



SPECIAL REPORT 

SPECIAL REPORT:  
THE STATE OF  
CANADIAN SMB

PRESENTED BY   
Business Advantage Through Technology

# MULTIPLE PERSPECTIVES PROVIDED

*In this year's study, we benefit from having multiple ways of looking at our collected responses to help us draw insights and implications for you and your fellow IT decision-makers at Canada's small and medium-sized organizations.*

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## Year-over-Year

This is the 3rd wave of research we have conducted on the Canadian SMB landscape. It's informed our editorial choices at [itbusiness.ca](http://itbusiness.ca) along the way, and now provides us with points of comparison to understand how the ground has been shifting beneath our collective feet.

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## Small vs. Medium vs. Large

In this year's study, we collected an overall sample of 360 IT decision-makers. In addition to looking at just small (0-50 employees: 226) and medium-sized organizations (51-500: 57), we also include larger-sized organizations (500+: 77) in our sample to broaden our perspective.

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## Best-in-class Practitioner

Among small, medium and larger organizations, about 20% classified themselves as being best-in-class. Though their circumstances vary greatly by virtue of their very different sizes, some common themes emerged as well.

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# 1 YEAR-OVER-YEAR PERSPECTIVE

*In our first section, we discuss findings under the following headings:*

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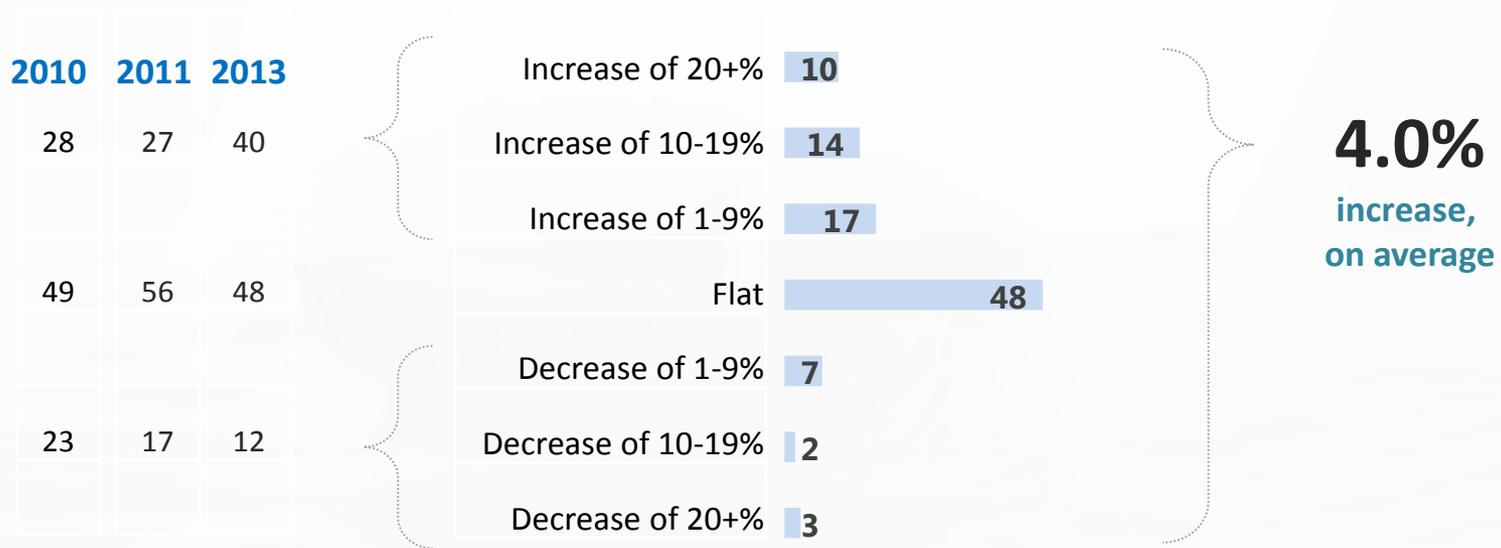


# 1

## BUDGETS ARE GROWING MORE SHARPLY

- For about half, budgets have remained stable.
- Among those that saw a change, the vast majority were increases vs. decreases (40% vs. 12%). In 2010 and 2011, we saw only about one-quarter experience increases.
- Given that these increases outpace overall economic activity, it would seem that IT leaders at SMBs have been successfully making the case for investing in their departments.

