

SEGMENT RESEARCH: SMALL BUSINESS



2016

Connected Small Business Report

Insights into Small Businesses
and Their Use of Technology

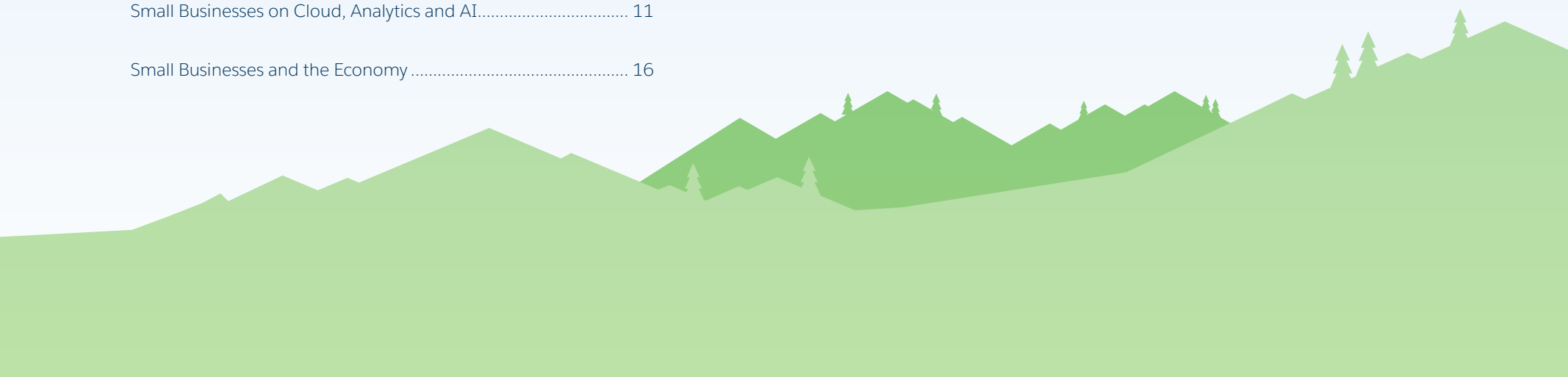


Introduction

To better understand the role technology plays in U.S. small businesses and how those small businesses connect with their customers, Salesforce Research conducted its “2016 Connected Small Business Report.” More than 300 small business owners participated in the nationwide survey commissioned online by Harris Poll on behalf of Salesforce, Nov. 17-28, 2016. The research found that, while not having enough time is one of the top business-related issues keeping small business owners up at night, the majority ironically are not taking advantage of modern technologies to help them work smarter and more productively, such as CRM, analytics and artificial intelligence (AI). In fact, most small business owners still rely on manual, outdated processes, such as email and spreadsheets, to store and track their customer information. Ultimately, small business owners who embrace the benefits of modern technologies stand the best chance to succeed in the future.



- Small Businesses and Technology 3
- How Small Businesses Manage Customer Relationships..... 7
- Small Businesses on Cloud, Analytics and AI..... 11
- Small Businesses and the Economy 16

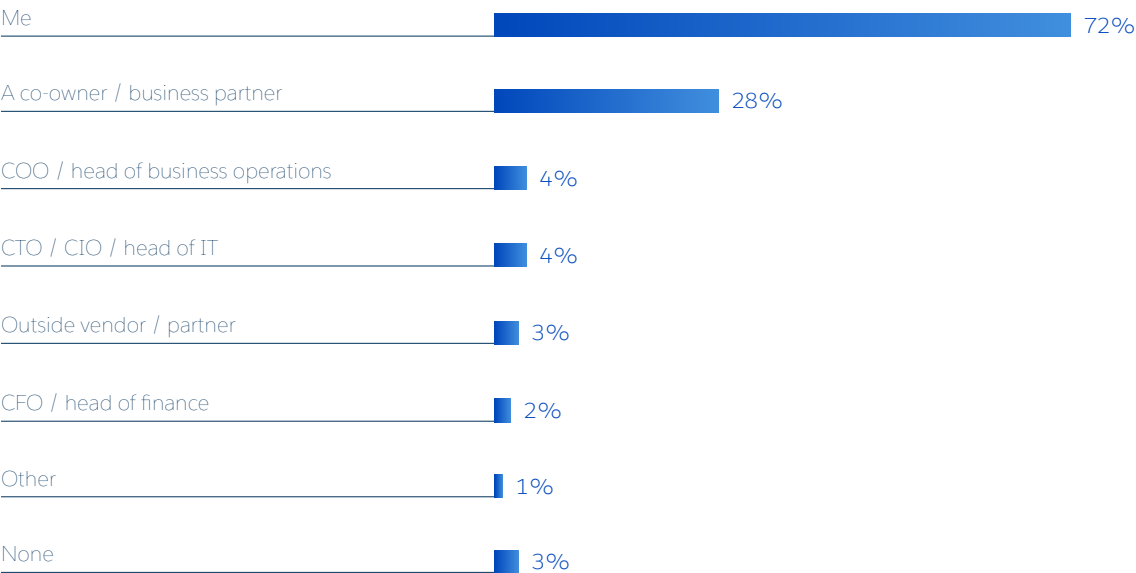


The majority of small businesses (83%) do not have an IT staff. So it is no surprise that 72% of small business owners are responsible for making their company's technology buying decisions.

