



## ICT: SMEs cannot afford to be laggards

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**I**N today's context, it's a no-brainer to say that information and communication technology is critical to success in the modern world of business. With globalization increasingly bringing in competition from across the world, we cannot just afford to shut our eyes to these new-age solutions. If we do that and our competitors don't, this would invite nothing but trouble, sooner or later. So, we have to be a part of this game, in which we also have to be fast enough just to keep up. Everyday new innovations are sending yesterday's 'wow' products to the bone yard, and this requires us to be agile to avoid being laggards in the industry.

But we are not. For quite some time now, ICT has been a buzzword for our large enterprises, but the same just does not hold true for the Indian small and medium enterprises (SMEs). ICT adoption among SMEs is still very poor, with initiatives in most of these enterprises either not existing at all or never progressing beyond fixed phone lines or fax. Millions of Indian SMEs still don't have access to the Internet, and among those who have,

only a handful of them use tools like email or video conferencing in real-time on a regular basis, and probably one in a thousand thinks about using advanced enterprise software such as Enterprise Resource Planning (ERP) and Supply Chain Management (SCM).

But the world is moving fast. The old methods of doing business may still work for a while, but it is not difficult to see the fact that gradually and steadily enterprises those are not adopting ICT will suffer a competitive jolt in the wake of arrival of smarter ICT savvy businesses. As ICT has potential to improve the core business of SMEs in every step of business process, both intra- and inter-firm, by improving information and knowledge management both inside and outside the firm and thereby enhancing reliability and efficiency while reducing costs, it seems quite obvious that enterprises failing to benefit from ICT would be in the side of the losers in the long-run.

One of the prime reasons why Indian SMEs have been slow in adopting ICT is their limited ICT literacy. Firstly, small enterprises are not aware and

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sure about the potential benefits of using ICT. They are highly cost-sensitive and they fail to see any concrete benefit of using ICT. Most of them nurture the belief that ICT solutions are meant only for larger business. Secondly, some SME owners, even if they have understanding of why they should adopt ICT, often find themselves at a loss when needing to choose the appropriate ICT solution. Thirdly, limited literacy of their employees also acts as a deterrent, and finally lack of time and resources and organizational changes that need to be initiated in order to effectively adopt ICT drag SMEs' feet in adopting these technologies.

However, SMEs cannot be blamed alone. Although India has around 121 millions Internet users, the second largest in Asia followed by China, the internet infrastructure in the country is still not satisfactory in terms of reach, download speed and quality, compared to the developed nations. Still today, community service centres and cyber-cafes are the only points of access for Internet users in many parts of rural India. In addition, neither there is adequate and focussed effort from the government, both at the central and state levels, to encourage ICT adoption among SMEs. It is also worthwhile to mention that the number of ICT products tailored specifically to SMEs by private

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specifically to SMEs by private ICT solution providers can still be counted on the fingers of one hand. There is less demand for such products and, therefore, limited supply as well.

So, both demand and supply side issues are responsible for limited and slow adoption of ICT among Indian SMEs and these issues need to be addressed in an appropriate manner that requires a coordinated and collaborative effort on the part of the government, industry and academia in this direction. But what seems important first and foremost is that Indian SMEs need to move fast towards a higher level of awareness about ICT and the strategic significance of these technologies in creating potential competitive advantages in the marketplace. At first, adopting ICT may appear somewhat lofty and a little bumpy, but in the long run it will be well worth it. Laggards will be losers.

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