

# State of SMB IT 1H 2013

Semi-Annual Report On Small And Midsize Business Technology Plans & Purchase Intent

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**Voice of IT™**

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The Spiceworks Voice of IT® market Insights program publishes stats, trends and opinions collected from small and medium business technology professionals that are among the more than 2.4M users of Spiceworks. Survey panelists opt-in to answer questions on technology trends important to them.

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## Executive Summary

According to our most recent survey, many SMBs have seen their budgets increase in the last six months, leading to ramped up spending on end-user devices and cloud services.

### Four key survey findings:



#### **Budgets & Spending: IT budgets have seen a dramatic boost in all but the largest SMBs.**

The average annual IT budget is now \$192,000 – up \$30,000 from the second half of 2012. SMBs with fewer than 250 employees are seeing the biggest budget increases, while companies with 250 to 999 employees show a decline. However, hiring remains largely flat, with the bulk of the increased budget going to new end-user hardware purchases and, to a lesser extent, new cloud-based and hosted IT services.



#### **Cloud: Cloud-based and hosted IT services have found a home in SMB.**

While cloud services appear to have held steady over the last six months, with just over 60% of respondents using them, survey results suggest that cloud services are headed for a new peak of 66% in the second half of 2013. The smaller the SMB, the more likely they are to be using cloud services. Smaller SMBs are also using the greatest number of cloud services.



#### **Virtualization: Server virtualization has reached new heights.**

Adoption of server virtualization continues to increase unabated, with 72% of respondents now using server virtualization – an increase of seven percentage points since the second half of 2012. What's more, a full 80% plan to be using server virtualization within the next six months. EMEA leads in this category, with 80% average usage compared to 73% in North America. Unlike with cloud services, however, the larger the SMB, the more likely they are to be using server virtualization.



#### **Mobile: Tablets are quickly gaining ground in SMB networks and budgets.**

Tablets continue to be the driving force in mobile tech, with 59% of respondents reporting that they have tablets on their network. This figure is up six percentage points from just six months ago, and it'll likely continue to rise; 70% of respondents predict they'll have tablets on their network in the second half of 2013. While smartphone adoption has leveled off, survey results suggest that those devices are headed for a new peak this year as well.

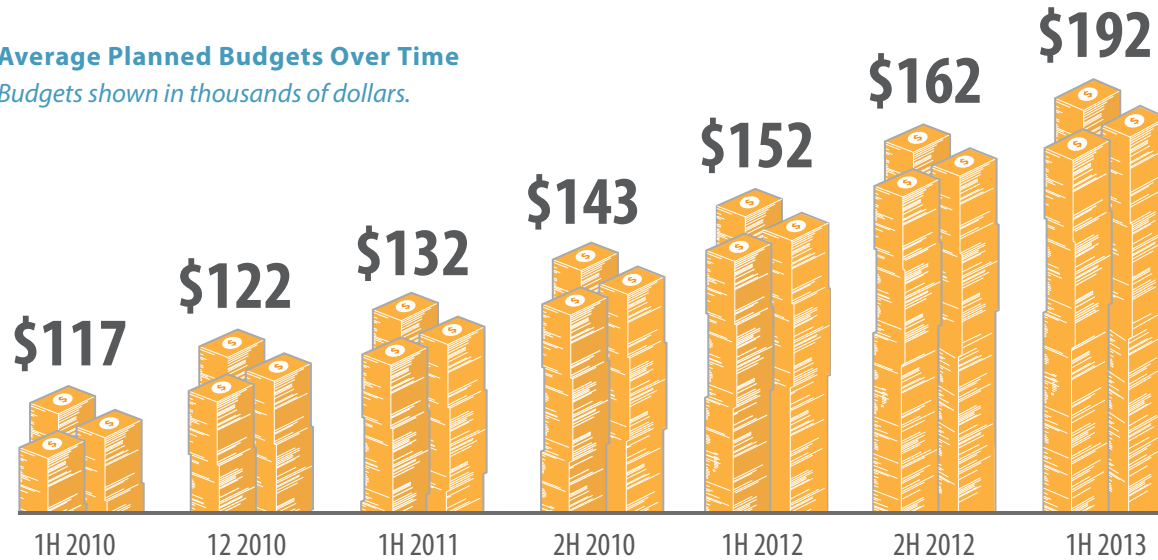


## For many SMBs, IT budgets are on the uptick.

The average annual IT budget is now \$192,000, which is up \$30,000 from the second half of 2012. SMBs with fewer than 250 employees are seeing the biggest budget increases. In fact, organizations with fewer than 20 employees have seen their annual IT budgets almost triple, increasing from \$19,000 to \$54,000 on average. Organizations with 20 to 249 employees are showing modest increases, while those with 250 to 999 employees show a decline. In general, annual IT budgets for SMBs in North America are increasing more than for their counterparts in Europe, the Middle East, and Africa (EMEA).

### Average Planned Budgets Over Time

Budgets shown in thousands of dollars.



#### FROM THE COMMUNITY

I think we are spending enough this year. We are investing in technology that we need and leveraging that technology to help reach our company goals.

**JoeMats**  
IT Director

<http://community.spiceworks.com/topic/312143-informal-it-budget-survey-are-you-spending-enough-or-too-much>

### Average Planned Budgets by Company Size Over Time



### Average Planned Budgets by Region Over Time





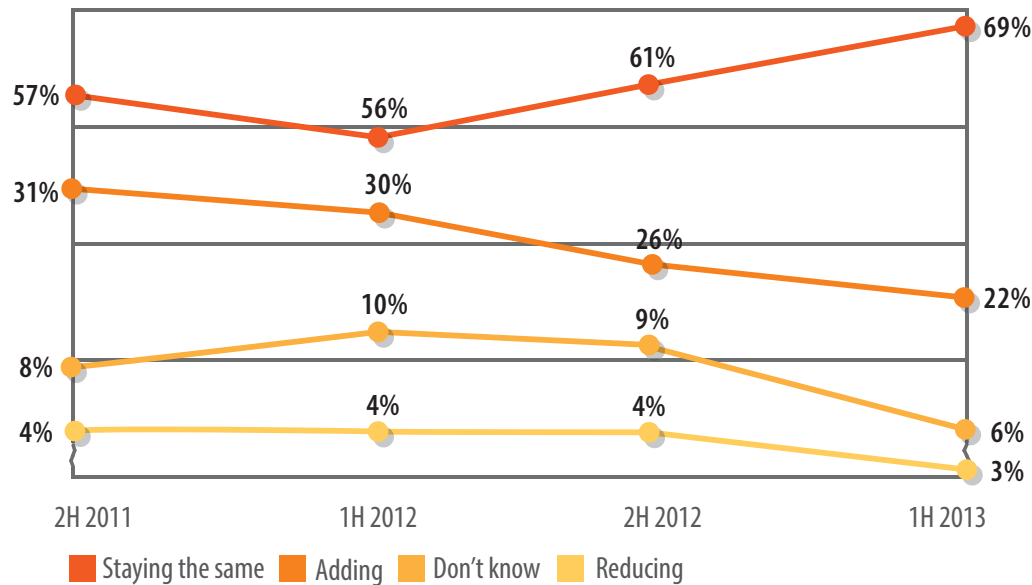
## Staffing plans have plateaued.

