



I D C E X E C U T I V E B R I E F

The SMB Workplace

January 2013

Sponsored by Brother International Europe

IDC #IDCEB15U

Introduction

The vast majority of businesses in Europe are small businesses — home to an increasingly mobile and flexible workforce that takes an active role in shaping choice of workplace, processes, and equipment.

Changes in the way SMBs operate have a direct impact on the products, services, and technologies they look for and use. Our pan-European survey, commissioned by Brother and the basis of this report, allowed us to paint a detailed picture of the SMB landscape in Europe — and of the different strategies smaller organizations deploy to compete in an open European market.

SMBs in Operation

Economic forces have compelled businesses across Europe to find ways to reduce their operating costs — significant and often unbridled costs incurred by organizations of all sizes. A complex set of factors impacts on these costs, from taxes and energy costs to workplace regulations and compliance legislation.

Stricter regulation, for example, may result in a requirement to adhere to compliance legislation and can add processes and administration activities that detract the workforce from their core business — and from meeting financial targets by driving growth.

Innovation can drive down these operating costs and increase productivity. The challenge is to keep pace with the technological advancement while striking a balance between resources diverted to technological updates and costs saved through technology.

For small and medium-sized businesses (SMBs), this is an even greater challenge as they operate with fewer resources and are highly dynamic. However, innovative solutions are now available that are not limited to large organizations, but allow SMBs to operate like large enterprises, leveraging technology to extend market reach and increase overall productivity.

This report looks at trends, challenges, and drivers around everyday SMB operations, with a focus on two areas where rapid change and new technology have had a huge impact on the smaller business workplace:

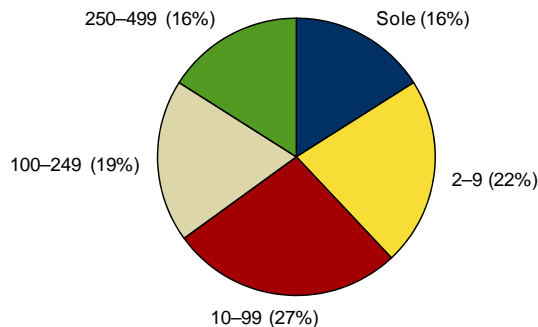
- The changing footprint of SMBs, with remote workers and cross-organizational collaboration on the rise, and
- Changing attitudes toward IT infrastructure and investment — with a separate snapshot look at the way companies print.

Survey Demographics

The survey was carried out by IDC to profile the activities of SMBs (up to 499 employees) in Europe with regard to their investment in technology and operational improvements. Respondents reflected the variety of roles IT decision makers can be found in — ranging from business owners in small businesses to professional IT roles in bigger organizations (IT managers, tech support, CIO). 1,024 decision makers took part in a Web survey providing representative results across 13 countries in Western, Central, and Eastern Europe.

FIGURE 1

Company Size (Number of Employees)



Source: IDC, 2012

The Changing Footprint of SMBs

One of the most important drivers of change in the SMB workplace is the increasingly flexible and mobile workforce. This is at the same time driven by and impacting on the use of technology. Three distinct trends have emerged:

- A trend toward the use of mobile devices such as laptops, tablets, and smartphones: employees have never been less desk-bound.
- A trend toward online collaboration — making documents available for sharing online, use of cloud services that can be accessed from anywhere, adoption of video and web conferencing.
- "Bring your own device" (BYOD) — employees using their own equipment for work.

The survey confirmed these three trends and provides a snapshot of key drivers and effects.

Going Mobile

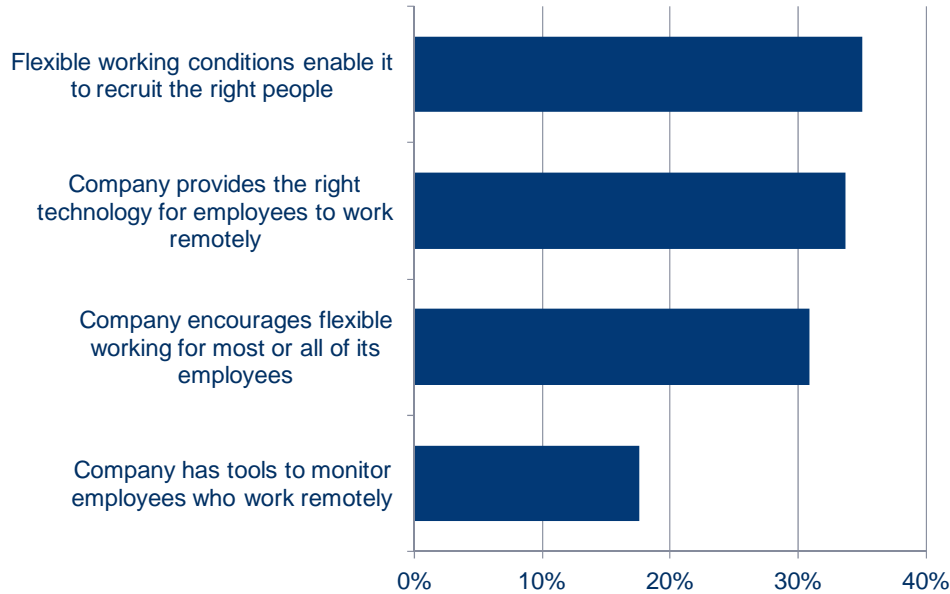
The SMB workforce is becoming more mobile. Survey results show that over 80% of SMBs need to manage remote workers and are trying to maintain and, in many cases, enhance productivity under conditions of varying degrees of workforce mobility.

