

Five common challenges IT leaders at SMBs are grappling with and tangible steps to solve them today.

Take Action: Five Top IT Questions at SMBs and How to Address Them Now

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Questions posed by: SAP Concur

Answers by: Katie Evans, Research Director, Worldwide Small and Medium Business Research

Q. I've been tasked by senior leadership with implementing artificial intelligence/machine learning (AI/ML) at my company, but our in-house IT expertise and staff are limited. What advice do you have about AI for small or medium-sized businesses (SMBs), how can we separate the hype from reality, and what are the best areas to get started in?

A. SMBs innately have smaller staff and budgets than large enterprise organizations, meaning AI/ML and automation advancements will help them boost efficiency and reduce manual work. However, many don't have the internal technology skills or manpower to launch AI/ML initiatives themselves. In fact, 40% of global SMBs with 1–999 employees do not have one full-time IT employee in-house, according to IDC's 2024 *Worldwide Small and Medium Business Technology Survey*. Of those that do have full-time IT employees, 91% have four or fewer. We are just on the cusp of the AI ride, and implementing this advanced and rapidly evolving technology can be time-consuming and resource heavy. Therefore, SMBs should lean on experienced suppliers to help them make use of AI/ML.

AI is today's tech buzzword. To cut through the hype, demand demos and/or trials and ask potential vendors for a clear road to ROI — including estimated time and cost savings. Ask for training for nontech-savvy staff and for examples of benefits that the service will provide and reach out to references similar to your company that have used the vendor's AI technology. In addition, many vendors are rolling out and touting AI applications/capabilities before they are fully ready to get in on the AI windfall. However, the last thing a small business needs to be is a beta tester of a buggy system that doesn't save it time but takes up more of it. The aforementioned steps should help prevent this. Finally, seek out vendors that aren't new to AI/ML technologies but have been embedding AI/ML technologies into their offerings for years. Today, some of the best use cases for AI/ML for business include:

- » **Automating manual/routine tasks:** Automation in areas such as auditing, expenses, invoicing, and even fraud prevention can save precious employee time and reduce manual errors.

- » **Forecasting:** AI is ideal for sifting through massive amounts of historical and current market data to spot and forecast trends and suggest actions to help spend, inventory, and supply chain management.
- » **Personalizing the customer experience:** AI/ML can create targeted marketing campaigns that can personalize messages for each consumer based on the data the algorithm collects (improving over time as it gathers more data).
- » **Assisting small customer service teams:** AI-powered chatbots can provide immediate assistance to customers by offering instant responses and shopping assistance and cross-selling and upselling products, thereby increasing revenue.
- » **Generating content:** GenAI can go one step further by creating content, such as texts and images.

Q. How can I retain my company's top employees and keep them engaged and maximize their efficiency through flexible and innovative technology?

A. SMBs are harder hit than larger enterprises when they lose a key employee. They simply have fewer people, resources, time, and money for recruiting, interviewing, onboarding, and training new staff.

However, employees tasked with captivating strategic work, given the tools they need to succeed, and who feel valued will be more efficient and more likely to stick around. Leaning into automation technologies to take mundane tasks off employees' plates to prepare employees for more inspiring tasks keeps them fulfilled and efficient. Automation can also reduce human error and speed up repetitive tasks. Many SMBs are still working manually using spreadsheets and paper-based processes. Automated applications, such as financial management technology, can help manage expenses, travel, and vendor invoices while showing SMBs where and how they are spending their money and boost efficiency.

Other ways SMBs can retain and keep employees engaged are by offering:

- » Flexible working hours
- » Remote or hybrid work
- » Volunteer days off
- » Green travel options, such as staying at a LEED-certified hotel

Q. As an SMB, top management tends to gravitate toward technologies that will boost the bottom line (drive revenue, conversions, sales, etc.). How can I convince senior management of the importance of investing in security as well?

A. IDC research shows SMBs want to invest in new technologies but struggle with security.

In IDC's 2024 *Worldwide Small and Medium Business Technology Survey*, "implementing new technology securely" ranked number 1 as the top challenge of SMBs to achieving their business priorities across all SMB size segments. From a list of 10 options, 47% of respondents listed it as one of their top 3 technology challenges.

