



# SMB MARKET LANDSCAPE REPORT 2010



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## EXECUTIVE SUMMARY

AVG recently partnered with GfK to undertake an international survey among SMBs. The results identified that SMBs are optimistic for the future as they emerge from a difficult economic period. SMBs are increasingly relying on technology to overcome the challenges of the recession and recognize the importance of protecting this technology from outside threats. However many are unaware of the range of IT security threats and require expertise to help them secure success.

Five main themes resulted from the research:

### **1. SMBs ARE EMERGING SUCCESSFULLY FROM THE RECENT ECONOMIC DOWNTURN AND ARE POSITIVE ABOUT THE FUTURE**

SMBs have responded to the challenge of economic recession through innovation, adopting new technologies and working practices and ensuring their businesses are lean. More than 2 in 3 businesses are expecting to expand in the next 5 years.

### **2. TECHNOLOGY IS CRITICAL TO THE BUSINESS, BUT SMBs DON'T HAVE THE EXPERTISE TO MANAGE IT**

Over three quarters feel IT is critical to their business and more than 2 in 3 see it as key to driving business success. However, only 39% have employees with a high level of IT competence and more than half have no access to IT expertise.

### **3. SMBs ARE READY TO DEPLOY NEW TECHNOLOGIES AND MOVE INTO THE 'CLOUD'**

Currently, 1 in 7 businesses are using hosted services, but there appears to a high potential for further adoption, with 67% considering using cloud services in the future.

### **4. SMBs ARE CONCERNED ABOUT IT SECURITY BUT AREN'T ALWAYS AWARE OF OR FULLY PROTECTED AGAINST THE THREATS THAT EXIST**

77% recognise that a security breach could have a significant impact on their business and 83% feel that having the right level of protection is critical to their business. Yet less than half have a clear security policy in place and 1 in 7 businesses have no IT security protection.

### **5. PEACE OF MIND, PERFORMANCE AND REASSURANCE ARE TOP PRIORITIES FOR SMBs WHEN CONSIDERING SECURITY SOLUTIONS**

Universally SMBs want security solutions to deliver the right level of protection and not impact on business performance. The vast majority of SMBs (88%) also want the reassurance of a trusted brand to deliver this.



## METHODOLOGY

GfK conducted a global survey of small and medium businesses (SMB), defined as companies with up to 100 employees who use at least one PC.

The Survey consisted of two phases:

**Phase 1** – a detailed investigation of SMB security software purchasing attitudes and behaviours. Twenty in-depth one-on-one interviews with SMBs in Brazil, China, Italy and US conducted end 2009.

**Phase 2** – quantitative exploration of the SMB IT security software market landscape. 2000 online interviews conducted in US and UK in spring 2010.

Individual respondents were senior business decision makers responsible for IT purchasing.

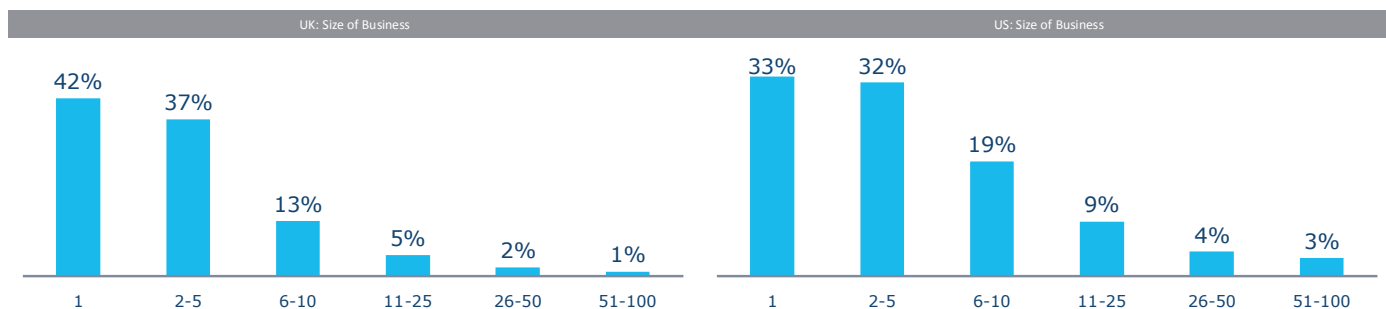


## MARKET OVERVIEW SMBs: A HIGHLY FRAGMENTED SECTOR

The SMB sector is highly fragmented and dominated by single person (SOHO) and small (2-5 employee) organisations. The SMB umbrella covers a broad spectrum of businesses with unique identities operating in a wide range of industries.

