



# SMB Technology and Buying Trends 2025

# Introduction



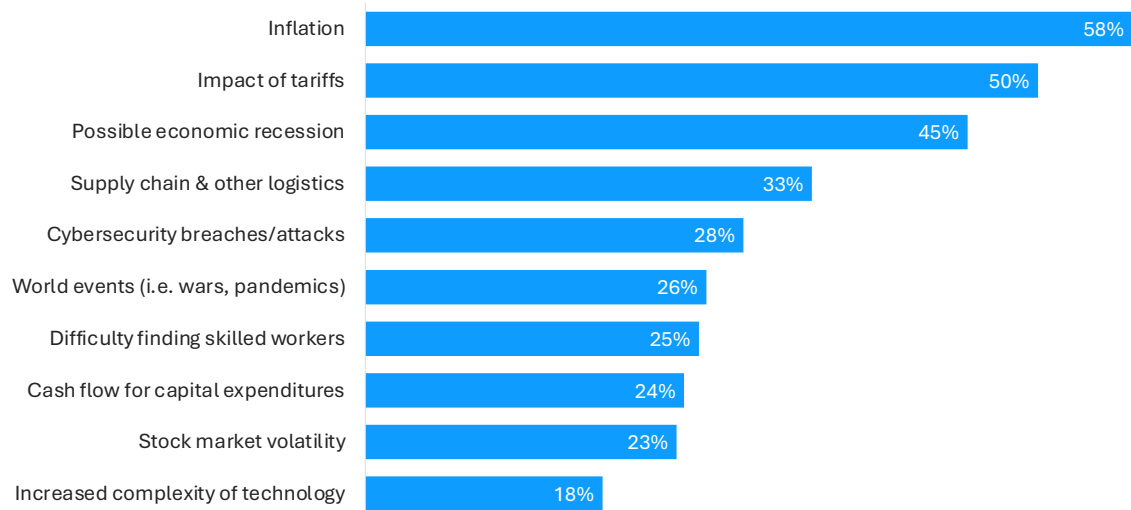
**W**hen people think about businesses in North America, big-name public companies most often come to mind: Apple and Microsoft; General Motors and Ford, Walmart and AT&T. The list goes on and on. But while these large corporations attract most of the mindshare and media attention, it is small- and medium-sized businesses (SMBs) that comprise the true backbone of the U.S. economy. According to the U.S. Bureau of Labor Statistics (BLS), companies with fewer than 500 employees represent 99% of all businesses in the country and employ 45% of the total workforce. The U.S. Chamber of Commerce estimates that there are 33.2M SMB businesses nationally in 2025 and that they contribute 43.5% of U.S. GDP.

The takeaway? It's a very good chance you and some of your family members work for one of these smaller companies, whether that's a mom-and-pop restaurant, a mid-sized manufacturing firm or a 20-person digital marketing agency.

And just like giant corporations in the enterprise, SMBs face their own dynamic landscape in 2025, defined increasingly by rapid technological change, shifting economic pressures, mounting cybersecurity concerns and workforce skills challenges. For IT service providers (ITSPs) and other channel firms, for whom the SMB market constitutes the primary customer base, it's imperative to understand the role that technology can play in this diverse ecosystem's business priorities, budgets and pain points. Lack of insight puts ITSPs and other tech providers who sell their services to SMBs at a competitive disadvantage, especially in the age of generative AI, increasingly sophisticated cybersecurity threats and hyperscaler marketplaces that sell all manner of technology.



## Inflation and Tariffs Top List of SMBs' Worries Over Next 12 months



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For this research report, GTIA surveyed 720 owners, managers and other employees involved in technology decisions at SMB companies with fewer than 250 employees across North America. The sample breaks down by three different individual sizes: Micro (2–9 employees), small (20–99) and medium (100–249). Capping the total size at 249 employees runs below the sub-500 threshold the BLS uses to define the SMB sector but reflects a more representative demographic that the IT channel typically, though not exclusively, serves.

Likewise, the study sample includes respondents from a host of vertical industry sectors to reflect the diverse, non-monolithic nature of the SMB ecosystem. Whether it's retail or professional services, manufacturing or healthcare, finance or information technology, SMBs in individual verticals and their subsets sport distinctive business priorities, tech needs, budgets and usage patterns. For the channel, understanding these differences is key—and savvy. Some of the big winners in today's tech channel are those that have shifted away from being technology generalists to specialize and go deep with their skills, whether it's polishing their vertical industry chops, AI and data skills, and/or deep cybersecurity acumen.

All that considered, SMBs represent a massive channel opportunity. Their appetite for technology remains high as they look to innovate and drive revenue while also streamlining operations to become more efficient and profitable. And as digital solutions become ever more central to SMB operations, these companies will be challenged to keep pace—not just in technology adoption but in building resilient, forward-thinking strategies that anticipate both risks and opportunities. And that's where the channel comes in. This report is aimed at informing ITSPs, MSPs, resellers, consultants and the rest of the channel ecosystem about current tech trends in the SMB space. The goal: Help you build relevant services offerings, sales and marketing strategies, and customer engagement/retention plans. In today's complex tech environment, SMBs need expert help.

# Top 5 SMB Key Takeaways

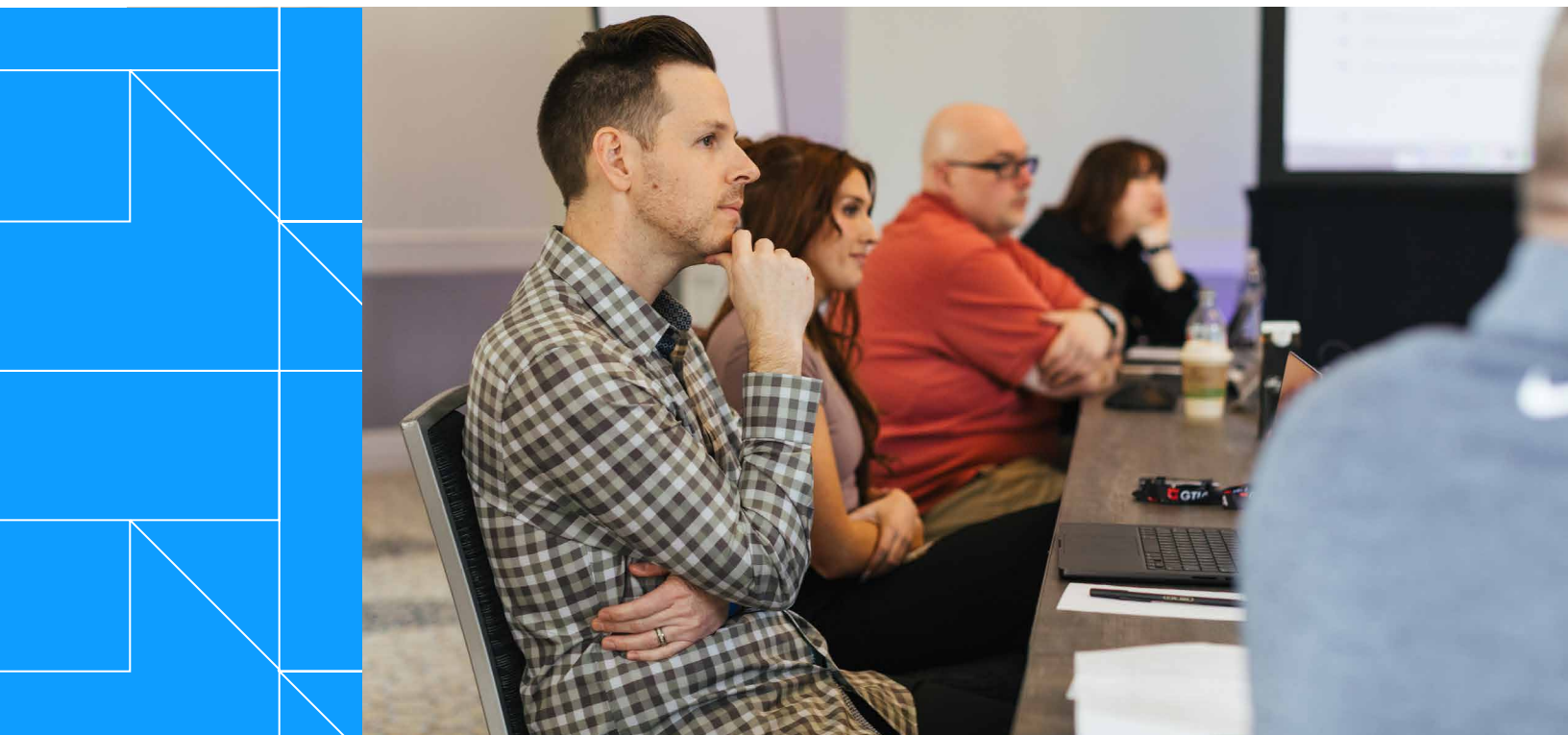
**#1:** Growth and Efficiency Drive SMB Business Priorities

