


How Coronavirus transformed our use of technology

and what that means for the future



The way we look at technology has been forever changed due to the COVID-19 lockdown. Technology enabled us to connect, communicate, sell to and support one another in what became a fast-changing and highly restricted environment for businesses and consumers.

The adoption of technology throughout the early stages of New Zealand's pandemic response was rapid. The closure of physical premises left SMEs with limited options and the urgent need to make major changes to the way they worked.

Fortunately for many, a combination of available technology, support from the telecommunications sector and a willingness to do what it took to adapt from both SME operators and their employees, meant that some sectors held up surprisingly well during lockdown. This was underscored by the fact that, according to the MYOB Tech Survey*, SMEs that were able to have staff work from home performed slightly better than even those organisations that operated as normal through lockdown.

As a result of the changes they've made to the way they work, SMEs are enjoying increased efficiency and productivity. That has led to a greater acceptance of what technology can do for their business, with over half of the respondents to our national survey saying they will look into new opportunities to use technology to help their business. It's likely that this will result in an increased emphasis on remote working, digitisation and reliance on a greater range of internet-based tools and resources – strategies which will ultimately boost opportunities to bounce-back across various SME sectors.

It's important to acknowledge that the recovery from this unprecedented crisis is going to be difficult. SMEs across the country are facing extraordinary economic challenges. However, by making the most of the technology available, they can not only build stronger businesses, make more-informed decisions and respond to new opportunities – they can also mitigate some of the impact of any future disruption to valuable business operations.

Through the experience of New Zealand's lockdown, SMEs have already proven that this can be done. The key now will be incorporating the lessons from the period into what will be a 'new normal' for business, and the rest of us continuing to do all that we can to help these SMEs survive and succeed.



Ingrid Cronin-Knight
MYOB NZ Country Manager

*The MYOB Tech Survey includes 401 SME decision makers from employing businesses. The survey was conducted online from June 3rd-12th 2020.

The experience of lockdown

Majority of SMEs worked from home

The COVID-19 lockdown saw a major shift in the way local businesses work, with the majority introducing remote working. Almost two thirds (62%) of SMEs had staff working from home during the lockdown, while just over one in ten (12%) operated as usual. Nearly a fifth (19%) said they could not operate.

Businesses with 50+ employees (83%) and those in the personal services sector (71%) were most likely to have employees working from home. Sectors whose work relies on being on-site, such as the agribusiness and construction and trades sectors, were least likely to have staff working remotely.

SMEs working from home during COVID-19 lockdown

- 62% Worked from home
- 19% Business did not operate
- 12% Staff worked as usual
- 7% Usually work from home

Industries that worked as usual

- 35% Agribusinesses
- 22% Manufacturing and whole
- 11% Professional services
- 10% Retail and hospitality
- 6% Personal services
- 3% Construction and trades

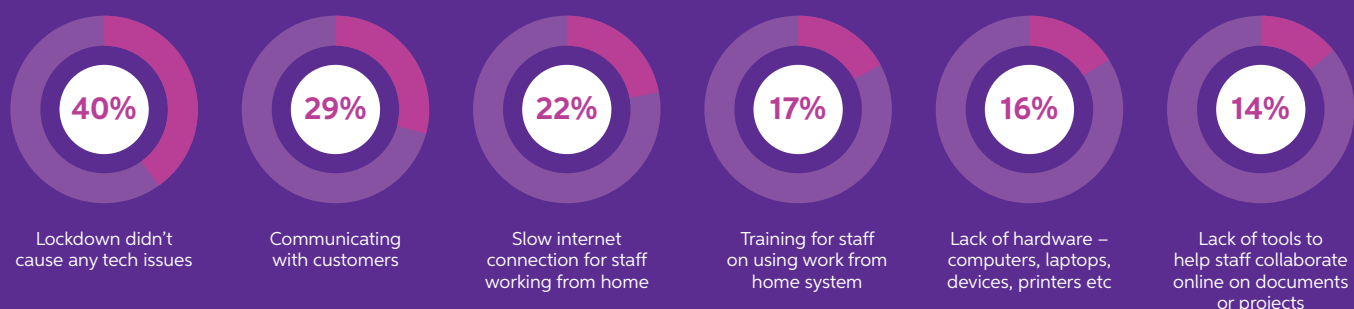
Industries that shifted to work from home

