



# SMB technology demand in Germany, Singapore, the UK and the USA: business survey 2022

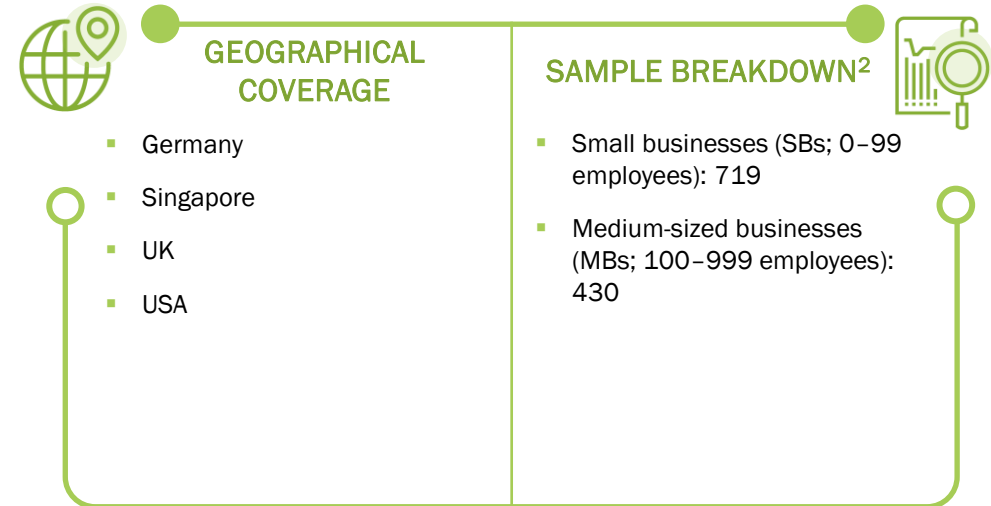


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## About this report

We surveyed 1149 small and medium-sized businesses (SMBs) in Germany, Singapore, the UK and the USA between December 2021 and January 2022. We asked SMBs how they have adapted to the changing business environment since the start of the pandemic and about their future plans.

This report builds on our previous surveys<sup>1</sup> to provide updated insights into SMBs' long-term strategies. SMBs are "getting back to business" (instead of just trying to remain operational, they are focusing on revenue generation and business expansion). This study assesses the drivers of SMBs' future demand for IT and managed services and examines the key implications for vendors and service providers.



### KEY QUESTIONS ANSWERED IN THIS REPORT

- How have SMBs adapted to a changing operating environment?
- How has SMBs' use of IT and managed services helped them to adapt their operations to new working conditions and how do SMBs expect the business environment to change in the future?
- What are the key drivers of SMBs' future adoption of technology and what does this mean for vendors and providers?
- What types of support and services are SMBs demanding from vendors?

### WHO SHOULD READ THIS REPORT

- IT vendors
- Cloud service providers
- Managed service providers (MSPs)
- Telecoms operators
- Any service provider that is interested in how the COVID-19 pandemic has changed and will change SMBs' technology buying behaviour.



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## Executive summary

Revenue increased in most sectors for SMBs worldwide in 2021. However, pandemic-related issues will continue to force SMBs to grow their revenue with fewer employees and costlier resources, thereby driving spending on a range of IT solutions.

Analysys Mason interviewed 1149 SMBs in Germany, Singapore, the UK and the USA between December 2021 and January 2022 to understand how they have adapted to a changing environment (including the continuing increase in remote working) and how they expect their IT usage and priorities to change in the future.

This report uses survey data to provide insights into:

- current business conditions and future priorities
- current technology usage and planned investments
- the services and support that SMBs need the most.

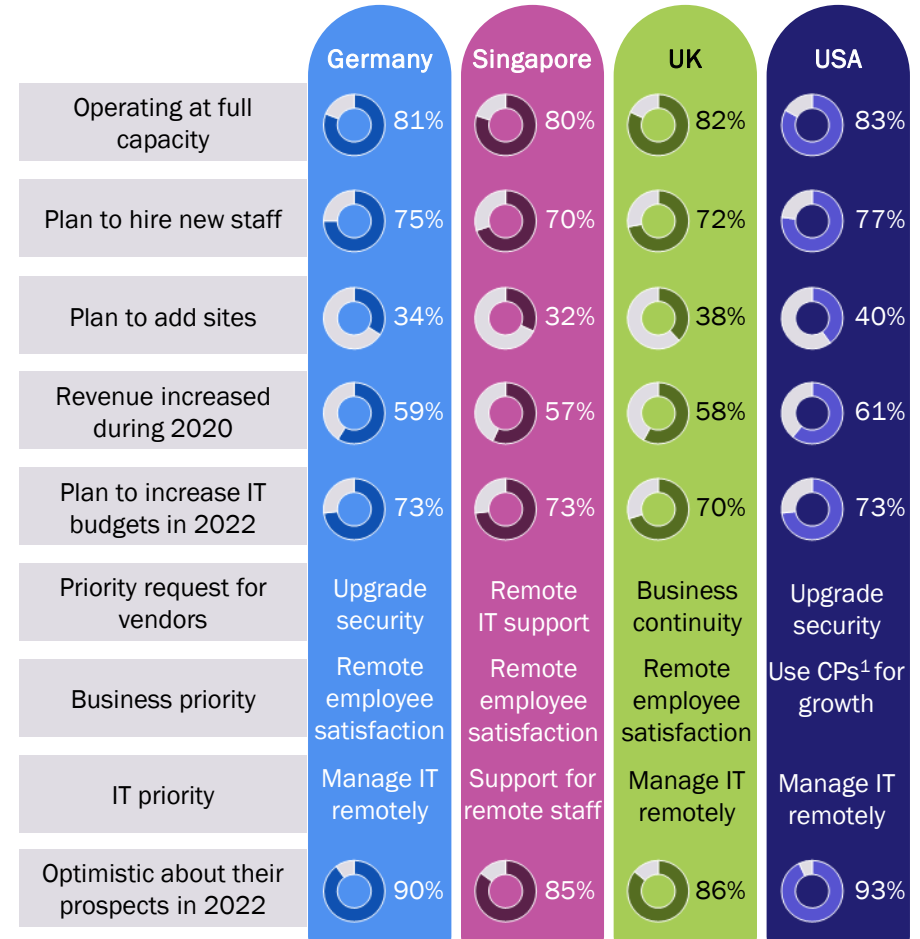


### KEY IMPLICATIONS

1. Channel partners need to provide strategic support in order to help SMBs to grow their businesses.
2. Revenue growth opportunities for vendors include IT solutions that help SMBs to support remote workers, overcome supply chain disruptions and improve efficiency.
3. Vendors and operators should offer solutions that help SMBs to establish environmental, social and governance initiatives.

<sup>1</sup> CPs stands for channel partners.

Figure 1: Overview of the key results of our survey, Germany, Singapore, UK and USA, 1Q 2022



Source: Analysys Mason

## Key implications



1

### **Channel partners need to provide strategic support in order to help SMBs to grow their businesses.**

Vendors, operators and service providers need to offer value propositions that focus on SMBs' key strategic initiatives and validate how IT can support business growth. SMBs' key strategic initiatives include ensuring remote employees' satisfaction and engagement, rehiring and retaining employees, focusing on digital transformation projects, establishing environmental, social and governance (ESG) policies and increasing their share of a customer's total IT spend.



2

### **Revenue growth opportunities for vendors include IT solutions that help SMBs to support remote workers, overcome supply chain disruptions and improve efficiency.**

There are significant revenue growth opportunities for providers of many solutions, especially those that support remote working (in terms of employee wellbeing and IT), improved efficiency and data security. SMBs are expected to invest in financial and front-office apps, networking, storage and infrastructure solutions (cloud, on-premises and managed services) and solutions that manage security and devices.



3

### **Vendors and operators should offer solutions that help SMBs to establish ESG initiatives.**

The SMBs surveyed reported having an interest in establishing ESG initiatives. IT service providers' value propositions that include strategies for accomplishing this will therefore resonate well with SMBs. Providers that have established their own ESG policies will be in demand because many SMBs reported they are more likely to buy from such vendors (this is particularly true for medium-sized businesses in Singapore, the UK and the USA).



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## Introduction

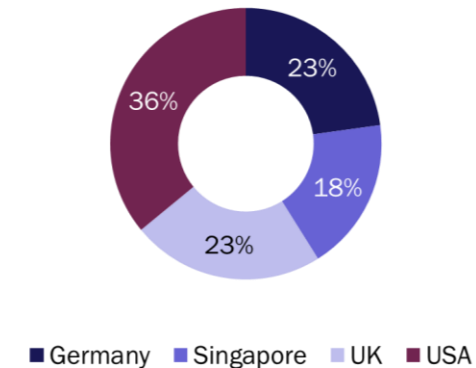
Analysys Mason surveyed 1149 SMBs in Germany, Singapore, the UK and the USA between December 2021 and January 2022. We asked them about their IT and telecoms usage and adoption, how they have adapted to a changing environment (including the continuing increase in remote working) and how they expect their IT usage and priorities to change in the future.

Our sample was formed of companies with 1–99 employees (small businesses (SBs)) and those with 100–999 employees (medium-sized business (MBs)).<sup>1</sup> It included firms from a range of different sectors in the economy and from different parts of each country. Each survey was completed by a member of staff within the business with control or influence over the IT and communications decisions.

A number of caveats must be acknowledged, as with any survey. The responses reflect what the firms claim to be doing, which may differ from what they are actually doing. Any responses about future plans will not (and cannot) provide perfect insights into companies' future actions. The majority of SMBs surveyed (82%) were operating at full capacity at the time of the survey, but some were still operating in a limited capacity due to the COVID-19 pandemic.

This survey gives a sense of companies' priorities as they develop long-term strategies.

Figure 2: Split of survey sample by country, 1Q 2022<sup>1</sup>



Source: Analysys Mason

This report covers all four countries and is split into three parts.

- **Context.** This section provides an overview of how companies have addressed the lingering operational effects of the COVID-19 crisis.
- **Usage and spend.** This section explores how SMBs' use of IT and communications services has helped them to adapt to new working conditions and how SMBs expect this to change as they increase their focus on revenue growth.
- **Support.** This section considers how vendors and service providers can help SMBs.

We also offer key implications for vendors and service providers.

<sup>1</sup> A full breakdown of the survey sample for this report is provided on slide 33, along with more details about the survey questions.