Despite increased budgets, hiring remains largely flat across all sizes of SMBs, with only 22% planning to add staff within the next six months. SMBs in North America are planning to add staff at a slightly higher rate than those in EMEA (23% compared to 19%).

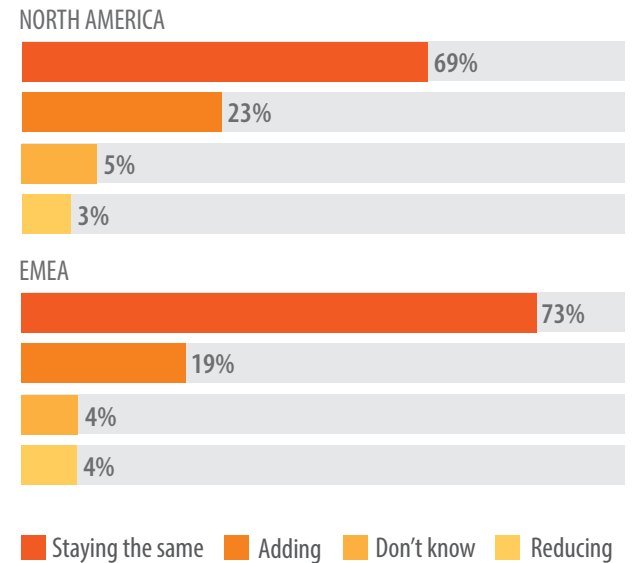
The majority of respondents (69%) are neither adding nor reducing staff, which is up from 61% in the second half of last year. Only 3% of respondents say their organizations are planning to reduce headcount.

