Medium businesses:
Fuelling the UK's economic engine

A Connected Thinking report

Contents

Virgin Media O₂ Business

Connected Thinking

Connected Thinking from Virgin Media O₂ Business encourages and promotes discussion, debate and consideration of the latest tech trends impacting ways of working and the changing needs and expectations of employees, employers, customers and communities.

No more stalling:
it's time to expect more

Medium-sized businesses (those employing 11–249 people) are the engine of the UK economy. Responsible for employing over 7.5 million people and turning over almost £1.4 trillion a year.[1] They run our high streets, design and build our homes and public spaces, and keep us all connected and online – all while competing with large corporations (and often winning).

Yet the current economic picture is precarious. Businesses operate in the face of rising costs and a looming recession. If we're to recover and push forward into renewed growth, it's high time we recognise and support the crucial economic and societal role of medium businesses. If these businesses thrive, we all thrive.

We worked with Censuswide to survey 1000 medium business leaders to understand what role tech and connectivity play in the positive momentum of these businesses.

Our research found that if medium businesses are the UK's economic engine, then tech is the fuel for recovery and growth. Almost every person we spoke to believes tech is key to empowering business growth.

But medium businesses also see tech and connectivity as their number one internal challenge, and almost half told us they want more support from their IT team to help drive their business ambitions. More attention needs to be given to medium businesses and we can't let them fall behind in their ambitions. After all, these companies are agile and adaptable, and that's exactly what our economy needs right now.

Leaders expect more from their suppliers, partners and IT teams. And as we look towards an uncertain future, it's vital medium businesses challenge these partners to help them overcome any obstacles in their path.

Together, we can get the UK's economic engine firing on all cylinders.

'When you look at medium businesses, we might not always make the biggest, headline grabbing strides but collectively we're the backbone of the UK economy.'

Lynsey Barron,
CEO, Volume Innovate

[1] These figures relate to UK businesses with 11-249 employees and have been taken from the table data found on Gov UK
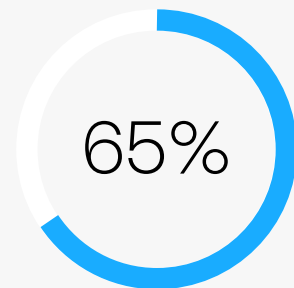
Key findings

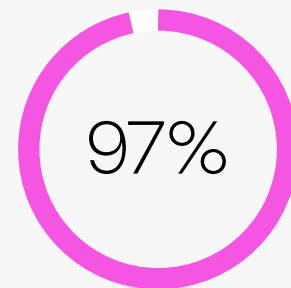**Medium businesses have defined what success means to them:**

35%
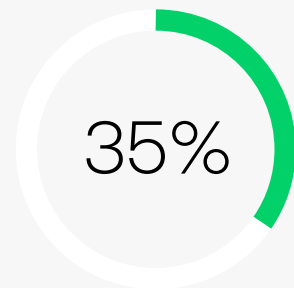
agreed that success looks like **an increase in revenue** – the top response

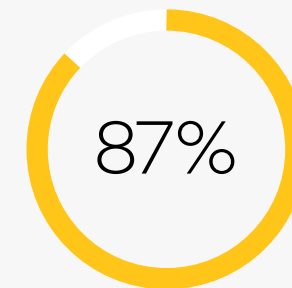**And the majority see tech as the single biggest driver of growth:**

65%

of medium businesses see **technology as the biggest driver of growth**

97%

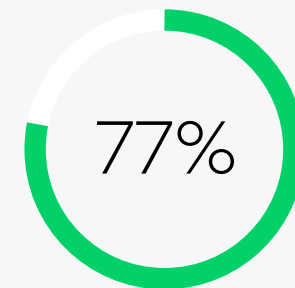see it as key to **empowering business growth**

Not only is tech the means for success; it also drives hard and soft employee benefits:

87%

of medium businesses notice **an improvement in productivity** when they provide employees with new technology
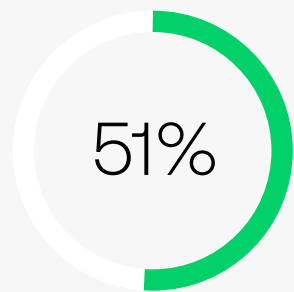
77%

of medium businesses notice a **boost in morale** when they provide employees with new technology

Key findings

Methodology

These findings were taken from a Virgin Media O$_2$ Business and Censuswide survey of 1000 medium business leaders in August 2022.