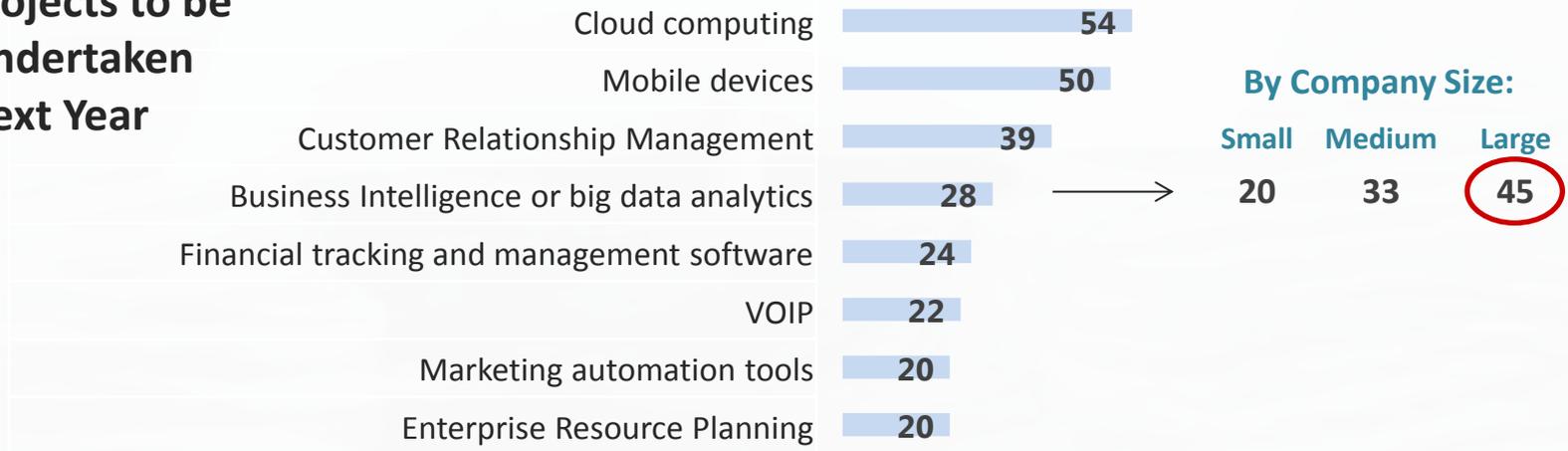
### Year-over-Year Budget Change



# 1 THE CLOUD ISN'T JUST HOT AIR

- In previous years, you have told us the cloud was something you were considering.
- Now, it's something more than half of you will be undertaking next year, making it the most common type of project, edging ahead of Mobile (50%), which has much more quietly risen to be a top IT activity, when we reflect back on previous waves of our research.
- Though we've heard a lot about big data, it seems it's still for the big guys – only about one-quarter of SMBs have big data project plans for next year. Almost twice as many larger organizations do.

## Projects to be Undertaken Next Year



# 1

## SECURITY TRUMPS THE COST OF THE CLOUD

- Knowing that IT funding is not easy to come by at SMBs, it was interesting to note that Cost was rated as the 3rd most important consideration when it comes to the Cloud.
- Security was rated most important, with Data Sovereignty second and Feature Set least important. This is key information for marketers of Cloud Solutions to SMBs.

