

Barriers to Adoption of Advanced E-business in Welsh SMEs



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Introduction

- A key challenge exists to help SMEs adopt advanced e-business
- Various contributions to Lisbon Strategy recognise the importance of progressive adoption
- Experiences in Wales indicated uptake was low

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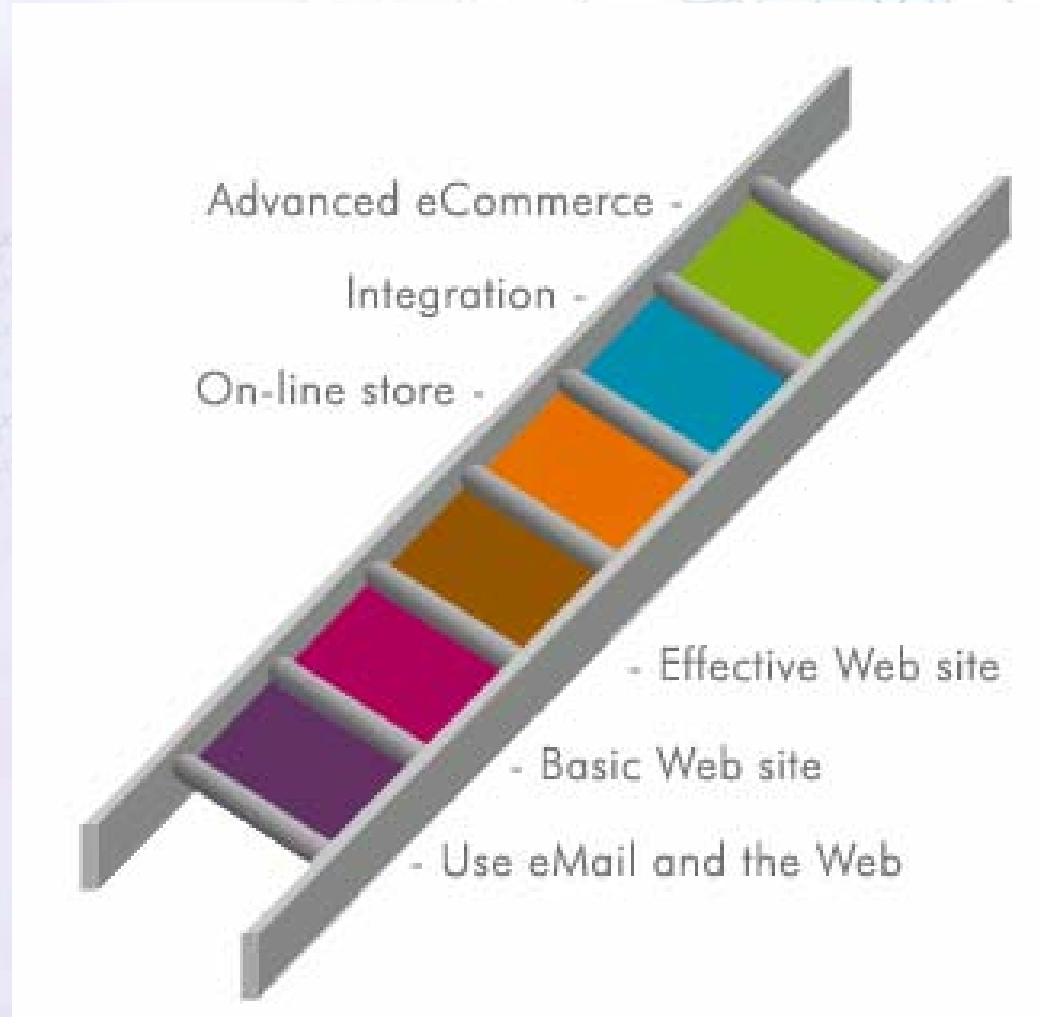
- Opportunity Wales has delivered support to over 9000 SMEs during the last 5 years
 - To expand and increase prosperity, employment and growth in the SME sector in Wales
 - Adviser service, Centre of Excellence, Project Management and Support
 - Benchmarking and Annual State of Nation findings conclude that uptake is low
- Paper Objectives – To identify key barriers to adoption of advanced e-business in Welsh SMEs

Purpose and Methodology

- The experiences of Opportunity Wales are a significant representation of Wales
- Pilot study as part of a “Lessons Learned” process
- Phase I – Summary analysis of uptake
- Phase II – Interviews with expert partners
- Phase III – Experiences of SMEs

Findings – Phase I

- Route map key to benchmarking
- Less than 1% of Opportunity Wales clients are advanced adopters
- State of Nation findings – Less than 4%
- Difficult to compare with other regional initiatives



Findings - Phase II

- Expert delivery partners representing views of one third of Opportunity Wales clients
- Barriers – Cost and Uncertainty of Cost, Lack of Understanding of Issues Involved, Lack of Confidence in Suppliers, Lack of Skills, Impact and Risk on Existing Systems
- “SMEs need convincing there is a need or something breaks before they consider investing or reinvesting. If there is a clean investment then maybe the ideal solution will be implemented”

Findings - Phase III

- **Experiences of Five SMEs with differing requirements**

SME	Application
A	An Electronic Point of Sale (EPOS) system is in place for traditional retail sales. A Web site with on-line catalogue and payment facilities is present for the growing on-line market. An e-procurement system is in place with their main supplier. These three applications are not integrated.
B	Current application of e-business is an effectively marketed Web site and use of email. Web site is currently being reworked but a requirement has existed for five years to have an integrated customer support function.
C	Current applications include a Stock Control system and e-procurement system that are not integrated.
D	Currently a new accounts system with a stock management system that needs populating. An overseas manufacturing outlet with basic IT systems that are not integrated with the UK office.
E	A Web site with on-line catalogue with payment facilities and an accounts system that are integrated.