Over the next year, medium businesses want to see measured growth:

51%

said they want to aim for **measured growth** over the next year

However, IT and connectivity, while a key driver of growth, is also the number one internal challenge facing medium businesses:

33%
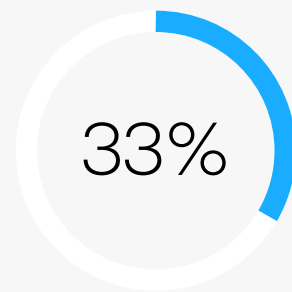
stated it was the **number one internal challenge**

48%
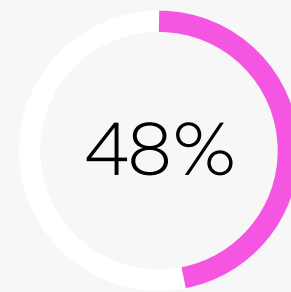
of respondents want **more support from their IT team** to help drive their business ambitions

Left unchecked, this could cost businesses. Supporting revenue growth for their business was the top cited scenario in which respondents said they needed IT support:

27%
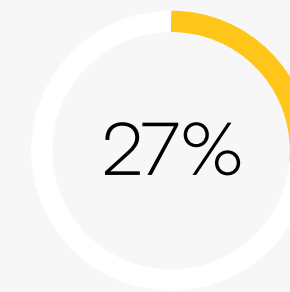
say **growing in revenue** is the top scenario where they need most support from their IT team

Catherine Amran
Director of Small and
Medium Business,
Virgin Media O₂ Business

'Leaders at medium businesses have recognised the role of technology in driving growth. They've also clearly set out what they expect from their partners and IT teams – and that's more support. Now it's on all of us to make sure they don't get left behind.

'We're dedicated to giving medium businesses the tailored consultancy they need to get more from their technology and ensure measured growth for the future.'

A look under the hood: tech is crucial to keep medium businesses moving

'Technology is a massive disruptor for us. For all the right reasons'

Alexander Dixon, Head of IT,
Pollard Thomas Edwards

If success for medium businesses means an increase in revenue, then success also means growth. **97%** of leaders said technology was key to empowering business growth, and **65%** said it was the single biggest driver.

Whatever comes next for medium businesses, technology has to be at the heart of it.

Top three measures of success for medium business respondents:

35%
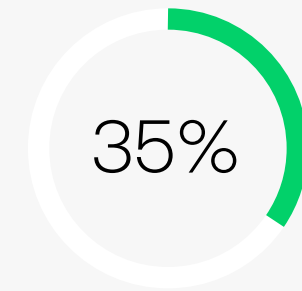
measure success by an
increase in revenue

34%
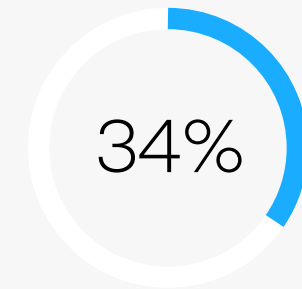
measure success by
customer satisfaction

34%
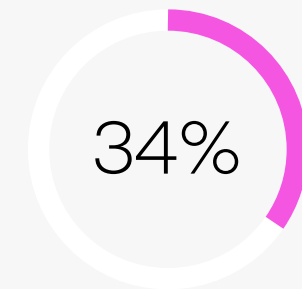
measure success by
employee satisfaction

Tech is helping businesses go the distance and reach their goals

Medium businesses vary hugely and have different priorities. Fortunately, our research found an even spread of responses when we asked leaders to choose how technology supports them best, showing the diverse ways it can help businesses reach their goals.

Technology is also helping businesses to improve employee experience. In fact, **87%** of medium business leaders said they notice an improvement in productivity when they supply employees with new technology, and **77%** notice a boost in morale.

Where do leaders feel tech can support them the most?

