



Superfast Broadband
Business Exploitation Project

Digital Maturity Economic Impact Report for Wales 2018 – Summary



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Seizing the opportunities provided by broadband infrastructure and digital technologies has the potential to strengthen Wales' regional economic performance.

“ The *Digital Maturity Economic Impact Report for Wales 2018* provides evidence of the digital transition taking place in the Welsh economy. It shows how continued adoption and use of digital technologies is leading to greater digital maturity of SMEs, with positive knock-on effects for regional productivity in Wales. This is important for Wales in order to bridge the regional prosperity gap with the UK. ”

The *Report* presents findings from case studies of SMEs in Wales and their adoption and use of digital technologies over time, analysis of SME productivity, and calculations of the economic impacts that derive from adoption and use of broadband in Wales. This analysis draws on the results of the *Digital Maturity Survey for Wales 2018*.

Case-study evidence highlights how SMEs in Wales are continuing to adopt digital technologies such as social media, cloud computing and videoconferencing across multiple business processes. They further point to growing SME confidence in digital technology use, and its role in enabling efficiencies, improvements in

the customer interface and innovation. These results highlight the mainstreaming of digital technology adoption and use across SMEs in Wales.

The survey evidence shows that a growing number of SMEs report positive outcomes in terms of turnover, profit, employment and innovation from adopting and using superfast broadband.

The *Report* goes on to provide evidence of the positive effect of digital technologies and their potential impact on productivity. It shows that 39.6% of SMEs that responded to the *Survey* had increased their turnover as a result of use of standard or superfast broadband, of which the majority (93%) reported this to be a sustained effect over time. Positive effects were also noted with respect to employment, with 25% of SMEs reporting a positive effect from broadband use.

Its findings show that more than half of the SMEs who were able to estimate the percentage increase in turnover due to superfast broadband use, reported an increase of up to 10%. A further 23.5% specified a sales increase of between 11% and 30%. Likewise, of those SMEs that had adopted superfast broadband and who provided an estimate of the employment change as a result of adoption, some 27.5% reported an increased effect. In making these assessments a number of businesses noted the difficulty of providing precise percentages.

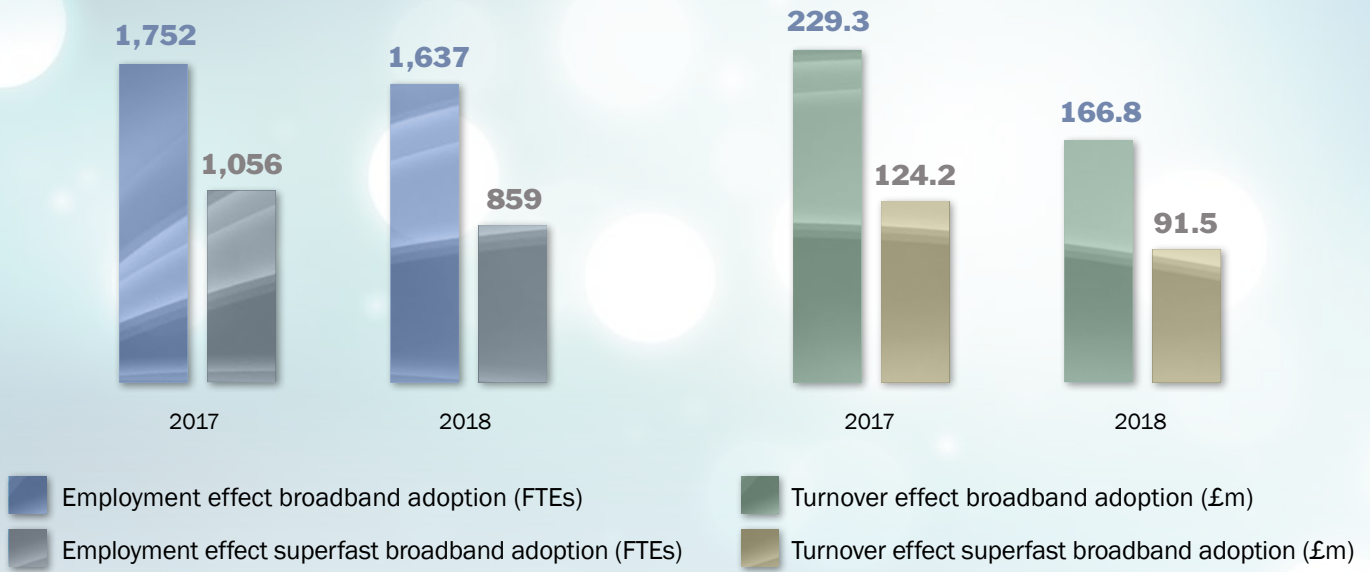
39.6%

of SMEs that responded to the Survey had increased their turnover as a result of use of broadband

27.5%

of SMEs that adopted superfast broadband reported an increased employment effect

Figure 1. Estimated Welsh SMEs employment and turnover benefits from broadband adoption and use, by broadband type



£166.8m
 the estimated total turnover for SMEs attributable to broadband adoption and use in Wales

48,600 SMEs could have seen a sustained employment increase resulting from superfast broadband adoption and use

Analysis of the survey data reveals that broadband enabled technology adoption and use could have improved turnover prospects for 102,600 SMEs in Wales, of which 51,700 were superfast broadband users.

Based on a conservative assessment of 1% increase in turnover in affected SMEs for illustrative purposes, it is estimated that the total turnover for SMEs attributable to broadband adoption and use in Wales could be £166.8m (£91.5m was associated with superfast broadband users).

Employment benefits are also evident, with the analysis showing that 48,600 SMEs (of which 24,500 were superfast broadband users) could have seen a sustained employment increase resulting from broadband adoption and use.

Based on the same 1% conservative assessment of increase in employment in affected SMEs, it is estimated that employment attributable to broadband adoption could have increased by 1,637 (859 new employment opportunities were associated with superfast broadband users).

The analysis shows that the employment and turnover benefits attributable to broadband adoption and use have declined over the past year (see Figure 1). This, in part, reflects the difficult SME context facing businesses, and a decrease in SMEs' assessment of benefits.

Such trends may reflect a levelling off, or decline in the impact of broadband adoption and use of businesses over time, giving some support to the assertion that SME digital transformation is not necessarily a linear, upward curve.

Superfast broadband users, however, continue to report positive increases in turnover, employment and profitability from adoption and use of digital technologies.



While the qualitative data points strongly towards greater digital maturity and SME productivity improvements resulting from adoption and use of digital technologies, the challenges of accurately measuring economic impacts on the Welsh economy continue. To this end, the research team has continued to use conservative measures to its assessment of the number of SMEs that have been positively effected in terms of turnover and employment.

Based on the conclusions from the 2018 analysis the research team in the next periods of the project will be focusing on gaining repeat survey responses from the SMEs who engaged with prior Digital Maturity Surveys, but also refining the performance and productivity analysis on individual sectors. The research team are also exploring ways to compare performance of SMEs that have participated in the Superfast Business Wales service, against non-participants.

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This booklet is available in Welsh.

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



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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 digital technology. Offering free master-classes, one-to-one support and website review, their support could help your business save money, boost sales and profits and improve productivity.

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