### Top Cloud Considerations

% ranking as number one

By Company Size:

Small Medium Large

Data Security	46	42	46	61
Data Sovereignty	22	22	25	22
Cost	14	15	16	7
Feature Set	8	10	16	9

- As recently as 2011, only 15% didn't see themselves using PCs in 5 years. This year, it's doubled to about one-third (32%). PCs anticipated obsolescence is almost as high as it is for traditional phone lines (39%).

## Planned Obsolescence

% planning on stopping using in next few years

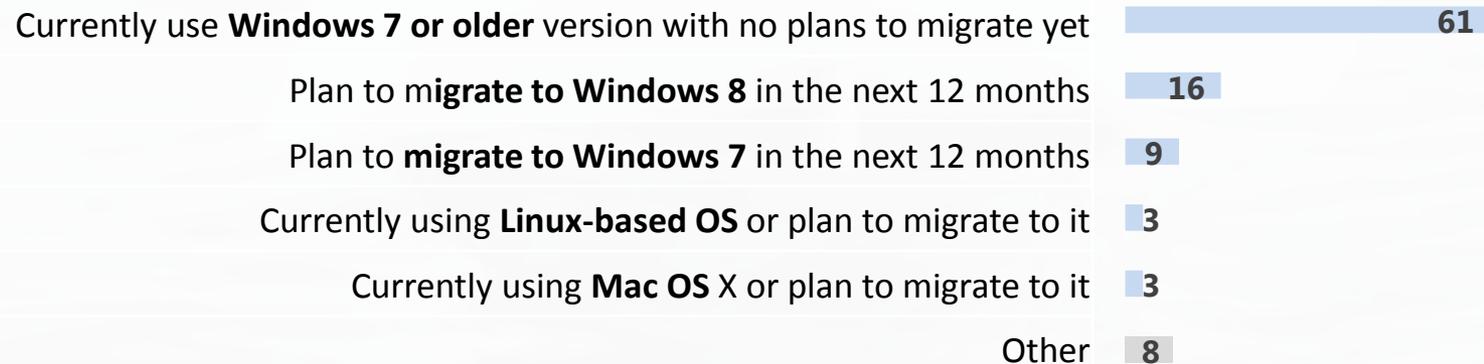




# OS MIGRATION IS NOT A PRIORITY

- Most (61%) are using Windows 7 or older and have no immediate plans to migrate. Among those that do, more are planning to migrate to Windows 8 than to Windows 7 (16% vs. 9%).
- For Mobile, it is common for more than one OS to be supported at the same organization (57% support more than one). Blackberry remains most common (61%), with Apple's iOS (54%) and Google's Android (52%) battling for a close second.

