



Report

Small business, big opportunity

A global study of 12,000 SMB
leaders on their outlook for
the future

Sage

Foreword by Steve Hare

CEO of Sage

As we approach 2025, I'm pleased to share the latest insights from Sage's annual survey, 'Small Business, Big Opportunity.' This year's findings reflect an increase in optimism among small and mid-sized businesses (SMBs) worldwide. Despite uncertainties, **86%** are confident in their success, up from **80%** in 2023. This is a testament to their resilience, ingenuity, and adaptability.

SMBs are the lifeblood of our economies. Nearly every SMB leader we surveyed believes that small businesses are crucial for national economic prosperity. They are confident about their prospects, and this is translating into ambitious plans for growth and investment. It is now the role of governments worldwide to harness this positivity to drive economic growth.

One of the key drivers of this confidence is the adoption of digital technologies. SMBs are increasingly leveraging digital solutions to enhance productivity, streamline operations, and improve customer experiences. According to our survey, nearly 69% of SMBs have integrated new AI technologies into their operations, with many reporting benefits, such as more time to focus on creative and higher-value tasks.

However, the journey is not without its challenges. Financial pressures, including cash flow difficulties and rising operational costs, continue to create significant hurdles. Additionally, the ability to recruit and retain skilled workers, manage supply chain disruptions, and attract and retain customers are ongoing concerns for many SMBs. These challenges underscore the need for continued support and intervention.

Governments play a crucial role in creating an environment where SMBs can thrive. By improving access to affordable finance, promoting digital transformation, and providing targeted support, they can help SMBs overcome these barriers. Initiatives like e-invoicing can simplify operations and reduce friction, making it easier for businesses to grow and scale. Furthermore, investing in training and skills development is essential to equip SMBs with the tools they need to navigate an ever-evolving business landscape.



At Sage, we're committed to empowering small businesses with the tools and tech they need to succeed. Our mission is to support their journey by providing solutions that enhance efficiencies and unlock new opportunities.

Looking into the long term, it is crucial to ensure that this wave of optimism translates into sustained stability and growth. By fostering a collaborative environment where businesses, governments, and communities work together, we can ensure that SMBs not only thrive but continue to be a driving force for economic prosperity.

The confidence we are witnessing among SMBs after a challenging year is a testament to their unwavering determination to succeed. Now, it is imperative that we collectively continue to nurture this vital sector.

Steve Hare, CEO, Sage

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CEO of Sage

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Executive summary

The global small and mid-sized business sector has found renewed confidence in 2024.

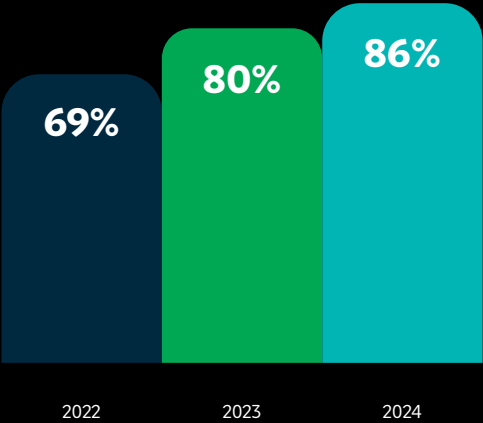
Last year, our second ‘Small Business, Big Opportunity’ report found businesses emerging from uncertainty with cautious optimism.

Now, that optimism has grown into concrete progress as SMBs have translated hope into action, reporting growth, innovation, and resilience in the face of economic headwinds.

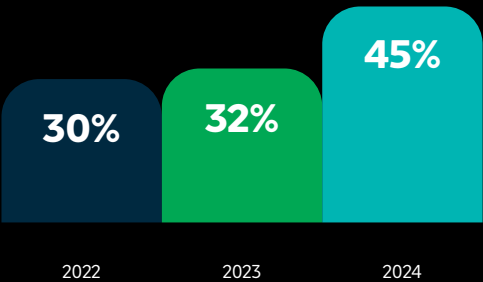
Our global study of 12,000 SMBs, conducted across nine countries in early October 2024, provides clear evidence of this shift.

