The State of Technology in SMEs:
# How to Compete in Post Pandemic Recovery

# Foreword

Speed of operations, quality of service, new product development, employee welfare – nearly every business process is reliant on information.

Ensuring information is accurate, available across the organisation and provides useful data insights to drive decision making is essential to the success of modern organisations. In today's increasingly complex business environment, data is growing in importance, playing a critical role as a decision-making resource.

The impact of the pandemic has only emphasised the importance of technology as an enabler of business performance and competitive advantage. Making it clear how dependent we are on digital processes to enable businesses to rapidly adapt and respond throughout times of change.

Yet with all our technological advancements the use of spreadsheets as a core business process tool remains widespread with 81% of businesses using them according to Forrester. With the ubiquitous use of spreadsheets, combined with smaller budgets and a lack of choice of technology,

it is no surprise that SMEs continue to rely on Excel and similar to run business critical information.

However, it is now that SME stakeholders are realising the transformative potential of technology, highlighting the need to move away from risk-laden, manual based processes in order to compete with larger competitors with bigger budgets in the post pandemic recovery.

For SMEs, flexible and accessible technology options are growing, with an increasing interest in no-code tools being a new alternative to spreadsheets and rigid or over-complicated software products.

These solutions are offering businesses a cost-effective and scalable solution that is bespoke to a business need, putting innovation in the hands of businesses and employees by enabling anyone to build software.

**Philip White**
Founder
Gridfox

# Executive Summary

Gridfox surveyed 500 SME decision makers across multiple industries about the tools that they use to manage core business processes, as well as the challenges they face and their plans for the future.

The research shows that SMEs, many of whom have already had to rapidly adapt to change due to the recent impact of COVID-19 and Brexit, are feeling trapped between managing data in programmes like spreadsheets or moving to products that aren't fit for purpose. Historically, they just couldn't compete with the big digital transformation budgets larger organisations have to tailor and adapt systems.

The rise of no-code solutions is offering a viable opportunity to transform their businesses with solutions specific to their needs which provide adaptability, security and efficiencies without the significant costs associated with large-scale software projects.

**Key findings include:**

84% of small businesses say they are unable to keep up with the bigger budgets of larger organisations for competitors because of a lack of innovative technology.

The majority (98%) of SMEs are still using spreadsheets for mission critical operations. A third of businesses surveyed said they felt they were exposed to cyber security risks by storing business-critical information on spreadsheets, and a further fifth (21%) are worried about how information is stored on existing software. Users appear aware of the risks of using spreadsheets – but they are unsure of what to replace them with.

Software spend is set to increase over the next 12 months as businesses invest in innovation as organisations know they must invest in innovative software to compete effectively – and to attract the brightest talent. There is also a growing interest in customisation and bespoke development to drive competitive advantage.

## 84%

unable to keep up with larger competitors with bigger budgets

There are a number of factors holding businesses back. Almost half of respondents (43%) said that they don't know how to improve or don't have the time to focus on technology initiatives. 19% are also concerned about the migration process and potential disruption involved; worries about potential short term teething issues are overshadowing long term gains.

An increased interest in bespoke or customisable solutions suggests that businesses are outgrowing "one size fits all", off-the-shelf software packages.

Less than 10% of businesses expressed no interest in customisable software, indicating that decision-makers now realise the transformative potential of technology that is specifically built for them.

40% of survey respondents reported they want to empower teams to customise software to meet their needs indicating that no-code tools are an appropriate solution for tech-focused SMEs, enabling teams themselves to rapidly develop custom apps that can transform and future-proof their business.

Software spend is set to increase over the next 12 months as businesses know they must invest in innovative software to compete effectively – and to attract the brightest talent.

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# 01. Technology in SMEs: An overview

84% of SMEs say they are unable to keep up with the bigger budgets of larger organisations for technology innovation and digital transformation, with nearly half (49%) saying it was restricting growth and nearly the same number (48%) saying it has impacted their ability to recruit.

Combined with the impact of COVID-19, a lack of fit-for-purpose technology options and prohibitive costs could lead to many SMEs losing out long-term if they do not take advantage of more flexible and cost-effective solutions.

When asked about current software setup, there were three common trends.

34% of SMEs mainly use a mix of cloud products, 27% mainly use custom built software to manage business processes and information and 34% mainly use spreadsheets.

34% of SMEs are still relying on spreadsheets to carry out tasks such as tracking invoices (34%), projects (29%) and customer data (30%).

