How digitally Ready are UK businesses?

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Vodafone
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How digitally Ready is your business?

See how digitally Ready your business is now, and plan ahead, with our Ready Business Indicator

The pace of change in business has never been faster. As the digital revolution re-shapes the world, organisations must adapt quickly to the changing demands of customers, suppliers and markets.

But if you’re a Ready Business, you’re in the right place to take advantage of every opportunity.

For us being digitally ‘Ready’ means using digital tech to work efficiently and harness your full potential. It’s about liberating the people in your organisation – and giving them the tools and connections to deliver outstanding work from anywhere. It means putting your customers first so they enjoy a great experience every time. We know UK businesses take pride in looking after their employees and customers, but making sure we get it right isn’t always easy.

The Vodafone Ready Business Indicator

Helping organisations to assess their Readiness is what the Vodafone Ready Business Indicator is all about. Using the Indicator, you can put your organisation’s strengths and weaknesses under the microscope to see where you are today – and how prepared you are for the future. Click here to take part.

From November 2015 to January 2016, 4,239 members of the workforce, spanning public and private sector organisations of all sizes across the UK, took part. We’ve delved into the insights revealed and are delighted to now share some key highlights on the shape of UK Readiness, together with top tips on how you can become a Ready Business.

In this report we reveal which organisations are leading the charge as Readiness Pioneers and uncover the drivers and constraints of Readiness that British businesses must focus on to prepare for the future.

But this is only the beginning. Over 500 businesses per month are still taking the Ready Business Indicator, providing us with ongoing and unique insights into how Readiness levels are evolving. Later this year we’ll return to see how the picture has changed: Will future Readiness levels have transformed into reality? What industries and regions will emerge as tomorrow’s Pioneers? And how will potential political changes – such as elections for the Scottish Parliament, Welsh Assembly, London Mayor, local authorities and Brexit – change the face of the UK public and private sectors?

Find out your Readiness score and make sure your organisation is included in the next wave by taking part at http://readybusiness.vodafone.co.uk
Why future-proofing your business is important

Our business landscape is continually changing, throwing up both opportunities and threats.

Being able to collaborate, share ideas, resources and even customers are some of those opportunities. And threats include those from traditional competitors, as well as disruptive new tech start-ups. (See this article from Venture Beat for a list of 15 of the world’s most exciting start-ups in 2016 — from industry incumbents to cross-sector disruptors).

The key to success in this complex environment is being ‘Digitally Ready’. Using digital to collaborate both internally with employees or externally with partners. Using digital to connect your employees and to connect with customers. Or using digital to streamline processes and make your business more efficient.

UK businesses have made a good start, but they’re only halfway there.

So how are UK organisations faring when it comes to their use of digital? At first glance the picture seems reasonable. The average current digital Readiness score of UK organisations is 48%. In other words, the average organisation has implemented just under half the digital initiatives required to be perfectly digitally Ready in our evolving world.

However, the average future digital Readiness of UK businesses (the degree to which businesses are putting in place plans using digital for whatever the future may bring) is virtually identical, just 49%. In other words, little seems set to change from the status quo and that could leave businesses in danger of falling behind.

To explore this further, all organisations that have completed the Ready Business Indicator have been ordered based upon their current and future digital Readiness scores and grouped into four categories from ‘Late Adopters’ to ‘Pioneers’. 
The four categories of digital Readiness

Vodafone’s Ready Business Indicator reveals just how ready UK organisations are based on a series of questions exploring organisations’ current capabilities and future plans. The Indicator explores how well organisations are connecting employees, engaging customers, operating efficiently and planning for change, from which it delivers personalised current and future Readiness scores up to a maximum of 100%. It’s our way of helping businesses assess exactly where they are in the Readiness stakes.

Four categories of digital Readiness. Which are you?

**PIONEERS:** Pioneer organisations score highly on readiness for the future. They’re likely to have highly-connected, collaborative employees; an excellent joined-up customer experience; efficient, streamlined operations; and a highly resilient, evolving business model.

