



Digital and Financial Scorecard of SMEs

Digitalization And Effects Of The
Pandemic On Businesses

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DIGITAL AND FINANCIAL SCORECARDS OF SMES' 1: DIGITALIZATION AND EFFECTS OF THE PANDEMIC ON BUSINESSES

Today, digital transformation and financial technologies continue to be an important indicator of productivity growth in all areas of the economy.

SMEs can take advantage of existing opportunities and increase their competitiveness only if they adapt to the technological transformation we are currently experiencing. Covering approximately 99.8% of enterprises in the industry and service sectors in Turkey, SMEs constitute 72% of total employment and approximately 50% of total turnover. Considering the share of SMEs in the economy, the level of influence they can create through the productivity increase channel, which is the determinant of growth in the long run, is quite high. Within the scope of the study carried out in cooperation with TÜRKONFED and PAYNET, it is aimed to determine the digital, financial and technological infrastructures and development levels of SMEs, how they are affected by the epidemic measures and their future expectations. In this part of the study, it is aimed to determine in which areas and to what extent SMEs have been affected by the pandemic, their digital maturity levels, technological development levels and infrastructure. In the other chapter of the project, the results regarding financial indicators and financial literacy levels are shared. The results of this part of the study are summarized below:

- ▶ Business have mostly invested in websites in the digital field in the last three years. These investments are followed by hardware, infrastructure and social media investments. When digital investment alternatives in the next three years are evaluated, it is expected that companies will invest in mobile applications and e-commerce.
- ▶ The trend of making lower investments in the fields that indicate a new phase in the digital transformation such as ERP and CRM shows that there is a major gap in the businesses in this field.
- ▶ Companies have made investments especially in order to meet new demands during the period from 2017 to 2020. On the other hand, in the planning for the next three years, COVID-19 stands out as the most important reason that drives companies to digitalization.
- ▶ COVID19 stands out as an investment justification triggering digitalization and also as an important reason for the companies to avoid investments. In this respect, COVID-19 stands out as both a factor that triggers investment and a reality that limits investment appetite as it negatively affects the economy.
- ▶ Maximum one fifth of the SMEs plan to invest in the fields of websites, e-trade or social media during the next three years. On the other hand, areas such as ERP-Enterprise Resource Planning and CRM-Customer Relationship Management, which point to the new phase in digital transformation, are in the last place in investment decisions.

- ▶ The digital/technological investment making behavior of the SMEs are related with their digital maturity levels. It is seen that the digital maturity level of the companies investing in the digital/technology field is higher.
- ▶ Half of the SMEs do not have any personnel in the field of information technologies, no do they purchase a service in this field. Similarly, more than half of SMEs do not have any personnel in the field of digital marketing, nor do they purchase a service in this field.
- ▶ Taking into consideration the digital applications used by the companies, they mostly use websites and social media applications. SMEs cannot fully make use of the strategies focused on data, which are a part of digital economy. In this context, the use of applications such as marketplace, ERP, CRM and telemarketing is limited in SMEs.
- ▶ 83.3% of the SMEs classify themselves at being lower or medium competence level in terms of digital maturity.
- ▶ More than half of the companies (54.2%) state that they have a digital vision and strategy while 95% of the SMEs state that they have not taken any action regarding digital vision and strategy since the outbreak of Covid-19.