The data paints a compelling picture - **86%** of SMBs are optimistic about the future, with many reporting increased revenue, workforce expansion, and greater productivity. The findings also show that digital technology - particularly Artificial Intelligence (AI) - is enabling small and mid-sized businesses to streamline operations and deliver high value customer experiences.

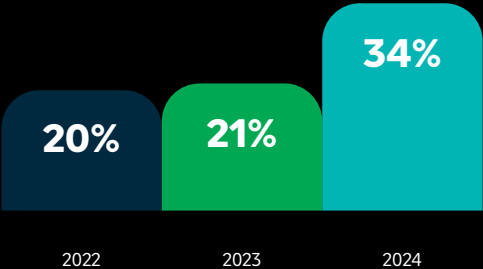
Confident in the future



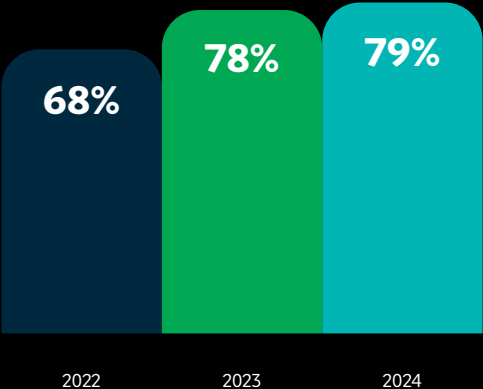
Growing revenue



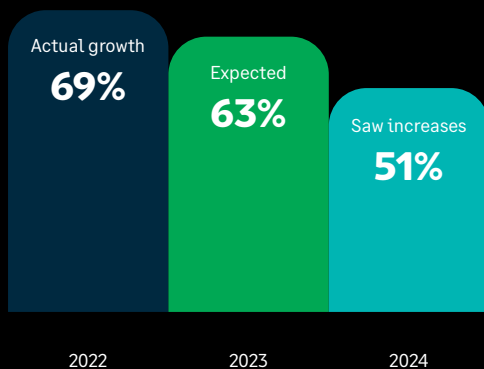
Actively hiring



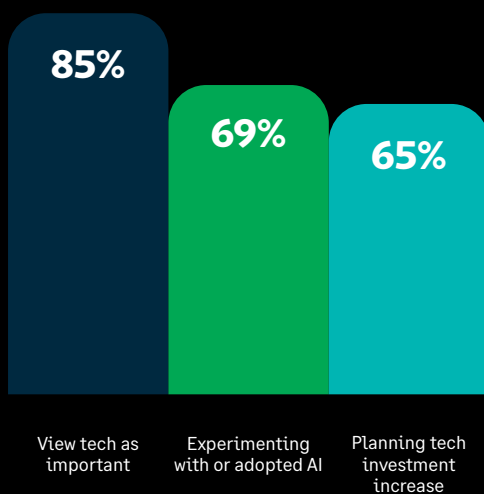
Satisfied with productivity



Impacted by rising costs



Key trend: digital transformation



The current external landscape is not an easy one for SMBs to navigate, and they have faced significant challenges this year.

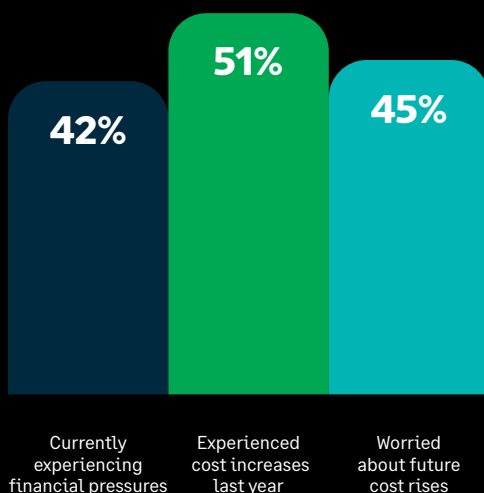
The biggest challenge is clear: cost pressures have created operational concerns for over half of SMBs (**51%**), while major elections in countries including the UK and the US have generated new operating contexts to navigate.

