

British businesses could make billions from the net, but most are missing out. Digital guru **Martha Lane Fox** reveals the challenge for SMEs – and how they can profit from the change

Words by **Leo King** Photography by **Linda Ny Lind/Eyevine**

# THE £19BN OPPORTUNITY

An alarming digital gap is holding back many small to medium businesses. A [recent report](#) commissioned by charity Go ON UK calculates that if British SMEs embraced IT they would unlock a staggering £18.8 billion of revenues.

Martha Lane Fox is the government's digital champion and the chair of Go ON UK, which seeks to make Britain the most digitally capable nation in the world. Lane Fox is convinced the issue has not been properly understood. "Digital is too often seen as a concept based on hardware or software issues," she tells Business Edge. She notes that the report highlights e-commerce, as well as many newer areas such as social media and mobile, where businesses continue to struggle.

"Shockingly, only a fraction of small businesses actually sell their goods or services online. There is the potential for

a lot of growth in digital-challenge areas."

According to the Go ON UK report, produced by Booz & Company, around a quarter of SMEs claim a lack of basic digital awareness and skills holds them back. This affects all aspects of technology, including traditional back and front office IT, mobile connectivity and remote working.

With 43% of SME leaders claiming they're "not comfortable" using modern channels, there is a risk that companies lack the ambition or security to develop in these key areas. Businesses are also concerned about the time and cost of training, even though if one person is trained in a major area they could teach other employees.

## SMEs at the centre

Go ON UK's report firmly places SMEs at the heart of a national digital growth, alongside improvements for digital access for citizens, and changes made by larger businesses and

government. Lane Fox says Go ON UK itself is taking the lead and adds, "Digital clearly offers growth, particularly to the small and medium-sized enterprise sector."

In the UK, SMEs lag far behind their international peers in terms of digitisation. This represents a major opportunity as SMEs are responsible for nearly half the national private-sector turnover.

"Every day, the media is full of debate and about what kind of society the UK can and should build in this new age of austerity," says Lane Fox. "The enormous power digitisation has to transform our economic, social and civic worlds is still ignored."

## Key changes

**The report suggests several improvements.**

- Focus on off-the-shelf products which integrate key functionalities and encourage straightforward, automated processes.
- Small businesses should look online for

## Your top priorities

**Businesses need the digital skills in place to maximise their potential.**

**1** If you're among the 16% of businesses not currently operating online, your priority should be a good website with links to social media, as well as implementing basic e-commerce capabilities. Also consider off-the-shelf IT systems to automate key processes such as sales and HR – it could reduce costs by up to a fifth.

**2** Digitally immature businesses must improve their websites to offer enticing sales prospects and instigate discussions with customers. Also think about moving to more remote working – make sure networks and devices support this. More digitally mature businesses should consider developing rich functionality

websites with plenty of video content and customer interaction.

**3** Roll out 4G technology to staff for greater efficiency – work out what their needs are, and ask which 4G-enabled phones they like. 4G could improve video conferencing and remote working capabilities, as well as giving access to large files and complex data for employees working in the field. Be security wise too, with encryption and strong passwords.

**4** Work with stakeholders to develop the UK's digital skills, including with charities such as Go ON UK and the government. This collaboration will enable the UK to be a digital leader and provide the digital skills and infrastructure businesses need.

SHOCKINGLY, ONLY A FRACTION OF SMALL BUSINESSES ACTUALLY SELL THEIR GOODS OR SERVICES ONLINE

sales and then go further by taking on mobile commerce.

➤ SMEs also need to learn how to make the most of social media, taking advantage of any existing skills and enthusiasm their employees may have in this area. (If figures from analyst house Gartner are anything to go by, within three years half of corporate web sales will come from social media and mobile applications.)

SMEs clearly have their part to play in transforming digitally. Technology can help them unlock new sales, retain customers, slash costs, automate processes and standardise information – these are all vital.

Beyond this, the modernisation of small businesses will have a huge effect on the economy, according to Lane Fox. She asks that everyone, including individuals, families, charities, businesses and the government, "help unlock the powerful social and economic prize that awaits us".

SMEs have the ability and ambition to respond with great success.

## Your next steps...

**So where should you start to meet the digital challenge? Go ON UK recommends tackling each area individually.**

- Think about using off-the-shelf systems for processes from finance to HR. These standardise data and automate processes, eliminating paper tasks and cutting costs.
- Get into cloud computing – it can save money, improve capabilities and hand responsibility for maintenance to the supplier.
- Consider allowing staff to work remotely in the field or at home. With the right security, this will improve efficiency. Video conferencing also saves time and money by avoiding you having to travel to meet people.
- Get ahead of your competitors by making use of social media. Build a strong profile on

Facebook, get users to 'like' you and update the page daily. With Twitter, gain followers by commenting in relevant discussions and use hashtags to draw attention to key subjects. Build groups on LinkedIn, add the people you meet for business and engage in discussion. On all channels, respond quickly to comments, questions and complaints. ■■

## EE and Go ON UK

EE is among the eight founding partners of Go ON UK. Read more about EE's commitments [here](#) on the Go ON UK website.

**Olaf Swantee, EE chief executive,** is on the Go ON UK board. **Video: Olaf talks about Go ON UK's ambitions.**