



## Strategic IT imperatives for SMEs

by Peter Chai

Small- to medium enterprises (SMEs) today are increasingly relying on information technology (IT) to automate business processes and enhance efficiency. In recent years, the SME sector has been topping up IT budgets to increase competitiveness, improve customer service and reduce cost.

Research firm AMI Partners recently projected an IT spend growth rate of 16.4% among SMEs in the Asia Pacific, excluding Japan. While much of this growth will be driven by large and rapidly expanding markets like India (24%) and China (20.4%), Singapore SMEs are still expected to up their budget by a healthy 8.7%.

Despite their higher IT budgets, however, the SME sector will remain focused on IT imperatives they started in the last year or two. Their buying decisions in 2009 will still be influenced by return-on-investment targets,

preference for solutions that are easy to manage and deploy, as well as the need to secure access to applications, information, voice and data anytime, anywhere.

### Key Imperatives: Mobility and Security

In the coming months, SMEs will likely accelerate their adoption of mobility solutions. As the workforce continues to transition into fluid, location-independent status, technologies such as wireless and IP communications solutions that are core to bringing up the benefits of this transition will be most attractive for SMEs.

When the enterprise embraces mobility, security will become a bigger and broader challenge and will therefore remain a key IT investment consideration. SMEs would want to ensure that access to customer information and proprietary data is limited to workers who need such

information to do their jobs. At the same time, they would want to give remote workers the freedom to access appropriate information without the threat of data theft. SMEs also would like the ability to create 'virtual' perimeters and deeper layers of protection around the core of their business.

Mobility blurs the network perimeter. Nowadays, it is no longer enough for enterprises simply to control access to their building. They must also ensure that only those that are checked, safe, and authorized have access to their system; and that these users' rights to certain services are governed by highly specific policies. For SMEs to truly benefit from multi-layered approach to network access control (NAC), all of those functions must be managed with minimal operational expense.

While having a mobile or location-independent workforce reduces

capital expenses, heightened customer intimacy and greater levels of productivity, it still comes at a significant cost. Faced with budget and manpower constraints, SMEs will find the best value in products that are future-proof and have extensible configurations. Good examples of this are products based on open standards that ensure interoperability and support for enhanced and expanded capabilities. It will also help the company prepare for potential office and building relocation without disrupting business continuity.

**How do SMEs decide which IT project is most important?**

Generally, SMEs tend to focus on the areas where they experience the greatest business pains. Today, that need translates to creating an infrastructure that supports diverse workforce needs – from collaboration to telecommuting to simply staying connected in a highly competitive market place where one of the key differentiators is responsiveness to customer and/or market requirements.

Customer service is often reactive, but today, it's the degree of proactive customer service that sets businesses apart from the competition. The good news is that these days, the sales cycles for productivity-enhancing network technologies can be dramatically short.

In terms of specific technologies, SMEs are demonstrating great interest in IP telephony as they strive to make their workers more productive. NAC solutions are the next obvious choice, as SMEs must keep their business-critical information safe even as they open their network to remote workers and business partners.

**The Next Step**

Once SMEs have identified their key pain points, the next step is to find an IT partner who can help them proactively maintain and expand their business.

This partner



**More SMEs will spend on Internet and telco services**

According to an AMI Partners study released in July 2008, SMEs in Singapore will boost their spending on Internet access and telecom services in the years to come.

This is due to the growing number of mobile and telecommuting employees, the proliferation of notebooks and Internet-enabled handheld devices among SMEs, and the Singapore government's initiatives to grow the wireless broadband market.

About half of Singapore's small businesses (firms with up to 99 employees) and 68% of medium businesses have staff who are increasingly mobile and need to travel on the job. Mobile employees make up 10 to 50% of their workforce depending on the vertical segment. This means more pervasive use of laptops among SMEs.

The top three reasons for SMEs opting for laptops are to

1. Save office space,
2. Take advantage of their built-in Wi-Fi capability in highly connected Singapore, and
3. For convenience, given that most employees are either telecommuting or on the move.

Many SMEs are also opting to purchase premium broadband services to allow themselves higher connectivity speed and quality of service.

"One key catalyst is the growing popularity of Internet-enabled handheld devices," said Mr Vu-Thanh Nguyen, Singapore-based Research Analyst at AMI-Partners. "With the introduction of smart phones at cheaper prices, there will be a higher adoption of these devices by SMEs. With the wireless infrastructure in place, this will encourage the usage of more bandwidth-intensive applications like VoIP and video conferencing. This wireless infrastructure will help SMEs trim their spending on long-distance telephony services.

must help them ensure that their IT plans are aligned with the rest of the organization's goals.

To make IT investments work for SMEs, it is important that they are able to manage two primary costs: acquisition and ownership. The key questions they must ask are: Is our IT system reliable? What investment does it require to continue to run reliably? Can it make people and processes more efficient or successful, or customers happier?

significant up-front investment. If, for instance, a company is implementing its own IT infrastructure, including a PC environment, the partner could help the company build a voice-ready converged network that supports mobility. The build out can be done in phases and should require a relatively modest investment to get started.

To SMEs, a trusted technology advisor is priceless because the management time and budget required for an IT initiative will depend on how IT-savvy and sophisticated the business operator is, and how fast the plan will enable the organization to grow. That is why it is important that the business advisor understands the SME's business strategy and its unique needs and must be able to offer several solution options and roadmap for growth. **ET**

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A good IT partner for SME is one who will help the company leverage its existing network infrastructure as extensively as possible to help buffer the impact of



3Com 3103 (left) and 3102 Business IP Phones