



US SMB SaaS usage & adoption

September 2017

Paradoxes Pulse Research Series

<http://paradoxesinc.com>

TOC

Summary	3
Usage	4
Motivations & challenges	9
Study demographics	14
About Paradoxes	17

SMB SaaS Usage & Adoption Study Key Findings



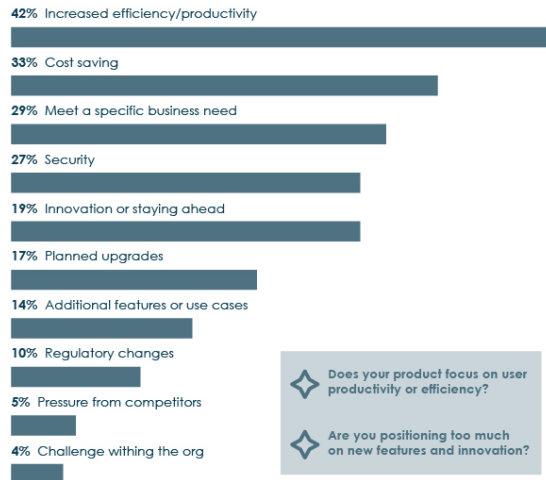
What SaaS apps do SMBs use?

Email and accounting/finance are top categories.



What makes SMBs buy SaaS apps?

Increasing efficiency and productivity are top drivers to buy SaaS apps.



- ◆ Does your product focus on user productivity or efficiency?
- ◆ Are you positioning too much on new features and innovation?

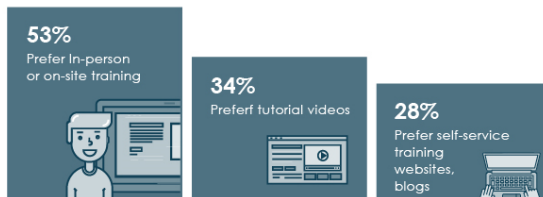
How SMBs pay for software



50%
of purchases
are subscription-based

What drives SaaS adoption?

Training drives adoption and they prefer in-person training.



Obstacles to getting full value out of business software

They can't make your product a habit if they don't know how to use it.



Nearly one-third agree

without training, it's likely we will miss valuable features that would otherwise make us more effective at our job.



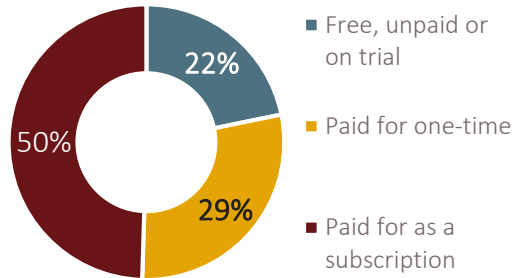


SaaS & Cloud usage

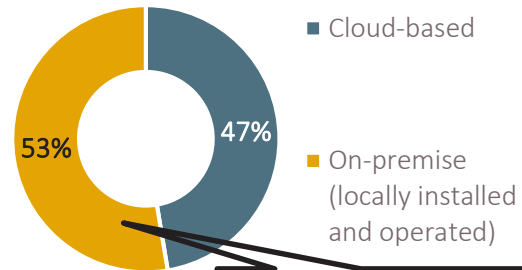
SaaS payment methods, location, and type of payments

Half of organizations' software services are paid for as a subscription, the location of software services and apps are split relatively down the middle between Cloud and on-premise, and companies that pay for software services/apps on subscription are split on annual vs. monthly payments.

Average payment method for software services or apps

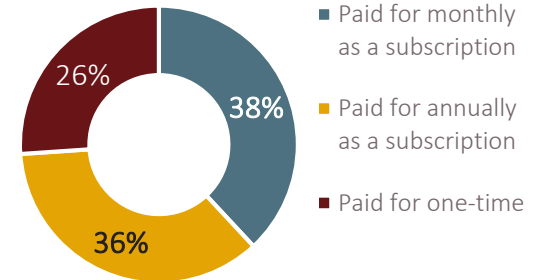


Cloud-based vs. on-premise software services or apps



There is still a lot of room for Cloud growth

Average time schedule of payments for software services or apps



Q2, Q3, Q4 What percentage of your organization's software services or apps are:

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Types of SaaS apps used

Email and accounting & finance software are the most common SaaS apps to which organizations subscribe. Software to support internal processes and increase efficiency is more commonly used than externally focused software services or apps.

