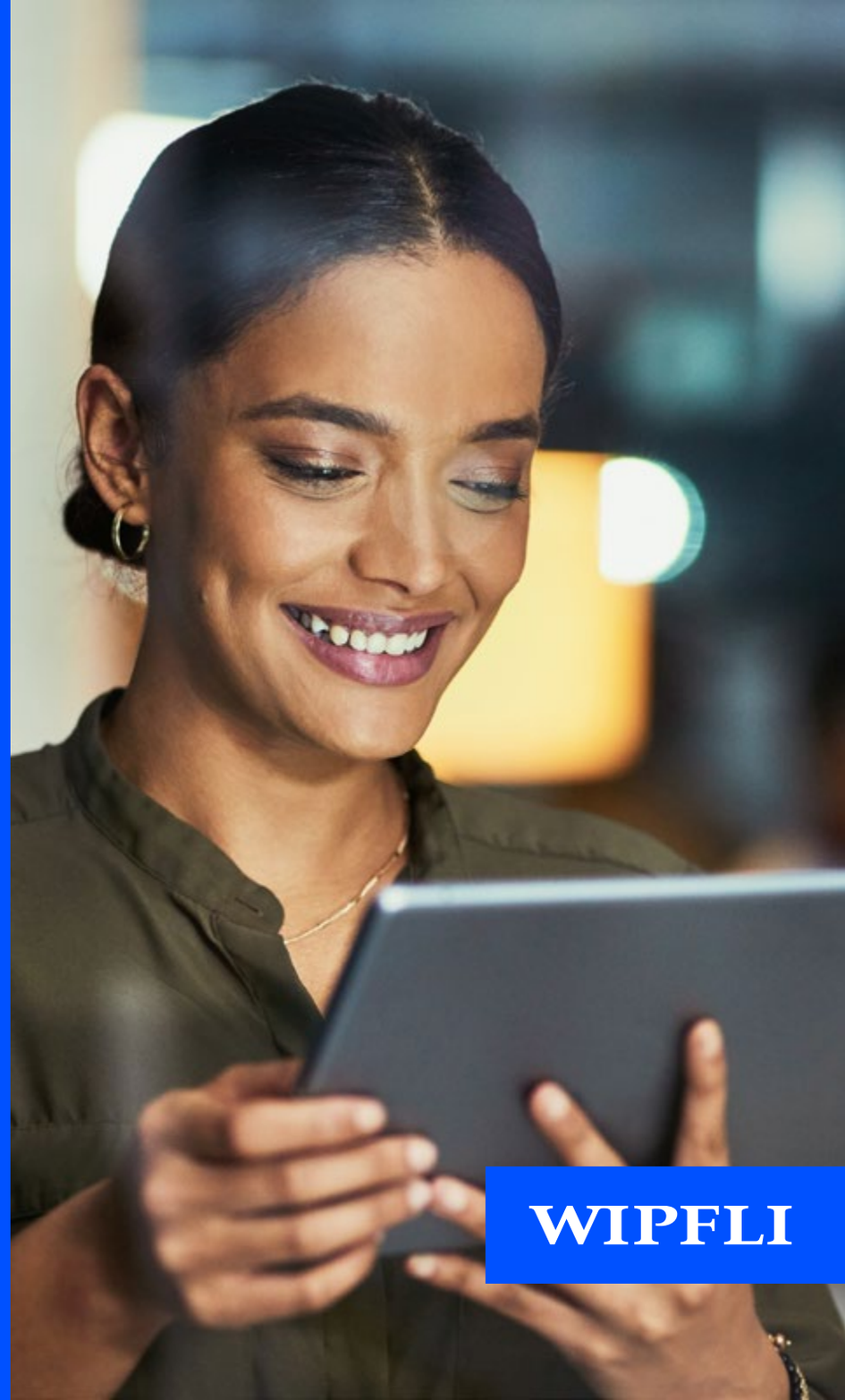
# Mid-market technology trends report

2024



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# Overview

Wipfli surveyed more than 250 C-suite leaders, founders and directors of mid-market companies to understand how technology is reshaping their work. We wanted to know where mid-market companies have invested their innovation dollars so far — and whether their investments have paid off.

