

Rebuilding business

**How CSPs can help SMBs
outmaneuver uncertainty and
manage through the COVID-19 crisis**

July 2020



POWERING SMB RESILIENCE

As the health and humanitarian impacts of the COVID-19 pandemic evolve, so do the business and economic challenges. Small- and medium-sized businesses (SMBs) represent approximately 90 percent of all global companies and over half of the world's employment. But now, the pandemic has shaken local economies around the world to the core, and SMBs are at the epicenter.

SMBs' needs are evolving due to new social distancing and work-from-home norms, so CSPs will have to accelerate their adoption of automation and self-service capabilities, especially those related to customer service functions. The interest and investment in CSPs' initiatives to overcome these issues has grown rapidly thanks to the disruption caused by COVID-19, leading to increased visibility and importance of service providers' capabilities.

This is the moment to reinvent business models for a new societal landscape. The time to shape a mindset of bold business transformation powered by new approaches to technology and responsible leadership is underway.



SMBs drive economic growth and ICT spending



SMB scale

SMBs employ almost half of the U.S. private workforce, which corresponds to 59 million people. **SMBs account for 45% of U.S. GDP.**

SMB growth

The number of SMBs in the UK increased more than 30% between 2000 and 2019, compared with growth of 7% in the number of large companies.

ICT spend

Worldwide **IT spending** by small and mid-size companies is expected to **reach \$684 billion in 2021**, and is increasing faster than the rate of GDP growth.

SMB definition in U.S. is 1-499 employees (Europe: 1-249). Mid-size companies = 1-999 employees.

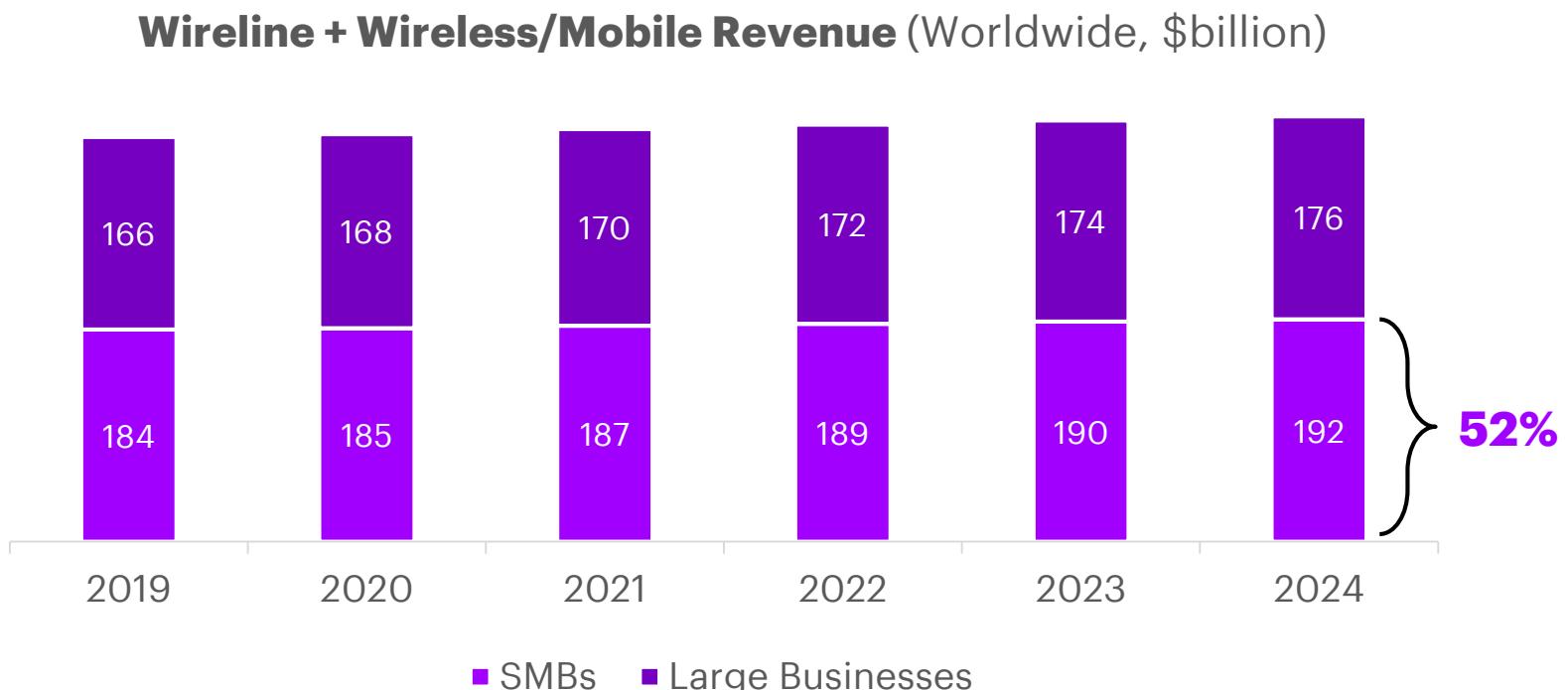
Sources: [Deloitte](#), [SMB](#), [Merchant Savvy](#), [IDC](#), [Analysys Mason](#)

“If a small or medium-sized business becomes insolvent because the economy recovers too slowly, we lose more than just that business. These businesses are the heart of our economy and often embody the work of generations.”

- Jerome Powell, Fed Chairman (June 16th 2020)

\$185 billion: SMBs represent a key battleground for CSPs

SMBs account for more than half of CSPs' business revenues and the market is set for further growth thru 2024



Data excludes revenue from Wholesale and Fixed IoT connectivity services.

Source: Analysys Mason DataHub. SMB defined as companies with 0-250 employees.

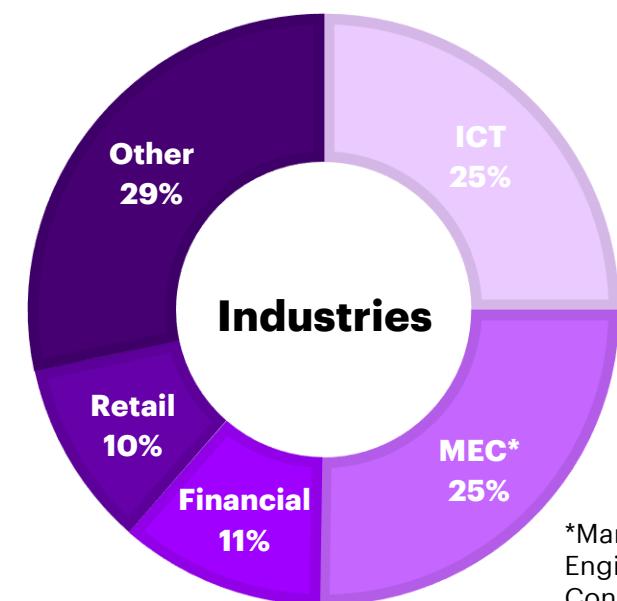
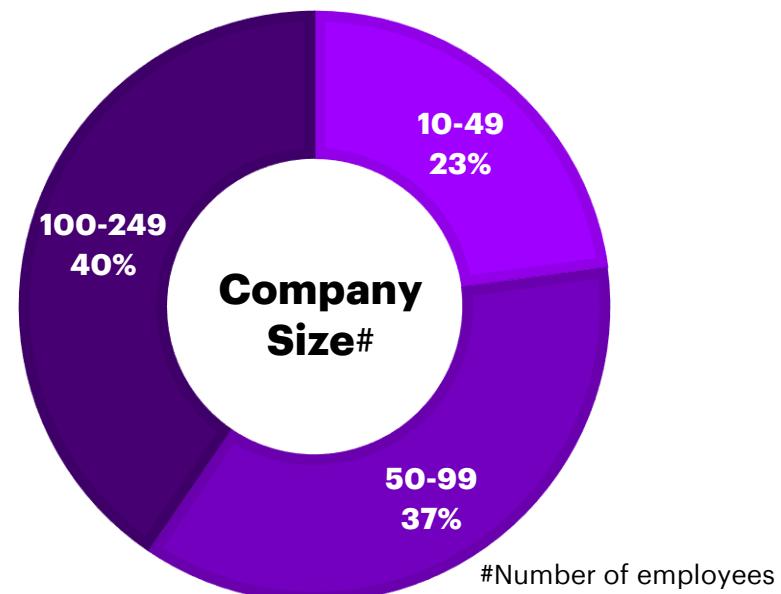
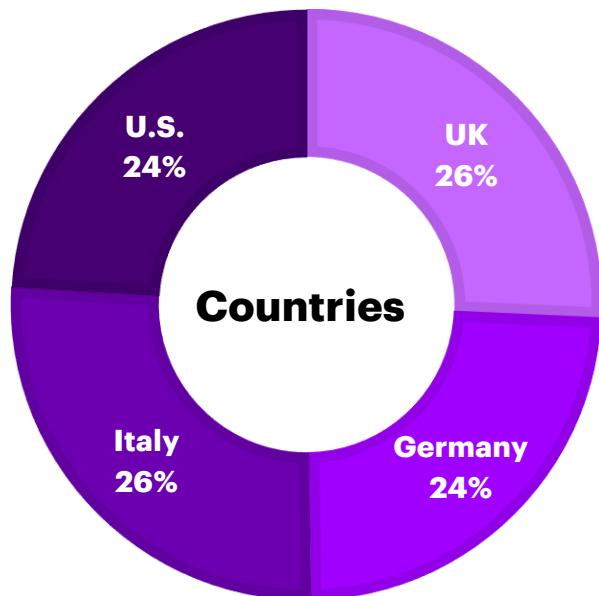
"Vendors and service providers in the enterprise communications and collaboration domain should position themselves as key enablers of their customers' digital transformation"