Categories of software services or apps organizations currently subscribe to

Email	55%
Accounting & finance software	46%
Web site hosting services	37%
File sharing & storage software	34%
IT management software	34%
Productivity & collaboration software	30%
Project management software	30%
Customer support software	25%
HR management software	25%
Business process management software	24%
Marketing software	23%
Content management software	22%
Video & communications software	22%
Help desk software	20%
Business intelligence software	20%
CRM software	17%
Construction management software	15%
Learning management software	12%
Other	9%
Shopping cart software	8%

If you sell these popular products, is your offering differentiated?

Most common: email and accounting & finance software

Other popular categories are mainly for internal use, e.g. IT and project management

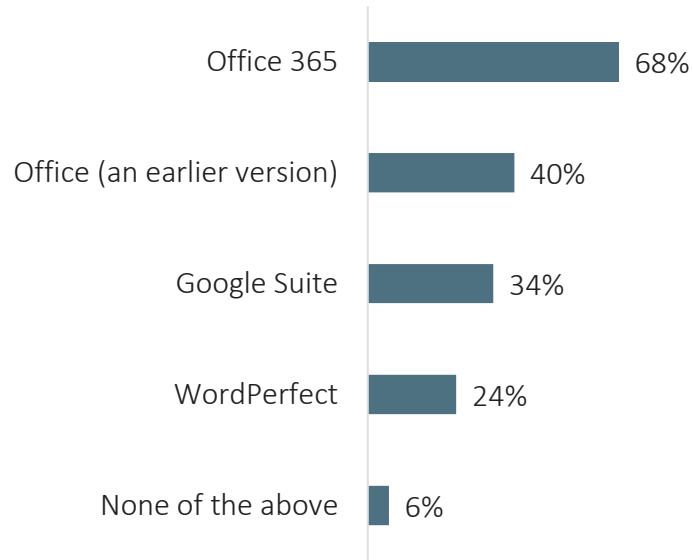
Most categories in the 15%-25% range are externally focused, e.g. customer support, marketing, content management, help desk, etc.

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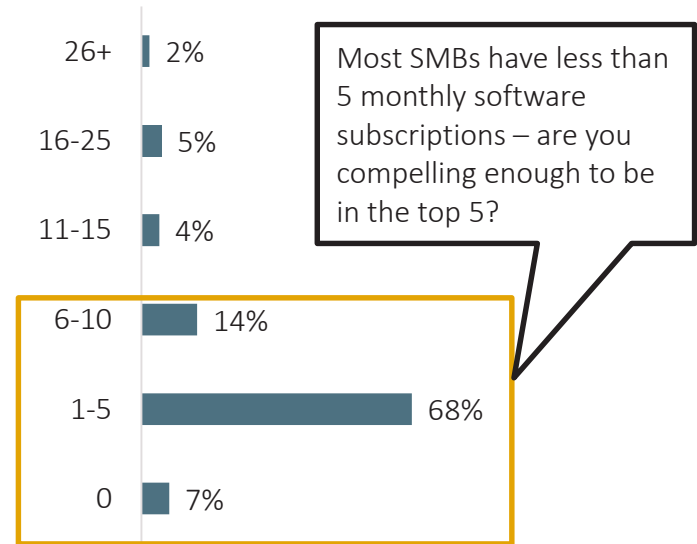
Most common productivity suites; number of SaaS apps subscribed

Office 365 and earlier versions are the most commonly used productivity suites (with 68% and 40% use respectively). The majority of organizations (68%) subscribe to 1-5 software services/apps monthly.

