



TECHNOLOGY NOW: 10 KEY TRENDS FOR SMES

Insights from the 2014 SmartCompany
Business Technology Survey

Contents

Introduction	3
1. Who were our survey respondents for 2014?	4
2. What do SMEs primarily use technology systems for?	4
3. How much are SMEs spending on IT?	5
4. SMEs can't live without...	6
5. Nervous about CRM	6
6. Up in the cloud	9
- Cloud concerns	10
7. Social media for results	11
8. Hours connected building up	13
- Getting mobile	13
- Tablets still on the up	14
- Peer reviews matter	14
- Huge leap in 4G	14
9. NBN - SMEs still hopeful	15
10. What SMEs want	17
Conclusion	18

Introduction

There is no question *SmartCompany* readers have a passion for technology, with over 800 people taking part in the 2014 *SmartCompany* Business Technology Survey.

We wanted to know what small-to-medium businesses are thinking, planning and implementing when it comes to technology for 2014.

The survey, brought to you by Salesforce, covered the topics that matter in the SME technology world. We looked at the technologies that SMEs can't live without, your views on customer relationship management systems, your use of the cloud, what you expect from social media, the hours you are spending online, mobile phone usage and adoption of the 4G network.

We also tapped into your opinions about the National Broadband Network rollout and what is on your technology wish list for the year ahead.



Writer: **Melinda Oliver**

1. Who were our survey respondents for 2014?

This year, men made up 62.89% of respondents and women 37.11%. The dominant age was between 45 and 54 (29.89%), followed by 35 to 44-year-olds (25.28%). Over 55s made up 25.16%, followed by 25 to 34-year-olds (16.31%) and 18 to 24 was the smallest group (2.49%).

The most common household income for respondents was between \$100,000 and \$149,999 (23.91%), while next was between \$50,000 and \$99,999 (21.3%).

Just over 17% have a household income between \$150,000 to \$199,999, while 12.08% have between \$200,000 and \$299,999. Just 7.72% have a household income less than \$50,000 and 3.86% have between \$300,000 to \$499,999.

Most of the SMEs surveyed reside in metropolitan Victoria (27.65%), followed by metropolitan New South Wales (22.04%), and then metropolitan Queensland (11.96%).

Business owners were, not surprisingly, the most dominant group of respondents, at 58.16%, followed by business managers (22.17%) and employees (19.68%).

A very even spread of industries was represented, with respondents from the IT and telecommunications sector (16.44%), retail and wholesale trade (11.96%), financial and insurance services (8.09%), advertising and media (7.1%), manufacturing (4.36%), and accommodation and food services (2.12%). Other fields included construction, transport, finance, health, rental hiring and more.

2. What do SMEs primarily use technology systems for?

For this question respondents could indicate a variety of areas, as naturally there is a lot of overlap in their technology use.

Sales and marketing purposes was the most common at 71.37%, followed by communications (66.28%) and, unsurprisingly, administration (64.97%).

The next most common use of technology systems was procurement finance at 63.08%, followed by project management (39.24%) and human resources (28.92%). Logistics was also important at 18.31%, ahead of other unspecified purposes.



RUN YOUR BUSINESS FROM ANYWHERE

Find out more about CRM and what it can do for your business - download Your Complete CRM Handbook.

[Download for free >](#)



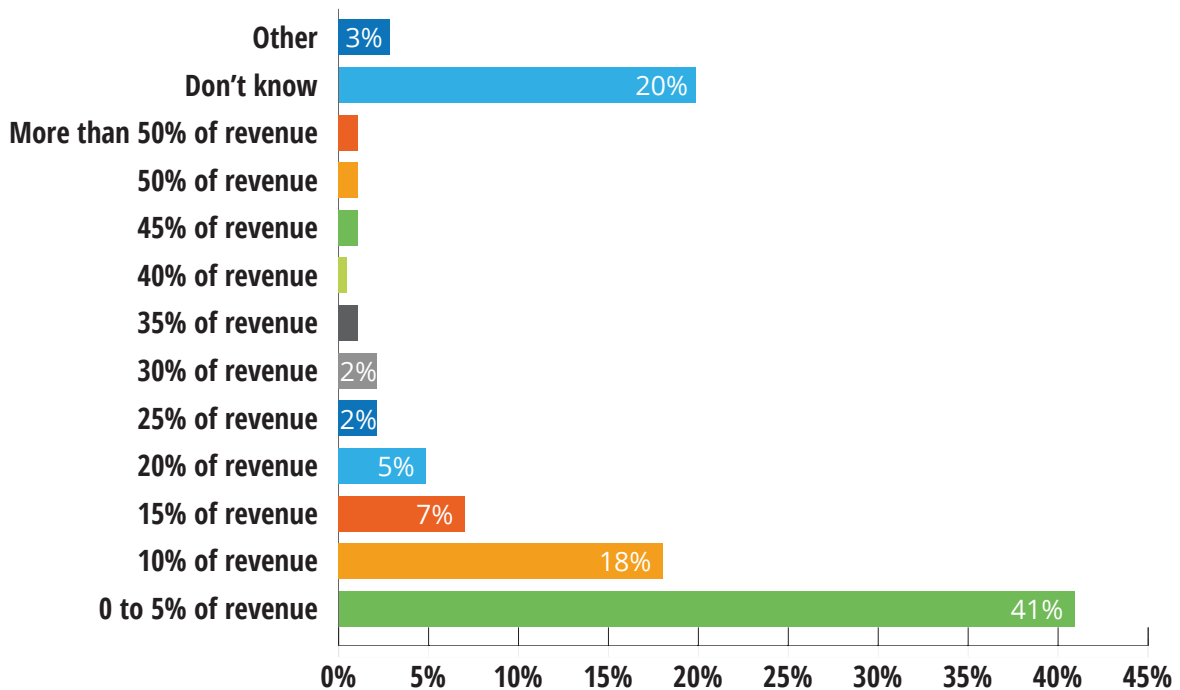
3. How much are SMEs spending on IT?