Looking ahead, SMBs remain optimistic about their prospects. Seven in ten expect revenue growth in the next six months, while more than two-thirds (**67%**) plan to expand their teams.

With continued investment in tech and supportive policies, these businesses are poised to thrive, even in uncertain economic conditions.

This report not only celebrates the achievements of SMBs but also highlights areas where targeted support can unlock even greater potential. By addressing digital skills gaps, improving access to finance, and fostering innovation, policymakers and industry leaders can ensure SMBs continue to lead the way in creating jobs, driving innovation and building resilient economies.

Key challenges



1. worldbank.org/en/topic/sme/finance

Top 10 findings

1. Confidence levels rise

Business confidence among SMBs reached **86%**, up from **80%** in 2023, driven by improved operational efficiency and tech investments.

2023: **80%**

2024: **86%**

2. Revenue growth accelerates

Nearly half (**47%**) of SMBs reported revenue growth this year, up from **32%** in 2023.

2023: **32%**

2024: **47%**

3. Strong workforce expansion

Workforce growth is up sharply, with **34%** of businesses expanding their teams, compared to **21%** last year.

2023: **21%**

2024: **34%**

4. Tech as a growth driver

Digital technology is seen as essential by **85%** of SMBs, while **77%** increased their tech investments in 2024.

2023: **85%**

2024: **77%**

5. AI adoption climbs

AI is increasingly integrated, with **69%** of SMBs adopting AI tools, and **72%** planning further AI investments next year.

2023: **69%**

2024: **72%**





81%

6. Productivity satisfaction up

Overall productivity satisfaction rose to **81%**, with AI adopters reporting higher productivity benefits.

51%

7. Rising cost pressures

Over half (**51%**) of SMBs saw increased operational costs, underscoring the ongoing need for financial support.

8. Regional variances in digital skills

Digital skill gaps remain, particularly in Ireland and South Africa, where fewer businesses report adequate digital expertise.

9. Government support essential

73% of SMBs advocate for government-led e-invoicing, and **33%** call for increased investment in digital skills training.

73%

33%

10. Future growth optimism

Looking ahead, **70%** of SMBs expect revenue growth in the next six months, with **67%** planning workforce expansions.

70%

67%

Methodology

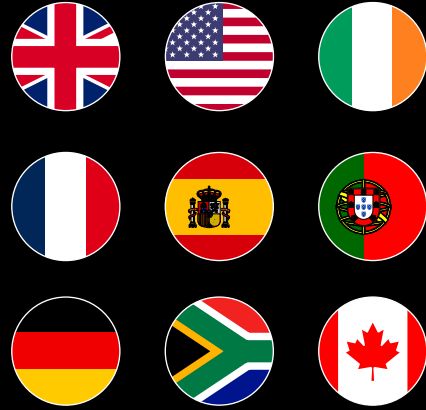
Conducted online by Strand Partners between 8/10/2024 – 17/10/2024, the survey targeted SMBs with fewer than 250 employees to ensure a representative snapshot of this sector.

Consistent with previous reports, the survey maintained our core tracking questions on business confidence, growth expectations, technology adoption, and external challenges, while adding new questions on emerging topics like AI adoption, digital skills, and government policy impacts.

Strand Partners are members of the British Polling Council.

To ensure reliable year-over-year analysis, we maintained consistent methodology and business demographics (region, size i.e. the same proportion of micro vs. small vs. mid, and sector distribution) across all three waves of research (2022-2024). This approach enables both trend tracking and comprehensive insights into SMB resilience and growth opportunities.

The “Small Business, Big Opportunity” report is based on data collected from an extensive survey of 12,000 SMB leaders across nine global markets: United Kingdom, United States, Ireland, France, Spain, Portugal, Germany, South Africa, and Canada.