Productivity suites organizations use



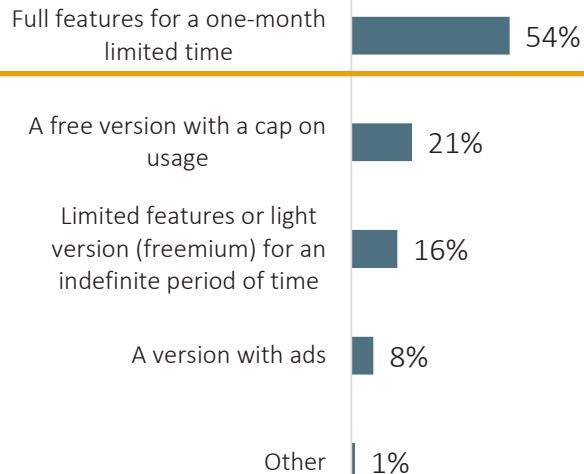
Subscription-based software services or apps organizations subscribe to monthly



Trials and upgrades

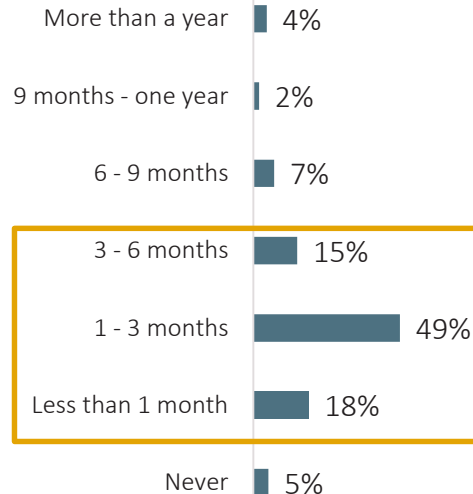
Over half of respondents prefer a full featured one-month trial, 33% more than the next most preferred option. Almost 50% of respondents use or trial a software service for 1-3 months before upgrading to a paid version, with 82% using or trialing for 6 months or less. Only 5% of respondents never use or trial before upgrading. A special promotion is the most effective method to trigger an upgrade at 35%, followed by trial of the basic version at 25%.

Preferred trial format for a new software service or app



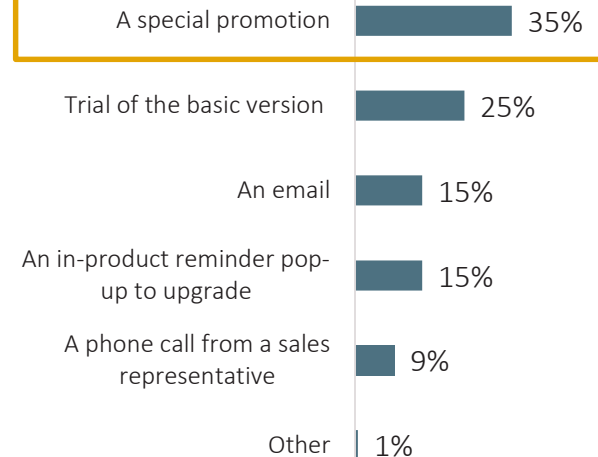
Q7 - You are considering using a new software service or app for your organization. Which of the following trial formats is most preferable to you?

Length of time a software service or app is used/trialed before upgrading



Q9 - Typically speaking, how long do you use or trial a software service or app before upgrading to the paid version for your organization?

Most effective method to trigger an upgrade to paid version of a software service or app



Q10 - Typically speaking, what is most effective in triggering an upgrade to the paid version of a software service or app in your organization?