Our survey also asked leaders to anticipate their next round of technology investments. Read on to learn how mid-market executives see the evolving technology landscape and how technology is affecting workforce dynamics and strategy.

## Table of contents


The past 5 years 3

New workforce dynamics 6

The next 5 years 9

# The past 5 years

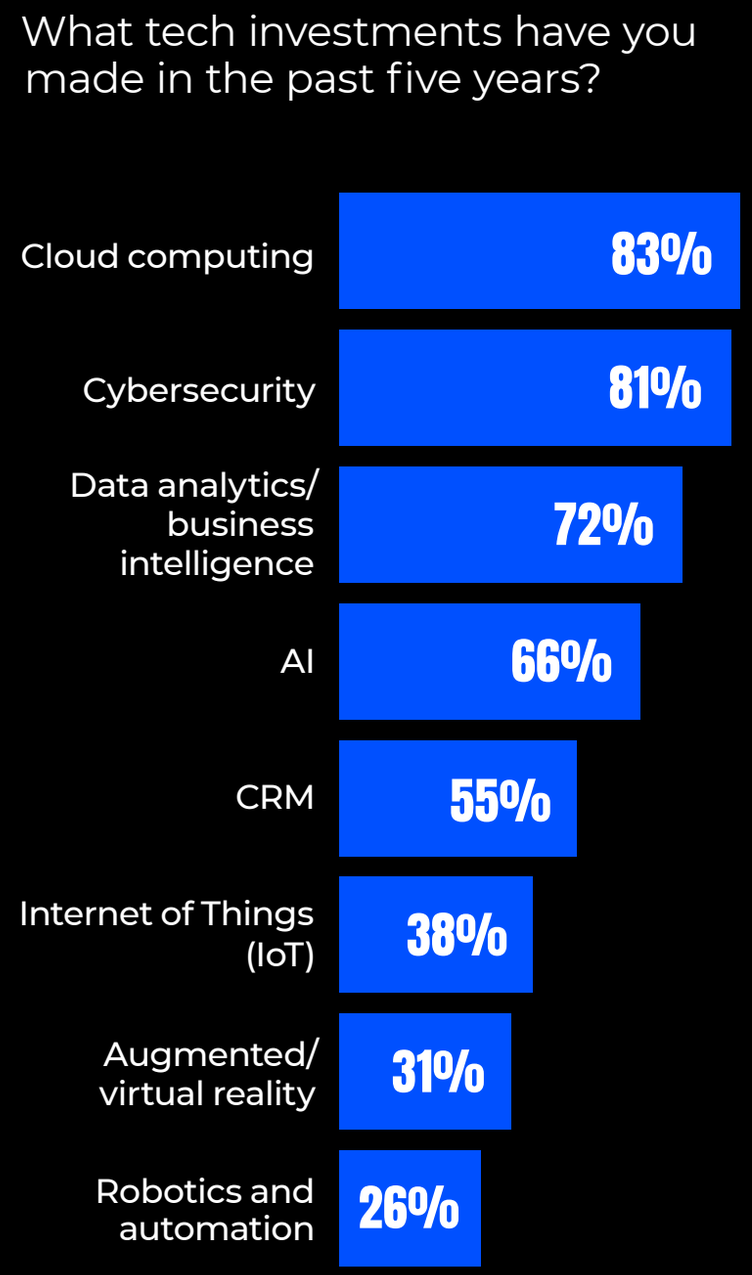
To understand how executives view the evolving technology landscape, we wanted to survey leaders on where they're coming from.

Our survey showed that over the past five years, mid-market firms have primarily been building and expanding their digital foundations in cloud computing, cybersecurity, data analytics/business intelligence and artificial intelligence. Other technologies — including VR, CRM, IoT and robotics — haven't been as popular.

## Cloud computing and cybersecurity

Cloud computing and cybersecurity both rank as the top areas for technology investment over the past five years. Four out of five mid-market organizations invested in cloud capabilities and cybersecurity.