Jan Hein Bakkers, IDC
Research Director

COVID-19 SMB study

Accenture's Communications & Media COVID-19 SMB Survey explores the impact the crisis is having on Small and Medium businesses. It uncovers the dramatic effect lockdown measures had on SMBs, and how their operations and use of ICT will be permanently affected. The study also explores how SMBs' relationships with Communications Service Providers is affected.

The survey was conducted during May 2020 and includes 420 SMBs in four markets. This was complemented by a multi-country consumer survey to assess the impact the crisis is having on Comms & Media consumers.



*Manufacturing,
Engineering,
Construction



Summary: COVID-19 will have a **lasting impact** on SMBs



Business is done differently

35% of small businesses switched to online-only sales

COVID-19 led to new ways of working & doing business. These experiences will drive SMBs to rethink how they operate and engage with customers.



Digital service use accelerates

63% of SMBs plan to increase use of public cloud

COVID-19 will accelerate the shift to digital. The crisis experience will drive SMBs' adoption of technology to improve business resilience and productivity.



Omnichannel care is critical

57% of SMBs expect to use video for customer care

COVID-19 is set to change SMBs' customer care expectations. An omnichannel approach will be increasingly important to supporting businesses.



Trust creates new opportunities

45% of SMBs increased trust in their CSP

CSPs built a platform of trust with SMBs during the crisis. They can build on these strengthened relationships to offer new ICT and digital services.

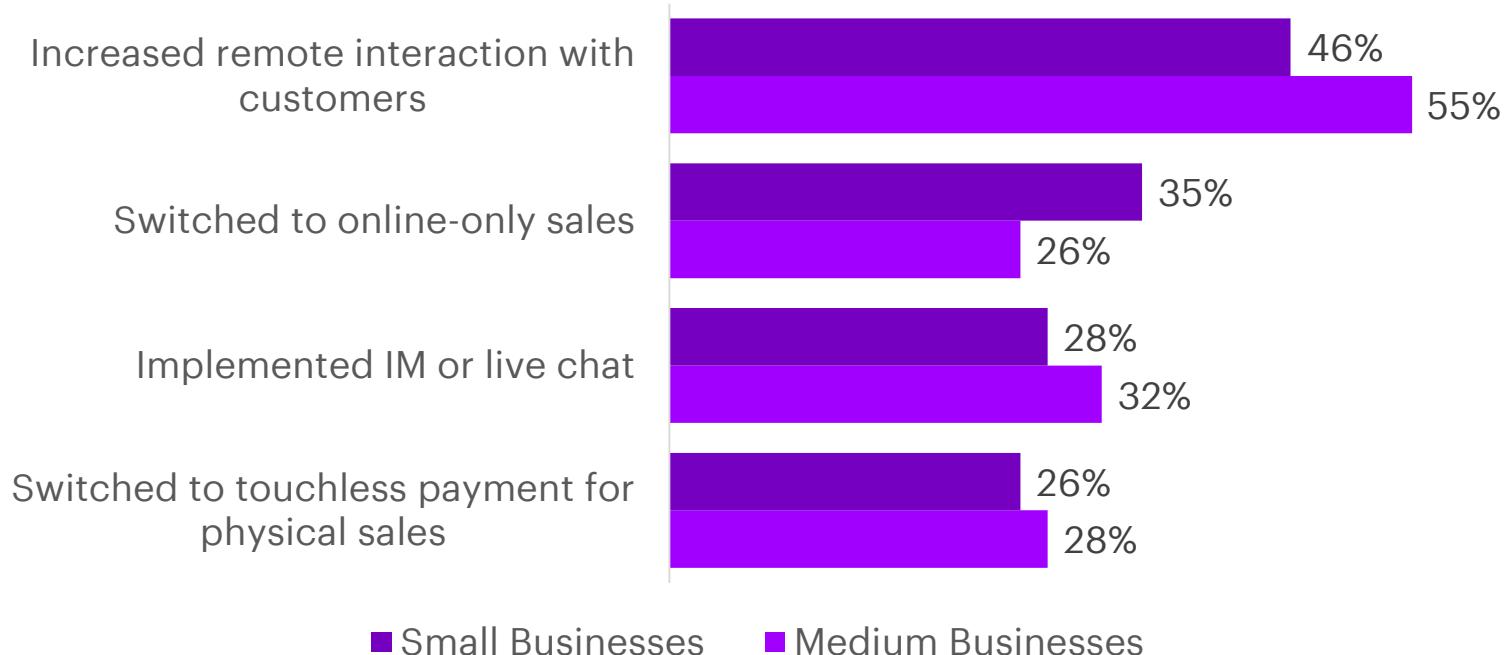
SMBs lashed by COVID-19 storm



COVID-19 had a **dramatic effect** on small and medium businesses

SMBs were forced to change the way they interact with customers during the crisis

Thinking about how your company interacted with customers during COVID-19, which of the following changes were implemented? [Select all that apply]



