

Evolving technology is providing greater flexibility in meeting business operational needs, with 78 per cent of SMEs reporting efficiencies and time savings from broadband internet.

# Internet critical to SME communication with customers and suppliers



ACMA has released *Convergence and Communications Report 2: Take-up and Use of Communications by Small and Medium Enterprises*, which examines changing trends in the take-up and use of communications services by small and medium enterprises (SMEs).

In Australia, SMEs account for nearly 99 per cent of all businesses. These businesses are in a unique position to drive the digital economy, through the continuous innovative application of communication technologies to their business operations.

The internet has created new opportunities for SMEs to reach consumers regionally and internationally. SME adoption of the internet reached 97 per cent in 2008, with more than 95 per cent of those connected to some form of broadband service.

'As you would expect, evolving technology is providing greater flexibility in meeting business operational needs, with 78 per cent of SMEs reporting efficiencies and time savings from broadband internet,' said Chris Chapman, ACMA Chair.

Communication is now the business activity that SMEs most often use the internet for and of those SMEs with an internet connection, 98 per cent use the internet to communicate with customers and suppliers. Other activities often performed online include:

- searching for information on products and services (89 per cent)
- research (85 per cent)
- banking (83 per cent)
- accessing directories (81 per cent)
- paying for products and services (76 per cent).

However, factors such as industry of operation, business size and location, and whether an SME exports or not have an effect on the type and level of activities undertaken online.

While there has been significant substitution within specific types of communication technologies as a result of technological innovation, such as the shift from 2G to 3G and from dial-up to broadband internet, the fixed-line telephone continues to be an important feature of SME communications use.

SMEs continue to value the fixed-line telephone, 85 per cent identifying the fixed-line telephone as a very important communication technology, compared with 74 per cent identifying broadband internet and 71 per cent mobiles.

The study also examined how business characteristics affect the propensity of SMEs to adopt emerging communication technologies. The characteristics examined included business size, industry of operation, location, whether the business has exported goods or services in the last year, whether or not the business perceived itself to be innovative, the age of the business, confidence in the future, and whether the business is seeking to expand.

The take-up of Voice over Internet Protocol (VoIP), for example, was significantly higher for certain industry sectors, such as finance and insurance (29 per cent) and the communications, property and business services sector (26 per cent). SMEs in the finance sector in general also had the highest level of adoption of communication technologies such as 3G, VoIP and broadband internet.

*Convergence and Communications Report 2: Take-up and Use of Communications by Small and Medium Enterprises* is available on the ACMA website [www.acma.gov.au](http://www.acma.gov.au) (go to About ACMA: Publications & Research > Research for Consumers: Convergence and Communications report series).