Employees are nowadays armed with smartphones, laptops, and media tablets, requiring companies to provide extended access to information across platforms — increasingly using cloud services in order to integrate remote workers and improve productivity. This ability to offer flexible and remote working can have a considerable impact on the ability to recruit the right people — a major area of concern for fast-growing SMBs.

FIGURE 2

Attitude to Working Away From a Company or Client Office

Q. Which of the following statements reflect your company's attitude with regards to working away from a company or client office? (% of respondents/multiple responses)

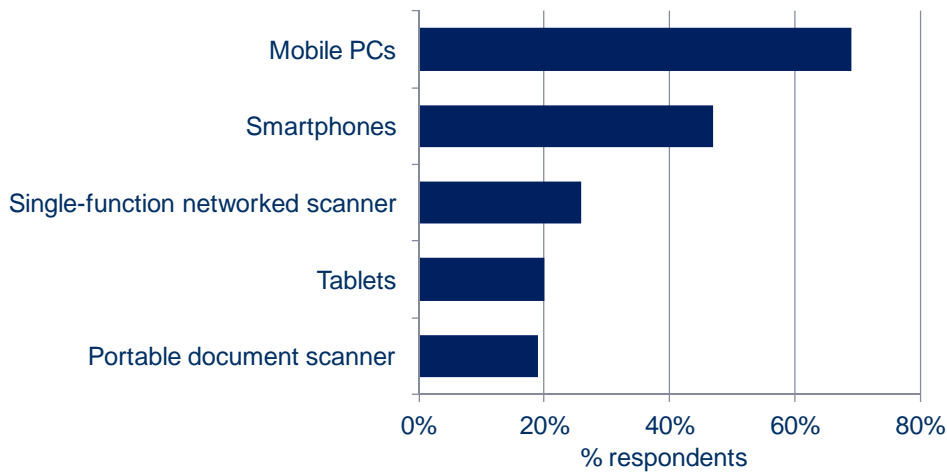


Source: IDC, 2012

However, our data shows that despite remote working being a widespread phenomenon, affecting four out of five businesses, only a third of SMBs already provide the right technology to support it. Devices in the SMB office certainly are becoming more mobile and more portable, with consumer devices playing an increasingly important role, due to their ease of use and omnipresence in employees' personal lives.

FIGURE 3

Technology Devices Making a Positive Impact on Organizational Efficiency



Source: IDC, 2013

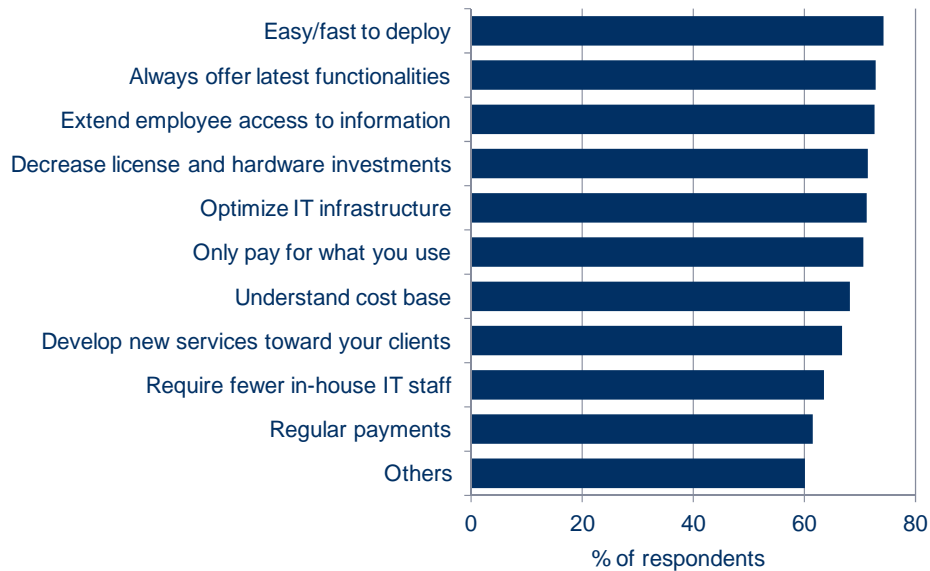
Laptops and smartphones in particular make a big difference for employees' ability to work from anywhere, impacting positively on organizational efficiency. The use of mobile devices, in turn, requires cross-platform compatibility and access to company processes and resources from these devices.

