

UK SMEs taking global lead in tech adoption – and it's paying off

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- Global 'barometer' compares tech adoption rates of 3,000 business leaders
- Security one of the main drivers for SMEs moving to the cloud
- UK and US have highest number of multiple cloud software users

London, 15th Sept 2015 – The UK's small-and-medium-sized enterprises are taking a global lead when it comes to embracing new software technology – but only when it is absolutely necessary to do so. These are some of the findings of a global research study commissioned by business software provider Exact that compares how SMEs in different countries stack up against each other when it comes to technology adoption.

The 'Exact 2015 SME Cloud Barometer' – an independent research study of just under 3,000 SME leaders across the UK, the USA, France, Germany, the Netherlands and Belgium – found those who are 'heavy users' of cloud software (defined as having three or more different cloud products in place) achieved far higher revenue growth and more than double the profit of those using fewer cloud products.

The study found the UK has the second highest number of 'heavy' cloud software users (27%), just marginally behind the USA (29%). This compares to 25% of SMEs in the Netherlands, 24% in Belgium and France, and just 10% in Germany. Overall, just under half of UK SMEs (47%) are now using at least one cloud business software tool.

Significantly, those who have embraced the cloud and are using multiple software products as part of their business processes showed on average 26% growth in revenue in 2015, compared to 14% among those using one or two online solutions, and 10% among those who don't use any cloud solutions at all.

Although the research shows the UK does have plenty to shout about when it comes to tech adoption rates among its five million+ SMEs, there are shortcomings when it comes to optimizing working practices. Only 10% "actively look for new solutions that help us grow" – the lowest number among any of the comparison countries – while the most popular reason given for implementing new software solutions was "when we need to replace outdated versions" (54% - higher than any other country).

In terms of what is driving cloud adoption, IT cost savings is the primary reason for UK SMEs (32%) – unlike everywhere else where better security was the main reason for switching away from on-premise software solutions or traditional pen-and-paper style processes, particularly in Germany (36%). In all cases, easy access to information was cited as the third biggest benefit for moving business and finance processes online.

When it comes to financial challenges and how technology can help address those, getting customers to pay on time is the top issue facing UK SMEs (40%), followed by cash flow management (33%). These concerns are clearly justified; according to the research, 11% of UK SME's invoices are paid late, and 2% are never paid at all. UK manufacturers are particularly affected by late payments (16% are overdue), while wholesale & distribution businesses are most affected by invoices never being paid (5%). These financial concerns might explain why among those cloud adopters who took part in the poll,

accounting software is the most popular business tool being used (27%).

“Few business leaders would argue with the fact that having the right software tools in place can be vital to success,” said Erik van der Meijden, CEO of Exact. “In fact, 63% of the SMEs who took part said they felt that technology is going to have a strong impact on the competitive landscape in their market over the next three years.”

Lucy Fox, General Manager, Cloud Solutions at Exact UK, added: “There is a real opportunity here for UK SMEs to build on the success and status they hold on the global stage. To do so, businesses need to ensure they stay competitive, efficient and provide the very best in customer service. Cloud adoption levels appear to be growing, and highlighting the tangible benefits it can offer through research like this will hopefully encourage more UK SMEs to follow suit.”

The research found UK SMEs had the highest average net profit margins last year (2014) among all the comparison countries - an average of 20%, just ahead of those in the US (19%), but twice as much as those in France. That positivity looks set to continue with revenue growth figures for this year predicted to be 16% - nearly twice as much as expected by those in the Netherlands.

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Research Methodology

The ‘Exact 2015 SME Cloud Barometer’ was commissioned by Exact and carried out by Pb7 Research, a global technology research firm, which conducted 2,975 interviews of SME leaders in Belgium, France, Germany, the Netherlands, the United Kingdom and the United States. 725 interviews were conducted with UK-based companies in February and March 2015 via a web-based panel.

About Exact

Vigorous business software. That’s what Exact builds. For more than 200,000 businesses around the world. For entrepreneurial doers who dare and, if they fall, always get up again. Exact breathes that same spirit. Thirty years ago a garage start-up by six students, now a global company, employing 1,550 people in 15 countries with revenues of €188 million in 2014.

With Exact, businesses can quickly respond to shifting market conditions and grasp opportunities with both hands when they arise. Our business software enables customers to focus on their next goal, and look ahead to the next challenge. For further information about Exact, visit <http://www.exactonline.com>.

Additional findings

- The biggest reason given for SMEs globally to choose online software tools is that they offer better security (32%), followed by lower IT costs (25%) and easier remote access (23%). Among UK SMEs lower IT costs was the most important benefit (32%), followed by security (28%) and then easy access (25%). For UK manufacturers the benefit of lower IT costs was particularly important (37%).
- Those SMEs in France, Germany, The Netherlands and Belgium that have moved business and finance processes to the cloud have seen a considerable decrease in the number of security incidents – particularly those in France who experienced a 20% fall. The number of security incidents experienced by those in the USA and the UK largely remained unchanged – UK SMEs as whole saw a 1% drop after the

switch, although UK manufacturers reported a 10% drop.

- The biggest challenge financially for SMEs globally is getting customers to pay on time (32%), followed by managing cash flow (28%) and then, jointly, financial forecasting and keeping up with changing rules and regulations (both at 22%). Getting customers to pay on time is a particular issue for UK wholesale & distribution businesses (49%), manufacturers (43%) and professional services businesses (also 43%).
- French SMEs spend the most time on financial administration – averaging 9.3 hours per month, while German SMEs the least at 7.9 hours per month. UK SMEs have felt the greatest benefit of switching their finance management processes to the cloud – cutting the time spent on financial administration tasks down by 60% in doing so.
- UK wholesale & distribution SMEs have the worst record when it comes to proactively looking for new software solutions – 61% saying they only do so when they need to replace outdated existing versions (against a global average of 49% among all SMEs), while UK professional services businesses have the worst record for looking for new technology solutions that can help them grow - only 4% said they do so (against a global SME average of 14%).