



WHITEPAPER

Soaring In The Cloud: What's Fuelling SMB Growth

| MAXIMIZER CRM



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Introduction

Cloud computing has been a boon for small and medium businesses (SMBs), allowing smaller firms to tap in to a level of IT infrastructure, computing power and internet security previously reserved for corporate giants with deep pockets. At the same time, it has provided SMBs with greater flexibility in terms of storage capacity and the number of application users, while allowing companies to stay on the cusp of technological innovation through automatic software updates. Plus, it has enabled greater workforce mobility by putting office resources and information in the hands of employees regardless of where they work.

Indeed, research shows that the fastest growing small businesses use cloud computing. According to a recent study commissioned by Google, SMBs using cloud technology grew 26% faster than other businesses, while generating 21% higher profits¹. In 2012, US\$14.5 billion was spent by SMBs on cloud solutions, and has more than doubled in 2015 with US\$33.8 billion now being spent². SMBs operating today are struggling to stay on top of fast-moving technological change, but going to the Cloud makes it all spectacularly simple.

The fastest growing SMBs are gravitating to the Cloud because they are reaping clear rewards. It provides a cost-effective way to improve efficiency and drive revenue by enabling easier access to solutions, such as Customer Relationship Management (CRM), marketing automation, email deployment, document processing, accounting, secure data storage, file sharing, analytics and other state-of-the-art applications that give SMBs a technological edge. The Cloud has enabled most of them to punch above their weight and maintain a clear advantage over competitors who are still content to run their systems on-premise. The Cloud has given not just SMB management and IT 24/7 capability; marketing, sales and customer service teams now have all their key business tools at their fingertips anywhere, anytime.

DISCOVER WHAT'S FUELLING SMB GROWTH.

In this whitepaper, we will:

- 1. Define cloud computing**
- 2. Look at the benefits cloud computing provides for SMBs**
- 3. Examine tools available to SMBs and how to combine them with a CRM solution.**

¹ Deloitte, Small business, big technology: how the Cloud enables rapid growth in SMBs, September 2014

² Venture Beat, 4 surprising facts about SMB cloud adoption (infographic), December 2014

In this whitepaper, we define cloud computing and take a look at the many benefits it provides for SMBs. We look specifically at the cloud computing tools available to SMBs and how to combine them with a CRM solution.

Cloud computing is the way forward – if an SMB is growing, there's usually a scalable and flexible cloud solution involved.



What is cloud computing?

Cloud remains a hot topic in the business media and around company water coolers, but do most employees really understand how it works? In its most basic form, cloud computing involves storing and accessing data and programs remotely through an internet connection rather than via a computer's hard drive. All pure cloud computing requires is an online connection and an external host server to enable the use of an application and its related data anywhere, anytime – without the need to consider the physical accessibility or limitations of your own information technology architecture.

Cloud computing caters to all needs, from individual consumers to large conglomerates.

Depending on size and service required, there are multiple types of cloud computing. Software as a Service (SaaS) allows individuals or small businesses to subscribe to applications and access them online³. Platform as a Service (PaaS) allows a business to create its own customer applications which can be used by everyone in the market place⁴. Finally, Infrastructure as a Service (IaaS), which involves the likes of Google, Amazon and Microsoft, provides a 'backbone' that can be "rented" by other companies. For example, Netflix provides an on-demand movie viewing service to its customers and uses Amazon's cloud services behind the scenes as its service-offering platform (or backbone)⁵.

There are also complex variations of the Cloud, any of which can be employed by an SMB, depending on its own resources and technical set-up. These can be simplified as: public cloud (where the software, data or both are held in a shared data centre), private cloud (where the software and/or data are held in a dedicated data centre), or hybrid (which can combine elements of both solutions as well as internal on-premise infrastructure).

