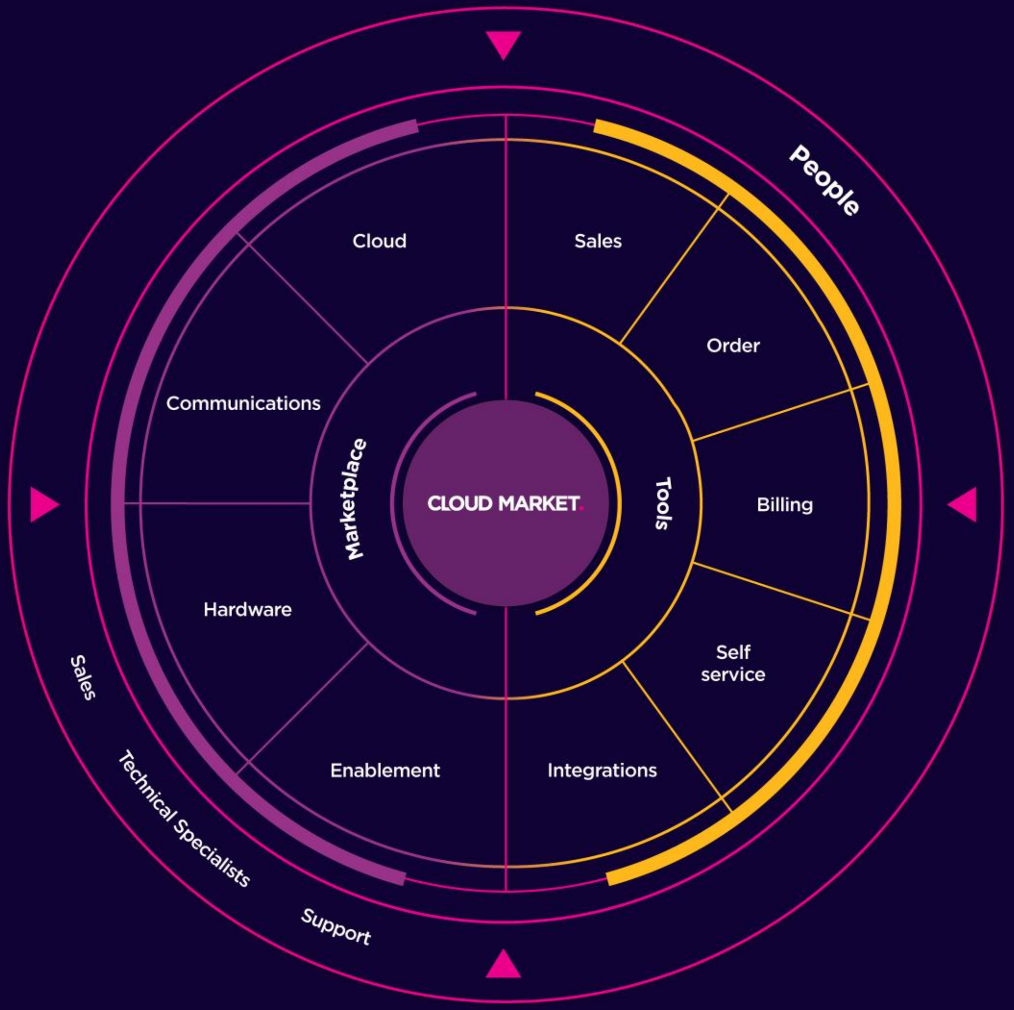
SMB thought leadership:

Where will UK SMBs be investing their money in 2025? More importantly, how can you ensure they're spending it with you.

GIACOM. | analysys mason

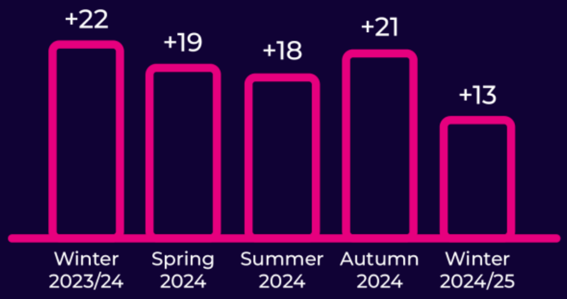
GIACOM.

We are a 100% channel-focused specialist marketplace and software provider. Our platform enables technology resellers and MSPs to access cloud, comms and hardware products and services from the world's leading vendors and carriers to create brilliant technology solutions for UK businesses.



100% Partner, 100% Independent and the best people to do business with.

UK SMB outlook is challenging



Net employment balance

Employer confidence at its lowest on record outside of the pandemic

One in four plan redundancies

25% plan to make redundancies – the highest on record (outside of the pandemic)

Employment cost spike expected by many

42% plan to raise prices because of increased employment costs

68% of retailers
59% in hospitality

Price increases and redundancies planned

1 in 4 employers expect to cancel or scale down plans for investing in or expanding their business – in particular in private sector SMB

Source: Chartered Institute of Personnel and Development (CIPD) Labour Market Outlook Winter 2024-25
8792-lmo-winter-2024-25-web.pdf

Analysys Mason is a global technology, media and telecoms management consulting firm

We help clients navigate complex transformation journeys and make and act on the decisions that steer their progress and connect our world.

We have been at the forefront of pivotal moments that have shaped the technology, media and telecoms industry for four decades, from guiding government agencies to forge the path for mass connectivity, to defining the strategies for companies exploring the opportunities of space and satellites.

Together we are shaping the next

We support clients with decision-making and complex change journeys

Strategy

We assist clients in shaping and determining the decisive moments that steer their progress and chart the course for lasting change.

We deliver essential advice and insights that drive efficiencies, mitigate risk and accelerate growth and put our clients at the forefront of change.

Research and insights

We provide qualitative and quantitative subscription research, bespoke research, and access to DataHub, our analyst-supported intelligence platform. These are essential assets for strategic planning and for our clients' investment and marketing decisions.

Regulation and policy

We advise major government and industry stakeholders on regulation and policy and have shaped the pivotal moments that have defined technology, media and telecoms (TMT) and connect our world.

Transaction support

We help investors with their investment and divestment decisions. We identify, evaluate and help implement investment decisions that deliver lasting results.

We provide robust and precise appraisals of investment opportunities related to capabilities, commercial, technical and ESG risks, their mitigants and investment upsides.

Transformation

We support clients to act on the decisions that create lasting value, advantage and change

We guide them through every phase of change on their complex transformation journeys and strategic change programmes.

About the presentation

Details

This presentation is based on the data from **Analysys Mason's SMB Technology Forecaster** product and primary studies conducted by Analysys Mason.

This presentation covers an overview of the SMB market, IT spending overview and key market take-aways

Geographical coverage: United Kingdom

Segment coverage: Small (1 to 99 emp), Medium (100 to 999 emp)

Target audience: Vendors, channel partners and operators looking to capture the SMB IT opportunity

Key questions answered

Macro events

- How did the SMB ecosystem adapt and transform?
- How are the current events impacting the purchase behaviors of SMBs?

Category priorities

- What are the top IT priorities?
- Are SMBs spending on cyber security, infrastructure etc.?
- What type of IT solutions are SMBs purchasing?

Channel preferences

- What are the preferred purchase channels?
- Why are SMBs switching channel partners?

