

# The Business-Technology Performance Connection for SMBs

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## Top Takeaways

- 29% of small and medium businesses (SMBs, with 1–999 employees) are “Progressive” SMBs, defined as companies that view technology as helping them to significantly improve business outcomes.
- Progressive SMBs invest 29% more in technology than their peers and are 18% more likely to forecast revenue growth.
- While cloud computing is becoming the “new normal” for SMBs, Progressive SMBs are more likely to be using cloud computing than other SMBs in several solution areas.
- 35% of Progressive SMBs have fully integrated primary business applications, compared to 25% of their counterparts.
- The use of analytics/business intelligence solutions is 86% higher among Progressive SMBs than other SMBs.
- 67% of Progressive SMBs view mobile technologies as intrinsic to business improvement and transformation, compared to 54% of all SMBs.
- All SMBs must periodically reassess how they’re using technology or they will risk falling behind their more nimble peers.

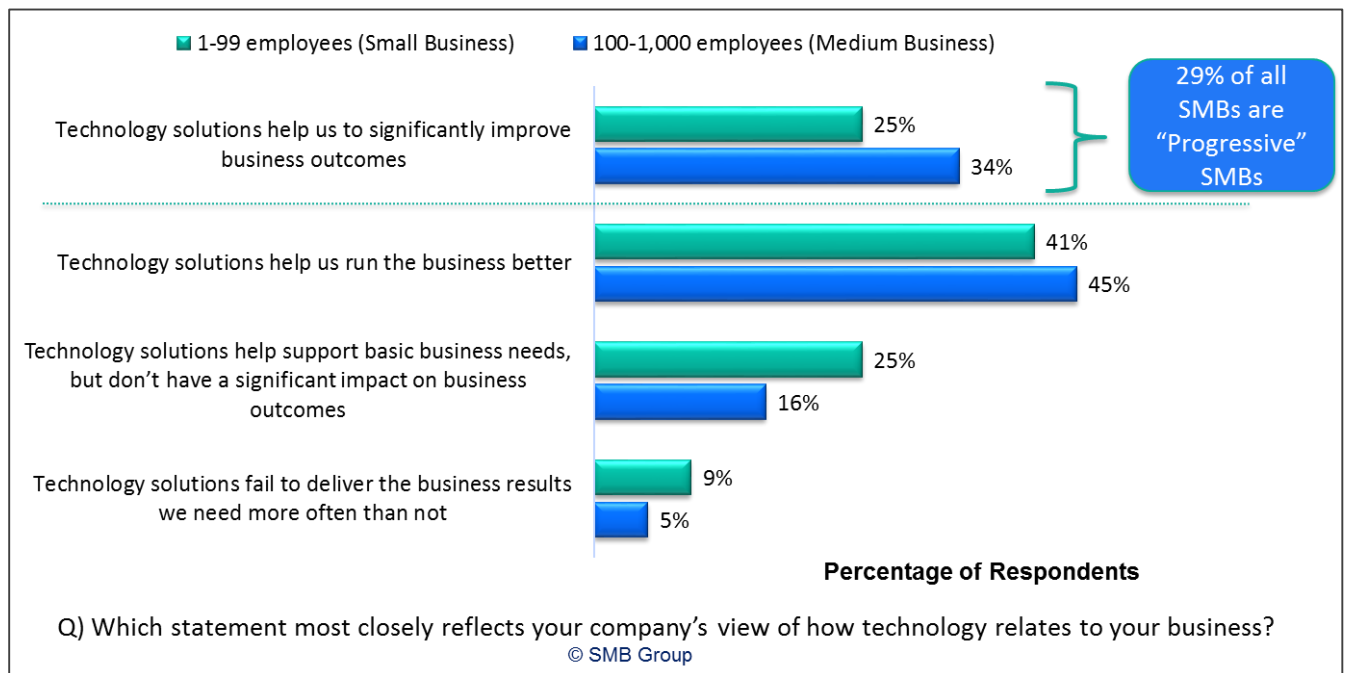
SMB Group’s 2015 SMB Routes to Market Study reveals that “Progressive” SMBs—companies that view technology as a means to significantly improve business outcomes—are reaping rewards from their technology investments. Forward-thinking decision-makers in these organizations realize that although core business goals—such as improving financial performance—remain constant, the means to achieve them are changing.

