

Press release

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techUK calls for more SME digitisation support to propel the UK's growth ambitions

- *Ahead of the upcoming fiscal event and Global Investment Summit, techUK showcases the opportunities of SME growth*
- *Enhanced digital adoption could add up to £232 billion to the UK economy*

LONDON, 9 September 2024: techUK has unveiled a new report highlighting the immense potential for growth and productivity through increased digital adoption among UK SMEs.

The report, "*Small Enterprises, Big Impact*", finds that the UK still suffers of a productivity gap. Despite SMEs making up 99.9% of UK companies and representing some of the country's most resilient businesses, over a quarter of UK SMEs still do not use basic digital tools. The report warns that the lack of digitisation resources could keep the UK from reaching its ambitions to become the fastest growing economy in the G7.

With the UK being ranked fourth on the Global Innovation Index 2023, we now stand at a pivotal moment. techUK suggests that by prioritising digital adoption for SMEs, the UK can harness its existing strengths to drive future growth, innovation, and sustainability. The potential impact is significant: enhanced digital adoption could add an impressive £232 billion to the UK economy, while also preparing businesses to thrive in an AI-driven future.

Artificial Intelligence (AI) is projected to boost UK GDP and bring huge benefits for UK businesses. AI is not only a tool exclusive to or digitally intensive businesses, but an enabler of productivity and competitiveness for all businesses. However, it will first be deployed through updates to currently in use business software, meaning that if UK businesses are behind on basic digital adoption, they will soon be behind on AI adoption as well. Enhancing SME digitisation support is crucial for securing our international competitiveness and fully capitalising on the economic opportunities that AI offers.

This comes as it emerges that SMEs face some common challenges to digitisation, including costs and a lack of skills to help businesses through the adoption stage of new technologies, including AI.

In light of the previous Government's shortcomings with initiatives like Help to Grow: Digital, techUK is calling on the new Government to seize the opportunity to elevate the UK's position in the global digital landscape. Emphasising the crucial role of digital technology, the report underscores how strategic action can unlock substantial economic benefits and secure the UK's competitive edge.

Key recommendations

In the report, techUK provides a 12-month roadmap for government to incentivise SME digital adoption. Key areas of focus include:

- Coordinating a cross-departmental and industry led Forum and appoint a Minister responsible for digitisation across the economy.
- Delivering a comprehensive digital adoption plan with clearly defined targets by 2030, focusing on the right underpinning infrastructure, regulation and skills needed to succeed.
- Expanding the Made Smarter Adoption programme to all sectors of the economy.

Digitisation of SMEs will lead to growth opportunities in other areas, including Open Finance and net zero. These are vital priorities that, if taken advantage of, will ensure the UK is on a secure footing for future growth and competitiveness.

Neil Ross, Associate Director for Policy at techUK, said:

“Digital adoption is not just a growth opportunity - it’s essential for UK businesses to stay competitive. However, the widespread uptake of digital tech by SMEs is an area where the UK particularly struggles. Now, because of advancements in technology, if you are behind on digital adoption, you are also behind on AI adoption. By setting out a clear strategy for digitisation by 2030, with a named accountable Minister and backed by the right policies, the UK can turn this around, ensuring our businesses keep the pace in a hypercompetitive world.

“Our report sets out practical and evidence-based steps for the Government to take and we look forward to working with the new government to embrace this growth opportunity and reap the benefits the uptake of digital technology can bring to UK SMEs.”

Steve Hare, CEO of Sage, said:

“SMEs make up 99% of businesses in the UK, so it’s concerning that over a quarter of them aren’t using basic digital tools. Digital tech holds huge potential for these businesses and the wider economy, as it can significantly boost productivity, efficiency, and sustainability – all crucial to meeting the Government’s growth ambitions.

Other countries are progressing at pace with digital adoption and rolling out innovative tech like e-invoicing. The UK can’t afford to fall behind, which is why a digital adoption plan that encourages small businesses to embrace these tools is so crucial.”

Nick Williams, Director of UK Product Management, Intuit added:

“Putting support in place to drive digital transformation in our UK small business community needs to be taken seriously. Digital tools help businesses make money and give them confidence to invest in growth. Digital adoption therefore plays an instrumental part in achieving the government’s overarching economic strategy, to boost growth and productivity in order to secure the highest sustained growth in the G7.

This new report has a clear call to action, and support must be made available to a wide cohort of small businesses. This includes sole traders and micro-businesses, who tend to be the greatest under-adopters of digital tools, and via their accountants, who they rely on heavily for guidance."

Alex von Schirmeister, Managing Director for Xero UK & Emerging Markets, said:

"Our own research suggests this productivity gap is even wider for the smallest businesses, who are often hindered by labelling that lumps them in with the larger enterprises. For the microbusinesses that employ fewer than 10 people, there is an alarming drop off in technology usage and propensity to adopt it. These businesses need extra care and attention when it comes to education and buying into the benefits for digitising."

"It's great to see techUK examining the solutions that are at the Government's fingertips to put small businesses at the heart of the growth and productivity agenda. In particular, we welcome the focus on what other jurisdictions are doing to support small business digitalisation, with a recognition that the UK will fall behind unless urgent and coordinated government action is taken."

ENDS

Notes to Editors

techUK wrote to the Secretary of State for Science, Innovation and Technology, Peter Kyle MP, and the Secretary of State for Business and Trade, Jonathan Reynolds MP, last week (Monday, 2 September) calling on the Government to boost growth through better SME digitisation support by actioning practical interventions as detailed in today's report. The letter ([you can find it here](#)) was co-signed by the CBI, The Federation of Small Businesses, Enterprise Nation, Sage, Intuit, and Xero.

The full report can be downloaded [here](#).

[techUK Digital Economy hub](#)

About techUK

techUK is the technology trade association that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve.

With over 1000 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.

By providing expertise and insight, we support members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.