SME Engagement with Digital Communications Services

Research

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Foreword

This is one of a series of Communications Market Special Reports, focusing specifically on the attitudes and motivations of small and medium-sized companies (SMEs) towards communications services.

SMEs are a critical part of the UK economy, accounting for 99% of businesses in the UK and over half of the UK's employment and turnover. The EU's Lisbon Agenda has set the target of making the EU the most dynamic and competitive knowledge-based economy by 2010 and the way businesses access and engage with communications technology is a fundamental part of achieving this goal.

This report considers the extent to which traditional company profile criteria (such as company size, industry sector, age of business, geography and plans for growth) explain the differences in how SMEs engage with communications services. It also presents a segmentation model, based upon the role that communications services play within an SME. Our belief is that the SME market cannot be fully understood without consideration of both these dimensions.

The report findings will be used to provide an evidence base for the various bodies involved in regulatory and policy work relating to SMEs. Further analysis of the role-based segments will support Ofcom's efforts to promote media literacy in the UK, defining groups of SMEs who display gaps in their awareness and understanding of, and confidence and competence with, communications services.

The report complements other research published by Ofcom during 2006, including the annual Communications Market (published in August 2006), its sister publication, The Communications Market: Nations and Regions (published in April 2006), and Consumer Engagement with Digital Communications Services (published in July 2006).

We hope that this report will provide a valuable resource for Ofcom and other stakeholders, informing efforts to promote engagement with communications services among small and medium sized businesses in the UK.
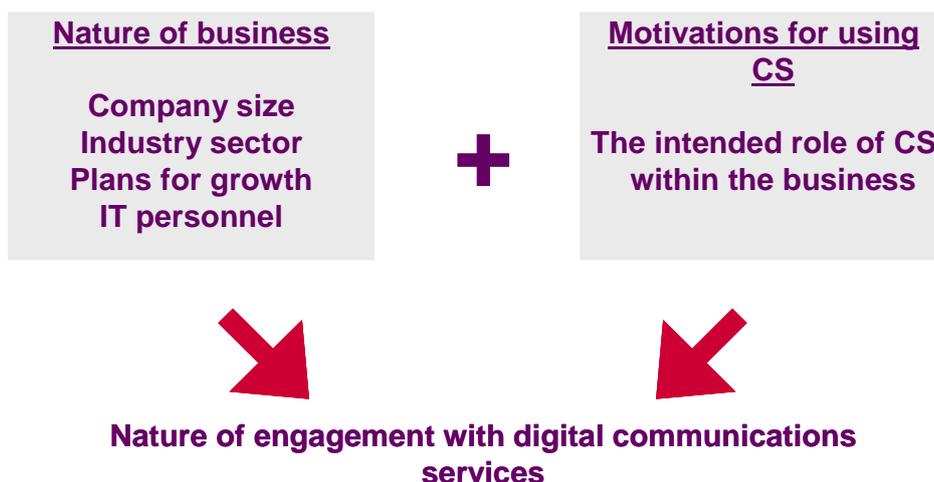
David Currie
Executive Chairman

Executive summary

Small and medium sized enterprises are a critical component of the UK economy. The rapid evolution of communications services over the past decade has revolutionised the way that UK SMEs do business; for example by offering new channels to market, helping to deliver improved customer service and enabling the production of higher quality products and services. Communications technology has also facilitated considerable internal operating benefits – increasing mobility and flexibility in the workplace and the sharing of information across organisations. The EU's Lisbon Agenda has set the target of making the EU the most dynamic and competitive knowledge-based economy by 2010 and the way businesses access and engage with communications technology is a fundamental part of achieving this goal.

This report aims to highlight the differences in 'how' and 'why' UK SMEs are engaging with communications services. Some variations can be partly explained by the nature of an SME's business - for example, its size, industry sector, age, geography or plans for growth. However, broader attitudes and motivations towards technology and communications services have been found to be equally, if not more, influential factors.

The report considers the impact of both dimensions; the nature of business and motivations for using communications services.

Nature of business		Motivations for using CS
Company size Industry sector Plans for growth IT personnel	**+**	The intended role of CS within the business

Nature of engagement with digital communications services

UK SMEs' engagement with communications services

- SMEs generally recognise the importance of technology to their business and half claim to be highly committed to the effective use of communications services. However, most SMEs do not have a dedicated resource to deal with this area and find it difficult to set time aside to plan, which can lead to communications services being de-prioritised.

- Despite high levels of satisfaction with their existing set-up, most SMEs acknowledge that they are not getting the most out of the communications services that are already within their businesses. It appears to be widely accepted among SMEs that there is an inherent tension when dealing with communications services – high awareness of the benefits that technology can bring, but balanced by perceptions of the time and energy required to take advantage of it.

- The majority of SMEs appear to have embraced communications services to a greater or lesser degree, but many do not feel confident, competent or effective in this area. The effect of these factors can be to create a tendency towards risk aversion among SMEs.

- For a significant proportion of SMEs, external suppliers are not always seen to be providing the level of advice or support to enable greater engagement. Lack of confidence in the advice and recommendations provided by suppliers may be making SMEs hesitant about investing in changes/improvements to their current set-up.

The influence of company profile on SMEs' engagement

- The specific nature of an SME's business was found to have a major impact on the practical barriers preventing it from engaging fully with communications services, and this subsequently impacts the effectiveness with which these technologies are used.

- By far the strongest influence is company size – with larger businesses typically experiencing fewer practical barriers to engagement. For example, the size of the company often influences the amount of time available to deal with communications services, the skill level of those responsible for these technologies, the capital available for future investment and the processes in place to help push through initiatives.

- The state of the business, including its plans for growth, also appears to be an influencing factor on engagement as it directly influences the financial resources available to the company and the degree to which it can plan ahead. Companies in growth mode were found to be taking a more proactive approach to investment in communications services and believed that they had a more central role to play in driving the business forward.

- The age and 'maturity' of a business can also shape the experience and knowledge which informs decisions on communications services. Younger SMEs (which also tend to be small companies) displayed far less confidence when dealing with communications services related issues than did older companies of the same size.

- To some extent, industry sector determines the degree to which communications services are integral to the business and what they bring to the market. Companies in high-tech, new media or new white-collar industries, in which communications services are intrinsically linked to their end 'product', are naturally committed to investment in relevant technologies as their business is so dependent on them. More broadly, communications services appear to be of greater relevance to the services sector than any other.

- Comparing findings across the UK nations, results were found to be relatively uniform – with no consistent differences in terms of the resource dedicated to communications services, the importance placed on this area or perceived barriers to implementation. However, SMEs in England were significantly less likely to believe they could get additional value from communications services in the areas of operational efficiency or product/service quality than their counterparts in Wales, Scotland and Northern Ireland.

The influence of attitudinal indicators on SMEs' engagement

- Traditional company profile criteria do not always explain the different nature of engagement with communications services across UK SMEs. The research shows that engagement with communications services is often more strongly influenced by companies' attitudes towards the role that these technologies play within the business.

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- The research identified three groups of SMEs, each with a distinct attitude towards the role that communications services can play within an SME. These are:

    o **Drivers**, representing 27% of SMEs in the UK, see communications services as a vital means to drive their business forward and ensure its future success;

    o **Enablers**, representing 36% of SMEs in the UK, see communications services as an essential vehicle for making business more efficient; and

    o **Utilities**, representing 35% of SMEs in the UK, see communications services as a tool for basic communication/information gathering and sharing.

- These three role-based segments show clear and consistent differences in three key measures of engagement:

    - **current importance of communications services in supporting aspects of business;**
    - **perceived effectiveness of use of existing communications services; and**
    - **personal attitudes towards communications services.**

- In addition, these segments exist across most types of company in approximately equal proportions – the nature of an SME's business, in terms of its company profile, is not a strong predictor of the role of communications services within that organisation.

Implications for policymakers and other interested bodies

The single biggest theme arising from the research was a lack of confidence in maximising the value of communications services to the business. This manifested itself in a number of ways.

There are four main areas of opportunity affecting the majority of SMEs in the UK.

- **Communications services literacy**: A significant minority of SMEs need support to help make communications services easier to understand and to promote internally. The overriding need is for greater 'communications services literacy' and better access to information and advice.

- **Improving efficiency of use**: Some SMEs are aware that, for a variety of reasons, they are not maximising the effectiveness of the communications services already within their businesses. There appear to be opportunities for suppliers to help address this.

- **Going beyond organisational comfort zones**: Less engaged SMEs appear to lack the necessary enthusiasm and expertise in communications services to reach outside their own comfort zones and make improvements to their existing set-ups, although they were generally willing to engage with suppliers in order to address this gap.

- **Promoting the value of communications services**: Some SMEs may require further demonstration and communication of the value that could be derived from communications services. This may be a role for suppliers or other bodies interested in promoting the value of communications services to this audience.

Two further challenges and opportunities are defined by the nature of an SME's business in terms of growth status and urban density.

- **The relevance of communications services to businesses not in growth mode**: Static or declining businesses are less likely to believe that communications services

could have a beneficial impact on business performance. The industry should seek to reinforce perceptions of the additional value that communications services could bring to businesses that are not necessarily in growth mode.

- **The need to promote broadband among SMEs based in rural areas**: SMEs based in rural areas were found to be less likely to be optimising the benefits that the internet can offer them – both in terms of broadband penetration and effective use of websites and email.

The report also identified specific opportunities for each role-based segment:

- **Drivers** aim to maximise their use of communications services, but they need support to help remove internal barriers to its implementation. This segment is the one most likely to see or experience barriers in this area.

- **Enablers** need a catalyst to stimulate engagement with a broader range of benefits that communications services could bring to their business (beyond operating efficiencies). At the moment, they often don't feel that they are maximising the full benefits that communications services could bring.

- For **Utilities**, the main challenge involves getting communications services onto their agenda. The relevance of communications services-related issues and benefits potentially needs to be highlighted more for this segment.

Section 1

Introduction

1.1 Introduction to SMEs[1]

Small and medium sized enterprises are a critical component of the UK economy. There were an estimated 4.3 million SMEs in the UK at the start of 2004. This represents more than 99% of all businesses in the UK and together they accounted for more than half of the employment (58.5%) and turnover (51.3%) in the UK.

The rapid evolution of communications services over the past ten years has revolutionised the way that UK SMEs do business – for example, offering new channels to market, helping to deliver improved customer service and enabling the production of higher quality products and services. It has also facilitated considerable internal operating benefits – increasing mobility and flexibility in the workplace and the sharing of information across organisations.

SMEs are also central to the European Union's Lisbon Agenda. When European leaders met at a summit in Lisbon in March 2000 they set the European Union the goal of becoming "the most dynamic and competitive knowledge-based economy in the world" by 2010. It was widely recognized that ensuring access to communications technology and encouraging research and innovation will help SMEs and the EU achieve this goal.

1.2 Background and objectives

This Communications Market Special Report supports Ofcom's objective to provide best-in-class research to which stakeholders have regular access – and is a commitment in Ofcom's 2006/7 Annual Plan. It is also consistent with Ofcom's principal statutory duty, namely to further the interests of UK businesses. In doing this Ofcom must, among other things, have regard to the way in which businesses value communications services – and the most appropriate means of promoting further engagement.

This new research explores the 'how' and 'why' that underpins these incidence and penetration data – focusing on attitudes and motivations towards using communications services among small and medium sized businesses in the UK.

The objectives of this report are to:

- build an over-arching picture of SMEs' engagement with communications services (the different ways in which they are valued, and how businesses are interacting with them);

- understand factors that are influencing SME uptake and use of communications services (factors that are either promoting or discouraging use); and

- identify areas where SME needs may not be currently met and summarise opportunities for, and challenges to, further engagement.

1.2 Working Definitions

For the purposes of this research, an SME was defined as being any actively trading business with between one and 250 employees. Around 72% of SMEs in the sample had

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[1] Small Business Service Analytical Unit, August 2005

five or fewer employees. We did not sample single self-employed businesses separately within this sample, though we recognise that the majority of these would be in this category.

Communications services (which will be abbreviated throughout this report as 'CS') comprise communications technologies, namely fixed lines, internet connections, voice over internet protocol (VoIP) and mobile technologies including phones, PDAs and Blackberrys – but do not include TV or radio services.

The word 'engagement' can be interpreted in a variety of ways in the context of communications services. For the purposes of this report, Ofcom has used the following four elements as the basis for its exploration of the levels and nature of SME engagement in the UK:

- the role and importance of communications services in driving the success of the business and its ability to achieve its goals;

- attitudes towards investing in technology or using existing technology more effectively;

- the perceived value of the benefits of communications services; and

- the depth, breadth and volume of use of these services.

1.4   Research methodology

There were two phases to the research approach; an initial exploratory qualitative study to identify relevant issues and develop hypotheses for a possible segmentation, and a large-scale quantitative study to validate and quantify these findings.

The qualitative research involved 40 in-depth interviews with UK SMEs, plus nine case studies with larger SMEs with fractured/multi-tiered decision making. Case studies comprised two or three in-depth interviews with key stakeholders in the business, including those with responsibility for IT/telecoms, budget holders (e.g. the CEO/finance director) and other non-specialist users in HR/operations. The study was conducted for Ofcom by the research agency Jigsaw Research and fieldwork took place from 16 November to 16 December 2005.

The quantitative research consisted of 1,545 interviews with UK SMEs, with the overall data weighted to ensure that it was representative by size, by sector and also by nation. The study was conducted for Ofcom by the research agency Jigsaw Research and fieldwork took place from 1 February to 3 March 2006.

Full details of the research methodology can be found in Annex 1. Copies of the quantitative survey are available from the Ofcom website.

Significance testing at the 95% confidence level was carried out on the results reported here. Where findings are reported as 'significant', this is what is being referred to.

1.5   Structure of report

This report focuses on engagement with communications services among UK small and medium sized businesses.

Section 2 paints a broad overview of SME engagement with communications services.

Section 3 considers the extent to which engagement is driven by company profile, i.e. by company size, industry sector, age of business, plans for growth and geography.

Section 4 introduces the SME engagement segmentation model and provides pen-portrait descriptions of the three emerging role-based segments.

Section 5 highlights potential opportunities to promote further engagement.

Section 6 reviews the programmes of work that the research will inform.

Section 2

SME engagement with digital communications services

This section focuses on an overview of SME engagement with communications services at an overall market level. The first two sub-sections in this chapter (2.1 and 2.2) provide general background data on the availability and take-up of communications services among SMEs in the UK. All the information shown in these two sub-sections has previously been published in Ofcom Communications Market Reports.

Later sub-sections draw on findings from Ofcom's SME engagement survey to illustrate:

- resource dedicated to communications services;

- perceived importance of communications services in helping to achieve business goals;

- potential value to be realised from communications services; and

- factors discouraging increased/more effective uptake of communications services.

2.1   Availability of communications services[2]

Communications services are now widely available to SMEs in the UK.

Fixed line services

The universal service obligation (USO) is currently provided by BT and by Kingston Communications in Hull. All homes and premises in the UK have access to a landline at a standard charge, although additional connection charges apply when they are so remote that installation would cost over £3,400.

Internet

BT data from January 2006 show that 99.9% of premises in the UK are connected to DSL-enabled exchanges. However, some premises within these exchange areas are not suitable for delivery of broadband services, or only at very low speeds, due to local technicalities such as distance from the exchange or the poor quality of the network.

Distance from the exchange is a key determinant of broadband speed. Five-sixths (86%) of premises are located within a 5km local loop length from their exchange – making it likely that these premises will be able to receive higher speed services.

Broadband services are also available via cable modem to all homes and businesses that are passed by cable operators' networks. As of January 2006, cable networks pass about 45% of UK homes and premises. In addition, 44% of premises are connected to an LLU-enabled exchange.

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[2] Source: The Communications Market: Nations and Regions (April 2006)

Mobile phone networks

Second generation (2G) mobile phone services are widely available across the UK – 99.9% of the UK population live within postal districts that have at least one operator with at least 75% area coverage, and 94.6% of the UK population live within postal districts that have coverage by all four operators.

Roll-out of third generation (3G) mobile phone services has focused on more urban areas first. Half (46.2%) of postal districts in the UK have coverage by at least four 3G operators and 90.5% of postal districts have coverage by at least one operator.

2.2   Take-up of communications services

Figure 1 shows very high take-up of fixed line phones, computers and the internet within SME businesses.

This chart also highlights that, by the end of 2005, just over one-half (55%) of SMEs stated that they owned or rented one or more mobile phones. This proportion is four percentage points less than at the same period a year previously, and nine percentage points lower than in 2001[3]. While many smaller businesses rely on mobile communications (e.g. sole traders, transport companies), many may be using these via individual (i.e. residential) subscriptions of members of staff.

Figure 1: SME ownership of communications services[4][5]

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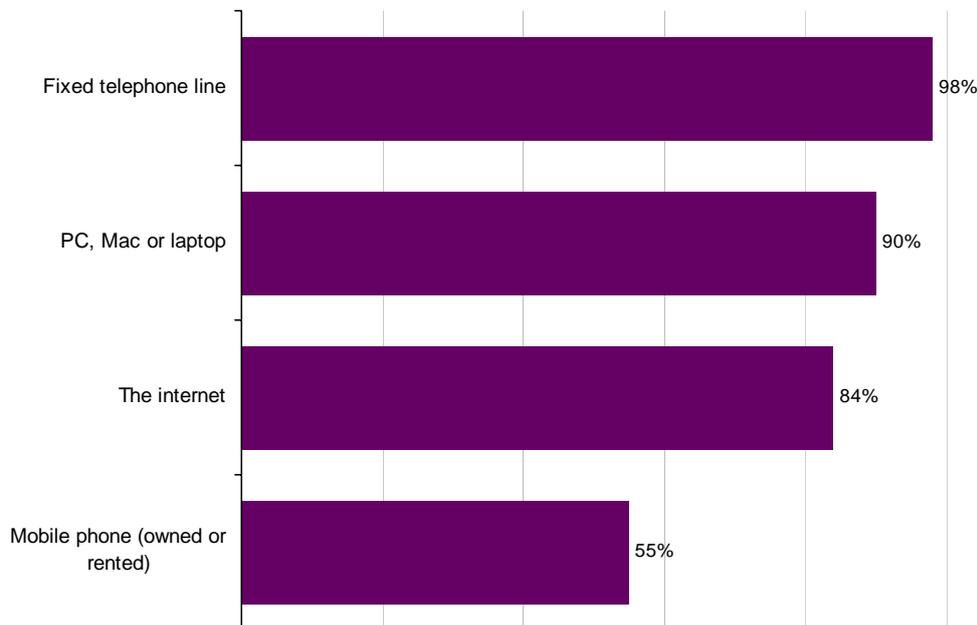
[3] Source: The Communications Market 2006 (August 2006)

[4] Source for fixed line phone and PC penetration: Ofcom's SME Engagement Research (Quarter 1 2006)

[5] Source for internet and mobile phone penetration: Ofcom's SME Tracker Research (Quarter 4 2005)

During 2005 the SME sector followed the overall growth trend in broadband penetration. By Q4 2005, five-sixths (84%) of all SMEs reported they were connected to the internet and, as shown in Figure 2, three-quarters (73%) claimed to use broadband as their main connection method.

Figure 2: SME internet access by main connection method[6]

■ Broadband	■ ISDN	■ Leased line	■ PSTN/ordinary dial-up	■ Other

73%	6%	16%	4%
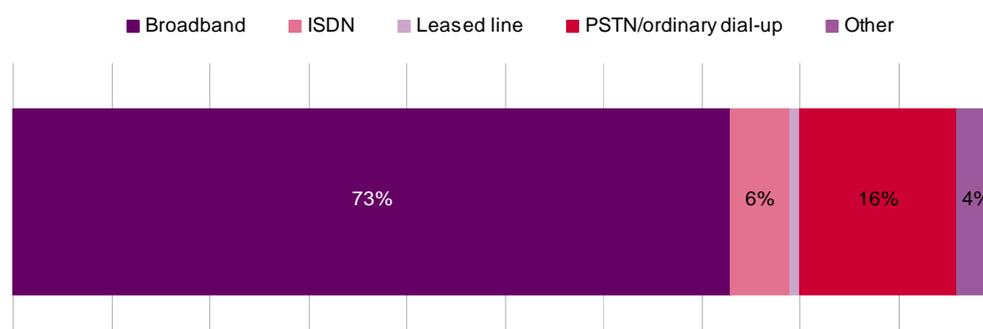
2.3   Resource dedicated to communications services

Most SMEs do not have a dedicated resource to deal with CS, which can get de-prioritised as a result. This may have the effect of forcing SMEs to adopt a reactive approach to engagement with CS.

