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The Hidden Middle: How Medium-Sized Businesses Are Quietly Shaping Our Technological Future

Introduction

The adoption of technology in business is often discussed in terms of the challenges large companies face to adapt, and the opportunities for small businesses to rapidly scale their operations. Often forgotten is the category of companies that contribute over €1tn to the European economy, account for over 60% of US jobs and drive the largest share of business investment in Latin America: medium-sized businesses.

This 'hidden middle' between large and small is often the engine of growth, the cornerstone of investment and the creator of jobs. But to maintain that status, medium-sized businesses must continue to optimize their use of technology to evolve into smart, digital workplaces that keep productivity levels high and provide the best employee experience.

Cloud computing offers a viable platform for medium-sized businesses to deliver the kind of working experience that employees expect. Through the cloud, challenges in the form of security monitoring, network policymaking and deployment costs are reliably addressed, leaving business owners with greater network insights that can lead to better, informed decision making. Meanwhile innovations at the edge of the enterprise are now allowing companies to offer a consumer-quality experience to their employees, boosting both engagement and efficiency.

But to what extent has this kind of technology been deployed, and what effect has it had today?

This report examines what we know about how medium-sized businesses across the globe are currently adopting technology, explores the distinct challenges this category faces, and highlights advice for its leaders to consider. It is based on a global survey of over 7,000 employees in management and non-management roles, with over 2,700 in those we are categorizing as medium-sized businesses (over 100 and fewer than 1,000 employees).

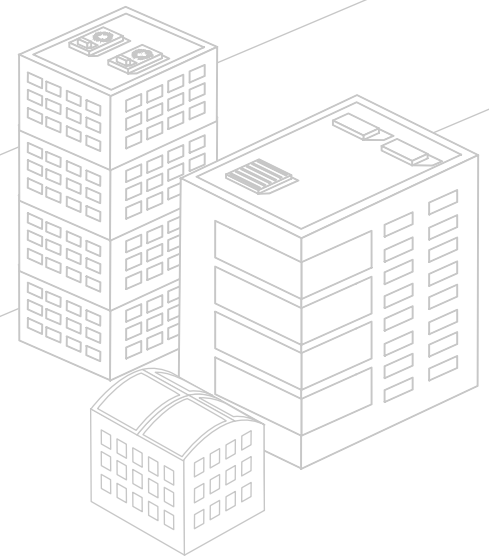


1. Adoption: Medium-sized businesses are the most active users of technology

Global employee feedback suggests that medium-sized businesses are providing a better tech-enabled working environment than larger competitors. Almost two-thirds of medium-sized business employees (63%) rated the 'choice of technology, applications and IT support' at their company as either good or very good. That compares to 53% of those employed by the largest companies in our survey (over 2,000 employees).

Their employers are also more likely than larger rivals to provide certain key networking and security technologies. Approaching half (49%) provide cloud storage software to their employees, compared to 40% of the largest companies. Medium-sized businesses are also ahead of the competition on advanced audio-visual technology (such as voice-activated speakers), which an average of 27% make available, compared to 16% of smaller and 22% of the largest employers.

Collectively, this impressive commitment to new technology may help explain why a higher proportion of medium-sized business employees (66%) rated their 'environment at work' as either good or very good, as either good or very good, in comparison those at the largest companies (57%).



Was 2017 the year the cloud broke into the medium-sized business?

The emphasis on the cloud appears to be a recent development in many cases. Around a quarter (24%) of medium-sized business employees said their company had invested in cloud storage software over the last 12 months, compared to 17% of large firms. Medium-sized businesses also appear to be playing catch up (or racing ahead) on cyber security software: 39% reported investments in this area in the last year, compared to 31% of large businesses.

The pace of recent investments may reflect a concern among medium-sized businesses that they need to adopt technology more rapidly to keep pace with the field. A higher proportion of employees at these companies (66%) said their organization was "at risk of falling behind our competitors" by not implementing new technology than those at the largest employers (63%).

Perhaps unsurprisingly, this size of business also appears significantly more agile when it comes to flexibility for employees to use personal devices (laptops, tablets and mobiles) at work. A clear majority (72%) said they were allowed to do this, well ahead of larger employers (53%).