## Operating System Migration Plans

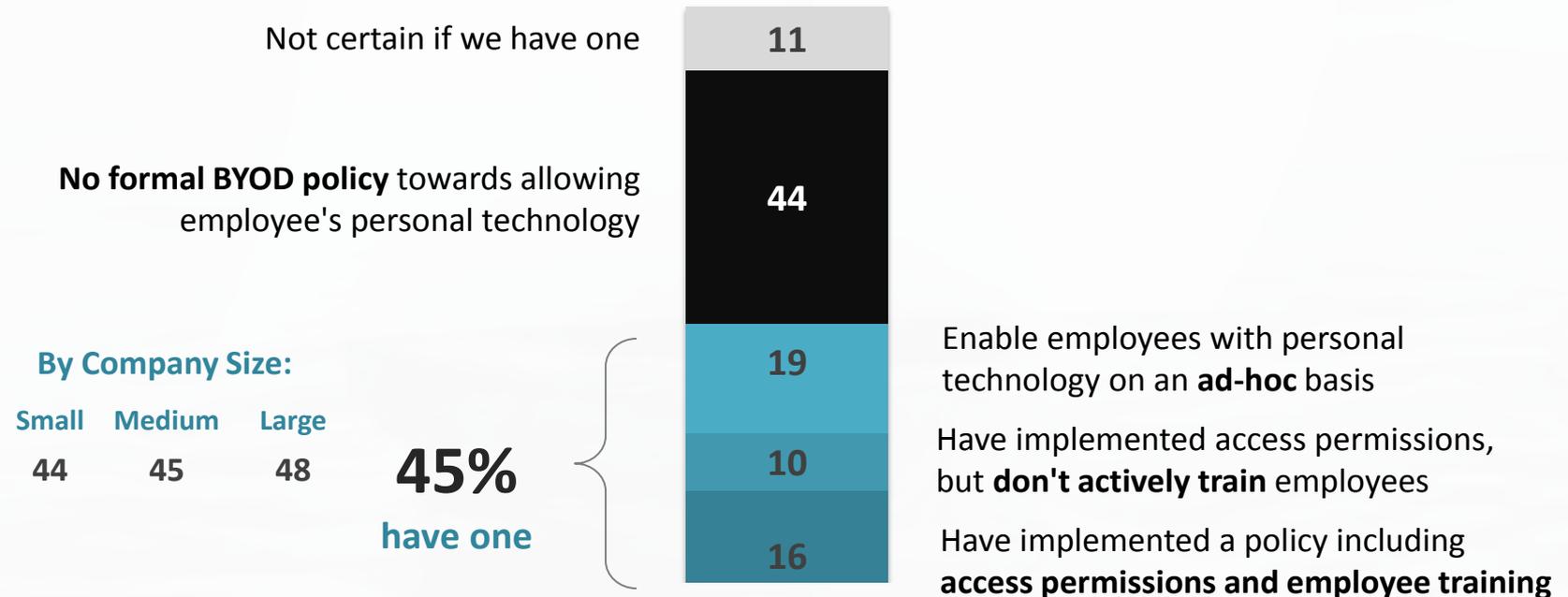




# BYOD POLICIES, IN SOME FORM, ARE SEEN FREQUENTLY

- About as many have policies as those who do not. This represents a sign of maturity among SMBs, as the incidence of BYOD policies is as high among them as it is among larger organizations.

## Bring Your Own Device (BYOD) Policies



## 2 SMALL VS. MEDIUM VS. LARGE PERSPECTIVE

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*In this year`s study, we collected an overall sample of 353 IT decision-makers.*

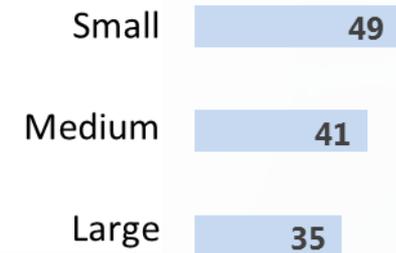
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- s** **SMALL ORGANIZATIONS (0-50 EMPLOYEES) ARE FLYING ON THEIR OWN** 12
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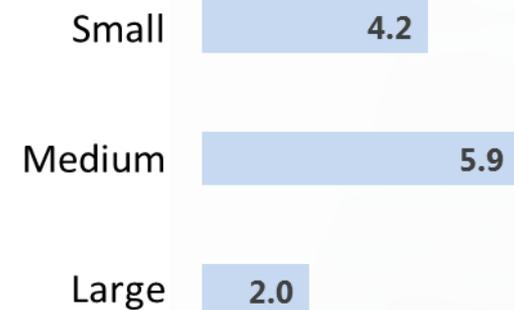
- IT budgets are growing at an average rate of 4.2%, which is higher than at Large (2.0%), but lower than at Medium-sized organizations (5.9%). Small are spending about the same percentage of revenue on IT as is done at larger organizations. But relative to larger organizations, Small are spending a higher percentage of their budget on staff vs. services and hardware/software.
- Capital costs of acquiring new hardware/software represent the biggest budgetary challenge at Small organizations. For larger organizations, managing legacy equipment is their biggest budgetary challenge.
- Small are as likely to be using the Cloud, and as likely to have a BYOD plan. For Mobile, they are much less likely than larger organizations to use Blackberry, and much more likely to use Android. Also notable is that a higher percentage are using tablets than at larger organizations.
- Small are more likely to rely on internet searches than larger, when it comes to looking for more information. They are much less likely to interact with a rep, and more likely to make purchases online. Using whichever software is installed on new PCs is the primary pathway to upgrades, whereas purchasing bulk licenses and deploying internally is more common among larger. Practitioners are much more likely to be self-taught than at larger organizations, where in-house training is the top approach.

