

2020 SBEC/TechnoMetrica Small Business Cloud Services Survey

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Methodology

Study Methodology

- The SBEC/TechnoMetrica Small Business Survey was conducted online from June 4 to June 5, 2020, using a national sample of 302 small businesses, with 100 or fewer employees who use cloud services for their business.
- Respondents for the survey came from TechnoMetrica's network of online panel partners. Survey respondents consisted of owners, presidents, and other senior-level decision-makers.
- The error estimate for this survey is plus or minus 5.75 percentage points, using a probability sample assumption for the study's convenience sample.
- The median employee size for the study sample is 13. The median age of the small businesses taking part in the study is 10 years.
- Geographically, 19 percent of the sample was from the Northeast region, 15 percent from the Midwest, 42 percent from the South, and 25 percent from the West.

Executive Summary

Executive Summary

- Small businesses overwhelmingly rely on cloud services for the continued operation of their businesses, especially amid the COVID-19 outbreak, according to our survey of small businesses who use cloud computing services.

Top Cloud Computing Activities Among Small Businesses

- Small businesses use cloud computing for a wide array of activities.
- Cloud storage or backup is the most commonly cited cloud computing activity carried out by small businesses, with a share of 63 percent, followed by email hosting, web hosting, and applications hosting, at 46 percent. Rounding out the top three was payroll processing, which was selected by close to two in five (28 percent) small businesses.
- Meanwhile, more than one-third (35 percent) use cloud computing for each of the following three activities: communication and collaboration, video conferencing and webinar services, and invoicing, sales and expense tracking, and/or reporting.
- Three in ten small businesses utilize cloud computing services for accounting purposes, while 28 percent use them to perform e-commerce support. Customer engagement rounded out the list, at 22 percent. Just one percent cited other activities not explicitly listed in the study.

Small Business Cloud Spending

- Small businesses, particularly larger-sized ones, show a willingness to spend on cloud services. Small businesses who use cloud services report median cloud spending of \$324.78 per month. Close to three in ten (28 percent) spend \$501 or more on cloud services or software in a typical month. In fact, more than one in ten (14 percent) spend \$1,001 or more on a monthly basis.
- Median spending on cloud services increases with the size of the company. Small businesses with 51 or more employees report median monthly cloud spending of \$750.50, followed by companies with 21 to 50 employees, at \$400.40, those with 11 to 21 employees, at \$375.50, those with six to ten employees, at \$233.44, and businesses that have one to five employees, at \$98.82.

Executive Summary

Importance of Cloud Services to Small Businesses

- Small businesses overwhelmingly rely on cloud services to operate their core business offering. Around three-quarters (74 percent) of respondents agree that their core business offering would be unable to operate without the use of cloud services. Close to one-third (31 percent) agree strongly and more than two in five (42 percent) agree somewhat with this notion. Meanwhile, just under one-quarter (24 percent) disagree.
 - Companies of all sizes widely perceive the importance of cloud services to their core business offering. Small businesses with 21 to 50 employees (84 percent) are the most likely to agree with the statement, followed by those with 51 or more employees (74 percent), 11 to 20 employees (71 percent), one to five employees (69 percent), and six to ten employees (67 percent).
- Cloud services are also critical to the operation and competitiveness of small businesses. When asked to rate how important cloud services are to the operation and competitiveness of their business using a scale of one to ten, the vast majority rated their importance as either high (37 percent) or very high (34 percent). Close to one in five find cloud services moderately important to their business' operation and competitiveness, while just over one in ten rated their importance as low (eight percent) or very low (three percent).
 - Very high connotes a rating of nine or ten, high connotes a rating of seven or eight, moderate connotes a rating of five or six, low connotes a rating of three or four, and very low connotes a rating of one or two.

Small Business Cloud Spending Amid COVID-19

- Close to two in five (36 percent) small businesses say that they have subscribed to or retained new or additional cloud software or services since the start of the COVID-19 outbreak, while 56 percent have not.
 - Larger small businesses are more likely to have subscribed to or retained new cloud services amid COVID-19. Close to half (48 percent) of those with 21 to 50 employees and more than two in five (43 percent) companies with 51 or more employees have done this, compared with 40 percent of those with six to ten employees, 27 percent of those with one to five employees, and 24 percent of those with 11 to 20 employees.



Executive Summary

- Small businesses utilizing cloud services are split on the question of whether they have been offered extensions or delayed payments on their monthly cloud subscriptions as a result of the COVID-19 outbreak. Close to two in five (39 percent) say that their cloud service providers have offered them extensions or delayed payments, while 41 percent have not been offered such relief. Close to one in five (19 percent) are not sure.
 - At the same time, a majority (58 percent) of small businesses with 51 or more employees say that they have been offered extensions or delayed payments on their monthly subscriptions, the largest share of any type of company by employee size.

Top Benefits of Cloud Computing For Small Businesses

- Small businesses widely perceive the key benefits of cloud computing services, particularly when it comes to cost and time savings.
- Close to nine in ten (89 percent) small businesses who use cloud services agree that cloud technology saves time and money. A majority (51 percent) strongly hold this view, while 38 percent agree somewhat.
- More than eight in ten (84 percent) small businesses say that cloud services have improved employee productivity and collaboration. Two in five (40 percent) strongly perceive this benefit, and 43 percent somewhat perceive it.
- Almost eight in ten (79 percent) agree that cloud services have helped their businesses more effectively communicate with and/or better manage their customers amid COVID-19. Around one-third (34 percent) feel this way strongly, while 45 percent agree somewhat.
- The cloud has been critical to the survival and operation of small businesses during the COVID-19 outbreak. Around three-quarters (76 percent) of small businesses say that cloud services have been critical to the survival and operation of their business during the COVID-19 situation, with 35 percent asserting this view strongly and 41 percent adhering to it somewhat.

Executive Summary

- More than seven in ten (73 percent) small businesses find that their company has become more competitive due to cloud services. Close to three in ten (29 percent) feel this way strongly, and an additional 44 percent somewhat perceive this.
- Cloud services are playing a key role in the reopening strategies of small businesses. Around two-thirds (67 percent) of small businesses agree that they are able to reopen more quickly and efficiently from the COVID-19 lockdown as a result of using cloud services. More than one-quarter (27 percent) strongly agree with this view, while 40 percent agree somewhat.
- Two-thirds (66 percent) of small businesses agree that they could not operate their business without cloud services.

Cloud Services as Essential Business Tools for Small Businesses

- Small businesses overwhelmingly agree (84 percent) that cloud services are essential tools when it comes to operating their business. This view is widely held across business segments by employee size.
- Small businesses widely perceive cloud services as being at least equally important as the other business tools they use. Nearly half (45 percent) consider cloud services to be more important to their business than their other business tools, while an additional 39 percent find them to be equally important. Just 13 percent say that cloud services are less important as compared with other business tools.

Potential Benefits of Expensing Cloud Services for Small Businesses

- Expensing cloud services would have a significant impact on small businesses as they move to reopen from the COVID-19 shutdown.
- A majority (51 percent) of small businesses say that a program allowing them to expense their cloud services would help improve their ability to reopen sooner. Also, close to seven in ten (67 percent) agree that such a program would help them increase their chances of profitability and survival during the post-COVID-19 recovery period.

Executive Summary

Small Businesses Support Making Cloud Costs Forgivable Under PPP

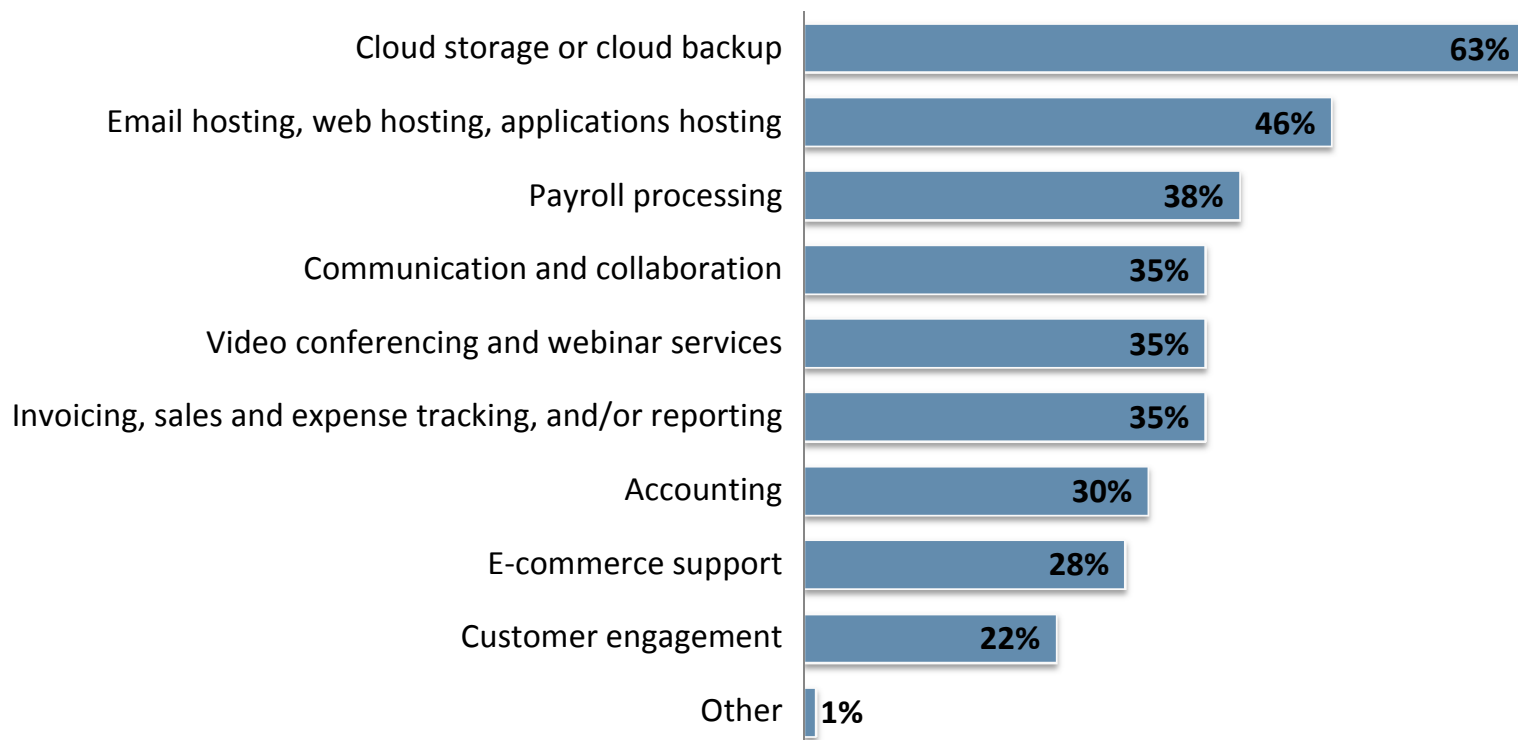
- Small businesses widely agree that costs related to cloud services should qualify for loan forgiveness under the Paycheck Protection Program, or PPP. Almost nine in ten (87 percent) small businesses believe that cloud services are essential to business operations and, therefore, the costs of these services should be forgivable under PPP. Close to one-half (45 percent) agree strongly with this view, while more than two in five (42 percent) agree somewhat.

Detailed Findings

More than six in ten small businesses use cloud computing services for cloud storage or backup

Cloud storage or backup tops the list of the most common cloud computing activities carried out by small businesses, with close to two-thirds (63 percent) citing this task. Meanwhile, nearly half (46 percent) of small businesses use cloud computing for email hosting, web hosting, or applications hosting, followed by payroll processing, at 38 percent. Communication and collaboration, video conferencing and webinar services, and invoicing, sales and expense tracking, and/or reporting were each selected by 35 percent of small businesses.