**#2:** Tech's Role in SMB Goals is Prominent, Budgets Are Up

**#3:** Most SMBs Say AI Most Impactful Tech over Next 2 Years

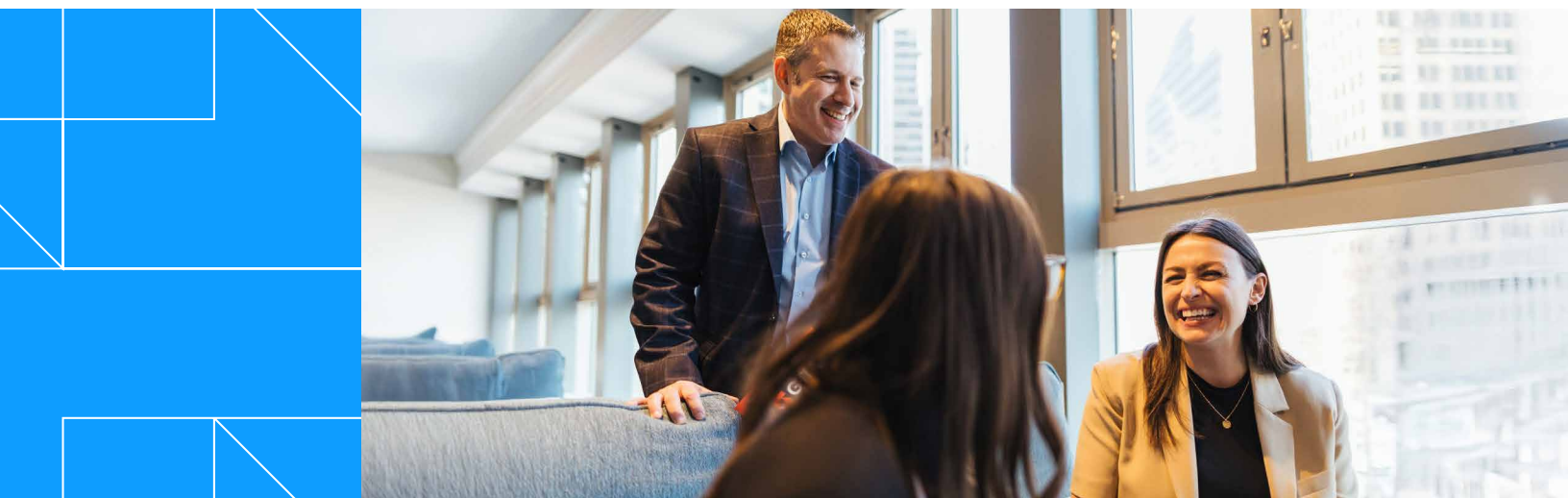
**#4:** Cybersecurity Matters to SMBs but Not as Much as It Should

**#5:** SMBs Spread the Wealth in Tech Sourcing, Engagement



# 1

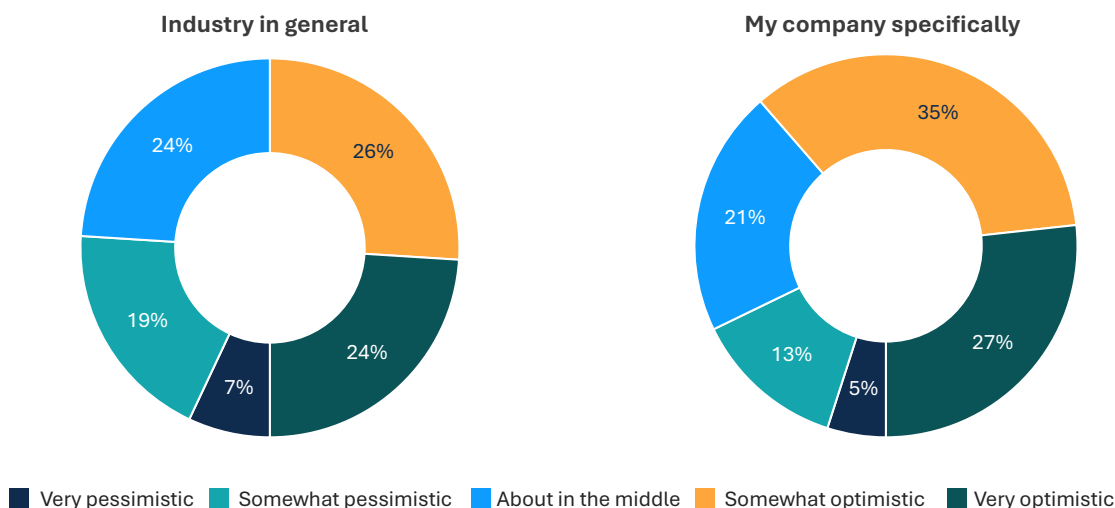
## TAKEAWAY NO. 1: Growth and Efficiency Drive SMB Business Priorities



**W**hile SMBs clearly worry about the state of the greater economy, they remain cautiously optimistic about their own business performance with a third of companies describing their current operations as “thriving” and half claiming to be “holding steady.” That’s the good news. On the less positive side, SMBs do not sugarcoat their

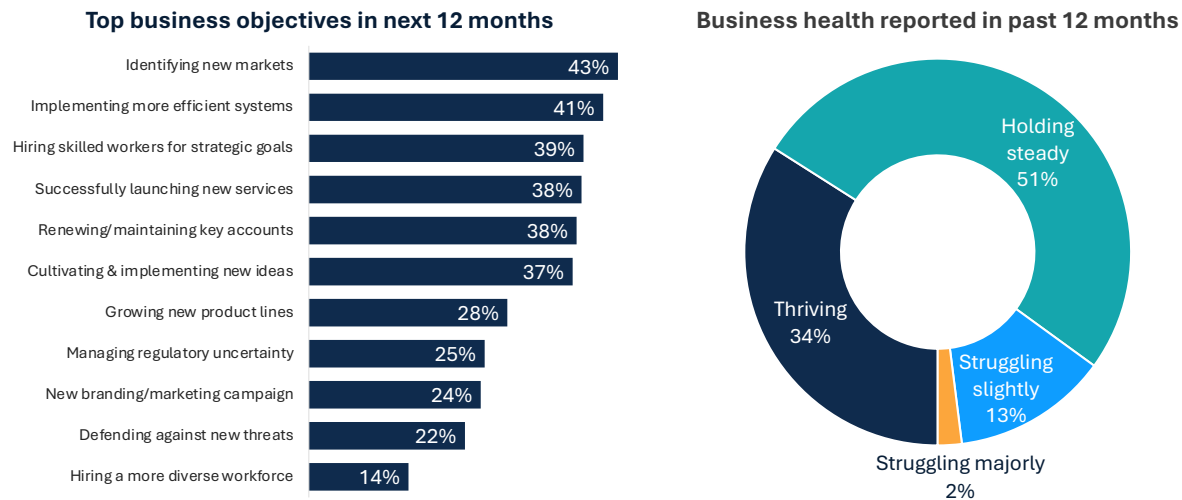
concerns over tariffs, inflation, supply chain upheavals, world events, etc. Nearly 6 in 10 SMBs point to inflation as their top worry. That sentiment is borne out in other studies. Insurance giant MetLife, for example, found in 2025 that 58% of SMBs cited inflation as a major issue for them, up from 19% when its research on the topic began in 2021.

### SMBs More Optimistic About Own Business than Greater Industry



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## SMBs Eye New Markets, Efficient Systems as Top Business Goals



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In general, most SMBs have more faith in the health of their own company vs. the greater economy. And as such, individual SMBs are forging ahead in 2025 with their top business objectives, splitting their attention evenly between adding new customers/exploring new markets and implementing more efficient systems as their top two pursuits.

The good news for the channel is that these objectives are complementary and equally driven by the application of technologies. Astute ITSPs can capitalize on SMBs' pursuit of the perfect blend of revenue growth and operational efficiency by offering services that highlight their business consulting expertise combined with technological prowess. For instance, they can assist customers in leveraging AI or data analytics to identify new market opportunities or develop targeted sales and marketing strategies. Additionally, ITSPs can help modernize SMBs' outdated systems, devices and applications to eliminate workflow bottlenecks and enhance back-end operational efficiencies. MSPs are uniquely positioned to boost customer efficiencies by managing the day-to-day IT operations of the smallest SMBs that often lack a robust—or any—IT personnel in house.

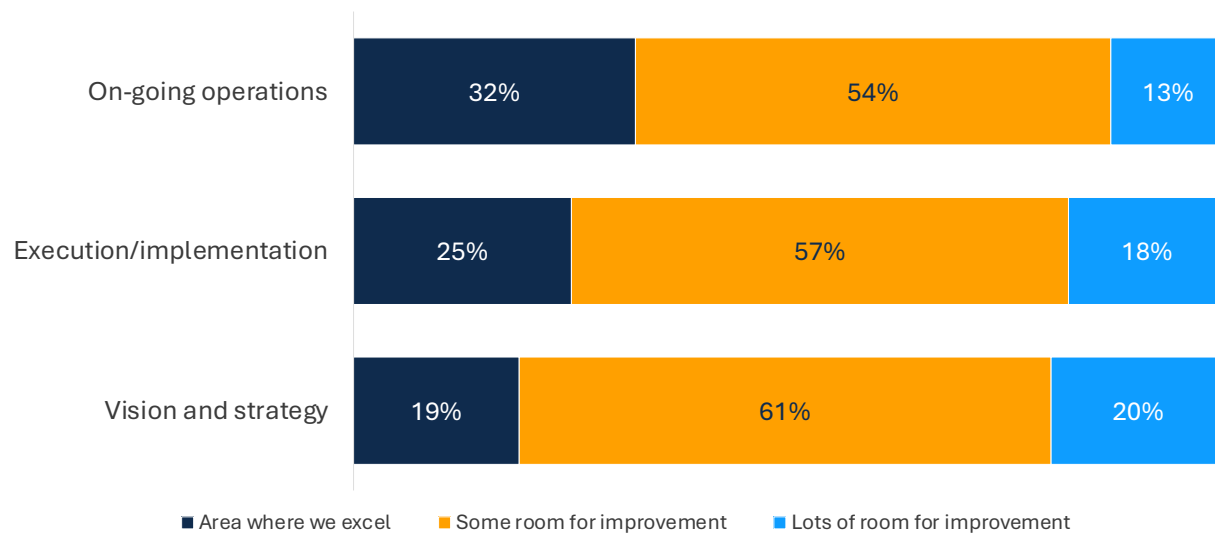
Across vertical segments in the study, retail (53%) and professional services (50%) respondents cited the quest for new customers and markets as their top business priority. Both these sectors rely heavily on attracting net-new customers in volume to their stores and individual practices, along with finding new ways to grow revenue through expansion. Other sectors are more focused on implementing and optimizing systems for greater efficiencies, notably firms in finance (51%) and healthcare (48%). SMB-sized companies in finance and healthcare often struggle with outdated systems (both hardware and software) and a legacy of manual processes. That can hinder their ability to take advantage of better digital technologies. Consider the inefficiencies of a dentist office stacked with file cabinets filled with folders of patient records compared with digital documentation systems.