*Q. What are your staffing plans for your IT department over the next 6 months?*

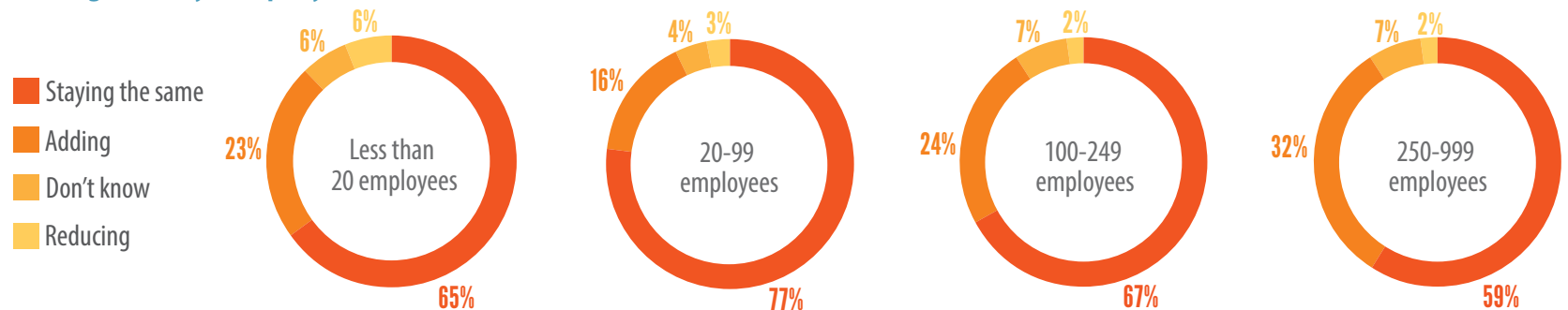
### Staffing Plans Over Time



### Staffing Plans by Region



### Staffing Plans by Company Size



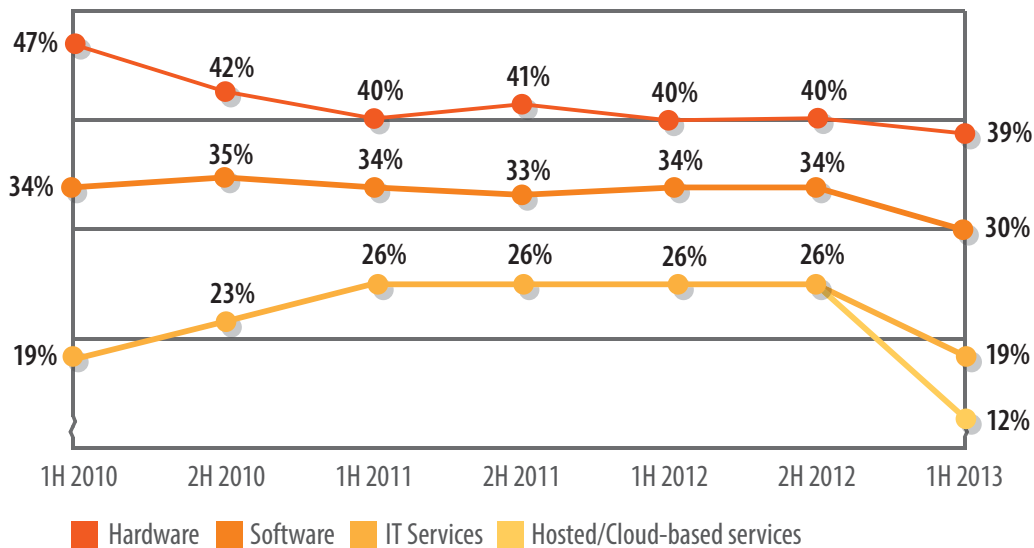


## Cloud services have become a substantial line item.

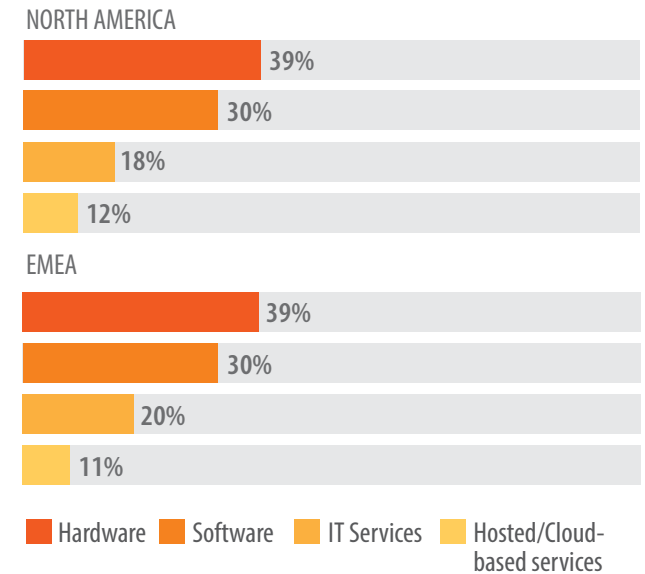
For the first time, the latest State of SMB IT survey provided a separate category for capturing IT budget spent on hosted/cloud-based services. Spending percentages in both the software and IT services categories were diverted to the new category, resulting in lower percentages for those categories compared to the second half of 2012. Hosted/cloud-based services currently represent 12% of annual IT budgets in North America and 11% in EMEA. Organizations with fewer than 20 employees are allocating significantly more budget to hosted/cloud-based services than organizations with 20 employees or more (19% compared to 11%).

*Q. What cloud-based/hosted services do you use today or plan to start using within the next 6 months?*

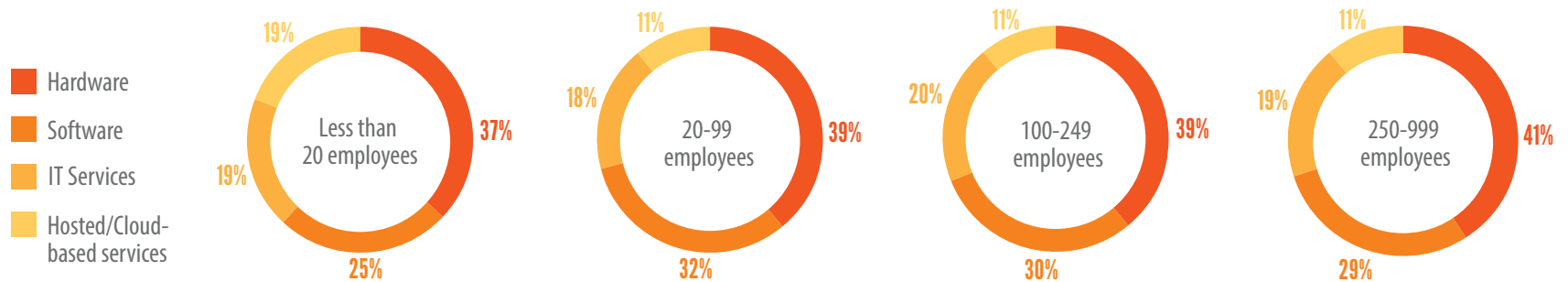
### Allocation of Annual Budget Over Time



### Allocation of Annual by Region



### Allocation of Annual Budget by Company Size





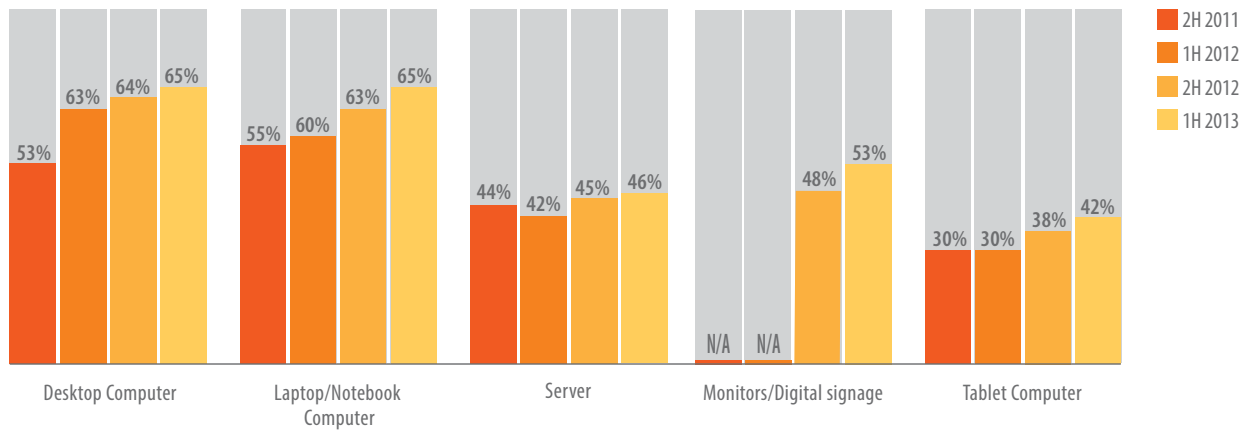
## When it comes to hardware, purchases trump upgrades.

SMBs are more likely to purchase new devices than upgrade existing ones, especially in the case of end-user devices. Sixty-five percent of respondents say they're planning to purchase both desktops and laptops within the next six months. Respondents are also planning to purchase more tablet computers than they have in the past, with 42% planning a tablet purchase compared to 38% in the second half of 2012.

