SMB PRODUCTIVITY:
DRIVING VALUE THROUGH MODERNISATION

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Author: Kate Hanaghan
Email: khanaghan@techmarketview.com

Tech Market View
UK DEPTH GLOBAL TRENDS

CONTENTS

SMB Productivity Overview

SMB case study analysis

INTRODUCTION
SMB PRODUCTIVITY IS ESSENTIAL FOR THE UK

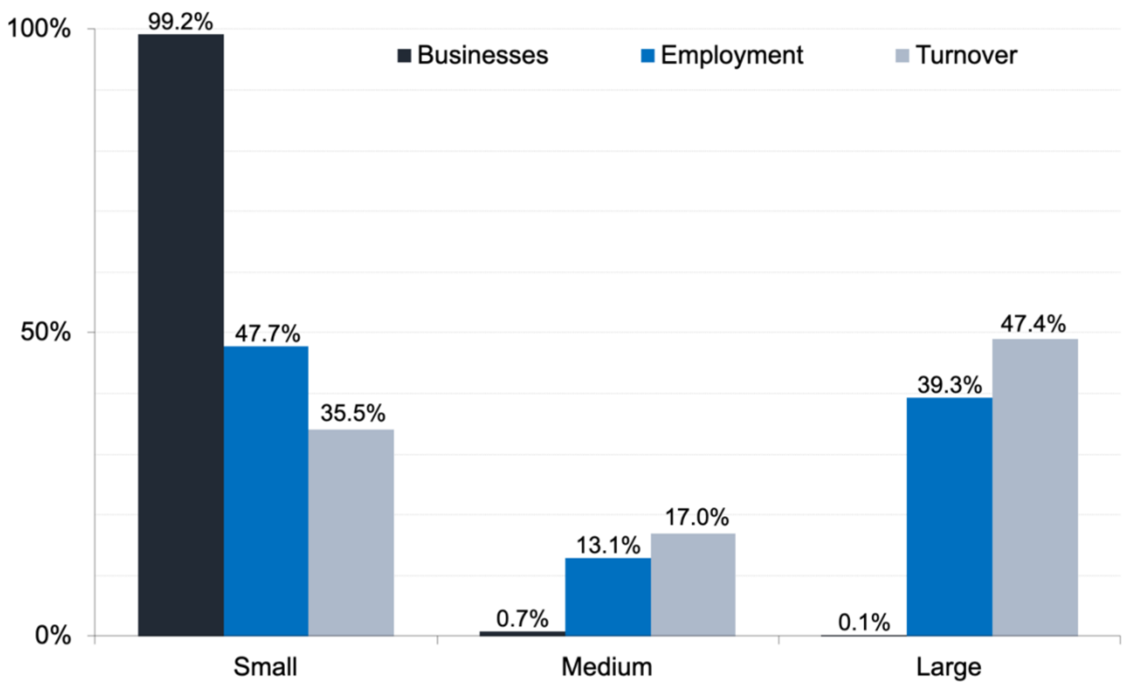
SMALL FIRMS ARE THE UK'S LIFEBLOOD

While we might get used to news headlines being dominated by the world's biggest brands, we must not forget the degree to which small and medium-sized firms are central to the UK's economic and societal well-being. They are both a major employer and a major contributor to revenue generated here (see Figure 1).

According to the Department for Business & Trade, there were 5.51 million small businesses (0-49 employees) in the UK at the start of 2023*. In addition, there were 36,900 medium-sized firms (50-249 employees), and 8,000 large firms (250+ employees). Since 2020, the total number of businesses in the UK's private sector has dipped from 6.0 million at the start of 2020 – prior to the COVID-19 pandemic and the UK's withdrawal from the EU – to 5.6 million at the start of 2023.

**2024 data will be available Oct-Nov 2024*

Figure 1. Contribution of different sized businesses to total population, employment, and turnover (start of 2023)



Source: Department for Business & Trade

However, as well as being concerned about the reducing number of businesses in the UK economy, we must also consider their level of productivity: is their contribution to the economy a fair reflection of the effort they are putting in?

DIFFICULTIES IN FULLY LEVERAGING TECHNOLOGY

Improving productivity is not straightforward, but a key contributor is technology investment. For many small firms, however, it is very difficult to leverage technology in the same way as their larger counterparts. SMBs don't often have the finances or resources (and specifically, a dedicated IT expert) to research and implement technologies that not only drive innovation, but also create resilience and productivity growth.

There is no shortage of research highlighting this challenge. For example, nearly half of small businesses say lack of technology innovation and digital transformation is impacting their growth and ability to recruit[1]. Similarly, research elsewhere[2] suggests that poor connectivity is causing small businesses to lose on average one hour of work per employee, per week. Compounding the challenges for SMBs is the fact that their size and lack of internal expertise typically makes it impractical to engage directly with the large tech vendors to access the benefits of 'buying big'.

PRODUCITIVITY GROWTH IS A PROBLEM IN FIRMS OF ALL SIZES

It is important to emphasise, however, that productivity growth is not just an issue for SMBs. TechMarketView's research theme in 2023 was Pursuing Productivity and it reflected the need amongst organisations of all sizes to improve productivity growth, with technology adoption a key lever. More broadly, productivity growth has been a major problem in the UK for more than a decade. Since the financial crisis of 2008, average annual growth in GDP has been 0.3%. That compares to an average of 2.0% over the previous five decades. Furthermore, the UK's productivity decline since 2008 has been twice as severe as other G7 countries.