Top Cloud Computing Activities Among Small Businesses



Q. For which of the following activities does your small business use cloud computing services?
(Please select all that apply)

Larger small businesses are more likely than smaller ones to use cloud computing across most activities

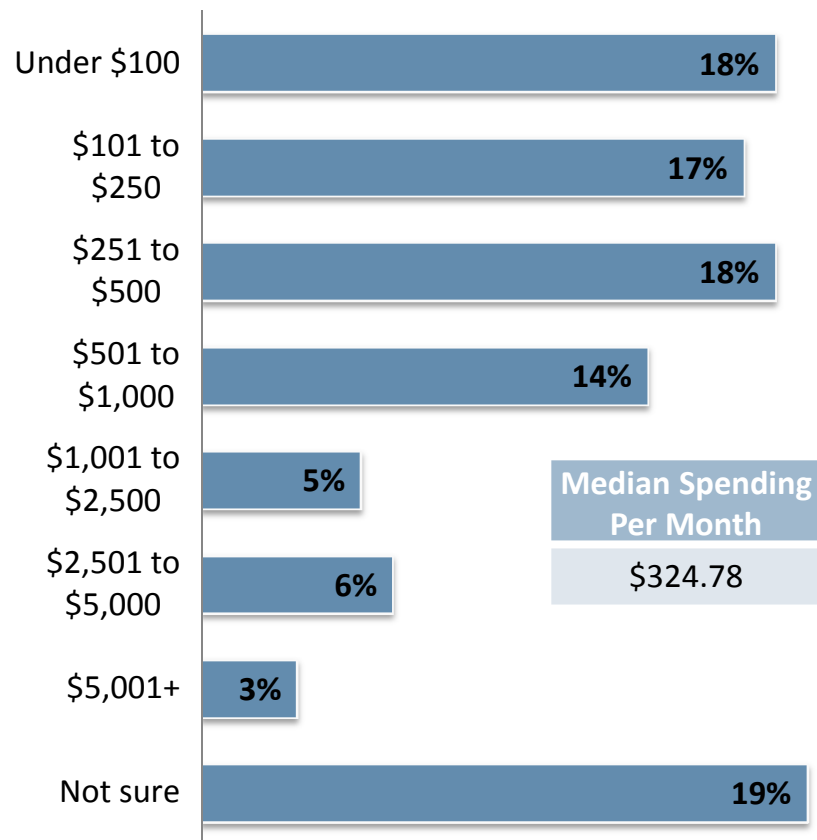
Cloud computing activities	Overall	1 to 5	6 to 10	11 to 20	21 to 50	51 or more
Cloud storage or backup	63%	54%	63%	63%	67%	70%
Email hosting, web hosting, applications hosting	46%	41%	37%	49%	49%	53%
Payroll processing	38%	19%	47%	44%	40%	54%
Communication and collaboration	35%	31%	33%	37%	46%	32%
Video conferencing and webinar services	35%	24%	33%	24%	48%	45%
Invoicing, sales and expense tracking, and/or reporting	35%	29%	43%	37%	33%	39%
Accounting	30%	14%	43%	34%	30%	43%
E-commerce support	28%	27%	30%	15%	29%	35%
Customer engagement	22%	16%	27%	22%	25%	26%
Other	1%	1%	0%	5%	0%	0%

More than one in ten small businesses spend \$1,001 or more per month on cloud-based services

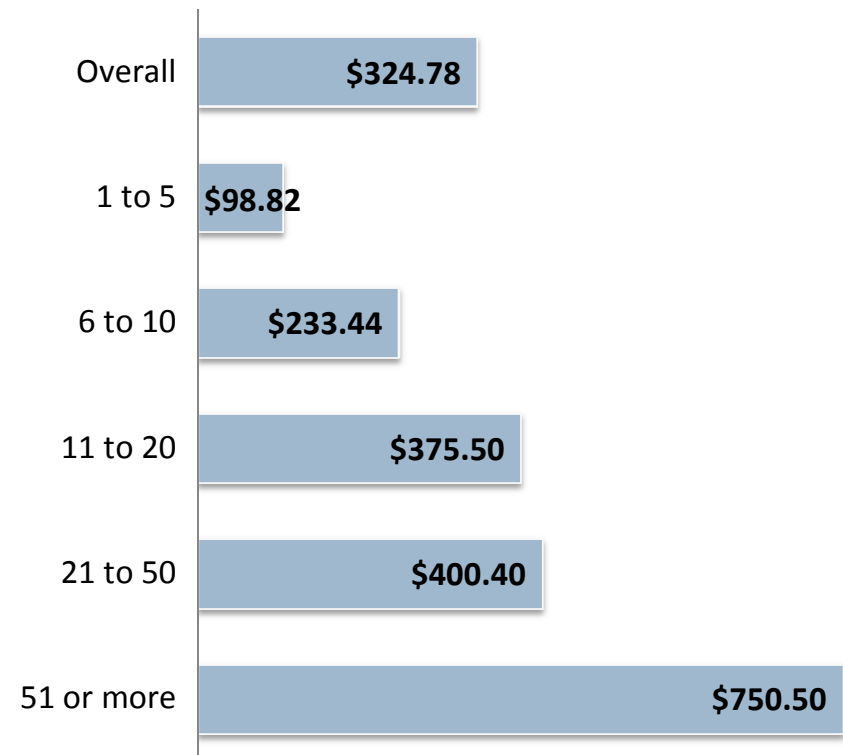
Small businesses spend a median of \$324.78 per month on cloud software and services. Close to three in ten (28 percent) small businesses spend \$501 or more on cloud services in a typical month, with 14 percent spending over \$1,000. The largest small businesses report the largest median monthly cloud spending, at \$750.50.

(Base = All respondents : 302)

Monthly Spending on Cloud Services



Median Monthly Spending By Company Size (employees)



Q. Approximately how much does your business spend on cloud services in a typical month?

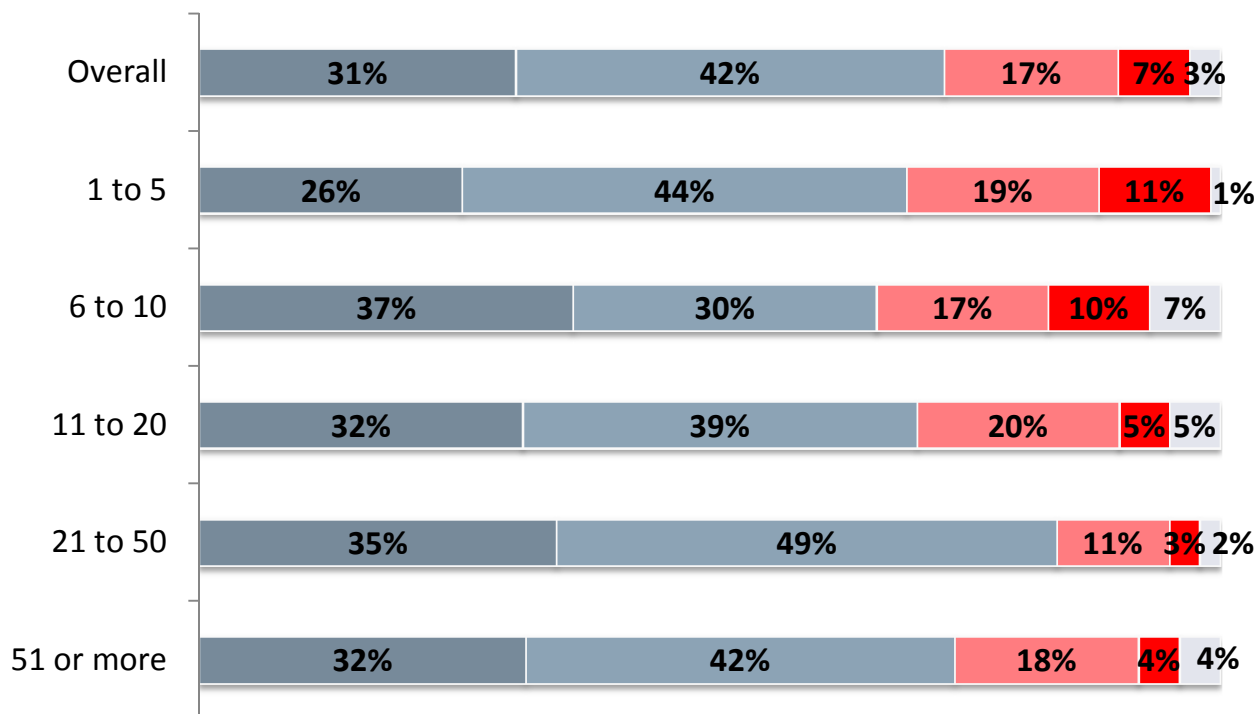


Small businesses overwhelmingly depend on cloud services to operate their core business offering

Around three-quarters (74 percent) of small businesses agree that their core business offering would be unable to operate without cloud services. Close to one-third (31 percent) strongly agree with this view, while 42 percent agree somewhat. Just under one-quarter (24 percent) disagree. *(Base = All respondents : 302)*

Agree/Disagree Statement:

My company's core business offering would be unable to operate without the use of cloud services.



	Agree	Disagree
Overall	74%	24%
1 to 5	69%	30%
6 to 10	67%	27%
11 to 20	71%	24%
21 to 50	84%	14%
51 or more	74%	22%

■ Agree strongly ■ Agree somewhat ■ Disagree somewhat ■ Disagree strongly ■ Not sure

Q. Please indicate whether you agree or disagree with the following statement...

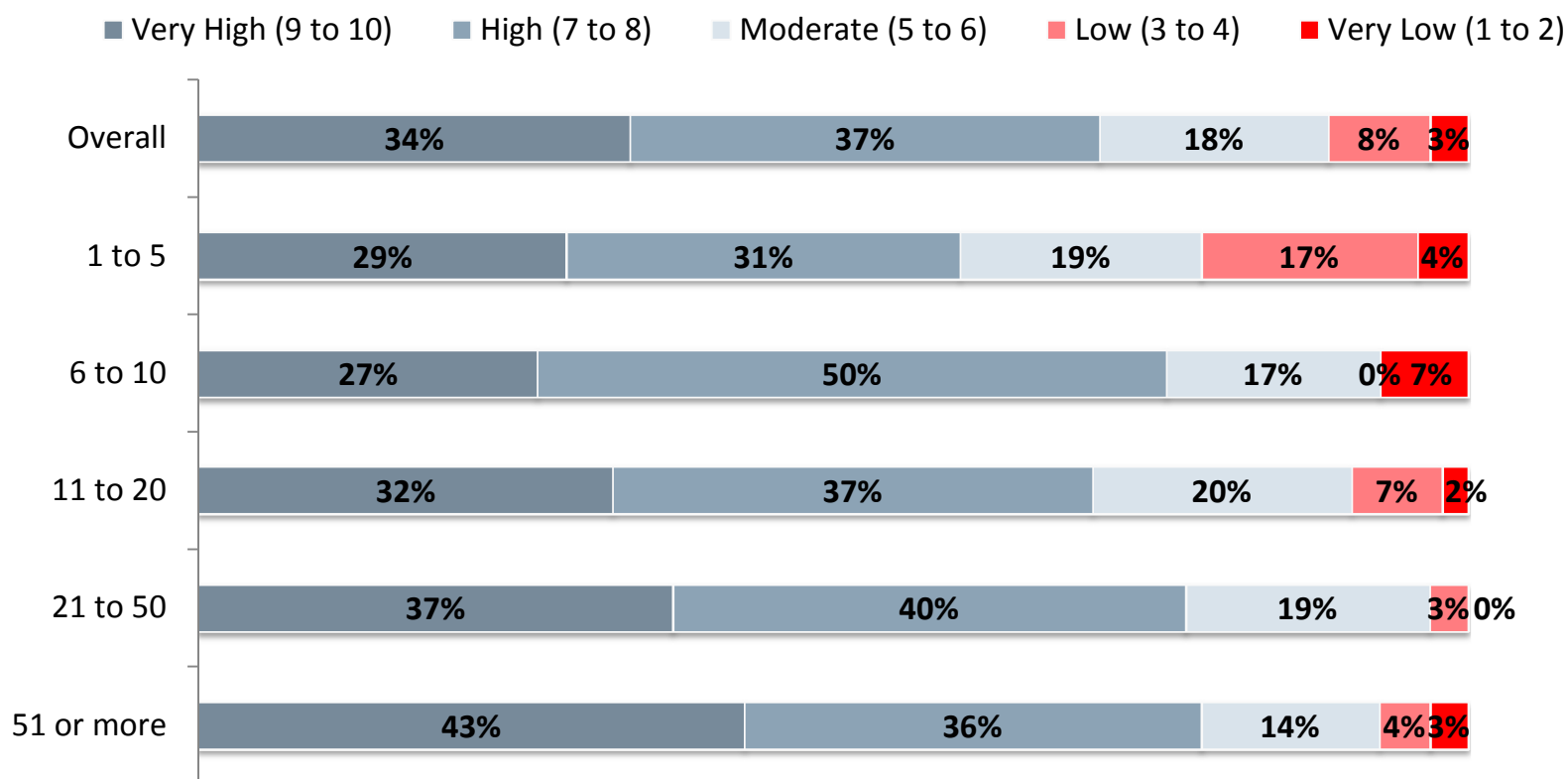


Around seven in ten small businesses see cloud services as critical to their operation and competitiveness

Based on a scale of one to ten, the vast majority of small businesses rated cloud services as either highly (37 percent) or very highly (34 percent) important to the operation and competitiveness of their business. Close to one in five (18 percent) find cloud services to be moderately important, while just over one in ten (11 percent) attach low or very low importance to the cloud. Cloud services are most critical to small business with 51 or more employees.