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

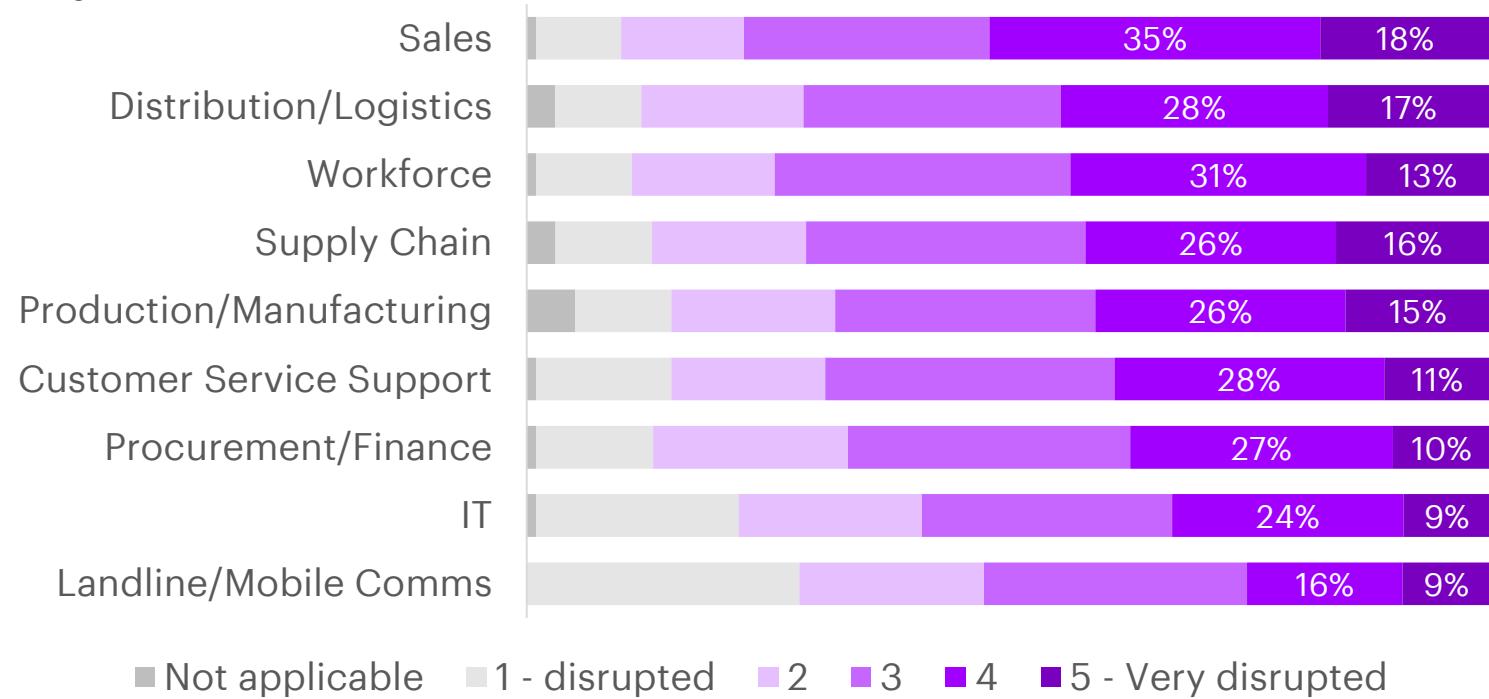
60% of SMBs experienced sales decline during COVID-19

18% of medium businesses laid off workers, and 40% furloughed some

No part of SMBs business escaped disruption during the crisis

LANDLINE/MOBILE communications was LEAST AFFECTED

To what extent were the following parts of your business disrupted during COVID-19?



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

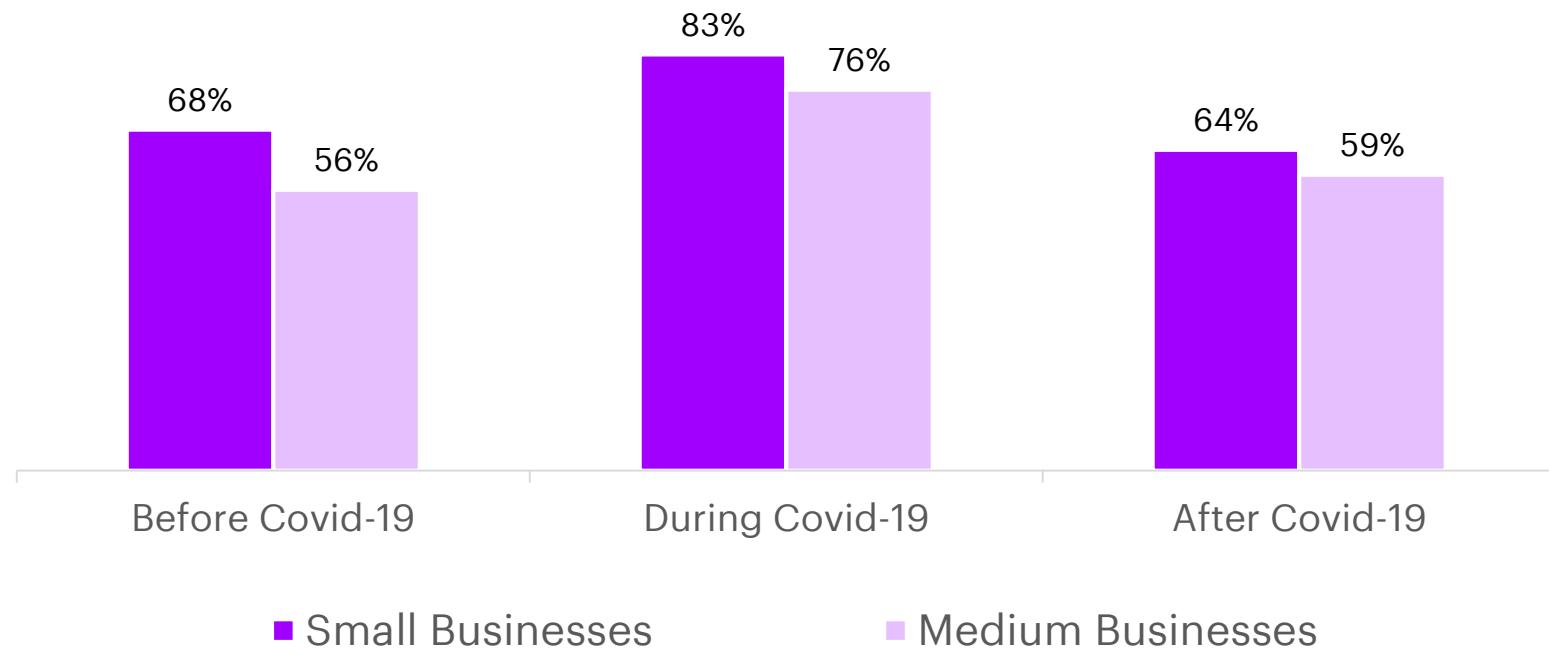
40% of SMBs reduced opening times during the COVID-19 crisis

Almost 30% of companies received government financial support

Working from home: Will the new normal look like the old normal?

SMBs did increase WFH during COVID-19 but most expect work patterns to return to normal

Companies with at least 25% of employees Working From Home*



Base: Overall (n=420)

* Employees that work from home at least one day per week

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

97% of SMBs provided support for employees WFH during the crisis

Medium-sized companies provided more support than small companies

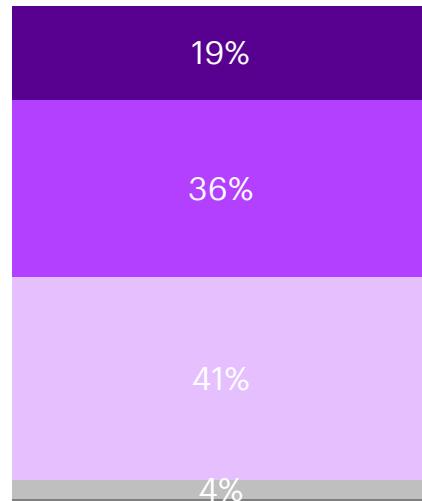
COVID-19 accelerates shift to digital



COVID-19 reinforced the importance of connectivity for SMBs

55% of companies expect LANDLINE BROADBAND to become MORE IMPORTANT TO THEIR BUSINESS post-COVID

After COVID-19 how important will landline broadband service be to your company's daily operations compared to before the crisis?



