

# Cloud Productivity Is Key to Success: A Survey of Young Businesses



# Cloud Productivity Is Key to Success: A Survey of Young Businesses

## Executive Summary

In every market in every region, launching and building a business is tough. Competition is fierce, and many businesses don't make it—according to the U.S. Small Business Administration, only 50% of young businesses survive past the five-year mark.

However, the right technology tools can increase young businesses' chances for success, as new research from Google and Zogby Analytics shows. By using cloud productivity technology—including professional email services, online file sharing and collaboration, and video meetings—young businesses may be more likely to reach that five-year milestone.

Researchers conducted two separate surveys of distinct audiences: young business decision makers in business three years or less, who were asked about their use of cloud productivity technology; and consumers, who were asked about their attitudes toward communicating with businesses with and without a professional email address.

To make the connection between young business success and use of cloud productivity technology, researchers asked young business decision makers how they define their success. The young business decision makers cited customer satisfaction, revenue growth, profitability growth, attracting new customers, and customer retention. They also said that cloud productivity technology helps them save time and money, engage with customers, and be more productive.

# Fast Facts: Young Business Survey Highlights

Young businesses associate success primarily with customer satisfaction, revenue growth, profitability growth, attracting new customers, and customer retention.

**Growth** The majority (81%) of young businesses surveyed expect their company to grow in the next year; among those who expect revenue to grow, 69% said part of that growth is due to their use of cloud productivity technology.

**Flexibility** More than seven in ten respondents (71%) said that cloud productivity has helped their businesses succeed by giving them the flexibility to work from anywhere with any device; 60% said cloud productivity saves time, while 40% said it saves money.

**Engagement** 60% of young businesses saw an increase in customer engagement; 42% said they saw an increase in sales after switching to a professional email address.

**Trust** The majority of respondents (59%) said a professional email address has a high impact on customer trust, with half (50%) of respondents saying such an email address has a high impact on having happy customers.

**Access** 81% of respondents said cloud-based file sharing is critical to their business.

**Sales** 73% of young businesses said that accessing business information on mobile devices allows them to close more sales.

# Introduction

Starting a new business, and making it succeed, is not an easy journey. The competition is fierce, and many young businesses fail to thrive: According to the U.S. Small Business Administration (SBA), while 70% of new businesses survive at least two years, that number drops to 50% by the five-year mark, and 33% at 10 years. <sup>[1]</sup>

To succeed in the face of such challenging odds, young businesses must decide what elements they need to become and remain successful, and which tools and technologies will deliver these success factors. Investing in expensive IT infrastructure is, increasingly, *not* the approach of choice for young, agile businesses. Instead, they view cloud productivity technologies as the best way to create the success they seek.

Cloud productivity technology, which brings tools like professional email and file sharing to the web, increasingly plays a role in young business success. These solutions make it possible for these businesses to respond quickly to customer needs and to innovate faster. According to Gartner, “While eight percent of business people were using cloud office systems at the start of 2013, we estimate this number will grow to 695 million users by 2022, to represent 60 percent.” <sup>[2]</sup>

To understand the impact of cloud productivity solutions on young business success, researchers were commissioned by Google to survey young businesses that are using cloud applications for email, file sharing, mobility, and video conferencing. As the survey results demonstrate, young businesses primarily define success in terms of their customers and how pleased they are with the services that the business is providing. Survey respondents said that the biggest contributor

How do you define success?	Relevant (4+5)	3	Not relevant (1+2)	Not sure
Level of customer satisfaction	90%	5%	2%	2%
Revenue growth	88%	7%	5%	0%
Rate of attracting/acquiring new customers	88%	12%	0%	0%
Level of customer retention	88%	2%	7%	2%
Profitability growth	83%	12%	2%	2%
Simply staying in business	79%	17%	2%	2%
Rate of converting new customers	74%	24%	2%	0%
Rate of renewals and/or growth among existing accounts	71%	19%	10%	0%

to their success is customer satisfaction—even more important than revenue growth. Customer retention and converting new customers were also mentioned by young business decision makers as key contributors to their success.

How do young businesses attract new customers and keep them happy? By using cloud productivity solutions that save them time and money, which allow them to dedicate more resources to driving customer success. Half the respondents said that an extra hour of time is worth at least \$200 to their business, while nearly a quarter said it is worth \$100. As explained in greater detail in the following pages, 60% of respondents said these tools save them time, while 40% said cloud productivity technology saves them money.

