

## Small Businesses Need To Invest In These Four Technologies

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(NAPS)—Because they operate on razor-thin margins, small-business owners and managers may be tempted to put technology expenses near the bottom of any priority list. After all, small businesses have many fires to put out—and investing in a new technology tool can seem like a problem that can wait.

But technology is a double-edged sword: Used correctly, it increases productivity, brings savings and gives you a competitive advantage. Ignored, it lets your competitors use it against you. And it's worth remembering that business software is the driver of technology value; without it, your hardware is useless.

Software can be a thicket of specialty areas and product names: Which tool should be purchased now and which can be put off? Capterra recently surveyed small and midsize businesses (SMBs) and asked them about their 2019 and 2020 purchasing intentions and budgets for business software.

The 2019 Capterra SMB Spending Survey illustrates four clear software categories that small-business leaders are prioritizing and can help other companies understand the competitive landscape and prioritize technology investments.

**1. Finance and Accounting:** This is the standout tech category, with 53.6 percent of respondents budgeting for it. If you don't correctly handle your accounts receivable, accounts payable, sales taxes, income taxes, reporting and audits, you'll derail your business—it's that simple.

Among businesses investing in this technology, banking and construction lead the way, with over 60 percent of respondents budgeting for finance and accounting software. Transportation and wholesale industries have the highest average spend at \$56,330 and \$53,850. More findings include:

- Transportation and wholesale businesses should expect to budget between \$50,000 and \$55,000 for finance and accounting software in the next 12 to 24 months.
- Media, government, manufacturing, banking and retail should con-



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sider budgeting between \$30,000 and \$40,000 for finance and accounting tools.

- Other businesses should consider budgeting between \$10,000 and \$30,000 for finance and accounting software.

**2. Cloud Computing:** This year, cloud software is the second most prevalent technology, with 47.8 percent of businesses surveyed budgeting for it. It delivers all the power of FAMGA (Facebook, Apple, Microsoft, Google, Amazon). Cloud-enabled Software as a Service (SaaS) gives small businesses subscription-based access to robust business software and data storage technology. Industry experts suggest:

- Insurance and transportation businesses should expect to budget between \$40,000 and \$50,000 in the next 12 to 24 months for cloud computing technology.
- Businesses in the services, communications, manufacturing, health care, banking and education sectors should consider budgeting between \$30,000 and \$40,000 for cloud business software.

**3. Data and Information Security:** Over 40 percent of all industries budget for data security. Research shows cyberattacks can cost small businesses \$84,000 to \$148,000 per incident and that 60 percent of SMBs that are hacked go out of business within six months. The average budget spend on data security takes a tiered shape for business size. Larger businesses with more data, more customers and more employees will need more software licenses and greater functionality. Expert findings

include:

- Government agencies (and those that work closely with them) should plan on budgeting between \$40,000 and \$50,000 for data security in the next 12 to 24 months.
- Those in the education industry should anticipate a \$40,000 spend.
- Retail, construction, health care and wholesale should expect to budget close to \$20,000.
- Other sectors may gain competitive advantage with a data security budget between \$30,000 and \$40,000.

**4. Digital Marketing:** This year, 45.1 percent of SMB respondents plan to budget for digital marketing campaigns and tools. This is natural, given that ROBO (research online, buy offline) buying behavior is now the norm. Up to 88 percent of buyers do online research before purchasing in a store.

The survey uncovered that digital marketing spend tracks with business size. At 60 percent and 50 percent, media companies and retail businesses have the highest percentage of smaller firms investing in digital marketing. Most industries are between 40 percent and 50 percent. More findings include:

- If you're a smaller business in the media or retail sector, plan to spend \$10,000 to \$25,000 on digital marketing over the next 12 to 24 months.
- If you're a midsize business in the media or retail industry, plan to spend \$35,000 to \$45,000 on digital marketing over the next 12 to 24 months.
- If you're in another industry (especially insurance), you may gain a competitive advantage with a digital marketing budget between \$20,000 and \$40,000.

Businesspeople know it's vital to find out where competitors are going. These results should indicate where your sector is headed and what technology to prioritize. Detailed information on survey findings—and over 500,000 verified reviews for every type of software—is on the Capterra site.

### Learn More

For more information about how small businesses can make smart technology investments, visit [www.capterra.com](http://www.capterra.com).