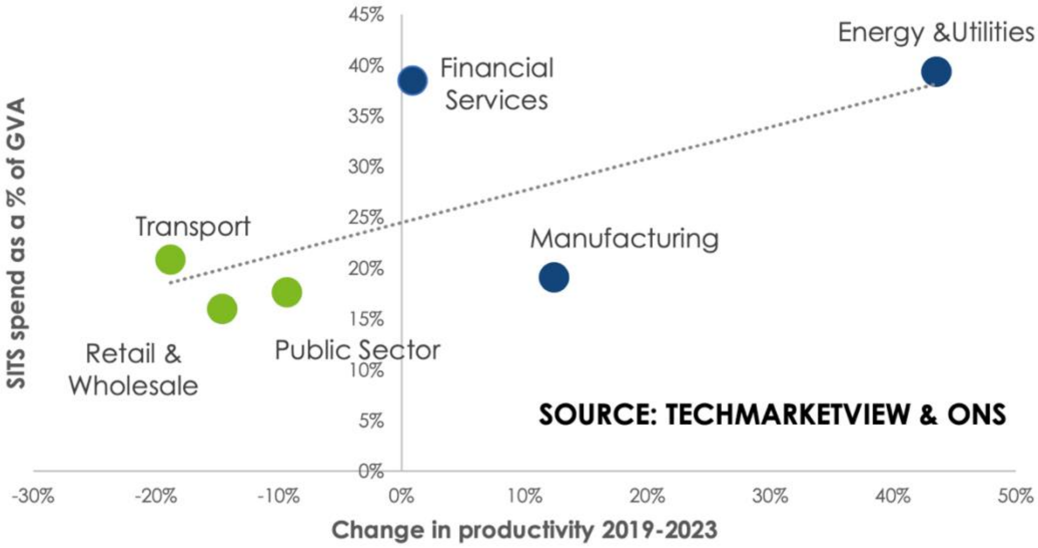
Notably, this stagnation in productivity growth has happened *despite* investment in tech contnuing to grow – and in particular as the massive shift to cloud has occurred. Indeed, in 2022, the UK Software and IT Services (SITS) market experienced its highest rate of growth for many years (+12.2% to almost £68bn) – although this eased in 2023. Furthermore, TechMarketView estimates that spend on digital products and services will expand from around half the market today to about two-thirds of market spend in 2026. As an illustration, Amazon Web Services is now the largest player in the UK SITS market and the cloud infrastructure market within which it operates grew around 33% in 2022. (TechMarketView will release confirmation of 2023 figures in June 2024.)

Figure 2 below shows the change in productivity in six sectors against TechMarketView's data on the relative spend on SITS in those sectors (as a proportion of the size of the sectors and represented by their Gross Value Added to the economy as a whole). The data runs 2019-2023.

[1] Gridfox

[2] Three UK in partnership with YouGov and Development Economics

Figure 2. Productivity Vs relative spend on Software & IT Services in selected sectors



Source: TechMarketView and ONS

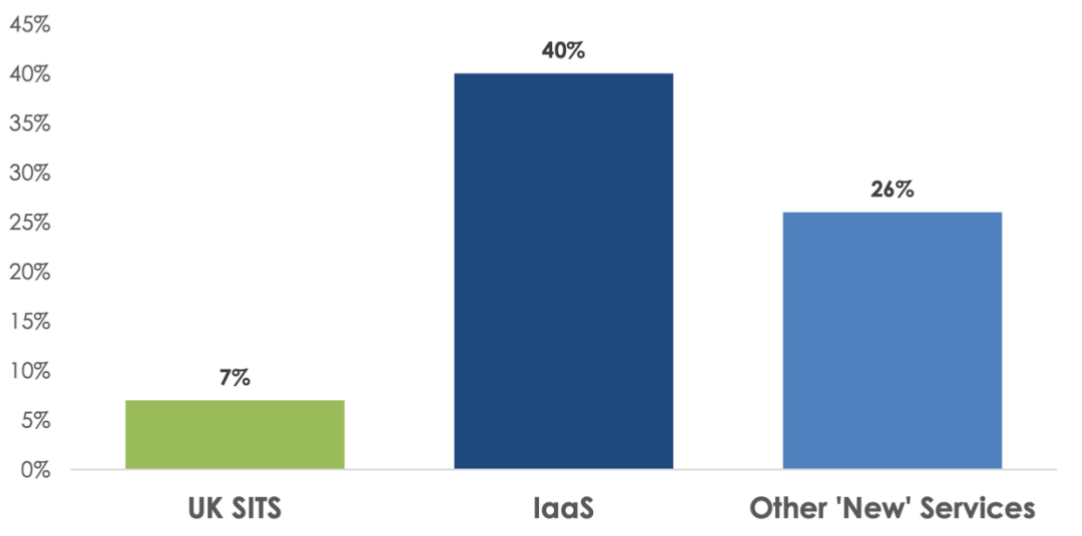
Certain sectors, such as Energy & Utilities, Financial Services and Manufacturing, have invested in technology (at between 15% and 40% of GVA) and have seen productivity improvements (although Financial Services already had relatively high productivity and has seen a smaller increase). However, other sectors, (Transport, Retail/Wholesale, and the Public Sector), have also invested (indeed at a similar % of GVA to the manufacturing sector) but have seen overall productivity drop during the same timeframe. The question must be asked, why has ongoing tech investment – and in particular the vast increase in cloud usage over the years – not translated into greater productivity for the UK?

UNDERINVESTMENT IN MAKING CLOUD 'WORK'

What the data above underlines is that simply rolling out technology is not enough on its own to fully maximise its benefits. The tech is just one aspect of a solution to increase productivity growth, and investments in other areas – such as people and processes – is also essential. Equally, the technology partner must have an in-depth view of exactly how technology investments will be leveraged to directly support business objectives.

However, market data illustrates that in recent years, investment in cloud in particular has been over-rotated to platform adoption. TechMarketView data shows that spend here (see IaaS in Figure 3 below) has far outpaced wider investments in Software & IT Services and other New (or digital-led) services – including services around cloud management. With productivity under close scrutiny, we are now in a phase where the ongoing management of cloud needs to be much more customised to individual client needs. Furthermore, large cloud investments have been made – by companies big and small – and there is now very much a need to "*sweat the assets*" and invest more in its management.

Figure 3. SITS Vs IAAS Vs SUPPORTING SERVICES (CAGR 2019-2022)



Source: TechMarketView

In 2023, we saw IT budgets come under increased pressure and the requirement to demonstrate a speedier return on investment. Cloud providers must ensure they take a broader view of what makes for a successful implementation, taking account of the customer's business needs/objectives and challenges. Time to Value and FinOps have been key themes in 2023, and while SMB organisations might have smaller and less complex estates than their larger counterparts, directly addressing value and cost optimisation is equally as crucial. Furthermore, these are all components that have the potential to drive productivity growth.

GETTING THE WORKPLACE OUT OF LIMBO

Like large corporates, SMBs are still in the throes of settling upon workplace policies and culture post-COVID. We hear conflicting feedback from organisations, some of whom have implemented remote-first policies at one end of the spectrum, and others who believe the office is the best place for everyone to work full time at the other. The balance of power in the "*return to office*" was very much in the hands of employees a year or so ago, but that has shifted and we're now seeing many organisations across all sectors calling time on full-time remote working.

