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SMEs' lack of IT investment could prolong the downturn

IT marginalisation by UK small businesses is harming their ability to weather the recession, says research

Dave Bailey, Computing 05 Jun 2009

Nearly a quarter of UK small businesses say that a lack of IT investment brought about by the recession is making them less competitive and is hampering their ability to survive the downturn, according to research.

The study by consultancy Ardent Solutions suggest that small and medium-sized enterprises (SMEs) are being hit by a variety of serious IT-related issues due to their budget limitations.

Problems include deterioration in system reliability or increased downtime (41 per cent), increased maintenance costs for legacy systems (25 per cent), more IT security problems (16 per cent), and having to run unsupported applications (23 per cent).

One of the indicators of the lack of IT planning is shown by the fact that only 65 per cent of companies employing more than 250 people, and 31 per cent employing less than 250 people, have a dedicated senior IT role. The rest rely on part-timers overseen by a director-level executives such as the managing director, financial director or operations director.

Just under a fifth of those polled (19 per cent) had made no substantial investment in IT for two to three years, while just under 60 per cent of firms employing fewer than 250 people have a robust disaster recovery plan, leading to poor backup processes for hardware and software failure.

But nearly a quarter (24 per cent) of companies polled said they recognised the advantages of the software-as-a-service (SaaS) model enough to seriously evaluate switching to using this approach within the next 12-18 months.

"SMEs cannot afford to be left behind," said Ardent managing director Andrew Watkinson.

"Many have already made a move towards leveraging external IT expertise for support, maintenance, outsourcing and advice. Making the move to SaaS is the logical next step: in addition to the cost arguments, this model provides organisations with guaranteed access to the latest technologies and up to date expertise."

The Ardent *SME Business Technology Report* surveyed 250 decision makers in UK SMEs in April across a representative cross-section of business sectors, including manufacturing, pharmaceutical & medical products, private healthcare, financial services, energy and environment, and wholesale & retail distribution.

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