Talent acquisition is also a priority. SMBs are no different than all businesses today in seeking to hire workers with skills that map to strategic goals involving AI, cybersecurity and other emerging technologies. Competition for talent in these disciplines can be fierce, however, when facing larger companies accessing deeper pockets to woo candidates. SMBs' need for expertise in an increasingly complex technical environment should open more doors for ITSPs to walk through if they need to turn to outsourcing over organic hiring.

SMBs also need help with tech strategy. While many SMBs say they could get somewhat better at ongoing tech operations and executing/implementing new projects, a third believe they already excel in these areas today. But when it comes to developing a broader technology vision and strategy, most SMBs are less confident. Just 19% say they excel at developing vision and strategy, with the balance, 8 in 10, admitting this area needs much improvement. This is in line with what other tech analysts are saying. For example, Anurag Agrawal, founder of the IT research firm TechAisle, estimates that fewer than half of SMBs have mature or comprehensive IT strategies in place as of 2025.

Having a clear vision and strategy, while already essential, will only grow more crucial as business undergoes a massive shift to generative AI, automation and a sharp rewriting of how technology plays a role in work and life. This report discusses AI in another section in detail, but it's worth noting here that one of the earliest opportunities ITSPs will have regarding AI is consulting to help their SMB customers craft a vision for if, when and how they will introduce AI into their everyday functions.

### SMBs' Self-Rating of Tech Acumen Reveals Room for Improvement



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# 2

## TAKEAWAY NO. 2: Tech's Role in SMB Goals is Prominent, Budgets Are Up

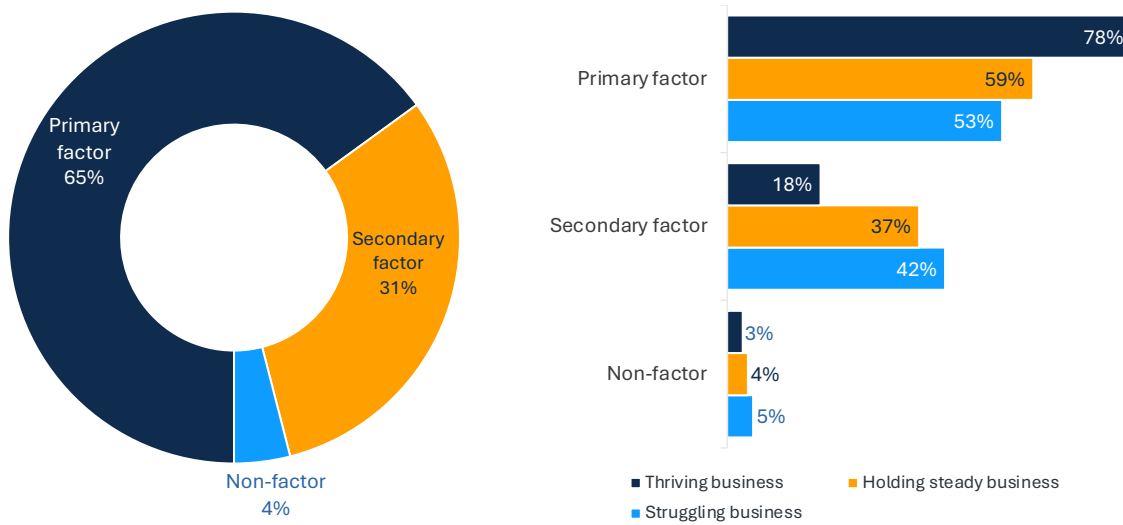


**M**ore good news for the channel can be found in the solid percentage of SMBs that identify their use of technology as strategic. Two thirds say technology is a primary factor in helping them achieve their business goals, especially around improving worker skills, managing data and driving innovation. Another 31% say technology is a secondary factor in meeting larger business objectives, while just 4% deem tech a non-factor.

Among those second two groups there is room here for ITSPs to make the case that technology can be a main driver in fulfilling a variety of general business objectives. Consider this: The data reveals a significant correlation between the most successful SMB businesses and their use of technology. Over 75% of respondents who describe their business as 'thriving' vs 'holding steady' or 'struggling' credit technology as a key factor in achieving business goals. Famously, correlation does not always imply causation, but in this case the data can be at least interpreted directionally that tech is a component of a healthy business.



## Good News: Tech Plays Pivotal Role in Reaching SMB Business Goals

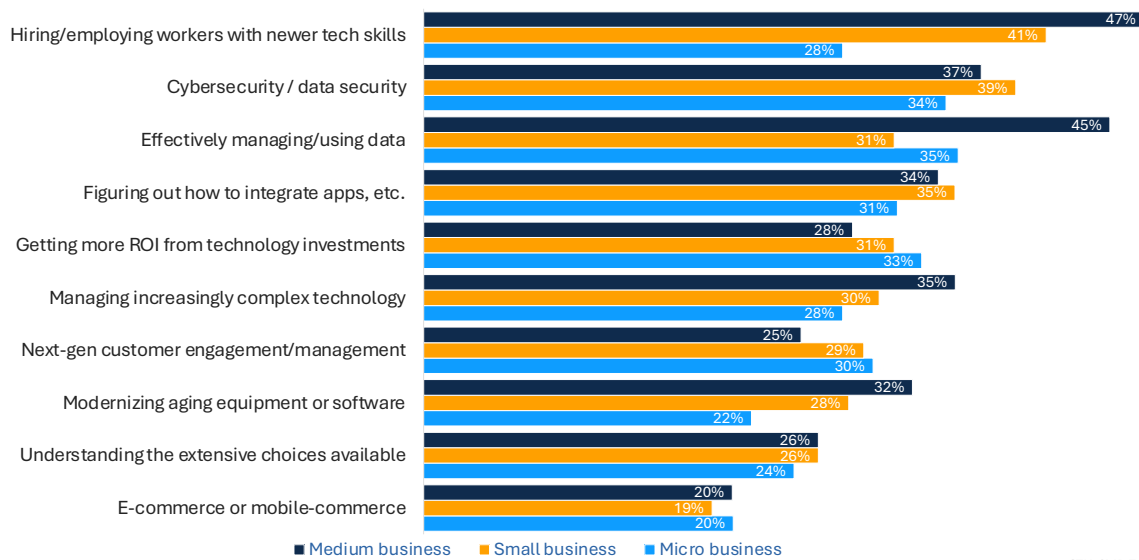


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Among the different sizes of SMB companies, three quarters of those in the medium category (100–249 employees) rate technology as a primary factor in accomplishing business priorities, higher than 68% of small SMBs (20–99 employees) and 54% of micro SMBs (2–19 employees). These findings are not surprising as the larger the company is, the more likely that technology use is more comprehensive, budgets are larger and there is an in-house IT staff that advocates for tech as a business driver.

When it comes to technology areas that SMBs say they need the most improvement, cybersecurity and hiring workers with newer tech skills top the list on average across the total respondent pool, but there are variations among the different company sizes. Medium-sized SMBs, for example, cite the need to hire workers with newer tech skills along with effectively managing/using data with greater incidence than do smaller firms. Again, this is function of the greater complexities that come with operating a company with more moving parts.

## Worker Skills, Data, Cybersecurity Lead List of Tech Improvement Needs



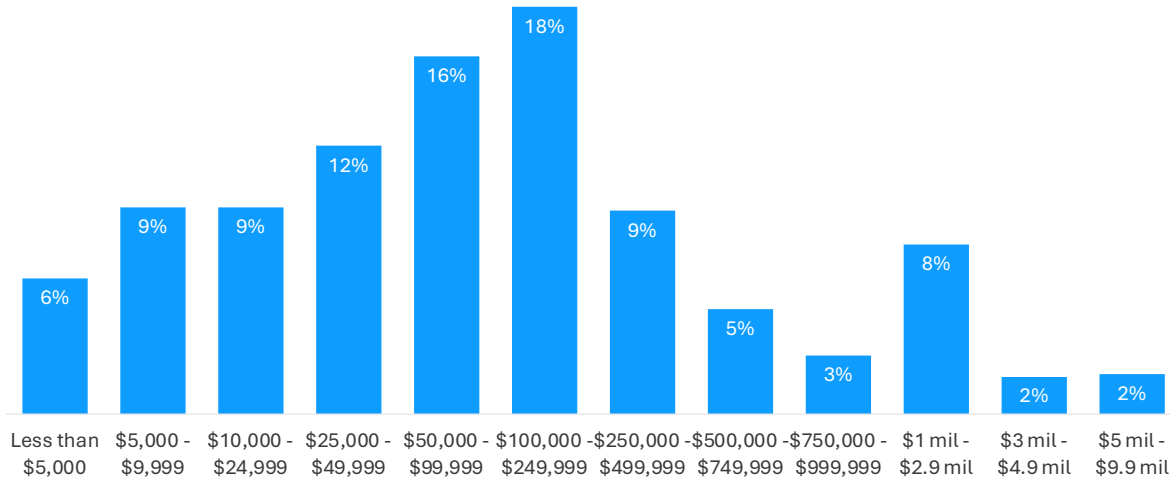
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There's also quite a bit of variation across verticals for the tech areas they say they need most improvement. Healthcare-focused SMBs most want to modernize aging systems and apps, while retail SMBs seek improvement to their ecommerce and mobile systems. Finance and professional services SMBs struggle most with the integration of applications. For ITSPs looking to specialize, these are the pain points to best understand about your customers to engage successfully.