- Significantly more important
- Somewhat more important
- No change
- Somewhat less important
- Significantly less important

Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

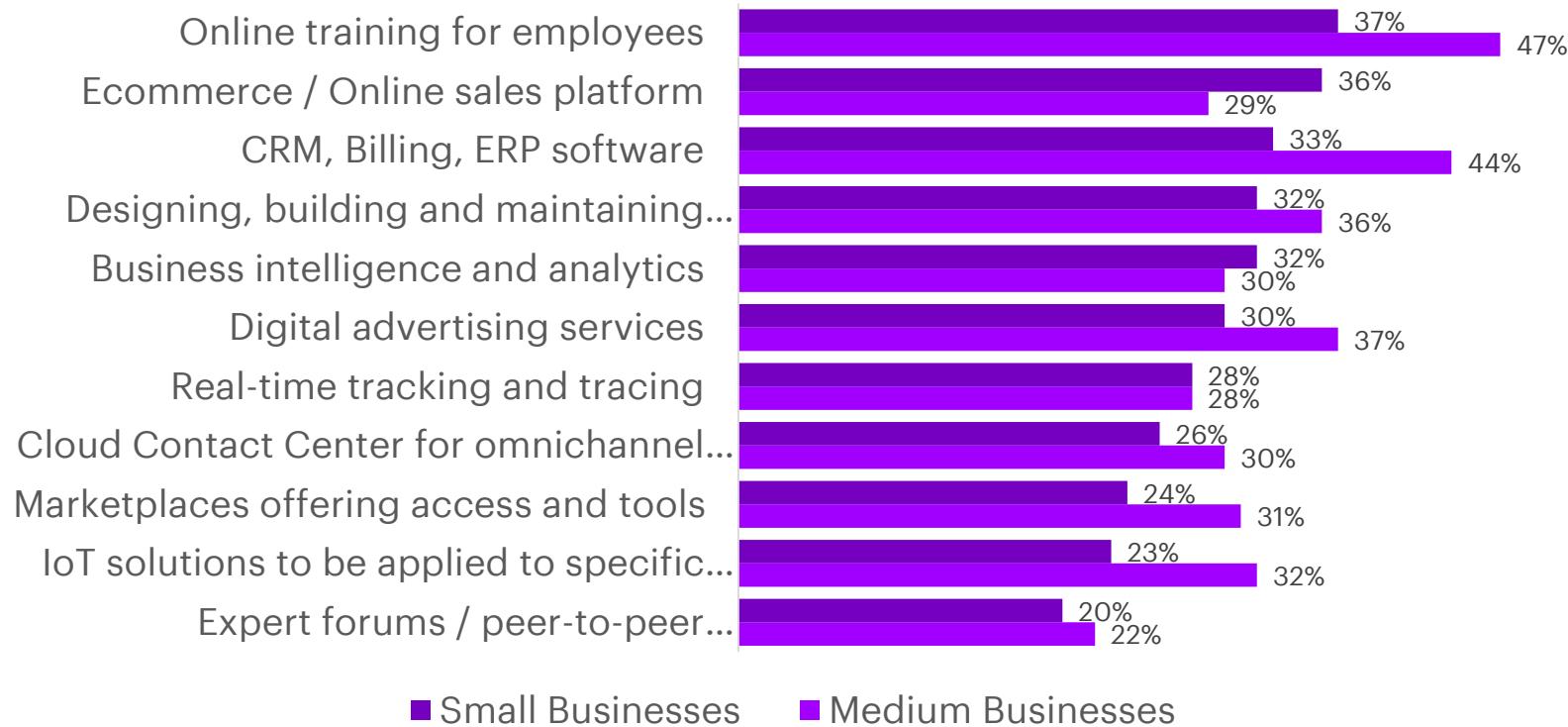
40% of SMBs increased use of landline broadband during the crisis

Almost half are likely to increase spending on landline broadband after COVID-19

SMBs need a wide range of digital services to run their businesses

Medium-sized businesses are driving demand

Which of the following digital services has your company already implemented?



Base: Small Businesses (n=250); Medium Businesses (n=170)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

For SMBs planning to adopt services over the next six months, **TOP PRIORITIES** are:

MEDIUM BUSINESSES

- 1. Online presence**
- 2. Marketplaces**
- 3. Digital advertising**

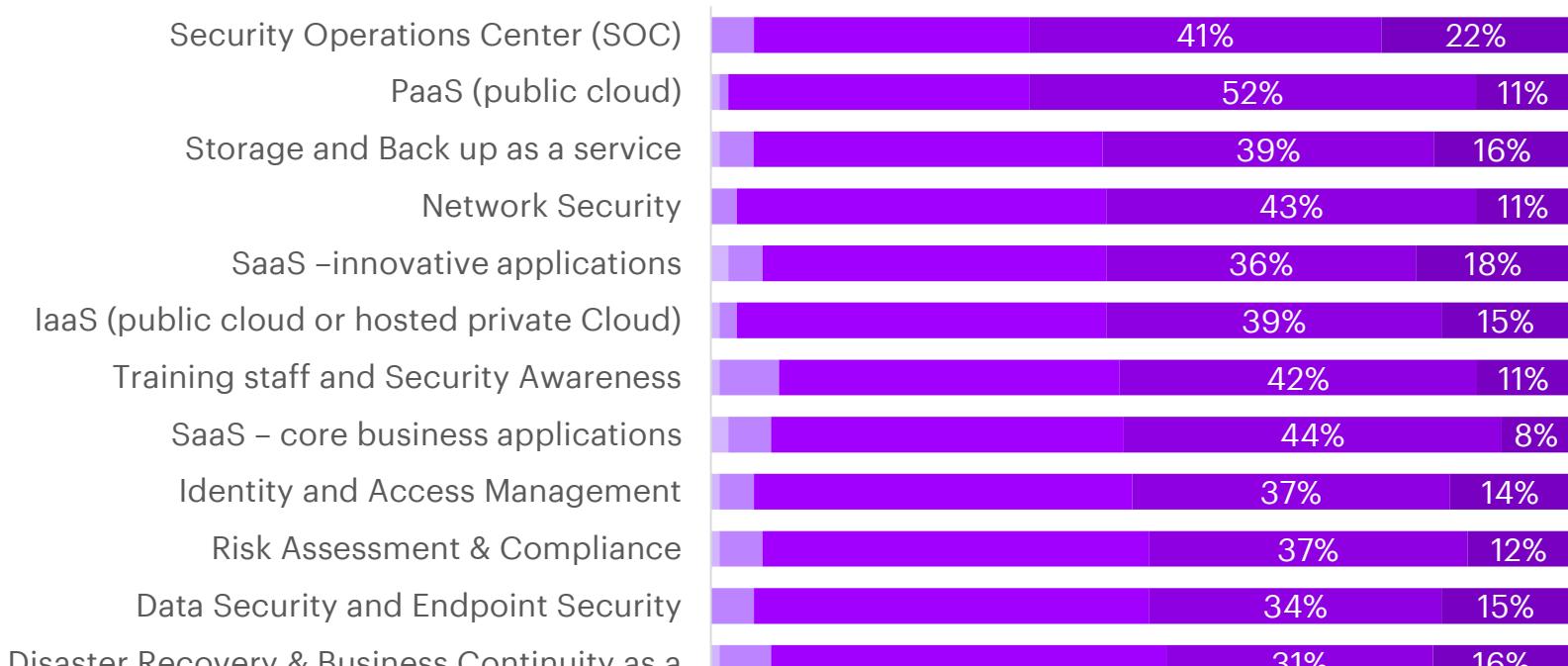
SMALL BUSINESSES

- 1. CRM, Billing, ERP**
- 2. Online training**
- 3. Business intelligence**

SMBs use of security & cloud is set to increase

SECURITY OPERATIONS CENTER and PUBLIC CLOUD top the list

How do you expect your usage of the following to change over the next 12 months?