(Base = All respondents : 302)

Importance of Cloud Services to Business's Operation and Competitiveness



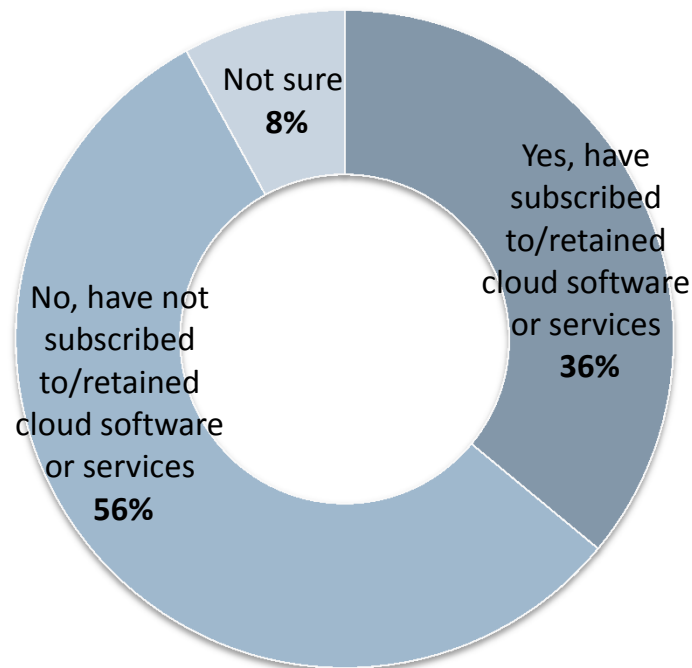
Q. Overall, how important are cloud services to the operation and competitiveness of your business? Please use a scale of 1 to 10, where 1 means not at all important and 10 means extremely important.



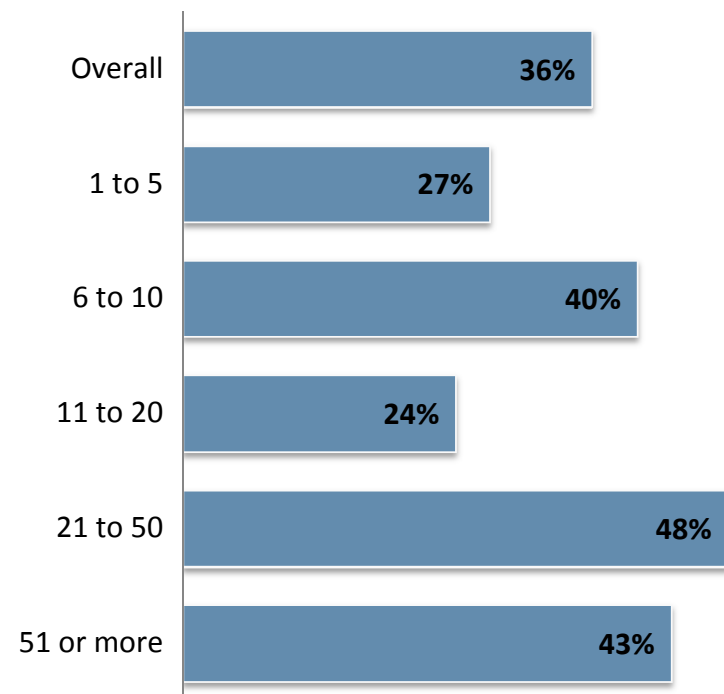
Nearly two in five small businesses have subscribed to or retained cloud services amid COVID-19

More than one-third (36 percent) of small business who use cloud services say that they have subscribed to or retained cloud software or services since the start of the coronavirus outbreak, while 56 percent have not. Businesses with 21 to 50 employees are the most likely to have subscribed to or retained cloud services, at 48 percent, followed by those with 51 or more employees, at 43 percent. *(Base = All respondents : 302)*

Adding and Retaining Cloud Software and Services During the COVID-19 Outbreak



Subscribed to or Retained By Company Size (employees)



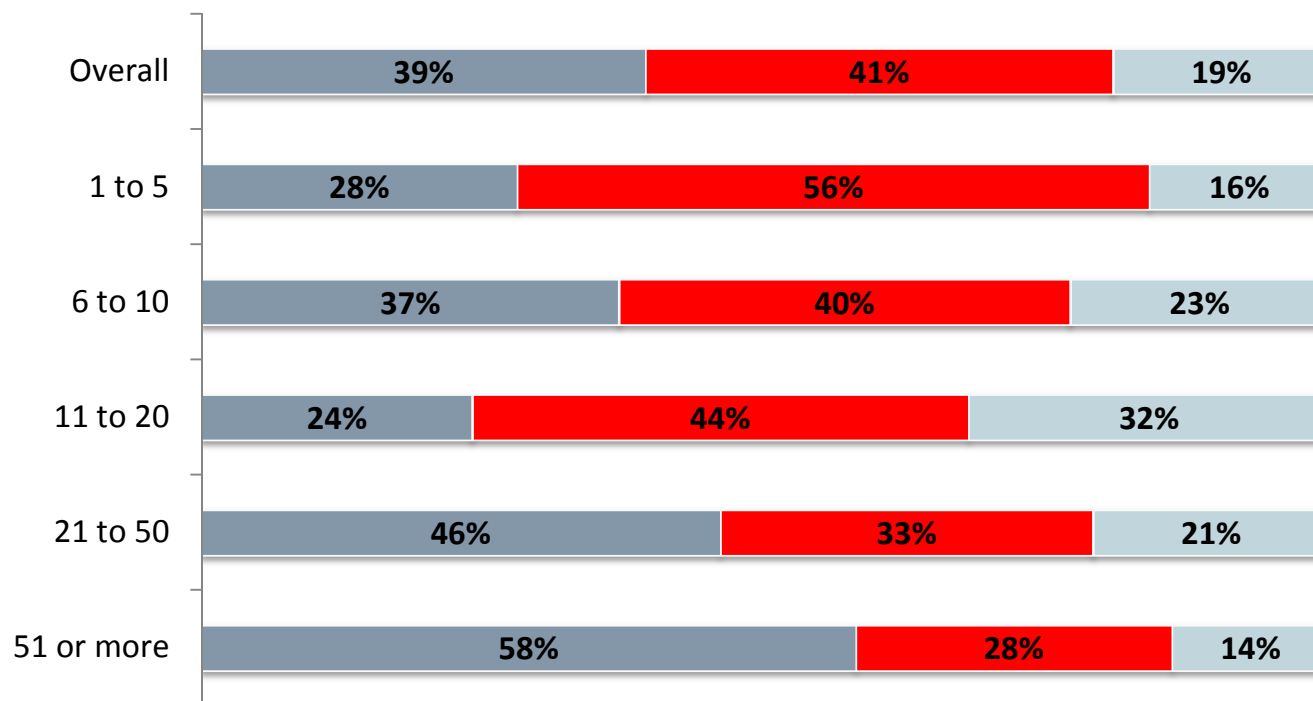
Q. Have you subscribed to or retained new or additional cloud software or services since the start of the COVID-19 outbreak, or not?

Just under two in five small businesses have been offered extensions or delayed payments on monthly cloud subscriptions

Amid COVID-19, small businesses are slightly more likely to report not having been offered extensions or delayed payments from cloud service providers than to report having been offered such relief, 41 percent to 39 percent. Almost one in five (19 percent) are not sure. The smallest businesses hold the largest share of those who have not been offered extensions or delayed payments. *(Base = All respondents : 302)*

Impact of COVID-19 on Monthly Cloud Payments

■ Yes, have offered extensions/delayed payments ■ No, have not offered extensions/delayed payments ■ Not sure



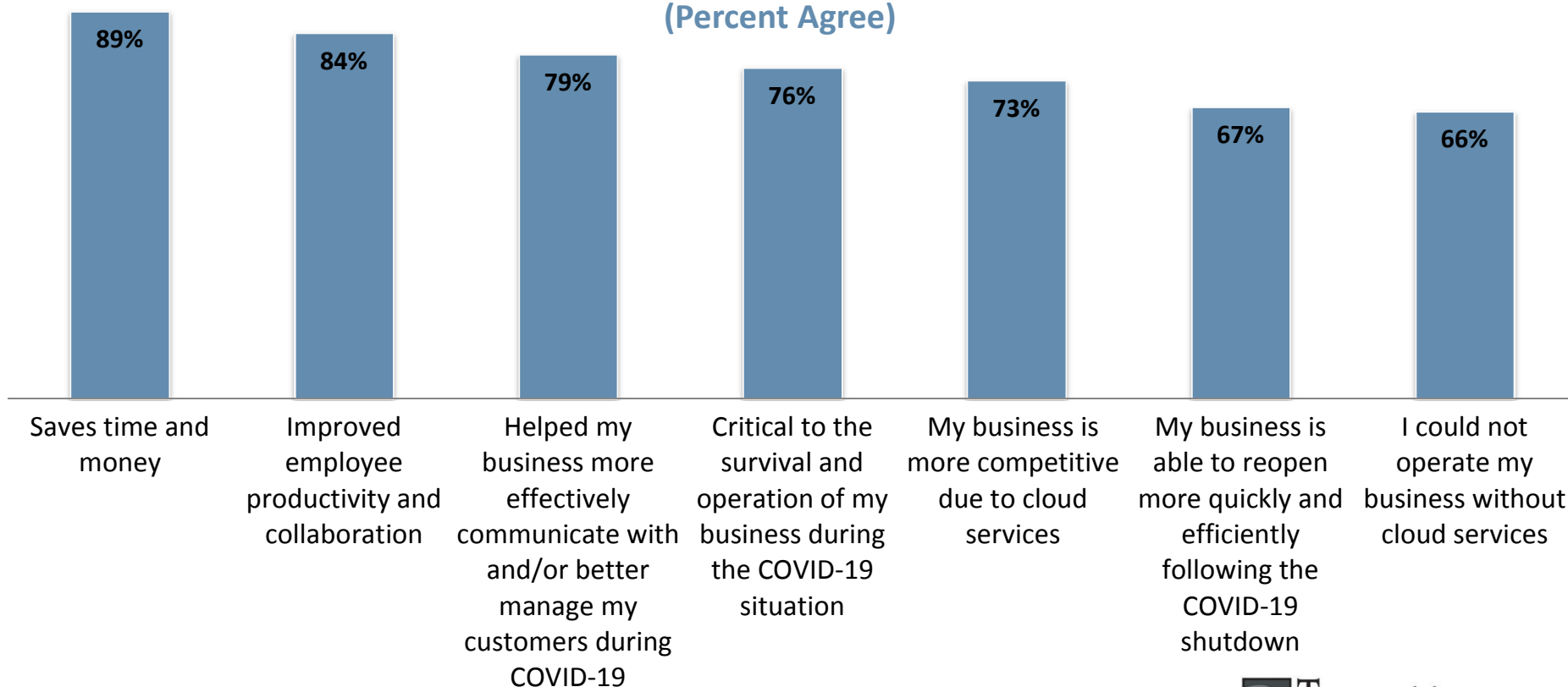
Q. Have your cloud software/service providers offered extensions or delayed payments on your monthly subscriptions as a result of the COVID-19 outbreak, or not?

The cloud delivers a wide array of benefits to small businesses, particularly in the form of time and money savings

Saving time and money (89 percent) is the most widely perceived benefit of cloud services among small businesses, followed by improved employee productivity and collaboration (84 percent). Nearly eight in ten agree that cloud services have helped their business better communicate with or manage customers during COVID-19 (79 percent) and have been critical to the survival and operation of their business amid the outbreak (76 percent).

(Base = All respondents : 302)

**Top Benefits of Cloud Computing for Small Businesses
(Percent Agree)**



Q. To what extent do you agree or disagree with this statement...

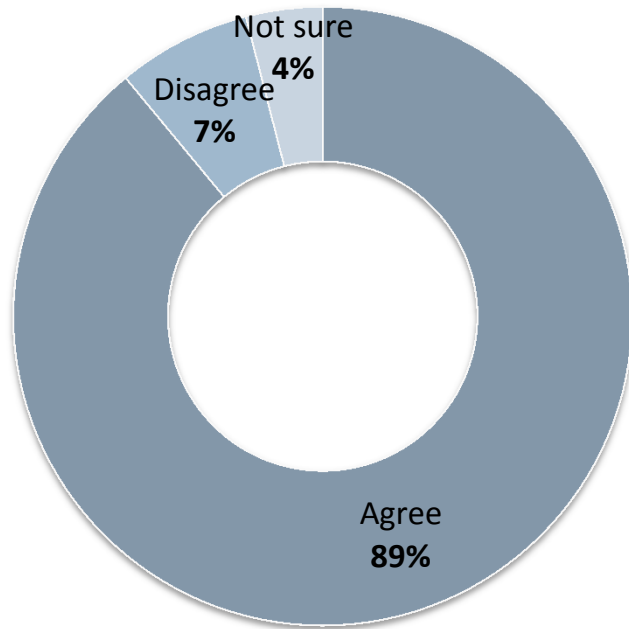


Around nine in ten small businesses agree that cloud technology saves time and money

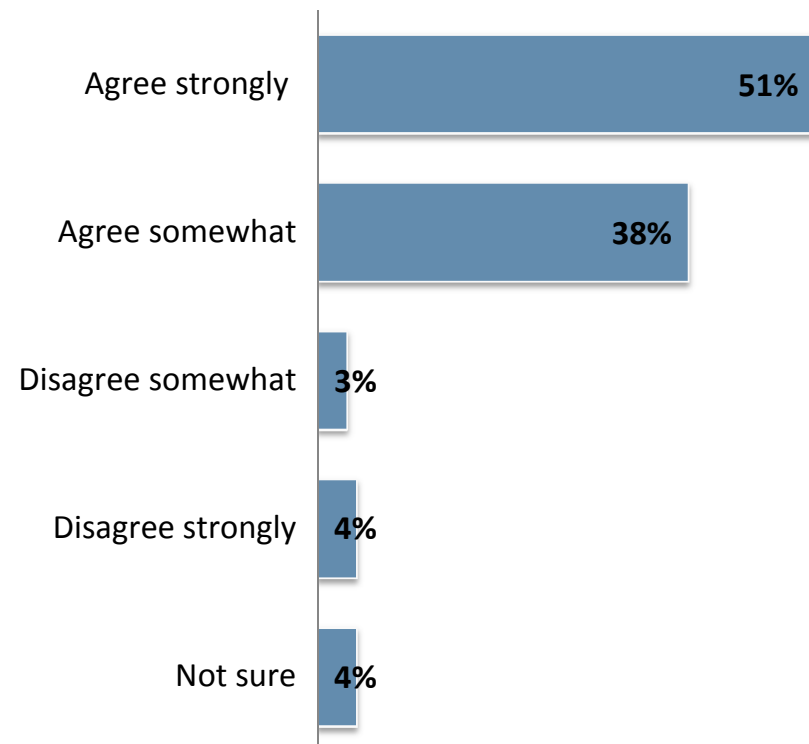
Small businesses widely agree that the cloud saves them time and money. A majority (51 percent) strongly agree with this view, while 38 percent agree somewhat. Less than one in ten either strongly (four percent) or somewhat (three percent) disagree. An additional four percent are unsure.