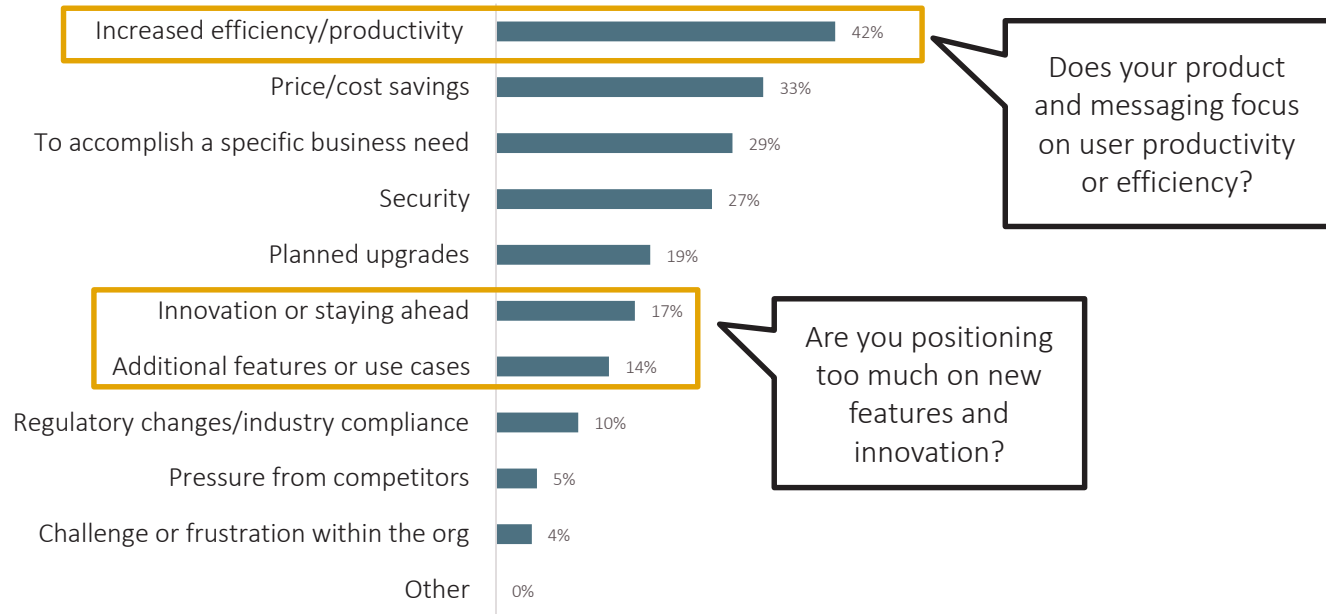


Motivations & challenges

Motives for purchasing a new software service or app

Increased efficiency was ranked as the most influential motive for triggering purchase of a new software service or app. Price/cost savings and “to accomplish a specific business need” were also seen as very influential. Pressure from competitors and internal challenges/frustrations were least likely to trigger a new purchase.

Most influential motives for triggering purchase of a new software service or app

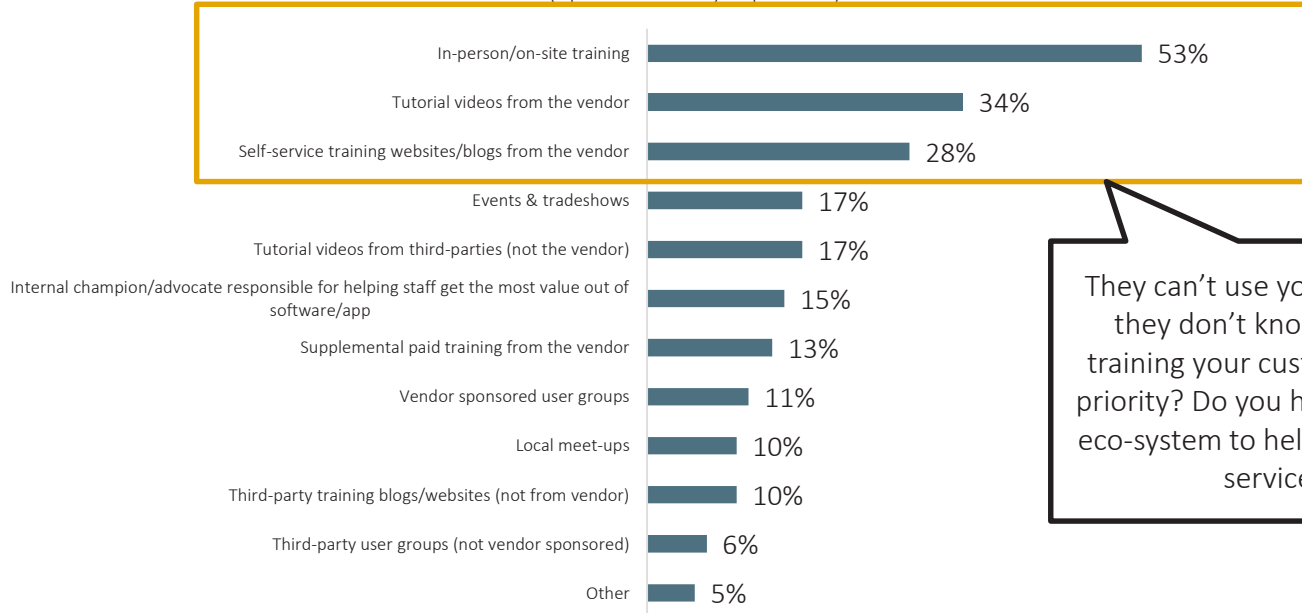


Effective adoption methods

Over half of respondents believe in-person/on-site training is one of the most effective methods to get an organization to adopt and use a software service or app. Tutorial videos and self-service training provided by the vendor were also deemed more effective than other methods.