Contents

1 Market context

SMB ecosystem has matured in the last few years and will reach an inflection point in 2025

2020

Technology adoption: Pandemic – significant impact on operations

2021

Work environments: Rise of remote work – 40% working from home/hybrid

2022

Remote IT: Getting back to business – 72% plan to increase IT budgets

2023

Channel partnerships: Strategic realignment – remote IT is the top priority

2024

Strategic IT investments: Embrace advanced tech – prioritising innovation and efficiency

2025

Inflection point for technology adoption: Technology is key to business continuity

SMBs are at an inflection point for technology adoption

Technology first

SMBs are lot more tech savvy than 5 years ago

IT category priorities

IT priorities will be cyber security, cloud infrastructure and managed services

Attractive propositions

Concepts like 'AI' and 'Zero Trust' are attractive propositions for SMBs, unlike previous years

SMBs are at an inflection point for technology adoption

Technology first

SMBs are lot more tech savvy than 5 years ago

IT category priorities

IT priorities will be cyber security, cloud infrastructure and managed services

Attractive propositions

Concepts like 'AI' and 'Zero Trust' are attractive propositions for SMBs, unlike previous years

SMBs top business goals and challenges center around technology

Top Challenges

- Training employees on new technology systems
- Managing total cost of buying and operating technology
- Slower payments from clients
- High competition intensity
- Finding qualified technology consultants/service providers

Top Goals

- Use technology to reduce costs and improve employee productivity
- Improve existing customer experiences and customer loyalty
- Expand into new markets/opportunities (e.g., new regions, new segments)
- Reduce operating expenses (e.g., travel, supplies, telecommunications)
- Innovating your products/services using new technologies

Technology related challenges and goals

SMBs are at an inflection point for technology adoption

Technology first

SMBs are lot more tech savvy than 5 years ago

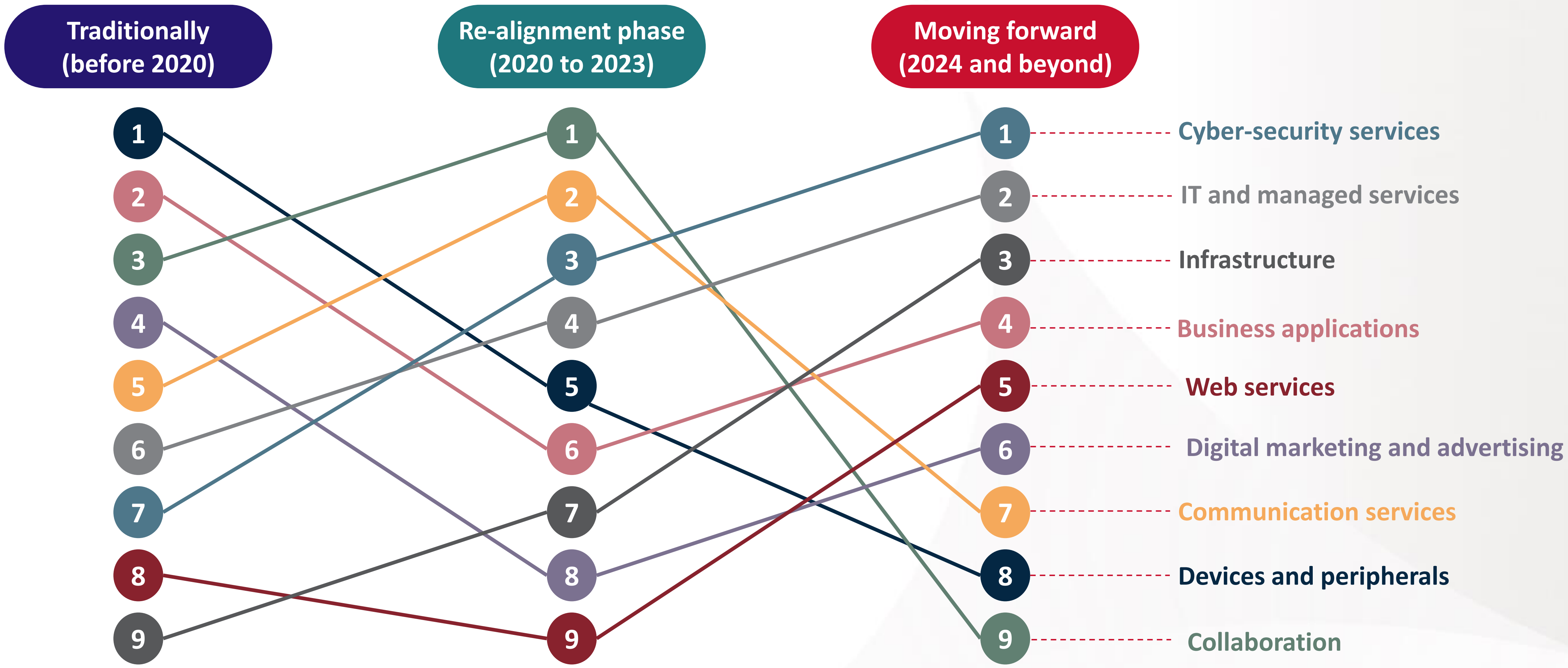
IT category priorities

IT priorities will be cyber security, cloud infrastructure and managed services

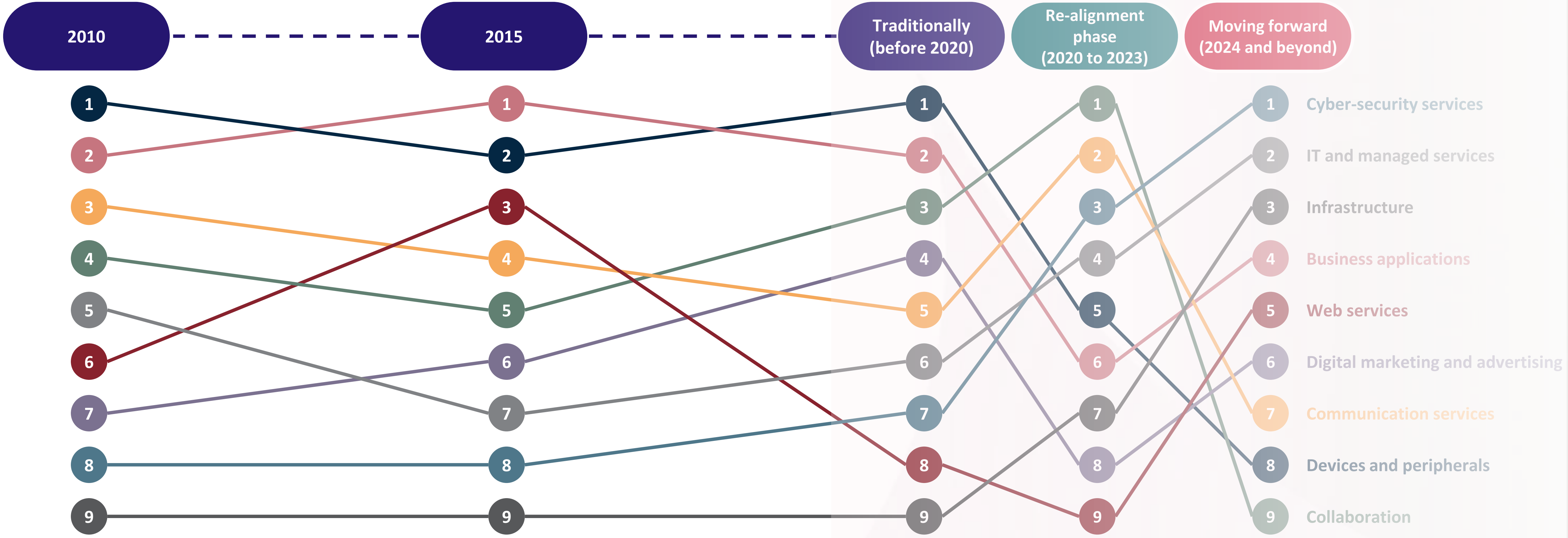
Attractive propositions

Concepts like 'AI' and 'Zero Trust' are attractive propositions for SMBs, unlike previous years

The changing SMBs' category priorities indicate the maturity in adopting complex IT

