

Load shedding, internet connectivity slows down tech adoption in SA

Research shows nearly half of South African small businesses struggle with internet connectivity



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New research reveals South African small businesses aren't able to adopt cloud technology because of connectivity problems. The third annual State of Small Business report from accounting software firm Xero conducted in partnership with World Wide Worx (WWW) shows that over half (53%) of small businesses haven't adopted cloud technology yet, due to connectivity problems.

Over half (59%) said that scheduled power outages by the national supplier posed a significant challenge to their business. In addition, more than two fifths (43%) said that their internet connection was 'OK but not 100% reliable'.

Other challenges cited include new technologies entering the market (29%) and compatibility with customers (45%). The research represents the opinions of 400 South African small business owners and 200 South African accountants. Almost half (47%) said their staff were highly tech-literate, but more than two thirds (67%) don't allocate budget for training employees to use the software provided.

Colin Timmis, general country manager at Xero SA and professional accountant says,

“ Our most recent State of Small Business report gives a real insight into what it's like on the ground for small businesses in South Africa. In uncertain times like these, technology can provide stability. For example, cloud software can help overcome issues with connectivity. It helps to make your business more agile, meaning you can work from anywhere at any time. Being able to move when there are scheduled power cuts or patchy internet is crucial to keeping your business running. ”

Nearly all who had adopted cloud technology said that they noticed an increase in profit (98%) and an increase in efficiency (99%). More than half (51%) suggested that it had improved their ability to work anywhere, and a quarter (25%) said it had improved security.

In addition, nearly two fifths (38%) said their IT set up was ahead of the curve. Over half (56%) said they use basic automation, whether in operational or accounting tasks. A quarter (25%) said they were using Internet of Things (IoT) technology, followed by cloud computing (19%).

“It’s great that South Africa’s small businesses are seeing the benefits of adopting technology. But there will be a learning curve for anyone using new software and employees shouldn’t be expected to self-teach. Because people are more tech-savvy than they used to be, training normally only takes a few hours. It could make all the difference in getting return on investment on the technology that you buy”, said Timmis.

Further findings

Other key findings from the research reveal:

- Three quarters (79%) of small businesses claim that accounting software support is very important
- Three quarters (78%) of respondents use accounting software to manage financial records and over half (55%) are using desktop solutions.
- Only one fifth (22%) are using cloud accounting tools and nearly a quarter (23%) still do their books manually.
- Only a tiny proportion of respondents (0.25%) are using AI and machine learning.

View the full [2019 South African Small Business Report](#) (PDF file: 1.14MB)

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