Supporting a home-based workforce (regardless of how many days a week that turns out to be) has led to many SMB organisations to adopt a mix of supporting technologies. However, what some are now left with is a collection of tech that has grown organically rather than strategically. From cloud to comms and security to network (covering a variety of commercial models and providers), this growing collection of tech needs to be managed by suppliers that are experts across the piece. This – along with the need for organisations to be guided on the cultural implications and change management – is a good argument for using one prime supplier.

THE CHANNEL'S CRUCIAL ROLE FOR SMBS

It has always been difficult for small and medium sized organisations to engage directly with large technology vendors. A direct partnership between the two can be highly impractical given the large number of SMBs in the market, the size of their budgets (relatively small), and the business/go to market model of the large vendors. The channel (an ecosystem of that enables the supply of products and services from large vendors via distributors and resellers to buyer) has therefore become that essential piece of the jigsaw in the tech supplier landscape.

One of the key themes to come out of the following SMB cases studies was the ability of channel partners to act as a prime supplier (and a trusted advisor in certain cases) to both create value and increase productivity. While most of the SMBs are actually spending more now (typically on cloud) than they were previously (on legacy on-premise systems), the value generated more than justifies that investment, in their view. That value can be measured in various ways but include examples such as a step-change in business resilience, more reliable core applications, or an increase in staff collaboration and productivity. The nature of the SMB and channel (VAR and MSP) relationships we have assessed suggests that these partnerships are achieving what many larger firms can only dream of. And at the heart of this success are very committed, often regionally based, channel players that have a close understanding of their customers' problems and who are typically SMBs themselves.

The following case studies show that the high-quality relationships that have been forged between UK resellers/MSPs and their SMB customers have positively impacted productivity. The basis for this has been how well the firms have worked together and the level of understanding between them.

SMB PRODUCTIVITY CASES STUDIES
DRIVING VALUE THROUGH MODERNISATION

For this report, TechMarketView conducted research interviews with five UK SMBs – all of which work with relatively small IT providers – to understand more about the impact of their recent tech investments. Those firms that took part were National Timber (working with Excenta), McDermotts (working with Croft Communications), Ascot (working with inTEC), Franklins Solicitors (working with Digital Origin), and DWA (working with KSM Telecom).

COMMON THREADS

The SMBs that took part in this research are all from different sectors and vary in size. However, there are some common threads that link them in terms of how they buy and use technology:

- All have made relatively recent significant tech investments (i.e., over the past three years), which have helped to modernise the business to a large degree. This has involved moving to the cloud and retiring on-site or legacy kit (to varying degrees).
- This advancement in tech has led to notable improvements in efficiency, productivity, and resilience. Staff can do their jobs in a more efficient and flexible manner thanks to improved uptime for key applications (everything from email to specialist industry apps). The businesses are on the whole more resilient and certain day-to-day processes have been automated to speed up critical activities.
- These investments were a large financial commitment, and the buying decisions were not taken lightly. In some cases, the outlay was initially considered "expensive", but ultimately deemed to be good value. However, we do believe there could be a 'tipping point' when monthly subscriptions to cloud services start to be perceived as being too high. (Note: All the firms we spoke to felt comfortable with current levels.)
- Key to achieving improvements was both the type of supplier the SMB worked with and the way in which the firms worked together. All the IT/connectivity providers in this report are also relatively small-scale and have spent time getting to know the customer organisation and tailoring the products and services to support business objectives. It would simply not be practical for a large tech vendor to provide this level of service to an SMB.
- The tech providers in this report are all SMBs themselves, and when SMBs work with SMBs, the whole local economy benefits. Furthermore, if local SMBs – such as legal and construction firms – can sufficiently digitise, this improves the range and quality of services they are able to provide, which in turn also benefits the local community.
- Not all SMBs have the resource or expertise (and perhaps confidence) to identify or down-select the most appropriate tech providers. This means they miss out on the advantages (and cost benefits) some of their peers may be gaining through successful tech adoption and supplier partnering. Notably, however, with the involvement of the right VAR/MSP, it is possible to undertake substantial IT modernisation without an internal IT Director.

Many SMBs will choose not to take a bold step forward in terms of tech investment (if cashflow does not allow it or if the outcomes are not fully understood, for example). This means they risk being excluded from the benefits of digital progression. Similarly, if the VAR/MSP partner is too product-focused (and not able to understand/articulate the organisational benefits or fully maximise the customer's investment), the outcomes might not be fully leveraged. Furthermore, if an SMB is not already starting to lay effective digital foundations (e.g., cloud, modern connectivity), additional emerging tech will remain out of reach down the line. The key takeaway for SMBs, therefore, is that success in digital progression is very closely tied to the ability to identify the best channel partner. Unlocking productivity gains and 'moving with the times' is essential for long-term success.

NATIONAL TIMBER GROUP

COMPANY OVERVIEW

Sheffield-headquartered **National Timber Group** is the largest independent timber distribution and processing group in the UK. Serving a diverse customer base including joiners, housebuilders, and contractors, and is a favoured supplier of large-scale infrastructure projects. See more here: National Timber Group.

OWNERSHIP

National Timber Group is owned by Cairngorm Capital, a specialist Private Equity firm providing investment capital, strategic guidance, and sector expertise. It invests in profitable companies that have the potential for transformational growth and has a particular track record in family and founder-owned businesses. Most of its investments are UK headquartered. It has backed NTG for approximately five years, meaning that we could expect it to exit any time over the coming couple of years.

STRATEGIC IMPERATIVES

Cairngorm's strategy was to create a UK consolidator in a fragmented market and a scalable platform for continued organic and acquisitive growth. Under the ownership of Cairngorm, NTG has undertaken numerous acquisitions, including several in quick succession: Thornbridge (2017), NYTimber (Feb.2018), Rembrand (June 2018), and Arnold Laver (Nov. 2018). The Group has also pursued other M&A activities with smaller entities. The strategy also includes plans to drive margin growth through optimising pricing, invest in the manufacturing base to increase capacity and operational efficiency, and enhance the digital proposition for trade customers.

SIZE

Following the series of acquisitions, NTG now has over 60 branches and processing sites across the UK, revenues of c.£350m, and over 1,400 employees.