- Significant decrease ■ Somewhat decrease ■ Remain the same
- Somewhat increase ■ Significant increase

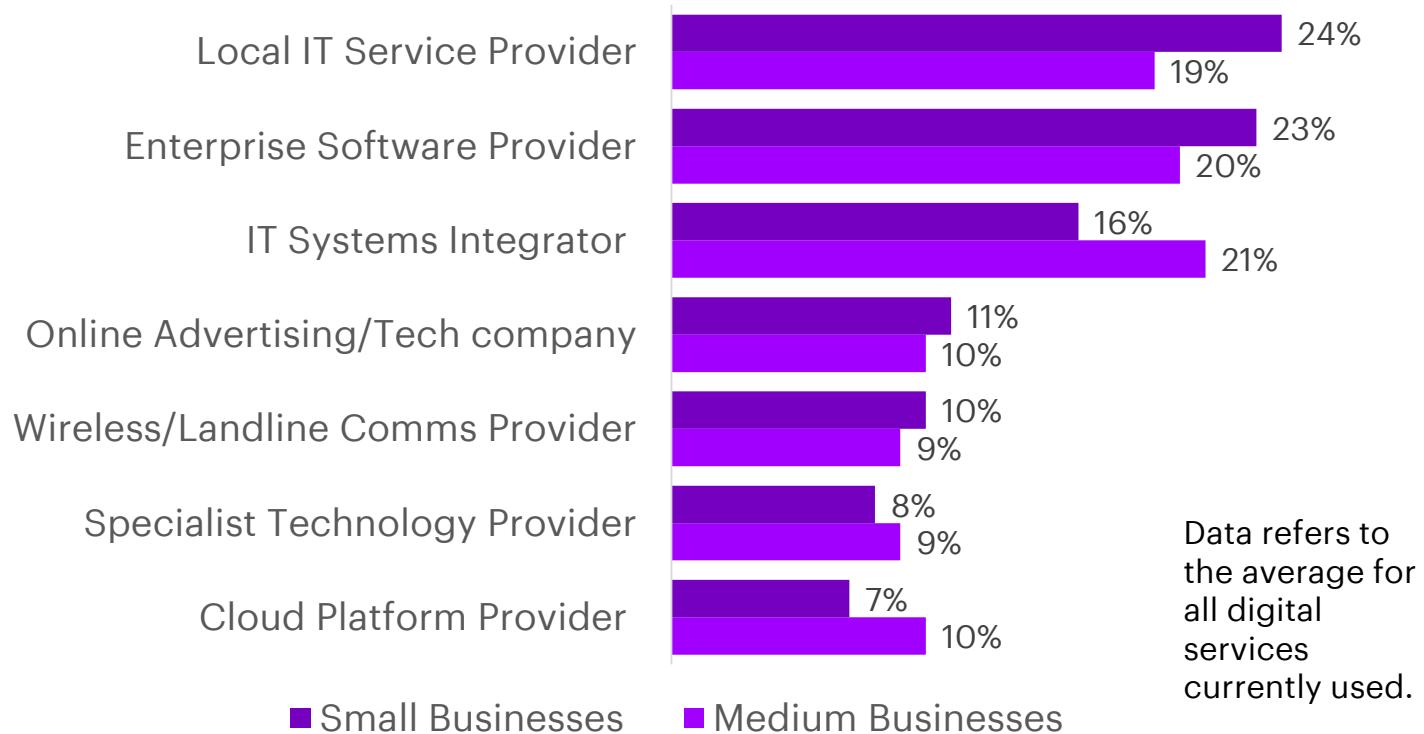
64% of SMBs have already implemented network security.

47% are using basic cloud services, i.e. storage and backup as a service.

SMBs look first to local providers for digital services

Small businesses are most likely to SHOP LOCAL

What kind of company is your main provider for these services? (Average)



Data refers to the average for all digital services currently used.

Base: Currently using

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

Two-thirds of SMBs purchase ICT services from three or more providers. Half of companies are interested in reducing the number of providers.

For new digital services 30% of SMBs place local it providers in their top 3 preferred providers. Only 15% select CSPs.

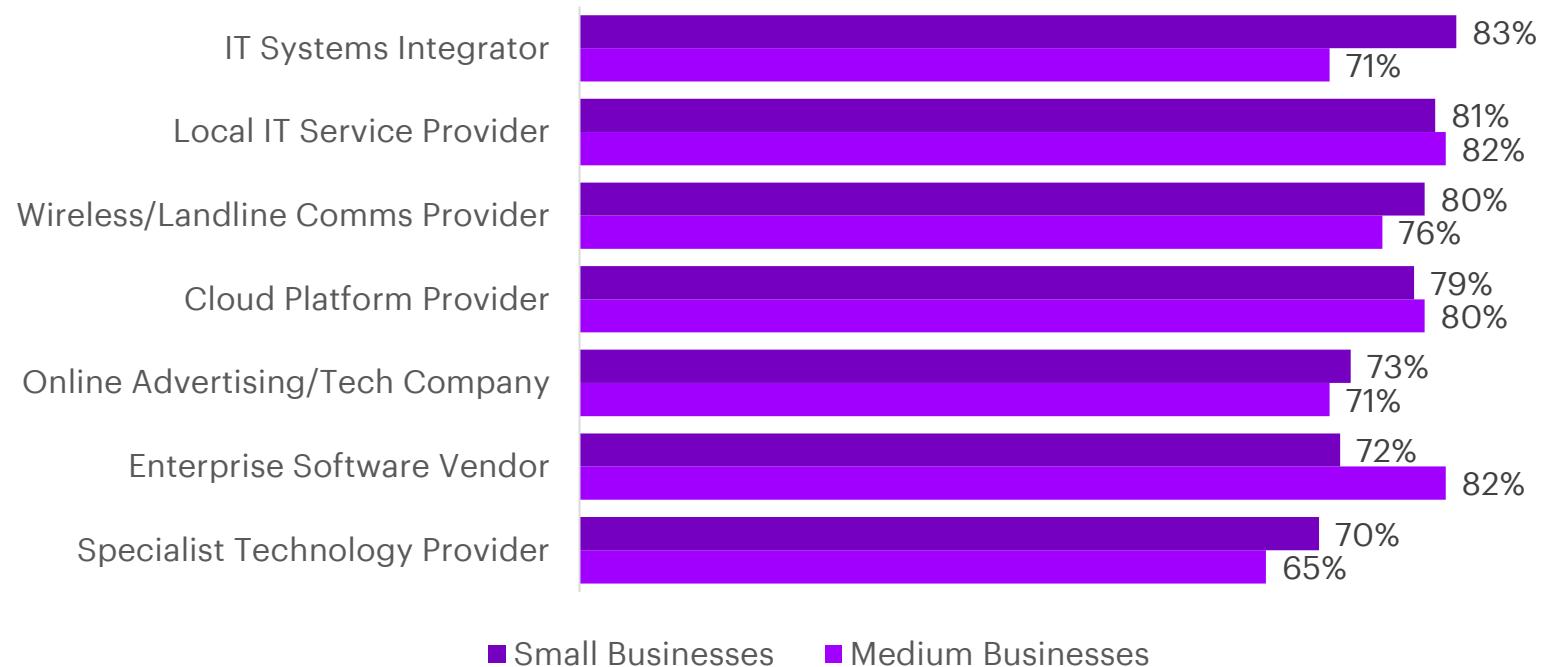
COVID-19 changes customer care



No dominant overall winner for customer support

CSPs score better with small businesses

Which of the following companies provides the highest quality of customer support?
[Top 3 rank]



