

# Top SMB technology trends in 2023



Macroeconomic factors, geopolitical concerns and COVID-19 have affected small and medium-sized businesses' (SMBs') IT-related attitudes and buying behaviours. Analysys Mason continues to track the SMB ecosystem and here are our top predictions for SMB technology trends in 2023. Vendors and operators can use these to help to reassess and refine their SMB strategies.

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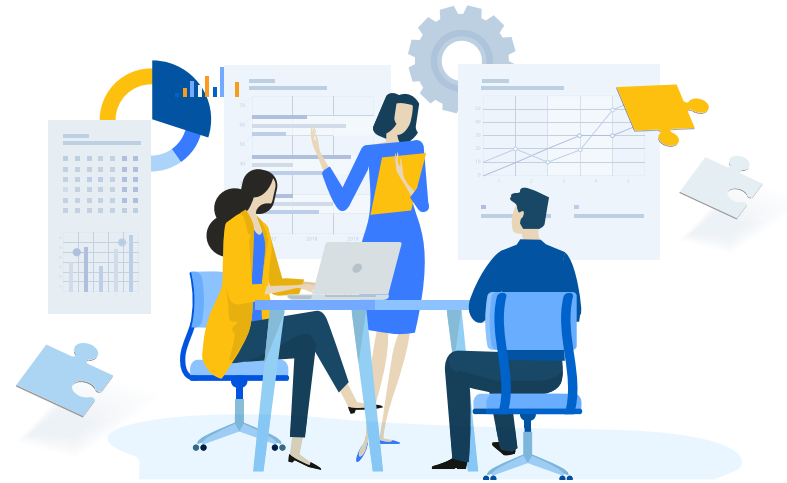
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## 'Early adopters' will drive SMB IT spending

As SMBs accelerate their digital transformation initiatives, especially those driven by post-pandemic trends, the 'early adopters' segment is expected to increase from about 10% of the 145 million SMBs

worldwide to approximately 15%. These are SMBs that have typically adopted modern technologies and tested new features and product sets and, as a result, have spent more than the average on IT.



## Rising energy costs will affect SMBs' IT spending decisions

The European Commission and International Energy Agency (IEA) have both emphasised how vulnerable small businesses are to rising energy costs. SMBs will want to increase energy efficiency and find more sustainable options in the long term. This

may lead to them procuring IoT-related solutions, such as energy usage apps and smart meters. In addition, SMBs will want to have better control of their budgets and may increase spending on finance and expense management applications.



## Environmental, social and governance (ESG) initiatives will become a priority for SMBs

SMBs' awareness and prioritisation of ESG initiatives will continue to rise, influencing IT decision making. **According to our recent survey, 24% of SMBs worldwide plan to start internal ESG initiatives and**

**46% are more likely to buy from vendors with established ESG policies.** Operators and IT providers that help businesses to establish ESG policies will be best positioned to capitalise.

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24%

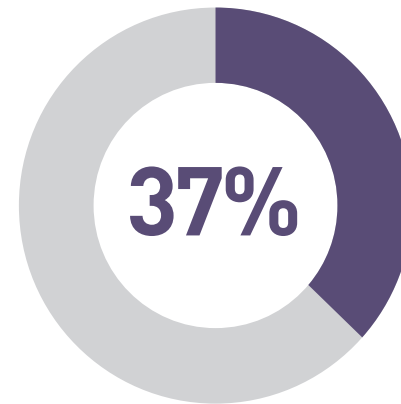
of SMBs worldwide plan to start internal ESG initiatives.



## SMBs are the new 'enterprise-lite' accounts

SMBs worldwide are expected to spend USD1.45 trillion on IT in 2023. **According to our survey, 37% of SMBs plan to switch channel partners.** As SMBs continue to switch channel partners in search of ongoing support and service, they are migrating towards partners that offer an 'enterprise-lite' experience. Traditionally, medium-sized

businesses with 500+ employees are treated as enterprise-lite by vendors but the changing technology and business needs of small businesses implies that all SMBs expect full client lifecycle management such as pre-sales, onboarding, account management, defined touchpoints, communication channels, etc.

