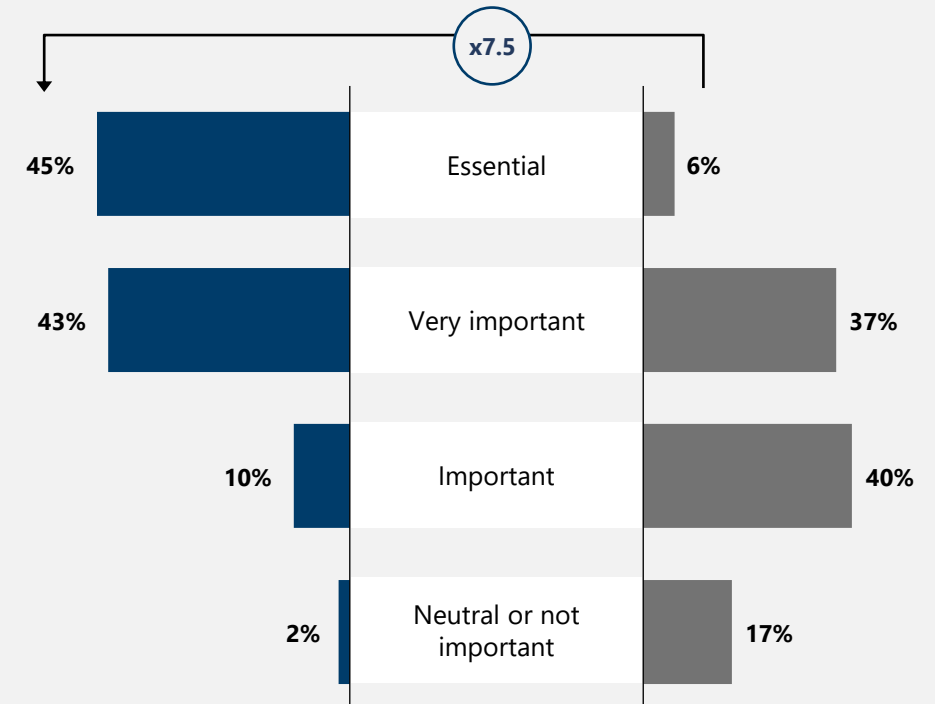
Importance of technology to SMBs, by attitude to technology adoption

Early adopters of technology



Technology laggards

'Technology is ... for my business to achieve its objectives'



Early adopters look beyond the obvious applications of technology

They believe that technology can play a role in solving fundamental business questions

Early adopters use technology differently than technology laggards to support their business objectives