Meeting any of these tech needs is going to require budget, of course. One of the more interesting characteristics of SMBs compared to mid- and enterprise-sized companies is that they tend to spend a larger percentage of revenue on IT than their bigger counterparts. SMBs that spend more often do so because they lack economies of scale or view IT investment as a way to compete with bigger rivals.

But "tend" to do so is an important distinction to note. This is because size is only one factor that influences tech spending. Vertical-industry focus, digital sophistication and organizational aggressiveness also influence spending. It's not uncommon for a financial services firm to spend more than 10% of its revenue on IT, while it is rarer to find an agricultural business that allocates so much of its budget to IT. In general, companies of all sizes spend roughly 2–7% of their annual revenue on IT. But again, this is a generalization. Some organizations in IT-intensive industries, such as software development, spend more than 15% of their revenue on IT for obvious reasons.

## Annual Spend on Technology by SMBs of All Size Ranges

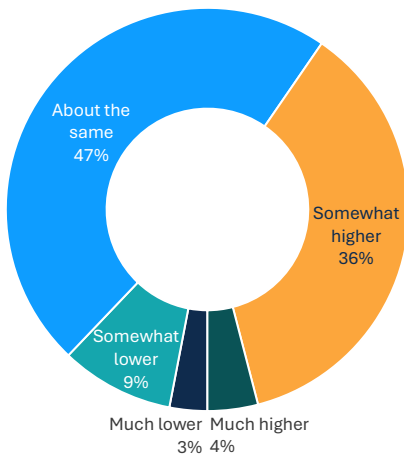


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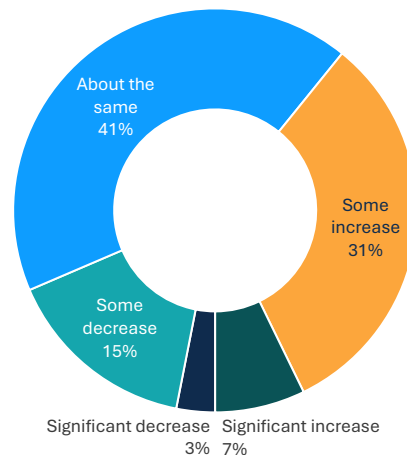
Based on what this study's respondents are saying about their 2025 tech spending this year, a solid portion have budgeted more than they did a year ago. Forty percent of SMBs increased their tech budget year over year from 2024, while about half kept their spending at the same levels as 2024 and just 9% decreased this line item.

## Four-in-10 SMB Firms Increased Their 2025 Tech Budget over 2024

2024 to 2025 Tech Budget Change



Change Expectations for 2025 Tech Budget



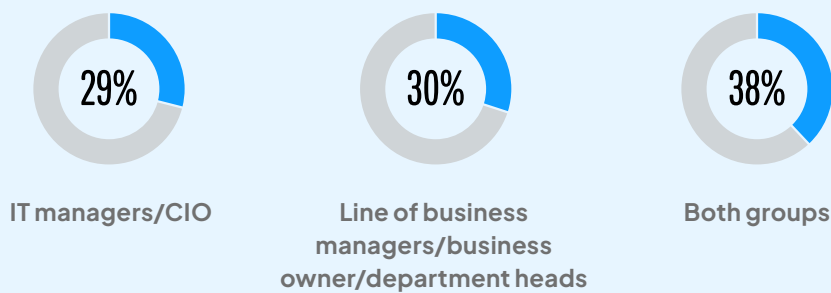
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Four in 10 also said they expect to revisit the amount they have allocated for tech spending in 2025 and increase it at some point during the year. Pre-planning to adjust their budget upwards might reflect an optimistic attitude about their business performance as the year proceeds. Previously unbudgeted funds might be earmarked to take on delayed infrastructure updates, hire new IT staff or venture into AI. On the flip side, about 18% of SMBs expect to reduce their initial 2025 tech budget downward before the year ends, perhaps anticipating insufficient cash flow or other issues due to economic conditions.

From a channel perspective, this budgeting behavior underscores the importance of conducting quarterly business reviews with SMB decision makers. Meeting regularly to go over changes in tech spending expectations—up or down—and align on new initiatives or shifts in original plans puts the channel provider in the virtual CIO's seat and part of strategic and tactical decisions.

To ensure QBRs are effective, it's imperative to know who is making and/or influencing customer tech decisions and include those constituents in your reviews. Within SMB companies, these responsibilities appear to be balanced across two main groups:

## SMB Primary Tech Decision Makers

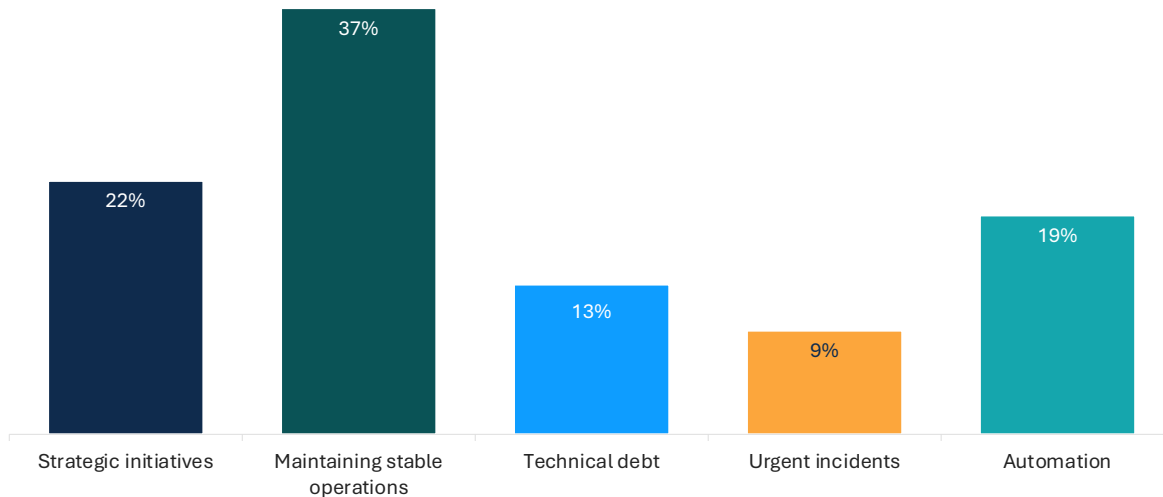


The influence of business-focused employees (LoB) on technology decisions has been a trend across all-sized businesses for years now, largely due to the ubiquity and ease of cloud-based services procurement, mobile applications and online marketplaces. That could be changing, however, as more companies limit business manager involvement in tech purchasing. The reversal stems from an increase companies have seen in SaaS subscription sprawl, security challenges and other concerns. As [McKinsey & Co.](#) notes, sourcing and decision-making have evolved in the past few years. "An overwhelming majority of SMBs have moved away from a federated model to centralize purchasing decisions," McKinsey noted in 2023. "Among businesses with more than 25 FTEs, 37% say that the IT department is expected to hold more power in decision making during the next 12 months, and the percentage is even higher for those with more than 100 FTEs (40%)."



For many companies a collaborative model is working, which allows business staff to have input into tech decisions but to do so in conjunction with an IT department as a way to pre-empt any negative tech or budget ramifications.

### Focus for Tech Budget in Last 12 Months



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Interestingly, many of the SMB tech decisions in the last year, whether made by business or IT staff, have focused on maintaining stable tech operations and making planned improvements. Thirty-seven percent of respondents say decision makers at their companies have targeted spending on brass tacks tech needs such as worker devices, website upkeep, and cybersecurity, while fewer (22%) say budget has gone toward newer, strategic tech initiatives that drive innovation. Medium-sized firms in the sample were more likely to have tech decision makers focused on innovation in the last six months, again reflecting larger budgets and more plentiful tech staff to juggle existing operations and emerging opportunities.

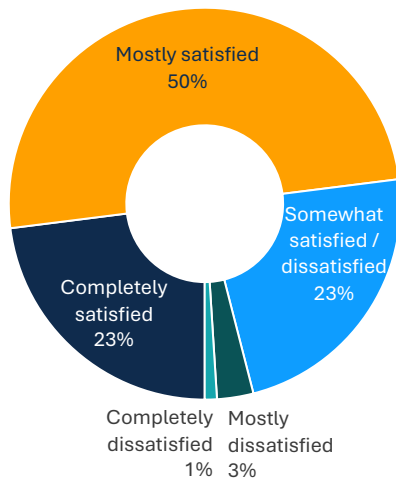
To be clear, however, focusing heavily on maintaining stable operations is not proof that SMBs are eschewing cutting-edge uses for tech—they are not. Practical infrastructure investments and well-running IT environments are paramount for many SMBs, especially during times of economic uncertainty. But so is innovation and revenue growth. And the two initiatives aren't necessarily at odds. For example, upgrading core infrastructure such as servers and other devices is a prerequisite to deploying processing-heavy AI solutions effectively.