IT spend in this sector is high, particularly in the UK where spend is higher than in the US.

Figure 1: UK and US SMB size of business (employees)



The research among SMBs identified five main themes

## 1) SMBs ARE EMERGING SUCCESSFULLY FROM THE RECENT ECONOMIC DOWNTURN AND ARE POSITIVE ABOUT THE FUTURE

SMBs have responded to the challenge of economic recession through innovation, adopting new technologies and working practices and ensuring their businesses are lean. This includes improving technology efficiency, migrating to digital technologies, developing e-commerce solutions and offering new products and services to customers. Budgets are becoming more streamlined and there is a heightened need to demonstrate greater value and a positive return on investment.

SMBs are embracing flexible working with a larger remote worker base and expansion of the role/job function of remote employees. Employees are also increasing levels of mobility. In order to maximise efficiency and minimise cost, many SMBs are adopting virtualisation technologies such as cloud computing as well as investing in the latest hardware.

Those most confident of success are proud of their close working relationships with their customers which they believe helps them to maintain a competitive advantage over larger companies.

*“Anyone can sell but not everyone has the goodwill to go the extra mile” (Brazil SMB)*

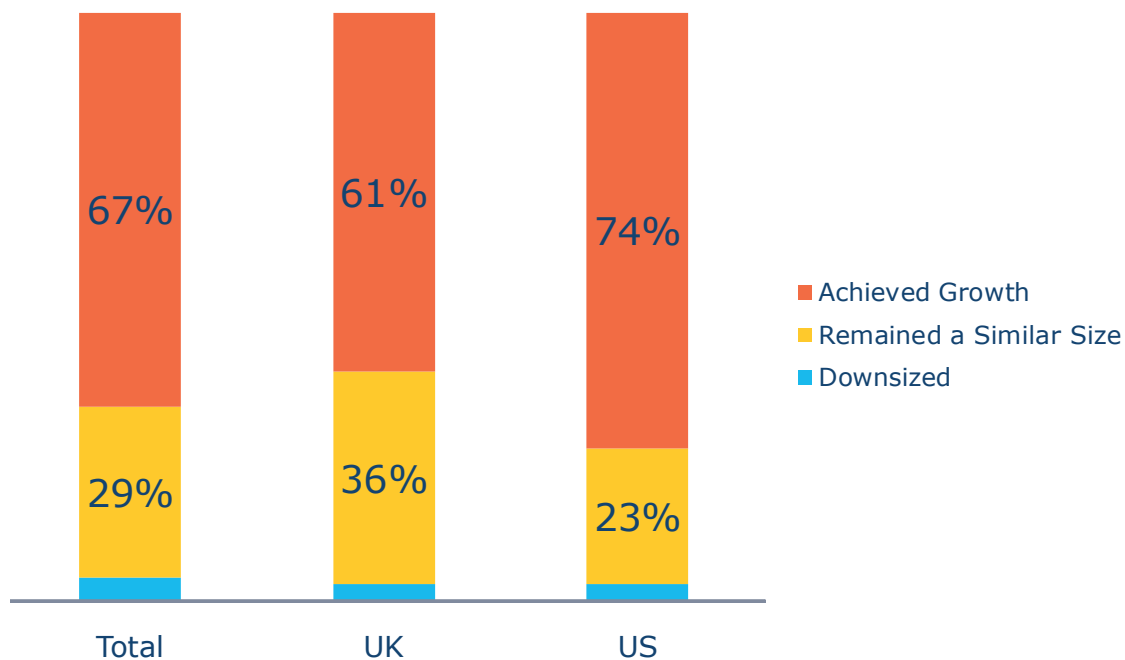
*“Some of our larger clients keep coming back because they like the attention they get. They get a very personalised service” (US SMB)*

Some view the recent downturn as “less of a threat” and “more of an opportunity to evaluate the direction of the business” which typifies the positive attitude of the SMB decision maker.

