Helping Small- and Medium-size Businesses to Flourish: New Trends in 2011 to Grow Small Businesses

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Background:

The global recession has had a strong impact on small- and medium-size companies and enterprises globally. Small firms are not able to invest in the infrastructure they need to compete with large firms and the cost of managing a small business is often overwhelming. As a result, many small businesses are not able to endure in the long run and many do not survive. In 2011, analysts in the US believe that new trends will help to drive small businesses and help them compete. Among the new hot trends in 2011 is the increased availability of mobile computer applications (software and services that are used on mobile computing devices such as cell phones, IPads, and smartphones). The applications will support sales staff to make more sales, business analysts to use more advanced tools for calculating problems, managers to help them keep track of budgets and the work force, etc. Mobile applications will greatly streamline business processes and create efficiencies within small business to allow them to compete more aggressively with large business.

In addition to mobile applications is the use of "Cloud Computing" and Cloud-based services have begun to revolutionize how business is conducted in the US and globally. This is one of the fastest-growing IT business segments in the market at the moment. IDC has predicted that "by 2012, customer spending on IT cloud services will grow almost threefold (since 2008) to US$ 42 billion" (Source: http://blogs.idc.com/ie/?p=224). This means that a larger proportion of business "on-premise" software and services will be moved to and accessed through "the cloud" versus in-house. By 2020, a large portion of all digital data will be centrally hosted, managed, or stored in public or private repositories (Source: IDC)

The Opportunity:

1. Applications for Mobile Communications

Mobile communication service providers (such as Verizon, AT&T, or Sprint) are now working on new and innovative packages of mobile applications for small- and medium-size businesses (SMBs). Sprint is planning to launch a new product called the Sprint ID Business Pro Pack. This package of applications will offer small businesses an array of technologies and tools to help them manage their businesses with greater efficiency without having to invest large amounts of capital in infrastructure-related tools and technologies. It allows small business to operate in a much more fluid and "virtual" environment. Communications service providers (CSPs) are in the process of "pre-testing" new applications that are being developed for the mobile market and these "apps" are being tested on handsets among the major manufacturers including Android, Apple, RIM and Symbian devices.

Sprint seems to be a leader in the development of new customized applications for small businesses. Employees of SMBs include sales staff, technology support staff, customer support and service, management and executives, etc. and all of these roles within an SMB will be handled by specialized applications available through mobile communications devices. There are products and services for download or access via a cell phone including sales lead management apps (to track prospective clients and their contact data), accounting and financial apps, and human resource management apps (such as time sheets to manage an employee's hours, etc.). This means that SMBs will have the ability to manage their entire staff in a mobile environment and keep sales and other staff active outside the office to

generate sales for the company. Initially, many of these applications are being offered without a charge to end-user SMBs, but eventually there will be fees associated with most of the apps (though the cost of using mobile apps is much lower versus purchasing software and tools in-house at a higher price). So, there are huge cost savings for SMBs in using mobile applications.

2. Cloud-based Services and Moving Business Processes to Hosted Environments

In addition to the above, SMBs are cutting costs through cloud-based services and a number of new players are entering the market each day. SMBs do not have a lot of money to invest in technology or software. For technology they already have or was purchased, they must replace older technology and have large maintenance and upgrade costs. Bank loans and credit lines are also unavailable to most SMBs due to the credit crisis and the economic downturn. This means that SMBs will look to cloud-based services for basic functions such as e-mail hosting, messaging, financial software, video streaming and other applications such as customer relationship management (CRM) software and solutions. According to Mr. Steve Hilton of Analysys Mason (a leading research agency for technology trends), 2011 will be a year of strong growth for SMBs based on Cloud-based services and mobile applications.

Key Advantages of Managing Applications Virtually through Mobile and Cloud-Based Services

The major advantage to an SMB in using mobile applications or cloud-based services is the tremendous cost savings that can be realized. Instead of purchasing accounting software or other tools necessary to run a business, the applications can be accessed in "the cloud" for a fraction of the cost with possible savings of 70% or more. Currently, SMBs have to purchase in-house equipment and software that age over time and are expensive to replace and maintain. All of those costs are non-existent in a mobile or cloud-based service environment.

In interviews we conducted with local cloud-based services companies; we found that the cost of subscribing to basic services on average starts at about US$ 35/month for small companies (we spoke with Comcast, Verizon, and Microsoft).

Challenges:

Security and the protection of data are probably the biggest concerns facing the mobile computing and hosted (cloud-based) market. There are a lot of companies who do not want the risk of having their data compromised by loading it onto a cloud-based or mobile application.

Major Players in the Mobile Applications Arena:

- Sprint
- Verizon
- AT&T
- Android
- Apple
- RIM
- Symbian

Major Players in Cloud Computing:

- Microsoft
- Salesforce.com

- RightScale
- Google
- NetSuite
- Rackspace
- GoGrid

SMBs have an opportunity to grow and flourish by using mobile applications under development at the mobile telecom providers. In addition, hosted solutions available through cloud-based providers offer an inexpensive and efficient means for SMBs to operate their businesses more efficiently and provide greater customer satisfaction. In the US, SMBs are leading the way toward the revitalization of the economy and they will succeed by accessing new products and services in a virtual environment.

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