



NEWS RELEASE

Cisco Research Finds Small Businesses Can Add \$2.3T to Global GDP Growth by 2024

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New Small Business Study Examines the Digitalization Journey Across Eight Countries in the New Normal

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- 2020 Small Business Digital Maturity study conducted during the pandemic determines the readiness of small businesses to adopt key technologies, the impact of technology on driving economic growth and the opportunities and challenges they face
- 70 percent of small businesses surveyed are accelerating their digitalization rates to address COVID-19 challenges and the most digitally mature small businesses can respond faster to changing market conditions and grow their revenue
- In the next 18 months, small businesses report they are going to invest on remote work, online sales and developing a digital strategy

According to the new eight country 2020 Small Business Digital Maturity Study, small businesses could add \$2.3T to these market's overall GDP by 2024 while contributing to the economic recovery during and post pandemic. The study conducted by IDC, and commissioned by Cisco, examines eight countries throughout June 2020 (United States, Canada, Mexico, Brazil, Chile, United Kingdom, Germany and France) to better understand the opportunities and challenges small businesses currently face and the correlation between digital maturity and faster recovery. Together these eight economies could also increase by 5.5 percent and enjoy a 42 percent faster growth rate through increased small business digitalization.

To understand the maturity level of small business digitalization, IDC developed a framework that helps small businesses clearly assess their current capabilities, and understand where they are on a four-stage digital index - ranging from the earliest stage of Digital Indifferent to the most advanced group of Digital Natives. This study is an extension of the [APJC SMB study](#) released in July.

"The COVID-19 pandemic has exacerbated the digital divide that was already present in the small business market, and it is forcing companies to accelerate their digitalization," said Daniel-Zoe Jimenez,

AVP, Head Digital Transformation & SMB research, at IDC. "Small businesses are realizing that digitalization is no longer an option, but a matter of survival. While the research shows many small businesses are making progress, they should increase focus on digitalizing processes and operations through the use of digital technologies to ensure business continuity and future resiliency".

Small Businesses Range When It Comes to Their Digitalization Journeys

When it comes to the four-stage digital maturity index, small businesses range with surprisingly only 25 percent surveyed in the most advanced stage (stage four) with four percent still in stage one/digital native stage.

- On average, small businesses in North America and Western Europe are more digitally mature than those in Latin America, with over 33 percent of companies in stages 3 and 4 in both regions.
- Comparing the eight countries, small businesses in the UK, USA and Germany have made the most progress in their digitalization journeys. France and Canada follow, while small businesses in Latin America lag behind.

When it comes to recovery during and after the pandemic, small businesses that are in the more mature stage three and four have the highest ratio of recovering, are able to respond faster to changing market conditions, and are growing their revenue at higher rates.

- 16 percent of those surveyed say they are thriving and feel their businesses are agile and resilient.
- Conversely, 36 percent of small businesses surveyed are still in survival mode and 50 percent are focused on growing or rebuilding their business.
- If 50 percent of these small businesses surveyed could advance to the third stage of the maturity index by 2024, \$2.3T could be added to the GDP.

Small Businesses Know Technology is Key to Recovery, But It Doesn't Come Without its Share of Challenges

COVID-19 has only heightened the fact that digitalization is no longer a choice for small businesses, it's a necessity.

- Of those surveyed, over 70% of worldwide small businesses are accelerating the digitalization of their businesses due to the pandemic.

While digital technologies are more widely available today and help level the playing field, small businesses face constraints on many fronts.

- Working styles, employee safety, cashflow and sales are the most impacted business areas for worldwide small businesses due to the pandemic.
- Additionally, the shortage of digital skills and talent, cultural resistance to change and lack of budget/commitment are key challenges for small businesses even outside of a pandemic.

Small Businesses are More Dependent on Technology and Will Be Investing in Key Areas

This crisis has made small businesses more dependent on technology and aware of the importance of digitalization.

- About 45 percent of small businesses surveyed expect that over 30 percent of their business will be digital by 2021.
- 36 percent of small businesses are planning to invest in solutions that can help their employees work remotely, as well 33 percent will invest in digital technologies to improve online sales.
- 32 percent of small businesses are also planning to develop a digital strategy to with clear business goals along with 32 percent investing in talent and the right skills.

When it comes to technology investment during the next 18 months, small businesses are planning to invest in cloud solutions, as well as build on-premises infrastructure, both software and hardware.

- Security is critical for small businesses considering security solutions are part of their top three priorities.
- Customer experience and collaboration solutions are within the top five investment areas. The most mature small businesses are also prioritizing AI/Analytics to drive further competitiveness and reduce human intervention.

Recommendations for Small Businesses:

Small Businesses around the world are learning how to adapt to the current climate, overcome challenges and adopt technology that can help them not only survive this crisis, but thrive long after it ends. However, the first question for many is, "where do I start?" Cisco and IDC recommend the following to build resiliency.

- Develop a three-year technology road map
- Prioritize the critical business processes to automate
- Evaluate the right technologies to invest in –focus on empowering remote employees/workforce, a secure e-commerce platform and a robust cybersecurity network
- Invest in talent and skills focused on digital
- Find the right technology partner for your journey
- Leverage financing and remanufactured equipment to help with cash flow and budget requirements
- Keep up with industry trends and best practices
- Simplify, start small, learn and scale

Additional Resources:

- Learn more about the [2020 Small Business Digital Maturity Study](#)
- [Beyond Survival: A Small Business Resiliency Guide](#)
- See more about [Cisco Designed portfolio](#) for small businesses
- Find out about [Financing Options](#) for Small Business
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About Report Methodology

The 2020 Small Business Digital Maturity Study gathered and analyzed data from over 2,000 small businesses across eight markets to assess the challenges and opportunities the companies face in their digital transformation journey and in light of COVID-19. The eight markets include, Brazil, Canada, Chile, Germany, France, Mexico, United Kingdom, and the USA.

The Small Business Digital Maturity Index is made up of four dimensions: Digital Strategy and Organization, Digital Processes and Governance, Digital Technology, and Digital People and Skills. Each dimension targets an essential aspect of digital mastery and can be assessed independently as a measure of the relative maturity of a specific aspect of business functionality and performance,

providing goals for small businesses to target on their digital transformation journey.

Four stages of digital maturity

- Stage 1 – Digital Indifferent: A company that is reactive to market changes and digital efforts do not exist
- Stage 2 – Digital Observer: A company whose digital efforts have started but remain tactile and in bite-sized initiatives
- Stage 3 – Digital Challenger: A company that has a strategy for the use of digital technologies and is more proactive in market responsiveness
- Stage 4 – Digital Native: A company that has an integrated digitalization strategy and is focused on driving continuous innovation

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