- 71% Personal services
- 67% Professional services
- 67% Manufacturing and wholesale
- 48% Retail and hospitality
- 48% Agribusinesses
- 36% Construction and trades

Technology use during lockdown

Despite having to rapidly introduce remote working or cope with significant restrictions to operate as normal, most businesses saw few, if any, technology issues during the lockdown. However, almost a third (29%) admitted they'd struggled to communicate with customers and more than a fifth (22%) said a slow internet connection for staff working from home was a problem.

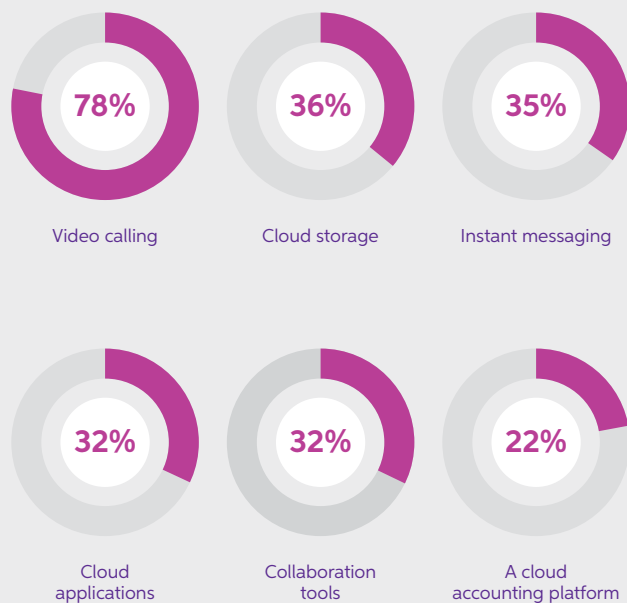
Issues faced when using or accessing business tech during lockdown



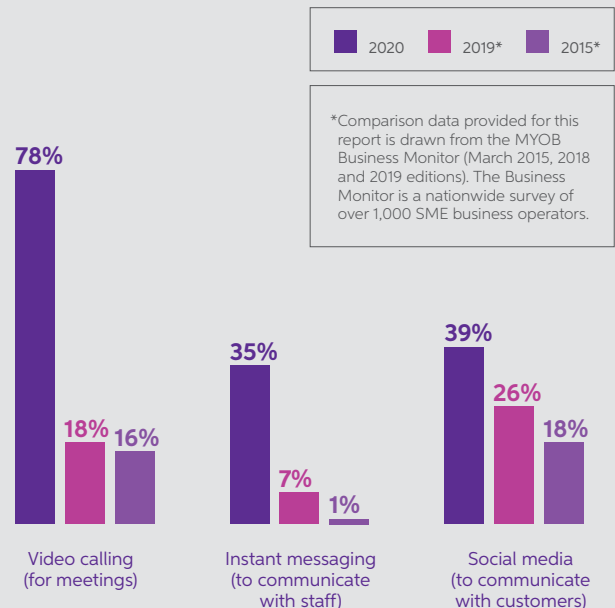
Rapid adoption of digital technology

A large majority of SMEs used video calling to support staff working remotely – particularly those with 50+ employees (94%). The use of a number of other technologies, including using instant messaging, cloud storage and social media all climbed significantly during lockdown.

Technology used to support staff remotely working



Growth in the use of digital business technology



Adopting e-commerce

The lockdown also saw a significant rise in the establishment of e-commerce sites, as SMEs sought to maintain cashflow while adapting to the alert level restrictions put in place by the Government.

Of those who did establish an online presence, agribusinesses were the largest adopters of e-commerce. This is a significant change from 2015, when just 4% of agribusinesses had an e-commerce site. In contrast, those in the construction and trades industry were least likely to develop an e-commerce platform during lockdown (8%).

As a result of the lockdown, did you set up an e-commerce website for the first time?