Findings on the use of Cloud is positive, in the respect that SMEs are apparently reaping the same benefits of the Cloud as their larger competitors. They are also a marked improvement on Eurostat findings from 2018, when just 21% of SMEs were using cloud services.

Do you struggle to compete with larger organisations with bigger budgets?
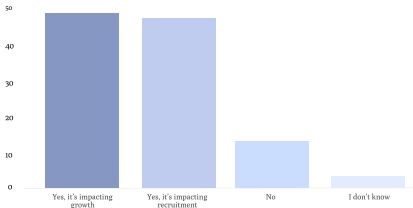
What's also encouraging is the finding that more than a quarter of SMEs (27%) use custom built or bespoke software.

By tailoring applications to the specific needs of their business, these organisations will be better able to streamline and accelerate their business, and invest in competitive advantage.

However, the large number of organisations still mainly reliant on spreadsheets is concerning. Particularly when data shows that the majority of cloud applications being used are Microsoft Office 365 and G Suite from Google.

This suggests that many companies may have moved away from local spreadsheets – and replaced them with hosted alternatives instead. Although this may be a positive step up, risks still remain around key areas such as manual error and lack of control.

# 27%
of SMEs use custom built or bespoke software
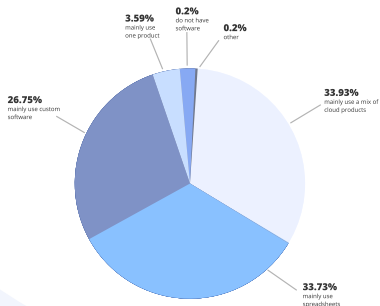
What is the current software setup in SMEs?



3.59%
mainly use one product

0.2%
do not have software

0.2%
other

26.75%
mainly use custom software

33.93%
mainly use a mix of cloud products

33.73%
mainly use spreadsheets

## 02. Spreadsheets continue to run mission-critical workloads

The survey data shows that spreadsheets are being used to track almost every mission-critical task, with 98% of respondents using spreadsheets to manage business information.

Employee data (25.6%), marketing activity (25.8%), sales opportunities (27.7%), projects (28.9%), customers (29.7%) and stock levels (31.5%) are all being recorded and maintained in Excel or similar.

Most worrying of all, more than a third (34%) are using spreadsheets to track invoices. This raises the prospect that these respondents may be using Excel to manage all of their financial activities.

This is not to say that spreadsheets do not have their uses.

For quick and easy data capture and modelling for static, as opposed to dynamic, constantly updated information, few tools come close.

But for mission-critical workloads, there are far better options available.

**98%**
of respondents use spreadshseets to manage business information

# How do SMEs currently use spreadsheets?

Invoices | **33.73%**

Stock | **31.54%**

Customers | **29.74%**

Projects | **28.94%**

Sales | **27.74%**

Marketing | **25.75%**

Employees | **25.50%**

Don't use | **2.2%**

Other | **1.6%**

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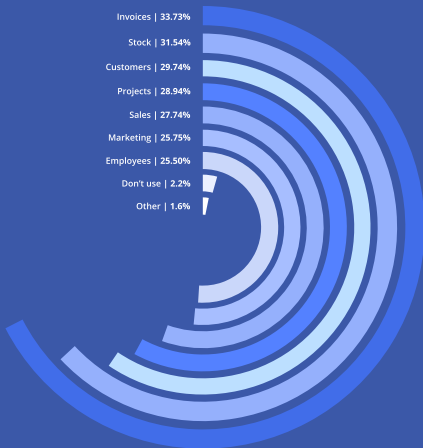
## 03. SMEs are aware of spreadsheet risk

Our research found that respondents are increasingly aware of the problems with spreadsheets.

39% worry that their mission critical data may become corrupt with incorrect references over time. 32% of businesses said they felt they were exposed to cyber security risks by storing critical information on spreadsheets, and 21% are worried about how information is stored.

Clearly more people are aware of the shortcomings and dangers of spreadsheets as our research also found that just 8% of those questioned had no concerns about using them.

Whether it's a marketing plan or a financial model, as businesses develop and scale, so does the complexity of managing these processes across spreadsheets. As more people contribute to managing information, with little method for testing, checking or auditing data, reliability only continues to decrease whilst business-critical decisions continue to be made.

Although spreadsheets do have their uses, they are not designed to handle the volume and complexity of data of today's digital world in order to effectively manage core business processes. With spreadsheets presenting risk to SMEs in a number of areas.