The rate of change in digital technology continues to quicken as the evolution of new channels and applications makes the world a smaller place for companies of all sizes to operate in. It is, therefore, increasingly critical for SMBs to utilize cloud computing technologies to keep pace with new developments. Microsoft estimates that 27% of SMBs today are conducting business internationally; this compares with only 16% in 2010⁶. SMBs' competitive advantage in an increasingly non-localized business

³ PC Mag News, What is cloud computing, March 2013

⁴ PC Mag News, What is cloud computing, March 2013

⁵ PC Mag News, What is cloud computing, March 2013

⁶ Microsoft, Infographic – the way that SMBs do business is changing, 2014

environment will come from how they use the technology at their disposal both inside and outside their offices. Microsoft also predicts that by the end of 2015, the world's mobile workforce will reach 1.3 billion – 37% of the world's worker population⁷. This trend is paving the way for everyone to tap into cloud computing.

Why are small businesses moving to the Cloud?

Smaller businesses are adopting the Cloud faster than larger organizations. The Harvard Business Review found that 68% of businesses with fewer than 20 employees reported adopting the Cloud and closer to 66% of companies with fewer than 250 employees have already done so, while just over 50% of those with 250-1,000 employees are using the off-premise model⁸. Thus, SMBs are leading the way when it comes to cloud adoption – and why not?

For all sized companies, particularly SMBs, maintaining an in-house server can be a prohibitive process, particularly as volumes of data continuously surge. This leads to expensive and ongoing hardware upgrades and software updates, as well as higher support costs. The Cloud makes all of this simpler and more cost-effective. A study by consulting and market research firm, Hurwitz & Associates, showed that the smaller the firm, the more economic sense the Cloud makes. Its research revealed substantial technology cost savings realized over a four-year period by companies that had moved to the Cloud:

- Businesses with 52 system users saved 55%
- Companies with 100 users saved 50%
- Those with 200 users saved 35%⁹.

The fastest growing small businesses make extensive use of cloud technologies. According to research from Deloitte (commissioned by Google), SMBs using the Cloud are not just benefiting in revenue growth, but are typically achieving gross profits 21% higher than those that do not¹⁰.



THE IMPACT OF THE CLOUD ON SMBS, ACCORDING TO DELOITTE:

- **Experiencing 26% faster growth**
- **Have become 21% more profitable**
- **Enables 80% of SMBs to scale and grow**
- **Provides 77% of SMBs access to new markets**
- **Helps two thirds to beat their competitors¹¹.**

⁷ ibid

⁸ Venture Beat, 4 surprising facts about SMB cloud adoption (infographic), December 2014, citing Harvard Business Review

⁹ Hurwitz & Associates, The Compelling TCO Case for Cloud Computing in SMB and Mid-Market Enterprises, 2009

¹⁰ Deloitte, Small business, big technology: how the Cloud enables rapid growth in SMBs, September 2014

¹¹ Deloitte, Small business, big technology: how the Cloud enables rapid growth in SMBs, September 2014

The main benefits for SMBs to move over to the Cloud include:

1. Lower costs – Virtualization of your information infrastructure decreases the cost of physical server hardware (in terms of investment, implementation and maintenance), IT staff (less equipment means having fewer people to look after it), disruption protection (disaster recovery and other back-ups are handled by the provider) and regularly moving to the latest version of each enterprise application as it is released.



2. Better collaboration – The ability to save and access various files through the Cloud enables all employees to easily work on the same master document, maintaining version control and driving up productivity.

3. Increased flexibility – Living in a mobile world means accessing any file on any device, at any time. With more employees working remotely, it's crucial for small business teams to have access to files when they're not in the office. Increased mobility

and flexibility can also lead employers to implement BYOD (Bring Your Own Device) policies; employees can work on laptops, tablets and smartphones they already own and are comfortable with, reducing costs and improving efficiency.

4. Greater integration – Businesses that have adapted to the Cloud have the option of key functions with cloud-based suppliers and partners. This means that SMBs can more easily share information with specialized service providers, such as data analytics firms or accountants, without any of the issues involved in shifting their data onto another platform, which can potentially lead to security risks.

5. Scalability – The Cloud positions small businesses to quickly adapt to changing marketplace conditions – if an SMB needs to add extra storage space or integrate new software, cloud service allows for a simple and fast adoption, with no complicated changes to the hardware. It also means the number of users can be increased and decreased where new initiatives call for greater staffing, or retrenchment leads to cutbacks.



6. Maintenance and security – Most small firms don't have the same IT resources available to them as big corporations, so upgrading and maintaining systems can become very expensive, very quickly. Using the Cloud means it's no longer a problem, as the provider handles the process of keeping the servers and data centres in good working order and protected by state-of-the-art security.