Do you have an IT staff?



Who in your organization typically makes the technology buying decisions? Please select all that apply.

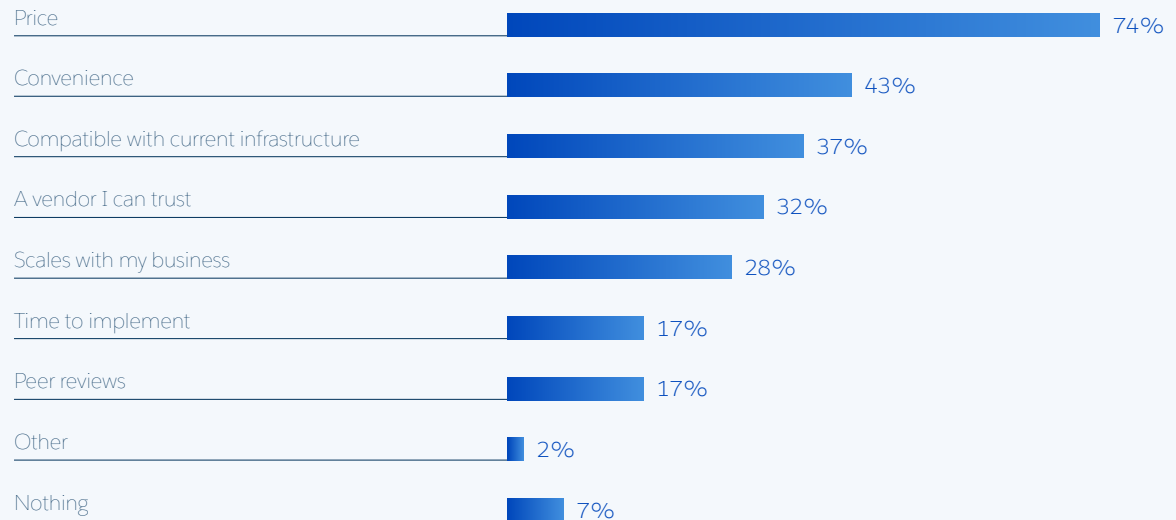


I. Small Businesses and Technology

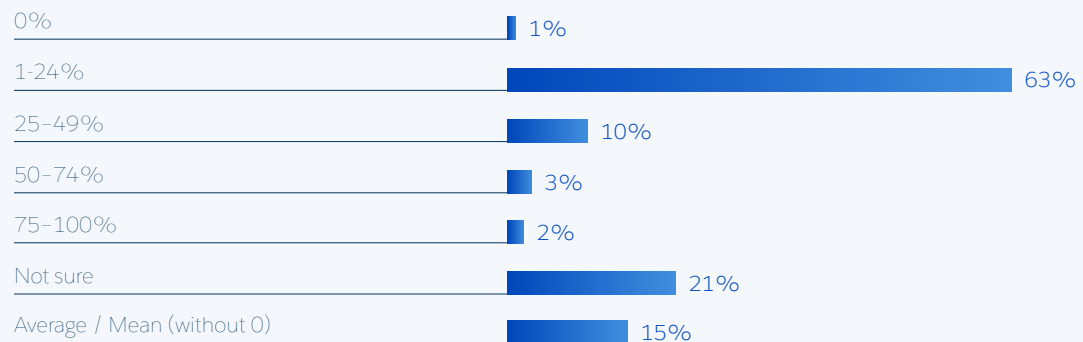
Salesforce Research

When considering which technologies to purchase, most owners consider price (74%), followed by convenience (43%) and compatibility with their current infrastructures (37%). The majority of their technology spend – which on average accounts for 15% of their annual budgets – goes toward hardware (46%) and financial software (33%), such as accounting, bookkeeping and bill payment technologies.

Which of the following, if any, are the most important factors in your business when making technology buying decisions?



