

Who Else is Selling Services to Your SMBs?

Why the local market is heading into the cloud
and what it means to you

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What Our SMB Tech Research Tells Us

We've done 3 waves of SMB tech adoption surveys since 2017

- SMBs are adopting mobile apps and cloud tech to run campaigns, nurture leads, manage customer data, run the back office and enable remote work
- Millennial SMBs are far more mobile and cloud focused than SMBs as a whole – they are also more prone to DIY and don't like talking to salespeople
- CRM systems are the most widely adopted SMB cloud tech
- SMBs want to buy software from “tech first” channels
- SMBs want all-in-one solutions
- Saving time is the No. 1 motivator for SMBs to shift to the cloud

A person wearing a grey sweater is holding a smartphone. The background is blurred, showing what appears to be a modern interior space. A white circular overlay is positioned on the right side of the image, containing the text "Demographics are driving the shift to the cloud".

Demographics are
driving the shift to
the cloud

A black and white photograph of a community center or park. In the foreground, a paved path leads towards a building. Several people are visible: some are sitting on benches, others are walking. The background shows a large, modern building with a flat roof and palm trees. The text "Every day about 10,000 Baby Boomers reach retirement age" is overlaid in white, bold, sans-serif font.

Every day about 10,000
Baby Boomers reach
retirement age



59%

**Business decision-makers
ages 55-64 who say they
haven't moved any business
operations to the cloud**

Young SMBs Are Already in the Cloud



16%

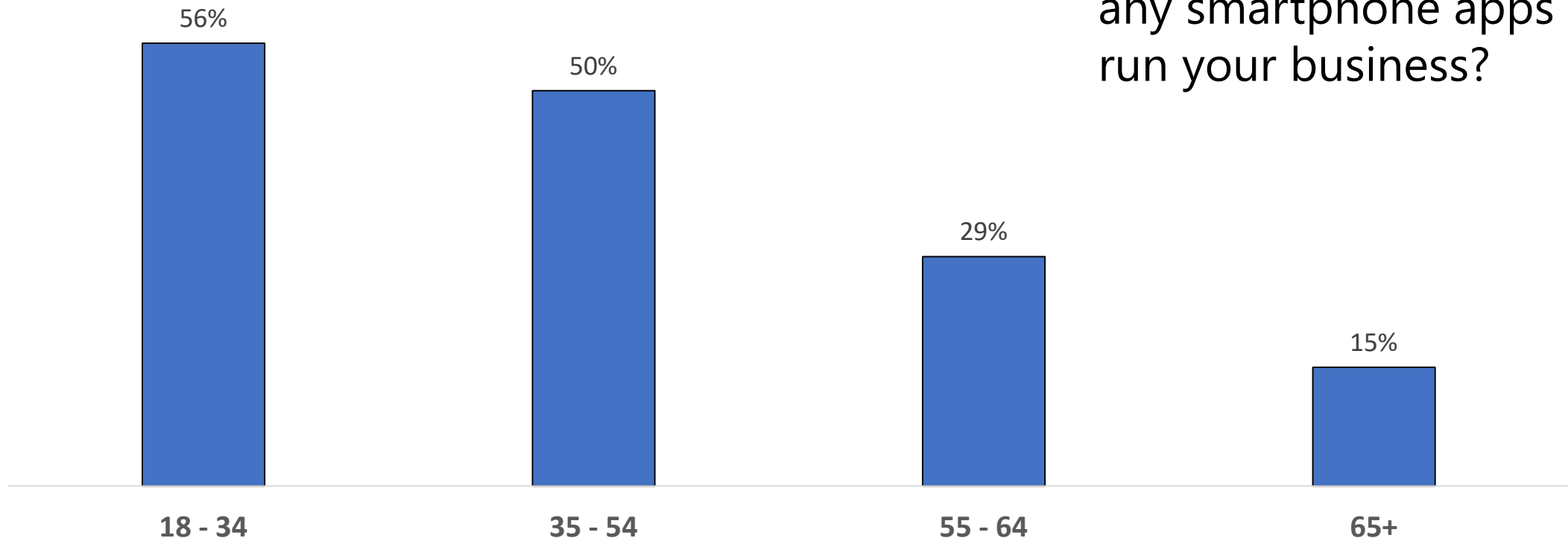
**Business decision-
makers ages 18-34
who say the same
thing**

Source: LSA's Tech Adoption Index Wave III (November 2018) n = 1,011

Younger SMBs Do Business on Their Phones

AGE OF DECISION MAKER FOR SMBs THAT USE MOBILE APPS

Are you currently using any smartphone apps to run your business?