Here, cloud services play an important role, making key information and infrastructure easily accessible from outside the company's premises. Survey data shows that SMBs have recognized the benefits of cloud services, with the extension of access to information for employees as a top 3 benefit.

FIGURE 4

The Benefits of Cloud Services to Organizations

Q. *Percentage of respondents agreeing that cloud services are beneficial (where beneficial = aggregated responses for "extremely beneficial," "very beneficial," and "beneficial")*



Source: IDC, 2013

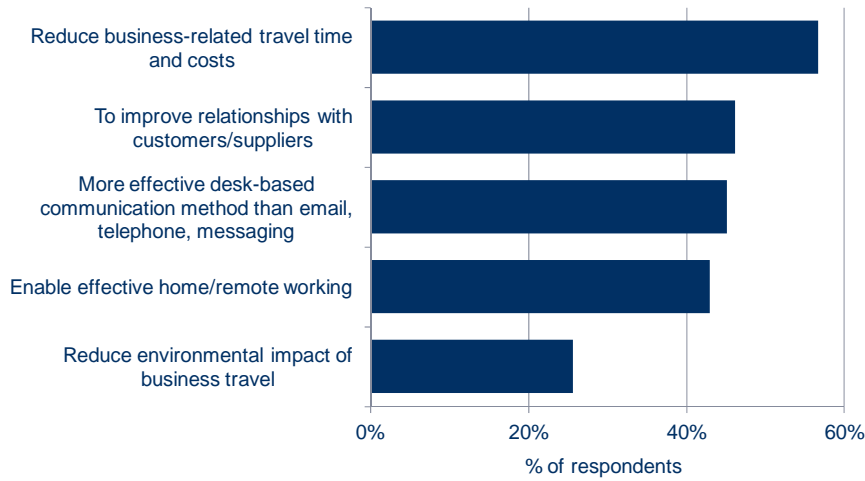
Changing Demands for Online Collaboration

Another effect of the trend toward enabling a mobile workforce is the rise in demand for visual conferencing among SMBs. This is linked to the increasing availability of core work tools such as secure cloud services.

Visual conferencing capability has become available to SMBs in the shape of desktop-based cloud services — as opposed to costly on-premises solutions with special hardware. This leap in access to affordable visual conferencing for SMBs has led to a rise in adoption of the technology. As a result, half of SMBs will be using visual conferencing facilities in the next one to two years to reduce costs and improve workforce productivity, as well as enabling workforce mobility. Proof of cost savings is a key driver here.

FIGURE 5

Online Collaboration Offers Many Benefits



Source: Brother International commissioned IDC survey, 2012

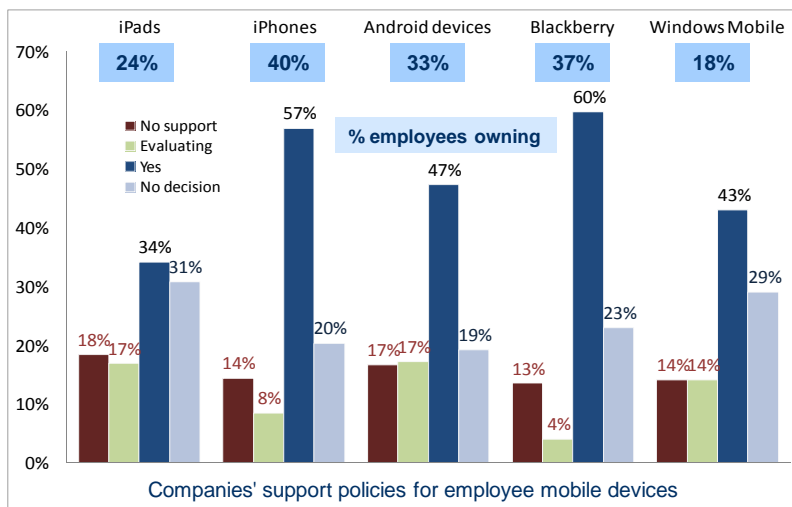
There is a mix of strong drivers for the implementation of visual conferencing among SMBs, with improving workforce efficiency (including remote working) and customer relationships identified as key drivers by over 40% of respondents. Cutting travel by using videoconferencing reduces an organization's environmental impact, and indeed over 60% of companies say this is important to them, according to IDC's 2012 Green IT Study. However, in the current economic climate green initiatives that also reduce operational cost — in the case of videoconferencing the combination of saved travel time and cost and efficiency improvement — are the deciding arguments.