(Base = All respondents : 302)

Agree/Disagree Statement: Cloud technology saves time and money



Breakdown By Level of Agreement

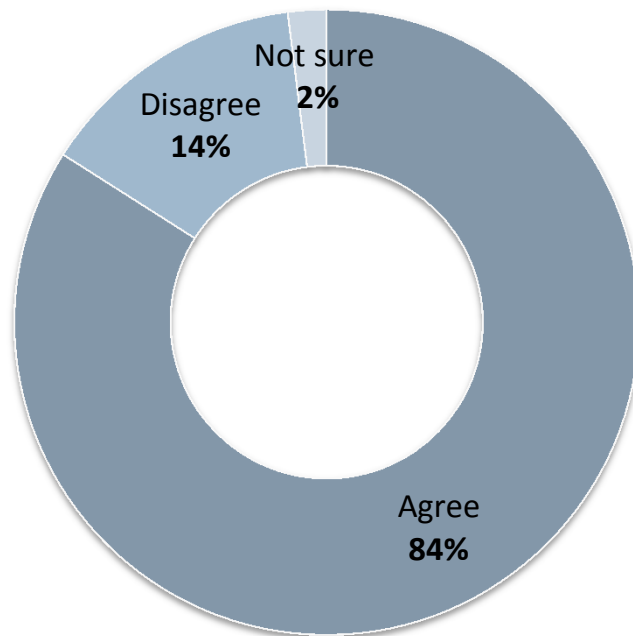


Q. To what extent do you agree or disagree with this statement...

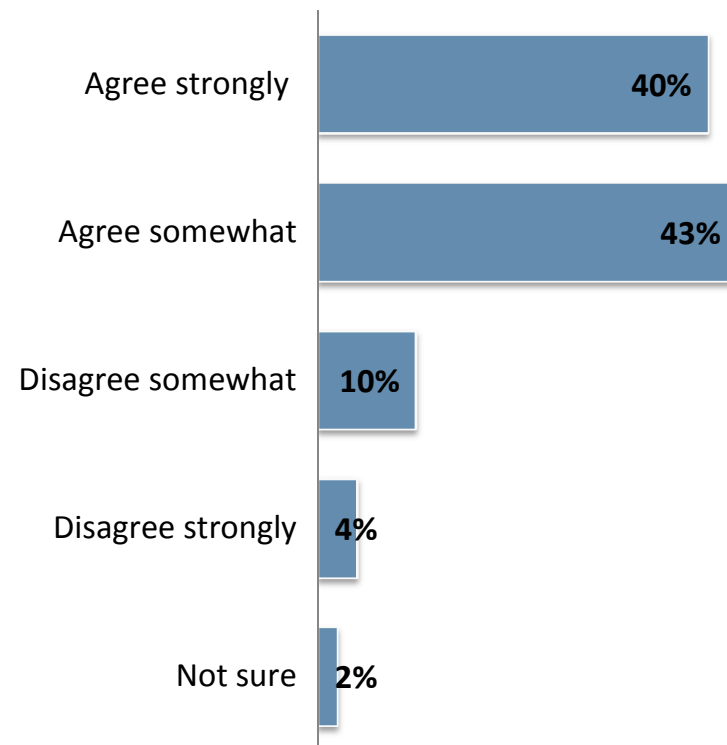
The vast majority of small businesses have seen improved employee productivity and collaboration due to cloud services

More than eight in ten (84 percent) small businesses agree that cloud services have improved employee productivity and collaboration. Two in five (40 percent) feel this way strongly and 43 percent agree somewhat. Just 14 percent disagree with this sentiment, while an additional 2 percent were not sure. *(Base = All respondents : 302)*

Agree/Disagree Statement:
Cloud services have improved employee productivity and collaboration



Breakdown By Level of Agreement



Q. To what extent do you agree or disagree with this statement...

Cloud services have helped around four in five small businesses better communicate with or manage customers amid COVID-19

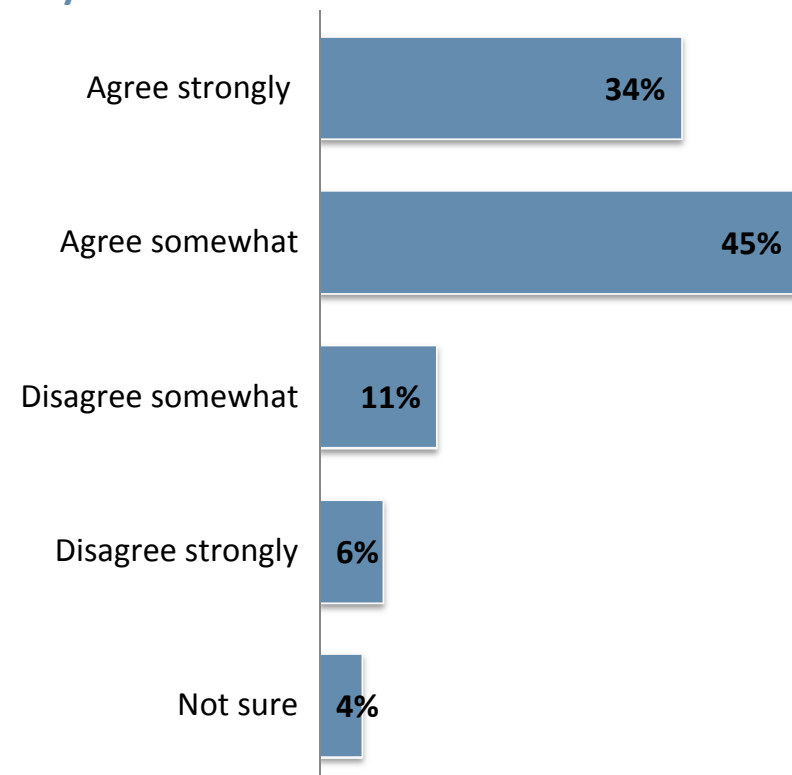
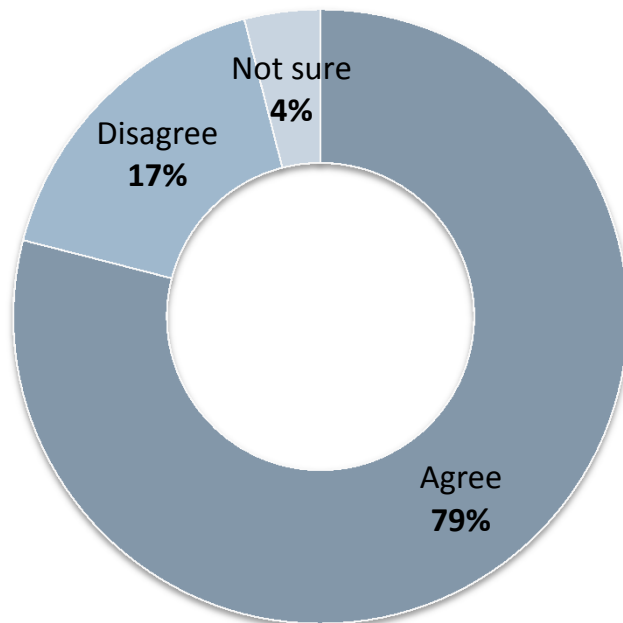
Close to eight in ten (79 percent) small businesses perceive cloud services as having helped their business more effectively communicate with or better manage their customers during COVID-19. Just over one-third (34 percent) hold this view strongly, while 45 percent say they agree somewhat. Less than one in five (17 percent) disagree, and four percent are undecided.

(Base = All respondents : 302)

Agree/Disagree Statement:

Breakdown By Level of Agreement

Cloud services have helped my business more effectively communicate with and/or better manage my customers during COVID-19



Q. To what extent do you agree or disagree with this statement...

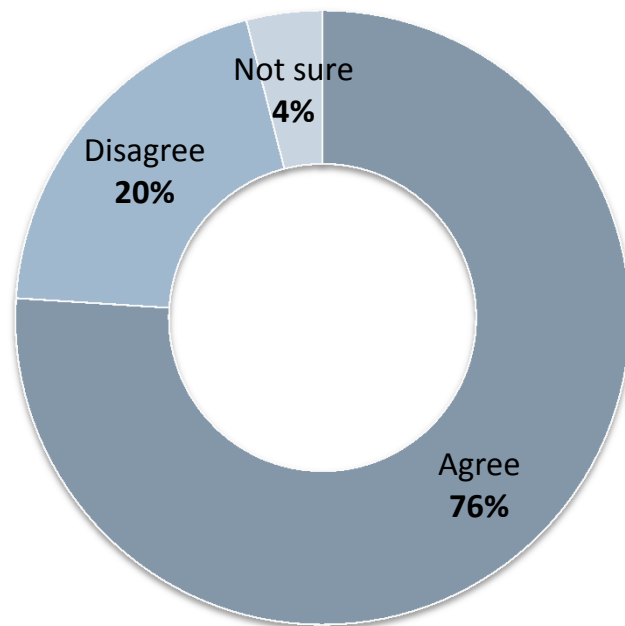
Small businesses widely perceive cloud services as critical to the survival and operation of their company during COVID-19

Around three-quarters of small businesses agree strongly (35 percent) or somewhat (41 percent) that cloud computing has been critical to the survival and operation of their business amid COVID-19. Meanwhile, just one in five disagree with this sentiment, either strongly (nine percent) or somewhat (12 percent). An additional four percent are not sure.

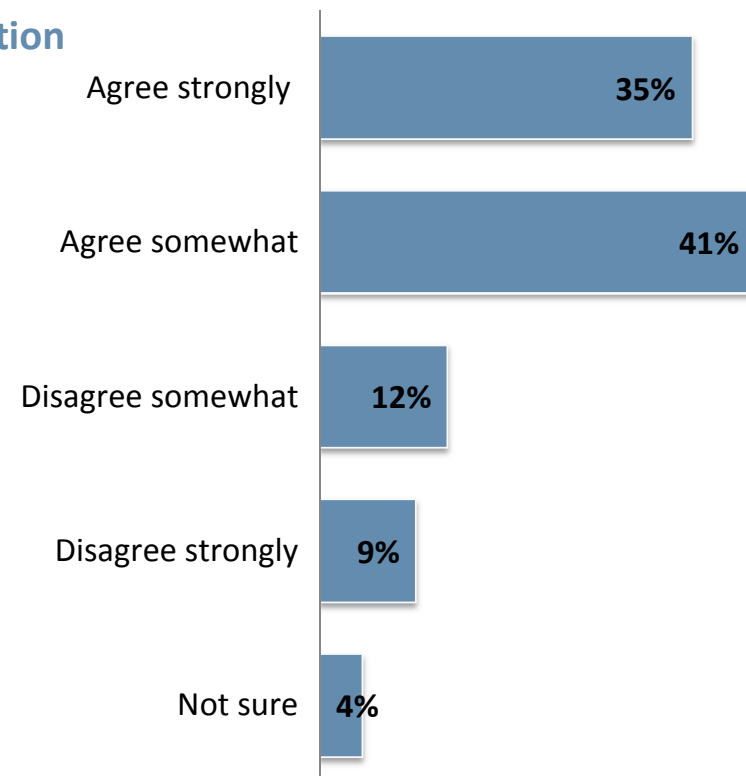
(Base = All respondents : 302)

Agree/Disagree Statement:

Cloud services have been critical to the survival and operation of my business during the COVID-19 situation