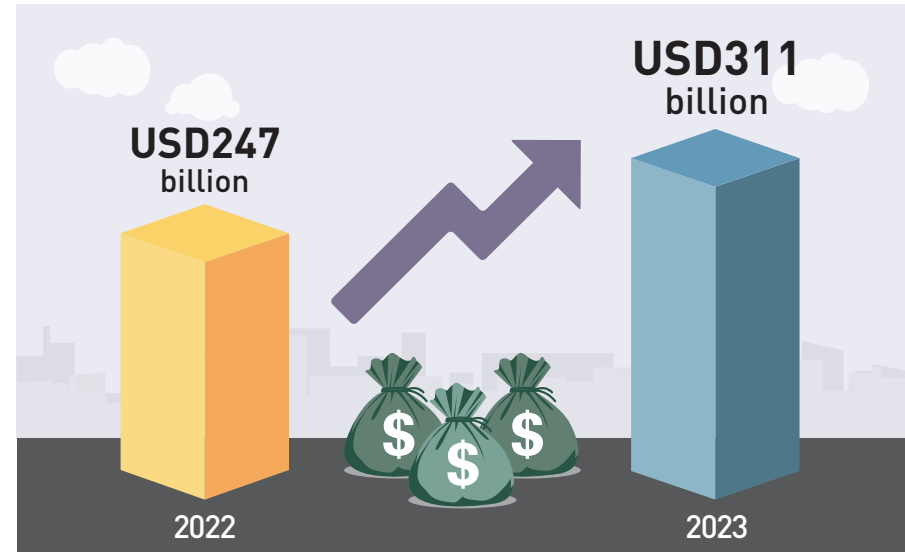


of SMBs plan to switch channel partners.

## SMBs will look to managed service providers (MSPs) for more than IT management

SMBs will seek end-to-end support from MSPs to manage the increasingly complex SMB software stack as well as drive digital initiatives forward. MSP-focused software vendors are investing in a wide range of

solutions as part of unified platform offerings. As a result, SMBs' IT spending through MSPs is expected to grow by 11% year-on-year from USD279 billion in 2022 to USD311 billion in 2023.



## SMBs will spend more than USD66 billion on operators' IT solutions (excluding communications)

SMBs will increasingly look to telecoms providers for IT advice, support and services. **According to our survey, 80% of SMBs would consider taking IT services from operators.** Operators are focusing on SMBs (for example, BT's Small Business

Support Scheme and Vodafone's V-Hub platform) and are creating targeted IT services bundles. Partnerships with software/service providers will help operators to reach a broader SMB market.

80%

of SMBs would consider taking IT services from operators.



## PC and device-as-a-service (PCDaaS) models will shift focus from device procurement to a fully integrated IT experience

According to our survey, **40% of SMBs will continue to work from home at least partly.** Legacy PCDaaS offerings that focus on hardware procurement and break and fix will no longer suffice. SMBs will

increasingly value a holistic experience that includes services on deployment, desktop support, recovery, security and managed services for their dispersed workforce.

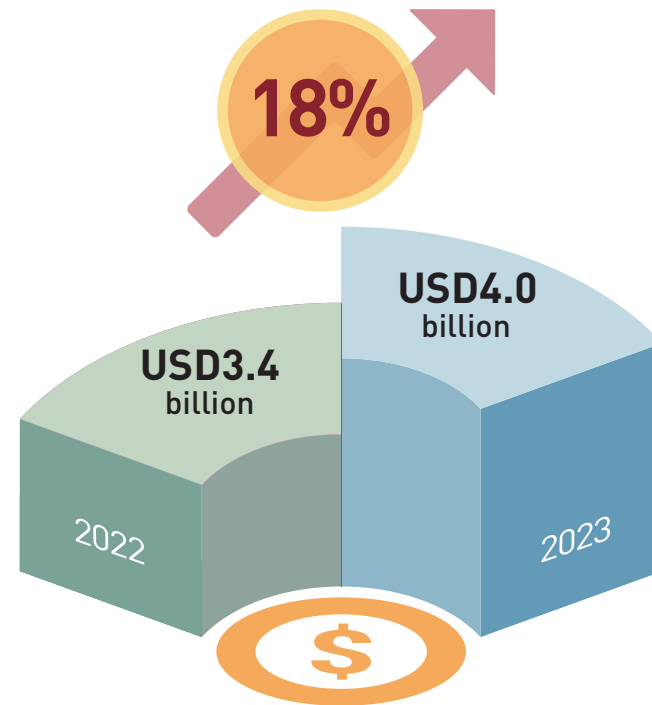
**40%**

of SMBs will continue to **work from home at least partly.**

## SMBs' adoption of platform-as-a-service (PaaS) solutions will increase to drive IT resource efficiency

PaaS solutions give SMBs flexibility to plan and execute their operations without dedicating expensive IT resources. Increased use of advanced analytics tools such as business intelligence (BI) and AI-powered applications