**ADVANCED:** Advanced businesses have characteristics and capabilities that make them Ready in our research. They embrace digital and aren’t afraid to change and adapt their business strategy to suit their customers’ changing demands.

**MAINSTREAM:** Most UK businesses fall into the Mainstream category. Our report shows that organisations built on solid financial foundations are the most Ready to take on challenges today and in the future.

**LATE ADOPTERS:** These Late Adopters score poorly on Readiness for the future. They may have separated, isolated employees; a poor customer experience; highly bureaucratic or wasteful operations; and poor resilience to change.

Emerging from this melting pot are three key trends:

1. The Public Sector find it challenging keeping up with the rapidly changing world
2. Commitment to innovation is driving success within technology and manufacturing companies
3. Midmarket is the growth engine of the UK
The Public Sector find it challenging keeping up with the rapidly changing world

There is a marked gap between the Public and Private Sectors. With 40% of Public Sector organisations falling into the ‘Late Adopters’ category for both current and future Readiness, they seem destined for difficult times ahead.

Private Sector leading in terms of digital Readiness

Central and Local Government feeling the strain

Since the recession began almost ten years ago, the Public Sector has faced a succession of budget challenges and, with the Chancellor’s 2016 budget announcing a further 0.5% cut to public spending, there seems no end in sight.

In the recent Perspective series report on Strengthening Communities, we noted how the strain of these wide-ranging cuts is damaging trust in public services. Two-thirds of Public Sector leaders (66%) say low levels of Community trust in public services is now a real issue for their organisations.

Delving deeper into the Ready Business Indicator findings, we discover that the lack of Public Sector Readiness is primarily driven by challenges facing Central and Local Government organisations, over half of whom are ‘Late Adopters’.

The Strengthening Communities study revealed how nearly three-quarters (74%) are struggling to overcome legacy systems, leading to high maintenance costs (67%), and concerns over IT and data security (59%). Lacking investment in core technology infrastructure, the Public Sector is battling to remain operational today, let alone be ready for tomorrow.

However, other Public Sector organisations are far from immune from the challenges of the modern world. In early 2016 it was uncovered that over 28,000 doctor and nurse positions are currently vacant within the NHS1 and that over one-third of Head Teachers2 find attracting and retaining good teachers to be a ‘major problem’.

Whilst more ready than Government organisations, those in Healthcare, Social Care and Education are also struggling. Between one-third and one-half of organisations in these sectors fall into the ‘Late Adopters’ category.

The Public Sector is feeling the pinch.

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1: State of the Nation
2: Readiness Propellers
3: Readiness Restraints

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1 www.bbc.co.uk/news/health-35667939
2 www.bbc.co.uk/news/education-35531982
In contrast to the struggles faced by the Public Sector, the Private Sector has significantly higher Readiness levels, propelled by two industries in particular: Technology and Manufacturing.

At the heart of the accelerated Readiness levels in these industries is a commitment to innovation. Our recent Perspective series report on Unlocking Corporate Innovation revealed how Technology firms are considered to be by far the most innovative organisations in today’s business landscape; whilst EEF’s Innovation Monitor highlighted how 94% of UK Manufacturing organisations are now actively engaging in innovation activities.

Fuelling this innovation, the Indicator results show that manufacturing and technology companies have invested heavily in technology systems, including initiatives allowing staff to work flexibly by accessing work documents and databases while outside the office (87% technology/83% manufacturing). By enabling employees to be productive and informed wherever they are, whenever they want, these organisations are unleashing a flow of innovative ideas.

Commitment to innovation is driving success within technology and manufacturing companies

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3 www.eef.org.uk/resources-and-knowledge/research-and-intelligence/industry-reports/innovation-monitor-2015-16
Midmarket is the growth engine of the UK

With fewer resources at their disposal, sole traders are playing catch-up: over two-thirds currently drop into the ‘Late Adopters’ category – perhaps not surprising given that six in ten new start-ups fold within five years of their creation.