## Business is returning to pre-pandemic levels, but some macroeconomic issues are expected to continue into 2023

SMB revenue increased sharply in most sectors in all four countries in 2021, largely due to GDP growth, lower unemployment and the relaxation of pandemic-related restrictions. However, the ongoing impact of the COVID-19 pandemic has created new issues.

SMB revenue fell significantly during 2020 (particularly in the UK), but vaccine roll-outs, government stimulus funds and flexible working patterns enabled SMBs to begin operating again during 2021, albeit with some remaining challenges. For example, SMBs are still affected by worker shortages, supply chain delays and growing inflation.

Many of these macroeconomic problems have affected, and will continue to affect, SMBs worldwide, but the metrics in Figure 3 show the specific extended economic impact of the pandemic on SMBs in each of the four countries surveyed. Each of these factors will continue to influence how SMBs operate, and which IT technologies and services can best help them to continue to do business in their local environment.

New and continuing pandemic-related issues will mean that SMBs will have fewer staff and resources. This is likely to drive them to invest in IT solutions that will help them to digitally transform their operational functions, sales support, employee management, manufacturing, transportation and revenue generation.

Figure 3: Extended economic impact of the COVID-19 pandemic, Germany, Singapore, UK and USA, 1Q 2022

		Real GDP growth forecast <sup>1</sup>	Unemployment forecast <sup>1</sup>	Inflation forecast <sup>1</sup>	Change in the number of SMBs <sup>2</sup>
Germany	2020	-4.6%	3.8%	-0.7%	<ul style="list-style-type: none"> <li>• 2019-2020: -2%</li> <li>• 2020-2021: 1%</li> <li>• No return to pre-pandemic levels until 2023</li> </ul>
	2021	3.1%	3.7%	4.0%	
	2022	4.6%	3.6%	1.2%	
Singapore	2020	-5.4%	3.0%	0.0%	<ul style="list-style-type: none"> <li>• 2019-2020: -14%</li> <li>• 2020-2021: 7%</li> <li>• No return to pre-pandemic levels until 2027</li> </ul>
	2021	6.0%	2.7%	1.3%	
	2022	3.2%	2.5%	1.7%	
UK	2020	-9.8%	4.5%	0.5%	<ul style="list-style-type: none"> <li>• 2019-2020: -9%</li> <li>• 2020-2021: 1%</li> <li>• No return to pre-pandemic levels until 2027</li> </ul>
	2021	6.8%	5.0%	3.5%	
	2022	5.0%	5.0%	2.0%	
USA	2020	-3.4%	8.1%	1.6%	<ul style="list-style-type: none"> <li>• 2019-2020: -10%</li> <li>• 2020-2021: 4%</li> <li>• No return to pre-pandemic levels until 2026</li> </ul>
	2021	6.0%	5.4%	5.1%	
	2022	5.2%	3.5%	2.6%	

Source: Analysys Mason

<sup>1</sup> IMF (October 2021), *World Economic Outlook*. Available at: <https://www.imf.org/en/Publications/WEO/weo-database/2021/October>.

<sup>2</sup> For more information, see the [Analysys Mason SMB Technology Forecaster](#).





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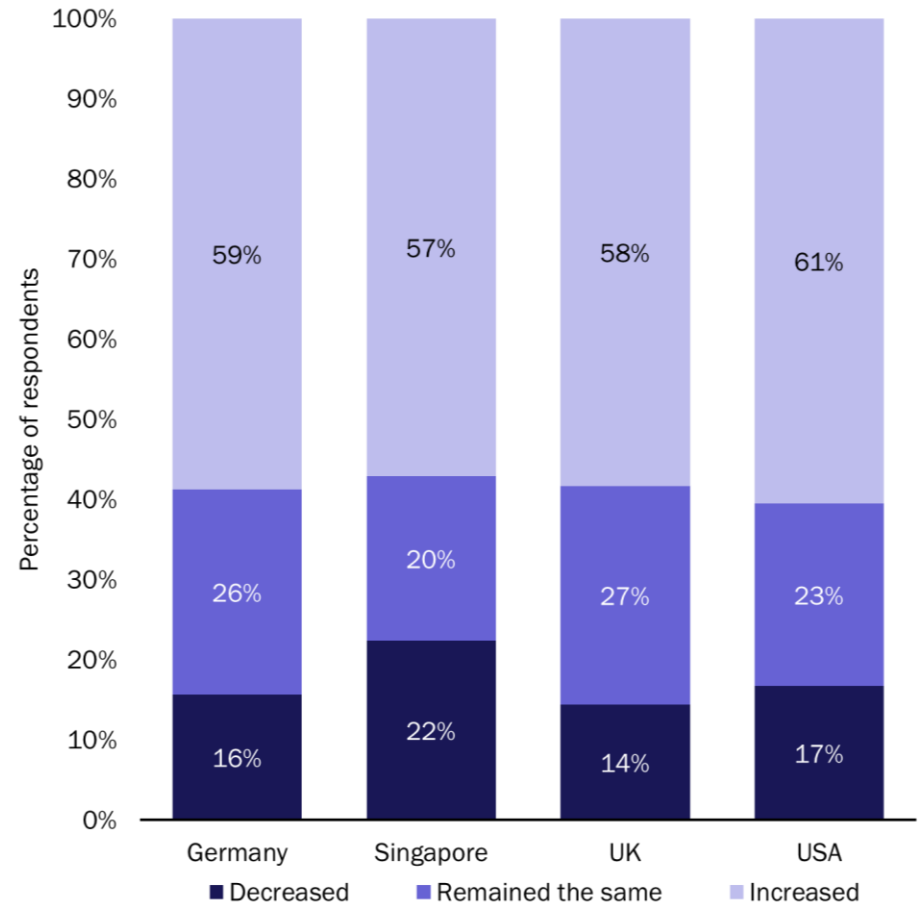
## SMBs' revenue returned to growth in 2021, but economic issues mean that it may take time to return to pre-pandemic levels

More SMBs in all four countries reported that their revenue grew between 2020 and 2021 than declined.

The COVID-19 crisis had a significant financial impact on SMBs worldwide in 2020. However, many reported improved performance during 2021 and got back to functioning 'more normally', albeit in a changed environment. This was largely due to a range of societal factors and operational adjustments such as an increase in remote working, a shift to online selling and government support.

SMBs in the USA recovered the fastest and were the most likely to report revenue increases between 2020 and 2021. Conversely, more SMBs in Singapore experienced declining or flat revenue during this time period than in the other three countries.

Figure 4: Revenue changes between 2020 and 2021, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

<sup>1</sup> Question: "How does your company's revenue in 2021 so far compare to the same period in 2020?" n = 1149.

## Remote working will continue to be commonplace; SMBs anticipate that 40% of their employees will work remotely, at least some of the time

### SMBs in the USA are more likely to have remote employees than businesses in the other three countries.

The COVID-19 pandemic caused permanent changes to working patterns for many SMBs in all four countries. Some businesses plan to continue to support remote working in the future, but a greater number are planning for staff to return to the office/site.

Indeed, the current expectation is that roughly 40% of employees in the four countries surveyed will work from home for at least some of the time once the COVID-19 crisis is over. This will affect SMB demand for specific technologies and cloud-based solutions.

However, more employees are expected to return to the office/site in the USA than previously predicted. In our previous survey in 1Q 2021, SMBs in the USA anticipated that an average of 32% of their employees would work remotely on a regular basis, while only 20% reported this belief in our latest survey.

These variations in where employees work will create a changing demand for cloud-based and on-premises solutions.

Figure 5: Current proportion of employees working from home, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

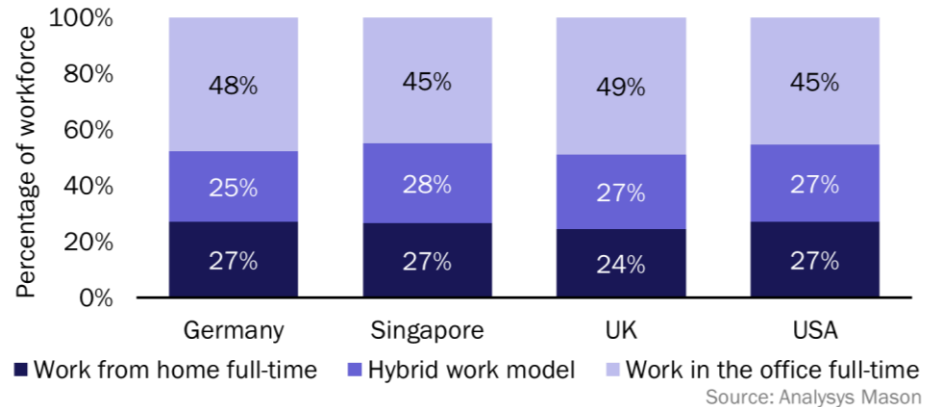
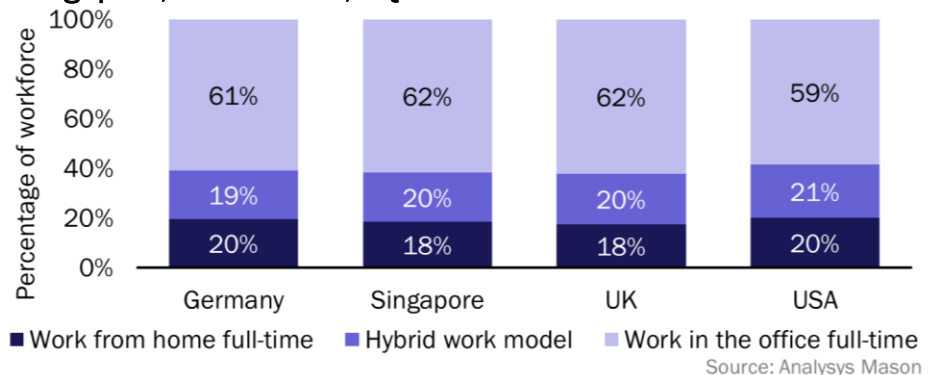


Figure 6: Expectations for the proportion of employees that will work from home in the next 12–24 months, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



<sup>1</sup> Question: "What percentage of your company's employees currently work at home and what proportion of your employees do you expect to work from home vs. work in the office in the next 12–24 months?" n = 1149.

# SMBs are focusing on revenue growth, business expansion and hiring qualified employees

SMBs in all four countries are focusing on growth and on returning to pre-pandemic operations. Hiring new employees is one of the key growth strategies reported by the SMBs surveyed.

SMBs in all four countries reported having had difficulties in recruiting and hiring qualified employees over the past year (Figure 8). Hiring was slightly less difficult for SMBs in the UK than for those in the other three countries

Vendors that offer technologies and services that support SMBs' search for employees (such as human resource management applications and employee engagement solutions) should therefore see high levels of demand.