Breakdown By Level of Agreement



Q. To what extent do you agree or disagree with this statement...

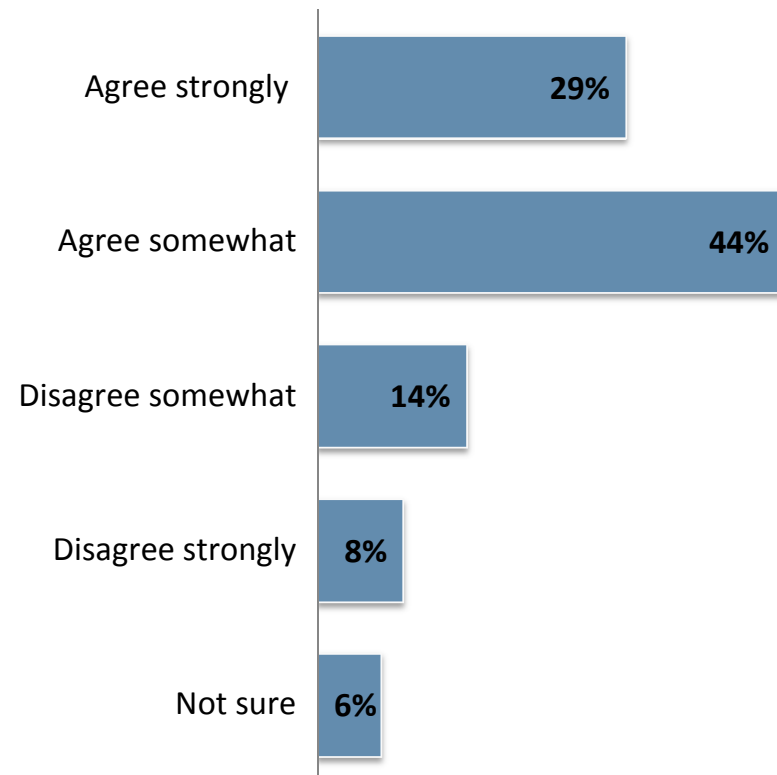
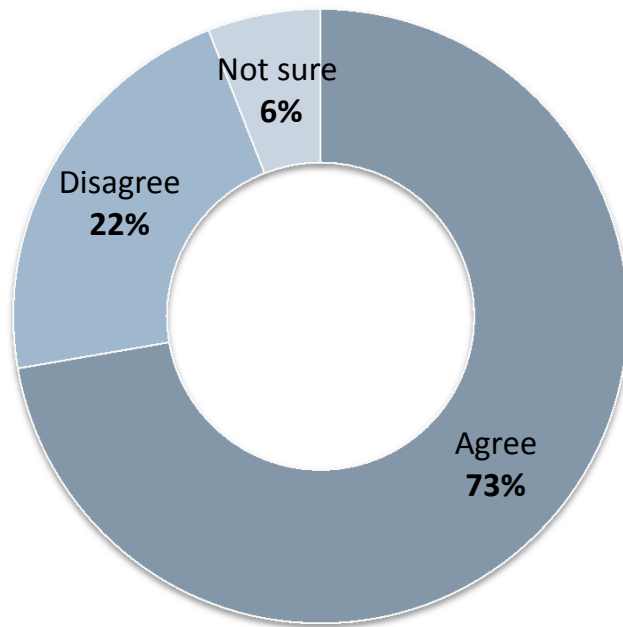
Close to three quarters of small businesses agree that cloud computing makes their business more competitive

More than seven in ten (73 percent) small businesses say that their business has become more competitive due to cloud services, with 29 percent feeling this way strongly and 44 percent agreeing somewhat. Just over one in five (22 percent) disagree with this notion, and six percent are unsure. *(Base = All respondents : 302)*

Agree/Disagree Statement:

My business is more competitive due to cloud services

Breakdown By Level of Agreement



Q. To what extent do you agree or disagree with this statement...

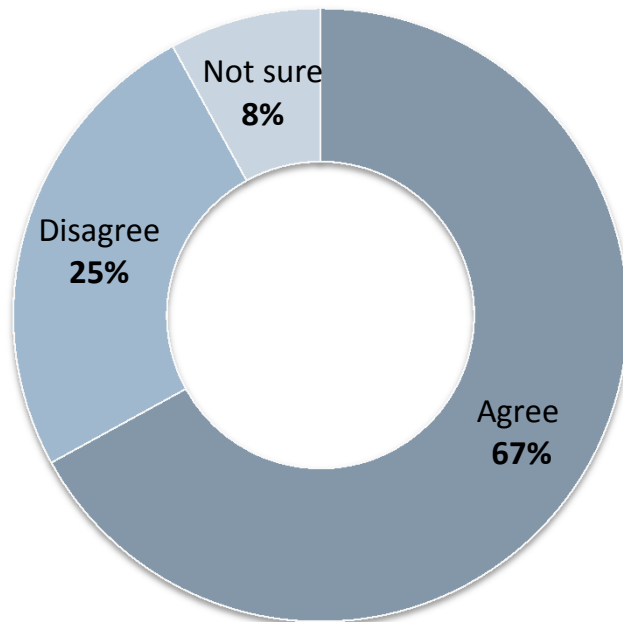
Cloud services are helping nearly seven in ten small businesses speed up reopening after the coronavirus-induced shutdown

Around two-thirds (67 percent) of small businesses are able to reopen more quickly and efficiently from the COVID-19 shutdown as a result of using cloud services. More than one-quarter (27 percent) strongly perceive this benefit, while two in five feel this way somewhat. Just one-quarter disagree, while another eight percent are not sure.

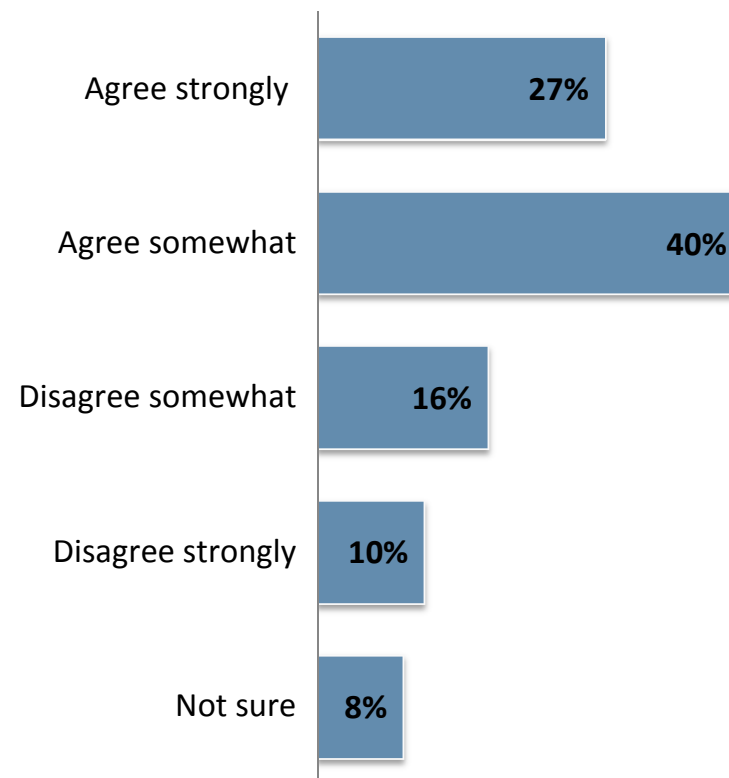
(Base = All respondents : 302)

Agree/Disagree Statement:

My business is able to reopen more quickly and efficiently following the COVID-19 shutdown, because I use cloud services



Breakdown By Level of Agreement

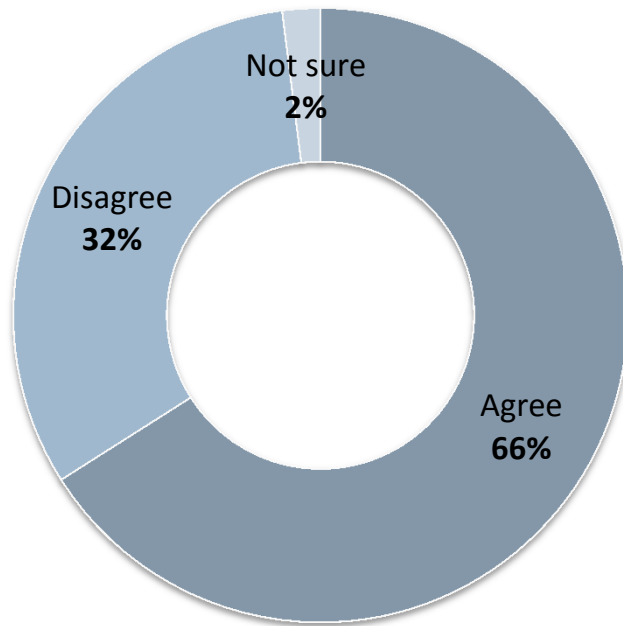


Q. To what extent do you agree or disagree with this statement...

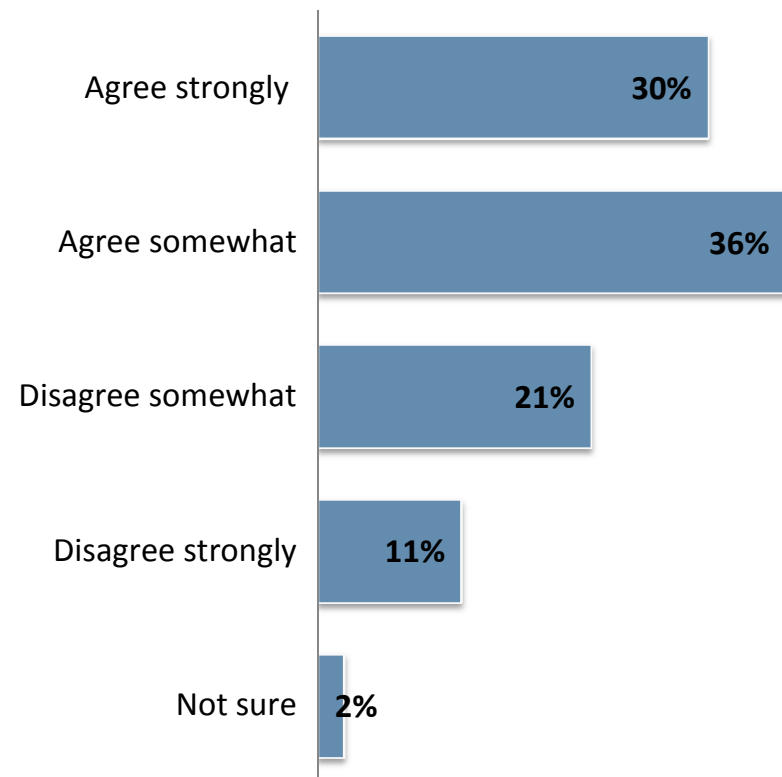
Two-thirds of small businesses could not operate their business without the cloud

Small businesses largely agree that cloud services are critical to the operation of their business. (Base = All respondents : 302)
Three in ten strongly agree and close to four in ten (36 percent) somewhat agree that they could not operate their business without cloud services. Just under one-third (32 percent) disagree with this point of view. An additional two percent are not sure.

Agree/Disagree Statement: I could not operate my business without cloud services



Breakdown By Level of Agreement



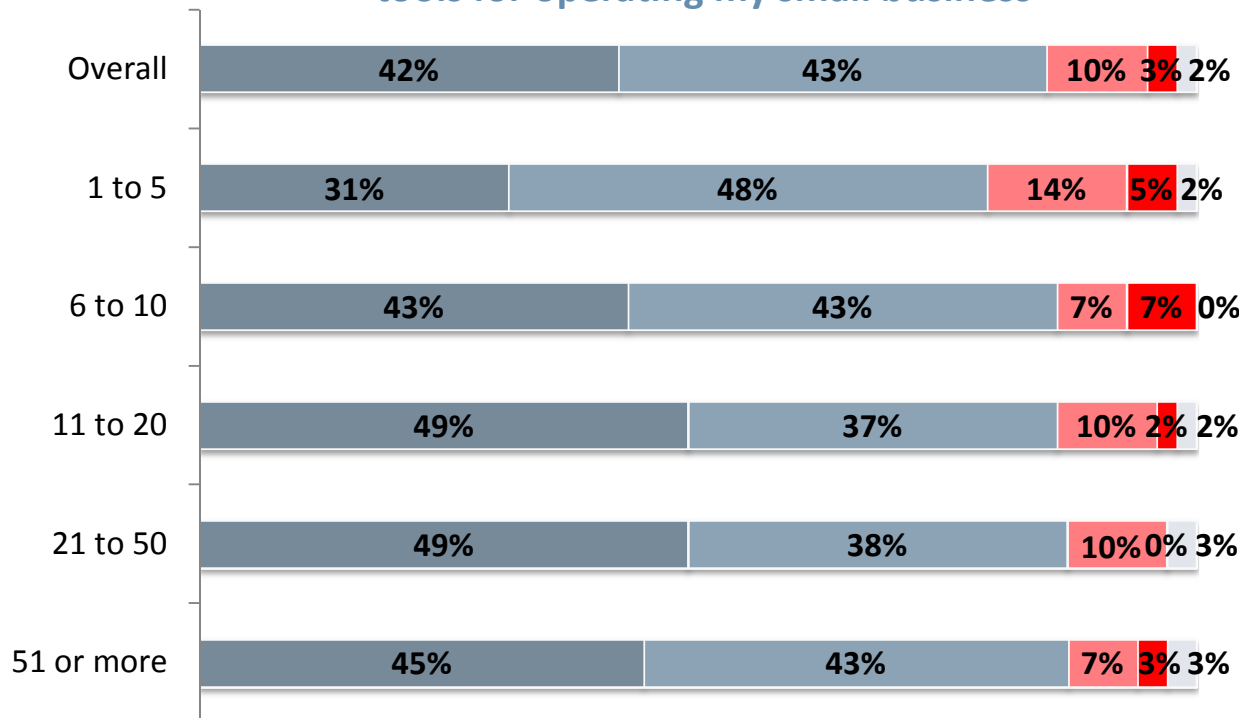
Q. To what extent do you agree or disagree with this statement...