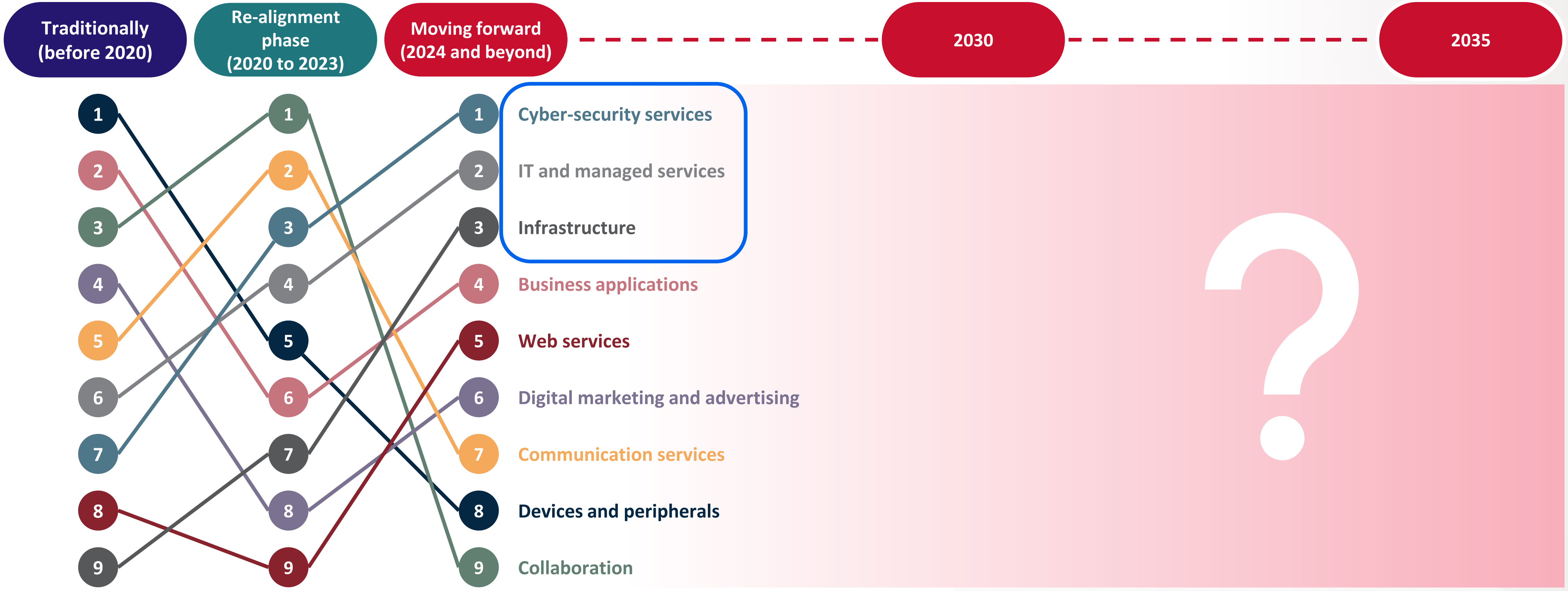


IT priorities did not change for SMBs as rapidly in the previous decade



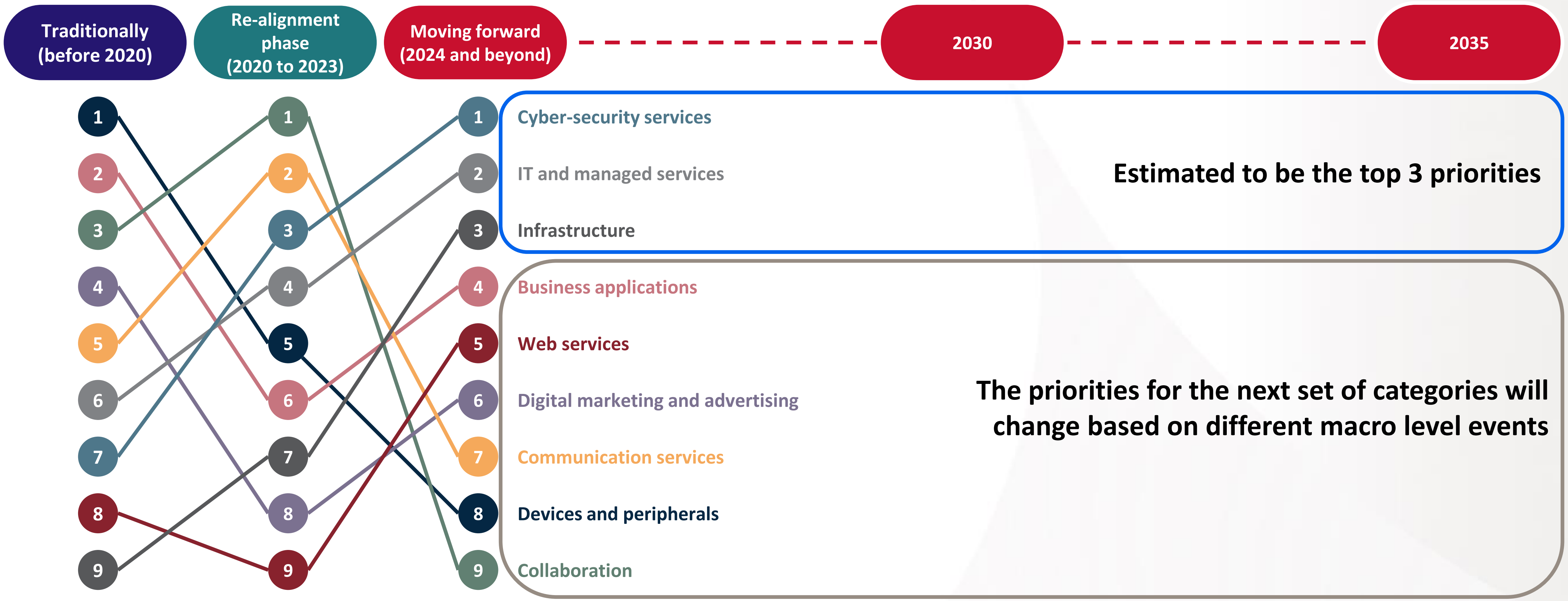
GIACOM. analysys mason

What does the future hold?



Top 3 priorities in 2025

The top 3 category priorities will be cyber security, managed services and cloud infrastructure



SMBs are at an inflection point for technology adoption

Technology first

SMBs are lot more tech savvy than 5 years ago

IT category priorities

IT priorities will be cyber security, cloud infrastructure and managed services

Attractive propositions

Concepts like 'AI' and 'Zero Trust' are attractive propositions for SMBs, unlike previous years

AI and Zero Trust are attractive propositions for SMBs

22% of SB and **46%** of MB respondents indicated they plan to start using or upgrade their zero trust network access (ZTNA) within the next 12 months

18% of SB and **27%** respondents identified 'using artificial intelligence (AI) in business processes and products/services' as one of their top three business goals

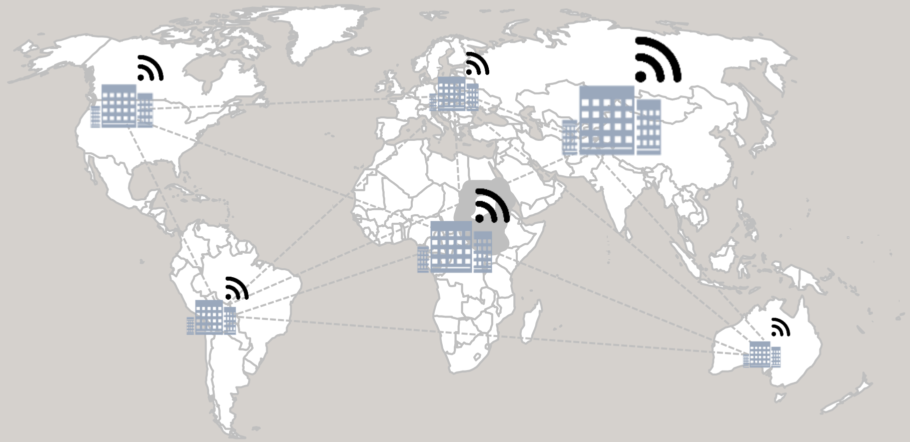
2

SMB IT spending trends

Worldwide SMB spending on IT has passed the pre-pandemic growth levels, increasing at a CAGR of 8.0% between 2024 and 2029

