

UK SMEs will be out of business in 5 years if they don't adapt

Research shows only 2% of UK SMEs adapt to meet digital demands and those that embrace data analytics are twice as profitable.

LONDON, UNITED KINGDOM, July 1, 2016 /EINPresswire.com/ -- Well over a third (38%) of UK small-to-medium sized enterprises (SMEs) believe that if they don't adapt their business models they will go out of business in five years. However, only a mere 2% have done something about it. These are the findings of the 2016 'SME Barometer Research' commissioned by Exact, which is an annual survey looking at technology adoption among 2,500 SMEs across Europe and the USA.

One of the key highlights of the research was that two thirds (64%) of all UK SMEs face competition from new digital players in their space. Yet, surprisingly, only 6% are investing in new technology to keep up with this digitalisation movement and retain market share.

The findings come at a time when SMEs across all seven countries surveyed (UK, Germany, France, Belgium, Spain, the Netherlands and the USA) are planning for growth: 73% of UK SMEs have said they are planning to grow. Interestingly, France had particularly high growth plans with 90% of businesses stating their ambitions.

Gavin Fell, General Manager of Exact Cloud Solutions UK, said, "It's great to see that there's such a positive outlook among SMEs, but it's clear that in order to deliver on those ambitions businesses need to adapt to the times. Digitalisation is going to be key to ensuring you are not only efficient, but remain competitive in today's highly challenging environment."

The research revealed that while only 2% of British SME leaders have already taken action to align their businesses with market developments, a further 56% are now exploring new business models, something that is shared with their European and USA counterparts.

Some of the primary focus areas are investing in new technologies and talent. In the UK, SMEs are looking to online sales (30%), partnerships and channel sales (26%) and hiring talent (27%) to boost their businesses. The USA is placing greatest faith in online sales (39%) while Germany is throwing its weight behind new partnership agreements (31%).

In terms of tech adoption, the momentum behind embracing cloud technologies appears to be gathering pace in the UK with 58% now using one or more cloud tools, up from 47% in the same survey last year. This remains a priority from last year's study (63%) with 65% believing that technological changes are going to have a strong impact on the competitive landscape in the UK in the next three years.

Other tools that are proving popular among SMEs include data analytics and reporting. Over a third (34%) of professionals surveyed said they could get a complete overview of company performance with a single push of a button. This increased availability of information is driving profit growth, with data-led businesses reporting an average profit margin of 21% last financial year, in comparison to 9% for businesses reporting limited use of data.

“The use of technology to deepen business insight means that the wider SME economy is entering a new period of rapid growth and efficiency,” said Erik van der Meijden, CEO of Exact. “As customer demands become ever more stringent, we are seeing entrepreneurial businesses taking advantage of digitalisation to broaden their service offerings. Exact provides ambitious SMEs with the technology and services they need to grow beyond their limits. As a result, companies are becoming increasingly agile, adapting to customer demands and market fluctuations in real time.”

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