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## **One In Ten Small Business Leaders Rely on “Gut Feeling” IT Buying**

*Major Study Commissioned by Cisco Systems Reveals Buying Habits of UK Small Business Digital Entrepreneurs*

**LONDON, January 18, 2006** – British small businesses are receiving inadequate customer support and intelligence prior to making crucial technology buying decisions, a new report commissioned by Cisco Systems reveals today. According to the survey of 400 UK small businesses<sup>1</sup>, the majority of small businesses (42%) feel left in the lurch after purchasing technology, due to insufficient post-sales support or training.

The second largest complaint blighting small business IT buying, highlighted by 41% of the respondents, was the feeling of having enterprise scale technology imposed on them, as opposed to products tailored to their size.

Bernadette Wightman, Cisco Systems UK commented: “Considering that 99% of businesses in the UK have less than 250 staff, it is woefully inadequate for technology providers to be just providing products designed for businesses with 1,000 plus workforces. Small businesses require smart, simplified networking and security products to provide a solid foundation of technology, which can then empower their businesses to compete, shield their network and promote workplace efficiency. If they don’t have the right core technologies in place then small businesses can’t hope to benefit from the new breed of enabling and empowering technologies.”

The research highlighted a definite split in terms of “savvy” IT procurement decision-making, and uninformed technology choices. A large proportion of tech decision-makers conduct sound research in magazines and journals (57%), seek advice from peers in other companies (38%) and external business consultants (38%) prior to buying IT. Worryingly however, 13% of respondents make their decisions based on “gut feeling”. This trend was especially

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<sup>1</sup> The Digital Start-up research was conducted by independent research house, Vanson Bourne, among non –technology-centric businesses sized between 10 – 250 employees



prevalent among very young start-ups (averaging five staff), where over one in five (21%) selected technology on gut feeling as opposed to specific research.

Bernadette Wightman added, “Start-up businesses must do more with less, and simply cannot afford to make ill considered judgements around IT. In order to realise the potential productivity and customer service benefits of their technology, small businesses need specialised advice on matching budget and specific technology needs, combined with flexible financing plans which require only a minimum initial investment. We want to work together with our specialised and certified Cisco Partners to ensure that we all provide the reliable, trustworthy advice that small businesses need.”

The availability of helpdesk support was found to be a deal-breaker for 54% of IT purchases. Bernadette Wightman, added, “Clearly once businesses have invested they need continued access to technical engineers, operating system software maintenance and easy to understand configuration instructions. We have launched our Cisco SMB Support Assistant service to provide just that level of support.”

With the constantly evolving nature of technology, 64% of respondents said the most compelling event to drive their IT purchases was the continual need to support new business applications. Bernadette Wightman added, “The risk of wasting resources on technology that will be obsolete within a year can be guarded against by spending wisely on the core building blocks of the network, which gives enough flexibility and security to meet future needs. At the same time smaller businesses can look to take advantage of our leasing programme that gives them the ability to continually upgrade to state-of-the-art technology, without large capital investment and financial risk.”

Despite facing significant barriers to their purchasing, the research reflected a high degree of confidence in IT. Small businesses credited technology with multiple benefits for their businesses, including 77% experiencing improved customer service, 76% experiencing improved productivity and 45% of small business using technology to compete on a level playing field with competitors. Despite a great appreciation of the business benefits of IT, due to a lack of resources 36% of small businesses are not able to employ an IT manager with the knowledge to maximise their IT investment.



For many businesses IT management is left either to the business owner (17%), the managing director (15%), and surprisingly over one in ten businesses hand over the IT decisions to the finance department (12%). The majority of businesses (20%) waited until the business averaged 75 staff before resources were focused on employing a network / IT manager. However, at the other end of the scale, 14% of businesses are not employing an IT manager until they reach over 200 staff – which left the job of managing IT predominantly in the lap of the Managing Director, or the business owner, or to an outsourced managed service provider.

To address the lack of available intelligence, support and dedicated products highlighted by the report, Cisco has launched a complete small business offering, including a family of smart, simplified networking products, such as Cisco Secure Network Foundation.

The Secure Network Foundation is made up of routers, switches and wireless access points that can all be configured and managed from any location, including the provisioning quality of service and security policies. The Secure Network Foundation is simple to install thanks to Cisco's intuitive and easy-to-use management tools that have been designed specifically with small businesses in mind. Furthermore, Cisco technologies are designed to grow and keep pace with the rapidly changing needs of small businesses to ensure maximum ongoing compatibility.

As part of the SMB offering Cisco Systems Capital specialises in providing one-stop shopping for state-of-the-art Cisco equipment and services combined with convenient, flexible financing to help customers match budget and specific technology needs with a minimum initial investment. Cisco SMB Support Assistant provides easy, cost-effective network support that small businesses need to help ensure operational reliability, contain costs, and protect investment in IT.

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### **About Cisco Systems**

Cisco Systems, Inc. (NASDAQ: CSCO), the worldwide leader in networking for the Internet. Information about Cisco can be found at <http://www.cisco.com>. For ongoing news, please go to <http://newsroom.cisco.com>. Cisco equipment in Europe is supplied by Cisco Systems International BV, a wholly owned subsidiary of Cisco Systems, Inc.

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