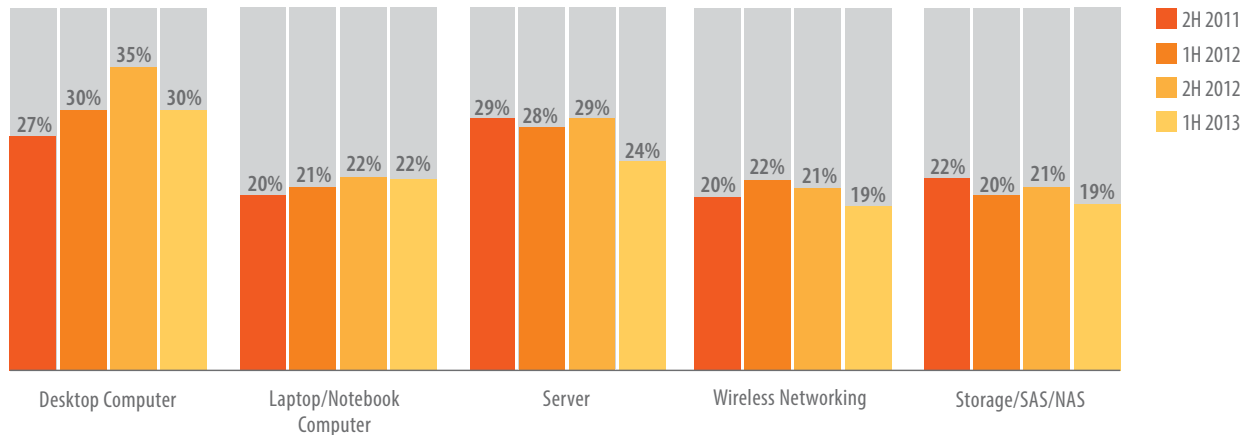
Purchases trump upgrades when it comes to servers, as well. Forty-six percent of respondents are planning to purchase new servers, while only 24% are planning to upgrade existing ones.

*Q. Which of the following hardware products do you plan to purchase or upgrade over the next 6 months?*

### Top 5 New Hardware Purchases Over Time



### Top 5 Hardware Upgrades Over Time



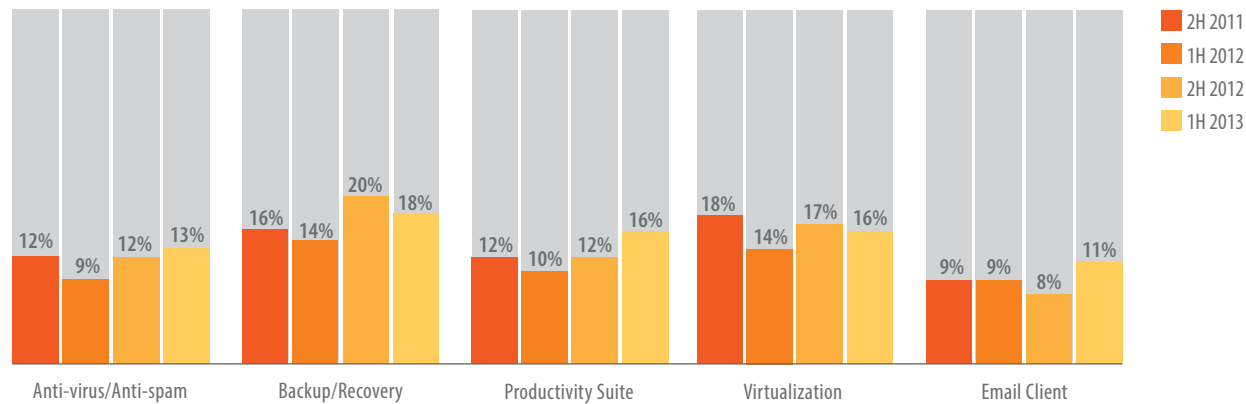


## New software purchases take a back seat.

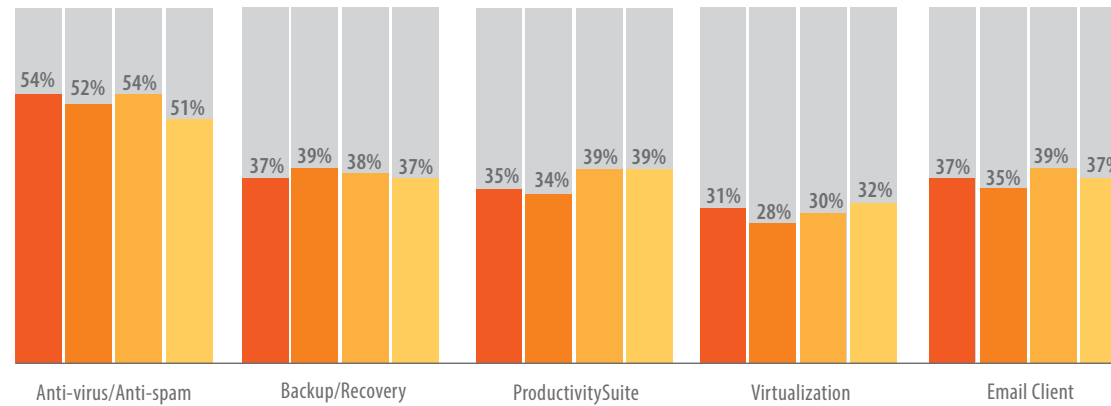
A smaller number of respondents are planning to make new software purchases within the next six months. Many more are planning to upgrade or renew existing software, indicating that IT organizations are satisfied with their current vendors in specific software categories. For example, 13% of respondents are planning to purchase new anti-virus/anti-spam software, but nearly four times that number (51%) are planning to upgrade or renew their existing software.

*Q. Which of the following software products do you plan to purchase, upgrade and/or renew over the next 6 months?*

### Top 5 New Software Purchases Over Time



### Top 5 Software Upgrades/Renewals Over Time



#### DID YOU KNOW?

There are over 425,000 software titles in Spiceworks.

Are you a tech vendor with a question about software? Let us find the answer. [insights@spiceworks.com](mailto:insights@spiceworks.com)



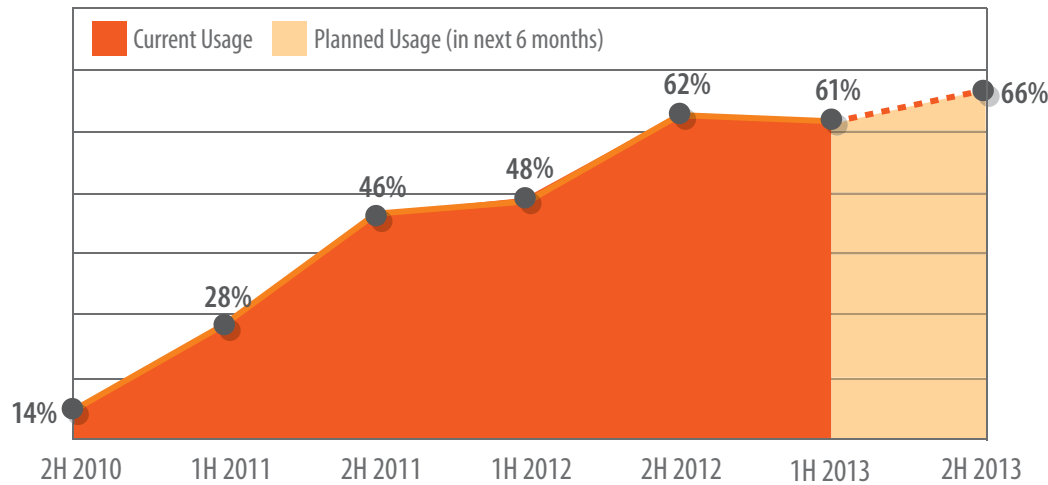
## Smaller SMBs are leading the charge into the cloud.