# Cloud Productivity Technology: Supporting Growth, Revenue and Profitability

**Key finding:** More than seven in ten young businesses (71%) said that cloud productivity has aided in their business success by giving them the flexibility to work from anywhere with any device.

How does cloud productivity aid success?*	
By giving you flexibility to work from anywhere with any device	71%
By saving time	60%
By saving money	40%
By improving engagement with customers/partners	34%
By improving product/service innovation	19%
Not sure	2%

\*Multiple answers could be accepted

*“We are in touch with multiple customers multiple times per day. Allowing all my employees and myself access to what we are all doing helps to get the best product at the best price to the customer and keeps us on top of our game.”*

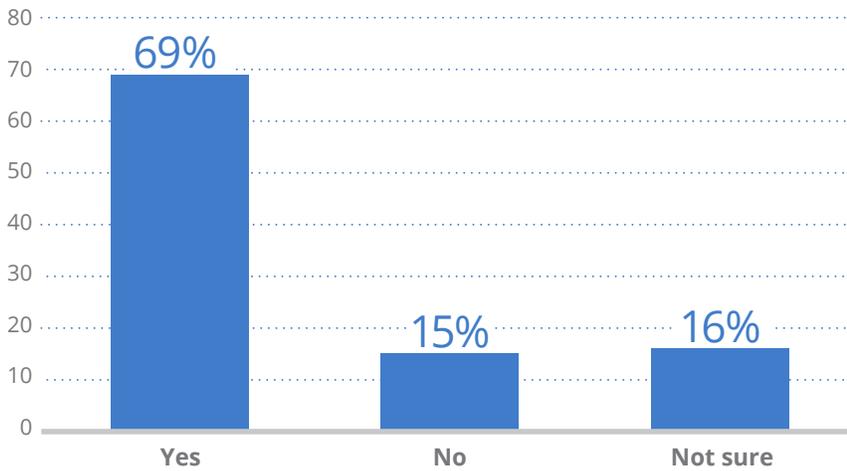
— Survey Respondent

Cloud productivity technology is now viewed by small businesses as key to their success in revenue growth, profitability, attracting new and retaining existing customers, and customer satisfaction.

What specific cloud productivity benefits help pave the way for business success? Seventy-one percent of respondents said cloud productivity gives them the flexibility to work anywhere, with any device, 60% said it saves time, 40% said it saves money, and 34% said it improves engagement with customers and partners.

The vast majority (81%) of young businesses expect their company to grow in the next year; among those who expect revenue to grow, 69% said part of that growth is due to their use of cloud productivity technology.

**Is your revenue growth due in part to using cloud productivity technology?**



In addition to telling researchers that cloud productivity technology helps save time and money, respondents detailed the value of this time to their businesses, and how they use extra time to position their businesses for success. Slightly more than half of the respondents (51%) said that an extra hour of time is worth at least \$200 to their business, while one in four (23%) said it is worth \$100.

As for what they do with the time they save, successful young businesses focus their time and energy on building strong customer relationships. Nearly seven in ten young business decision makers said that they would use extra time saved to either engage with potential new customers or in marketing activities. In other words, these successful startups know that they have to continue to attract new customers to continue to survive and succeed.

**What is an extra hour worth?**

Less than \$50	6%
\$50	12%
\$100	23%
\$200	23%
\$300	12%
\$400	4%
More than \$500	12%
Not sure	8%

**What to do with an extra hour?**

Engaging with potential new customers	39%
Marketing activities (PR, social media, advertising, etc.)	30%
Product development/innovation	13%
Engaging with existing customers	11%
HR activities (e.g. recruiting, making sure our people are happy, etc.)	3%
Other	3%
Not sure	1%

# Professional Email: Positive Impact on Business and Employees

**Key finding:** 60% of young businesses saw an increase in customer engagement; 42% saw an increase in sales after switching to a professional email address.

*Nearly two-thirds (66%) of respondents said they obtained a professional email address to build their brand and give customers more confidence in their businesses' legitimacy.*

*Of consumers surveyed, 42% said that they are likely to communicate with and buy from a business that has a professional email address vs. one that uses @yahoo.com or @gmail.com.*

After getting a professional email address...		
Saw increase in...	Sales	Customer engagement
Yes	42%	60%
No	38%	23%
Not sure	20%	17%

As business owners told researchers, their success hinges on attracting and engaging with customers. Establishing a professional email address—that is, an email address that uses a business name after the “@” symbol (e.g. you@yourbusiness.com)—is an essential part of a young business’ strategy to increase sales and customer engagement. The survey results show that business owners believe that a professional email address enhances the trustworthiness and professionalism of their business—and makes it more likely that customers will patronize these businesses.