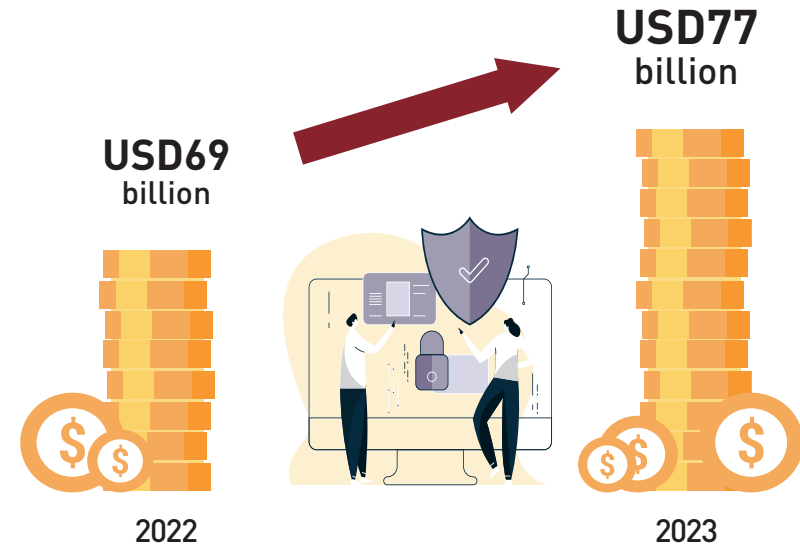
among SMBs will also boost spending on PaaS solutions especially among early adopters. SMBs' spending on PaaS is expected to grow by **18%** year-on-year from USD3.4 billion in 2022 to USD4.0 billion in 2023.



## Cyber security will remain a top priority

Geopolitical issues and the growing number of connected devices will escalate security concerns and increase cyber-security spending from USD69 billion in 2022 to USD77 billion in 2023. Security technology adoption will boost spending on the

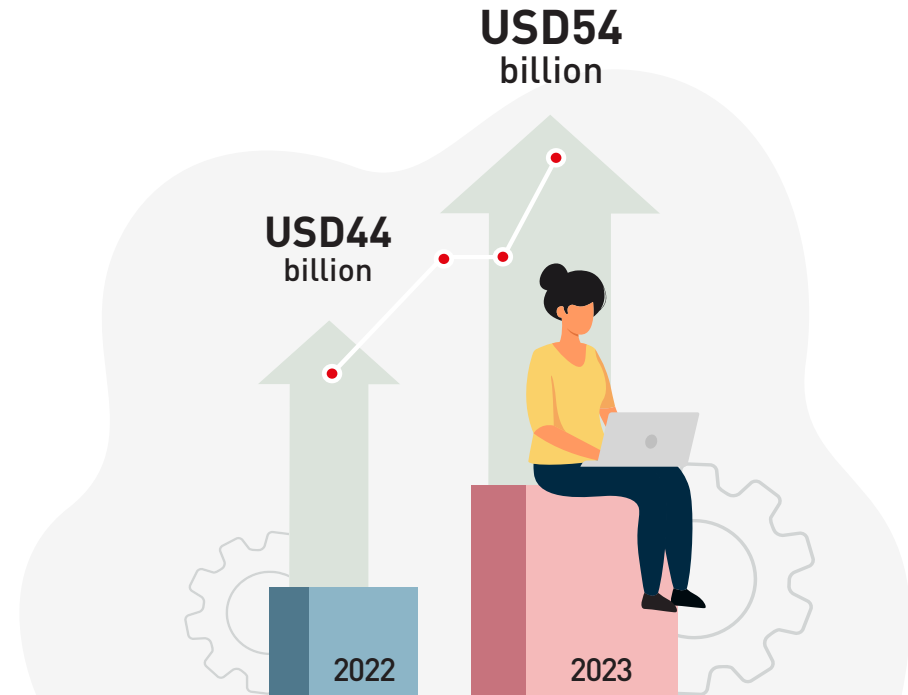
following solutions: hardware-based authentication, extended detection and response, cloud workload protection, operational technology systems security, security solutions powered by AI/ML and managed security.



## Rapid growth in SMB spending on software-as-a-service (SaaS) solutions will be led by BI, enterprise resource planning (ERP) and line-of-business software

SMBs are seeking to optimise and automate various functions within the organisation to increase efficiency and improve data utilisation. Spending on BI, ERP and line-of-business software such as electronic health records, 3D design,

and IT monitoring solutions, will increase rapidly as a result. Spending on these solutions is expected to grow from USD44 billion in 2022 to USD54 billion by 2023 representing a 22% year-on-year growth.



# SMB Technology Forecaster

The *SMB Technology Forecaster* is an essential tool that helps clients to forecast, inform and validate their marketing and channel strategies with precision and confidence.

Underpinned by extensive primary research, granular demand insights and macroeconomic data, the *SMB Technology Forecaster* is stress-tested to ensure accuracy and predictability, providing granular forecast data to enable our clients to answer business-critical questions such as the following.

- What is my total addressable market?
- Which markets offer my brand the greatest opportunity?
- How much of my current revenue may be at risk?
- What is the best route to market?



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