Progressive SMBs are applying technology to streamline business processes, control costs and get the insights they need to make better decisions. With the right solutions in place, they can free up their best and brightest people to focus on core business goals instead of labor-intensive administrative tasks.

## SECTION 1: PROGRESSIVE SMBs EARN BUSINESS DIVIDENDS FROM TECHNOLOGY

SMB Group’s 2015 SMB Routes to Market Study, which surveyed more than 700 SMB respondents, found that 29% of all SMBs view technology as helping them to significantly improve business outcomes (Figure 1). We refer to these businesses as Progressive SMBs.

**Figure 1: SMB Attitudes Toward Technology**

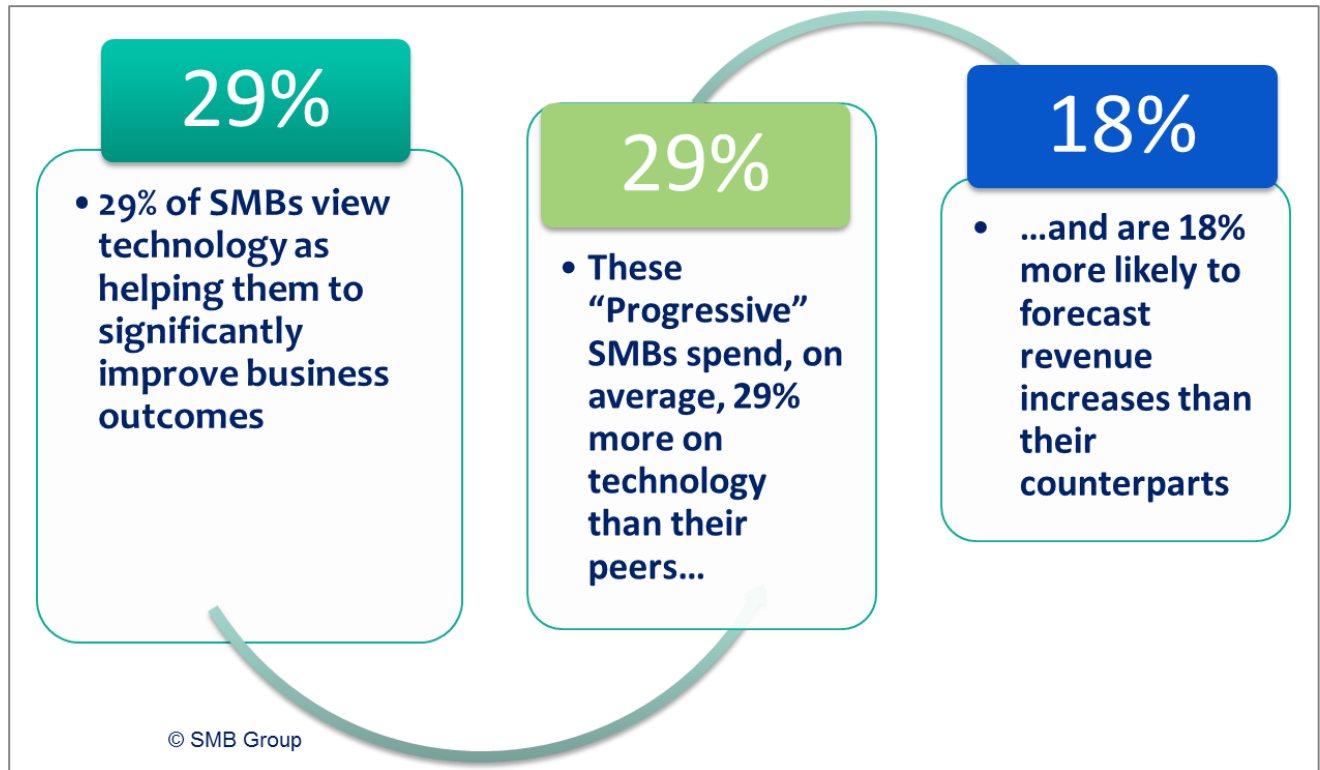


**Source:** SMB Group 2015 SMB Routes to Market Study

To advance their business goals, Progressive SMBs realize they need to have a proactive strategy for using technology. They are replacing disparate, point solutions and spreadsheets with more modern, integrated business management solutions that combine the best of cloud, mobile, integration and analytics technologies.