Source: Tech Adoption Index (November 2018) n = 1,011



Small-
businesses
are starved
for time

Time spent per week on various business tasks (in hours):



Source: Intuit

48%

Said they moved to the cloud because it “saves time/is more efficient”

29%

Said they moved to the cloud because “it could be accessed by smartphone”

18%

Said they moved to the cloud because it “was less expensive”

26%

Said they moved to the cloud because it “was easier to use”



App overload is fueling full
stack demand

Demand for the “Full-Stack”

65%

“would prefer to work with a single company that could address most or all of these areas for a single monthly or annual fee.”

26%

Said they prefer “to work with different companies that specialize in each area”



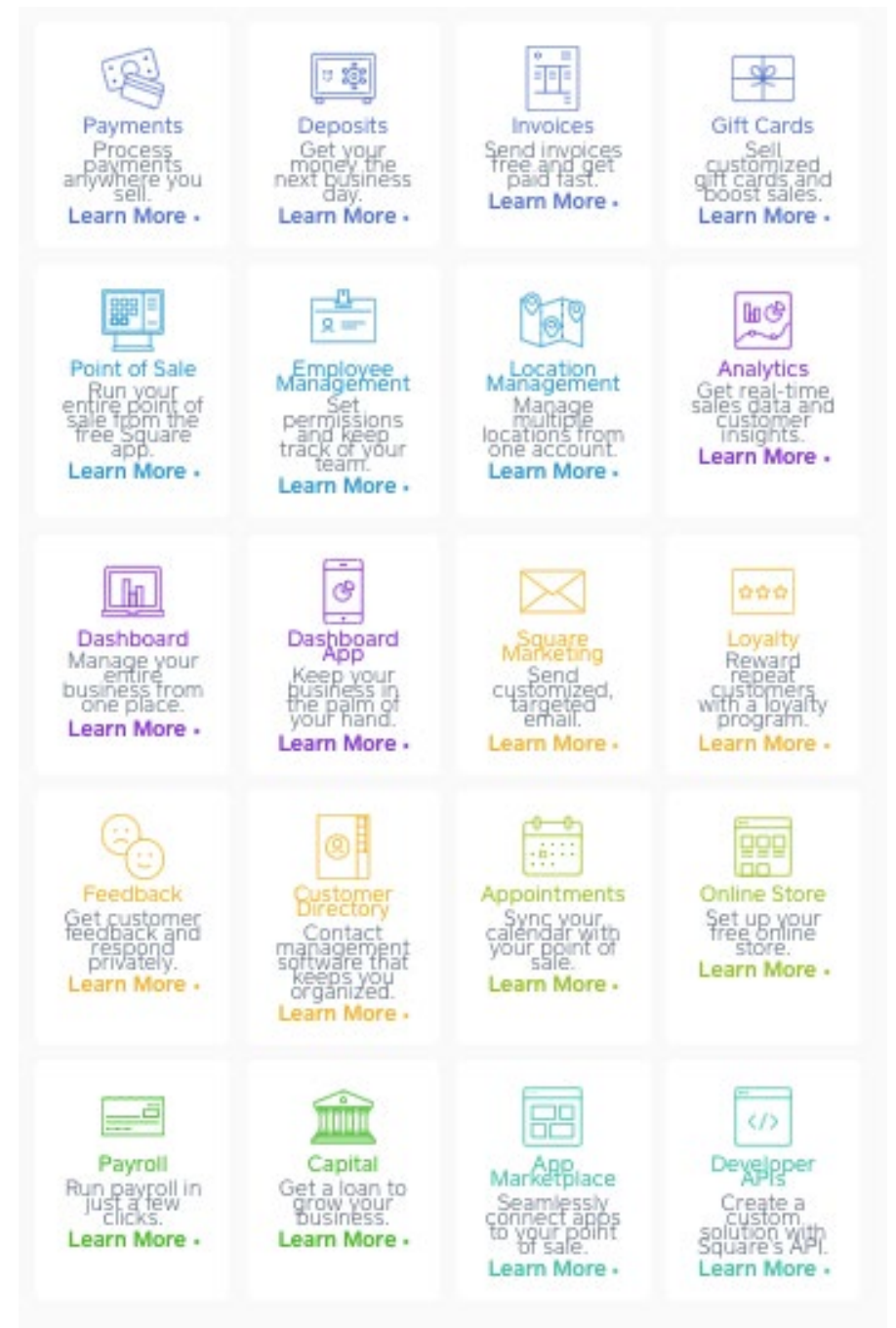
The cloud shift is upending
the local competitive
landscape



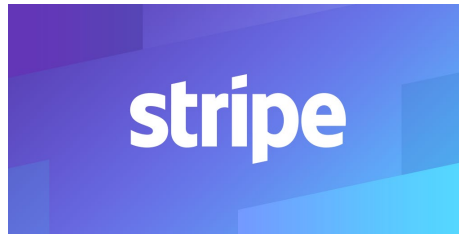
Companies in the SMB space that begin with a single point solution eventually either move upmarket or expand into a full suite.