Alongside hiring new staff, SMBs of all sizes in all four countries plan to add new locations. However, medium-sized businesses (MBs) reported more-robust plans to add new sites than small businesses (SBs). Vendors of on-premises equipment, particularly networking and infrastructure solutions, are therefore likely to see an increase in SMB spending.

Figure 7: SMBs' expansion plans for the next 12 months, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

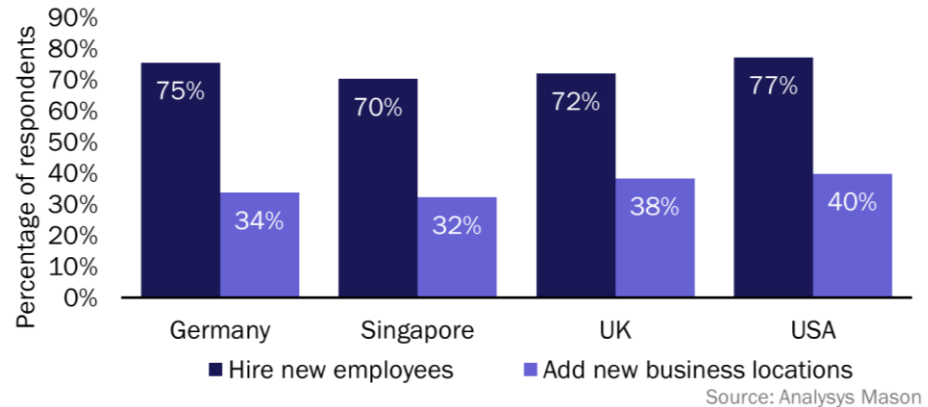
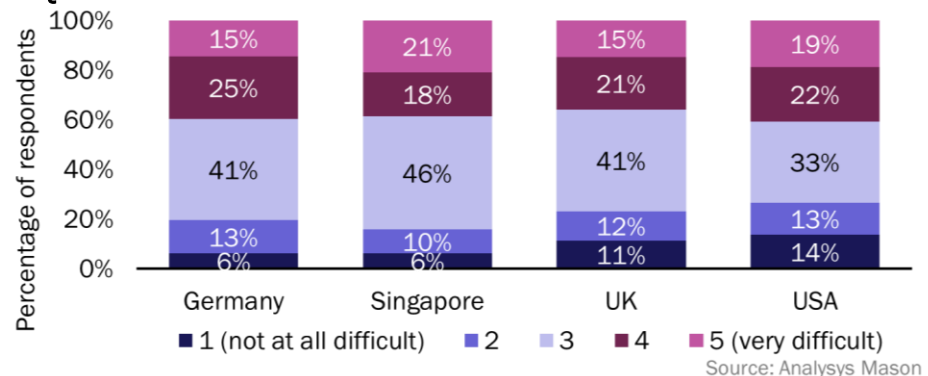


Figure 8: Difficulty of recruiting and hiring qualified employees over the last 12 months, Germany, Singapore, UK and USA, 1Q 2022<sup>2</sup>



<sup>1</sup> Question: "Which of the following expansion plans does your company have in the next 12 months?" n = 1149.

<sup>2</sup> Question "How difficult has it been for your company to recruit and hire qualified employees over the last 12 months on a scale of 1-5, where 1 is not at all difficult and 5 is very difficult?" n = 1149.

# SMBs will continue to focus on supporting remote workers as a key part of addressing labour shortages

## SMBs will focus on solutions that help them to address labour shortages and employee productivity.

Recruiting and retaining qualified employees continues to be a key area of concern for businesses. SMBs in all four countries introduced measures to support remote employees' productivity, engagement and communication capabilities in 2021. For example, many SMBs launched regular well-being check-ins with remote employees to help improve morale and engagement.

Cyber security will always be an issue for SMBs; they need long-term support from vendors to protect their data assets, particularly those not in the office/on-site.

**Implications for vendors.** Vendors of solutions that can improve remote employees' productivity (such as communication and collaboration tools, human resource management, compliance and mobile device management) are likely to see an increase in SMB spending. Security vendors need to offer solutions that are well-priced, easy-to-deploy, user-friendly and include support, especially for smaller businesses.

Figure 9: Measures taken by SMBs to support remote employees, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

	Germany	Singapore	UK	USA
Increased mobile data allowances for company-provided mobile plans	32%	34%	41%	46%
Purchased new laptops	59%	44%	50%	45%
Held regular well-being check-ins with employees	37%	45%	48%	42%
Offered financial support for home broadband	31%	32%	36%	40%
Deployed additional security solutions	42%	33%	36%	36%
Increased VPN capacity/seats	36%	34%	28%	35%
Purchased mobile phones	39%	32%	36%	34%
Enforced added security training measures	38%	34%	32%	31%

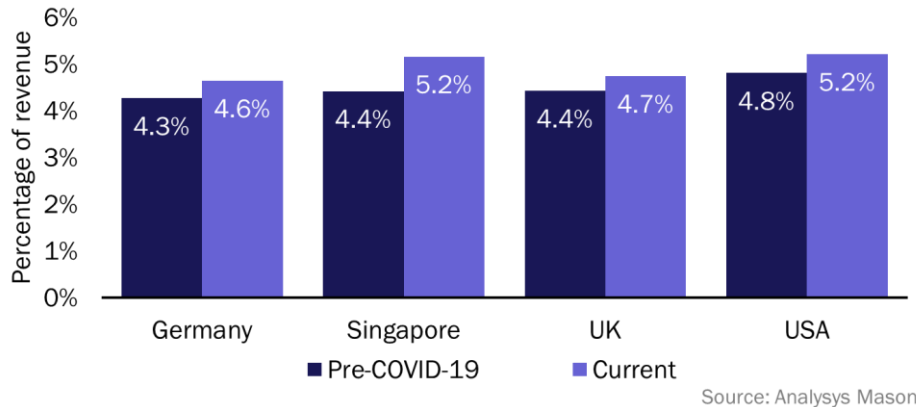
Highlighted cells show the two most cited measures for each country

Source: Analysys Mason

<sup>1</sup> Question: "What measures has your company taken to help support your employees working from home?" n = 1149.

## Most SMBs expect to increase their IT budgets in the next 12 months

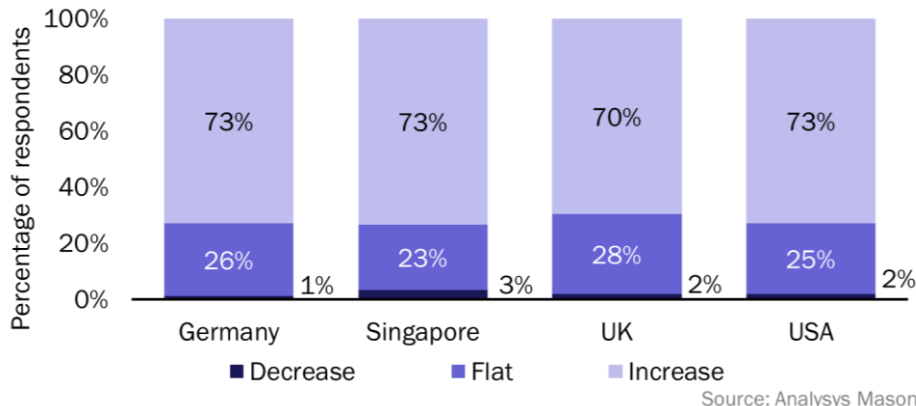
**Figure 10: IT budget as a percentage of annual revenue, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>**



The outlook for IT vendors and service providers is good; over 70% of the SMBs surveyed plan to increase their IT budgets in the coming year.

The onset of the pandemic forced many SMBs to invest in IT solutions that enabled them remain operational, such as laptops, mobile phones and additional security for remote workers, as well as cloud-based infrastructure solutions and SaaS applications. SMBs also invested solutions such as e-commerce, touchless transactions and digital marketing solutions to facilitate sales. As such, many SMBs reported that their current IT budgets are higher than those prior to the outbreak of the pandemic (Figure 10).

**Figure 11: Expected changes to IT budgets over next 12 months, Germany, Singapore, UK and USA, 1Q 2022<sup>2</sup>**



In the next 12 months, SMBs in all four countries expect to invest in solutions aimed at streamlining business operations, opening/reopening offices, managing staff and increasing their share of customers' total IT spend. They also plan to deploy both on-premises and cloud-based networking, infrastructure and cyber-security solutions.

SMBs in Singapore reported that they plan to invest in solutions that help to improve their customers' experience.

<sup>1</sup> Question: "What proportion of your company's annual revenue was allocated for your overall IT budget prior to the COVID-19 pandemic, and what proportion is currently allocated?" *n* = 1149.

<sup>2</sup> Question "Over the next 12 months, how do you anticipate your company's IT budget will change?" *n* = 1149.



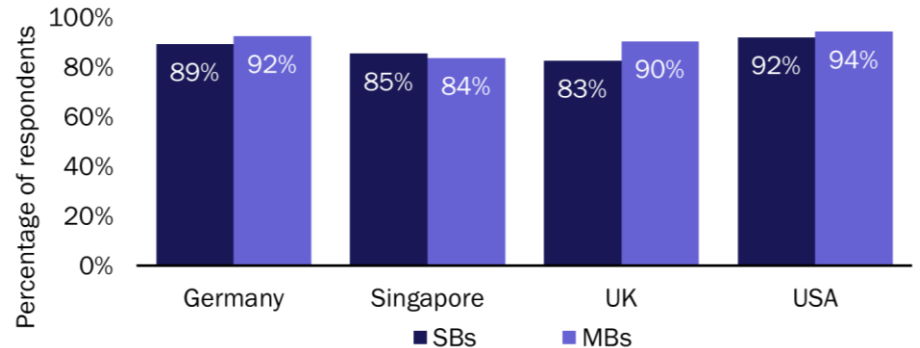
## SMBs are increasingly confident about their prospects, particularly those in the USA

Most of the SMBs surveyed are expressing confidence and optimism about their companies as business revenue returns to growth.

MBs were not as badly affected by the pandemic as SBs, and they were better able to deal with those challenges that they did face. As a result, MBs are slightly more optimistic about their future prospects than SBs (except in Singapore).