In many cases, using a professional email address to build consumer confidence has benefited the businesses surveyed: 42% of respondents said they saw an increase in sales after getting a professional email address. On the other hand, by nearly three to one (60% vs. 23%), those who got a professional email address after they started their business saw an increase in customer engagement.

Young businesses also generally believe that a professional email address helps build trust in their businesses. The majority of respondents (59%) said a professional email address has the greatest impact on customer trust, followed closely by 50% who said having such an email address has a high impact on having happy customers. Forty-five percent said that professional email addresses help build customer loyalty.

The recipients of these email messages also view professional email addresses as more trustworthy. Of consumers surveyed, 42% said that they are likely to communicate with and buy from a business that has a professional email address vs. one that uses @yahoo.com or @gmail.com. Twenty-seven percent said a professional email has more impact or relevance to them when they receive online marketing information.

Among consumers surveyed who are more likely to communicate with or buy from a business with a professional email address, 47% said it is because they have more confidence in the business’ legitimacy.

# Real-time Collaboration with File Sharing: Saving Time and Money

**Key finding:** 81% of respondents said cloud-based file sharing is critical to their business.

*“This is the future. More and more people are using these apps to connect with, work with and to do it conveniently from their portable devices.”*

— Survey Respondent

How does file sharing help your business?*	
By giving you the flexibility to work from anywhere, with any device	68%
By allowing all employees to have access to the latest version of a document	59%
By making it easier to locate files through search	48%
By allowing for flexible storage capacity that grows with your needs	39%
Other	1%
Not sure	4%

\*Multiple answers could be accepted

Staying agile and responding quickly to shifting customer needs are hallmarks of successful businesses. The ability to share documents and collaborate on them in real time gives young businesses this agility and responsiveness, and removes barriers of time and distance.

The majority of respondents (68%) said that cloud-based sharing and real time collaboration technology helps their business by giving employees flexibility to work from anywhere, with any device; 59% said it helps their business by allowing employees to have access to the latest version of a document.

File sharing, said respondents, is a common need for employees: 70% of those surveyed said they need to access a document outside the office a few times a week or more.

# Real-time Collaboration with Video Meetings: Improving Profitability and Customer Satisfaction

**Key finding:** 52% of young businesses said that video meetings have a high impact on being profitable and making customers happy.

## Reasons for using video meetings\*

Improve productivity of remote employees by allowing to meet "in person" with employees in the office	51%
Reduce travel/commuting costs and conferencing hardware expenses	49%
Allow customers/partners in different locations to meet face-to-face	46%
Other	2%
Don't use video meetings	16%
Not sure	1%

\*Multiple answers could be accepted

Young businesses believe that face-to-face communication is valuable; nine in 10 new business leaders rate it either with high importance (43%) or medium importance (46%). However, they also recognize the importance of using video meetings for those occasions when face-to-face meetings are not possible. This is the case with many young businesses, with 61% indicating they either have remote workers or multiple business locations.

*"Because we work around the clock and around the globe, we have been able to connect to our clients at any time, thus saving money as we no longer have to travel vast distances to get to our clients."*

— Survey Respondent

## How many man-hours saved?

None	17%
1-2	16%
3-5	25%
6-7	18%
8-10	7%
More than 10	6%
Not sure	11%

Nearly two out of three survey respondents (62%) use cloud-based video meeting solutions at least once a month: 10% use them daily or multiple times a week, 22% use them once a week, and 30% conduct cloud-based video meetings at least once a month.

*A majority of respondents (56%) also reported that video meetings save at least three to five man-hours a week.*

A majority of respondents (56%) also reported that video meetings save at least three to five man-hours a week. This includes about one in three (31%) who said they save at least six to seven man-hours a week.

Young businesses also see economic value in adopting the use of video meeting technology. Besides using video meetings to improve productivity, nearly half of respondents (49%) said that video meetings help them reduce travel and commuting costs.

# Mobility: Flexibility to Work Anywhere and on Any Device

**Key finding:** 73% of young businesses said that being mobile allows them to close more sales.

Using cloud productivity technology to get access to emails and documents while on the go is a big benefit for young businesses, said survey respondents, since they can be more responsive to customer needs and close more sales.

The businesses surveyed said that mobility has a high impact on their responsiveness to customer needs (84%), facilitating more productivity (84%), enabling the closing of more sales (73%), and hiring remote talent/employees (56%).