SMEs are predominantly spending up to 5% of their revenue on their IT budgets, with 41% indicating this amount. Around 18% put 10% of their revenue towards it, while about 20% actually don't know how much they spend.

Combo founder and technology expert David Markus says that when it comes to expenditure on IT, all SMEs have different requirements, but the trick is in knowing what return on investment you are going to generate. It's important to ask, "Where am I today and what am I investing to get to?" he says.

"If you are less than 10 staff it is about survival. If you are 10 to 20 it is about building your first real systems. If you are 20 to 50 it is about getting those systems mature for scalability and growth. It is in that 20 to 50-seats stage that people choose the systems that they are going to grow to 300 with. And when they get it right they can scale, and when they don't they are stuck."

SME size of IT Budget



4. SMEs can't live without...

Technology is obviously at the core of most businesses and the survey revealed just how much SMEs 'can't live without' it.

When it came to day-to-day business technology systems, there were many names on the 'must have' list. Some often repeated included: Microsoft Office, Intuit Accounting, MYOB, Shopify, Saasu, Xero, Google, Excel, Quickbooks, Dropbox, Adobe, Photoshop, Hootsuite, Skype and Autocad.

Practical tools such as email, internet, iPhone, laptops, smartphones and iPads were frequently mentioned.

Apps were scarcely mentioned by SMEs as essential tools – demonstrating they are perhaps yet to become integral to business life.

Some mentioned in-house created software, EasyPay systems, ConnectWise, FileMaker, and customer relationship management (CRM) systems. Project management system Basecamp and database email system MailChimp were also listed.

Reasons cited for the importance of these technologies reveal strong themes. Enabling communication was dominant, and tracking projects, keeping track of finances, remote access and streamlining administration were all drivers for choice. The desire to be "always connected", and to achieve "efficiency of delivery of product for customer needs" was noted. "Instantaneous" sharing of files was reported as key, as was the ability to reach staff in remote places.

5. Nervous about CRM

The 2013 survey saw an increase in the use of [CRM software](#) – up to 35.6% were using it. This year saw another increase, with 41.06% of respondents using it, but there was still trepidation among the remaining 56.16%, while 2.79% were unaware if their company used it.

Of those that do use CRM systems, the product used varied from Salesforce at 25.36%, Microsoft Excel at 18.57%, Microsoft Dynamics at 8.93%, Zoho at 6.79% and a mixed variety in the remaining numbers.

For those not using CRM systems, 37.73% said their business was too small and they lacked resources to manage it, while 32.72% didn't think their business needed it. A small portion, 5.8%, said CRM was too expensive, while the remaining respondents said "other" reasons explained why they didn't use it.

One respondent said they were "undecided, we are building up the organisation", while another said they were "only four weeks into a new business. Definitely will look at getting one".

One business indicated they "haven't been able to find the right one for our business", while another said CRM was "in development, but a long timetable for implementation".

David Markus is not surprised there is still a long way to go for SMEs in their use of CRM.

"Most SMEs think of a CRM system as a fancy name and address book, and they haven't got their heads around how a properly used CRM actually drives a sales pipeline or helps to manage the whole sales process," he explains.

He says that of those that use them, they are often missing out on their true value by just sticking to the default uses rather than tailoring them to their needs.

"I am talking small-end SMEs, not talking 150 seats, I am talking sub-60 seats – these are the businesses that struggle with CRMs," he says.