Small businesses widely view cloud services and software as essential tools for their business

More than eight in ten (84 percent) small businesses agree that cloud services and software are essential tools for operating their business, with 42 percent saying they agree strongly and 43 percent saying they agree somewhat with the statement. Just 13 percent disagree with this sentiment, while two percent are unsure.

(Base = All respondents : 302)

Agree/Disagree Statement: Cloud services and software are essential tools for operating my small business



	Agree	Disagree
Overall	84%	13%
1 to 5	79%	19%
6 to 10	87%	13%
11 to 20	85%	12%
21 to 50	87%	10%
51 or more	88%	9%

■ Agree strongly ■ Agree somewhat ■ Disagree somewhat ■ Disagree strongly ■ Not sure

Q. To what extent do you agree or disagree with this statement...

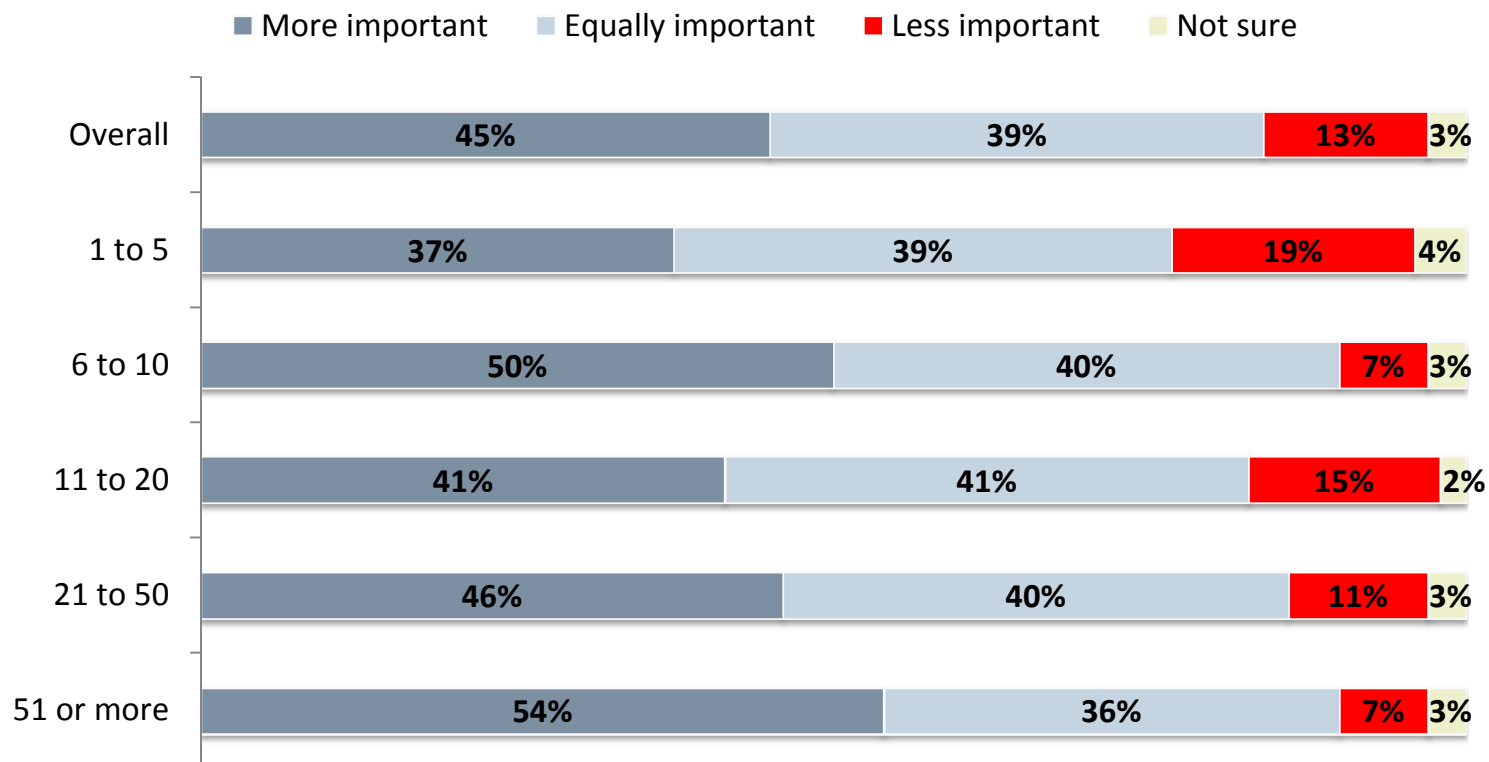


More than eight in ten small businesses say that cloud computing is at least equally important as other business tools

Close to half (45 percent) of small businesses believe that cloud services and software are more important to their company than the other business tools they use, while nearly two in five (39 percent) say that they are equally important. Just over one in ten (13 percent) find cloud services to be less important as compared with other business tools.

(Base = All respondents : 302)

Importance of Cloud Computing as Compared to Other Business Tools



Q. Generally speaking, how important are cloud services and software to your company, as compared to other business tools your company uses?

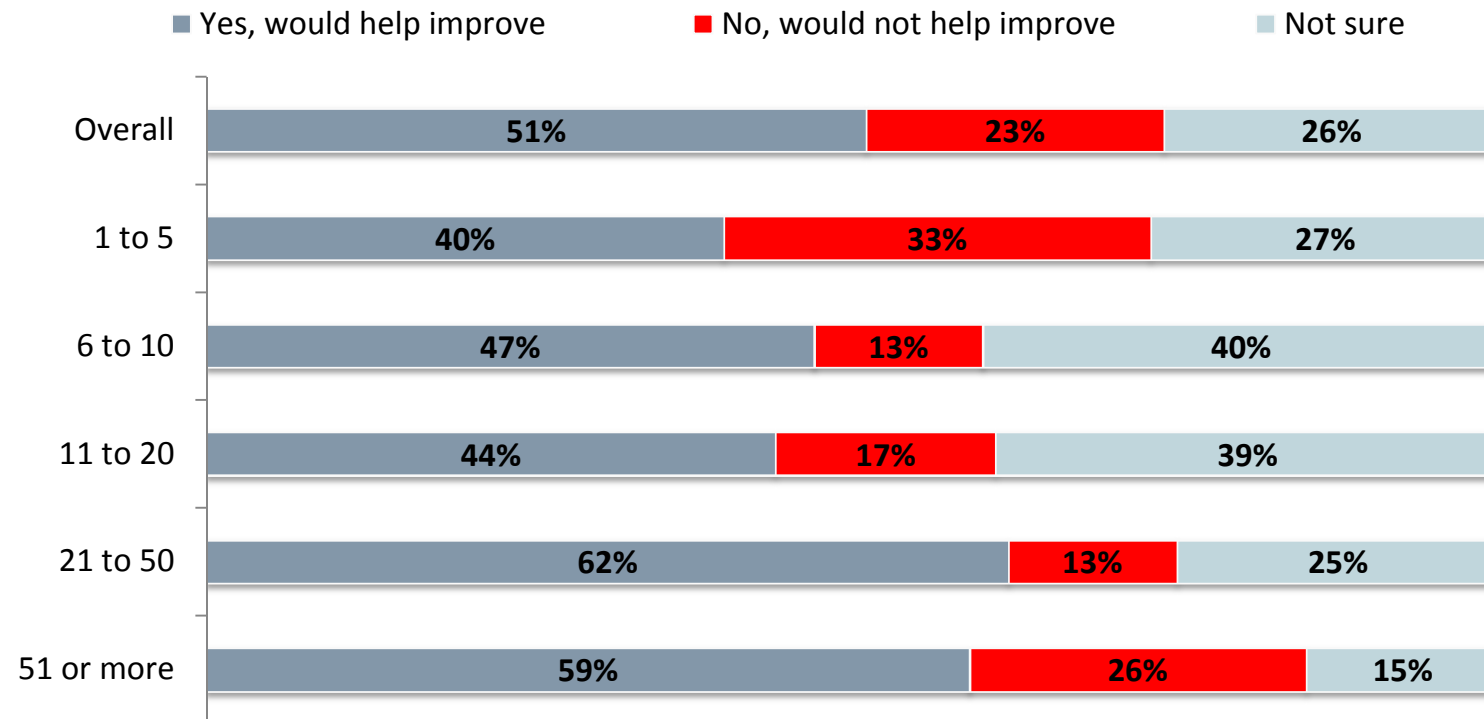


A majority of small businesses say that expensing cloud services would help their companies reopen sooner

More than half (51 percent) of small businesses believe that a program allowing them to expense cloud services would improve their ability to reopen their business sooner. Less than one-quarter (23 percent) do not think such a program would help speed up their reopening, while 26 percent are not sure. Larger small businesses are more likely to perceive the potential benefit of expensing cloud services when it comes to reopening their business.

(Base = All respondents : 302)

Potential Impact of Expensing Cloud Services on Business's Ability to Reopen Sooner



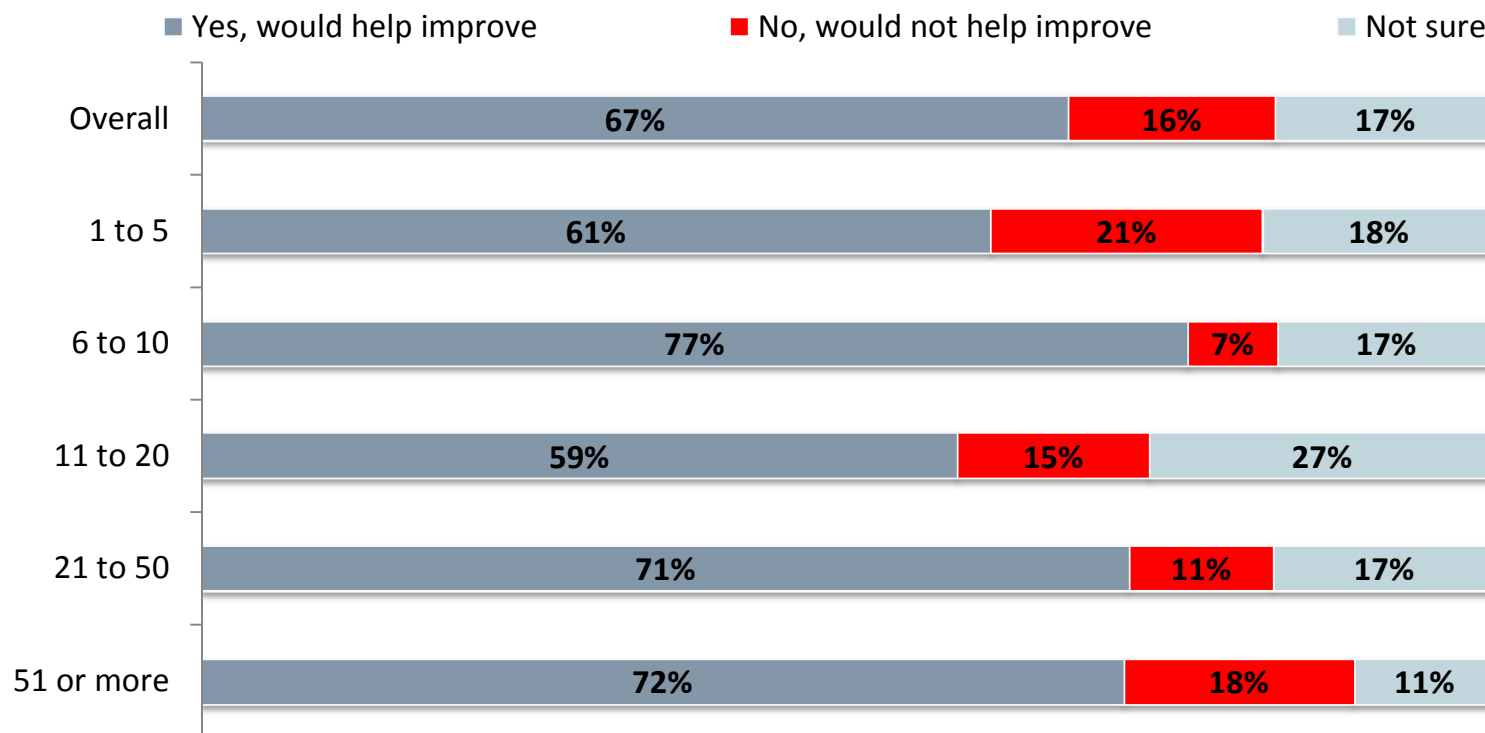
Q. Please indicate whether a program that would allow your business to expense your cloud services would help improve your ability to perform the following tasks: Reopen your business sooner.



