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Costs to Maintain and Upgrade Emerge as the Most Significant Technology Challenge

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Nearly Nine in Ten Small Business Owners Claim Technology – and Keeping Up with Technology Trends – Is Important to Their Business, Yet Costs to Upgrade Seen as Most Significant Technology Challenge

Costs to Maintain and Upgrade Emerge as the Most Significant Technology Challenge

New York, NY - Nearly nine in ten (86%) *small business owners* state that technology - and keeping up with technology trends - is important to their business, according to a new poll of 551 US owners of businesses with 500 or fewer employees, conducted by Ipsos Public Affairs on behalf of Microsoft. This includes half (50%) who feel that keeping up with technology/ trends is *very* important to the success of their business, and another two in five (36%) who say that this is *somewhat* important.

When asked to rate *how* important different technologies are to their business on a five point scale (5 being 'very important', and 1 being 'not at all important'), roughly two thirds rate laptop computers (68%) and desktop computers (67%) as being important (rated 4+5), while smartphones (60%) follow closely behind. Roughly half of small business owners rate landlines (52%) and productivity applications (47%) as being important, while tablets (34%), social media apps (34%), and payment technologies (31%) are rated as important by about one third of small business owners.

Small Business Profile

Sole proprietorship and independent contractors comprise just over half of the small business owners in this survey (52%). A further one in four respondents employ 2 to 4 employees (23%) and 14% of small business owners surveyed employ between 5 and 20 employees. A small portion of respondents employ more than 20 employees, including 4% between 21 and 50 employees and 5% between 51 and 500 employees. It follows therefore that nearly three quarters (73%) of small business owners state that they are the owner/ president of their company, while very few report holding the position of CFO (2%), CMO (1%), CTO (1%), COO (1%), or CIO (1%).

While Professional Services (23%), Retail (13%), and Real Estate/ Property Management (7%) are the most frequently cited categories to describe the industry in which their small business operates, ahead of Technology (4%), Finance/Accounting (4%), Manufacturing (3%), Food and Beverage (3%), Transportation (3%), and Franchise (1%), the largest proportion of respondents classifies their business as “Other” (38%) .

The amount of time spent working remotely varies across small business owners with one in five respondents (19%) claiming that they (and their employees) never work away from their desk, a figure that is significantly higher among sole proprietors and independent contractors (25%). About two in five small business owners report that they work remotely on occasion (5% to 30% of the time).

- Occasional remote workers include 11% who say they work remotely about 5% of the time, 14% who say they work remotely 10% of the time, and 16% who claim to work remotely 30% of the time.

The remaining two in five respondents claim they work remotely at least 50% of the time.

- Frequent remote workers include 16% who claim to work remotely 50% of the time, 17% who say that they work remotely 75% of the time, and 7% who claim to be working remotely 100% of the time.

A significant majority of small business owners (66%) manage their company's tech support themselves, while slightly more than one in ten either have someone on their team to manage tech support (13%) or hire an outside vendor (12%) to look after this. Small business owners with no one to manage their tech support (7%), or who aren't sure how this is managed (1%) represent less than one in ten respondents.

Technologies, Devices, and Apps Used by Business

Most small business owners we asked use some kind of device for their business; results indicate they are most likely to rely on laptop (66%) and desktop (62%) computers. Smartphones (55%) are used by more than half of all small business owners surveyed, while landline telephones (45%) and cell phones (43%) are used by about two in five respondents. Fewer small business owners report

using Tablet devices (29%), while very few (3%) claim to not use any of these devices.

Looking at different applications used by small business owners, email (84%) is most popular, followed by texting (53%). Roughly one quarter use calendaring (29%), online storage (27%), file sharing (24%), or website development tools (21%) for their business, while about one in six use IM (16%) and video conferencing (15%) applications. Fewer small business owners indicate they use VoIP (11%) or development platforms (8%), while a similar proportion, roughly one in ten, report using none of these apps (9%).

Nearly two in five small business owners (37%) also report they use technologies not intended for business, including home computing and personal cell phones, as well as home or student edition software packages.

Storage and Use of Cloud Technologies

When it comes to collecting, storing, and sharing business content and virtual information, one third (36%) of small business owners report that they manually collect and store the content on a hard drive, while one quarter (26%) primarily use filing cabinets and folders to collect, store, and share content and information. Roughly a quarter use online storage services for content combined with either email to collaborate (14%), or in combination with online collaboration tools (12%). Over one in ten (12%) small business owners, however,

claim that they do not have a good solution for collecting, storing, and sharing content.

Overall, three in ten small business owners (30%) use cloud computing technologies, while the majority of respondents (60%) do not and a further one in ten (9%) do not know what cloud computing is.

- The use of cloud computing technologies is more prevalent among those who rely on internal resources (including themselves) for tech support (33%), and is also much higher among small businesses with more than 5 employees (54%).

Technological Health, Challenges and Priorities

Seven in ten small business owners (70%) agree that they are able to more quickly and intelligently respond to their customers because of technology, including 38% who *strongly* agree. Furthermore, six in ten agree that technology both helps them to compete with similar size and/or larger companies in their market (61%). However, less than half (46%) agree that they have access to the same technology tools as a large company.

Technology is also perceived as helping the bottom line; six in ten (60%) believe that it helps their company increase revenue, while about half feel that it helps to decrease operational costs (54%). A similar proportion (52%) agrees that their business leverages current technologies to improve productivity.



The biggest technology challenge facing small business owners today is the cost needed to maintain and/or upgrade such devices and technologies (35%), particularly among small business owners who rely on an outside vendor to manage their tech support (48%).

Other technology challenges include security issues (22%) and issues revolving around mobility (16%), each faced by roughly one in five small business owners. Roughly one in ten report that breaks in service (13%), server/ infrastructure management (9%), lack of dedicated IT resources (8%), and version control (7%) are challenges faced by their business. Nearly half (46%), however, state that their business does not face *any* of these technology challenges.

When asked what business technologies would be prioritized for upgrades if resources were available, the most important priority for small business owners is to upgrade laptop or desktop computers (35% rank this the first of 8 possible priorities), followed by their website (22% ranked this as the top priority). Other important upgrades include security and privacy tools (14%), mobile devices (11%), and email service (9%). Lower tier upgrade priorities include productivity apps (4% rank this as the top, though 27% place it in their top three), content storage (4% top rank, 18% top three) and collaboration technologies (2% top rank, 12% top three) when prioritizing upgrades. Collaboration tool upgrades are by far most likely to be ranked as the least important priority (39%).



These are some of the findings of an Ipsos poll conducted on behalf of Microsoft from April 29 to May 7, 2014. For the survey, 551 small business owners were interviewed online, identified among a representative national sample of 5149 adults aged 18+. With a sample of this size, the results are considered accurate to within ± 4.2 percentage points, 19 times out of 20, of what they would have been had the entire adult population of small business owners in the U.S. been polled. The margin of error will be larger within sub-groupings of the survey population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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