While cloud-based/hosted services have leveled off recently, survey results indicate they're heading for a new peak. Sixty-one percent of respondents are using cloud-based/hosted services today, but an additional 5% are planning to implement these kinds of services within the next six months.

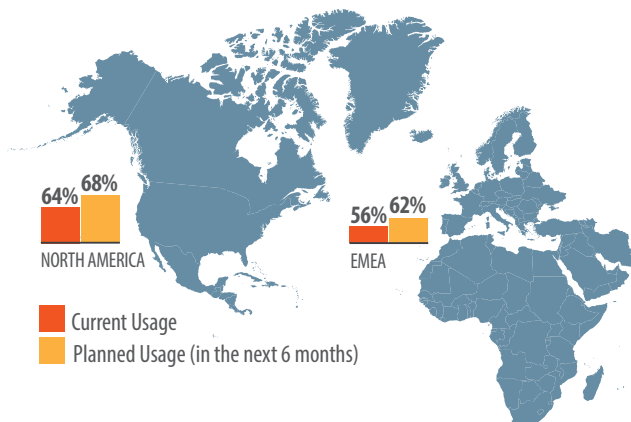
The smaller the organization, the more likely they are to use cloud-based/hosted services. Sixty-nine percent of SMBs with fewer than 20 employees use these services, compared to 55% of those with 250 to 999 employees. North American SMBs are more likely to use these services than EMEA (64% compared to 56%), but that gap appears to be closing.

*Q. Do you use any cloud-based/hosted services today?-*

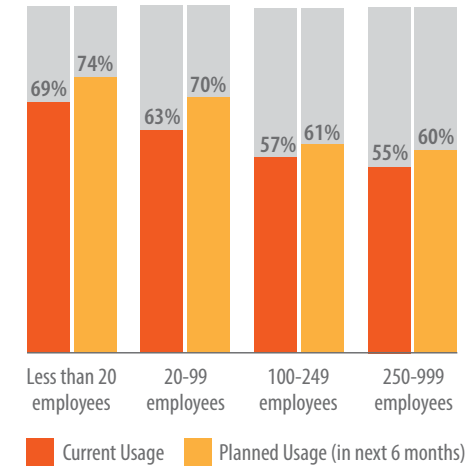
### Cloud Adoption Over Time



### Cloud Adoption by Region



### Cloud Adoption by Company Size



#### FROM THE COMMUNITY

The top two reasons that I like hosted services:

1. Security - Regardless of any concerns, enterprise hosting environments dramatically outstrip SMB shops in average security...
2. Availability - The model changes but the ability to keep your company alive and kicking even when a single site goes out (power, ISP, weather, emergency, etc.) is unbelievable.

**Scott Allan Miller**  
IT Strategist and Manager

<http://community.spiceworks.com/topic/337812-who-s-afraid-of-the-big-bad-cloud>



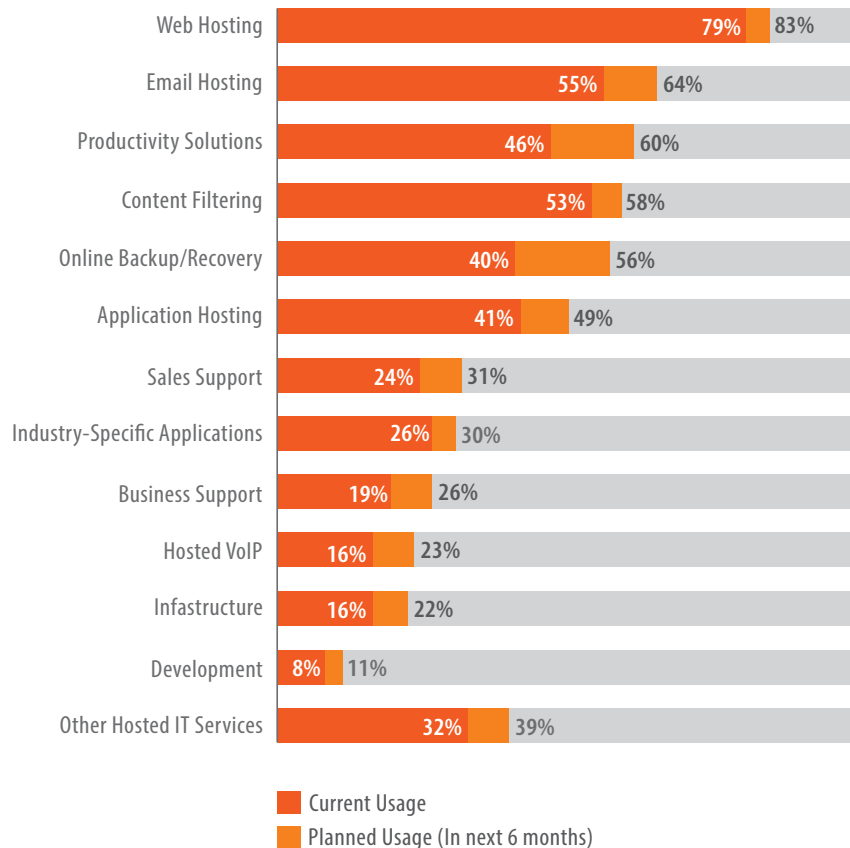


## Cloud services are not just for IT pros.

As a new survey category shows, not only are smaller organizations more likely to use cloud-based services, they're also more likely to be using a greater number of services. SMBs with fewer than 20 employees are running the greatest number of cloud-based services (an average of 5.3 services) and are likely to be running the greatest number six months from now. While backend services such as web hosting, email hosting, and online backup/recovery are among the most popular cloud-based/hosted services used, end user-facing services such as productivity solutions, sales support, and business applications are gaining a foothold.