28%

say by **improving efficiency**

26%

say by **improving productivity**

23%

say by **increasing revenue**

23%

say by **improving collaboration** amongst teams
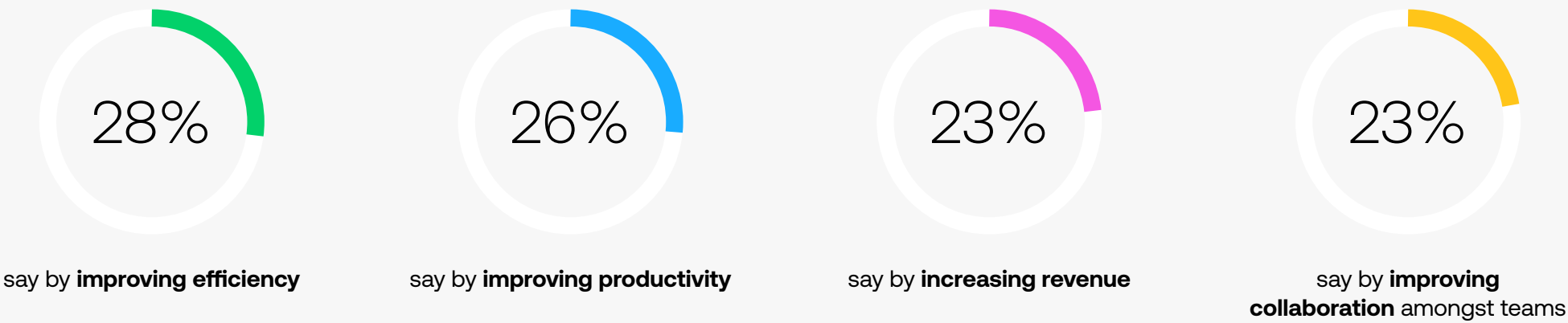
It's time to shift things up a gear with more support

However, medium businesses also face challenges around tech and connectivity, citing these as the number one internal challenge facing their business, followed by marketing capabilities and implementing an Environmental, Social and Governance (ESG) strategy.

Over half of medium businesses report they have an in-house IT team. Yet as the role of tech becomes more prominent, they expect more support from this team in helping them reach their business ambitions.
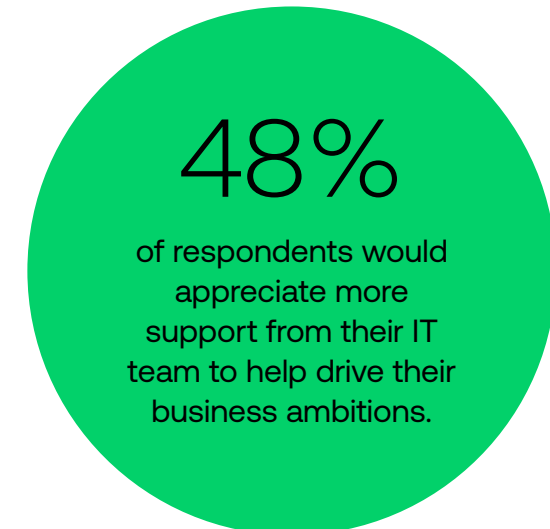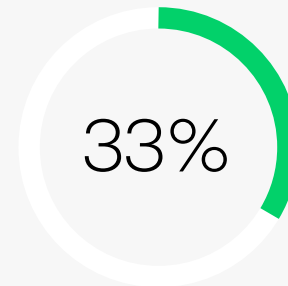
This means leaders may need to rethink the setup or focus of their IT teams – and look to specialist partners to support their IT expansion strategies.
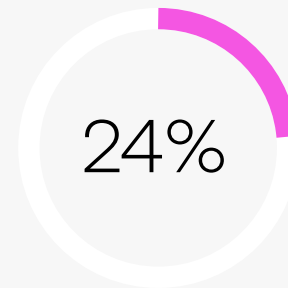
48% of respondents would appreciate more support from their IT team to help drive their business ambitions.

Top three internal challenges facing medium business respondents

33%

cite **IT connectivity and tech** as their biggest internal challenge

25%
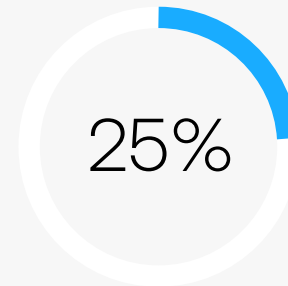
cite **marketing capabilities** as their biggest internal challenge

24%

cite **implementing an ESG strategy** as their biggest internal challenge

What influences are at play when medium businesses arrive at a crossroads?

