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Superfast Broadband
Business Exploitation Project

Digital Maturity Economic Impact Report for Wales 2017 – Summary



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Capitalising on the opportunities presented by broadband-enabled digital technologies is vital to strengthening both business performance and regional economic performance in Wales.

“ The *Digital Maturity Economic Impact Report for Wales 2017* provides a comprehensive analysis of the business level and regional level impacts that result from Welsh SMEs adopting and using digital technologies. It shows how the use of broadband resources can help SMEs to improve their performance, become more efficient and contribute towards stronger regional productivity. This is important for Wales in order to bridge the regional prosperity gap with the UK. ”

The *Report* builds on the findings from the *Digital Maturity Survey for Wales 2017* and presents:

- case study evidence outlining business advantages gained from engagement and adoption of the broadband resource;
- business efficiency analysis revealing differences between the least and the most digitally mature businesses in the respondent sample;
- analysis of how many SMEs in Wales have been positively effected in terms of sales and employment growth, alongside the scale of expected increases.

Case study evidence outlines advantages to businesses that engage with the superfast resource. Benefits are exemplified in terms of cost reductions, more efficient use of time, enhancing customer value, and more innovation in both products and processes. The case studies reveal that adoption and use of broadband improves communication channels of SMEs, enhancing interactions with employees, customers and suppliers at a local, national and international scale.

An analysis of SMEs that responded to the *Digital Maturity Survey 2017* revealed large variations in technical efficiency. Based on the results from a sample of 229 businesses, Welsh SMEs on average produced 68% of the maximum output available from their combination of human and capital outputs. Variation in technical efficiency is also evident by industry sector (see *Figure 1 on next page*).

The findings indicate that the most digitally mature SMEs (Digitally Embedded) outperform the least digitally mature (Digitally Disengaged) SMEs in terms of technical efficiency. However, the overall results suggest that digital maturity and adoption of superfast broadband alone are insufficient to explain variation in productivity. As a result, the explanatory factors underpinning variations in efficiency merit further investigation via more advanced modelling techniques.

47%

of responding businesses reported turnover increased as a result of broadband adoption

25%

reported that employment had increased as a result of adoption

Figure 1. Technical efficiency by industry sector



£229m

of estimated total sales for SMEs in Wales attributable to broadband adoption

1,752

new employment opportunities expected to emerge

The *Report* goes on to show the estimated number of enterprises in Wales that have been positively impacted by adoption and use of standard or superfast broadband. Here, 47% of responding businesses reported turnover increases as a result of adoption of standard or superfast broadband (compared with 1% reporting a decrease), and 25% reported that employment had increased as a result of broadband adoption (against just 2% revealing that their employment had decreased).

Analysis reveals that broadband-enabled digital technologies could have improved turnover prospects for around 111,000 SMEs in Wales. Based on a conservative 1% increase in turnover in affected SMEs for illustrative purposes, it is estimated that total sales for SMEs in Wales attributable to broadband adoption could be almost £229m, of which £124m (54%) is derived from superfast broadband-enabled technologies alone. With superfast broadband take up of around 42% among businesses, this is a notable contribution to increased turnover.

Employment increases are also found to be similarly positive, with around 32,100 SMEs, of which 16,600 (52%) SMEs were superfast broadband users, potentially seeing a sustained employment increase. Also based on an illustrative assumption of 1% employment increase in affected companies, around 1,752 new employment opportunities are expected to emerge. Indeed, the *Digital Maturity Survey* findings hint at higher levels of sales and job creation as a result of superfast broadband adoption.



“ Based on the conclusions from the 2017 analysis, the research team at Cardiff University will continue to analyse the results, and refine the performance and productivity analysis of individual sectors for subsequent reports. ”

Results of the survey and other research activities can be found at: <http://www.cardiff.ac.uk/superfast-broadband-project>



@CUWERU

This report was written by Dylan Henderson, Calvin Jones, Max Munday, Laura Reynolds, Annette Roberts, Neil Roche and Anna Scedrova.

Telephone: 029 2087 6928

Email: hendersond3@cardiff.ac.uk

Twitter: @CUWERU

This booklet is available in Welsh.



Cardiff Business School
Ysgol Busnes Caerdydd

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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 support and website review, support could help your business save money, boost sales and profits and improve productivity.

Telephone: 03000 6 03000
www.businesswales.gov.wales/superfastbusinesswales/

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