

The challenge of SME broadband adoption: a few ideas

By Gary Dunmore

We are all connected now, aren't we? Internet connectivity is simply an essential in a globally connected economy. Large enterprises know this, and have long had the wherewithal to integrate networked applications into their business operations. (At SNG, we talked about this integration as "e-solutions.") Of course, the increasing availability of affordable broadband Internet access has opened up the same opportunities for small and medium enterprise (SMEs). So, why are many SMEs still unable or reluctant to take on e-solutions? We would like to share a few ideas.

Some get it Of course, there are always the (not so) early (by now) adopters. Where broadband is available, a good number of SMEs do not need a lot of convincing about the cost-benefit of taking service - whether it be via DSL, cable, fiber, or wireless access. For them, higher connection speeds speak for themselves: no need for a complex business case to prove that being able to do the same things faster and more efficiently improves productivity; or that having an affordable 'always on' connection can save on phone connection costs or expensive T1 circuits. And beyond the day-to-day efficiencies, there are the things they couldn't do before broadband, such as: the promotions company that couldn't transfer artwork files quickly between its offices and remote contract artists and was spending a fortune on time and costs of transportation; or the precision machining company that needed to be able to receive and send complex drawings online simply to be "eligible" to bid for major clients' business. In fact, SNG research shows that over 60% of SMEs rate broadband as very important for making day-to-day operations easier and allowing them to make more effective use of resources. However, more than 50% of SMEs have not (yet) internalized how broadband can increase revenues, reduce costs, or evolve how they do business. Here is the real challenge: why are so many SMEs still not taking full advantage of what broadband can offer?

Answers Looking "inside" the businesses themselves can help. Firstly, some business owners don't recognize the benefits of broadband. Focused on chasing the business and creating value, when it comes to "technology and the connected economy," they often "don't know what they don't know" - and they have limited time or resources to figure it out. And, if the case isn't made in terms of savings, growth or competitiveness they don't allow much time for convincing - "If it doesn't help my bottom line why should I spend time on this?". Also, there is often an assumption by business owners that implementing e-solutions requires technical know-how, or is something a small business cannot afford to implement or maintain. In fact, our research tells us that over two-thirds of SMEs view the

cost of development and maintenance and their lack of internal expertise and knowledge as important barriers to adopting e-solutions.

A different angle We believe that SME owner-managers need to be enlightened about the transformative effects of technology, and the significant benefits they could reap from jumping on the broadband train. Without the jargon, they need to be informed about what happens when technology intersects with business processes; when it becomes possible to do different things and do things differently - creating new operating models and new business opportunities. This is the e-solutions moment. Rather than about speed and bits, business owners should think about “any business activity that can leverage the power of the Internet.”

Beyond e-commerce, SMEs should get a stronger, better feel for the opportunities that connectivity offers to transform how they conduct business (increased market reach, easier processing of orders, cheaper product delivery, smoother - when done right - customer service and technical support, etc.). Business owners, especially those who don't want to sell online, need to be told about the good news - that there are many affordable e-solutions available online for them – and solutions that don't need to be complicated to have big impacts, such as: sales force management and CRM tools to more effectively generate revenue, collaborative networks to enhance internal and external interactions and sharing, online national and global supply chain networks to uncover new opportunities, or remote access and tele-working packages to extend out-of-office reach. And of course, because not all solutions are applicable (or important, or useful, or affordable...) for every business, owner-managers need support in navigating through the mass of information, and in figuring out the "what works for my business; what solutions are appropriate; where is the greatest benefit; what should be done first, and what later?" questions.

An important focus We know because we have been there too: support organizations have long had a hard time convincing the reluctant owners to act. However, we believe that the time has come when many SMEs will be receptive to effective support to find that intersection between technology and their business that works for them – provided it's done without adding excessive burden that detracts from their business focus. Because making such support available to SMEs is as important as making broadband available in the first place it is becoming an urgent priority for public policy. Let's keep in mind that that SMEs are a key engine for employment and economic growth (95% of businesses have less than 50 employees). More SMEs adopting e-solutions, enabled by broadband, improves growth, productivity, and competitiveness, with positive effects not only for SMEs but also for their communities and the economy overall. After all, that's what sustainable adoption is all about.

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