

SMB Group's 2017 Top 10 SMB Technology Trends



2017 has the potential to bring unprecedented changes to the technology landscape for SMBs. In most years, the top tech trends tend to develop in an evolutionary way, but this year we also will see some more dramatic shifts that SMBs need to put on their radar. Areas such as cloud and mobile continue to evolve in important ways, and they are also paving the way for newer trends in areas including artificial intelligence (AI) and machine learning, integration and the Internet of Things (IoT) to take hold among SMBs.

Although we can't cover all of them in our Top 10 list, here's our take on the trends that hold the most promise for SMBs in 2017.

(Note: SMB Group is the source for all research data quoted unless otherwise noted.)

- 1. The Cloud Continues to Power SMB Digital Transformation.**
- 2. IoT Moves from Hype to Reality for Early-Adopter SMBs.**
- 3. The Rise of Smart Apps for SMBs.**
- 4. Focused, Tailored CRM Solutions Take Hold Within SMBs.**
- 5. SMBs Get Connected with New Collaboration Tools.**
- 6. SMBs Modernize On-Premises IT with Hyper-Converged Infrastructure.**
- 7. Application Integration Gets Easier for Small Businesses.**
- 8. SMB Mobile Momentum Continues, but Mobile Management Lags.**
- 9. Online Financing Options for Small Businesses Multiply.**
- 10. Proactive SMBs Turn to MSSPs and Cyber Insurance to Face Security Challenges.**

- 1. The Cloud Continues to Power SMB Digital Transformation.** Most SMBs understand that they need to put technology to work to transform their businesses for the future: 72% of SMB decision makers say that technology solutions can help them significantly improve business outcomes and/or run the business better, and 53% plan to increase technology investments. And although most SMBs don't have the internal IT resources required to take advantage of technology innovation, the cloud has become the backbone to enable this. SMBs are increasingly opting to put new workloads in the cloud, relying on cloud providers to supply, manage and maintain IT infrastructure and applications for them. SMB adoption of cloud-based business solutions continues to rise steadily across all business solution categories. SMBs also are turning to hyper-scale providers such as Amazon Web Services (AWS) and Microsoft Azure, and regional managed

service providers (MSPs) are providing more turnkey services—from security to storage to virtualization to analytics—to accommodate infrastructure requirements. Flexibility, cost, speed and ease of deployment benefits are key drivers, but it's also true that for most resource-constrained SMBs, the cloud is the only option to deploy the new solutions they need for their businesses.

2. **IoT Moves from Hype to Reality for Early-Adopter SMBs.** The Industrial IoT, which connects physical objects to the internet, will radically change how businesses and governments interact with the physical world. By replacing manual data collection and subjective judgments with automated data collection, analysis and measurements, IoT solutions can help SMBs save money, improve security, develop new services and even create new business models. IoT solutions typically target verticals or micro-verticals, blending innovation with pragmatism to solve real-world problems. Although IoT solutions require technological expertise to build, SMBs don't need to be technology experts to quickly deploy and benefit from them. Examples include solutions to help farmers increase crop yields; make HVAC, lighting, locks and other store equipment smart for retailers; and help concrete manufacturers efficiently monitor concrete strength and temperature. Although SMB adoption of IoT is still nascent, industrial IoT partnering initiatives from Dell, IBM, Intel, Cisco, SAP, Qualcomm and others are now delivering the solutions and proof points required to move industrial IoT from hype to reality. Stay tuned for our [2017 Routes to Market Study](#), where we'll learn more about SMB adoption of IoT.
3. **The Rise of Smart Apps For SMBs.** AI and machine learning are arguably at the top of the technology hype heap. These technologies make computer programs “smart” by enabling them to learn, change and predict patterns as they are exposed to new data, and to “converse” with users to answer their queries and provide analytics and insights. While big tech companies such as Apple ([Siri](#)), Microsoft (Cortana and Zo), Amazon (Echo), Google (search) and IBM (Watson) are leading the charge, SMBs can benefit from smarter apps that learn and provide more business guidance. Smart apps require lots of data to operate and learn, so vendors with large SMB user bases are leading the charge to build AI platforms and developer ecosystems. Some to watch include the following:
 - [Slack's](#) basic AI chatbot, Slackbot, can fetch weather reports, serve up a file and interface with other applications.
 - Intuit plans to broaden its [QuickBooks Online](#) platform into a business advice and education platform, drawing on its 1-million-plus database of small business customers to provide personalized services.
 - [Salesforce Einstein](#) embeds AI capabilities into Salesforce CRM to automatically discover and provide insights, make recommendations, answer questions and automate tasks.
 - [Shopify](#) recently acquired [Kit CRM Inc.](#), which uses machine learning, SMS and Facebook messenger to create highly targeted Facebook and personalized email campaigns and more to drive online sales for retailers.
 - Xero recently introduced [Hey Xero](#), a Facebook messenger chatbot to help small businesses to find accountants and bookkeepers. Xero has also migrated its platform to Amazon Web Services, which will enable it to apply AWS machine learning and artificial intelligence services for chores such as coding invoices for payment.
 - [SAS](#) and [DataRobot](#) are developing AI/machine learning platforms with APIs that can integrate with business processes and solutions.