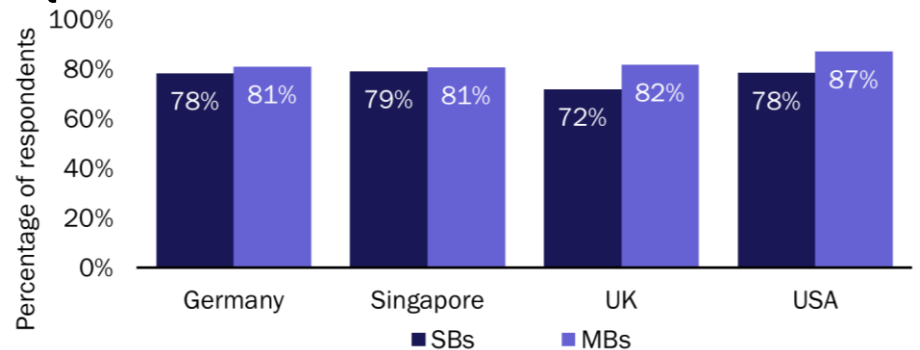
MBs in the USA expressed the highest levels of confidence and optimism about their country, while SBs in the UK expressed the lowest levels. SMBs in all four countries are dealing with continued pandemic-related issues, but those in the UK are also dealing with the fall-out from Brexit and increasing energy costs.

Figure 12: SMBs expressing confidence/optimism about their prospects, by business size, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

Figure 13: SMBs expressing confidence/optimism about their country, by business size, Germany, Singapore, UK and USA, 1Q 2022<sup>2</sup>



Source: Analysys Mason

<sup>1</sup> Question: "I feel confident/optimistic about my company's prospects in 2022." n = 1149.

<sup>2</sup> Question: "I feel confident/optimistic about my country in 2022." n = 1149.

# SMBs will remain focused on recruiting and retaining staff and increasing their share of customers' IT spending

**SMBs' key priorities for 2022 are hiring and retaining employees, ensuring remote employee satisfaction and engagement, increasing their reliance on channel partners for strategic help and increasing their share of customers' IT spending.**

Many SMBs are shifting their focus from 'staying in business' (that is, doing what they can to remain operational) to 'getting back to business' (that is, focusing on revenue generation and business expansion). As such, reallocating travel budgets to fund IT investments has increased in importance. SMBs are planning to invest in both cloud-based and on-premises applications that can improve operations (for example, billing, project management, digital/contactless transactions and HR management). Other key areas of investment include servers and networking hardware, cloud storage, back-up/recovery and cyber security.

SMBs will go to their channel partners for strategic help beyond IT support to help them to achieve their goals. MBs, in particular, reported plans to use their increased IT budgets to fund more digital transformation projects to help them to grow their businesses in 2022 and beyond.

A quarter of SMBs plan to establish ESG policies, so vendors and operators should think about how they can help in this area.

**Figure 14: SMBs' planned business priorities in the next 12 months, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>**

	Germany	Singapore	UK	USA
Increase reliance CPs for strategic help beyond IT	20%	33%	27%	31%
Rehire/retain employees	26%	28%	28%	30%
Reduce or reallocate travel budgets to fund IT projects	19%	29%	24%	30%
Increase customer share of wallet	16%	28%	28%	29%
Fund more digital transformation projects	24%	30%	24%	27%
Ensure remote employee satisfaction/engagement	37%	40%	33%	25%
Open additional or back-up business sites/offices	17%	20%	19%	25%
Establish ESG policies	23%	28%	24%	24%
Change business model	18%	29%	23%	18%

Highlighted cells show the three most cited measures for each country

Source: Analysys Mason

<sup>1</sup> Question: "Because of the long-term, continuing effects of the COVID-19 crisis and the increase in remote working, which of these business priorities will take on a greater urgency in the next 12 months?" n = 1149.

## SMBs' technology priorities for 2022 are all related to remote working

### SMBs' top technical priorities for the next 12 months relate to supporting remote employees, particularly among MBs.

Most SMBs anticipate that a good portion of their workforce will continue to work remotely (either full-time or hybrid) in the coming year. They are therefore prioritising technologies that will increase the productivity and efficiency of remote staff (Figure 15).

Ensuring that their IT infrastructure can be managed remotely and enhancing connectivity for remote staff are key priorities for SMBs and are directly related to improving productivity.

Many measures that were taken to enable remote working (for example, replacing desktop PCs with laptops) will be a lower priority for businesses in 2022 than they were in 2020 and even 2021. This is because most of the initial problems have been resolved and the systems for supporting remote employees have been established.

However, some remote working issues, such as improving mobile connectivity for remote staff, will still be important to SMBs. SMBs in Singapore and the UK also plan to prioritise enhancing remote IT support.

Figure 15: SMBs' planned technology priorities in the next 12 months, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

	Germany	Singapore	UK	USA
Ensure that all IT can be remotely managed	27%	37%	33%	31%
Adopt 5G services for mobile contracts	24%	34%	25%	30%
Improve fixed connectivity for remote employees	18%	30%	24%	29%
Improve mobile connectivity for remote employees	25%	32%	30%	29%
Replace desktops with laptops and tablets	25%	25%	23%	27%
Provide remote IT support to remote employees	24%	40%	30%	27%
Adopt cloud infrastructure	21%	28%	17%	23%
Adopt cloud-based software-as-a-service	18%	21%	17%	21%
Explore advanced tech such as robotics, AI and IoT	15%	17%	17%	20%
Pay for expired free software subscriptions	15%	17%	16%	18%

Highlighted cells show the three most cited measures for each country

Source: Analysis Mason

<sup>1</sup> Question: "Because of the long-term, continuing effects of the COVID-19 crisis and the increase in remote working, which of these IT-related priorities will take on a greater urgency in the next 12 months?" n = 1149.



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## SMBs are planning to invest in IT solutions that will help them to improve their operations, manage supply chain disruptions and expand their businesses [1/2]

Figure 16a: SMB rankings for planned investments, Germany, Singapore, UK and USA, 1Q 2022

Area	Ranking	Germany	Singapore	UK	USA
Computers and devices	1	Notebooks/laptops	Notebooks/laptops	Notebooks/laptops	Notebooks/laptops
	2	Smartphones	Smartphones	Smartphones	Smartphones
Applications	1	Invoice management	Productivity suites	Quotes/invoicing/billing	Accounting/financials
	2	Accounting/financials	Accounting/financials	Accounting/financials	Invoice management
	3	Travel/expenses management	Digital marketing	Digital/mobile/contactless transactions	Payroll
	4	Quotes/invoicing/billing	Shipping/delivery	Graphics/images/videos	Quotes/invoicing/billing
	5	Graphics/images/videos	CRM	<b>Tie between:</b> travel/expenses management, business/data analytics and e-commerce	Travel/expenses management
Networking/infrastructure solutions	1	Cloud storage	Cloud storage	Cloud storage	Networking software
	2	Networking software	Recovery-as-a-service	Networking software	Cloud storage
	3	Routers	Edge computing	Routers	Switches
	4	Switches	Cloud VPN	Recovery-as-a-service	Edge computing
	5	<b>Tie between:</b> IP-VPN and WAN	IP-VPN	Switches	<b>Tie between:</b> routers and IP-VPN

Source: Analysis Mason

## SMBs are planning to invest in IT solutions that will help them to improve their operations, manage supply chain disruptions and expand their businesses [2/2]

Figure 16b: SMB rankings for planned investments, Germany, Singapore, UK and USA, 1Q 2022

Area	Ranking	Germany	Singapore	UK	USA
Managed IT services of interest	1	Storage, back-up and recovery	Email security/anti-spam	Servers	Storage, back-up and recovery
	2	Security	Security	Printers	PBX
	3	PCs	MDM/monitoring	PBX	MDM/monitoring
	4	Email security/anti-spam	Storage, back-up and recovery	MDM/monitoring	Networking
	5	MDM <sup>1</sup> /monitoring	Networking	Networking	<b>Tie between:</b> servers and security
Cyber-security solutions	1	Endpoint detection and response	Endpoint detection and response	Endpoint detection and response	Endpoint detection and response
	2	Email security	Mobile threat defence	Web security	Managed detection and response
	3	Managed detection and response	Data loss prevention	Mobile threat defence	Web security
	4	Data loss prevention	Web security	Email security	Email security
	5	MDM	Firewalls and UTM <sup>1</sup> solutions	Firewalls and UTM solutions	MDM

Source: Analysys Mason

<sup>1</sup> MDM stands for mobile device management and UTM stands for unified threat management.



## SMBs are planning to invest in computers and mobile devices for both in-office and remote staff with the goal of using technology to improve efficiency

SMBs are most likely to increase their spending on notebooks, laptops and smartphones in the coming year, either to equip new employees or to enhance productivity by enabling newer features/apps.

Most of the SMBs surveyed currently use a combination of desktops, notebooks, tablets and smartphones to conduct their business.

The percentage of SMBs that reported plans to increase their spending was similar for all types of devices. However, more MBs expect to increase their spending than SBs. This aligns with MBs' significantly greater hiring and expansion plans.

**Implications for vendors.** A quarter of businesses reported that they are planning to purchase devices to enhance employee productivity by enabling newer features/apps. Devices that are bundled with such solutions (particularly those that also include training) will therefore have the most appeal, especially among smaller businesses that lack adequate IT support. Robust IT support services are more important for larger MBs whose IT staff are overburdened.

Figure 17: SMBs that currently use computers and mobile devices, Germany, Singapore, UK and USA, 1Q 2022<sup>1,2</sup>

	Germany	Singapore	UK	USA
Desktop PCs	94%	91%	94%	98%
Notebooks/laptops	96%	94%	95%	94%
2-in-1s <sup>3</sup>	56%	54%	59%	67%
Tablets	77%	72%	77%	82%
Smartphones	93%	89%	94%	93%

Source: Analysys Mason

Figure 18: SMBs that plan to increase their spending on computers and mobile devices, Germany, Singapore, UK and USA, 1Q 2022<sup>1,2</sup>









	Germany	Singapore	UK	USA
Desktop PCs	26%	24%	27%	35%
Notebooks/laptops	39%	40%	36%	37%
2-in-1s <sup>3</sup>	26%	26%	28%	31%
Tablets	30%	30%	33%	32%
Smartphones	35%	34%	35%	37%

Source: Analysys Mason

<sup>1</sup> Question: "How many of the following types of devices are currently being used by employees at your company for business purposes?"  $n = 1149$ . <sup>2</sup> Question: "During the next 12 months, by how much do you plan to increase/decrease spending on PCs and devices?"  $n = 1149$ . <sup>3</sup> 2-in-1s are devices that combine the features of a tablet with those of a laptop. They come with a keyboard or keyboard cover that is detachable. **This category does not include tablets such as Apple iPads.**

## SMBs plan to invest in a variety of operational, sales- and innovation-related applications to support their strategic business goals

Figure 19: Applications ranked by current usage and planned investments, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

		Germany	Singapore	UK	USA
Current usage	Productivity suites	1	2	1	2
	Accounting/financials	2	1	2	1
Planned investment	Invoice management	1			2
	Accounting/financials	2	2	2	1
	Productivity suites		1		
	Quotes/invoicing/billing			1	
Percentage of SMBs that are planning to increase their spend: cloud		 43%	 45%	 45%	 47%
Percentage of SMBs that are planning to increase their spend: on-premises		 35%	 41%	 41%	 44%

Source: Analysys Mason

Most SMBs surveyed use accounting tools, productivity suites, communications services and payroll applications, but the levels of investment vary by country.

