SMB Group Top 10 SMB Technology Trends For 2014!

Here are SMB Group's *Top 10 SMB Technology Trends for 2014*! A more detailed description of each follows below.

1. **Progressive SMBs Use Technology as a Game Changer**
2. **Cloud Adoption Accelerates, But SMBs Steer Clear of Dark Clouds**
3. **Mobile Management Becomes a Priority as SMB Mobile App Use Soars**
4. **Social Media Marketing Stalls as SMBs Re-focus Marketing Practices**
5. **SMBs View Payment Systems in a New Light**
6. **SMBs Prepare for the Insight Economy**
7. **SMBs Integrate to Gain Higher Solution Value**
8. **The Affordable Care Act Puts Workforce Management in the SMB Spotlight**
9. **It's Easy for SMBs to Go Green and Save Green**
10. **Make Way for an SMB Influencer Shake-Up**

2014 Top 10 SMB Technology Trends in Detail

1. **Progressive SMBs Use Technology as a Game Changer.** Technology continues to fuel changes in what, where, and how SMB (small and medium businesses, with 1 to 999 employees) work gets done. Back in 2011, SMB Group identified the "Progressive" SMB segment. Progressive SMBs invest more in technology-based solutions, view technology as a business enabler, and are much more likely to expect revenue growth than other SMBs. This gap continues to widen as we enter 2014, and is further fueled by generational shifts--including the rise of millennials in the workforce and older exiles from the corporate world. Progressive SMBs are blending technology and business savvy to reshape business models, carve out new market niches and invent entirely new businesses. Their adoption of cloud, mobile, social and analytics will soar as they strive for both growth and agility. They will also increasingly turn to technology-fueled services—from Elance and oDesk for staffing, to shared office space and IT infrastructure services—in pursuit of these goals. As they forge ahead, they will not only continue to outpace peers, but reshape what it means to be an SMB.

2. **Cloud Adoption Accelerates, But SMBs Steer Clear of Dark Clouds.** SMBs have bought into the cloud promise: a faster, easier, cheaper and less risky route to get the IT solutions they need to create and run their businesses. SMB Group research shows SMB use of cloud business and infrastructure applications poised to grow to from 33% to 44% over the coming year. However, some cloud vendors—threatened by Wall Street and high churn rates—have backtracked on their original faster, easier, cheaper cloud pledge. They have replaced monthly subscription pricing with annual contracts, tacked on added fees for all

but the most basic support, and created pricing models that are almost as confusing as those of the traditional software behemoths they once berated. As SMBs push further into the cloud, they will favor vendors that stay true to the original cloud promise, and steer clear of dark clouds.

3. **Mobile Management Becomes a Priority as SMB Mobile App Use Soars.** SMBs have been adopting mobile solutions at a fast and furious pace. SMB Group research indicates 67% of SMBs now view mobile solutions and services as "critical" to their businesses. 83% have already deployed mobile apps to help improve employee productivity; 55% are using mobile apps for specific business functions, such as CRM or order entry. 49% of SMBs are building mobile-friendly websites, and/or deploying mobile apps to engage and transact with customers. However, mobile management has failed to keep pace with this explosion, and with SMBs' increasing business reliance on mobile solutions. Concerns about security, manageability, provisioning and cost will make mobile management a top priority for more SMBs. They will be looking for easy-to-deploy, cost-effective mobile device and application management platforms and solutions to reduce management headaches and get more value from their mobile investments.

4. **Social Media Marketing Stalls as SMBs Re-focus Marketing Practices.** Many SMBs now "get" that they need a social media presence. SMB Group research reveals that more than half of small businesses and more than two-thirds of medium businesses use social media for marketing purposes. Some have invested tremendous amounts of energy to create content to feed the voracious social media beast. But the ever-increasing pressure to create fresh content, keep up with changes in users' social network preferences, and uncertainty about the return on social investments is taking its toll. In 2014, SMBs will focus more on what networks and content really click for their target audiences, and put more time into figuring out how to convert social connections into customers. Some will integrate social more tightly with sales, marketing and content management applications, and use analytics to develop more actionable social metrics. Marketing innovators will explore new opportunities, such as online mobile advertising powered by geolocation. Others will redirect some of their efforts back to marketing basics--including surveys, competitive analysis, email marketing and attending more conferences and events.

5. **SMBs View Payment Systems in a New Light.** SMB Group research shows that although checks and credit cards are still the top forms of payment SMBs accept, there's no question that new payment methods are growing in use and importance. 27% of small businesses and 43% of medium businesses already equip employees with mobile payment processing solutions, and about one-quarter of SMBs intend to add this capability over the coming year. Meanwhile, mobile wallets and gift cards, PayPal and even Dwolla—a payment network that allows any business or person to send, request and accept money for very low fees—will continue to provide additional payment options for consumers. More SMBs will recognize that having the capability to accept and process a broader range of payment methods can help them attract more customers, gain new business, and even enter new markets. SMBs will also seek ways to cut time and errors out of payment processing with

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payment solutions that integrate with accounting and ERP, such as those offered by Intuit and Sage.

