SMB thought leadership:

Where is SMB tech spend heading in 2026

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Giacom is the UK's leading platform for channel partners – combining supply, software and services to help a community of more than 6,000 expert technology resellers and MSPs grow profitably, simplify operations and scale with confidence

GIACOM.

100% Partner, 100% Independent and the best people to do business with.

UK SMB outlook remains challenging

Net employment balance

Employer confidence at its lowest on record outside of the pandemic

One in four plan redundancies

Redundancies at the highest levels on record (outside of the pandemic)

25% of Public Sector
17% of Large Businesses
12% of SMBs

NICs causing significant rise in employment costs

84% reporting significant rise in costs due to NIC and other taxes

32% to a large extent

Median expected pay increase remains at 3%

Pay increases continuing to fall short of inflation

3% average pay rises
4.1% current inflation rate

GIACOM. Imagine what we can do together

Source: Chartered Institute of Personnel and Development (CIPD) Labour Market Outlook Summer 2025

Analysys Mason is a global technology, media and telecoms management consulting firm

We help clients navigate complex transformation journeys and make and act on the decisions that steer their progress and connect our world.

We have been at the forefront of pivotal moments that have shaped the technology, media and telecoms industry for four decades, from guiding government agencies to forge the path for mass connectivity, to defining the strategies for companies exploring the opportunities of space and satellites.

Together we are shaping the next

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We support clients with decision-making and complex change journeys

Strategy

We assist clients in shaping and determining the decisive moments that steer their progress and chart the course for lasting change.

We deliver essential advice and insights that drive efficiencies, mitigate risk and accelerate growth and put our clients at the forefront of change.

Research and insights

We provide qualitative and quantitative subscription research, bespoke research, and access to DataHub, our analyst-supported intelligence platform. These are essential assets for strategic planning and for our clients' investment and marketing decisions.

Regulation and policy

We advise major government and industry stakeholders on regulation and policy and have shaped the pivotal moments that have defined technology, media and telecoms (TMT) and connect our world.

Transaction support

We help investors with their investment and divestment decisions. We identify, evaluate and help implement investment decisions that deliver lasting results.

We provide robust and precise appraisals of investment opportunities related to capabilities, commercial, technical and ESG risks, their mitigants and investment upsides.

Transformation

We support clients to act on the decisions that create lasting value, advantage and change

We guide them through every phase of change on their complex transformation journeys and strategic change programmes.

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About the presentation

Details

This presentation is based on the data from **Analysys Mason's SMB Technology Forecaster** product and primary studies conducted by Analysys Mason.

This presentation covers an overview of the SMB market, IT spending overview and key market take-aways

Geographical coverage: United Kingdom

Segment coverage: Small and medium businesses (1 to 999 emp)

Target audience: Vendors, channel partners and operators looking to capture the SMB IT opportunity

Key questions answered

Market trends

- How is 2026 shaping up as a turning point for SMBs in their technology adoption journey?
- What strategic shifts are SMBs making toward intelligent transformation and AI monetization?

AI Opportunity

- How are SMBs adopting AI across infrastructure, applications, and business processes?
- What is the scale and growth rate of AI-driven IT spending among SMBs?

Channel preferences

- Why are SMBs switching channel partners?
- How are channel partners helping SMBs adopt AI and modernize their IT environments?

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2 SMB IT spending trends

3 Final thoughts

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1 Market context

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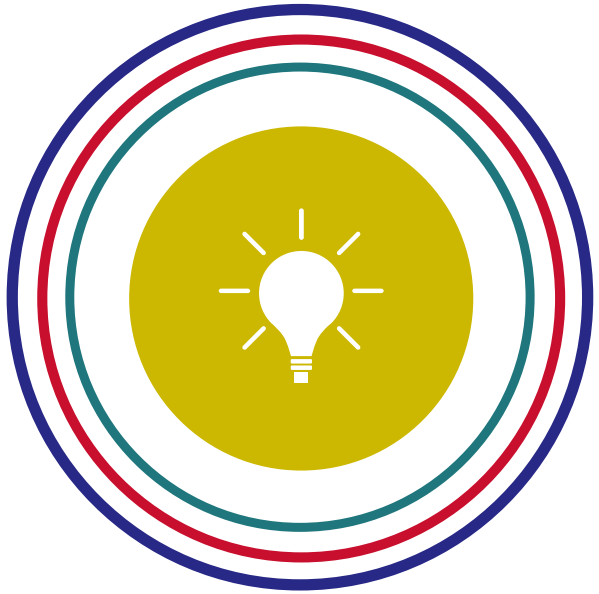
The new IT mindset in SMBs



From foundational IT to intelligent solutions

SMBs are evolving strategically

Top priorities reflect this shift

AI, cloud, and managed services have become key drivers of business growth, while cybersecurity remains essential to be resilient

