



2013 MYOB Business Monitor: Cloud & web-savvy SMEs continue to enjoy better business

Financial chasm has widened between the online-savvy & online-cautious

Small and medium business operators (SMEs) who embrace cloud computing and business websites are much more likely to enjoy rising revenue than others, according to Australia's largest accounting software provider, MYOB. In fact, those who say they are in the cloud were twice as likely to see an earnings uplift in the past year.

The March 2013 MYOB Business Monitor also found the financial chasm between the online-savvy and the online-cautious is widening, while the take up of online technologies has changed little in the past nine months.

In the latest study of 1,000+ SMEs commissioned to research firm Colmar Brunton only 16% said they use cloud computing in business, up on 14% in the July 2012 report. Only 38% have a business website, unchanged on July.

Those who do use cloud were 106% more likely to see a revenue rise in the past year than those who don't, up on 53% in July. Similarly, those with a website were 60% more likely to see a revenue rise, also up on 53%.

CEO Tim Reed says, "It's obvious that as time goes on Australian business operators using cloud computing are increasingly likely to achieve positive financial results. That said, I'm surprised fewer than one in every six say they use cloud in business. This ubiquitous technology has helped so many smaller businesses become better connected, more productive and more competitive.

"Our research findings provide a clear cut case for embracing online technologies in business. The latest study reveals SMEs using cloud were twice as likely to see a revenue rise in the past year than those who aren't. It's similar for those with a business website, who were almost two thirds more likely to see a rise than their peers.

"These ratios have increased significantly since the Business Monitor study conducted nine months ago, which suggests the gap in financial performance is widening between the online-savvy and the online-cautious.

"Interestingly, more than half our respondents said they would vote for the political party that proposed 'providing free government-funded training to all small businesses on how to use the internet to enhance and grow their business.' This says the majority realise they require further education on how to best employ online technology.

"It's also clear the majority are unaware of the value in having even a simple website that contains their contact details. Many businesses have first-hand experience of the benefits of being found online, being able to attract and retain customers in this way. Our research proves it can have a tremendously positive financial effect."

Financial benefits Business operators in the cloud were not only more likely to see a revenue rise in the past year (33% versus 16% of those who weren't) they were more likely to expect one in the next year (37% versus 28%). They were also more positive about the domestic economy improving within 12 months (33% versus 23%).

Further, those using cloud computing were more likely to plan to increase these activities in the next year:

§ Focus on customer retention/acquisition strategies: 52% versus 34% who don't use cloud § Prices and margins on products/services sold this year: 36% versus 22% § The number or variety of products or services offered: 33% versus 24% § Working with business advisers to enhance the business: 30% versus 15% § Spending on marketing and advertising their business online: 29% versus 18% § Pay their employees more: 28% versus 20% § Boost staff numbers this year: 25% versus 11%.

Similarly, those with a business website were not only more likely to see a revenue rise in the past year (24% versus 15%) they were more likely to expect their revenue to increase in the next year (35% versus 27%).

They were also more likely to plan to increase these activities in the next year: § Focus on customer retention/acquisition strategies: 49% versus 29% without a website § The number or variety of products or services offered: 37% versus 20% § Spending on marketing and advertising their business online: 36% versus 10% § Their prices and margins on products/services sold this year: 28% versus 19% § Pay their employees more: 28% versus 16% § Working with business advisers to enhance the business: 22% versus 14% § Boost staff numbers this year: 21% versus 8%.

Key drawcards The most popular reason for cloud use was the ability to access data from whatever location they wanted (52%), well ahead of other reasons. Over one third pointed to being able to have their team members work remotely (36%), while 30% said they used it because their data was better protected and safer online on external servers.

Business operators were also asked what business tasks they used cloud computing for. The top five were: file sharing (50%), file back-up (49%), email (44%), file storage (42%), and online banking (41%).

Those who didn't use cloud computing were asked why and the top reason was 'I don't know enough about it to make the right business decisions about it' (35%). Ranked second was 'I am not very tech-savvy and don't feel confident about even starting to look at it for my business' (22%), followed

by 'It is of interest, but there are many more important other business priorities to take care of first' (21%).

Other recent MYOB research found the top three reasons why SMEs without a website hadn't set one up were 'we prefer to advertise and market our business using other methods' (68%), 'it's not a priority right now, we have all the work we can handle' (66%) and 'we don't see any value in having a business website' (60%).

Businesses most likely to be online-savvy
The business types most likely to use cloud computing and have a business website were:

Cloud computing

Business website

Businesses exporting goods and services

31%

58%

Businesses whose revenue was up in the last 12 months

29%

48%

Business, professional and property services sector

27%

50%

Businesses importing goods and services

26%

64%

Small businesses (5-19 employees)

25%

66%

Metropolitan-based businesses

18%

42%

Across the mainland states, South Australia had the highest proportion of cloud users (22%) and business website owners (42%). In the prior report, New South Wales had the highest proportion of cloud users (15%) while Queensland had the highest proportion of business website owners (47%).

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About the MYOB Business Monitor

Established in 2004, the MYOB Business Monitor is a national survey of small and medium business owners and managers, commissioned to independent market research firm Colmar Brunton. The most recent study ran in January and February 2013, surveying 1,005 operators from sole traders to mid-sized companies, representing the major industry sectors. The Monitor researches business performance and attitudes regarding areas such as profitability, cash flow, pipeline work, technology usage and the government. Note: the weighting of MYOB client and non-client respondents is reflective of overall market proportions. About MYOB Established in 1991, MYOB is now Australia's largest business management solutions provider. It simplifies accounting, payroll, tax, CRM, websites, job costing, inventory management and much more for businesses of all ages, types and sizes. Over one million businesses in Australia and New Zealand have used one or more of MYOB's 50+ products and services. Today, its solutions extend online, delivering innovation through cloud computing. This enables its clients to be more productive and make smarter connections with their staff, business partners, business advisors and customers. With a network of 20,000+ accountants, book keepers, certified consultants and other professional partners, MYOB provides support and tools that help make business life easier. Visit: <http://myob.com.au/smarterconnections>.

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