Figure 3 shows that the person responsible for CS in around half (55%) of those SMEs canvassed is the owner/manager. As the main priority of owner/managers is to keep their business running, CS necessarily forms a relatively small part of their role and can get 'lost in the in-tray'. Typically, CS issues were found to account for less than one-third of the decision-maker's time. One-fifth of SMEs (20%) said that they employed 'dedicated' personnel, spending more than two-thirds of their time on CS issues (this includes, but is not limited, to IT directors/managers).

In terms of financial resource, more than half of SMEs (56%) had plans to grow in the next twelve months. It follows that for the vast majority (90%) CS budgets were not felt to be under threat – indeed, one-quarter (28%) anticipated that their CS budgets would expand in the next twelve months.

While most SMEs therefore appeared to have the capital available for future investment in CS, they did not appear to be planning for the future with any particular commitment. Although one-third (33%) claimed to have a business plan in place defining the overall goals for the company, few had a process in place to link the business's goals with goals for CS (14% reported having a formal strategy or plan in place for CS).

Even where there is a reasonable degree of forward planning, CS is not necessarily written into the business plan as a specific item and dedicated IT personnel are not necessarily involved in business planning meetings. Only the most 'progressive' SMEs have a proactive approach to new investment as a result of integrating communications services into the overall business decision-making process. Most SMEs are still dealing with CS on a reactive, ad-hoc basis, funding projects without access to a pre-assigned budget.

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[6] Source: Ofcom's SME Tracker Research (Quarter 4 2005)

Figure 3: Resources allocated to communications services

	All UK SMEs
Weighted base	(1545) %
Job Title	
Owner/Partner/MD	55
Finance Director	3
Other senior manager	10
PA/Office Asst./Accounts	10
IT/Telecoms Dir/Mgr	9
% time spent on CS	
0-33%	65
34-65%	16
66-100%	20
State of business	
Growth	56
Static	36
Declining	7
Forward planning on CS	
CS budget increasing	28
CS budget static	62
CS budget decreasing	7
Formal business plan	33
Formal CS strategy/plan	14
Neither	62

2.4 Perceived importance of communications services to the business

Many SMEs recognise the importance of technology to the future success of their business and claim to be highly committed to future investment in communications services.

Figure 4 shows that one half of SMEs (46%) believed that CS was vital to the success of their business and a similar proportion (46%) claimed to have a positive attitude towards investing in new technology.

Figure 4: Key measures of importance for SMEs[7]
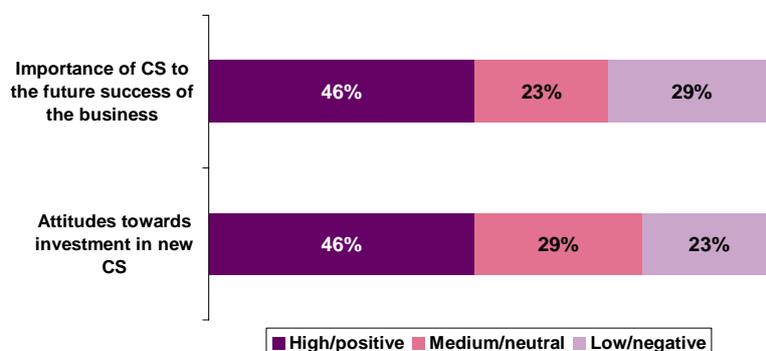
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[7] Base: All UK SMEs (1545). On a scale from 1 (completely disagree) to 10 (completely agree), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.

As Figure 5 shows, CS is regarded as playing an important role in supporting many internal and external aspects of business activity. Correlation analysis indicates that if CS were regarded as important by an SME, they tended to be seen as contributing across multiple business functions, not just one or two. These technologies were most intrinsically linked to external communications: over two-thirds (70%) of SMEs agreed that CS played an important role in managing customers effectively and almost three-fifths (57%) agreed that CS had a beneficial impact on the effective management of suppliers/distributors.

Most SMEs (57%) also saw CS as playing a supporting role in terms of internal efficiency (reducing the time taken to do things and/or ensuring good flow of information across the organisation).

Communications services were perceived as being less closely tied to the success of marketing and brand image building activities or out of office working, two-fifths (42%) agreed that CS were important in these two areas.

Figure 5: Importance of communications services across the business[8]

Proportion believing CS plays an important role in supporting each aspect of the business

Aspect	%
Managing customers effectively	70%
Deliver high levels of customer service	67%
Generating new business & sales	57%
Managing suppliers & distributors effectively	57%
Delivering high quality products/services	54%
Helping reduce costs to business	49%
Marketing & brand image building activities	42%
Reducing time it takes to do things	57%
Enabling staff to work as efficiently as possible	57%
Ensuring good flow of info across organisation	53%
Enabling staff to work effectively out of the office	42%

2.5   Potential value to be realised from communications services in future

Despite high levels of satisfaction with their existing set-up, most SMEs recognise that they are not getting the most out of their communications services.

Figure 6 shows that the majority of SMEs (65%) were satisfied with the way their existing communications services were set up. Yet just under half (48%) of these businesses conceded that they could derive a lot more value from communications technology.

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[8] Base: All UK SMEs (1545). Percentage represents all giving score of 7-10 on a scale of 1 (don't use CS at all to achieve that goal) to 10 (CS vital to achieve that goal).

Figure 6: Satisfaction with existing set-up vs. effectiveness of use[9]

	High/positive	Medium/neutral	Low/negative
Satisfaction with how well using existing CS	65%	24%	10%
Perceived effectiveness of use of existing CS	52%	31%	17%

13%
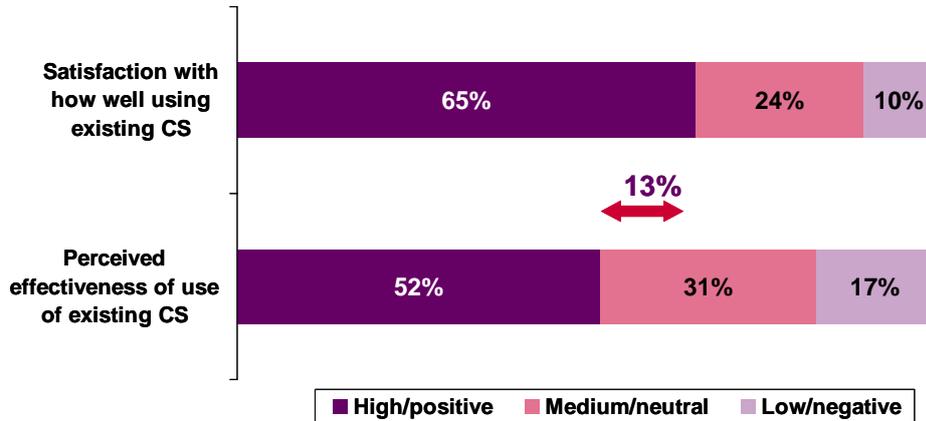
Figure 7 shows that SMEs were most likely to recognise the potential future value of communications technology as a route to more effective external communications or more efficient internal processes – in other words, the very same areas where CS were deemed to play an important supporting role already. The additional benefit that communications technology was thought to be able to bring to marketing activities was lower.

Figure 7: Additional value to be realised from communications services across the business[10]
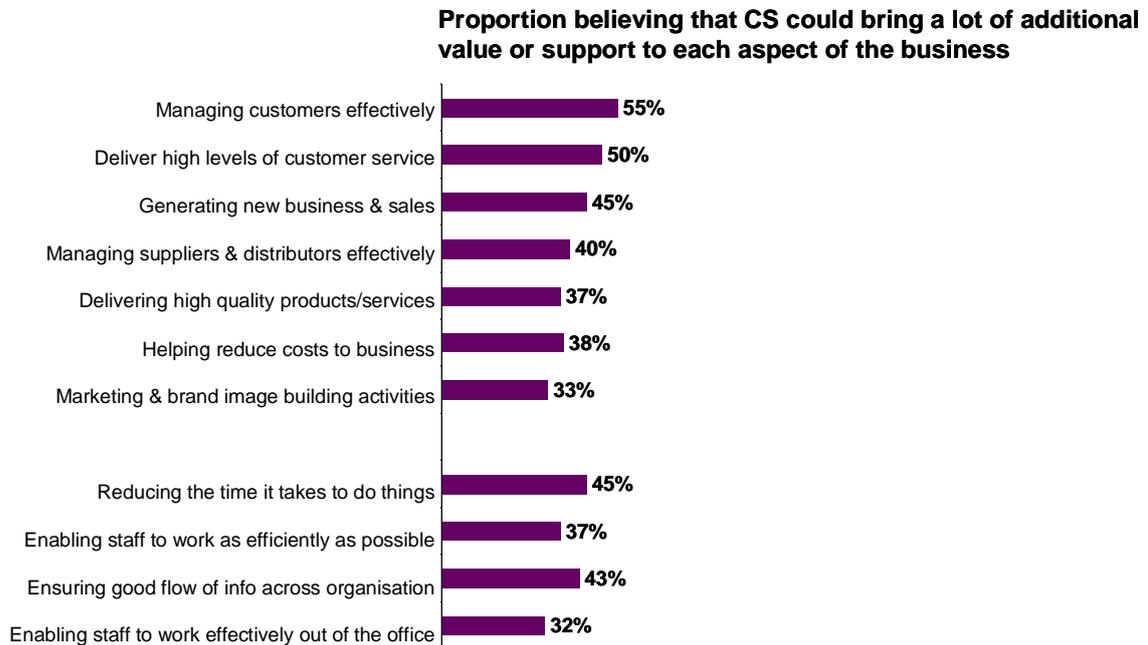
Proportion believing that CS could bring a lot of additional value or support to each aspect of the business

Managing customers effectively	55%
Deliver high levels of customer service	50%
Generating new business & sales	45%
Managing suppliers & distributors effectively	40%
Delivering high quality products/services	37%
Helping reduce costs to business	38%
Marketing & brand image building activities	33%
Reducing the time it takes to do things	45%
Enabling staff to work as efficiently as possible	37%
Ensuring good flow of info across organisation	43%
Enabling staff to work effectively out of the office	32%

[9] Base: All UK SMEs (1545). On a scale from 1 (completely disagree/under-utilising) to 10 (completely agree/maximising the benefits), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.
[10] Base: All UK SMEs (1545). Percentage represents all giving score of 3 on a scale of 1 (no additional value) to 3 (a lot more additional value).

2.6   Barriers to further engagement with communications services

Three main areas were explored to gauge potential barriers to further engagement with communications services: attitudes towards technology, attitudes towards introducing new technologies/implementing change and attitudes towards suppliers.

a) Attitudes towards technology

Although the majority of SMEs appear to have embraced CS to a greater or lesser degree, many SMEs do not feel confident, competent or effective when dealing with communications technology.

It appears to be widely accepted among SMEs that dealing with communications services brings associated difficulties. This arises from the tension between the benefits that technology can bring and the investment of time and energy required to take advantage of it: on the one hand technology is a powerful tool that can have a huge impact on the business in terms of providing 'quicker, cheaper, smarter' ways of doing things; on the other hand it is a constantly changing entity which is very difficult to keep up-to-date with, let alone plan ahead for.

Figure 8 shows that almost one-third (30%) of the SMEs canvassed agreed that it was difficult finding time to plan ahead on CS. This is further evidence of SMEs being forced into a reactive mode, with a focus on short-term fixes (e.g. technical failure, obsolescence of software/hardware) rather than long-term solutions.

In this time-and-resource-challenged environment, SMEs often don't feel that they know what the business should be doing in the area of new communications technology investment. Nor are SMEs always aware of leading edge technology and if they have come across new products (e.g. VoIP), they won't necessarily see how the business will benefit from investing in them (17% of SMEs claimed to have difficulty understanding the benefits that new technology will bring). Where the person responsible for CS is not also the budget holder (e.g. in those SMEs where responsibility does not lie with the owner-manager), there is also the challenge of 'selling in' the benefits: the ability to make a business case for investment is key to securing budget and achieving a successful outcome but the research shows that some lack the communication skills or the arguments to do so (15% admitted to having difficulty explaining the benefits of new technology to others).

Dependence on technology and a movement towards a paper-free environment has left many SMEs feeling vulnerable (39% agreed that they worried a lot about security and viruses). However the sophistication of the systems that are in place to deal with something going wrong varies considerably – anecdotal evidence indicates that some SMEs have no back-up procedure at all.

The combined effect of these factors is to create a tendency towards risk aversion among SMEs (32% agreed they didn't like to take risks when it came to investing in new technology).

Figure 8: Level of confidence, knowledge and enthusiasm with regard to communications services[11]

Proportion agreeing with each statement

Statement	Percentage
I worry a lot about security and viruses	39%
In my job I don't like to take risks as far as investing in CS	32%
It's difficult finding time to plan ahead on CS	30%
I feel out of my depth in regard to CS	20%
It's difficult to understand the business benefits that new CS will bring	17%
It's difficult to explain the business benefits that new CS will bring	15%
I find technology exciting as there's always something more to learn	49%
It's important to me that we have the best equipment available	33%
I regard myself as very knowledgeable on CS issues	29%
I get ideas about new technology for the business from home	18%

b) Attitudes towards introducing new technologies/implementing change

It is important to point out that, on the whole, the majority of SMEs do not perceive any practical barriers to further engagement with CS – each of the potential barriers considered in Figure 9 were acknowledged to be a major obstacle by less than half of all SMEs canvassed.

The lack of resource dedicated to CS has the potential to create a tension between companies' need for change and their ability to push change through. Figure 9 illustrates that of all the factors that can hinder or even prevent SMEs from making better use of, or investing in, communications technology, the greatest perceived obstacle is the belief that their existing technology already does the job: two-fifths (37%) agreed that this could be a barrier. This can lead decision-makers to feel that their first priority should be to make better use of what they have already rather than investing in something new. In this context, the benefits of new technologies do not necessarily justify the costs of further investment – and one-third (29%) of SMEs believed that this was the case, particularly given the challenges associated with implementation. It has already been noted that SMEs tend to be risk averse and one-third (31%) admitted that the risks associated with newly developed technologies were sufficient to discourage them from making changes. The desire not to over-complicate things and to avoid technology for its own sake can give rise to an attitude of 'if it ain't broke, don't fix it'.

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[11] Base: All UK SMEs (1545). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Figure 9: Obstacles to making better use of/investing in communications technology[12]

Proportion believing that each potential obstacle is a barrier to investing or making better use of CS

Obstacle	Percentage
Benefits don't justify cost of investment / payback period	29%
Existing technology seen to do the job adequately	37%
Existing technology not fully utilised	25%
Not always clear what product or service is best	32%
Newly developed technology not 100% proven	31%
Effort and resource needed to implement change	27%
Potential problems involved with implementation	25%
Cost or time of training staff	22%
Cannot persuade budget holders that business benefit is worth it	18%
Worry about impact on credibility if something goes wrong	18%

c) Attitudes towards suppliers

For the majority of SMEs, external suppliers are not perceived as providing the level of advice or support needed to enable them to more effectively engage with communications services.

In this context, the role of external suppliers becomes an important consideration. As Figure 10 shows, SMEs appear to be open to the possibility of suppliers helping them become more effective in their use of CS. Although the majority (62%) stated that they try to resolve issues themselves in an attempt to find quicker and cheaper solutions, two-fifths (39%) said that they relied on suppliers for suggestions on how to do things better, regardless of whether they actually have a contract with them for service, support or advice.

However, lack of confidence in the advice and recommendations that suppliers provide may be making SMEs more hesitant about investing in CS changes/improvement: one-quarter (28%) of all SMEs canvassed claimed to struggle to find trusted sources of advice and more than two-fifths (45%) believed there was an unfulfilled need in the market for independent advice.

The research provides some indication of what might be important in the development of trust. A key constituent element of this is the degree to which products, services and advice are perceived to have been tailored to meet the needs of the SME market. More than half of SMEs (56%) believed that most products/services were aimed at larger businesses than theirs and a similar proportion (51%) claimed that suppliers tended to over-estimate their requirements.

It also appears that suppliers are not presenting information in the way that SMEs need to receive it: many SMEs admitted having difficulty interpreting the advice available, either

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[12] Base: All UK SMEs (1545). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

because they found the jargon difficult to understand (40%) or because they didn't know enough to question what they were told (33%).

Figure 10: Attitudes towards dealing with CS suppliers[13]

Proportion agreeing with each statement

Statement	%
Only go outside to resolve CS issues if can't find solution ourselves	62%
Most products/services seem developed for larger businesses	56%
Suppliers tend to over-estimate our CS requirements	51%
Great need for source of independent advice on CS	45%
Difficult to understand technical jargon	40%
Rely on suppliers for suggestions for how to do things better	39%
Difficult to question suppliers as don't know enough to judge	33%
Struggle to find trusted sources of help and advice on CS set-up	28%
All suppliers similar so doesn't matter which you deal with	25%
Feel locked into contracts with current suppliers	23%
Not enough choice of CS suppliers	19%

Pitching products, services, information and advice to the recipient is crucial given the breadth of knowledge, experience and interest/enthusiasm among those who have responsibility for these services. While some jargon has become commonly understood, some is still 'tech-speak' and can therefore be confusing to non-specialists e.g. PBX, VoIP, VPN, Ethernet, contention ratio. Conversely, dedicated telecoms 'experts' actively seek detailed technical specifications.

The next section considers this lack of homogeneity within the SME market, and the differing requirements that companies at either end of the size spectrum bring to bear on communications services.

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[13] Base: All UK SMEs (1545). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Section 3

The influence of company profile

This next section explores the relationship between traditional company profiling criteria (including company size, state of business, age of business, industry sector and geography) and SME engagement with CS. Each criteria is examined in turn:

- the impact of company size;

- the impact of age and state of business;

- the impact of sector; and

- the impact of geography.

In summary, the nature of the company against all these dimensions will have a major impact on the practical barriers that it has to overcome and will influence how effectively it can engage with these technologies. By far the most significant influence on engagement is company size.

3.1 The impact of company size

3.1.1 Resource dedicated to communications services

Figure 11 shows that at the smaller end of the SME market, among companies with up to five employees, the person responsible for CS is most likely to be an owner-manager who spends less than one-third of his or her time dealing with CS issues (this is the situation in two-thirds of these cases). This makes these small SMEs the most time-challenged in terms of engagement with communications services - this tension is naturally amplified among sole traders.

At the larger end of the market the reverse is true: companies with more than 100 employees are more likely to have dedicated specialists who have more time to spend on CS. Half (50%) of these businesses reported that they employed IT/telecoms directors or managers who were able to devote their entire time to researching and implementing these technologies.

The capital available for investment is a natural corollary of the size and the state of the business, since this will determine the margins, cash flow and payback period the company is able/willing to endure.

For very small businesses, there can simply be an insurmountable cash flow issue that prevents investment in new technology, i.e. the absolute cost of investment is the critical issue. This is compounded by the fact that the smallest SMEs are significantly less likely to be in growth mode (52% of SMEs with 1-5 employees expected to grow in the next twelve months compared to 79% of companies with more than 100 employees) and are consequently far less likely to anticipate expanding budgets for CS (27% were expecting their budgets to increase versus 46% of the larger companies).