*“It’s a slow period at the moment [2009] but it gives us time out to think 6 months to a year ahead and see how things are going to affect us” (US SMB)*

As a result, the majority of SMBs now feel that they have emerged from the economic crisis in a stronger position with more than two thirds predicting growth in the next five years. SMBs in the US are particularly positive.

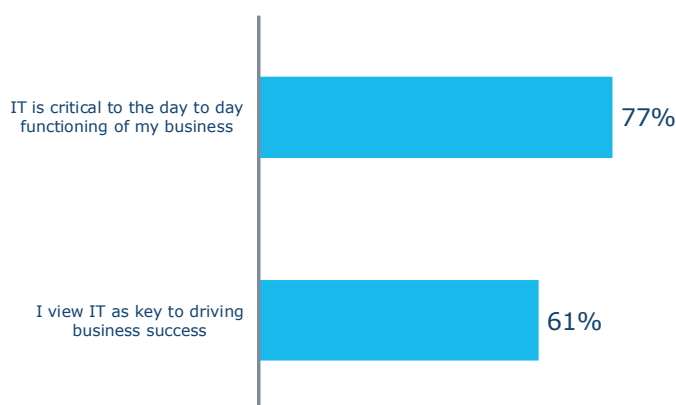
Figure 2: SMB expectations of future growth in the next five years



## 2) IT IS CRITICAL TO THE BUSINESS, BUT SMBs DON'T HAVE THE EXPERTISE TO MANAGE IT

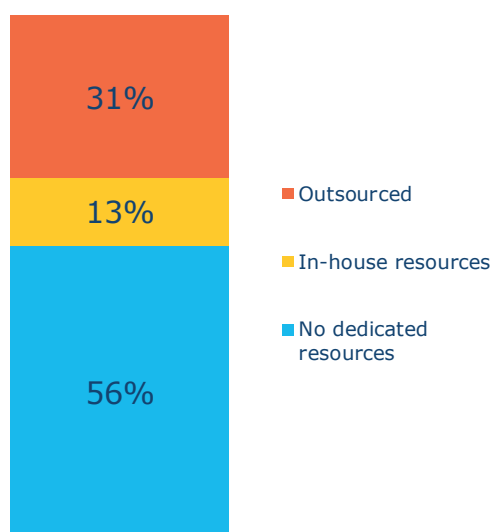
Over three quarters of SMBs view IT as critical to the business and more than two thirds see it as key to driving business success. Perhaps unsurprisingly, given their higher overall spend on IT, UK SMBs are more likely to view technology as a strategic driver for their business than their US counterparts.

Figure 3: SMB Attitudes to technology (% agree)



Despite the importance of IT to SMBs a majority do not have employees with a high level of IT competence or a clear IT strategy; in fact, only 13% have dedicated in-house resources and over half have no access to IT resources whatsoever. This is consistent in both the US and UK and among all industry sectors.

Figure 4: SMB IT resources



SMBs themselves recognise this gap in knowledge and admit to needing expert help and support for IT decision making.

*“When there is no problem we don’t think about it. It’s only when there is a problem that people will think about it” (China SMB)*

*“I have limited experience so I trust my IT consultants, I have been working with them for 10 years” (Italian SMB)*

