BREAKING THE 'CAN'T ADOPT, WON'T ADOPT' CYCLE IN UK TECH USE

HOW THE RIGHT TECH TOOLS CAN HELP OWNERS OF SMALL AND MEDIUM-SIZED BUSINESSES WIN BACK £8.1BN OF LOST TIME

ENTERPRISE NATION
DROPBOX
NOVEMBER 2021

For many small business owners across the UK, the COVID-19 pandemic was a turning point in their relationship with technology. Our survey shines a light on this changing relationship, examining how business owners used technology and how they intend to use it in the future.

For some, adopting technology was about business continuity in a world of pandemic restrictions. Most say their business couldn't have survived without it. But upgrading the nation's tech stack unlocked longer-term gains for adopters. They report new sales, more efficient ways of working, and better access to knowledge networks.

But far too many businesses are failing to take advantage of the full range of tech tools that, together, save users an average of 12.5 hours each month. While only 2.7% of respondents didn't use any of the tech tools listed in this survey, around a quarter didn't use cloud computing and the same proportion didn't use video conferencing – both seen by users as critical to business continuity. Moreover, only around six in 10 businesses had adopted both of these crucial tech tools.

If the average benefit was banked by all senior employees in SMBs across the UK, the gross value of the time saved would be around £8.1bn. For most business leaders, the monetary value of time saved alone would easily outweigh the cost of licences for the tools covered in this report. But this is before we count the other business benefits that adopters report.

The investment case is solid, but big pockets of low adoption exist across the business community. And business owners understand some tech tools better than others. Extending the use of these tools would boost the performance of thousands of firms and their resilience to individual or economy-wide crises.

Enterprise Nation   **Dropbox**

INTRODUCTION

PROMOTING TECH ADOPTION WOULD BOOST UK ENTERPRISE AND IT'S OUR COLLECTIVE RESPONSIBILITY TO DO IT:

- For industry — it's about finding better ways to showcase benefits to business owners and leaders and clarifying the real costs of inaction.

- For businesses — small and micro-businesses should test the market with free trials and entry-level commitments. They can take advantage of impartial sources of advice and information.

- For government — this is about extending the major support schemes on tech adoption to micro-businesses and widening the range of tools that financial incentives cover.

ENTERPRISE NATION

Emma Jones CBE, founder & CEO

"Small business owners have done an amazing job in the past 18 months in adopting digital tools, and it's our job to continue to support them with the information and resources they need to make decisions on key technologies. This research shows there are some barriers to tech adoption among the small business community, and this will inform our work and engagement with government as we see the rollout of the Help to Grow: Digital programme. We see at first hand the benefits that small businesses gain by being digitally savvy and we look forward to working with Dropbox and others in the tech industry to make sure the issues presented in the report are addressed."

DROPBOX

Andy Wilson, director of Dropbox UK

"We need to break the 'can't adopt, won't adopt' cycle. UK businesses have been held back by lack of information — about products and services, entry-level deals and free-tier products, and new tools and services that can help them push their business to the next level. We can't expect time-poor business owners to navigate this complex landscape without guidance, which is why we partnered with Enterprise Nation to research this issue and present a set of recommendations, for the industry, the government and business owners themselves."

METHODOLOGY OVERVIEW

FIELDWORK DETAILS

- The survey results were gathered from an online poll between 17 September and 3 November 2021.
- 901 businesses responded to the survey.
- The respondents to the survey are drawn from the owners/senior leadership of micro, small and medium-sized businesses.

RESPONDENTS

- 74.4% of respondents were white.
- 21.8% of respondents were from all other ethnic groups combined. The remaining respondents either preferred not to say or did not know.
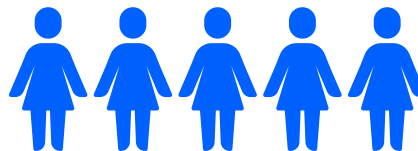
SIZE OF BUSINESSES

- 27.2% of respondents had zero employees.
- 32.3% had between 1–10 employees.
- 15.9% had between 10–50 employees.
- 16.3% had between 50–250 employees.
- 8.2% had over 250 employees.