15% Yes

31% No – we already had an e-commerce site

52% No – we don't want to/can't use e-commerce

Industries that set up an e-commerce website for the first time, during lockdown:

26% Agribusinesses

20% Professional services*

19% Manufacturing and wholesale

16% Retail and hospitality

11% Personal services*

8% Construction and trades

Industries that can't/don't want to set up an e-commerce website:

64% Construction and trades

62% Personal services*

57% Agribusinesses

51% Professional services*

45% Retail and hospitality

28% Manufacturing and wholesale



*Professional services include: legal & accounting services, marketing & business management services, administration and support services, real estate, finance and insurance. Personal services include: arts, sports and recreational services, household services, healthcare and social assistance.

Lockdown lessons

Operational changes supported by technology

COVID-19 saw many SMEs making a number of operational changes to adapt to the 'new normal'.

Over half of the decision-makers we surveyed said they will initiate flexible working hours, develop continuity planning, look into new technology and buy from New Zealand suppliers, rather than international businesses.

Interestingly, almost one in three (30%) businesses plan on reducing or closing their physical stores to focus on online sales and a quarter (25%) will introduce more automation to reduce their reliance on employees.

Business changes to be made as a result of business' experience of COVID-19

56% Allow employees to use flexible working hours

56% Develop continuity planning to help the business prepare for other disruption

55% Look into new technology which could help the business

55% Buy from New Zealand suppliers rather than international businesses

49% Allow employees to work from home at least part of the week

43% Increase staff training on the use of work from home technology

40% Use technology to trace customer and client access to business premises

35% Create workplace teams to alternate working from home and on premise

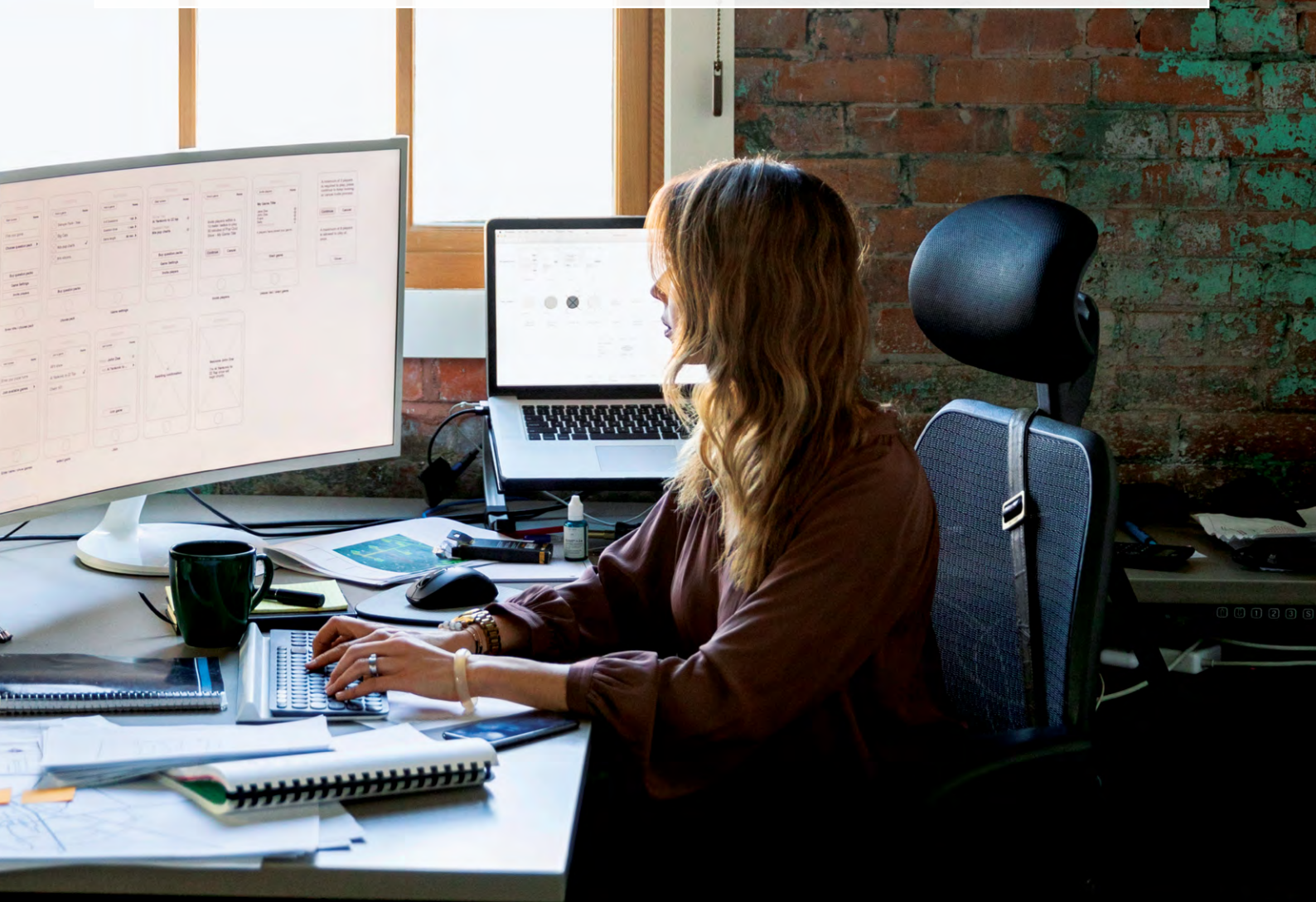
33% Stockpile additional stock or essential parts and components