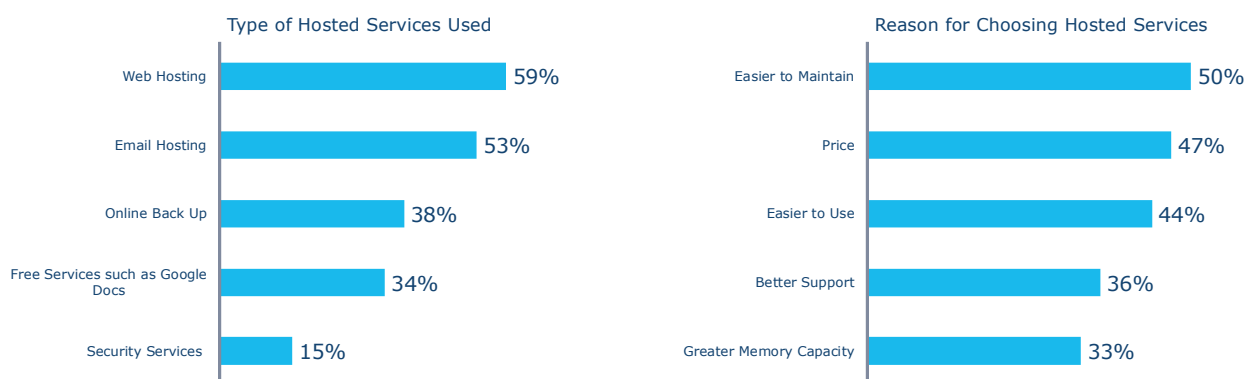


### 3) SMBs ARE READY TO DEPLOY NEW TECHNOLOGIES AND MOVE INTO THE 'CLOUD'

As already noted, SMBs are generally innovative and open to change and as such, are keen to embrace and deploy new technologies. SMBs are particularly open to using hosted services. Currently 1 in 7 are using 'cloud' services but two thirds are considering using in the future.

A contributing factor to this demand for hosted services is that the vast majority of SMBs do not have internal IT resources. They are therefore keen to embrace any offering which makes IT easier to manage and use. Price is also a key consideration.

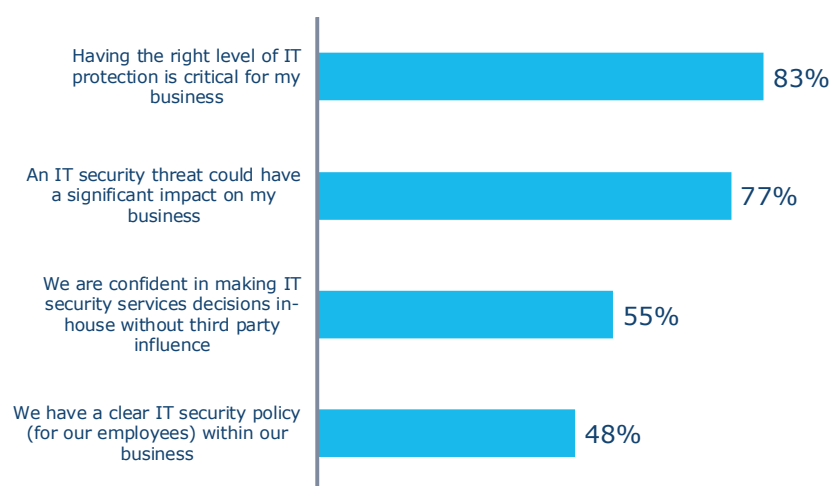
Figure 5: Hosted services



## 4) SMBs ARE CONCERNED ABOUT IT SECURITY BUT AREN'T ALWAYS AWARE OF OR FULLY PROTECTED AGAINST THE THREATS THAT EXIST

The vast majority of SMB decision makers want to protect their businesses effectively from security breaches and believe that the right level of protection is critical to their business. Three quarters recognise that a security breach could have a significant impact on their business. Despite this strong belief, less than half have a clear security policy in place and many do not feel confident in making IT security decisions themselves.

