

5 tech trends for SMEs to watch in 2023

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Technology advancements are continuously reshaping not only the way we work but how organisations fundamentally operate, across nearly every industry. With new technology unlocking innovations almost daily, each with a unique promise to transform how we do business, how do busy small businesses and their advisors distinguish between what's a fad and what's worth paying attention to?



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Fully understanding the biggest emerging trends and technologies — from blockchain to AI to the metaverse — is no mean feat. But for small businesses and their advisors, it's important to spend some time focusing on what these technologies can mean today, and how they might have an impact on their businesses in the future.

Here are the five technology trends that we think small businesses should have their eye on in 2023 and beyond so they can prepare, lead and advance their businesses for tomorrow.

1. Responsible data use

By 2025, individuals and companies around the world will produce an estimated 463 exabytes of data each day. Almost every digital interaction produces data, and that data creates both opportunities and responsibilities. This data can be used to provide deep insights and lead to innovative product and service development, creating new opportunities for small businesses and their advisors. However, it must be used responsibly.

Some small businesses and their advisors have been quick to adopt ways to use data to their advantage. But, many of these businesses don't have the time, resources or networks to understand all the pieces of the data use puzzle, including consent for data sharing, data collection, protection and privacy.

With increasing regulatory, legal, and reputational risks for companies that misuse customer data, small business leaders and their accountants need to identify the right frameworks for their business, be aware of their compliance obligations, and implement responsible practices that minimise risk and have a positive impact on their business, and society.

2. Blockchain for business

Blockchains - or decentralised ledgers - are a quickly evolving technology that will continue to shift and change as more businesses and governments look at the role decentralisation could have to play in how we live and work. While millions of people around the world have used, invested or traded cryptocurrency, blockchains are capable of much more than their critical role in enabling such transactions.

For small businesses, there is still much confusion surrounding decentralised technology, including just how viable it is for many of its touted use cases. However, real-world applications of blockchains are becoming more prevalent in supply chain logistics, digital identity, and in the deployment of smart(er) contracts. Blockchain technology also has the potential to change aspects of how we do business and accounting in the future.

For example, blockchain technology can unlock a decentralised approach to digital identity management. In this way, individuals would have closer control of their identity information and would be able to share only what is necessary for a particular interaction - such as providing proof that they are a citizen of a particular country without sharing their home address, or evidence that they are over 18 without giving their birthdate. By validating these claims on a blockchain, businesses could do away with some of the compliance costs associated with KYC and AML, as well as make inroads in validating the recipients of invoices and payments to help avoid altered or falsified transactions.

3. The next generation of AI

AI has always been popular in sci-fi, but with each passing year, an increasing number of real-world use cases are crystallising that are of interest to customers and present opportunities for small business. AI is already prevalent in our lives in ways we don't think about, from recommending nearby places in Google Maps to reordering that item you need from Amazon. Newer tools like Stable Diffusion and ChatGPT are a salient reminder of the potential of different AI and machine learning models to achieve things previously only imagined - such as creating images from scratch or mimicking human conversation. AI solutions have become an essential part of process improvement and business decision-making, and have potential to significantly improve accounting practices.

However, misconceptions around AI are holding many small businesses and accounting practice owners back from taking full advantage of its capability. Namely, a lack of understanding of its potential and how to practically dedicate time to manage it alongside everything else they already do. Other common misconceptions are around what is best practice for how businesses ethically collate, use, and store data.

For small businesses, the opportunity lies in what AI might tell us about the future, providing foresight of what's to come and removing manual labour to help save time. That could be predicting cash flow based on both internal business and external macroeconomic data points, automating entire parts of the back-office business process, or helping businesses understand the best times to contact customers and suppliers based on their previous behaviour.

4. Navigating the metaverse

The 'metaverse' was an undeniable tech buzzword in 2022. Despite the growing interest, debate continues over what, exactly, the metaverse is and what its future will look like. The concept involves a combination of virtual and augmented reality technology (sometimes collectively referred to as 'extended reality' or XR) to allow for a more interconnected, interoperable and immersive experience that blends the physical and digital realms. While mainstream adoption is still a way off, as more companies release platforms and hardware that can enable the realisation of the vision of the metaverse, there is an emerging opportunity over the next year and beyond for small businesses to think about this space and how it might change how they reach and interact with their employees and customers.

Like cloud computing and e-commerce, the metaverse has the potential to change how small businesses connect and sell to their customers: whether it's entirely digital art and services, or digital representations of physical products. The metaverse commercial landscape will also pose some interesting challenges to advising and accounting for business transactions that will have different attributes to those commonplace today. Just as the global pandemic led to video conferencing becoming far more widespread, the technologies that underpin the metaverse are likely to drive significant evolution in how we interact, advise, coach and work with each other on a daily basis.

It may be a few years before we see any truly standardised approaches to the metaverse, but we will see more metaverse-enabling features appearing in existing products and services sooner than that. Using current hybrid and media experiences that utilise this tech is a good place for businesses to start and to explore what is possible and for advisers to prepare to support small businesses looking to be at the cutting edge.

5. Embedded finance

We've seen a radical transformation in financial services over the past decade, largely driven by financial inclusion and the demand from businesses and consumers for fast, simple access to financial products in the platforms and tools they already use. Technologies like embedded finance and open banking, which are at differing stages of maturity across the world, will continue to gain momentum and strengthen the opportunities for small businesses.

The integration of financial services with non-financial business infrastructures is rapidly gaining ground. For example, Apple adding buy-now/pay-later functionality into the iPhone, Amazon offering lending to sellers or Xero adding a 'pay now' button to invoices with Stripe and GoCardless. Embedded finance is changing how we engage with money by streamlining financial solutions into everyday processes.

Similarly, open banking standards, embedded finance and open APIs on small business platforms make it possible to gather rich and reliable information on a business' health and cash flow, removing some of the long-standing barriers that have separated small businesses from willing lenders. By integrating accounting data, lenders can get direct insight into business performance and management in real-time, giving greater confidence to make better, faster and more accurate decisions on risk and creditworthiness, making lending more accessible to the right businesses.

Future in focus

Understanding the possibilities, and how these technologies can help solve common small business problems, is the first step. But in preparing to respond, it's also important to understand the challenges these technologies bring too.

For any small businesses, it can be hard to separate the hype from reality when it comes to technology. To capitalise on the transformative potential of these technology trends, more awareness and educational resources are needed to help

small businesses and their advisors understand what these technologies actually are, their current capabilities, and how they could be applied to their industry in the near future.

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