

# Analysys Mason's predictions for the top SMB technology trends in 2022

December 2021

Bob Takacs, Joseph Bertran, Eileen Zimpler, Karthik Pannala, Li Lin and Yuki Uehara

## Hybrid working will continue to drive SMB IT purchasing decisions in 2022

The COVID-19 pandemic started the shift towards hybrid working for both large enterprises and small and medium-sized businesses (SMBs). SMBs will increasingly invest in key IT solutions such as cloud infrastructure, managed IT services, collaboration solutions, mobile connectivity and cyber security as they continue to transition their workforce. These categories alone are expected to account for over USD300 billion of SMB spending worldwide in 2022.

## AI-powered automation will boost SMB spending on business applications

AI-enabled tools will start to gain popularity among SMBs, and these solutions will be a key driver of SaaS spending growth. QuickBooks Online and Hubspot have already been attracting SMBs with their AI-powered applications, and AWS's pay-per-use AI tools have also been gaining attention. The increasing availability of affordable AI-powered smart solutions will accelerate the automation of business operations among SMBs, especially in the areas of cyber security, CRM, customer service, marketing, HR, collaboration and accounting/finance. SMBs' spending on SaaS solutions in these areas is expected to grow by 15% year-on-year to USD99 billion in 2022.

## Business continuity and disaster recovery (BCDR) will be a top priority for SMBs in order to mitigate data security risks

Back-up, recovery and business continuity will continue to be priorities for SMBs in 2022 due to the increasing sophistication and frequency of ransomware attacks. The hybrid working environment has increased SMBs' vulnerability, so these businesses will be acutely concerned with ensuring that they can access their information in the event of a disaster. SMB spending on back-up- and recovery-related solutions worldwide will grow by 13% year-on-year from USD9.9 billion in 2021 to USD11.3 billion in 2022.

## SMBs will expect advice and guidance to be included in every product/service purchase

SMBs are now forced to adopt complex cloud-based solutions to replace their traditional on-premises counterparts. As a result of this migration, SMBs are faced with the challenge of needing expertise to maintain and run these cloud environments. SMBs typically lack this expertise in-house, so they are likely to turn to the service provider/vendor for guidance and product maintenance. This will be reflected in an increase in managed

services adoption. Indeed, SMB spending on managed services worldwide will grow by 12% year-on-year in 2022 to USD120 billion.

## Spending on home office network management will become an increasingly important part of SMBs' IT infrastructure investments

SMBs are rethinking their IT infrastructure and are likely to migrate towards a hybrid working environment, with employees working both on- and off-site. As a result, SMBs will depend on ad-hoc network management solutions instead of the site-specific solutions previously deployed to maintain this new IT environment. Multi-site network management, troubleshooting and IT support while working from home will take priority, leading to a higher demand for managed networking solutions.

## SMBs will demand more managed security solutions from MSPs

SMBs are facing an increasing number of vulnerabilities due to dispersed employees and general uncertainty, so cyber security will be a key priority for many in 2022. Most SMBs are ill-equipped to implement and maintain the proper security solutions. The increased demand for secure IT, along with the need for support, will drive rapid spending growth on managed security in particular. Indeed, SMB spending on managed security solutions through managed service providers (MSPs) worldwide is expected to grow by 18% year-on-year from USD9.9 billion in 2021 to USD11.7 billion in 2022.

## Imaging, video and augmented reality will start to become mainstream business tools for SMBs

As the number of e-commerce deployments grows, so too does the use of social commerce, which allows customers to buy products directly from social media platforms. SMBs will increasingly adopt social commerce as a part of an omnichannel commerce strategy and will start to spend more on tools to create attractive visual content in order to improve customer engagement. In addition, SMBs' use of and investment in augmented reality tools for collaboration, 3D engineering and design will increase, driven by continued remote working.

## SMBs' use of PC/device-as-a-service (PC/DaaS) will grow and will sustain the PC market

SMBs will increasingly opt for subscription-based models for PCs and devices. The as-a-service model provides SMBs the flexibility to add and remove devices as their needs change, which is particularly important as working arrangements continue to shift beyond the pandemic. Managing upgrades, support and maintenance is easier because these services are bundled into the subscription and are handled by the provider. The PC/DaaS model is a perfect fit for the constantly changing IT environment, and makes acquiring technologies more efficient. SMB spending on PC/DaaS worldwide is expected to grow by 13% year-on-year from USD8.6 billion in 2021 to USD9.7 billion in 2022.

## A growing number of telecoms operators will launch or expand programmes that support SMBs' digital transformations

At least 10 telecoms operators will launch or expand programmes that support SMBs' digital transformation in 2022, with the goal of capturing a larger share of SMBs' spend on IT services. Examples of such programmes

include BT's Small Business Support Scheme and Singtel's Let's Get Digital programme, both of which address SMBs' digital transformations, digital skills deficiencies and financial concerns. Vodafone's V-Hub platform supports SMBs with remote working, cyber security and digital enablement, and Verizon's recently launched Digital Ready platform provides online courses on topics such as SEO, remote working and finance management.

## Telecoms operators' share of SMBs' spending on IT solutions will increase throughout 2022

SMBs will increase their spending on IT solutions (such as cyber security, SaaS, IaaS/PaaS and desktop management) through operators throughout 2022. For example:

- SMBs' spending on mobile security solutions through operators will rise by 29% year-on-year from USD435 million in 2021 to USD564 million in 2022
- SMBs' spending on cloud compute via telecoms operators will increase by 28% year-on-year from USD2.2 billion in 2021 to USD2.9 billion in 2022.

## SMBs will continue to invest strongly in collaboration tools to support the dispersed workforce

SMBs will increasingly rely on collaboration tools to enable their remote employees to remain connected and productive. The top collaboration solution providers (including Cisco, Microsoft, Salesforce and Zoom) are working to enhance their offerings to facilitate hybrid working scenarios. AI and AR functionalities will improve the user experience and increase SMBs' willingness to pay for these offerings. SMB spending on collaboration solutions is expected to grow by 13% year-on-year from USD48.7 billion in 2021 to USD55 billion in 2022.