7. Flexible adaption – Small businesses can adopt as much, or as little, of the Cloud as they want and are usually not committed to a full or long term package. Flexible and bespoke solutions enable SMBs to make the most of cloud, finding solutions that fit their particular IT needs¹².

All these benefits are contingent on an SMB finding the right provider – one that offers the functionality, features, protocols and service standards each company requires.



How the Cloud is transforming SMBs

SMBs are waking up to the benefits of cloud computing and it's enabling them to adjust to changes in the way business is done, and the technologies driving the shift to new working methods. According to recent research from Microsoft, 31% of SMBs expect to have the same data and user experience across multiple devices¹³. As well, Microsoft maintains that cloud technologies are helping SMBs succeed: 47% of SMBs say technologies such as cloud and mobile solutions are critical to their success because of the benefits mentioned above, including cost savings, scalability and flexibility¹⁴. Moreover, 35% of tech-savvy SMBs grew 15 percentage points faster than SMBs who were using minimal technology, and created jobs at twice the rate of non-cloud companies¹⁵.

Cloud computing is not only helping SMBs generate higher revenues; Microsoft's research shows 44% of SMBs say cloud solutions are the key to having more satisfied customers¹⁶. This is because cloud solutions help streamline processes, aiding customer service. According to a Harvard Business Review survey, 70% of SMBs report putting the money they saved from migrating to the Cloud back into their business, with 36% of those companies reinvesting these savings to improve their customer service¹⁷. The Cloud helped them decrease page load times, increase application stability, and provide faster responses to customer grievances¹⁸.

¹² Entrepreneur, 4 reasons small businesses should migrate to the cloud, May 2015

¹³ Microsoft, Infographic – the way that SMBs do business is changing, 2014

¹⁴ ibid

¹⁵ ibid

¹⁶ ibid

¹⁷ Harvard Business Review, The Value of Customer Experience, Quantified, August 2014

¹⁸ ibid

In addition to boosting customer service, cloud solutions help augment employee productivity and satisfaction. According to Microsoft, 45% of SMBs say their employees achieve more in the same amount of time thanks to the Cloud, 31% say these technologies enable employees to work and live in more places and 43% say technologies like the Cloud and mobile applications enable employees to work better together – all of which result in a happier and more effective workforce¹⁹.

What are the top cloud tools SMBs are using and why?

Comprehensive business suites

There is a wealth of cloud-based functions and software available to SMBs, including commercial email deployment, online storage, shared calendars, video conference calls and other web-based solutions that leverage its ease of use. The two main providers of the most comprehensive cloud solutions for SMBs are Microsoft with Office 365 and Google with its Business Apps. The two technology giants have already established an almost unassailable two-company rivalry in the office suite space. One in four Microsoft Enterprise customers uses Office 365 and more than five million companies have shifted over to Google²⁰. According to a survey conducted in 2015, organizations which are using Office 365 are about two years behind organizations using Google Business Apps in terms of cloud adoption²¹. Let's look at each of these in a bit more detail.

Microsoft Office 365 is a complete solution of office applications serviced via a cloud solution, offering its standard business in this area: Outlook, Word, Excel, PowerPoint, OneNote and Publisher, complete with storage. There are less established alternatives, such as Apache OpenOffice and Think Free Office, but as with other Microsoft

platforms, Office 365 has already become the gold standard for traditional workplace tasks among many SMBs moving to the Cloud – especially those already using Microsoft Office. More than 90% of the organizations using the easy-to-deploy-and-manage Office 365 are SMBs, with 27% saying it results in cost savings for them²². Office 365 enables SMB employees to work remotely while connecting with staff in various locations. This type of software facilitates the process of sharing updates to documents and indeed, multiple team members can all work on the same document at the same time.