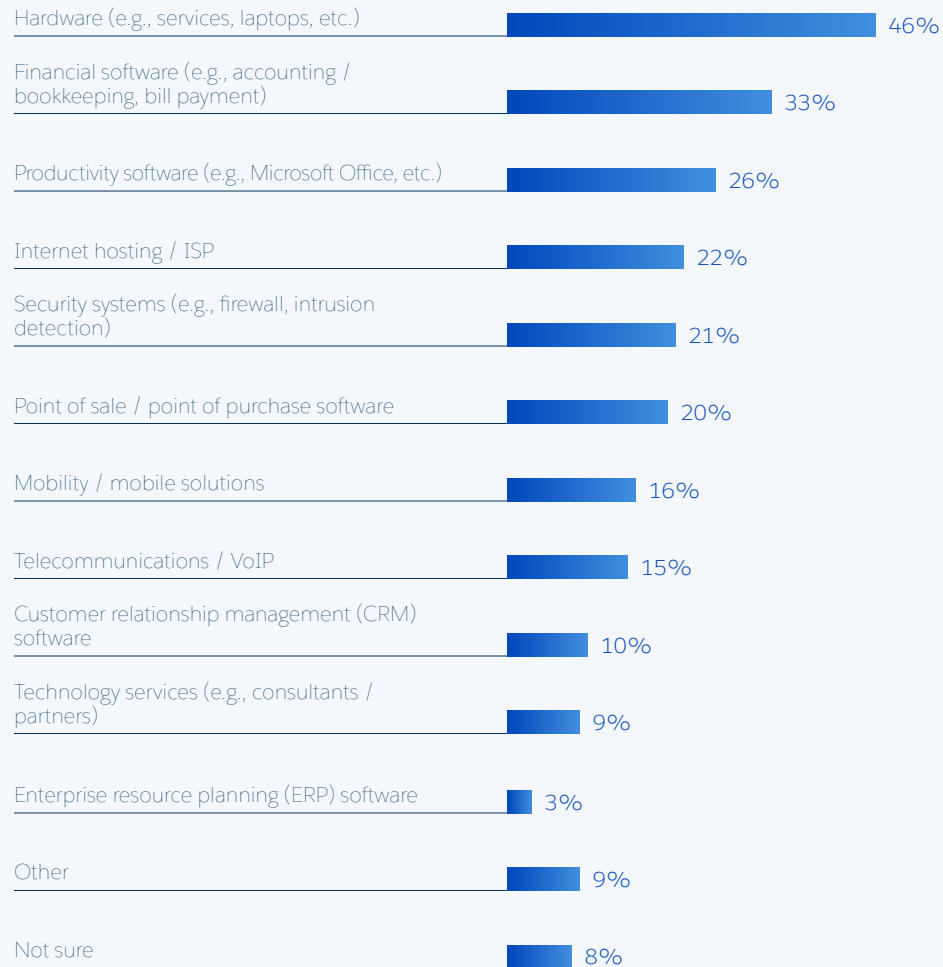
Approximately, what percent of your annual budget do you typically spend on technology?



I. Small Businesses and Technology

There appears to be a gap when it comes to how small business owners manage their relationships with customers, including tracking their information and providing effective service.

Where is the majority of your technology spend going? Please select all that apply.



I. Small Businesses and Technology

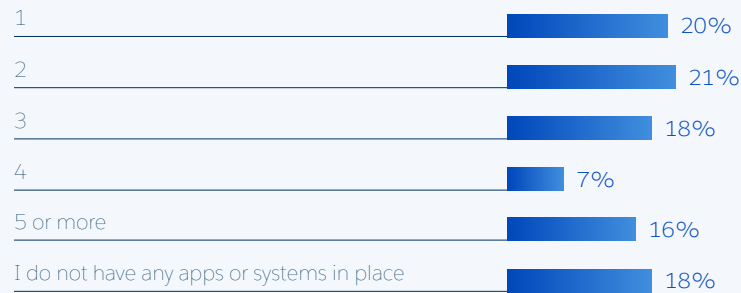
Salesforce Research

When it comes to building apps – an area of importance in reaching mobile consumers – more than half of small businesses (55%) have never built a custom app for their businesses.

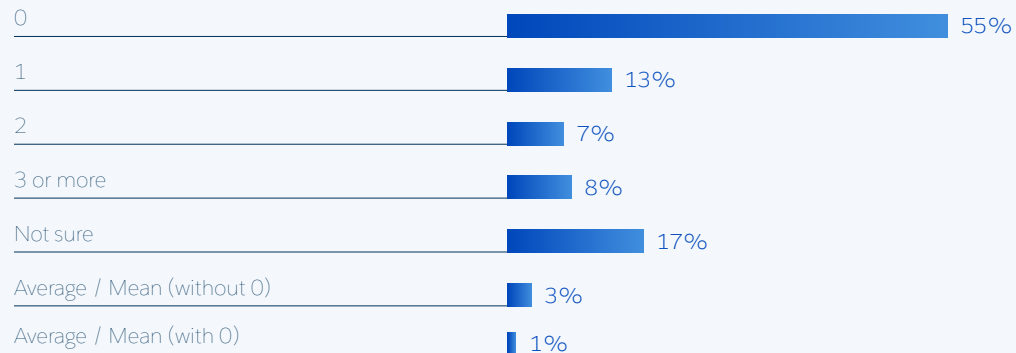


“More than half of small businesses (55%) have never built a custom app for their businesses.”

How many business apps or technology systems (e.g., QuickBooks, Slack, Microsoft Office, CRM) do you use to run your business?