The other key resource issue that is related to company size is the process for facilitating the forward planning of projects. Figure 11 shows that the smallest SMEs are unlikely to have a formal strategy or plan for CS: less than one-third (30%) said they had developed a business plan or formalised company objectives at an overall level and one-tenth (12%) reported

having a formal plan for CS. This naturally limits the degree to which technology can be used as a tool to drive the business forward. Larger businesses, on the other hand, are more likely to have an annual planning process or formal meetings to develop future plans. The majority (62%) of SMEs with more than 100 employees claimed to have a business plan and two-fifths (41%) a plan for CS. This makes larger companies better placed to take a proactive approach to future investment.

Figure 11: Resources allocated to communications services

	1-5 employees	101-250 employees
Weighted base	(1108) %	(10) %
Job Title		
Owner/Partner/MD	66	8
Finance Director	1	5
Other senior manager	6	12
PA/Office Asst./Accounts	7	9
IT/Telecoms Dir/Mgr	7	50
% time spent on CS		
0-33%	66	31
34-65%	17	6
66-100%	17	62
State of business		
Growth	52	79
Static	39	14
Declining	7	3
Forward planning on CS		
CS budget increasing	27	46
CS budget static	63	43
CS budget decreasing	7	9
Formal business plan	30	62
Formal CS strategy/plan	12	41
Neither	65	27

3.1.2 Perceived importance of communications services to the business

Larger SMEs tend to have a more positive outlook towards CS, as is shown in Figure 12: two-thirds (69%) of companies with more than 100 employees regarded CS as vital to the success of their business, whereas two-fifths (44%) of companies with up to five employees regarded CS as being intrinsically linked to business performance. The overall attitude of the company towards investing in CS followed the same pattern.

Figure 12: Key measures of importance for smaller versus larger SMEs[14]
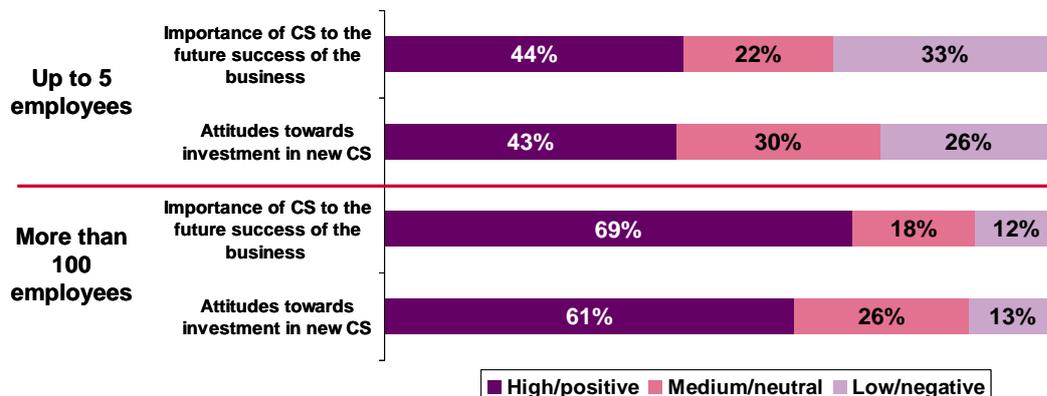
The lower perceived relevance of CS among the smallest SMEs is also apparent at a micro level, as Figure 13 shows. Those with up to five employees were significantly less likely to see CS as playing an important role in terms of operational efficiency (sole traders represent the extreme of this opinion given that they don't have staff to manage) – only larger companies were deriving significant benefits from CS in this area. For example, whereas three-quarters (75%) of the largest SMEs believed that CS had an important role in reducing the time it took to do things, only half (55%) of the smaller SMEs held the same opinion.

However, the perceived importance of CS was more consistent between small and large businesses in all other areas, including external communications, sales and marketing activities, product quality and impact on the bottom line.

Figure 13: Importance of communications services across the business[15]

3.1.3 Potential value to be realised from communications services in future

Figure 14 shows that there was very little difference between smaller and larger SMEs in terms of how well they believed they were using their existing CS. At the larger end of the market there appear to be slightly lower levels of satisfaction, suggesting that larger SMEs are potentially more open/committed to making better use of technology.

Figure 14: Satisfaction with existing set-up vs. effectiveness of utilisation[16]
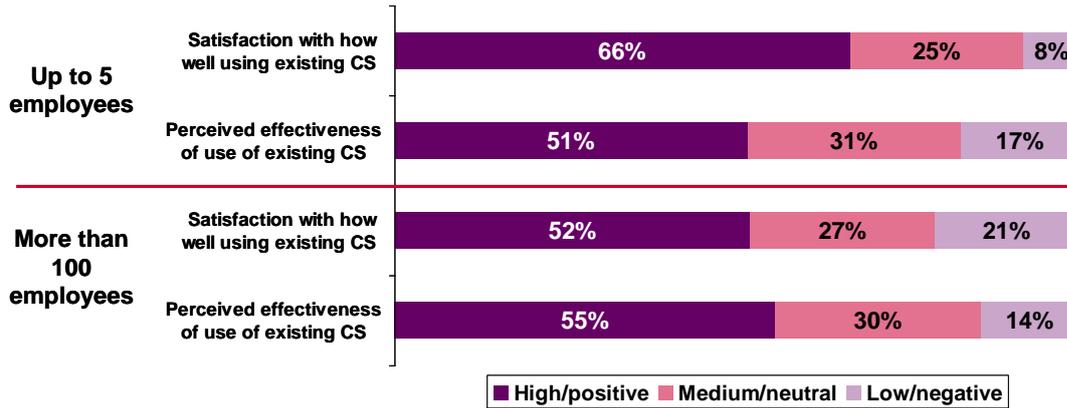
Companies with more than 100 employees were more likely to believe they could get more out of these technologies in the area of operational efficiency, as Figure 15 shows. However in all other areas, the future value of CS was more consistent between small vs. large SMEs.

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[16] Base: All SMEs with 1-5 employees (1108), all SMEs with 101-250 employees (10). On a scale from 1 (completely disagree/under-utilising) to 10 (completely agree/maximising the benefits), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.

Figure 15: Additional value to be realised from communications services across the business[17]

Proportion believing that CS could bring a lot of additional value or support to each aspect of the business
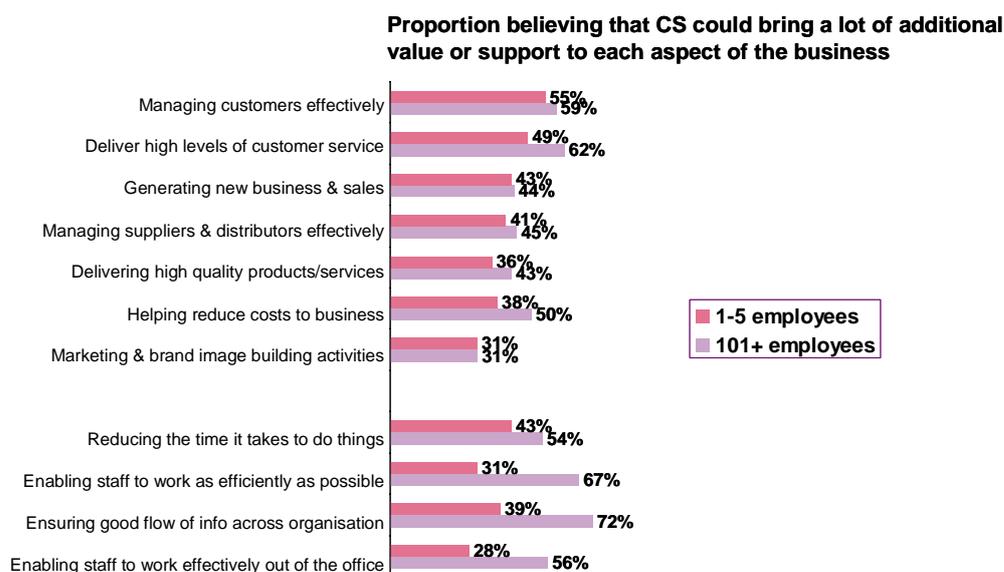
3.1.4 Barriers to further engagement with communications services

a) Attitudes towards technology

The skill base from which a company is working will depend to a large degree on whether or not the company employs specialist IT/telecoms personnel to deal with CS. The larger the company, the more likely it is to have specialist personnel who are competent and familiar with CS.

In smaller companies, there may be internal 'experts' who are interested in technology and are willing to take on responsibility for CS (often in addition to their primary job function). Such 'hobbyists' can exert a positive influence on the company's approach to CS. Generally speaking, however, companies at the smaller end of the market do not have access to this expertise and will tend to act like consumers, acquiring knowledge (or not) through their experience of using technology in personal life.

As Figure 16 shows, respondents in companies with fewer than five employees were twice as likely to admit to feeling out of their depth as those in companies with more than 100 employees (22% compared to 9% respectively). In this scenario, they rely heavily on informal, personal networks of people who can provide advice and expertise 'as a favour', who become the first port of call when something goes wrong or needs to be done.

Conversely, respondents in companies with more than 100 employees were twice as likely to regard themselves as knowledgeable as those in companies with up to five employees (58% compared to 27% respectively). Decision-makers in these largest SMEs were also significantly more likely to have a personal enthusiasm for technology (75% compared to 46%). In larger companies, where the decision-maker has to get budget approval for new investments, the issue is more a matter of being able to justify or articulate the benefits to someone who is not necessarily 'tech-savvy' (22% of larger businesses regarded this as an issue compared to just 14% of the smallest SMEs).

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[17] Base: All SMEs with 1-5 employees (1108), all SMEs with 101-250 employees (10). Percentage represents all giving score of 3 on a scale of 1 (no additional value) to 3 (a lot more additional value).

Interest and enthusiasm for CS is intrinsically related to skill base. For smaller SMEs without a dedicated skill base interest is often dependent on the attitude of the owner-manager themselves – for sole traders it is entirely dependent on whether or not the individual has a personal interest in technology. It follows that larger companies express a greater level of enthusiasm for CS than smaller SMEs: 75% compared to 46% respectively (although not indicated in Figure 16, excitement among sole traders falls to even lower levels than those with between two and five employees).

Figure 16: Level of confidence, knowledge and enthusiasm with regard to communications services[18]

Proportion agreeing with each statement

Statement	1-5 employees	101+ employees
I worry a lot about security and viruses	39%	44%
In my job I don't like to take risks as far as investing in CS	33%	28%
It's difficult finding time to plan ahead on CS	28%	31%
I feel out of my depth in regard to CS	22%	9%
It's difficult to understand the business benefits that new CS will bring	18%	11%
It's difficult to explain the business benefits that new CS will bring	14%	22%
I find technology exciting as there's always something more to learn	46%	75%
It's important to me that we have the best equipment available	31%	46%
I regard myself as very knowledgeable on CS issues	27%	58%
I get ideas about new technology for the business from home	18%	21%

b) Attitudes towards introducing new technologies/implementing change

None of the issues discussed in this section necessarily mean that decision-makers in small companies are blind to the benefits of communications technology. They are frequently less able to make changes happen as they lack the necessary resource and expertise in CS to move out of their comfort zones and strive for improvements in their existing set-ups. This inertia is reflected by the finding that two-fifths (39%) of SMEs with up to five employees felt that their existing technology did the job, compared to one-third (29%) of SMEs with more than 100 employees, as shown in Figure 17. Sole traders are even more restricted than those with employees who can provide support and find it even more difficult to justify the costs of investing than those with a small number of employees.

Larger companies tended to perceive fewer practical barriers in terms of facilitating and encouraging investment in new technology, with two major exceptions. The first exception was the cost required for staff training, which is a more significant impediment for larger employers (30% of the largest SMEs identified this as a major obstacle compared to 19% of the smallest SMEs). The second was the perceived risk involved in newly developed technologies that have not been tried and tested – this is also more likely to be a major barrier to larger SMEs (39% agreed it was).

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[18] Base: All SMEs with 1-5 employees (1108), all SMEs with 101-250 employees (10). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Figure 17: Obstacles to making better use of/investing in communications technology[19]

Proportion believing that each potential obstacle is a barrier to investing or making better use of CS

Obstacle	1-5 employees	101+ employees
Benefits don't justify cost of investment / payback period	30%	27%
Existing technology seen to do the job adequately	39%	29%
Existing technology not fully utilised	24%	27%
Not always clear what product or service is best	32%	23%
Newly developed technology not 100% proven	31%	39%
Effort and resource needed to implement change	27%	27%
Potential problems involved with implementation	26%	26%
Cost or time of training staff	19%	30%
Cannot persuade budget holders that business benefit is worth it	17%	23%
Worry about impact on credibility if something goes wrong	18%	23%

■ 1-5 employees
■ 101+ employees

c) Attitudes towards suppliers

Attitudes towards suppliers do not vary greatly by company size. Figure 18 shows that the only differences of note are that larger companies appear to have less of a concern with the targeted nature (in terms of size of customer) of the products and services available to them. Companies with more than 100 employees were found to be half as likely as companies with 1-5 employees to agree that CS products and services were generally developed with larger businesses in mind - 32% and 61% respectively. Also, the lack of knowledge and confidence displayed by smaller SMEs is apparent in the finding that they are more likely to report having problems interpreting the information available to them (42% claimed to have difficulties with jargon, 36% said it was difficult to question what they heard).

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[19] Base: All SMEs with 1-5 employees (1108), all SMEs with 101-250 employees (10). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Figure 18: Attitudes towards dealing with CS suppliers[20]

Proportion agreeing with each statement

Statement	1-5 employees	101+ employees
Only go outside to resolve CS issues if can't find solution ourselves	64%	58%
Most products/services seem developed for larger businesses	61%	32%
Suppliers tend to over-estimate our CS requirements	52%	45%
Great need for source of independent advice on CS	45%	43%
Difficult to understand technical jargon	42%	15%
Rely on suppliers for suggestions for how to do things better	36%	45%
Difficult to question suppliers as don't know enough to judge	36%	16%
Struggle to find trusted sources of help and advice on CS set-up	29%	18%
All suppliers similar so doesn't matter which you deal with	27%	11%
Feel locked into contracts with current suppliers	24%	16%
Not enough choice of CS suppliers	21%	14%

3.1.5 Plans for future investment

The net result, as Figure 19 shows, is that larger companies (i.e. companies that are most likely to have dedicated resource, expanding budgets and/or formal strategies for CS) are significantly more likely to be planning future investment in communications technology. Smaller companies may need to be reminded of the additional value that CS could bring to their business in order to overcome their inertia and/or their risk aversion.

Figure 19: Plans for future investment in communications services[21]

Size
- 1-5 employees: 18%
- 6-10 employees: 36%
- 11-25 employees: 35%
- 26-50 employees: 39%
- 51-100 employees: 50%
- 101-250 employees: 57%

Resource
- 1-33%: 28%
- 34-65%: 30%
- 66-100%: 42%
- IT/Telco: 56%

Planning
- Business plan: 36%
- CS plan: 42%
- Neither: 27%

CS Budget
- Increasing: 52%
- Static: 21%
- Declining: 27%

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[20] Base: All SMEs with 1-5 employees (1108), all SMEs with 101-250 employees (10). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).
[21] Base: All SMEs with 1-5 employees (1545)

The impact of age and state of business

The other factor that affects levels of confidence and competence in the area of CS is the age of the business. Younger businesses, which have been actively trading for up to two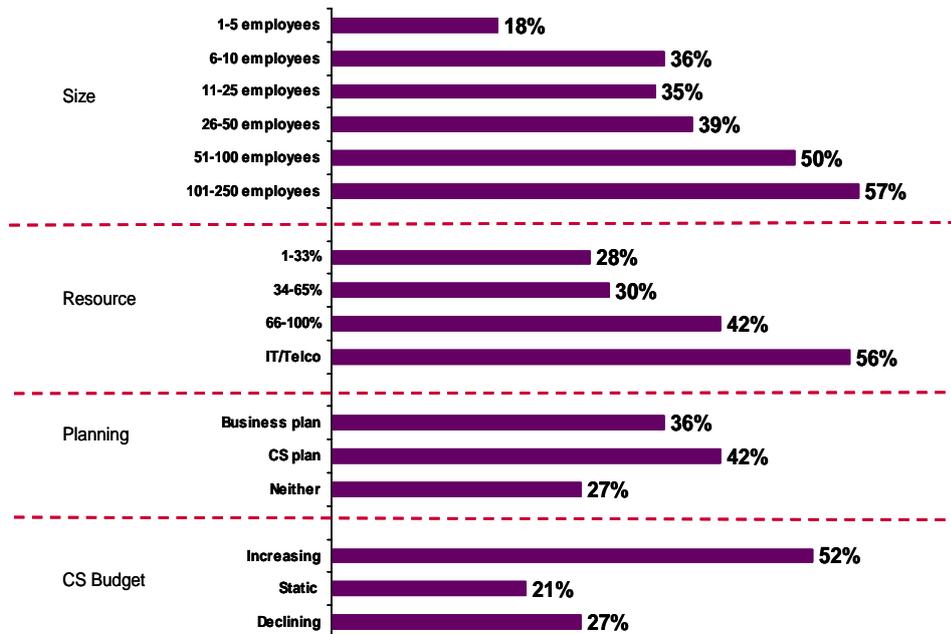 years, are very likely to be in growth mode. Figure 20 shows that plans for growth decline steadily as a company matures, three-quarters (74%) of SMEs that were less than two years old at the time of the research reported plans for growth, compared to half (46%) of SMEs that were more than 20 years old.

With growth comes a correspondingly positive outlook for CS budgets: two-fifths (38%) of young companies expected their CS budgets to increase in the next twelve months. However, most of these have small numbers of employees and do not therefore have specialists to take care of CS-related issues: only one-seventh (14%) of these companies had 'dedicated' resource and three-fifths (60%) of their decision-makers admitted to feeling out of their depth in this area. In this sense they are even less competent than small businesses generally: far fewer (45%) SMEs with up to five employees admitted to the same feeling.

The implication is that an expanding budget doesn't necessarily mean that an SME has the skill level or expertise to know how best to use it. The research shows that younger companies without dedicated IT/telecoms resource may need additional support as they are less confident in what they are doing.

Figure 20: Future plans for growth vs. skill level available[22]

	1-5 employees	< 2yrs	3-9 yrs	10-19 yrs	20+ yrs
Weighted base	(1108) %	(146) %	(324) %	(504) %	(565) %
Dedicated resource (>66% of time on CS)	17	14	16	23	21
Feel out of depth (5-10)	45	60	44	42	43
Do not feel knowledgeable (1-4)	39	42	29	32	45
Have business plan Have CS strategy/plan	30 12	40 12	41 19	32 14	27 12
Growth mode	52	74	67	55	46
Expect CS budget to increase	27	38	26	30	25

Stage in business lifecycle is also an important factor in determining whether communications services play an important role in the organisation.

Companies reporting that they were not in growth mode also tended to regard CS as less relevant to the success of their business than those that were planning for growth. Figure 21 shows that SMEs that were not in growth mode were less likely to believe that CS could have a beneficial impact on either the top or the bottom lines of the balance sheet.