Google Business Apps is a cloud computing solution more rooted in web-based file sharing and has its own specialist competitors, including Dropbox and Box. It consists of productivity and collaboration software including Google's popular email platform Gmail, Google Drive, Google Hangouts, Google Calendar and Google Docs. On average, SMBs

¹⁹ Microsoft, Infographic – the way that SMBs do business is changing, 2014

²⁰ Better Cloud Blog, Google Apps vs Office 365: Comparing the Usage, Adoption & Effectiveness of Cloud IT's Power Players, June 2015

²¹ ibid

²² ZDNet, Microsoft: more than 90% of office 365 users are small businesses, 2011

that are using Google Apps experience cost savings of 41%²³. While the functionality and cost savings of Google Apps' full suite of applications is enticing an increasing number of businesses to switch over, its well-established anytime/anywhere access to documents remains the big draw for many businesses. According to recent research, 51% of Google Apps user organizations' administrators cite its easy access to data, regardless of time or location, as the key benefit of moving to the Cloud²⁴.

CRM solutions

The advantages of CRM; streamlining processes, generating customer intimacy and boosting marketing and sales effectiveness, are all well known; however, combining this with the benefits of cloud computing ensures business growth and strong Return On Investment (ROI) for SMBs. Gartner research shows that the worldwide CRM market grew 13.7% in 2013, with 41% of those systems sold being SaaS based²⁵. Recently, Gartner's research indicated that cloud purchases are set to become 50% of all CRM deployments in 2015²⁶.

As SMBs evaluate their cloud CRM options, Total Cost of Ownership (TCO) should be top of mind, as cloud computing will

HOW CLOUD CRM DIRECTLY BENEFITS SMBS:

- 1. Cost savings** – significant saving on IT infrastructure, support and security
- 2. User-driven customization** – end users can adapt the configuration according to their experience and needs
- 3. Unlimited accessibility** – all data can be accessed at anytime from anywhere, ensuring the 'office' is wherever the employee needs to work
- 4. Increased productivity** – because employees don't have to be tied to their desks, they can access what they need (while they are on the road, between meetings, at home, wherever inspiration strikes) through any enabled mobile device, thus making better use of their time
- 5. Actionable customer information** – instant access to information on where the customer is in the sales lifecycle, updates on open service cases and other information that can help Marketing and Sales close deals; customer intelligence can be tapped ahead of meetings, during calls, etc.
- 6. Secure data** – reputable providers will have state-of-the-art ISO standard security, so users don't have to worry about it
- 7. Centralized data** – data is all in one place and easily accessible for integration with email, spreadsheet, file share and marketing automation applications
- 8. Worry free** – cloud CRM vendors take full responsibility for managing the software, providing all necessary updates and solving all technical glitches (and unlike most small businesses, have the IT expertise to do so).

²³ Better Cloud Blog, Google Apps vs 365, July 2015

²⁴ Better Cloud Blog, 47 Stats You Need to Know About the Google Apps Ecosystem, October 2013

²⁵ Forbes, Gartner CRM Market Share Update: 41% Of CRM Systems Are SaaS-based, Salesforce Dominating Market Growth, May 2014

²⁶ Gartner, Gartner says CRM will be at the heart of digital initiatives for years to come, 2012

lower their costs by eliminating up-front capital investments. TCO is the difference between the initial price of something and its broader long term cost. For 200 SMBs surveyed, the TCO for cloud-based solutions in comparison to on-premise was 35% lower²⁷.

The emergence and integration of new applications and the need for businesses to maintain control when using the Cloud

As demonstrated, cloud offers great flexibility and scalability for businesses wanting to integrate their business software solutions. It facilitates the process of integrating CRM and marketing automation platforms, Enterprise Resource Planning (ERP), instant messaging and accounting. Many SMBs are already using cloud applications. According to research conducted in 2014, 58% of SMBs are using cloud-based applications without even realizing it²⁸.

The Cloud offers a myriad of new applications and ways of accessing them; 32% of SMBs are using devices to access apps developed by or for the company – this is compared with a mere 12% in 2010²⁹. Many new applications are being quickly adopted in the cloud sphere, such as Slack, a real-time messaging application, and Zapier, which is based on trigger messaging and automating processes (for example, Gmail automatically syncing with Dropbox).

With so many different cloud apps available and being used simultaneously, it is essential that administrators have complete 'data visibility', and understand the information being held and transmitted across all applications, by whom and for what reason. SMBs' IT personnel should also be well-versed on the security standards of cloud providers and make sure they perform due diligence on any third party suppliers used by employees to ensure their set-up meets the

company's requirements. A high level of data visibility and supplier scrutiny ensures that risks are minimized and the benefits of cloud-based computing are maximized.