31% Allow employees to work from home at all times

31% Use technology to monitor staff movements and adherence to physical distancing safety requirements

30% Reduce or close physical retail store(s) or hospitality premises to put greater emphasis on online sales

25% Introduce more automation or technology to reduce dependence on human workers



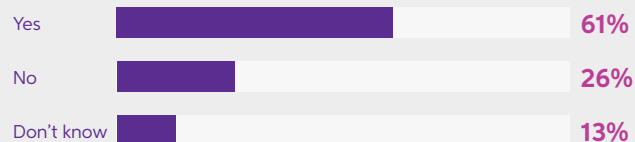


Lockdown opened up new opportunities to use technology

Three in five (61%) SMEs are likely to look at new opportunities to use technology as a result of their business's experience during the COVID-19 pandemic. Interestingly, the size of the enterprise is a strong factor in determining the likelihood of increased use of technology. Sole operators are least likely to use new technology in their business, while more than eight in ten (84%) businesses with 50+ employees will look at new opportunities to use technology.

By sector, retail and hospitality businesses are most likely to look at new technology opportunities, compared with just one third (33%) in the construction and trades sector.

Likely to look at new opportunities to use technology in business



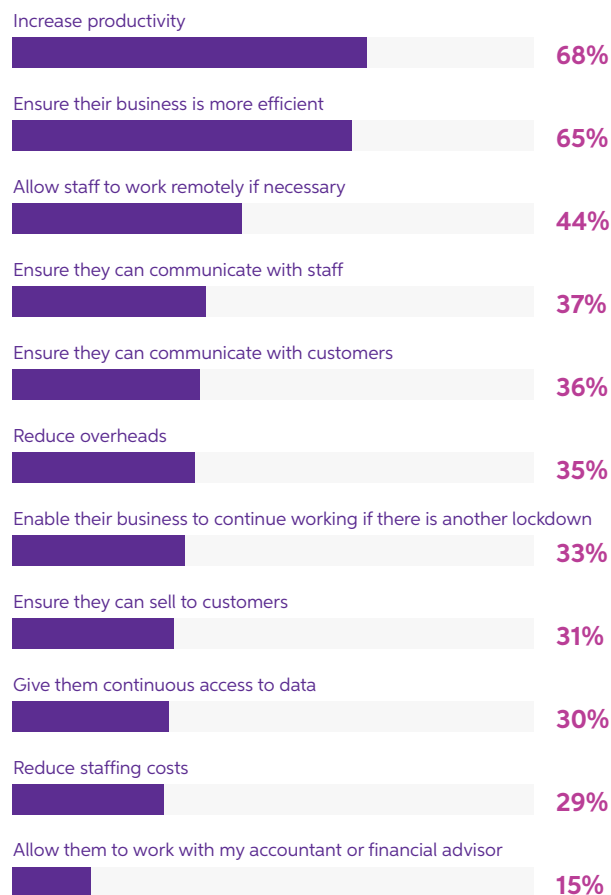
Likely to look at new opportunities to use technology in business by industry