Impact of "Bring Your Own Device"

An extension of the consumer device trend is "bring your own device" (BYOD) — employees using their personal equipment for work purposes and within a company's IT infrastructure.

FIGURE 6

Mobile Device Adoption in the Business World



Source: IDC IT Trends, September 2011, n = 292

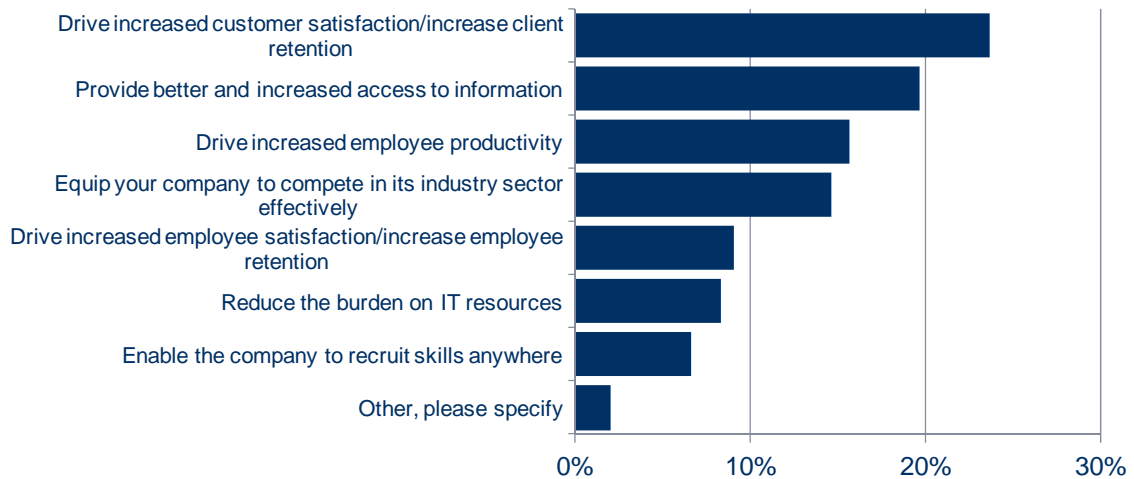
Consumer devices offer extreme ease of use and are fast becoming part of office life — a fact created by a new generation of employees that grew up as early adopters of new technology, with fast device renewal cycles. This presents a challenge for companies to support employee-owned devices such as tablets and smartphones, and permit their use as work tools. Providing better employee tools to accelerate processes when resources are limited can also boost morale, increase employee satisfaction, and create a happier workforce.

Smallprint? SMBs and Sophisticated IT Infrastructure

Although the promise of reduced cost is an important investment driver, SMBs are often more focused on ICT investments that help to improve customer retention, increase employee productivity, and ensure uninterrupted business operations.

FIGURE 7

Customer/Employee Satisfaction and Employee Productivity



Source: Brother International commissioned IDC survey, 2012

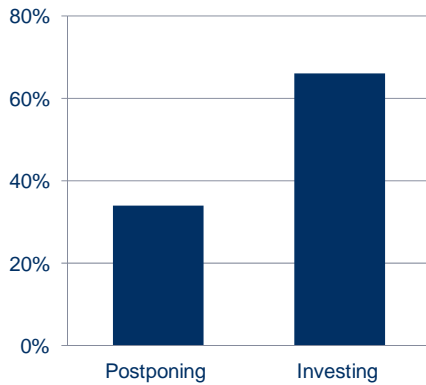
In general, SMBs can leverage technology to, for example, extend their market reach, lower sales-related costs, nurture greater collaboration with partners, better enable their workforce, boost employee productivity, etc. All these factors can contribute to increasing customer retention and recruitment and help create competitive differentiation. Shrewd IT investment enables SMBs to compete with larger, less efficient organizations.

Managing Information

Information is growing exponentially, impacting companies' document handling and storage behavior — and their approach to printing. Even if companies reduce the percentage of received soft documents printed, the explosion of content available anywhere anytime is still driving the need to print. The availability of data and information on handheld devices doesn't seem to result in a decrease in printing in companies — 57% of European companies say this has not led to a reduction in print (source: 2011 IDC Western European SMB Survey, France, Germany, and the U.K.). This is why companies in Europe are investing in printing devices. However, a third of respondents say that they are postponing investment in printing devices for the time being (source: 2011 IDC Western European SMB Survey). The current acute economic circumstances are a significant factor in this.