*Q. What cloud-based/hosted services do you use cloud computing for today or plan to start using the cloud for within the next 6 months?*

### Usage of Cloud-Based Hosted Services



### Average Number of Cloud-Based Services Being Used

	Average Number Today	Average Number in Next 6 Months	% Increase
All Respondents	4.2	4.8	14% ▲
Less than 20 employees	5.3	6.1	15% ▲
20-99 employees	3.9	4.6	18% ▲
100-249 employees	3.8	4.4	16% ▲
250-999 employees	4.0	4.7	18% ▲
North America	4.3	4.9	14% ▲
EMEA	3.8	4.5	18% ▲



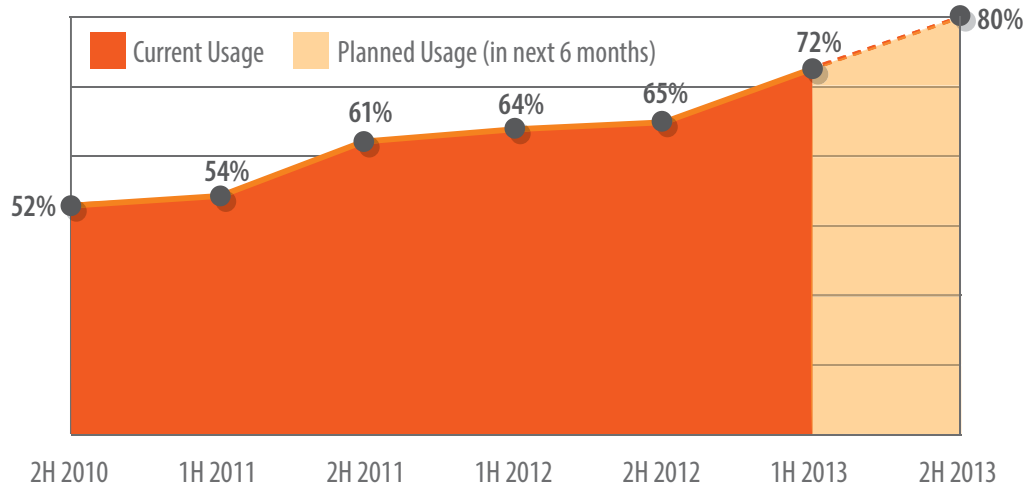
## Server virtualization has still not reached its peak.

Server virtualization adoption continues its upward trend, jumping seven percentage points since the second half of 2012 – from 65% to 72%. What's more, an additional 8% of respondents are planning to implement server virtualization within the next six months, which would bring the adoption total to 80%.

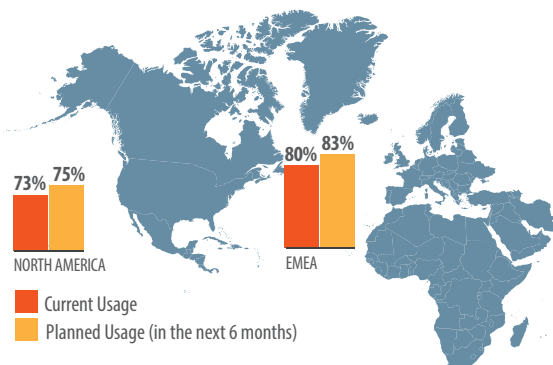
Unlike cloud services, where smaller organizations are leading the way, larger organizations are leading the pack when it comes to server virtualization. While just over half of SMBs with fewer than 20 employees are using server virtualization, 81% of SMBs with 250 to 999 employees are using it. EMEA leads North America in this category by a distinct margin – a gap that's likely to persist.

*Q. Do you virtualize any of your servers today?*

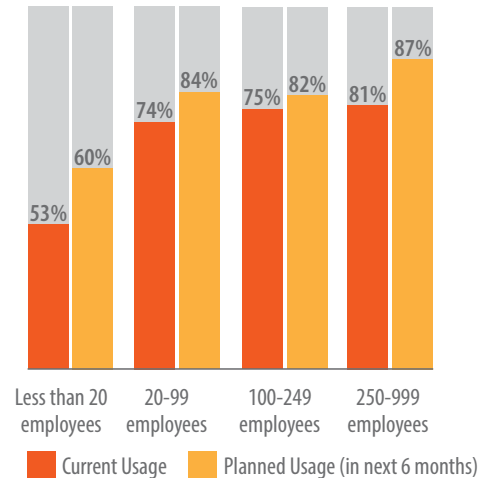
### Server Virtualization Adoption Over Time



### Server Virtualization Adoption by Region



### Server Virtualization Adoption by Company Size



#### DID YOU KNOW?

Government is more likely to be virtualizing than other industries.

Are you a tech vendor with a question about virtualization? Let us find the answer.  
[insights@spiceworks.com](mailto:insights@spiceworks.com)