Technology disrupting the workplace as we know it

The driving factors behind SMEs looking to make greater use of technology are an increase in productivity (68%) and the need to ensure their business is more efficient (65%). Some of the challenges that SMEs faced during the lockdown, such as the need to have staff work remotely and maintaining the ability to connect with staff and customers, are also shaping how businesses see their use of technology in the future. Two in five (44%) SMEs said they would be more likely to use technology to allow staff to work remotely if necessary, and more than a third (36%) said they are keen to ensure they can communicate with their customers.

Why SMEs are more likely to use technology



Significant changes to work environment

Barriers to technology adoption

Prior to the Coronavirus pandemic, cost was the biggest barrier to more than two in five (44%) SMEs looking to adopt new technology. Time to implement, training staff and a general lack of knowledge also proved to be a barrier. Nearly a quarter (24%) of business decision makers also said that, prior to the pandemic, they didn't have a need to adopt new technology.

Barriers to adopting technology prior to the pandemic



Time to adopt new technology

In contrast to the rapid adoption of technology throughout lockdown, most SMEs estimated they would normally spend 4-6 months evaluating and integrating a new technology into their business. The personal services sector has the fastest adoption cycle, with 28% of the sector evaluating and integrating new technology into their business within 1-3 months.

Time to evaluate and integrate technology

16%	A matter of weeks
23%	1-3 months
27%	4-6 months
10%	7-12 months
8%	1-2 years
2%	More than 5 years

The decision makers

Implementation of new technology doesn't just come down to need – there are also decisions to be weighed up. Most SME owners rely on their own knowledge or use an independent technology consultant to choose technology for their business. Over half (55%) of larger businesses with 50+ employees are more likely to use an internal technology specialist.

Sources to help choose appropriate technologies for business

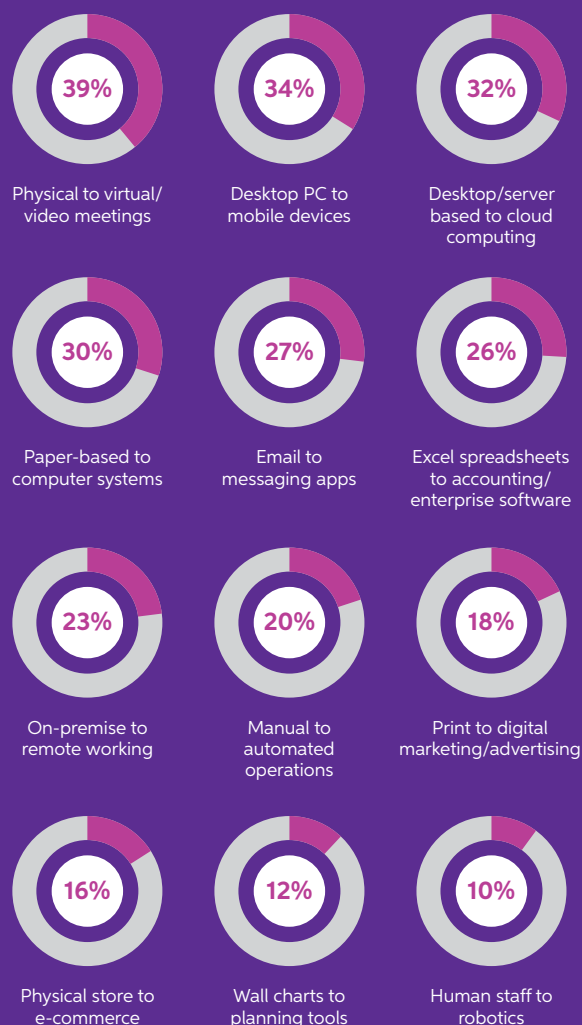
31%	Make the decisions on their own
31%	An independent technology consultant
30%	An internal technology specialist
23%	Management/senior leadership team
20%	An accountant/bookkeeper
17%	A business advisor
14%	The Board
13%	The CTO
11%	New Zealand-based technology commentator/media
10%	The Government

Key technology trends

Technology trends: the past five years

Nearly two in five (39%) SME operators said the shift from physical to virtual/video meetings was the largest technology shift they'd experienced in the last five years. Overall, businesses are showing a strong shift towards increased automation and digitisation, with significant increases in the use of mobile technology, cloud computing and reduced reliance on paper-based systems.