Progressive SMBs invest 29% more on technology solutions than other SMBs, and their investment is paying off, as they are 18% more likely to forecast revenue increases (Figure 2).

**Figure 2: How Technology Attitudes Relate to IT Spending and Expected Revenue Growth**



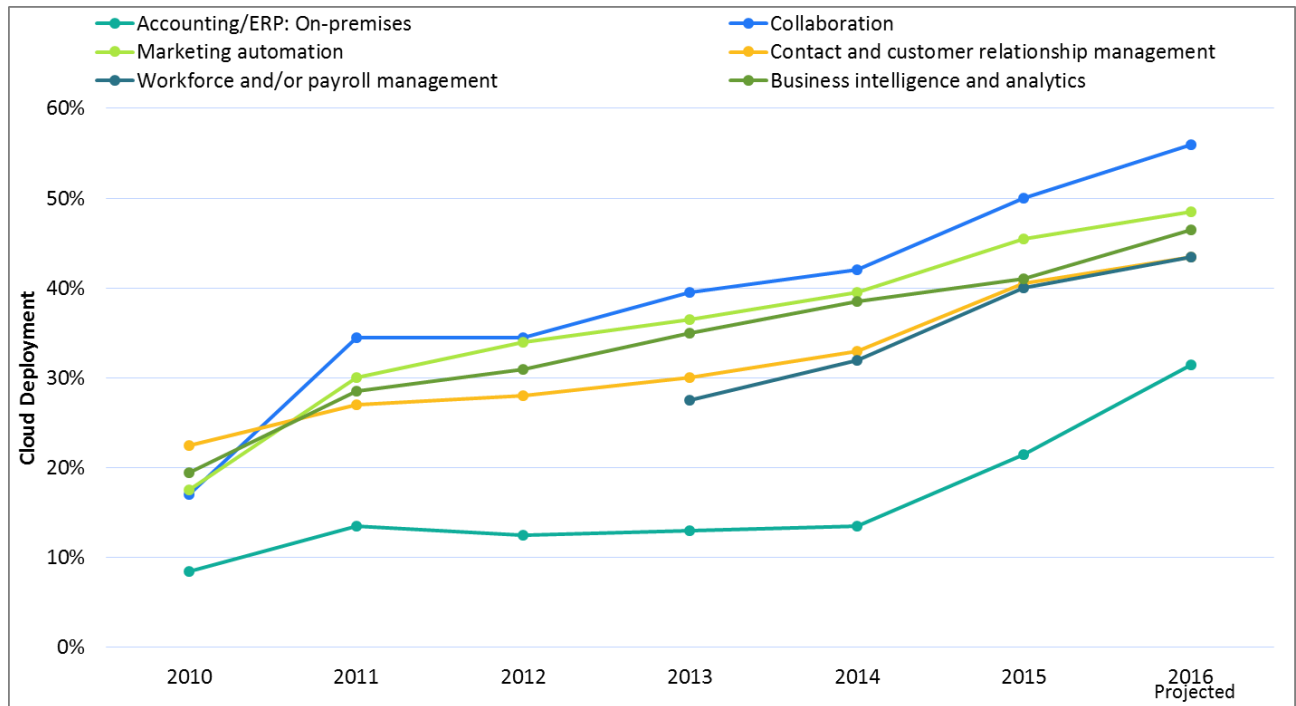
**Source:** SMB Group 2015 SMB Routes to Market Study

## SECTION 2: USING THE CLOUD TO HELP ACHIEVE BUSINESS GOALS

SMB adoption of cloud computing has been steadily growing (Figure 3), for several reasons. Cloud computing (also known as software as a service or SaaS) makes it possible for organizations of any size to deploy the software they need to keep pace with business requirements. This is particularly important for SMBs, who often lack the resources to deploy and manage business software in-house.

While SMB cloud adoption is rising among all SMBs, Progressive SMBs are more likely to be using cloud computing than other SMBs in several areas, including marketing automation, collaboration and workforce management.