151 million

Number of **SMBs worldwide**



USD 1.61 trillion

spending on IT solutions in 2024

13.1% CAGR

Spending on cloud categories, 2024-2029

Projected spend on cloud categories in 2029

USD1393 billion

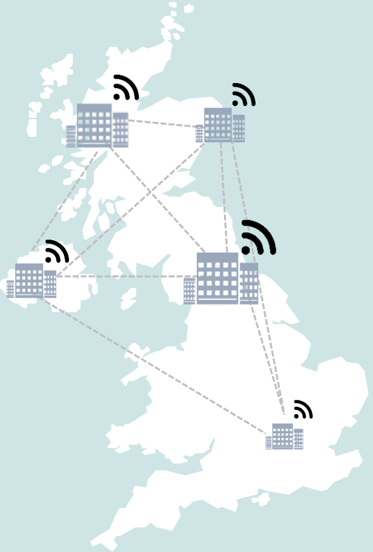
Spend on cloud categories in 2024

USD752 billion

SMB spending on IT in UK is growing at a CAGR of 6.1%

1.54 million

Number of **SMBs**



USD 66 billion

spending on IT solutions in 2024

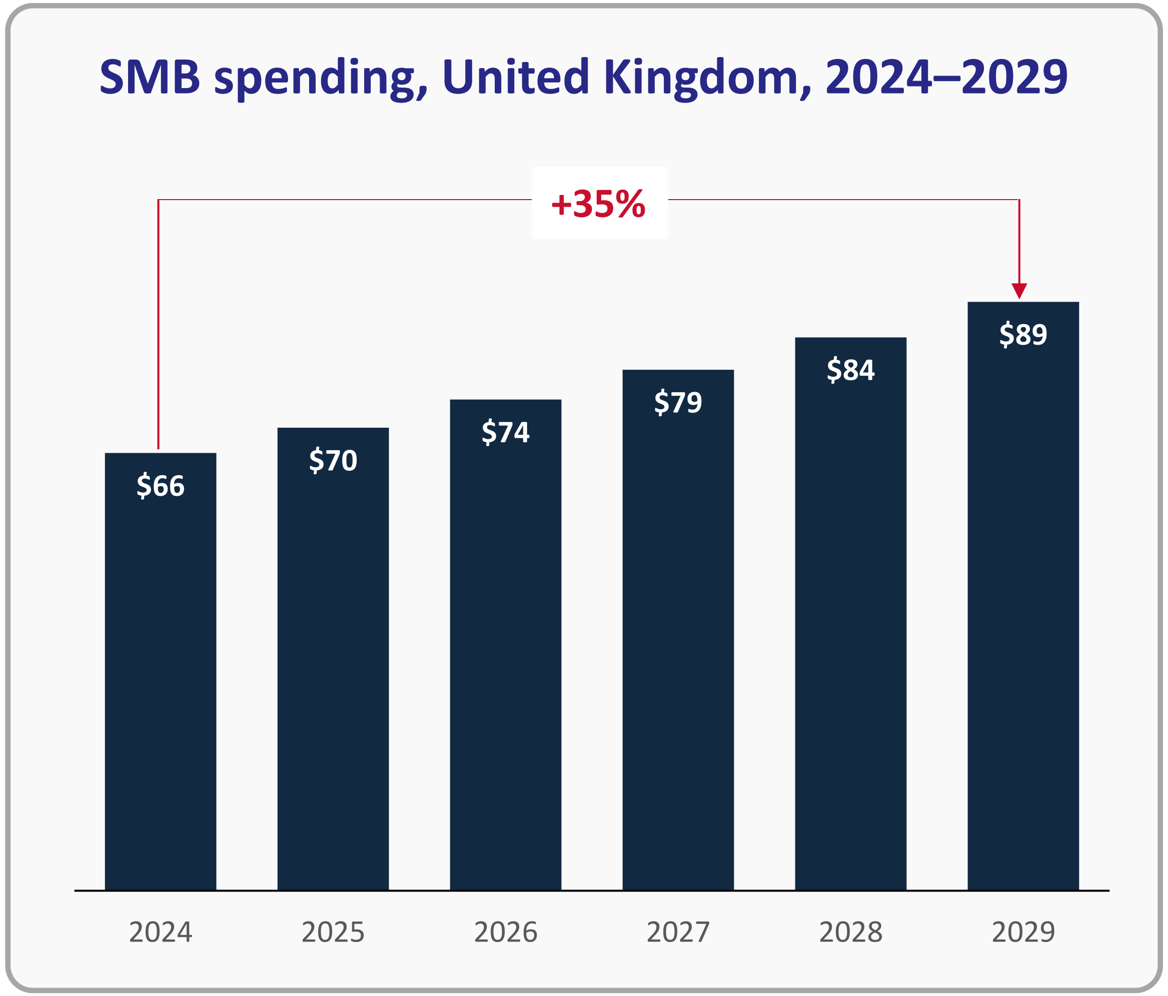
9.8% CAGR

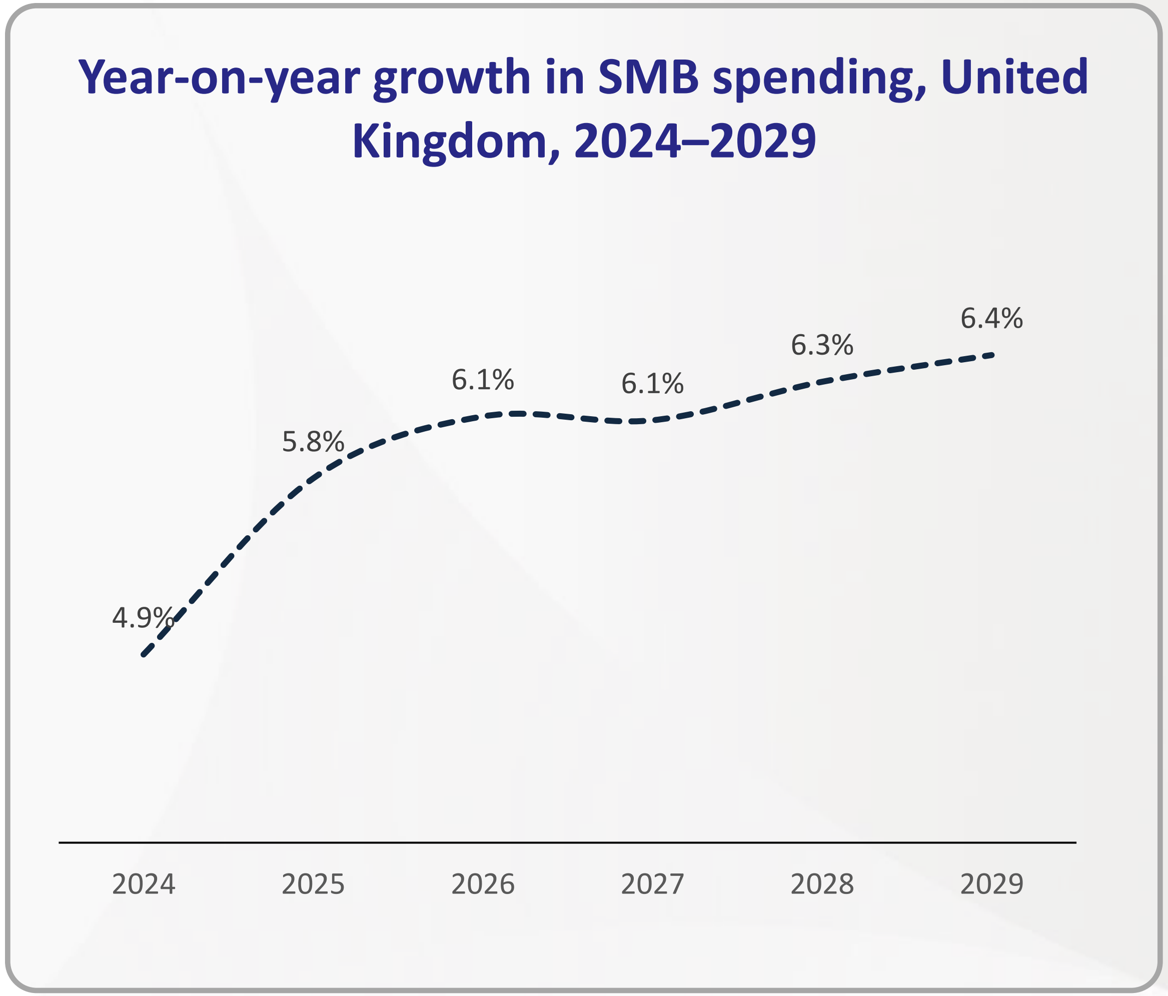
Spending on cloud categories, 2024-2029

Projected spend
on cloud categories
in 2028
USD49.8 billion

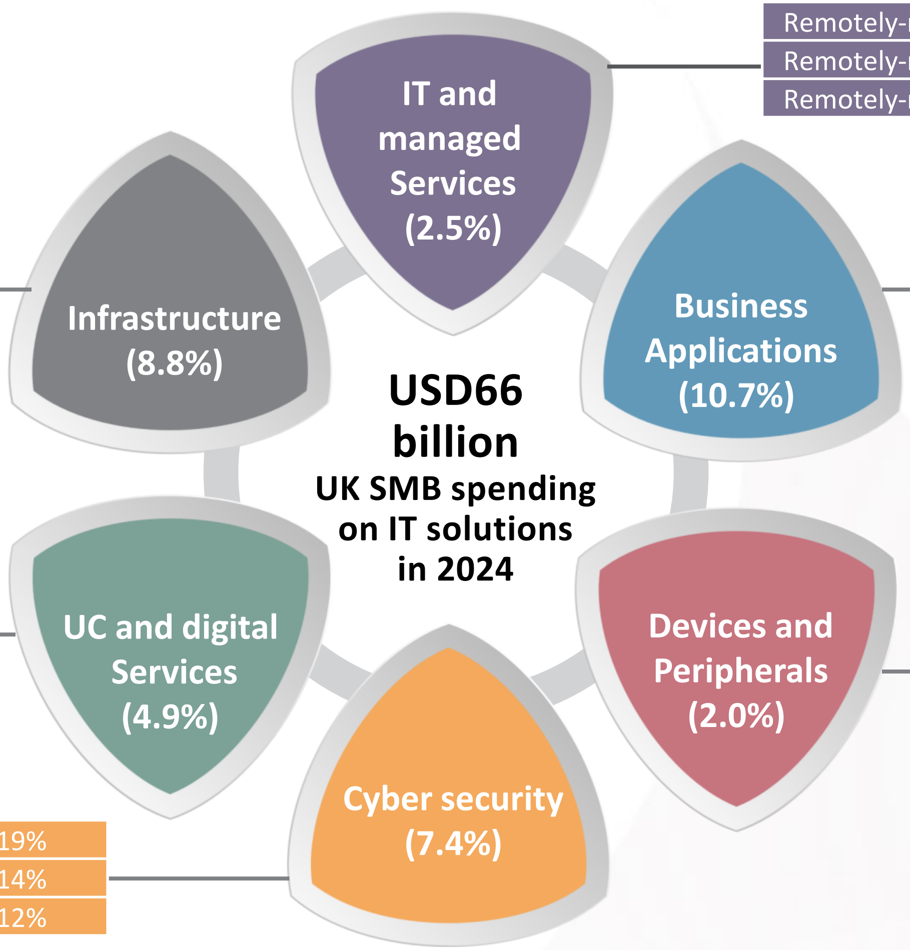
Spend on cloud
categories in 2023
USD31.2 billion

SMBs in UK will increase spending leading to an accelerated growth