Re-defining value

SMBs expect technology to solve business problems, not just support IT

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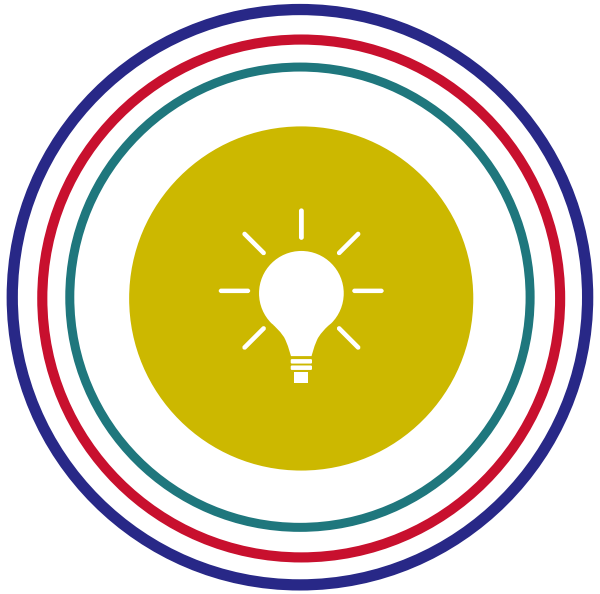
The new IT mindset in SMBs



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The intelligent SMB era is emerging, and 2026 marks the turning point

1

2020-2021

Pandemic disruption accelerated remote work, with 40% of SMBs adopting hybrid setups

2

2022-2023

SMBs ramped up IT budgets and prioritized remote IT, driving strategic realignment in channel partnerships

3

2024-2025

SMBs embraced advanced tech for innovation and efficiency, reaching an inflection point where IT became essential for business continuity

4

2026

SMBs shift to intelligent transformation, monetizing AI, cloud, and managed services to drive business growth

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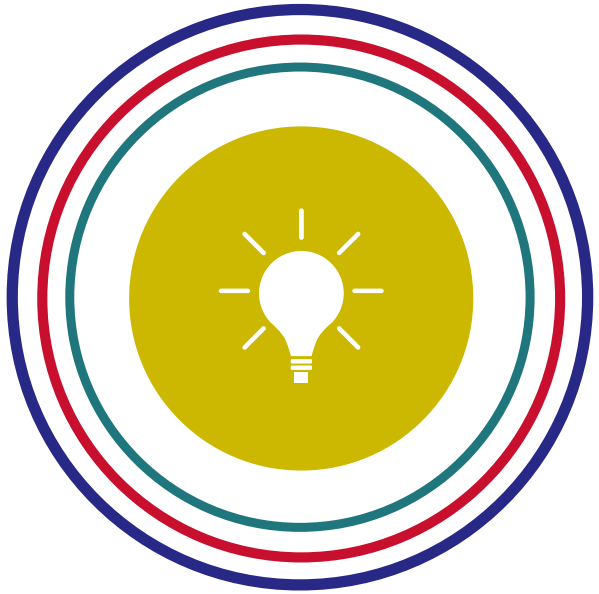
The new IT mindset in SMBs



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SMBs are evolving their IT priorities to generate greater strategic business value

Before 2020

- Devices
- Business apps
- Communication
- Web services

2020-2023

- Remote IT
- Collaboration
- Digital marketing
- Managed services

2024 and beyond

- Cyber security
- Managed services
- Cloud infrastructure

Going forward:

IT priorities across categories will change driven by, regulatory shifts, global events, and AI enhancements.

SMBs are transitioning from foundational IT investments to strategic value extraction, with AI enhancing the effectiveness of cybersecurity, managed services, and cloud infrastructure through greater automation, adaptability, and cost efficiency

By integrating AI into core business functions, such as planning, decision-making, and customer interaction, SMBs are enhancing operational performance, accelerating strategic execution, and creating new opportunities that contribute to business growth

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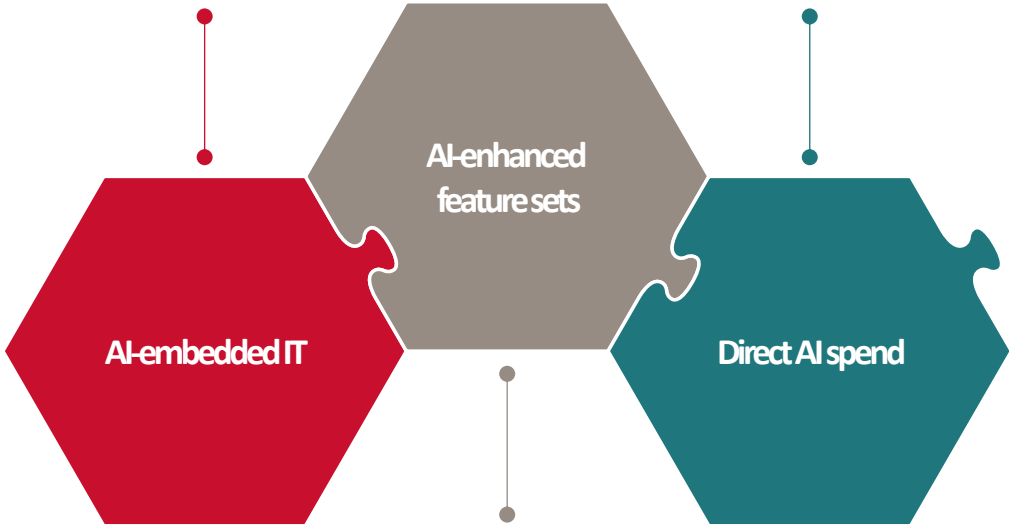
AI adoption in SMBs

What SMBs are doing with AI

AI embedded in infrastructure and applications (e.g., Cisco's AI-native networking solutions, CrowdStrike Falcon)

SMBs pay directly for AI tools and platforms (e.g., Claude Sonnet 4.5, ChatGPT 5.0, Google Gemini)



AI capabilities added to existing tools (e.g., Microsoft Copilot, Hubspot Breeze AI, Google Workspace Duet AI, Adobe)

SMB AI adoption is accelerating

Small business adoption patterns

Small businesses start AI use with low-risk, high-impact tools like chatbots and process automation

Rising AI investments

Nearly all medium-sized businesses in one of our study[1] indicated they plan to increase AI investments within the next year, boosting adoption rapidly

Strategic AI value awareness

SMBs increasingly recognize AI's strategic importance, driving demand for scalable and cost-effective solutions

[1]Analysys Mason surveyed technology decision-makers at 618 MBs in Australia, New Zealand, the UK, and the US in Q4 2024 to assess AI adoption and its impact on tech providers.