DEMOGRAPHICS

- 48.2% of respondents were male.
- 46.4% were female.
- The remaining respondents either preferred not to say or identified differently.

REGIONS

There were respondents in every region of the UK.

SUMMARY

Most business owners surveyed for this report say online collaboration saved them from closure during the pandemic. Adopters also see it as driving future sales, cost savings and resilience.

But despite the importance of tech, many entrepreneurs are still not making full use of the tools available. This includes tools many see as crucial for business continuity: over half of respondents had yet to adopt secure document signing and e-signatures.

Business owners stuck in a 'can't adopt, won't adopt' cycle of under-investment in tech tools could be losing the equivalent of £3,400 a year in lost time, missing out on new custom or exposing their enterprise to unnecessary risk.

TECH USE – SURVIVAL AND BUSINESS CONTINUITY

Tech tools enable people to connect and collaborate over distance. They underpin new business models and power online workspaces. Many businesses credit their survival through the pandemic to the tools they use.

SKILLS AND CONFIDENCE

Digital skills go together with tech adoption. On average, business owners are active in keeping up with trends. But reading about new products doesn't always generate the confidence to use them. Building this confidence with expert advice, better information, and training could unlock growth in businesses across the UK.

GROWTH AND FUTURE ADOPTION

A business owner's record of adopting tech is a good guide to their future intentions. Familiarity builds confidence and knowledge of what tech tools can do for them. Breaking more businesses out of a 'can't adopt, won't adopt' mindset would transform the performance of thousands.

PRODUCTIVITY AND EFFICIENCY

Counting the potential time saved through new ways of working allows businesses to weigh the benefits against the costs. Tech adopters report large time savings. If extended across the UK, these gains in productivity would transform the economy.

BARRIERS TO ADOPTION

Though business owners report many benefits from tech tools, they also identify barriers that prevent them using those tools. Some see cost and challenges with implementation. Others cite a lack of knowledge or information. Addressing these barriers would unlock growth across the economy.

Key stats

The COVID-19 pandemic was a turning point for business owners in thinking about their relationship with tech. It prompted many to imagine how tech tools could support new patterns of working and collaboration. For some, adoption was about survival. But users also reported new sales, efficiencies and access to peer knowledge.

TECH TOOLS KEPT THE ECONOMY GOING DURING COVID-19.
72.5% of businesses said tech tools saved them from closing down during the pandemic lockdown.

BUSINESS LEADERS SAVE 150 HOURS A YEAR ON AVERAGE FROM USING TECH TOOLS, WITH THE VALUE OF THAT TIME – FOR SMES – BEING £8.1BN.
This is worth the equivalent of £3,400. Some save even more time – one in five business leaders (21.2%) said tech tools saved them over five hours a week (at least 260 hours a year).

Tech tools are particularly important in allowing the smallest businesses to operate efficiently. Of the respondents that said tech tools save their business time, 66.4% had five employees or fewer.

THE COST OF THE LICENCES AND SUBSCRIPTION FEES IS A PARTICULAR BARRIER TO ADOPTING TECH TOOLS FOR SMALLER BUSINESSES AND FEMALE-LED BUSINESSES
Of those businesses highlighting cost as a barrier, 78.5% of them had five employees or fewer. 58.6% of the businesses that highlighted cost as a barrier were female-led. (It's important to note that most responding businesses that employ no more than five people were female-led.)
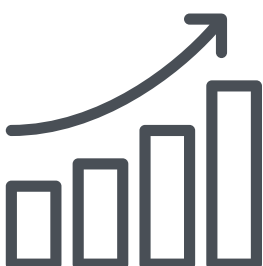
THOSE BUSINESSES THAT EXPECT TO GROW AND THOSE THAT DON'T ANTICIPATE AN INCREASE IN THEIR USE OF TECH TOOLS OVER THE NEXT 12 MONTHS.
Only 5.9% of businesses do not expect to use tech tools more widely.