"Excenta walked the rough road with us."
Mike Kenyon, Group CIO, National Timber Group

IT DECISION MAKER

Mike Kenyon, Group CIO, came into the Group on the back of the Arnold Laver acquisition. He oversees an internal team of 12 and sits on the Executive team, alongside other leaders including the CEO (Scott Cairns) and CFO (Richard Myatt). The large undertakings overseen by Kenyon and Excenta have run relatively smoothly, and we wouldn't be surprised if some in the Group have underestimated the level of complexity involved/what has been achieved.

IT PROVIDER: Excenta

Ely-headquartered Excenta has operated in its current form since 2018. The firm specialises in the provision of services around merchant software applications and Microsoft Azure Cloud Solutions. Kenyon was not in position when the initial contract with Excenta was signed. Furthermore, although Excenta was a long-term provider, there were no assumptions it would automatically retain its contract as Cairngorm moved forward with its investments/transformation. However, Excenta has since more than proved its value.

What stands out are two very important qualities demonstrated by the company. Firstly, its intimate knowledge of the NTG business – not least around its ERP apps/usage, which proved critical as the Azure platform was architected. It is this position that sets Excenta apart and it something NTG simply wouldn't be able to buy in from another supplier. Secondly, Excenta has supported NTG and Kenyon's team through some very challenging times. According to Kenyon, Excenta "*came on a journey with us and really proved themselves*".

Excenta is a much smaller firm than NTG, and some might argue that for the type of IT services it is providing, that could present issues around resiliency for the Group. However, looking at the situation in the round, this concern is more than counter-balanced by the depth of knowledge Excenta holds on NTG. Furthermore, there have never been any issues around resourcing the services.

As one of its largest customers, Excenta goes out of its way to deliver value to NTG. Kenyon says the relationship is not run like a "*chess tournament clock*", whereby every single interaction 'notched up' is charged for. Kenyon feels he pays a fair price and that Excenta also does well from the relationship. He describes the quality of delivery of services at "*exemplary*" and the staff "*brilliant*".

"We are the epitome of a cloud-led company."
Mike Kenyon, Group CIO, National Timber Group

CLOUD TRANSFORMATION

Excenta has enabled the transformation of NTG's core technology. Over a period of around four years, NTG has consolidated multiple ERP systems and migrated its core technology onto an Azure cloud platform created and managed by Excenta. This has transformed not only the Group's productivity, but its ability to continue to acquire and grow. The Azure platform was already running inside Arnold Laver when it was acquired in 2018, and although there was extension M&A activity around this time, NTG took its time to evaluate the platform.

Over time - and as it became apparent that the cloud platform was incredibly powerful and reliable - an increasing number of apps were migrated onto it, until 100% of what NTG does is now in the cloud. That includes three ERP systems, CRM, finance, a data warehouse, and payroll. In other words, as the Group expanded through acquisition and became more complex, 'heavy lifting' by Kenyon and Excenta saw the IT become more modern, more reliable, and more effective. That in turn has transformed the day to day running of the Group, the way staff are able to work, and levels of productivity.

SUPPLIER ECOSYSTEM & BUDGET

It is crucial to Kenyon that he maintains long term relationships with his suppliers; he does not want to be swapping partners in and out with regularity. NTG has developed a small ecosystem of key suppliers in addition to Excenta - for example, a development house. Kenyon says this ecosystem provides NTG with the full range of services it requires and, crucially, good value for money. The IT budget increased to support the uptick in project activities during the intense period of acquisition integration. Now in a steadier period of investment, the nature of budget spend has also evolved with a shift to Software-as-a-Service and a more consistent ‘drip feed’ month by month.

Despite being around one hundred times the size of the smallest firm in this report, NTG is still very much dependent on the channel to do business with Microsoft – not least with regards to the purchase of licences. Indeed, this is where Kenyon feels more could be done to increase the value its channel partners provide, helping it to counter the “expensive and complicated” Microsoft licensing structure.

IMPROVED PRODUCTIVITY

National Timber Group’s technology landscape has transformed in parallel with the business itself. The primary gain has been the creation of appropriate digital foundations that both modernise the business and provide flexibility for further corporate activity. Productivity has been improved in a variety of ways, but most notably in two aspects. Firstly, by moving all core apps to one cloud platform, Kenyon has more control over a much more centralised core IT. NTG now has a very scalable and robust set of systems, with nothing on-prem. Obvious improvements include email not having gone down for three years (it used to be much more often) and branch downtime becoming unheard of.

Related to this, there has been a productivity improvement on the people front – in two ways. Firstly, with the applications centralised onto a common platform, the (interconnecting) systems are much more reliable. A variety of best of breed apps are now linked together (e.g., the e-commerce site with the ERP systems) so staff can get to the data they need more easily, and with much more reliability.

Secondly, with the core apps in the cloud, these can be accessed from any location – supporting hybrid working and enabling a geographically split workforce to collaborate more effectively. Crucially, NTG was already cloud-based as COVID hit, meaning it was one of the fortunate organisations able to simply ‘turn the knob down’ on the cloud servers when the world went quiet during the lockdowns.

As the Group expanded through acquisition and became more complex, ‘heavy lifting’ by Kenyon and Excenta saw the IT become more modern, more reliable, and more effective.

While Kenyon is delighted with the Excenta relationship and how it has enabled the creation of the digital foundations of NTG, he has raised concerns with the channel model and the inflexibility of the Microsoft licensing arrangements. He claims that the rigidity of the commercials can in fact be “*bad for productivity*”.

WHAT'S NEXT?

Following a very busy period of acquisition, NTG is now coming to the end of a period of consolidation and is now able to start leveraging its position. Any further acquisitions will be much easier to undertake and can be 'slotted in' from a technology platform perspective.

The economic climate has proved challenging for the construction/timber sector, which is breeding caution in terms of spend – including technology spend. On the upside, this will give Kenyon and team the opportunity to do some 'tidying', which will set the Group up nicely for when things get busy again.

Azure has not only improved productivity for NTG, but it has created the foundations for the adoption of additional technologies to accelerate productivity further. For example, the Group is working with a supplier in its ecosystem to bring increased automation into financial processing. Kenyon emphasises that this would have been impossible when the systems were based on-prem underlining that it really is a case of productivity breeds productivity.

MCDERMOTTS

COMPANY OVERVIEW

Birmingham-headquartered **McDermotts** provides groundworks that typically span from below the ground up to building fabrics (infrastructure, RC works, frames). It serves trade customers operating in the civils, commercial, and residential housing segments, as well as other construction contractors. It is also a supplier to large-scale infrastructure projects. See more here: **McDermotts.**

OWNERSHIP

Founded by family members in 1994, the McDermott family still act as Company Directors.