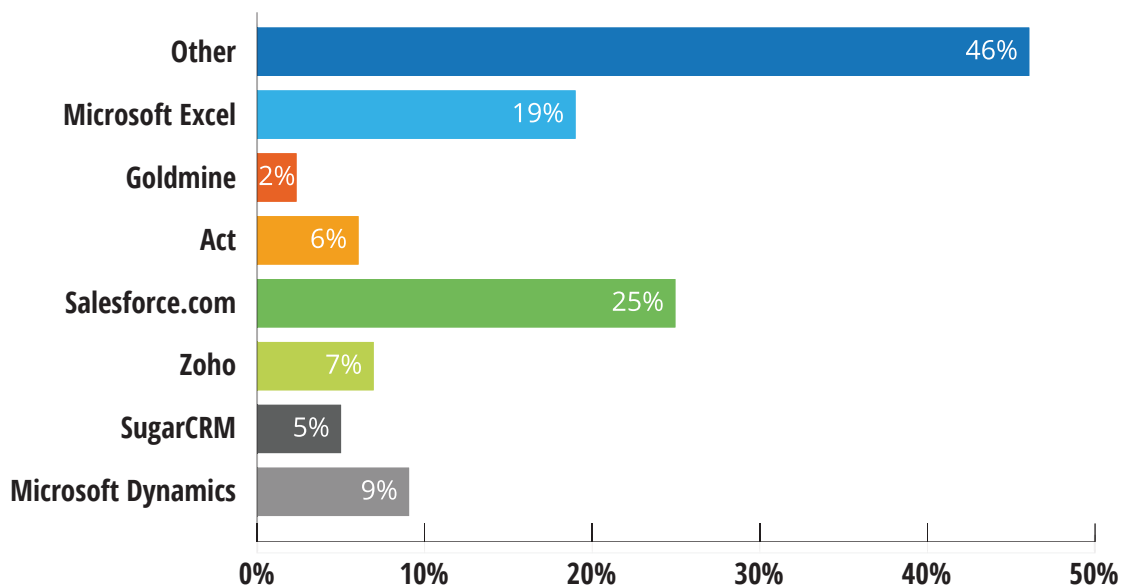
The key is to know when you are ready for a CRM and for what purpose you are going to invest in a CRM system.

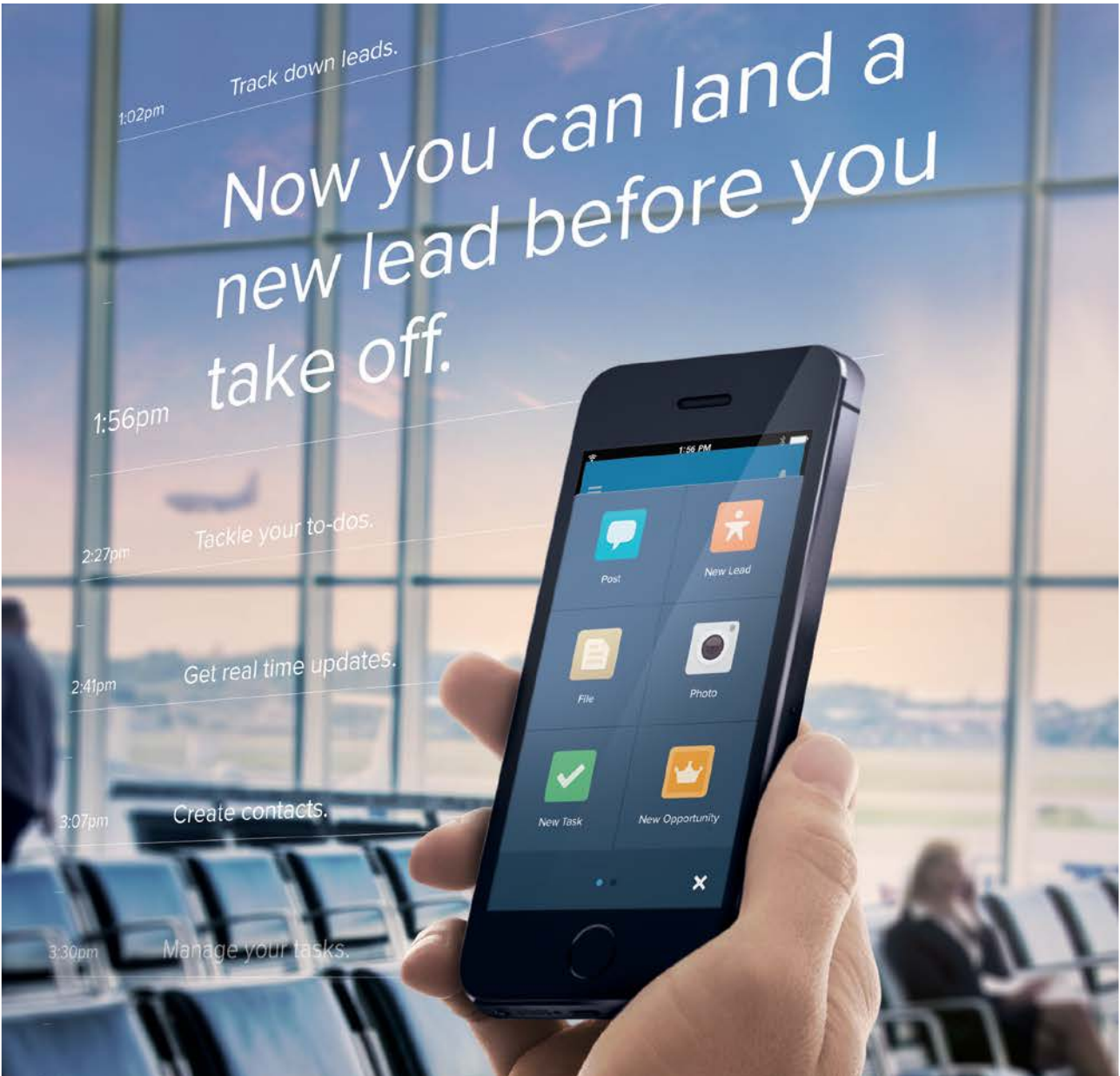
"I think people should invest in the system, but what they should do is start by building the business case. If there is no business case in building the system, then don't build the application, it is going to hurt.