"Everyone needs to be able to work with the same efficiency wherever they are in the open space, closed offices or meeting rooms. In practice, users enter their login and password only once when connecting to the network for the first time. At this point, we issue a security certificate to the device, allowing it to be authenticated automatically, every time a subsequent connection is made. This extreme flexibility of use represents a real advantage for us."

Antoine Eyrolles, Director, LeBloc space, Paris



RECOMMENDATION

For medium-sized businesses, especially those looking to scale, cloud-managed networks offer a series of advantages.

They are cost-effective, because you only pay for what they use, limiting the need for capital expenditure; they simplify network management, reducing the burden on your in-house IT department; and they are reliant and resilient, providing an always-on solution with robust, enterprise-grade infrastructure that ensures you never lose access to your data.

2. Challenges: Lack of skills, growth of security risk

While medium-sized businesses appear to be investing in technology at the fastest rate, they are not necessarily realising the full benefits. Employees at medium-sized businesses were less likely than enterprise employees to say that digital technology ‘makes my job easier’ (58% agreed, compared to 63% of big company workers). Managers were also pessimistic that it is making their employees’ jobs easier: just 53% agreed with this overall.

Both employees and managers identified a skills and knowledge gap that may explain the difficulties medium-sized businesses are facing in converting new investment into productivity gains. Medium-sized business employees were more likely than any others to say that digital technology “requires new skills that I don’t have” (20% agreed with this, compared to 14% of large company workers). They were also the most prevalent group who argued that new technology “requires too much time to learn.”

If developing the skills to make effective use of technology is one particular challenge for medium-sized businesses, another is managing the security implications. Here, employers face a paradox: while their employees are more conscious of their organization’s cybersecurity (59% said they think about it ‘all the time’ or ‘often’, compared to 51% at the largest employers), they are also more likely to work in ways that actively undermine it. Nearly three quarters (74%) said they had taken risks with company data in the past year, for example by sharing work devices, using non-approved devices and apps or writing down passwords, compared to 62% of enterprise employees.

This may be explained by the fact that medium-sized business employees were more likely than any other group to think data security is the responsibility of the IT department above all others. Less than half (48%) said that security was the responsibility of ‘every employee’, much lower than the largest employers (66%). By contrast, 26% said security was the IT department’s responsibility, compared to 20% at smaller and larger employers.

If medium-sized business employers are to realise full value from their investments in new technology, then they need to work harder to ensure their employees both gain the skills, and demonstrate the cyber-compliance, needed to unlock productivity and mitigate the risk of data breaches.



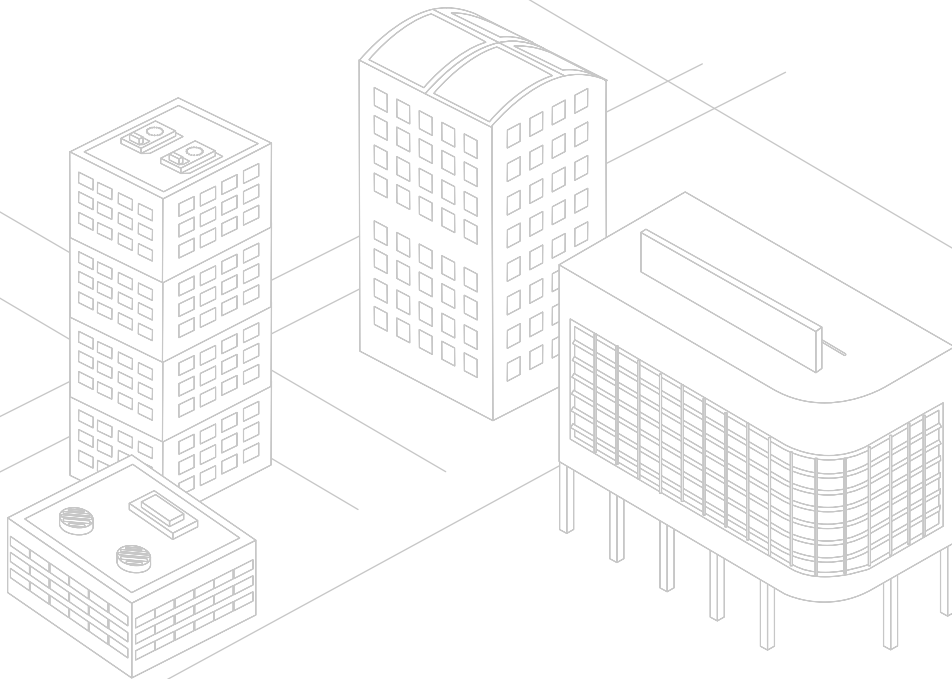
RECOMMENDATION

Effective cybersecurity relies on a combination of robust network management, and a compliance culture embedded across the entire business.

