

TECHNOLOGY TRENDS FOR SMALL & MID-SIZED BUSINESSES

2026 SMB Technology Trends Report

AI, Cybersecurity, UCaaS, CCaaS & Automation

AI use among New York-area service firms jumped from 25% to 61% in two years, while New Yorkers lost **\$1.23 billion** to reported cybercrime in 2025. Hybrid work and Verizon's copper retirement are pushing phones to the cloud, and customers want AI-powered service with a human backstop. This report pulls the latest data on all five trends and what each means for New York's small and mid-sized businesses.

61%

of NY-region service firms used AI in 2026, up from 25% in 2024¹

\$1.23_B

in reported cybercrime losses in New York in 2025, 4th in the U.S.⁵

69%

of Manhattan employers run a hybrid office policy¹³

87%

of customers say access to a human agent is essential¹⁸

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01

ARTIFICIAL INTELLIGENCE

Adoption Has Doubled. Execution Hasn't.

AI use among New York-area businesses has more than doubled since 2024, but most small firms are still experimenting rather than running AI in core workflows.

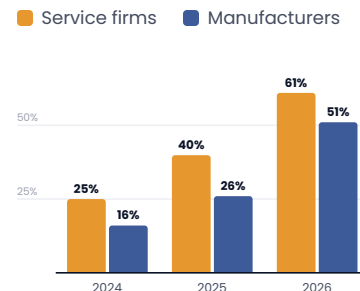
- ◆ **New York trails the nation on day-to-day use.** 17.9% of NY metro businesses used AI in the prior two weeks (July 2026), versus 21.7% nationally. That's up from 14% in January.²
- ◆ **Size still decides who benefits.** 37% of firms with 250+ employees use AI, nearly double the rate of the smallest businesses.³
- ◆ **Using AI is not the same as operationalizing it.** 76% of small businesses use AI, but only 14% have it fully embedded in core operations. 73% want more training and implementation help.⁴
- ◆ **Investment is still light.** Three-quarters of NY-region service firms call their AI spend minimal to modest. The median firm has just 17% of staff using AI.¹
- ◆ **AI is augmenting staff, not replacing them.** Only 4% of NY-region service firms cut jobs because of AI. Over a third are retraining workers instead.¹

WHAT IT MEANS

The gap is shifting from access to AI to execution. Governance, clean data and staff training now separate leaders from dabblers.

NY–NJ firms using AI

Share of firms reporting AI use, by survey year



Source: Federal Reserve Bank of New York Regional Business Surveys, Aug. 2026¹

Survey definitions differ. Census counts AI use only in the past two weeks, so its figures run lower than surveys that ask about any use.

02

CYBERSECURITY

New York Is a Top-Four Target

New Yorkers reported \$1.23 billion in cybercrime losses to the FBI in 2025, the fourth-highest total of any state. Small firms carry an outsized share of that risk.

- ◆ **New York ranks 4th nationally for complaints and losses.** The state logged 45,255 complaints and \$1,226,307,877 in reported losses in 2025.⁵
- ◆ **Business email compromise keeps paying off for criminals.** BEC cost U.S. victims \$3.05 billion across 24,768 complaints in 2025.⁵
- ◆ **Ransomware hits small firms hardest.** It appeared in 88% of SMB breaches versus 39% at large organizations.⁶ Across all breaches it rose to 48% in 2026, with a median ransom of \$139,875.⁷
- ◆ **People and partners are the weak links.** The human element figured in 62% of breaches. Third-party involvement reached 48%, up 60% in one year.⁷
- ◆ **AI is arming attackers and leaking data.** One in four malicious breaches is now AI-enabled, averaging \$6 million versus \$4.99 million overall.⁸ And 67% of employees using AI on work devices do it through personal accounts.⁹
- ◆ **New York's compliance bar keeps rising.** NYDFS Part 500's final rules took effect Nov. 1, 2025, requiring MFA and a documented asset inventory at DFS-regulated firms.¹⁰ The amended SHIELD Act now sets a 30-day breach-notice deadline.¹¹

WHAT IT MEANS

96% of SMB breaches follow three patterns: system intrusion, social engineering and web-app attacks.⁶ MFA, patching, tested backups and staff training close most of those doors.

\$1.23_B

Reported cybercrime losses in New York in 2025, from 45,255 FBI complaints⁵

88%

of SMB breaches involved ransomware, vs. 39% at large organizations⁶

03

UNIFIED COMMUNICATIONS (UCAAS)

Hybrid Work and the Copper Sunset Force the Switch

Cloud calling and collaboration are now the default business phone system. New York SMBs face two extra pushes: hybrid schedules and the retirement of copper landlines.