Square is doing both.

This is leading to a more complex competitive environment for local SMB sellers.

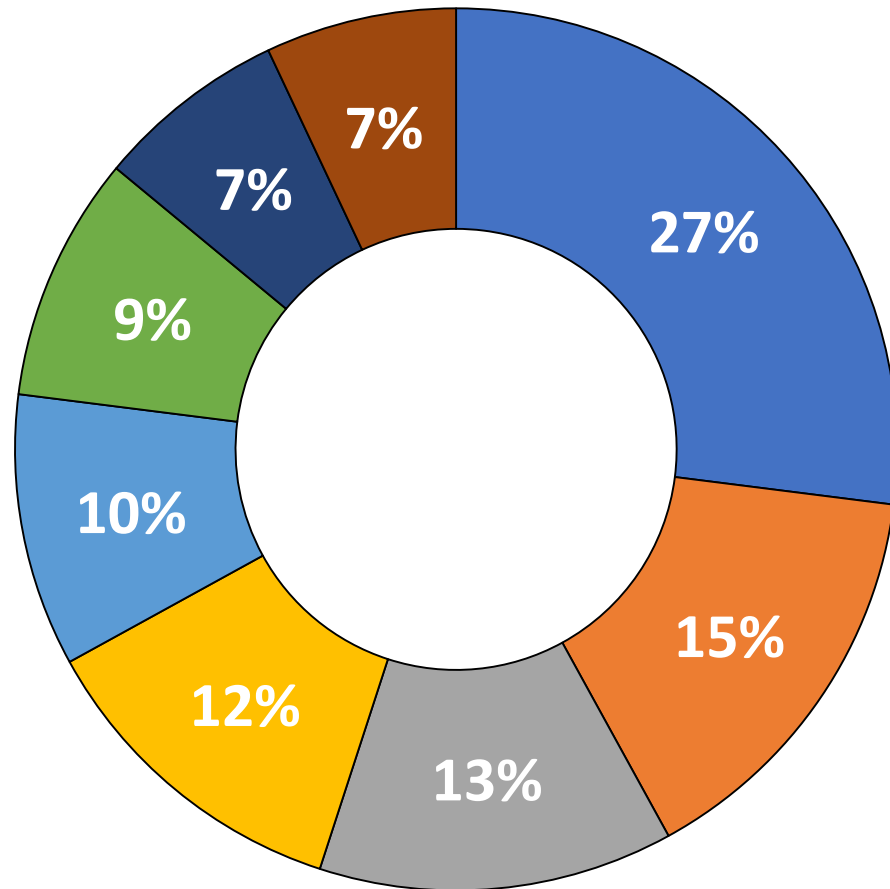


Meet Your New Competitors



“Tech First” Channels Rule

IF YOU WERE TO CONSIDER PURCHASING SERVICES OUTSIDE OF THE CORE SERVICE OFFERING OF A PARTICULAR PROVIDER, FROM WHICH WOULD YOU BE MORE LIKELY TO DO SO?



- Your internet service provider
- Cloud-based technology provider (e.g., Square, Gusto, Stripe)
- Your business bank
- Your local IT solutions provider
- Your accountant or accounting firm
- Your wireless telephone company
- Local advertising and/or marketing services provider
- Other



**The cloud will
accelerate online
self-purchase**

33%

Of SMBs that
purchased cloud tools
did so directly from
providers website

9%

Were
solicited by
a sales rep

9%

Purchased
through an
intermediary

19%

Purchased software
through an "online
marketplace"