Those investment areas may be relics of the COVID-19 pandemic, which forced companies to move operations away from physical office locations and on-site firewalls. It's also related to an uptick in cyberattacks. Companies of every size are preparing for when an attack occurs, not if. They're spending dollars to strengthen threat detection and become more cyber resilient.





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## Data analytics and business intelligence

Around 72% of mid-market companies invested in data analytics and business intelligence capabilities. Sophisticated tools, such as enterprise resource planning tools, customer relationship management platforms and software for accounting and financial analysis and planning, started to become more accessible to mid-market firms.

## Artificial intelligence

Two-thirds of mid-market firms explored the transformative potential of artificial intelligence (AI). Technology super-powered smaller teams and helped mid-market organizations make bigger plays in the market.

*"By embracing innovation, adapting to change and adopting new business processes and models, organizations are not merely overcoming challenges but are also charting a course toward sustainable growth and success."*

–Kelly Fisher, Wipfli practice partner

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## Have mid-market investments paid off?

Mid-market companies took practical steps to thrive through change. By investing in technology, they created material business benefits and better workplaces in the following areas:

### 1. ROI

Over 90% of the companies we surveyed received some ROI from their technology investments over the past five years. Companies said the payoffs came through increased efficiency, revenue growth and new client acquisitions.

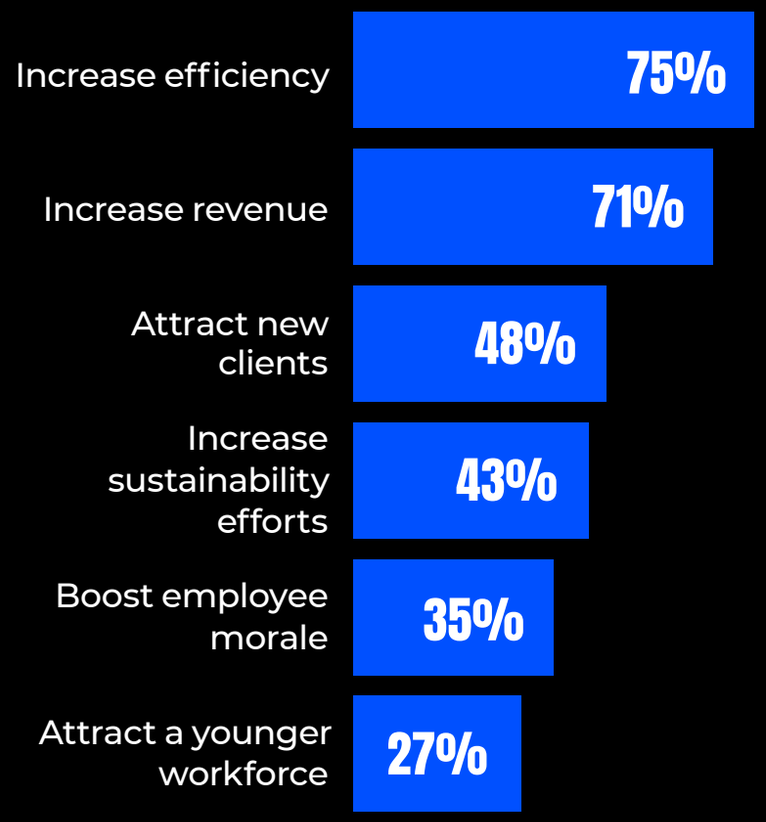
### 2. Talent management

Over a third of companies said tech investments boosted employee morale, and over a quarter said technology helped them recruit younger workers. Across every sector, employees are expecting mundane and repetitive tasks to be offloaded to software so they can focus on more meaningful and rewarding work.

### 3. Sustainability

Nearly half of respondents said technology helped their companies increase sustainability efforts, which also plays a role in recruitment and retention.

Nine out of 10 mid-market firms experienced an ROI from their technology investments in the past five years.