Most effective methods for getting organization to adopt and use a software service or app

(Up to 3 selected by respondents)



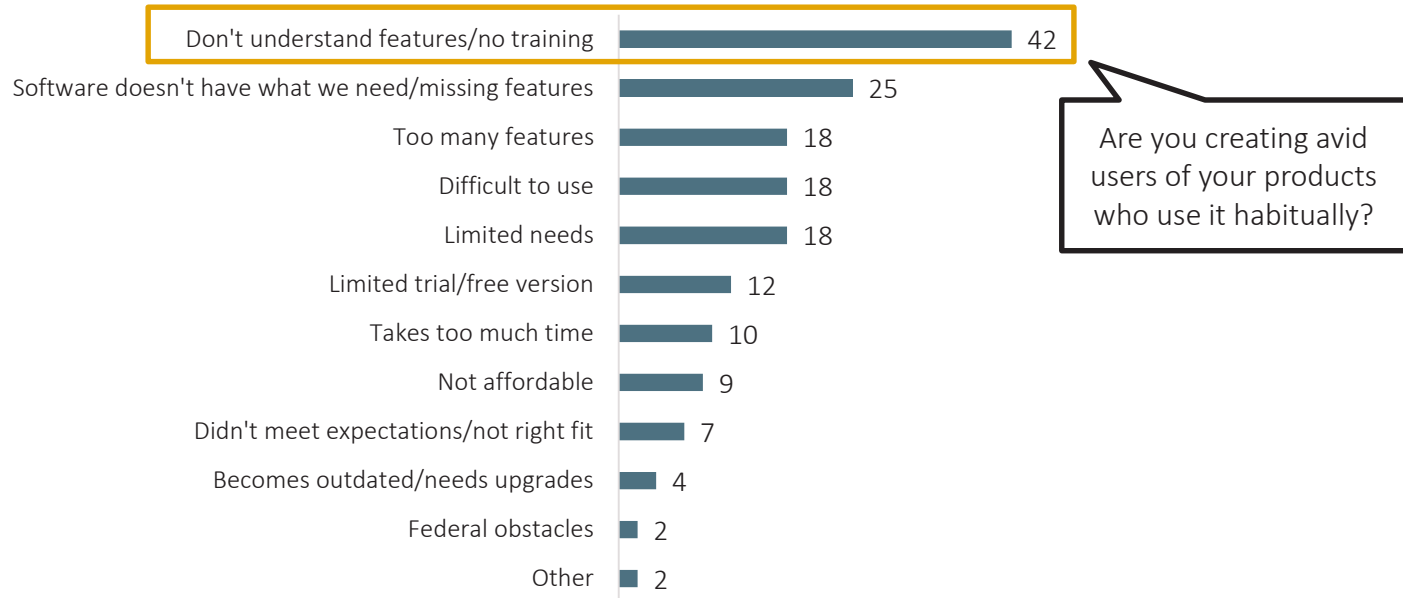
They can't use your product if they don't know how – Is training your customers a top priority? Do you have a partner eco-system to help them? Self-service?

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Why organizations don't get the full value out of business software

A large number of respondents mentioned a lack of training or lack of understanding as the reason they aren't getting the full value out of their business software.