Tech use – survival and continuity

Tech tools were crucial to the public health response to COVID-19. Without them, business continuity in the face of shutdowns would have been impossible. Most business leaders who responded to this survey believe that, without the ability to collaborate online, their businesses would have closed.

TWO TECH TOOLS IN PARTICULAR HAVE BEEN CRITICAL TO BUSINESS CONTINUITY DURING THE PANDEMIC.

A clear majority of survey respondents reported that "video conferencing" (66.5%) and "cloud storage, file-sharing and simultaneous editing software" (59.3%) were important to keeping their business going over the last 18 months. These tools were also regarded as the best ways to connect with customers and clients over the last 12 months.
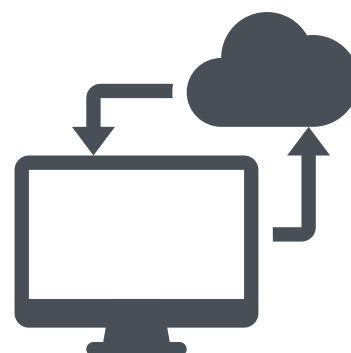
PROJECT MANAGEMENT TOOLS WERE SEEN AS IMPORTANT TO BUSINESS CONTINUITY, BUT NOT ALL BUSINESSES ADOPTED THEM.

More than a third (33.5%) of survey respondents reported that "project management tools" were important to keeping their business going over the last 18 months. Yet more than a fifth (22.1%) of respondents reported that their business does not use project management tools at all.

A BETTER ABILITY TO WORK WITH OTHERS WAS THE #1 BENEFIT FOR USING TECH TOOLS.

59.3% of businesses reported that cloud storage, file-sharing and simultaneous editing software were very useful to keeping them going over the last 18 months. These tools helped small businesses connect with customers (68.1%), speed up processes (61.8%) and continue best practices that they implemented during lockdown (58.2%).
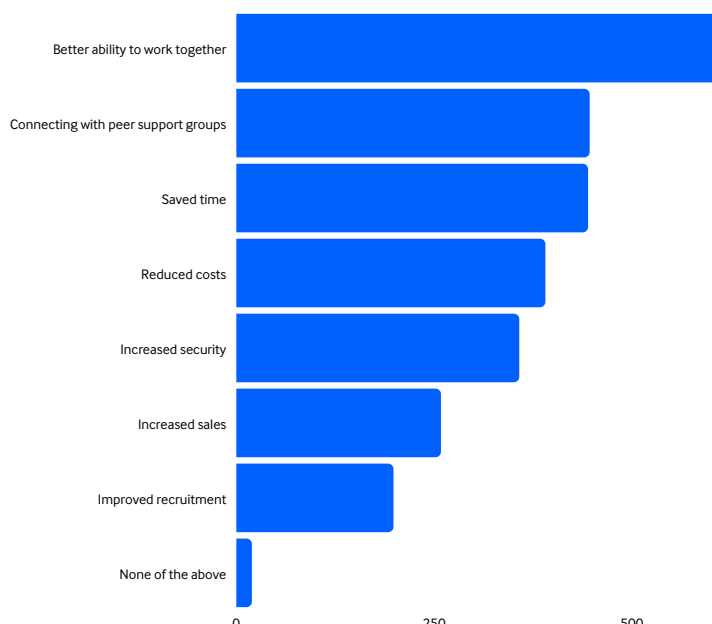
Figure 1: Which of the following benefits has your business achieved by using technology tools?

Skills and confidence

Many UK business owners aim to stay up to date with tech trends. But smaller and female-led enterprises claim less active interest than their larger and male-led counterparts. And low confidence in using new and lesser-understood tools means that thousands of businesses are missing out on gaining a competitive edge or building their resilience to future crises.

