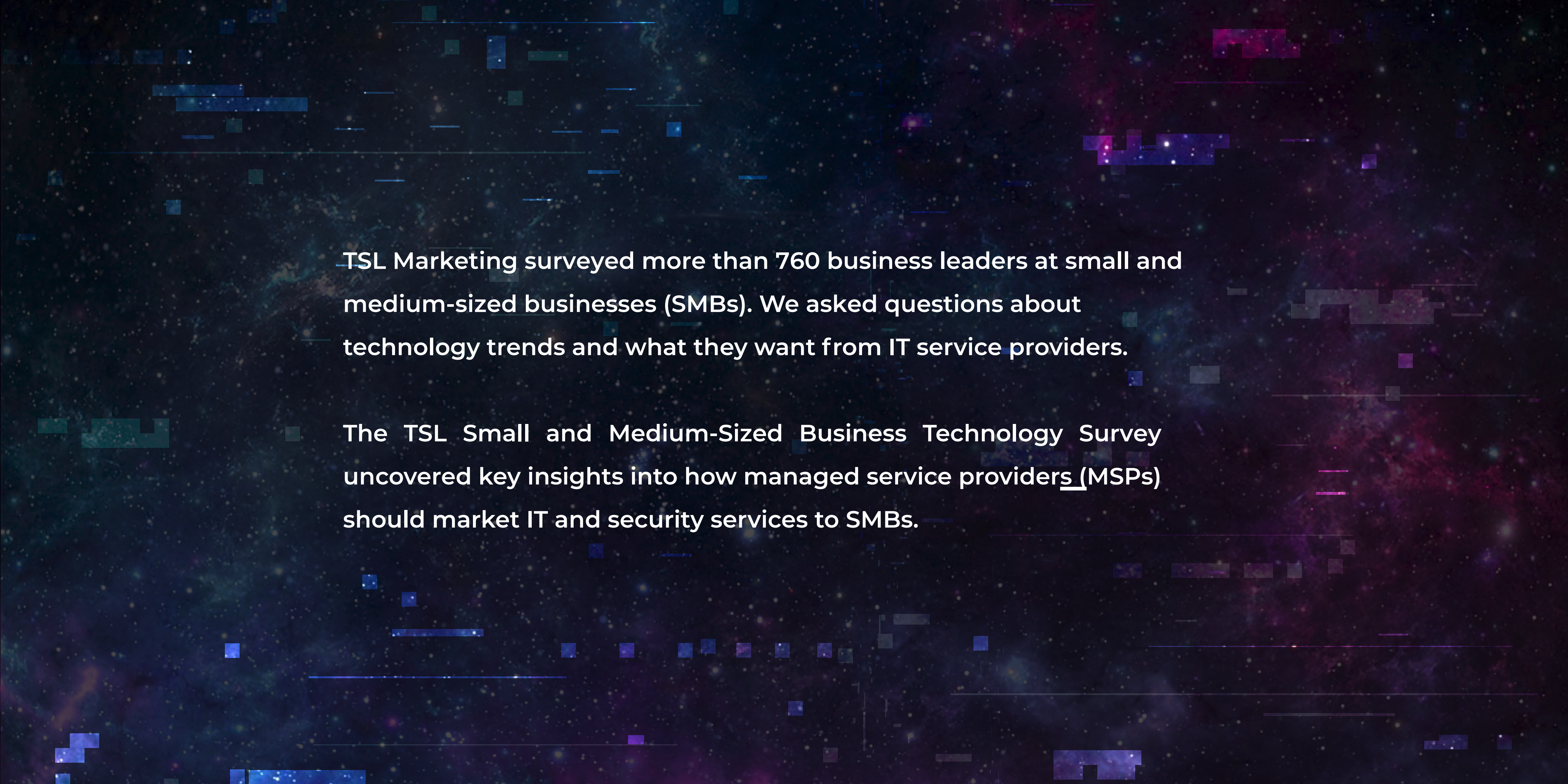




SMALL & MEDIUM-SIZED BUSINESS TECHNOLOGY SURVEY

Information Technology and Service Trends for SMBs



TSL Marketing surveyed more than 760 business leaders at small and medium-sized businesses (SMBs). We asked questions about technology trends and what they want from IT service providers.

■ The TSL Small and Medium-Sized Business Technology Survey uncovered key insights into how managed service providers (MSPs) should market IT and security services to SMBs.

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Chapter 1

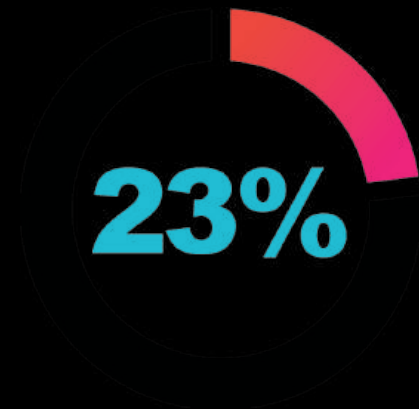
How SMBs Are Adopting AI

Artificial intelligence (AI), especially GenAI, is one of the top technology trends in 2024. Small and medium-sized businesses are trying to keep up with the evolution of data analytics and decision making by making AI part of the way they operate. SMBs in some of the industries we surveyed, such as Healthcare, Finance, and IT, seem to be early adopters.