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

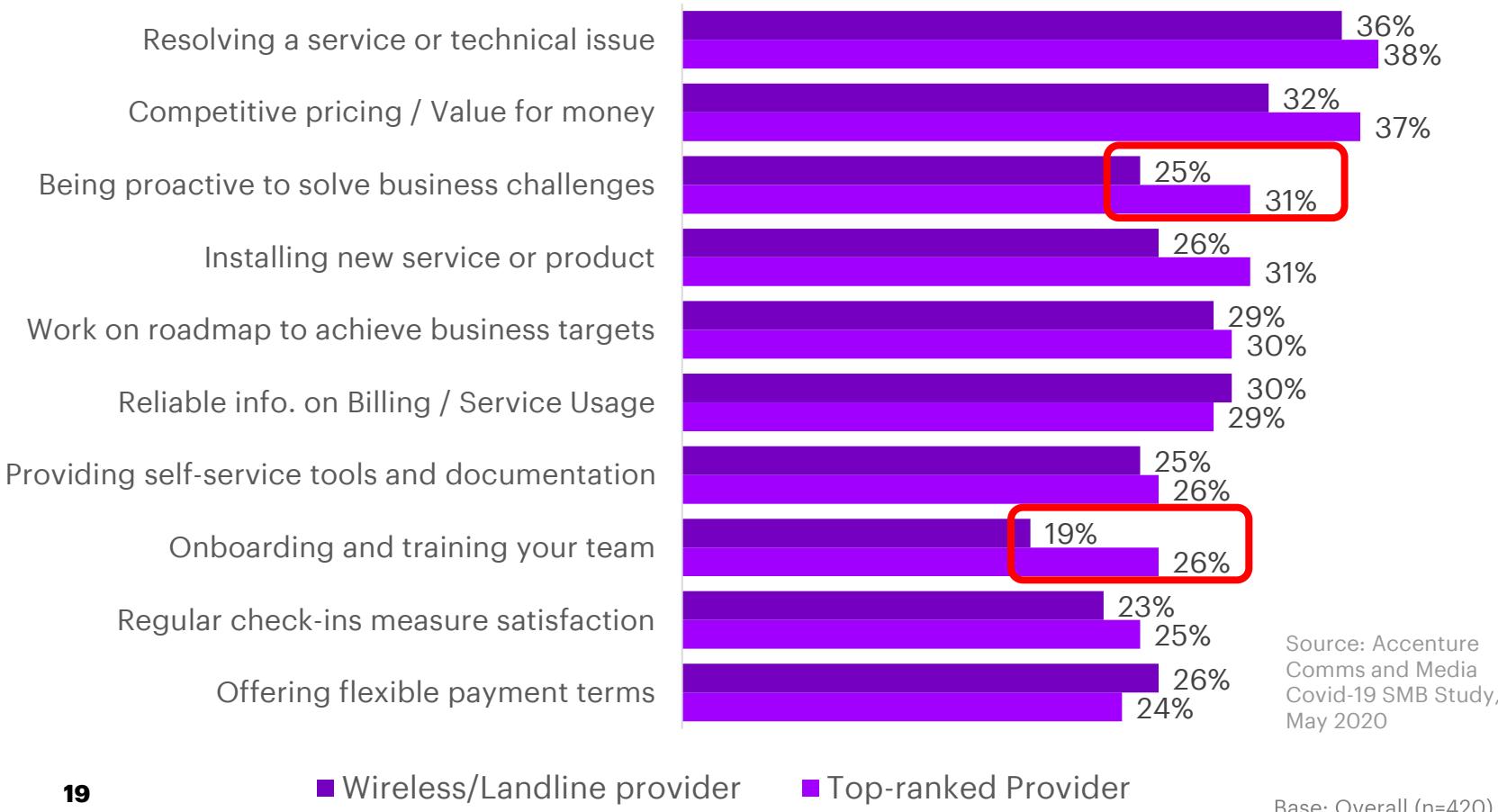
15% of SMBs ranked their connectivity provider as No. 1 for customer support.

Half of companies prefer to interact with connectivity providers via self-service.

CSPs underperform best-in-class providers on proactivity & training

CSPs score well on BILLING RELIABILITY & FLEXIBLE PAYMENTS

How does your wireless/landline connectivity provider support your business, compared to the company providing the best customer support? [Select all that apply.]

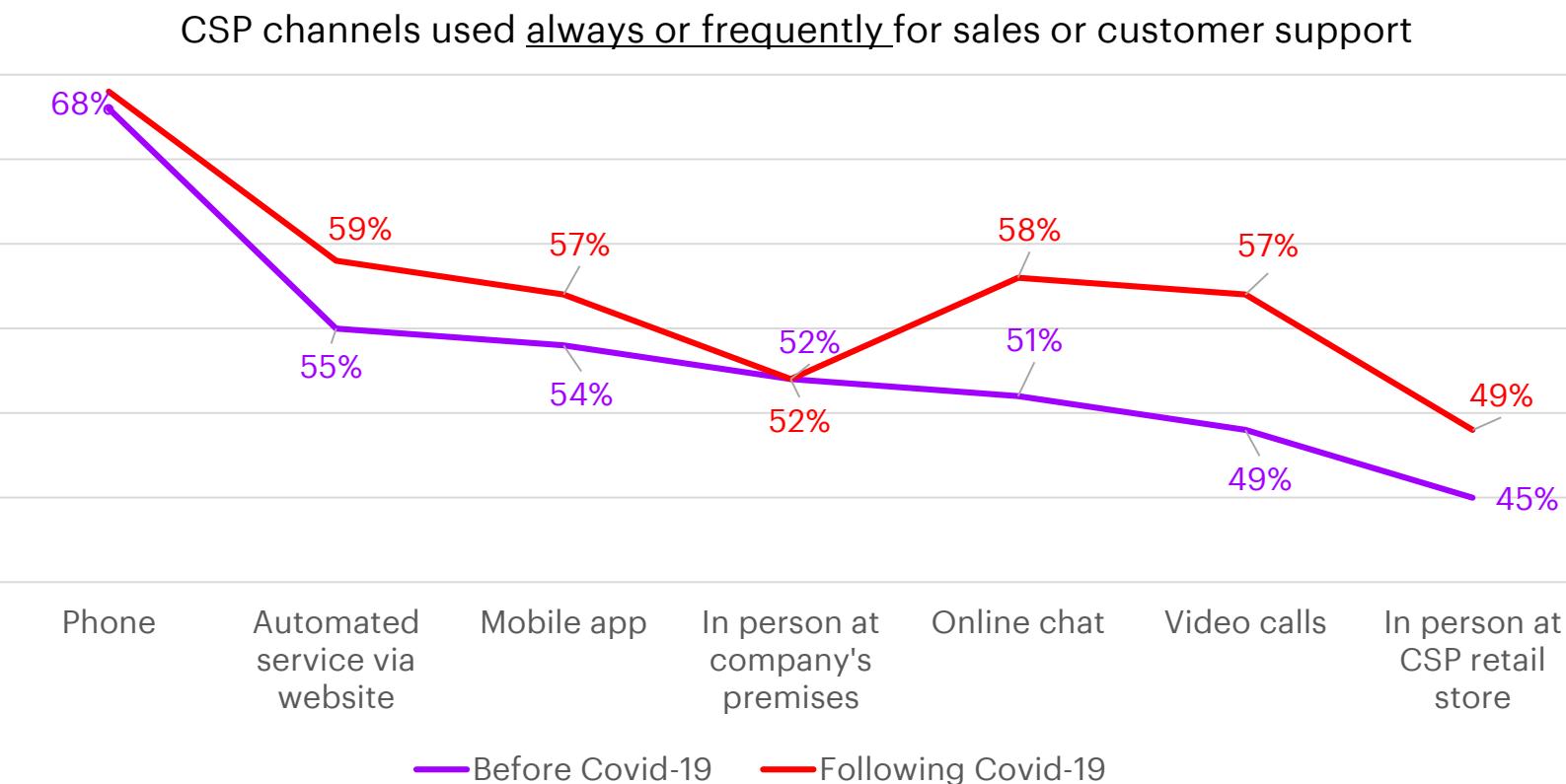


Among medium businesses, CSPs fail to beat the best-ranked provider on any customer care metric.

CSPs score better with small businesses. They win or tie on four out of 10 metrics.