But if there is a business case, if you can drive a better, bigger growing business by investing in technology, then proceed with gusto.

If people don't do the strategic work before they jump into the 'doing' bit, then they don't complete the doing due to lack of a plan or a strategy."

CRM Products Used





GROW YOUR BUSINESS FROM ANYWHERE

Easily run your business with Salesforce, wherever you are - access business data, manage customers and win deals.

[Watch a short demo >](#)

6. Up in the cloud

SME uptake of cloud services has increased from 56% in the 2013 survey to 67.5% this year. However, 26.29% still do not engage with cloud products and around 6.2% do not know if their business uses the cloud.

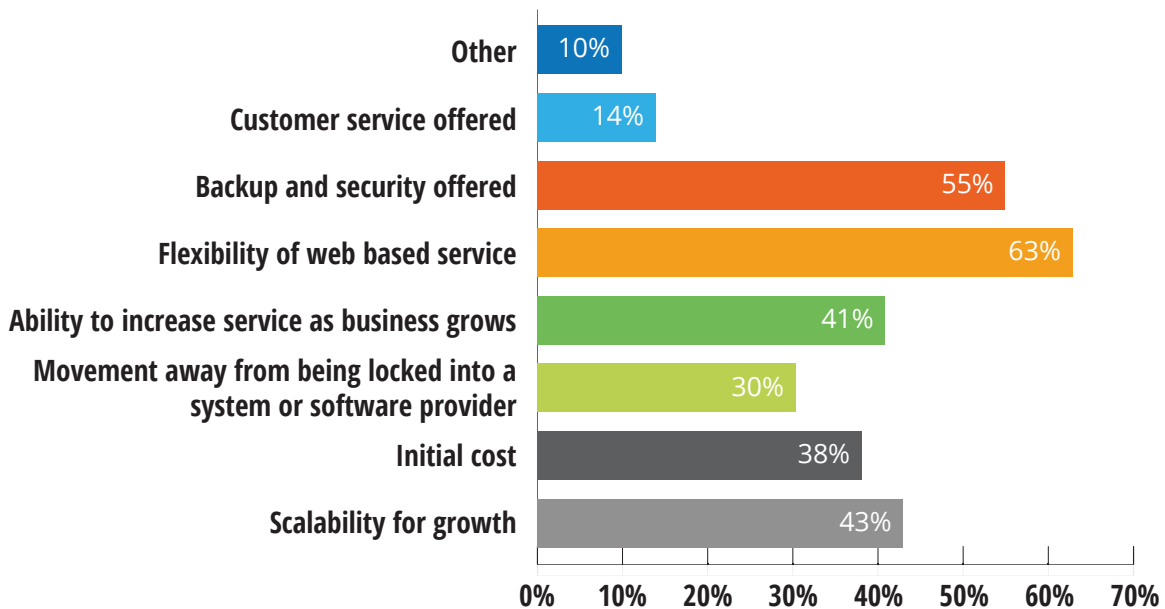
For businesses using the cloud, software as a service (SaaS) was dominant at 62.65%, slightly up from the 2013 figure of 59%. A hosting platform – platform as a service (PaaS) – was also key at 43.97% and IT infrastructure (IaaS) was 23.64%.

The biggest benefit cited for cloud software was flexibility at 62.88%, a response slightly down from the 2013 figure of 65%. The ability to back up data and security was also noted by 54.61% of cloud users, again down on last year's figure of 57%.

SMEs said the ability to increase their level of service was a benefit of the cloud (40.66%), while scalability for growth was reported by 42.55% of respondents, down on last year's figure of 49%.

A notable response was the ability the cloud offered to move away from being locked into a system or software provider (30.02%).