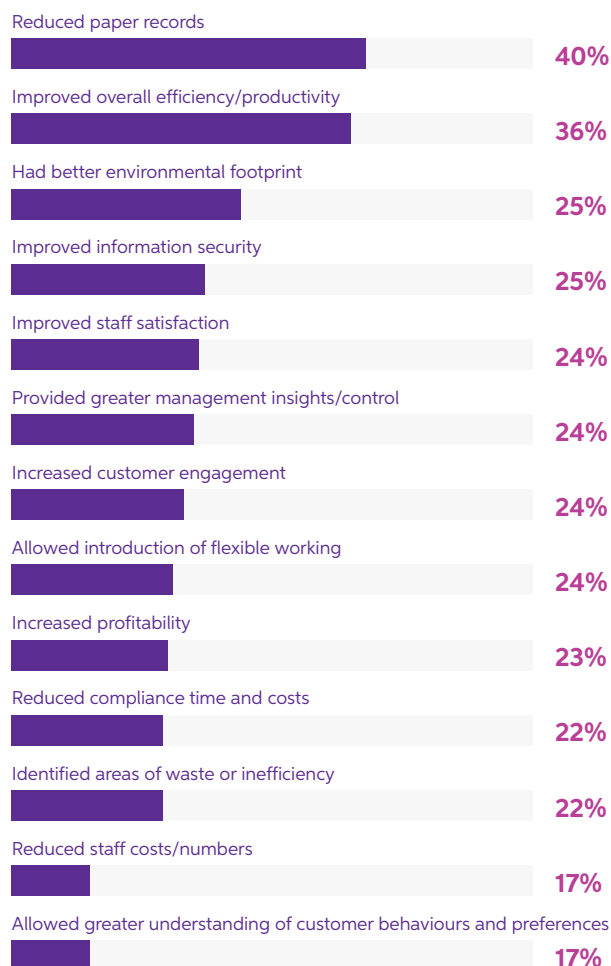
Technological shifts in the business in the last five years