Omnichannel is critical for SMB sales & customer care

COVID-19 experience drives demand for ONLINE, AUTOMATED & VIDEO interaction with CSPs, but FACE-TO-FACE remains important



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

Medium businesses are significantly more interested in using automated services post-COVID compared to small businesses (64% vs. 55%)

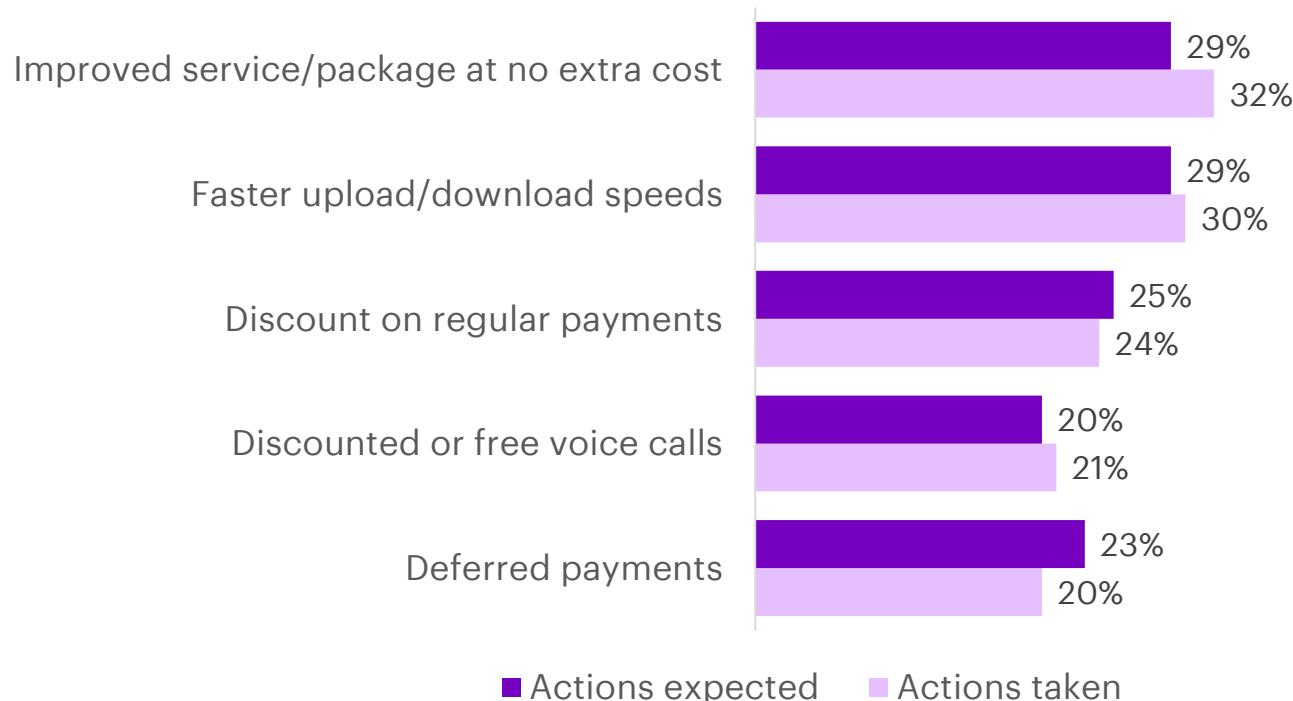
Crises make reputations or destroy them



Trust in CSPs was enhanced due to their COVID-19 crisis response

CSPs MET OR EXCEEDED EXPECTATIONS in several areas

Has [CSP] taken any of the following actions in response to the COVID-19 crisis? vs.
Which of the following actions did you expect [CSP] to take? Select all that apply.



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

Faster network speeds (35%*) and deferred payments (33%) were valued most.

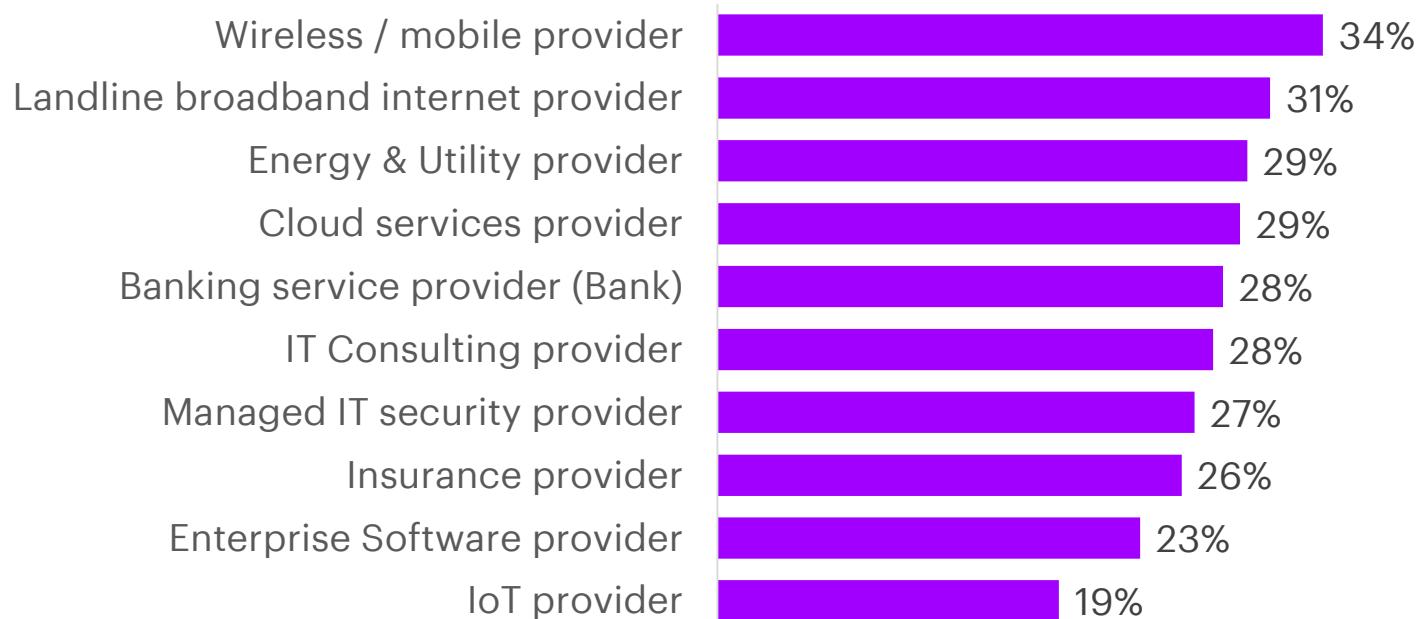
CSPs also exceeded expectations for providing advice on customer care options during the crisis.

* Percent of SMBs that received the benefit and rated it **Very Useful**

CSPs outperformed other providers on key trust metrics

TRUST in CSPs improved across commercial offers, service reliability/QoS and customer care

Which of the following companies do you trust to act responsibly in its **commercial offers** / deliver on the **reliability and quality of service** offered / deliver the **highest level of customer care**? [Average Top 3 ranked]



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

Average results for responses across
three components of TRUST.