Consider the dual emphasis of medium-sized firms in the study. Presumably with deeper pockets and more internal IT staff, these companies were the most likely in the study to assign budget and focus to tech innovation in the last 12 months. And yet, they were nearly as invested in spending on addressing infrastructure-related technical debt issues, which most often means modernizing equipment. And again, infrastructure modernization lays the groundwork for AI and other emerging solutions.

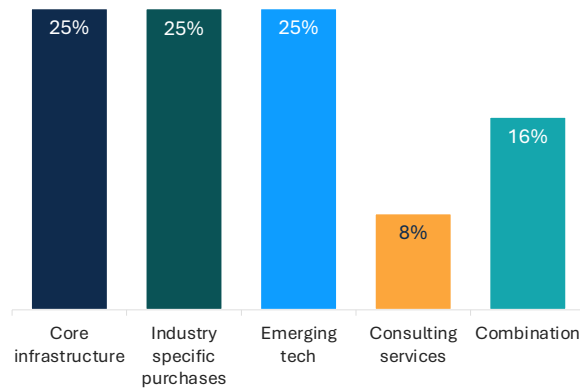
In a similar but more specific spending-oriented survey question, respondents were asked to identify where the majority of tech spending in the past two years has gone across four specific categories. The responses were remarkably balanced. A quarter each of respondents identified their company's top tech purchasing category in the last two years as either core infrastructure, industry-specific solutions (i.e. vertical applications) or emerging tech. The other quarter cited either a combination of those three categories (16%) or consulting services (8%). Purchases in any of those four categories could drive both strategy and innovation and operational stability.

### Most SMB Workers Satisfied with Their Organization's Technology

**Satisfaction Rating with Firm Tech**



**Top Tech Purchasing Categories in Past 2 Years**



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Bottom line? SMBs' investment in technology is a primary driver in their business priorities, whether those tilt inward at operations and efficiency or outward toward innovation and revenue growth. The trick for channel firms is to understand the individual SMB they are working with to help them craft technology solutions that work toward their desired business outcomes, taking into consideration up-or-down budgets, technical staffing issues and skills gaps, vertical industry compliance dictates, preparedness for AI, etc.

# 3

## TAKEAWAY NO. 3: Most SMBs Say AI Most Impactful Tech over Next 2 Years



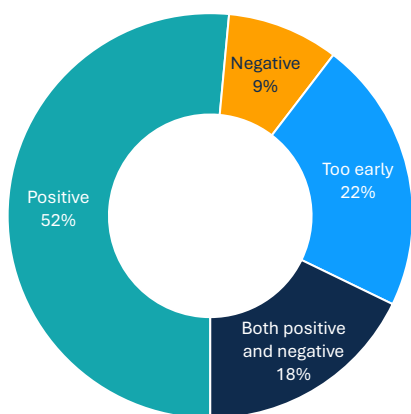
**A**l has been mentioned in several places in this report, but this section will detail where SMBs are with respect to adoption and spending on what is likely to be the most transformative tech development in decades.

The surging generative AI market (Gartner's March 2025 forecast estimates global spending on generative AI to reach \$644B in 2025—up 76.4% compared to 2024 levels) is going to impact every size and type of company across the economy at some point, most likely sooner rather than later. Agentic AI is also looming large as an autonomous AI technology that will rewrite the way companies conduct business activities, deliver technology services, and deploy the human workforce. For SMBs, AI will empower them to punch above their weight, but only through strategic and responsible adoption, which is a significant task that astute ITSPs should be stepping up to help their customers navigate.

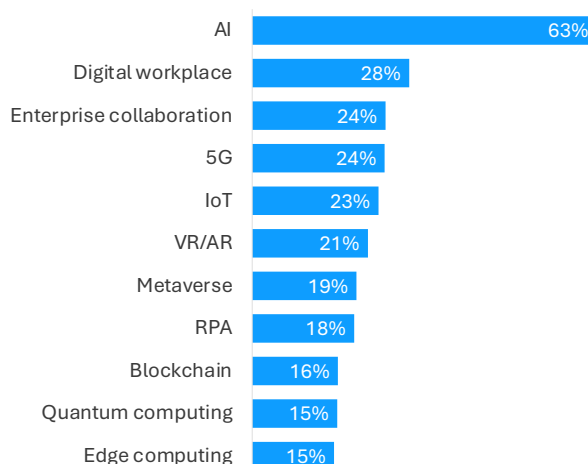
SMBs of all sizes and verticals are clearly aware of the hype, though many are still very much in the formative stages with AI adoption. As it relates to all emerging technologies, including AI, SMBs hold a mostly positive opinion on the prospects of such things as IoT, digital workplace, VR/AR, metaverse, etc. A little more than half of respondents gave their thumbs up to emerging tech today, with just 9% going thumbs down. Other respondents are less binary in their assessment, with 22% saying it's too early to tell what emerging tech's impact is going to be and 18% sitting on the fence with partially positive/partially negative opinions.

## How SMBs View Artificial Intelligence and Other Emerging Tech

Current View of Emerging Tech Market



Most Impactful Emerging Tech Next 2 years



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There is almost no ambiguity, however, when it comes to which emerging technology SMBs believe will have the most impact on business in the next two years. Nearly two-thirds (63%) of respondents singled out AI as the top impact driver. No other technology on the list even comes close, with the second most impactful being digital workplaces, cited by 28% of respondents. This point of view about AI is shared by SMB companies across the size spectrum and vertical industry segmentation of the data, and it speaks to the urgency of the moment that AI is not simply a “future” endeavor but one that requires attention now.

What will be impacted by AI? The possibilities list is long and includes both upsides and downsides for SMBs. Just a sampling of examples follow below:

### Short List of Positive Impacts of AI on SMB Business

- **Boosting Operational Efficiency and Automation:** For example, automating repetitive tasks like invoicing or customer inquiries, scaling productivity without additional hiring, etc.
- **Improving Customer Experience:** For example, using chatbots for 24/7 customer service, personalization tools for targeted marketing, etc.
- **Better Data-Driven Decision-Making:** For example, faster, more insightful analysis of sales data, website traffic, etc.

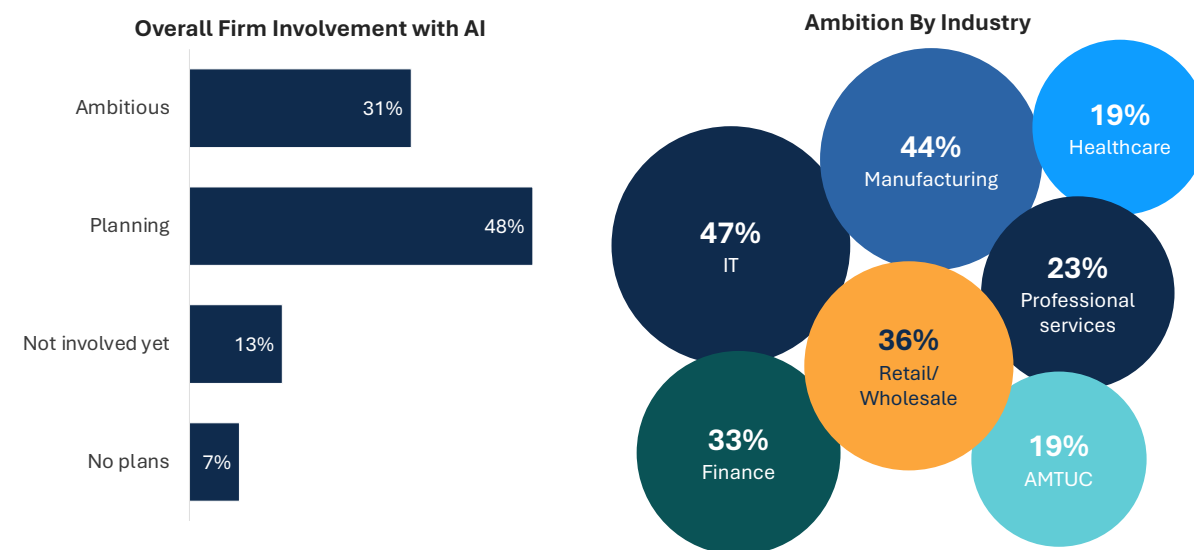
### Short List of Negative Impacts of AI on SMB Business

- **Cost of Entry/Complexity:** For example, dealing with expensive AI customization or modeling, upgrading of infrastructure on a tight budget, lack of in-house AI skills, etc.
- **Cybersecurity and Data Privacy Risks:** For example, dealing with unforeseen data sharing and compliance issues that come with AI using cloud platforms, lack of in-house AI skills, etc.
- **Regulatory Uncertainty/Ethics Issues:** For example, navigating what will be a raft of new and changing rules around AI use with respect to data, IP and other considerations without a lot of in-house legal support



The above lists represent just a few of the pro vs. con deliberations facing SMBs as they navigate decisions around using AI in their businesses. Today's SMBs break down primarily into two camps regarding AI adoption: Ambitious and operational (31%) and those in the planning stages (48%). The other 20% say they are either not involved yet in AI (with the implication that they will be at some point), or those that have no plans to adopt AI at all.

### SMB Current Adoption of AI Mostly in Planning Stages



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Let's consider the first two groups. The 3 in 10 SMBs that describe their use of AI as ambitious say they have incorporated the technology to some degree or another across functions internally and out to customers. The planning stage group—comprising the largest percentage in the study—say they are moving ahead with AI experimentation, piloting certain products and solutions both internally with some staff and externally with some customers. AI usage, whether through full adoption or pilot projects, can range from entry-level tasks like using content-generation tools such as ChatGPT or Copilot, to advanced applications for analyzing data to predict cybersecurity risks or identify critical maintenance needs.

