



# The Business Impact of Covid-19 on UK mid-market Enterprises

In May 2020, V12 commissioned **Larato** to undertake a survey on the business impact of Covid-19, on UK mid-market enterprises. This e-book is a summary analysis of the results.

If you would like to know more, or receive the data behind this report, please contact **Charles Rickett** at [charles@v12.co.uk](mailto:charles@v12.co.uk) or visit our website [www.v12.co.uk](http://www.v12.co.uk)



# Business priorities have changed. Dramatically.

Our survey shows that business priorities have changed significantly from six months previously.

When asked what the **top 3 business priorities** were for the next 12 months, almost half the respondents cited the same three items:

## TOP 3 PRIORITIES



Pre-pandemic, these priorities did not include any reference to straightforward survival of a company. It did include concerns about protecting against skills shortages and staff retention. In 2019, cost reduction was at the top of the MD/CEO agenda, and is still a key consideration in 2020.

## OTHER HIGH PRIORITIES

**Increasing efficiency** (39%) was unsurprisingly high on the list of priorities, with **improving productivity**—increasing the organisation’s output against total cost—ranking alongside **managing increased demand** from customers (27%). This is very encouraging as it suggests that many of these companies have found successful new ways of doing business in a restricted environment. Indeed, it rated slightly above **increasing sales** (26%) and selling into new markets in terms of importance. **Compliance with regulations** was an unusual business focus from 22% of the sample, although with just 6 months until the UK leaves the EU, this may be more related to the possibility of a hard-Brexit than a Covid-19 consideration.



## WORKING FROM HOME

With over **70%** expecting up to half their workforce to be working from home for the next 12 months, respondents were asked how their organisation established homeworking when lockdown was enforced in the UK on March 23rd, **43%** said that extending homeworking facilities for everyone who needed them was relatively easy. **26%** already had some facilities in place, but struggled to find more, and almost **10%** had no homeworking facilities in place, and struggled to obtain them or had workers who sourced their own solutions.

# How did business respond to sudden workforce dispersal?

How businesses responded to the immediate dispersal of their workforce, will likely impact their future competitive capability.

We looked at how organisations sourced technology and about how new processes have developed and the impact of this new way of working.

While **43%** managed to extend homeworking facilities to the required volume, **30%** of respondents struggled to secure sufficient homeworking technology for their staff, due to the sudden high demand for equipment.

In terms of quality of service to customers, **4 in 10 were impacted** but managed to retain an acceptable level of service. However, 15% reported that their customer service was seriously impacted.

Those that reported no impact on customer service or operations, cite a key learning from the pandemic as being an improvement in operational capability. Inevitably this will make these organisations more competitive moving forward.

**Planning is everything.**



**15%**

reported that their customer service was seriously impacted



We expect to see a widening divide between companies that had a robust business continuity strategy in place and those which struggled. Key to continuity is the communications to facilitate collaborative working, and while our survey showed significant use of Microsoft Teams, many are starting to look beyond what Teams can deliver.



Many are starting to look beyond what Teams can deliver

With the threat of further waves of Covid-19, and the possibility of PSTN switch-off in less than 5 years, **IT professionals are looking for greater flexibility**. Many are looking at Direct Routing, with its powerful disaster recovery capabilities as well as enhanced security and very significant cost-savings.

Our survey tells us that **22%** of IT budgets for next year will increase, with a further **20%** saying that the increase will be more than 5% year on year. Most businesses are now seeing the advantages of the working in the cloud, it won't be long before many of them extend their entire unified communications structure there too.



**22%**

of IT budgets will increase in 2021



DIRECT ROUTING



## Direct Routing

- enhanced security
- significant cost-savings
- powerful disaster recovery capabilities

# Who are the technology winners?

Our survey investigated the collaborative working technologies companies were using before lockdown, and about which ones would be used over the longer term.



We found that the majority of respondents used more than one collaborative communications platform. **Microsoft Teams, Zoom and Slack** were the most popular, with **13%** using a bespoke Unified Comms solution. Under **5%** used an in-house solution.

Whilst Zoom was new to **58%** of the organisations we polled, Microsoft Teams is the technology that most companies (65%) expect to keep using going forward. There have been some well-publicised security issues with Zoom, but this has not deterred the majority of respondents from using it.



## CLEAR CHOICES EMERGE

Going forward, **16%** are planning to implement a Unified Comms solution, which could include **Microsoft Teams with Direct Routing**. This is a flexible solution for companies needing powerful disaster recovery capabilities as well as enhanced security. At lockdown, organisations using Teams with Direct Routing, could immediately add homeworkers to their system and carry on without interruption.