We asked decision-makers what their biggest concerns were currently. In what are uncertain times anyway, the effect of COVID-19 still lingers, along with the cost-of-living crisis and supply-chain issues, with **35%** reporting these as concerns.

Reluctance to invest is understandable in uncertain times. Yet inaction or regression comes with its own risks. Our tech and the battle for talent research discovered that more than **50%** of employers planned to revert to technologies used before the onset of COVID-19. **50%** of the employees in these organisations said this made them more likely to resign from their job in the next six months.

In times of doubt, expertise and guidance as we move forward are what will create progress. And to enable this progress, we also need to understand what the more functional concerns of these businesses are when implementing new tech. For our medium business leaders, these top three concerns were usability, security and cost. A wide range of factors have a role to play in the decision-making process. And by considering these, medium businesses can make choices that work, right through from an individual level at an employee's desk, to impacting the future direction of the entire business.

Technology every step of the journey at Volume Innovate

Lynsey Barron
CEO, Volume Innovate

We spoke with Lynsey Barron, CEO of digital marketing agency Volume Innovate, to hear how technology has helped the medium-sized company transform its employee experience.

'Technology is a huge part of what we do,' said Lynsey. 'It's what we live and breathe.' In fact, Volume Innovate has an entire suite of software tools at its disposal – Microsoft Office, HubSpot, Monday.com, NetSuite and more – to improve collaboration and ensure people are fully supported in their roles.

The past few years have seen the business transition from a large office to a hybrid working model, complete with its own office hub. And for Lynsey and her team, the switch quickly bore fruit.

'Productivity increased. Efficiencies increased. And most importantly, the wellbeing of the staff did as well. It became a no-brainer.'

This change in environment also meant a change in requirements: removing the need for a server room and switching to the cloud. This not only improved the ability to work flexibly, but also enhanced security and storage.

But the switch to a hybrid working model is never without challenges. Issues such as 'switching off' from the workday, connectivity problems, and ensuring everyone feels heard will be no strangers to decision-makers – and Lynsey and her team were no exception.

'We had a lot of call fatigue. So for us, it was resetting expectations. We weren't trying to think about that 9-to-5 life and the work you're paid to do within those hours, but instead, you have X amount to get done today and you're free to do that how you choose.'

Lunch-and-learns were offered to help people think about things like blocking out lunch hours and creating fake commutes. There was an entire campaign around lunchtime walks.

'Although it seems really great to be hybrid, you've got to ensure you have those human connections and touch points. Employees are at the centre of the technology we choose.'

There's also the financial aspect of technological change. Closing an incredibly large office with high overheads and financial monthly commitments meant more capital available to invest in new technology to support employee happiness and productivity.

'Hybrid working has given us the flexibility to look at other options, to invest in our staff, and to be able to support our clients. We're focusing on how we facilitate hybrid work in a way that makes sure our clients still receive a great service.'