Larger companies tend to have a higher level of AI maturity compared to companies with 50 to 500 employees.

>2x as many companies with 501 to 1,000 employees achieve some AI maturity vs those with 50 to 500 employees

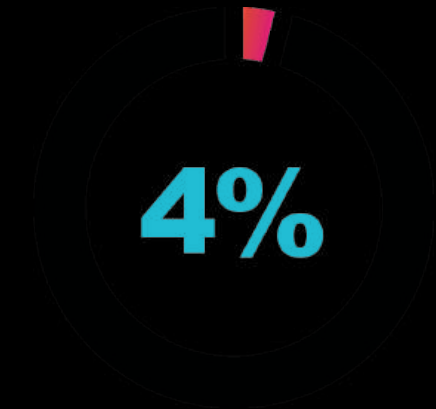
Of the companies we surveyed with 50 to 500 employees:



Have some light AI implementations

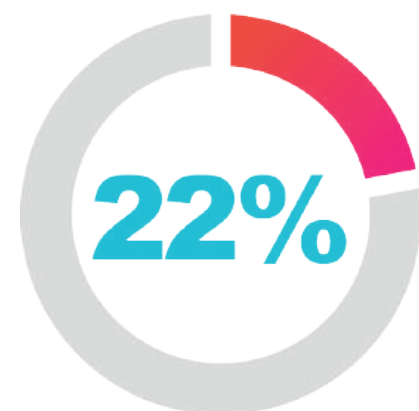


Have not found suitable ways to use AI



Have a detailed AI roadmap

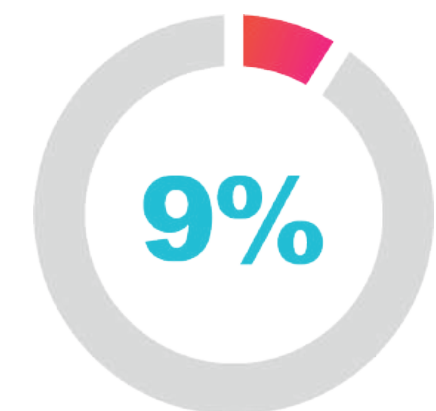
Of the companies we surveyed with 501 to 1000 employees:



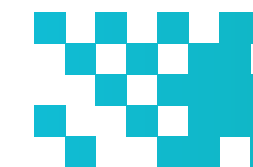
Have some light AI implementations



Have not found suitable ways to use AI

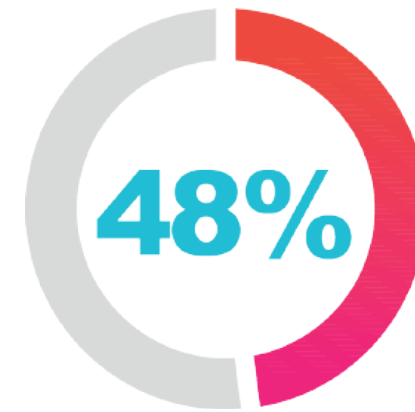


Have a detailed AI roadmap

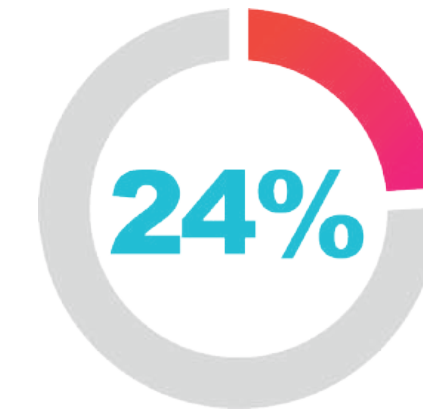


While AI is an area of interest for SMBs, few IT leaders at these companies have a detailed understanding of how they will use AI. This finding is represented by how few companies have detailed AI roadmaps and the number of smaller companies that haven't found AI use cases in their businesses.

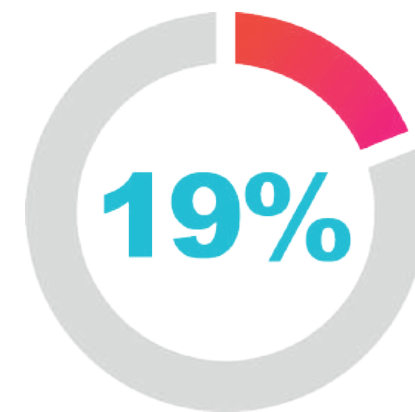
Of SMBs overall, most companies are in the early stages of AI maturity:



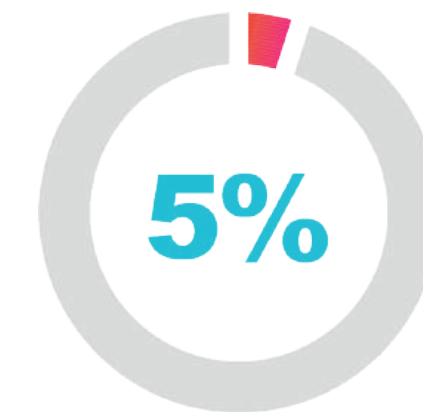
Have started to explore how AI can help their businesses



Have some light AI implementations



Have not found suitable ways to use AI



Have a detailed AI roadmap

In response to these findings, IT services firms can position themselves as experts that can help create AI roadmaps and strategies. For example, identifying AI use cases and opportunities for AI-assisted automation is key for reaching AI maturity.