Biggest Benefits of Moving to Cloud



Cloud concerns

SMEs may be turning to cloud software, and have many positive reasons for using it, but they still have concerns.

Primarily, data security is a worry, noted by 62.86% of respondents to the question, on par with last year's respondents. Getting access to their data concerned 36.90%, slightly lower than last year at 39%, and getting "locked in" to a long-term contract with a supplier concerned 27.62% of respondents, up from 22% in 2013.

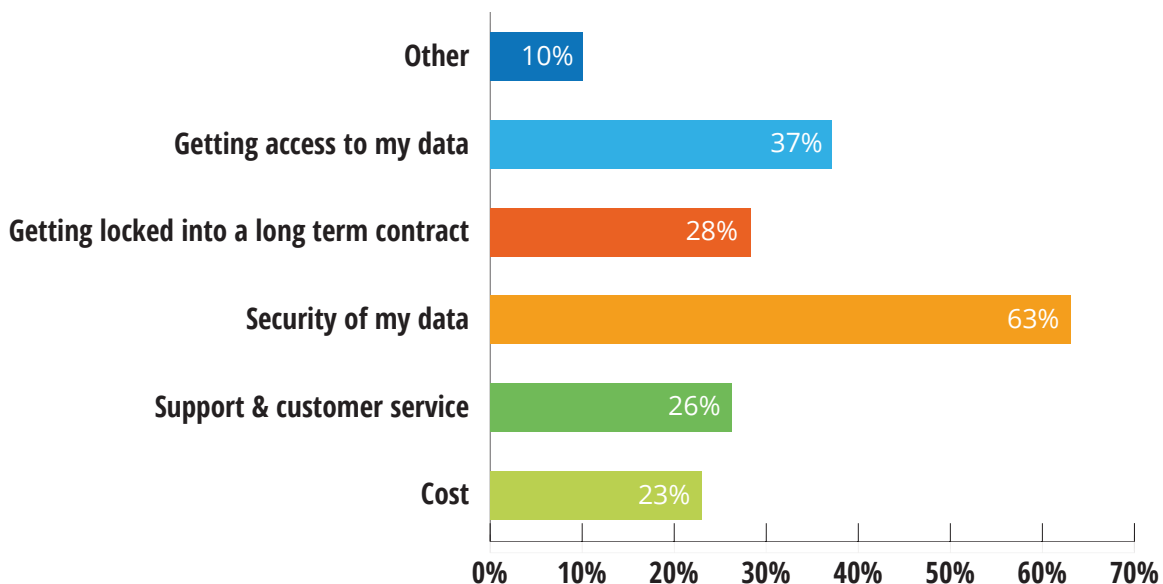
Accessing technology support and customer service concerns were noted by 25.95% of respondents, while cost also mattered for 22.62%.

David Markus says the cloud "makes sense" for SMEs. While SMEs may still have security concerns about cloud storage, Markus says the issue they should focus on is their internal technology.

"Everyone keeps asking: [Is the cloud secure enough?](#)" he says. "And it is like, hello, you're in it... people are already in it and they don't realise that the weak link is their security, not the cloud security.

"It is time for people to stop worrying about it and start adopting it to see the benefits. The other thing is that people keep dropping the price as more people get on it... it means the cost per extra user comes down, so it is now becoming more accessible from a cost point of view."

Main Concern with Cloud-based Services



7. Social media for results

Overwhelmingly, SMEs are using social media with the key purposes of communicating company messages and marketing – which was a trend in 2013. Last year 73.1% of respondents were using social media in their business, while this year 74.49% were on the case.

Core to the use of social media for SMEs was communicating company news at 77.38%, similar to last year's result of 78%, along with marketing and promotions (72.52%) and community building (55.39%).

Just over half, 52.43%, said they are using it to share industry thought leadership via story links or opinion pieces. Generating sales was a key driver for 39.75% of respondents, while for 30.23% it was about customer service, including dealing with feedback and complaints.

These are all good reasons to adopt social media for business; [the trouble is that many, 38.27%, don't think they are getting a return on their investment](#) – whether that is time or money. This was a similar result to 2013, demonstrating that little has been done to improve this. While a similar number, 41.01%, do think their social media efforts are yielding results, 20.72% were unsure.

More revealing was that over half of respondents (53.49%) were not actively measuring their return on social media investment, slightly better than the 2013 result (59%). Nearly half (46.51%) said they do.

Logically for SMEs who may only have a small number of staff, lack of resources was cited as the key reason for not measuring ROI (45.02%). Concerning was that 36.65% said they don't know how to measure the impact of their social media efforts, while 25.5% said they didn't think their business needed to bother.



SMEs seeking ROI from their social media primarily want it to generate sales inquiries at 73.59%, while others (59.52%) wanted to see return in terms of community engagement (such as re-tweets or 'likes' or shares).