6 in 10 businesses fail to survive in their first 5 years

Meanwhile, whilst SMEs (10-149 employees) and Enterprise (750+ employees) are currently most Ready, Midmarket Businesses (150-749 employees) are seeing a surge in future Readiness levels.

Midmarket leads future digital Readiness levels

With a particularly strong base in the Northern Powerhouse, the headcounts and productivity levels within the UK’s ambitious midmarket population are growing at above market rates. As we uncovered in our recent Growing Britain from the Middle report, the midmarket’s drive to automate processes and export products and services into truly global markets is driving impressive future Readiness levels.
At Vodafone we want to support every organisation on the journey to becoming a Ready Business. But how do you make Readiness a reality?

The Ready Business Indicator has revealed three key traits that propel Pioneers to success:
1. Go mobile
2. Embrace digital throughout your business
3. Engage customers with digital updates and promotions

Now is the time of mobile-first. The march of mobile is unstoppable. Our Perspective series research on the Connected Nation discovered that the average consumer now owns at least three smart, internet-connected devices and that 96% of consumers with internet access use online channels for shopping with m-commerce growth rates vastly outstripping those of physical and e-commerce channels. Similarly, over three in four people would like the majority of their interactions with the Public Sector to take place online.

Mobile is essential for audience engagement

Moreover, ‘mobile’ is not just a consumer issue; it’s also an essential for liberating and empowering employees. Current Readiness levels are boosted by high levels of remote working, fuelled by mobile device savviness.

However, a close eye needs to be kept on mobile skills. We noted in the State of the Nation section of this report how not enough is being done to boost future Readiness levels beyond their current state. This is certainly true with mobile-savviness. Whilst only 17% of organisations currently rate their employees’ ability to use smart devices as poor or terrible, organisations see this rising to 29% in two years’ time.

We believe that as the importance of mobile-first and remote working grows, it’s essential to make sure your workforce obtains the necessary mobile skills both now and into the future.
2. Embrace digital throughout your business

Welcome to the digital era – the biggest shake-up to processes and ways of working since the Industrial Revolution. Or nearly. As Forbes notes in a recent article, in reality there is still a long way to go. Whilst we have seen immense productivity gains in technology-led industries, the failure of digital to penetrate deep enough into other sectors is holding back productivity growth.

Full digitisation cannot be achieved overnight, but the first step on the journey is a relatively simple one: get your website sorted. Your website is your portal to the customer and a vital touchpoint for building awareness and converting valuable relationships. And as audiences move to mobile, businesses are following them: nearly two-thirds of organisations with 10+ employees (61%) now have device-adaptive websites.

However, this still leaves one in four (39%) of 10+ employee businesses who do not have a device-adaptive website and therefore risk being left behind. And the situation is much more severe amongst sole traders. Four in ten sole traders (42%) don’t have a website at all (compared to only 8% of businesses with more than 10 employees). See top tips on building a mobile responsive website here.

Of course, a website that works across desktop, tablet and mobile, (device adaptive) is just the start of the journey to embracing digital. Once your website is sorted, the next items on the digital checklist are likely to include automation of operations, data analysis and a digital HR strategy.

Whilst a series of difficulties are holding back many organisations in the Public Sector (see Readiness restraints), digitisation in these areas is a saving grace for a portion of the Public Sector.

Embracing digital means unlocking the commercial, operational and employee benefits of technology. It is not only vital to enabling organisational readiness but, as the European Commission notes, “it is the single most important driver of innovation, competitiveness and growth... holds huge potential for European entrepreneurs... [and] will be a key determinant of [future business] growth” 5.
3. Engage customers with digital updates and promotions

We are engulfed in a battle for engagement. As marketing materials proliferate and customer attention spans diminish, you need to stand-out from the crowd more than ever before.

One way to do this is through providing regular digital updates and promotions – something that is propelling current Readiness levels amongst larger organisations. Nearly nine in ten organisations with 150+ employees (85%) provide customers with regular updates or special promotions to keep them in the loop and encourage return business, compared to only just over half of those with fewer than 10 employees.