4. **Focused, Tailored CRM Solutions Take Hold Within SMBs.** Growing revenues and attracting new customers are SMBs' top two business priorities, but many companies lack the time, money or appetite to invest in software that either has too much functionality that they don't need or does not have enough of what they do need. Consequently, many SMBs still cobble together spreadsheets, contact managers, email and other disconnected apps to manage customer activities. But the CRM app landscape is changing, reflecting some of the diversity that characterizes the SMB market. For instance:
- [eRelevance](#) delivers turnkey “do it for me” marketing automation services to medical and aesthetics practices and spas to help them drive more repeat business. The company intends to enter other micro-verticals soon.
 - [SAP Anywhere](#) helps small retailers and eetailers manage sales, marketing, ecommerce and inventory functions.
 - [Yocale](#) connects local services businesses with consumers. Consumers can search for and book appointments with salons, dentists, dog groomers and other businesses that take appointments; businesses get online scheduling, client relationship tools, marketing and promotion of available appointments as well as reports.
 - [Insightly](#) combines CRM with project management—so when companies seal the deal, client information flows directly to project management.
 - [SalesforceIQ](#) is Salesforce's answer for SMBs that need a lighter-weight sales management tool. It integrates with Salesforce's Desk.com and Pardot, along with HubSpot and MailChimp, to facilitate a 360-degree view of customers.
5. **SMBs Get Connected with New Collaboration Tools.** As business and technology outcomes become increasingly intertwined, SMBs are seeking more effective ways to collaborate. Traditional tools such as email, file sharing and web conferencing aren't going away, but SMBs are gravitating toward newer solutions to better organize, automate and streamline information sharing. For instance, 28% of SMBs have already adopted stream-based collaboration services, such as Slack, HipChat and Glip, and 24% plan to start using them in the next 12 months. By providing a unified view and access to information across servers, clouds, apps, devices and locations, these solutions can help bring order to information chaos. The influx of millennials into the workforce and more flexible expectations about how work gets done are driving adoption of new collaboration solutions. For example, 30% of SMBs now support telecommuting for 20% or more of their employees, and 18% expect the percentage of telecommuters in their businesses to increase in the next year. These trends—and the fact that newer collaboration solutions are designed to work with, instead of to replace, traditional collaboration tools—will continue to drive adoption. In fact, more than one-third of SMBs that are using stream-based collaboration plan to increase their use in the coming year. Big bets in this area from behemoths such as Facebook (Workplace), Microsoft (Teams), and Google and Salesforce (both in partnership with Slack) will also spur adoption.
6. **SMBs Modernize On-Premises IT with Hyper-Converged Infrastructure.** Despite SMB momentum to deploy new workloads in the public cloud, not every business—especially those in the midmarket—is keen to push all workloads there, for different reasons. Some older applications are difficult to move to the public cloud; regulatory or other requirements may prohibit public cloud deployment; and some applications are perceived as so integral to the

business that there are competitive advantages to running them in house. For SMBs that need to modernize or add a new on-premises solution, hyperconverged infrastructure offers many efficiencies of the public cloud, including faster deployment, flexibility, scalability and the ability to take advantage of new, more efficient application models. By combining server, storage and network functions in a modular platform, managed through a software layer, hyper-converged solutions also simplify management and can reduce capital and operating costs—big pluses for SMBs with tight budgets and small IT teams. As pressure increases to transition from legacy applications to cloud-native solutions to support business growth, adoption of hyper-converged infrastructure increasingly will be the preferred choice for on-premises deployments. Some of these solutions include the following:

- [Nutanix Xpress](#) provides a hyper-converged cloud platform that delivers the agility and economics of the public cloud to midmarket enterprises without sacrificing the security and control of on-premises infrastructure.
- [Dell EMC VxRail](#) is a fully integrated, preconfigured and pre-tested hyper-converged infrastructure appliance well suited for SMBs, offering a fast way to simplify and extend the IT environment and to lower capital and operational costs.
- [SimpliVity's](#) OmniCube is designed for SMBs, midmarket companies and remote locations of larger enterprises that want to simplify IT infrastructure.

7. **Application Integration Gets Easier for Small Businesses.** Accounting solutions are the first true business solution that most small businesses deploy. From there, they tend to add point solutions on an as-needed basis—often with little thought to integrating them. In fact, only 19% of small businesses have fully integrated business applications, relying instead on a jumble of different point solutions, spreadsheets and pencil and paper to manage their businesses. When they do attempt to integrate applications, most opt for manual Excel file uploads or custom code for integration instead of modern integration tools or pre-integrated solutions. Stitching things together manually winds up creating a drag on the business and makes it difficult to see what's really going on. However, integration is creeping up the technology priority list for small businesses—which increasingly see the value of integrating accounting with other key apps, such as payroll, payments, time tracking, ecommerce storefronts and sales—and accounting vendors are ready to help. [Intuit](#), the top small business accounting vendor in the United States, and [Xero](#), a leading competitor with almost 800,000 customers worldwide, have been building integration platforms, partner ecosystems and app stores that make integration much simpler and less expensive. With each of these vendors now offering hundreds of integrated partner apps, many small businesses will finally be able to reap the time savings and visibility benefits of application integration.