How far messages about their business reached through the social media network mattered to 53.25% of respondents, demonstrating an interest in using it as an advertising tool.

Assessing the number of mentions for a brand mattered to 43.94% of respondents, followed by things such as the tone of mentions on social media, 35.28%, and the number of followers, 33.12%.

IT writer and analyst Paul Wallbank says that for SMEs, assessing ROI for social media is a "problematic area".

"With business social media use, it is best to have an end objective in mind for it rather than some sort of open-ended ROI measurement," he says.

"Rather than focusing on getting some percentage return on time or money spent, maybe the objective needs to be getting your product mentioned in 20 different forums or similar, rather than looking for those hard ROIs because they are really illusive."

Wallbank says social media management is taking up plenty of time for busy SMEs.

"The time in social media varies from business to business. Some are constantly on it, while others may only spend an hour or so a week.

"I'd say the typical small business needs to spend at least four hours a week on it if they have to use social, but that depends on which channels of social they are using.

"If they are using LinkedIn for instance, then four hours a week is probably more than enough, but if they are using Twitter it could be four hours a day!"

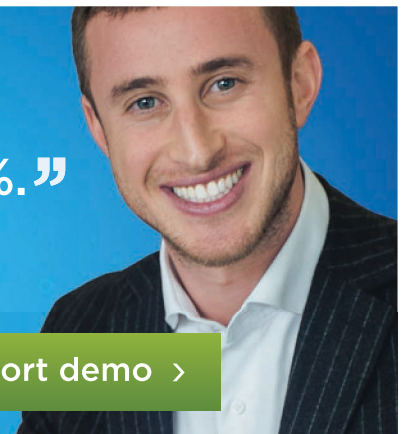


"In one year of using the Salesforce Sales Cloud, our revenue has grown 150%."

BEN HANDLER, CEO AND CO-FOUNDER
COHEN HANDLER

Find out how you can generate more business and win more deals with Salesforce.

[Watch a short demo >](#)



8. Hours connected building up

It is no surprise that SMEs are spending plenty of hours connected to their phones, tablets and notebooks each week.

Around a third of SMEs (32.74%), are spending over 10 hours on their mobile phones, while 26.73% are spending five to ten hours a week. This was closely followed by those who spend two to five hours per week on their phones (22.12%). Remarkably, 5.31% said they spend less than an hour on their mobile phone each week.

Notebook computer use consumed between 20 and 50 hours of use each week for 35.54% of respondents, while over 17.65% spent over 50 hours a week on their notebook.

Tablet use is still consuming the least time for SMEs, with the largest portion (30.51%) spending from one to five hours on their tablet, while 28.4% spend five to ten hours on their tablet per week.

Only 1.21% spend more than 50 hours a week on their tablet device.

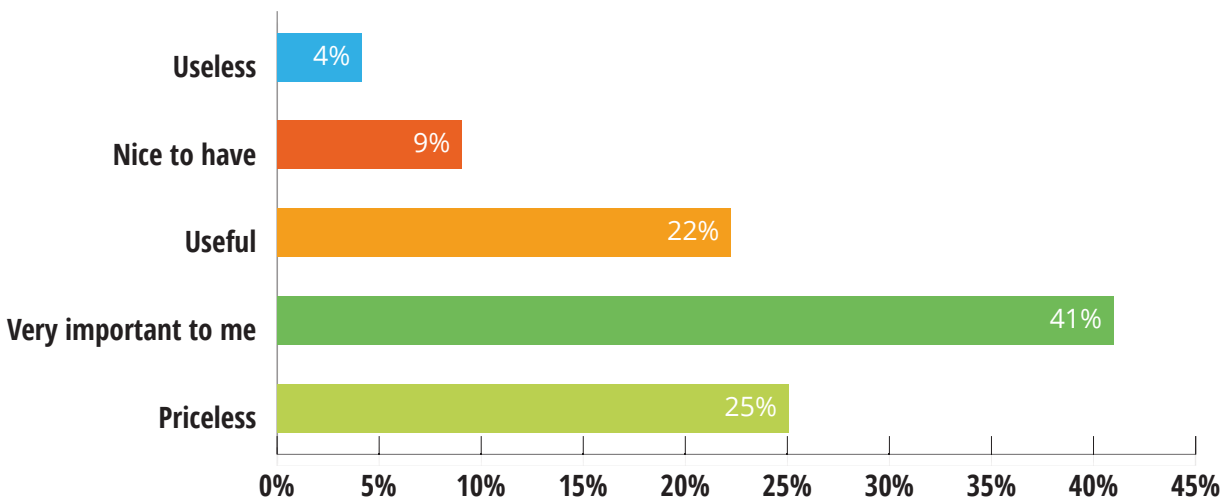
Getting mobile

When asked if being able to do all of their work on a smartphone or tablet was valuable, there was a strong response in favour. For 40.71% it was “very important”, while for 24.96% the option would be “priceless”. For a similar number (21.95%) it would be “useful”.