FIGURE 8

Two-Thirds of European Respondents are Still Investing in Printing Devices



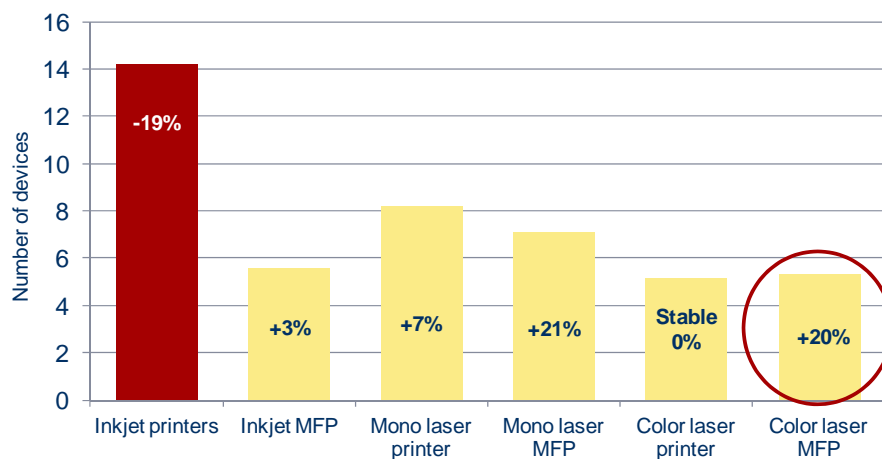
Source: IDC Western European SMB Survey, 2011

Printing Differently

With the economic downturn approaching its fifth year, some companies that have been postponing investment in print can no longer delay upgrading obsolete and cost-inefficient hardware. But they may not replace devices like-for-like. Companies are printing differently — with regard to format, color, and technology. Single-function devices, for example, are being replaced by multifunctional devices, often reducing overall hardware costs and footprint. Color printing capability on laser devices is increasing.

FIGURE 9

Average Number of Devices Used Across SMB Company Sites



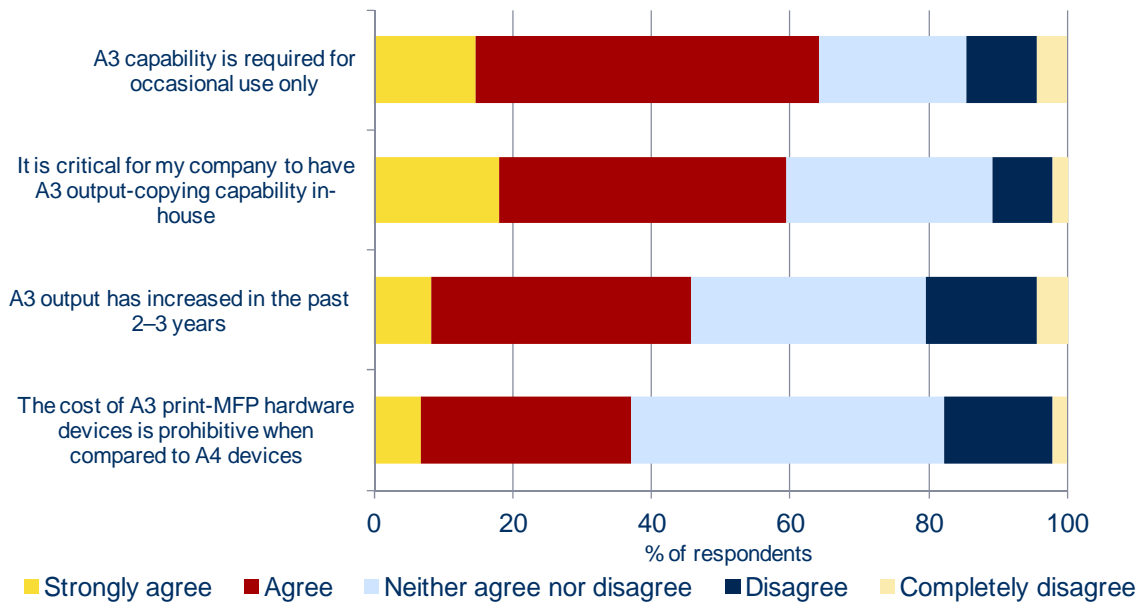
Source: IDC, 2012

We can also see a significant demand for A3 capability:

- Over half of SMBs have in-house A3 printer/MFP capability.
- In-house A3 capability enables companies to quickly produce short-term marketing collateral, rapidly reacting to competitive forces.
- More affordable A3 output-copying capability is the key market driver.