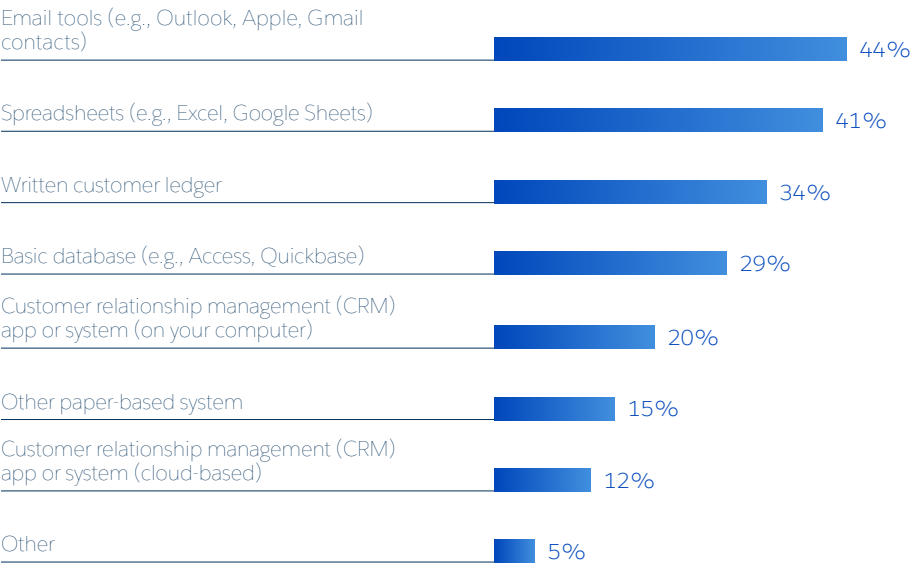
How many custom apps have been built for your business?



II. How Small Businesses Manage Customer Relationships

Most small business owners that track their customer information still rely on outdated tools and processes, such as email (44%) and spreadsheets (41%), to do so.

How do you track/store your customers' information? Please select all that apply.*



* Base: Have customers and track their information

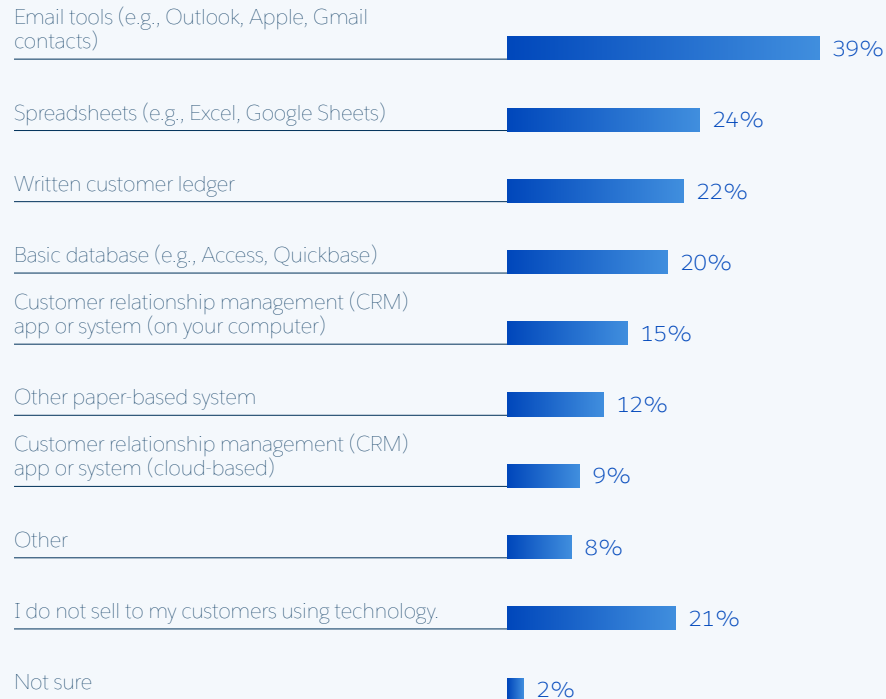


II. How Small Businesses Manage Customer Relationships

Salesforce Research

For managing sales opportunities, email (39%) and spreadsheets (24%) top the list for owners' go-to technologies. However, there is still a sizeable percentage (21%) of small businesses that don't use any technology at all to sell to their customers.

What system(s) or method(s) do you use to sell (e.g., track leads, opportunities, pipeline, etc.) to your customers? Please select all that apply.