35–45% of SMBs in all four countries are planning to increase their spending on cloud-based and on-premises applications to support basic operations and sales.

SMBs in Germany, the UK and the USA are also planning to invest in travel and expenses management in order to support remote employees. SMBs in Singapore are prioritising investing in digital marketing and shipping/delivery to improve the customer experience.

**Implications for vendors.** Software producers, ISVs and MSPs that can align their solutions with SMBs' goals will be well-positioned in the SMB space. SMBs will be driven by their strategic goals when choosing between cloud-based solutions and on-premises deployments. SMBs will be particularly interested in financial management and front-office solutions that have installation, training and ongoing support. SMBs will be heavily influenced by projected ROI.

<sup>1</sup> Question: "Which of the following [financial management-related/front office-related/business management-related/productivity and collaboration-related] applications does your firm currently use or plan to use/upgrade in the next 12 months?" n = 1149.

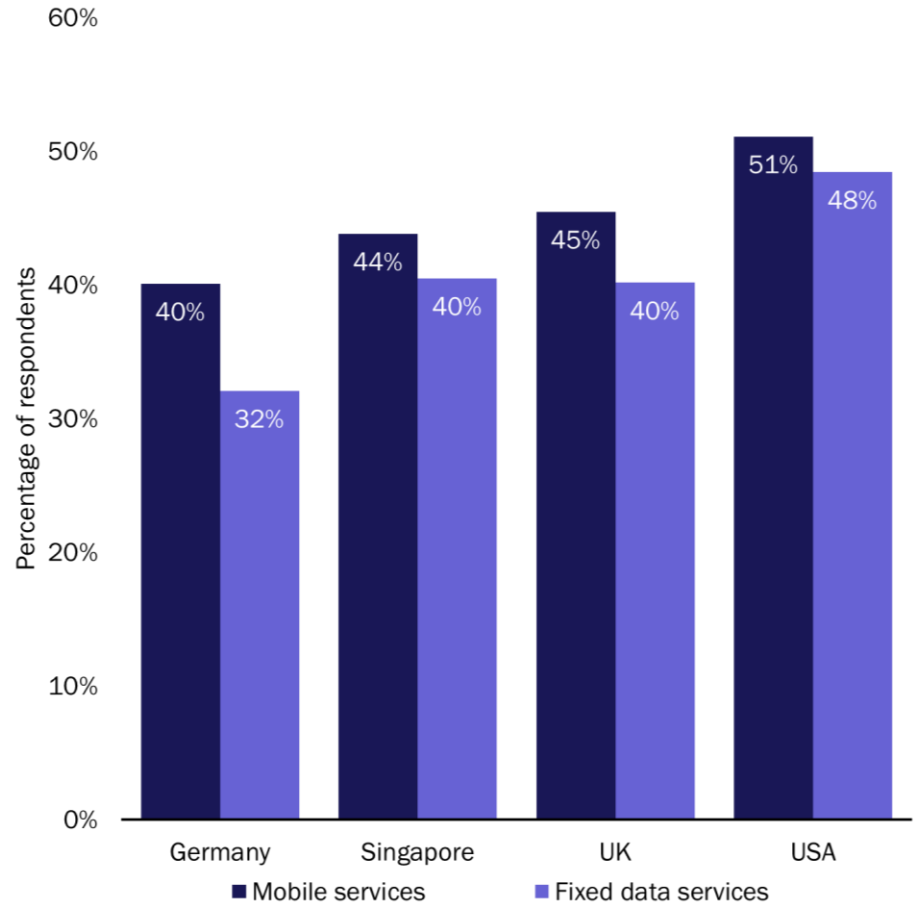
## SMBs are prioritising improving connectivity for remote employees, and many expect to increase their spending on both fixed and mobile services

Many SMBs are prioritising improving connectivity for their remote employees in the coming year. They are expected to increase their spending in order to achieve this.

Telecoms services have been a key part of SMBs' strategies for maintaining business operations during the COVID-19 crisis. A large number of the SMBs surveyed anticipate spending more on telecoms services to support remote workers and on-site employees and to achieve strategic growth goals. SMBs in the USA are the most likely to increase their spending, while those in Germany are the least likely, particularly for fixed data services.

**Implications for vendors.** The SMB market offers many revenue growth opportunities for mobile and fixed telecoms providers. There is also plenty of potential for growth for providers of unified communications and SD-WAN services.

Figure 20: SMBs expecting to increase their spending on telecoms services, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

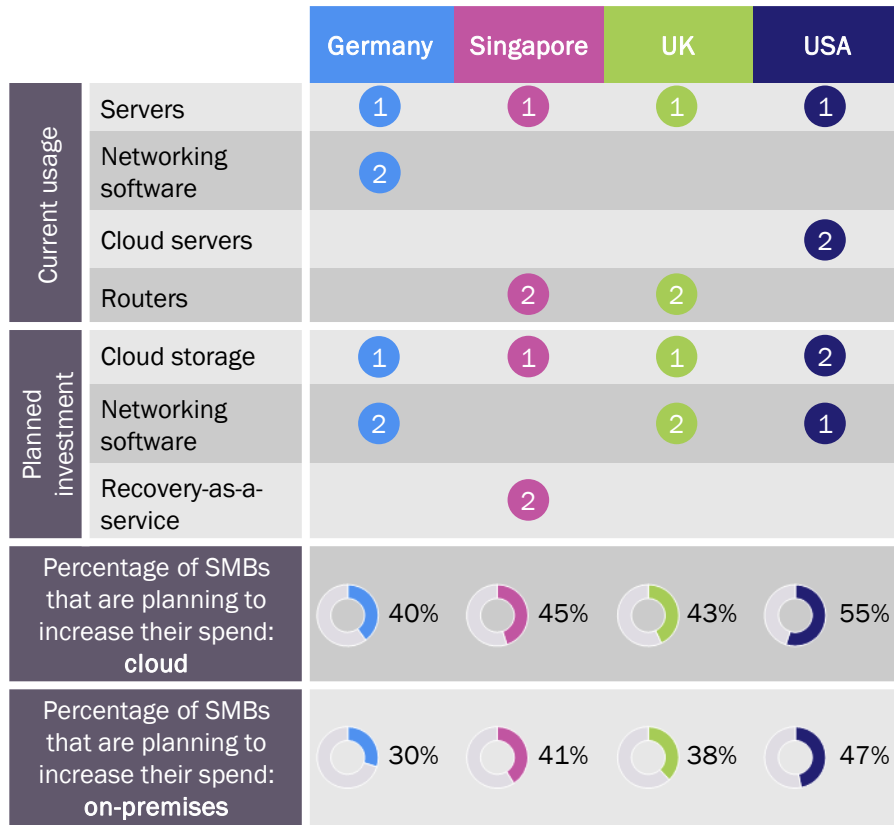


Source: Analysys Mason

<sup>1</sup> Question: "During the next 12 months, by how much do you plan to increase/decrease spending on telecommunications services?" *n* = 1149.

# SMBs expect to increase their spending on both cloud-based and on-premises infrastructure solutions to support business expansion and remote working

Figure 21: Networking and infrastructure ranked by current usage and planned investments, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

SMBs have deployed a variety of networking solutions to manage their infrastructure and data storage needs, and many plan to increase their spending on such solutions.

The leading networking and infrastructure solutions used by SMBs include on-premises networking hardware/software, routers and switches, and cloud-based servers and storage. SMBs are focused on supporting both on-site and remote employees and storing key data assets securely.

The majority of SMBs reported having plans to deploy, either for the first time or as an upgrade, a variety of both cloud-based and on-premises networking solutions. These are strategic deployments that will support operational improvements, expansion plans and business continuity.

**Implications for vendors.** Hardware vendors and MSPs will benefit as more businesses shift their infrastructure to the cloud. Smaller businesses require more support and expect their providers to offer advice. Providers that can offer both strategic and technical guidance will fair better than those that provide solutions only.

<sup>1</sup> Question: "Which of the following networking solutions does your company currently use or plan to start using or upgrade in the next 12 months?" *n* = 1149. <sup>2</sup> Question: "During the next 12 months, by how much do you plan to increase/decrease spending on networking and infrastructure solutions that are delivered via the cloud, versus those deployed on-premises?" *n* = 1149.

## SMBs are most interested in investing in remotely managed IT services that are related to storage, back-up, recovery, security and devices

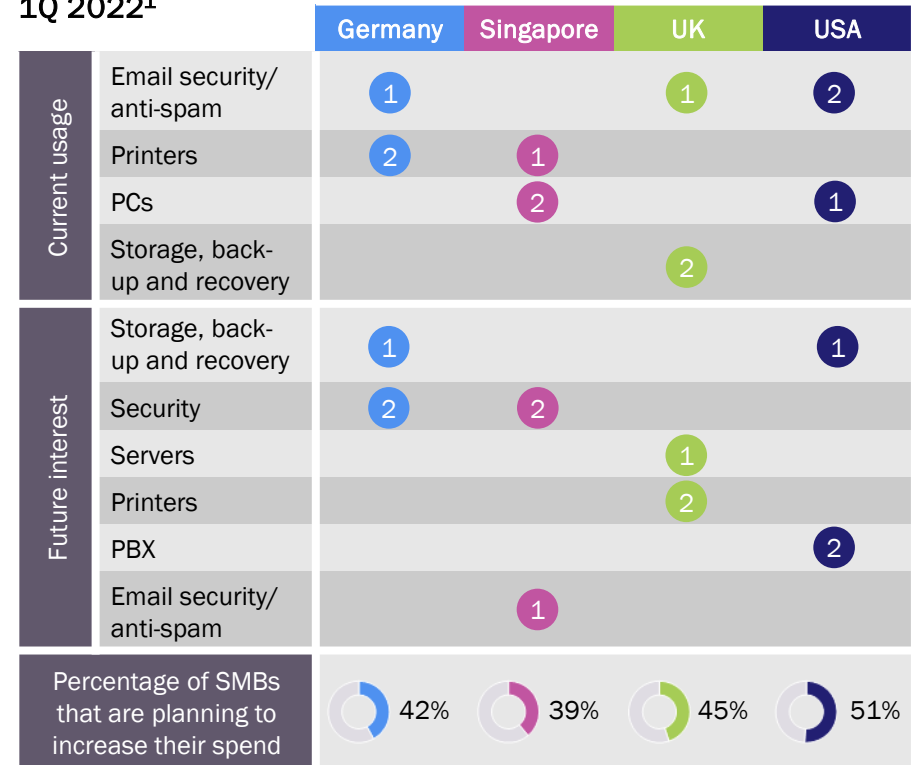
Most of the SMBs that we surveyed subscribe to at least one managed IT service.

