

Connected Small Business

Unlocking India's digital potential

Digitally engaged small to medium businesses (SMB) in India can reap huge digital dividends. Moving from offline to advanced digital engagement could see revenue growth up to 27 percentage points higher for individual SMBs. Despite the benefits, two thirds of Indian SMBs are currently missing out by not engaging with digital technologies.

India is a country with 1.25 billion people and huge economic potential. Its latest five year plan includes objectives to lift GDP growth to 8% a year and create 50 million new non-agricultural jobs.¹ It also highlights the important role of the SMB sector, exports and internet connectivity in achieving these objectives (Planning Commission, 2013).

India's SMB sector represents more than 8% of GDP and 22% of India's work force, employing more than 106 million people (Ministry of Micro, Small and Medium Enterprises, 2014). The *Connected Small Business: unlocking India's digital potential* (2015) report, based on a fresh national survey of 500 Indian businesses, analyses the digital engagement of these firms. Our



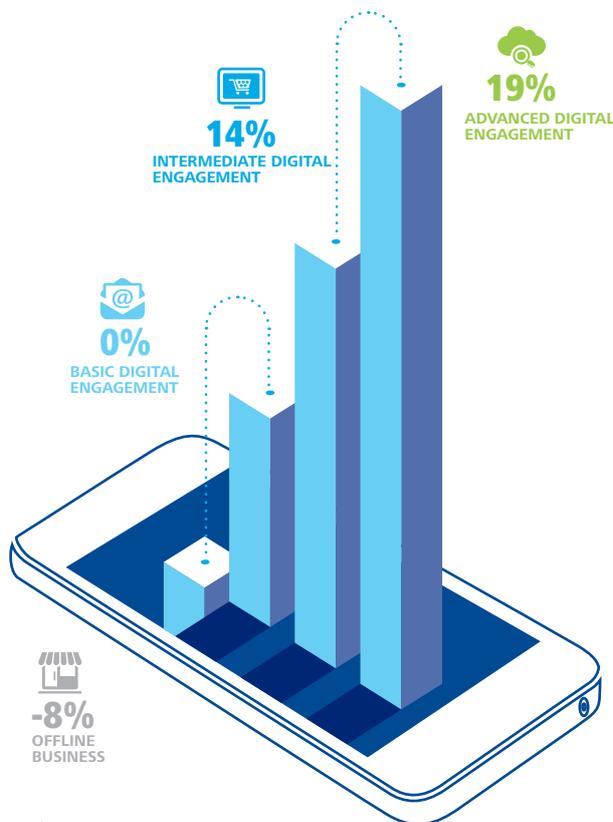
Digital engagement levels of Indian SMBs ▲

digital engagement ladder focuses on the usage and sophistication of Indian SMBs with various technologies. Offline businesses are those not engaging with digital technologies at all, whereas advanced digitally engaged businesses are using most digital tools available, such as cloud, mobile and e-commerce platforms to grow. The report finds that higher levels of digital engagement can improve all aspects of SMB business performance and help India achieve its national economic objectives; to lift prosperity, employment and exports.

Specifically, compared to offline SMBs, Indian SMBs with higher digital engagement:

- Are **more successful businesses**, experiencing revenue growth up to 27 percentage points higher in the previous year.
- Are **job creators**, up to 84% more likely to increase employment.
- Are **exporters**, up to 65% more likely to access international markets.
- Are **innovators**, up to 4.5 times more likely to offer new products or implement major changes in the way they do business.
- Have **more satisfied employees**, being up to 6 times more likely to have higher levels of employee job satisfaction.
- Have increased employee **collaboration**, up to nine times more likely to have frequent collaboration between employees.

The *Connected Small Business* (2015) report also shows that most Indian SMBs are not taking advantage of the benefits of digital technologies, including mobile and cloud. With more than two thirds of Indian SMBs remain offline or only having basic digital engagement. Digital engagement are critical success factors for SMBs in the digital economy; they can streamline internal operations, deliver significant efficiency dividends and improve customer interactions.



▲ Revenue growth by digital engagement levels

1. Includes Micro, Small and Medium Enterprises, further breakdowns for SMBs excluding micro enterprises and SSI are not available at the time of this report
 Note: For more detail and a full list of references please see the full report: *Connected Small Business: unlocking India's digital potential* (2015)