Findings – Phase III

- **Key Barriers**

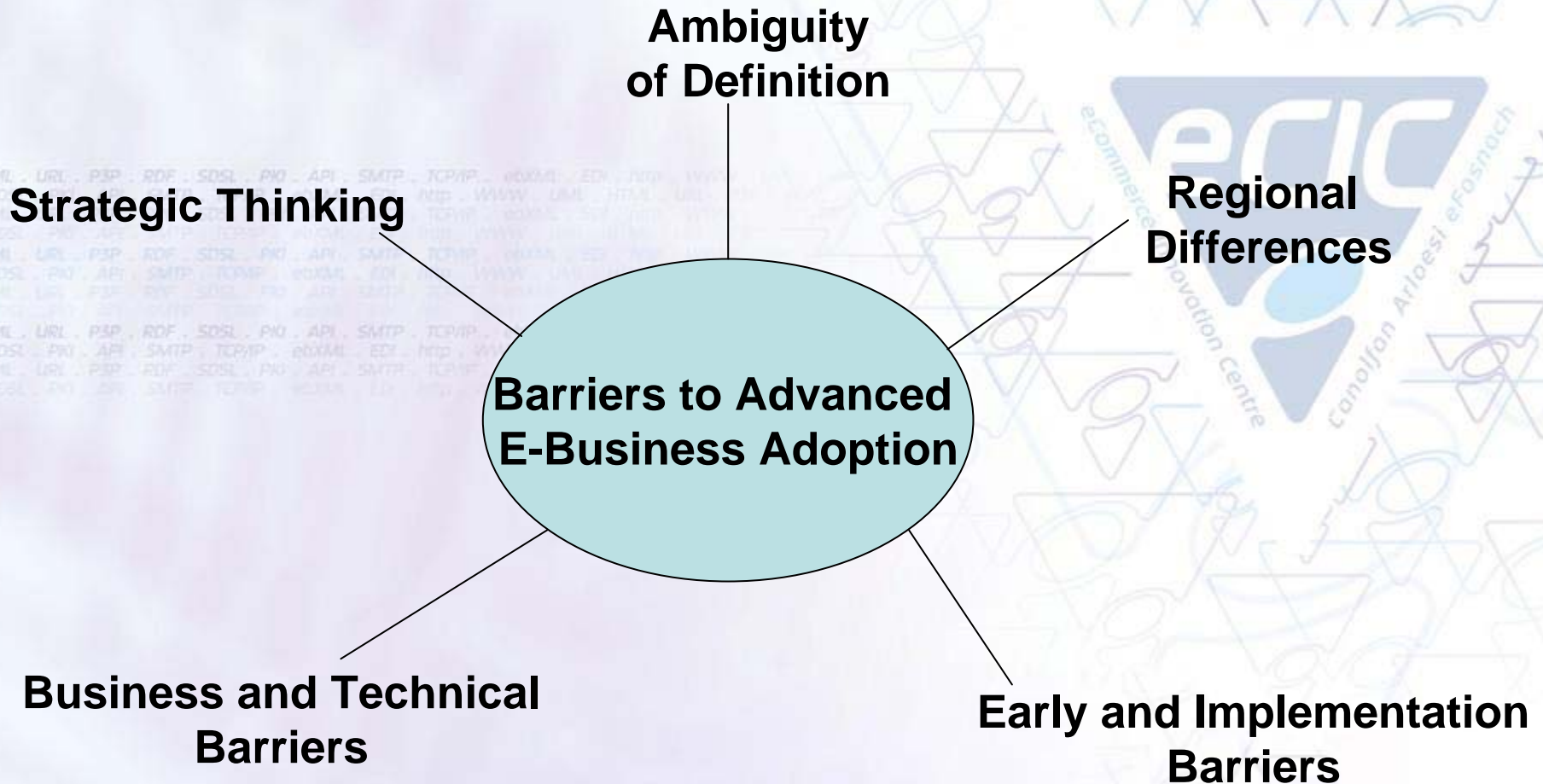
- **Company A** – Different supplier solutions inhibit EPOS and on-line catalogue integration. Solution exists for integrated e-procurement but is inhibited by business decisions.
- **Company B** – Cost and uncertainty of cost as well as not the most important priority

Findings – Phase III

- **Key Barriers**

- **Company C** – “Business Barrier” Technically feasible but would be too costly to the business unless flexible pricing is possible
- **Company D** – Lack of internal resources has meant priorities are elsewhere
- **Company E** – Integration achieved although the quality of solution is below expectation

Discussion of Findings



Conclusions

- Opportunity Wales has seen thousands of gains from e-business adoption despite “advanced” being low
- Policy is a driver despite the barriers
- The need to reduce the barriers for SMEs that advanced e-business is relevant to

Future Work

- Clarification of the potential uptake of advanced e-business in Welsh SMEs
- A reduction of supplier barriers
- Promotion of strategic planning for e-business within the SME environment
- Exemplifying success stories of SMEs that have succeeded

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Any Questions?

Thank you ...



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