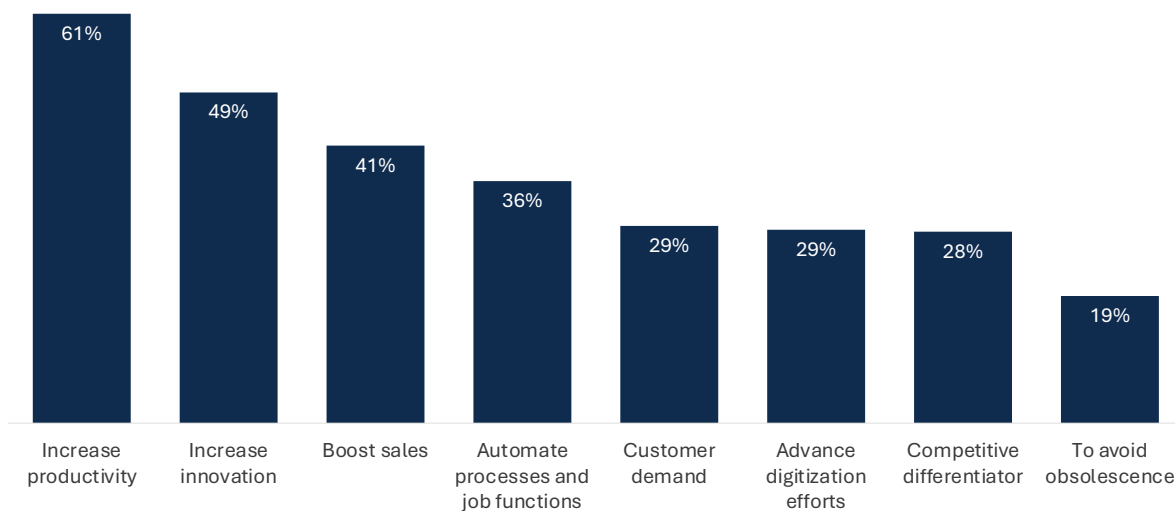
On the horizon are use cases that leverage agentic AI in ways that will both extend the capabilities of SMBs and challenge their organizations. Unlike generative AI, agentic AI can autonomously make decisions, take sophisticated actions and learn as it performs duties. Initially, agentic AI agents will perform single tasks without human intervention. This may be managing an email marketing campaign that requires creating ideal user profiles (IUPs), generating content, identifying prospects and sending out emails. In the future, swarms of agents working in tandem could handle so much more, including taking over an entire marketing department for an SMB.

Additionally, SMBs may soon be consuming the services they get from MSPs via AI-based agents. Introducing these digital agents to perform specific tasks (think billing, invoicing, incident resolution, etc.) will change the nature of how SMBs pay for those services, how they procure them and how they work with MSPs today.

AI will impact the various vertical industries in different ways as well, with certain sectors having obvious use cases for the technology today and others less so. Looking at the vertical industry segmentation of AI adoption from this study, the sectors that are most ambitious and operational with AI today are IT (47%), for obvious reasons, and manufacturing (44%). SMB-sized IT firms such as software companies today are using AI to write code as well as myriad other tech-related tasks. And manufacturing firms also have many uses for AI, including taking the data their sensors collect from shop floors to conduct predictive maintenance, quality control and inspection.

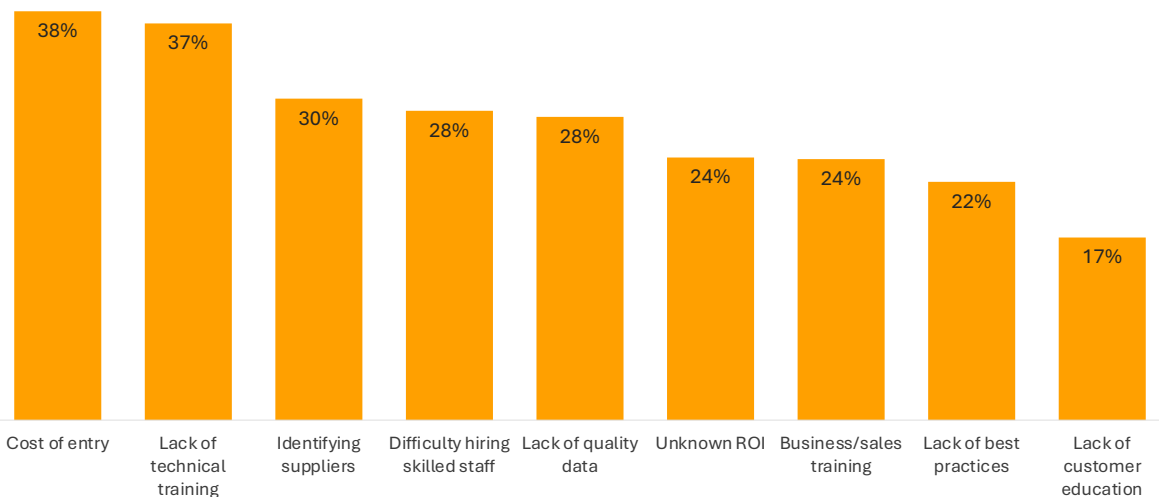
On the flip side from those two groups, fewer SMBs in the healthcare (19%) and professional services (23%) sectors are in full adoption of AI today, which could speak to more general hurdles such as cost of entry, compliance concerns, or lack of in-house AI skills.

### Top Factors Driving SMBs to Make/Consider AI Investment



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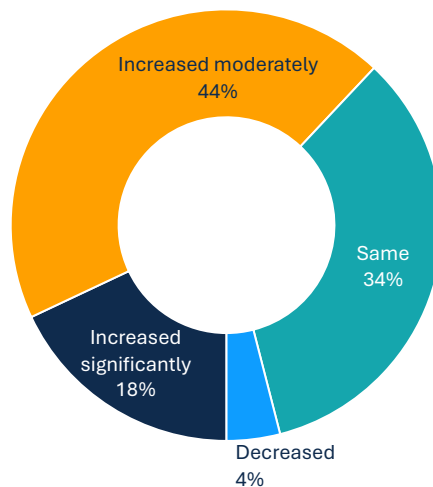
### Top Challenges SMBs are Facing in Making/Considering AI Investments



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Regardless of where SMBs are today on the AI spectrum, an overwhelming majority upped their investment this year. For 2025's budget cycle, 62% of respondents increased their AI spending, including 18% that did so significantly and 44% moderately. That pattern of increase showed up mostly evenly across company size and vertical sector segmentation except in the case of the micro-sized SMBs, where investment was notably less than the average, and the IT sector, where it was notably higher. AI budgets are expected to continue to grow in 2026 and beyond, which is a clear invitation to ITSPs and the channel community to engage SMBs with solutions and services that include this technology.

### SMB Budgets for Artificial Intelligence in 2025 on the Rise



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# 4

## TAKEAWAY NO. 4: Cybersecurity Matters to SMBs but Not as Much as It Should



**M**any SMBs have historically believed their companies are not primary targets for cybersecurity attacks. Not big enough, visible enough, cash-rich enough. It's an understandable conclusion to reach, but unfortunately, a false one. In 2025, cyberattacks targeting SMBs are alarmingly frequent. SMBs are just as likely as large corporations to attract the attention of cyberattackers, or, more likely, the system of automated bots they deploy to find and breach networks. These kinds of cyberattacks replicated at scale across thousands of SMBs can be just as effective to an attacker as a single hit on a major enterprise corporation.

But the worst part is that SMBs are far more vulnerable to catastrophic results from a cyberattack than larger corporations. The big firms have legal teams and financial resources to weather the storms, not to mention the technological defenses in place to thwart attacks in the first place. SMBs, as the statistics below bear out, are often forced to shutter their doors when an attack occurs.

Consider the following:

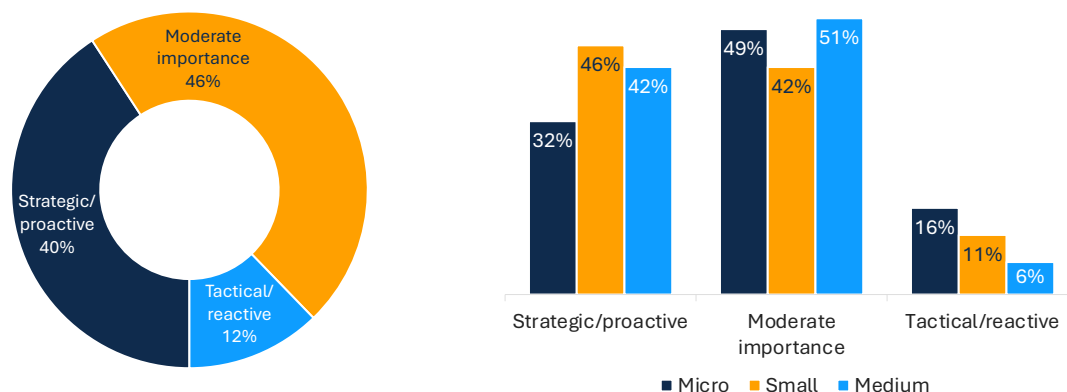
- ConnectWise's [The State of SMB Cybersecurity in 2024](#) study (conducted by research firm Vanson Bourne) found that 94% of SMBs have experienced at least one cyberattack, up from 64% in 2019. The study also found that 76% of SMBs lack the in-house skills to properly address security issues.
- A VikingCloud study, 2025 SMB Threat Landscape Report, found that 1 in 3 SMBs face a successful cybersecurity attack annually and that 1 in 5 SMBs have had to close because of these attacks. That same report found 60% of SMBs admitting they are targets for attacks but underestimating the risk.
- A study completed by [Devolutions](#), a Canadian-based MSP, found that 80% of SMBs consider themselves well protected, but less than 60% employ essential security measures like password managers, two-factor authentication or cybersecurity training.
- A 2024 [Microsoft](#) report found that the average total cost of an attack is \$254,445, but it can run as high as \$7 million. For SMBs, especially those in the 2–249–employee category, those amounts can easily eclipse total annual revenue.