SMBs that are not already using each specific managed IT service that we asked about reported being the most interested in managed storage, back-up and recovery, managed security, MDM and managed PC services. SMBs in the USA are the most likely to increase their spending on managed IT services, while those in Singapore are the least likely.

Supporting remote workers and having all IT managed remotely via the cloud will be key priorities for SMBs in 2022. SMBs will invest more heavily in managed services than SBs because they will use such services to remotely manage larger workforces and more complex data networks. SBs expressed the most interest in services that can help them to protect their data assets (such as email security/anti-spam, storage, back-up and recovery), perhaps because they often lack adequate IT management. The managed services of most interest to MBs include security, MDM/monitoring and PBX.

**Implications for vendors.** MSPs and other cloud services providers that can provide strong assurance that their solutions are secure will have the most success in the SMB market.

Figure 22: Managed services ranked by usage and interest and planned investments, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

<sup>1</sup> Question: "Which of the following managed IT services does your company currently subscribe to via a monthly or annual contract, OR what is your level of interest in using these in the future?" n = 1149.

# SMBs are most interested in solutions that protect their endpoints and email; many expect to increase their spending on security, but will need expert advice

Figure 23: Cyber-security solutions ranked by current usage and planned investments, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>

		Germany	Singapore	UK	USA
Current usage	Endpoint protection	1	1	1	1
	Email security	2	2	2	2
Planned investment	Endpoint detection and response	1	1	1	1
	Email security	2			
	Mobile threat defence		2		
	Web security			2	
	Managed detection and response		2		2
Percentage of SMBs that are planning to increase their spend: cloud		45%	48%	45%	53%
Percentage of SMBs that are planning to increase their spend: on-premises		37%	44%	41%	49%

Source: Analysys Mason

Most SMBs reported using some form of cyber-security solution and have plans to increase their spending in this area. Securing data assets and protecting remote endpoints will remain key priorities.

The main security solutions used by businesses of all sizes in all four countries include endpoint protection, email security, firewalls and UTM solutions. Mobile threat defence (MTD) and web security are also common, especially among larger businesses.

The majority of the SMBs surveyed plan to add or upgrade at least one cyber-security solution. This will involve significant investments in both cloud-based and on-premises solutions. SMBs in the USA expect to increase their spending the most. They are likely to invest in endpoint detection and response (EDR), web and email security and MDM solutions. SMBs in Germany and Singapore are planning to deploy/upgrade data loss prevention solutions.

**Implications for vendors.** Two thirds of SMBs across all countries do not have dedicated in-house cyber-security specialists and are managing their security on an ad-hoc basis. Security vendors and service providers that can offer strategic cyber-security planning and easy-to-deploy, cost-effective solutions coupled with ongoing service plans will do well in the SMB space.

<sup>1</sup> Question: "Which of the following security solutions does your company currently use or plan to start using or upgrade in the next 12 months? n = 1149.





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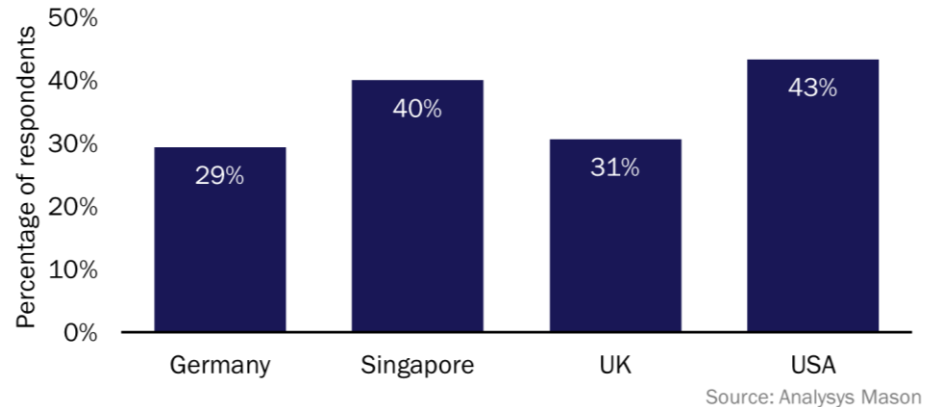
## The high level of channel partner churn among SMBs suggests that vendors and providers need to improve their performance

**30–40% of SMBs reported switching their IT services supplier in the last year. This should be a concern for vendors and providers.**

We asked businesses what services technology suppliers could provide to be more helpful. The responses varied slightly by country. SMBs in Singapore, the UK and the USA reported being very interested in services that could help them to provide IT support to remote employees. SMBs in Germany, Singapore and the UK reported that business continuity planning is the most useful service that a technology supplier could provide.

The SMBs surveyed generally expect to increase their reliance on channel partners for strategic help beyond just IT support in order to help them to grow their businesses. This means that there is a key opportunity for vendors and service providers to become a ‘trusted partner’ and adviser to SMBs.

**Figure 24: SMB churn from IT services channel partners in the last 12 months, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>**



**Figure 25: Services cited as the most helpful by SMBs, Germany, Singapore, UK and USA, 1Q 2022<sup>2</sup>**

	Germany	Singapore	UK	USA
Provide remote IT support	22%	37%	34%	37%
Upgrade security	27%	31%	31%	38%
Offer flexible payment terms	24%	27%	31%	37%
Offer complimentary subscriptions	16%	28%	32%	32%
Suggest IT solutions	24%	31%	32%	35%
Business continuity planning	25%	31%	35%	34%

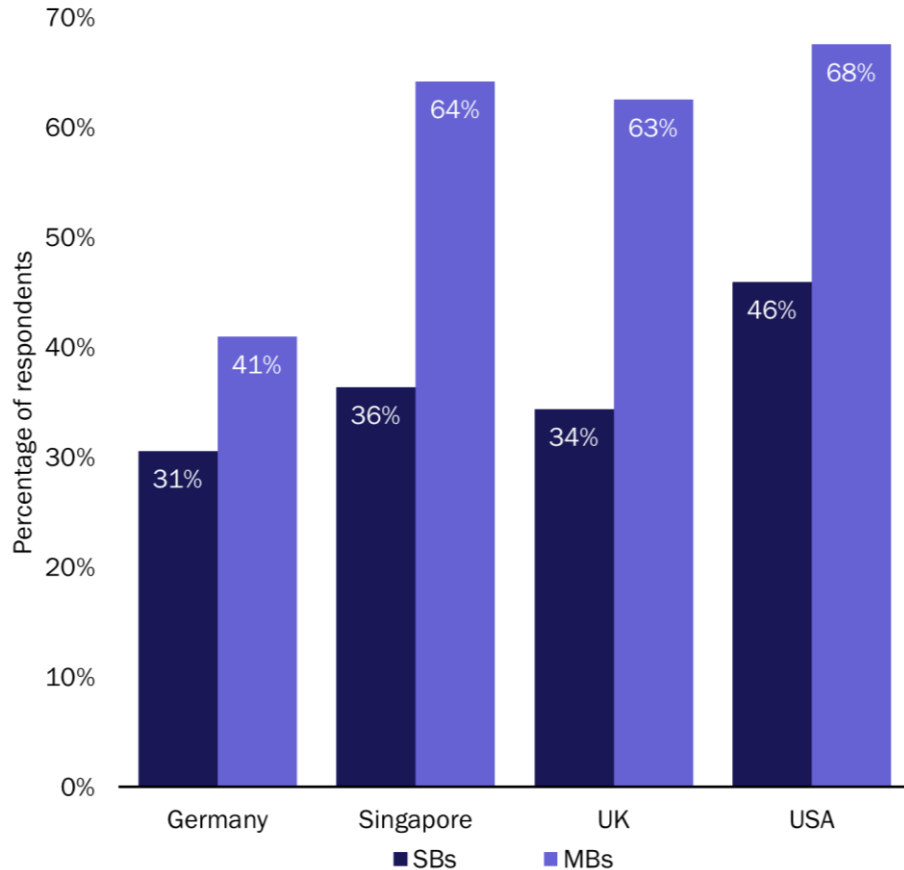
Highlighted cells show the most cited service for each country

Source: Analysis Mason

<sup>1</sup> Question: “Please tell us if your company has switched to a new IT services (channel partner) company in the last 12 months.” *n* = 1149. <sup>2</sup> Question: “Please rate the following services from IT or telecoms suppliers in terms of how helpful they would be to your business during the next 12 months?” *n* = 1149.

## SMBs' vendor selection is strongly influenced by ESG policies; this offers a key opportunity for vendors and providers

Figure 26: SMBs that reported being “more likely” to purchase from vendors that have ESG policies in place, by business size, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

**ESG initiatives are becoming increasingly important to SMBs. Indeed, 45% of SMBs said that they are more likely to purchase from vendors that have ESG policies in place.**

SMBs' preference for vendors with ESG policies increases by business size and is the most pronounced among MBs in the USA, Singapore and the UK.

ESG initiatives have many benefits for people and the environment, and also make good business sense. Vendors, operators and service providers can expect to see positive results (including improved employee morale and productivity, enhanced customer satisfaction, reductions in operational costs and better adherence to regulatory compliance) by incorporating ESG initiatives into their operations.

ESG policies can also help vendors to increase their ability to attract both new business and qualified employees who are interested in joining companies that are environmentally and socially conscious.

SMBs strongly favour vendors that have ESG policies in place and will look for providers that can advise them on how to establish their own ESG initiatives.

<sup>1</sup> Question: “In the future, my company’s likelihood of purchasing IT solutions from vendors that have ESG (environmental/social/governance) policies in place is...Scale is 1 to 5, where 5 = more likely and 1 = less likely.” n = 1149.