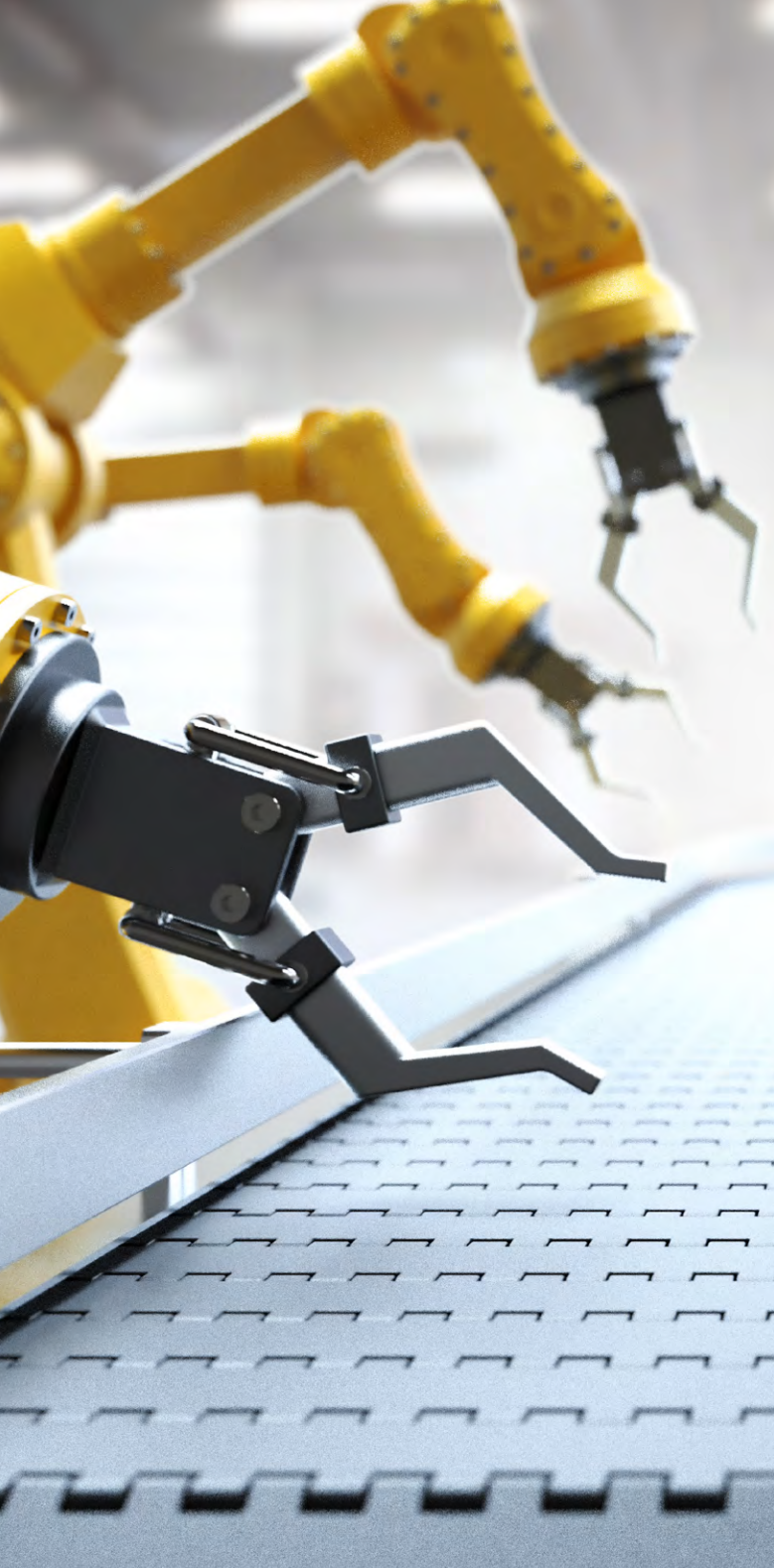


Generating change: the past five years

As a result of these technological changes, SMEs have greatly reduced their paper records and improved overall efficiency/productivity over the last five years. Over a third (36%) have also seen improvements in their own environmental footprint, while a quarter (25%) said implementing new technology improved information security and staff satisfaction (24%). With more SMEs set to implement new technologies based on their lockdown experience (61%), these changes to the daily operations of business are likely to increase further in future.