MOST BUSINESSES ACTIVELY KEEP UP WITH TRENDS IN BUSINESS TECHNOLOGY.
Many of these businesses (41.6%) would go as far as to say that they are "very active", which meant reading about, researching and attending courses.

LONDON-BASED BUSINESSES SEE HIRING REMOTELY AS A BENEFIT OF TECH TOOLS OVER THE NEXT 12 MONTHS.
Almost a third of London-based businesses (33.0%) say remote hiring is a key benefit, compared to 25.4% of businesses in the rest of the country.

SMALLER BUSINESSES AND FEMALE-LED BUSINESSES ARE LESS LIKELY TO KEEP UP WITH TRENDS IN BUSINESS TECHNOLOGY THAN LARGER AND MALE-LED BUSINESSES.
Only around a third of businesses with 1—10 employees say they are very active in keeping up with technology trends, compared to two-thirds of businesses with over 50 employees. Around one in three female-led businesses regard themselves as "very active" at keeping up with tech trends, compared to around one in two male-led businesses.
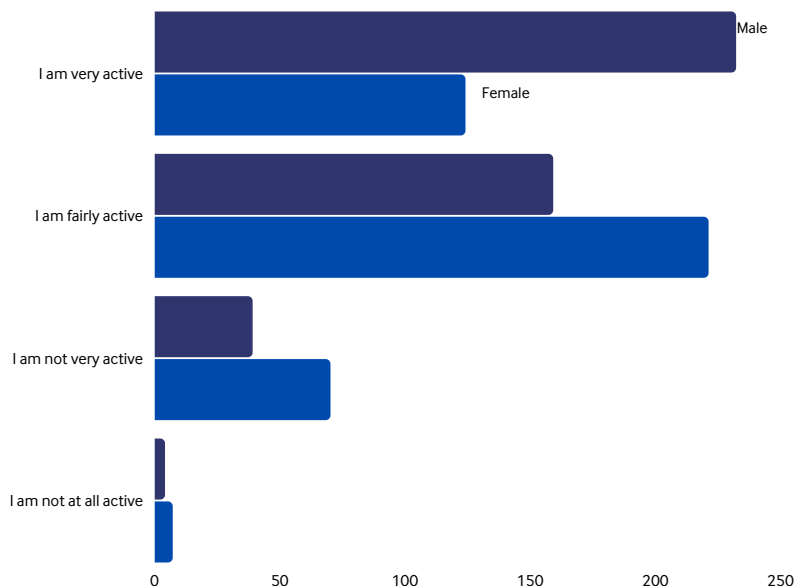
Figure 2: Which of the following statements best describes you, when it comes to keeping up with trends in business technology?

The tech tools that businesses are most confident in using are those that contributed most to business continuity during the pandemic.

These tools are "cloud storage, file-sharing and simultaneous editing software" and "video conferencing".

Confidence was lowest with using digital watermarking and speech recognition software. Only 23.9% of businesses regard themselves as "very confident" using digital watermarking, while just 24.9% consider themselves "very confident" with speech recognition software. Only around a quarter of respondents felt "very confident" they had the right skills if they needed to use these tools in their business.