IT leaders can use the following points to communicate that strong security is critical today and to foster leadership buy-in for security investments:

- » **The shift to more dispersed workforces:** Remote employees access business-critical networks from a range of devices and locations, which calls for increased security as well as remote monitoring and maintenance of company devices.
- » **The accelerated move to data "in the cloud":** Cloud technology — which supports dispersed workforces as the data is accessible from anywhere — also heightens security needs.
- » **Economic turbulence:** SMBs building brand awareness and trust can't afford a breach or compromise to tarnish their image or take down their business for days or weeks.
- » **The shift to AI/ML:** This requires a constant stream of data to work. Where is the data coming from, how is the data being used, and how is the data being secured? AI is a "data guzzler" and needs to be constantly fed with data to work, so it's essential to ensure the AI gathering and usage processes are secure.

Seeking out security/compliance offerings baked into technology from a vendor is an ideal way to ensure systems and data are secured at small and midsize businesses. SMBs should work with providers that offer security capabilities as part of their packages so that they don't have to spend precious time researching, implementing, integrating, and training employees on multiple point solutions, such as various security features, separate from other technologies. Bundles of services typically offer cost savings as well, which is attractive to price-sensitive SMBs.

Q. My growing SMB is increasing investments in digital transformation. What top considerations/questions should I be asking potential vendors as an SMB?

A. Naturally, this question could have a separate, nuanced answer for each technology being considered, but some overarching considerations for SMBs when vetting vendors' technologies include:

- » **Do your homework:** SMBs will likely rely on their vendor more than larger enterprises for help. What customer service is included in the base package? What are the precise SLAs for customer service at the vendors you are evaluating? Will they respond at 2:00 a.m. to an urgent need? Do they have local customer support in your time zone? Is it worth paying more for an upgraded package? How will that impact the price of the system over time? What implementation help and staff training are included? Will you need to pay extra for additional services through partners/VARs, and how will that factor into the overall cost of the technology?
- » **Play the long game:** SMBs often grow quickly and exponentially in many ways: revenue, new products and services, mergers and acquisitions, employee size, and more. Seek vendors that will help you grow and that can scale with you — and that will continue to support you as you do. Look to those that have flexible fee structures/licensing options, as what makes sense financially for your business today may not a few years from now. Select vendors where you can start small and add on services as your company evolves. As mentioned, a bundle of services from one provider often offers some cost savings. The last thing a time-strapped SMB needs is to research, implement, and train staff on a system only to have to replace it two years (or sooner) down the line. Finally, seek out providers that are financially stable and likely to be around for the long haul.

Q. As our company increases investments in IT, what should we think about internally to prepare for new technologies?

A. As mentioned, SMBs often operate manually via email, Excel, and spreadsheets. In addition, many SMBs do not have a large base of tech-savvy employees with strong IT backgrounds. That means that truly leveraging the benefits of technology will require significant change management — with both staff and processes.

To prepare for introducing new technologies:

- » **Get top management buy-in:** The message about new systems and technologies and their payoffs and required use should come from the top. Employees entrenched in their ways will also want clear reasons for being asked to change their processes and what "works for them" right now.

- » **Take employee training seriously:** This is especially true for more complex systems or new processes that will profoundly impact employees' day-to-day work routines. Seek vendor help and conduct required training sessions long before the new system launches. Offer lessons in bite-size increments over time and recognize that there will be some muddy areas during the "changing of the guard" where staff must use an old system while being trained on a new one. Be patient and allow for questions, feedback, and time for staff to adapt.
- » **Listen to (and take the advice of) your technology supplier:** Take best practices suggested by vendors seriously. How should you prepare for the incoming system? Do you need to work with an ecosystem partner, cleanse and/or move data from Excel spreadsheets, or change business processes? How long will these preparations take? Allow for that time and more to make the transition go more smoothly.

About the Analyst



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Katie's core research coverage includes identifying and supporting the unique, evolving needs of the very small, small, and medium-sized business technology buyer. Katie has strong SMB-focused research and writing background, having covered SMBs in the retail and ecommerce space for over 12 years before joining IDC in October 2021.

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