What are your biggest concerns using spreadsheets?
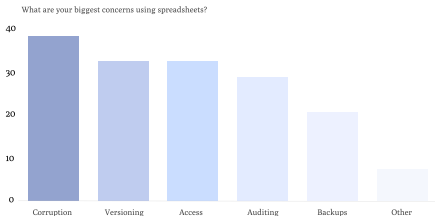
# Main risks include:

### Risk of error

Errors are easy to make in spreadsheets and hard to identify. As financial giant, JP Morgan, found when they were hit with a $6 billion trading loss due to an Excel error in which an employee copied across incorrect information.

### Scalability is limited

Spreadsheets may be fine to cope with a small number of employees and simple tasks, but as a business grows, the lack of connectivity and reliance on manual input becomes increasingly complex.

### Collaboration is restricted

Team members have to wait for their turn to utilise spreadsheets and their data, restricting collaboration and efficiency, whilst creating risk around version history.

### Hard to control

With multiple users working across the same spreadsheets, or creating their own, visibility across who did what when and where, alongside issues around version control, can lead to data inconsistencies.

### Lack of automation

Spreadsheets lack workflows to automate business functions, leading to more employee time spent on manual working in finding, consolidating and modifying information.

### Analysis is impossible

Analysis across multiple spreadsheets is challenging, with a lack of visibility across processes, information and departments limiting effective decision making.

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Companies often know more about their employees' cars in the car park than they do about the spreadsheets they are using

Spreadsheet Risk Expert
Financial Times

There are multiple high profile examples which highlight the impact when error prone spreadsheets go wrong including:

1. MI5 bugging the **wrong phones** due to a spreadsheet formatting error

2. Financial giant, JP Morgan, suffered a **$6 billion trading loss** due to an Excel error in which an employee copied across incorrect information

3. The London Olympics **overselling 10,000 tickets** through a simple Excel typo

4. Barclays Capital **forced to spend millions** on worthless contracts due to Excel reformatting error

5. Kodak suffering an **$11 million severance error** due to an Excel typo

The COVID-19 pandemic has only emphasised the need to adapt, particularly through the importance of collaboration – employees must have tools that allow them to share and work on information together.

Particularly with the new shift to remote working, many companies have discovered that spreadsheets are no longer an appropriate solution.

They can quickly spiral out of control, with multiple files and versions circulating at any one time. Increasing the chances of errors creeping in, and the time and effort required to collate and synchronise information to build a single version of truth.

Only **8%** of those questioned had no concerns about using spreadsheets

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## 04. SMEs are looking to increase technology spend

Pandemic uncertainty has had a lesser effect on software spend than may have been expected.

89% of those questioned have been investing in their applications, spending between £1,000 and £10,000 in the past twelve months. Just 6% have spent nothing at all indicating that SMEs are increasingly aware of the importance of technology to their operations.

As pandemic restrictions ease and work begins on rebuilding the economy, businesses appear keen to invest in themselves, with 73% planning for at least some increase. More than a quarter (28%) are expecting to increase software spend by 76-100% over the coming year.

Just 12% are planning to reduce their budgets as strategies shift to digital-first.

The consequence of the pandemic has made it abundantly clear how dependent we are on digital services for business continuity, enabling businesses to rapidly adapt and respond to customer needs throughout times of change.

SMEs are looking to invest in everything from productivity to accounting and inventory software. However, the key will be investing in software that helps drive the business forwards by making processes more efficient, enabling collaboration and helping to ensure data is accessible anytime, anywhere.

## 73%
of SMEs are planning to increase spend on technology

## 05. SMEs want to improve processes and data management

The predicted increase in software spend aligns with a general dissatisfaction with the status quo. Less than 15% of companies are happy with their current setup.

There is a general desire to invest, but a number of factors are holding businesses back. Almost half of respondents (43%) said that they don't know how to improve or don't have the time to focus on technology initiatives.

Many respondents (14%) also indicated that they need third party guidance in identifying suitable applications for their needs.

Others (19%) are also concerned about the migration process and potential disruption involved; worries about potential short term teething issues are overshadowing long term gains.

Interestingly only 10% reported that they do not have the money to invest, so the barriers are clearly not financial, but centred around knowledge, time and risk.

When asked about the most important feature of new software, the most common response was 'security' (38%), followed by 'collaboration' (30%).

This is particularly interesting given that spreadsheets are relatively insecure with poor collaborative functionality.