34.4% of businesses with 1–10 employees are very active at keeping up with tech trends, compared to 65.6% of businesses with 50–250 employees.
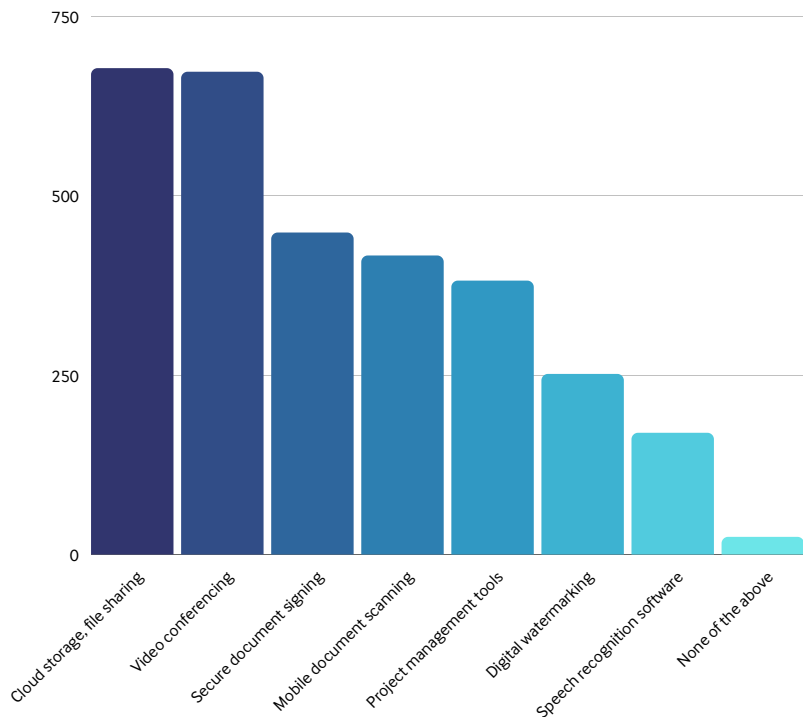
Figure 3: Which of the following technology tools has your business used in the last 18 months?

SKILLS AND CONFIDENCE

"Fortunately I already delivered my services through a mix of online and in-person sessions, so when the pandemic hit, I was able to quickly switch all delivery to online platforms. I also already used cloud-based accounting software and cloud back-ups so with these I was able to carry on as usual.

"However, technology isn't my speciality, and without spending hours researching through the internet I find it hard to know what's out there that might be useful and whether it'll integrate with what I've already got. For example, a chance conversation led to me learning about speech-to-text apps, which I now use to take notes during meetings and workshops.

"It would be great if there were some simple lists and short videos of potentially useful technology tailored for different types of businesses."

- Melanie Bryan, Why Not Change

Growth and adoption

A business owner's record of adopting tech is a good guide to their future intentions. Active users of tech tools are in a virtuous cycle. Familiarity builds confidence and knowledge of what tech tools can do for them. Breaking more businesses out of a 'can't adopt, won't adopt' mindset would transform the performance of thousands.

BUSINESSES INTEND TO ADOPT OR MAKE MORE USE OF THE TECH TOOLS THAT ARE ALREADY WIDELY USED.

More than half of businesses say they're going to use cloud storage, file sharing and simultaneous editing (62.0%) and video conferencing (61.2%) more over the next year. Both businesses that expect to grow, and those that don't, anticipate they will use tech tools more widely. Businesses that expect to grow their turnover in the next three years anticipate using cloud storage, file sharing and simultaneous editing, video conferencing and project management tools the most. Only 5.9% of businesses do not expect to increase their use of tech tools.
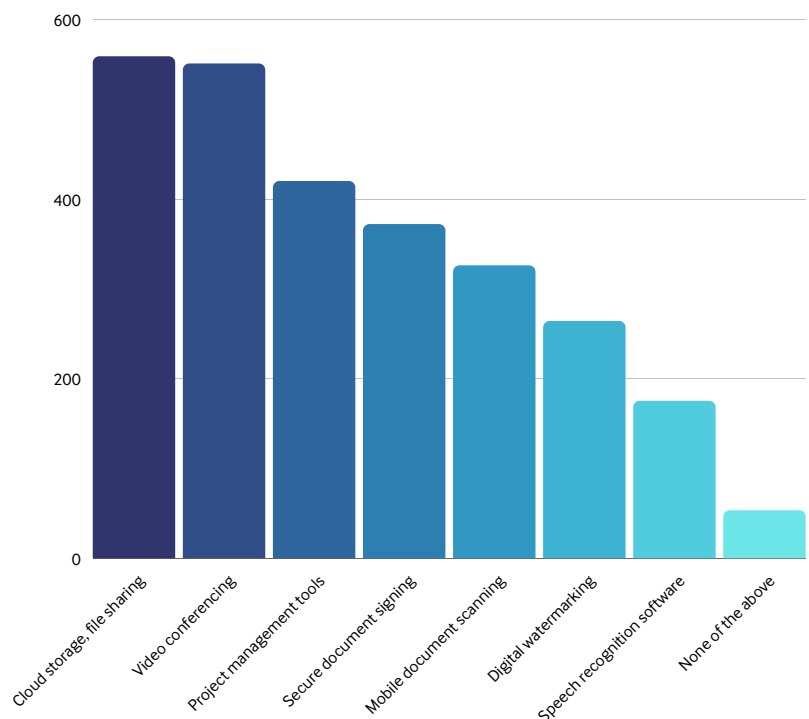