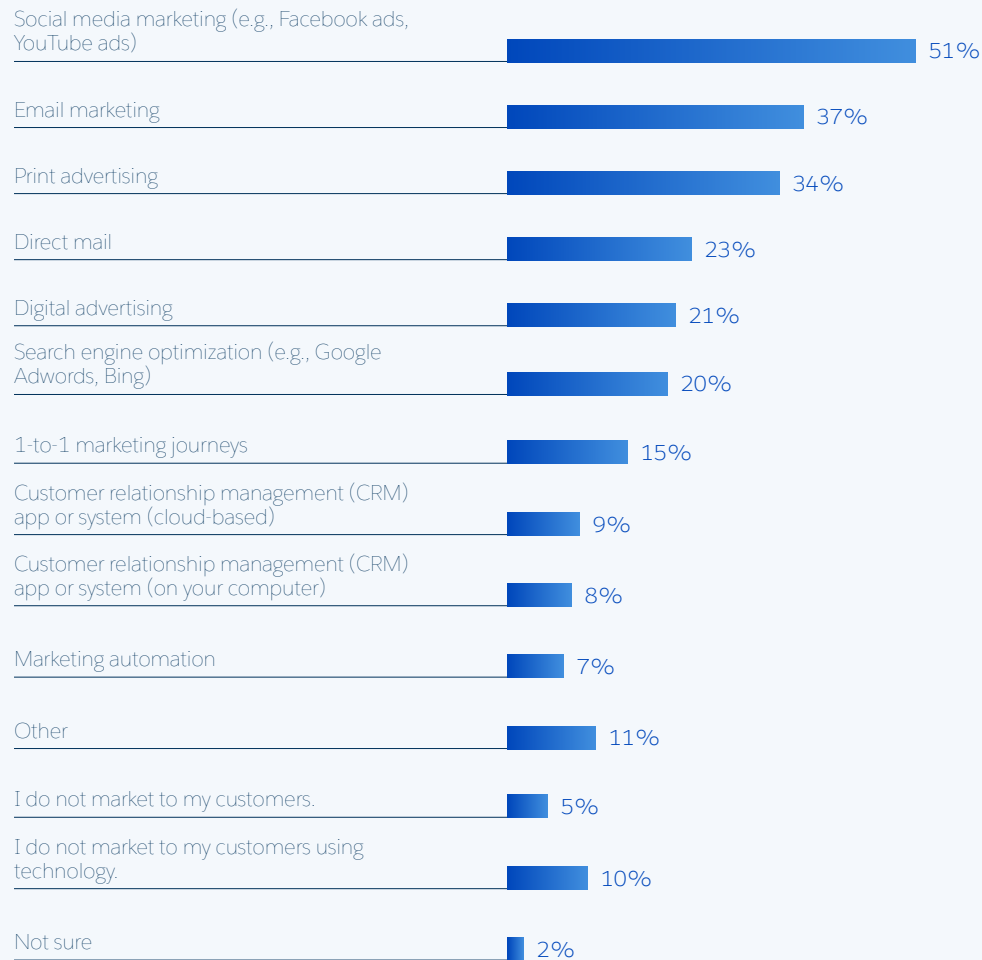


II. How Small Businesses Manage Customer Relationships

Salesforce Research

For customer service, more than half of small business owners (51%) said they make direct phone calls to customers, followed by direct emails (47%) and social media (32%). Interestingly, a large percentage of small business owners (51%) have turned to social media, such as ads on Facebook and YouTube, to market to customers. Many small businesses also market to their customers through email (37%) and print advertising (34%).

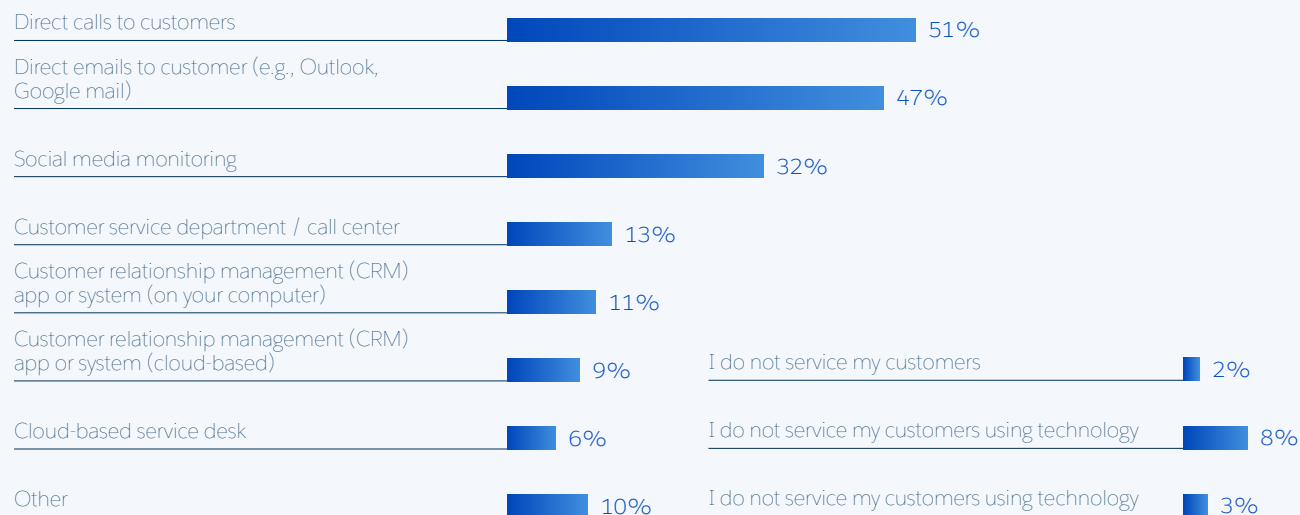
Which system(s) or method(s) do you use to market to your customers? Please select all that apply.



II. How Small Businesses Manage Customer Relationships

Salesforce Research

What method(s) or system(s) do you use to service your customers?*



“6% of small business owners use a cloud-based service desk to service their customers.”

How much do you agree or disagree with the following statement: “I could run my entire business on my mobile device.”