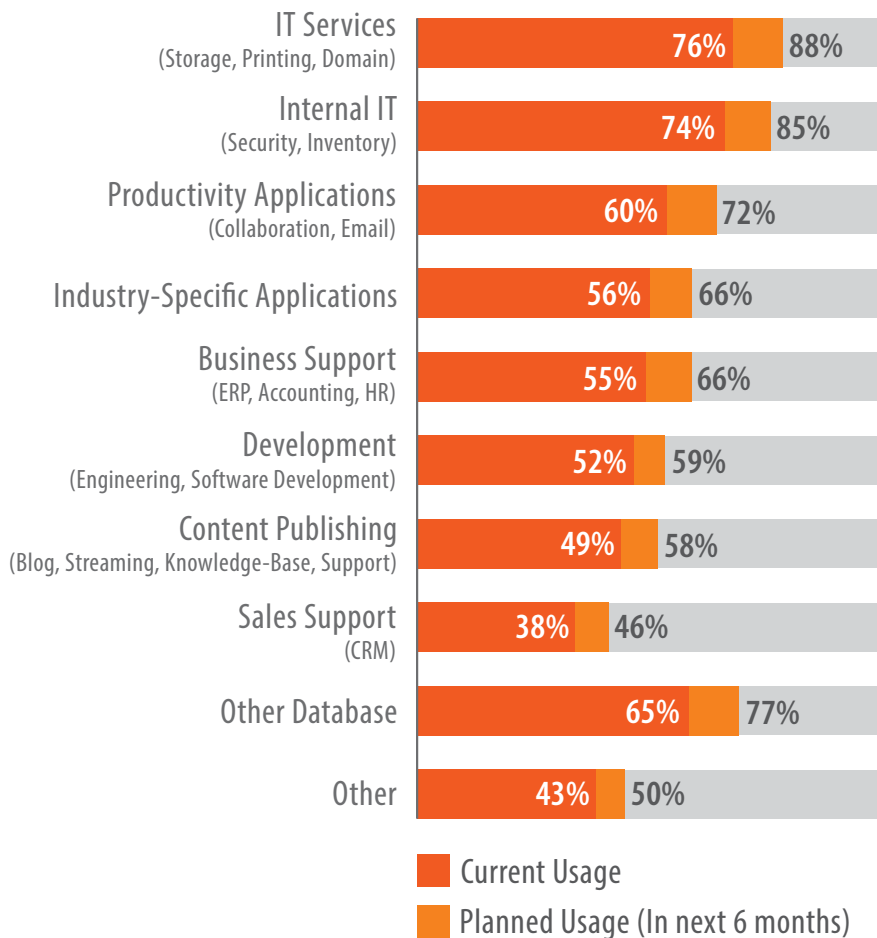


## Workloads of all types are fair game for virtualization.

The latest survey reflects an updated category for capturing the types of workloads being virtualized and those in the planning stages. Roughly three-quarters of respondents are virtualizing IT services such as storage, printing, domain services, security, and inventory. More than half are virtualizing end user-facing workloads such as productivity tools, industry-specific applications, and business support applications such as ERP, accounting, and HR. Virtualization rates across all types of workloads are projected to increase within the next six months. In keeping with server virtualization adoption trends, the largest SMBs are virtualizing the greatest variety of workload types.

*Q. Which of the following workloads do you run or plan to start running within the next 6 months on your company's virtual servers?*

### Types of Workloads Being Virtualized



### Average Number of Types of Workloads Being Virtualized

	Average Number Today	Average Number in Next 6 Months	% Increase
All Respondents	5.5	5.9	7% ▲
Less than 20 employees	5.5	5.7	4% ▲
20-99 employees	5.2	5.7	10% ▲
100-249 employees	5.6	6.0	7% ▲
250-999 employees	6.0	6.4	7% ▲
North America	5.6	6.0	7% ▲
EMEA	5.4	5.7	6% ▲

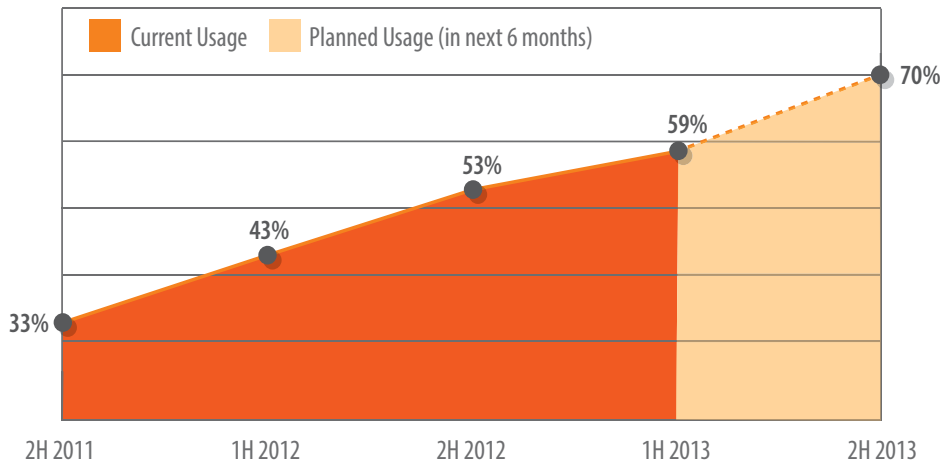


## IT pros anticipate a tidal wave of tablets.

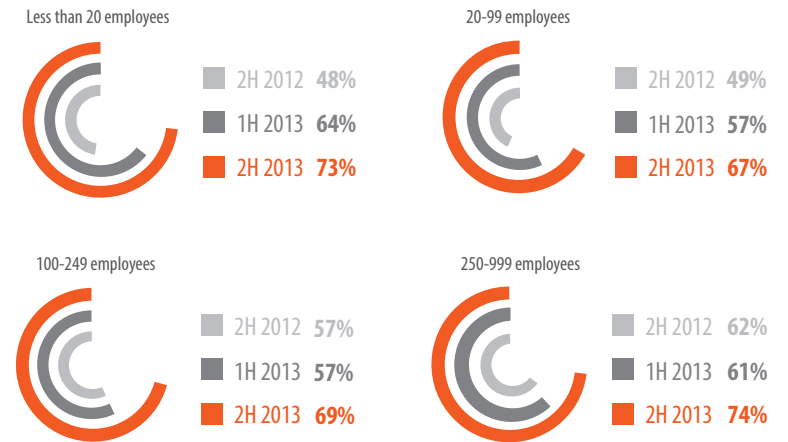
Use of tablets in the workplace continues to increase at a rapid clip, with 59% of respondents reporting that they currently have tablets on their network. This number represents an increase of six percentage points from 53% in the second half of 2012, and survey results indicate that this number could swell to 70% within the next six months. Tablets are used by the majority of SMBs, regardless of the size of the organization, although they're more likely to be used in North America than in EMEA.

*Q. Do you have tablets (like iPads) on your network today?*

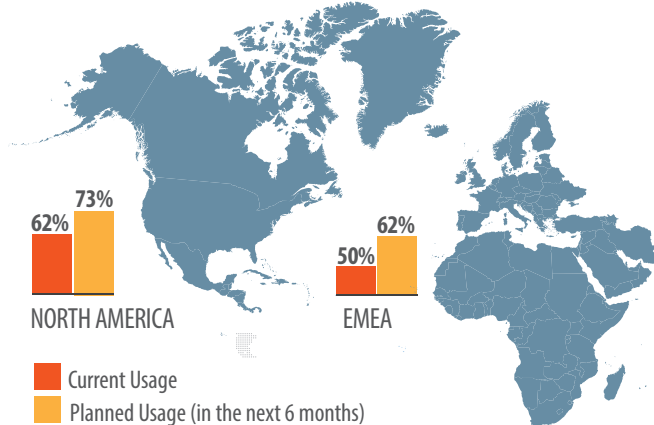
### Tablet Adoption Over Time



### Adoption of Tablets Over Time by Company Size



### Tablet Adoption by Region



#### FROM THE COMMUNITY

We use them for our field service technicians. They use it for email, clocking into jobs, T&E filing, sharing photos with the home office. The tablets have been a huge hit. The users find them much more friendly for these tasks.