Indeed it may be that these shortcomings are behind the investment increases scheduled for this year.

With the ubiquitous use of spreadsheets, and a lack of knowledge and time to look for alternatives, it is not surprising that spreadsheets remain a default for many SMEs.

## 43%

don't know how to improve or have the time to focus on technology

# 06. Awareness of the value of customisation is growing

Our research shows that it is not just spreadsheets that are causing problems for SMEs. An increased interest in bespoke or customisable solutions suggests that businesses are outgrowing "one size fits all", off-the-shelf software packages.

Less than 10% of businesses expressed no interest in customisable software, indicating that decision-makers now realise the transformative potential of technology that is specifically built for them.

Interestingly, despite concerns about a lack of in-house skills and knowledge when it comes to selecting new software, 76% of respondents would like to be in control of customisation themselves – and to empower their teams to carry out the necessary configurations (multiple selections to this question were permitted).

That said, 40% admit they would still need third party assistance with customisation.

When asked about what they needed from customisable software, most respondents (42%) were keen to see plenty of templates to start from.

As identified earlier, concerns about an initial reduction in productivity are a major barrier to upgrading software, so measures to reduce initial deployment time and configuration make sense.

Surprisingly, nearly a third (32%) said they would like to have a go at building something from scratch, suggesting that decision-makers are more confident in their configuration skills than their product identification ability.

Or perhaps modern software is genuinely much easier to use and customise, so business owners can make the required changes themselves if preferred.

## Would you use a platform that your team could adapt to meet your specific business needs?



| | |
|---|---|
| 40 | |
| 30 | |
| 20 | |
| 10 | |
| 0 | |

Yes - but I would want to be in charge of customisation

Yes - I would be happy to empower my teams to customise

Yes - but we would need external help to get going

Yes - Other

No - it would take too much time

No - it sounds too expensive

No - Other

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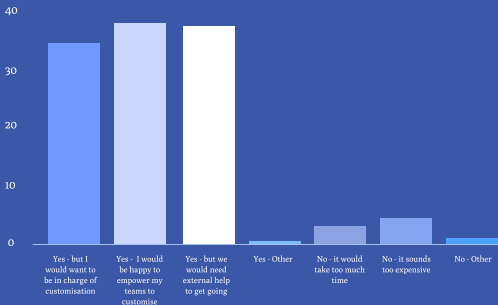
# 07. The rise of no-code as a solution for SMEs

As investment in technology increases amongst SMEs, the most important areas of focus are information being stored securely (38%); information being stored safely, i.e. Cloud (29%); and accessibility of information across teams at any time when needed (30%).

In a world of increasingly accessible SaaS products, no-code adoption is continuing to rise as it enables users to build applications with visual drag-and-drop functionality, without the need for coding, removing the existing barriers around technology adoption. This is emphasised by Gartner research predicting that by 2024 75% of enterprises will be using at least 4 no-code development tools.

The growing trend of no-code tools is being seen particularly within the SME market, as it provides an easy and affordable way for smaller businesses to access the benefits of customised platforms, whilst providing a solution that covers the areas that are most important to SMEs.

Replacing risk-laden spreadsheets and improving key factors such as visibility and security, SMEs are thriving through leveraging custom, no-code platforms to build simple and scalable tools to manage business-critical processes.

## By 2024, 75% of enterprises will be using at least four no code development tools

Gartner

No-code offers SMEs a way out. Providing a rapid, cost-effective solution to develop simple software to automate processes and build resilience. Providing access to the technology that is required to continue to operate in a challenging and continuously changing environment, recruit and retain talent, and gain the competitive edge needed to prevent losing out to larger competitors with bigger digital transformation budgets.

# Main benefits include:

### Anyone can build

No-code requires no technical skills - anyone can build custom tools without the need to bring in outside developers. Leveraging existing workforces to create 'citizen developers' who often know their processes best.

### Easy to adapt and scale

No-code platforms are easy to rapidly adapt and scale as teams grow and requirements changes, especially useful for SMEs within a continuously changing operating environment and market.

### Cost-effective for ROI

As SMEs are struggling to compete with larger organisations with bigger digital transformation budgets, no-code offers a cost-effective solution with many of the benefits of custom software projects.

### Increased collaboration

Cloud-based apps can be shared to collaborate across teams, departments and customers, acting as a single source of truth, with the ability to control access across groups with permissions.