Chapter 2

An Era of Remote Work

Our findings show that in-office, remote, and hybrid workplaces are all options that are in play for SMBs. SMBs never abandoned remote work options as was predicted when effects of the pandemic slowed. Instead, hybrid workplaces that embrace collaboration between remote and in-office work have become a popular option.

Of the SMBs surveyed:

35%

of employees work in office with some working remotely

32%

Have most employees working in office

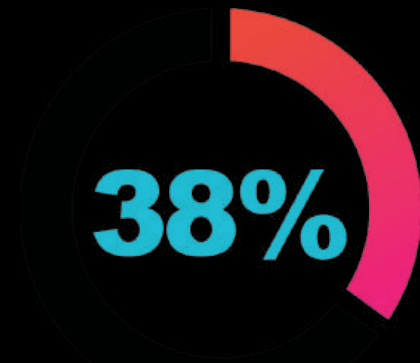
22%

<50% work in office, with the rest working remotely

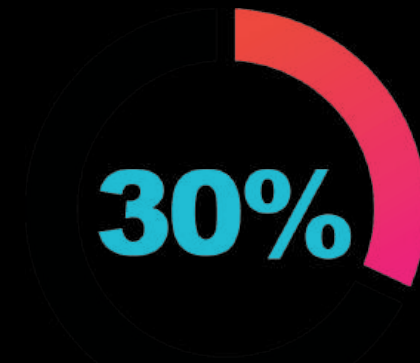
11%

Have a mostly remote workplace

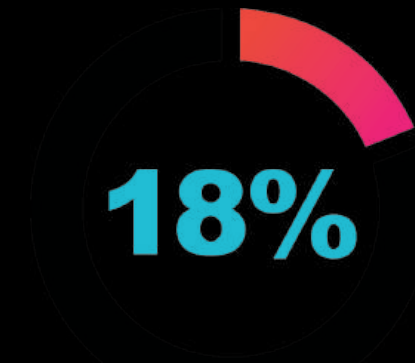
Of the companies we surveyed with 50 to 500 employees:



>50% of employees work in office with some working remotely



Have most employees working in office

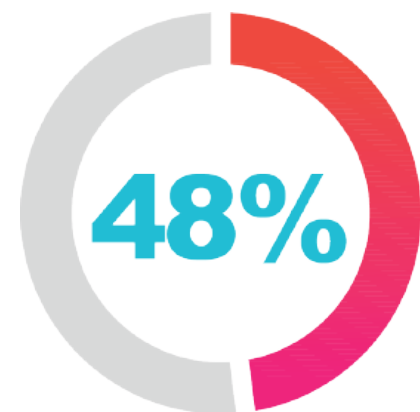


<50% work in office, with the rest working remotely

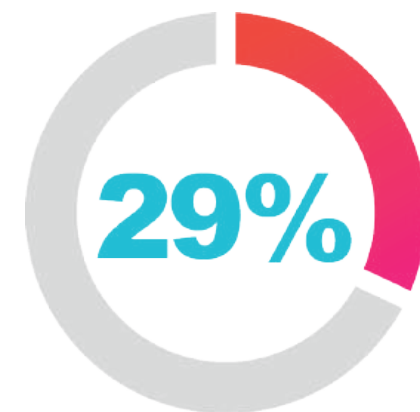


Have a mostly remote workplace

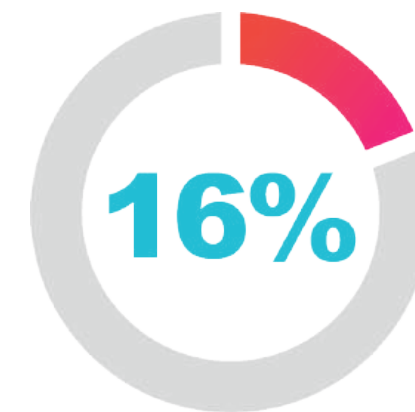
Of companies with 501 to 1,000 employees:



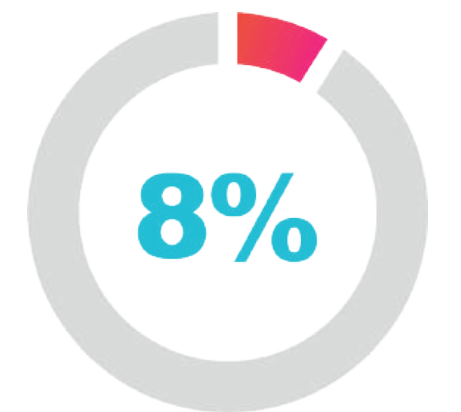
>50% of employees work in office with some working remotely