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[22] Base: All UK SMEs (1545)

Figure 21: Influence of state of business on the additional value or support that communications services could bring to different aspects of the business[23]

Proportion believing that CS could bring a lot of additional value or support to each aspect of the business
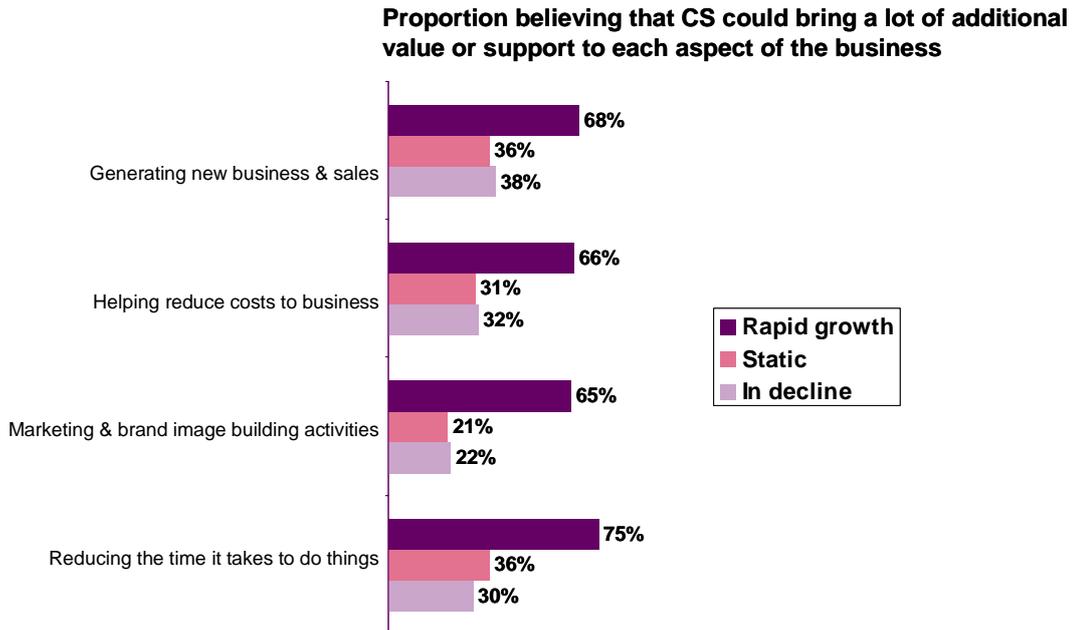
3.2   The impact of sector

The research findings were analysed by three industry sectors – services, retail and manufacturing. There were no significant differences by sector in terms of the resources available for CS, whether in terms of time dedicated to dealing with CS-related issues or capital available for investment. There were some differences in terms of attitude towards CS, in so far as SMEs in the services sector appeared to value communications services to a greater degree than those in other industry sectors. This is shown in Figure 22: three-fifths of service sector SMEs (59%) believed the success of their business was dependent on CS and a similar proportion (60%) claimed to have a positive attitude towards investing in these technologies – the personal attitudes of those responsible for CS were equally positive. Fewer than half of SMEs in other sectors appeared to share this belief in the importance of CS. That this predisposition translates into behaviour is demonstrated by the finding that two-thirds (65%) believed that they were maximising the benefits that their existing CS could bring to the business – again less than half of SMEs in other sectors shared this confidence.

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[23] Base: All UK SMEs expecting to decline (108)/stay the same size (550)/grow rapidly (67) in the next twelve months

Figure 22: Significant differences by sector

	Manufacturing	Retail/ distribution	Services
Weighted base	(237) % high/positive	(935) % high/positive	(373) % high/positive
Key Measures of Importance			
Importance of CS to future success of business	44	41	59
Attitude towards investment in CS	48	40	60
Key Measures of Potential Future Value			
Perceived effectiveness of use of existing CS	46	48	65
Personal Attitude Towards CS			
Technology exciting as always new things to learn	45	47	58
Important to have the best equipment available	31	30	43

Regardless of the differences described above, overall satisfaction with their existing CS set-up and their perceived obstacles to more effective utilisation of CS were consistent across all three sectors. The effect of industry sector on engagement is therefore more limited than that of company size.

3.3   The impact of geography

There are no consistent differences between SMEs in each of the four UK nations in terms of resource dedicated to CS, perceived importance of CS to the business or obstacles to further engagement.

However, differences do occur in the perceived potential additional value that CS could bring to these businesses. Figure 23 shows that SMEs in England were significantly less likely to believe they could get more from CS in terms of operational efficiency or product and service quality than those in other nations. However, in the area of external communications, there was consistency between the attitudes of SMEs in England and those in Wales, Scotland and Northern Ireland.

Figure 23: Additional value to be realised from communications services across the business[24]
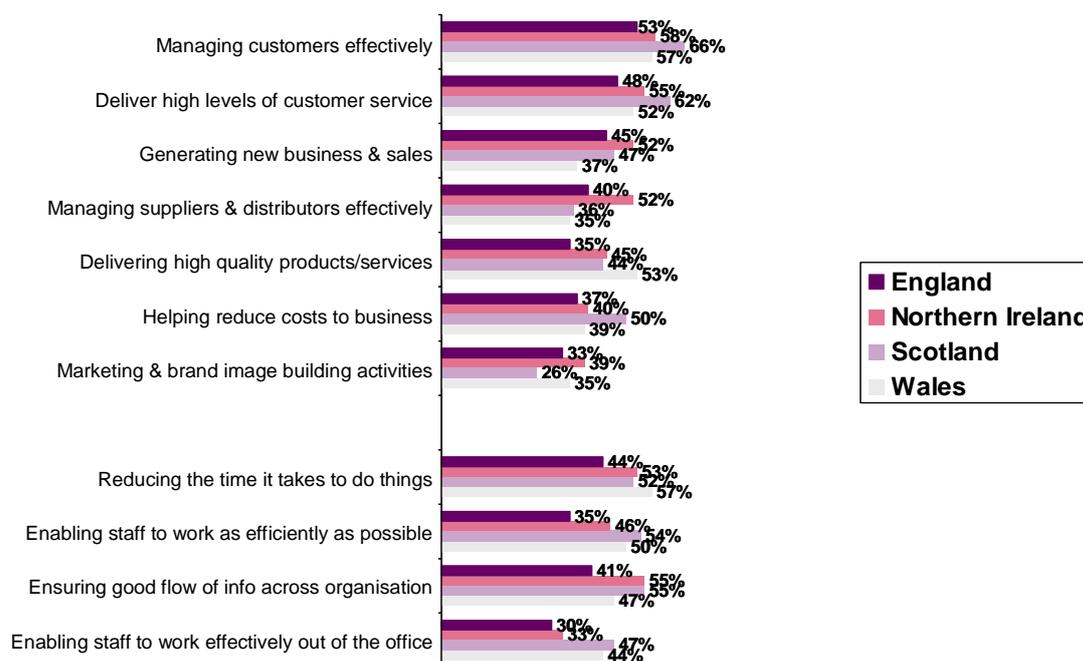
In fact geography exhibits the greatest impact on engagement, not at the national level but at the urban vs. rural level. An analysis by postcode (see Figure 24) indicates that businesses located outside the largest towns and cities, either in smaller towns or rural locations, tend to be smaller companies with up to five employees (79% vs. 62% in big towns/cities). Small towns and rural locations are also more likely to have the largest proportion of mature (20+ years) businesses (42% vs. 28% for big towns/cities).

Figure 24: Company profile

	Large city	City or large town	Other town	Rural
Weighted base	(359) %	(171) %	(676) %	(276) %
Company Size				
1-5 employees	62	70	75	79
6-10 employees	20	14	12	11
11-25 employees	12	9	8	7
26-50 employees	3	4	3	2
51-100 employees	2	1	1	1
101-250 employees	1	0	1	0
Industry Sector				
Manufacturing	10	16	18	14
Retail/wholesale	63	61	58	65
Services	28	23	24	21
Age of Business				
Less than 2 years	12	14	7	11
3-9 years	18	22	22	20
10-19 years	42	34	31	27
20+ years	28	30	40	42

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[24] Base: All SMEs in Wales (71)/Scotland (122)/Northern Ireland (48), England (1296)

As is consistent with company size, the more rural the location, the more likely the decision-maker was to be the owner-manager (63% vs. 48% in large cities), with the majority (69%) spending less than a third of their time on CS compared to half the time (52%) of their counterparts in large towns/cities (see Figure 25). Businesses in rural areas are significantly less likely to expect expanding budgets for CS than those in large towns/cities (as is again consistent with the lower budgets of smaller companies): 21% vs. 35% respectively. In terms of their use of technology, businesses in more remote areas have the lowest use of broadband (50% vs. approximately two-thirds for other location types).

Figure 25: Resources allocated to communications services

	Large city	City or large town	Other town	Rural
Weighted base	(359) %	(171) %	(676) %	(276) %
Job Title				
Owner/Partner/MD	48	62	56	63
Finance Director	3	1	3	2
Other senior manager	11	7	10	8
PA/Office Asst./Accounts IT/Telecoms	9	4	13	9
Dir/Mgr	14	12	7	8
% time spent on CS				
0-33%	52	58	71	69
34-65%	15	19	15	15
66-100%	33	23	14	16
State of business				
Growth	63	56	56	50
Static	28	37	38	39
Declining	9	7	5	10
Forward planning on CS				
CS budget increasing	35	34	24	21
CS budget static	57	50	66	68
CS budget decreasing	7	11	4	1
Formal business plan	36	29	32	33
Formal CS strategy/plan	13	11	16	10
Neither	59	66	62	64

These data suggest that SMEs based in more rural areas may need additional support to ensure that they can optimise the benefits that the internet can offer them.

The influence of attitudinal indicators

4.1   A role-based segmentation

The research clearly shows that the nature of the company (in terms of company size, industry sector, age of business, geography and plans for growth) will to a large extent determine the resources available for CS and the practical barriers that SMEs have to overcome when making changes in this area. However, these traditional company profile criteria do not always explain the different nature of engagement with CS across UK SMEs.

In fact, research shows that an SME's attitude towards CS is more strongly influenced by their views on the intended role that these technologies play within the business. The next section shows how the role that technology plays within a particular business is the most important determinant of how engaged an SME is with CS.

Research has identified three distinct roles that CS can play within a business: **Utility**, **Enabler** or **Driver**, as defined below. Each of these accounts for approximately equal proportions of the SME market.

Driver = 27%	Enabler = 36%	Utility = 35%
Drives changing shape of business through role in:	**Essential vehicle for making business more efficient**	**'Hygiene' factor: basic tool for communication**
New product development, innovation	**Inward facing: maximising efficiency, minimising errors, managing customer relationships**	**Inward facing: administrative function, basic office management, communication**
Brand image		
Creating sales opportunities, USPs	**Outward facing: securing market position or gaining competitive advantage**	**Outward facing: communication**
Tied to company objectives		

Figure 26 shows how these three groups compare on the key attitudinal dimensions tested in the research. These data demonstrate that the three role-based segments show clearer and more consistent differences in the importance and value assigned to CS within SMEs than the traditional company profile criteria discussed in Section 3: Drivers were almost three times as likely as Utility SMEs to regard CS as vital to the future success of the business (68% vs. 24% respectively) and were twice as likely to be predisposed towards investing in these technologies (63% vs. 32% respectively). Moreover, Drivers were significantly more likely than either Enablers or Utility SMEs to believe they were maximising the benefits that CS could bring to the business. Enablers, while they recognised that they could be getting more from these technologies, placed a slightly lower importance on CS overall. Utility SMEs, on the other hand, were less convinced of the value of CS to their business and were unlikely to be fully exploiting the benefits.

These three role-based segments are good indicators of the variations in personal attitudes towards CS among those responsible for it: Drivers were significantly more likely to demonstrate personal enthusiasm for the subject and were the only segment with a reasonable number of 'hobbyists'; 27% brought new ideas from home into the workplace vs. 13% of Enablers and 17% of Utility SMEs. Utility SMEs display limited interest in CS.

Figure 26: Key measures across the three role-based segments

	Drivers	Enablers	Utilities
Weighted base	(413) % high/positive	(550) % high/positive	(542) % high/positive
Key Measures of Importance			
Importance of CS to future success of business Attitude towards investment in CS	68 63	52 49	24 32
Key Measures of Potential Future Value			
Perceived effectiveness of use of existing CS	66	49	44
Personal Attitude Towards CS			
Technology exciting as always new things to learn Important to have the best equipment available I get ideas from home about new technology for the business	66 48 27	52 41 13	35 16 17

The three segments cut across the traditional company profile criteria covered in the previous section, and exist across most types of businesses in approximately similar proportions. However, the different levels of commitment to CS that the role-based segments exhibit is demonstrated by the finding that Drivers, Enablers and Utility SMEs dedicate very different levels of resource to dealing with CS.

Figure 27 shows that the distribution of job titles of those responsible for CS in these organisations is consistent across the three segments. Drivers spent the most time on CS: 28% employed a 'dedicated resource', who spent more than two-thirds of their time on CS (vs. 11% of Utility SMEs); more than a third (37%) expected their budget for CS to increase in the next twelve months (vs. 17% of Utility SMEs). This is consistent with the finding that Drivers were significantly more likely to be planning for growth at an overall company level than Utility SMEs (65% vs. 46% respectively).

Drivers also take a far more proactive approach to investment, being more likely than either of the other two segments to look to the future (23% have a formal plan in place specifically for CS, compared to 8% of Utility SMEs and 15% of Enablers).

Figure 27: Resources allocated to communications services across the three role-based segments

	Drivers	Enablers	Utilities
Weighted base	(413) %	(550) %	(542) %
Job Title			
Owner/Partner/MD	57	53	58
Finance Director	2	3	2
Other senior manager	9	10	8
PA/Office Asst./Accounts	10	10	11
IT/Telecoms Dir/Mgr	10	11	8
% time spent on CS			
0-33%	51	64	75
34-65%	22	13	14
66-100%	28	23	11
State of business			
Growth	65	61	46
Static	27	34	43
Declining	7	4	9
Forward planning on CS			
CS budget increasing	37	33	17
CS budget static	56	60	69
CS budget decreasing	5	5	8
Formal business plan	40	36	23
Formal CS strategy/plan	23	15	8
Neither	51	58	74

The next three sections provide detailed pen portraits of Drivers, Enablers and Utility SMEs in turn, and this is followed by a summary of the opportunities for further engagement that exist in each of the three segments.

4.2   Drivers: profile and characteristics

Drivers exist across most types of businesses in approximately similar proportions, with a slightly higher incidence - as shown in Figure 28 below - among larger companies, younger companies, companies in the service sector, and those based in Wales.

Figure 28: Drivers - company profile[25]
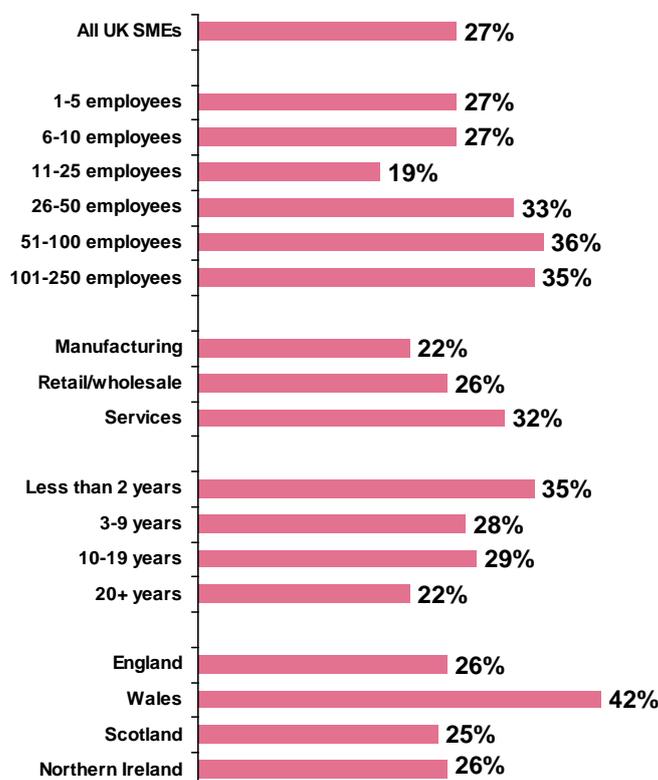
4.2.1 Resource dedicated to communications services

The resource allocated to CS by Drivers, both in terms of time and capital, provides evidence of the commitment these businesses have to new technologies.

Figure 29 shows that Drivers dedicated more of their time to dealing with CS than other SMEs, with 28% of decision-makers being 'dedicated' personnel (i.e. spending more than two-thirds of their time on CS and related issues).

In terms of financial backing, two-thirds (65%) of Drivers have plans to grow in the next twelve months. It follows that for the vast majority (93%), CS budgets were not under threat and as many as one in three (37%) anticipated that their CS budgets would expand in the next twelve months.

Not only do these businesses have the capital available for future investment, they were more likely than other SMEs to have a formal plan or strategy in place for future development (23%). This puts them in a good position to take a proactive approach to enhancing their existing set-up.

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[25] Base: All Drivers (413)

Figure 29: Drivers - resources allocated to communications services

	All UK SMEs	Drivers
Weighted base	(1545) %	(413) %
Job Title		
Owner/Partner/MD	55	57
Finance Director	3	2
Other senior manager	10	9
PA/Office Asst./Accounts	10	10
IT/Telecoms Dir/Mgr	9	10
% time spent on CS		
0-33%	65	51
34-65%	16	22
66-100%	20	28
State of business		
Growth	56	65
Static	36	27
Declining	7	7
Forward planning on CS		
CS budget increasing	28	37
CS budget static	62	56
CS budget decreasing	7	5
Formal business plan	33	40
Formal CS strategy/plan	14	23
Neither	62	51

4.2.2 Perceived importance of communications services to the business

Drivers perceive CS as a vital means to push the business forward. Figure 30 shows that the majority of decision-makers in these businesses (68%) regarded CS as vital to the future success of their company, and a similar proportion (63%) agreed that their company had a positive attitude to future investment in CS.

Figure 30: Drivers - key measures of importance[26]

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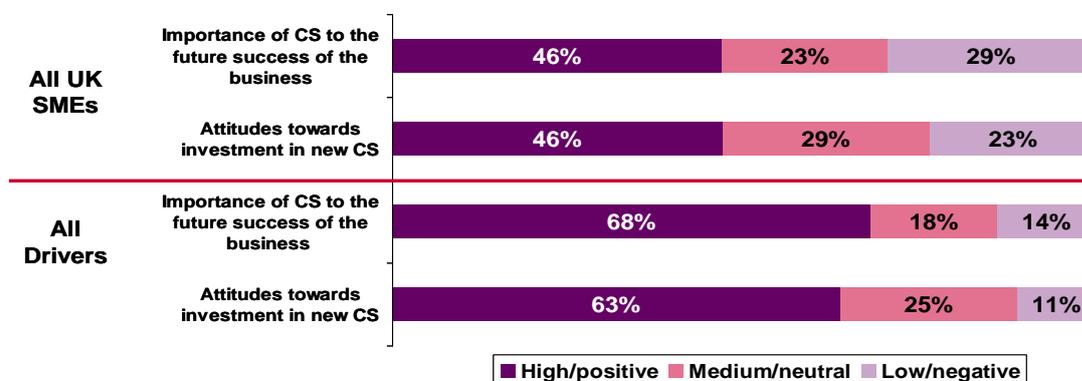
[26] Base: All UK SMEs (1545), All Drivers (413). On a scale from 1 (completely disagree) to 10 (completely agree), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.

Drivers were also significantly more likely to perceive these technologies as playing an important supporting role across *all* aspects of the business, whether in internal processes or externally facing activities (most notably sales and new business generation, the area where most other companies do not see an intrinsic link). Figure 31 shows that at least two in three believe in the importance of CS for every aspect of their business, the only exception being out-of-office working (which is not relevant to all businesses).