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SMBs are saying ‘Yes’ to AI, even at a premium

40% of SMBs say they use AI within their organization

77% of SMBs that use AI pay extra for Add-ons[1]

[1] Analysys Mason conducted a survey in Q1 2025 of over 1200 SMBs in Germany, Singapore, the United Kingdom and the USA to gain insights into their IT usage and purchasing preferences.

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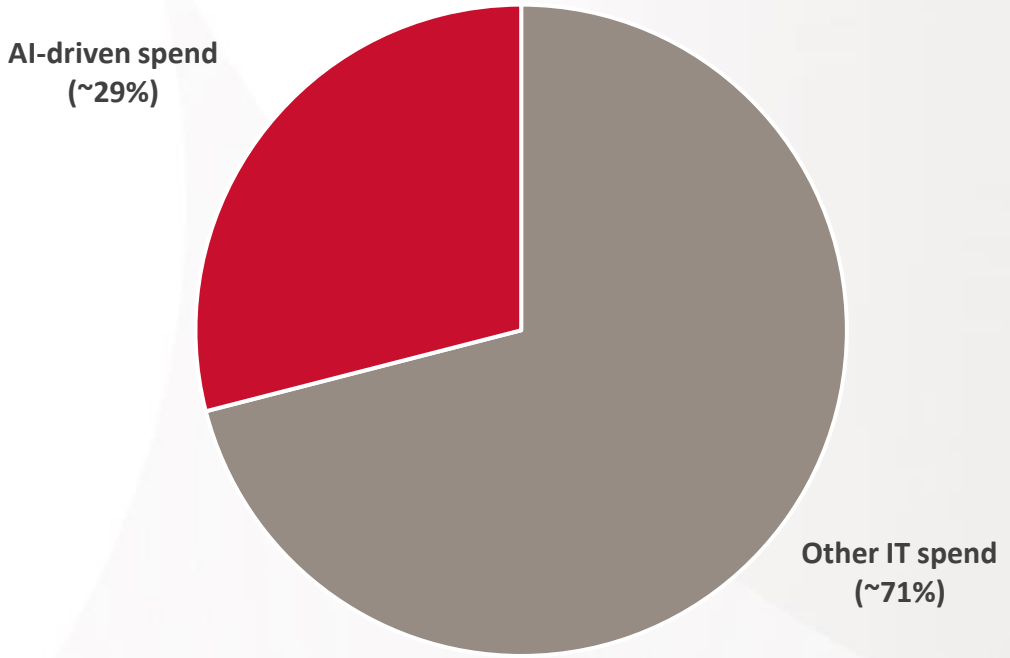
Quantifying the AI opportunity in the SMB market

Metric	Value
Global SMB IT Spend (2025)	$1.74 trillion
AI-driven IT Spend	~$500 billion
Number of SMBs Worldwide	157 million
Direct AI Spend CAGR	35%
SMBs Currently Using AI	~40%
Average Annual AI Spend per SMB	$0–$1000

AI-driven IT spend as share of total IT



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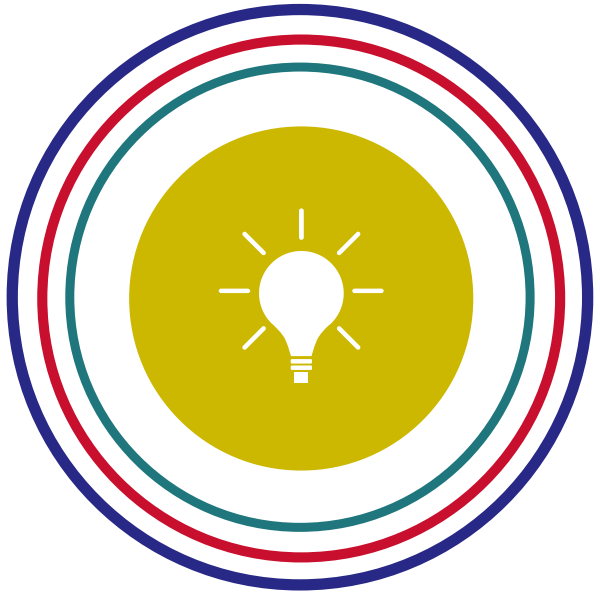

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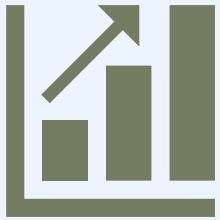
Cloud and managed services are the AI enablers for SMBs

Why cloud matters

AI-ready platforms

85%

SMBs use SaaS-based biz apps[1]



Scale & affordably

Secure & compliant

Why managed services matter

MSP guidance

AI strategy support

Fast rollout

Better to benefit from MSPs' experience than make the same mistakes yourself."