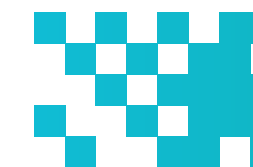
Have most employees working in office



<50% work in office, with the rest working remotely

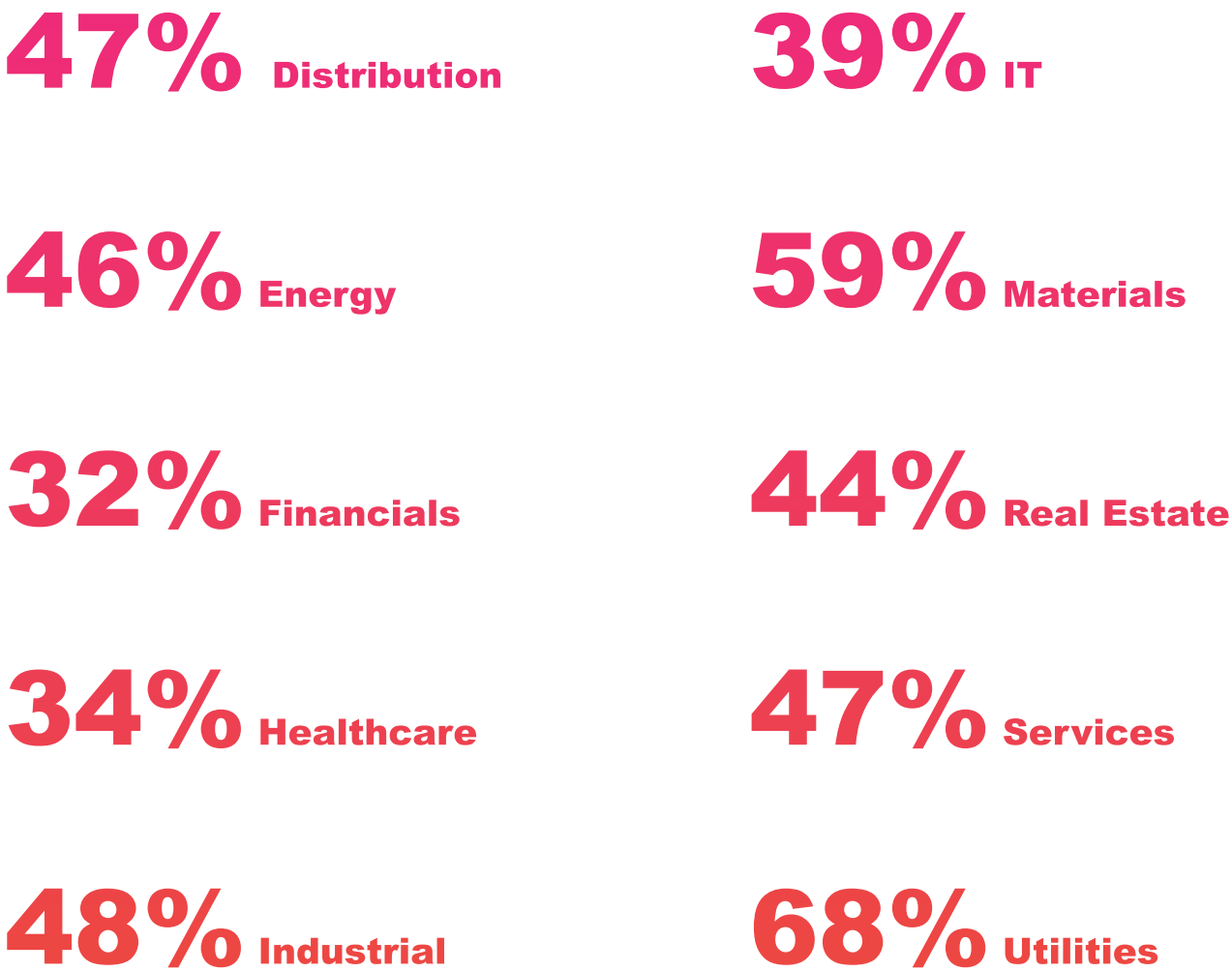


Have a mostly remote workplace

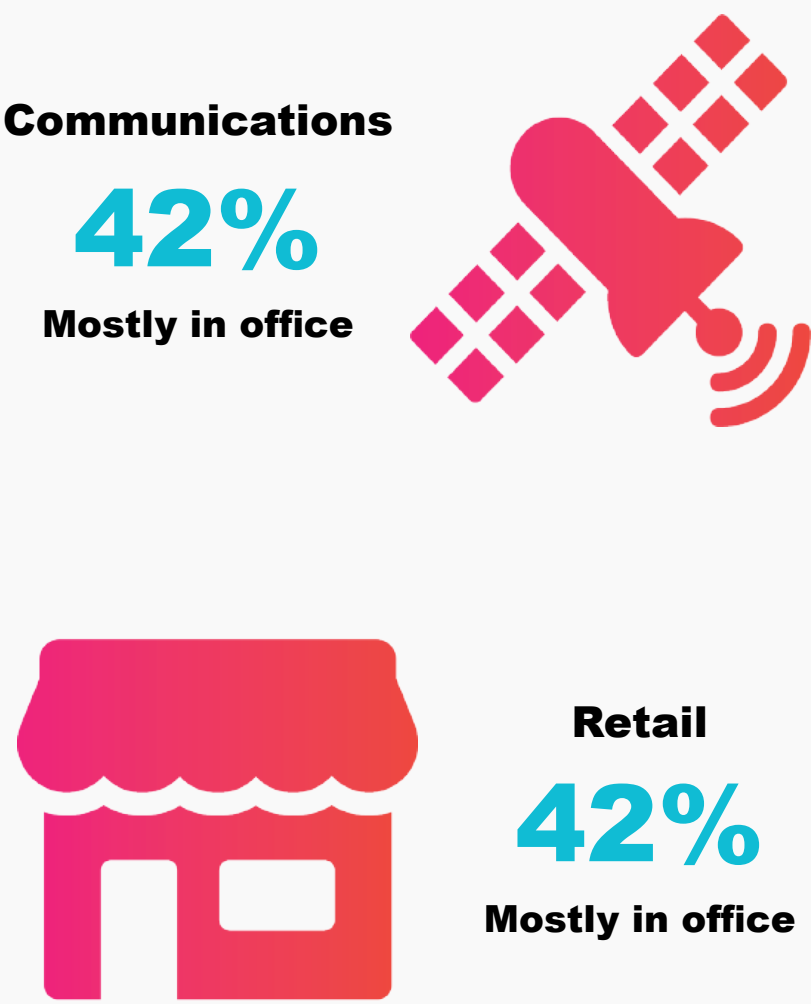


We asked the companies that participated in the survey to indicate the industry with which they most closely identify. The type of industry SMBs are in seems to affect the type of workplace they favor.

Overall, SMBs seem to favor hybrid workplaces with more than 50% of employees working in-office.



However, the Communications and Retail Industries favor in-office work.



More of the smaller companies rely on remote workforces than larger companies. When promoting hybrid work solutions, IT service firms should be aware that interest in adoption will vary by industry and size of company.

Chapter 3

What Companies Want From IT Service Providers

When SMBs were asked how they would like to see IT service providers improve their services, smaller and larger companies don't seem to differ much in what they want. Both companies with 50 to 500 employees and those with 501 to 1,000 employees want their managed services to be affordable, which makes sense considering the smaller budgets SMBs may have.

Overall, the companies surveyed wanted their IT service providers to:

54%

Decrease costs

44%

Improve responsiveness

43%

Be more proactive

41%

Improve technical expertise

Cost is a top concern but not much more than:



Speed of service



Preventative Approach

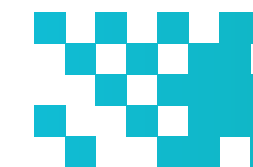


Expertise

SMBs want their IT service firms to be more proactive and faster but are not as concerned about a managed service provider's IT planning or business acumen.

In promoting their services, MSPs should emphasize cost efficiency, as well as their ability to deliver support quickly and to anticipate and prevent problems for their customers. IT service providers may also want to emphasize the advantages of working with a local MSP that can respond to issues quickly both remotely and on-site.

While expertise doesn't rank as highly as cost or responsiveness, SMBs still want to work with an IT services provider that has experience and know-how that might be lacking in an internal IT staff, such as cybersecurity specializations. Many SMBs have IT security skills gaps that can be bridged by outsourcing security services.