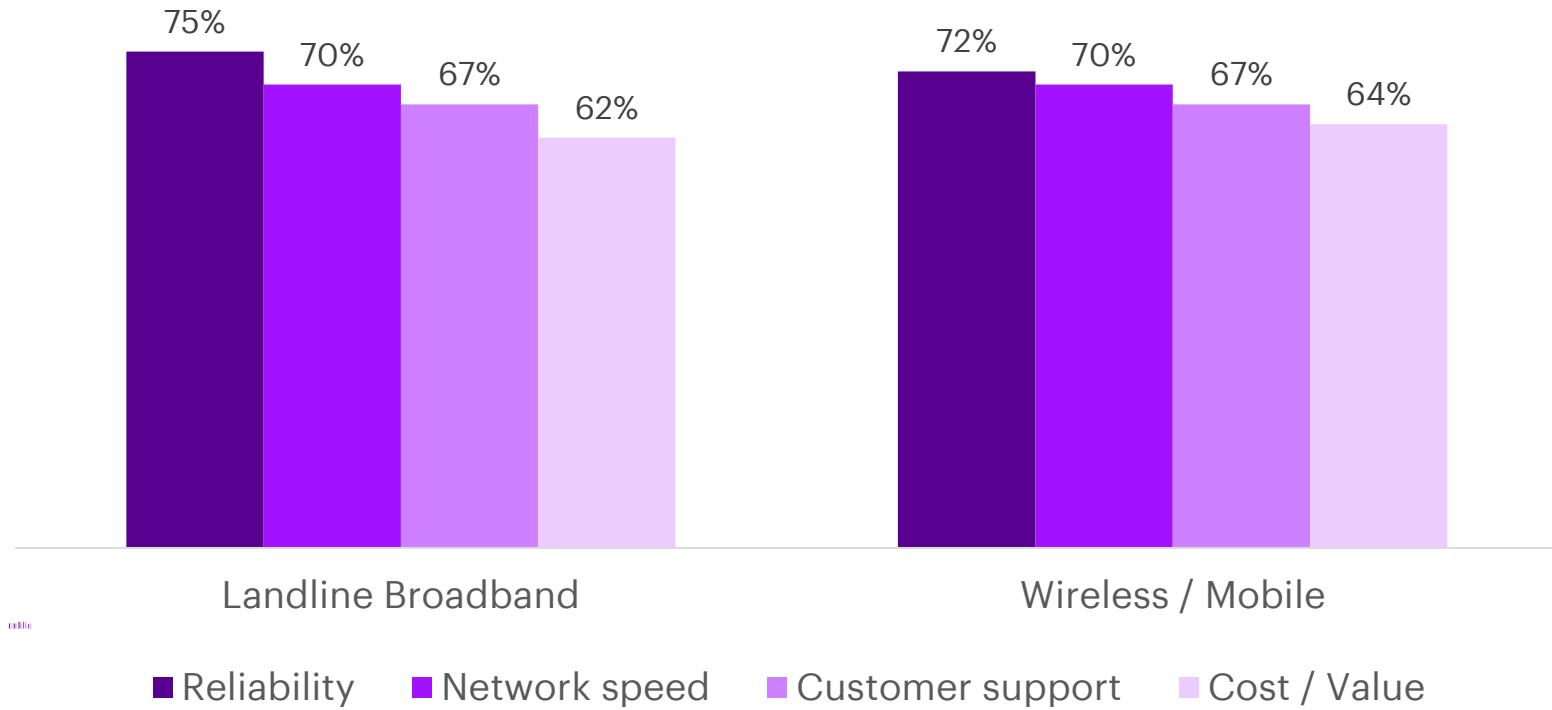
One-third of SMBs rate their landline provider's response during the COVID-19 crisis as above expectations.

45% of SMBs trust their landline provider more since the crisis began.

SMBs were satisfied with CSPs' reliability and network speed

Room for improvement in customer support and value

How has your provider delivered on the following during the crisis? (Well + Very well)



Base: Overall (n=420)

Source: Accenture Comms and Media Covid-19 SMB Study, May 2020

Reliability is now more important than network speed for SMBs.

This was also a key finding from our C&M COVID-19 consumer study.

Implications for CSPs



How can CSPs build on a strong performance during the COVID-19 crisis?



Compete on premium connectivity

Capitalize on SMBs' increasing demand for high-quality, reliable connectivity across wireline and wireless. Expand connectivity offerings at the high-end.



Position as trusted business partner

Enable SMBs to work smarter. Partner to enable more agile, resilient businesses. Help businesses re-think their business models, ways of working and how they engage with customers.



Differentiate on customer experience

Customize SMB customer care and support. Expand omnichannel, automated and video-based customer interaction. But don't neglect face-to-face interaction. Be local.



Build digital service portfolio

Expand SMB portfolio to offer Cloud, Security, ERP, Business Analytics, and digital services to help companies manage and grow their businesses in an increasingly uncertain environment.

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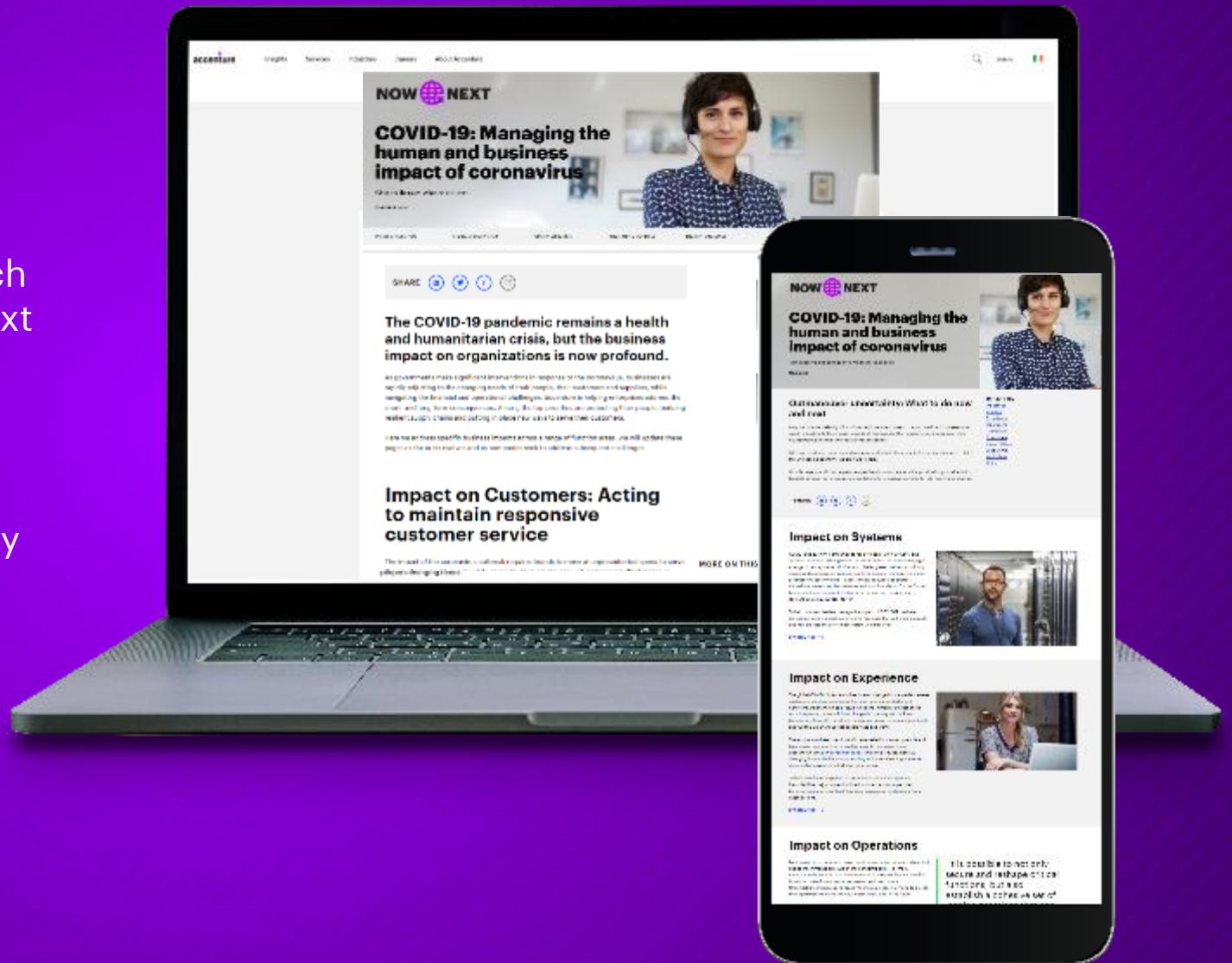
- 1 **The performance of Small and Medium Sized Businesses in a digital world. A report for the Connected Commerce Council 2019.** Deloitte. 2019.
- 2 **SMB Group estimates**
- 3 **UK SME Data, Stats & Charts.** Merchant Savvy. February 2020.
- 4 **Worldwide SMB IT Spending to Top \$676 Billion in 2021, Driven by Software and Services Growth, According to IDC**
- 5 **Accenture's Communications & Media COVID-19 SMB Survey .** Accenture research surveyed 420 SMBs across 4 markets: US, Italy, UK and Germany. Conducted May 2020.

To help our clients navigate both the human and business impact of COVID-19, we've created a hub of all of our latest thinking on a variety of topics.

Each topic highlights specific actions which can be taken now and what to consider next as industries move towards a new normal.

From leadership essentials to ensuring productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.

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