### % of IT Budget Allocated to Staffing



- At 5.9% year-over-year, IT budgets are up more at Medium than Small or Large organizations. Looking forward, they are the most bullish on future growth. More than one-third believe budgets will continue to grow over the next three years. This compares to about one-quarter at Smaller and Large.
- They seem to be spending a greater percentage of their budgets on Hardware (33%) than Small organizations (27%) and less on Services than Large (26% vs. 31%). They are much more likely to be planning Mobile-related projects (61%) than Small (45%). About the same percentage of each size are planning to do CRM (39%), the third most popular project type.
- The Cost of the Cloud is their third most important consideration, behind both Security and Data Sovereignty. This is similar to what is seen for Large organizations. Cost is more important for Small.
- Medium organizations are more likely to cite In-house training as their top approach, and to deploy new software licenses internally. Interestingly, they are much more likely to use hybrid laptops / tablets at their organizations (28% vs. 17% for Smaller and Larger).

### % IT Budget Growth

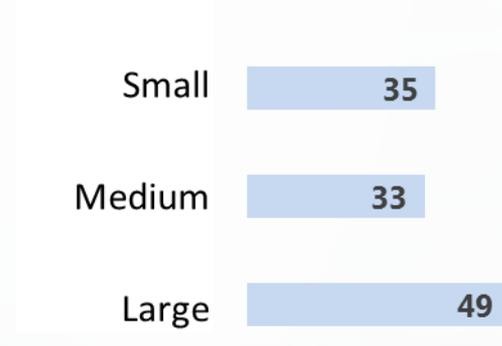


## 2

# LARGE ORGANIZATIONS ARE BIGGER IN SIZE & STRESS

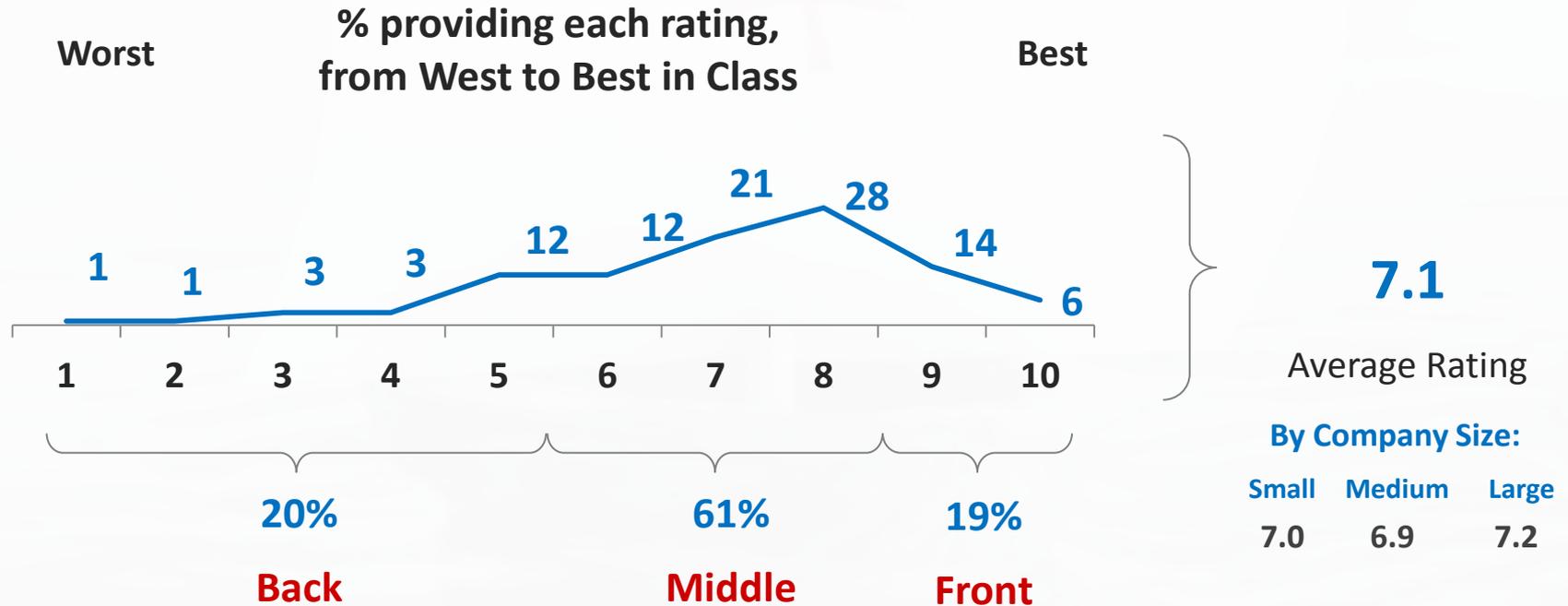
- As mentioned above, Large organizations have experienced – and anticipate – slower budgetary growth than our SMBs. Interestingly, their spend is about evenly split across Staff, Services, and Software/Hardware. As size grows, the balance seems to shift from a focus on Staff, to Software/Hardware, to Services.
- They are much more likely to be planning Business Intelligence or Big Data projects (45%) than Medium (33%) and Small (20%). Similarly, they are much more likely to be building custom mobile apps (29% vs. 13% for SMB). For Mobile, they are much more likely to be supporting Windows Phones (27% vs. 18% for SMB). This is probably related to greater contact with Microsoft reps and their channel partners. As percentage of their spend, only 21% is done without contact with channel partner or rep. For Medium, it's 34%. For Small, it's 60%.
