

Be the Business Tech Adoption Lab: Insight Report



Foreword

by Anthony Impey, CEO, Be the Business



The UK economy has been fundamentally changed by the impact of the pandemic, and nowhere is this more visible than in how small- and medium-sized businesses have used technology to adapt to successive lockdowns.

Tech has allowed many to keep trading through the pandemic and is now at the core of small business operations in way that it wasn't twelve months ago. Our research tells us that there has been a wave of tech adoption by small businesses over the past year, and that this enthusiasm for tech is set to continue.

However, we also know that tech adoption is not always an easy process, and to get the best from tech, small business leaders may need some external support.

We developed the Tech Adoption Lab to help identify exactly where the pain points are in the adoption process for smaller businesses, and how best we could support them. I'm delighted to say that Cisco and the West of England Combined Authority shared our ambition to understand and improve the adoption journey, and their support has been invaluable in delivering this important project.

The insights we have gained from the Tech Adoption Lab will be hugely valuable in helping shape the support we provide small- and medium-sized businesses in the future. We look forward to building on this work to scale this concept and make sure we're helping businesses get the best from tech.

Foreword

*by Aine Rogers, Head of Small Business,
Cisco UK & Ireland*



Small businesses are the backbone of our communities. Every country in the world that has a high GDP and a strong economy has a strong Small Business sector. Small businesses spark innovations, create opportunities, provide employment, and drive economic growth. They are also often first adopters to when it comes to technology and are agile adapters to change.

Almost overnight 80% of the world's businesses had to move their people, processes and customer engagement online out of necessity. When you're CEO, founder, purchasing and IT support for your organisation, what and how to adopt technology can be daunting. Cisco has committed to help small businesses on their digitisation journey, keeping it simple, secure and flexible as they evolve.

Working with Be the Business and the West of England Combined Authority, we were delighted to explore new models for how we can help. Our Cisco apprentices relished the opportunity to get involved, and as we heard from the businesses they worked with, really made a difference to how they adopted new technology. Going forward as the UK's small businesses choose technology with intent, we believe that there are exciting things to come.

Origins of the Be the Business Tech Adoption Lab

The Be the Business Tech Adoption Lab was created to provide learnings into how we can increase the productivity of UK businesses through accelerating the process of technology adoption amongst SMEs.

The Tech Adoption Lab methodology builds on earlier findings from the Be the Business and McKinsey report 'The UK's Technology Moment – why 2020 can be the year that changed our trajectory on tech'. The Tech Adoption Lab is a great example of public and private sector collaboration in small business support. Designed by Be the Business and delivered in partnership with Cisco and the West of England Combined Authority, the Lab supports and monitors SMEs as they make decisions about how to choose and use the right technology for their business.

The Covid-19 pandemic has disrupted the trading environment for all businesses. SMEs have been struggling with a challenging and rapidly changing business context and have turned to technology to help adapt to the crisis. They are adopting tech at unprecedented rates. Research shows that nearly half of all the UK's microbusinesses say they would have ceased trading as a result of the pandemic without the use of digital technology – that's around 2.7 million small businesses. Over 1.5 million small business ventured online for the first time. SMEs are turning to tech at scale, but we know that tech adoption can be a difficult journey for them. Research also tells us that over 53% of SMEs fail in their tech adoption journeys.

Be the Business's research to date identifies the well-known barriers to tech adoption for SMEs as being a lack of awareness of how solutions could work or deliver value for them, a lack of knowledge, funding, time, or employee buy-in. On the supply side, for software suppliers or vendors, the SME market can be difficult to serve. There are high costs of customer acquisition, lower ticket size per SME and more difficult/costly sales service models. By identifying ways to overcome friction points and barriers to successful adoption, the Tech Adoption Labs generates insight that can both inform future tech adoption policies and support programmes, whilst also helping tech suppliers better serve the SME market.

How the Tech Adoption Lab works

We worked with the West of England Combined Authority to recruit SMEs that were interested in bringing tech into their business. These came from a wide variety of sectors – including construction, retail, media, manufacturing and consumer goods – and were a range of sizes, ranging from between 1 to over 100 employees.

Each organisation had a unique set of challenges and goals, and required bespoke support to help identify the right technology solutions for their needs. We engaged a consultant to act as an independent and impartial guide and advisor to the businesses. An initial one-hour consultation with each business owner helped us to understand their business objectives, the impact of covid-19 on their trade, and assess any previous approaches to technology adoption.

