

BACKGROUND ON BUSINESS

Establishing A Competitive Edge:

SMB Spending Trends That Create A Competitive Advantage

by Anthony Bradley

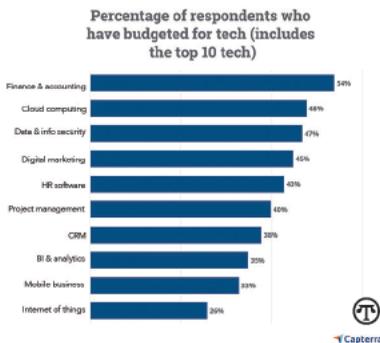
(NAPSA)—To maintain a competitive edge, SMBs must prioritize investments in software technology. According to a recent survey on Top Spending Trends, the primary business goal for SMBs over the next two years is growth: The survey discovered that SMBs are targeting increased revenue, larger customer bases, widened product lines or expanded locations. This study of small business tech spending trends, “What Tech Your Small Business Peers Are Budgeting for in 2019,” reveals how SMBs are investing in technology—and how they position tech investments as an important aspect of their business strategies—to compete more effectively.

According to experts, for the next one to two years, SMBs have budgets dedicated to investing in a variety of technologies, with finance, cloud computing, security, digital marketing and HR software topping the list. Their budget averages generally range between \$25K and \$35K, with digital marketing, security and cloud computing at the higher end.

SMB tech budgets can vary significantly, depending on their business size. The general trend: The bigger the SMB (as measured by either number of employees or size of revenue), the more SMBs plan to spend on technology, if they're going to keep pace with their competitors.

In addition to dedicating funding toward tech implementation, SMBs planning to grow their organizations should plan on increasing the role that technology plays in their business strategies: As a business grows to over 100 employees, incorporating tech into its business strategy distinguishes it from competitors.

Most SMBs recognize the need to weave tech into their business strategies. This new research has revealed that over 83 percent of SMBs with 50 to 249 employees see technology as an important consideration or even a driver of business strategy. Of SMBs with 11 to 49 people, over 76 percent see technology as key. The number of businesses considering tech an important factor



The right software can make a big difference for growing a small business.

in their planning generally increases as businesses grow in size, from the 11- to 49-employee band (42.1 percent) to the 50- to 99-employee band (45.3 percent), on to the 100- to 249-employee band (52.2 percent).

Along with growth in size, as an SMB's yearly revenue increases, so does the significance of technology to its corporate strategy. Among businesses with less than \$5 million revenue, only 20.6 percent say technology trends drive their strategic planning. Amid businesses that take in between \$50 and 100 million in yearly revenue, however, 40.5 percent say changes in technology drive their strategies. Consider the facts: That's a 100 percent increase in tech trends' importance between the small SMB and the SMB on the verge of becoming an enterprise.

Technology Investment Triggers: Knowing When it's Time to Invest in New Tech

Technology investments don't happen on a whim: The research found three triggers that spur SMB leaders to invest in a new technology. First is a perceived need for productivity improvements. Second, there is a tie between two factors: outgrowing current tech and competitive pressures. In third place is a desire to stop using obsolete technology.

SMBs are looking for productivity improvements as the No. 1 purchase

trigger: The Capterra 2019 SMB Spending Survey on top technology trends revealed employee productivity as an important aspect of business growth. The research also discovered that nearly 50 percent of SMBs in the U.S. won't meet their growth goals without significant enhancements to employee productivity.

Identify How Your Team Interacts with Technology

With “productivity improvements” the clear winner, software vendors should prioritize whatever features make employees most productive. As always, employee experience is key among small business leader concerns. If something is difficult to use, people will spend their productivity time learning to use the software—rather than actually being productive.

When shopping for software, SMB leaders should first identify how their team needs to interact with the technology: Are workers using their smartphones or their desktops? The type of tech to implement should depend on that answer, since competitors are likely spending on what makes them most productive, as well. Remember: Competitors are asking themselves the same questions—it's how they answer those questions that sets them apart.

It's clear from “What Tech Your Small Business Peers Are Budgeting for in 2019” that SMBs understand the importance of monitoring market changes and aligning themselves with technological developments that facilitate growth and their competitive advantage—that's the good news. It's also clear the opposite is true, however: Medium-sized businesses that don't consider technology as an important aspect of business strategy are at a disadvantage. The survey finds that most SMBs are carefully investing in new technology. Investment in tech is therefore a competitive necessity.

Learn More

For further facts on SMBs and technology, go to www.capterra.com.

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