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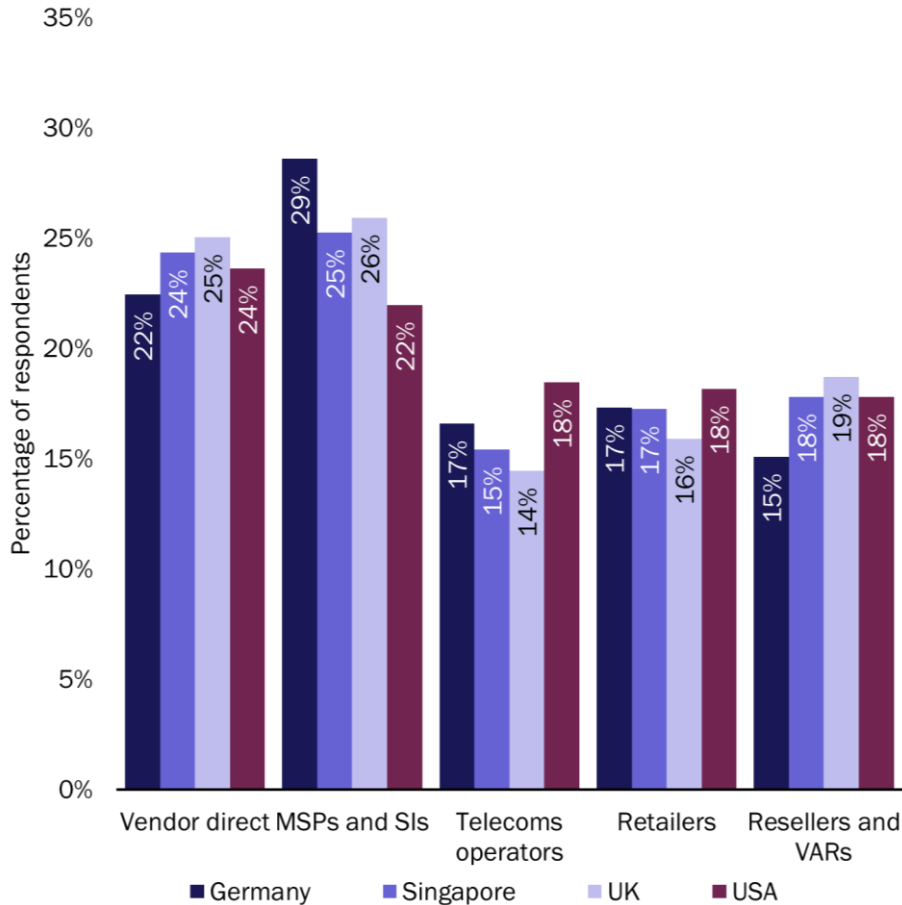
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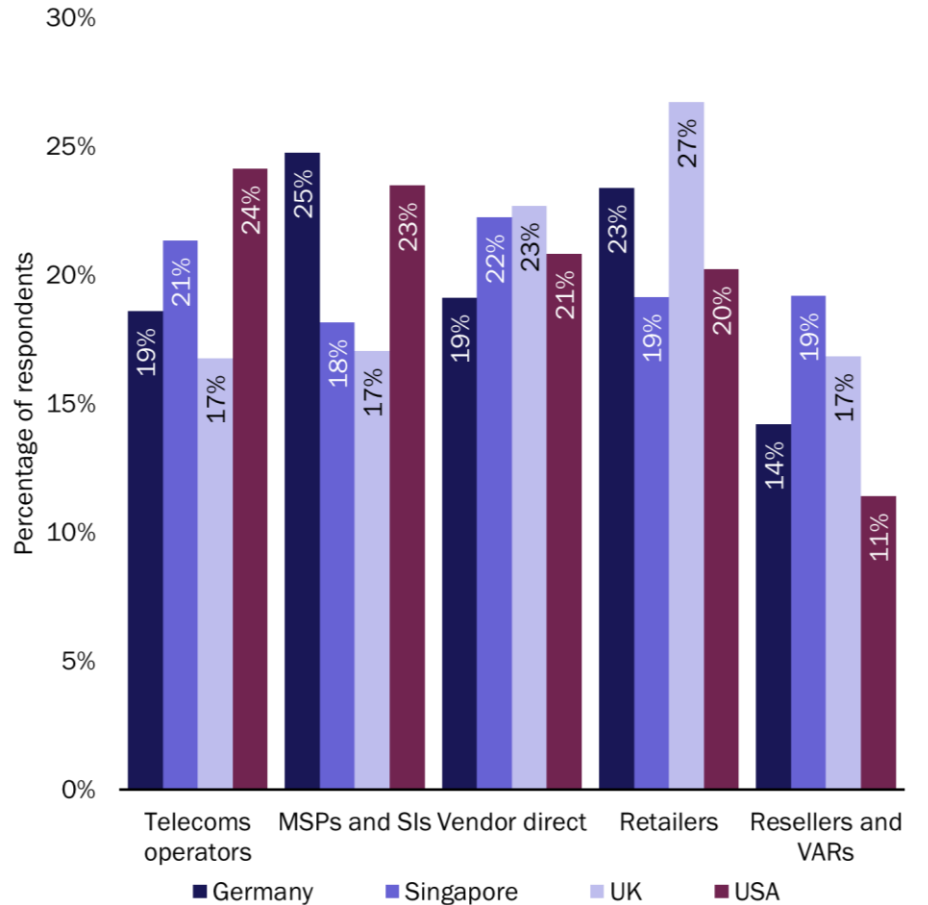
# Partners need to highlight their value propositions that can support SMBs' long-term growth plans

Figure 27: Channels used by SMBs for computer/tablet purchases, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

Figure 28: Channels used by SMBs for smartphone purchases, Germany, Singapore, UK and USA, 1Q 2022<sup>1</sup>



Source: Analysys Mason

<sup>1</sup> Question: "From where does your company typically purchase computers and mobile devices, i.e., desktops, notebooks, 2-in-1s, tablets or smartphones?" n = 1149 (computers) and n = 1149 (smartphones). Please treat this data with caution. These questions ask respondents which channels they typically use, not how much they spend with each channel.

# Most businesses by software, hardware and security directly from vendors, but opportunities exist for partners that offer advice and support for business growth

Figure 29: Channels used by SMBs for software application purchases, Germany, Singapore, UK and USA, 1Q 2022<sup>1,4</sup>

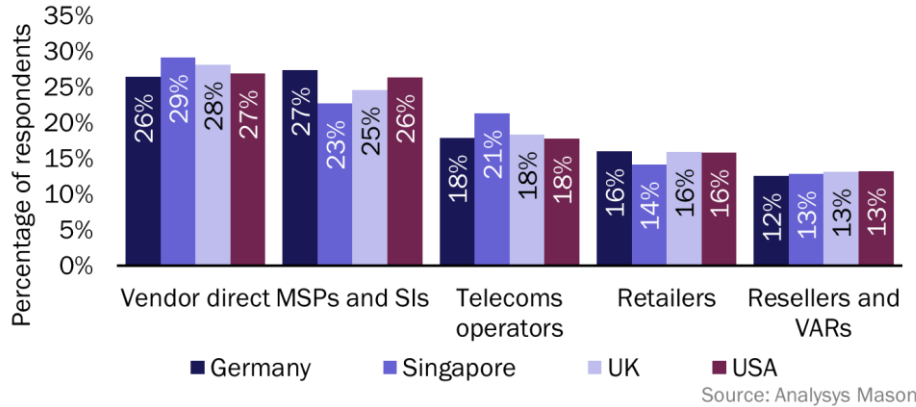


Figure 31: Channels used by SMBs for cyber security purchases, Germany, Singapore, UK and USA, 1Q 2022<sup>3,4</sup>

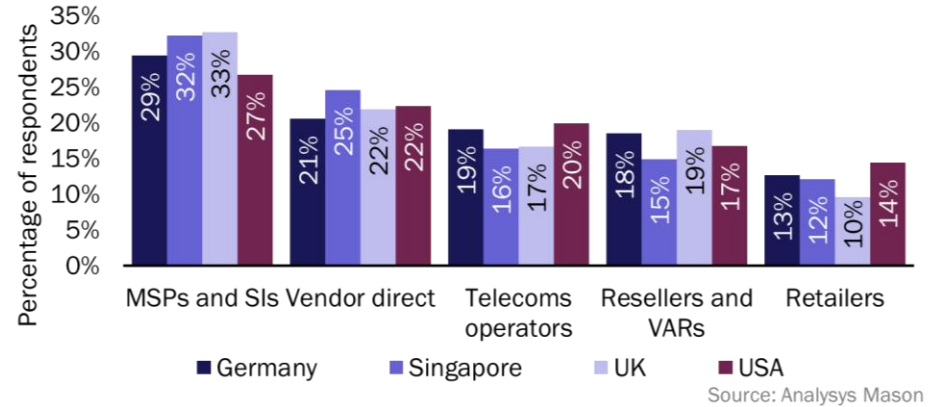
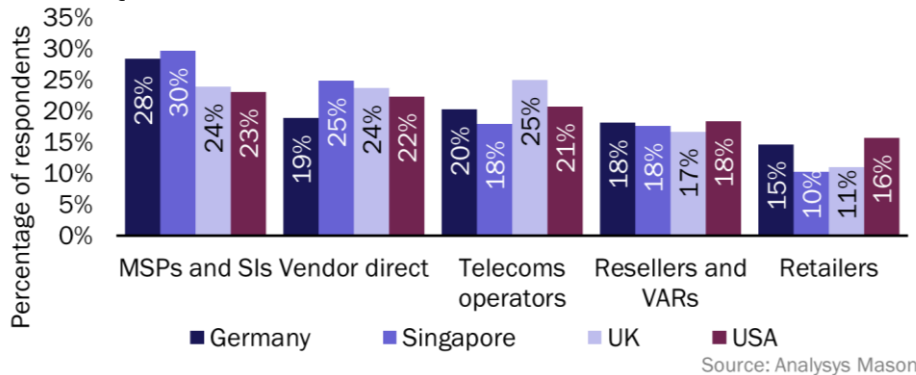


Figure 30: Channels used by SMBs for networking and cloud-based infrastructure purchases, Germany, Singapore, UK and USA, 1Q 2022<sup>2,4</sup>



<sup>1</sup> Question: "From where does your company typically purchase software applications?" n = 1149. <sup>2</sup> Question: "From where does your company typically purchase networking and cloud-based infrastructure solutions?" n = 1149. <sup>3</sup> Question: "From where does your company typically purchase cyber security solutions?" n = 1149. <sup>4</sup> Please treat this data with caution. These questions ask respondents which channels they typically use, not how much they spend with each channel.