STRATEGIC IMPERATIVES

McDermotts has invested heavily and broadly in technology (i.e., in IT and beyond) and considers itself to be ahead of the curve versus its peers. For example, the introduction of CAD-controlled topographic machinery, which informs groundwork engineers/crew of excavation levels. As a player in the SMB market, this type of technology and level of investment is not commonplace. McDermotts has made a strategic decision to not stray from its target market and therefore does not compete against large players such as Bowmer + Kirkland Group and Balfour Beatty. However, it does partner with the large construction players. Improving the user experience and increasing productivity are key threads in its ongoing approach to IT investment.

"Croft has helped us realise the power of automation."
Dean O'Donnell, IT Director, McDermotts

SIZE

McDermotts has c.250 employees, of which c.100 are directly employed with the company. The remainder are subcontracted due to the nature of the roles/industry. The most recently published financial report (the year to end October 2022) showed the firm had revenue of £53.9m.

IT DECISION MAKER

Dean O'Donnell became the company's first IT Director four years ago. An estimator by trade, O'Donnell (who previously had a tech background) moved into the tech leader role as the firm acknowledged the need for a dedicated professional to drive forward its ambitions.

IT PROVIDER: Croft Communications

Hertford-headquartered Croft operates across the SMB and larger corporate space, and in the public sector. Its customers include household names such as **Hilton Hotels**, **Amnesty International**, **smith&nephew**, and **Nasdaq**.

Croft has enabled McDermotts' to transform the mobile working experience for its staff and to unleash the power of automation across a variety of processes. After initial discussions in 2019, and a final decision in Summer 2020, Croft migrated McDermotts to Microsoft Azure and Office 365. Existing on-premise servers were coming to the end of a five-year lifecycle, and McDermotts had already pushed out a move to cloud by extending the warranties on the kit. The concept of moving to the cloud was a "*strange*" one for McDermotts to take on given the nature of its business is so physical. "*We're the type of company that likes to see things*," says O'Donnell. However, there was clear acknowledgement that the firm would have to "*evolve or die*".

The starting point was to deliver core apps from the cloud platform (e.g., SharePoint and Office 365). Much time was spent on taxonomy to "*ensure SharePoint made sense*".

"End users have been very grateful of the improvements to the ability to access information and data while in the field."
Dean O'Donnell, IT Director, McDermotts

O'Donnell and Croft then started to assess Microsoft Power Platform and how it could be used to make the firm's processes more efficient. A simple example was the holiday request form whereby what had been a four-part manual process became an automated workflow. Many more workflows have been put in place, and now O'Donnell is looking to help HR further by putting in place workflows around new joiners, for example.

McDermotts now only has one small on-premise server (at a site in Aston) for local admin and printer drivers. Everything else, has been moved to Azure by Croft. Dean is also now looking at how Power BI can be applied to bring intelligence into financial reporting – bringing visualisation and interaction to what has historically been a very static app.

Croft is going through something of a transformation itself. Following an MBO in November 2019, the Croft brand was born, and a buy-and-build strategy launched to grow its customer base. The original contract with McDermotts was with **Kiwi IT**, which was acquired by Croft in February of this year.

SUPPLIER ECOSYSTEM & BUDGET

Beyond Croft, McDermotts works with a collection of specialist technology providers who can serve its specific needs as a construction firm. For example, **Kick ICT**, which provides Dynamics Business Central software – a business management and ERP solution for SMBs. It is customised for the construction industry, for example tracking the purchase of materials. McDermotts also uses a biometric firm for its mobile app, Field View for quality control, and estimating software from **The Access Group** (via its acquisition of **ConQuest**).

In the past few years, the biggest "*budget splurge*" has been licence fees. In moving from on-prem servers to cloud, not only has the nature of spend changed from annual to a monthly licensing model, but overall costs have increased. As many organisations are finding, with more and more features being added to the monthly menu, so the costs are creeping up. Within the past couple of years, there has been a need to replace aging equipment – notably laptops used in the field – which has contributed to a double-digit increase in the total IT budget.

"Now things are more automated and talking to one another, it means we can work smarter not harder."
Dean O'Donnell, IT Director, McDermotts

PURSUING PRODUCTIVITY: SMARTER MOBILE WORKING

Staff working in the field had been using an on-prem servers, remote desktops, and 3G/4G dongles to dial into central systems. However, remote desktops can be volatile and project managers/contract managers in particular were struggling with stable access to centrally stored data and drawings, some of which include graphical images that need to be manipulated. Users were craving a remote desktop and an office desktop that looked the same wherever they work.

As a company, Croft has given much greater mobility to McDermotts. "*People are now not restricted, and access is a lot easier; it just doesn't matter where they are. Advancements in 4G/5G and a browser-based experience have given us some great advancements*," says O'Donnell.

WHAT'S NEXT?

McDermott's has just closed its financial year and its strategy for 2024 is currently being finalised. Key aspects include examining which improvements can be made to central business functions. For example, ascertaining which improvements could be made to further increase the productivity of HR processes. More broadly, the ultimate aim is to have all platforms and software communicating much better with one another and to introduce APIs that help the company to do fewer things manually. Not surprisingly, security and data management also feature highly, particularly considering the firm's ultimate aim to become ISO 27001 certified.

ASCOT SERVICES

COMPANY OVERVIEW

Founded in 2003, Manchester-headquartered Ascot Services is a facilities management and construction company. It is currently evolving in ways that will both broaden its offerings and substantially increase staff numbers. Customers include **Direct Line Group**, **Genting UK**, **Bromley Council**, **SPS**, **Shell**, and **Trinity Housing**. See more here: [Ascot Services.]

OWNERSHIP

Company Directors (Mr S. Ashurst and Mr J.L. Cunliffe)

STRATEGIC IMPERATIVES

Ascot's strategy will see it continue to broaden the range of services it provides. The firm started out in groundwork and construction, evolved to provide facilities management, has now moved into total facilities management. From the start of 2024, the range of offerings will expand (when it TUPEs staff over from another supplier) to include services such as cleaning, security, and concierge services. Other services are evolving more organically, such as energy reporting for ESG purposes, which has implications for how its own IT systems develop. As well as having many more staff to manage, some of those staff will need access to IT systems and devices. However, Ascot's investments in moving to the cloud will help not hinder the increased scale and growing range of customer requirements.