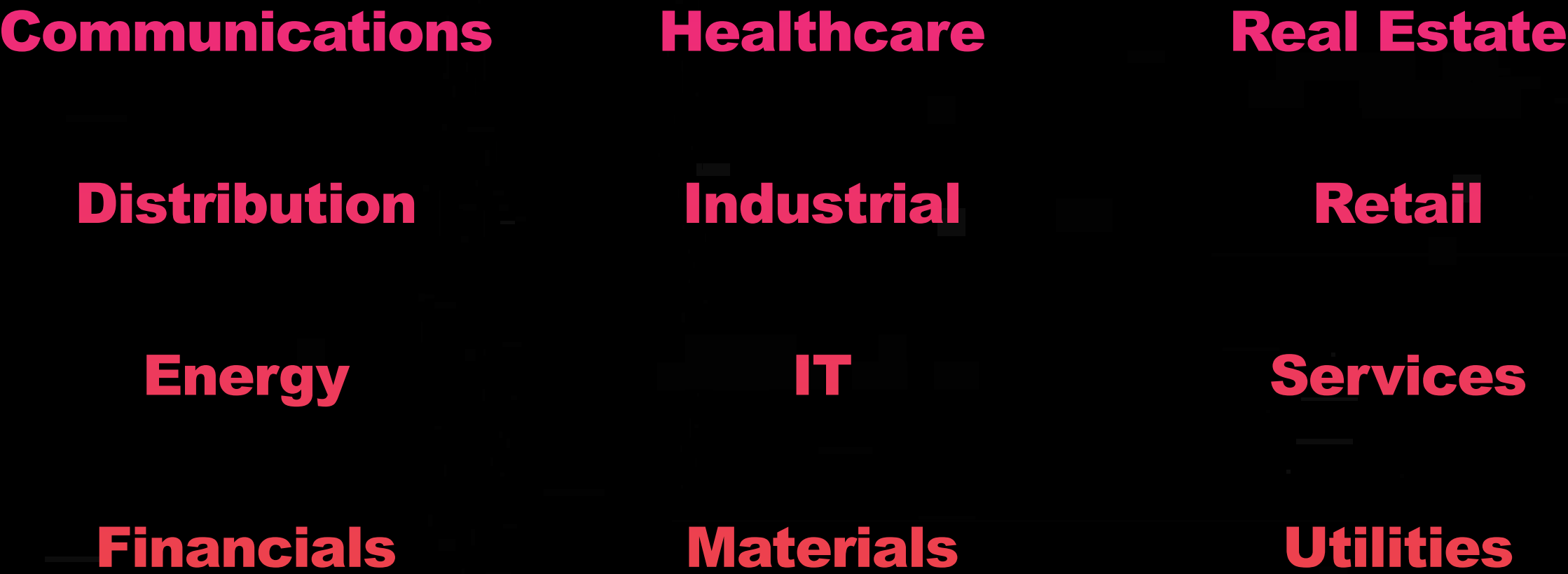


Chapter 4

A New Way of Looking at Industries

We asked the SMBs that participated in our survey to identify their industry. While many participants identified with traditional industries, a significant number of companies chose “Other.”

Companies surveyed were in traditional industries, such as:



The 177 respondents that chose “Other” work in the following industries:

Advertising	Design Manufacturing & Wholesale	Health & Wellbeing	Publishing
AEC	Direct Sales	Hospitality	Restaurant
Aerospace/Airport	Education	Human Resources	SaaS
Agriculture	EdTech	HVAC	Social Services
Automotive	Electronics	Insurance	Sports
Aviation	Engineering/CAD Services	Law & Legal Services	Supply Chain
Beauty	Entertainment	Logistics	Technology
Biotech	Fabless Semiconductor	Manufacturing	Telecom
Chemical	Fabric	Marketing	Transportation
Church	Food Manufacturing	Media	Travel
Construction	Franchising	Mortgage	Trucking
Consulting	Gaming	Professional Sports	Venture Capital
Consumer Goods	General Contracting	Product Design & Development	Virtual Events
Cyber	Government	Non-Profit	Wholesale
			Wine & Spirits

Due to these findings, IT Services firms should understand that many companies don't identify with traditional industries. Instead, many unique business types exist that should be considered when running industry-specific campaigns.

While working to promote the services they provide for specific industries, MSPs should expand their definition of industries. Taking a closer look at the list of current customers may uncover additional ideal types of companies to target in marketing campaigns by developing and promoting case studies and creating new web pages with an industry focus.

Chapter 5

State of the Application Provider Market for SMBs

Applications are an integral part of the way small businesses collaborate, communicate, manage customer relationships, and market their products and services. We wanted to find out more about the application provider market for SMBs to give IT service firms some actionable insights.

We asked businesses with between 50 and 500 employees which applications they use. Of the application providers chosen, Microsoft reigns supreme.

87%

of respondents said they use Microsoft 365

76%

said they use Microsoft Teams

Microsoft is the go-to application provider for SMBs that want to promote business collaboration, whether through file sharing, chat, or email.

Salesforce has the next biggest share of the application market, ahead of rival HubSpot.



use Salesforce



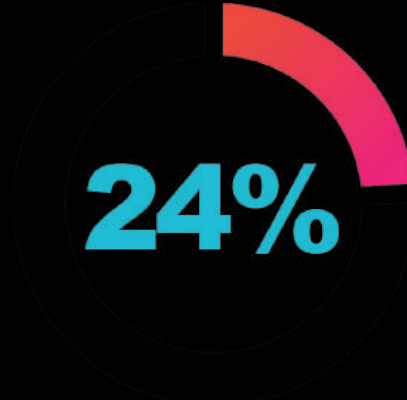
use HubSpot

These competitors are leaders in the customer relationship and marketing management space.

Google Workspace and Slack claim notable shares of the application market:



use Google Workspace



use Slack

IT service firms should keep this picture of the application market in mind while marketing their services related to application management, support, and security. The higher percentages of companies using Microsoft, Google Workspace, and Slack applications is enlightening in view of the trend toward hybrid workspaces and the need to support collaboration.

Chapter 6

State of the Infrastructure Provider Market for SMBs

We wanted to track trends in the infrastructure provider market for SMBs. By asking small businesses which infrastructure providers they rely on, we can give MSPs a picture of how IT infrastructures are evolving and which areas of infrastructure expertise they should be promoting.

When we asked SMBs to indicate which infrastructure providers they use, the market shares of all the vendors listed were higher for the segment with 501 to 1,000 employees than for businesses with 50 to 500 employees.

