Reinventing the Face of Business (How SMBs Can Flex Their Muscles with Technology)

Despite the economic downturn, more Small Medium Business (SMB) owners are spending more on IT infrastructure to stake their claim against the big boys.

SIZE DOES MATTER

The pie is getting smaller, but it is still there. The big boys have more resources to acquire a larger pool of efficient employees, more capital to invest in state-of-the-art office infrastructure and much better equipped with the necessary expertise to invest on R & D. They enjoy greater economies of scale due by virtue of their size, but this also means they have a bigger struggle against a certain perpetual enemy called "cost". They might look prettier on paper, but the old adage of "quality versus quantity" will slice any imaginary psychological disparities to shreds. And in reality, the fat lady has not sung.

THE SILVER "VIRTUALISATION" LINING

Banks are failing. Profits are on a downward spiral. Layoffs are inevitable. To go into information technology investment right now is crazy? Not, according to a recent study based on 600 SMBs in five different countries. The "Microsoft SMB Insight Report" forecasted that a 55 percent majority of SMBs will not only maintain, but also increase spending on IT infrastructure in 2009.[1] The key concerns of the SMBs include declining revenue, competition with the larger industry players and facing the general economic difficulties at hand. However, they view building their IT infrastructure as a boon rather than a cost bane because the "virtualisation process" can directly benefit their bottom line in three main ways – reducing operating costs, improving employee productivity and acquiring and retaining business customers.

"BEDOUINISM"

Take a leaf out of the lesson learnt from the dot-com bubble burst nine years ago in 2000. Businesses were forced attain profits to break even faster, and new establishments had to scrape resources together to survive. They had to choose between physical office space and their staff – and the companies chose "people".

[1] *"Microsoft SMB Insight Report", 2009, http://www.microsoft.com/presspass/press/2009/mar09/03-25SMBTechnologyPR.mspx*

CUTTING COSTS WITH AN IT EDGE

Unified Communications (UC)

In a study closing 2008 developed by Access Markets International (AMI) Partners[2], findings shown that SMBs in various countries including Indonesia, South Korea, Malaysia, Phillipines, Singapore and Thailand spent $393 million on Unified Communications (UC) solutions. Among these UC solutions used were conferencing and collaboration tools such as audio, video, Web conferencing and instant messaging which reduced business overheads significantly, particularly in travel and energy costs.

The idea of operating a business with only the laptop and mobile in a coffeehouse might seem too drastic, but the idea here is the promotion of communication tools via "virtualisation" in a number of ways – namely, through conference calls, video-conference and remote online presentations. These will throw airfares, hotel and restaurant bills, and taxi fares right out the window. If the office rent is getting too astronomical, close it. With an AMI study which found the most popular cost cutting measure in SMBs to be reducing office supplies and printing costs[3], now out goes the office rent, utility bills and office equipment electrical bills, too. Employees can even work from home via virtual meetings – a lower salary for them can be compensated by the absence of transport costs and travel time.

VoIP

In a recent research by the Yankee Group[4], findings showed a rising interest in SMBs in Voice Over Internet Protocol (VoIP). With this new technology, SMBs can eliminate start-up costs, monthly phone landline fees, as well as usage charges for local, regional and long-distance phone calls. In addition, the VoIP application can even be integrated with other business applications like the customer resource management (CRM) software. Albeit efficiency concerns over this new technology, business benefits reign over disadvantages towards exponential potential.

Software Alternatives

For SMBs, a significant amount of IT budget goes towards software licenses. Email, databases, security and accounting software licenses total up to a four- to five-figure annually. What most SMB owners do not know is the fact that there are various alternatives out there that offers the same broad functionalities – at a fraction of the cost of their current ones.

Take Microsoft Office for example. This software is a household name for most SMBs generally deemed as the "default choice" for similar office level applications. StarOffice offered by SUN provides an equivalent functionality and compatibility as compared to the former, but the difference here is, it costs much less. In terms of user adaptability, StarOffice provides a similar interface as Microsoft Office, thus office staff will not have issues switching to this alternative.

If their capabilities do not hinder or interfere with current office operations, freeware such as Google Docs and any other web-based interfaces would be another option to consider in terms of lowering costs.

[2] *"Microsoft SMB Featured Article", Rajani Baburajan, Dec 2008, http://unified-communications.tmcnet.com/topics/microsoft-smb/articles/47021-ami-study-unified-communications-lucrative-among-smbs-asia.htm*
[3] *"Cost Cutting Measures, a hot topic for SMBs", CIOL, 2009, http://www.ciol.com/smb/news-reports/cost-cutting-measures-a-hot-topic-for-smbs/19309117418/0/*
[4] *"Voice for SMBs: Cutting edge and cutting costs", Tech Target, 2009, http://searchvoip.techtarget.com.au/articles/18467-VoIP-for-SMBs-Cutting-edge-and-cutting-costs*

PUTTING A FACE TO THE NAME

Retaining customers has always been a key concern for SMBs, and branding is a crucial element of this aspect. Ever since the advent of Internet, the trend of creating a “face” for your business, online, became quintessential. According to findings from a recent report by AMI Partners[5], SMBs in Korea, Japan and Australia are due to spend US 7.6 billion on web hosting, development and maintenance, and online advertising in 2009 – with the main purpose of creating an “online presence” for their business. SMBs are using email marketing, blogs and online keywords to market their services or products. Moreover, with the increasing popularity of social networks like Facebook and Twitter, online marketing has become more integral to the success of SMBs than ever.

SHARPENING THE SWORD OF VIRTUALISATION

The only right thing for SMBs to do right now is to dump any single excess baggage in the bid to improve productivity, increase business efficiencies, and most importantly, to lower overheads in order to avoid sinking to the bottom of the recession sea. But not IT. This is because “virtualisation” has presented an opportunity for SMBs to stay even more competitive than their bigger industry counterparts. The key here is to invest wisely in the type of IT infrastructure that suits the type of industry of an SMB best, and these weapons can prove integral in deciding who emerges victorious from this David versus Goliath battle.

[6] *Developed APAC SMBs will spend more than US$7.6B to build their online presence in 2009”, Singapore Business Wire, 2009, http://digitalproducer.digitalmedianet.com/articles/viewarticle.jsp?id=764509*

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