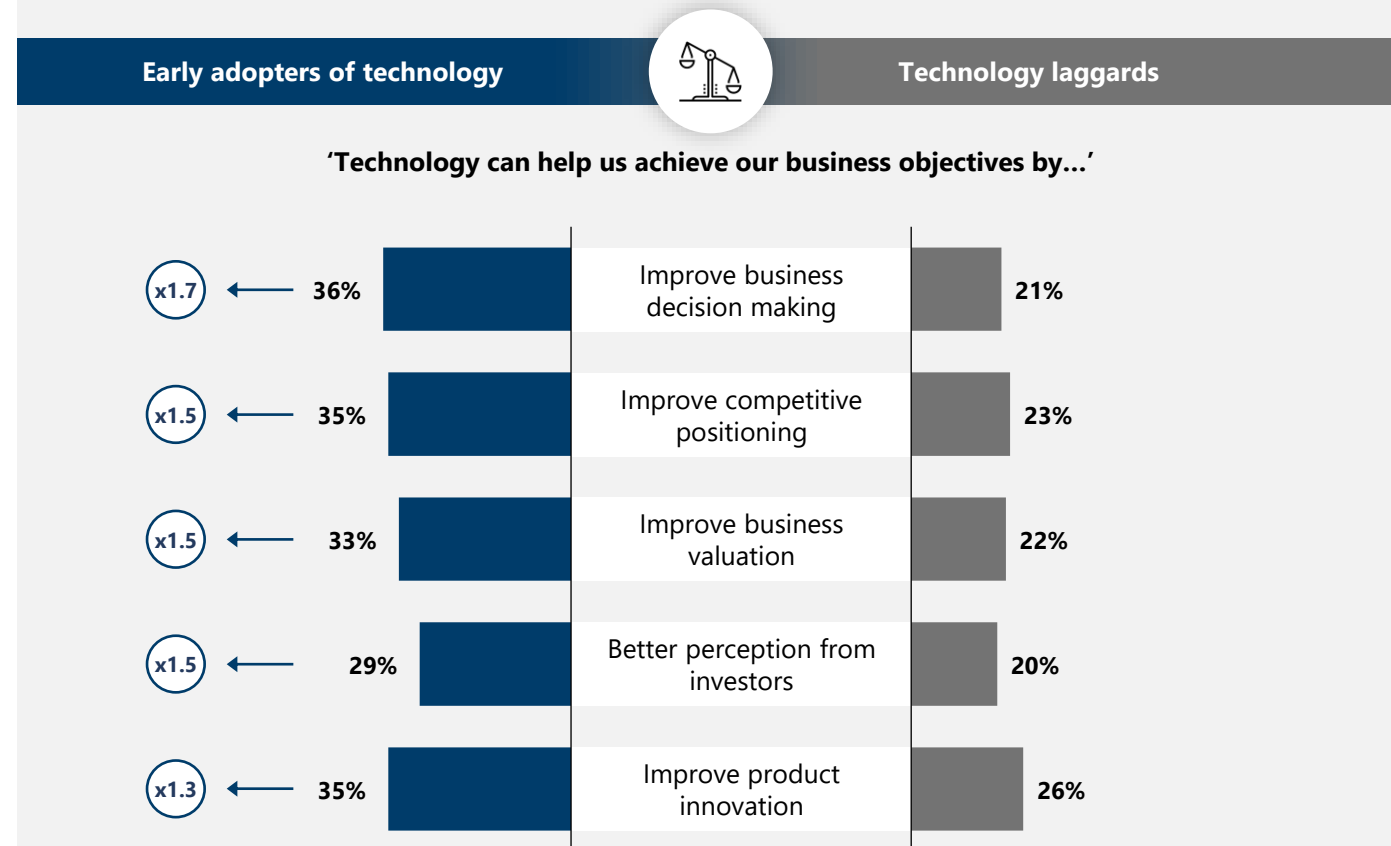
Early adopters and technology laggards have similar overall objectives but different views on how to use technology to achieve their goals. The biggest gap is in business decision-making where early adopters are 1.7 times more likely than technology laggards to believe technology can help them. Early adopters are also significantly more likely to believe technology has a role to play in improving competitive positioning, business valuation and investor perception.

Early adopters also think that technology gives their business a **better reputation in the market, being 1.5 times more likely than technology laggards** to feel it will improve their business valuation and, separately, give them a stronger reputation among current and potential investors

 **SMBs in Germany** are the most likely (50%) to think that technology can help improve the effectiveness of marketing and sales.

 **SMBs in South Africa** are the most likely (48%) to believe that technology can help improve their competitive positioning.

Role of technology, by attitude to technology adoption



Not shown are other options including increasing sales and accelerating time to market and improving people management, among others

Early adopters value data analytics/insights and customizability of solutions more

Ease of use is not a key criterion for technology selection, apart from among early adopters in Mexico

All SMBs want functional technologies that provide clear improvements to their business. What sets early adopters apart is the range and depth of the factors they take into account when evaluating novel technologies. Early adopters have a particular interest in customizing technology to fit their specific needs and then deploying analytical solutions to achieve fresh insights.

Almost half of early adopters focus on security and reliability when choosing a new technology

Early adopters have a strong focus on security and reliability. Early adopters' interest in security may be driven by their greater awareness of cyber threats and their impact. Additionally, early adopters are **1.4 times more likely than technology laggards to prioritize customer/technical support and 1.2 times more likely to evaluate the efficiency impact of a new technology.**



Early adopters in the UK are the most likely (60%) to prioritize security when selecting a new technology solution.