**Slack** was new to **14%** of the respondents we polled, with **25%** saying that they would use Slack through the lockdown period, but only 23% expecting that to continue long term.

12 months ago, we would have expected to see **Skype for Business** as one of the primary forms of communication, however with this no longer being supported by Microsoft, it hardly registers in our survey.

**Zoom** has experienced explosive growth in the past quarter, and while this platform has increased in popularity, it isn't the most widely used service for the workplace.

As this survey is for UK mid-market enterprises, a global survey might see more usage for **Cisco Webex** and **GoToMeeting**.



At lockdown, organisations using **Teams with Direct Routing** could immediately add homeworkers to their system and carry on without interruption



# And what about security?

Over half the respondents polled considered IT security as one of the most important concerns: indeed **38%** cited it as very important with regard to their IT systems.

With a dispersed workforce which was predominantly using residential broadband and domestic routers, over **66%** of those polled felt that the cyber threat across their organisation had increased after lockdown.

It's not just their own organisational security that poses a challenge; almost three quarters indicated that the Covid-19 pandemic had impacted their customers' concerns about cybersecurity and data protection. **30%** reported that their customers were much more concerned about these issues than in a pre-pandemic environment.



>**50%**

consider IT security as one of their most important concerns



Almost three quarters indicated that the Covid-19 pandemic had impacted their customers' concerns about cybersecurity and data protection

So, with security as a clear priority, we asked whether cybersecurity would be part of the decision-making process when buying information communications technology going forward: only **4%** said it was not part of the evaluation procedure.

With Microsoft Teams and Zoom being considered the technology winners in the short and medium term, and with Teams being considered more secure than other technologies, we looked at the reasons why an organisation would consider using or adopting Teams.

2% would not consider Teams at all; 7% had already deployed Teams across their organisation and out of the remainder almost a third are, or are planning to, implement it to take advantage of the wide range of security features it offers.

With homeworking becoming the new normal, over a quarter of our respondents nominated the powerful collaborative working tools that Teams can provide as a reason to adopt this technology.

Our survey concluded that security and business continuity are the overriding considerations when these enterprises are deploying technology. Indeed, many of V12's customers had already been using Teams at lockdown, and with the added benefit of Direct Routing, it enabled them to add homeworkers to their system and carry on without interruption to their business.



>**30%**

plan to implement Microsoft Teams to take advantage of its wide range of security features



# What has been learned?

## So, what have we learned overall from **V12's Covid-19 Business Impact Survey**?

At the time we commissioned the survey, many organisations were still struggling with the technology that could securely keep their businesses afloat; their staff were facing the daily challenge of juggling the domestic requirements of multiple home broadband users, and offices lay dormant yet frustratingly fully-equipped to operate multi-million pound enterprises. These were exceptional times.

One month later, with lockdown easing, most organisations that are still trading successfully will have found some form of equilibrium. For many, the idea of trading wholly online was unthinkable pre Covid-19, yet using a combination of staff ingenuity, customer loyalty and secure, flexible technology, some have managed to completely change their operational processes and business outcomes. There is no doubt that office space requirements have changed significantly since the beginning of the year. As vast amounts of corporate real estate lie unused, it seems inevitable that more businesses will reassess their commitments.



**Productivity from a locked-down workforce can increase dramatically**



The experiences of the last 3 months will have been an eye-opener for people who previously had doubts about the feasibility of remote working: productivity from a locked-down workforce has, in some cases, increased dramatically, with those able to work remotely embracing collaborative working technologies, such as Microsoft Teams.

## WHAT HAPPENS NEXT?

With further waves of the virus anticipated, how organisations keep their people physically and mentally safe, yet industrious, is the new challenge. There will still be a need for face-to-face meetings, team building, community and collaboration in the post-Covid world, so we anticipate an accelerated move towards agile working.



**Post Covid-19, the key to future success will be agility**

This will manifest itself in various ways, one of which will no-doubt be more home-working, but this won't be the whole story.

When asked what the single biggest business lesson our respondents had learned from the pandemic, over a third cited not needing as much office space in the future. Improving operational efficiency and productivity was the primary learning for 24% and 15% respectively. Outside these factors, 12% have discovered that they are heavily reliant on a specific market sector, or a small number of customers.

Without this pandemic many organisations might have not been forced to audit every facet of their business, and continued with outmoded business practises and systems. The biggest post-Covid-19 learning shows that the key to future success will be agility. Agility of workforce, operational agility and agility of IT and comms systems. Fixed systems are inflexible and will be replaced. In an uncertain future, there is clear recognition that if a business has learned how to perform better then it will be more competitive, and better able to take advantage of the very real opportunities that lie ahead.



**12%**

**are heavily reliant on a specific market sector or small number of customers**



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