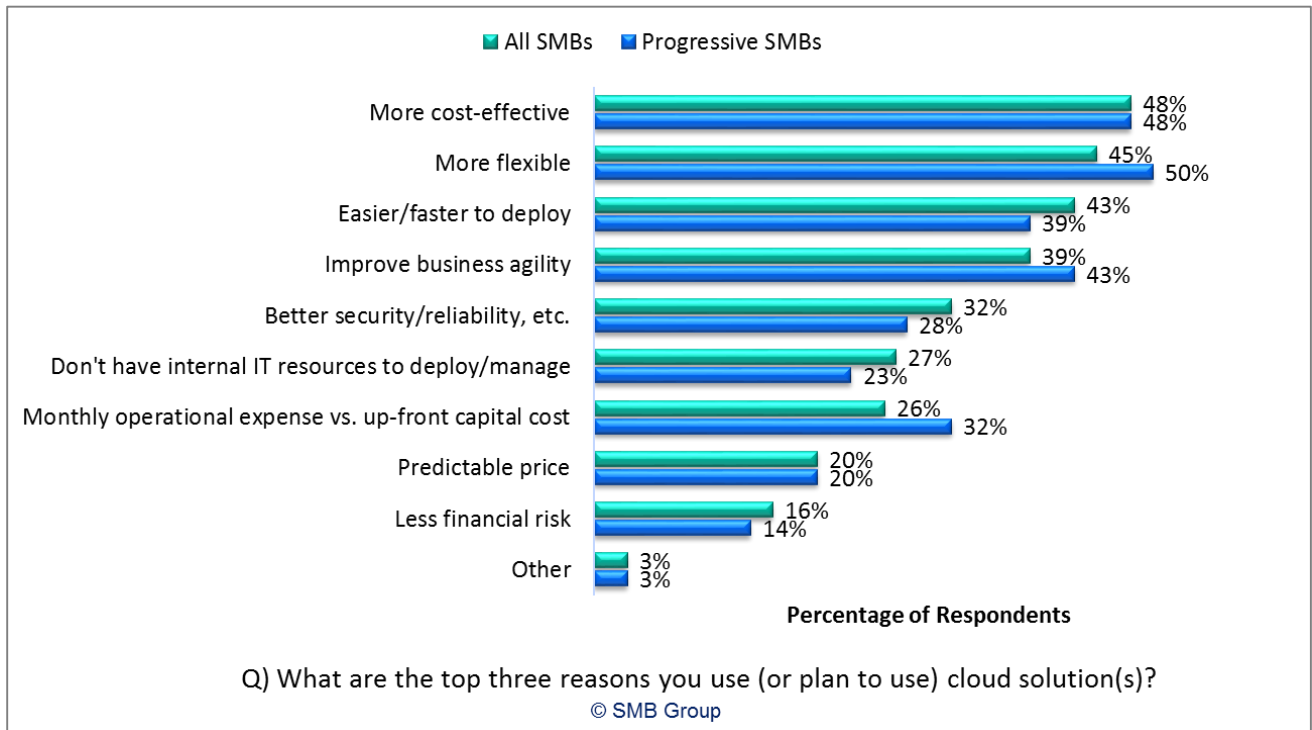
**Figure 3: Cloud Adoption Trends**



**Source:** SMB Group 2015 SMB Routes to Market Study

SMBs are moving to the cloud because they view it as a more cost-effective, flexible and faster way to deploy IT solutions (Figure 4). Although Progressive SMBs view cost-effectiveness as an important factor in moving to the cloud, they are more likely to see the cloud as a mechanism to provide them with key business advantages, such as improving business agility and flexibility, than their peers.

**Figure 4: Top Reasons Driving Cloud Adoption: Progressive SMBs vs. Peers**



**Source:** SMB Group 2015 SMB Routes to Market Study

Cloud computing providers take care of IT infrastructure, applications and ongoing management and support, reducing the need for SMBs to make capital investments and hire specialized IT staff. In addition, the subscription-based pricing method common to cloud solutions provides SMBs with a more predictable, lower-risk on-ramp to automating business functions. The cloud model also makes it easier to scale computing resources up or down as needs change.