– Head of IT in a professional services MB

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AI adoption in SMBs is driven by real business needs and internal innovation

Small businesses are consuming AI out of the box

AI in SaaS solutions
Generic productivity enhancements through tooling in SaaS solutions

Chatbots for support
AI-powered chatbots improve IT and customer support efficiency by automating responses and issue resolution

Automated project management and content creation
AI tools streamline project tracking, resource allocation to boost productivity, and automating content creation

Predictive analytics
SMBs use AI-driven predictive analytics to forecast trends and behavioral analysis

Cybersecurity
Enhance protection and ensure operational safety with AI-driven features like predictive intelligence, automated response, and real-time threat adaptation

IT teams drive AI projects for mid-sized businesses

AI leadership
IT, R&D, and data teams lead AI initiatives by identifying opportunities and managing implementations

Employee-driven innovation
AI-mature businesses see employees actively proposing and championing AI projects, driving cultural change

Empowering organization-wide adoption
Engaging both technical teams and frontline employees with training and tools accelerates AI deployment

What SMBs want and how partners can help

Top SMB goals

- Reduce costs
- Improve customer experience
- Expand markets

Top SMB challenges

- Training
- Cost management
- Meeting regulatory compliance requirements
- Finding qualified providers
- 23% of SMBs switched IT providers in 2024 due to lack of vision and value

Partner opportunities

- Bundle AI-enhanced solutions into managed services
- Highlight business outcomes (e.g., cost savings, productivity)
- Offer training and support for AI adoption
- Develop vertical-specific AI use cases

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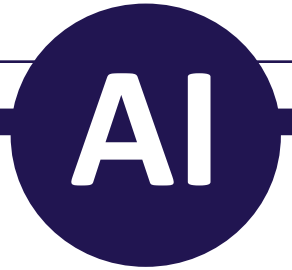
MSPs drive AI adoption through tailored industry solutions and outcome-focused strategies



Industry-specific AI solutions

- **Utilities sector AI**

Local energy and heating/ventilation providers use AI to cut costs by automating billing and optimizing energy use

- **Banking and finance AI**

Small banks and accounting firms speed up loans and spot fraud with AI-powered tools

- **Healthcare AI**

Independent clinics and practices use AI for faster diagnoses, better scheduling, and personalized care

- **Agriculture AI**

Family farms use AI to monitor crops, predict yields, and improve efficiency

How MSPs are selling AI

- **AI integration strategies**

MSPs bundle AI in packages, offer industry-specific solutions, and provide AI-as-a-Service to SMBs

- **AI solution types**

Solutions include cybersecurity tools, intelligent automation, analytics dashboards, and agents

- **Business impact focus**

MSPs emphasize business outcomes over technical details to improve efficiency, security, and engagement

Real-world examples – US MSPs leading the way

- **CMIT Solutions**: AI tools for SMB customer service, such as chatbots, routing, and translation
- **LTIMindtree BlueVerse**: AI-powered MSP platform through strategic acquisitions and innovation
- **NexusTek**: “Secure AI” platform for customizable security and ops models
- **Shield Technology Partners**: Builds AI-enabled MSPs through strategic acquisitions
- **Teal Technologies**: Automates IT support tasks to improve SMB efficiency and security
- **Transputec**: AI/generative AI for support, anomaly detection, and compliance

2 SMB IT spending trends

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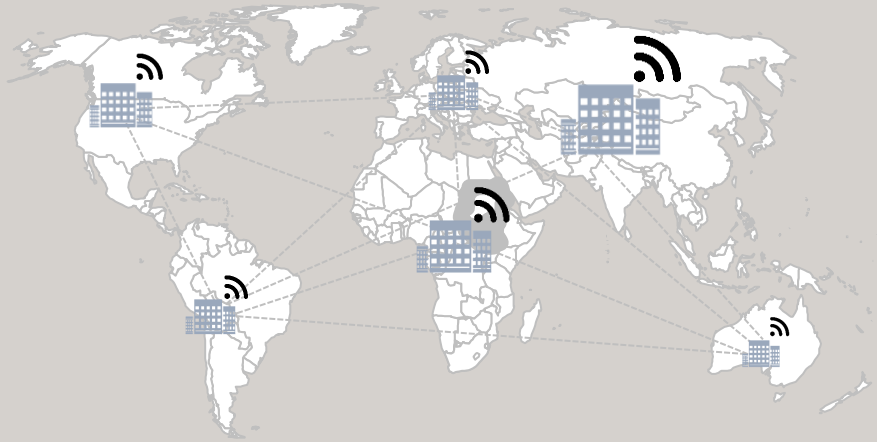
Global SMB tech investment surges, signaling long-term growth potential

157 million

Number of **SMBs worldwide**



USD 1.74 trillion

spending on IT solutions in 2025

12.9% CAGR

Spending on cloud categories, 2024-2029

Spend on cloud categories in **2025**
USD853 billion

Projected spend on cloud categories in **2029**
USD1387 billion

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UK SMB IT spending shows resilience with 6.1% CAGR