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# New workforce dynamics

Technology is helping companies deliver an updated employee value proposition, specifically around:

- Employee benefits
- The role of leaders
- Professional development
- Diversity and inclusion
- Climate change

## Employee benefits

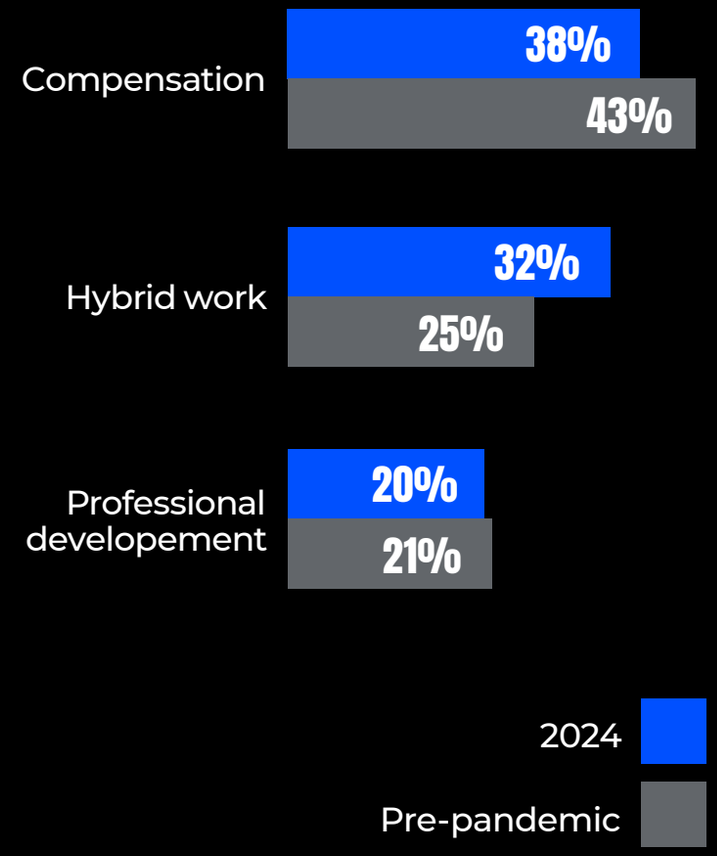
Before the pandemic, compensation was the most important employee benefit in 43% of mid-market organizations. Hybrid work was a distant second; it was the top benefit in a quarter of mid-sized firms.

Today, compensation is still the top perk, but it's lost some of its appeal. Instead, employees are more interested in hybrid and flexible work arrangements.

**About 32% of companies said hybrid work is the most requested benefit today.**

### How employers say their staff ranks benefits

While the order of importance hasn't changed, employers say compensation is decreasing in value, while hybrid work is increasing.





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## The role of leaders

Mid-market leaders say their responsibilities have changed since the pandemic. More than half of respondents (54%) are spending more time on staff-related concerns.

To keep morale up, 73% of firms are dedicating more time and resources to employee benefits and activities that encourage engagement. Around 54% of leaders have started communicating with employees more frequently about social issues, such as diversity and climate change.

## Professional development

About 87% of mid-market companies have put more dollars into employee development and job training since 2020. And, they said, it's paying off.

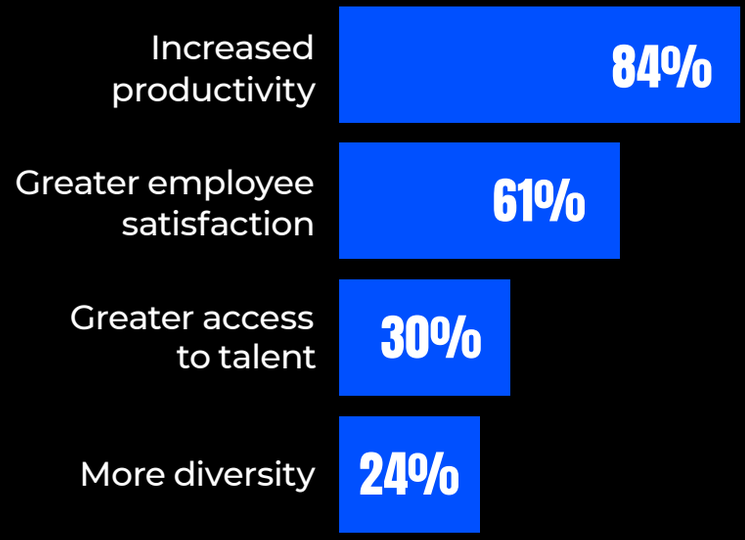
## More than 90% of companies said they've benefited from prioritizing flexibility, employee well-being and professional development.