A good-enough mentality toward cybersecurity is far too risky in today's fraught landscape. SMB respondents in this study have not yet figured that out fully. Yes, most clearly do have cybersecurity on their radar, but their responses reveal their focus is not to the degree it should be. Consider that just 28% of them identified cybersecurity as an area they worry about negatively impacting their business this year, which flies in the face of statistics that identify the demographic as an especially vulnerable target.

When asked how they would rate the attention and spending focus that cybersecurity attracts at their organization, 40% described it as strategic and proactive. It means cybersecurity is top-of-mind for their company owner and other stakeholders and that a healthy percentage of total tech budget is devoted to cybersecurity spending. Sounds great right? Not so much. Four in 10 SMBs having a strategic and proactive approach is far lower than it should be. The potentially grave risks of cyberattacks should be lighting a fire under most or all SMBs to adopt this mindset.

### SMB Approach to Cybersecurity Not as Strategic as It Should Be



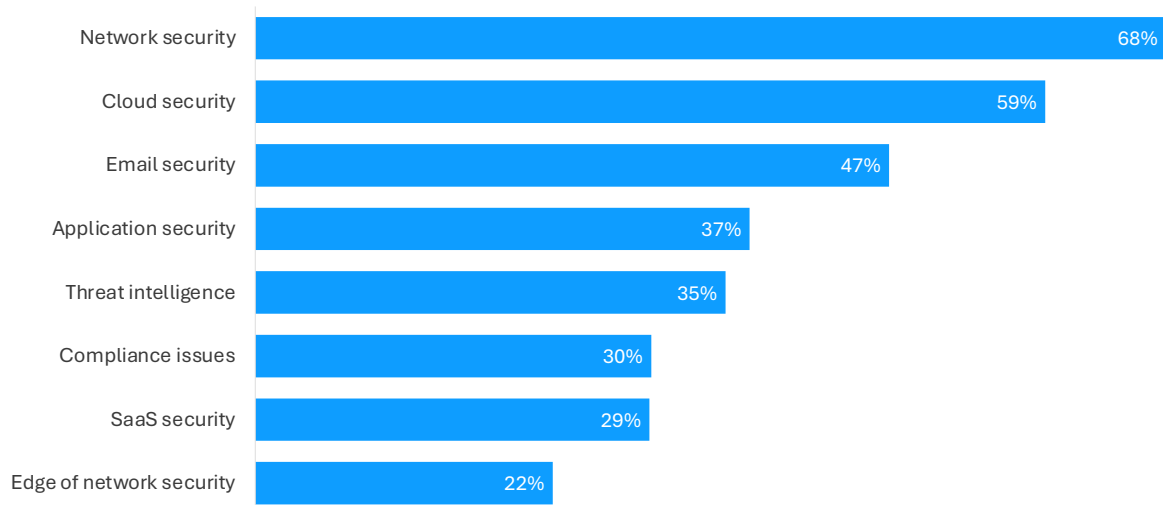
GTIA SMB Tech Buying Trends 2025 | n=720

And yet today they aren't. Forty-six percent of respondents say their SMB company considers cybersecurity an area of "moderate importance." In more detail, this means that cybersecurity is a significant part of these firms' tech decision-making and budgeting process but in more of a "good-enough" way that they acknowledge is not comprehensive. For example, this group might require non-negotiable cybersecurity protections (basic AV, firewall, etc.) but likely does not use advanced, proactive security tools.

Then finally, the least strategic group. Twelve percent of respondents say their companies are simply putting out fires when it comes to cybersecurity, addressing company needs and individual incidents as they happen, but not devoting a major portion of annual tech spending to it.

This seemingly complacent approach by a large portion of SMBs to cybersecurity screams opportunity for today's channel, especially ITSPs that have elevated cybersecurity to one of their core offerings and skills areas. Education and awareness are solid starting points.

## SMB Budget Priorities for Cybersecurity Span Range of Tech Areas

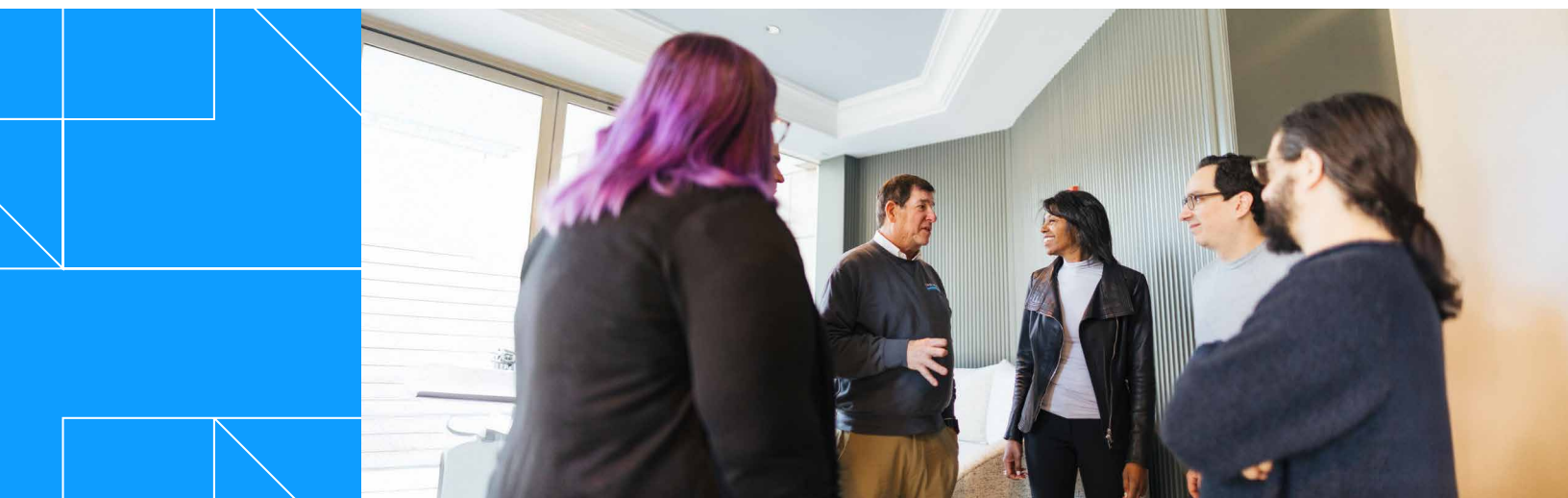


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# 5

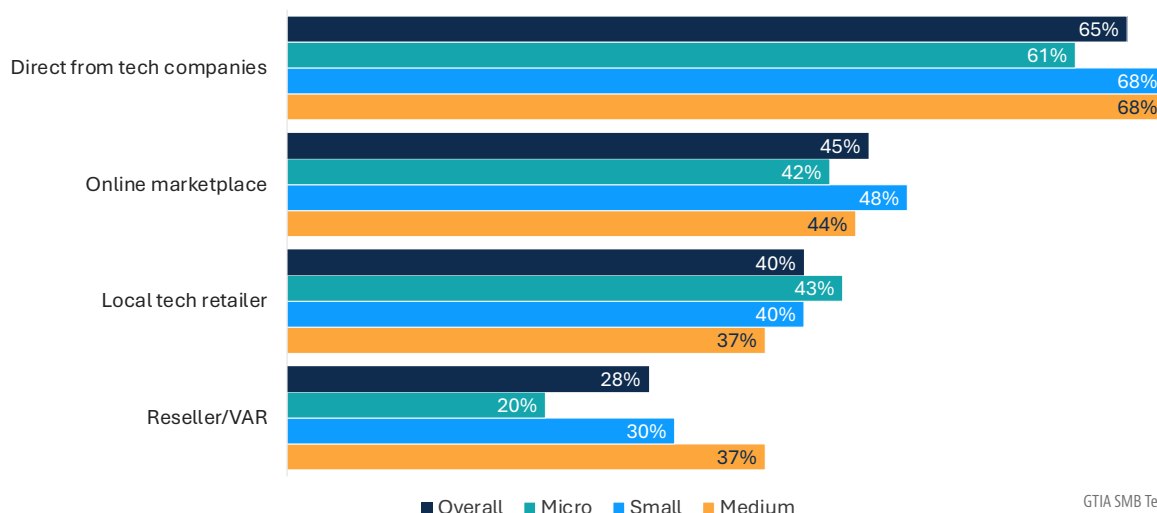
## TAKEAWAY NO. 5: SMBs Spread the Wealth in Tech Sourcing, Engagement



**S**MBs use a variety of suppliers for their tech needs, including direct from vendors, online marketplaces/hyperscalers, retailers and the channel (i.e. VARs/resellers, solution providers, etc.) The clearly dominant sourcing choice for SMBs is directly from vendors, which 65% of respondents selected from the list of tech procurement options. Forty-five percent said they source from online marketplaces,

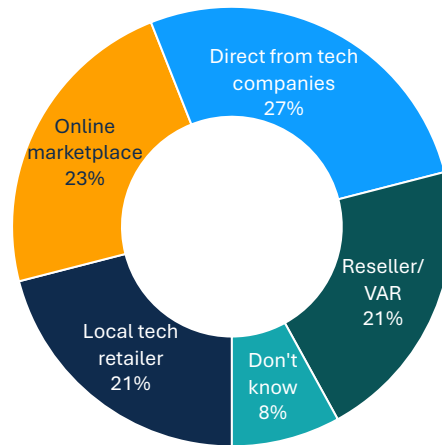
40% from retailers and 28% from the channel. To clarify, SMBs could choose multiple supplier options for this survey question and the purchase types they were asked to consider were defined as transactions made for hardware devices, network infrastructure and equipment, and software (including subscriptions)—but not for managed services contracts/recurring revenue, consulting, project- or other services-related transactions.