1.55 million

Number of **SMBs**

USD 70 billion

spending on IT solutions in 2025

9.7% CAGR

Spending on cloud categories, 2024-2029

Spend on cloud categories in **2025**
USD34.5 billion

Projected spend on cloud categories in **2029**
USD49.8 billion

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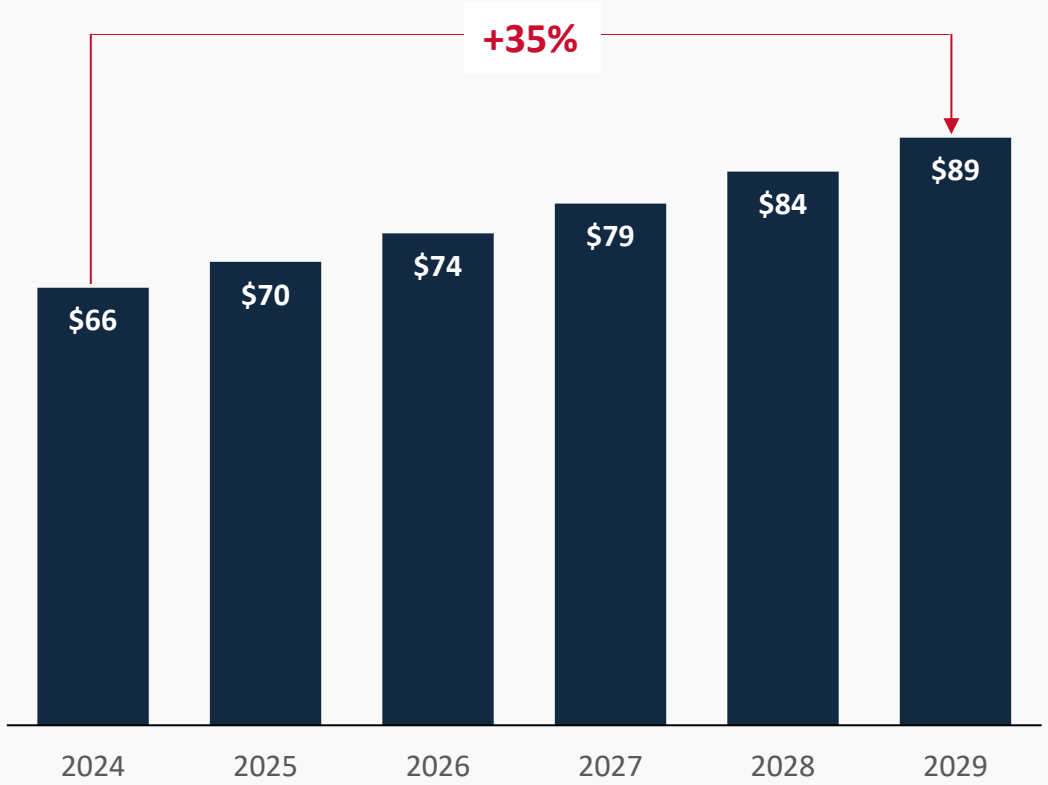
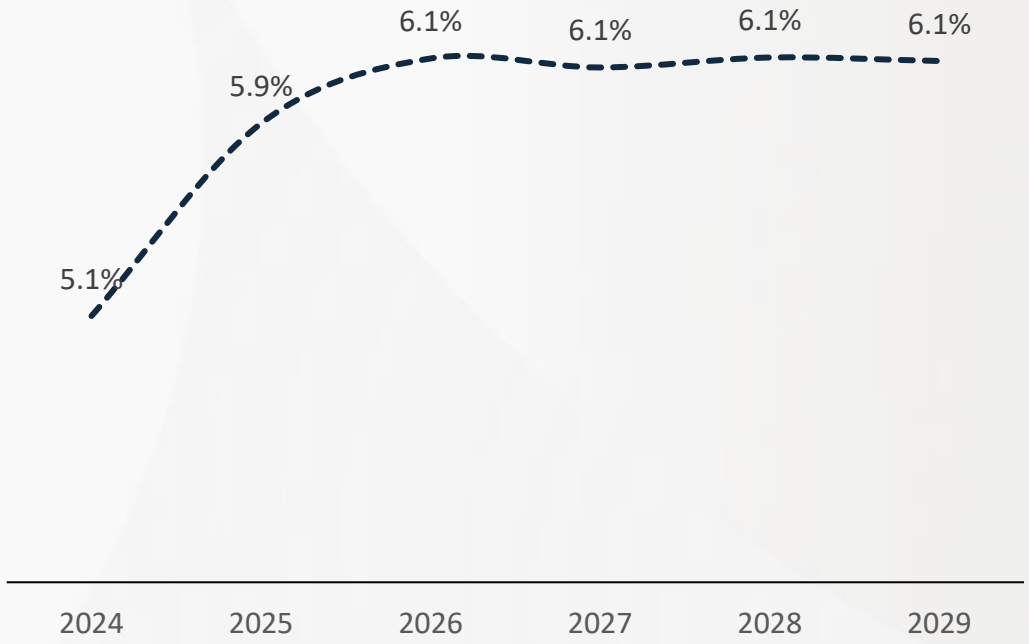
SMBs in UK will increase spending despite uncertain economic conditions