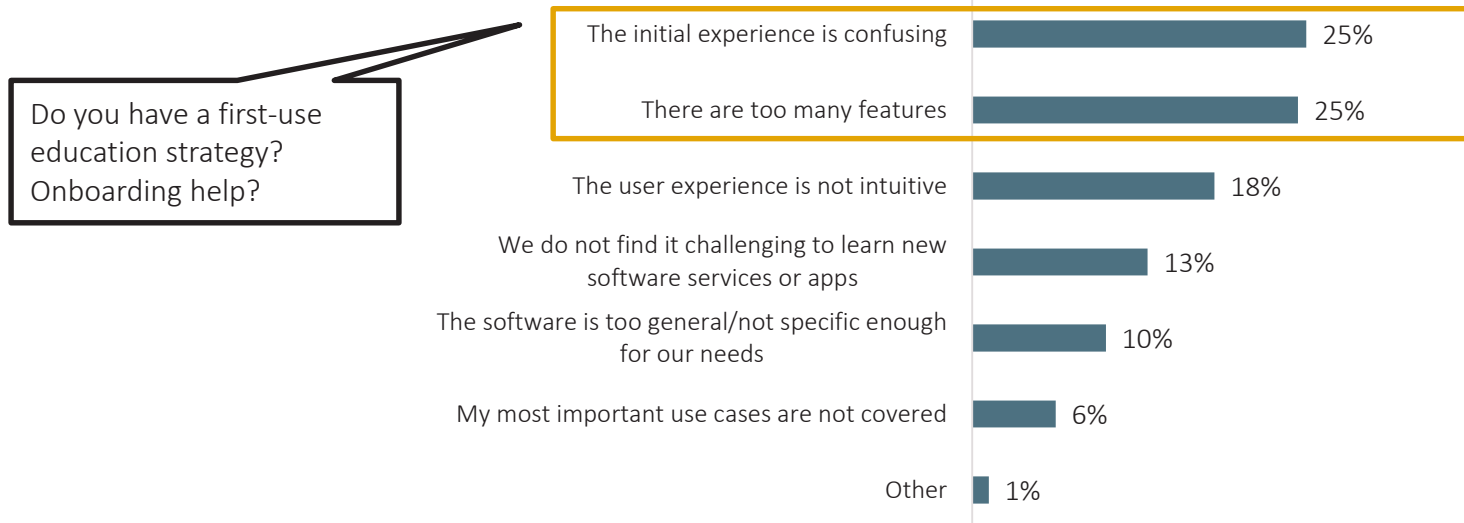
Reasons respondents don't get the full value out of business software



Challenges

Only 13% of respondents don't find learning a new software service or app challenging – the top reasons for it being challenging are that the initial experience is confusing (25%) and that there are too many features (25%).

Most challenging aspect about learning a new software service or app



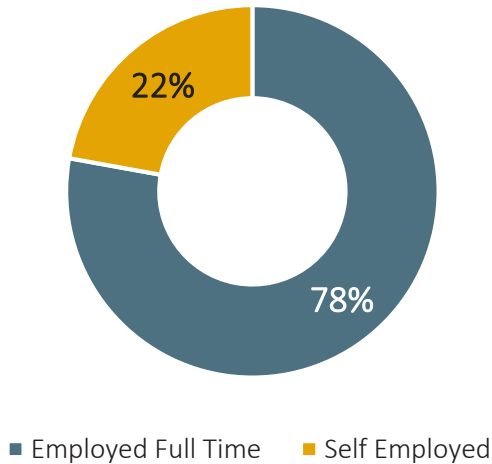


Demographics

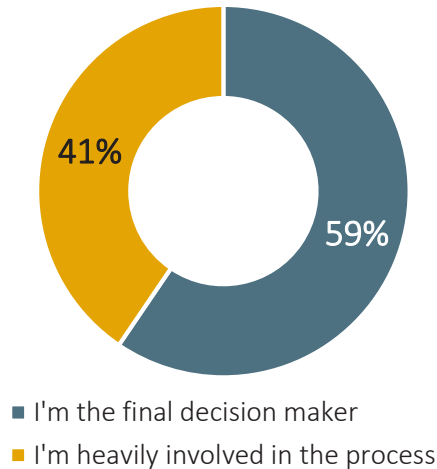
Respondent demographics

A majority of respondents (43%) are C-level employees at their organization. All respondents are either final decision makers or heavily involved in the selection process for IT/software services and apps.