Are your employees in the field (e.g., salespeople, field service technicians) enabled with mobile technologies (e.g., smartphones, tablets) that give them access to real-time customer data?*



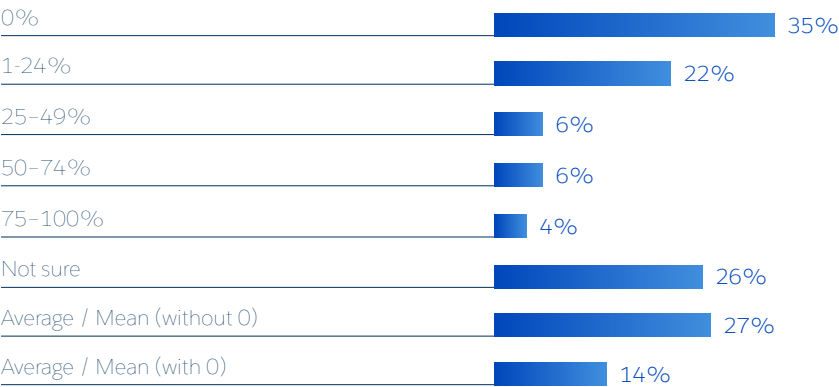
*Base: Have employees in the field

While the majority of small business owners (62%) say they trust the cloud, fewer are actually using cloud-based technology services to their full potential. When it comes to business process automation, less than half (49%) of small business owners are taking advantage of these time-saving solutions.

How much trust do you have in cloud-based technology services?



Approximately, what percent of your technology is in the cloud (e.g., SaaS, IaaS, PaaS)?



Are you using technology to automate business processes?



III. Small Business Adoption of Cloud, Analytics and AI

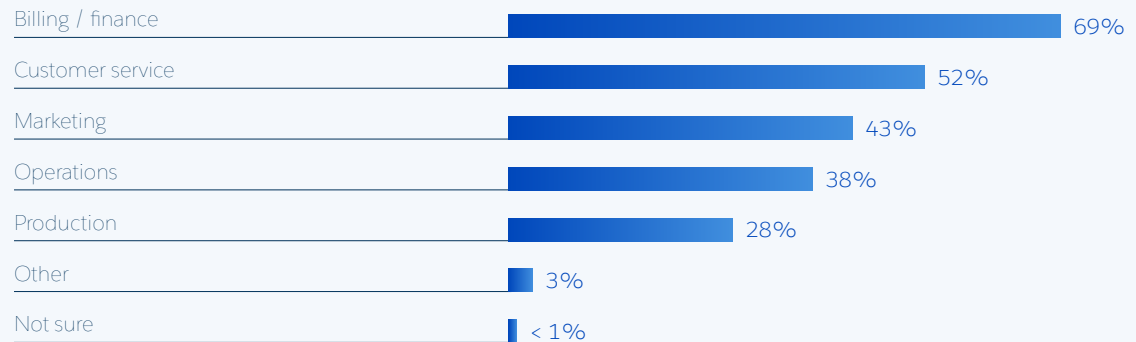
Salesforce Research

Of those that are using business process automation, automated billing and finance are the most common (69%), followed by customer service (52%) and marketing (43%). In addition, only 21% of small business owners are using business analytics or business intelligence software to measure their businesses.

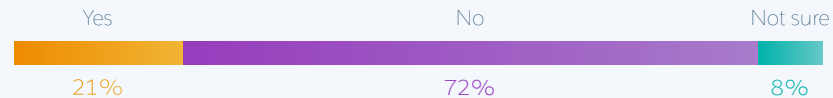


“Only 21% of small business owners are using business analytics or business intelligence software to measure their businesses.”

You mentioned that you use technology to automate business processes. In which of the following functions have you done this? Please select all that apply.



Do you use business analytics or business intelligence software to measure your business?