SMB spending, United Kingdom, 2024–2029

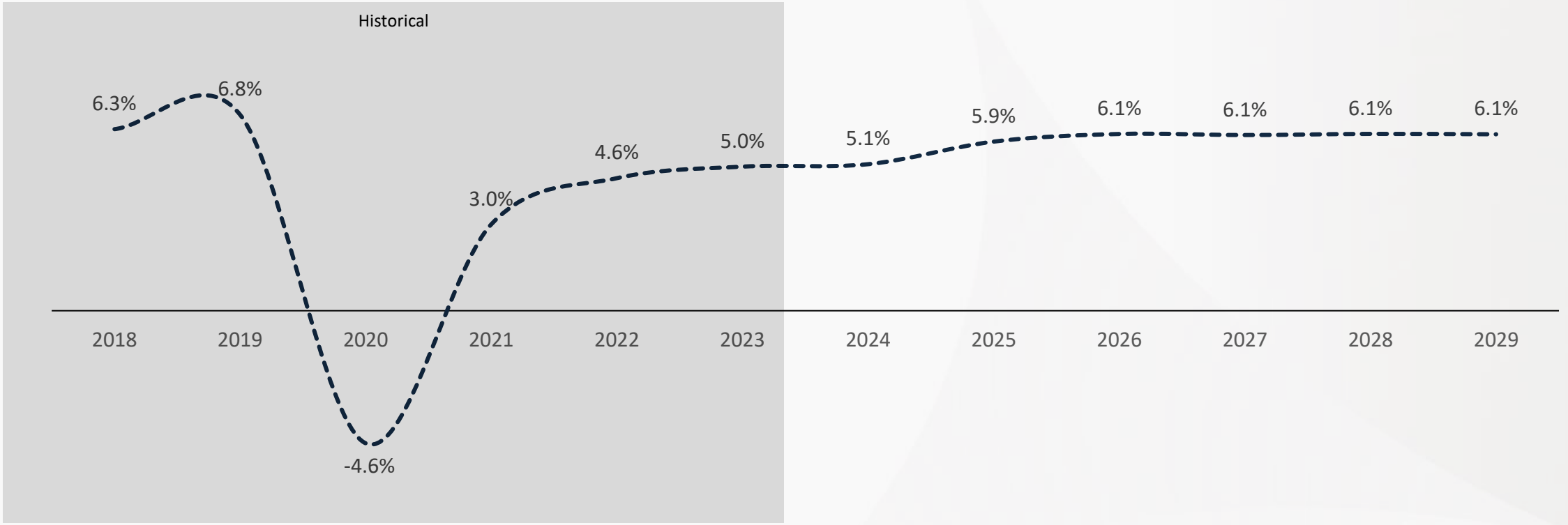


Year-on-year growth in SMB spending, United Kingdom, 2024–2029

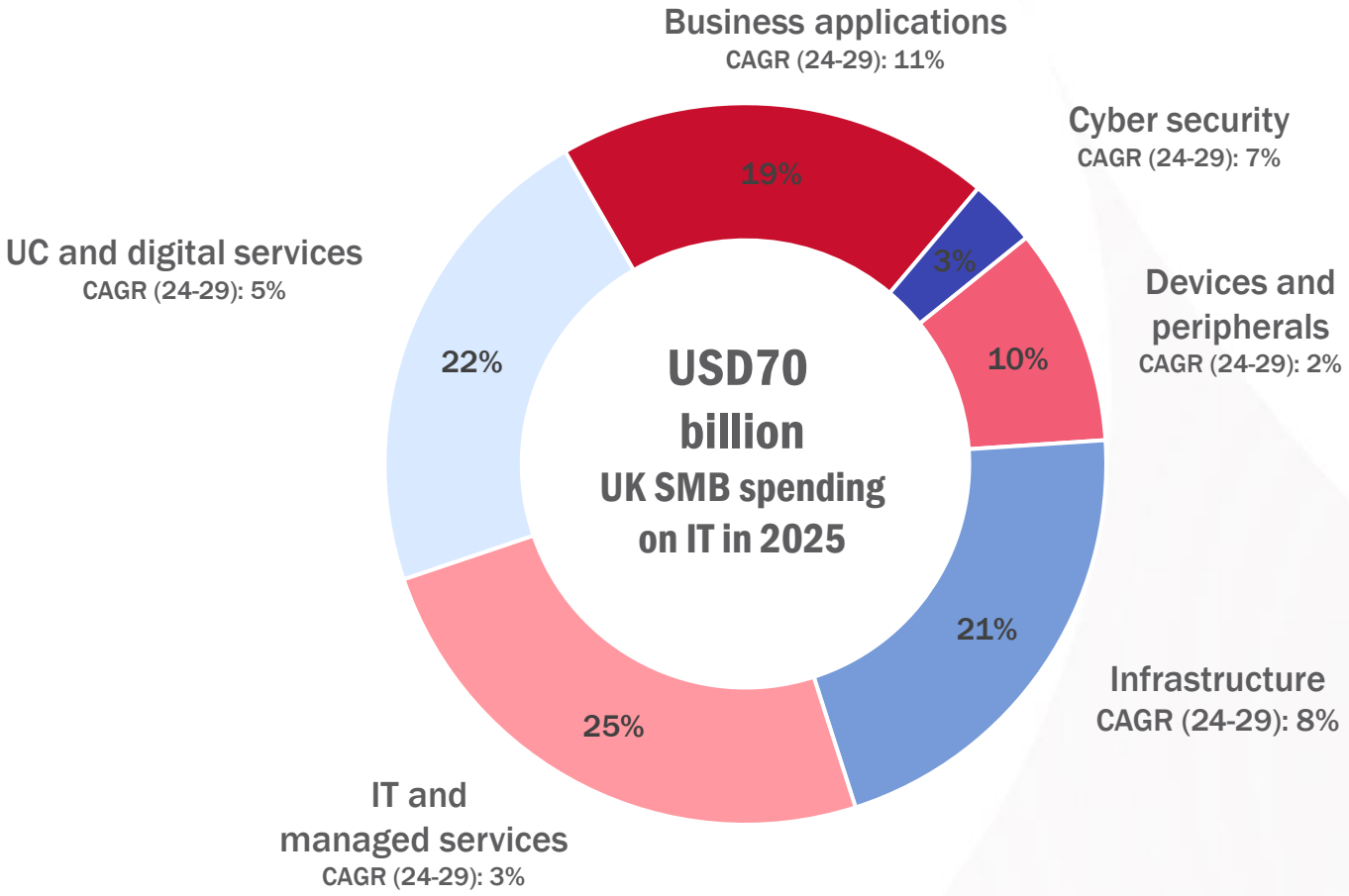


IT spending growth is close to pre-pandemic levels

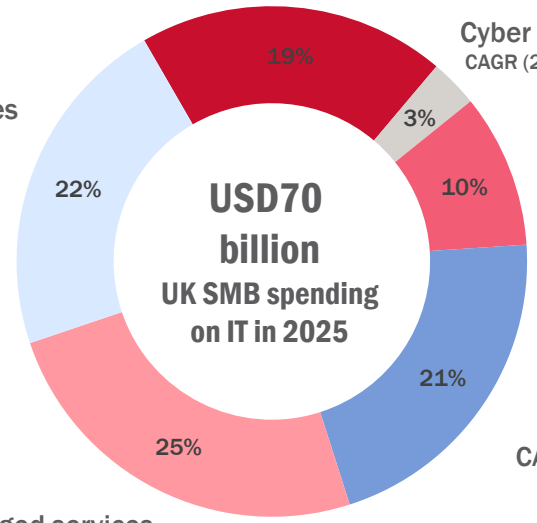
Year-on-year growth in SMB spending, United Kingdom, 2018–2029



UK SMB IT spending by category



Top growth areas for SMBs are cloud and services across all categories



Business applications
CAGR (24-29): 11%

Line of business software (LOB) (SaaS)	16%
Business intelligence (SaaS)	15%
Line of business software (LOB) (on-premises)	13%

Cyber security
CAGR (24-29): 7%

Endpoint detection and response (SaaS)	19%
Email security (SaaS)	14%
Identity and access management (SaaS)	13%

Devices and peripherals
CAGR (24-29): 2%

3D printers	15%
PC/device-as-a-service (PC/DaaS)	13%
2-in-1 PCs	9%

Infrastructure
CAGR (24-29): 8%

Recovery-as-a-service (RaaS)	21%
IaaS server	17%
IaaS storage online backup	16%

IT and managed services
CAGR (24-29): 3%