SIZE

Ascot currently has c.100 staff. However, come January this will double when it brings in the new staff through TUPE. Latest filings show that Ascot achieved turnover of £13.3m in the year to the end of May 2022.

IT DECISION MAKER

IT decisions are the responsibility of the company's Compliance Manager, Ashurst, along with input from the Board of Directors. The business is of the view that it makes most sense to put Information Technology alongside the management of systems, processes, and accreditations. This combined approach also helps to ensure Business Continuity.

Ashurst acts as the conduit between the company's tech suppliers and its Board members, explaining how IT is supporting business objectives and what further opportunities there might be in adopting new technologies.

IT PROVIDER: **inTEC Business**

For some time, Ascot had been working with a small, two-man IT provider. Servers were on-premise and systems tended to run slow when stress tested. Switching to inTEC proved to be a step change in how technology is managed at Ascot, and a reflection of the firm's evolving needs. The change in suppliers was in part prompted by a growing concern around Business Continuity and the need to create more resilient systems.

Additionally, moving to a larger supplier has helped to improve end user support and the quality of experience for staff members. There was previously no 24/7 IT Support – something that was at odds with Ascot's own need to provide an 'around the clock' service to its customers. One of the primary improvements for staff has been the speed with which tech issues are now managed and resolved following the introduction of a dedicated IT Helpdesk, through Intec. Around 80% of problems (whether with central systems or issues experienced by individual users) are addressed within a couple of hours. Furthermore, recurring problems are analysed, and proactive solutions tabled at the quarterly meetings between Ascot and the inTEC account team.

"They've met our needs … and some were needs we didn't know we had – particularly around cyber security."
Andrea Ashurst, Head of Compliance

Those meetings have a further purpose. In the three years since inTEC has been the prime IT provider, Ascot has been able to explore more options for tech innovation. Ashurst says inTEC has been proactive in this regard, which is especially helpful in her role where technology is not her only responsibility. Being able to effectively communicate with business decision makers around organisational objectives is still something we see many IT services firms failing to do. However, inTEC is enabling Ascot's progression not just in the day-to-day management of IT systems and users, but in the implementation of new technologies and the increase of innovation in the business. The nature of the relationship between Ascot and inTEC and the quality of communication has been critical to all of this.

"It was inTEC's suggestion that we move to Office 365. I don't know how we ever managed before."
Andrea Ashurst, Head of Compliance

MODERNISING IN THE CLOUD

inTEC has transformed Ascot Services' IT provision by moving core applications into the cloud. The Building Management Systems, which are core to enabling Ascot to look after customers' properties, and its financial management app, Sage, are now both in the cloud. Additionally, the move to Teams has been "a big step forward" and has changed the way of work for staff by enabling both flexibility and much greater collaboration. Although many people are now back in the office post-COVID, some people are still hybrid working and the resources that Microsoft Teams provides ensure both ways of working are feasible. Partnering with inTEC gives Ascot both peace of mind and a clear view of IT spend. Although the costings originally put forward when it first engaged with inTEC "*felt expensive*", the facilities management company ultimately concluded that the investment would provide value and improve productivity.

Ascot now has Cyber Essentials Plus, which is an important step given its work with customers who require a high level of IT security. Combined with the peace of mind around Business Continuity, inTEC is helping Ashurst to worry less about its day-to-day safety.

SUPPLIER ECOSYSTEM & BUDGET

inTEC is Ascot's primary provider of tech and IT services and very much a trusted advisor. The pair have developed a good rapport over the past few years, with Ashurst very happy with the way inTEC is able to speak in business terms and introduce technology innovation at an appropriate pace.

Ascot pays a set monthly fee, which only tends to tick up when more licences are required or if a specific project is undertaken. This oversight is crucial as it not only gives Ashurst visibility, but it also means IT does not dominate her time on an ongoing basis. Although there will be a step change in the number of staff and breadth services provided in 2024, Ashurst does not believe Ascot's technology requirements and budget will shoot up in the near term. There are therefore currently no plans to bring on a full time IT Director.

IMPROVED PRODUCTIVITY

inTEC has helped Ascot to mature on the technology front, modernising the way of work for staff and enabling a more flexible and resilient approach. Staff uptime has improved as problems are dealt with in a more process-driven manner and recurring problems dealt with.

Ascot's previous IT provider was quite a different experience. The facilities management company had become used to the approach taken, which in reality it had outgrown. Staff, however, were accustomed to not having a dedicated IT service desk and were reasonably accepting of recurring problems. Indeed, there was some push back and some complaints about the change initially.

Now Ascot is in the cloud, it's open to doing more. For example, inTEC will be helping it to automate and analyse company data, to ascertain how staff can be used more effectively. Ashurst says this is something that would not have been under consideration if it weren't for inTEC.

WHAT'S NEXT?

Of critical importance to Ascot will be the large increase in staff numbers (at the beginning of 2024) and the corresponding need for access to systems and devices. Doing that with inTEC is going to more straightforward than it might have been previously. In tandem, we expect to see Ascot steadily adopt technologies that are relatively innovative for the firm. For example, Ascot is looking at how Power BI can be applied to help with financial reporting, and how newer offerings such as Microsoft Copilot and process automation might be applied down the line.

"Pushing forward on technology innovation is key for us and inTEC are a vital part of this."
Andrea Ashurst, Head of Compliance

Like many others, Ascot is committed to the Net Zero movement and, as well as setting and working towards carbon reduction targets for itself, also provides decarbonisation and energy management solutions to its clients. By monitoring and analysing clients' energy usage, Ascot can provide support and implement carbon reduction solutions to assist with environmental targets and energy cost savings. Robust, reliable, and secure systems, along with efficient data analytics software, is at the heart of this service.

FRANKLINS SOLICITORS

COMPANY OVERVIEW

Milton Keynes and Northampton-based Franklins Solicitors provides a range of services to businesses and individuals – typically in the areas local to its offices. Services for businesses include commercial property, intellectual property, and employment law. Services for individuals include wills, trusts and estate planning, conveyancing, and family law.

