

Superfast Broadband
Business Exploitation Project

The Digital Maturity Survey for Wales 2018 – Summary



UNDEB Ewropeaidd
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Llywodraeth Cymru
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**Cronfa Datblygu
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Maximising the use of digital technologies by SMEs is vital for Wales' future economic prospects.

The *Digital Maturity Survey for Wales 2018* casts light on this challenge; providing findings from Cardiff Business School's third annual survey of Small and Medium-sized Enterprises (SMEs) in Wales, and their adoption and use of digital technologies enabled by broadband.

“The *Digital Maturity Survey for Wales* provides evidence from a representative sample of SMEs in Wales, based on 479 responses. Its findings provide an insight into the processes by which SMEs' business performance is shaped by adoption of broadband, and the resulting impacts.”

Survey findings

The Survey results provide cause for optimism over Welsh SME engagement in superfast broadband and enabled technologies. They show that the majority of SMEs are engaging with superfast broadband through fixed line connections, and adopting in ever greater numbers (53% - up 11 percentage points on the 2017 figure). This, and the fact that only 1% of SMEs report having no broadband in 2018 (See *Figure 1*), suggests that fixed broadband connectivity is now mainstream amongst SMEs in Wales – with superfast broadband accounting for the majority of these connections.

Analysis reveals that an increasing number of SMEs are reporting sustained use of cloud services, with 72% of SMEs now using at least one form of 'advanced' cloud computing service (up from 60% in 2017). While *Figure 2* on the following page shows comparatively fewer businesses are using advanced cloud computing services (in relation to foundational services), the findings highlight that the majority of service types experienced an increase in use between 2017 and 2018.

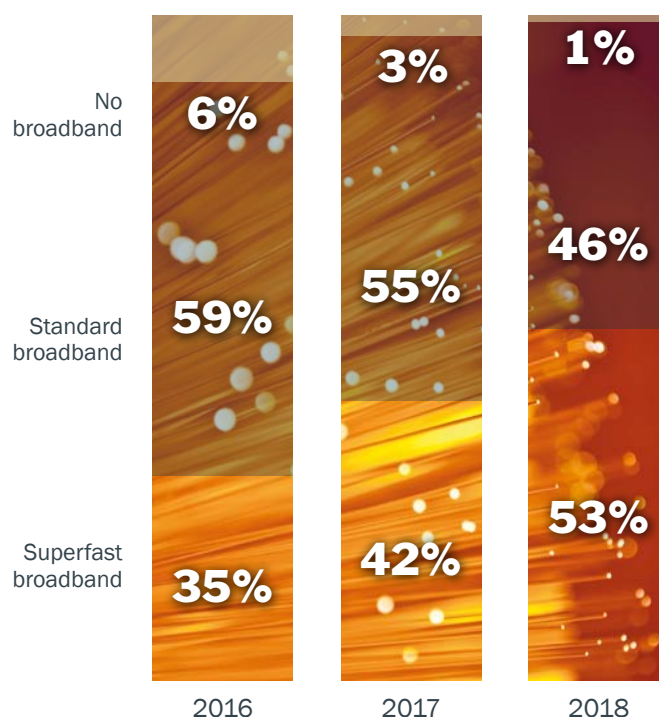


Figure 1. Adoption of broadband, by type (% of SMEs)

74%

of SMEs reporting sales made online

53%

of SMEs report using superfast broadband in 2018

Development of employee skills is another way in which SMEs are able to exploit digital technologies. Here, the results show a small decline in the number of SMEs with 50% or more of their workforce with intermediate or above ICT skills, from 70% to 67% over the period 2017-2018.

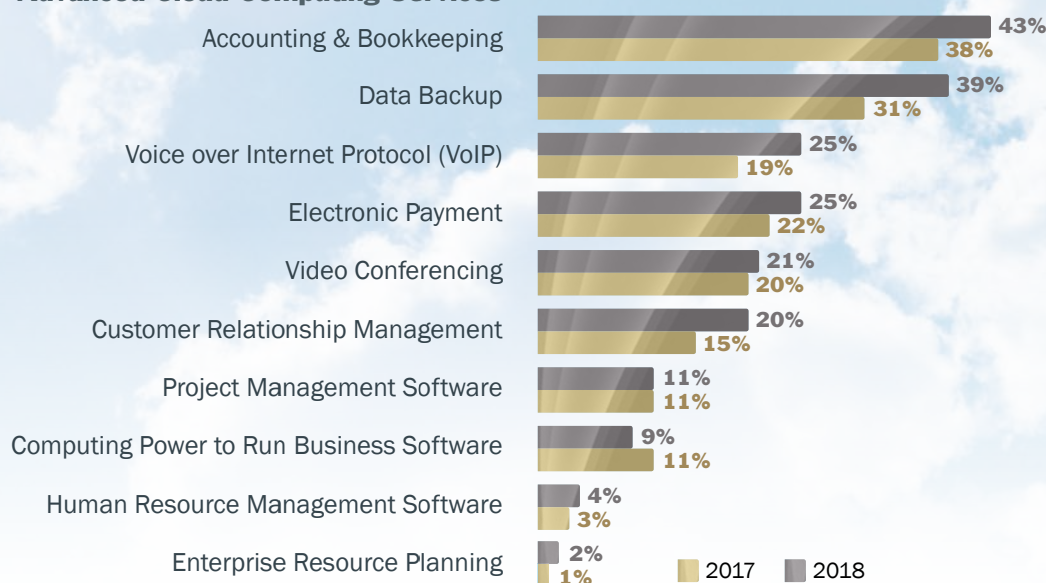
The findings further demonstrate the extent to which SMEs are making use of digital technologies to transact business. This includes a growing number of e-commerce sales, with 74% of SMEs reporting sales serviced online (up from 67% in 2017), but a decline in the proportion of SMEs making purchases online (from 91% in 2017 to 87% in 2018).