How technology changed the business in the last five years

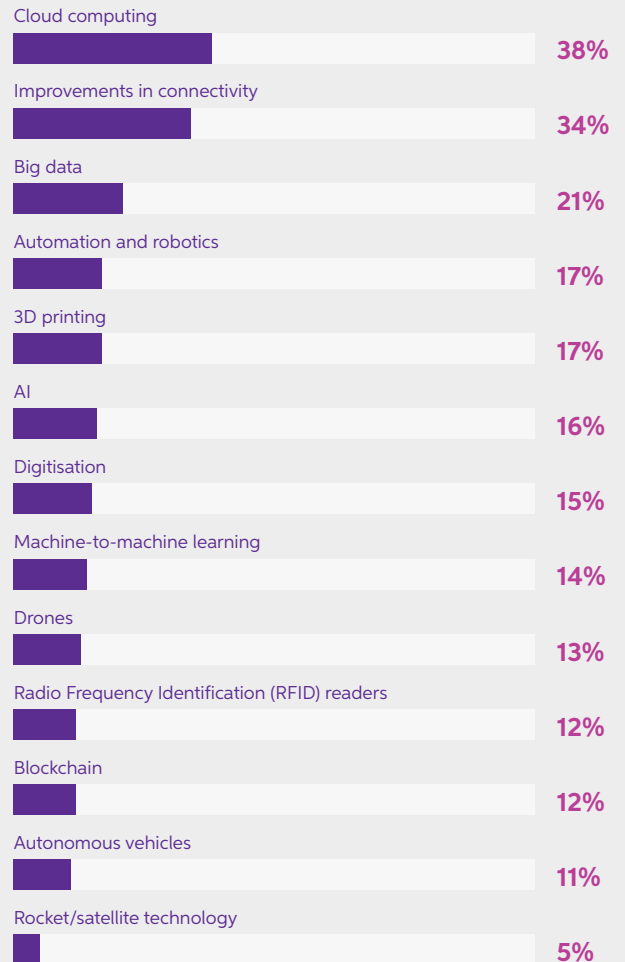




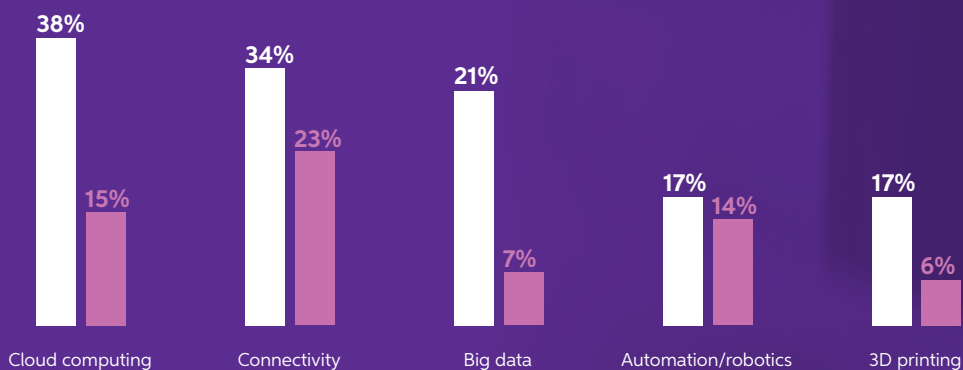
Technology trends: the next five years

SME decision makers are increasingly looking to internet-based technology, including cloud computing, stronger connectivity and big data, to support their business growth and development. More advanced technologies, such as robotics and the use of AI are also starting to feature more prominently in the plans of SME operators.

Technologies expected to change their industry in the next five years



Since MYOB last surveyed SME operators on their thoughts around which technology trends they expected to change their industry in the next five years, the expectations around a number of established and growing technologies have changed significantly.



2020 2018*

The future – reimagined

The COVID-19 pandemic has forced businesses to change the way they work and, as a result, many may now be reassessing their ways of working. Though driven by necessity, recent use and implementation of new technology has enabled SMEs to do things differently, explore their options to find greater flexibility and introduce new efficiencies.

Decisions being made now around the use of technology however, are not just being shaped by the restrictions and disruptions that local SMEs faced during the initial response to the pandemic. Many businesses saw real improvements – from productivity to staff engagement – as a result of the initial changes they made and are now looking to lock these in for the future.

While SMEs will continue to find themselves navigating a tough economic environment for some time yet, challenge often drives creativity. We're on the cusp of real transformation in the way local SMEs do business. The dynamism of our SMEs and the willingness of local business operators to be responsive to change and explore new innovations, could deliver real advantages for the SME sector and the wider New Zealand economy in the future.

About MYOB

MYOB is a leading business platform with a core purpose of helping more businesses in New Zealand and Australia start, survive and succeed. At the heart of MYOB is a customer base of 1.2 million businesses and a network of more than 40,000 accountants, bookkeepers and consultants, for whom MYOB delivers end-to-end business and accounting solutions. MYOB operates across four key segments: Small and Medium Enterprises (SME), Enterprise, Financial Services and Practice.

For more information, visit myob.co.nz or follow @MYOB on Twitter.



About the MYOB Tech Survey

The MYOB Tech Survey was conducted using Pure Profile's business panel. In total, 401 New Zealand SME decision makers were surveyed from employing businesses. The June survey was conducted online from June 3rd-12th 2020.

*Comparison data provided for this report is drawn from the MYOB Business Monitor (March 2015, 2018 and 2019 editions). The Business Monitor is a nationwide survey of over 1,000 SME business operators. It has run since 2009, commissioned to independent market research firm Colmar Brunton. The weighting of respondents by both geographical location and sector is based on overall market proportions as established by Statistics New Zealand and is drawn from an independent survey group, which includes both MYOB clients and non-clients.