Top growth areas for SMBs are cloud and services across all categories



Remotely-managed mobile device	16%
Remotely-managed networking (wireless)	11%
Remotely-managed security	10%

Desktop-as-a-service (DaaS)	19%
Recovery-as-a-service (RaaS)	19%
IaaS server	17%

Line of business software (LOB) (SaaS)	16%
Business intelligence (SaaS)	15%
Line of business software (LOB) (on-premises)	13%

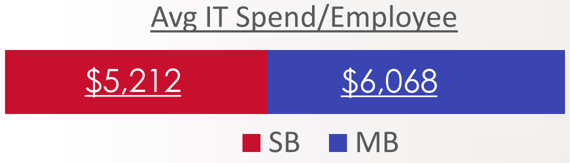
Collaboration business workflows (SaaS)	11%
Social media marketing	10%
Unified communications and hosted voice	9%

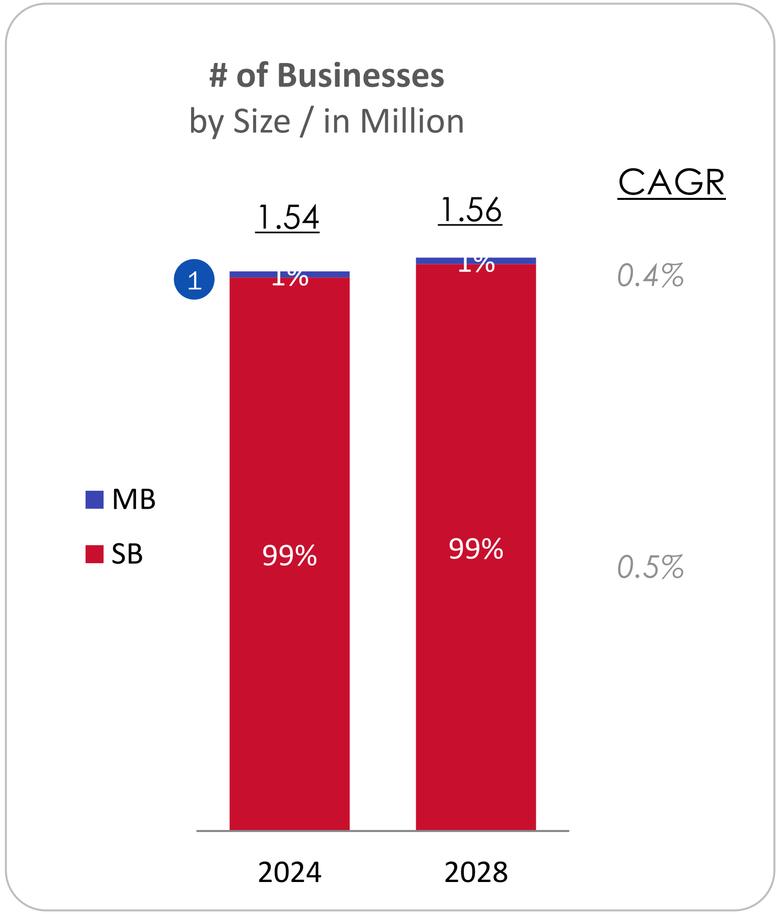
3D printers	15%
PC/device-as-a-service (PC/DaaS)	13%
2-in-1 PCs	9%

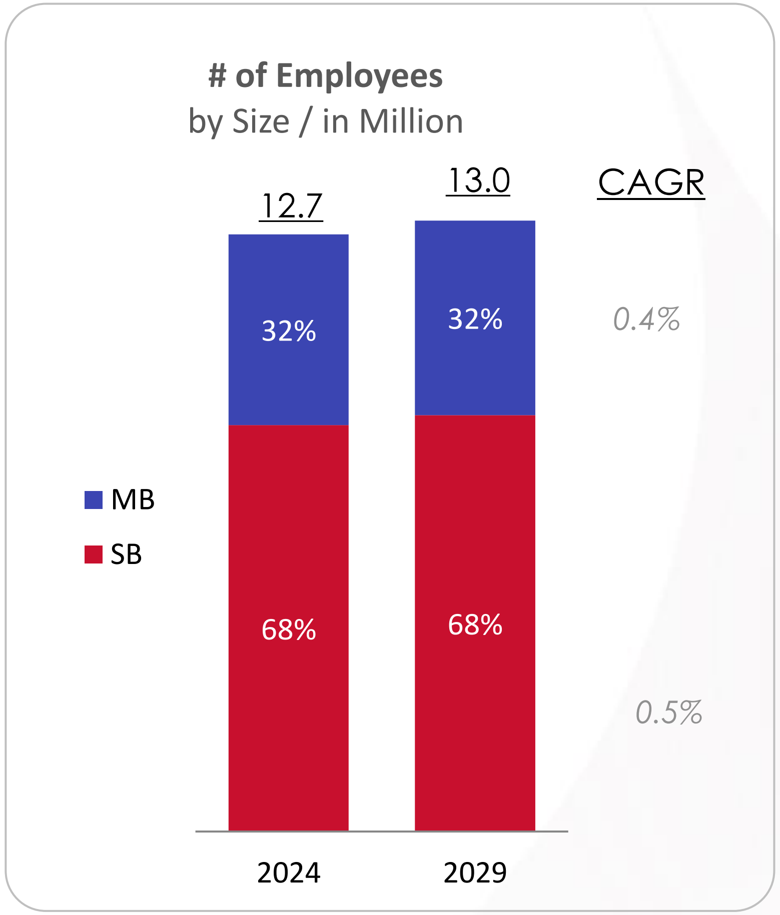
Endpoint detection and response (SaaS)	19%
Email security (SaaS)	14%
Identity and access management (SaaS)	12%