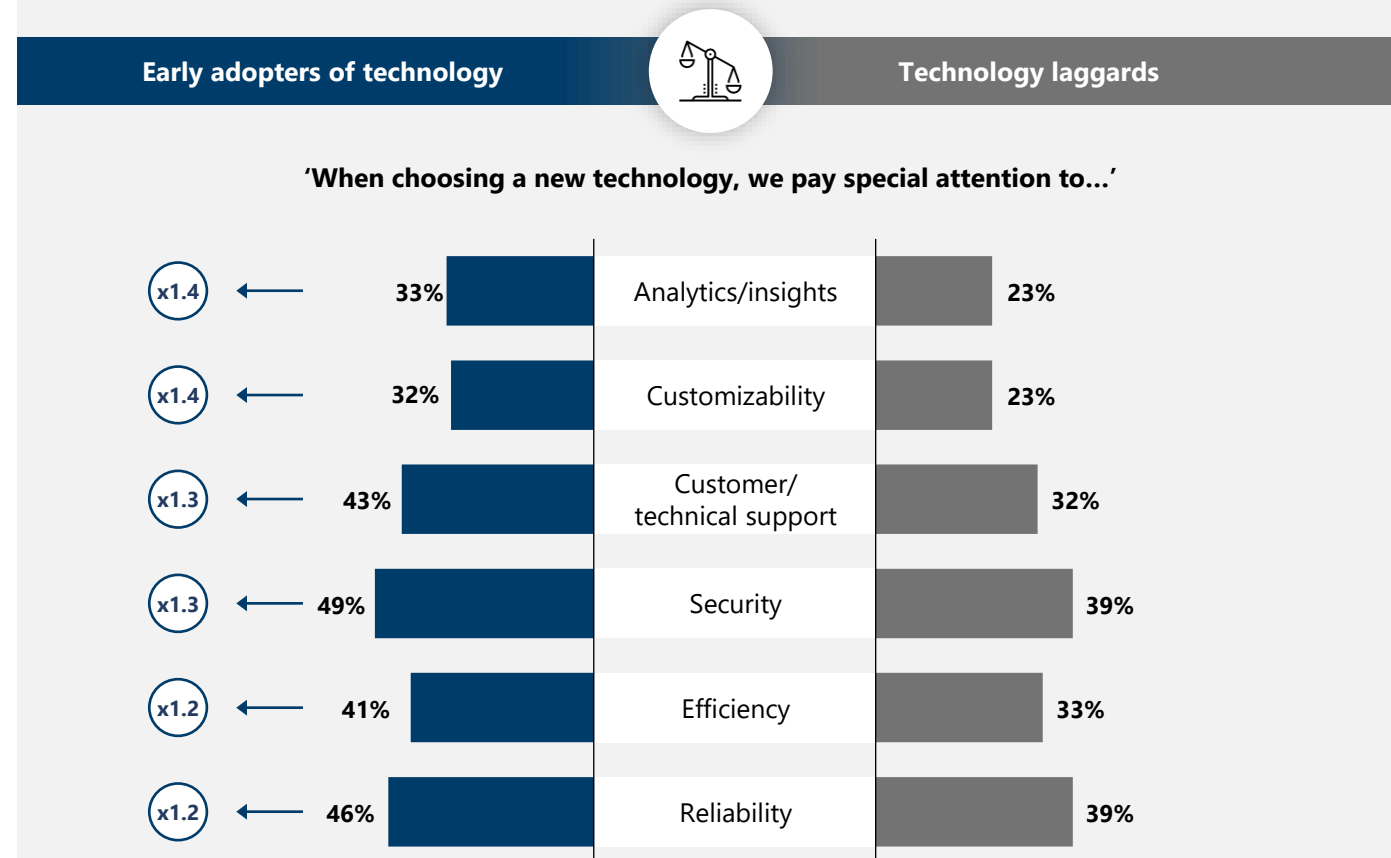
Early adopters in France are much more concerned by security (60%) than technology laggards (35%).



Early adopters in Mexico are the most likely (59%) to focus on ease of use when selecting a new technology solution.

Q: Which of these are important factors to your business when selecting a new technology solution? (n = 3065)

Factors for technology selection by attitude to technology adoption*



Not shown are other options including, among others, efficiency, ease of use, range of functionalities and cost

Early adopters value the collaboration with their technology partners a lot more

They want partners' input, insights and advice across all areas of business improvement

Collaboration with technology partners means the SMB works with their partner to jointly plan their business strategy and solve business challenges, rather than simply buying off-the-shelf technology products.

Early adopters collaborate more extensively with their technology partners

For most SMBs, collaboration with technology partners is very important. However, early adopters see their relationship with technology partners as more important and make this collaboration essential to their business. Early adopters are seven times more likely than laggards to view collaboration with technology partners as essential.



This discrepancy is greatest among SMBs in the UK, where **48% of early adopters make collaboration essential compared to 7% of technology laggards.**

Early adopters collaborate with technology partners directly to identify and solve their business challenges

Early adopters collaborate with technology partners differently to technology laggards. Half of early adopters look to this collaboration to identify and solve their business challenges, instead of focusing on new technology solutions. Early adopters do, however, look to their technology partners to keep them up-to-date on the latest technology trends.