The consultant makes a tailored recommendation of a set of technology solutions that could support their business objectives and growth. The Tech Adoption Lab process is a series of up to four one-to-one sessions working with the Tech Adoption Lab Consultant and a team of Cisco apprentices to kickstart the adoption process and undertake a trial of each of the recommended solutions. At the end of each session, the business owner could decide whether to adopt the tech they were trialling, choose an alternative solution, continue trialling or stop using the technology altogether.

Phase One: Understanding the SME tech adoption experience

Each of the SMEs had varying levels of tech maturity and varying degrees of success in previous tech adoption experiences. These ranged from having basic solutions in place such as website blogs and email distribution lists, to having cloud accounting solutions, to more sophisticated solutions like ERPs and CRMs. It was quickly apparent a one size fits all approach would not be successful, and the initial one hour consultation proved to be a vital step in the Tech Adoption Lab process.

One of the key benefits of this initial consultation was the ability to understand what had prevented the businesses from succeeding in their previous adoption efforts. A wide variety of obstacles were uncovered. The key benefit of the consultation was in uncovering what were the true barriers to successful adoption. For example was it an unsuitable product or poor implementation. Was it a skills issue or or a cost issue. Understanding the true nature of the obstacle or challenge enabled solutions to be devised.

There were three clear benefits to the one hour one to one consultation phase:

1. The discussion with an independent tech advisor provides an impartial sounding board to openly discuss any concerns or previous issues with technology adoption. It provides a rapid, neutral means of bringing awareness to the business owner about technology benefits and equips them with the confidence to prepare for the adoption and implementation process.

“The mentored sessions have been most useful in giving us bearings in the massive unknown topic of CRM. They have saved us a huge amount of learning by bad experience.”

CEO, Manufacturer 1

2. The consultation allowed the business owner to consider their needs from a new perspective. The adviser could spend time exploring each area of the business with the owner, to see the potential role of technology in overall strategy and operations, rather than limiting focus to a single piece of tech solution or tactical challenge.

For example, in the case of one manufacturing company, they came into the Tech Adoption Lab seeking support with customer services yet left with the know-how to implement a cloud-based HR solution. This replaced their paper-based system which had been used to manage over 80 employees – and will ultimately improve customer services processes in the longer term. In other cases, we were also able to help SMEs to benefit from and leverage functionalities that were being paid for within existing licence fees but were unused – thus delivering further bang for buck and productivity gains.

“Fantastic experience and an option that we did not know existed before the Tech Adoption Lab. [I am] definitely going to take it forward.”

CEO, Food producer

3. The insights generated from the one hour consultation sessions could rapidly be shared amongst other businesses in the Lab, helping the small business owners quickly identify which solutions are relevant to them, recognise the full value in a solution, and consider the total associated cost v. benefit.

“The chosen platform will not only help us with sales, but it will also help many other areas of the business for the same money”

CEO, Retailer

The consultation phase also generates a bank of reportable data on common barriers to adoption that can be shared with policy makers and technology vendors.

Phase Two: Supported trial of tech solutions

Following the consultations with our ten SMEs, we were able to clearly identify functional areas of their business where technology could add value, and recommend suitable tech solutions that could help. The second phase of the Tech Adoption Lab involved the businesses undertaking a trial of the tech solutions identified as being suitable for their needs.

The tech solutions that were recommended as part of the Tech Adoption Lab were products that could be trialled by an SME at no cost. This allowed the business owner to undertake a 'no risk' assessment of the suitability of the product and its functionality for their business needs.

The trials were conducted with the support of the independent tech consultant, who over the course of the four weekly interactions could guide the business owner, help address any challenges and help smooth the adoption process. The trial phase was supported by a team of Cisco apprentices who were on hand to provide tech support and advice to the business owner on technical or operational questions. This allowed for a blend of strategic guidance and accessible technical expertise to be available for the business owners.

In terms of the types of tech solutions SME owners opted to trial, there were some clear preference patterns. Eight of the ten SMEs in the Tech Adoption Lab were testing technology solutions that would accelerate their marketing, sales and customer relationships processes. This is the functional area Be the Business and McKinsey identified as having the greatest perceived need for improvement by SMEs and has the least product penetration.

The results of the trial phase were hugely positive.

Following their experiences in the Tech Adoption Lab:

- Four SMEs were ready to proceed immediately in adopting technology.