Remotely-managed mobile device	16%
Remotely-managed networking (wireless)	11%
Remotely-managed security	10%

UC and digital services
CAGR (24-29): 5%

Collaboration business workflows (SaaS)	11%
Social media marketing	10%
Unified communications and hosted voice	9%

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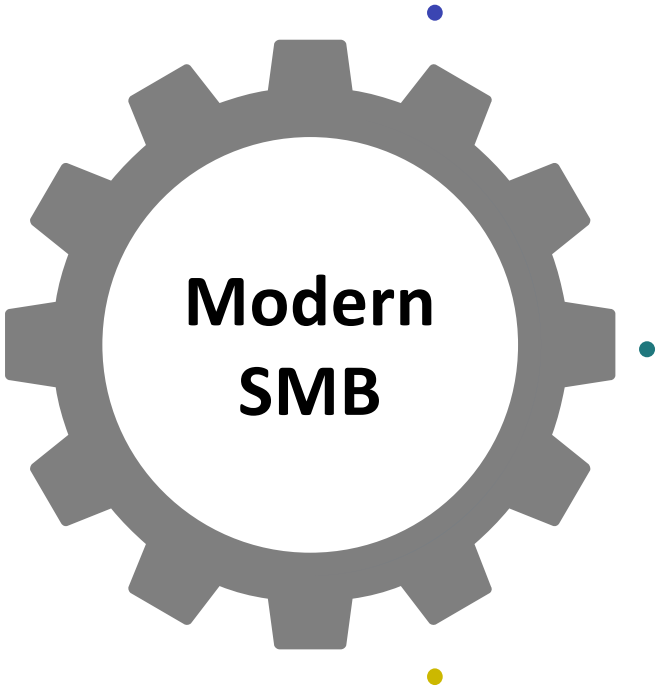
3 Final thoughts

SMBs are entering a new era of intelligent IT, driven by AI, cloud, and managed services. Channel partners must evolve to meet this demand.



SMBs are entering the intelligent IT era

2026 marks a turning point as SMBs shift from foundational IT to intelligent solutions powered by AI, cloud, and managed services.

AI adoption Is accelerating across SMBs

SMBs are embracing AI through embedded infrastructure, enhanced features, and direct investments—driven by strategic awareness and business needs.

Channel partners must evolve

MSPs and resellers have a growing opportunity to guide SMBs through AI integration, offering scalable, secure, and outcome-driven solutions.