The cloud computing model offers other advantages as well, including:

- Real-time information access to help everyone get on the same page and collaborate more effectively on tasks and projects
- Smaller, more frequent updates than in the on-premises model, making it easier to stay current and benefit from new functionality
- Frees up resources to focus on more strategic projects
- Mobile access to enable people to use business solutions any time, anywhere, on any device—from desktops and laptops to smartphones and tablets—which makes it easier for businesses to manage bring your own device (BYOD) programs (now supported by 59% of SMBs)

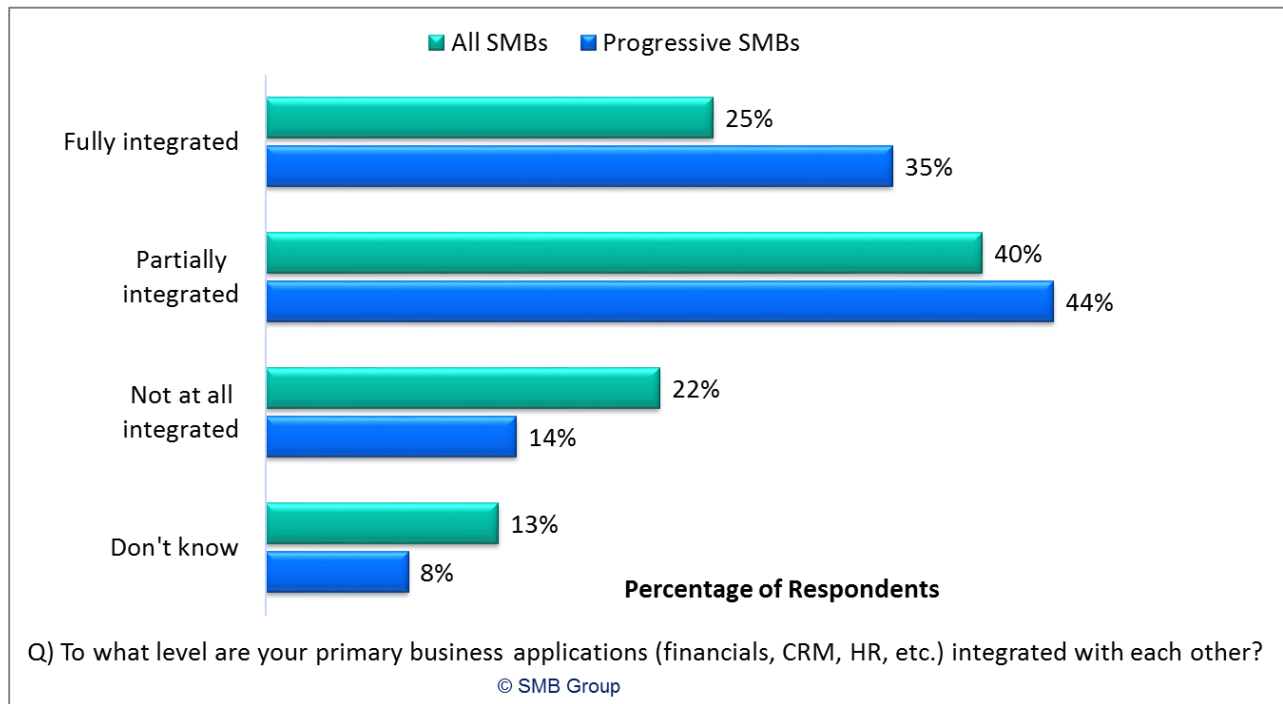
### SECTION 3: MAKING INTEGRATION A PRIORITY

Using disparate applications and databases that don't "talk" to each other drains productivity, wastes time and creates errors. Although very small companies may be able to limp along by manually importing and exporting data among different systems, this approach doesn't scale.

As businesses and data grow, people struggle to piece together the information necessary to perform daily tasks, and they don't have time to plan ahead, be more creative and take advantage of opportunities to evolve.

Progressive SMBs are 55% more likely to have fully integrated business applications: 35% of Progressive SMBs have fully integrated primary business applications, compared to 25% of their counterparts (Figure 5). Better integration enables companies to streamline their daily operations and provides a more consistent view of information, which helps people to make better operational and strategic decisions.

**Figure 5: Integration Level: Progressive SMBs vs. Peers**



Source: SMB Group 2015 SMB Routes to Market Study

Integrated business management solutions also make it easier for Progressive SMBs to take advantage of new business opportunities. For instance, to do business in multiple countries, companies need software that can easily track exchange rates and convert currencies as well as enable consolidation of financials across the business.

