

News Release

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More than half of Australian small businesses are not using digital tools

- 55% of SMEs have little or no knowledge of cyber-security issues -

The majority of Australia's small businesses are dismissive or tentative about using digital technologies to assist their business, according to a new ANZ report released today.

'*The Digital Economy: Transforming Australian Businesses*', found 56 per cent of micro, small and medium businesses (SMEs) did not value digital tools, despite the report finding they offer significant time savings and revenue benefits.

The same businesses also lacked internal capabilities needed to use digital tools effectively and had the lowest revenues earned per employee.

ANZ's General Manager of Small Business Banking, Guy Mendelson said: "Our research highlights that while business owners understand digital solutions can provide a range of benefits, many are yet to establish a well-defined digital strategy that will eventually become standard for doing business in Australia.

"A digital strategy becomes even more critical when considering that digitally-enabled businesses save an average of about 10 hours a week and subsequently increase annual revenue by almost a third.

"Collectively, the sector has the potential to boost revenue by a total of \$385 billion per year and save 22 million hours of effort per week. These savings are significant and show the importance of effectively using digital solutions to drive business performance," Mr Mendelson said.

Additional key findings:

- Four distinct digital mindsets exist among Australian SMEs, correlating with the value placed on digital tools and their current use within a business. These included businesses that were digitally dismissive, tentative, confident or advanced.
- Only 10% of SMEs are digitally confident, with relatively good digital adoption
- For digitally advanced businesses (34% of SMEs), their average revenue per employee is \$276,000 or 1.7 times higher than digitally tentative businesses
- 37% of businesses are actively looking to use digital tools to grow their client base and 41% want it to increase efficiencies
- 5% of SMEs experienced a cyber-attack in the last 12 months, with the average financial impact on the business at almost \$3,000
- Top 5 digital applications used by SMEs are internet banking (86%), emails (81%), accounting software (47%), payments services (36%) and invoice generation tools (35%)
- Top 3 digital implementation challenges include costs (26%), not sure how to start (20%) and implementation phase issues (12%)

The report also highlights cyber-security as a key issue, with 55% of businesses having little or no knowledge about cyber-attacks. Cyber-security knowledge is also lowest when a company begins, with 71% of start-ups knowing nothing about it.

"As businesses become more established so does their understanding of cyber-security issues, however it's important for every business to be aware of the different types of cyber-attacks such as business email compromise, which are growing at a significant rate," Mr Mendelson said.

The report also highlights cost and not knowing where to start as the key impediments to digital adoption.

"The focus for a business owner is on the day-to-day delivery and operations, and considering 'what's next?' can be overwhelming and is often an after-thought, especially in terms of digital tools.

"Business owners need additional support to help them overcome these challenges and to build a plan that ensures digital adoption is suitable, stable and sustainable over the long term," Mr Mendelson said.

Business owners can evaluate their current understanding and use of digital technologies via ANZ's online digital mindset self-assessment tool, which also provides considerations for establishing or improving a digital strategy.

'The Digital Economy: Transforming Australian Businesses', along with an interview with Guy Mendelson and customer case studies are available at media.anz.com

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