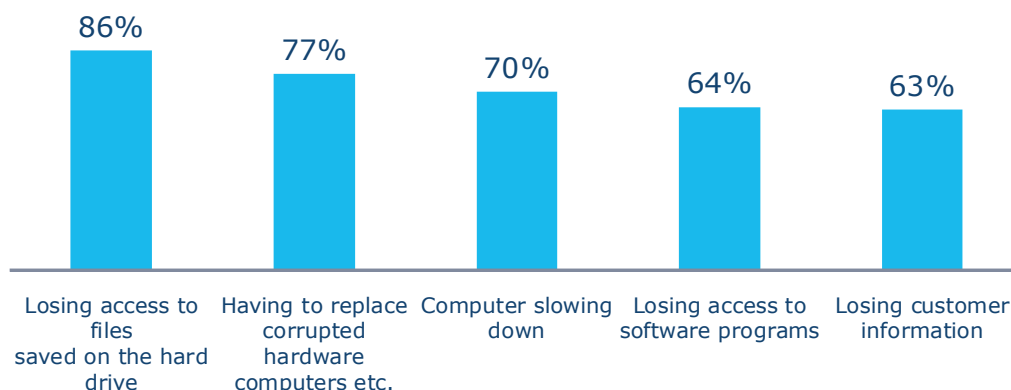
Figure 6: Attitudes to IT security software services



SMBs are aware of the many different ways security breaches can impact their businesses and their biggest concern is losing access to files.

*“It’s not so much concerns with viruses but more about a hacker getting in and retrieving information they weren’t supposed to know” (US SMB)*

Figure 7: SMB security concerns



When it comes to the importance of security, many speak from experience:

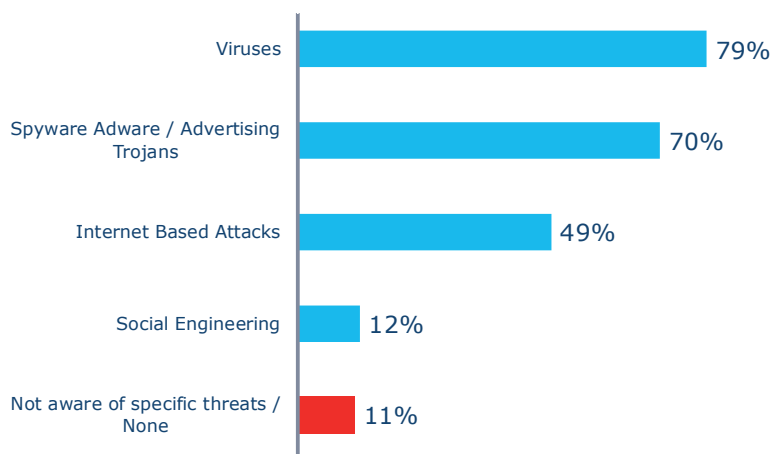
*“We had a virus breach last summer that wreaked havoc. It was completely our fault” (Italian SMB)*

A quarter of SMBs have been subject to a security breach. Typically this is among larger organisations with networks and dedicated IT support functions. Despite their high awareness of the potential damage security breaches can cause, surprisingly 1 in 7 SMBs do not have any security software installed, leaving their business open to potential attacks.

**1 in 4** *have experienced a security breach*

**1 in 7** *have no security software*

**Figure 8: Security threats SMBs are aware of**



The main reasons for not using security software include it being too expensive and a lack of awareness of the need to protect their business, which may be due to SMBs lack of IT expertise and access to resources .

SMBs are also lacking in knowledge and awareness when it comes to specific IT security threats; 1 in 10 SMBs are unaware of any threat. For the remainder, awareness of threats other than Viruses and Spyware is low.

Worryingly, only half of SMBs are concerned about internet based attacks. This is likely to have consequences in the future as SMBs increase their reliance on the internet and cloud based services. This lack of awareness is even more pronounced when it comes to more sophisticated forms of attack such as Social Engineering (the manipulation of individuals into divulging confidential information).