Almost all respondents (98.14%) use their mobile phones for phone calls, as one would expect. And SMS use was understandably high at 93.58%. However, email use was also significant (82.94%), perhaps reflective of the mobile work practices and more flexible hours being implemented in many SMEs.

Browsing the internet on a smartphone was done by 72.64% of users, while the next most dominant use was for the camera (70.44%). It was revealed that 58.78% of SMEs are tapping into their social media accounts,

Value of Accessing All Aspects of Business from Smartphone or Tablet



such as Facebook and Twitter on their smartphones, while for 61.66% their mobile phone was a source of GPS mapping.

Tablets still on the up

Last year 29.9% of SMEs engaged a tablet for work purposes, along with many people in their company. This year, the figure was at 35.49%. For 23.55% of SMEs, tablet use was not evident at all in their company, while 19.97% didn't use their own tablet, but others did.

David Markus thought this would be a higher percentage, but makes the assessment that doing 'production' work on tablet devices isn't always practical.

"Tablets do have a use and a place, but if you try and do everything on a tablet, they are a bit nuts!" he says.

"They still use their PC or a Mac or laptop to do the real production work. But having [Microsoft] Office on the tablet makes it more of a workhorse, but doing too much on it is too hard and that is the reality. Without a keyboard, the producers still struggle to get things done on a tablet."



Huge leap in 4G

The 4G network was used by 34.8% of respondents in 2013, but in 2014 this had leapt to over 59%, which would reflect the growing implementation of the fast network speeds.

Paul Wallbank agrees that tablet use among SMEs is "surprisingly low".

"I would have thought there would be more people using their tablets in their business...it could be that the proprietors of businesses are using tablet devices for personal use and are not really using them as a work tool," he says.

"But we might see that it happens to creep more into logistics, medical and retail, so we might see them more as a work tool."

Peer reviews matter

Researching new technology systems is not a perfect science, with so many influences impacting SME purchasing decisions. One thing that is clear is that recommendations from family or friends matter when it comes to making a purchase.

This type of referral was important to 37.64% of respondents, just short of Google searches at 38.06%. Recommendations from industry associations was also of high importance for 35.85% of SMEs, followed by website research at 33.63%. Social media was of prime importance to just 20% of respondents, while newspaper information still rated a mention for 20.37% of respondents – but this response was not split into advertising or editorial article influence.

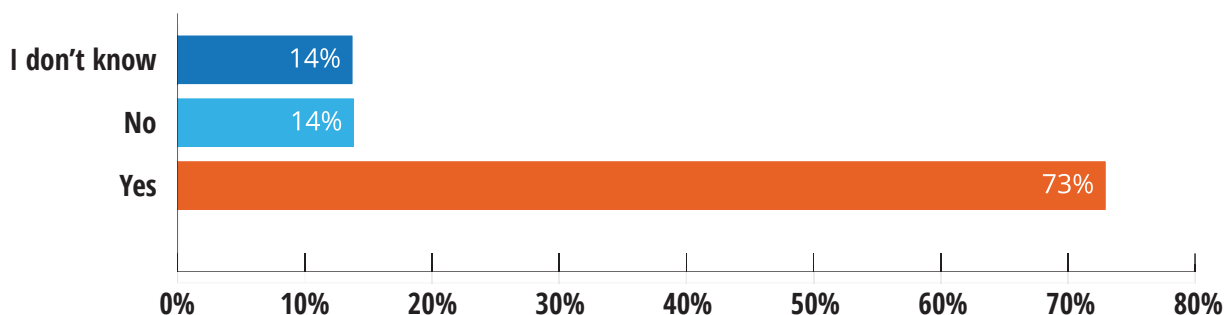
9. NBN – SMEs still hopeful

Last year *SmartCompany* readers were keen for the [National Broadband Network \(NBN\)](#) to get up and running, optimistic it would make a difference to their business. In fact, in 2013, 68.1% expected to see benefits to their business due to the faster broadband being rolled out nationally. They had ideas for how they would use it to do better business and hoped for productivity gains.

This year expectations were higher, with 72.82% expecting to see business growth thanks to the NBN. A small number (13.68%) thought the NBN would not bring business benefits, while 13.5% do not know what impact it will have.



Expect to see Business Benefit of Faster Broadband due to NBN



Paul Wallbank says this optimism reflects the fact that SMEs know how crucial fast internet is for their success.

“Most small businesses know that internet connectivity is absolutely critical to their services. And that shows in the other statistics with cloud services and mobile services being connected. Which is why getting reliable communications, whether it be the NBN or other, is absolutely critical with businesses,” Wallbank says.

With the NBN being slower to roll out than previously forecast, Wallbank says SMEs need to advocate more strongly for getting the NBN in their area.