Gearing up for digital transformation

Digital transformation has taken on two distinct forms over the past few years. First, we saw the rapid acceleration during the pandemic, which shot businesses forward in time from a tech capability standpoint to meet very sudden changes in the way we live and work.
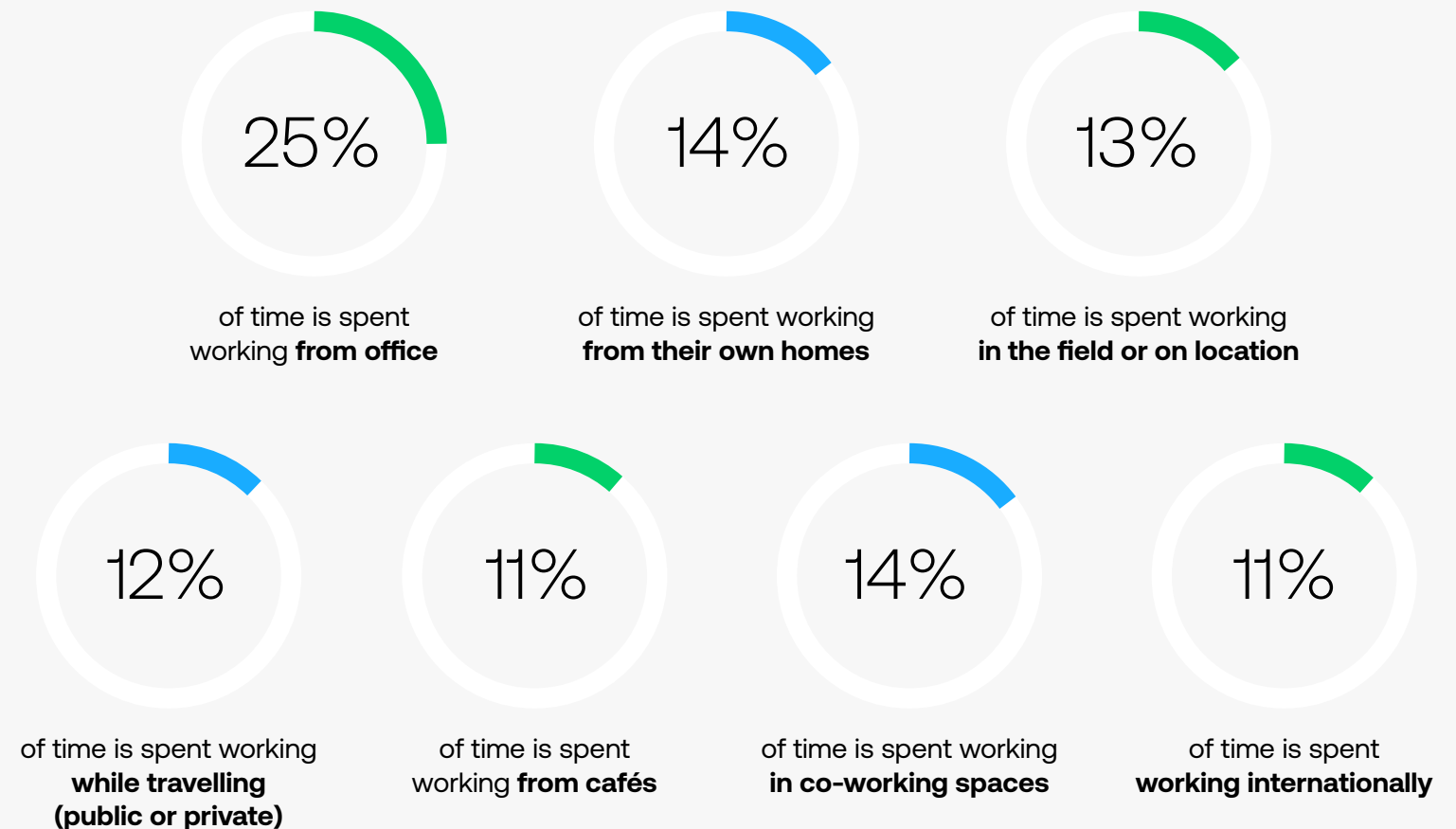
This acceleration opened our eyes to the potential of technology to support business growth, employee satisfaction and customer satisfaction. And as such, it set a new level of expectations, and a second, more measured type of digital transformation and growth.

Enable work from anywhere (because employees are now everywhere)

Medium businesses are truly hybrid. Our research found that employees spend just **25%** of their time in offices, with the rest split across homes, the field, travelling, cafés, co-working spaces or working internationally. 'The office' has changed from a fixed location to a state of being.

Our research also found that medium businesses are adding more mobile connections – **70%** reported having more connections compared to 12 months ago. Given the variety of connectivity needs, businesses need to make sure their employees are supported with the tools they need, no matter where they work from.

Medium businesses have truly embraced hybrid working, according to respondents:

25%
of time is spent working **from office**

14%
of time is spent working **from their own homes**

13%
of time is spent working **in the field or on location**

12%
of time is spent working **while travelling (public or private)**

11%
of time is spent working **from cafés**

14%
of time is spent working **in co-working spaces**

11%
of time is spent **working internationally**

'When it comes to helping partners on their digital transformation journey, there's no room for a rule book. The only goal should be putting the customer first, and that comes from truly aligning yourself with their business outcomes. Our purpose might ultimately be to upgrade UK businesses, but that will only happen with tailored consultancy and developing the right market opportunities.'

Davinder Sandher,
Head of Small and Medium Business
Products, Virgin Media O₂ Business

That means investing in solutions for the office and on the go, ensuring teams have access to reliable and secure connectivity wherever they might be.