Many SMBs lack the time, personnel or budgets to flip the switch and simultaneously move multiple functions to a more integrated solution. However, some vendors offer SMBs an incremental yet integrated approach for business management solutions. Companies can start with a financials module and add integrated modules as required to manage other functions—such as manufacturing, distribution, project accounting or sales and marketing—at their own pace.

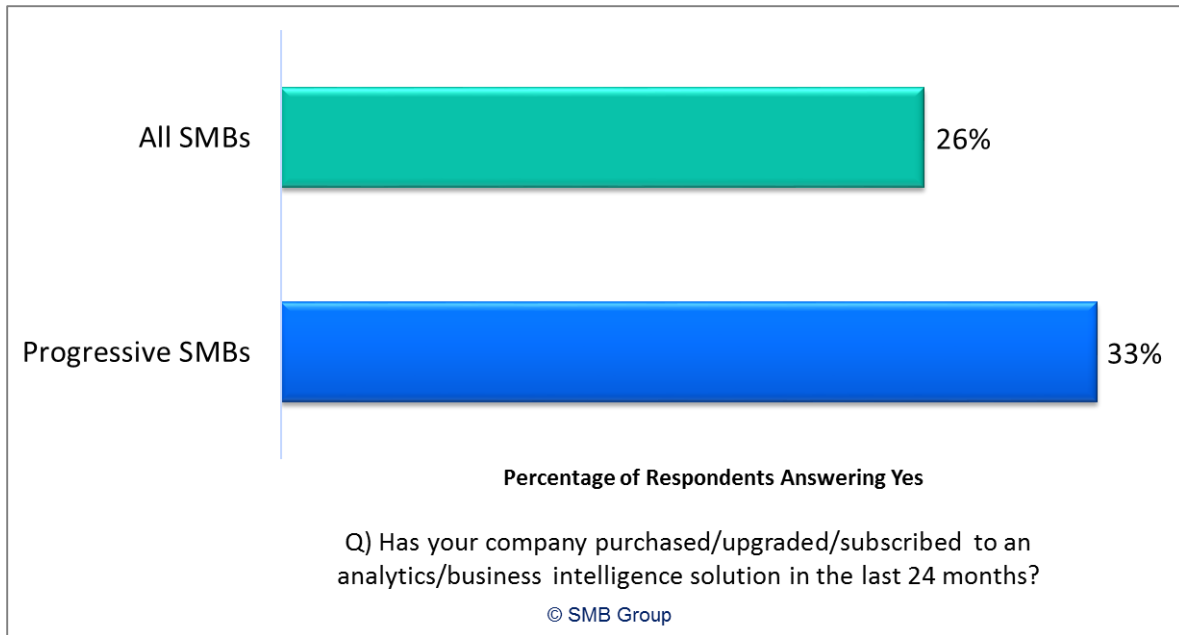
#### **SECTION 4: WORKING SMARTER WITH ANALYTICS**

Many people think that “big data” is only a problem for big companies. However, almost all organizations are challenged to find the data they need, when they need it. If businesses can’t effectively manage, analyze and act on information, then they have a big data problem.

Having an integrated, consistent view of business data paves the way for companies to get actionable insights from it. But once the data is organized, companies also need reporting and analysis tools to extract value from it. Without the means to easily understand, analyze, report and act on critical information, decision-makers can easily miss opportunities or fail to identify small problems before they mushroom into big ones.