- ◆ **UCaaS is now the majority platform.** 57% of companies run on UCaaS exclusively. 64.9% plan to raise UCaaS spend in 2026, and fewer than 3% plan cuts.¹²
- ◆ **Many buyers are unhappy with what they have.** 26.8% of companies plan to leave their current UCaaS provider. Nearly half of those are weighing private or hosted alternatives over security, privacy and reliability concerns.¹²
- ◆ **Manhattan is hybrid by default.** 69% of employers have a hybrid policy. Only 57% of office workers are in on an average weekday, and just 10% come in five days.¹³
- ◆ **Copper landlines are going away in New York.** Verizon has notified New York customers it is phasing out copper lines, with changes possible on or after Nov. 30, 2026, pending FCC approval.¹⁴ A parallel filing covers about 277,000 legacy lines in nine states, including New Jersey.¹⁵

WHAT IT MEANS

Main numbers, fax lines, alarm panels and elevator phones still on copper need a migration plan before the carrier picks the date.

10%

of Manhattan office workers come in five days a week, and 69% of employers run hybrid policies¹³

Nov. 30, 2026

Earliest date Verizon's copper-line changes can start in New York, pending FCC approval¹⁴

04

CONTACT CENTER (CCaaS)

AI Agents Arrive, but Customers Still Want a Human

Cloud contact centers are growing about 20% a year as AI takes over routine requests. The winners will pair automation with an easy path to a person.

- ◆ **The market is on a fast climb.** CCaaS is forecast to grow 20.3% a year to \$17.12 billion by 2030. North America held 34.7% of the market in 2024.¹⁶
- ◆ **AI agents will handle most routine tickets.** Gartner predicts agentic AI will resolve 80% of common service issues without human help by 2029, cutting operating costs 30%.¹⁷
- ◆ **A human option is non-negotiable.** 87% of customers say access to a human agent is essential, even though 50% say GenAI makes interactions easier.¹⁸
- ◆ **Company chatbots are losing to ChatGPT.** Customers are about three times more likely to use tools like ChatGPT, Gemini or Copilot than a company's own chatbot.¹⁸

WHAT IT MEANS

Start with AI for after-hours calls, FAQs and routing, and keep a one-click path to staff. Running CCaaS on the same platform as UCaaS avoids a second vendor and a second bill.

87%

of customers say companies using GenAI must offer access to a human agent¹⁸

80%

of common service issues will be resolved by agentic AI without human help by 2029 (Gartner prediction)¹⁷

05
AUTOMATION

Rising Labor Costs Make the Business Case

With New York City's minimum wage at \$17 an hour and tied to inflation from 2027, automating repetitive work is now a cost decision. Integrated systems separate the SMBs that grow from those that stall.

- ◆ **NYC labor costs keep climbing.** The minimum wage in NYC, Long Island and Westchester rose to \$17.00 on Jan. 1, 2026, versus \$16.00 upstate. Annual inflation-indexed increases begin in 2027.¹⁹
- ◆ **Integration drives growth.** Growing SMBs are twice as likely as declining ones to run an integrated tech stack (66% vs. 32%). 74% of growing SMBs are increasing data-management spend, versus 47% of declining peers.²⁰
- ◆ **Automation pays off in margins.** 87% of SMBs using AI say it helps them scale operations, and 86% report improved margins.²⁰
- ◆ **AI agents are taking on real work.** Active AI agents grew 15x year over year. 66% of AI users now spend more time on high-value work.²¹
- ◆ **Leadership is the bottleneck.** Only 26% of AI users say their leadership is clearly aligned on AI.²¹

\$17.00

NYC minimum wage per hour as of Jan. 1, 2026, indexed to inflation from 2027¹⁹

2x

Growing SMBs are twice as likely to run an integrated tech stack²⁰

WHAT IT MEANS

Automation pays off when systems talk to each other. Map your most repetitive workflows, such as onboarding, invoicing, ticket triage and scheduling, and connect the apps before layering AI on top.

YOUR 2026 PLAYBOOK

What New York SMBs Should Do Next

1

Put AI on a policy.

Approve specific tools, require business accounts and set rules for client data. That closes the personal-account gap attackers exploit.

2

Lock down the top attack paths.

Enforce MFA everywhere, patch edge devices fast, test offline backups and train staff on email, text and phone scams. Confirm your NYDFS and SHIELD Act obligations.

3

Audit every phone line before the copper cutoff.

List main numbers, fax lines, alarm panels and elevator phones still on copper. Move them to a UCaaS platform on your schedule, not the carrier's.

4

Add AI to customer contact with a human fallback.

Automate after-hours calls, FAQs and routing first. Keep a one-click path to a real person.

5

Automate one workflow per quarter.

Connect your core apps first, then add AI to the processes that eat the most staff hours.

→

Not sure where to start?

Manhattan Managed IT Services and Cetusdata can help you prioritize. Call 646-328-6307 or email info@manhattanmanageditservices.com.



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