Figure 31: Drivers - importance of communications services across the business[27]

Proportion believing CS plays an important role in supporting each aspect of the business
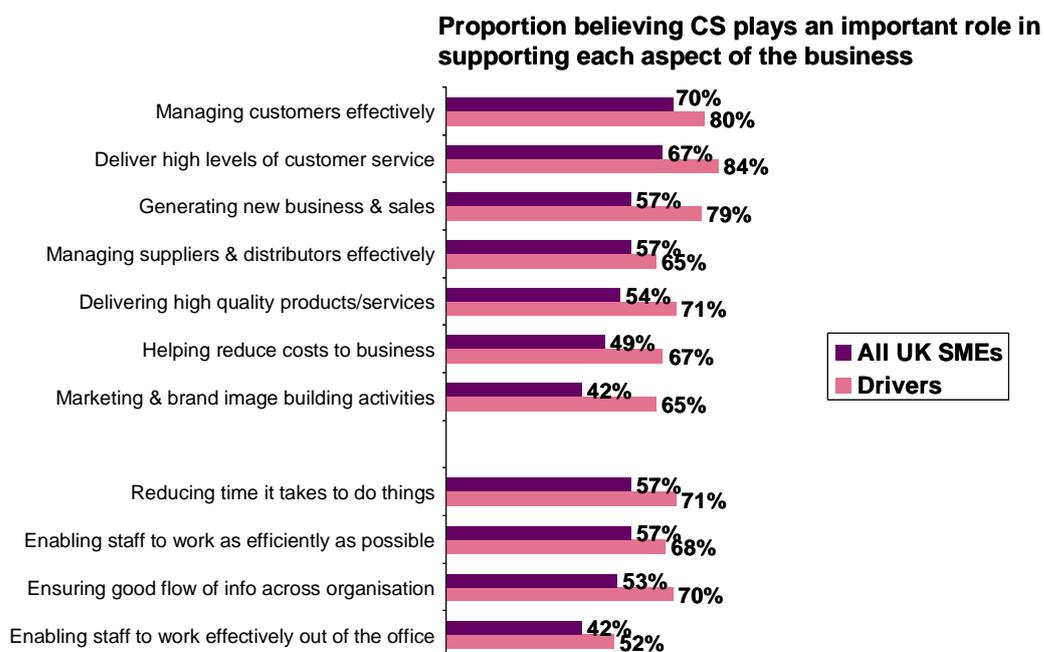
4.2.3 Potential value to be realised from communications services in future

Drivers displayed the highest levels of confidence in terms of how effectively their companies were using their existing services. As Figure 32 shows, two-thirds of Drivers (66%) believed that they were already maximising the benefits of CS within the business and an equally high proportion (69%) claimed to be satisfied with how well they were using CS.

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[27] Base: All UK SMEs (1545), All Drivers (413). Percentage represents all giving score of 7-10 on a scale of 1 (don't use CS at all to achieve that goal) to 10 (CS vital to achieve that goal).

Figure 32: Drivers - satisfaction with existing set-up vs. effectiveness of utilisation[28]
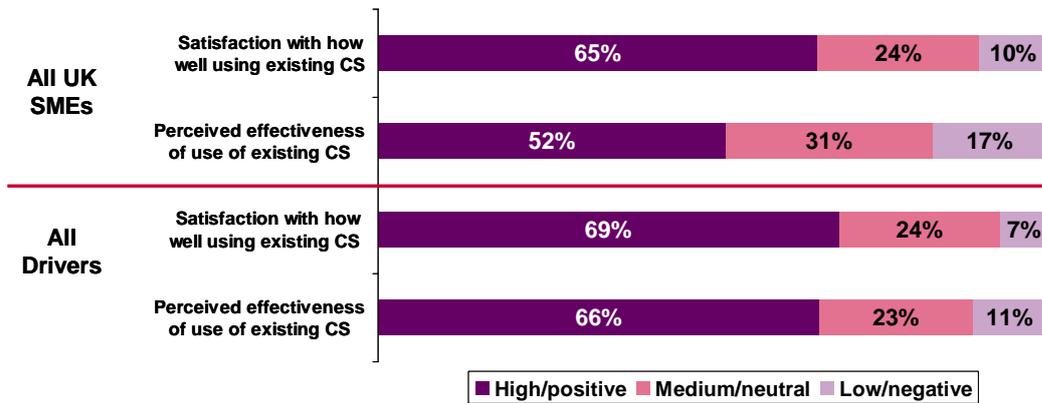
Nonetheless, Drivers were the most likely group of SMEs to believe that their businesses still had a lot more value to derive from communications technology. Figure 33 shows that between 40% and 63% of Drivers see unrealised potential for CS across each aspect of their business.

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[28] Base: All UK SMEs (1545), All Drivers (413). On a scale from 1 (completely disagree/under-utilising) to 10 (completely agree/maximising the benefits), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.

Figure 33: Drivers - additional value to be realised from communications services[29]

Proportion believing that CS could bring a lot of additional value or support to each aspect of the business

Aspect	All UK SMEs	Drivers
Managing customers effectively	55%	62%
Deliver high levels of customer service	50%	62%
Generating new business & sales	45%	63%
Managing suppliers & distributors effectively	40%	41%
Delivering high quality products/services	37%	49%
Helping reduce costs to business	38%	47%
Marketing & brand image building activities	33%	45%
Reducing the time it takes to do things	45%	59%
Enabling staff to work as efficiently as possible	37%	49%
Ensuring good flow of info across organisation	43%	55%
Enabling staff to work effectively out of the office	32%	40%

4.2.4 Barriers to further engagement with communications services

a) Attitudes towards technology

Decision-makers in Driver businesses demonstrated a more positive outlook towards CS than their counterparts in other SMEs, claiming a high level of personal enthusiasm for technology. As shown in Figure 34, two-thirds (66%) claimed to find technology exciting as there was always something more to learn, one half (48%) took pride in having the best equipment, one-third (34%) believed they were very knowledgeable in this area, and one-quarter (27%) were professed 'hobbyists' who were able to transfer their personal knowledge into the workplace.

Despite their self-confidence, Drivers admitted to the same degree of concern about security, viruses and the risk associated with new technology as other SMEs. They were also just as likely to be challenged by lack of time. Figure 34 also indicates that Drivers have a similar need for help in making CS easier to understand and promote.

[29] Base: All UK SMEs (1545), All Drivers (413). Percentage represents all giving score of 3 on a scale of 1 (no additional value) to 3 (a lot more additional value).

40

Figure 34: Drivers - level of confidence, knowledge and enthusiasm with regard to communications services[30]

Proportion agreeing with each statement
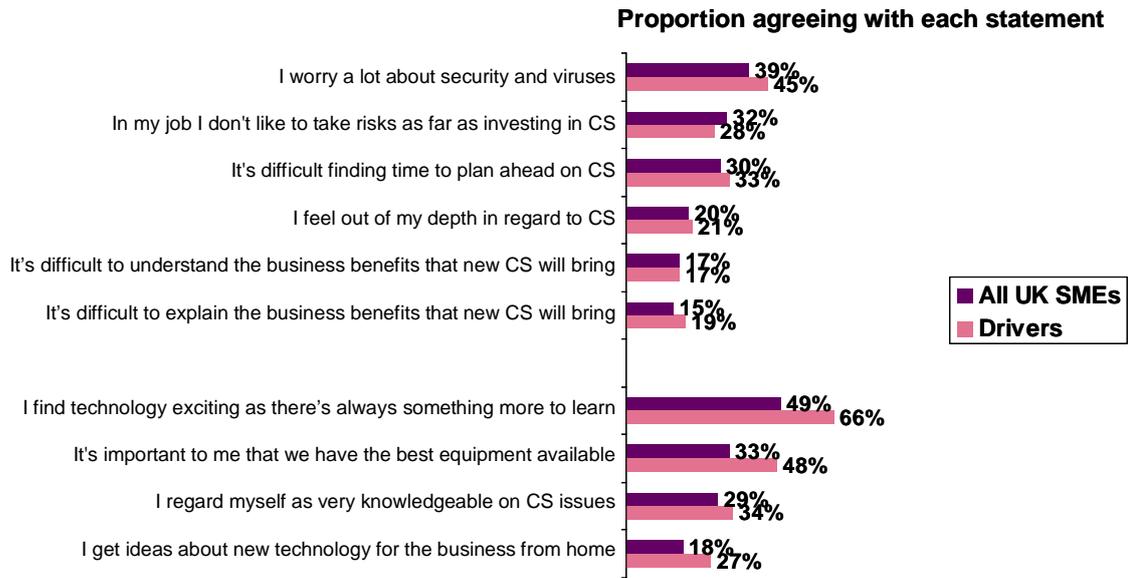
b) Attitudes towards introducing new technologies/implementing change

These characteristics define Drivers as the most engaged segment of the market. However, the research shows that in their efforts to maximise their use of CS, Drivers were also the most likely group of SMEs to encounter obstacles to moving forward. Striving to effect change or introduce new technologies was something they were committed to doing but also something that they admitted was a challenge.

Figure 35 shows that Drivers had less of an issue with justifying the cost of investing (only 25% agreed that this was a problem) and were less likely than other SMEs to feel that their existing technology already did the job (only 31% agreed that this would put them off).

Instead, many of the barriers that were a bigger issue for Drivers than other SMEs related to the challenges associated with implementation: simply finding the energy and resource to push major projects through the organisation (36%) and the threat of having to deal with technical problems (30%).   Where technologies are unproven, this could be a deal breaker given these other concerns: two-fifths (39%) agreed that they were put off by the risk associated with newly developed technologies. Drivers were also the most concerned about the impact on their credibility if something were to go wrong (23%) – perhaps because there is more at stake for decision-makers who spend most of their time dealing with these issues.

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[30] Base: All UK SMEs (1545), All Drivers (413). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Figure 35: Drivers - obstacles to making better use of/investing in communications technology[31]

Proportion believing that each potential obstacle is a barrier to investing or making better use of CS

Benefits don't justify cost of investment / payback period — 29%, 25%
Existing technology seen to do the job adequately — 37%, 31%
Existing technology not fully utilised — 25%, 25%

Not always clear what product or service is best — 32%, 34%
Newly developed technology not 100% proven — 31%, 39%
Effort and resource needed to implement change — 27%, 36%
Potential problems involved with implementation — 25%, 30%
Cost or time of training staff — 22%, 25%
Cannot persuade budget holders that business benefit is worth it — 18%, 17%
Worry about impact on credibility if something goes wrong — 18%, 23%

Legend: All UK SMEs, Drivers

c) Attitudes towards suppliers

As is consistent with other SMEs, it is perceived that CS suppliers are not tailoring their products and services to the needs of Drivers; Figure 36 shows that half of these businesses (51%) felt that products were developed for larger businesses. Other tensions are apparent in addition to lack of relevance. For example, Drivers, at the same time as being the most reliant on their suppliers for suggestions on how to do things, often felt that suppliers over-estimated their requirements and often found it difficult to interpret the information and advice offered them. The combination of these factors appears to have generated distrust in the market. Drivers were the most likely group of SMEs to admit that they struggled to find trusted sources of advice (35%) and displayed the greatest need for a source of independent advice on CS issues (51%).

[31] Base: All UK SMEs (1545), All Drivers (413). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

42

Figure 36: Drivers - attitudes towards dealing with CS suppliers[32]

Proportion agreeing with each statement

Statement	All UK SMEs	Drivers
Only go outside to resolve CS issues if can't find solution ourselves	62%	68%
Most products/services seem developed for larger businesses	56%	51%
Suppliers tend to over-estimate our CS requirements	51%	53%
Great need for source of independent advice on CS	45%	53%
Difficult to understand technical jargon	40%	41%
Rely on suppliers for suggestions for how to do things better	39%	46%
Difficult to question suppliers as don't know enough to judge	33%	34%
Struggle to find trusted sources of help and advice on CS set-up	28%	35%
All suppliers similar so doesn't matter which you deal with	25%	19%
Feel locked into contracts with current suppliers	23%	18%
Not enough choice of CS suppliers	19%	22%

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[32] Base: All UK SMEs (1545), All Drivers (413). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

4.3   Enablers: profile and characteristics

Enablers exist across most types of business in approximately similar proportions, with a slightly higher incidence among larger companies and those based in Northern Ireland (figure 37).

Figure 37: Enablers - company profile[33]
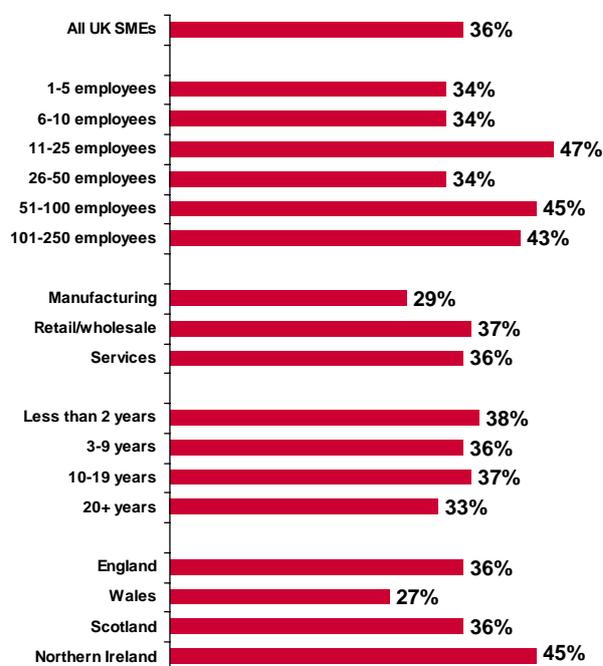
4.3.1 Resource dedicated to communications services

Enablers allocate average levels of both time and money to dealing with CS. Figure 38 shows that the majority (64%) spent less than a third of their time dealing with CS and another one in four (23%) of decision-makers were 'dedicated' personnel (i.e. spending more than two-thirds of their time on related issues).

In terms of financial backing, three-fifths (61%) of Enablers have plans to grow in the next twelve months. It follows that for the vast majority (93%), CS budgets were not under threat and as many as one in three (33%) anticipated that their CS budgets would expand in the next twelve months.

While these businesses appeared to have the capital available for future investment in CS, they did not appear to be thinking about future projects with the same degree of commitment as some SMEs. Although a third (36%) had a business plan in place defining the overall goals for the company, few had a process in place to link the business's goals with goals for CS (only 15% had a formal strategy or plan in place for CS), forcing them to adopt a more reactive approach to investment or change.

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[33] Base: All Enablers (550)

Figure 38: Resources allocated to communications services

	All UK SMEs	Enablers
Weighted base	(1545) %	(550) %
Job Title		
Owner/Partner/MD	55	53
Finance Director	3	3
Other senior manager	10	10
PA/Office Asst./Accounts	10	10
IT/Telecoms Dir/Mgr	9	11
% time spent on CS		
0-33%	65	64
34-65%	16	13
66-100%	20	23
State of business		
Growth	56	61
Static	36	34
Declining	7	4
Forward planning on CS		
CS budget increasing	28	33
CS budget static	62	60
CS budget decreasing	7	5
Formal business plan	33	36
Formal CS strategy/plan	14	15
Neither	62	58

4.3.2 Perceived importance of communications services to the business

Enablers believe that communications technology is an essential vehicle for helping the business to do things smarter, faster and cheaper. However, as Figure 39 shows, they do not see CS as being quite so integral to their business as some SMEs: one half (52%) regarded CS as vital to the success of their business *overall* and a similar proportion (49%) agreed that their companies had a positive attitude towards investment. Enablers represent the 'average' SME in terms of the perceived importance of CS.

Figure 39: Enablers - key measures of importance[34]
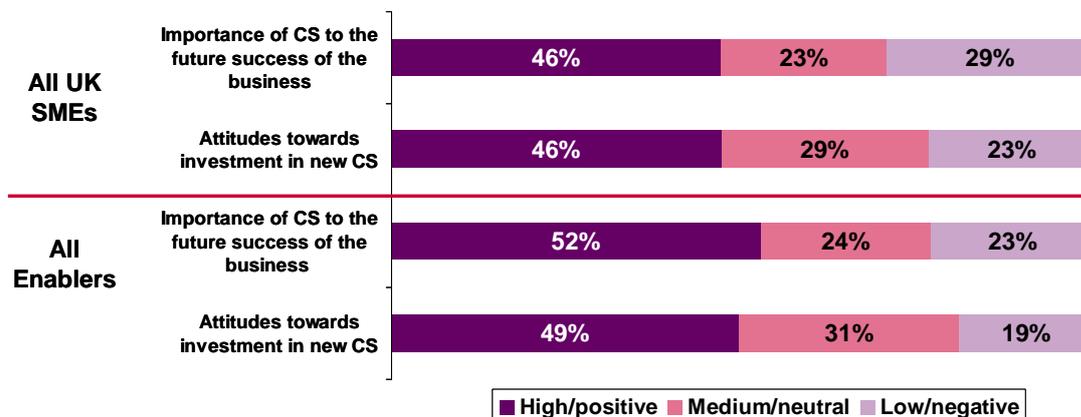
Enablers' interest in technology primarily as a vehicle for improving efficiency (rather than as a more fundamental driver of the shape of the business) is also reflected at a micro level.

For example, Figure 40 shows that Enablers were more likely to agree that CS played an important role in reducing the time it takes to do things (65%) and enabling staff to work as efficiently as possible (61%), than they were to agree that it was intrinsically linked to product quality or the top or bottom lines of the balance sheet.

Figure 40: Enablers - importance of communications services across the business[35]
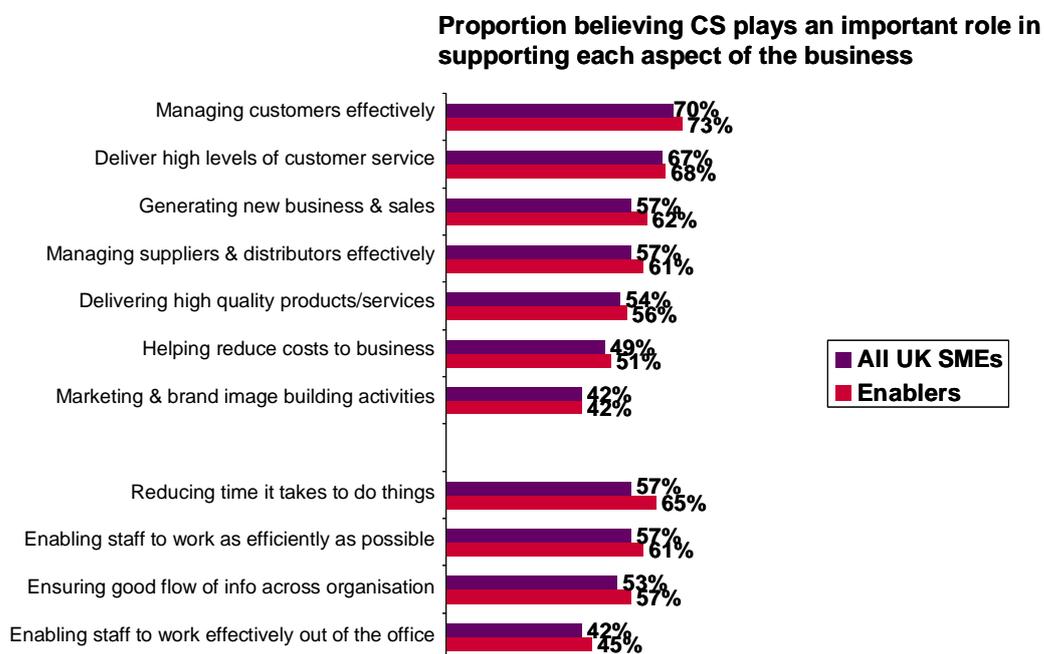
4.3.3 Potential value to be realised from communications services in future

Enablers displayed average levels of confidence in terms of how effectively their companies were using their existing services. In fact, as Figure 41 shows, as many Enablers believed they *weren't* maximising the benefits of the CS within the business (51%) as believed they were (49%). However, this wasn't necessarily perceived to be a problem: despite the finding that half admitted they could be more effectively using CS, the majority (62%) claimed to be satisfied with their existing set-up.