Figure 4: Which of the following do you see your business adopting or making increasing use of, 12 months from now?

GROWTH AND FUTURE ADOPTION

"As a young business, we've been determined to bake distributed working into our processes and practices from day one, building a culture that's highly collaborative while centred around an asynchronous way of working. When the pandemic hit, we could adapt quickly, and relied on technology to make that possible: we needed tools that were easy for everyone to use while also being secure and flexible in a distributed environment.

We saw for both ourselves and our stakeholders that the pandemic made us open to trying different tech tools, and we figured out quickly what worked best for the organisation. As our business continues to evolve, tech tools will be essential to our future growth."

- Sam Phillips, Residentialy

Productivity and efficiency

The gains from tech adoption can be measured in better working relationships, new customers and sales, and access to peer support networks. But the respondents to this survey reported massive time savings too.

For many business owners, the value of the average time saved — 12.5 hours a month — would easily outweigh the cost of new software licences for the tools covered in this report. This is worth the equivalent of £3,400 in wages. If this saving were applied to senior staff in SMBs in the UK, the value would be £8.1bn. Forty-five per cent of these savings can be found in the North of England, 15% in the Midlands, 8% in the South West, 6% in Scotland, 4% in Wales and 2% in Northern Ireland.

For businesses, adopting a new tech tool is an investment in performance as well as resilience. Counting the potential time saved through new ways of working allows them to weigh the benefits against the costs. Tech adopters report large time savings. If extended across the UK, these productivity gains would transform the economy.

Figure 5: On average, roughly how much extra time do you think you personally would have to spend working, if you didn't have any of these tech tools?
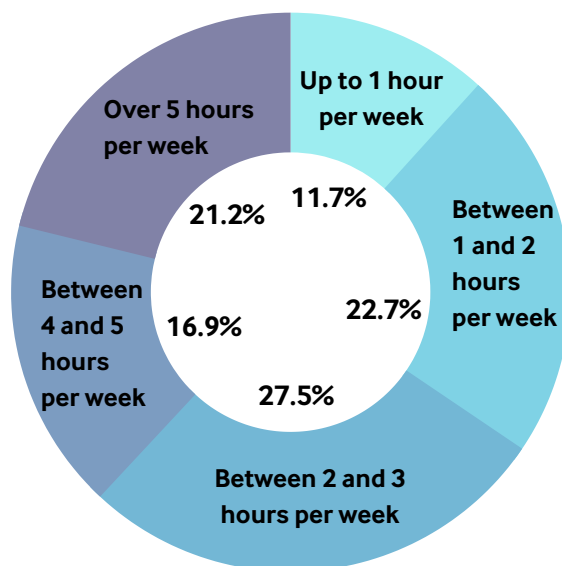
PRODUCTIVITY AND EFFICIENCY

"When I think back to when I first started my career in accountancy, we wasted so much time hunting down the client file. There's no way you can work flexibly and remotely without having your client data saved electronically, or being very organised and taking the right files home with you (which doesn't allow for any changes of plan!).