Productivity increased in about 84% of those firms, and 60% said employee satisfaction improved.

## Diversity and inclusion

Most mid-market companies (85%) have made concerted efforts to address diversity in their firms. Of those, 90% said their actions positively impacted the business. They see diversity as a critical component of innovation and competitiveness.

The benefits of prioritizing flexibility, well-being and development:



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## Climate change

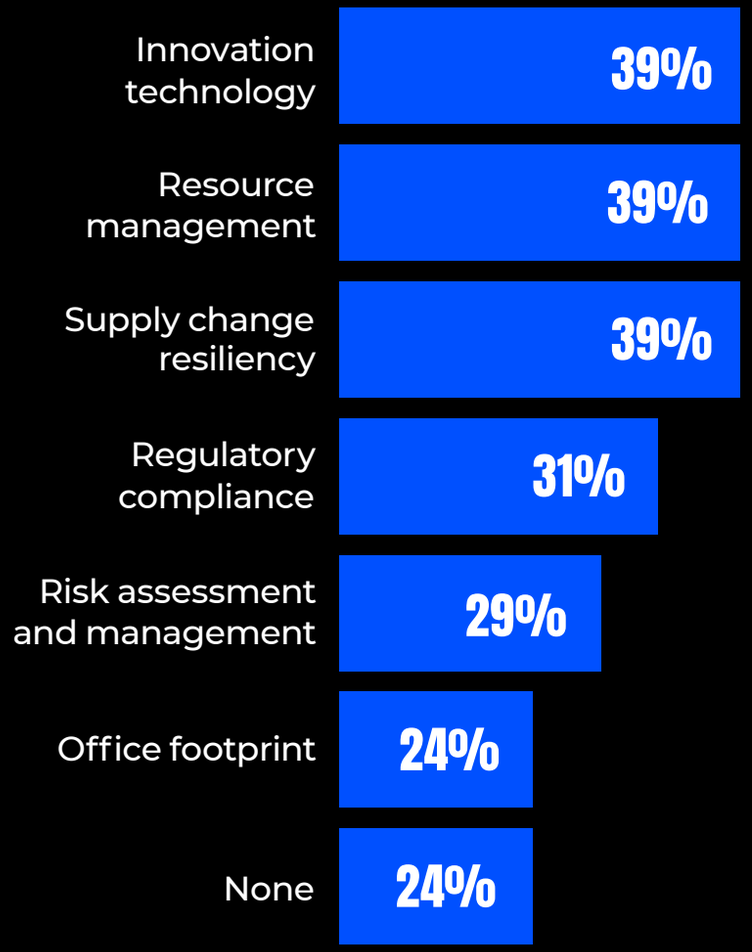
Leaders aren't just talking about social issues at the office — they are also working them into their strategic plans.

With so many strategic planning processes impacted by climate change, mid-market firms must use innovation and technology to protect their businesses against climate change, as well as manage resources differently and build supply chain resilience to address extreme weather and climate concerns.

It appears the work and willingness may be there. About 94% of leaders are at least "somewhat comfortable" sharing their company's environmental, social and governance efforts publicly.

With the SEC's landmark March 2024 ruling that publicly traded companies are now required to disclose their climate-related risks, having that foundation to build off is critical.

Which strategic planning processes at your company have been impacted by climate change?





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# The next 5 years

## How mid-market firms plan to invest in tech

Technology plays a pivotal role in helping mid-market companies navigate uncertain conditions, new workforce dynamics and pressing societal issues.