6. **SMBs Prepare for the Insight Economy.** It's been hard for many SMBs to relate to the "big data" story that most vendors have been pitching. SMB Group research reveals that only about 18% of small, and about 57% of medium businesses utilize business intelligence and analytics solutions. However, SMBs understand the value of getting the information they need, when they need it—especially as they try to compete with new, nimble born-on-the-Web startups that view data as the new business capital. In 2014, SMB-focused vendors will retool the big data story for the little guy, focusing less on zettabytes, speeds and feeds, and more on how their solutions enable and empower better insights and decision-making. Business solutions vendors will embed better and more accessible analytics and reporting tools within their solutions. Cloud-based, visualization and scenario-driven business intelligence and analytics solutions will also help SMBs take a more data-driven approach to running their businesses.

7. **SMBs Integrate to Gain Higher Solution Value.** While the cloud has made it easy for businesses to add a lot of new applications, integration has often been an afterthought. As a result, many SMBs are struggling to make sense of disconnected information silos, and IT is under pressure to integrate cloud-to-on-premises solutions, as well as cloud-to-cloud solutions. In 2013, integration moved up from the #4 to the #1 technology challenge for medium businesses. In 2014, we expect that integration will be a higher priority even among small businesses. After all, it doesn't take too many disconnected applications to feel the pain of productivity drains, errors, and a lack of solid data to support decision-making. Fortunately, technology vendors of all stripes are emphasizing the importance of a unified, reliable data store as the foundation for solid analytics and reporting. Business solution vendors are increasingly offering SMBs pre-integrated suites, opening up their application programming interfaces (APIs), and creating marketplaces to make it easy to find integrated partner apps. This makes it easier for SMBs to start small, with just one or two applications, and then snap in added functionality as needed. Finally, vendors that specialize in integration solutions, such as Informatica, Scribe and Dell Boomi (just to name a few), are making their solutions more accessible to SMBs. Integration still isn't sexy, but the improved productivity, time savings, error reduction and decision-making benefits that it enables are.

8. **The Affordable Care Act Puts Workforce Management in the SMB Spotlight.** Revenue growth, attracting new customers and increasing profitability are perennial goals for SMBs. To help achieve these goals, they have been steadily moving ahead to automate and integrate sales, marketing and other customer-facing solutions. Although improving employee productivity has also been a top goal, SMB adoption of automated, integrated workforce management solutions has lagged behind other areas. Many SMBs continue to limp along with a patchwork of disconnected solutions and manual tracking to manage components such as time and attendance, payroll, scheduling, HR and benefits. But with the Affordable Care Act set to take effect on January 1, 2015 for organizations with more

than 50 full-time equivalent (FTE) employees, that situation is about to change. Worried about uncertainty, costs and regulatory risks, SMBs will look for better solutions to calculate employee eligibility and benefits, and to develop proactive strategies to manage ACA compliance and costs. This will drive a significant uptick of interest in, and adoption of automated, integrated workforce management solutions.

9. **It's Easy for SMBs to Go Green and Save Green.** The push for greener IT solutions isn't new, but in 2014, we're moving into a perfect green storm. Due to a rash of hurricanes, tornadoes and extreme weather, the sustainability of Mother Earth is taking center stage. According to a recent Harris Poll, over 74% of American adults believe in the global warming theory, and over 73% of U.S. citizens approve of the Kyoto agreement requiring countries to limit carbon monoxide and greenhouse gas emissions. IT vendors are prepared to capitalize on this opportunity with new, energy saving products. From Dell's Dell PowerEdge VRTX applications and storage server, which runs on standard 100V-240V AC power and doesn't require any specialized cooling, to IBM's patent for a "green" button that helps cloud providers "greenify" their businesses and lets customers choose whether or not to tap clean energy to run offsite servers, it's easier than ever for SMBs to be green and save green.

10. **Make Way for an SMB Influencer Shake-Up.** SMB Group research shows that in-house IT still plays a key role in all phases of the technology solution decision-making process. But now, enabled by the cloud and the swipe of a credit card, business decision-makers are much more involved: in small businesses, 69% of owners/presidents help evaluate potential solutions, and 81% help make the final decision. In medium businesses, departmental and line-of-business executives are the most likely personnel to identify the need for new solutions. This is changing the influencer landscape. Business decision-makers aren't as likely to turn to traditional technology guidance sources as IT decision-makers. And many of us—especially millennials—are growing skeptical of traditional media sources that increasingly push paid "native content" in the guise of news. So who will the new influencers be? Accountants and other professional advisors (for line-of-business or industry) that the SMBs have an established relationship with will become more powerful influencers. Digital word-of-mouth, references, trade associations and non-technical groups and organizations will play an increasingly important role in shaping technology purchase decisions among both business and IT professionals. Finally, technology vendors that provide unbiased education—and can clearly demonstrate how business benefits from their solutions—will have a decided advantage over those that don't.

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