"And then when we want to share files with our clients or partners, we just set up a shared folder between us. Then we can see who has accessed the folder and what they changed — and all in a secure environment that reduces email traffic too. If you get your clients to use two-factor authentication to enter Dropbox, it's all even more secure, probably better than a lock and key."

- Jessica Pillow, Pillow May Accountancy

Barriers to adoption

Though business owners report many benefits from tech tools, they also identify barriers that prevent them using those tools. Despite the clear investment case for tech adoption, the perceived cost, and a lack of information and advice, is holding business owners back.

MORE THAN ONE-THIRD OF BUSINESSES NOTED TWO PARTICULAR BARRIERS TO ADOPTING TECH TOOLS.
40.7% of businesses saw the perceived cost of licences and subscription fees as a barrier, while 35.0% of businesses considered a lack of expert advice as a hindrance.

THE OTHER BARRIERS TO ADOPTING TECH TOOLS WERE MANY AND VARIED.
Between a quarter and a third of respondents referenced the following barriers: a lack of information; potential downtime or disruption; a lack of skills within the business; having to carry on using existing tools because of contracts; products not tailored to the needs of the business; and too many choices.
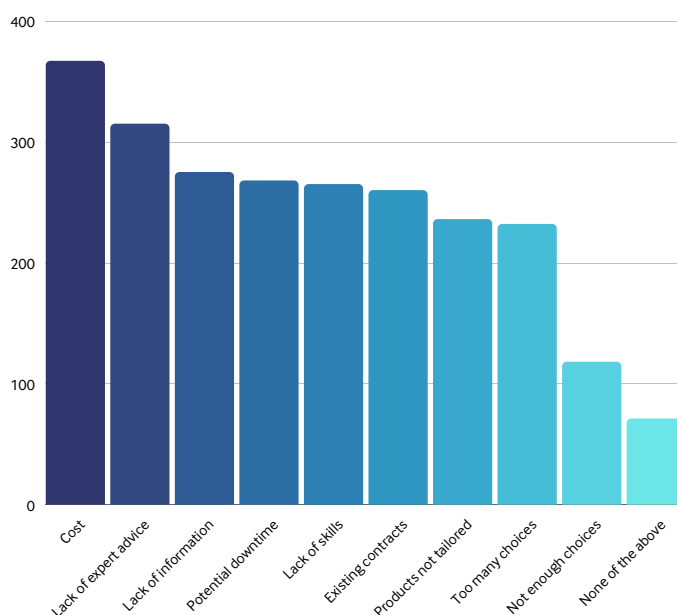
Figure 6: Which of the following factors, if any, are hindering your ability to adopt or use the technology tools your business needs?

BARRIERS TO ADOPTION

"We went through a period of establishing the primary use of our core technology — our processes and the solutions we used were fragmented between various offices, which often caused issues for teams to collaborate in a single environment. To overcome this, we've been building consistency in the technology we use to store data and collaborate both internally and externally, and have so far seen a huge difference in our operational efficiencies. Access to information and expert advice is often overlooked in overcoming such challenges, but a crucial one for the success of a business."

- Nick Smith, 1000heads

Recommendations for...

As the subject-matter experts on tech, industry players must find stronger mechanisms for educating the smallest businesses.

Not only on the products available and what they can do, but also in overcoming the challenges to implementing new platforms. Most of the respondents to our survey said they keep on top of tech trends. Yet at the point of adoption, a lack of information and expert advice are the biggest barriers after cost. As a result, the wider industry should expand the use of its digital bootcamps, user forums, mentoring schemes and workshops.

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Recommendations for...

Price and knowledge do not need to be barriers to adoption.