A solution such as Aruba ClearPass allows managers to make decisions at the edge: understanding in real-time which individuals and devices are accessing the network, and granting information privileges accordingly. But cybersecurity doesn’t begin and end with effective network management.

It also relies on a culture across the business in which employees at all levels – from board members to interns – understand both security risks and the policies that need to be followed to limit the threat of data breaches.





3. Attitudes: The need for strong management in era of transformation

While medium-sized businesses have been investing fastest in new technologies, their employees are keen for them to do more. An above-average 38% of medium-sized business employees called on their organizations to provide more cloud storage software (compared to 31% at larger employers), while 44% advocated for more cybersecurity software.

Medium-sized business employees were also the most likely to express a desire for strong management of new technology, amidst predictions that the workplace will continue to be transformed by these investments. Over three-quarters (77%) either agreed or strongly agreed that 'if not managed correctly, the introduction of new technology could damage employee morale'; while 78% agreed that "my organization's management and control of the connected devices that are in use could be improved."

This group of employees was also most likely to believe that 'advances in technology will render traditional offices obsolete': 67% agreed with this, compared to 60% at the largest employers. Asked about areas where they would like to see improvement, 40% cited flexible working, compared to just 34% at larger companies.

When it comes to emerging technologies, medium-sized business employees are notably bolder in their vision. Three quarters (75%) believe that the workplace should be fully automated, with temperature, lighting and a host of other physical and digital settings controlled by AI. This is in contrast to enterprise employees, who at 66%, are less sure of this technology's future. Looking further ahead, 58% of medium-sized business employees think augmented and virtual reality will become the norm within the next 5-10 years, an opinion that just 42% of enterprise employees share.

"We've had other sites contacting us and asking how we do it. As a business, we don't want to be on the edge with new technology, but we do want to be in the frontline as a leader and innovator. I'm happy we're ahead of the market on this."

Tim Slager, CEO, Molecaten Holiday Parks, Netherlands



RECOMMENDATION

Digital transformation is about people as much as technology.

We are seeing a movement towards consumerization of the workplace: employees are consumers, with choices, and need to be treated accordingly.

Medium-sized firms need to focus on ensuring that employees are engaged with the process of digital transformation, given the training and support needed to make productive use of new tools, and given a more flexible, personalized experience.

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Conclusion: Hands-on guidance and support will define the future for medium-sized businesses

As the adoption and integration of technology becomes a bigger priority across the corporate spectrum, medium-sized businesses have a distinct opportunity. As this survey shows, their employees are on average more ambitious to make better use of technology, and more switched onto the opportunities it brings. Even if that means taking the occasional security risk.

It is here that technology and channel partners can connect the dots. With the right support, medium-sized businesses can rise to the challenge of meeting employee expectations, ensuring they have the right infrastructure that not only creates memorable experiences, but proactively manages security settings so as not to restrict employee usage.

Today, the cloud provides a great platform for building the right user experiences, but it is those experiences, and not the technology itself, that requires long-term attention. Networking capacity is moving from the back-office to the edge of the enterprise, where it can more closely respond to the changing needs of users and improve their experience at work.

Whether cloud-based or on-premise, it will be imperative that technology continues to be seamless and user-friendly, to maintain the positive momentum of this sector, without risking company data as a consequence. This will require regular and ongoing discussion between customer and provider to determine the specific business needs at hand, and ensuring that any technology platform is designed to deliver memorable experiences long into the future.

Like any business, those in the medium-sized category face their own mix of barriers and enablers when it comes to making the most of technology and creating the smart digital workplace. But they already have one very key factor in their favour: high enthusiasm of their workforce regarding technology. This provides a huge platform from which they can build a profitable future.

To ensure that their digital transformation efforts succeed, firms will need to focus not just on the adoption of technology, but the practical implementation. They must look towards the experience of users at the edge, not simply the technical infrastructure on its own merits. How employees work and interact with new tools, and what leaders do with the information that these tools provide, will be all important to ensuring that both users and their organizations can realize benefits at the same time as avoiding risks.