7%

Purchased
through an
agency

Source: LSA's Tech Adoption Index (November 2018) n = 1,011




22%
**18-34 year old
respondents**

Self serving to avoid
salespeople



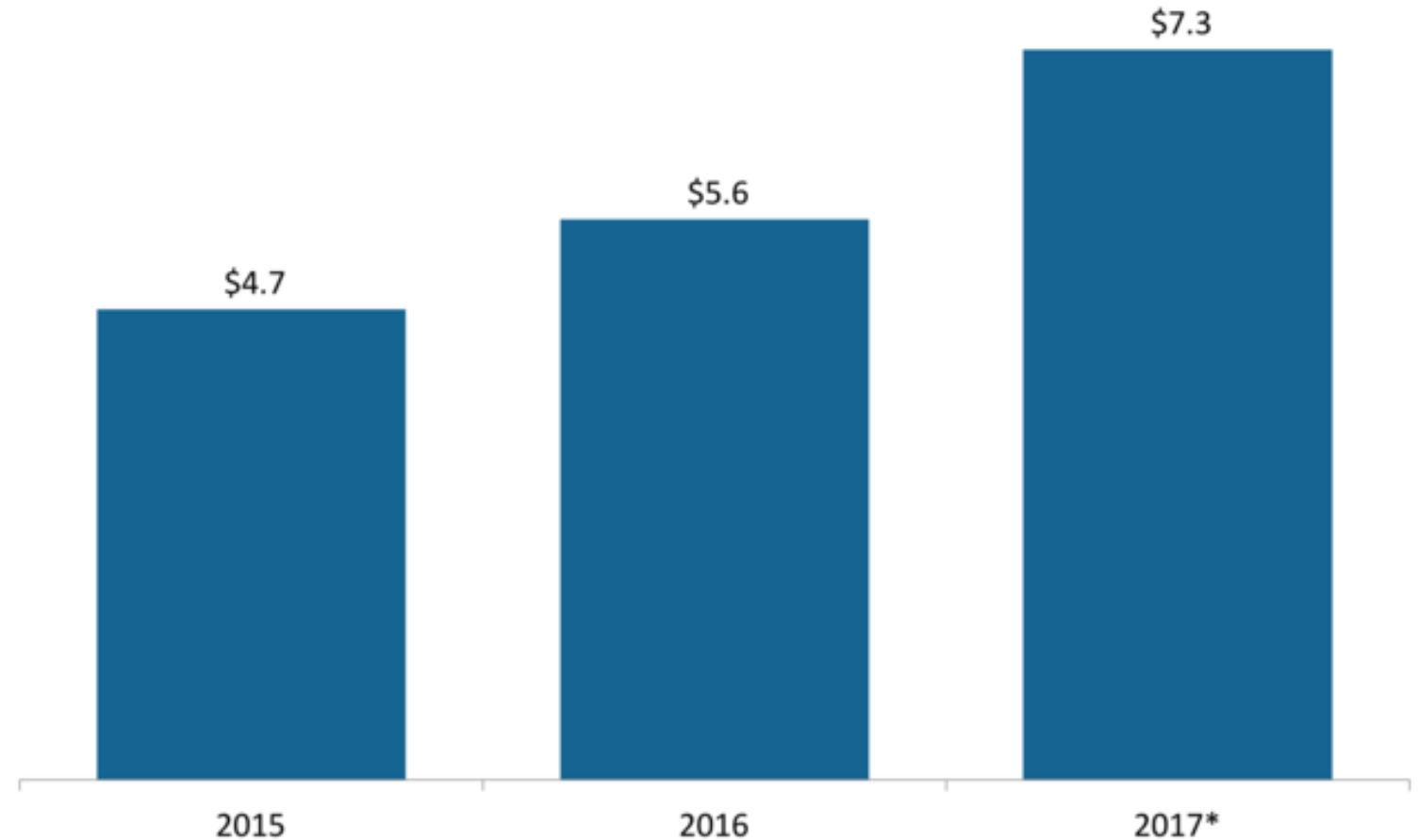
14%
Full sample

A Starbucks barista with a beard and a pompadour hairstyle is smiling while serving a customer. He is wearing a green Starbucks apron over a white shirt. He is holding a brown paper bag and a Starbucks Ethiopia coffee bag. A customer with long hair, wearing a pink shirt with blue polka dots, is seen from the back, looking at a laptop. The background shows a Starbucks store with framed art on the wall.

**SMBs Need Tools to
Level the CX Playing
Field with Brands**

Digital platforms
account for 60% of
Domino's' sales

Domino's Global Digital Sales
Billions (\$)



*Source: Company filings, BI Intelligence estimates**

BI INTELLIGENCE



68%

"Believe national brands have marketing and technology tools at their disposal that you do not."

7%

Believe competition with national chains is "less intense than before"

27%

Believe competition with national chains is "more intense than before"

Takeaways

- Future businesses will be born in the cloud, so meet them there
- Small businesses want more time almost as much as they want more customers
- One app solves a problem, 10 apps create a problem – make it easy for them to move to the cloud
- There are many pathways into the SMB's wallet and loyalty
- Brands are beating SMBs at CX using technology – can you help level the playing field?

Thanks for listening



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Q&A





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