FIGURE 10

Significant Demand for A3 Capability

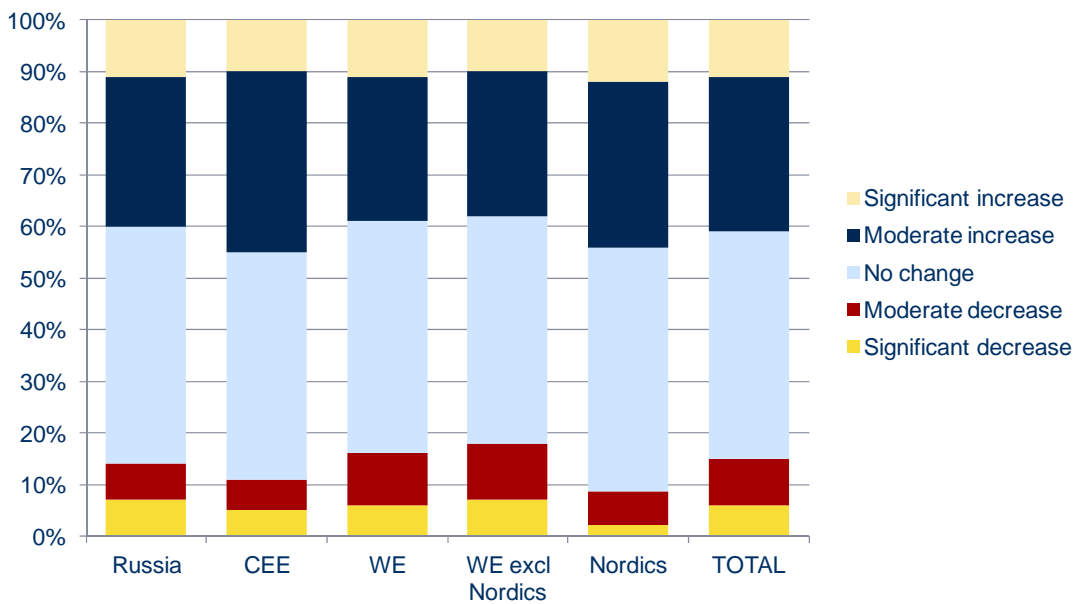


Source: Brother International commissioned IDC Survey, 2012

When it comes to color printing, the picture across Europe is heterogeneous. There are significantly more organizations in CEE and Russia that do not print any color output at all, with as much as 20% in Russia.

FIGURE 11

Changes in Color Output Volumes



Source: IDC, 2012

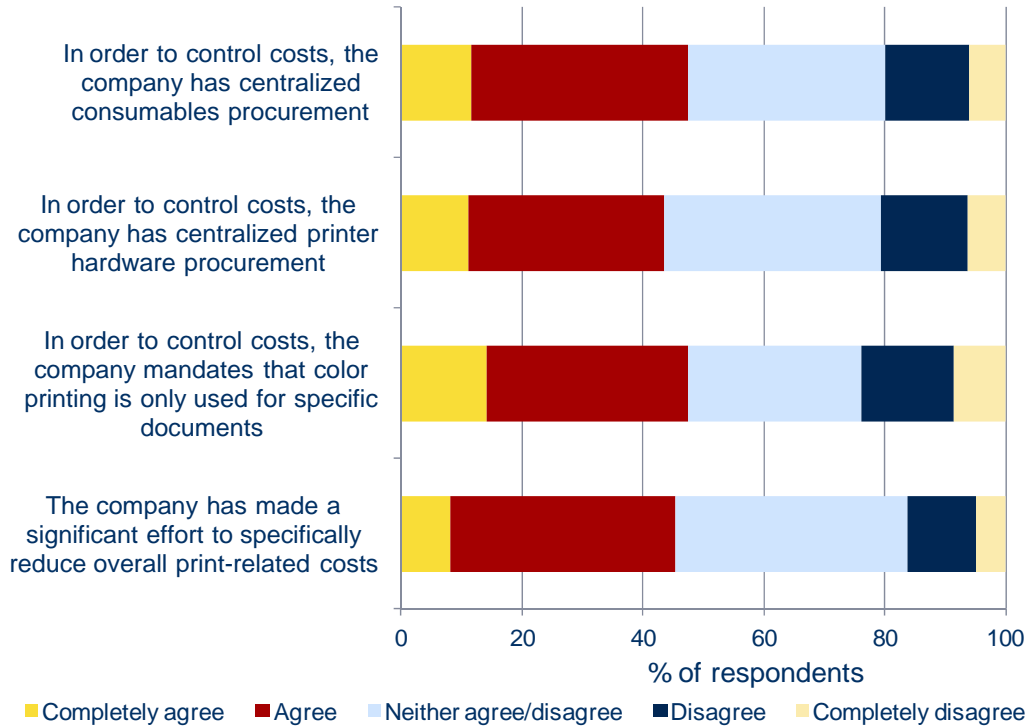
However, Russian respondents did indicate that this would change over the coming three years (71%), and color output is also set to show a healthy growth in Western Europe (40%).