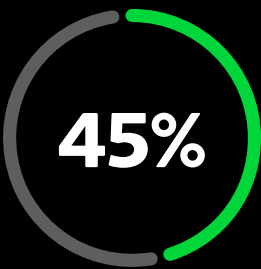


Business confidence and growth

In 2024, SMBs exhibited remarkable confidence, with **86% optimistic about their future** - a jump from **80%** in 2023.



Operational Efficiency Gains: 51% of SMBs reported improved operational efficiency as a primary reason for their confidence, up from **37%** in 2023. Our research shows businesses that invested significantly in digital tools and better workflows over the past three years are now seeing clear benefits: streamlined processes, reduced waste, and improved efficiency. The evidence confirms that digitalisation is delivering real returns.



Consumer spending as a growth catalyst: increased consumer demand played a pivotal role, as **45%** of SMBs identified consumer spending as a significant contributor to their optimism, underscoring the impact of market recovery on business performance.



AI as a core growth driver: The surge in AI adoption has been transformative, with...

69%

of SMBs now utilising AI tools—a substantial increase from previous years.

74%

of AI adopters view AI as essential for daily operations.

58%

report direct productivity gains from AI-enabled automation and data analytics.

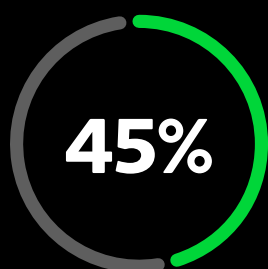
AI's influence is particularly clear in enhancing customer experiences and operational efficiency.

42%

of adopters credit AI with improvements in customer interaction and service quality.

Revenue growth and workforce expansion

SMBs are optimistic partly because they have increased revenues, with just under half (**45%**) reporting significant annual revenue increases, a considerable rise from **32%** in 2023. This growth is expected to continue, as **70%** of SMBs anticipate further revenue gains over the next six months, with **25%** forecasting substantial revenue increases.



There is a similar story in workforce expansion.

34%

of SMBs expanded their teams this year.

up from...

21%

in 2023, as businesses invested in talent to support scaling operations.

Additionally,

67%

of SMBs plan to grow their workforce in the coming year, reflecting confidence in sustainable expansion.

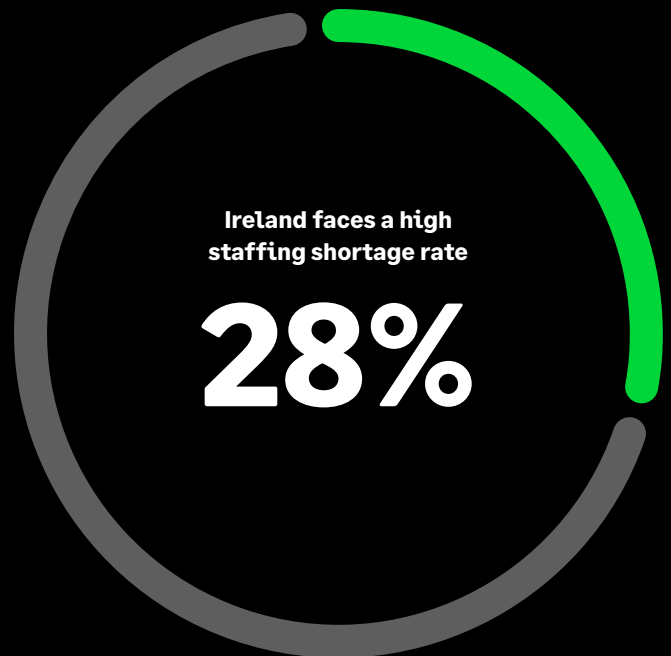
However, digital skills gaps remain a challenge.

20%

of SMBs identifying a lack of in-house expertise as a barrier to maximising AI and other digital investments.