8. **SMB Mobile Momentum Continues, but Mobile Management Lags.** SMBs have taken to mobile like fish to water: 67% of SMBs strongly agree/agree that mobile solutions are changing how they work and collaborate. Getting work done on mobile devices is becoming the norm: 83% say 25% or more of their employees use mobile devices for work. In addition, bring your own device (BYOD) support is growing: 39% support BYOD, and 13% plan to do so in the next 12 months. The PC isn't dead, but these trends will continue to grow as younger companies have higher percentages of employees who use mobile devices and these companies offer a higher rate of BYOD support. As mobile productivity becomes increasingly mainstream, mobile-friendly interfaces and/or native mobile apps will move up the list for SMBs looking for new business solutions. Mobile-first is already the norm, but looking ahead, expect more vertical-specific

solutions and a rise in “do it for me” services, powered by smart applications that combine machine learning, AI and conversational interfaces with the human touch.

However, 70% of SMBs haven’t deployed mobile management solutions. Several leading enterprise mobility management (EMM) vendors, including VMware AirWatch, Citrix XenMobile and Cisco Meraki, have SMB-friendly offerings that are quick to set up and offer basic features, such as remote wipe, location tracking and rules-based policies for app and data access. Unfortunately, without significantly more education and guidance from mobile security vendors, as SMBs do more work on mobile devices, they will continue to face greater vulnerabilities.

9. Online Financing Options for Small Businesses Multiply. The number of lower-dollar business loans from banks has fallen over the past several years: [In 2015, 79% of Small Business Administration \(SBA\) loans were made for amounts greater than \\$350,000](#), and many large banks only consider applications from businesses with at least a two-year financial track record. However, the booming online lending market **offers small businesses** faster, streamlined application processes and different types of loans. For instance:

- [BlueVine](#) offers 24-hour approval for credit lines of up to \$500,000. Borrowers can draw funds as needed, and funds replenish as credit is repaid. It also offers invoice factoring, which provides small businesses with advances on unpaid invoices.
- [American Express](#) is rolling out Working Capital Terms loans, which provide American Express Business Card members with funding, in amounts starting at \$1,000, to pay off vendor invoices and optimize cash flow.
- [Kiva](#) is an international micro financing nonprofit that connects borrowers to lenders. A borrower applies for a loan, which Kiva underwrites, approves and posts. Individual lenders can fund the loan with as little as \$25, and 100% of every dollar lent on Kiva goes to fund loans. Kiva covers costs primarily through optional donations, as well as through support from grants and sponsors.

There are trade-offs. Online lenders aren’t regulated the same way as banks, and they often charge higher interest rates and/or require business owners to personally guarantee the loan (putting the personal assets of business owners at risk should they default). However, reputable providers with clearly stated terms can give small businesses more flexible ways to jump-start their businesses, smooth out cash flow and fund new opportunities. Partnerships with accounting vendors including Intuit, Xero and FreshBooks, which are integrating online lending solutions into their platforms, will further broaden small business awareness and adoption of online loans.

10. Proactive SMBs Turn to MSSPs and Cyber Insurance to Face Security Challenges. Not a day seems to go by without a new cyber security breach in the news. But although SMBs cite security as their most pressing IT challenge, most feel overwhelmed and are unprepared to deal with the magnitude of the problem. According to the National Cyber Security Alliance:

- Almost 50% of small businesses have experienced a cyber attack.
- More than 70% of attacks target small businesses.
- More than 75% of employees leave their computers unsecured.
- As many as 60% of hacked SMBs go out of business after six months.

At the same time, cyber attacks are getting more sophisticated and complex. Cybercriminals are moving from stealing data to attacking its integrity as well as deploying attacks such as whaling schemes, in which hackers impersonate legitimate personnel, and ransomware, which involves cybercriminals hijacking a device and demanding a ransom payment in exchange for restoring control to the user.

Although it's tough to completely foil the bad guys, adaptive, multilayered security solutions that incorporate AI and machine learning to monitor, learn and protect against potential threats hold promise. These rules-based solutions can help SMBs protect their most critical data, wherever it resides—including endpoint devices, applications, IoT devices and on-premises infrastructure and applications or in the cloud. However, with the scarcity of cyber security talent, even SMBs that can afford to hire security experts will find it difficult to do so. Proactive SMBs will increasingly turn to managed security services providers (MSSPs) for expertise and solutions, and cyber risk insurance will become more mainstream.

For more information about SMB Group research, consulting and services or licensing options for SMB Group's 2017 Top 10 SMB Technology Trends, please contact Lisa Lincoln, director of client services, at lisa.lincoln70@smb-gr.com or 508-734-5658.