Franklins has an interesting technology past. Under prior Equity Partners, the firm had its own tech development team, which created a matter-management solution for law firms. In 2011, this was spun-off as FWBS and sold to Elite, a Thomson Reuters firm. Known today as MatterSphere, the app is a client management system that gives law firms (and other professional services firms) a single view of their day-to-day activities. Elite (which has a suite of solutions alongside MatterSphere: 3E, ProLaw, and eBillingHub) was this year sold to TPG. Franklins still uses MatterSphere (as a paying customer) for core day-to-day activities. See more here: ***Franklins Solicitors.***

OWNERSHIP

Franklins is an LLP, founded c.40 years ago and based in central Milton Keynes and Northampton.

STRATEGIC IMPERATIVES

Franklins' growth strategy is to increase the top line through expansion of certain services. The objective is to increase legal services outside of property – which currently accounts for almost half of revenue – into business services (including corporate, commercial, employment, IT, dispute resolution) and amongst individual clients. It does not plan to expand outside of its 'home turf' in Milton Keynes and Northampton, where it has built a strong reputation over some 40 years. The firm is planning for organic growth but is not ruling out an acquisition. Franklins has ascertained that no major tech investments will be required to facilitate its planned growth.

Another key activity next year will be the relocation of the Milton Keynes office, which has implications for some onsite tech, including telephones. Franklins plans to stay in the Milton Keynes area where it has built a good reputation locally. However, a key challenge is finding suitable accommodation for a reasonable price. New offices premises will not only enable the expansion of the team into those strategically important growth areas, but also create a better employee experience with staff members transferring from multiple floors into one location.

SIZE

Franklins has over 100 staff, led by four Equity Partners. It has turnover of c.£8m.

IT DECISION MAKER

Simon Bannister is Associate Partner and Head of IT at the firm. He oversees the relationship with their managed service IT provider, Digital Origin, and has one internal member of IT staff that reports into him. Bannister's focus is on providing reliable and efficient technology solutions to support the firm's strategies. Maintaining a secure and user-friendly IT environment whilst overseeing the day-to-day support of the software and devices used by staff, maintaining the network, phone system, vulnerability patching and the one-off projects that come in as Franklins continues to grow (e.g., the office move).

IT PROVIDER: Digital Origin

Northamptonshire-headquartered, Digital Origin, provides a range of IT, connectivity, telephony, and mobile services delivered as "Connectivity as a Service". The firm was brought in to address a series of requirements first identified by Bannister during a programme of review in the early part of the COVID pandemic. For example, some tech was outside of its warranty period/support, backups were still undertaken via tapes, and certain systems were identified as potentially creating cyber vulnerabilities for the firm. Digital Origin is now the main IT provider to Franklins with the relationship beginning in 2020, replacing several existing providers.

Digital Origin has modernised, and built resiliency into, Franklins' IT. In particular, the IT provider has replaced certain on-premise servers, addressing the vulnerabilities these were creating. Backups were shifted to the cloud, staff were moved to Office 365, and – importantly – the firm was able to transfer to the latest version of the MatterSphere app. MFA was introduced, adding another layer of security reducing the risk of cyber vulnerabilities. Through completion of these projects Franklins successfully achieved the Cyber Essentials Plus accreditation in 2022. Reaccreditation was awarded in 2023.

"We've done a lot from a systems point of view, with Digital Origin enabling us to increase the resilience of the business and complete activities more quickly."
Simon Bannister, Head of IT

SUPPLIER ECOSYSTEM & BUDGET

Franklins allocates the lion's share of its budget to Digital Origin, which takes responsibility for managing the key aspects of the firm's tech. It does not run the entire estate as Franklins is keen to retain a certain amount of control – overseen by Bannister. There are several other specialist technology providers that work with the law firm, including a separate supplier for printers and the HR system, which has recently received some targeted investment.

MatterSphere is essential to the day-to-day operations at Franklins. However, Bannister is currently researching whether there are better alternatives to the app, which the firm has chosen to keep on-prem and does not yet access via the cloud. The database back-end is housed in one of the offices with copies on other sites for resilience. It's possible that in time Franklins will consider moving this core app to another provider. What is clear for the moment, however, is that it does not want a cloud-based product.

PURSUING PRODUCTIVITY: A MORE RESILIENT, MORE EFFICIENT IT LANDSCAPE

Bringing in Digital Origin as a primary tech provider was a significant step for Franklins. The legal firm now has a much more resilient and modern tech landscape, with a variety of weak points (including security vulnerabilities and business continuity) now tackled. Critically, in moving from older servers, the firm has been able to upgrade to the newest version of MatterSphere, the lifeblood of its company. Fee earning staff have access to the app remotely via VPN. Bannister says the business is definitively more resilient, with many of the projects it has undertaken with Digital Origin making tasks much quicker.

"Through a combination of retiring old servers and updating our apps, Digital Origin has speeded things up for us dramatically. The bigger picture is that this has helped to improve the employee experience."
Simon Bannister, Head of IT, Franklins

Critically, getting the work done to modernise the kit and services, gives Franklins more options about where it goes next. With these new foundations in place, it can offer the best possible support to its growth/expansion and start lining up the possibility of other new services in time.

WHAT'S NEXT?

During the period that Franklins developed the MatterSphere product (before its sale to Elite), the firm's tech capability and maturity would have put it amongst the leading players in the legal sector. However, following the sale of the product, the focus on tech was scaled back. Bringing Digital Origin onboard has enabled the firm 'get its tech house back in order'. With more resilient systems, the use of cloud, and the more efficient running of apps, Bannister can shift his attention in 2024 back to the development side, looking at how the client journey/processes can be improved, for example.

It is also in the very early stages of considering how AI might be used to support staff. However, like other law firms it faces a daunting array of possible products and use cases, and no compelling reason (right now) to add another item to its monthly tech costs. For the time being, what remains important is having ultimate control of access to applications - and therefore a preference for keeping core aspects of the tech landscape (i.e., MatterSphere) on premise.

"We've only had very minor issues with Digital Origin, which were actually part of the initial learning process. We are currently not even looking elsewhere as the contract comes up for renewal."
Simon Bannister, Head of IT, Franklins

DWA CLAIMS

COMPANY OVERVIEW

Hampshire-headquartered **DWA Claims** provides replacement vehicles to professional drivers, namely taxis drivers and driving instructors. The firm manages the claims process with the insurance company and has its own fleet of replacement cars. See more here: **DWA Claims.**

OWNERSHIP

DWA Claims is a family-owned business. The day-to-day running of the company is overseen by Ashley Potter, with other family members in finance and operations roles. The business has been operating since 2010 when it was launched via the acquisition of the assets of another firm.