Digital skills and the need for training

As SMBs increasingly integrate digital tools, especially AI, the need for a digitally skilled workforce has become essential. While **76% of SMBs are satisfied with their existing digital skill levels**, certain regions report challenges in finding adequately skilled talent. For instance:



Irish SMBs face a high staffing shortage rate (**28%**), significantly above the global SMB average, impacting the ability to fully leverage tech investments.



French SMBs are reluctant to adopt AI due to skill shortages, with only **44%** of SMBs planning AI investments next year, compared to **72%** globally.



Rest of World

72%



France


44%

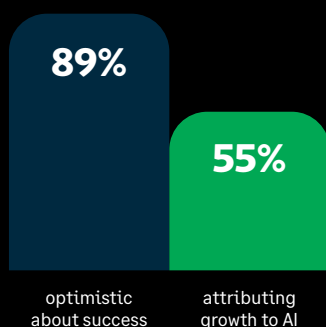
France shows reluctance in adopting AI due to skill shortages.


To bridge these gaps, SMBs highlight the importance of government-supported training initiatives and digital skills programs. **33%** of SMBs suggest prioritising training and skills development opportunities, a strategy that could boost productivity and allow for a greater return on tech investments.

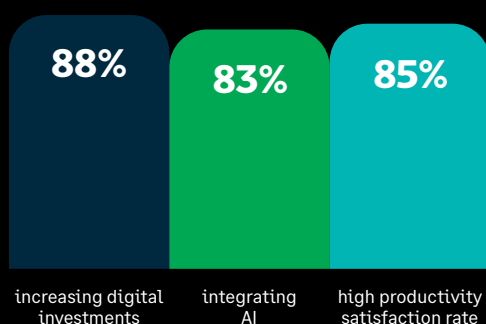
Regional highlights and comparisons


The report reveals notable regional differences in confidence, growth, and tech adoption:

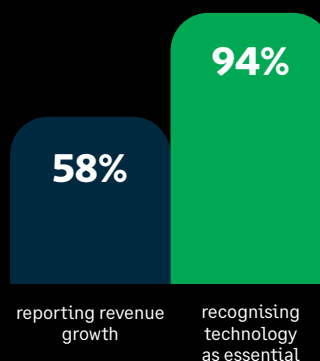
 **United States:** US SMBs lead in confidence, with **89%** optimistic about success and **55%** attributing growth to AI, especially in customer service and operational efficiency.



 **Spain:** Spanish SMBs are among the top in digital transformation, with **88%** increasing digital investments and **83%** integrating AI, aligning with their high productivity satisfaction rate of **85%**.



 **Canada:** Canadian SMBs are performing strongly, with **58%** reporting revenue growth and **94%** recognising technology as essential for operations, the highest among all countries.

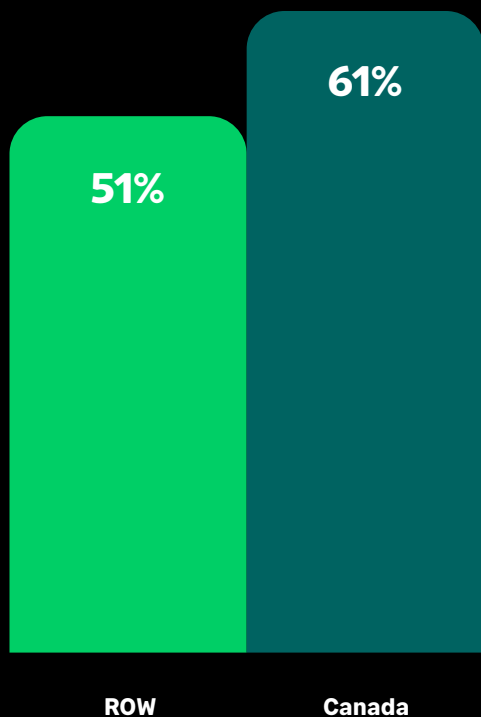


These differences underscore the varying levels of readiness and approach to digital transformation globally. However, consistent across all regions is the belief in technology's critical role in enabling SMB resilience and growth. **85% of SMBs across the nine markets view technology as central to achieving their business goals.**

Challenges to growth

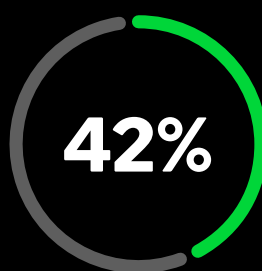
While confidence is high, SMBs face substantial barriers, primarily rising costs, and cash flow issues.