Printing Smarter

The pressure to reduce operational cost does not stop at printing. Most companies are making considerable efforts to streamline printing and document handling across the organization and optimize their printer fleets.

FIGURE 12

Print Optimization



Source: IDC, 2012

Companies are starting to print smarter — using simple but impactful measures to reduce costs and utilize an existing device fleet more efficiently.

- Default mono printing — to reduce unnecessary/unauthorized color printing
- Default duplex printing — to reduce paper consumption
- Pull-printing — where a print job is "pulled" to a specific device from where a user can activate and collect the print job, to reduce the amount of paper that is wasted due to non-collection but also providing a secure print feature
- Optimizing/rationalizing the printer/MFP portfolio to reduce cost and optimize use

Must-Prints

Whether companies like it or not, they are increasingly compelled to conduct administrative processes in line with compliance/regulatory requirements. Non-compliance can mark the death of a business — or can cause serious damage to a brand and reputation. It can also incur heavy fines.

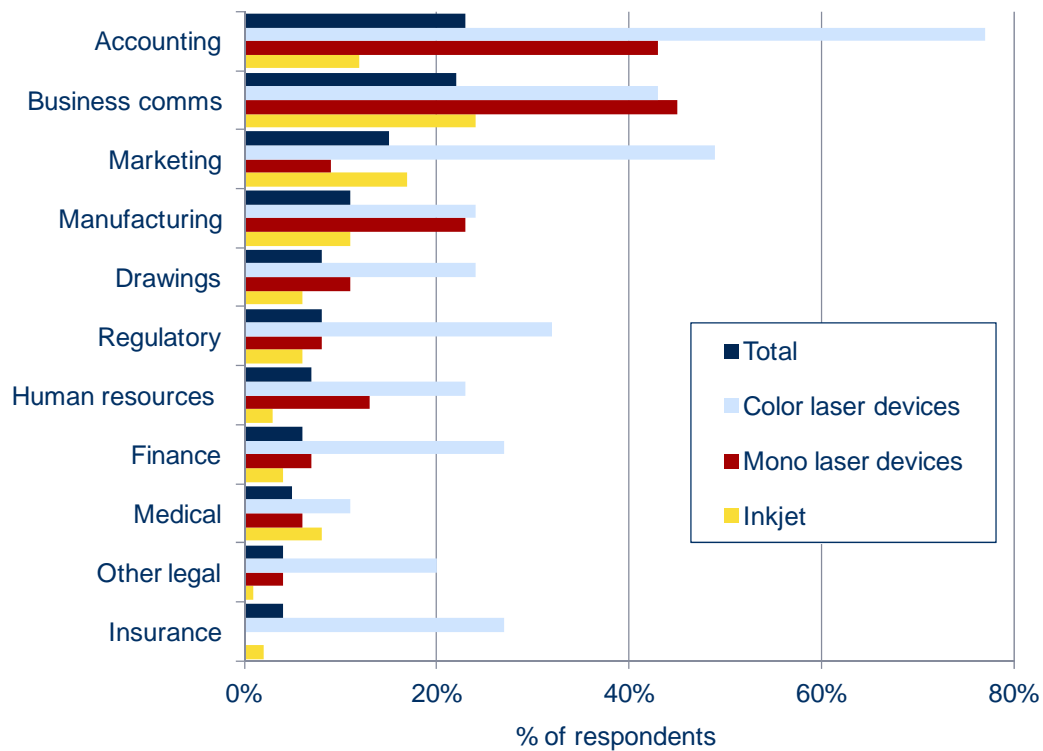
Legislation has been set with the objective of ensuring that companies provide greater accountability and transparency. Similarly, safeguarding normal business operations in unforeseen circumstances is a must for business survival.

Failure to put in place measures to ensure business continuity is an oversight that no company can afford to make. The processes involved can be exceptionally time-consuming and provide no direct contribution to business growth, but can potentially contribute heavily to business decline. They can also drive up print volumes — where processes are added, or a requirement for hard copies is introduced.

In some key processes, especially in accounting and legal, we can see this effect of compliance issues on print volumes.