## 5) PEACE OF MIND, PERFORMANCE AND REASSURANCE ARE TOP PRIORITIES FOR SMBs WHEN CONSIDERING IT SECURITY SOLUTIONS

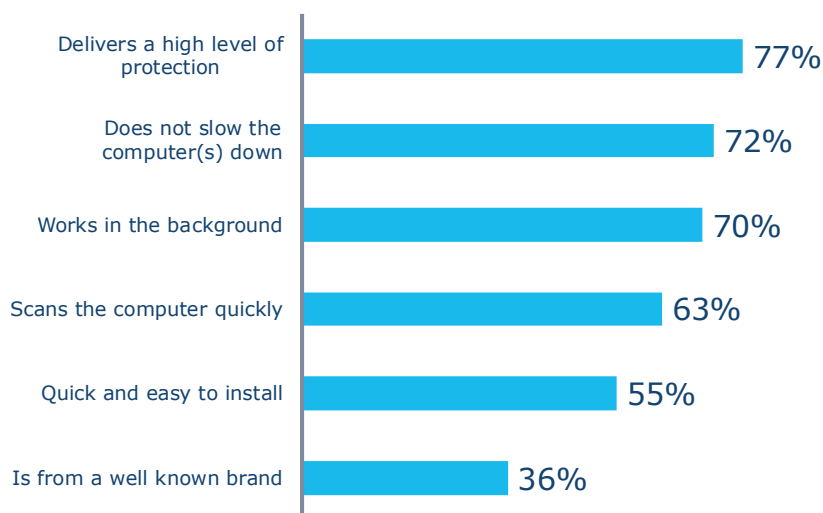
SMBs are remarkably consistent in terms of their requirements for Security solutions. They want IT security solutions to:

- ✓ Deliver the right level of protection
- ✓ Not impact on business performance
- ✓ Work in the background

*“Security means keeping spam email out, stopping people downloading programs that have viruses in them, keeping our network safe” (US SMB)*

*“Security means our data is protected” (Italian SMB)*

Figure 9: SMB priorities for security software performance (% essential/very important)