Increased operating costs

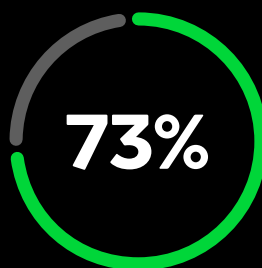


Over 51% of SMBs experienced higher costs in the past year, driven by inflation and supply chain challenges. **In Canada, 61% of SMBs reported cost increases**, the highest among surveyed regions.

Financial and cash flow constraints



Financial pressures remain a top concern for 42% of SMBs, with limited access to affordable financing impacting operations and growth.



This has prompted **73% of SMBs to support government-mandated e-invoicing**, recognising it as a way to streamline operations and improve cash flow.

By adopting innovative solutions and leveraging digital tools, SMBs continue to show adaptability and resilience. However, they emphasise the need for supportive policies and initiatives to tackle these economic headwinds effectively.



United Kingdom

46%

of UK SMBs have reported annual revenue growth over the past year.

Amid rising costs, economic uncertainty and escalating tax demands, UK SMBs have shown extraordinary adaptability. Almost half (**46%**) have reported annual revenue growth over the past year, while only **26%** experienced a decline. A significant factor fuelling confidence is their use of digital technologies as a key growth driver.

Among those already using AI, **78%** reported its importance to daily operations, while three quarters plan to invest further in AI tech within the next year.





United States

89%

optimistic about their
business success.

American SMBs are among the most confident globally, with **89%** optimistic about their success. In spite of cost pressures—**48%** report rising operational costs—high confidence among SMBs is driven by robust business performance, with **44%** of SMBs reporting annual revenue growth and **53%** feeling “very confident” about future growth. The strong AI adoption rate in the U.S. plays a significant role, as **55%** of SMBs attribute business growth to AI integration, especially in enhancing customer service and operational efficiency.





Canada

86%

expressing confidence
in future success.

Canada's SMBs demonstrate robust growth potential, with **86%** expressing confidence in future success and **58%** reporting annual revenue growth, making them one of the highest-performing regions. This strong performance has come at a time of significant cost pressures, where **61%** reported rising costs over the past year, and **53%** cited cash flow issues as a significant concern. Digital tools such as AI are now considered crucial to driving success, with **94%** of Canadian SMBs viewing technology as essential for daily operations.





Spain

88%

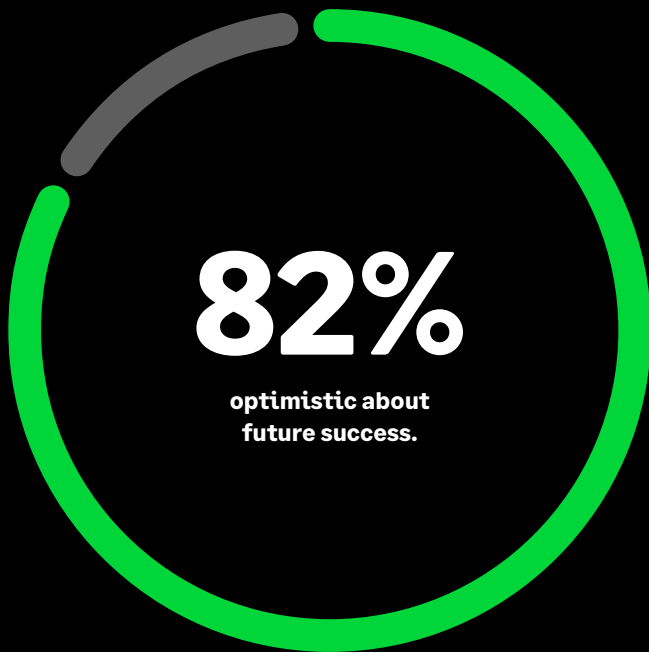
increasing digital investment in
the past year and 85% satisfied
with productivity levels.