Small businesses largely agree that expensing cloud services would help improve their chances of profitability and survival

Around two-thirds of small businesses say that being able to expense their cloud services would help increase their chances of profitability and survival during the post-COVID recovery period, while just 16 percent disagree. Companies with six to ten employees are the most likely to perceive such a benefit, at 77 percent. *(Base = All respondents : 302)*

Potential Impact of Expensing Cloud Services on Business's Ability to Increase Their Chances of Profitability and Survival Post-COVID



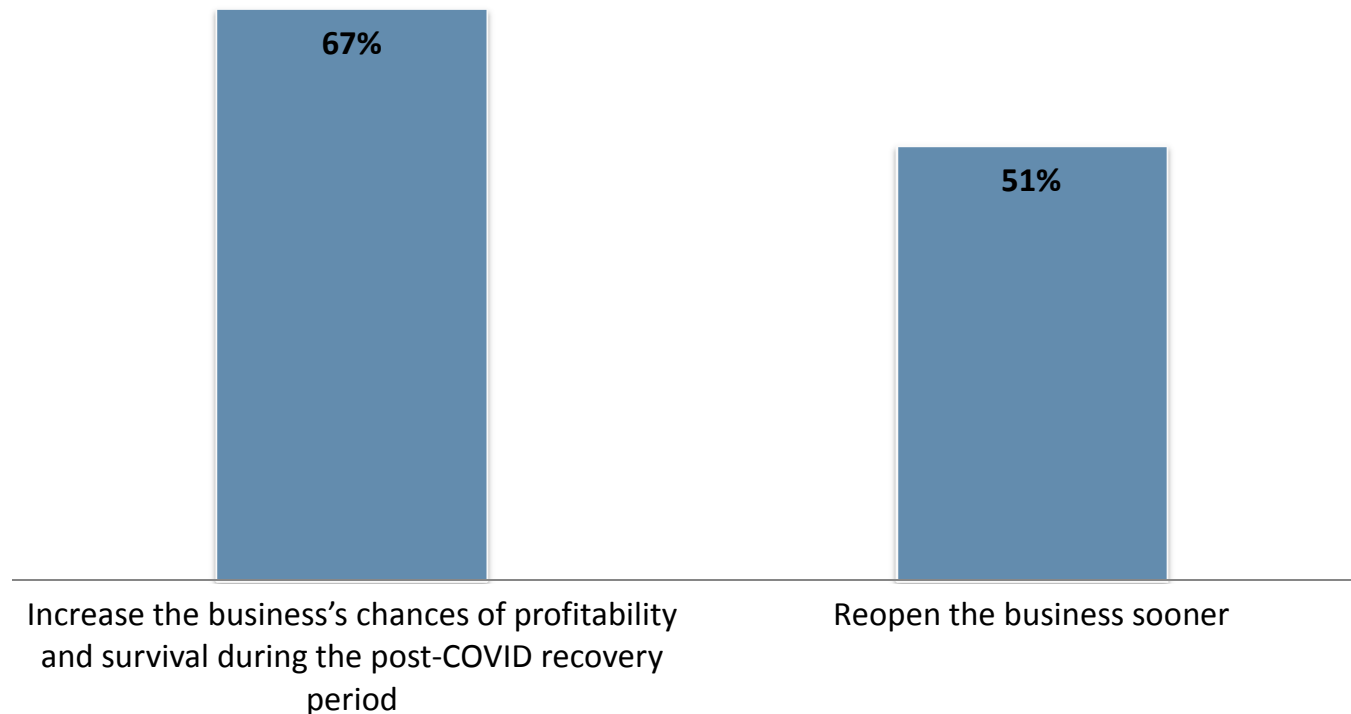
Q. Please indicate whether a program that would allow your business to expense your cloud services would help improve your ability to perform the following tasks: Increase your business's chances of profitability and survival during the post-COVID-19 recovery period.

Small businesses perceive the potential benefits of expensing cloud services as the COVID-19 lockdown subsides

A majority of small businesses acknowledge at least one of the potential benefits from being able to expense their cloud services. The ability to increase the business's chances of profitability and survival is the more widely perceived benefit, at 67 percent.

(Base = All respondents : 302)

Potential Benefits of Expensing Cloud Services for Small Businesses (Summary of Yes/No Statements)



Q. Please indicate whether a program that would allow your business to expense your cloud services would help improve your ability to perform the following tasks...

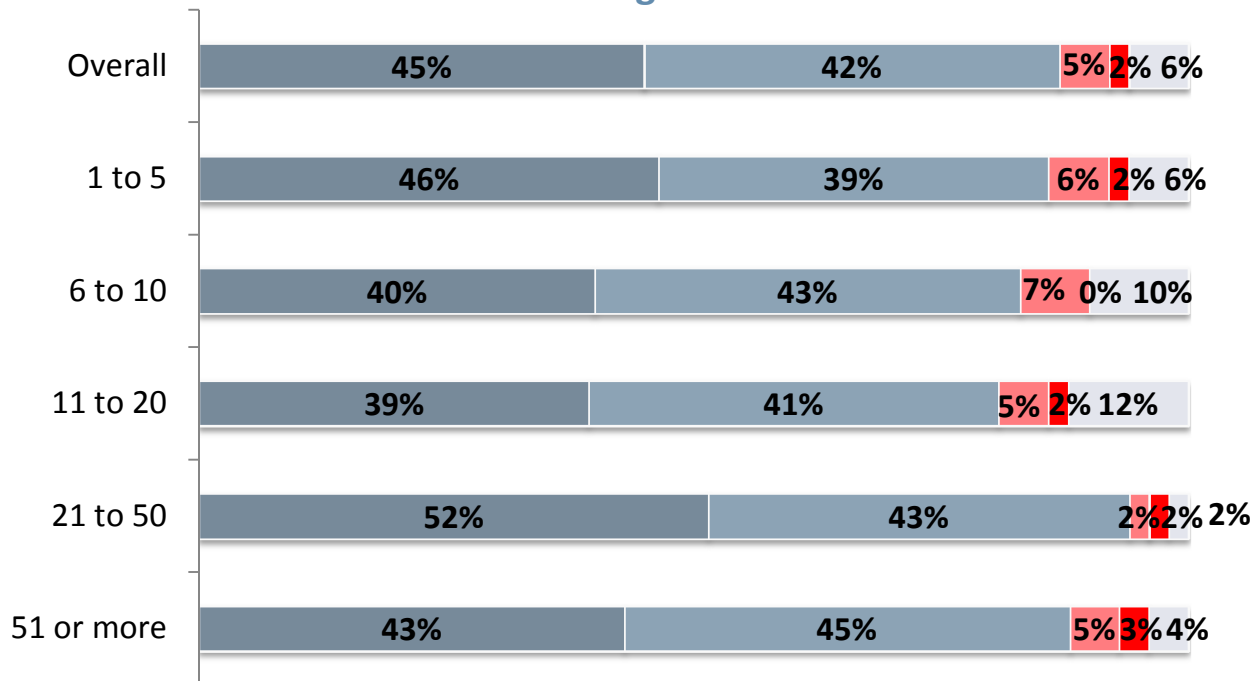


Small businesses overwhelmingly agree that cloud services are essential and should qualify for loan forgiveness under PPP

Close to nine in ten (87 percent) small businesses believe that cloud services are essential to business operations and that the costs associated with these services should be considered forgivable under the Paycheck Protection Program, or PPP. Close to half (45 percent) feel this way strongly, while 42 percent agree somewhat. This sentiment is widely held regardless of company size.

(Base = All respondents : 302)

Small Businesses Widely Demand That Cloud Costs Qualify for Loan Forgiveness Under PPP



	Agree	Disagree
Overall	87%	7%
1 to 5	85%	9%
6 to 10	83%	7%
11 to 20	80%	7%
21 to 50	95%	3%
51 or more	88%	8%

■ Agree strongly ■ Agree somewhat ■ Disagree somewhat ■ Disagree strongly ■ Not sure

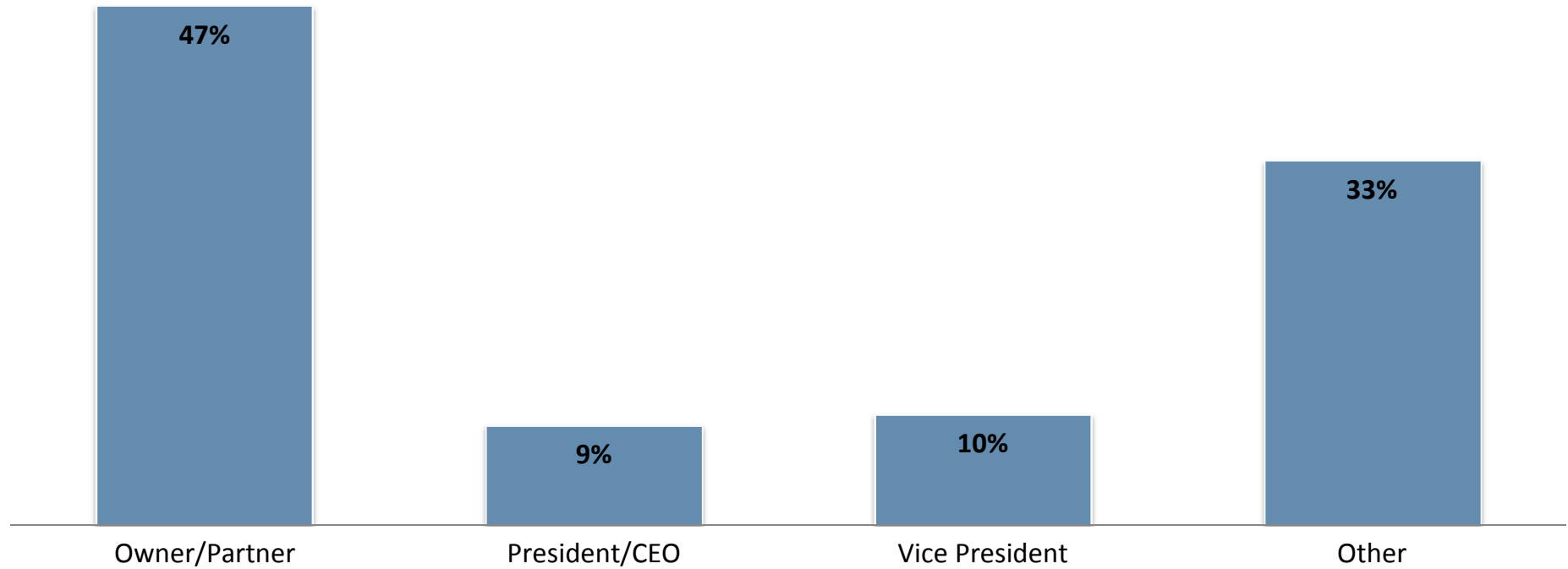
Q. Do you agree or disagree with this statement... Cloud services are essential to business operations, and therefore the costs of these services should be considered forgivable under the PPP program, and therefore qualify for loan forgiveness similar to utilities, rent, and transportation.



Demographics

Job Title

(Base = All respondents : 302)

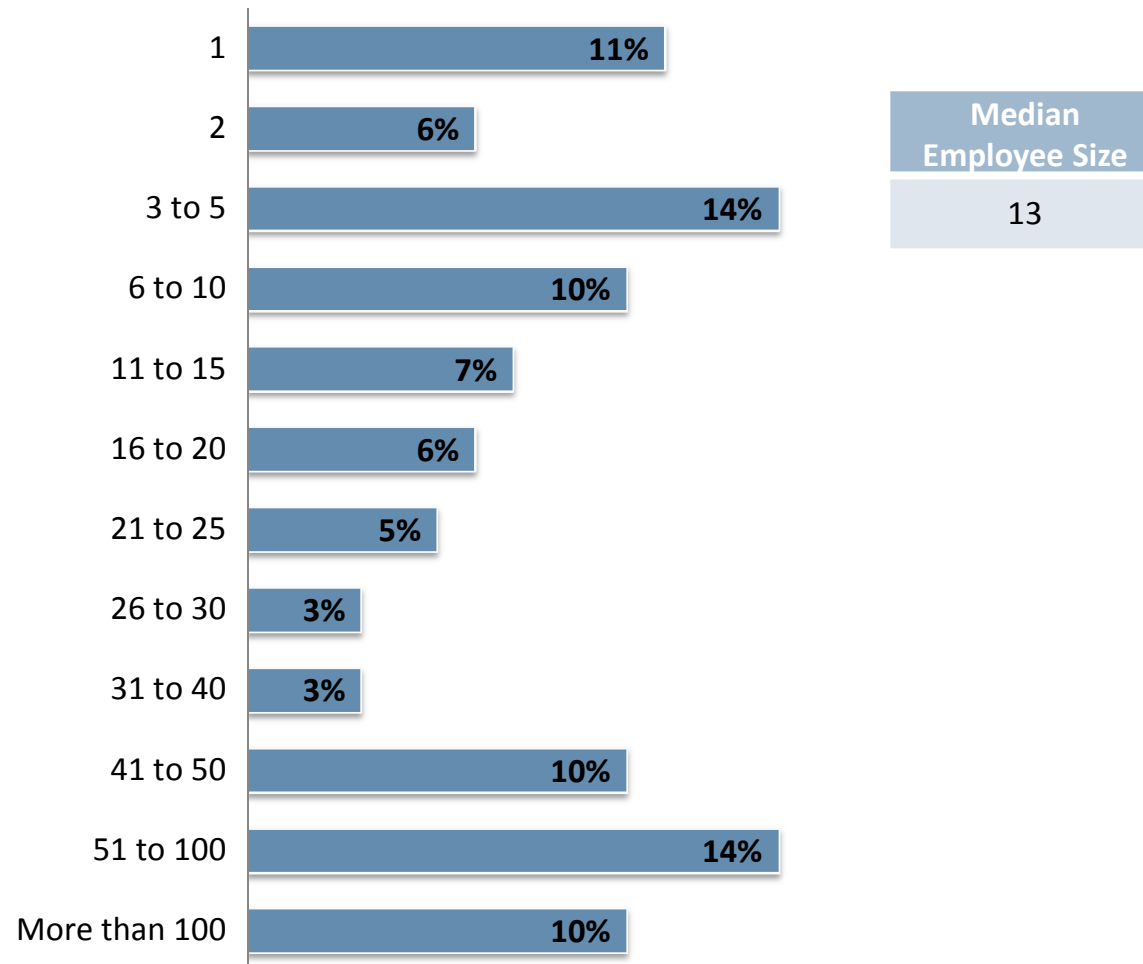


Q. What is your job title?



Size of Small Business

(Base = All respondents : 302)