This outcome is likely due to the tendency in smaller companies to use:

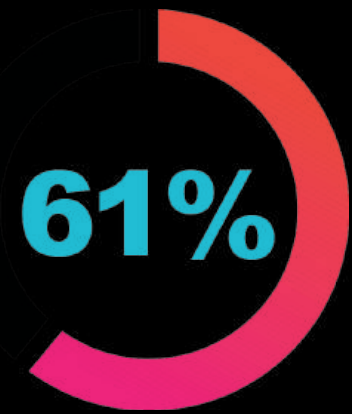


Cloud providers only versus on-premises infrastructure

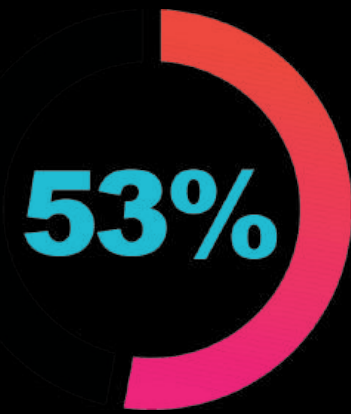


Cloud-based business applications

Of the larger companies:



Use Cisco

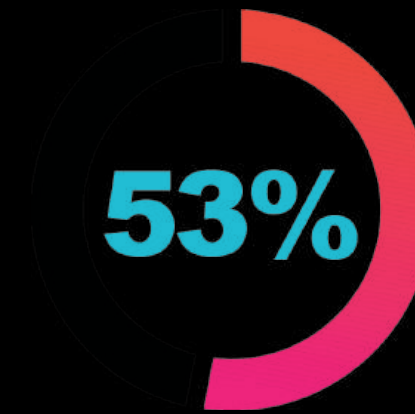


Use VMware

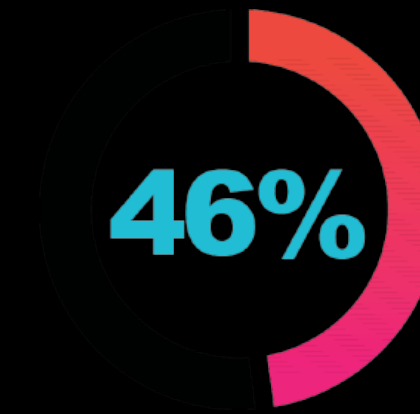


Use Dell/EMC

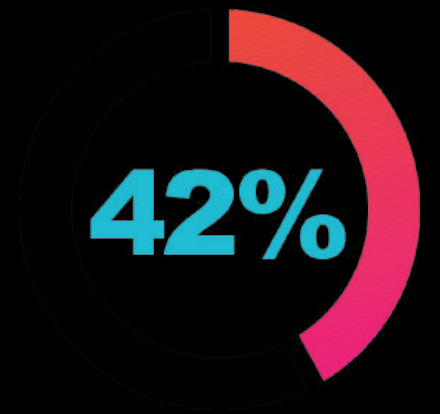
Of the smaller companies:



Use Cisco



Use VMware



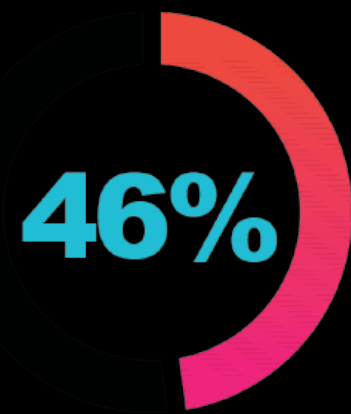
Use Dell/EMC

The popularity of Cisco and VMware shows that SMBs are focusing on network infrastructure and security, as well as virtual and software-defined infrastructure.

Overall, Cisco is the most common infrastructure provider chosen followed by VMware and Dell/EMC.



Use Cisco

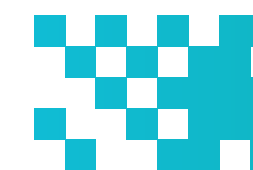


Use VMware



Use Dell/EMC

When marketing their infrastructure services, IT service firms should emphasize their partnerships with the top infrastructure providers and the certified expertise they can offer. Marketing strategies for infrastructure services should also be sure to target larger businesses.



Chapter 7

State of the Cloud Provider Market for SMBs

With the cloud market reaching a saturation point even for smaller businesses, we wanted to look at the shape of the cloud provider market for SMBs.

Unsurprisingly, Amazon Web Services (AWS) and Microsoft Azure dominate the cloud market for survey participants. Microsoft has translated success with business applications in the cloud into its status as what is by far the leading Cloud provider in the SMB market. AWS came in as a strong second with many firms using both providers.

Google Cloud earned a respectable share, with all the other market players just looking to participate.