FIGURE 13

Print Volume Drivers



Source: IDC, 2012

Handling Print Well — Considerations

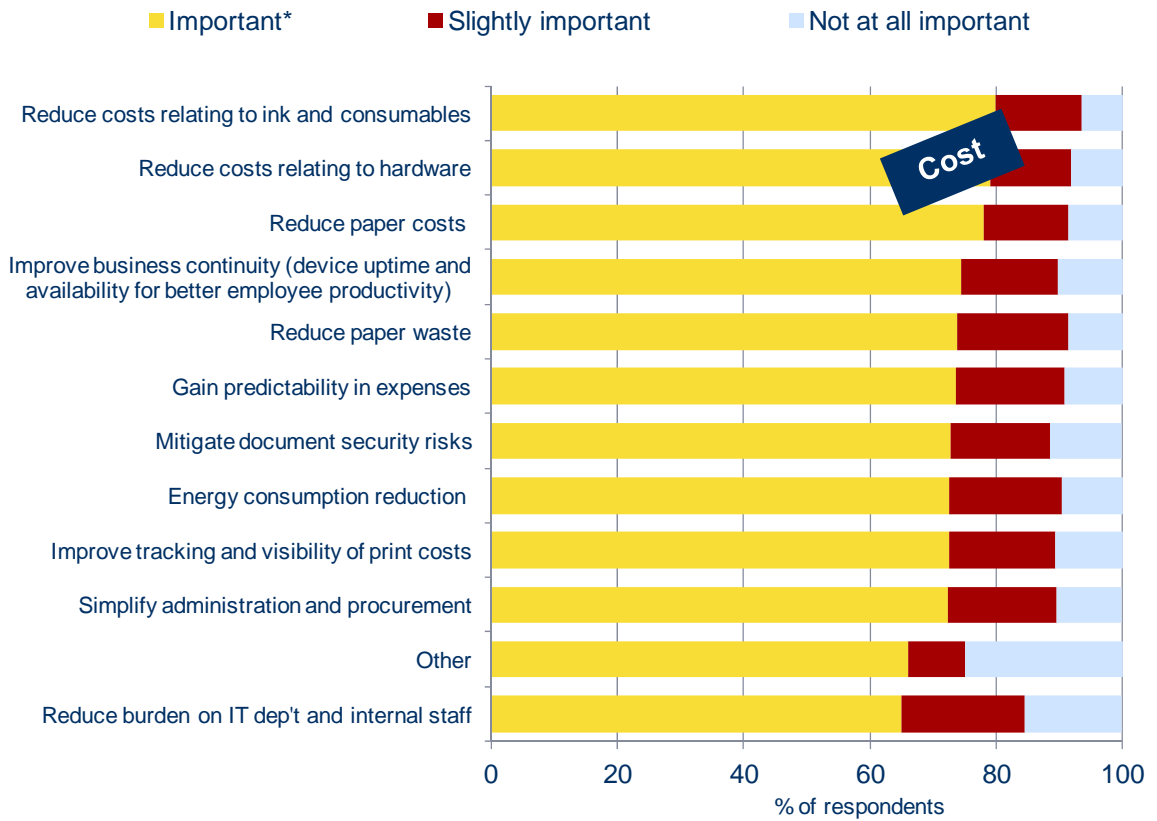
Innovation is great, but keeping pace with technology is an activity on which SMBs often cannot afford to focus their limited resources. Here, outsourced services play an important role.

Outsourcing vital services to support business activity frees up SMBs to focus resources on revenue-generating activities. At the same time, they benefit from the latest technology, ensuring quality, compliance, transparency, and efficiency of core processes.

Print is a core operational area, where managed services are on the rise. Growth in demand is largely driven by the potential for significant cost reductions. 76% of SMBs with print-related services have either a support (break-fix and maintenance) or basic print service (including remote monitoring, combined billing and reporting). This includes the management of print services providing ongoing monitoring of customers' print activities and proactive management rather than static contracts.

FIGURE 14

Managed Print Service Adoption Drivers



Source: IDC, 2013

In addition to basic managed print services that reduce the cost of running hardware, SMBs are also increasingly looking at the wider document-handling process, where innovative services can drive business growth, by streamlining and enhancing document processes.

The better management of the document life cycle (capture, storage, access/retrieval, security, disposal) meets several SMB objectives:

- Improve customer satisfaction and workforce productivity
- Mitigate risk and adhere to regulation
- Reduce cost
- Enable workforce mobility

Conclusion

Successful businesses continue to evolve, even in adverse economic conditions. Small and medium-sized companies are leveraging technology to drive innovation and provide greater customer satisfaction, higher customer retention rates, increased employee productivity, and greater overall efficiency ultimately to drive revenue growth.

In summary, the survey showed the following core trends in the European SMB world:

- Workforce mobility and flexible access to information is a key driver of change.
- Information received is multiplying rapidly, requiring faster and more efficient ways to manage information.
- Solutions once offered at high premiums and targeted at large enterprises — such as video conferencing — have been adapted to meet the equally important requirements of smaller organizations.
- Print is alive and well, driven by increased workloads, but there is demand for greater productivity from the existing workforce.
- Print services enable SMBs to outsource support services and focus on their core business adopting better management and control over operating costs.

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