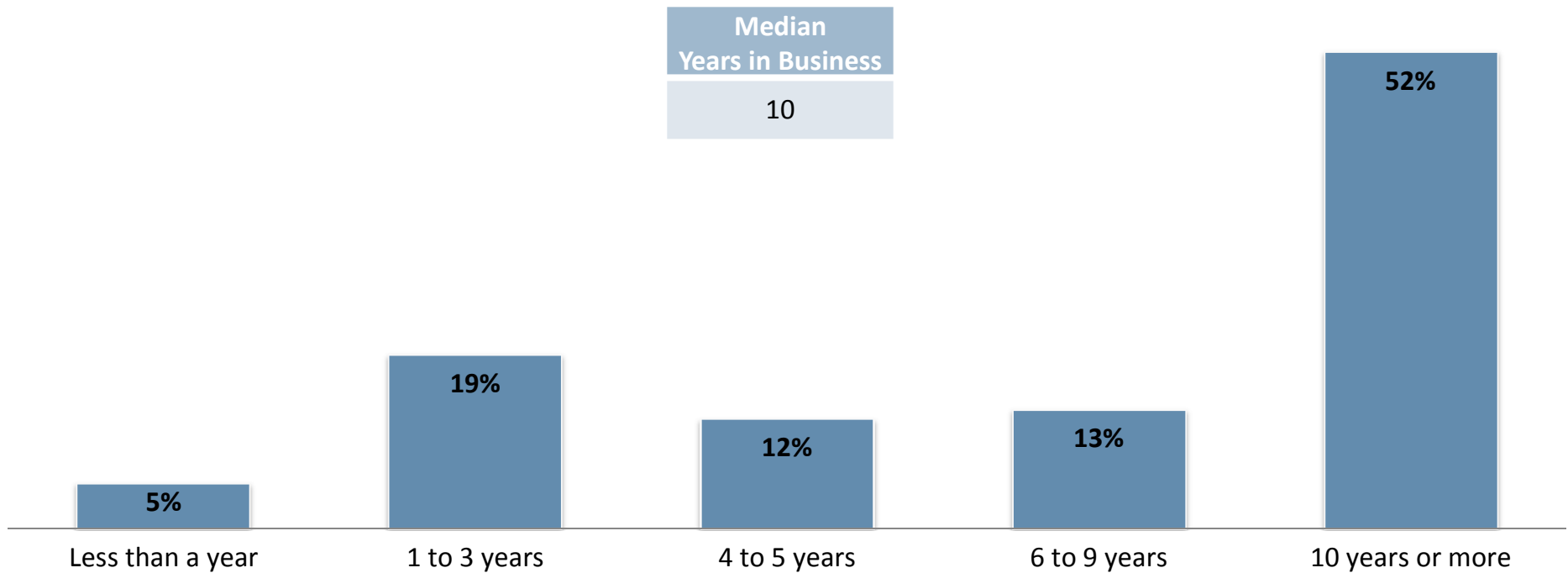


Q. Including yourself how many people are currently employed by your business?



Years in Business

(Base = All respondents : 302)

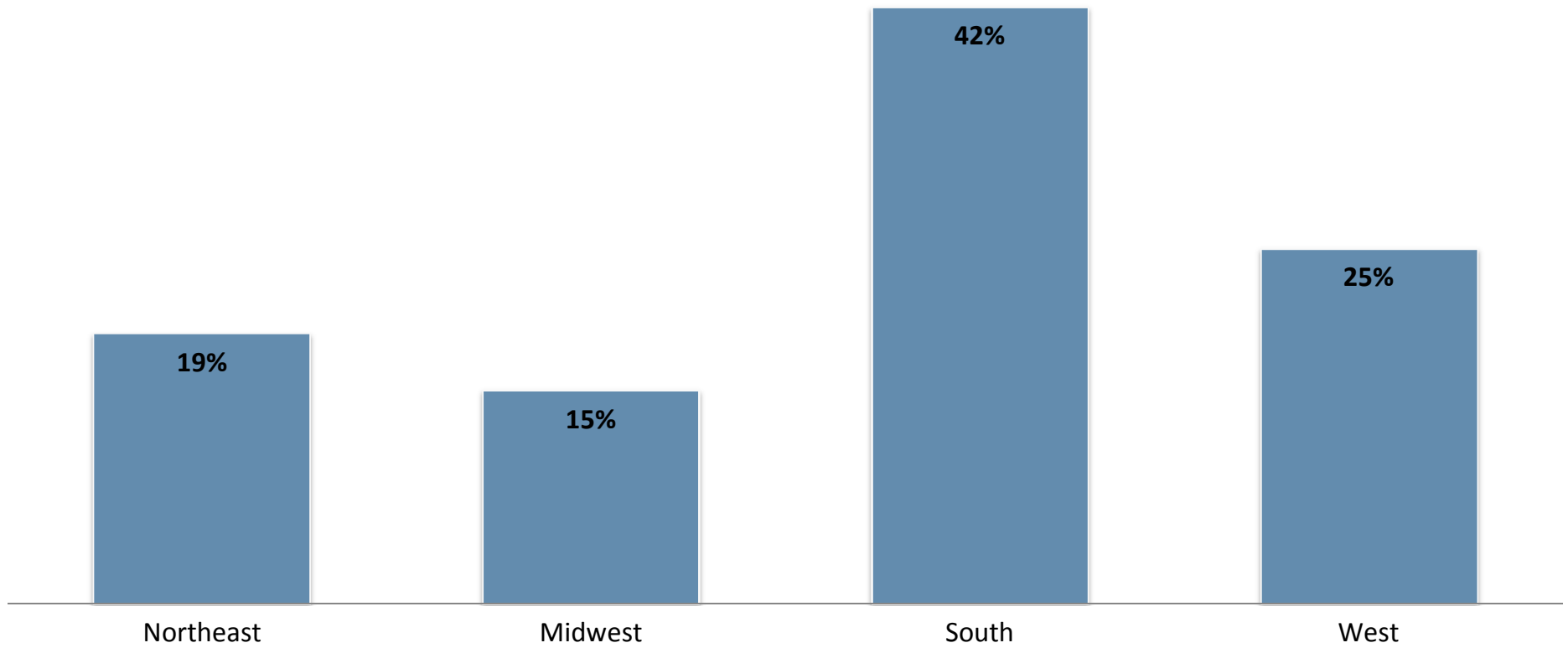


Q. How many years has your company been in business?



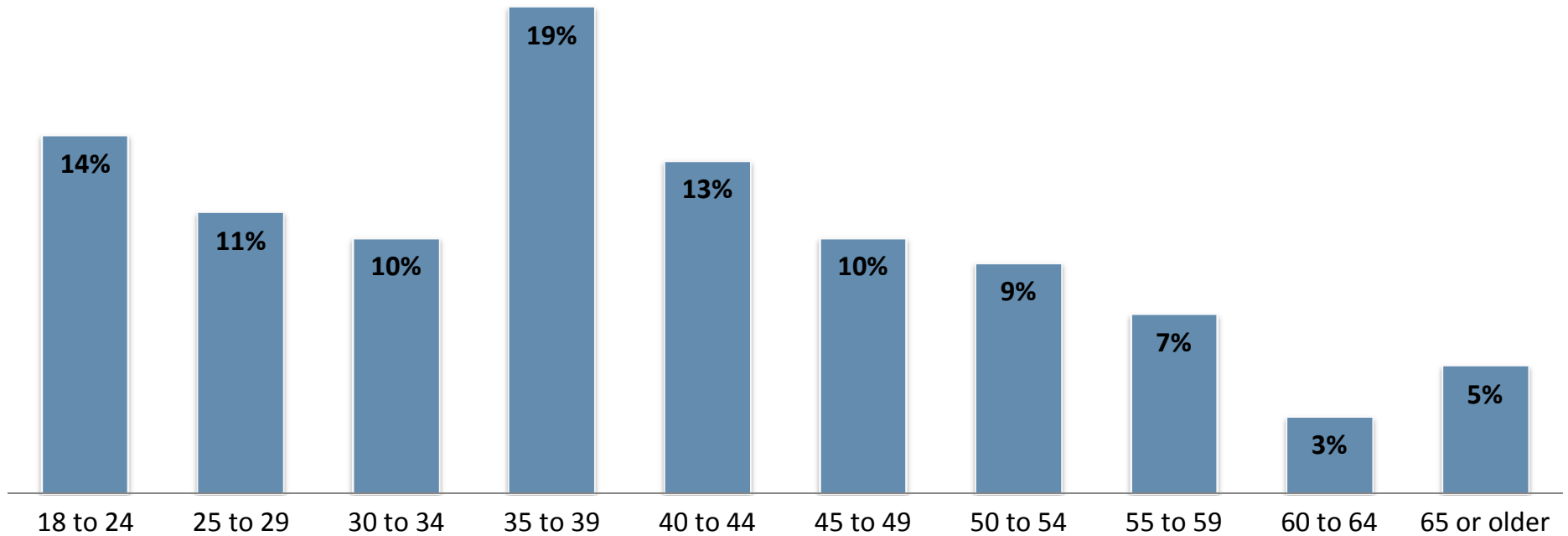
Region

(Base = All respondents : 302)



Age

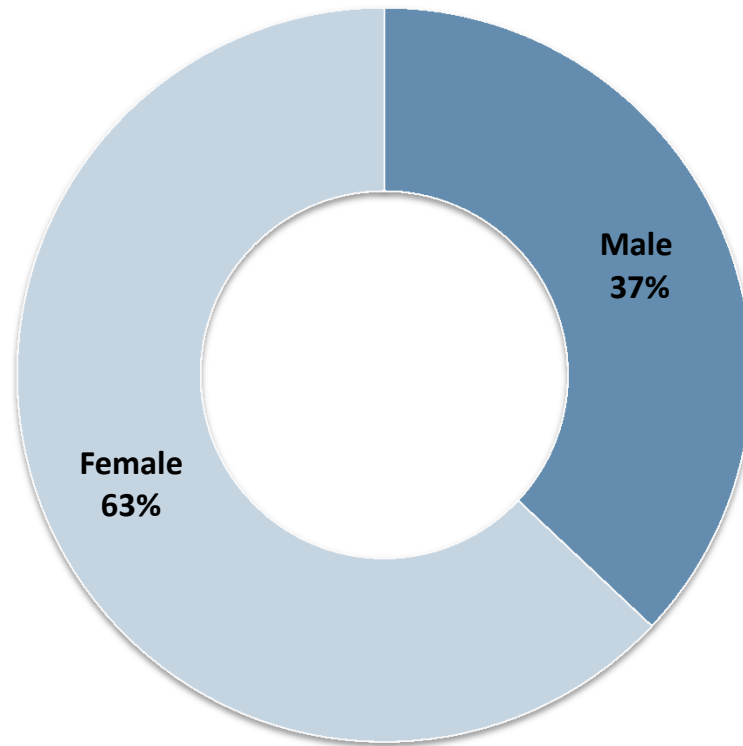
(Base = All respondents : 302)



Q. What is your age?

Gender

(Base = All respondents : 302)



Q. What is your gender?

About TechnoMetrica

- Founded in 1992, TechnoMetrica Market Intelligence is a leading market research consultancy dedicated to providing clients with actionable insights to help drive business growth. TechnoMetrica conducts public opinion research through its nationally renowned polling division, TechnoMetrica Institute of Policy and Politics, or TIPP. Together with our polling partner *Investor's Business Daily*, TIPP produces the monthly IBD/TIPP Poll, which tracks national indicators for consumer confidence and presidential approval, based on a survey of around 1,000 U.S. adults. The IBD/TIPP Poll has been recognized as the most accurate national poll in each of the last four U.S. presidential elections, and was one of only two polls to correctly predict the outcome of the 2016 general election.
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