High rates of confidence (**88%**) among Spanish SMBs are largely fuelled by strong productivity satisfaction (**85%**) and high revenue growth (**58%** of SMBs reported increased annual revenues in 2024, significantly above the global average). Spain's SMBs are also global leaders in digital tech adoption, with **88%** increasing digital investment in the past year. AI adoption is particularly advanced in Spain, where **83%** of SMBs have now adopted AI tools, viewing it as critical to business success and daily operations. Spanish SMBs nonetheless face significant challenges, with **60%** experiencing rising costs and **32%** reporting cybersecurity concerns, both higher than the global SMB averages.





France



Though France's SMBs are confident in their performance—**82%** are optimistic about future success—they exhibit more caution in digital adoption than other surveyed regions. Most notably, only **44%** of French SMBs plan to invest in AI in the next year—below the global average of **72%**. Despite this cautious approach, those who do adopt AI report notable benefits, including **58%** experiencing productivity gains directly attributed to AI tools. It is therefore expected that French SMBs will gradually increase digital adoption in the coming years as cost pressures decrease and the potential benefits of tech integration become more widely recognised.





Ireland

81%

confident in their business success yet facing notable challenges in workforce expansion and digital investment.

Irish SMBs report a mixture of resilience and caution. While **81%** are confident in their business and **79%** report satisfaction with their productivity rates, they also face challenges in workforce expansion and digital investment. Notably, only **21%** of Irish SMBs increased their workforce over the past year, compared to **33%** of SMBs globally, and **28%** identify staffing shortages as a primary concern, also significantly more than SMBs globally.





Germany

87%

of German SMBs are confident
in their success, they are
among the most optimistic.

Amid a challenging external environment, German SMBs have exemplified their characteristic resilience by discovering paths to growth despite uncertainty. This resilience is reflected in the confidence of **87%** of SMBs in their success, driven by high productivity levels and robust revenue growth. A key factor behind this performance is the high level of digital integration reported by German SMB leaders. Over **94%** acknowledge digital tools as essential for daily operations—the highest among all surveyed countries. Looking ahead, digital investment remains a priority, with **76%** of German SMBs planning to increase their technology spending in the coming year.





Portugal

87%

reporting technology investments
as crucial to overcoming
business challenges.

87% of Portuguese SMBs report confidence with their business, making them among the most confident of all SMBs globally. Adopting digital technologies like AI plays a pivotal role in their success, with **87%** reporting technology investments as crucial to overcoming business challenges. **43%** of Portuguese SMBs also report direct productivity gains from using digital technologies, and **89%** consider these tools as essential for daily operations, which is more than SMBs globally.





South Africa

78%

expressing confidence in their future success, South African SMBs demonstrate optimism.

South African SMBs are both resilient and positive, with **78%** expressing confidence in their success. However, they trail behind SMBs in other countries in certain ways—notably, they lag behind the global average in terms of satisfaction with productivity levels (**68%**). Digital integration is also less enthusiastic than elsewhere, with only **78%** reporting that digital technology plays an important role in their business operations, compared to **87%** globally.



Conclusion and future outlook

As this report illustrates, 2024 has been a year of resilience, adaptability, and significant growth for small and mid-sized businesses.

Despite facing economic headwinds, SMBs have demonstrated an impressive ability to innovate and thrive through targeted investments, notably in AI and other digital tools. While challenges remain—notably, rising costs and skill shortages—SMBs are increasingly prepared to meet these challenges head-on.



12,013
SMB Business leaders



Key takeaways and recommendations for the year ahead

01. Support for Workforce Development and Digital Skills:

Digital skills gaps present a barrier to fully realising the benefits of technology. Addressing these gaps through government-supported training programs and private-sector partnerships is crucial.