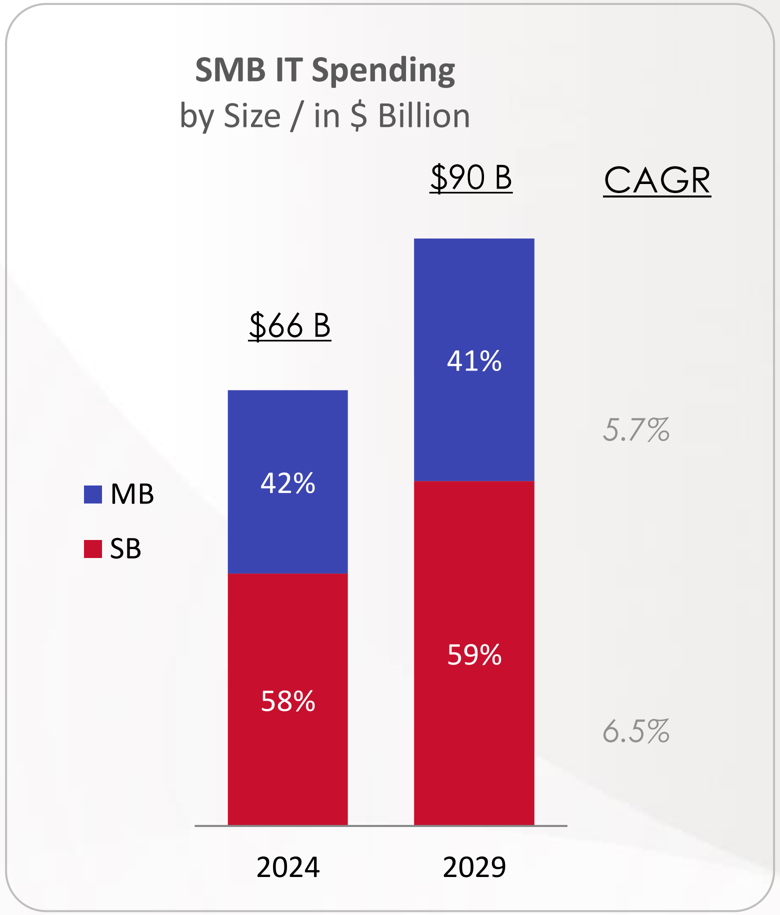
All percentages are CAGR (24-29)

Strong per employee IT spend of small businesses indicates a willingness to pay for IT; close to that of medium businesses