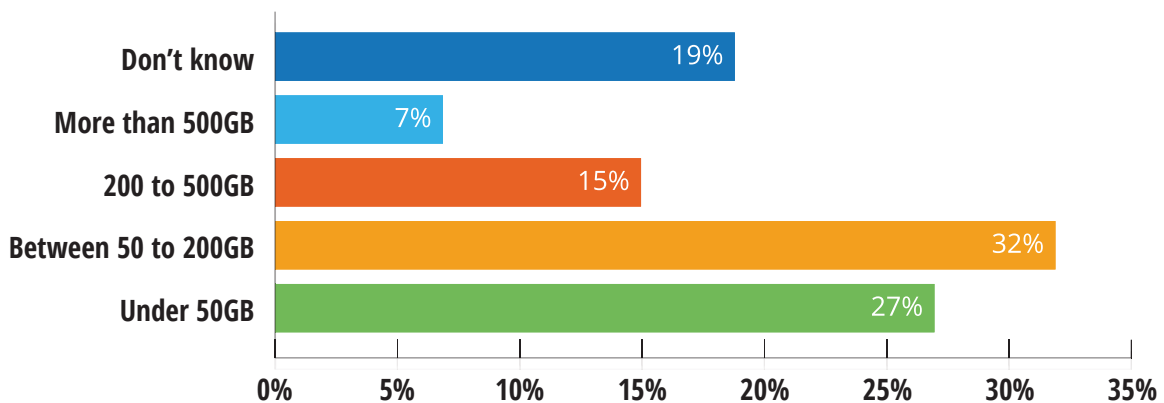
“If their mobile signal isn’t very good in their area they should be pushing really hard on that...they should be lobbying NBN Co and their local MP to get broadband in their neighbourhood.”



Data use

Around one third (32.26%) of SMEs are using between 20 and 200 gigabytes of data per month, compared to 43.1% last year. Just over 26% use under 50 gigs of data per month, while 7.05% are using over 500 gigs.

Broadband Data Used per Month

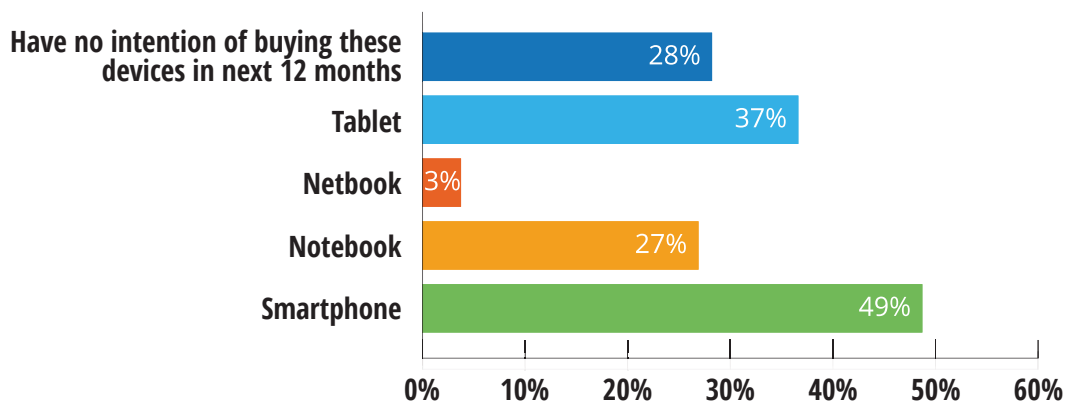


10. What SMEs want

[It is clear that SMEs love their technology](#), and in the next 12 months, 48.63% of respondents expect to buy a smartphone, ever so slightly up on last year's response of 47.2%, while 37.16% are in the market for a tablet, just down from the 2013 figure of 39.8%. Just over a quarter (27.4%) are keen to purchase a new notebook, which is virtually on par with last year (27.8%). However, 28.42% do not intend to buy any of these devices in that time frame.



Intention to Buy or Upgrade Devices next 12 Months





Conclusion

There is no doubt that *SmartCompany's* SME readers are passionate about, and reliant upon, having effective technology to fuel their business success.

It is clear from the 2014 technology survey that they use a broad range of systems, dedicate a portion of their revenue to IT expenditure and have many devices that they can't live without.

While trends in CRM use and cloud were up, there was still some trepidation, so it will be interesting to see if usage matches the hype for these systems in 2015.

As SMEs increasingly adopt social media for business, their next goal is to get clear on why

they are using it and the outcomes they want, all the while they are spending more and more hours online as they work away from the workplace using mobile technology.

Will tablets find more favour with SMEs for business use in the year ahead? It could happen if their family or peers recommend them, as it is clear they rely on the opinions of those close to them when it comes to purchasing technology.

As 4G keeps expanding and the NBN keeps rolling out, we will no doubt see even more sophisticated technology adoption among SMEs when we delve into the survey again in 2015.