33% of SMBs call for enhanced training opportunities...

and so it is important to develop a skilled workforce to support sustainable tech adoption and ensure SMBs can capitalise on their investments in AI and other emerging technologies.

02. Enhance Access to Financing and Cash Flow Solutions:

Financial constraints remain a significant challenge for SMBs.

42% of SMBs face cash flow issues

Policymakers and financial institutions can play a role in supporting SMBs by offering affordable financing solutions and incentives for digital investments. Initiatives like e-invoicing, supported by **73%** of SMBs, can help streamline financial processes and improve liquidity, particularly for smaller enterprises operating on tight margins.

03. Provide Sector-Specific Support and Regional Adaptations:

Given the variance in challenges across regions, sector-specific solutions may be effective.

For example:

- Irish and South African SMBs could benefit from targeted skills development programs to address digital skill shortages.
- Canadian SMBs, who face higher-than-average cost pressures, might benefit from subsidised digital transformation programs to offset these challenges.
- Spanish and German SMBs lead in digital adoption and could act as models for other regions, sharing best practices in AI integration and operational efficiency.

04. Encourage and Enable Digital Technology Adoption:

The consistent increase in digital adoption across regions highlights its pivotal role in driving growth and operational efficiency.

85% of SMBs recognise technology as central to their business strategy...

meaning investment in digital tools and infrastructure will be essential for maintaining competitiveness. Looking forward, SMBs should consider integrating more AI-driven solutions to further improve productivity and customer experience.

05. Increase Collaboration and Knowledge Sharing:

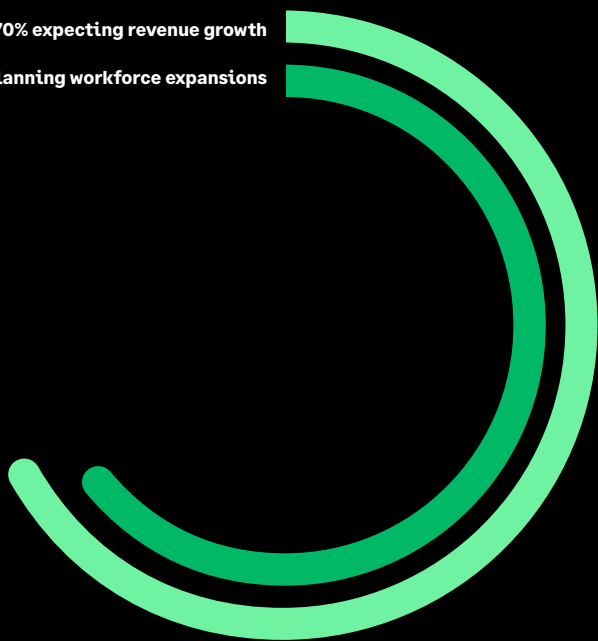
SMBs across different markets could benefit from a global knowledge-sharing platform where they can learn from each other's successes and challenges. This could include sharing resources on digital best practices, strategies for addressing cost increases, and effective methods for AI implementation.

Future outlook

The momentum behind small businesses is clear—with rising confidence, growing revenues, and rapid technology adoption creating new opportunities. Our research shows that **70%** expect revenue growth and **67%** are planning to expand their workforce.



70% expecting revenue growth
67% planning workforce expansions



Digital technology adoption, particularly AI, has emerged as the single biggest driver of growth and efficiency gains. Early adopters report dramatic improvements in productivity and customer service, with **58%** seeing direct productivity gains and **42%** reporting better customer interactions. For SMBs looking to compete and grow, the message is clear: investing in digital transformation is no longer optional—it's essential for future success.

However, this digital revolution must benefit all businesses, not just early adopters. The challenge for policymakers is clear: ensure every SMB has access to the right technology, skills, and funding through targeted support. By ensuring that all SMBs can succeed in the digital economy, we can create a more dynamic and inclusive economy that harnesses the collective potential of millions of SMBs worldwide.

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