### SMBs of All Sizes Take Diverse Approach to Sourcing Tech Today



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## SMBs Spread Tech Spending Evenly Across Most Procurement Sources



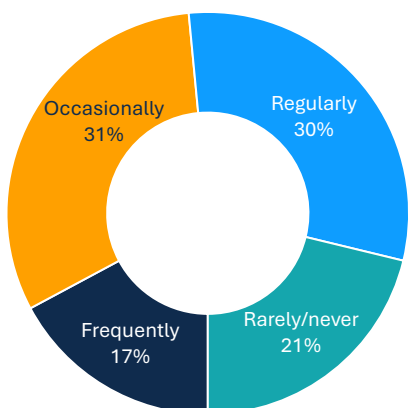
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While vendors are typically the primary source for SMBs' basic hardware and software procurement, the annual spending on these items is fairly evenly distributed among all the suppliers they use. Of all spending on these specific tech products and subscriptions last year, 27% went to vendors directly, 23% to online marketplaces, 21% to resellers/VARs and local retailers, and 8% said they don't know the allocation. This suggests that while SMBs might do more frequent, higher volume business directly with vendors than VARs/resellers, they are spending similar total amounts with each. It could be that the items they are buying from VAR/ resellers are more expensive or specialized (perhaps more advanced equipment or industry-specific software), or more likely, come with some kind of additional services attached.

This sourcing data helps to confirm that greater demand and revenue opportunity for the channel today reside in services, both tech-related and business consulting. That's a truism that has been borne out over the years as increasingly more ITSPs shift their major revenue source from transactional product sales to services, both recurring and consulting/project based.

## Outsourcing Trends by SMBs Range from Services Use to Break/Fix

### How Often SMBs Outsource Tech Needs



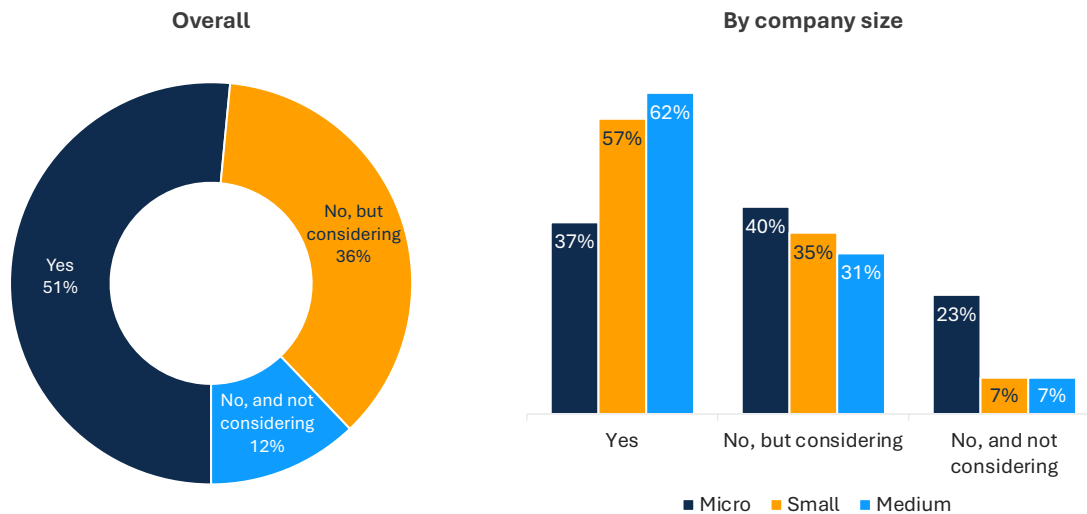
### Primary Uses for Outside Tech Providers



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## More than Half of SMBs Using Managed Services Providers Today



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SMBs seek out IT services. Specifically, 61% of respondents report outsourcing IT services either regularly or occasionally, primarily for general IT consulting or cybersecurity needs. On top of that group, 17% say they frequently turn to outsourcing.

Small- and medium-sized study respondents (51% and 56% respectively) either frequently or regularly avail themselves of outsourced help for technology projects and other needs. Micro-sized companies do so at lesser incidence (36%).

Likewise, it is the larger-sized SMB companies that work with an MSP for ongoing, contractual IT services and management. Just about half of all SMBs in the study say they use an MSP to manage and monitor some aspect of their network and tech environment, but that runs up to 62% of medium-sized and 57% of small-sized firms. IT operations for both these groups are often more complex given more employees, therefore more devices, more network traffic and likely more applications.

# Conclusion



**S**mall and medium-sized businesses (SMBs) remain the economic heartbeat of the United States, accounting for the overwhelming majority of businesses and a significant share of the national workforce and GDP. As we look ahead through 2025, it is evident that SMBs are navigating a rapidly evolving landscape of economic uncertainty, digital transformation and workforce shifts. For technology providers, and other channel partners—this presents both an urgent challenge and a vast opportunity.

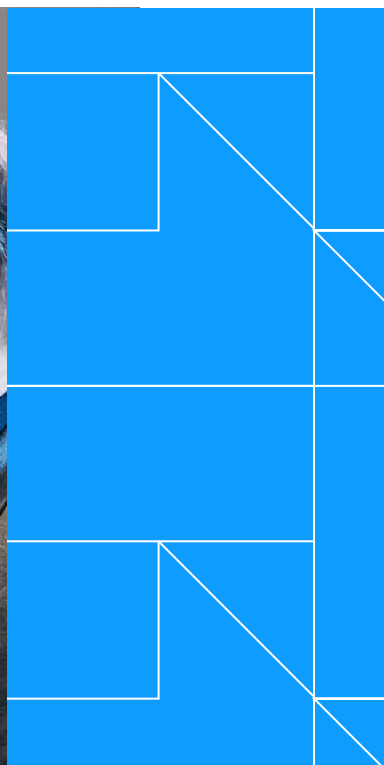
SMBs' top business priorities—growth, efficiency and innovation—are increasingly intertwined with their technology strategies. Encouragingly, a large percentage of SMBs recognize this, with more than two-thirds citing technology as a key enabler of their business goals. Budgets are trending upward, with 40% increasing their tech spend year over year and a further 40% indicating they expect to increase spending mid-year. These data points underscore a continued willingness to invest in modernization, data management and emerging technologies such as AI—even amid inflation, tariffs and other external pressures.

Artificial intelligence has become a powerful agent of change. Nearly two-thirds of SMBs identified AI as the most impactful technology in the next two years, and 84% have increased their AI budgets in 2025. From automation to customer experience enhancements and predictive analytics, AI promises enormous operational gains. However, it also introduces complexity—technically, financially and ethically—that many SMBs are not equipped to handle alone. This is a critical opening for ITSPs to offer advisory services, help build AI roadmaps and implement solutions that align with each company's business model, vertical needs and organizational readiness.

Yet alongside the optimism lies risk. The study revealed that cybersecurity still lacks the strategic prioritization it demands. Many still adopt a “good enough” mentality, a dangerous stance in today's threat environment. This vulnerability, combined with a lack of in-house expertise, positions channel firms to step in as essential partners—not just in deploying tools, but in building proactive, resilient cybersecurity postures tailored to SMB realities.

Furthermore, sourcing patterns indicate that SMBs are diversifying their procurement strategies. While many buy directly from vendors, spending is fairly evenly distributed across channels, marketplaces and resellers. This suggests that the most successful channel firms will be those that pivot away from purely transactional models toward high-value services. SMBs are increasingly turning to outsourcing, with a majority in the small and medium brackets relying on IT services regularly or contractually via MSPs. Managed services, consulting and project-based engagements now represent the greatest revenue potential.

The SMB market in 2025 is at a pivotal juncture. These businesses are looking to scale, compete and survive in a complex environment defined by fast-changing technology and unpredictable economic forces. Their need for trusted technology partners has never been greater. Channel firms that understand the nuances of the SMB ecosystem—its vertical differences, budget constraints, strategic ambitions and operational gaps—will be best positioned to grow. Whether it's helping an SMB create an AI adoption roadmap, modernize legacy infrastructure or implement cybersecurity defenses, the role of the IT channel in guiding and empowering SMBs is not only relevant—it's indispensable.



# Methodology



**G** **TIA's SMB Technology & Buying Trends 2025 study** provides insights around technology usage and spending by small and medium-sized businesses.

The quantitative study within the North America region consisted of an online survey fielded to SMB professionals during May 2025. A total of 720 respondents participated in the survey, yielding an overall margin of sampling error at 95% confidence of +/- 4.0 percentage points. Sampling error is larger for subgroups of the data.

As with any survey, sampling error is only one source of possible error. While non-sampling error cannot be accurately calculated, precautionary steps were taken in all phases of the survey design, collection and processing of the data to minimize its influence.

GTIA is responsible for all content and analysis. Any questions regarding the study should be directed to GTIA Research and Market Intelligence staff at [research@gtia.org](mailto:research@gtia.org).

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