Figure 2. Proportion of businesses using cloud computing services, by category (% of SMEs)

Foundational Cloud Computing Services



Advanced Cloud Computing Services



Analysis of the findings provides a clear link between engagement with these digital technologies, and increases in turnover, profitability, employment and innovation between 2017 and 2018. This highlights the potential for productivity benefits to be leveraged through support for growing use of broadband.

Four groups of businesses can be discerned from our analysis of the survey findings (see Figure 4). Comparing the latest data with that from our 2017 Survey indicates larger numbers of businesses falling within the categories of 'digitally embedded' or 'active exploiter' – pointing to growing digital maturity in the SME community.

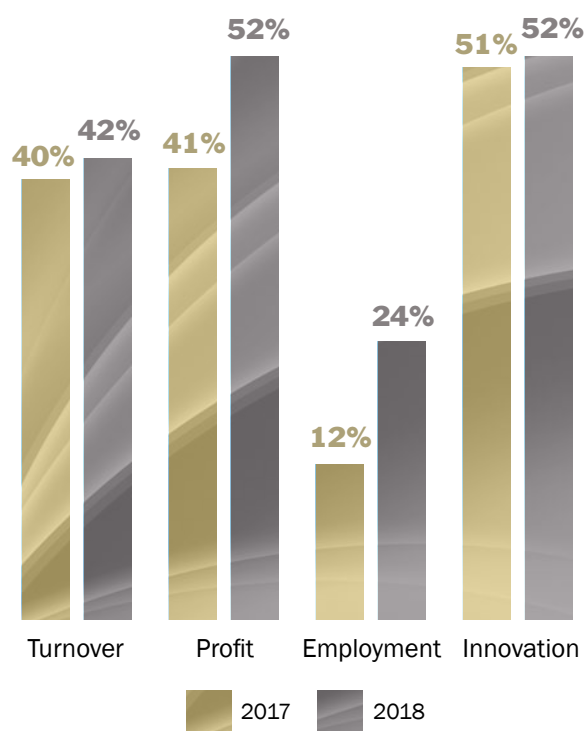


Figure 3. Performance of SMEs with superfast broadband (% indicating positive outcomes)

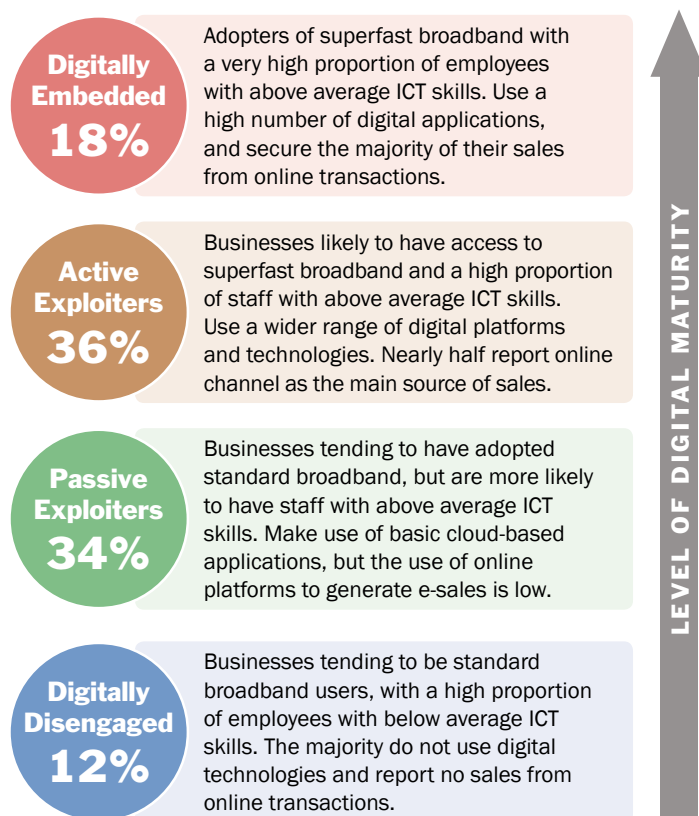


Figure 4. Digital maturity clusters in Wales (% of SMEs in 2018)

The report shows positive trends in adoption across both rural and urban locations throughout Wales, which might aid in closing intra-regional productivity gaps.



While the overall picture presented by the findings is one of increasing digitalisation of SMEs in Wales, they also highlight that this transition is not linear when viewed on a yearly basis, with some indicators declining between 2017 and 2018. This is likely to reflect the evolving nature of digital technologies, and the continual need for SMEs to adapt. The 2019 Survey will help us to better understand the direction of adoption trends over time.

Finally, the key context for the *Digital Maturity Survey 2018* has been uncertainty around the EU transition process. While there is interest in how far adoption of the resources made possible by superfast broadband enhances SME resilience, and removes selected barriers to growth, we are mindful that digitally engaged SMEs might be better positioned to grow exports, better placed to avoid overseas transactions costs, and better informed of overseas opportunities.

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This booklet is available in Welsh.

Further detailed findings from the Digital Maturity Survey for Wales 2018 can be found in the main report, available at:
<http://www.cardiff.ac.uk/superfast-broadband-project/digital-maturity-survey>



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Ysgol Busnes Caerdydd

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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