## Survey questions, sample size and vertical distribution

Number	Question	Business segment (number of employees)	Sample size
1	How many full-time employees, including you, worked at your company prior to COVID-19 restrictions?		
2	Including yourself, how many non-furloughed, full-time employees, are actively working at your company as of today?	Small businesses (SBs)	719
3	What is your company's primary [vertical] business activity?	Medium-sized businesses (MBs)	430
4	How does your company's revenue in 2021 so far compare to the same period in 2020?	<b>Total</b>	<b>1149</b>
5	What percentage of your company's employees currently work at home and what proportion of your employees do you expect to work from home vs. work in the office in the next 12-24 months?	<b>Country</b>	<b>Sample size</b>
6	How difficult has it been for your company to recruit and hire qualified employees over the last 12 months?	Germany	262
7	What measures has your company taken to help support your employees working from home?	Singapore	210
8	What proportion of your company's annual revenue was allocated for your overall IT budget prior to the COVID-19 pandemic, and what proportion is currently allocated?	UK	264
9	Over the next 12 months, how do you anticipate your company's IT budget will change?	USA	413
10	I feel confident/optimistic about my company's prospects in 2022.	<b>Total</b>	<b>1149</b>
11	I feel confident/optimistic about my country in 2022.		
12	Because of the long-term, continuing effects of the COVID-19 crisis and the increase in remote working, which of these business priorities will take on a greater urgency in the next 12 months?		
13	Because of the long-term, continuing effects of the COVID-19 crisis and the increase in remote working, which of these IT-related priorities will take on a greater urgency in the next 12 months?		
14	How many of the following types of devices are currently being used by employees at your company for business purposes?		
15	During the next 12 months, by how much do you plan to increase/decrease spending on PCs and devices?		



## Survey questions (continued)

Number	Question
16	Which of the following financial management-related applications does your firm currently use or plan to use/upgrade in the next 12 months?
17	Which of the following front office -related applications does your firm currently use or plan to use/upgrade in the next 12 months?
18	Which of the following business management -related applications does your firm currently use or plan to use/upgrade in the next 12 months?
19	Which of the following productivity and collaboration -related applications does your firm currently use or plan to use/upgrade in the next 12 months?
20	Which of these telecommunications services does your company use?
21	Which of the following networking solutions does your company currently use or plan to start using or upgrade in the next 12 months?
22	During the next 12 months, by how much do you plan to increase/decrease spending on networking and infrastructure solutions that are delivered via the cloud, versus those deployed on-premises?
23	Which of the following managed IT services does your company currently subscribe to via a monthly or annual contract, OR what is your level of interest in using these in the future?
24	Which of the following security solutions does your company currently use or plan to start using or upgrade in the next 12 months?
25	Please tell us if your company has switched to a new IT services (channel partner) company in the last 12 months.
26	Please rate the following services from IT or telecoms suppliers in terms of how helpful they would be to your business during the next 12 months?
27	In the future, my company's likelihood of purchasing IT solutions from vendors that have ESG (environmental/social/ governance) policies in place is...
28	From where does your company typically purchase computers and mobile devices, i.e., desktops, notebooks, 2-in-1s, tablets or smartphones?
29	From where does your company typically purchase software applications?
30	From where does your company typically purchase networking and cloud-based infrastructure solutions?
31	From where does your company typically purchase cyber security solutions?



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## About the authors



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**Eileen Zimble** (Senior Analyst) is a senior analyst in Analysys Mason's Operator Business Services and IoT research team. She has more than 25 years of experience in IT market research, with a focus on SMB IT and communications research services. Eileen oversees the primary research and analysis process that informs many Analysys Mason programmes including the SME Strategies programme. She is also involved in custom research projects for leading IT vendors such as Cisco, Dell, HP, Intel and Microsoft. Prior to joining Analysys Mason, Eileen held roles at AMI-Partners (acquired by Analysys Mason) and IDC/LINK, a leading consulting and research firm focused on PCs, telecoms and consumer electronics, where she authored a number of research reports on small business computing and multimedia. Eileen holds an MBA in finance as well as a Bachelor of Arts in liberal arts from Hofstra University.



**Tom Rebbeck** (Partner) leads Analysys Mason's *Operator Business Services and IoT* research practice drawing on more than 20 years of experience in the telecoms sector. He is based in our London office, but works for clients worldwide. Tom is a specialist on the Internet of Things (IoT) and other enterprise services and has written widely on the role for operators as telecoms markets develop. As well as published research, he has worked on projects for a range of clients – including operators, regulators, industry bodies and vendors. Many of these projects have been supported by original research, such as expert interviews and customer surveys.

# We are experts in the telecoms, media and technology sector



## Strategy

- Corporate growth strategy
- Business unit strategy
- Infrastructure strategy



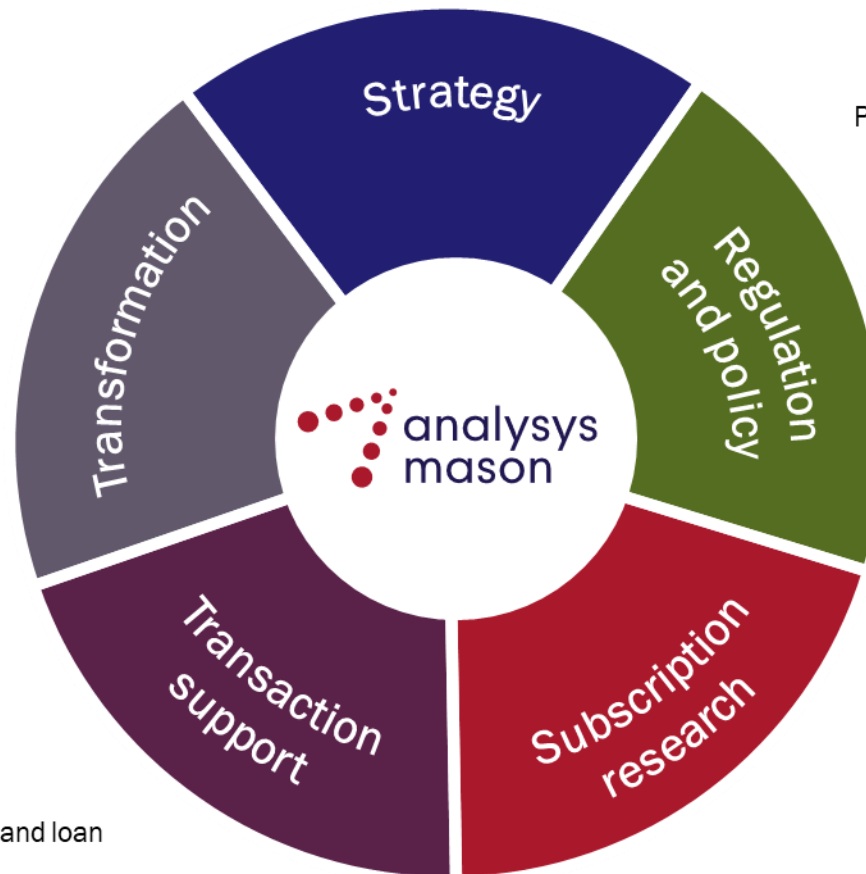
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- Business transformation
- Digitalisation
- Operational excellence
- Data, BI, steering and insights
- Change and programme management
- Sustainability



## Transaction support

- Commercial due diligence and market review
- Technical due diligence
- Post-merger integration
- Periodical business monitoring and loan technical advisory
- Opportunity scouting and pre-deal support



## Regulation and policy



- Network and platform
- Public sector broadband intervention
- Accelerating digital transformation of society
- Price controls and cost modelling
- Regulatory accounting
- Regulatory benchmarking and analysis
- Spectrum management and policy
- Expert witness and litigation support
- Postal regulation and policy

## Subscription research



- DataHub and Regional Markets
- Consumer Services
- Operator Business Services and IoT Applications
- SMB IT Channels and Forecasts
- Cloud Networks

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# Our areas of expertise



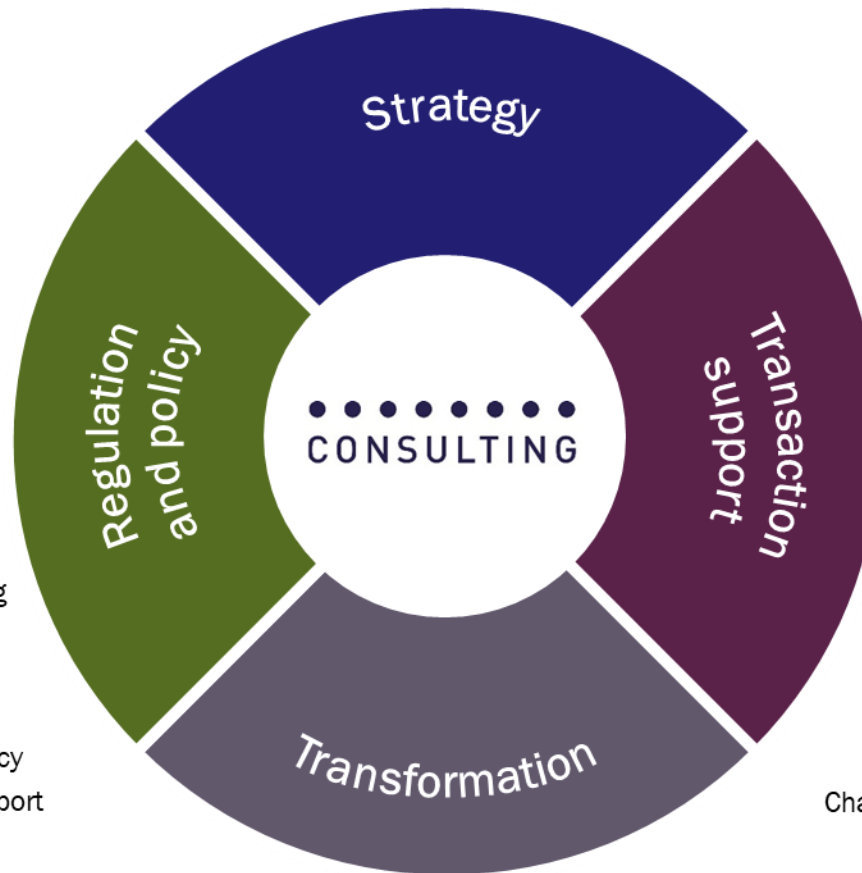
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