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Welsh Economy
Research Unit

Yr Uned Ymchwil
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Superfast Broadband
Business Exploitation Project

Digital Maturity Economic

Impact Report for Wales

2019 – Summary

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Deployment and effective use of broadband infrastructure and digital technologies lies at the heart of addressing Wales' regional economic performance challenges.

The *Digital Maturity Economic Impact Report for Wales 2019* provides data on how the Welsh economy is adapting to the digital transition. It highlights the continued adoption and use of digital technologies by businesses and the impacts this has on regional productivity in Wales. This is important for Wales in order to bridge the regional prosperity gap with the UK.

Economic impacts are evident in the business case studies presented in the Report.

These findings highlight that digitisation within a business is an ongoing process rather than an end in its own right. They point to growing use of technologies such as social media, cloud computing and videoconferencing across multiple business processes. They further demonstrate growing SME confidence in digital technology use, and its role in enabling efficiencies, improvements in the customer interface and innovation. These results highlight the importance of businesses gaining digital capabilities that will help them continue to evolve and sustain productivity benefits.

The Report draws on evidence from the *Digital Maturity Survey for Wales 2019* to estimate the effect of digital technologies and their potential impact on SME performance. It shows that 43% of SMEs that responded to the Survey had increased their turnover as a result of use of standard or superfast broadband. Positive effects were also noted with respect to employment, with 23% of SMEs reporting increased staffing as a result of broadband use.

The findings show that more than half of SMEs, who were able to estimate the percentage change in turnover due to superfast broadband use, reported an increase of up to 10%. Of those SMEs that had adopted superfast broadband and who provided an estimate

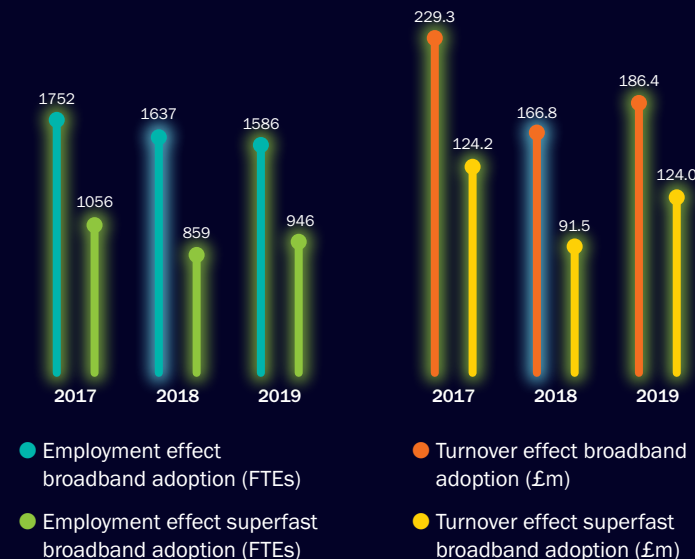
of the employment change as a result of adoption, some 22.6% reported an increased effect. It should be noted however that several businesses pointed to the difficulty of providing precise percentages.

Analysis reveals that broadband enabled technology adoption and use could have improved turnover prospects for 110,800 SMEs (up from 102,600 SMEs in 2018) in Wales, of which 63,800 were superfast broadband users. Based on a conservative assessment of a 1% increase in turnover in affected SMEs, it is estimated that the total turnover for SMEs attributable to broadband adoption and use in Wales could be £186.4m (£124.0m was associated with superfast broadband users).

Estimates of the number of SMEs that may have seen employment effects are provided. This shows that 46,700 SMEs (of which 22,600 were superfast broadband users) could have seen a sustained employment increase resulting from broadband adoption and use. Based on the same illustrative 1% conservative assessment of the increase in employment in affected SMEs, it is estimated that employment attributable to broadband adoption could have increased by 1,586

(946 new employment opportunities were associated with superfast broadband users). The analysis shows that the employment and turnover benefits attributable to broadband adoption and use in standard adopters has declined, while superfast broadband adopters have seen an increase in both turnover and employment affects (see Figure 1). This points to the growing importance of faster broadband speeds to the outcomes achieved by businesses.

FIGURE 1 – Estimated Welsh SMEs employment and turnover benefits from broadband adoption and use, by broadband type



The case-study data points strongly towards greater digital maturity and SME productivity improvements resulting from adoption and use of digital technologies, and that there continues to be an ongoing challenge of measuring economic impacts on the Welsh economy. To address this uncertainty the

research team continue to use conservative measures for its assessment of the number of SMEs that have been positively affected in terms of turnover and employment.

Analysis of these findings will continue and will be presented in the final report of the project due by the end of 2020. To

support this analysis and modelling of the economic impacts the research team will seek a robust survey response from SMEs during the Digital Maturity Survey 2020. Alongside the final report the research team also plan to hold a conference in the latter part of 2020.

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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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