Figure 41: Enablers - satisfaction with existing set-up vs. effectiveness of utilisation[36]
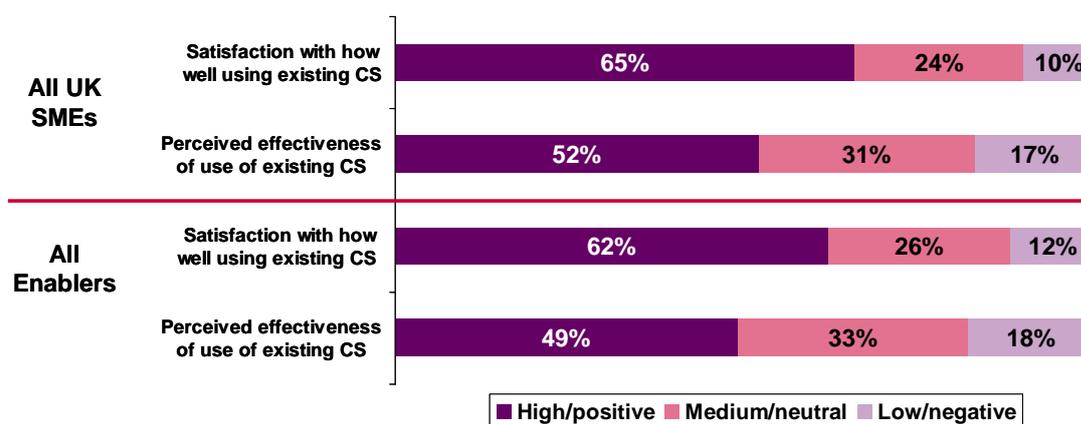
For Enablers, the future value of CS is also limited to certain operational aspects of the business. As is consistent with the overall role that CS plays within these businesses, the greatest unrealised potential of these technologies was felt to exist in the area of operating efficiency, as Figure 42 shows. Enablers were more likely than average to think they could get a lot more from CS in terms of reducing the time it took to do things (53%) and facilitating a better flow of information across the organisation (51%). They were also more likely to believe that CS could help them manage their external communications (with customers and/or suppliers) more effectively. However they were less likely to believe that CS could have a beneficial impact in the area of product/service quality or sales and marketing efforts.

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[36] Base: All UK SMEs (1545), All Enablers (550). On a scale from 1 (completely disagree/under-utilising) to 10 (completely agree/maximising the benefits), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.

Figure 42: Enablers - additional value or support that communications services could bring to different aspects of the business[37]

Proportion believing that CS could bring a lot of additional value or support to each aspect of the business

Aspect	All UK SMEs	Enablers
Managing customers effectively	55%	61%
Deliver high levels of customer service	50%	52%
Generating new business & sales	45%	49%
Managing suppliers & distributors effectively	40%	48%
Delivering high quality products/services	37%	37%
Helping reduce costs to business	38%	46%
Marketing & brand image building activities	33%	36%
Reducing the time it takes to do things	45%	53%
Enabling staff to work as efficiently as possible	37%	43%
Ensuring good flow of info across organisation	43%	51%
Enabling staff to work effectively out of the office	32%	36%

Legend: ■ All UK SMEs ■ Enablers

4.3.4   Barriers to further engagement with communications services

a) Attitudes towards technology

Decision-makers in Enabler SMEs display only average levels of personal enthusiasm for technology generally, with just one in two (52%) believing that it was an exciting and dynamic area to work in. The research suggests that these businesses adopt a more pragmatic (i.e. less visionary) attitude toward CS and what it can achieve.

Enablers admitted to the same degree of concern about security, viruses and the risk associated with new technology as other SMEs. They were also just as likely to be challenged by lack of time and have a similar need for help in making CS easier to understand and promote.

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[37] Base: All UK SMEs (1545), All Enablers (550). Percentage represents all giving score of 3 on a scale of 1 (no additional value) to 3 (a lot more additional value).

Figure 43: Enablers - level of confidence, knowledge and enthusiasm with regard to communications services[38]

Proportion agreeing with each statement

Legend:
- All UK SMEs
- Enablers

Statement	All UK SMEs	Enablers
I worry a lot about security and viruses	39%	40%
In my job I don't like to take risks as far as investing in CS	32%	31%
It's difficult finding time to plan ahead on CS	30%	28%
I feel out of my depth in regard to CS	20%	20%
It's difficult to understand the business benefits that new CS will bring	17%	13%
It's difficult to explain the business benefits that new CS will bring	15%	13%
I find technology exciting as there's always something more to learn	49%	52%
It's important to me that we have the best equipment available	33%	41%
I regard myself as very knowledgeable on CS issues	29%	38%
I get ideas about new technology for the business from home	18%	13%

b) Attitudes towards introducing new technologies/implementing change

That Enablers value these technologies is also clear from the finding that this group of businesses were the least likely to have trouble justifying investment in CS. As Figure 44 shows, just one in four (25%) agreed that insufficient benefit was a major obstacle to investment. Enablers were also less likely to perceive practical barriers - they were relatively unlikely to be put off by the effort/resource required to implement change or by the potential problems involved (only 23% and 21% respectively agreed that these were obstacles). They were also the least risk averse in terms of adopting newly developed technologies (26% said they would be put off by technologies that were not 100% proven).

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[38] Base: All UK SMEs (1545), All Enablers (550). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Figure 44: Enablers - obstacles to making better use of/investing in communications technology[39]

Proportion believing that each potential obstacle is a barrier to investing or making better use of CS

Obstacle	All UK SMEs	Enablers
Benefits don't justify cost of investment / payback period	29%	25%
Existing technology seen to do the job adequately	37%	34%
Existing technology not fully utilised	25%	25%
Not always clear what product or service is best	32%	31%
Newly developed technology not 100% proven	31%	26%
Effort and resource needed to implement change	27%	23%
Potential problems involved with implementation	25%	21%
Cost or time of training staff	22%	23%
Cannot persuade budget holders that business benefit is worth it	18%	18%
Worry about impact on credibility if something goes wrong	18%	17%

c) Attitudes towards suppliers

Enablers demonstrated the same concerns with suppliers as all other SMEs, as shown in Figure 45.

Figure 45: Enablers - attitudes towards dealing with CS suppliers[40]

Proportion agreeing with each statement

Statement	All UK SMEs	Enablers
Only go outside to resolve CS issues if can't find solution ourselves	62%	61%
Most products/services seem developed for larger businesses	56%	52%
Suppliers tend to over-estimate our CS requirements	51%	50%
Great need for source of independent advice on CS	45%	45%
Difficult to understand technical jargon	40%	34%
Rely on suppliers for suggestions for how to do things better	39%	39%
Difficult to question suppliers as don't know enough to judge	33%	28%
Struggle to find trusted sources of help and advice on CS set-up	28%	26%
All suppliers similar so doesn't matter which you deal with	25%	24%
Feel locked into contracts with current suppliers	23%	24%
Not enough choice of CS suppliers	19%	23%

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[39] Base: All UK SMEs (1545), All Enablers (550). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).
[40] Base: All UK SMEs (1545), All Enablers (550). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

4.4   Utility SMEs: profile and characteristics

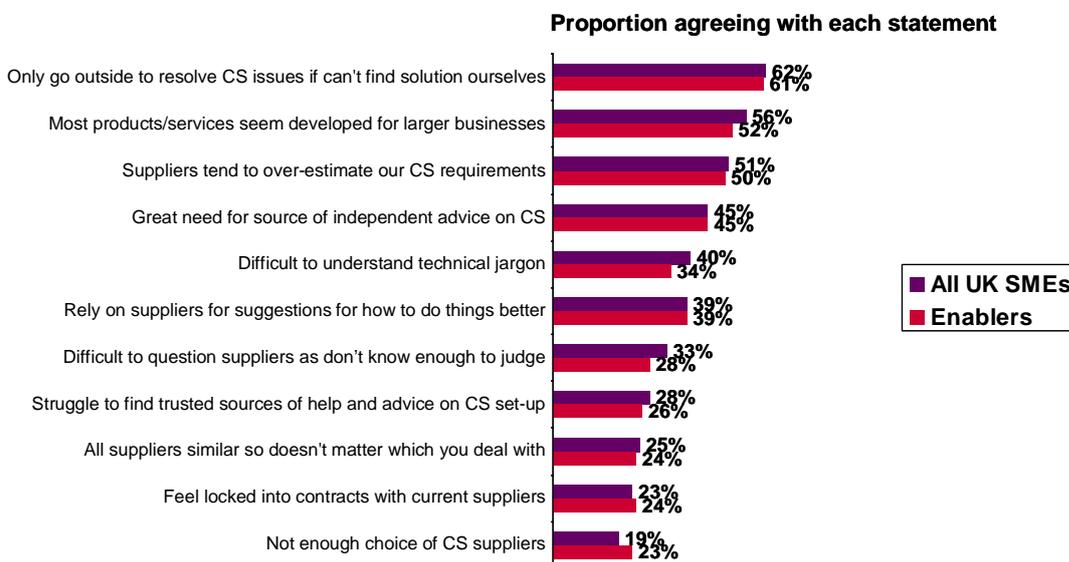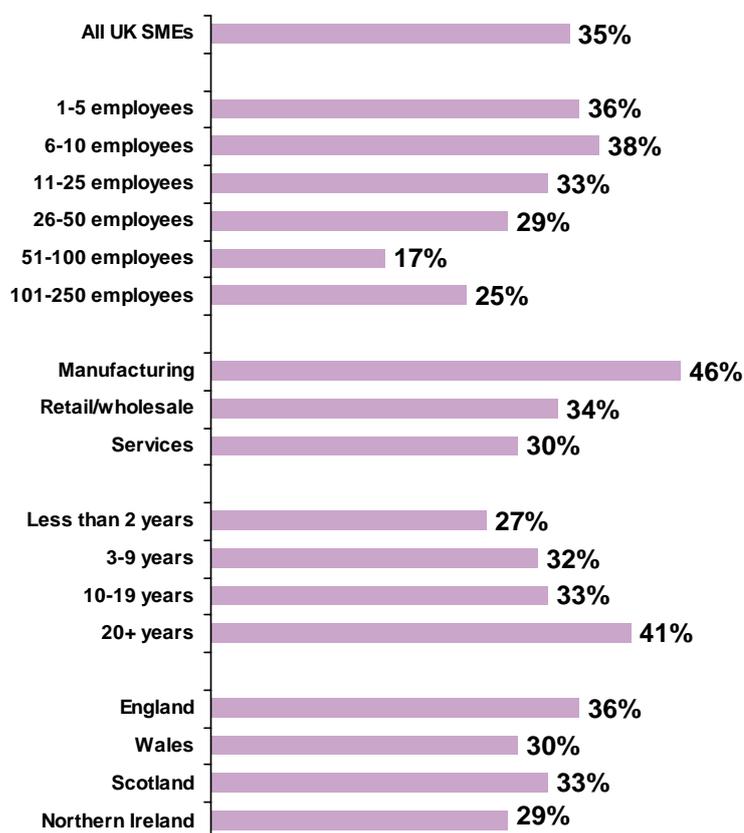Utility SMEs exist across most types of business in approximately similar proportions. As shown in Figure 46, Utility SMEs have a slightly lower representation of larger companies and those based in Wales and Northern Ireland, and a slightly higher representation of well-established companies, and companies in manufacturing.

Figure 46: Utility SMEs - company profile[41]

All UK SMEs	35%
1-5 employees	36%
6-10 employees	38%
11-25 employees	33%
26-50 employees	29%
51-100 employees	17%
101-250 employees	25%
Manufacturing	46%
Retail/wholesale	34%
Services	30%
Less than 2 years	27%
3-9 years	32%
10-19 years	33%
20+ years	41%
England	36%
Wales	30%
Scotland	33%
Northern Ireland	29%

4.4.1 Resource dedicated to communications services

Utility SMEs spend far less time dealing with or thinking about CS than other SMEs; figure 47 shows that the vast majority (75%) spend less than a third of their time on CS and related issues.

It follows that there is little forward thinking among these companies. Three in four Utility SMEs (74%) have neither a formal business plan nor a formal plan or strategy for CS. For these SMEs, the key motivation for change will be reactive, addressing current pain points such as a technical failure or replacing/upgrading obsolescent technology.

Utility SMEs are more likely to be in a static or reductive phase than in a growth phase (52% vs. 46% respectively). This impacts negatively on the capital that these businesses have available for investment and it follows that just 17% of Utility SMEs were anticipating their CS budgets to increase in the next twelve months. That being said, the majority (69%) had stable budgets, and in fact the defining characteristic of this segment is not so much the lack of resources dedicated to CS (to some extent all SMEs encounter financial hurdles, as discussed in Section 3) but rather their lack of interest in technology generally.

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[41] Base: All Utilities (542)

Figure 47: Utility SMEs - resources allocated to communications services

	All UK SMEs	Utilities
Weighted base	(1545) %	(542) %
Job Title		
Owner/Partner/MD	55	58
Finance Director	3	2
Other senior manager	10	8
PA/Office Asst./Accounts	10	11
IT/Telecoms Dir/Mgr	9	8
% time spent on CS		
0-33%	65	75
34-65%	16	14
66-100%	20	11
State of business		
Growth	56	46
Static	36	43
Declining	7	9
Forward planning on CS		
CS budget increasing	28	17
CS budget static	62	69
CS budget decreasing	7	8
Formal business plan	33	23
Formal CS strategy/plan	14	8
Neither	62	74

4.4.2 Perceived importance of communications services to the business

Utility SMEs regard CS as something of a 'hygiene factor', a basic tool to facilitate communication but not much more. Figure 48 shows that the majority of Utility SMEs (76%) did not regard CS as integral to the success of their business and only one in three (32%) agreed that the company had a positive attitude towards investment in these technologies.

Figure 48: Utility SMEs - key measures of importance[42]

		High/positive	Medium/neutral	Low/negative
All UK SMEs	Importance of CS to the future success of the business	46%	23%	29%
	Attitudes towards investment in new CS	46%	29%	23%
All Utilities	Importance of CS to the future success of the business	24%	27%	47%
	Attitudes towards investment in new CS	32%	31%	34%
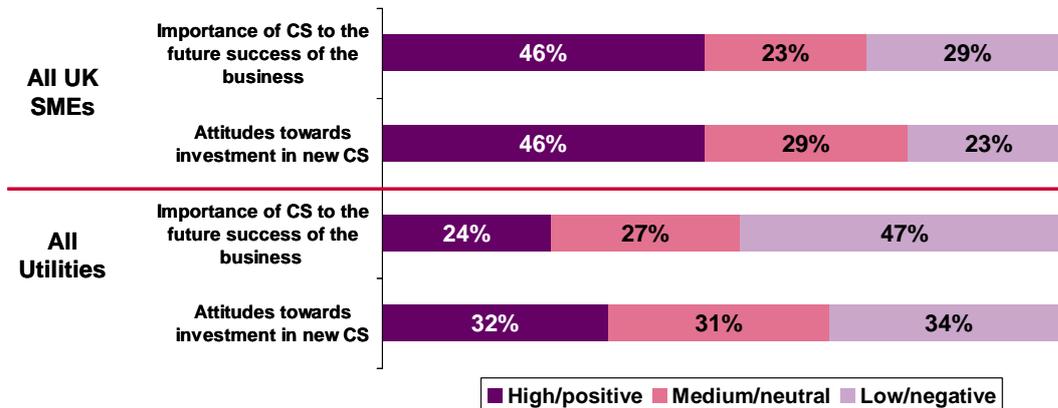
The relatively minimal role that CS is perceived as playing within these organisations at an overall level is also reflected at a micro level. Figure 49 shows that the only area that most Utility SMEs believe CS is intrinsically linked to is managing external relationships (primarily with customers and to a slightly smaller extent with suppliers/distributors). Less than half recognised that CS had a beneficial impact on operating efficiency e.g. productivity of staff.

Figure 49: Utility SMEs - importance of communications services[43]

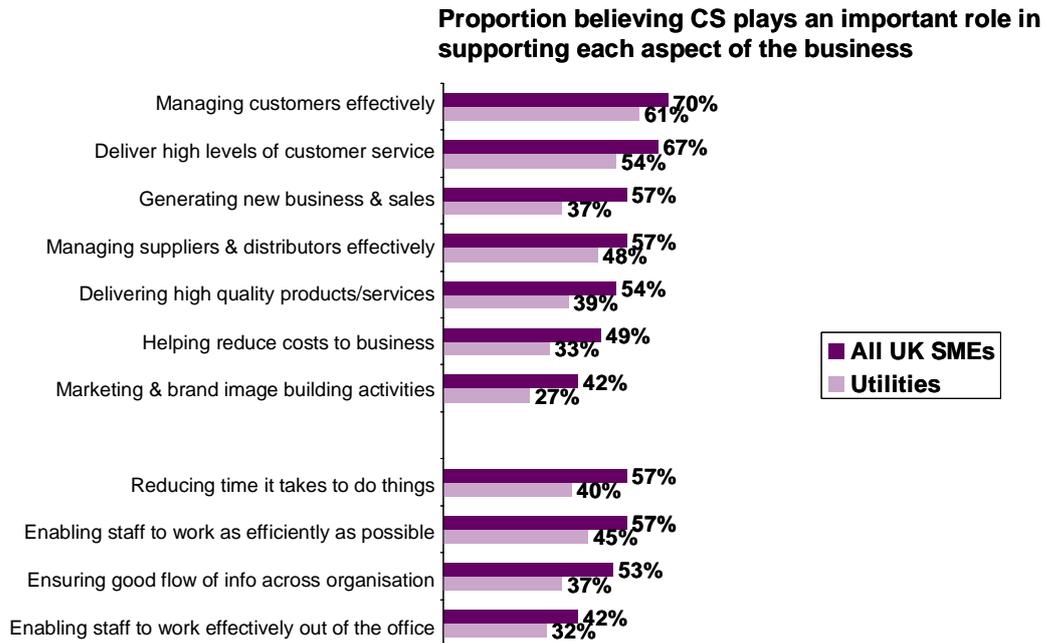**Proportion believing CS plays an important role in supporting each aspect of the business**

	All UK SMEs	Utilities
Managing customers effectively	70%	61%
Deliver high levels of customer service	67%	54%
Generating new business & sales	57%	37%
Managing suppliers & distributors effectively	57%	48%
Delivering high quality products/services	54%	39%
Helping reduce costs to business	49%	33%
Marketing & brand image building activities	42%	27%
Reducing time it takes to do things	57%	40%
Enabling staff to work as efficiently as possible	57%	45%
Ensuring good flow of info across organisation	53%	37%
Enabling staff to work effectively out of the office	42%	32%

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[42] Base: All UK SMEs (1545), All Utilities (542). On a scale from 1 (completely disagree) to 10 (completely agree), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.
[43] Base: All UK SMEs (1545), All Enablers (550). Percentage represents all giving score of 7-10 on a scale of 1 (don't use CS at all to achieve that goal) to 10 (CS vital to achieve that goal).

4.4.3 Potential value to be realised from communications services in future

The research shows that Utility SMEs are less convinced of the value that CS could bring to their business. Because they tend to use only what they really need, Utility SMEs are not exploiting the full functionality of the services that the company has invested in. Figure 50 shows that more than half of the decision-makers within these SMEs (56%) do not believe the company is maximising the benefits of the CS they already have. Yet this does not appear to be a concern: the vast majority (64%) appear to be satisfied with their set-up.

Figure 50: Utility SMEs - satisfaction with existing set-up vs. effectiveness of utilisation[44]
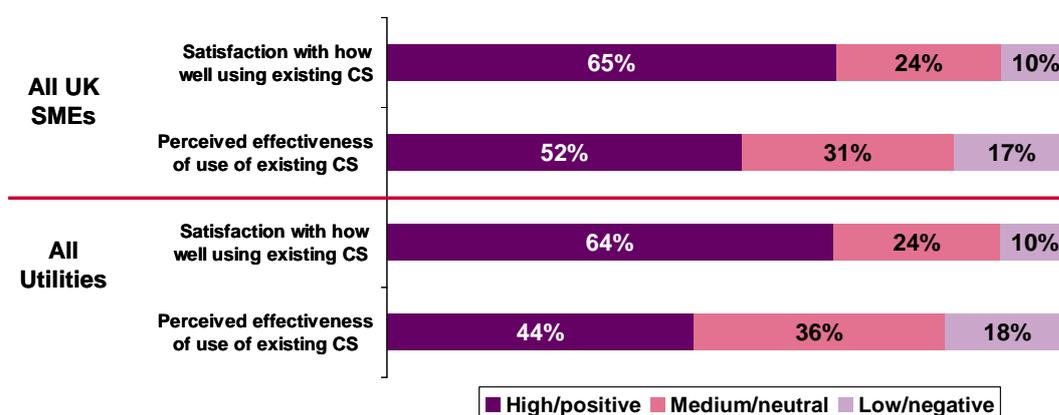
In fact, most Utility SMEs do not believe there is more they could gain from these technologies across any aspect of their business (see Figure 51). If there is future value in CS, it is again limited to facilitating external communications: 46% believed there was a lot more value to be gained in terms of managing customers more effectively and 34% saw unrealised potential in terms of suppliers/distributors relationships. However, Utility SMEs were the least likely to believe that CS could have a beneficial impact on the top or bottom lines of their balance sheet.