Solutions such as Dedicated Internet Access offer a dedicated internet connection to an office that isn't shared with anyone else, ensuring that when team members are in, their connection is rock-solid.

Meanwhile, employees on the go need a reliable mobile network with enough coverage to make sure they're not caught short. O₂ Business's award-winning network[2] covers 99% of the UK population, and offers 5G network coverage to more than 800 towns and cities.[3] And for those employees working abroad, any medium business wanting to keep costs down will want to be with a provider that doesn't charge roaming fees in the EU.[4]

Of course, supporting hybrid teams starts with connectivity – but it doesn't stop there. Connectivity underpins a whole range of collaboration tools, from Microsoft 365, to Teams, Business Voice, Unified Communications and more.
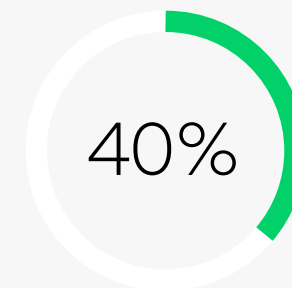
Used correctly, these tools can offer face-to-face collaboration, instant messaging, co-editing capabilities and even fully unified services, allowing employees to work easily and efficiently across cloud platforms.

Preparing for the journey towards collaboration isn't something medium businesses need do alone. The right service partner will offer help in setting these tools up, including one-to-one user training to ensure everyone gets more out of their technology.

Done right, this activity can transform a business's ability to serve its customers. In fact, our research found that seamless integration of devices was cited as the number one factor that would improve the quality of work delivered for clients.

We've already seen leaders calling for more support around technology for their business ambitions. And service partners are perfectly placed to offer this advice and integration support, relieving pressure on in-house IT teams and offering professional support when it's needed.

[2] O₂ was voted Best Network for Reliability by Global Wireless Solutions in 2019, 2020 and 2021

[3] Based on a threshold of 50% population coverage in a town or city. Further information about O2 5G.

[4] At O₂ Business, you get the flexibility of EU Roaming at no extra charge, up to 35GB. Customers on Unlimited Data tariffs will be charged if their usage exceeds 35GB in our Europe Zone. For more details see your Terms and Fair Usage Policy.

Top 3 things that would improve the quality of work medium businesses deliver for clients:

40%
of respondents believe that **seamless integration of devices** (like laptops and smartphones) would improve the quality of work they deliver for clients
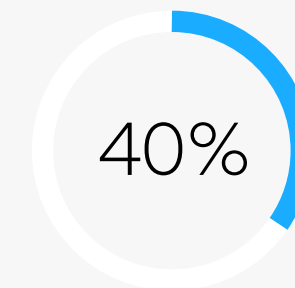
40%
believe that **automation of standard/manual processes** to free up time for more valuable tasks would improve the quality of work they deliver for clients
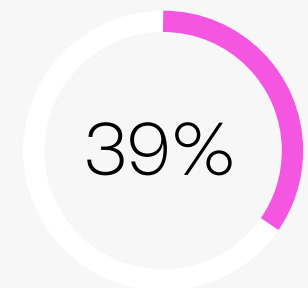
39%
believe that **collaborative tools that support colleagues** would improve the quality of work they deliver for clients

Protect your growth: security comes first

Tech is a powerful tool, but it needs security if you want to wield it properly.

24% of respondents cited security as the biggest internal challenge facing their business – coming in at number four on the list. And when we look at IT teams' challenges specifically, ensuring data security comes in at number one.

This may show that leaders rely on their IT teams to focus on security as their number one priority, while they concentrate on other issues. Yet IT teams and business leaders both need support when it comes to choosing the best security solutions.

The first step in any cybersecurity strategy should be protection from cyberattacks. Getting the right cybersecurity system in place will save headaches, disruption, and money in the long run.

Security suppliers like Sophos offer a broad range of cybersecurity tools, from signatureless security, to anti-malware, live protection and more. And with the right partner to manage security, IT teams can focus their time on improving employee experience, no matter where the employee is based.

The next step is ensuring employees themselves aren't at risk of breach. With Unified Endpoint Management software, IT teams can safely monitor and secure employees' devices, delivering the same level of security to an employee's personal device as they can to their office laptop. This is particularly important when teams are working from multiple locations, and access and share data in new places.