### Increased accessibility

Cross-device applications enable teams to access information and collaborate securely on desktop, tablet or mobile, providing access to information from any location, at any time.

### Information security

Unlike spreadsheets, no-code tools enable you to store information securely, with cloud-based backups, as well as providing audit trails for full traceability of every change made within a project.

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## 08. How SMEs are leveraging no-code tools

**Company:**

The Marketing Centre

**Sector:**

Marketing

the **marketing centre**

Part-time Marketing Director at The Marketing Centre, Tamsin Fielden, used a no-code platform to replace multiple spreadsheets that were being used to manage and track marketing activity with a number of clients she supports.

Building a custom collaborative tool enabled client teams to share campaign information, plan and track marketing activity at a big picture and granular level, as well as manage resources and data securely, all in one place.

"With no technical skills, we were able to create a tool in minutes that provided a shared platform for tracking our projects. What's amazing is that we can build an app bespoke to our needs, with no clutter, and have the ability to adapt and change the app as our requirements evolve."

Tamsin Fielden, Marketing Director, The Marketing Centre

**Company:**

Numiko

**Sector:**

Design

nu. mi ko.

Award-winning design agency, Numiko, leveraged no-code to replace the management of business-critical data, including finance and sales tracking across multiple disparate tools including spreadsheets, Trello and Team Gantt.

Building a custom application to track everything from finances to projects enabled the team to mitigate risk around errors and gain full visibility across key information through a centralised system.

"We've used lots of different systems throughout the years that we have picked up and dropped, mainly as they seem great but started creaking after a while. This is perfect as it does exactly what we need. With no training or guidance, we were able to build from a template initially to track sales, and continue to add in different functions as and when we need."

Jaron Ghani, Technical Director, Numiko

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**Company:**

Pentest People

**Sector:**

Security



Pentest People, the fastest growing independent security provider in the UK, built a no-code platform to replace an existing custom built system that struggled to scale as the business grew, becoming unmanageable and a huge amount of work to maintain. Using no-code to build a custom platform to track and manage everything from customers, to projects and assessments, enabled the team to benefit from a flexible system that matches the exact way that they work, with the ability to scale and adapt as and when required, as the business continues to scale.

"As the business started to rapidly scale, we realised we needed a system to keep track of everything. We found lots of tools that claimed to be project management systems, but quickly found that we would either have to change the way that we work to fit these tools, or attempt to bend them as much as possible. As a result, we built our own system in house, but this became unmanageable as the number of employees continued to grow. With a no-code platform we were able to build a system that works exactly how we work, with the ability to tweak and adjust as we need – it's fantastic as it changes to suit us and not the other way round."

Gavin Watson, Technical Director, Pentest People

# Conclusion

One of the most positive developments in recent years has been the realisation that Excel and other spreadsheet tools are unsuitable for mission critical or line-of-business operations. As a result, SMEs are looking for suitable tools to replace their spreadsheets – but they are struggling to know what they need and where to find it.

This commitment to change is tangible as most are planning to increase their software budgets over the next twelve months. Coupled with a growing interest in customisable applications, this indicates that SMEs are looking to use data to help them maximise every available opportunity in the post-pandemic economic recovery.

No-code tools are offering SMEs a customisable solution to resolve risks around managing business-critical processes across spreadsheets, whilst removing the costly and lengthy software development process, and increasingly their ability to compete with larger organisations. Providing tools that are exactly what a business needs, nothing more, nothing less, with the ability to adapt and scale as teams grow and requirements change.

In order to move forward in current environments, SMEs should assess processes, review current setups, and start small. For example, take one spreadsheet that is being used to manage a core process that the business would like to improve and create a project to migrate to a new technology solution.

As with all digital transformation projects, it shouldn't require a root and branch restructuring with widespread implications and business interruption. Instead, SMEs should adopt an ongoing, measured approach to technological improvement.

An iterative, agile approach to solution adoption with a focus on initial, low-hanging fruit will see businesses achieve the most return on investment and overall success.

## ABOUT GRIDFOX

Gridfox is a flexible digital workspace that enables anyone to rapidly build and share online tools.

Designed to fill the gap between ill-fitting, complex software products and risk-laden spreadsheets, Gridfox removes the barriers of existing ways of working, enabling you to create, adapt and scale tools to manage your work, your way.

From marketing professionals, to sales teams, HR managers and agencies of all kinds, Gridfox is empowering people across all industries to innovate by developing the software that they need.

[Get started for free](#)

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