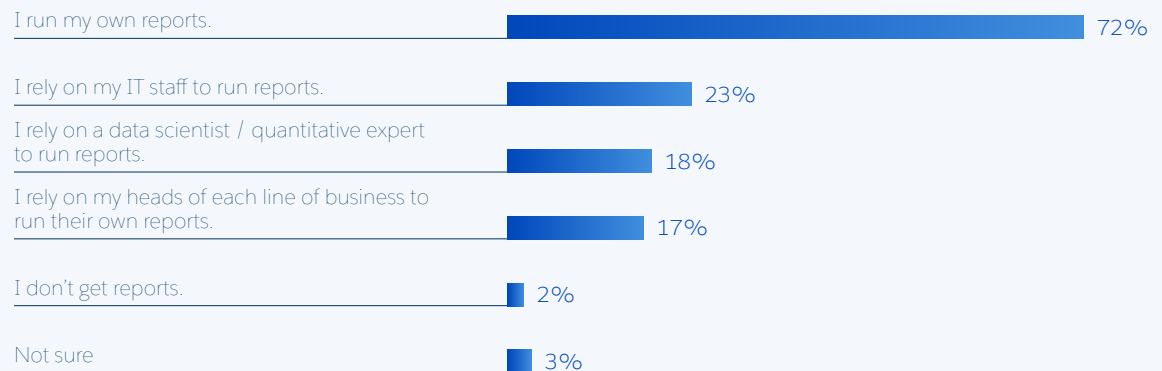


III. Small Business Adoption of Cloud, Analytics and AI

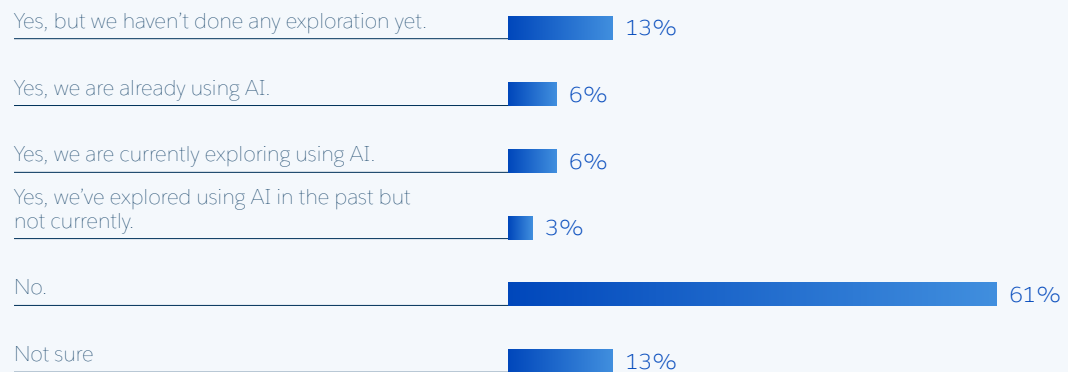
Salesforce Research

When it comes to artificial intelligence (AI), 61% of small business owners said their business is not ready for the cutting-edge technology, citing it is too complex for what they need (51%).

How do you typically get reports / KPIs? Please select all that apply.



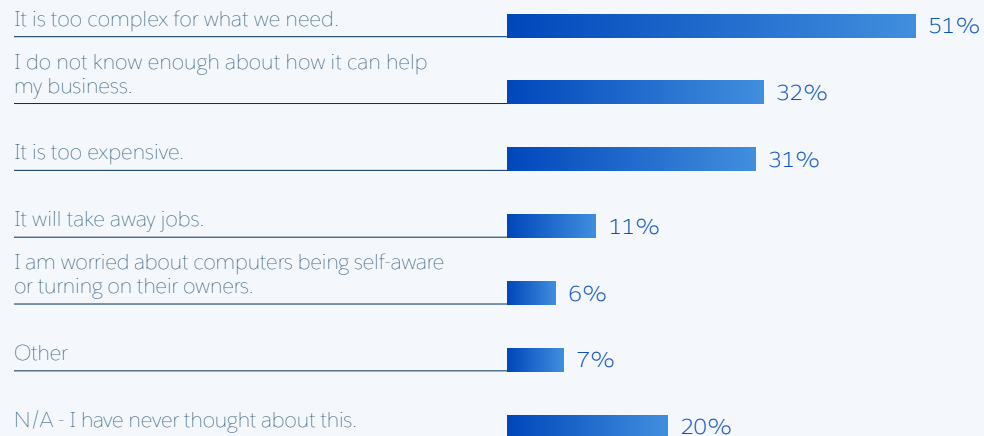
Do you believe your business is ready for artificial intelligence (AI) technology (e.g., machine learning, deep learning, natural language processing)?



III. Small Business Adoption of Cloud, Analytics and AI

Salesforce Research

For which of the following reasons do you believe your business is not ready for artificial intelligence technology? Please select all that apply.*



“51% of small business owners believe their business is not ready for artificial intelligence technology because it is too complex for their needs.”

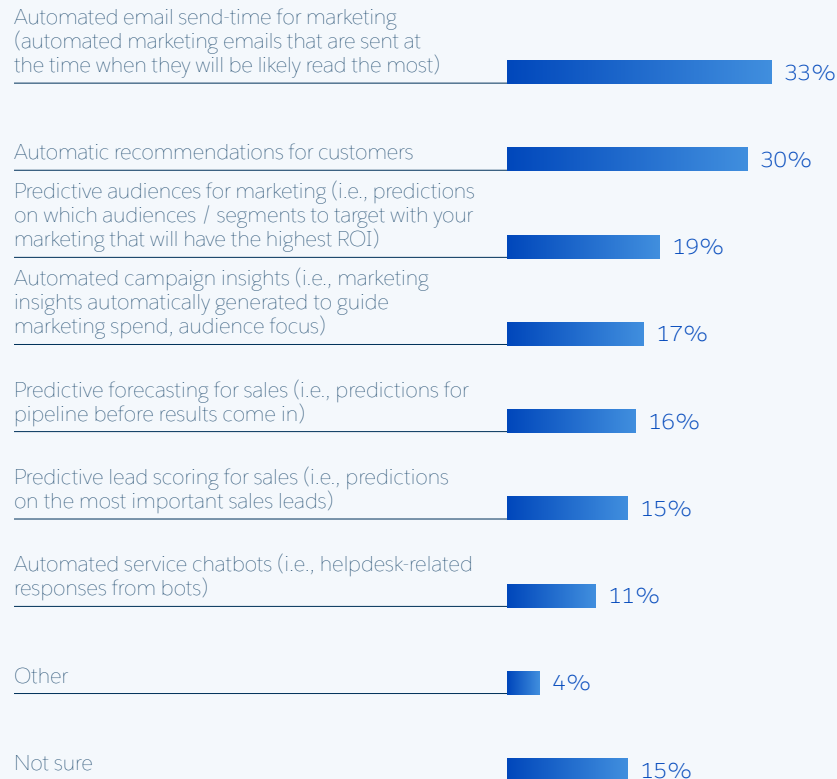
**Base: Does not believe business is ready for AI technology*