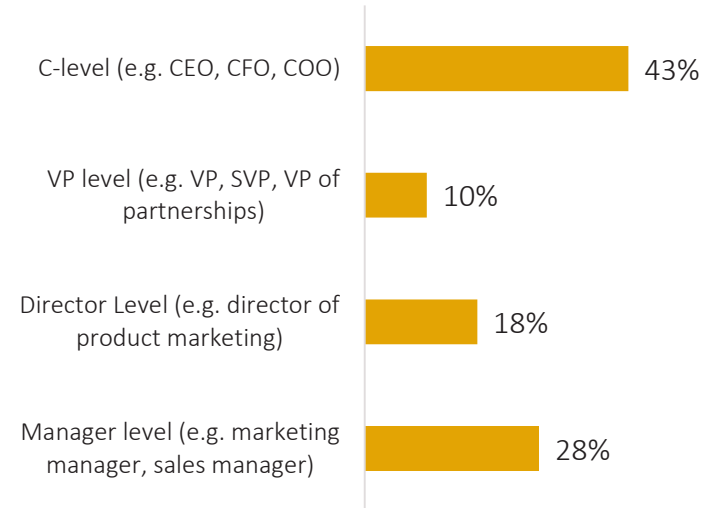
Employment status



Involvement in IT/software services and app selection



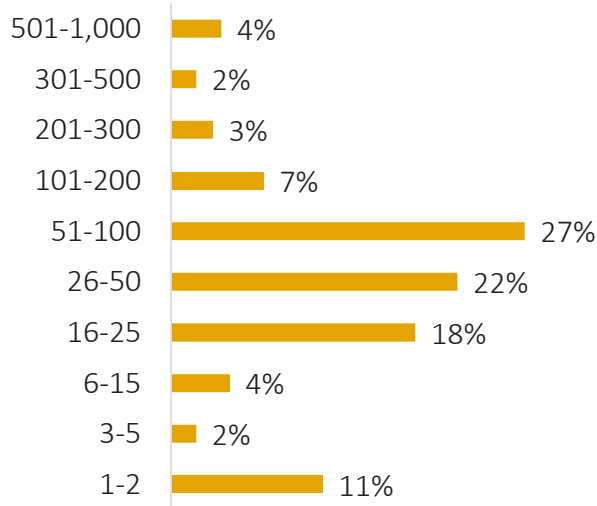
Role description



Organization demographics

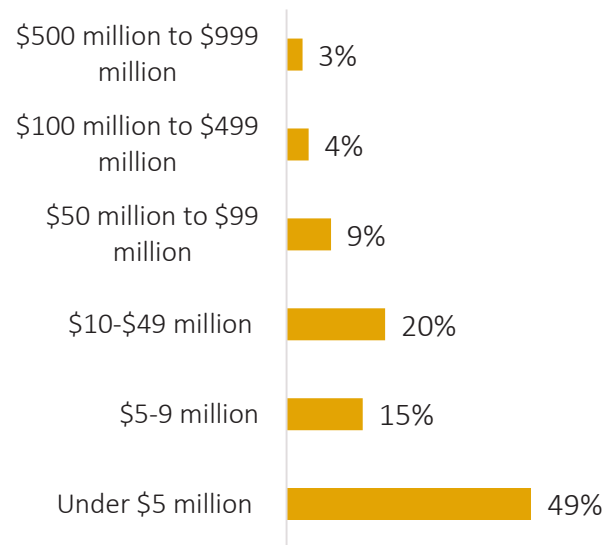
Almost half (49%) of respondent organizations have annual revenue under \$5 million, and 84% have annual revenue under \$50 million. Most respondent organizations (84%) have 100 or less employees. While the sample is relatively spread across industries, top represented industries include construction (13%), retail (11%), technology/IT services/consulting (11%), and manufacturing (10%).

Employee count



S2 Approximately how many employees does your organization have?

Organization's annual revenue



S5 Approximately what is your organization annual revenue?

Organization industry

Construction	13%
Retail	11%
Technology/IT Services/Consulting	11%
Manufacturing	10%
IT service provider	6%
Finance/Banking	5%
Healthcare	5%
Hospitality	5%
Accounting	4%
Real Estate	4%
Technology/IT Software Development	4%
Insurance	3%
Engineering/Architecture	3%
Entertainment	3%
Telecommunications	3%
Aerospace	2%
Trade Services	2%
Transportation	2%
Wholesale/Distribution	2%
Agriculture/Forest/Fishing	1%
Information/data processing	1%
Legal	1%
Media	1%
Utilities	1%

About Paradoxes



Make Smarter Decisions

Founded in 2007, Paradoxes is a strategic marketing organization that helps technology companies collect, analyze, and use data to make smarter sales, marketing, and product decisions.

We specialize in helping companies drive product adoption and habitual usage.

To find out how Paradoxes can help you go to <http://paradoxesinc.com> or email jscott@paradoxesinc.com