Cloud concerns over data security

According to a 2013 survey of IT and business executives, 50% cited greater reliance on internet-based applications such as cloud computing, as the driving factor in cyber security concerns. Organizations today are facing a big battle when it comes to data security and the Cloud. Many SMBs are reluctant to place their confidence in the security of cloud providers. However, many experts would argue that data in the Cloud is more secure than in an on-premise installation – particularly for small organizations that don't have the resources for dedicated security staff and technology experts. As mentioned, concerns about data security and the Cloud could be eliminated with data visibility and control.



²⁷ The Compelling TCO Case for Cloud Computing in SMB and Mid-Market enterprises – Hurwitz whitepaper

²⁸ CuriousRubik, 12 Statistics about cloud computing that every business owner should know, September 2014

²⁹ Riverbed, Surviving the cloud – visibility is the key, February 2014

How the Cloud has enabled growth for SMBs

Levick – a leading American strategic communications company

Levick is a small to mid-sized communications firm whose entire staff was using variations of Office – from Office 2003 to Office 2010. All documents were stored on a central server, and when people needed to collaborate on them, they would merely email the documents back and forth, which proved to be a very inefficient system. After considering Google Apps they decided to invest in Office 365. One of the main initial benefits was employees' ability to access documents anywhere at any time. Even though Levick hadn't implemented an official BYOD programme, their staff were starting to use devices of their choice. Migrating to Office 365 provided considerable financial savings as well; purchasing of conventional licenses for old office programmes would have equated to 6 years' subscription to Office 365³⁰.

Here For You Hospitality (HFYH) – a company that brings together hotels, pubs and leisure facilities

Based in the north of the UK, HFYH previously operated off-premise Pop 3 email and on-premise file servers; all of which were expensive to run. As the hardware started nearing its limitations, it was time for the company to review its options. HFYH was using various versions of Microsoft Office, which was making productivity very difficult. In particular, hotels and pubs owned by HFYH were required to submit regular KPI reports, which were usually compiled in discombobulated spreadsheets that made the data difficult to collate and the whole situation very time consuming to manage. Furthermore,

due to being spread over 15 locations, they required an easy-to-use conferencing system.

After reviewing their options, HFYH decided it was time to move to the Cloud. With the new Office 365 subscription, they now have central access to email, diaries, contacts and company documents wherever they are working. Following this switch, the organization is now benefiting from fixed monthly costs on all IT services. Furthermore, they have gained enterprise level availability, reliability, plus well-managed computers and the confidence that their data is secure³¹.

Conclusion

It is evident that cloud technology is exactly what is needed for SMBs to achieve rapid growth. Applying this business infrastructure, along with general good business sense ensures a recipe for success. Cloud solutions enable new capabilities such as analytics and CRM to be added to a business' technical infrastructure without any complexity. Cloud-based CRM offers the greatest ROI, while simultaneously offering SMBs the flexibility and scalability they need to grow. It's crucial for SMBs to optimize their technology and their business practices to take advantage of the changing digital landscape. SMBs should move to the Cloud all tools and applications that need to remain flexible, scalable and up-to-date while requiring extensive IT infrastructure, computing power and state-of-the-art security. This then frees up time, capital and resources, all of which will result in strong growth.

³⁰ Better Small Business Computing, Moving to the cloud, June 2014

³¹ Montal Professional IT Solutions, Cloud Computing - Here for You Hospitality and Microsoft 365, 2015

About Maximizer

Maximizer CRM is fueling the growth of businesses around the world.

Our CRM solutions come fully loaded with the core Sales, Marketing and Service functionality companies need to optimize sales productivity, accelerate marketing and improve customer service. With flexible on-premise, our cloud and your cloud deployment options, tailored-to-fit flexibility, state-of-the art security infrastructure, industry-specific editions and anywhere/anytime mobile access, Maximizer is the affordable CRM solution of choice.

From offices in North America, Europe, Middle East, Africa and AsiaPac, and a worldwide network of certified business partners, Maximizer has shipped over one million licenses to more than 120,000 customers worldwide.



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