**Sharon6787**  
**Network/Systems Admin**  
<http://community.spiceworks.com/topic/241802-what-is-a-tablet-good-for>

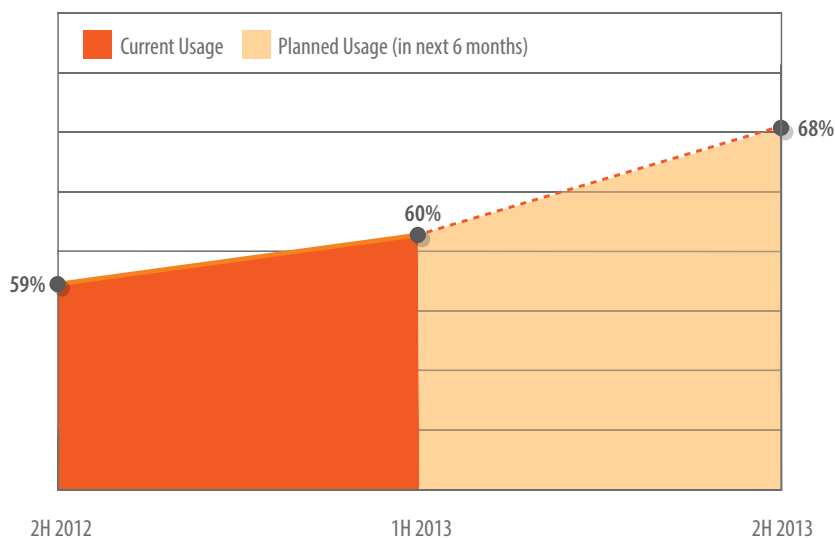


## Smartphones are still in the game.

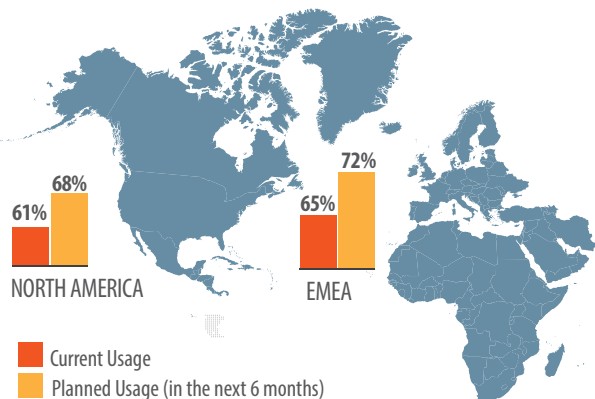
As tablets have taken off, smartphone adoption has hit a plateau, with 60% of respondents reporting that they manage smartphones on their network compared to 59% in the second half of 2012. Depending on the size of the organization, smartphone adoption has actually declined in some cases. However, respondents in SMBs of all sizes anticipate that smartphone adoption will increase within the next six months, which would bring the adoption total to 68%.

*Q. Do you manage smartphones on your network today?*

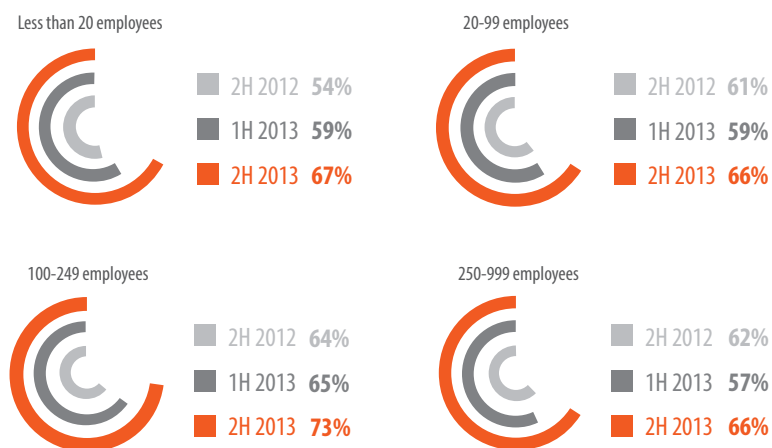
### Smartphone Adoption Over Time



### Smartphone Adoption by Region



### Adoption of Smartphones Over Time by Company Size



### BYOD is heating up.

Check out our latest VoIT report:  
[As BYOD Becomes Mainstream, Complexity Intensifies for SMBs](#)



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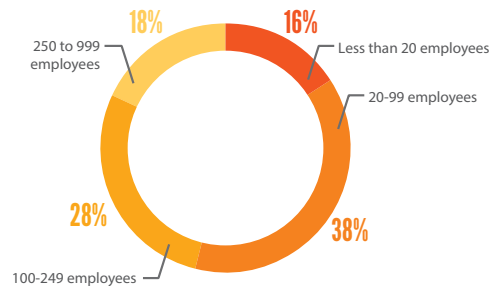
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 Published on May 29, 2013

## Background & Methodology

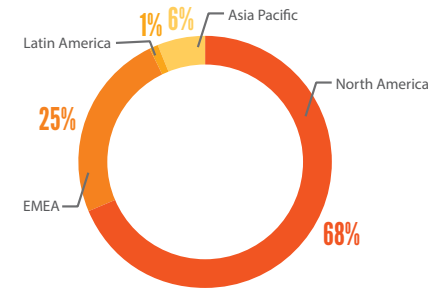
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The 1H 2013 State of SMB IT is the eighth edition of this study, which is designed to keep an active pulse on the happenings of small and midsize business IT professionals and IT departments. Responses to this latest survey were collected from 1,000 IT professionals around the world in organizations with fewer than 1,000 employees.

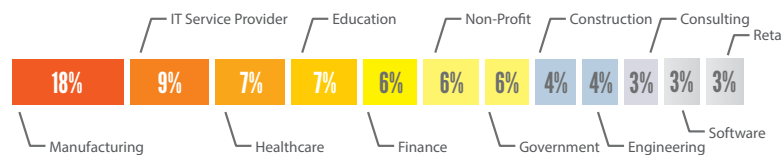
### Company Size



### Region



### Industry (Top 12 Industries Shown)



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