III. Small Business Adoption of Cloud, Analytics and AI

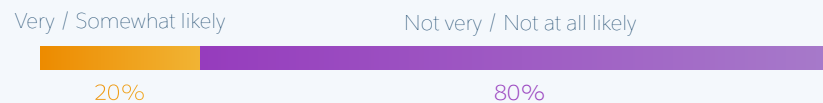
Salesforce Research

If given the option, 20% of small business owners say they would be likely to replace a portion of their staff with robots.

Still thinking about artificial intelligence technology, which of the following, if any, would you be interested in for your business?

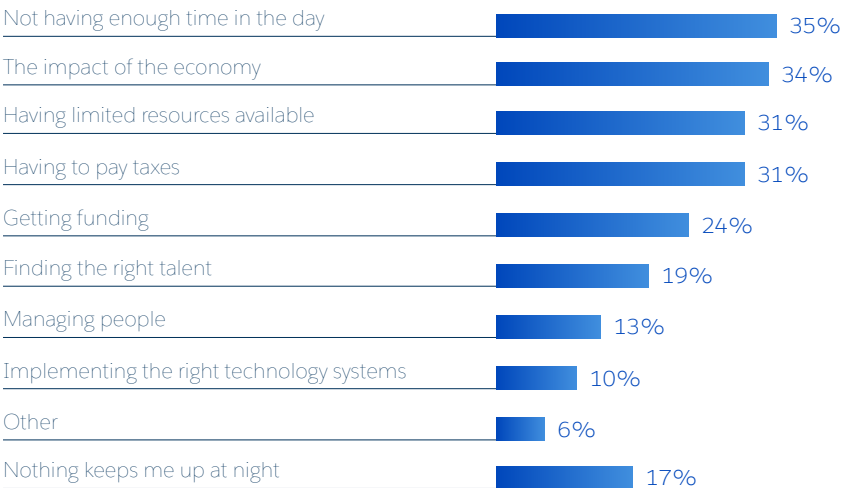


How likely would you be to replace a portion of your staff in various functions (e.g., sales, service, marketing) with robots if you had the option?



Not having enough time in the day (35%) and the impact of the economy (34%) are among the top business-related issues that small business owners face, followed by having limited resources (31%) and having to pay taxes (31%).

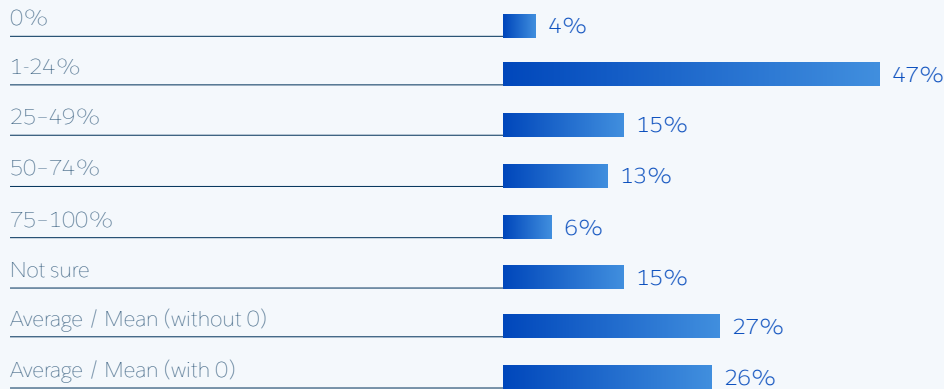
Which of the following business-related issues, if any, keeps you up at night?



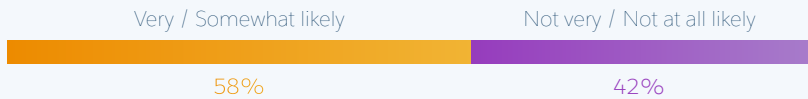
III. Small Business Adoption of Cloud, Analytics and AI

However, nearly 3 in 5 small business owners (58%) said they would still be likely to start a business in today's economic climate, with nearly 1 in 5 (18%) saying they would be very likely to do so. In addition, 75% of respondents believe their city is a good place to start a business.

What is your year-over-year revenue growth in the past two years?



How likely would you be to start a new business in today's economy?



How much do you agree or disagree with the following statement: "My city is a good place to start a business."



V. Methodology

This survey was conducted online within the United States by Harris Poll on behalf of Salesforce, Nov. 17-28, 2016, among 304 small business owners in the U.S. with less than 100 employees and less than \$1 billion in annual revenue. Data were weighted by number of employees to bring them in line with their actual proportions. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables, please contact Leslie Grant, leslie.grant@salesforce.com.