Importance of mobility	Important	Neither	Not important	Not sure
Be more responsive to customer needs	84%	11%	4%	<1%
Be more productive (get more done in my day)	84%	9%	6%	1%
Close more sales	73%	14%	11%	2%
Hire remote talent/employees	56%	14%	26%	4%

# Conclusion: How the Benefits to Young Businesses Add Up

Young businesses define success primarily through customer satisfaction, revenue growth, profitability growth, attracting new customers, and customer retention. As the survey results demonstrate, young businesses also believe that cloud productivity technology helps them achieve these success-related goals, bringing them closer to customers, and making their companies more agile and trustworthy. Beyond these benefits, however, are more quantifiable advantages that deliver clear return on investment in these cloud tools. Below are some of the key survey findings categorized to show the quantitative impact of cloud productivity technology on young businesses.

## Increasing sales and business growth

Using cloud productivity technology to create a more mobile workforce helps young businesses make money (66% of respondents) and be more profitable (65%).

73% of young businesses said that being mobile allows them to close more sales.

81% of young businesses expect their company to grow in the next year; among those who expect revenue to grow, 69% said part of that growth is due to their use of cloud productivity technology.

42% of young businesses saw an increase in sales after switching to a professional email address.

52% of young businesses said that video meetings have a high impact on being profitable and making customers happy.

Of consumers surveyed, 42% said that they are likely to communicate with and buy from a business that has a professional email address vs. one that uses @yahoo.com or @gmail.com.

## Saving time and money

60% of respondents said cloud productivity saves time, while 40% said it saves money. Because cloud productivity technology helps save time and money, young businesses can dedicate more resources to engaging successfully with customers.

Half the respondents said that an extra hour of time is worth at least \$200 to their business, while nearly a quarter said it is worth \$100.

Besides using video meetings to improve productivity, nearly half of respondents (49%) said that video meetings help them reduce travel and commuting costs.

56% of respondents reported that video meetings save at least three to five man-hours a week.

# Methodology

## Small Business Methodology

Zogby Analytics was commissioned by Google to conduct an online survey of 500 decision makers at young businesses in the U.S. All interviews were conducted from November 20, 2013 through December 5, 2013.

All respondents met the following criteria: decision maker, in business three years or less, 100 employees or less, and use a cloud-based productivity service.

Using trusted interactive partner resources, thousands of adults were invited to participate in this interactive survey. Each invitation is password coded and secure so that one respondent can only access the survey one time.

Based on a confidence interval of 95%, the margin of error for 500 is +/- 4.5 percentage points. This means that all other things being equal, the identical survey repeated will have results within the margin of error 95 times out of 100.

Subsets of the data have a larger margin of error than the whole data set. As a rule, Zogby does not rely on the validity of very small subsets of the data especially sets smaller than 50-75 respondents. At that subset Zogby can make estimations based on the data, but in these cases the data is more qualitative than quantitative.

Additional factors can create error, such as question wording and question order.

## Consumer Methodology

Zogby Analytics was commissioned by Google to conduct an online survey of 1,000 consumers nationwide (defined as adults 18-65+) specific to their sentiment around communicating with businesses with a professional email address compared to those businesses without a professional email address.

The objective of the consumer survey was to determine if consumers are more likely to engage and trust businesses using professional email addresses. All interviews were conducted on November 12, 2013.

Using trusted interactive partner resources, thousands of adults were invited to participate in this interactive survey. Each invitation is password coded and secure so that one respondent can only access the survey one time.

Using information based on census data, voter registration figures, CIA fact books and exit polls, Zogby used complex weighting techniques to best represent the demographics of the population being surveyed. Weighted variables may include age, race, gender, region, party, education, and religion.

Based on a confidence interval of 95%, the margin of error for 1,000 is +/- 3.2 percentage points. This means that all other things being equal, the identical survey repeated will have results within the margin of error 95 times out of 100.

Subsets of the data have a larger margin of error than the whole data set. As a rule, Zogby does not rely on the validity of very small subsets of the data especially sets smaller than 50-75 respondents. At that subset Zogby can make estimations based on the data, but in these cases the data is more qualitative than quantitative.

Additional factors can create error, such as question wording and question order.

# Bibliography

<sup>[1]</sup> "Frequently Asked Questions," SBA.gov: [http://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf).

<sup>[2]</sup> "Gartner Says Cloud Office Systems Total 8 Percent of the Overall Office Market and Will Rise to 33 Percent by 2017," Gartner.com: <http://www.gartner.com/newsroom/id/2514915>.

Google™ Apps for Business