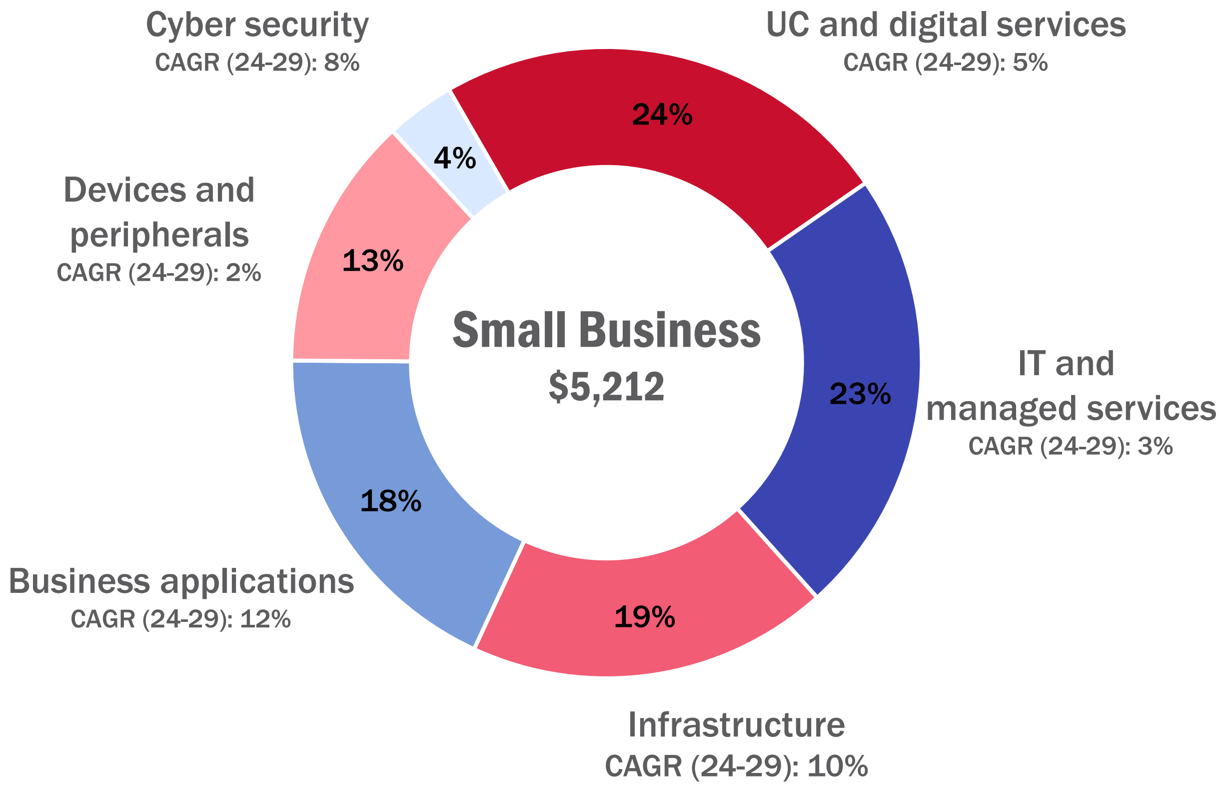


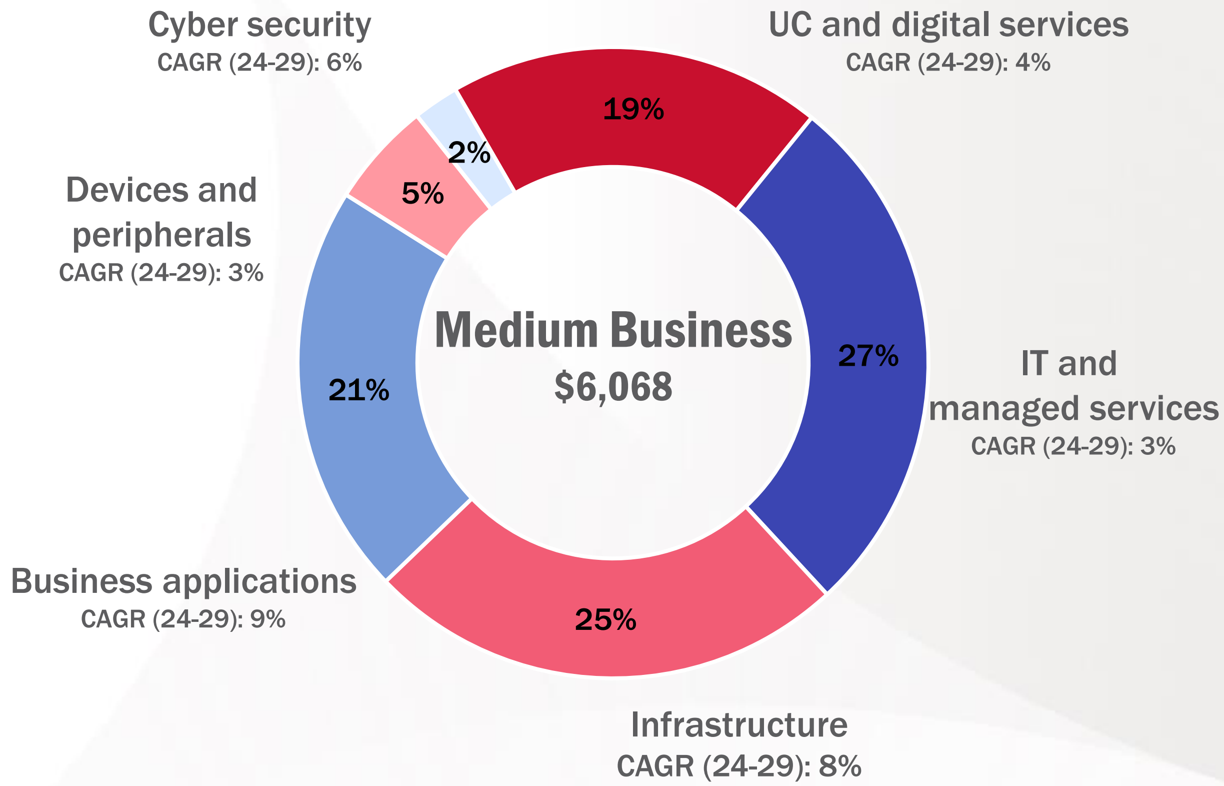


GIACOM. | analysys mason

UC and digital services has the biggest share for SBs; however, the share will change in the next 5 years as SBs spend on managed services and cloud infrastructure

Average IT spending by category type





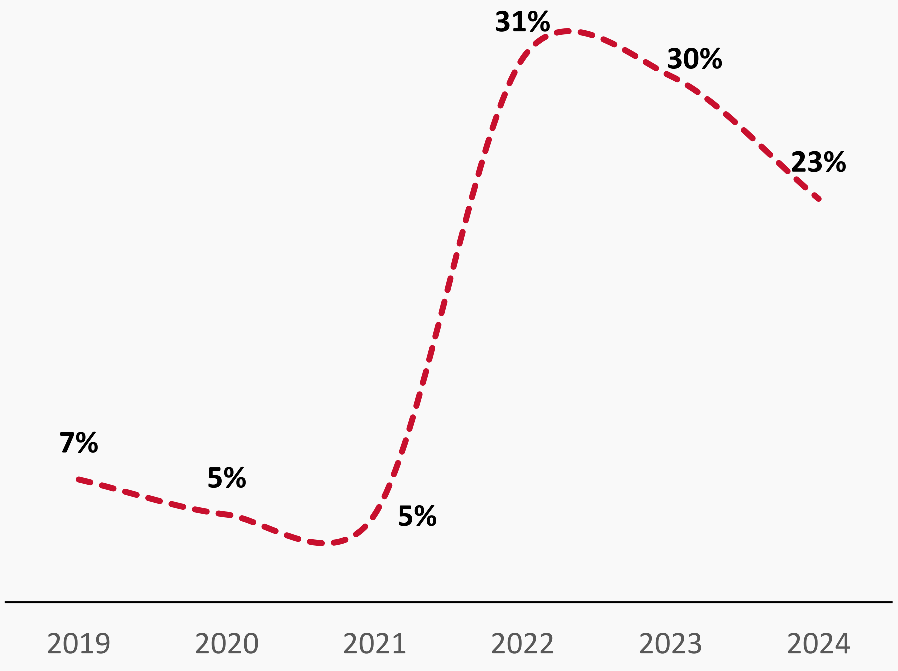
VARs, resellers, MSPs and SIs will account for about 65% of the market; resellers will lose market share while MSPs and SIs will gain share over the next 5 years

SMB spending by channel, UK, 2024–2029						Total spend
	Vendor (direct)	Retailers	Resellers and VARs	MSPs and SIs	Telecoms operators (direct)	
2024	18%	6%	42%	26%	8%	USD66 billion
2025	18%	6%	42%	27%	8%	USD70 billion
2026	18%	5%	41%	28%	8%	USD74 billion
2027	18%	5%	40%	29%	8%	USD79 billion
2028	18%	5%	39%	30%	8%	USD84 billion
2029	17%	4%	38%	32%	8%	USD89 billion
CAGR (24-29)	5.7%	2.8%	4.1%	10.4%	4.6%	6.1%

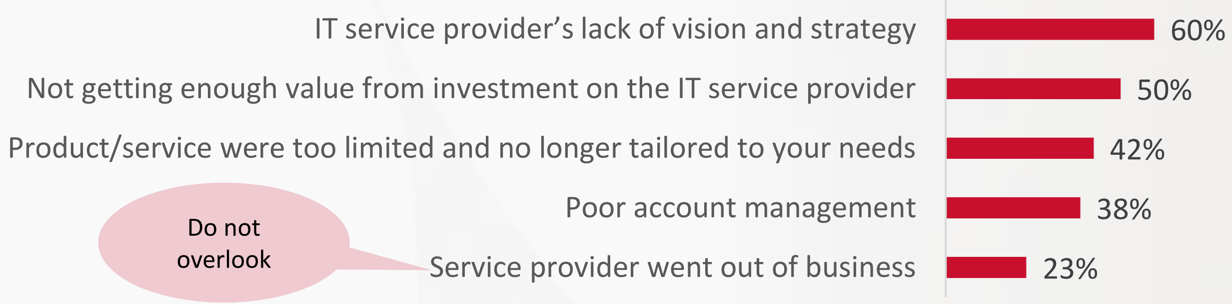
Channel partners need to highlight how their value propositions will support SMBs' long-term growth plans

23% of SMBs reported that they changed their IT providers in 2024, citing their provider's lack of vision and strategy as the top reason to switch

Percentage of SMBs that switched channel partners



Top 5 reasons for switching



Are partners doing all that is necessary?

- Limited products/services and lack of vision have been the top reasons in the last 4 years
- Partners are not changing with the speed of the market
- Switching will only accelerate if partners do not adapt to the changing needs

IT vendors are taking actions to engage their channel partners

Enhance partner programs	Partner dashboard	Comprehensive portfolio	Monetary rewards	Innovation and sustainability	Promote channel sales and limiting direct sales
Encourage partners to bring their offerings directly to the vendor’s platform or site through ways such as easy listing, flexible delivery options, simplified billing, and provide marketing tools and resources	Offer web-based consolidated dashboard that showcasing data related to potential sales, success rates, and transactions submitted by partners	Offer an extensive suite of solutions that enable partners to easily promote, obtain certifications, and purchase solutions across the entire product spectrum	Opportunities for partners to receive substantial rebates and financial rewards while expanding their engagement with IT vendors. These rewards are designed to stimulate expansion and acknowledge effective partnerships	Partners benefit from vendors' commitment to innovations, like utilizing AI to tackle business challenges, and to sustainability, by minimizing e-waste and investing in energy-efficient technologies	Vendors offer tiered partner programs and a pledge to reduce direct customer sales, thereby channeling more business through partners

Focus areas for 2025

3 Final thoughts

A modern SMB will have the following key characteristics

Modern SMB

Rely on technology to solve key business issues

Cloud and remote IT services will be the go-to solutions

Engage with channel partners that provide solutions to business problems and not just sell IT

Key takeaways for partners

Move to subscription services and build a recurring revenue business wrapped in managed services

Differentiate with vertical alignment or clear value proposition, lean on vendors and suppliers to enhance capabilities

Increase product and service portfolio but standardise offerings with few (single) vendors

Questions and answers

Contact Details

Nathan Marke
Chief Operating Officer

Nathan.marke@giacom.com
Linkedin.com/in/nathanmarke
Giacom.com

Karthik Pannala
Principal Analyst

Karthik.Pannala@analysysmason.com
linkedin.com/in/karthikpannala
Analysysmason.com/