“I can see a real positive impact moving forward on my business(es)”

CEO, Events company

- Six would adopt some technologies in the near future. The delay in tech adoption was mainly due to reduced revenues due to the impact of the pandemic and lockdown.

“We are ready to adopt in the future and getting ready during lockdown”

CEO, Gym

- Additionally, five of the businesses wished to trial some other technologies further.

“The system works on mobile phones, so the team are trialling it with the jobs they are doing. We've also changed our process to allow workers to carry their phones with them”

CEO, Manufacturer 3

Importantly, none of the businesses we worked with decided to abandon their exploration of the technologies we had identified as suitable.

The Tech Adoption Lab experience generated 6 key insights that can shape ur approach to tech adoption supports going forward and help suppliers serve this segment more effectively.

1. An impartial guide improves the likelihood of successful tech adoption

The engagement and interaction with an impartial and independent advisor, particularly during the consultation phase, was hugely valuable in both quickly identifying an appropriate tech choice for the SME, identifying where the likely adoption pain points would be, and how to plan to overcome them.

“Having an experienced guide introduce you to a limited number of options and take you through the basics has been a real benefit to us. Software is not our area of expertise and even if you can appreciate the benefits of a particular program, trying to figure out where to start is almost impossible”

Hospitality company

A critical factor was the external guidance in making the right selection decision up front and raising awareness as to the “art of the possible”. Targeted guidance for SMEs, as to which vendors and technologies provides a good fit for their business, reduces the risk they associate with embarking on the adoption journey.

“Trialling has opened my eyes to the possibilities of B2B marketing which I had never heard of or thought about before.”

CEO, Food producer

2. The Tech Adoption Lab builds trusted relationships with suppliers, customer service teams and delivery partners

“Cisco apprentices relished the opportunity to be involved. Working with the tech consultant and the SMEs gave them experience of the small business sector, the challenges SMEs face whilst developing and expanding their skill set.”

Bob O’Sullivan, Technical Operations Lead, Sales Engineering, Cisco UK & Ireland

There’s a transition point where the impartial guide needs to handover to tech expertise. The solutions we trialled were inherently usable. For general issues, software vendors had often produced videos and tutorials to help educate the users. These were used effectively by our SMEs to increase their understanding of the products without contacting the software vendor themselves.

For more specific queries, our adviser connected the businesses to relevant supplier support. Two SMEs had complex system infrastructure challenges that required careful consultancy. The advisor helped recommend technology ideas that could work for their business and could then connect them with implementation support networks. The adviser was able to speak with companies that manage implementation to then offer this advice for next steps back to the SME. These interventions resulted in both SMEs continuing to explore and trial possible solutions further after their Tech Adoption Labs finished – equipped with the know-how on what would be required in totality.

A word of caution on the importance of building a trusted relationship. Repeatedly, when engaging directly with vendor representatives, the SMEs worried about being harassed for sales. Even in our Tech Adoption Lab after saying the SME was pausing their decision due to lockdown, the software vendors continued to chase the sale.

“It was good to have access to the supplier’s team to answer questions, to get an understanding of implementation, and costs”

CEO, Media company

3. Easy interoperability with other systems and ease of switching are attractive to SMEs

SMEs are cautious about incurring additional costs associated with integrations to existing systems. They are also concerned at how difficult it might be to transition from one solution to another, and ease of data portability. With the plethora of software vendors now covering many different technology areas, we recommend that where possible, suppliers promote their system’s flexibility as a competitive advantage. For example, one ERP software vendor working with our SME also had a CRM system, however they acknowledged that other CRM’s are better. With their systems’ flexibility to work with other systems, they instead offered full consultancy and support services to integrate with other CRMs seamlessly, which was seen as a great benefit.

“We have chosen a CRM due to its potential and other apps available. We feel it could have a great impact on our business”

CEO, Hospitality company

“The roadmap to successful digital transformation for SMEs, begins with a sound physical infrastructure. Starting and using the foundational technology in connectivity, collaboration and security will maximise the value of the solutions implemented.”

Aine Rogers, Head of Small Business, Cisco UK & Ireland

4. Cost is a key consideration and flexibility in contract structures is critical to small business purchase decisions

From the Tech Adoption Lab, a retailer and hospitality company both chose to adopt a CRM with low cost per employee model from a wide range of apps and technologies available. A food producer is also adopting a CRM, again based on a low cost per user model. All SMEs who trialled one particular B2B lead generation platform were impressed with the impact. The popularity was also partly due to the low cost per month model with no long-term commitment, enabling them to dip their toe in the water and see if the solution works for their business. When compared to current costs of attending trade shows and other ways to generate leads, the team were “blown away” by the potential savings.