Consultancy: the roadmap to success

Whether it's connectivity, security or collaboration tools, medium businesses need support from a partner who understands their business and can recommend solutions that are tailored to them. These tools aren't items on a shelf. Instead, they're components of a fully realised, well-considered digital transformation strategy. The right partner will offer dedicated account management, 24/7 premium tech support and effortless cloud migration support, so that medium business decision-makers can focus their skillset and time where their expertise is needed most.

'Ahead in the cloud' with Pollard Thomas Edwards

Alexander Dixon
Head of IT,
Pollard Thomas Edwards

It might come as a surprise to hear of a business only recently moving pen-and-paper-based workflows into digital collaboration platforms – but architects are a famously tactile bunch. According to Alexander Dixon, Head of IT at Pollard Thomas Edwards, it wasn't until the pandemic came that major change happened.

'As awful as COVID has been in so many ways, for tech and our IT strategy, it's really pushed us forward,' he said. 'We've invested in our building, our infrastructure, in hybrid working. We've also updated our wired and wireless systems, meeting rooms for collaboration, hotdesking, loads.'

The business's vision is to design great buildings and places, deliver excellent services to its clients and create an inspiring workplace for its people. So just how important is technology for a medium business like Pollard Thomas Edwards?

'Technology is a massive disruptor for us,' said Alexander. 'For all the right reasons. Traditionally, architecture can fall a bit behind the technology curve. But a key focus for us recently has been collaboration in a hybrid workforce.'

To help streamline this collaboration and ensure everyone has access to the right information at the right time, Pollard Thomas Edwards recently began moving to the cloud – something that Alexander says has improved security, lowered costs – and saved him and his team time on administrative tasks. For him, it was a 'massive step in the right direction' for the business.

'As someone who's been working with the cloud for a long time, I've always believed in its benefits. Security and reliability are so important,' said Alexander. 'When you manage on-premises systems, you've got to carefully consider things like disaster recovery and business continuity, whereas in the cloud, those factors are much better catered for, and as much the vendor's priority as they are yours. The products can be better value, and you can see reduced hardware maintenance costs. From someone who'll be left doing the administration for it internally, if someone else can do some of the heavy lifting (on the cloud), then it's a no-brainer. It allows us to focus on supporting our team even better.'

And the switch to collaborative cloud tech has been transformational.

'Teams unlocks a plethora of collaboration tools, whether it's videoconferencing, instant chat, embedded tools like lists and forms and spreadsheets all just tucked in one easy-to-use unified platform.'

So how much do medium businesses like Alexander's listen to employee input when choosing where to invest in new technology?

'In my role, it's about getting the best out of technology and giving people the best possible interactions with the tools we offer them. Which means our IT strategy is driven by the needs and wants of the workforce. We're always offering staff the chance to feed back.'

For Alexander, one of the biggest challenges around the transition to the cloud is rather more human than one might think. 'More and more has gone into the cloud over the last few years. Part of that work has been breaking down the fear of the cloud – whether that's its cost, or its cybersecurity, or if the best products are available there.'

So what exactly underpins all of this transformation and transition? According to Alexander, connectivity. 'Without connectivity, none of it works. We demand a rock-solid connection, and that's what we get.'

Taking control of the journey ahead

There's no denying there are challenges ahead, not only for medium businesses, but for the UK economy and society as a whole.

Technology will go a long way to relieving some of these challenges, whether by empowering businesses to create better customer and employee experiences or by driving measured growth to help the economy rebound and even thrive.

But in order to achieve this, partnership will be crucial. We can't ask medium businesses to do it alone. Only by businesses and partners working together can connectivity and IT issues move away from the number one spot on medium businesses' concern list.

The good news from this research is that medium businesses are already receptive to the power of partnership. Our research found that they're most likely to turn to suppliers and partners for advice and help when it comes to deciding to invest in new technology.

This is why it's so important to choose the right partner to support a business along the road to digital transformation. And this is where a partner like Virgin Media O$_2$ Business can show its value, providing expert consultation, tailored solutions, and specific medium-business propositions (like our dedicated Get More Fund).

'There's a great opportunity ahead to work with medium businesses, understand what new challenges they face, and discover fresh ways to support their growth.'

Lynsey Barron,
CEO of Volume Innovate

Want to find out more?

Check out our business insights hub **here.**
Or **contact us** today to arrange a free digital
consultation with one of our experts.

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Business