- When asked about the degree to which they were stressed about five different aspects of the Cloud, they revealed significantly higher anxiety levels on all fronts, especially with respect to a data breach (49% were very stressed vs. 33% for SMBs).

### % `Very Stressed` about a Data breach of customer or employee information



### 3 BEST-IN-CLASS PERSPECTIVE

Among small, medium and larger organizations, about 20% classified themselves as being best-in-class. Though their circumstances vary greatly by virtue of their very different sizes, some common themes emerged as well.



### 3 BEST-IN-CLASS PERSPECTIVE

- Best-in-class is not related to revenue or size of IT budget, from a statistical point-of-view. In other words, you can be better than a similarly-sized organization, even if their topline is greater. As one best-in-classer put it, “we keep up to date with technology and our staff use it to get more done with less time and less overhead.”
- Best-in-class have been able to grow their IT budgets. The average year-over-year change among them was 6%, compared to 4% for those in the middle of the pack, and 2% at the back of the pack. As was noted by one at the back, “Management is unaware/not open to new tools and paradigms.”
- Best-in-class do not rely as heavily on self-teaching as a training tool. They are much more likely to employ External, In-Person training approaches. “We are an IT firm, we sell IT and make sure our team is top of their game.”
- Best-in-class are taking on more different initiatives at the same time. Business Intelligence / Big Data projects are one area in particular that they are much more likely to have planned (37% vs. 27%). Interestingly, they are also much more likely to use Instant Messaging on smartphones for business purposes (74% do).

#### # of Project Types Undertaken



#### % Undertaking each Project Type

Cloud computing	54	Financial tracking and management software	24
Mobile devices	50	VOIP	22
Customer Relationship Management	39	Marketing automation tools	20
Business Intelligence or big data analytics	28	Enterprise Resource Planning	20