Q: How important will collaboration with technology partners be to your business achieving its objectives over the next 2–3 years? (n = 3065).

*Includes 'neutral', 'unimportant' and 'not at all important'.

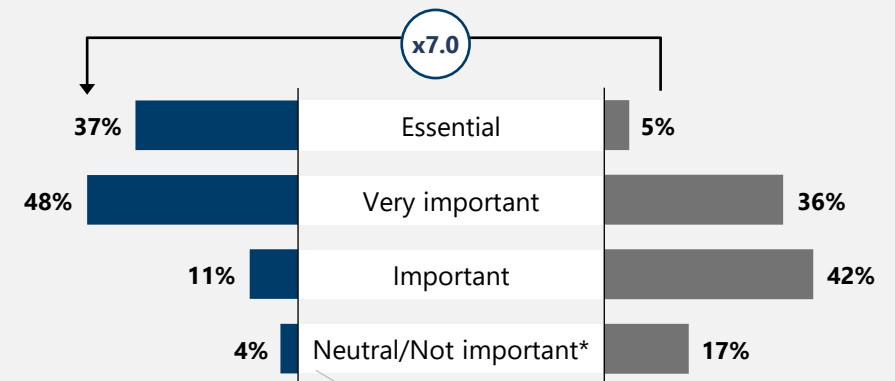
Importance and role of technology partners, by attitude to technology adoption

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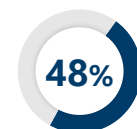


Technology laggards

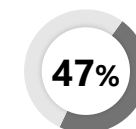
'Collaboration with technology partners is ... for our business to achieve its objectives'



Early adopters collaborate with technology partners for ... (vs. % of laggards)



48% (vs. 37%)
Support identifying
and solving business challenges



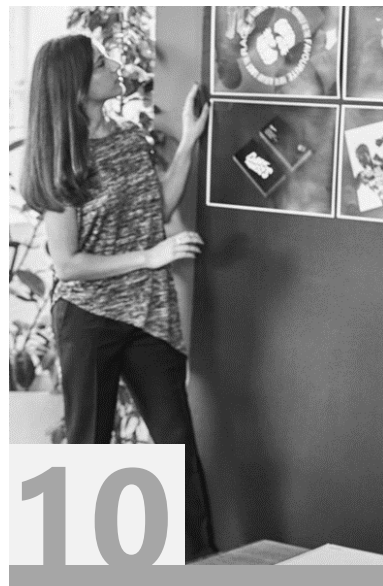
47% (vs. 37%)
Insights and advice
on the latest technology trends

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Investing in technology can improve SMBs' business performance

Linking technology and business strategies, and close collaboration with partners are key success factors

Study sought to better understand SMBs' unique voice. It examined the relationship between SMBs' technology adoption patterns, relationships with technology partners, and how these affect business results.

The overwhelming result:

It's worth it! **Early adopters represented 17%** of our sample of SMBs. They adopt the latest new technologies for their business and are more invested in cloud solutions. They demonstrate the positive impact of technology on business performance, reporting more progress towards their business objectives, higher revenue growth over the past year, and more confidence and positive mindset than other businesses. SMBs' mindsets and behaviors will not change overnight.

3 Ways SMBs get the most from their technology:

1. The decision to invest into technology should be driven by its potential business impact.
2. Look beyond the obvious applications of technology.
3. Closely collaborate with technology partners

Technology partners may support SMBs by proactively suggesting new solutions and shaping their technology strategy.

Ten truths about early adopters of technology

01

Typically big spenders and **2x more likely to invest more than 10% of revenue in technology.**

02

Cloud proponents: **5x more likely to depend on cloud technologies** today and have ambitious plans for future deployments.

03

Socially responsible businesses, with **82%** reporting on **CSR/ESG issues** on a yearly basis.

04

Achieved more progress against business objectives; more able to improve brand perception and employee satisfaction.

05

2x more likely to achieve high revenue growth.

06

4x more likely to be highly confident in their business. Executives are more **confident, optimistic and adaptable to change** in their role.

07

Link between technology and business clearly; unlike other SMBs, they see **technology as essential.**

08

Look beyond the obvious applications of **technology** and believe it plays a **role in solving fundamental business questions.**

09

Strong focus on security while also prioritizing reliability when selecting new technology solutions.

10

Appreciate collaboration with technology partners.

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