STRATEGIC IMPERATIVES

DWA is operating in a niche market where there are less than ten players in the UK. It is imperative it delivers an efficient service to enable professional drivers to get back on the road as soon as possible. Furthermore, as a small firm, the downtime of just one staff member could create a substantial knock-on effect for the business. While the transition to becoming digital-based has been an important strategic move, the firm still has to operate in a paper-based world – particularly when dealing with local councils who need physical insurance documents, for example.

SIZE

Since its formation in 2010, DWA Claims has grown from 5-6 staff and 40-50 vehicles to almost 30 staff and 200 vehicles in its fleet. Revenues have recently returned to pre-COVID levels of c.£3.5m.

IT DECISION MAKER

DWA Claims is too small to have a dedicated IT director. Instead, and like many companies of its size, one of the Company Directors is the 'point man' – and this is Ashley Potter, co-owner. There have also been strong inputs from the other Directors along the tech journey – notably around hybrid working – not least because of the relative level of financial commitment involved.

IT PROVIDER: KSM Telecom (acquired by *Windsor Telecom* in January 2024)

Portsmouth-headquartered KSM Telecom is run by Managing Director, Michael Thornton. It specialises in Microsoft 365/Azure and telecoms products and services (spanning hosted voice, mobility, PBX, and data communications). It also provides related IT services/support. KSM works with telecom firms such as O2, Virgin Media, and Talk Talk. It operates across sectors in industries including retail, restaurant, automotive, medical, legal, accountancy, estate agency, and construction.

Although DWA Claims is a relatively small firm, there was some 'unpicking' required to replace the old systems it has been running. Coupled with there not being a dedicated IT expert inside the company, this meant KSM had some 'heavy lifting' to do to get the new technology up and running.

"KSM took on a challenge with us as we had a lot of legacy systems all over the place. We've not been the easiest of customers!"
Ashley Potter, Director, DWA Claims

KSM has transformed DWA from an on-prem, paper-heavy firm to a cloud-based company. DWA had not invested heavily in tech historically, but once it started to understand how the status quo might impede the business going forward, it felt it didn't really have an option other than to modernise. And, as it turned out, the timing of the new contract with KSM (commencing in 2019) proved to be very fortuitous with the pandemic taking hold just months later. By that point, DWA had transitioned to Azure and all staff were able to work from home.

Potter says that "*in terms of value for money, we don't have an issue at all. We could have got something cheaper from elsewhere, but we very much believe you get what you pay for*." Furthermore, in moving to just one supplier for a range of services, Potter believes they are overall getting "*a better deal*" financially.

MODERNISED CORE SYSTEM

KSM has become the prime supplier and trusted advisor to DWA across both IT and telecoms. Bringing all of this under one technology partner has been highly valuable for DWA. It now has a much more modern set of systems and 'one throat to choke' when things don't go according to plan. Modernised communications systems and cloud-based apps have added resilience to the firm. The quality of the personal relationship is particularly important in such a small business where the owner is also the main point of contact for IT.

Moving to a cloud-based CRM system 'overnight' was a hefty investment for DWA – and one the firm did not undertake lightly. It also created staff downtime in the first instance as significant training on the new system was required. However, Potter believes it has all been very worthwhile with the Proclaim CRM system (a product from The Access Group, hosted on Azure) "*fast becoming the company's hub*". DWA can now more easily track staff productivity through activities in Proclaim and is pleased to report high levels of productivity by staff. As more staff come on board over time, Potter is confident this will be very manageable with the tech more than able to support expanding numbers.

SUPPLIER ECOSYSTEM & BUDGET

Prior to the KSM relationship, DWA had what it describes as a "*fairly rudimentary*" set up with a traditional ISDN line, an onsite server (with staff desktops connected to this), and a bespoke, on-prem CRM system. These were managed by multiple suppliers under contracts built up over time. KSM now provides all the software, Windows desktops, mobile phone contracts, and manages the Proclaim CRM system, which is hosted on Azure. There are a couple of specialist items that KSM is not responsible for, including a tracker system for managing parking and speeding tickets, and print solutions.

IMPROVED PRODUCTIVITY

DWA's technology landscape has been modernised and simplified, and its supplier ecosystem has shrunk down to one main (trusted advisor) supplier. This 'professionalisation' of the technology underpinning the business has had a direct impact on the productivity of the organisation and individual staff. For example, downtime of apps such as email has vastly improved, therefore the service levels to the end customer have become more resilient.

DWA was one of the fortunate businesses that benefitted from the good timing of its upgrade to cloud and the subsequent COVID lockdowns. It had only recently switched over to KSM and was able to benefit from cloud-based apps as well as a leased line with dedicated broadband supply, VOIP, out of hours call service, and Windows virtual desktops. As a result, DWA was able to set up most staff at home and keep certain aspects of the business up and running. Indeed, like many others, Potter says the pandemic "*forced our hand*" in moving forward on things that had been on its "*wish list*" for a while.

Although the business closed down through covid and staff were furloughed, DWA found itself helping out at Red Funnel ferries, using its fleet of vehicles to operate a taxi service to help transport people from the Isle of Wight ferry when other public transport was limited. That provided some income when its other services were put on hold. A legacy of the COVID-enforced home working as been a shift in culture at DWA – as with many other firms. Home working is now an option for those roles where it makes sense – supported by a transformed, cloud-based CRM system.

While Potter explains that the level of investment required to upgrade the technology underpinning the business was "*of concern*", he believes KSM has delivered value for money – despite it not being the cheapest option at the time.

WHAT'S NEXT?

With business back to where it was pre-COVID in terms of revenue and activity, DWA now focusing on growth and development activities again. The Azure platform will also help support the business as staff numbers grow. The firm is looking to make some other technology investments in the near term, and although these will be outside of IT, there is likely a role for KSM. For example, a secure and automated system for the site entrance.

KSM has proved its position as a trusted advisor and prime technology provider – something that takes a considerable weight off Potter's shoulders as he focuses on driving forward the progress of the company.

"KSM has been instrumental in helping us to continue to function and to get us where we need to go."
Ashley Potter, Director, DWA Claims

TechMarketView LLP
PO Box 2288,
Pulborough
RH20 6BR

t: +44 (0)203 5764266
e: info@techmarketview.com
www.techmarketview.com
@TechMarketView

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