Youtube.com/@GiacomGroup
Linkedin.com/company/giacom
@GiacomCM
Instagram.com/giacomgroup

youtube.com/AnalysysMason
linkedin.com/company/analysys-mason
@AnalysysMason

GIACOM. | analysys mason

4 Appendix

Business Applications: category module coverage [1/6][1]

Level 1	Level 2	Level 3	
Business applications	On-premises/ licensed software	Accounting/financial (on-premises)	Business intelligence (on-premises)
		Customer relationship management (CRM) (on-premises)	Email (on-premises)
		Enterprise content management	Enterprise resource planning (ERP) (on-premises)
		Human resources (HR) (on-premises)	Line-of-business (LOB) software (on-premises)
		Payroll (on-premises)	Point-of-sales (POS) (on-premises)
		Productivity (on-premises)	Project management (on-premises)
		Quotes and invoicing (on-premises)	Travel and expenses (on-premises)
	Software as a service (SaaS)	Accounting/financial (SaaS)	Business intelligence (SaaS)
		CRM (SaaS)	Email (SaaS)
		ERP (SaaS)	HR (SaaS)
		LOB software (SaaS)	Marketing automation
		Payroll (SaaS)	POS (SaaS)
		Productivity (SaaS)	Project management (SaaS)
		Quotes and invoicing (SaaS)	Travel and expenses (SaaS)

[1] Cloud categories are highlighted with a red dashed box.

Cyber Security: category module coverage [2/6][1]

Level 1	Level 2	Level 3	
Cyber security	Data security	Data security (SaaS)	Data security (on-premises)
	Endpoint security	Endpoint detection and response (SaaS)	Endpoint detection and response (on-premises)
		Endpoint protection (SaaS)	Endpoint protection (on-premises)
	Mobile security	Mobile security (SaaS)	Mobile security (on-premises)
	Network security	DoS/DDoS mitigation	Intrusion detection/prevention
		Firewall and unified threat management software (SaaS)	Firewall and unified threat management software (on-premises)
		Identity and access management (SaaS)	Identity and access management (on-premises)
		Other security and vulnerability management (SaaS)	Other security and vulnerability management (on-premises)
		Security operations and incident response (SaaS)	Security operations and incident response (on-premises)
	Security appliances	Network firewall and intrusion detection/prevention appliances	Unified threat management appliances
	Web and email security	Email security (SaaS)	Email security (on-premises)
		Web security (SaaS)	Web security (on-premises)

[1] Cloud categories are highlighted with a red dashed box.

Devices and Peripherals: category module coverage [3/6]

Level 1	Level 2	Level 3	
Devices and peripherals	Mobile hardware	Handsets	
	PCs	2-in-1 PCs	Tablets
		Desktop PCs	Notebook PCs
		PC/device-as-a-service (PC/DaaS)[1]	
	Printing and peripherals	3D printers	Peripherals
		Printers	Printing supplies

[1] Analysys Mason's PC/device-as-a-service (PC/DaaS) spending is delivered as a companion module to the SMB Technology Forecaster data as it includes spending on devices that is captured in PC categories. Examples include HP DaaS, Dell PCaaS, Lenovo DaaS, and Microsoft Surface as a Service.

IT Infrastructure: category module coverage [4/6][1]

Level 1	Level 2	Level 3	
IT Infrastructure	Infrastructure-as-a-service (IaaS)	IaaS storage online back-up	IaaS storage simple development
		Recovery-as-a-service (RaaS)	
	Networking hardware	Switches	Routers
		Wireless LAN	
	Networking services	Cloud VPN	IP VPN
		WAN	
	Networking software	Networking software	Point-to-point VPN
	On-premises and licensed software	Databases (on-premises)	Middleware
		Mobile application development	Operating system
	Point-of-sales (POS) hardware	Point-of-sales (POS) hardware	
	Servers	IaaS servers	Server co-location
		Servers	
	Software-as-a-service (SaaS)	Databases (SaaS)	
	Storage hardware	FC SAN	IP SAN
		Network-attached storage (NAS)	PC-attached storage
		Storage area network (SAN) switches	Server-attached storage
		Tape back-up	
	Storage software	Back-up and recovery (on-premises)	Other storage software
		Replication software	Storage resource management software
	Virtualisation	Desktop-as-a-service (DaaS)	Desktop virtualisation
		Server virtualisation	Storage virtualisation
	Platform-as-a-service (PaaS)	Platform-as-a-service (PaaS)	
	IoT	IoT hardware	IoT services
		IoT software	

[1] Cloud categories are highlighted with a red dashed box.

IT and Managed Services: category module coverage[5/6][1]

Level 1	Level 2	Level 3	
IT and managed services	Product support services	Computing support	Network support
		Security support	Software support
		Storage support	
	Professional services	Development and integration	IT consulting
		Process management	
	Managed services	Remotely managed IT services (other)	Remotely managed mobile devices (MMS)
		Remotely managed networking (wired)	Remotely managed networking (wireless)
		Remotely managed PBX (TDM and/or IP-PBX)	Remotely managed PCs
		Remotely managed security	Remotely managed servers
		Remotely managed storage	

[1] Cloud categories are highlighted with a red dashed box.

UC and Digital Services: category module coverage [6/6][1]

Level 1	Level 2	Level 3	
Unified communications (UC) and collaboration	On-premises and licensed software	Collaboration (on-premises)	
	Software-as-a-service (SaaS)	Collaboration business workflows (SaaS)	Collaboration (file share and sync) (SaaS)
	UC services	Audio conferencing	UC and hosted voice
		Video conferencing	
Communications	Fixed hardware	Pure TDM-PBX/key systems	
	Fixed network	IP voice	Narrowband voice
		Fixed broadband	
	Mobile network	Mobile broadband	Data, voice and messaging plans
	UC hardware	IP PBX/hybrid	IP phones and adaptors
Digital marketing and advertising	Digital marketing and advertising	Display advertising	Search engine marketing (SEM)
	Social	Social media marketing	
Web services	Web hosting and development	Website development	Website hosting and maintenance

[1] Cloud categories are highlighted with a red dashed box.

Contact details

Karthik Pannala

SMB Technology Forecaster, Product Head

karthik.pannala@analysysmason.com
analysysmason.com/people/karthik-pannala/
enquires: enquiries@analysysmason.com

About Analysys Mason
analysysmason.com/what-we-do/

About SMB Technology Forecaster
analysysmason.com/what-we-do/practices/research/smb-technology-forecaster/

Bonn
Tel: +49 228 3876 9474
bonn@analysysmason.com

Cambridge
Tel: +44 (0)1223 460600
cambridge@analysysmason.com

Dubai
Tel: +971 (0)4 446 7473
dubai@analysysmason.com

Dublin
Tel: +353 (0)1 602 4755
dublin@analysysmason.com

Hong Kong
hongkong@analysysmason.com

Kolkata
Tel: +91 33 4084 5700
kolkata@analysysmason.com

London
Tel: +44 (0)20 7395 9000
london@analysysmason.com

Lund
Tel: +46 8 587 120 00
lund@analysysmason.com

Madrid
Tel: +34 91 399 5016
madrid@analysysmason.com

Manchester
Tel: +44 (0)161 877 7808
manchester@analysysmason.com

Milan
Tel: +39 02 76 31 88 34
milan@analysysmason.com

New Delhi
Tel: +91 124 4501860
newdelhi@analysysmason.com

New York
Tel: +212 944 5100
newyork@analysysmason.com

Oslo
Tel: +47 920 49 000
oslo@analysysmason.com

Paris
Tel: +33 (0)1 72 71 96 96
paris@analysysmason.com

Singapore
Tel: +65 6493 6038
singapore@analysysmason.com

Stockholm
Tel: +46 8 587 120 00
stockholm@analysysmason.com

@AnalysysMason
linkedin.com/company/analysys-mason
youtube.com/AnalysysMason
analysysmason.com/podcast/