However, it’s not just about the quantity of communications; as consumers become increasingly discerning, quality is key, too.

Our view is that the additional customer engagement provided by regular, personalised and targeted updates and promotions is a valuable asset of the most Ready Businesses.

Digital updates and promotions more prevalent in larger businesses

- 750+ employees: 86%
- 150-749 employees: 85%
- 10-149 employees: 76%
- 2-9 employees: 61%
- Sole Trader: 57%
3: Digital Readiness Restraints

Pitfalls that turn some organisations into 'Late Adopters’

Just as there are propellers of Readiness, there are also restraints that organisations must seek to avoid.

1. Disjointed systems
2. Silo working
3. Failure to embrace data analytics
4. Slow responsiveness

1. Disjointed systems

Whilst the Readiness Propellers section highlighted the widespread use of device-adaptive websites in larger businesses, a number of other ‘online estate' initiatives have so far lacked investment.

Without online appointment and payment systems, the ‘pipeline’ becomes blocked: opportunities are missed, delays encountered and opportunities for scaling restricted. Without marketing automation, delivering personalised and meaningful communications to drive demand for products and services is extremely time-consuming and often not feasible.

The lack of progress in self-service systems and marketing automation is itself hampered by underinvestment in the core technologies. For the majority of organisations it is unrealistic to expect that online self-service systems should entirely replace offline versions overnight. Therefore, to simplify (rather than confuse) these processes, online and offline systems must communicate efficiently with one another. Similarly, any marketing automation will always be limited in its capabilities unless it is underpinned by a detailed, up-to-date and intuitive Customer Relationship Management (CRM) system.

However, many organisations have already recognised these challenges and have earmarked investment to improve their systems going forwards:

- Whilst only 19% have invested significantly in joining-up their online and offline customer experience to date, 61% have plans to invest in this area over the next 2 years
- Whilst only 52% have a CRM system at the moment, 72% plan to invest in a new, or improved, CRM system within 2 years

The wheels are already in motion to improve online self-service and marketing automation. Turning these ambitions into reality will be vital for raising Readiness levels in the future.
In the State of the Nation section we saw how the Public Sector is falling behind the Private Sector on digital Readiness levels. One of the key factors driving this is silo working.

Fewer than half (43%) of Public Sector organisations expose new employees to the workings of other teams in the organisation. As a result, only one in three Public Sector employees (35%) say they collaborate quite a lot with other teams, compared to nearly two-thirds (61%) in the Private Sector.

A feeling of ‘detachment’ is also a problem in the South West region where only one in three organisations (33%) believe they have a good understanding of changing market conditions compared to the national average of 56%.

A lack of collaborative working, mixed with a restricted understanding of changing market conditions, is a major blocker on the road to Readiness.

Vodafone UK’s Head of Business Services, Tony Bailey, explains how the company changed its culture and boosted productivity by breaking down silos and empowering flexible working.

Tony points to five top tips for maximising employee collaboration and productivity:

1. **Make space for new ways of working**
   - communal areas, break-out rooms and large meeting spaces are vital for fostering collaborative working

2. **Change culture at the top**
   - encouraging employees to collaborate whilst hiding senior management in partitioned offices is an unhelpful contradiction; cultural changes like open-plan working need to be bought into at every level

3. **Go beyond mobile**
   - ensure employees are able to work wherever, whenever; this doesn’t just mean providing mobile devices but also harnessing the power of cloud and providing employee training in how to unlock the full potential of mobile working

4. **Target commercial and employee benefits**
   - drivers of flexible working should be both commercial and human; done well, flexible working should lead to higher employee satisfaction alongside reduced real-estate costs

5. **Strive for constant improvement**
   - The day you stop trying to improve flexible working is the day you fail. Work is constantly evolving and so we should be flexible in how and where we work
3. Failure to embrace data analytics

Big data is here... or is it? Despite the promises, many organisations are still confused and overwhelmed by the idea of big data. Our 2015 Perspective series report on Unleashing the Mega Trends revealed that whilst around two-thirds of organisations were embarking on big data initiatives, fewer than half of technology decision-makers felt that they had a very good understanding of big data and fewer than 1 in 5 said that big data initiatives were strongly supported by their senior management. When it came to big data, businesses were ‘crossing their fingers’ and ‘hoping for the best’.

