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Yr Uned Ymchwil  
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Superfast Broadband  
Business Exploitation Project

**Digital Maturity**

**Survey for Wales**

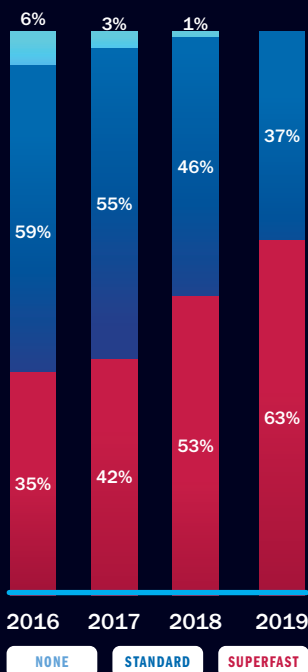
**2019 – Summary**

Part Funded by the European  
Regional Development Fund  
through the Welsh Government

# Strengthening the efficiency of Welsh SMEs represents a vital means of improving Wales' future economic prospects.

The *Digital Maturity Survey for Wales 2019* provides evidence on how SMEs are responding to this challenge by adopting and using the digital technologies enabled by broadband access. It draws on Cardiff Business School's fourth annual survey and shows how adoption of technologies can not only influence business performance, but also produce impacts for the Welsh economy.

**FIGURE 01 – Adoption of broadband by type (% of SMEs)**



## **SURVEY FINDINGS**

The Survey findings show positive trends with respect to SME adoption of superfast broadband, with some 63% of businesses reporting access through a fixed connection (up 10 percentage points on 2018). These results, the findings suggest, are set in the context of a growing number of premises now having access to superfast broadband, and highlights ongoing potential to encourage more SMEs to access such infrastructure.

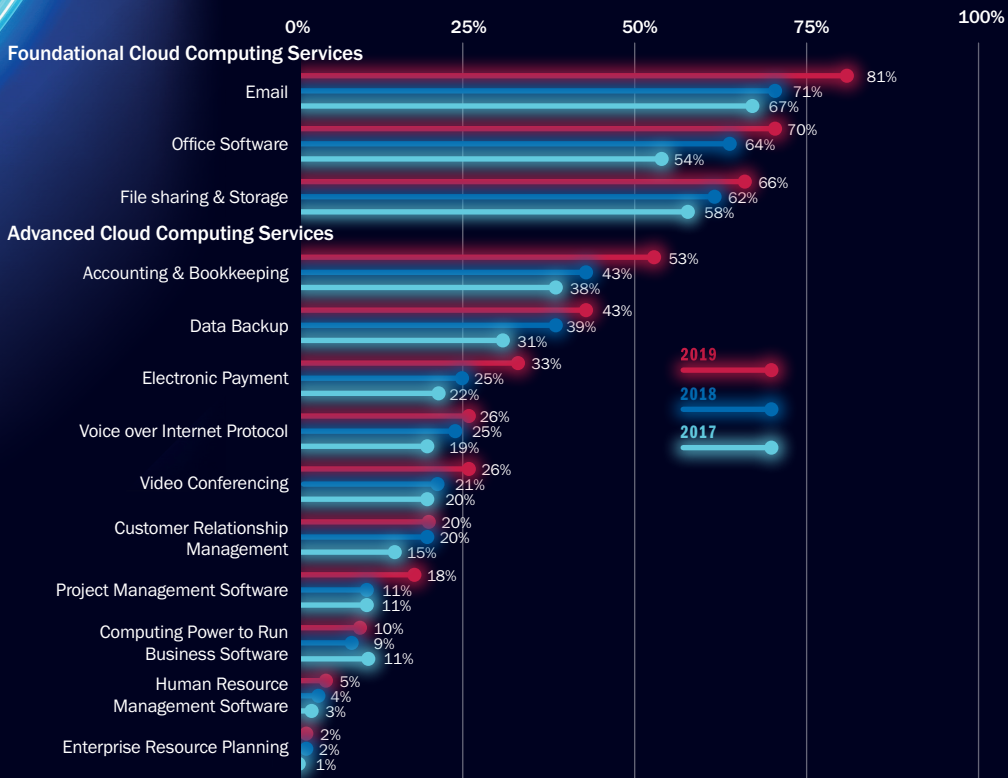
Use of cloud computing services continues to increase in 2019 (Figure 02). Here the Survey results point to more SMEs making use of foundational cloud computing services, with use above half of all businesses. While comparatively fewer businesses make use of more

advanced cloud services, increases can also be observed over the period 2017-2019. Limited numbers of SMEs are making use of the leading-edge digital technologies such as artificial intelligence, additive manufacturing (e.g. 3D printing) and internet of things (IoT) technologies.