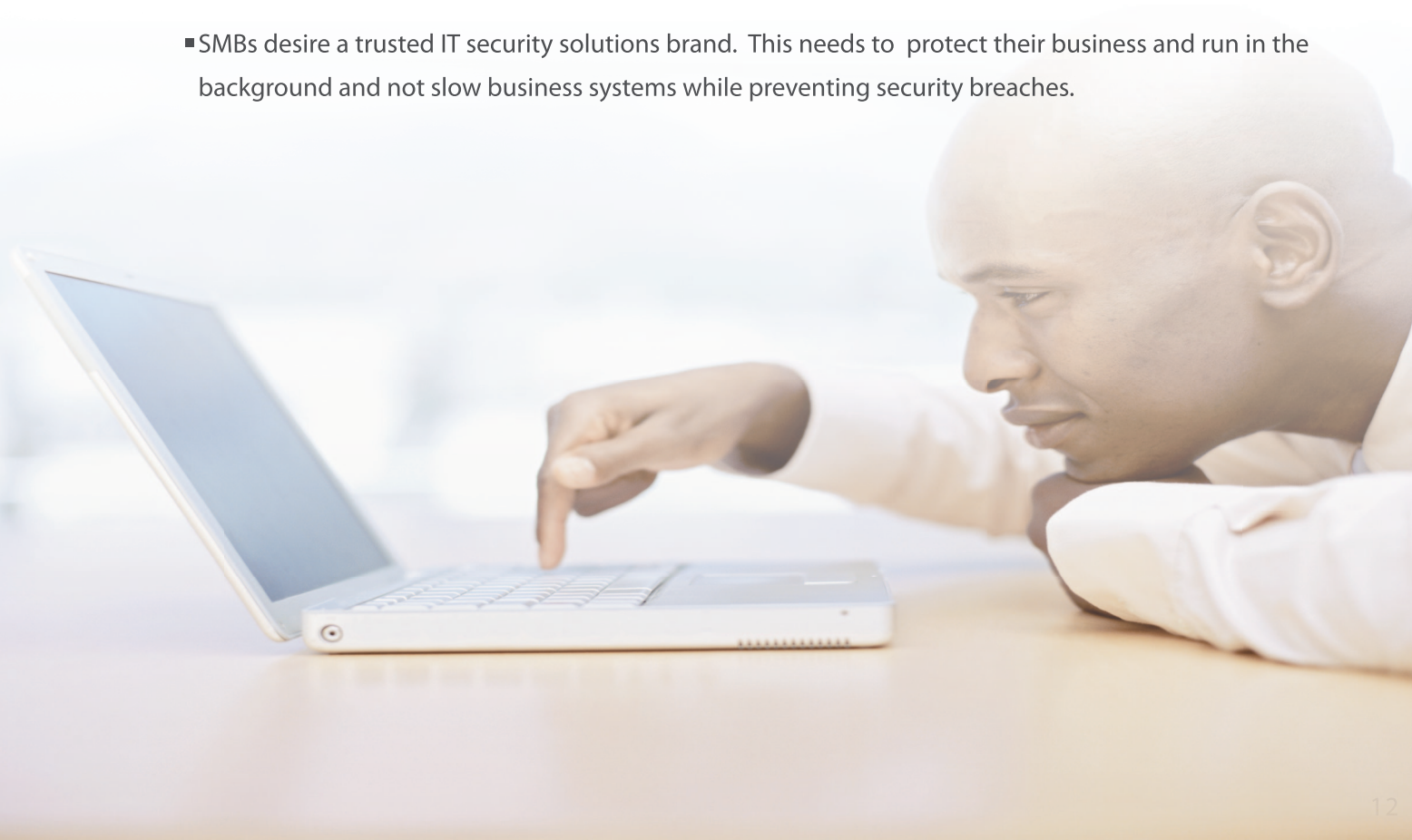


There is an expectation from almost all SMBs that a well known security software brand should be able to meet their requirements. Consequently brand reputation carries considerable weight when it comes to purchase decision making.

*“Everybody was recommending it so that’s why I decided to buy it” (Italian SMB)*

## CONCLUSIONS

- SMBs are generally very adept at adopting change into their businesses and the recent economic difficulties have opened up opportunities for new innovation and improving business processes. Two thirds of businesses are optimistic about experiencing growth in the next five years.
- SMBs view IT as essential but as these organisations tends to be small (with the vast majority having less than 5 employees) many do not have clear IT strategies to help support the growth of the organisation. The level of IT expertise is often limited so SMBs either actively seek external help or tend to take a laissez faire attitude.
- Cloud solutions therefore appear to be an attractive prospect for SMBs given that the vast majority do not have internal IT resources and are frequently looking for IT solutions which are easier to manage and offer high value for low cost.
- The vast majority of SMB decision makers want to protect their businesses effectively from security breaches. However most SMBs are unaware and consequently unprotected from the range of internet based threats that exist. Furthermore, a small proportion of SMBs have no protection whatsoever.
- SMBs desire a trusted IT security solutions brand. This needs to protect their business and run in the background and not slow business systems while preventing security breaches.



### **About GfK NOP**

GfK NOP Ltd is part of the GfK Group and a leading market research agency in the UK and internationally. It is a renowned supplier of market information and insight, offering sector specialists and best-in-field research for qualitative, quantitative, ethnographic, omnibus and online research services. For more information, contact [Ranjiv.Dale@gfk.com](mailto:Ranjiv.Dale@gfk.com)

### **About AVG**

AVG Technologies is a global security software maker protecting more than 110 million consumers and small businesses in 167 countries from the ever-growing incidence of Web threats, viruses, spam, cyber-scams and hackers on the Internet. AVG has nearly two decades of experience in combating cyber crime and one of the most advanced laboratories for detecting, pre-empting and combating Web-borne threats from around the world. AVG has nearly 6,000 resellers, partners and distributors globally including Amazon.com, CNET, Cisco, Ingram Micro, Play.com, Wal-Mart, and Yahoo!

AVG Internet Security Business Edition 2011 is our most advanced small and medium business solution to-date.

AVG recognizes that a small or medium sized business owner should not have to be an IT expert to protect their business from online security threats and AVG 2011 Business edition is designed with ease of use and maximum protection in mind.

With multiple layers of protection, smart scanning and a user-friendly management console, it's the ultimate solution for businesses that need peace of mind from security software that's designed to be high on protection, light on resources and easy-to-use.

Top 5 new features and benefits of AVG Internet security Business Edition 2011:

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4. Protects your business on popular Social Networking sites with AVG Social Networking Protection™ - Real-time, automatic checking of links exchanged within Facebook and MySpace, keeping your business safe during the ever increasing use of social networking.
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