The unknown is scary, which is perhaps why only one in four organisations to take part in the Ready Business Indicator (28%) stated that they like to be at the forefront of new technology developments. And for many, despite the hype, ‘big data’ is still relatively new.

Data analytics promises a lot but the road ahead remains shaky. Rather than truly embrace big data, many organisations are instead ‘dipping their toes in’, afraid of getting burnt by something they still don’t fully understand.

However, this is a risky strategy. Data skills are a key attribute of many of the world’s most successful disrupters. The failure of established businesses to embrace data-driven strategies could therefore spell disaster.

Education and support is needed to ensure that our business leaders feel comfortable driving our organisations into tomorrow’s data driven world.

"Less than half of organisations (42%) plan to significantly increase their use of data analytics".

Vodafone’s Customer and Innovation Lead, Kerrie Laird, is keen to help businesses make the most of the data they collect, and find new and innovative ways to use it.

The main question we help address in regards to data is the ‘so what?’ element. Lots of companies are collecting data but some don’t do anything with it and many are unsure about what to do with it. We share ideas in the Innovation sessions about how businesses can (with permission) use data to improve customer service, increase revenue and make decisions about the direction/expansion of a business moving forwards.

TomTom partnered with Vodafone after a successful innovation session to develop their traffic service, which is now available in 40 countries and provides real-time and historic traffic information for highways, major roads, and secondary roads.

Watch the case study

Similar thinking can also be applied to the retail sector. Data traffic can be used to understand footfall in and around stores. This can help decisions as simple as where to put signage, up to bigger choices around where to re-locate or expand.
4. Slow responsiveness

In many respects the UK’s corporate population (750+ employees) is more Ready than its smaller counterparts. However, these organisations are let down by a deterioration in customer response times.

The average time taken to respond to a customer enquiry increases significantly with size. Nearly half of corporate organisations fail to respond to a typical customer enquiry within one day and 18% take over a week.

The demand from consumers is for ‘here and now’, immediate gratification. As we move increasingly into a recommendation-led economy, failing to ensure customers receive timely – and helpful – responses is a potential pitfall on the path to Readiness.

Stephen Parry, Vodafone’s Head of Customer Services, is proud of the uniqueness of the Business Premier offering, and the fact that it’s available on every tariff ladder/level.

“Our Business Premier tariff has longevity and truly stands out – it’s a service at its core. No matter what level of Business Premier tariff our customer chooses, they get a Prime Contact – a named, UK-based, dedicated adviser who is more accessible over the phone or via live chat. This is Vodafone’s bold way of letting customers know that we’ve listened to their feedback and we’ve put time and effort into finding a solution.”

Stephen Parry
Head of Customer Services
Vodafone UK
How digitally Ready are you for a fast-changing world? Start finding out today.

Our private and public organisations are at a critical point. While current Digital Readiness levels are providing a solid foundation for businesses, a lack of future Digital Readiness casts uncertainty on the future. Indeed, half of British businesses are fearful or worried about keeping pace with digital developments in the next five years.

It’s clear from organisations which have already taken the Ready Business Indicator that future Digital Readiness is the key: go mobile; embrace digital; engage customers with updates and promotions.

At the same time, organisations need to address: disjointed systems; silo working; failure to embrace data analytics; and slow responsiveness.

Follow these principles and your organisation will be set to thrive.

We’d love to hear from you. What do you think are the key steps to become a digitally Ready business? How is your business adapting to the modern digital world? Where do your opportunities and threats lie?

Join in the conversation on social media @ReadyBusiness and take part in the Ready Business Indicator to discover how your organisation compares.