

OUR FIFTH ANNUAL GOVTECH SME SURVEY WAS RUN FROM DECEMBER 2019 TO JANUARY 2020. IT WAS COMPLETED BY OVER 100 SMEs.

INTRODUCTION

Small businesses have the potential to transform public service delivery and drive innovation, but in order to make this a reality the Government needs to harness SME capabilities, drive SME engagement, and simplify the procurement process. With 66% of respondents stating the government has not acted effectively on its commitment to helping small businesses break into the public sector over the last five years, its clear that despite considerable efforts, more work needs to be done.

And according to analysis by Tussell, the proportion of Central Government IT contracts (by value) awarded to SMEs went from 19% in 2018 to 14% in 2019.

66%

of SMEs don't feel that the Government has acted effectively on its commitment to helping small businesses break into the public sector market over the last five years

66%

of SMEs don't think the Government can achieve their target of spending 33% of their annual spend on SMEs



“The 33% SME target is challenging given the speed and number of procurements over recent years.”



“There is little appetite to use SMEs for major services and spend through large suppliers is opaque.”

GOVERNMENT UNDERSTANDING

Perhaps the most significant result from our survey was the revelation that 91% of respondents feel that the government doesn't have a sufficient understanding of how small businesses can meet their needs, up from 85% last year.

We need ministerial SME champions to drive the SME agenda as a priority. SMEs have limited trust in the government and its ability to harness the capabilities of small businesses. Furthermore, tedious and onerous procurement processes mean that SMEs often don't have the resource to go through framework applications.

Did you know: techUK hosts events such as innovation dens to introduce government buyers to SMEs and gives an opportunity for them to showcase the innovative work they're doing in the public sector.


DIGITAL MARKETPLACE

"60% of respondents believe the Digital Marketplace has helped SMEs access the market."

It's not all bad news however.

60% of respondents believe that the Digital Marketplace has helped SMEs access the public sector market as it has made opportunities more open and visible to all, but 63% of respondents feel that Government buyers still aren't making enough of e-marketplaces. Moreover, to improve SME contracting, 69% of respondents would like to see an annual price review being built into contracts.

Our results are pretty clear: most SMEs favour the Digital Marketplace, and so we need to see wider use of it across the public sector.



"They do not seem to realise that cloud technologies mean that SMEs can leverage huge resources."



"There needs to be more open communication, the procurers need to let us properly explain what we can do, why we can deliver."



"Buyers tend to be risk averse, government needs to give Buyers more support and confidence to procure from SMEs."

COMPLEX FRAMEWORKS

Aside from the Digital Marketplace, the complexity and the number of frameworks is consistently cited as a barrier for SMEs looking to supply to the public sector. Getting onto these frameworks can be resource intensive for SMEs, so they need to be reassured that it is worth the investment.

59%

of respondents feel they do not receive enough support and guidance from procurement organisations who host frameworks

“Many SMEs don’t have the resource to go through onerous framework applications.”

“Crown Commercial Services has created so many frameworks, it’s completely impossible to find the right one.”

“Very hard and untimely to sign up. Creates a lot of work to register your company. Little support given to be onboarded.”

“Lack of guidance on procurement from SMEs.”

At present, procurement processes are viewed as onerous, and frameworks as complex – we need to simplify the process to give SMEs a better chance at getting onto frameworks. Many large organisations have framework teams dedicated to framework applications due to it being resource-intensive, SMEs tell us they simply haven’t got the time or resource to do this.

TOP THREE BARRIERS

The Top three barriers for SMEs doing business with Government remain largely unchanged since last year’s survey. The government still tends to favour large businesses mainly down to the risk-averse culture within the civil service, frameworks are too complex and there is a lack of meaningful early industry engagement.

A lack of meaningful early industry engagement is detrimental to many SMEs. They are not aware when contracts are about to be published so often miss the chance to get onto frameworks and don’t get the opportunity to engage with government buyers beforehand, significantly reducing their chances of supplying. Encouraging more early market engagement would also give SMEs more time to understand the requirements and showcase their capabilities.

1 A risk-averse culture within the civil service.

2 Poorly defined or complicated tender describing the requirement.

3 Lack of meaningful early industry engagement.

“There is a huge cultural shift required for government to really benefit from the value and innovation that the SME market can bring.” “Government needs to be braver and think how they need to enable future Civil Service.” “Very hard and untimely to sign up. Creates a lot of work to register your company. Little support given to be onboarded.”

RECOMMENDATIONS

1

More early pre-procurement market engagement.

2

Wider use of the digital marketplace – this should be the main route to market.

3

Simplifying procurement processes, fewer frameworks.

4

Supercharge ministerial SME champions.