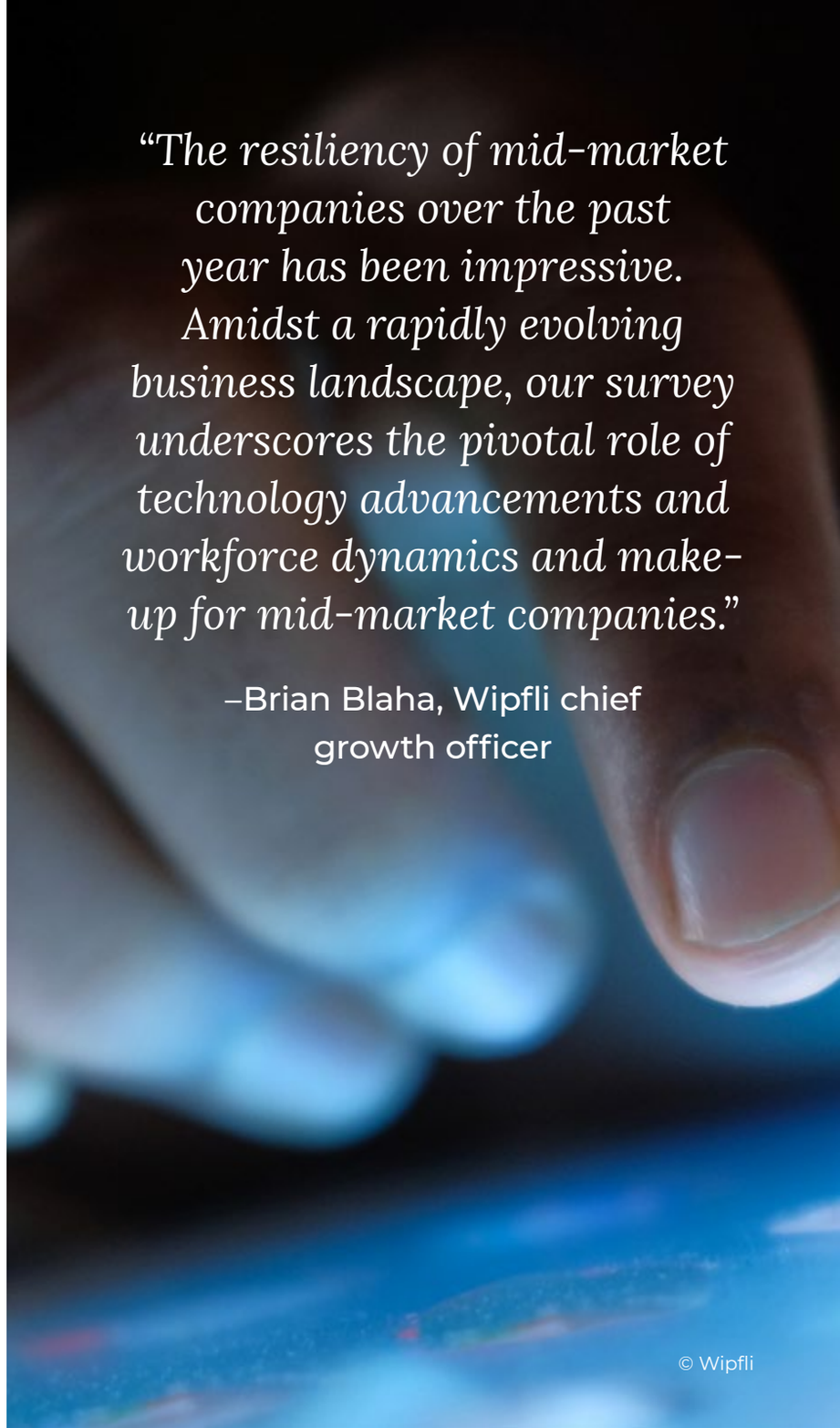
## Looking ahead to the next phase of innovation:

- AI will emerge as the most important technology priority: In the next five years, 75% of mid-market companies plan to invest in machine intelligence to unlock unprecedented efficiency.

- Cybersecurity will stay at the forefront of technology and resilience plans: About 71% of mid-market companies plan to bolster their frontline defenses in the coming years.

- The cloud and business intelligence will be more important than ever: Companies will rely more heavily on data analytics to inform strategic and operational decisions, and more applications and computing power will move to the cloud to support flexible and agile styles of working.

Today's mid-market companies are preparing leaders to embrace new ways of working. From now on, they must become champions for change who can connect with and inspire people to cross the digital divide.



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