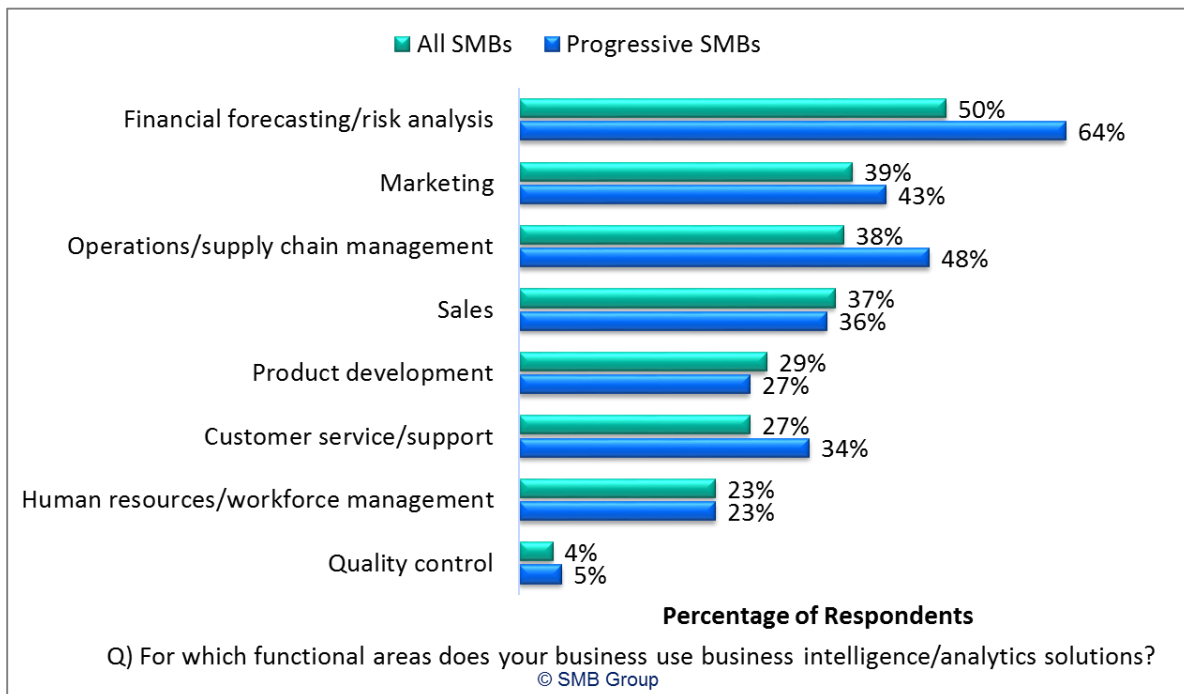
Progressive SMBs are 86% more likely to have purchased an analytics/business intelligence solution to help address these issues than their peers (Figure 6). They are also more likely to use analytics in many key business areas, including financial forecasting and risk analysis, marketing, operations/supply chain, and customer service and support (Figure 7).

**Figure 6: Use of Analytics: Progressive SMBs vs. Peers**



Source: SMB Group 2015 SMB Routes to Market Study

**Figure 7: Functional Areas in Which Analytics Is Used: Progressive SMBs vs. Peers**



Source: SMB Group 2015 SMB Routes to Market Study



Many SMBs don't have the budget or staff to add specialized analytics on top of business management solutions. Fortunately, many integrated business management solutions include analytics functionality. Typically, they provide standard reports and dashboards, and they allow business users to create and share custom reports without assistance from IT or data experts.

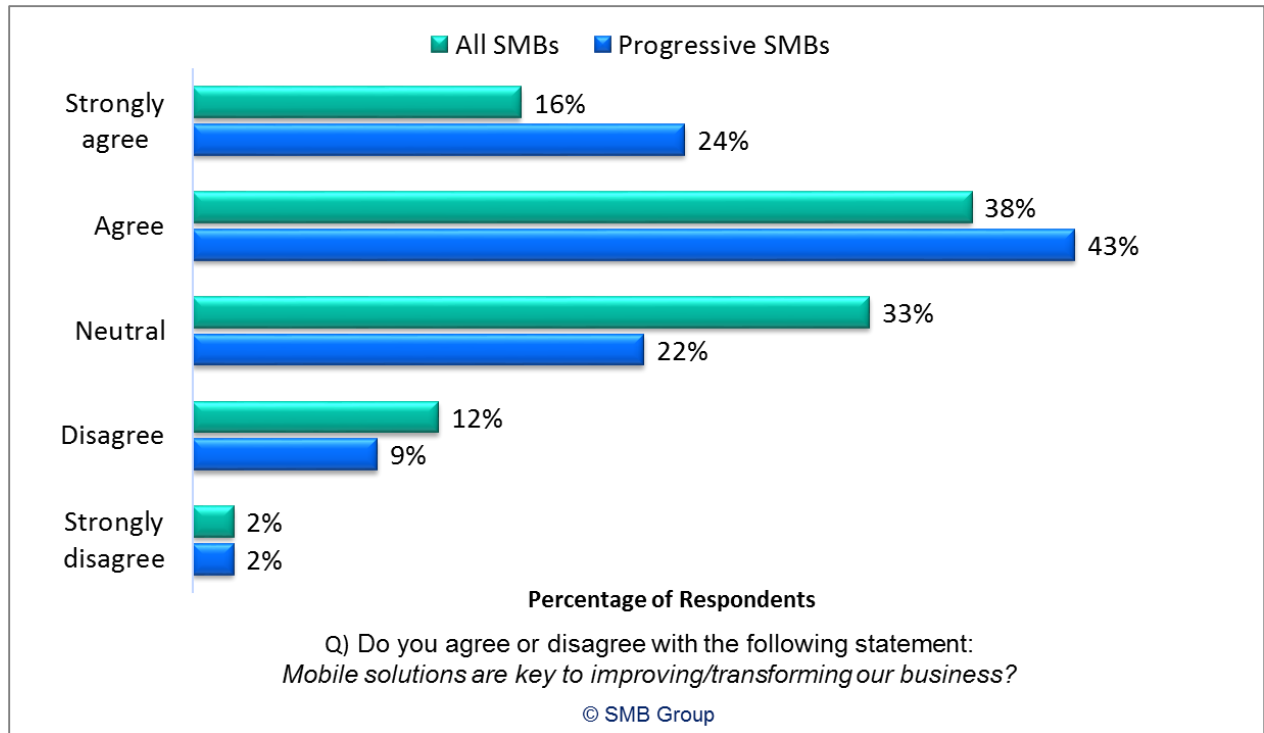
Analytics vendors are also making great strides in building powerful yet cost-effective cloud-based analytics solutions that are much easier to "layer" on top of existing data than in the past. Designed for business users instead of data scientists, these solutions offer user-friendly interfaces, guided discovery, visualization tools and natural language capabilities to help bring data to life.