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[44] Base: All UK SMEs (1545), All Utilities (542). On a scale from 1 (completely disagree/under-utilising) to 10 (completely agree/maximising the benefits), percentage 'high/positive' represents a score of 7-10, percentage 'medium/neutral' represents a score of 5-6 and percentage 'low/negative' represents a score of 1-5.

Figure 51: Utility SMEs - additional value or support that communications services could bring to different aspects of the business [45]

Proportion believing that CS could bring a lot of additional value or support to each aspect of the business

Aspect	All UK SMEs	Utilities
Managing customers effectively	55%	46%
Deliver high levels of customer service	50%	41%
Generating new business & sales	45%	30%
Managing suppliers & distributors effectively	40%	34%
Delivering high quality products/services	37%	27%
Helping reduce costs to business	38%	26%
Marketing & brand image building activities	33%	22%
Reducing the time it takes to do things	45%	29%
Enabling staff to work as efficiently as possible	37%	24%
Ensuring good flow of info across organisation	43%	28%
Enabling staff to work effectively out of the office	32%	24%

4.4.4 Barriers to further engagement with communications services

a) Attitudes towards technology

This negativity at the company level is matched by a lack of enthusiasm at the personal level. Figure 52 shows that the majority of decision-makers in these companies did not find technology exciting (only 35% did) and only a small minority (16%) agreed that they were keen for their company to have the best products on the market. If the decision-maker for CS does not have a positive attitude toward technology, they are less likely to find out about (or know about) what's available to help them: only 17% of Utility SMEs were confident in their knowledge of CS. Inevitably, this means they are less likely to generate ideas for new solutions.

Utility SMEs admitted to the same degree of concern about security, viruses and the risk associated with new technology as other SMEs. They were also just as likely to be challenged by lack of time and have a similar need for help in making CS easier to understand and promote.

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[45] Base: All UK SMEs (1545), All Utilities (542). Percentage represents all giving score of 3 on a scale of 1 (no additional value) to 3 (a lot more additional value).

Figure 52: Utility SMEs - level of confidence, knowledge and enthusiasm with regard to communications services[46]

Proportion agreeing with each statement

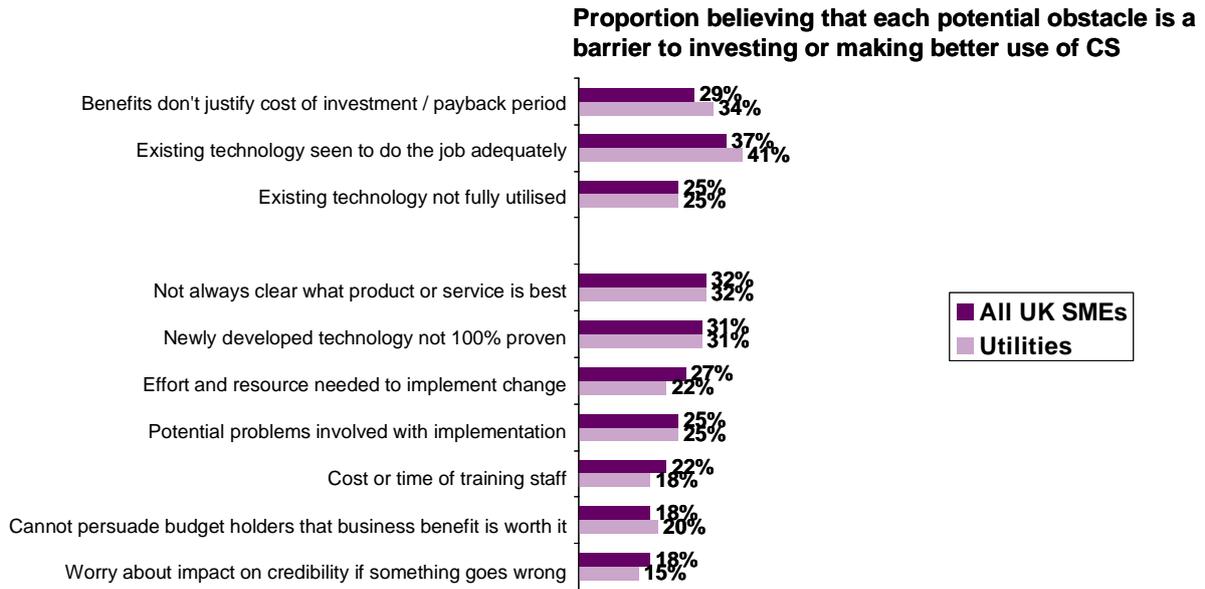| Statement	All UK SMEs	Utilities
I worry a lot about security and viruses	39%	36%
In my job I don't like to take risks as far as investing in CS	32%	34%
It's difficult finding time to plan ahead on CS	30%	28%
I feel out of my depth in regard to CS	20%	19%
It's difficult to understand the business benefits that new CS will bring	17%	20%
It's difficult to explain the business benefits that new CS will bring	15%	14%
I find technology exciting as there's always something more to learn	49%	35%
It's important to me that we have the best equipment available	33%	16%
I regard myself as very knowledgeable on CS issues	29%	17%
I get ideas about new technology for the business from home	18%	17%

b) Attitudes towards introducing new technologies/implementing change

Utility SMEs tend to believe that their existing technology already does the job (41% agreed with this statement, as shown in Figure 53). This can lead decision-makers to feel that their first priority should be to make better use of what they have rather than investing in something new, and in this context the benefits of new technologies do not necessarily justify the costs of further investment (34% agreed with this statement). The desire not to over-complicate things and to avoid technology for its own sake can give rise to an attitude of 'if it ain't broke, don't fix it'.

This attitude is the only significant barrier to further engagement for this segment and distinguishes them from other, more engaged SMEs.

[46] Base: All UK SMEs (1545), All Utilities (542). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Figure 53: Utility SMEs - obstacles to making better use of/investing in communications technology[47]

Proportion believing that each potential obstacle is a barrier to investing or making better use of CS

Benefits don't justify cost of investment / payback period — 29% / 34%
Existing technology seen to do the job adequately — 37% / 41%
Existing technology not fully utilised — 25% / 25%

Not always clear what product or service is best — 32% / 32%
Newly developed technology not 100% proven — 31% / 31%
Effort and resource needed to implement change — 27% / 22%
Potential problems involved with implementation — 25% / 25%
Cost or time of training staff — 22% / 18%
Cannot persuade budget holders that business benefit is worth it — 18% / 20%
Worry about impact on credibility if something goes wrong — 18% / 15%

Legend: All UK SMEs / Utilities
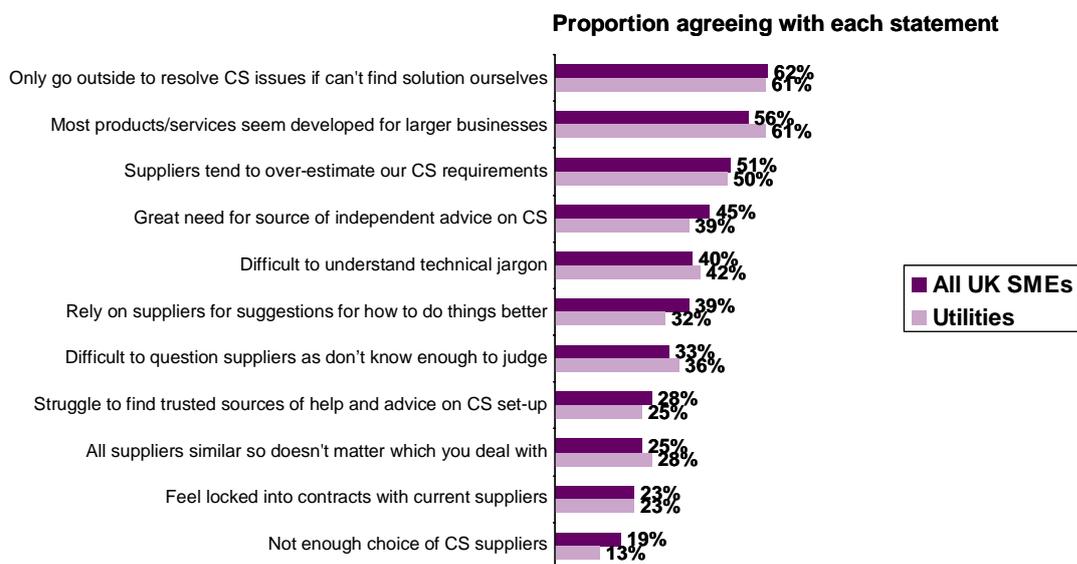
c) Attitudes towards suppliers

Utility SMEs demonstrated the same concerns with suppliers as all other SMEs, as shown in Figure 54, but a few differences are worth noting. Firstly, Utility SMEs were the most likely group of SMEs to agree that products and services are developed for larger businesses than theirs (61%) and they had more trouble interpreting the information and advice provided by suppliers (driven by lower category knowledge).

These businesses are less likely to rely on suppliers for suggestions on how to do things (32%) and it may be that the failure of suppliers to provide relevant products and information has actually contributed to this 'abandonment'.

Subsequently Utility SMEs don't have the same level of complaint about lack of choice in the market (just 13% believe there aren't enough CS suppliers) and do not feel the same need for a source of independent source of advice (39% agreed with this statement).

[47] Base: All UK SMEs (1545), All Utilities (542). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

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Figure 54: Utility SMEs - attitudes towards dealing with CS suppliers[48]

Proportion agreeing with each statement

Statement	All UK SMEs	Utilities
Only go outside to resolve CS issues if can't find solution ourselves	62%	61%
Most products/services seem developed for larger businesses	56%	61%
Suppliers tend to over-estimate our CS requirements	51%	50%
Great need for source of independent advice on CS	45%	39%
Difficult to understand technical jargon	40%	42%
Rely on suppliers for suggestions for how to do things better	39%	32%
Difficult to question suppliers as don't know enough to judge	33%	36%
Struggle to find trusted sources of help and advice on CS set-up	28%	25%
All suppliers similar so doesn't matter which you deal with	25%	28%
Feel locked into contracts with current suppliers	23%	23%
Not enough choice of CS suppliers	19%	13%

Legend: ■ All UK SMEs ■ Utilities

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[48] Base: All UK SMEs (1545), All Utilities (542). Percentage represents all giving score of 7-10 on a scale of 1 (completely disagree) to 10 (completely agree).

Section 5

Implications for policymakers and other interested bodies

The single biggest theme arising from the research was a lack of confidence in maximising the value of communications services to the business. The opportunities arising from this manifest themselves in a number of ways.

First, there are four main areas of opportunity which affect the majority of SMEs in the UK.

- **Communications services literacy**: A significant minority of SMEs need support to help make communications services easier to understand and to promote internally. The overriding need is for greater 'communications services literacy' and better access to information and advice.

- **Improving efficiency of use**: Some SMEs are aware that, for a variety of reasons, they are not maximising the effectiveness of the communications services already within their businesses. There appear to be opportunities for suppliers to help address this.

- **Going beyond organisational comfort zones**: Less engaged SMEs appear to lack the necessary enthusiasm and expertise in communications services to reach outside their own comfort zones and make improvements to their existing set-ups, although they were generally willing to engage with suppliers in order to address this gap.

- **Promoting the value of communications services**: Some SMEs may require further demonstration and communication of the value that could be derived from communications services. This may be a role for suppliers or other bodies interested in promoting the value of communications services to this audience.

Two further challenges and opportunities are defined by the nature of an SME's business in terms of growth status and urban density.

- **The relevance of communications services to businesses not in growth mode**: Static or declining businesses are less likely to believe that communications services could have a beneficial impact on business performance. The industry should seek to reinforce perceptions of the additional value that communications services could bring to businesses that are not necessarily in growth mode.

- **The need to promote broadband among SMEs based in rural areas**: SMEs based in rural areas were found to be less likely to be optimising the benefits that the internet can offer them – both in terms of broadband penetration and effective use of websites and email.

The report also identified specific opportunities for each role-based segment:

- **Drivers** aim to maximise their use of communications services, but they need support to help remove internal barriers to its implementation. This segment is the one most likely to see or experience barriers in this area.

- **Enablers** need a catalyst to stimulate engagement with a broader range of benefits that communications services could bring to their business (beyond operating efficiencies). At the moment they often don't feel that they are maximising the full benefits that communications services could bring.

- For **Utilities**, the main challenge involves getting communications services onto their agenda. The relevance of communications services-related issues and benefits potentially needs to highlighted more for this segment.
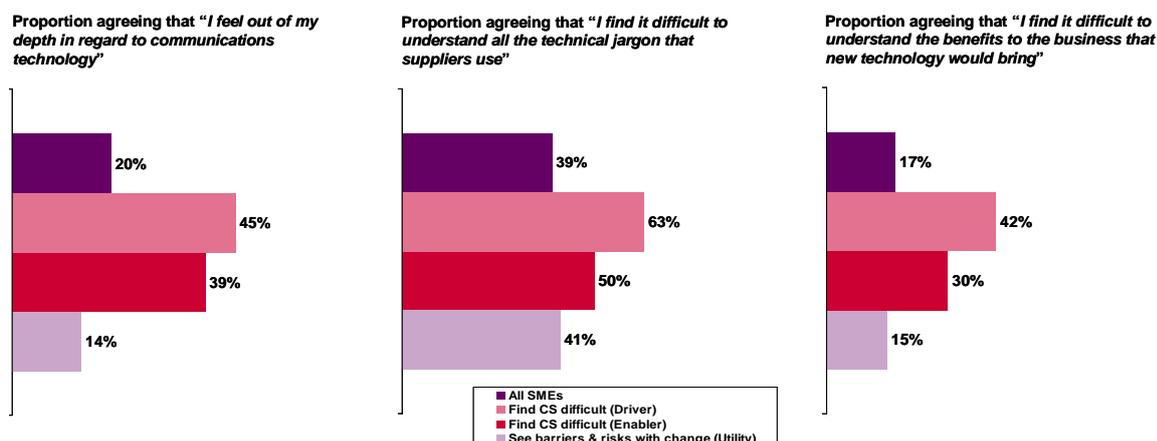
5.1   Main opportunities to promote further engagement

Communications services literacy

The research highlighted that a group of SMEs display considerable gaps in their awareness and understanding of, and confidence and competence with, communications services.

Despite their high levels of engagement in this area, Figure 55 shows that there are 'pockets' of SMEs within the Driver and Enabler segments that still find communications services difficult. For example, one-fifth (20%) of all SMEs agreed that 'I feel out of my depth with regard to communications technology' but for the less expert groups within Drivers and Enablers, these percentages rose to 45% and 39% respectively.
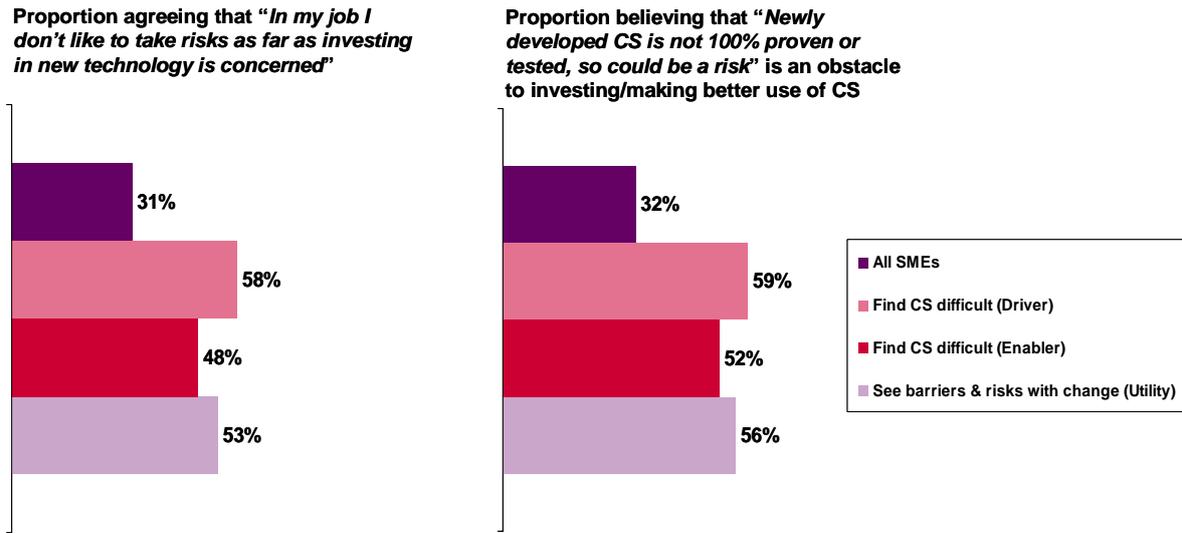
Figure 55: Ease of understanding communications services[49]

Proportion agreeing that "*I feel out of my depth in regard to communications technology*"

All SMEs	20%
Find CS difficult (Driver)	45%
Find CS difficult (Enabler)	39%
See barriers & risks with change (Utility)	14%

Proportion agreeing that "*I find it difficult to understand all the technical jargon that suppliers use*"

All SMEs	39%
Find CS difficult (Driver)	63%
Find CS difficult (Enabler)	50%
See barriers & risks with change (Utility)	41%

Proportion agreeing that "*I find it difficult to understand the benefits to the business that new technology would bring*"

All SMEs	17%
Find CS difficult (Driver)	42%
Find CS difficult (Enabler)	30%
See barriers & risks with change (Utility)	15%

Legend:
- All SMEs
- Find CS difficult (Driver)
- Find CS difficult (Enabler)
- See barriers & risks with change (Utility)

In addition, this lack of literacy may be heightening (or, at best, not allaying) fears regarding the potential risks associated with investment in communications services. Figure 56 shows that that there are some SMEs across the Driver, Enabler and Utility segments that are particularly aware of, and averse to, the risks involved with communications services investment. Across all UK SMEs, one-third (31%) agreed that 'in my job I don't like to take risks as far as investing in new technology is concerned' but this level of agreement was much greater among the pockets of Driver, Enabler and Utility SMEs displaying literacy gaps (56%, 48% and 53% respectively).

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[49] Base: All UK SMEs (1545) and segments derived through cluster analysis (see Annex 2, Technical appendix)

Figure 56: Level of risk associated with new communications services investments[50]
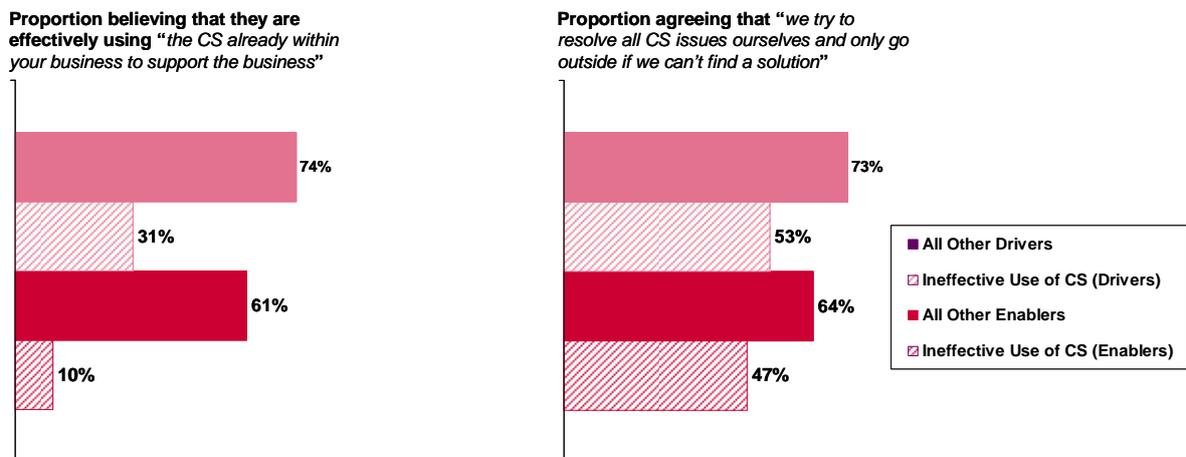
Proportion agreeing that "*In my job I don't like to take risks as far as investing in new technology is concerned*"

Proportion believing that "*Newly developed CS is not 100% proven or tested, so could be a risk*" is an obstacle to investing/making better use of CS

- All SMEs
- Find CS difficult (Driver)
- Find CS difficult (Enabler)
- See barriers & risks with change (Utility)

Left chart: 31%, 58%, 48%, 53%
Right chart: 32%, 59%, 52%, 56%

Efficiency of use of communications services

The research also highlighted the potential demand for suppliers to help SMEs make better use of the communications services already at their disposal.