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Questions and answers

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4 Appendix

Business Applications: category module coverage [1/6][1]

Level 1	Level 2	Level 3	
Business applications	On-premises and licensed software	Accounting/financial (on-premises)	Business intelligence (on-premises)
		Customer relationship management (CRM) (on-premises)	Email (on-premises)
		Enterprise content management	Enterprise resource planning (ERP) (on-premises)
		Human resources (HR) (on-premises)	Line of business software (LOB) (on-premises)
		Payroll (on-premises)	Point-of-sales (POS) (on-premises)
		Productivity (on-premises)	Project management (on-premises)
		Quotes and invoicing (on-premises)	Travel and expense (on-premises)
	Software-as-a-service (SaaS)	Accounting/financial (SaaS)	Business intelligence (SaaS)
		Customer relationship management (CRM) (SaaS)	Email (SaaS)
		ERP (SaaS)	HR (SaaS)
		Line of business software (LOB) (SaaS)	Marketing automation
		Payroll (SaaS)	POS (SaaS)
		Productivity (SaaS)	Project management (SaaS)
		Quotes and invoicing (SaaS)	Travel and expense (SaaS)

[1] Cloud categories are highlighted with a red dashed box.

Cyber Security: category module coverage [2/6][1]

Level 1	Level 2	Level 3	
Cyber security	Data security	Data security (SaaS)	Data security (on-premises)
	Endpoint security	Endpoint detection and response (SaaS)	Endpoint detection and response (on-premises)
		Endpoint protection (SaaS)	Endpoint protection (on-premises)
	Mobile security	Mobile security (SaaS)	Mobile security (on-premises)
	Network security	DoS/DDoS mitigation	Intrusion detection/prevention
		Firewall and unified threat management software (SaaS)	Firewall and unified threat management software (on-premises)
		Identity and access management (SaaS)	Identity and access management (on-premises)
		Other security and vulnerability management (SaaS)	Other security and vulnerability management (on-premises)
		Security operations and incident response (SaaS)	Security operations and incident response (on-premises)
	Security appliances	Network firewall and intrusion detection/prevention appliances	Unified threat management appliances
	Web and email security	Email security (SaaS)	Email security (on-premises)
		Web security (SaaS)	Web security (on-premises)

[1] Cloud categories are highlighted with a red dashed box.

Devices and Peripherals: category module coverage [3/6]

Level 1	Level 2	Level 3	
Devices and peripherals	Mobile hardware	Handsets	
	PCs	2-in-1 PCs	Tablets
		Desktop PCs	Notebook PCs
		PC/device-as-a-service (PC/DaaS)[1]	
	Printing and peripherals	3D printers	Peripherals
		Printers	Printing supplies

[1] Analysys Mason's PC/device-as-a-service (PC/DaaS) spending is delivered as a companion module to the SMB Technology Forecaster data as it includes spending on devices that is captured in PC categories. Examples include HP DaaS, Dell PCaaS, Lenovo DaaS, and Microsoft Surface as a Service.

IT Infrastructure: category module coverage [4/6][1]

Level 1	Level 2	Level 3	
IT Infrastructure	Infrastucture-as-a-service (IaaS)	IaaS storage online backup	IaaS storage simple development
		Recovery-as-a-service (RaaS)	
	Networking hardware	Switches	Routers
		Wireless LAN	
	Networking services	Cloud VPN	IP VPN
		WAN	
	Networking software	Networking software	Point-to-point VPN
	On-premises and licensed software	Databases (on-premises)	Middleware
		Mobile application development	Operating system
	Point-of-sales (POS) hardware	Point-of-sales (POS) hardware	
	Server	IaaS server	Server co-location
		Servers	
	Software-as-a-service (SaaS)	Databases (SaaS)	
	Storage hardware	FC SAN	IP SAN
		Network-attached storage (NAS)	PC attached storage
		Storage area network (SAN) switches	Server attached storage
		Tape backup	
	Storage software	Backup and recovery (on-premises)	Other storage software
		Replication software	Storage resource management software
	Virtualisation	Desktop-as-a-service (DaaS)	Desktop virtualisation
		Server virtualisation	Storage virtualisation
	Platform-as-a-service (PaaS)	Platform-as-a-service (PaaS)	
	IoT	IoT hardware	IoT services
		IoT software	

[1] Cloud categories are highlighted with a red dashed box.

IT and Managed Services: category module coverage[5/6][1]

Level 1	Level 2	Level 3	
IT and managed services	Product support services	Computing support	Network support
		Security support	Software support
		Storage support	
	Professional services	Development and integration	IT consulting
		Process management	
	Managed services	Remotely-managed IT services (other)	Remotely-managed mobile device (MMS)
		Remotely-managed networking (wired)	Remotely-managed networking (wireless)
		Remotely-managed PBX (TDM and/or IP-PBX)	Remotely-managed PC
		Remotely-managed security	Remotely-managed server
		Remotely-managed storage	

[1] Cloud categories are highlighted with a red dashed box.

UC and Digital Services: category module coverage [6/6][1]

Level 1	Level 2	Level 3	
Unified communications (UC) and collaboration	On-premises and licensed software	Collaboration (on-premises)	
	Software-as-a-service (SaaS)	Collaboration business workflows (SaaS)	Collaboration (file share and sync) (SaaS)
	Unified communications (UC) services	Audio conferencing	Unified communications (UC) and hosted voice
		Video conferencing	
Communications	Fixed hardware	Pure TDM-PBX/key-systems	
	Fixed network	IP voice	Narrowband voice
		Fixed broadband	
	Mobile network	Mobile broadband	Data, voice and messaging plans
	Unified communications (UC) hardware	IP PBX/hybrid	IP phones and adaptors
Digital marketing and advertising	Digital marketing and advertising	Display advertising	Search engine marketing (SEM)
	Social	Social media marketing	
Web services	Web hosting and development	Website development	Website hosting and maintenance

[1] Cloud categories are highlighted with a red dashed box.