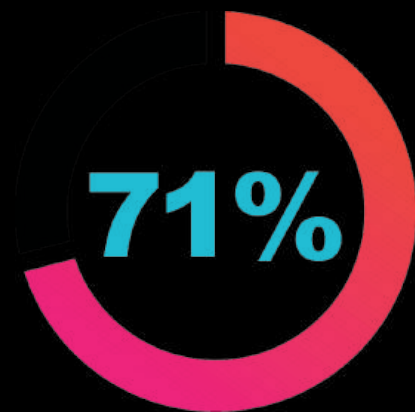
13%

chose “Other”

3%

overall use IBM Cloud

Of companies with 50 to 500 employees:



Use Azure

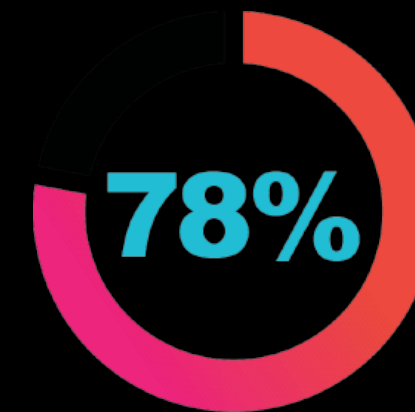


Use AWS

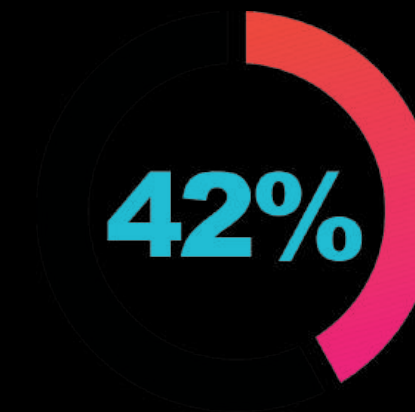


Use Google Cloud

Of companies with 501 to 1,000 employees: companies:



Use Azure



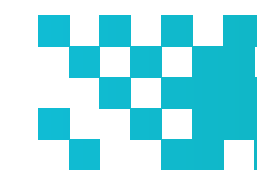
Use AWS



Use Google Cloud

This picture of the cloud provider market should help IT service providers create marketing strategies that play to their expertise in delivering cloud services for solutions offered by the top cloud providers. Looking at the strengths and specializations of the top cloud providers

should also give MSPs an idea of what cloud services to promote. Marketing campaigns should emphasize certified expertise and experience in providing leading cloud services, such as those for migration, security, and application development.



Chapter 8

Security Concerns for SMBs

With the threat landscape becoming increasingly complex, cybersecurity should be top of mind for SMBs. We asked firms with 501 to 1,000 employees to list up to 3 of their biggest IT security concerns. By far the largest concern was Ransomware, which scored 16% higher than the next most popular option, Employee Negligence.

The 3 biggest security concerns for SMBs were:



Ransomware topping the list means that SMBs are aware that it continues to be one of the most popular attack vectors for cybercriminals. Smaller businesses tend to be targeted because they are more likely to pay a ransom than pay a hefty price for remediation.

When SMBs overall were asked which IT area they plan to invest in, Cybersecurity was the top choice.

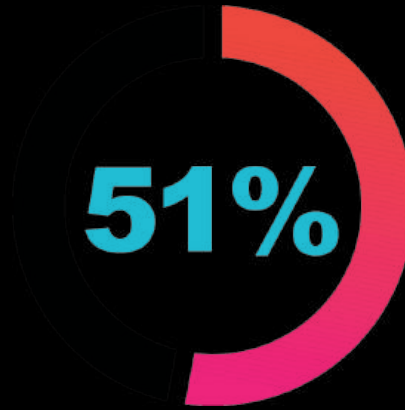


**plan to invest in
Cybersecurity**

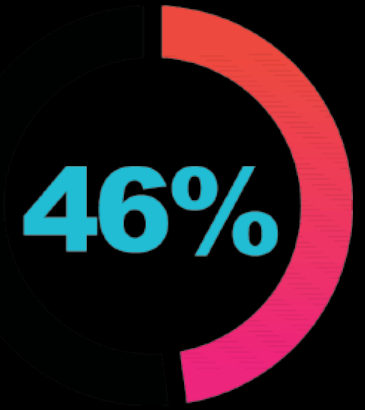
Respondents also specified which types of security they would like to invest in: companies:



**plan to invest in
Endpoint/Device
Security**



**plan to invest
in Identity
and Access
Management (IAM)**



**plan to invest
in Email Threat
Defense**

These findings are in line with the concerns about the threat of ransomware. Endpoints and email platforms are often targeted by ransomware attacks through phishing campaigns. IAM is a crucial way to defend against ransomware.

Our results related to security can help IT service providers hone their marketing strategy to emphasize security service offerings, particularly those related to ransomware prevention, endpoint security, and IAM.

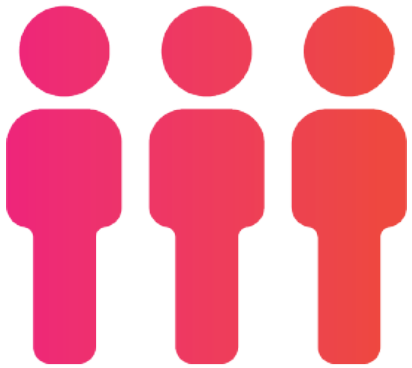
Chapter 9

TSL's Methodology

In conducting the technology survey, TSL targeted small and medium-sized businesses. The 763 respondents represented SMBs with:



**50 employees to
500 employees**



**501 employees to
1,000 employees**

SMBs in 13 traditional industries were surveyed, as well as those in a wide variety of niche industries.



**Get expert advice
on how to tailor your
marketing strategy to
the needs of SMBs.
Request a proposal
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