Tech tools usually offer a free tier of service. Business owners should test the market for entry-level deals. They can access peer groups, free learning sessions and advisers through Enterprise Nation. Online courses, such as Business.connected, offer free workshops and e-learning for implementing new tech. Business owners should refer to these resources. They can use them to perform a tech audit to identify quick wins and longer-term goals on adoption.

Recommendations for...

GOVERNMENT

There is a thriving, competitive market in new tech tools.

But businesses see cost and access to expert advice as barriers to adoption. Government programmes such as Help to Grow: Digital provide small businesses with impartial support about how tech tools can help boost their business potential. The government is set to make great strides with this flagship programme and we think there is an opportunity to expand its success. To help thousands more businesses across the UK to improve their digital performance, widening the scale, scope and eligibility criteria of government initiatives will benefit firms by improving their productivity and resilience.

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YOU SAID,
WE WILL...

Events

Enterprise Nation hosts daily 30-minute Lunch and Learn webinars that attract more than 1,500 registrations each week. Delivered by trusted Enterprise Nation advisers, these free events share cutting-edge digital skills and industry best practice. Webinars hosted in partnership with Dropbox, and covering topics relating to the benefits of working with cloud technologies, project management tools, protecting IP and more, will support those business owners who feel they need to further their skills and confidence in using tech tools. As small businesses begin to return to pre-pandemic levels of activity, we will continue to host live daily Lunch and Learns, with the opportunity for busy entrepreneurs to watch the webinars on-demand.

Support and programmes

· Small business campaigns

Enterprise Nation works with everyone from global brands to central government to deliver real change for small businesses. Our campaigns inspire, empower and educate small business owners. Dropbox and Enterprise Nation have partnered to offer our community education and advice on the topics of productivity, collaboration and tech tools. We will work together to give small businesses the information they need about the tech tools that are right for them at all stages of their business growth and help bridge the digital adoption gap.

· Programmes for female-led businesses

It's important to the Enterprise Nation mission that female business owners get access to the inclusive support they need, through education and opportunities. Our accredited Facebook #SheMeansBusiness trainers deliver a vibrant calendar of virtual training to help women grow their businesses online, while the Entrepreneurial Women events are a chance to join topic-led sessions and network with other female founders. Through these support programmes, we will help female entrepreneurs to become more active at keeping up with and adopting the right tech trends for their businesses.

· Enterprise Nation advisers

We know that small businesses want and need access to expert advice, and the Enterprise Nation platform will continue to connect them to it. All Enterprise Nation members can access free discovery calls with business advisers to get guidance on the right tech tools for their business, and help with setting up systems such as digital marketing automation to improve productivity and efficiency.

We also know that tech tools have been critical to business continuity during the pandemic lockdowns, helping entrepreneurs and freelancers to connect and collaborate. Enterprise Nation and over 30 amazing Local Leaders host free monthly meet-ups for small business founders in their areas to encourage this collaboration and peer-to-peer support. Entrepreneurs can attend these sessions to network with other like-minded founders. Supported by Dropbox and our Local Leaders across the UK, we will continue to connect small businesses to experts and advisers who can offer help with their small business journeys.

APPENDIX

[1] The calculation for the gross time saved uses median salary data from the Office for National Statistics (ONS). The basic calculation is average hours saved from use of tech tools multiplied by median hourly pay of those with the occupation category of "Corporate Managers and Directors". It uses Annual Survey of Hours and Earnings Data found at the following link:

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation2digitsocashetable2

This is a similar method used in calculating the benefits of time saved from reduced travel time. The value of business travel time savings should be represented by people's willingness-to-pay (WTP) for them. With employee wages the standard approach for a proxy for WTP (see, for example, the government's outline business case for HS2: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/286611/hs2-economic-case.pdf.

Note that the value of time savings is gross figure. No attempt is made to understand how those time savings are put to use within the business (or whether they mean more leisure time for the individual who saves time).

Research and analysis provided by PolicyDepartment

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SUPPORT LINKS

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