Alternative pricing models are also appealing for SMEs, for example, one B2B lead generation tool trialled was very attractive to an SME due to its rolling monthly contract starting at \$100 per month, with no long-term commitment. When we contacted a competitor, we were told they'd need to commit to signing up for a year, equivalent to \$15,000 one off spend. This same issue was true for CRM systems as well, again asking SMEs to commit to annual contracts rather than rolling monthly contracts. With the rapid onset of the Covid-19 pandemic, businesses are keenly aware of the need to plan for fast contraction as much as they plan for fast growth.

“We have invested nearly £100,000 in developing our own bespoke timesheet and resource tracking system and can see now there could be a software platform available to do this at much lower cost.”

CEO, Hospitality company

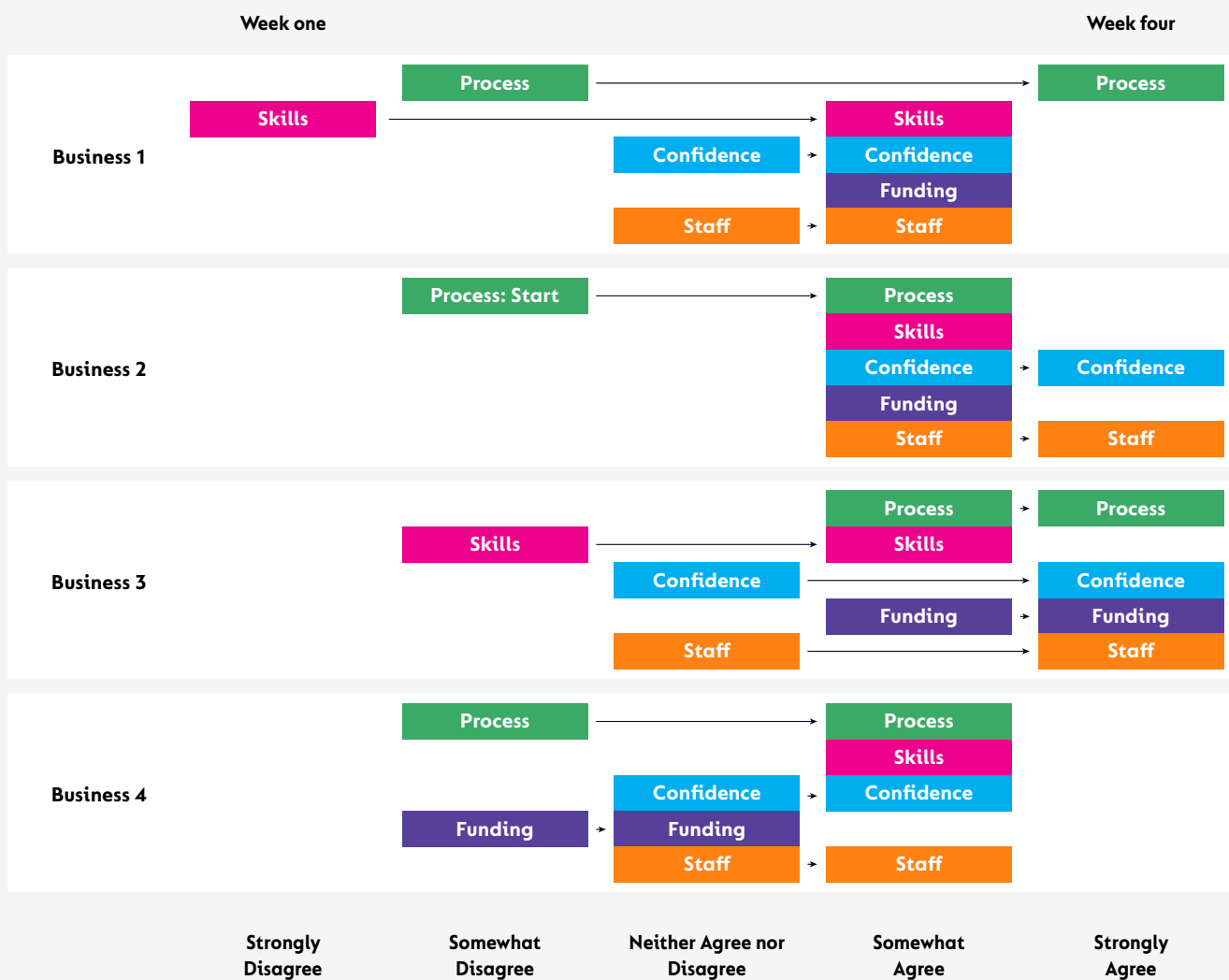
5. The Tech Adoption Lab instilled confidence in SME leadership for ongoing adoption