Regardless of the approach, the advantages of making decisions based on facts instead of anecdotal information cannot be underestimated. With real-time visibility into business data, SMBs can operate more efficiently and competitively.

## SECTION 5: MOVING AHEAD WITH MOBILE SOLUTIONS

Overall, 54% of all SMBs now view mobile solutions as key to improving/transforming their businesses (Figure 8). But Progressive SMBs are more likely to take this to heart, with 67% viewing mobile technologies as intrinsic to business improvement and transformation.

**Figure 8: Importance of Mobile Solutions: Progressive SMBs vs. Peers**



**Source:** SMB Group, 2015 SMB Routes to Market Study

While most SMBs already use mobile collaboration apps such as email, calendars and contacts, Progressive SMBs are more likely to use mobile for business-critical functions as well, from checking inventory to managing payroll.

SMB Group’s 2014 SMB Mobile Solutions Study shows that SMB use of basic mobile collaboration apps—such as email, calendars, contacts and messaging—has become mainstream, with 90% of SMBs using at least one mobile collaboration app as part of their regular business operations.

Uptake of mobile apps for specific business functions, such as expense management and customer relationship management (CRM), has been slower but is rising rapidly. From 2013 to 2014, SMB use of mobile business apps grew 70%.

SMB median spending on mobile technology as a percentage of overall budgets also rose from roughly 12% in 2013 to 16% in 2014. In addition, a majority of SMBs agree or strongly agree that mobile apps will complement and even replace traditional business applications in the future.

As SMBs expand their use of mobile solutions, mobile will take a bigger bite out of SMB technology budgets. While most SMBs have planned for and managed mobile using a siloed approach to date, those that factor mobile into a more holistic technology equation will be better prepared to embrace the growing importance of mobile to their businesses.

## SUMMARY AND PERSPECTIVE

Today's SMBs face many challenges when it comes to evolving along with changing market requirements. Progressive SMBs are successfully applying technology to improve business outcomes and gain competitive advantage.

All SMBs must periodically reassess whether their existing technology solutions are helping them keep pace with change and thrive, or if their solutions are holding the business back.

From the front line to management ranks, business management automation offers businesses and the people that work in them the potential to spend less time on repetitive, low-value tasks and to focus more on creative, innovative work that can lead to business opportunity and advancement. Moving from outdated, disjointed business software to automated, integrated solutions that embed cloud, mobile and analytics capabilities can help SMBs gain the flexibility needed to get ahead.

As Progressive, early-adopter SMBs reap the advantages of business process automation and integration, SMBs that have resisted change should take a hard look at how they're using technology—or they will risk falling behind their more nimble peers.



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