SME skills to make use of digital technologies represents an area of concern. While the majority of businesses report that they have 50% or more of their workforce with intermediate or above ICT skills, the results also show a decline from 2017 to 2019 of four percentage points to 66%.

The use of digital technologies is further demonstrated in the growing number of businesses reporting e-commerce transactions. This shows that one-in-three businesses now report

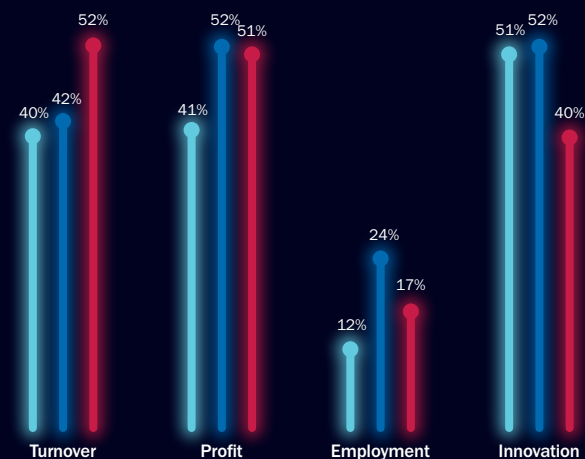
**FIGURE 02 – Proportion of SMEs using cloud computing services, by category (% of SMEs)**



between 76% and 100% of sales serviced online, and that this has increased by seven percentage points since 2018. Nearly three in ten businesses transacted between 76% and 100% of their purchase online, also up by seven percentage points from 2018.

The findings highlight greater use of digital technologies is associated with SMEs reporting increases in turnover (up by 10 percentage points). Fewer SMEs, however, reported a performance link between broadband use and profit, innovation or employment than in the previous year.

**FIGURE 03 – Performance of SMEs with superfast broadband (% indicating positive outcomes)**



Analysis of the Survey findings identify four groups / types of SMEs in relation to digital maturity (see Figure 04). The 2019 survey shows that the proportion of businesses that

are in the highest groups of digital maturity – Digitally Embedded and Active Exploiters – have fallen back, with corresponding growth in the proportion of businesses

that are less digitally mature. It is noted, however, that the proportion of digitally mature businesses is still higher than it was at the start of this form of analysis (in 2017).

**FIGURE 04 – Digital maturity groups in Wales, % of SMEs in 2019 (2018 in brackets)**

<b>Digitally disengaged</b> 15% (12%)	<b>Passive Exploiters</b> 38% (34%)	<b>Active Exploiters</b> 31% (36%)	<b>Digitally Embedded</b> 16% (18%)
Businesses tending to be standard broadband users, with a high proportion of employees with below average ICT skills. The majority do not use digital technologies and report no sales from online transactions.	Businesses tending to have standard broadband, but more likely to have staff with above average ICT skills. Make use of basic cloud-based applications, but their use of online platforms to generate e-sales is low.	Businesses likely to have access to superfast broadband and a high proportion of staff with above average ICT skills. Use a wide range of digital platforms and technologies. Nearly half report online channel as the main source of sales.	Adopters of superfast broadband with a very high proportion of employees with above average ICT skills. Use a high number of digital applications and secure most of their sales from online transactions.

Although the overall picture is one of businesses increasingly adopting and using digital technologies in Wales, the report shows once again that the transition towards digitalisation is likely to be bumpy when viewed at the

regional level, with some indicators going up, while others going down. Too much should not be read into individual yearly changes. The multi-year decline in the skills indicator, alongside the composite decline of the digital

maturity index is a potential cause for concern and may point to ongoing challenges for businesses to maintain their digital maturity, and for policy intervention to support this.

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April 2020

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This annual Report is an integral part of the Superfast Broadband Business Exploitation (SFBE) programme, part-funded by the European Regional Development Fund (ERDF) through the Welsh Government.

Superfast Business Wales is a free business support service that helps eligible small and medium sized Welsh businesses make the most of online technology. Offering free master-classes, one-to-one advice and website review, their support could help your business save money, boost sales and profits and improve productivity.

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