Previous research has shown that a lack of skills and confidence amongst SME leaders in their ability to manage a tech adoption project prevents them seizing the strategic opportunities presented by technology. A business owner must be confident they will be able to successfully identify, adopt and deploy the right type of tech. This can be a daunting proposition. The Tech Adoption Lab enabled all our SMEs to overcome this barrier through CEO's and senior leaders attending the Tech Adoption Lab sessions, not only the employees who may use the tech regularly as part of their day to day work. This enhanced the leadership teams' own knowledge and understanding of the tech adoption process beyond just crowdsourcing insight from their networks or relying entirely on potential suppliers.

Skills that were improved ranged from increased awareness of potential solutions, to setting more realistic implementation requirements, to running live trials that allowed leaders to set up the capability in-house. For example, by providing training on delivering digital advertising campaigns, the organisations will now save on third party digital marketing agencies and immediately be able to reach more customers.

Each week in the Tech Adoption Lab we tracked the business leaders progression across four key elements to assess readiness for adoption, and for every business this grew to “somewhat agree” or “strongly agree” over the 4-week period. This capacity building was an important outcome of the Tech Adoption Lab, with skills and confidence metrics growing significantly over this period for all participating businesses.

Figure 1: Progress across key barriers to adoption: Understanding and confidence that the business owner ‘knows the process needed to adopt’, ‘has the skills needed to adopt’, ‘has the confidence levels to adopt’ and ‘has the funding required to adopt’ was tracked during each week of the lab



“The Tech Adoption Lab has accelerated our learning hugely, the only other way we could have done this would have been to spend a great deal of time with scatter shot trialling systems”
 CEO, Manufacturer 2

6. Bringing the team with you on the journey enhances chances of successful adoption

The Tech Adoption Lab sessions were also able to be attended by the end users – a critical step in ensuring successful adoption. Testing things live, with an expert to guide them, allowed teams to see exactly what would need to be done when the expertise was no longer there. We encouraged, where relevant, several employees to be part of the Tech Adoption Lab process in addition to the CEO/senior management team members. This ranged from a sales lead joining with the business owner, to nine employees across a range of functions participating.

“You have taken our organisational understanding of both topics from zero to implementation of the prospecting tools to having delivery partners collaborating with us to resource the AI.”
 CEO, Charity

Next steps for the Adoption Tech Adoption Lab

For all of the business owners, the Tech Adoption Lab helped them think through the opportunities tech presented for their business, and crucially helped them turn their plans and ideas into action. A good example of how the process proved successful is the experience of Ollie Greenhalgh, owner of RaviOllie, a high-end food business based in Bristol, found tech could provide a way of reaching a whole new market.

With the onset of Covid and lockdown, he had to pivot rapidly and implement an e-commerce website for B2C sales. Prior to the Tech Adoption Lab, the business had some individual tech systems, but they were added incrementally rather than strategically. After participating in the Tech Adoption Lab, a new CRM with added B2B lead generation tools and a new digital sales channel was adopted. The business increased turnover through the new market B2B market segment and channel, and increased efficiencies by integrating the CRM with sales tools to serve more customers at a lower cost per sale.



“It was a fantastic experience. It’s really opened my eyes to possibilities I hadn’t really thought about before the Tech Adoption Lab. Business to business marketing wasn’t something we’d really considered. We’re definitely going to take this tech forward.”

Ollie Greenhalgh, RaviOllie:

The Tech Adoption Lab has provided a rich source of insight into the challenges faced by small business leaders as they navigate the tech adoption process. This insight allows us to better understand the nuances of the small business context and help find solutions and offer improved support. The knowledge we have gained is already being fed into our programme design and policy recommendations.

The response and engagement from the small business leaders themselves has been hugely positive, and we are planning to run a further series of Adoption Labs in 2021 to reach more businesses and generate more valuable insight.

The role that Cisco and the West of England Combined Authority have played in delivering this important pilot has been critical, and without their backing and support, this innovative and timely initiative would not have been possible. We can build on this foundation and bring Adoption Labs to locations across the UK.