Figure 57 shows that there is a niche of SMEs within the Driver and Enabler segments who do not believe that they are using their communications services effectively. Only one-third (31%) of the Drivers in this niche believed that they were highly effective in their use of CS, and the Enablers in this niche appeared even less satisfied, with less than one in ten (7%) feeling they were highly effective in this area. This compares with three-quarters (74%) of all other Drivers and three-fifths (61%) of all other Enablers.

However, Figure 57 also shows that this same niche of Driver and Enabler SMEs displayed an above-average openness to support from suppliers.

Figure 57: Effectiveness of use of CS and openness to support from suppliers[51]

Proportion believing that they are effectively using "*the CS already within your business to support the business*"

Proportion agreeing that "*we try to resolve all CS issues ourselves and only go outside if we can't find a solution*"

- All Other Drivers
- Ineffective Use of CS (Drivers)
- All Other Enablers
- Ineffective Use of CS (Enablers)

Left chart: 74%, 31%, 61%, 10%
Right chart: 73%, 53%, 64%, 47%

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[50] Base: All UK SMEs (1545) and segments derived through cluster analysis (see Annex 2, Technical appendix)
[51] Base: All UK SMEs (1545) and segments derived through cluster analysis (see Annex 2, Technical appendix)

Communications services comfort zones

Some Enabler and Utility SMEs also displayed a lack of the necessary enthusiasm and expertise in communications services to overcome their inertia or break out of their comfort zones and strive for improvements in their set-ups. These businesses are particularly likely to need convincing of the tangible benefits of any new technology over and above their existing set-up.

Promoting the value of communications services

There are some Drivers, Enablers and Utility SMEs who feel 'maxed out' on communications services and who don't agree that they could be getting a lot more value from this area. These SMEs may require further demonstration and communication of the additional value that could be derived across other aspects of the business.
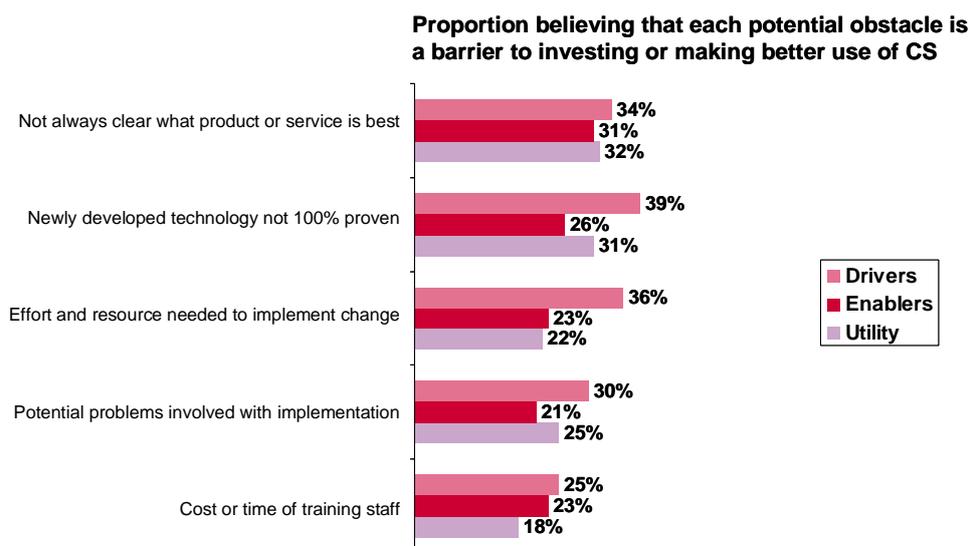
5.2   Challenges specific to role-based segments

Drivers

Driver SMEs are the most enthusiastic about the benefits that communications services can bring and the most likely to be maximising these benefits. Yet they also believe that they could get a lot more value from this area and they have the most positive attitude towards future investment. These characteristics define Drivers as the most engaged role-based segment. However, as shown in Figure 58, in their efforts to maximise their use of communications services, Drivers are also the most likely group of SMEs to encounter obstacles to its implementation.

Since the main challenge to greater engagement for Drivers is overcoming the barriers that they anticipate when trying to push change through their organisations, Drivers need support to ensure that implementation is as seamless as possible.

### Figure 58: Obstacles to making better use of/investing in communications technology[52]

Proportion believing that each potential obstacle is a barrier to investing or making better use of CS

	Drivers	Enablers	Utility
Not always clear what product or service is best	34%	31%	32%
Newly developed technology not 100% proven	39%	26%	31%
Effort and resource needed to implement change	36%	23%	22%
Potential problems involved with implementation	30%	21%	25%
Cost or time of training staff	25%	23%	18%

[52] Base: All Drivers (413)/All Enablers (550)/All Utilities (542).

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Enablers

Enabler SMEs demonstrate average levels of engagement with communications services. They can see the potential value to be derived in this area and appear to be open to the possibility of further engagement with these technologies, at least in terms of deriving improved efficiency. They also perceive fewer obstacles to investment than other SMEs.

Yet, as figure 59 shows, they do not necessarily feel that they are taking full advantage of their existing technology and do not appear to have moved beyond an unplanned approach to future investment focused on certain operational aspects of the business.

Figure 59: Perceived effectiveness of use of communications services technology[53]
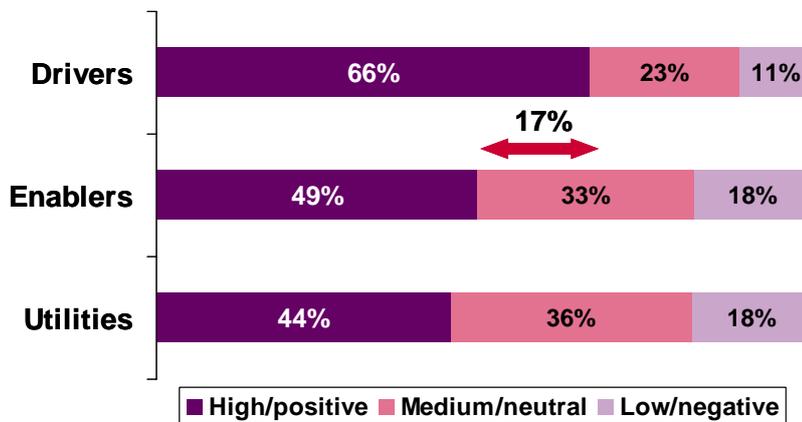
It appears that the greatest opportunity to promote further engagement is therefore to provide the inspiration or motivation for change. Enablers need a catalyst to stimulate engagement with the broad range of benefits that communications services could bring to their business, to help them move beyond the operating efficiencies that they already value.

Businesses might also be encouraged to more systematically approach decision-making by reviewing their existing set-up as part of their normal business planning processes.

Utilities

Utility SMEs demonstrate very low levels of engagement with communications services. Figure 60 shows that, compared to other SMEs, these businesses place limited importance on these technologies, are less convinced of their value and display little enthusiasm for the subject matter.

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[53] Base: All Drivers (413)/All Enablers (550)/All Utilities (542). On a scale from 1 (under-utilising) to 10 (maximising the benefits), percentage 'high' represents a score of 7-10, percentage 'medium' represents a score of 5-6 and percentage 'low' represents a score of 1-5.

Figure 60: Key engagement measures by role-based segment

	Drivers	Enablers	Utilities
Weighted base	(413) % high/positive	(550) % high/positive	(542) % high/positive
Key Measures of Importance			
Importance of CS to future success of business Attitude towards investment in CS	68 63	52 49	24 32
Key Measures of Potential Future Value			
Perceived effectiveness of use of existing CS	66	49	44
Personal Attitude Towards CS			
Technology exciting as always new things to learn Important to have the best equipment available I get ideas from home about new technology for the business	66 48 27	52 41 13	35 16 17

While Utility SMEs might be aware of the fact that they are not fully exploiting the benefits that technology could bring to their business, they don't appear to consider this an issue – tending to believe that the benefits don't justify the costs of investment, given that their existing technology already does the job.

Because Utility SMEs are fairly unreceptive to technology, the key challenge with this segment is simply to get communications services onto their agenda. One way to generate greater interest might be to highlight the relevance of communications services-related issues to their businesses.
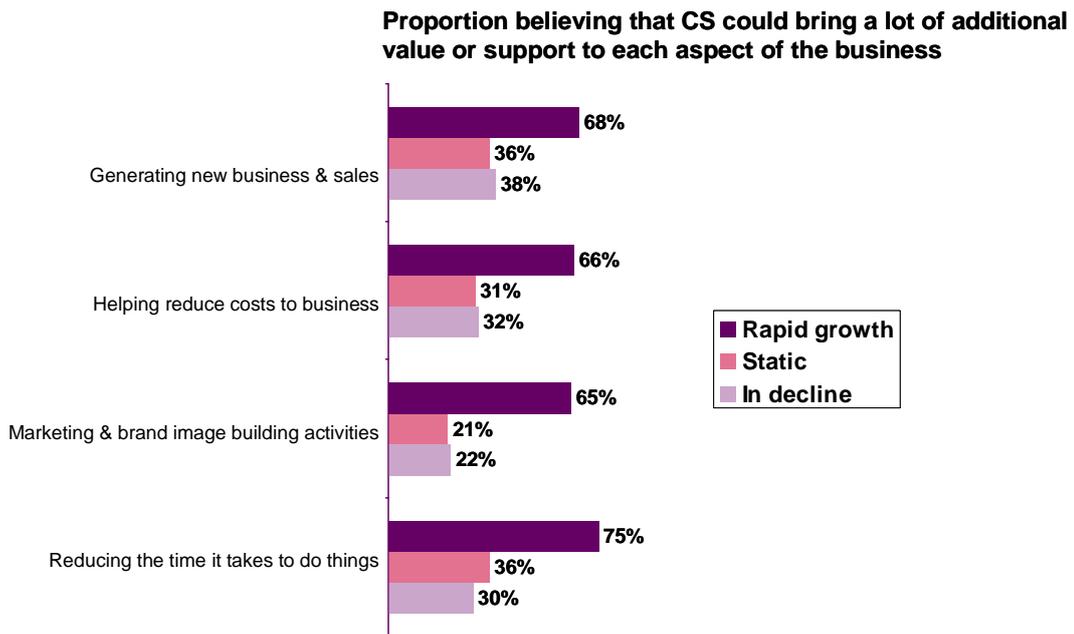
5.3 Challenges faced by particular types of SME

Two further challenges and opportunities were defined by the nature of an SME's business in terms of growth status and urban density.

Ensuring that communications services seem relevant when not in growth mode

Figure 61 shows that static or declining businesses were less likely to believe that communications services could have a beneficial impact on the top or bottom lines of their balance sheet. The industry should seek to reinforce perceptions of the additional value that CS could bring to businesses that are not necessarily in growth mode.
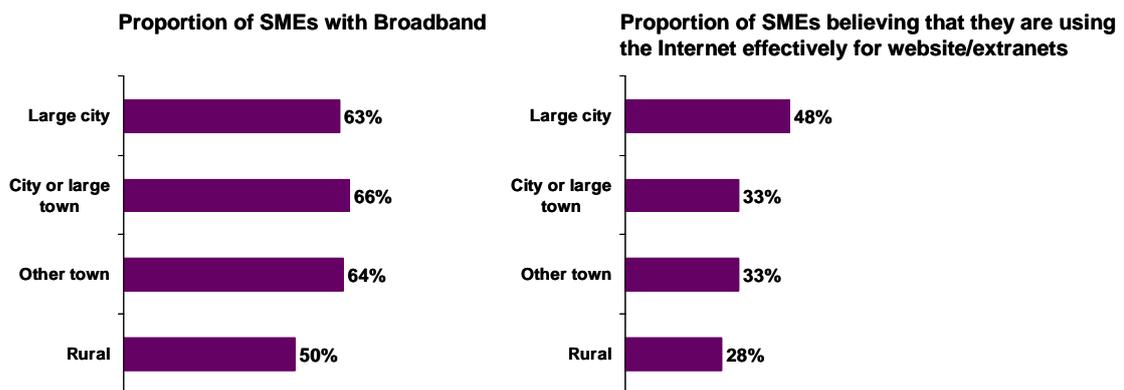
Figure 61: Perceived additional value that communications services could bring[54]

Proportion believing that CS could bring a lot of additional value or support to each aspect of the business

Generating new business & sales
- 68%
- 36%
- 38%

Helping reduce costs to business
- 66%
- 31%
- 32%

Marketing & brand image building activities
- 65%
- 21%
- 22%

Reducing the time it takes to do things
- 75%
- 36%
- 30%

Legend:
- ■ Rapid growth
- ■ Static
- ■ In decline

Promoting greater use of the internet/broadband among SMEs based in more rural areas

Figure 62 shows that SMEs based in rural areas were found to be less likely to be optimising the benefits that the internet can offer them – both in terms of broadband take-up and effective use of websites and/or extranets.

Figure 62: Use of the internet by urban density[55]

Proportion of SMEs with Broadband

- Large city — 63%
- City or large town — 66%
- Other town — 64%
- Rural — 50%

Proportion of SMEs believing that they are using the Internet effectively for website/extranets

- Large city — 48%
- City or large town — 33%
- Other town — 33%
- Rural — 28%

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[54] Base: All UK SMEs expecting to decline (108)/stay the same size (550)/grow rapidly (67) in the next twelve months
[55] Base: All UK SMEs in large cities (359), in cities or large towns (171), in other towns (676) or in rural areas (276)

Section 6

How the research supports Ofcom's programme of work

The SME engagement research and segmentation model will be used to provide an attitudinal dimension to Ofcom's existing work in understanding SME behaviour within the UK communications market. This will also serve to complement existing analysis undertaken using more traditional company profile characteristics.

The research findings will specifically inform the following individual programmes of work within Ofcom:

- Analysis of communications take-up and consumption across the nations and regions of the UK;

- Ofcom's approach to consumer policy;

- The promotion of media literacy in the UK.

Nations and regions

Over the next 12 months, the segmentation model will be employed to help develop our understanding of consumer behaviour across the nations and regions of the United Kingdom. We plan to present early analysis of the incidence of the role-based segments by geographic location to the National Advisory Councils in the autumn of 2006 and will incorporate these findings into the annual Communications Market: Nations and Regions report in the Spring of 2007.

Consumer policy

Ofcom's approach to consumer policy focuses on a number of key areas: access, choices, protection and empowerment. This research will help shape, inform and populate the indicators that will assess the market's performance on each of these dimensions. These will be included in Ofcom's annual review of consumer outcomes.

Media literacy

Further analysis of the role-based segments will also support Ofcom's efforts to promote media literacy in the UK, defining groups of SMEs who display gaps in their awareness and understanding of, and confidence and competence with, communications services. The research demonstrates the importance of media literacy to SMEs as well as individual consumers and these findings will be incorporated into the rolling programme of work around this subject.

Other research

In addition, Ofcom will incorporate the role-based segmentation model framework into its regular tracking studies and, where appropriate, on-going research and market intelligence publications. We also aim to undertake further work to understand the segments and attitudes in greater detail, and will work with all interested parties in developing our knowledge of the resulting opportunities and challenges.

Annex 1

Research methodology

Initial qualitative interviews

A1.1 The first stage of research consisted of 40 in-depth interviews and 9 case studies with SMEs across the four nations of the UK. In each case the respondent was the person with primary responsibility for IT/telecoms in the organisation. Each interview lasted between 45 and 60 minutes, depending on whether it was conducted face-to-face (businesses based in London/South East) or by telephone (businesses based further afield).

A1.2 The main purpose of this initial qualitative research was to explore the degree of engagement with CS and to establish what factors encourage or discourage increased and/or effective use of technology. The qualitative findings were therefore a key input into the development of the quantitative questionnaire.

Main quantitative interviews

A1.3 Interviews were conducted among actively trading SMEs with between one and 250 employees, across the four nations of the UK. Respondents were responsible for communications technology within their organisation. The interview length was 30 minutes. Fieldwork was conducted by TNS on behalf of Jigsaw Research Ltd. The interview was identified at the start as being conducted for Ofcom.

Technical appendix

Sample design

A2.1 The sample was structured to ensure robust coverage of the entire UK SME market. This necessitated a quota sample (a representative sample would have been dominated by companies with fewer than five employees, severely restricting the ability to analyse by company size). The quotas were constructed in order to allow traditional sub-group analysis across all size bands, while at the same time allowing detailed analysis/segmentation to be conducted just on the smaller companies (up to 25 employees), which represent the vast majority (92%) of eligible SMEs. The achieved sample is indicated in Figure 63 below.

Weighting

A2.2 All data was weighted to the profile of UK SMEs using target rim weights for company size, sector and region. The weighting figures were identified based on the Sample Answers database, which is known in the market research industry as being one of the more representative of small and medium sized businesses in the UK. The weighting targets are detailed in Figure 63 below.

Segmentation exercises

A2.3 The sample was split into Utility SMEs, Enablers, Drivers based on responses at Q14. The variables included in the segmentation exercise were as follows:

Q13a, Q13b, Q16, Q18, Q17a (IT strategy), Q18, Q21a, Q22, Q25 (items 1, 2, 3, 5, 10)

Step 1 – factor analysis on the 53 variables. Method used was Principal Component Analysis with Varimax rotation. The analysis produced 8 factors that were taken through into the segmentation.

Step 2 – each of the three groups were then segmented using the 8 factors. Both K-Means and Two-Step cluster analysis were used to identify the segments and the cleanest and most discriminatory solution chosen for each of the three groups.

Figure 63: Weighting profile

	Achieved sample	Weighting targets
Company Size & Sector (Interlocking)		
Up to 5 (including sole traders)	407 (79)	71.8%
Manufacturing/mining/agriculture/construction	100	10.1%
Wholesale/retail/distribution/leisure	175	44.8%
Services	132	16.8%
6-10	203	14.3%
Manufacturing/mining/agriculture/construction	52	2.3%
Wholesale/retail/distribution/leisure	93	8.4%
Services	58	3.6%
11-25	210	9%
Manufacturing/mining/agriculture/construction	61	1.7%
Wholesale/retail/distribution/leisure	90	5.0%
Services	59	2.3%
26-50	223	3.1%
Manufacturing/mining/agriculture/construction	60	0.7%
Wholesale/retail/distribution/leisure	104	1.6%
Services	59	0.8%
51-100	258	1.3%
Manufacturing/mining/agriculture/construction	70	0.4%
Wholesale/retail/distribution/leisure	110	0.6%
Services	78	0.4%
101-250	244	0.6%
Manufacturing/mining/agriculture/construction	57	0.2%
Wholesale/retail/distribution/leisure	120	0.2%
Services	67	0.2%
Region		
England	700	84%
Scotland	100	8%
Wales	100	5%
Northern Ireland	100	3%